

**SECOND AMENDMENT
TO
ARIZONA BOARD OF REGENTS
OPTIONAL RETIREMENT PLAN
(FOURTH AMENDMENT AND RESTATEMENT)**

WHEREAS, the Arizona Board of Regents (the "Board"), a body corporate created by the Arizona Constitution for the powers enumerated in Article 2, Chapter 13, Title 15, Arizona Revised Statutes (A.R.S. sections 15-1621, et seq.), adopted in amended and restated form the Arizona Board of Regents Optional Retirement Plan (Fourth Amendment and Restatement) (the "Plan"), effective July 1, 2008, to provide retirement benefits to certain employees of the Board and Universities; and

WHEREAS, the Board is authorized, pursuant to Section 11.1 of the Plan, to adopt amendments to the Plan; and

WHEREAS, the Board desires to adopt amendments to the Plan to provide:

(a) that loans attributable to employee contributions following a Participant's termination of employment will no longer be permitted; (b) that a direct rollover may be made to a Roth IRA by a Participant, a Participant's spouse or former spouse, or non-spouse individual beneficiary; (c) that §415 compensation includes differential wage payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Section 414(u)(1) of the Code); and (d) that a Participant or beneficiary who would have been required to receive a required minimum distribution for the 2009 distribution calendar year but for the enactment of section 401(a)(9)(H) of the Code ("2009 RMD), may elect whether or not to receive the 2009 RMD.

NOW, THEREFORE, pursuant to the authority granted in Section 11.1 of the Plan, the following amendments are adopted, effective as hereafter provided:

1. Section 10.1, Loans and Withdrawals, of Article X, LOANS AND WITHDRAWALS; EXCLUSIVE BENEFIT, is amended in its entirety, effective July 1, 2011, to read as follows:

“10.1 Loans and Withdrawals.

(a) Except as provided in paragraph (c) of this Section 10.1, Participant loans and withdrawals from amounts attributable to Employer and Employee Contributions are not permitted either under the Plan or from any Contracts or Trusts maintained on behalf of the Participants while a Participant is employed by any Employer.

(b) Following a Participant's Retirement Date, loans from amounts attributable to Employer and Employee Contributions are not permitted under the Plan or from any Contracts or Trusts maintained on behalf of the Participants. The foregoing sentence does not affect any loans already made to a Participant prior to July 1, 2011 from amounts attributable to Employee Contributions under any Contracts maintained on behalf of such Participant or under any Trust under which the Participant's benefits are maintained under such uniform terms and conditions as any Insurance Company or Trustee may offer loans under such Contracts, Provided that any such loans are secured by the Participant's interest in such Contract or Trust.

(c) Notwithstanding the foregoing paragraph (a) of this Section 10.1, a Participant may commence receiving benefits under a phased retirement program as provided in paragraph (b) of Section 8.1, while employed by an Employer.”

2. Paragraph (b), Eligible retirement plan, of Section 12.2, Definitions, of Article XII, ELIGIBLE ROLLOVER DISTRIBUTIONS, is amended in its entirety, effective January 1, 2008, to read as follows:

“(b) Eligible retirement plan. An eligible retirement plan is: (a) an individual retirement account described in section 408(a) of the Code, (b) an individual retirement annuity described in section

408(b) of the Code, (c) effective January 1, 2008, a Roth IRA described in section 408A of the Code, an annuity plan described in section 403(a) of the Code, (d) a qualified trust described in section 401(a) of the Code, (e) an annuity contract described in section 403(b) of the Code or (f) an eligible deferred compensation plan described in section 457(b) of the Code, which is maintained by an eligible employer described in section 457(e)(1)(A) of the Code that accepts the distributee's eligible rollover distribution.”

3. Section 12.4, Trustee-to-Trustee Transfer by Non-Spouse Beneficiary, of Article XII, ELIGIBLE ROLLOVER DISTRIBUTIONS, is amended in its entirety, effective January 1, 2008, to read as follows:

“12.4 Trustee-to-Trustee Transfer by Non-Spouse Beneficiary. An individual who is eligible to make a trustee-to-trustee transfer under this Section 12.4 may elect, at the time and in the manner prescribed by the Board (or its agent), to have all or any portion of a distribution from this Plan made with respect to a deceased Participant (other than any distribution to the extent such distribution is required under section 401(a)(9) of the Code) transferred directly to: (a) an individual retirement account described in section 408(a) of the Code, (b) an individual retirement annuity described in section 408(b) of the Code, or (c) effective January 1, 2008, a Roth IRA described in section 408A of the Code. An individual who is eligible to make a trustee-to-trustee transfer under this Section 12.4 is any individual who is not the surviving spouse of the deceased Participant and is designated as a Beneficiary pursuant to Section 2.2 and as defined in Section 5.1 of Appendix B.”

4. Clause (iii), Salary continuation payments for military service participants, of Section 1.6.2, Adjustments to Section 415 Compensation, of Appendix A, Limitation on Annual Additions and Annual Benefits, is amended in its entirety, effective July 1, 2009, to read as follows:

“(iii) **Salary continuation payments for military service participants.** §415 compensation includes payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Section 414(u)(1) of the Code) to the extent those payments do not exceed the amounts the individual would have received if the

individual had continued to perform services for the Employer rather than entering qualified military service.”

5. A new Section 6, Waiver of Required Minimum Distributions, is added to Appendix B, Minimum Distribution Requirements, effective January 1, 2009, to read as follows:

“SECTION 6

WAIVER OF REQUIRED MINIMUM DISTRIBUTIONS

For calendar year 2009, the required minimum distribution rules under this Appendix B will not apply. In applying the provisions of this Appendix B for the 2009 calendar year,

(a) the required beginning date with respect to any individual shall be determined without regard to this Section 6 for purposes of applying this Section 6 for distribution calendar years after 2009, and

(b) required distributions to a beneficiary upon the death of the Participant shall be determined without regard to calendar year 2009.

A Participant or beneficiary who would have been required to receive a required minimum distribution for the 2009 distribution calendar year but for the enactment of section 401(a)(9)(H) of the Code (“2009 RMD), may elect whether or not to receive the 2009 RMD (or any portion of such distribution). A distribution of the 2009 RMD or a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant’s designated beneficiary, or for a period of at least 10 years, will be treated as an eligible rollover distribution for purposes of Article XII of the Plan. However, if all or any portion of a distribution during calendar year 2009 is treated as an eligible rollover distribution but would not be so treated if the required minimum distribution requirements under this Appendix B had applied during calendar year 2009, such distribution shall not be treated as an eligible rollover distribution for purposes of sections 401(a)(31), 402(f) or 3405(c) of the Code. (See Internal Revenue Service Notice 2009-82 for transitional rules that apply for purposes of applying the rollover rules to the distribution of 2009 RMDs.)”

6. Nothing in this Second Amendment shall be construed to adversely affect the rights of any Participant to any benefit provided under the Plan or to decrease any accrued benefit under the Plan, except to the extent permitted under the Code or necessary to maintain the Plan as one qualified under Section 401(a) of the Code.

IN WITNESS WHEREOF, the Board has caused this Second Amendment to be executed by its duly authorized officer this 16 day of JUNE, 2011.

ARIZONA BOARD OF REGENTS

By Thomas Anderson
President