

**THIRD AMENDMENT TO THE
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN**

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the Board of Mayor and Aldermen has approved the amendment of the Plan as set forth herein;

NOW, THEREFORE, the Plan is hereby amended in the following respects, effective as of February 15, 2010:

1. The first sentence of Section 1.9 of the Plan, "Average Compensation," is deleted and replaced in its entirety to provide as follows:

"Average Compensation" shall mean the average of the Participant's Compensation over the three (3) consecutive whole calendar years of a Participant's Employment during which his Compensation was the greatest out of the last ten (10) calendar years or over a lesser number of Years of Employment actually served, provided, however, that for a Participant who was first hired by the City on or after February 15, 2010, "Average Compensation" shall mean the average of the Participant's Compensation over the five (5) consecutive whole calendar years of a Participant's Employment during which his Compensation was the greatest out of the last ten (10) calendar years or over a lesser number of Years of Employment actually served.

2. Section 2.1 of the Plan, "Employee Participation," is revised to delete the following:

Notwithstanding the foregoing or any other provision of the Plan to the contrary, no Employee shall become eligible to participate in the Plan on or after February 15, 2010.

3. Section 2.1 of the Plan, "Employee Participation," is revised to add the following:

Notwithstanding the foregoing, an Employee hired on or after February 15, 2010, shall become eligible to participate in the Plan and become a Participant hereunder as of the first day of the month immediately following the commencement of the Employee's employment by the City, provided, however, that such Employee shall be eligible to participate in the Plan only upon his election to participate. Such election shall be made in a form and manner acceptable to the Plan Administrator.

4. Section 2.2 of the Plan, "Excluded Employees," is revised to delete the following:

Employees who were not Participants in the Plan before February 15, 2010, shall be excluded from eligibility to participate in the Plan.

5. Section 3.1 of the Plan, "Normal Retirement," is revised to add a new subsection (d) to provide as follows:

(d) **Mandatory Participant Contributions.** Notwithstanding any provision of the Plan to the contrary, a Participant who was first hired by the City on or after February 15, 2010, shall make a mandatory contribution to the Plan in an amount equal to 5% of the Participant's Compensation.

6. Subsection (b)(4) of Section 3.3 of the Plan, "Early Retirement," is deleted and replaced in its entirety to provide as follows:

(4) With respect to a Participant who was first hired by the City before February 15, 2010, if the Participant has twenty (20) or more years of Credited Service and has attained at least age 62, an amount equal to his Accrued Benefit determined by Section 1.1(a);

7. A new Section 2.7, "Purchase of Credited Service," is added to the Plan to provide as follows:

Notwithstanding any provision of the Plan to the contrary, with respect to an Employee who was hired on or after February 15, 2010, and who has not elected to participate in the Plan pursuant to Section 2.1, such Employee who has become fully vested in his account balance under the City of Franklin 2010 Defined Compensation Plan (the "DC Account Balance") attributable to employer contributions by reason of the completion of five (5) years of service for the City may make an irrevocable election in a form and manner prescribed by the City to become a Participant under the Plan and to purchase Years of Credited Service with his DC Account Balance pursuant to the following formula:

Years of Credited Service = 5 multiplied by a fraction, the numerator of which is the amount actually paid by the Employee for the purchase of Credited Service, and the denominator of which is the product of (i) the Employee's total compensation during the period of his first sixty (60) months of service for the City, multiplied by (ii) 15% (subject to future actuarial adjustment).

Such election shall be made no later than such time as shall be reasonably required by the Plan Administrator. The purchase of Years of Credited Service must be completed no later than the first day of the month following the date that is sixty (60) days after the date that the Employee became fully vested in his DC Account Balance. An Employee who elects to purchase Years of Credited Service in part with funds other than amounts attributable to his DC Account Balance must provide to the Plan Administrator all such necessary funds to complete the purchase by such date. Amounts used for the purchase of Years of Credited Service shall be used in the following order until each such fund source is exhausted:

- (1) That portion of the DC Account Balance attributable to employer contributions;
- (2) That portion of the DC Account Balance attributable to employee contributions;
- (3) Any other Employee funds.

Notwithstanding the foregoing, no Employee shall be permitted to purchase more than five (5) Years of Credited Service pursuant to this Section 2.7. An Employee who makes the election provided for in this Section 2.7 shall become eligible to earn additional Years of Credited Service under the Plan as of the effective date of his election to participate in the Plan.

8. Except as otherwise provided in this Third Amendment, the Plan shall remain in full force and effect.

SIGNED this _____ day of _____, 2010, effective as of the date set forth herein.

CITY OF FRANKLIN, TENNESSEE

By: _____

Title: _____