

**CENTRAL ARKANSAS WATER EMPLOYEES SAVINGS PLAN
SUMMARY PLAN DESCRIPTION**

**SUMMARY PLAN DESCRIPTION OF
CENTRAL ARKANSAS WATER EMPLOYEES SAVINGS PLAN**

The terms included on this page are used in the plan description contained on the following pages of this Summary Plan Description. This summary is intended to explain the various provisions of the Central Arkansas Water Employees Savings Plan, but is, of necessity, simplified. Therefore, the Plan and not this summary will determine each employee's rights to benefits. A copy of the Plan and Trust agreement is on file with Central Arkansas Water and is available for review during normal business hours. This Summary Plan Description reflects the terms of the Plan as of April 2, 2018, unless otherwise stated.

Name of Employer: Central Arkansas Water
(hereinafter referred to as "CAW")

Sponsoring Employer Address: 221 East Capitol Ave., P.O. Box 1789
Little Rock, AR 72203

Employer I.D. Number: 71-0854036

Employer's Fiscal Year Ends: December 31st

Name of Plan: Central Arkansas Water Employees Savings Plan

Plan Number: 001

Type of Plan: 401(k) Plan

Effective Date of the Plan: January 1, 1999 (January 1, 2016 as last amended and restated)

Plan Year Begins On: January 1st

Plan Year Ends On: December 31st

Plan Trustee: Wells Fargo Bank, National Association
9062 Old Annapolis Road
Columbia, MD 21045

Plan Administrator
and Process Agent: Central Arkansas Water
221 East Capitol Ave., P.O. Box 1789
Little Rock, AR 72203
(501) 377-1200

The Trustee may also be served with any legal process.

Miscellaneous Information:

- (a) There are no collective-bargaining agreements which relate to the Central Arkansas Water Employees Savings Plan.
- (b) Since this is a "defined contribution" type plan, benefits provided by this Plan are not insured with the Pension Benefit Guaranty Corporation.

SUMMARY PLAN DESCRIPTION OF CENTRAL ARKANSAS WATER EMPLOYEES SAVINGS PLAN

This booklet called a "summary plan description" is intended to outline briefly the various plan provisions of the Central Arkansas Water Employees Savings Plan (the "Plan"). Should you have any questions concerning your rights under the Plan, please do not hesitate to contact the Plan Administrator who will provide you with all the information necessary to determine your rights under this Plan.

You should read this "summary plan description" carefully so that you may become fully familiar with all the benefits which the Plan makes available to you. This summary plan description is designed to explain the terms of the Plan. However, if there is conflict between this summary and the formal Plan document, the terms of the Plan document will apply. Copies of the Plan document are held by the Plan Administrator and are available to any employee for inspection.

The effective date of the Plan is January 1, 1999. This Plan was last amended and restated effective January 1, 2016.

(1) WHO IS ELIGIBLE TO PARTICIPATE?

You will become eligible to begin participation for Employee Mandatory Contributions and Matching Contributions on the first day of the calendar month after which you complete three (3) Months of Service for Eligibility and you have attained age 18. You will be credited with a Month of Service if you have worked at least one (1) hour during that month.

An Eligible Employee will mean all Employees of the Employer.

(2) HOW MUCH MUST I CONTRIBUTE AS A MANDATORY EMPLOYEE CONTRIBUTION TO THE PLAN?

You are required to contribute 1% of your compensation as an "Employee Mandatory Contribution" to the Plan. Normally, employee mandatory contributions to a plan are made with "after tax" dollars. However, federal tax laws permit governmental employers to "pick up" the required Employee Mandatory Contribution in accordance with §414(h) of the Internal Revenue Code (the "IRC"). Thus, these contributions are treated as pre-tax contributions for the benefit of the Participants. Regardless of the "pick up" by CAW of these Employee Mandatory Contributions, you will always be 100% vested in this contribution. You will not have the right to receive these contributions directly instead of having them contributed to the Plan.

(3) HOW MUCH WILL THE EMPLOYER CONTRIBUTE AS A MATCHING CONTRIBUTION?

For each Plan Year, CAW may, in its discretion, make a Matching Contribution to the Plan. Matching Contributions will be allocated to your Matching Contribution Account in the ratio in which your Mandatory Contributions for the Plan Year bear to the total Mandatory Contributions for all eligible Participants for the Plan Year. In order for you to receive an allocation of the Matching Contribution for a Plan Year, you must have met the eligibility requirements for participation. However, if you terminate employment due to death, Disability or Normal Retirement you will receive an allocation of the Matching Contribution for the Plan Year regardless of your Hours of Service completed during the Plan Year or whether you are employed on the last day of the Plan Year. Notwithstanding any provision in the Plan to the contrary, the Employer reserves the right to discontinue or modify the Matching Contribution at any time.

(4) WHAT IF I DIE?

If you die prior to termination of employment, regardless of your length of service, your beneficiary will be entitled to the full balance in all of your Accounts.

If you die after termination of employment, your designated beneficiary will be entitled to your vested balance in all of your Accounts.

The Plan benefits will be paid to your surviving spouse unless you designate another beneficiary and your designation is consented to by your spouse in the form of a written consent which is witnessed by a Plan representative or notary public. If you are not married, your Plan benefits will be paid to your designated beneficiary. If you do not name a designated beneficiary or if your beneficiary designation is not valid, you will be deemed to have designated the following as beneficiaries (if then living) in the following order: 1) your spouse; 2) your children in equal shares; or 3) your estate. The Plan Administrator is not responsible for determining the correctness of your beneficiary designation. You or your personal advisors must determine whether or not the beneficiary designation has been properly prepared and executed.

If you die prior to electing the method of payment of your benefits, your designated beneficiary will receive required minimum distributions. Generally, required minimum distributions must either be paid under the five year rule or the life expectancy rule. Your designated beneficiary should contact the Plan Administrator regarding this election. If a timely election is not made, the Plan's default rules will apply.

(5) WHAT HAPPENS IF I AM AN ACTIVE PARTICIPANT AND I AM CALLED INTO MILITARY SERVICE?

In the event you, as an active Participant, are called into Military Service, then you will continue to be eligible for benefits under the Plan if you return to employment with the Employer within the time requirements as specified under the Uniformed Services Employment and Reemployment Rights Act of 1994 and Code §414(u) ("USERRA"). If you do return to work with the Employer, you will be considered to have continued to earn compensation equal to the compensation you otherwise would have received during the period of Qualified Military Service for purposes of Plan contributions. If the compensation you would have received is not reasonably certain, then your average compensation from CAW during the 12 month period immediately preceding the period of Qualified Military Service will be used for purposes of Plan contributions in accordance with Code §414(u).

In the event CAW pays differential wages to a Participant who has been called into qualified military service, then the differential wages shall be included in the definition of "compensation" for purposes of computing the benefits the Participant is entitled to receive under the Plan, provided the Participant is reemployed after the period of qualified military service.

If you die or become disabled while performing qualified military service, you will be treated as an active participant who terminated employment with the Employer as a result of the death or Disability. For this purpose, CAW has elected to make an Employer Matching Contribution on behalf of any Employee who dies or becomes disabled while performing qualified military service. CAW will make the contribution for up to five years of qualified military service and such contribution will be based on the actual average employee contributions made by you during the 12-month period prior to your qualified military service or, if your service with CAW is less than 12 months, the average actual employee contributions for the actual length of continuous service with CAW. Additionally, for purposes of vesting, you will be treated as an active participant who terminated employment with CAW as a result of the death or Disability.

(6) WHAT WILL BE AVAILABLE TO ME WHEN I REACH THE PLAN'S NORMAL RETIREMENT AGE?

If you are still employed upon reaching the Plan's Normal Retirement Age, which is the later of a) age 65 or b) the 28th anniversary of your commencement of participation in the Plan (including Years of Service credited under the Arkansas Public Employees Retirement System (APERS)), you will be 100% vested in your Employee Mandatory Contribution Account and Matching Account.

If you continue employment after reaching the Plan's Normal Retirement Age, you will continue to be eligible to participate in the Plan until you actually retire.

(7) WHAT IF I HAVE TO QUIT WORK BECAUSE OF TOTAL DISABILITY?

If you become unable to work prior to termination of employment because you are totally disabled, you will become 100% vested in your Matching Contribution Account regardless of your length of service. The decision as to whether or not you are totally disabled will be made by the Plan Administrator based on medical examinations.

(8) WHAT IF I QUIT BEFORE RETIREMENT?

In the event you terminate employment with CAW for any reason other than death or total Disability before the Plan's Normal Retirement Age, you will forfeit the entire amount in your Matching Contribution Account if you have not completed 37 Months of Service for vesting in accordance with the following schedule:

<u>Months of Service For Vesting</u>	<u>Vested Percentage</u>
0 – 36	0%
37 or more	100%

You are always 100% vested in your Employee Mandatory Contribution Account.

(9) WHY IS SERVICE IMPORTANT?

Your eligibility to participate in the Plan and your eligibility to receive an Employer Contribution is based on your Service. All periods of Service are made up of "Hours of Service" which is defined as follows:

- (a) Each hour of employment for which you are directly paid for the performance of duties. These hours are credited to you for the periods in which duties are performed; and
- (b) Each hour for which you are directly or indirectly paid or entitled to payment for reasons other than the performance of duties (such as vacation, holiday, etc.).

(10) HOW ARE MONTHS OF SERVICE CREDITED?

You will be credited with a Month of Service for each calendar month during which you complete at least one (1) Hour of Service or more. Months of Service for Eligibility and Months of Service for Vesting will include service with Little Rock Municipal Water Works and North Little Rock Water Department, but only for employees of either utility who commenced employment with the Employer on or before March 1, 2016. Maumelle Water Management, but only for employees of Maumelle Water Management who commenced employment with the Employer on March 1, 2016, and were in active employment service with Maumelle Water Management immediately prior to March 1, 2016.

(11) WHAT HAPPENS WHEN A PARTICIPANT IS REEMPLOYED BY CAW?

Reemployment

If you are not vested in any portion of your Matching Contribution Account when you terminate your employment, service earned before your Break in Service will be forfeited if your number of consecutive Breaks in Service equals or exceeds the greater of five or the aggregate number of your Years of Service for eligibility before your consecutive Breaks in Service. Thus, you will be treated as a new employee for eligibility and vesting purposes and only service completed after your re-hire date will be counted for eligibility and vesting purposes.

If you are partially or fully vested in any portion of your Accounts when you terminate your employment, or you have not forfeited your prior Months of Service, you will receive credit for all your Months of Service for eligibility and vesting purposes prior to your Break in Service. Your Months of Service for eligibility purposes will be reinstated as of your date of re-hire.

If you are reemployed and you had not met the Age and Service requirements prior to termination, and you have incurred a 1-year Break in Service, you will be treated as a new Employee for eligibility and vesting purposes and only service completed after your re-hire date will be counted for eligibility and vesting purposes. If you have not incurred a 1-year Break in Service, your service before termination will be counted for eligibility and vesting purposes.

Forfeiture

If you terminate employment with CAW before your death, Disability or Normal Retirement, before you have enough Months of Service to be fully vested, you will forfeit part of your Matching Contribution Account. However, if you are rehired and you repay the Plan the amount previously distributed to you before the earlier of 5 years after which you are reemployed or the fifth anniversary (or sixth anniversary if your absence was due to your pregnancy, the birth of your child, the adoption of a child by you or resulted from you caring for a child following such birth or adoption) after the date of your distribution, then the amount previously forfeited will be restored.

If you received a "deemed" distribution because you were totally nonvested when you terminated your employment, your nonvested benefit will automatically be restored within a reasonable time following your reemployment, provided you have not incurred five consecutive Breaks in Service.

(12) WHAT HAPPENS TO THE FUNDS THAT ARE FORFEITED WHEN PARTICIPANTS QUIT BEFORE BEING VESTED?

All assets of this Plan belong to the Plan Participants. No money can be returned to CAW. All forfeitures will first be used, when required, to restore forfeited account balances for reemployed Participants and any remaining amounts may be used to pay administrative expenses of the Plan and Trust. Any remaining forfeitures from the Matching Contribution Account, will reduce the Matching Contribution no later than the end of the Plan Year following the Plan Year in which they occur.

(13) WHAT ABOUT MY INVESTMENTS UNDER THE PLAN?

You direct the investment of your Accounts in the Plan among the investment options available under the Plan (including, where applicable, investments in insurance contracts). Detailed descriptions and objectives of investment options available under the Plan, direction procedures including the frequency with which you can change your investment choices, and instructions on how you can obtain other important information on directed investments, will be provided to you. You may also request such information from the Plan Administrator at any time. You should review the information in these procedures carefully before giving your investment directions.

You should make your investment choices based on your investment goals and your willingness to assume investment risk in order to realize potentially higher returns. Investment risk is defined as a measure of how much the investment returns can vary from period to period. Your Accounts are credited with all increases and decreases in fund values.

If you do not make an investment election, or if you fail to follow the procedures for making an investment election, you will be deemed to have directed the Trustee to invest your account in the default fund established for the Plan. Any election will remain in effect until replaced by a later election. You will be given the opportunity to obtain written confirmation of your investment elections.

In addition to specific information regarding the investment options offered under the Plan, you may request the following additional information:

- A description of each investment fund's annual operating expenses and the aggregate amount of such expenses, expressed as a percentage of net assets of the applicable investment.
- Copies of all other material provided to the Plan relating to the investment alternatives.
- A list of assets comprising a particular portfolio and the value of each asset (or the proportion of the investment alternative which it comprises).
- Share value and performance information regarding each available fund, including share value with respect to your particular account

(14) HOW ARE ADMINISTRATIVE FEES ALLOCATED?

In general, administrative fees and expenses are paid from the Plan. However, CAW, in its discretion, may elect to pay all or a portion of the Plan's administrative fees and expenses. Refer to your Participant statements and the prospectuses of the individual plan investments for the treatment and allocation of investment fees.

(15) WHO PAYS THE BENEFITS?

All the contributions are deposited in a Trust Fund and invested for the exclusive benefit of the Participants. All benefits are paid from the Trust Fund by the Trustee at the direction of the Plan Administrator.

(16) WHEN DO BENEFITS COMMENCE?

If you have terminated employment for any reason other than death, Disability or Normal Retirement, distributions will commence within 60 days (or as soon as possible thereafter) after you terminate your employment and file your benefit election form.

Distributions as a result of your death, Disability or Normal Retirement will commence within 60 days (or as soon as reasonably possible) after your death, Disability or Normal Retirement and the submission of a benefit election form for your benefits under the Plan.

If the balance of your vested Accounts exceeds \$1,000 (including any rollover contributions and earnings allocated thereto), you must consent to the commencement of distributions. However, distributions must commence to you by the April 1 following the calendar year in which you attain the age of 70½ unless you continue to remain employed with CAW and are not a five percent (5%) or more shareholder of CAW, in which case, distributions will not commence until you actually terminate employment.

You are not required to initiate distributions when you terminate employment with CAW and you have the right to defer distribution of your benefits under the Plan. You may leave your benefits in the Plan until you reach the required minimum distribution age, as described above.

(17) WHAT FORMS OF DISTRIBUTIONS ARE AVAILABLE?

If the vested balance of your Accounts exceeds \$1,000 (including any Rollover Contributions and earnings allocated thereto) you, or your beneficiary in the case of your death, can elect from various methods of payment.

You may choose to have the vested balance of your Accounts distributed as follows:

- (a) Single Lump Sum Payment
- (b) Direct Transfer to an IRA or another qualified plan
- (c) Periodic Payments

If the vested balance of your accounts is \$1,000 or less (including any Rollover Contributions and earnings allocated thereto), and you fail to make an affirmative election by signing and returning the election form to the Plan Administrator within 30 days of receipt of the election forms and tax notice which summarizes the rules related to rollovers, income tax and penalties that may apply to your distribution, your distribution shall be automatically paid to you in a single cash lump sum payment, less the mandatory 20% federal income tax withholding and 5% Arkansas state income tax withholding. If the vested balance of your accounts becomes less than \$1,000 because you have taken a partial distribution from the Plan, the balance of your vested accounts will also be distributed to you in the form of a single cash lump sum distribution. However, pursuant to the tax notice you may elect during the 30 day period to have the distribution rolled over in a tax-deferred rollover.

Most distributions from a qualified retirement plan to a Participant or Beneficiary are subject to a mandatory 20% federal income tax withholding and for Arkansas residents a 5% state income tax withholding. This is true even though the recipient of the distribution intends to roll over the amount of the distribution to an Individual Retirement Account within 60 days. In order to avoid the mandatory withholding, a Participant or a Participant's spouse, or former spouse, may transfer the Plan distribution directly from the Plan to an Individual Retirement Account or to an eligible retirement plan of a successor employer. Such a direct transfer avoids the necessity of the mandatory withholding. Also, any non-spousal beneficiary (i.e., child, grandchild or trust), can direct the Trustee to roll over the benefits payable from the Plan to such beneficiary directly from the Plan to an IRA for the benefit of the beneficiary.

The mandatory withholding does not apply to installment distributions over a term of 10 years or more, annuity distributions based on the life of the Participant and/or the Participant's spouse, or to distributions to distributees who are not the Participant or Participant's spouse or former spouse. These latter distributions are subject to the normal withholding rules applicable to distributions which can be waived by the recipient.

When you request a distribution, you will receive full and complete notification regarding the tax consequences of the distribution and your options to transfer the distribution to an Individual Retirement Account or eligible retirement plan.

(18) HOW ARE CLAIMS FOR BENEFITS FILED?

The Plan Administrator is responsible for determining and informing you of your benefits under the Plan. If you disagree with the Plan Administrator's benefit determination, you or your authorized representative may make a request for review in accordance with the procedures set forth in this summary plan description. The Plan Administrator will be responsible for reviewing and evaluating all claims.

All claims must be made in writing and submitted to the Plan Administrator. The Plan Administrator will decide your claim within a reasonable period of time, but not later than 90 days after the receipt of the claim by the Plan Administrator, unless the Plan Administrator determines that special circumstances require an extension of time for making a determination under the Plan. If the Plan Administrator determines that an extension of time is required, you will be notified in writing prior to the expiration of the initial 90 day period. The extension of time will not exceed a period of 90 days from the end of the initial 90 day period. The extension notice will specify the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to render its decision.

If the Plan Administrator denies your claim, in whole or in part, you will receive a written notification which will set forth the following information:

- The specific reason or reasons for the adverse determination;
- Reference to the specific Plan provisions on which the determination is based;
- A description of any additional material or information necessary for you to perfect the claim for appeal, and an explanation of why such material or information is necessary;
- A description of the steps to be taken if you wish to appeal the Plan Administrator's determination, including the time limits applicable to the appeal of the claim.

If your claim is denied, you have the right to appeal the adverse determination to the Plan Administrator. An appeal must be made in writing within 60 days of your receipt of the Plan Administrator's initial notice of denial, or you will lose your right to appeal the adverse determination.

Your written appeal should state the reasons why you feel your claim should not have been denied. Your appeal may include any written comments, documents, records or other information relating to the claim that you feel support your claim. You will also be provided, upon request and free of charge, reasonable access to, and copies of all documents, records, and other information that is relevant to your claim. The Plan Administrator will, on appeal, take into account all written comments, documents, records, and other information that you submit relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

Your appeal will be reviewed and decided by the Plan Administrator, generally, within 60 days after it is submitted. In the event that the Plan Administrator determines that an extension of time is required, you will be notified in writing prior to the expiration of the initial 60 day period. The extension of time will not exceed a period of 60 days from the end of the initial 60 day period. The extension notice will specify the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to render its decision. The Plan Administrator will notify you, in writing, of its decision. If the decision on appeal affirms the initial denial of your claim, the notification will set forth the following information:

- The specific reason or reasons for the adverse determination.
- Reference to the specific Plan provisions on which the decision is based.
- You are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information that are relevant to the claim.

If you do not receive a decision on your appeal from the Plan Administrator within 60 days after you submitted the appeal, and you have not been notified that the Plan Administrator needs additional time to complete its review of your appeal, you should consider your appeal denied.

(19) CAN MY INTEREST IN THE PLAN BE ASSIGNED OR ATTACHED?

Your interest in the Plan may not be assigned or attached. However, if you become divorced from your spouse, or owe money for child support for your child or dependent, the court may award your spouse an interest in your Plan benefits, or a judgment, decree or order made pursuant to a state domestic relations law may award your child or dependent an interest in your Plan benefits pursuant to a Qualified Domestic Relations Order (QDRO). A QDRO is a special order issued by the court in a divorce, child support or similar proceeding. In this situation, the law recognizes that your spouse (or former spouse) or someone other than you or your beneficiary may be entitled to a portion or all of your Accounts. A QDRO must be honored by the Plan Administrator. There are procedures that are followed when the Plan Administrator receives a QDRO, and you or your beneficiary can obtain, without charge, a copy of these procedures from the Plan Administrator.

Additionally, your Accounts may not be transferred, assigned or used as collateral for a loan except to the extent required by law. Creditors or third parties may not attach, garnish or otherwise interfere with your Accounts except in the case of a QDRO.

(20) MAY I BORROW FROM MY ACCOUNT UNDER THE PLAN?

Loans to Plan Participants are not currently permitted under the Plan.

(21) CAN I LOSE ANY OF MY ACCOUNT?

CAW contributes money into the Plan for the exclusive benefit of Plan Participants and their beneficiaries. However, there are ways you could lose all or part of the amounts allocated to you. You can lose part of the value of your Account if Plan investments are not profitable. In other words, the value of your Account is based on investment performance and may be subject to losses due to stock market fluctuations.

If you terminate employment before your death, Disability or Normal Retirement, before you have enough Years of Service to be fully vested, you will forfeit part of your Matching Contribution Account.

Furthermore, this Plan is sponsored by a governmental entity.

All of the assets of this Plan are individually allocated to the Participants and benefits are based solely on the amount of money available. Therefore, by definition, this Plan is not eligible for benefit insurance coverage by the Pension Benefit Guaranty Corporation. (This is a non-profit organization established to provide benefits for certain types of pension plans that terminate without sufficient assets to pay benefits).

(22) WHAT ABOUT ROLLOVER CONTRIBUTIONS?

You can rollover part or all of an "eligible rollover distribution" you received from a prior employer's qualified plan or an Individual Retirement Account ("IRA"), if not disallowed by the Plan Administrator. (The Plan Administrator reserves the right to refuse to accept any rollover contribution.) If the rollover to the Plan is not a direct rollover (i.e., you received a cash distribution from your prior employer's plan or from your IRA), then it must be received by the Trustee within 60 days of your receipt of the distribution.

You may make a rollover contribution to the Plan before becoming a Participant. However, you will not become a Participant entitled to share in Employer Contributions until you have met the Plan's eligibility and entry date requirements. Your rollover contribution account will be subject to the terms of this Plan and will always be fully vested and nonforfeitable.

(23) WHAT IF THE EMPLOYER AMENDS OR TERMINATES THE PLAN?

CAW hopes and expects to continue the Plan, but reserves the right to amend or terminate the Plan by action of the Board of Commissioners. If the Plan is terminated, the participation of all Participants will end on the effective date of termination. You will then be entitled to 100% of the amount in your Accounts. On termination of the Plan, all funds would be distributed to the Participants according to their Account balances. Under no circumstances can any money be returned to CAW.

**(24) WHAT INFORMATION WILL I RECEIVE
REGARDING MY ACCOUNT?**

You, or your beneficiary, will receive a periodic benefit statement at least once each calendar quarter. "Beneficiary" for this purpose means, in the event of your death, any beneficiary of yours who has the right to any portion of your benefit, or an alternate payee under a qualified domestic relations order. The benefit statement will include your total benefits under the Plan and the vested percentage of such benefits based on the latest available information. You will also be provided with a summary annual report of the investment performance of the Trust. In addition, you will be advised whenever a material amendment is made to the Plan or at such other times when your interest in the Plan is affected, as well as being provided with the requisite investment information.

(25) INTERPRETATION OF THE PLAN

The Plan Administrator has the power and the discretionary authority to construe the terms of the Plan and to determine all questions that arise under it. Such power and authority include, for example, the administrative discretion necessary to resolve issues with respect to an Employee's eligibility for benefits, credited services, disability, and retirement, or to interpret any other term contained in Plan documents. The Plan Administrator's interpretations and determinations are binding on all Participants, Employees, former Employees, and their beneficiaries.