

**TRUST AGREEMENT  
UNDER THE  
SAGINAW COUNTY  
RETIREE HEALTH CARE PLAN**

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SAGINAW COUNTY  
TRUST AGREEMENT  
UNDER THE  
RETIREE HEALTH CARE PLAN

This Trust Agreement is entered into between Saginaw County ("County"), and the Saginaw County Retirement Board of Saginaw County ("Trustee").

ARTICLE 1

PRELIMINARY RECITALS

1.1 Establishment of Trust. In order to provide a source of payment for some or all of its obligations under the Plan, and to deter the County from attempting to avoid the County's obligations under the Plan in any circumstances other than in the event of the County's Insolvency, the County has entered into this Agreement to create a trust, and has delivered certain property to the Trustee, the receipt of which is hereby acknowledged by the Trustee. The Trustee agrees to hold such property in trust, as well as all other property which, at the discretion of the County, may be contributed, plus the proceeds, investments, and reinvestments thereof, for the uses and purposes of the Plan and subject to the provisions set forth below.

1.2 Grantor Trust. It is intended that the County shall be treated as the owner of the assets of the Trust pursuant to Sections 671-679 of the Code, and the terms of the Trust Agreement shall be so construed.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. Unless the context of the Trust Agreement otherwise requires, or unless otherwise defined herein, the terms defined in the Plan shall have the same meaning when used herein as the meaning given to those terms in the Plan.

(a) "Code" means the Internal Revenue Code of 1986, as amended.

(b) "Insolvency" means the condition of the County in the event that it either is unable to pay its debts as they mature or is subject to a pending proceeding as a debtor under Title 11 of the United States Code.

(c) "Participant" means an employee of the County, or any beneficiary of such an employee, who is included in one of the employee classifications listed in Appendix A attached hereto, and for whom the Trustee has established an Account in accordance with the provisions of Article 4.

(d) "Plan" means the Saginaw County Retiree Health Care Plan, dated January 1, 1993.

(e) "Trust" means the trust fund created by this Agreement.

(f) "Trustee" means the trustee named in this Agreement or any successor who is named and acting pursuant to Article 9.

(g) "Valuation Date" means the last business day of each calendar year, or such other interim dates as may be requested by the County.

2.2 Construction. The validity, construction and administration of this Agreement and the Trust, and all questions concerning any power of appointment granted by this Agreement and the exercise of any such power, shall be determined by reference to the laws of the State of Michigan, even though the Trustee, the place of business of the Trust, any Trust assets, or any combination of the foregoing, may be situated in another state. Unless the context indicates a contrary intention, words of masculine and feminine gender in this Agreement shall be construed to include the opposite gender, the singular form shall be construed to include the plural, and the plural form shall be construed to include the singular. The underscored captions are for the sole purpose of convenience in identifying the general content of the section to which they pertain and shall not be given any significance or importance in the construction of this Agreement. The Trustee may, with the advice of legal counsel, resolve any genuine issues concerning the intent of the County the construction of this Agreement or the manner in which its terms should be applied in a particular factual situation.

**ARTICLE 3**  
**RIGHTS AND DUTIES OF COUNTY AND RIGHTS**  
**OF ITS GENERAL CREDITORS**

3.1 **Irrevocability of Trust.** This Trust is irrevocable and may not be amended or terminated by the County in whole or in part; provided, however, that the Trust may be amended as necessary either to obtain a favorable ruling from the Internal Revenue Service with respect to the tax consequences of the establishment and settlement of the Trust or to make nonsubstantive changes to the Trust. However, the County reserves and shall have the right at any time to terminate or amend the Plan, in whole or in part, by affirmative vote of the County's Board of Commissioners. The County has no obligation to continue the Plan or any benefit provided under the Plan, and a Participant's right to a benefit always is forfeitable. Notwithstanding the foregoing, any such termination or amendment shall not adversely affect any Participant's right under the Plan to benefits attributable to claims incurred prior to such termination or amendment.

3.2 **Rights of General Creditors of the County.** Notwithstanding any provision of the Trust or the Plan to the contrary, the portion of Trust assets that have been contributed solely by the County, and all earnings and losses of the Trust, shall be subject at all times to the claims of general creditors of the County. No general creditor of the County shall have any right to recover, or have any

title or interest in, any Trust asset after it has been distributed by the Trustee to, or on behalf of, a Participant, even if prior to such payment the Trustee had knowledge or notice that such general creditor intended to make claim to such Trust asset. Notwithstanding any such knowledge or notice, the Trustee shall continue to make distributions (except as provided in Section 7.4) until such time as a general creditor of the County brings legal action against the Trustee and serves it with process claiming Trust assets to satisfy its claim against the County, at which point in time, the Trustee shall stop all distributions made under Section 6.1.

3.3 Duty of County to Notify Trustee of Insolvency. The County Controller (or his representative) shall have the duty to notify and inform the Trustee of the County's Insolvency. Such notification shall be in writing and shall be delivered within five business days of the date the Controller Administrator has actual knowledge of such Insolvency.

#### ARTICLE 4

#### CONTRIBUTIONS

4.1 Contributions. Except as hereinafter provided, the County shall make contributions to the Trust from time to time as the County shall determine in its sole discretion and in accordance with the terms of the Plan.



**ARTICLE 5**

**THE TRUST ESTATE**

5.1 **Investment of Trust Assets**. The Trustee shall have exclusive responsibility for the investment, management and control of the Trust assets, subject to investment direction by the Plan Administrator.

**ARTICLE 6**

**DISTRIBUTIONS FROM TRUST**

6.1 **Distributions Pursuant to the Plan for the Purchase of Health Care Benefits**. Subject to the provisions of Section 6.3 below, at such time as a Participant is entitled to receive benefits under the Plan (as determined by the Trustee after having been notified of the Participant's entitlement to benefits), the Trustee shall purchase health care benefits as required by the Plan. Payments for such benefits shall be made directly to the Insurance Carrier, as that term is defined in the Plan, and shall be made in accordance with the Plan. The Trustee shall be empowered to liquidate such Trust assets as may be available and necessary to satisfy the County's obligation under the Plan. To the extent sufficient assets do not exist to provide for such obligation, the County shall pay the difference, and neither the Trust nor the Trustee shall be liable to any Participant for any shortfall not paid by the County. The Trustee shall be fully protected in making any payment in accordance with the provisions of this Section.

6.2 Savings Clause. If it shall be determined that any Participant entitled to benefits under the terms of the Plan is subject to federal income taxation on benefits accruing to him under the Plan then, as soon as is practicable after the Trustee has learned of the incidence of such taxation, the Trustee, as directed by the County, shall advise such individual of its taxability.

6.3 Release of County upon Payment. To the extent that the Trustee provides benefits due a Participant under the Plan, the County shall be released from the obligation to provide Plan benefits to such Participant. To the extent that the Trustee fails to provide such benefits, in whole or in part, the County shall provide remaining benefits due the Participant under the Plan to the extent the County is liable therefor under the terms of the Plan.

6.4 Excess Account Assets. After satisfaction of the County's entire obligation to a Participant under the Plan (or in the event that a Participant ultimately terminates employment with the County without a right to benefits under the Plan any assets remaining in the Trust may be either be refunded to the County, or remain in the Trust, at the County's option.

6.5 Termination of the Plan. In the event the Plan is terminated in whole or in part, the Trust assets shall be held to provide benefits due under the Plan to Participants as of the date of such termination.

6.6 Refund to County after All Obligations Fulfilled.

Notwithstanding any other provisions of the Trust, when all obligations of the Trustee to provide benefits to Participants under the Plan have been fulfilled, any remaining Trust assets shall be refunded to the County.

ARTICLE 7

POWERS AND DUTIES OF THE TRUSTEE

7.1 Authority of the Trustee. Except as otherwise provided herein, the Trustee has the following authority, in addition to powers otherwise conferred on it by law:

(a) To hold, manage, sell, exchange, mortgage, pledge, or otherwise dispose of, any property in the Trust, without the approval of any court;

(b) To hold securities and other property of the Trust in the name of the Trustee or in the name of its nominee or a depository, either in the form of a certificate or other written instrument or in the form of a book entry, with or

without disclosure of the Funds, provided that the Trustee shall be responsible for the acts of its nominee;

(c) To collect the principal and income of property in the Trust and, if there is a default in the payment of such principal or income, to exercise its judgment as to the proper legal proceedings necessary or advisable to collect it;

(d) To exercise voting rights and issue proxies which may be discretionary and with power of substitution, in connection with any stock or other securities in the Fund;

(e) To exercise rights and options to purchase shares of stock or other property, and to sell or redeem fractional shares of stock or other property;

(f) To employ brokers, agents, custodians, actuaries, attorneys, accountants or other persons (who may or may not also be employed by the County), and to delegate to them such of the Trustee's powers (other than those relating to the investment and reinvestment of the Trust assets) as it considers desirable; and

(g) To execute and deliver deeds, leases, mortgages, conveyances, contracts, waivers, releases or other instruments in writing necessary or proper for the accomplishment of any of the foregoing powers.

7.2 Persons Dealing with the Trustee. Persons dealing with the Trustee have no obligation to see to the proper application of any money paid or property delivered to the Trustee or to inquire into the Trustee's authority as to any transaction.

7.3 Trustee's Duties. The Trustee's duties and obligations shall be limited to those expressly imposed upon it in accordance with the terms of the Trust. The Trustee shall act in a fiduciary capacity with respect to the beneficiaries of the Trust.

7.4 Trustee's Responsibility if County Is Insolvent. At such time as (a) the County issues or should have issued a notice pursuant to the provisions of Section 3.3; (b) the Trustee has actual knowledge of the Insolvency of the County; or (c) a general creditor of the County brings legal action against the Trustee as set forth in Section 3.2, the Trustee shall discontinue all distributions and shall hold all Trust assets and shall deliver them in a manner that a court of competent jurisdiction directs. If the Trustee discontinues any distributions from the Trust pursuant to this Section and subsequently resumes such distributions, the first distribution following such discontinuance shall include the aggregate amount of all distributions that could have been made in accordance with the terms of the Plan during the

period of such discontinuance, less the aggregate amount of payments made by the County in lieu of the payments provided for hereunder during any such period of discontinuance.

7.5 Valuation of Trust. The Trustee shall determine the fair market value of the Trust assets as of each Valuation Date. The Trustee shall furnish to the County within 60 days after the close of each Valuation Date a report that:

(a) lists the Trust assets as of the close of business on such Valuation Date;

(b) shows all transactions occurring with respect to the Trust assets since the last previous report and summarizing all such transactions for the year then ending;

(c) shows as of the close of business on such Valuation Date the value of the Trust assets;

(d) shows since the last previous report (i) all County contributions to the Trust, (ii) all amounts paid from the Trust pursuant to Article 6, (iii) all other income, expenses and changes in net assets of the Trust (including net unrealized appreciation and depreciation of Trust assets), and (iv) all such transactions for the Trust for the year then ending; and

(e) containing such additional information concerning the Trust as the County may reasonably request.

In determining fair market values, the Trustee shall use such market quotations and other information as are available to it and as it may determine, in its discretion, to be appropriate. The Trustee shall not be accountable to the County, to any Participant, or to any other person on the basis of any such valuation, but its accountability shall be in accordance with the provisions of Article 8 hereof. If requested by the County, the Trustee shall provide the information required above for each Account.

7.6 Audit of Account of Trustee. The Trustee shall keep full accounts of all transactions. All financial statements, books and records with respect to the Trust shall be open to inspection at all reasonable times during business hours of the Trustee by the County, or its representatives, including, without limitation, accountants engaged by the County on behalf of the Participants in the Trust in such form as the County may reasonably request.

7.7 Report of Account to County. Within 60 days after the close of each calendar year, and within 60 days after the date of termination of the duties of the Trustee, the Trustee shall prepare, sign and file with the County an account of its acts and transactions as Trustee hereunder.

7.8 Tax Returns of Trust. The Trustee shall file any required tax returns.

## ARTICLE 8

### ADMINISTRATION

8.1 Evidence of Action by County. The County shall certify to the Trustee the names of any persons authorized to act for the County under the Trust. Until the County notifies the Trustee that such a person is no longer so authorized, the Trustee may continue to rely on the authority of such person. The Trustee may rely upon any such certificate or notice which the Trustee reasonably believes to have been signed by a duly authorized representative of the County.

8.2 Communications to Trustee or County. Communications to the Trustee shall be sent to the Trustee at the following address: Saginaw County, Saginaw County Controller's Office, 111 S. Michigan, Saginaw, Michigan 48602, or to such other address as the Trustee may specify. No communication shall be binding upon the Trustee until it is received by the Trustee, but any communication by the County to the Trustee shall be binding upon the County upon its being sent to the Trustee. Communications to the County shall be sent to the County's principal mailing address, Saginaw County, Saginaw County Controller's Office, 111 S. Michigan, Saginaw, Michigan 48602, Attention: Controller, or to such other address as the County may specify.



8.3 Expenses and Compensation. The Trustee shall be entitled to reasonable compensation for its services as Trustee hereunder in such amount as is agreed to from time to time between the County and the Trustee. The Trustee also shall be entitled to reimbursement for its reasonable expenses of administering the Funds, including reasonable compensation of counsel and any agents engaged by the Trustee to assist it in such administration. Such compensation and expenses, including those fees and expenses incurred under Section 7.1, shall be paid by the County, and in the event that the County refuses to pay, the Trustee shall be entitled to compensation from the Trust assets.

8.4 Employment of Trustee as Agent. The County may at any time employ agents to perform any act, keep any records or accounts, or make any computations required of the County by the Trust or the Plan. In the event the Trustee is so employed as an agent, nothing which the Trustee may do as such agent shall affect its responsibility or liability as Trustee.

#### ARTICLE 9

#### RESIGNATION AND REMOVAL OF TRUSTEE

9.1 Resignation or Removal of Trustee. The Trustee may resign at any time by filing a written resignation with the County. The County may remove the Trustee at any time by delivering a written notice of removal to the Trustee. Such resignation or removal

shall take effect upon appointment of a successor as provided in Section 9.2.

9.2 Appointment of Successor Trustee. The appointment of a successor to the Trustee shall take effect upon delivery to the Trustee of an instrument in writing executed by the County appointing such successor and an acceptance in writing executed by such successor, or upon such other date specified in the instrument appointing the successor. If a successor is not appointed within 90 days after the Trustee gives notice of resignation, or after the County gives notice of removal pursuant to Section 9.1, the Trustee may apply to any court of competent jurisdiction for appointment of a successor.

9.3 Transfer of Trust Assets to Successor. Upon the resignation or removal of the Trustee and appointment of a successor, and after the final account of the Trustee has been delivered to the County, the Trustee shall transfer and deliver the Trust assets to such successor.

9.4 Authority and Power of Successor Trustee. All of the provisions set forth herein with respect to the Trustee shall relate to each successor with the same force and effect as if such successor had been originally named as Trustee hereunder.

**ARTICLE 10**

**MISCELLANEOUS**

10.1 **Prohibition against Reversion or Diversion.** No part of the Trust shall revert to the County except as otherwise provided herein, and no part of the Trust shall be used for or diverted to purposes other than the exclusive benefit of Participants, except as provided as Sections 3.2, 6.6 and 8.3.

10.2 **Non-Alienation of Benefits.** No benefit under the Plan shall at any time be subject in any manner to alienation or encumbrance.

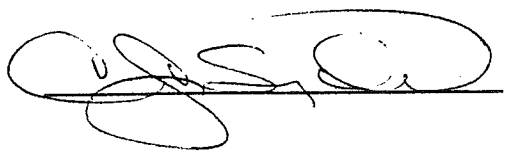
10.3 **Trust Assets Limited to Plan Benefits.** Nothing herein contained shall be construed as conferring upon any person any rights with respect to the Trust assets or the administration thereof other than the right to such benefits as may be provided with respect to such person by the terms of the Plan and this Trust. All rights created under the Plan and this Trust, shall be mere unsecured contractual rights of the Participant against the County.

10.4 **Waiver.** Failure of any party at any time to insist upon strict compliance with any term, covenant or condition of this Agreement shall not be deemed to be a waiver of such term, covenant or condition or any other term, covenant or condition.

The parties have caused this Trust to be executed in multiple counterparts, each of which shall be deemed an original, as of \_\_\_\_\_.

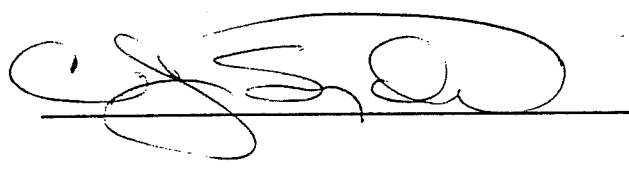
IN THE PRESENCE OF:

SAGINAW COUNTY



By: James L. Gaertner  
James L. Gaertner  
Chairperson for the  
Saginaw County Board of  
Commissioners

TRUSTEE OF THE SAGINAW COUNTY  
RETIREE HEALTH CARE PLAN  
TRUST AGREEMENT



By: Fred D. Todd  
Fred D. Todd  
Manager of Saginaw  
County Retirement Board

APPROVED AS TO FORM:  
JENSEN, SMITH AND GILBERT, P.C.

APPROVED AS TO SUBSTANCE:  
SAGINAW COUNTY CONTROLLER

By See attached letter

By Fred D. Todd  
Fred D. Todd

**APPENDIX A  
TO THE  
TRUST AGREEMENT  
UNDER THE  
SAGINAW COUNTY  
RETIREE HEALTH CARE PLAN**

The following classifications of employees are covered by the Saginaw County Retiree Health Care Plan Trust Agreement:

Non Union Employees

County Sheriff Department Employees Association

Saginaw County Command Officers Association

International Brotherhood of Teamsters

Chauffeurs, Warehousemen and Helpers of America

Local Union 214