THE CITY OF CARTERSVILLE

2017 PENSION PLAN

Effective January 1, 2017
Amended and Restated as of July 1, 2023

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(Amended and Restated as of July 1, 2023)

EXECUTION PAGE

IN WITNESS WHEREOF, the City of Cartersville (the "City") has executed this amended and restated The City of Cartersville 2017 Pension Plan on the _____ day of ____________, 2023, effective as of July 1, 2023.

CITY OF CARTERSVILLE

Attest:______________________________	By:______________________________
Julia Drake	Matthew J. Santini
City Clerk	Mayor

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ARTICLE 1

General

1.1 Introduction: The City of Cartersville, Georgia, a municipal corporation (the "City"), adopted this defined benefit pension plan for eligible Employees of the City and related governmental entities who are hired or rehired on and after January 1, 2017, which has been amended from time to time. This restatement of the Plan is effective July 1, 2023.

All rights and benefits of an Employee whose Termination of Employment, as herein defined, occurred prior to July 1, 2023, shall be determined solely by the provisions in effect at the time of that Termination of Employment unless otherwise specifically provided herein.

1.2 Definitions: Where following words and phrases appear in this document, they shall have the meanings stated below.

(a) Accrued Benefit: Accrued Benefit means, on any date of determination, the Participant's Normal Retirement Benefit computed under Section 6.1 on the basis of the Participant's Average Monthly Compensation and the number of years of Benefit Accrual Service as of that date.

The Accrued Benefit is expressed as a monthly benefit payable at Normal Retirement Date.

(b) Accrued Funding Percentage: The Accrued Funding Percentage is the funded status of the Plan determined for a Plan Year by the Plan's actuary and based upon the Actuarial Assumptions of the Plan for the Plan Year.

(c) Actuarial Equivalent: The equivalent value as determined on the basis of an interest rate of seven percent (7%) per annum compounded annually, and a mortality table for Participants constructed by using 1983 Group Annuity Mortality Table. For purposes of determining the applicability and amount of any lump sum payment of a Participants' Accrued Benefit from the Plan, and for all purposes measuring Accrued Benefits for purposes of the maximum benefit limitations of Code §415 and Article IX, the applicable mortality table shall be the table designated in Rev. Rul. 2007-67. For purposes of determining the present value of an Accrued Benefit or any distribution from the Plan on and after October 1, 2017, Actuarial Equivalent shall mean the actuarially equivalent value as determined on the basis of a discount rate of seven percent (7%) per annum compounded annually and the unisex mortality table promulgated by the Secretary of the Treasury for purposes of determining lump sum distributions as of the annuity starting date pursuant to Code §417(e)(3).

(d) Actuarial Assumptions: For the propose of computing Plan liabilities as referenced in this Plan, the assumptions independent of investment return shall not produce consistent gains or losses over rolling five year periods, as determined by the Plan's actuary. In the event that a rolling five year period produces a net gain or loss, the assumptions shall be modified to produce a net gain not to exceed two percent (2%) of Plan liabilities as defined by Sections 6.1 through 6.6. The Plan discount rate will be set at seven percent (7%). The actuarial value of assets at the Measurement Date shall always be market value excluding all future contributions. The actuarial funding method for the Plan shall be entry age normal as a level percent of Compensation, and the actuarial funding method may not be amended except as provided in Section 12.1. The discount rate for any Measurement Date may be decreased but may not be increased above the greater of 7% or 3% over the rolling five year inflation rate as defined by CPIU.

(e) Age: The actual attained age of a Participant as of any applicable date.

(f) Average Monthly Compensation: The average monthly Compensation received by a Participant during the last 36 consecutive months or highest three years out of the last ten years prior to his Termination of Employment affording the highest such average. The period during which a Participant is on a Leave of Absence (except for qualified military service), is not included in the averaging period.

(g) Beneficiary: An individual or legal entity designated to receive payments or any death benefit arising under this Plan upon the death of a Participant or Beneficiary as provided in Article VIII.

(h) Benefit Accrual Service: As defined in Article V.

(i) Code: The Internal Revenue Code of 1986, as amended.

(j) Compensation: "Compensation" shall mean the Participant's base pay from the Employer, as reflected in the Employer's payroll records. Compensation shall include compensation deferred on a pre-tax basis under Code §§401(k), 403(b) or 457, compensation redirected pursuant to Code §§125, 401(k), 402(b), or 132(f)(4), and contributions picked-up under Code §414(h). Compensation shall exclude overtime pay and bonus pay received by a Participant. Total Compensation may not exceed the base Compensation that would have been paid to the Participant by the Employer in the absence of any deferrals under Code §§401(k), 403(b), 125, 132(f)(4), and 414(h).

Notwithstanding anything in this Section to the contrary, a Participant's Compensation for any Plan Year will not exceed the limitation set forth in Code §401(a)(17) in effect for that Plan Year. The Compensation of each Participant taken into account under the Plan shall not exceed $200,000, as adjusted for cost of living increases under Code §401(a)(17)(B). If a Plan Year consists of fewer than 12 months, the Code §401(a)(17) limitation will be multiplied by a fraction, the numerator of which is the number of months in that Plan Year, and the denominator of which is 12. The cost of living adjustment in effect for a calendar year applies to determine Compensation for the Plan Year that begins with or within the calendar year.

(k) Disability Retirement: A physical or mental condition which totally and presumably permanently prevents a Participant from engaging in any substantially gainful employment and which entitles the Participant to receipt of a Social Security Disability Insurance Benefit under the Social Security Act; provided, however, if a Participant is not covered by Social Security, either through the Employer or through any other employer, the Pension Committee shall determine the Participant's Disability in accordance with the provisions of the following:

(i) Whenever such a Participant not covered by Social Security files an application for a Disability Retirement Pension with the Pension Committee, the Participant shall submit therewith a signed certificate from a licensed practicing physician of Georgia certifying to the Disability of such Participant. Promptly thereafter the Pension Committee shall order the Participant to be examined by a physician to be named by the Pension Committee who likewise shall certify the physical ability or disability of the Participant. The Pension Committee shall pay for the fees and expenses of such physician. In the event the certificates of the respective physicians generally agree upon Disability, such facts shall be conclusive as to the physical condition of the Participant and the Pension Committee shall grant a Disability Retirement Pension in accordance with Section 4.4 of the Plan. In the event the certificates of the aforesaid physicians disagree as to whether the Participant is disabled, then under these circumstances that question shall be submitted to a third physician selected by the Pension Committee. The medical opinion of the third physician, after examination of the Participant and consultation with the other two physicians, shall decide such question. The Participant and the Pension Committee shall share the fees and expenses of the third physician equally.

(ii) Notwithstanding any other provision of this Section, no Participant shall qualify for a Disability Retirement Pension if the Pension Committee determines that the Participant's Disability results from (i) self-addiction to alcohol or narcotics, (ii) an injury suffered while engaged in a felonious or criminal act or enterprise or (iii) service in the Armed Forces of the United States which entitles the Participant to a veteran's disability pension; but this provision shall not prevent the Participant from qualifying for a Pension under another provision of the plan.

(iii) The Pension Committee may adopt such rules as it deems necessary to administer the provisions of this Section and such rules shall be applied uniformly and consistently to all Participants in similar circumstances.

(l) Early Retirement Date: The first day of any month on or following a Participant's 55^{th} birthday and after ten years of Vesting Service.

(m) Effective Date: The Effective Date of this Plan, which is January 1, 2017. This restatement of the Plan is effective as of July 1, 2023.

(n) Employee: Any person who is employed by the Employer on a regular full-time basis with an employment type "regular full time" in the City's payroll system or the equivalent classification in any successor payroll system. In addition, the term Employee shall include each elected official who is sworn in to perform services for the City.

(o) Employer: The City of Cartersville. The Employer is sometimes referred to as the City. Actions by the City are taken by the City Council of the City of Cartersville or its delegates.

(p) Fund: The total of all deposits credited to the Plan increased by any amounts added or credited to the Fund and decreased by any amounts withdrawn from or charged against the Fund.

(q) Measurement Date: The Measurement Date for determining the Accrued Funding Percentage is the January 1st preceding the Plan Year to which the Accrued Funding Percentage applies.

(r) Normal Retirement Benefit: The amount of monthly retirement benefit described in Article VI which a Participant is eligible to receive from this Plan if the Participant continues as an Employee until Normal Retirement Date.

(s) Normal Retirement Date: The first day of the month on or immediately following a Participant's 65th birthday with ten years of Vesting Service.

(t) Participant: An Employee who is hired on or after January 1, 2017, and meets the requirements of Article II, with the exception that the City Manager may make an irrevocable election whether or not to be a Participant in the Plan.

(u) Pension Committee: Pension Committee is defined in Article X.

(v) Plan: The City of Cartersville 2017 Pension Plan.

(w) Plan Administrator: The Employer.

(x) Plan Year: The twelve-consecutive-month period for maintaining records for this Plan beginning each July 1 and ending each June 30.

(y) Termination of Employment: The retirement, resignation or other voluntary or involuntary cessation of an Employee's employment with the Employer.

(z) Vesting Service: Vesting Service is defined in Article V.

1.3 Construction: Whenever herein used, the masculine gender shall include the feminine gender and, if applicable, the singular shall include the plural. The words "hereof", "herein", "hereunder" or any other compounding of the word "here" shall mean and refer to the entire Plan rather than to any particular provision or section of this Title, unless specifically delineated as such.

ARTICLE II

<u>Participation</u>

2.1 <u>Commencement of Participation</u>: Each Employee who is hired on or after July 1, 2023, shall become a Participant in the Plan on the first day of employment with the Employer. Each Employee who was hired before July 1, 2023, but had not satisfied the waiting period in effect immediately prior to July 1, 2023, shall become a Participant in the Plan effective July 1, 2023, provided that such Employee who had not satisfied the waiting period as of July 1, 2023, shall not be entitled to receive Benefit Accrual Service or Vesting Service for his period of employment prior to July 1, 2023.

2.2 <u>Termination of Participation</u>: A Participant shall cease to be a contributing Participant hereunder on the day of his Termination of Employment. A person's participation in the Plan shall end when he or she is no longer employed by the Employer if he or she is not entitled to either an immediate or deferred retirement benefit under the Plan.

2.3 <u>Reinstatement of Participation</u>: An Employee who ceases to be a contributing Participant according to Section 2.2 hereof and who subsequently returns to employment as an Employee shall be reinstated as a Participant and shall resume Participant contributions:

(a) immediately following such return as an Employee if he left his Participant contributions in the Fund upon his Termination of Employment; or

(b) immediately following such return as an Employee if he received his Participant contributions in the Fund upon his Termination of Employment. An Employee who received a lump sum upon Termination of Employment has 12 months to return his lump sum with interest compounded at 5% or his Benefit Accrual Service will not include the period of prior employment.

2.4 <u>Leave of Absence</u>: Except to the extent otherwise required by law, a Participant shall not be credited with service for Vesting Service or Benefit Accrual Service during any period of an authorized or unauthorized leave of absence without pay, or disciplinary suspension without pay. Notwithstanding the foregoing, in the case of a leave of absence due to service in the Armed Forces of the United States, the Employee must return to active employment with the Employer within the periods prescribed under the re-employment provisions of Title 38, Chapter 43, of the United States Code. Within five (5) years of the Employee's return to active employment from a leave of absence due to military service, the Employee may contribute the Participant contributions that were not made during his leave of absence in order to receive credit for Vesting Service and Benefit Accrual Service while on leave.

2.5 Rehired Employees: Any former Employee who is rehired on or after the Effective Date of this Plan shall be eligible to participate in this Plan, and shall not be eligible to reenter The City of Cartersville Pension Plan. Rehired Employees must complete the eligibility requirements of Section 2.1 to enter the Plan, but all service prior to termination shall be taken into account. For benefit accrual purposes in The City of Cartersville Pension Plan, a rehired Participant's benefit is frozen, and his or her Compensation is frozen as of his or her date of termination. However, vesting on and after the date of rehire will be applied in determining the rehired Participant's vested benefit and eligibility for distribution options under The City of Cartersville Pension Plan.

ARTICLE III

Contributions

3.1 Contributions by the Employer: The Employer shall make contributions to the Fund in such amounts and at such times as shall be necessary to provide the benefits set forth herein and in accordance with the provisions of any law applicable to the Plan. Subject to the provisions of Section 3.3 hereof, all contributions made by the Employer to the Fund shall be used to reduce future Employer contributions and shall be used solely for the exclusive benefit of Participants and their Beneficiaries and to defray reasonable expenses of the Plan or Fund. Forfeitures arising because of death or Termination of Employment before a Participant becomes eligible for a benefit from the Plan or arising for any other reason shall be applied to reduce the cost of the Plan, not to increase the benefits otherwise payable to Participants. Employer contributions shall be deposited in the Fund in such amounts as the Retirement Board in conjunction with the annual actuarial examination shall determine necessary to keep the Fund actuarially sound, subject to the appropriation of funds by the Employer.

3.2 Contributions by Participants: As a condition of employment, each eligible Participant who is not sworn in as an Employee of the City shall be required to contribute toward the cost of the Plan in an amount equal to 3.1% of the Participant's Compensation for each Plan Year. Each eligible Participant who is a fireman or policeman shall be required to contribute toward the cost of the Plan in an amount equal to 4.1% of such Participant's Compensation for each Plan Year. Notwithstanding the foregoing, each Participant who is who is former police and fire personnel that transferred to another City department (hereinafter referred to as "Former Police and Fire Personnel") shall continue to be required to contribute toward the cost of the Plan in an amount equal to four and one-tenth percent (4.1%) of such Participant's Compensation for each Plan Year. Notwithstanding the foregoing, each Participant who is who is former police and fire personnel that transferred to another City department (hereinafter referred to as "Former Police and Fire Personnel") shall continue to be required to contribute toward the cost of the Plan in an amount equal to four and one-tenth percent (4.1%) of such Participant's Compensation for each Plan Year.

(a) Voluntary contributions are not permitted.

(b) The contributions of each Participant shall be deducted from the Participant's Compensation and deposited in the Fund.

(c) A Participant will not be permitted to withdraw his contributions prior to actual Termination of Employment.

(d) Participant contributions are "picked up" by the Employer as described in Code §414(h)(2), as amended, and will be treated as being paid by the Employer in determining appropriate tax treatment of such amounts.

3.3 Return of Contributions: The Pension Committee shall return to the contributing Employer or Participant a contribution made by the Employer or Participant due to mistake of fact if the Pension Committee determines that such mistake existed at the time of the contribution and the contribution is returned within 12 months of the date it was made.

3.4 Direct Rollover of Certain Distributions:

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. The following definitions shall apply to this Section:

(i) An "Eligible Rollover Distribution" is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; (B) any distribution to the extent such distribution is required under Code §401(a)(9); or (C) the portion of any distribution that is not includable in gross income. A Distributee may not elect a direct rollover with respect to an Eligible Rollover Distribution during the Plan Year that is less than $200. If the Distributee elects to have only a portion of an Eligible Rollover Distribution paid to an Eligible Retirement Plan, that portion must be equal to at least $500. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions, which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code §408(a) or (b) or to a qualified trust described in Code §401(a) or to an annuity contract described in Code §403(b) that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution that is includible in gross income and the portion that is not.

(ii) An "Eligible Retirement Plan" is an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b) (other than an endowment contract), an annuity plan described in Code §403(a), or a qualified trust described in Code §401(a), an annuity contract described in Code §403(b) that accepts the Distributee's Eligible Rollover Distribution, an eligible plan under Code §457(b) which is maintained by a state, political subdivision, or agency or instrumentality of a state and which agrees to separately account for amounts transferred to such plan from this Plan, and, to the extent permitted and in accordance with the rules applicable under Code §408A, a Roth individual retirement account described in Code §408A.

(iii) A "Distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code §414(p), are Distributees with regard to the interest of the spouse or former spouse

(iv) A "Direct Rollover" is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(v) A non-spouse Beneficiary of a deceased Participant who is either an individual or an irrevocable trust, where the beneficiaries of such trust are identifiable and the trustee provides the Plan Administrator with a final list of trust beneficiaries or a copy of the trust document by October 31 of the year following the Participant's death, shall be a Distributee with regard to the interest of the deceased Participant, but only if the Eligible Rollover Distribution is transferred in a direct trustee-to-trustee transfer to an Eligible Retirement Plan which is an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b) (other than an endowment contract).

ARTICLE IV

Benefit Eligibility

4.1 Normal Retirement: An active Participant who attains his Normal Retirement Date shall be 100% vested in his Normal Retirement Benefit. A Participant may retire from service upon reaching his Normal Retirement Date or he may postpone his retirement and remain in service after his Normal Retirement Date, in which event the provisions of Section 4.3 shall be applicable.

4.2 Early Retirement: An active Participant who attains his Early Retirement Date shall be 100% vested in his Accrued Benefit.

4.3 Late Retirement: A Participant who works past his Normal Retirement Date shall be 100% vested in his Accrued Benefit and shall be retired on the first day of the month after the Pension Committee receives his written application to retire.

4.4 Disability Retirement: A Participant shall be eligible for a Disability Retirement Pension if his employment is terminated prior to his Normal Retirement Date by reason of Disability after he has a vested interest in the Plan. Payment of a Disability Retirement Pension shall commence as of the first day of the month following the date the Participant terminates employment due to Disability, as long as the following conditions are met:

(i) The Participant's medical condition occurred or became symptomatic during the time he was employed in an employee/employer relationship with the Employer (City of Cartersville);

(ii) The Participant was totally and permanently disabled at the time he incurred a termination of employment; and

(iii) The Participant has not been employed with or by any other employer after such termination.

(a) The Pension Committee shall have the right at intervals of not less than one year, prior to a Participant's Normal Retirement Date, to require proof of continuing Disability, such as to require the Participant to submit proof of receipt of Social Security Disability Benefits or, in absence of that, to require an examination of any Participant receiving a Disability Retirement Pension; provided, however, for purposes of this Section, a Participant's Normal Retirement Date shall be no earlier than their sixty-fifth (65th) birthday with 10 years of Vesting Service; or fifty-fifth

(55th) birthday with 25 years of Vesting Service; or fiftieth (50th) birthday with 20 years of Vesting Service for police and fire personnel (or Former Police and Fire Personnel). In the event such Participant is found not to be suffering from a Disability, the Pension Committee shall, after hearing evidence thereon and giving the Participant opportunity to be heard, discontinue such Participant's Disability Retirement Pension. In the event such Participant receiving a Disability Retirement Pension refuses to submit to a physical examination after 30 days' notice to report for such examination or to supply proof, of continuing Disability, the Pension Committee shall discontinue payments of the disability Retirement Pension until the Participant submits to such examination or supplies such proof, and the Participant shall be deemed to have forfeited their Pension during the time of refusal.

(b) Following certification that a Participant's Disability has ceased, in accordance with the provisions of the preceding paragraph, the following rules shall apply:

(i) Such Participant shall not be prevented from qualifying for a pension under another provision of the Plan based only upon his Vesting Service, Benefit Accrual Service and Compensation prior to his Disability Retirement; and

(ii) Any such Participant shall not receive Vesting Service or Benefit Accrual Service for his period of Disability and any Pension benefit payments received during his Disability period shall be disregarded.

(c) Workers' Compensation Benefits - Notwithstanding any other provisions of the Plan, if at the time of retirement a Participant is receiving payments under the provisions of the Georgia Workers' Compensation Law which are being paid at the expense of the City, the amount of pension benefit payable under the Plan shall be reduced by the amount being received as workers' compensation. This reduction shall continue as long as the retired Participant is receiving workers' compensation benefit, and upon discontinuance of workers' compensation payments, the offset shall be eliminated and the retired Participant shall be entitled to receive benefits as calculated under the terms of the pension plan. No such reduction shall operate to reduce the sums payable under the provisions of the Plan below $200.00 per month.

(d) The cost of providing a Disability retirement option shall be paid by the City, in lieu of providing long-term disability insurance coverage for Employees vested in the Plan.

4.5 <u>Vested Termination of Employment Prior to Retirement</u>: A Participant whose Termination of Employment occurs prior to eligibility for a normal or early retirement benefit shall be 100% vested in his Accrued Benefit if he has completed ten years of Vesting Service.

A Participant is always 100% vested in his Participant contributions.

4.6 <u>Non-Vested Termination</u>: If a Participant completes less than ten years of Vesting Service as of his Termination of Employment, then his Participant contributions without interest thereon shall be payable to him after his Termination of Employment. Upon receipt of such payment, the Participant's years of Benefit Accrual Service and Vesting Service shall be canceled for all periods before the payment.

4.7 Termination of the Plan: In the case of a termination or partial termination of the Plan, the Accrued Benefit of each Participant shall become 100% vested and non-forfeitable.

ARTICLE V

Service

5.1 Vesting Service: A year of Vesting Service will be credited from the Employee's date of hire with the Employer and each anniversary thereof. Vesting Service shall be determined by the elapsed time method. Vesting Service will include only service completed while a Participant is an Employee of the Employer. Notwithstanding the foregoing, all years of Vesting Service credited to an Employee for vesting under the rules governing Vesting Service in the Plan prior to January 1, 2023, shall be credited to Participants as Years of Service.

5.2 Benefit Accrual Service: Benefit Accrual Service is the elapsed period of time from a Participant's participation in the Plan to the date service is being determined. Service will be calculated in completed calendar months. Benefit Accrual Service will include only service completed while a Participant is an Employee of the Employer. Calendar months start on the first non-holiday weekday of the month and end on the last non holiday weekday.

ARTICLE VI

Benefits

6.1 Normal Retirement: A Participant's Normal Retirement Benefit for a Plan Year is a monthly benefit payable upon his Normal Retirement Date equal to 2% of the Participant's Average Monthly Compensation multiplied by his years of Benefit Accrual Service.

6.2 Early Retirement: A Participant's benefit payable due to Early Retirement is determined as set forth below.

(a) A Participant who retires from active service after attaining age 55 with 25 or more years of Vesting Service shall be entitled to his Accrued Benefit payable as of the first of the month coincident with or next following his Termination of Employment.

(b) A Participant who retires from active service on an Early Retirement Date with less than 25 years of Vesting Service shall be entitled to his Accrued Benefit payable as of his Normal Retirement Date. However, the Participant may elect to receive a reduced benefit commencing on the first day of any month coincident with or following his Early Retirement Date. In that case, the Participant's benefit shall be equal to his Accrued Benefit reduced by 3% a year (.25% a month) for each of the first five years and by 6% a year (.50% a month) for each of the next five years (years six through ten) for which the commencement date precedes the Participant's Normal Retirement Date.

(c) All police and fire personnel (or Former Police and Fire Personnel) have the option to retire at age 50 with a minimum of 20 years of Vesting Service with a monthly annuity equal to their Accrued Benefit. Every vested police and fire personnel (or Former Police and Fire Personnel) with a minimum age of 50 years may retire with less than 20 years of Vesting Service at a reduced benefit. The monthly benefit is equal to the Participant's Accrued Benefit, reduced by 7% a year for each year in which the termination date precedes the date the Participant would have attained 20 years of Vesting Service. At his termination date, the Participant is required to elect the retirement option desired and to pay into the Plan all required contributions in order to be eligible to retire under the selected retirement option.

The entire cost to fund this early retirement at age 50 with 20 years of Vesting Service is to be paid by all personnel of the police and fire departments (or Former Police and Fire Personnel). To be eligible for this early retirement option, each

Participant who is police and fire personnel (or Former Police and Fire Personnel) will have to make the applicable contribution of four and one-tenth percent (4.1%) of Compensation as described in Section 3.2 for a minimum of five (5) years the prior to such Participant's retirement.

6.3 Late Retirement: A Participant's benefit payable upon late retirement shall be calculated by the formula for computing the Normal Retirement Benefit as described in Section 6.1 hereof, using years of Benefit Accrual Service as of his Termination of Employment and the greater of the following for Average Monthly Compensation:

(a) The Participant's Average Monthly compensation as of his Normal Retirement Date; or

(b) The Participant's Average Monthly compensation as of his Termination of Employment.

6.4 Vested Termination of Employment Prior to Retirement: A terminated Participant with a deferred vested benefit may elect to receive his vested benefit as provided below.

(a) To receive, in one lump sum, an amount equal to his total Participant contributions without interest. In such event, the Participant's Accrued Benefit shall be canceled. If a Participant electing to receive his Participant contributions in a lump sum subsequently returns to the service of the Employer and does not exercise his option to return contributions as provided in Section 7.6, he shall be deemed a new Employee. If such a Participant subsequently returns to service with the Employer and exercises his option to return contributions as provided in Section 7.6, he shall be deemed a Participant upon the date of his rehire.

(b) To leave his Participant contributions in the Fund and retain 100% of his Accrued Benefit. If a Participant elects to leave his contributions in the Fund under this Section 6.4(b), then his Accrued Benefit will be payable as of his Normal Retirement Date. However, such Participant may elect to receive a reduced benefit on the first day of any month coincident with or following his Early Retirement Date (or the date which would have been his Early Retirement Date and he remained an active Participant). In that case, the Participant's benefit shall be the Actuarial Equivalent of his Accrued Benefit reduced for the number of years and months the benefit commencement date precedes age 65.

(c) Notwithstanding any provision of the Plan to the contrary, a Participant who is police and fire personnel (or Former Police and Fire Personnel) with a minimum of 20 years of Vesting Service may elect to leave his Participant contributions in the Fund and retain 100% of his Accrued Benefit. Such Participant may elect to receive a monthly annuity equal to his Accrued Benefit (unreduced) on the first day of any month coincident with or following the date he reaches age 50.

6.5 Disability Retirement: A Participant's Disability Retirement Benefit is a monthly benefit payable upon his Disability Retirement Date equal to the Normal Retirement Benefit under Section 6.1, with payment commencing upon his Disability Retirement Date.

6.6 Special Retirement Benefits: The Pension Committee may, from time to time with approval of the City Council, offer benefit enhancements, or the opportunity to retire under specified terms and conditions to an Employee or group of Employees. Any special retirement benefit granted including any temporarily benefit increase associated with any such retirement benefit, must be 100% funded as of the date the benefit is granted by the City Council. Plan surpluses may not be used in any manner to grant or fund special retirement benefit.

6.7 Qualified Military Service.

(a) In the case of a Participant who dies while performing Qualified Military Service (as defined in Code §414(u)), the survivor of the Participant is entitled to any additional survivor benefits (other than benefit accruals relating to the period of Qualified Military Service) provided under the Plan as though the Participant resumed employment and then terminated on account of death.

(b) In the case of a Participant who becomes disabled (as defined in Section 1.2(k)) or dies while performing Qualified Military Service (as defined in Code §414(u)), the Participant shall be treated for purposes of benefit accruals under the Plan during the period of Qualified Military Service as if the Participant had remained employed by the Employer and then terminated employment due to disability or death.

(c) In the case of an individual who receives differential pay from the Employer:

(i) such individual will be treated as an Employee of the Employer making the payment; and

(ii) the differential pay shall be treated as wages and will be included in calculating the Employee's Compensation under the Plan.

If all Employees performing service in the Uniformed Services are entitled to receive differential pay on reasonably equivalent terms and are eligible to make contributions based on the payments on reasonably equivalent terms, the Plan shall not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(c) by reason of any benefit based on differential pay. However, for purposes of applying this Item, the provisions of Code §410(b)(3), (4) and (5) shall be taken into account.

For purposes of this Section 6.7, "differential pay" means any payment which is made by an Employer to an individual while the individual is performing service in the uniformed services while on active duty for a period of more than 30 days, and represents all or a portion of the wages the individual would have received from the Employer if the individual were performing services for the Employer. In applying the provisions of this Section, "uniformed services" are services as described in Code §3401(h)(2)(A).

ARTICLE VII

Forms of Payment

7.1 Normal Form of Payment: The normal form of payment for benefits under the Plan shall be a modified cash refund annuity, payable in monthly installments ending with the last monthly payment before the Participant's death. Under this annuity form, a lump sum amount is paid to the Beneficiary upon the death of the Participant equal to the amount, if any, by which the balance of the Participant contributions, with interest accrued until the date that payments commenced (accrued at a rate of 4% per annum), exceeds the sum of the annuity payments made to the Participant prior to his death. Interest will be credited as follows: contributions made during each completed calendar year with get one half a year of simple interest; accumulated contributions at the beginning of the year will be credited with a full year of interest; and accumulated contributions during the year of Termination of retirement, retirement or death will get one half a year of interest if the termination is in the first half of the year and a full year of interest if the termination is in the second half of the year.

7.2 Optional Forms of Payment: In lieu of the normal form of payment as described in Section 7.1, a Participant may elect to receive his benefit under one of the following optional forms of payment which are the Actuarial Equivalent of the benefit payable under the normal form of payment.

(a) 20 Years Certain and Life Annuity: A benefit payable for the Participant's life provided that a combined minimum of 240 monthly payments will be made to the Participant and his Beneficiary.

(b) Ten Years Certain and Life Annuity: A benefit payable for the Participant's life provided that a combined minimum of 120 monthly payments will be made to the Participant and his Beneficiary.

(c) Five Years Certain and Life Annuity: A benefit payable for the Participant's life provided that a combined minimum of 60 monthly payments will be made to the Participant and his Beneficiary.

(d) Joint and 100% Survivor Annuity: A benefit payable during the Participant's life and, after his death, payable during the life of, and to, the Beneficiary named by him when he elected the option.

(e) Joint and 75% Survivor Annuity: A benefit payable during the Participant's life and, after his death, payable at 3/4 the rate paid to him during the life of, and to, the Beneficiary Named by him when he elected the option.

(f) Joint and 50% Survivor Annuity: A benefit payable during the Participant's lifetime and, after his death, payable at 1/2 the rate paid to him during the life of, and to, the Beneficiary named by him when he elected the option.

7.3 Conditions Relative to the Form of Payment:

(a) Restrictions on Optional Forms of Payment:

(i) An optional form of payment may not be chosen if it provides monthly payments to the Beneficiary which will exceed the monthly payments to the Participant or if it provides monthly payments to the Beneficiary, other than the Participant's spouse, where the Actuarial Equivalent of the payments expected to be made to the Participant is less than 50% of the Actuarial Equivalent of the total payments expected to be made under such optional form. These payments will end with the last monthly payments preceding the death of the Beneficiary.

(ii) Upon the later of the death of the Participant and the death of the Beneficiary, a lump sum amount is paid equal to the amount, if any, by which the balance of the Participant contributions, with accrued interest (accrued at a rate of 4% per annum), exceeds the sum of the annuity payments made to the Participant and the Beneficiary.

(b) Electing an Optional Form of Payment: A Participant may elect any one of the optional forms of payment described in Section 7.2 subject to the following:

(i) The Participant must file a written notice specifying the form to be elected and naming his Beneficiary, where applicable; and

(ii) Such notice must be filed at least 180 days before the Participant's retirement date or 180 days after such Participant receives written notice of the available election, if later.

(c) Change in Election: A Participant may elect to change the form of payment, the designated Beneficiary or the amount payable to the Beneficiary by filing written notice of such change with the Plan Administrator at least 90 days prior to his retirement date or 90 days after such Participant receives written notice of the available elections, if later. The Plan Administrator may require that the Participant's spouse co-sign any election made by the Participant.

(d) Death: If a Participant shall have elected an optional form of retirement income; and

(i) If the Beneficiary shall die and the Participant shall notify the Plan Administrator of the death before the start of Participant's retirement income payments, the election shall be void.

(ii) If the Beneficiary shall die after commencement of an optional form of payment but before the death of the retired Participant, such Participant shall continue to receive the income payable to that Participant in accordance with such election.

(iii) If the Participant dies before the date the election of the option becomes effective, the election shall be void.

(iv) Death benefits will be paid in accordance with Article VIII.

7.4 Distribution Limitation: Notwithstanding any other provision of this Plan, all distributions from this Plan shall conform to the regulations issued under Code §401(a)(9), applicable to Governmental Plans, as defined in Code §414(d), including the incidental death benefit provisions of Code §401(a)(9)(G). Further, such regulations shall override any plan provision that is inconsistent with Code § 401(a)(9).

7.5 Reemployment of a Retired Participant:

(a) Benefits Cease: The retirement benefit payable from the Plan to any retired Participant shall cease as of the first date of reemployment, if such Participant is reemployed as an Employee. Retirement benefits shall resume as of the first day of the month following Termination of Employment. Such cessation or suspension of retirement benefit payable shall not affect the payment of retirement benefits after the death of a reemployed Participant under any optional form of payment which shall at that time be in effect.

(b) Contribution Resume: Upon the reemployment of a retired Participant as an Employee, he shall be required to make Participant contributions toward a retirement benefit in accordance with the provisions of Section 3.2 hereof.

(c) Benefits Redetermined: The amount of the retirement benefit to be paid upon the subsequent Termination of Employment of a Participant described in Section 7.5(a) shall be redetermined on the basis of the increased service, Age, and contributions. The Plan's formula for computing a retirement benefit in effect at the time of each Termination of Employment shall apply to determine each portion of the Participant's retirement benefit attributable to years of Benefit Accrual Service earned since the preceding Termination of Employment. In any case where the payment of a retirement benefit which was reduced on account of early retirement is suspended on account of reemployment, the amount of the retirement benefit to be paid on subsequent Termination of Employment shall also be determined so that the amount of reduction made for early retirement on the previous retirement date will be adjusted to reflect the duration of the period for which the benefit is suspended.

(d) Part Time or Consultant Employment: If a Retired Participant is paid by the Employer in any fashion (including as a consultant) excluding severance, said Monthly Retirement Benefit shall be suspended as of the date of his return to service. For the purposes of this Subsection (d), a "return to service" occurs at the earlier of when a Retired Participant has received compensation of any sort for a period of six months or has been compensated in excess of 1,040 hours. The Retirement Benefit will then recommence the first of the month coincident with or following the termination of compensation.

7.6 Reemployment of a Terminated Participant Without Contributions in the Fund: If a Participant terminates employment with any Benefit Accrual Service, receives a lump sum distribution of his employee contributions without interest and later returns to service as an Employee of the Employer, then the Participant may repay the contributions, subject to the following in order to receive credit for prior service.

(a) The period of time between the Participant's termination of employment and his rehire is less than or equal to five years.

(b) The individual must repay his total Participant contributions with interest at the rate of 5% per year, compounded annually from the date the distribution was made from the Plan until the date of repayment.

(c) The individual must repay his total Participant contributions with interest within 12 months following his re-employment.

ARTICLE VIII

Death Benefits

8.1 Death Benefit While an Active Participant: If a Participant dies while an Employee, the Plan pays the death benefit explained below.

(a) If the Participant was married at the time of their death and had completed ten years of Vesting Service, then the surviving spouse can elect one of the following benefits.

(i) If the Participant has met the requirements of Normal Retirement or unreduced Early Retirement under this Plan, (unreduced Early Retirement is for Police and Fire age 50 with a minimum of 20 years of service; age 55 with minimum of 25 years of service; or age 65 with a minimum of 10 years of service), the Plan pays the spouse a monthly annuity calculated at 100% spousal formula rate as in the living benefit. The benefit shall begin on the first of the month following the date of the Participant's death, with the provision that upon the death of the spouse, a lump sum is paid to the spouse's beneficiary equal to the amount, if any, by which the balance of the Participant contributions, with interest accrued to the date of death of the Participant at the rate of 4% per annum, exceeds the sum of the annuity payments previously made to the spouse.

(ii) If the Participant has not met the requirements of Normal Retirement under this Plan, a monthly annuity equal to 50% of the Participant's Accrued Benefit as of the date of the Participant's death payable to the spouse. The benefit shall begin on the first of the month coincident with or next following the later of the date the Participant would have reached age 55, with the provision that upon the death of the spouse, a lump sum is paid to the spouse's beneficiary equal to the amount, if any, by which the balance of the Participant contributions, with interest accrued to the date of death of the Participant at the rate of 4% per annum, exceeds the sum of the annuity payments previously made to the spouse.

(iii) A lump sum payment equal to the Participant contributions made by the Participant plus interest accrued until the date of the Participant's death at the rate of 4% per annum.

(b) If the Participant's death occurs where a benefit is not payable under Subsection (a), the Participant's Beneficiary shall receive a lump sum payment equal to the Participant contributions made by the Participant plus interest accrued until the date of Participant's death at the rate of 4% per annum.

8.2 Death Benefit After Termination of Employment: If the Participant's death occurs after Termination of Employment but before benefit payments have begun, the Participant's Beneficiary shall receive a lump sum payment equal to the Participant contributions made by the Participant, plus interest accrued until the date of the Participant's death at the rate of 4% per annum.

If the Participant's death occurs after benefit payments have begun, the death benefit will be determined by the form of payment option in effect at the time of death.

8.3 Designation of Beneficiary: There is no requirement to designate a beneficiary prior to retirement. The Beneficiary is the Participant's spouse, if any. If there is no spouse any guaranteed payments which otherwise would be paid to a Beneficiary upon the death of the Participant will be discounted and paid in one sum to the executors or administrators of the Participant's estate. At retirement a participant may designate a Beneficiary other than their spouse only if electing a Period Certain benefit.

ARTICLE IX

Maximum Benefits

The maximum annual benefit payable to a Participant under the Plan shall be subject to the limitations set forth in Code §415 and any regulations issued thereunder. If for any year the foregoing plan limitation would be exceeded, the benefit provided under this Plan shall be reduced to the extent necessary to meet applicable limitations for the limitation year. For these purposes, the term "limitation year" is the calendar year, and any change to the limitation year must be accomplished through an amendment which designates a new 12-month limitation year that begins during the limitation year begin amended.

ARTICLE X

Administration of Plan

10.1 Pension Committee:

(a) The general administration of the Plan and the responsibility for carrying out the provisions of this division are hereby vested in a Pension Committee. The Pension Committee (or Committee) shall be composed of five members, three of whom shall be participating Employees whom shall be elected as follows: one from the Police and Fire Departments; one from the Gas, Electric and Water and Sewer Departments; and one) from the Community Development, Public Works, City Clerk, Garage, Parks and Recreation, Finance, and Administration Departments. The elected participating Employees shall serve six-year staggered terms or until their successors are elected. The other two members shall be the City manager and the City finance director whose terms shall be equivalent to their employment in those capacities. The Pension Committee for this Plan shall be identical to the Pension Committee for The City of Cartersville Pension Plan. An election for membership by the Committee will be held on the Tuesday after the first Monday in November of every year for one Committee member.

(b) The Pension Committee shall elect a chairman from among its members. The Pension Committee shall also appoint a secretary who shall keep all records of its meetings and actions and execute in behalf of the Committee any paper or instrument when so required by the Pension Committee.

(c) The members of the Pension Committee shall serve without pay but shall be entitled to reimbursement for all reasonable and necessary disbursements made or expenses incurred by them in the performance of their duties. The Pension Committee may be authorized to compensate the secretary in an amount approved by the mayor and City Council.

(d) No member shall be personally liable by virtue of any contract, agreement, bond or other instrument or undertaking made or executed by him as a member of the Pension Committee, nor for honest mistakes of judgment, nor for any loss unless resulting from his own willful misconduct; and no member shall be liable for the act of neglect, omission or wrongdoing of any other member, or for those agents or counsel of the Pension Committee.

(e) The City shall hold the Pension Committee harmless from and shall indemnify the members for the consequences of their acts or omissions and conduct in their official capacity, including the cost of litigation and counsel fees, except for such act, omissions or conduct for which such member is liable under Subsection (d).

(f) Meetings of the Pension Committee shall be held at such times and places as the majority of the members shall from time to time determine. A majority of the membership shall constitute a quorum, and all decisions, acts and resolutions of the Pension Committee shall be by an affirmative vote of at least three members.

(g) When a vacancy occurs or exists on the Committee, the remaining members, provided that they are not less than three, are authorized to perform all functions of the Pension Committee. However, vacancies on the Pension Committee shall be filled as expeditiously as possible.

(h) The City attorney or other attorney engaged by the Pension Committee is the legal advisor to the Pension Committee.

10.2 Powers and Duties of Pension Committee:

(a) The Pension Committee shall have the duties expressly provided or implied under the provisions of this division, and in addition thereto, the following to:

(i) Holding meetings upon, notice, as may from time to time be required;

(ii) Maintain adequate age, service and salary records on all Employees participating in the plan and any other related data that may be necessary in the administration of the Plan and in the effective operation thereof, such data to be furnished to the Committee by the City;

(iii) Pass upon applications for benefits, verify the qualifications of the applicants for benefits, and authorize the payment of benefits by the trustee;

(iv) Keep a detailed record of all benefit payments and other expenditures made pursuant to the provisions of the Plan to the persons qualifying for such payments, to ensure all financial transactions are properly accounted for;

(v) Make and enforce uniform nondiscriminatory rules and regulations for the efficient administration of the Plan and resolve any questions or interpretations that may arise in connection with the Plan; and

(vi) Employ actuarial, legal and other technical assistance necessary during the operation of the Plan in connection with the determination of cost and liabilities and to ensure the Plan retains its tax qualified status.

(b) The Pension Committee shall pay the expenses for technical assistance as provided in Subsection (a)(6) and for expenses for the Fund established in Section 11.1, but in no case may the funds be diverted from investments for any use other than the Plan.

(c) The Pension Committee shall establish any necessary rules and procedures for the administration of the Plan and the conduct of their meetings as they deem advisable. The decisions and rules of a majority shall be final and binding on all parties and shall not be subject to appeal.

(d) The Pension Committee shall annually or as often as requested transmit to the City and the members a report showing the financial condition of the Plan.

ARTICLE XI

Administration of the Trust Fund

11.1 Establishment of Employee Fund: The Pension Committee shall maintain a Fund into which the contributions of each Participant and of the employer shall be paid, which Fund shall comprise a trust fund held for and in behalf of all Participants and beneficiaries thereof. The Pension Committee shall designate a custodian to hold the Fund as the assets of the Plan by entering into a custodial agreement with the entity designated.

11.2 Investment of Trust Fund:

(a) By the Pension Committee: All contributions made to the Fund pursuant to this Plan shall be paid to the custodian and, except as herein otherwise provided, shall be held, invested and reinvested without distinction between principal and income, in such securities or in such other property, real or personal, wherever situated, as the Pension Committee shall deem advisable, according to the Investment Policy Statement for the Plan established by the Committee. Such investment may include, but are not limited to, real property, shares of stock, common or preferred, whether or not listed on any exchange, mutual investment funds, bonds and mortgages, and other evidences of indebtedness or ownership. The custodian shall hold and retain all the property and assets of the Fund, including income from investments and from all other sources, for the exclusive benefit of the Participants and their beneficiaries, as provided herein, and for paying the costs and expenses of administering the Plan and Fund, to the extent that the same are not paid by the Employer.

(b) By Investment Manager: The Pension Committee may enter into one or more agreements for the appointment of one or more Investment Managers to supervise and direct the investment and reinvestment of a portion or all of the Fund in accordance with the provisions of this Plan and Subsection (a) in the same manner and with the same powers, duties, obligations, responsibilities and limitations as apply to the Pension Committee. As a condition to its appointment, an Investment Manager shall acknowledge in writing that it is a fiduciary with respect to the Fund. An Investment Manager so appointed shall be an Investment Advisor registered pursuant to the Investment Advisor's Act of 1940, a bank as defined in such Act or an insurance company which is qualified to manage the assets of employee benefit plans pursuant to the laws of more than one state. The custodian shall be bound by the supervision and direction of the Investment Manager, unless and until the Pension Committee amends or revokes the appointment or authority of the Investment Manager. An Investment Manager shall have sole investment responsibility for that portion of the Fund which it has been appointed to manage. An Investment Manager shall receive such reasonable compensation chargeable against the Fund as shall be agreed upon by the Pension Committee. The Pension Committee may revoke an agreement with the Investment Manager at any time by

30 days' written notice to the Investment Manager. Any Investment Manager may resign by 30 day's written notice to the Pension Committee.

ARTICLE XII

Modification or Discontinuance of the Plan

12.1 Right to Amend or Terminate: The City of Cartersville expects and intends to maintain the Plan in force indefinitely, but necessarily reserves the right to modify, discontinue or terminate the Plan at any time in any manner it deems appropriate.

12.2 Frozen Plan: In the event benefit accruals under the Plan is frozen, only Benefit Accrual Service, and not Compensation, may be frozen. In addition, freezing the Plan will eliminate the contribution requirements of Sections 3.1 and 3.2.

12.3 Residual Amounts: In no event shall the Employer receive any amounts from the Plan's trust fund or custodial account upon termination of the Plan, except that, and notwithstanding any other provision of the Plan, the Employer may receive such amounts, if any, as may remain after the satisfaction of all liabilities of the Plan.

ARTICLE XIII

Miscellaneous

13.1 Misstatement in Application for Retirement Benefit: Upon discovering that an Employee or Participant has provided any incorrect information to the Pension Committee or has omitted to provide needed information to the Pension Committee, his contributions and retirement benefit shall be adjusted on the basis of the correct facts as the Pension Committee directs. The amount of any previous underpayments or overpayments to such Participant shall be adjusted by said Participant's succeeding payments.

13.2 Missing Persons: If the Pension Committee is unable to pay any benefit from the Fund because the identity or whereabouts of a Participant or Beneficiary cannot be ascertained, the Pension Committee may direct that such benefit and all further benefits with respect to such person shall be suspended until such person is located.

13.3 Non-Alienation of Benefits Exceptions: No benefits which shall be payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, garnishment, encumbrance or charge, including without limitation any domestic relations order.

13.4 Plan Not a Contract of Employment: This Plan shall not be deemed to constitute a contract of employment. This Plan has no effect on a person's right to become an Employee. This Plan has no effect on an Employee's rights, duties or obligations related to his status as an Employee.

13.5 Payment to Minors and Incompetents: If a person who is entitled to any payment through this Plan is a minor or is incompetent, the Pension Committee shall direct said payments to be paid to the legal representative of the estate of the minor or incompetent person.

13.6 Additional Participating Employers:

(a) If any entity is now or becomes associated with the Employer, the Pension Committee may include the employees of that entity in the membership of the Plan. In that event, the Pension Committee shall determine to what extent, if any, credit and benefits shall be granted for pervious service with the entity, but subject to the continued qualification of the trust for the Plan as tax-exempt under the Code.

(b) Any entity associated with the Employer may terminate its participation in the Plan upon appropriate action by it, in which event the funds of the Plan held on account of Participants in the employ of that entity shall be held as part of the Fund.

13.7 Initial Qualification. If the Plan and the related trust fail to receive the initial approval of the Internal Revenue Service as a qualified plan and trust, within one (1) year after the date of denial of qualification:

(a) the contribution of the Employer after payment of all expenses will be returned to the Employer free of the Plan and trust;

(b) contributions made by a Participant shall be returned to the Participant who made the contributions; and

(c) the Plan and related trust shall thereupon terminate.