

ASEA/AFSCME LOCAL 52 HEALTH BENEFITS TRUST

TRUST AGREEMENT

AMENDMENT NO. 1

Effective September 20, 2007, the Trust Agreement of the ASEA/AFSCME Local 52 Health Benefits Trust (as amended and restated effective September 28, 2005) is amended as follows:

ARTICLE IV

TRUST FUND ADMINISTRATION

Section 2 shall be changed in its entirety to read as follows:

2. Constitution of a Quorum

To constitute a valid regular or special meeting of the Trustees, at least four Trustees must be present in person or telephonically. However, in the event of a natural disaster, such as severe earthquake, or other widespread catastrophic event, such as pandemic flu, that would hinder the Trust's ability to conduct business, the Trustees recognize that it may be unfeasible for four Trustees to be present to conduct business. In case of such an event, a quorum for the purpose of conducting business shall consist of three trustees present in person or telephonically, provided all reasonable means of contacting the other Trustees have been exhausted and documented.

ARTICLE VI

TRUSTEE RESPONSIBILITIES

Section 13 shall be changed in its entirety to read as follows:

13. Plan Document

The Trustees shall prepare a plan document, a summary plan description, and any modifications or changes in the information contained in such description.

The Trustees shall also furnish to participating employees and to each beneficiary receiving benefits a copy of the summary plan description and copies of any modifications or changes in the information in such description.

ARTICLE IX

HEARING AND ARBITRATION PROCEDURES

Section 2 shall be changed in its entirety to read as follows:

2. Hearings Before Board of Trustees

Any participating employee or beneficiary of a participating employee who applies for benefits and is ruled to be ineligible by the Trustees (or by an administrative agent, insurance carrier, or other organization acting for the Trustees) or who believes he/she did not receive the full amount of benefits to which he/she is entitled, or who is otherwise adversely affected by any action of the Trustees, shall have the right to request the Trustees to conduct a hearing in the matter, provided that he/she makes such a request, in writing, within sixty (60) days of the claims administrator's final determination denying in whole or in part a claim for benefits, or the date of the notification of any other adverse action by the Trustees. The Trustees shall then conduct a hearing at their next regularly scheduled meeting, at which the participating employee or beneficiary shall be entitled to present his/her position and any evidence in support thereof. The participating employee or beneficiary may be represented at any such hearing by an attorney or by any other representative or his/her choosing. Thereafter, the Trustees shall issue a written decision affirming, modifying, or setting aside the former action. The written decision shall be issued by the Trustees within thirty (30) days of the hearing on the matter.

Section 3 shall be changed in its entirety to read as follows:

3. Appeal to Arbitration

If the claimant is dissatisfied with the written decision of the Trustees, he/she will have the right to appeal the matter to arbitration in accordance with the Employee Benefit Plan Claim Arbitration Rules of the American Arbitration Association, provided that he/she submits a request for arbitration to the American Arbitration Association, together with the required filing fee, pursuant to the arbitration rules, in writing, within 60 days of the date of the written decision by the Trustees. Arbitration is the sole and exclusive remedy for challenging the decision of the Board of Trustees. A copy of the American Arbitration Association Employee Benefit Plan Claim Arbitration Rules will be provided to a claimant upon request to the Administrative Agent. If an appeal to arbitration is requested, the Trustees will submit to the arbitrator a complete copy of the record upon which the Trustees, decision was made.

The question for the arbitrator will be (1) whether the Trustees were in error upon an issue of law, (2) whether they acted arbitrarily, capriciously, or in bad faith in the exercise of their discretion, or (3) whether their findings of fact were supported by substantial evidence. The review by the arbitrator of the final decision or action of the Trustees will be based only on such evidence presented to or considered by the Board of Trustees at the time it made the decision or took the action which is the subject of the review.

The decision of the arbitrator will be final and binding upon the Trustees, upon the appealing party, and upon all other parties whose interests are affected thereby.

The expenses of arbitration will be shared by the appealing party and by the Trust Fund

pursuant to the American Arbitration Association Employee Benefit Plan Claims Rules, unless otherwise ordered by the arbitrator.

* * * * *

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing instrument comprising Amendment No. 1 to the Trust Agreement of the ASEA/AFSCME Local 52 Health Benefits Trust (as amended and restated effective September 28, 2005), the Board of Trustees executes this Amendment in its name and on its behalf this September 20, 2007.

s/ Fred Brown
Fred Brown

s/ Frank Puschak
Frank Puschak

s/ Patricia Nault
Patricia Nault

/s Michael Williams
Michael Williams

/s Christopher Pace
Chris Pace

/s Paul C. Kroenung
Paul C. Kroenung

ASEA/AFSCME LOCAL 52 HEALTH BENEFITS TRUST
TRUST AGREEMENT

As Amended and Restated
Effective September 28, 2005

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PREAMBLE

This Trust Agreement is made this September 28, 2005, at Anchorage, Alaska, by the signatory parties for and on behalf of the Alaska State Employees Association, Inc., hereinafter referred to as ASEA/AFSCME Local 52 and its members and their beneficiaries; and

WHEREAS, the purpose of the Trust governed by this Trust Agreement is to provide health and welfare benefits on behalf of and for the benefit of ASEA/AFSCME Local 52 and its members and their beneficiaries; and

WHEREAS, to effectuate such purpose the State Executive Board of the ASEA/AFSCME Local 52 did adopt a Trust Agreement effective September 1, 2000, and

WHEREAS, the Board of Trustees desires to amend and restate the Trust Agreement,

NOW, THEREFORE, the undersigned do hereby declare a Trust and adopt this Trust Agreement as follows:

ARTICLE I
DECLARATION OF TRUST

1. Name

ASEA/AFSCME Local 52 hereby declares and establishes a Trust Fund known as the ASEA/AFSCME Local 52 Health Benefits Trust.

2. Purpose

The purpose of the Trust Fund is to provide an entity to which can be paid

- a. contributions from participating employers and
- b. contributions from participating employees (if any),

and through which the Trustees can create and administer one or more employee welfare benefit plan(s) for the participating employees on whose behalf the contributions have been paid, and their beneficiaries.

3. Nature of Trust Fund

The Trust Fund is a "trust" which, where applicable, will follow the procedure of Section 403(a) of the Employee Retirement Income Security Act of 1974, as a guideline, and Section 501(c) of the Internal Revenue Code.

4. Duration of Trust Fund

The Trust Fund shall continue in existence on an indefinite basis, contemporaneously with the terms of this Trust Agreement.

5. Term of Trust Agreement

This Trust Agreement shall be effective as of September 28, 2005, and shall continue indefinitely until such time as it may be terminated in accordance with the provisions of Article XII hereof.

ARTICLE II

DEFINITIONS

The following definitions shall govern in this Trust Agreement:

1. "Beneficiary"

Any dependent of a participating employee, who is entitled to benefits, as defined in a benefit plan; also any person designated by a participating employee or dependent, or by the terms of a benefit plan, to receive benefits upon the death of such participating employee or dependent.

2. "Benefit Plan" or "Employee Welfare Benefit Plan"

Any lawful employee welfare benefit plan created and administered by the Trustees.

3. "Collective Bargaining Agreement"

A written agreement between a participating employer and a participating labor organization and any supplement, amendment, continuation, or renewal thereof, by the terms of which the employer is obligated to make contributions to the Trust Fund.

4. "Contributions"

The payment required of a participating employer, or of participating employees, pursuant to the terms of a collective bargaining agreement, or special agreement, for the purpose of providing employee welfare benefits to the employees covered by said agreements and their beneficiaries; the self payment rules adopted by the Trustees.

5. "Participating Employee"

Any individual employed by a participating employer who is covered by a collective bargaining agreement, or special agreement, and for whom the employer makes contributions to the Trust Fund, and any individual who may have been so employed but is subsequently laid off, terminated or retired, as applicable.

6. "Participating Employer"

The United States of America; the State of Alaska; or any other state, county, borough, or municipality; or any other public agency, public corporation, or governmental unit that is party to a collective bargaining agreement or special agreement and that satisfies the requirements of Article V hereof.

7. "Participating Labor Organization"

ASEA/AFSCME Local 52 and any other lawful labor organization that represents public employees in collective bargaining with governmental units or other public employers and that is approved for participation in this Trust Fund by ASEA/AFSCME Local 52 and the Trustees of the Trust Fund.

8. "Special Agreement"

A written agreement between a participating employer and the Trustees, and any supplement, amendment, continuation, or renewal thereof, that obligates the employer to make contributions to the Trust Fund for the purpose of providing employee welfare benefits to the employees covered by said agreement, and their beneficiaries.

9. "Trustees" or "Board of Trustees"

The Trustees of the Trust Fund and their successors.

10. "Trust" or "Trust Fund"

The entity created by this Trust Agreement, and all property and money held by such entity, including all contract rights and records.

11. "Welfare Benefits" or "Employee Welfare Benefits"

The benefits provided in an employee welfare benefit plan.

ARTICLE III

THE TRUSTEES

1. Board of Trustees

The Trust Fund and the employee welfare benefit plan(s) shall be administered by a Board of Trustees composed of six Trustees. All Trustees shall be elected by the membership of ASEA/AFSCME Local 52 to a term of four years, with no prohibition against serving multiple terms, as follows:

- a. Two Trustees elected At Large by the general membership of the Union
- b. One Trustee elected by ballot of the members of the Central (Anchorage) Region
- c. One Trustee elected by ballot of the members of the Southeast (Juneau) Region
- d. One Trustee elected by ballot of the members of the Northern (Fairbanks) Region
- e. One Trustee elected by ballot of the members of the Rural Region

The Trustee election schedule shall be:

- a. There shall be no election in 2006.
- b. September 2007—One At-Large Trustee; and one Regional Trustee representing the Northern (Fairbanks) Region;
- c. September 2008—One At-Large Trustee; and one Regional Trustee representing the Central (Anchorage) Region;
- d. September 2009—One Regional Trustee representing the Southeast (Juneau) Region; and one Regional Trustee representing the Rural Region; and
- e. There shall be no election in 2010.

In order to be considered for election to the Board of Trustees, an individual must be a ASEA/AFSCME Local 52 Health Benefits Trust participant, whose status is any one of the following: full-time, part-time, seasonal, on leave-of-absence, or on layoff Employee of an Employer contributing to the Trust.

The Board members shall be elected based on their credentials, taking into consideration the individuals' knowledge of employee benefits issues, special training pertaining to benefit plans and/or fiduciary responsibility, and other unique qualifications, training, or knowledge.

The method of filling positions on the Board of Trustees provided for by Article III shall not be amended without the affirmative vote upon ballot poll of the general membership of the Union.

2. Statutory Capacities of Trustees

The Trustees shall be considered as "named fiduciaries," "fiduciaries," and "the plan administrator."

3. Plan Sponsor

ASEA/AFSCME Local 52 shall be considered as the "plan sponsor."

4. Agent for Service of Process

Each Trustee shall be considered as an agent of the Trust Fund for the purpose of accepting service of legal process, provided that the Trustees may designate their administrative agent, or another person, as agent of the Trust Fund for this purpose.

5. Termination of Trustee

The Board of Trustees shall have the authority to terminate a Trustee from the Board of Trustees on Motion and by majority vote of the Board of Trustees.

6. Successor Trustees -- Filling Vacancies on the Board of Trustees

In the event of the termination of office, resignation, or death of a Trustee, a successor Trustee shall be elected at the next regularly scheduled Trustee election. If a vacancy on the Board of Trustees impedes the Trustees from conducting the business of the Trust, the Board of Trustees may call for a special election to fill the vacant seat.

Trustees elected to fill a vacancy shall be elected to fill the remaining time of the original term of the vacated position.

7. Acceptance of Office by Trustees

Each Trustee shall sign the Trust Agreement or another document accepting his/her office as Trustee and agreeing to abide by the terms and provisions of this Trust Agreement. Each Trustee may be asked to submit to a criminal background check, which may include fingerprint identification. Further, each Trustee must sign an affidavit that they have committed no past acts which would disqualify them from acting as a fiduciary, utilizing ERISA standards as a guideline for fiduciary qualifications.

8. Termination of Office for Failure to Attend Meetings

The office of a Trustee shall be automatically terminated if such Trustee fails to attend three consecutive meetings of the Trustees, without being excused from attendance by specific action of the remaining Trustees noted in the minutes.

9. Resignation of Office

A Trustee may resign his/her office at any time. A Trustee seeking to resign must give written notice of the intent to resign to the Board of Trustees. Such notice must be received at least 15 days prior to the resignation effective date.

10. Vacancies

No vacancy in the position of Trustee shall impair the power of the remaining Trustees to administer the affairs of the Trust Fund, so long as a quorum exists as specified in Article IV, Section 2 hereof.

11. Return of Books and Records

In the event of the termination of office, resignation, or death of a Trustee, the Trustee (or his/her legal guardian, heirs, or personal representative) shall forthwith turn over to ASEA/AFSCME Local 52 Health Benefits Trust any and all records, books, documents, monies, and other property in the possession of the Trustee, or under his/her control, that belongs to the Trust Fund or that were received by him/her in his/her capacity as Trustee.

ARTICLE IV

TRUST FUND ADMINISTRATION

1. Manner of Voting

Any action to be taken by the Trustees shall be determined by majority vote of the Trustees.

2. Constitution of a Quorum

To constitute a valid regular or special meeting of the Trustees, at least four Trustees must be present in person or telephonically.

3. Motions

Any Trustee, including the Chairperson, may offer or second any motion or resolution presented for the Trustees' consideration.

4. Prohibition of Proxies

To encourage full attendance at meetings of the Trustees and due consideration of the matters being voted upon, there shall be no proxies. A Trustee must be present in person or telephonically in order to cast a vote.

5. Regular Meetings

The Trustees shall hold regular periodic meetings consistent with the needs of Trust Fund business, provided that there shall be at least two (2) regular meetings held during each calendar year. The Trustees shall determine the time and place of all such meetings.

6. Special Meetings

Either the Chairperson or any three of the other five Trustees may call a special meeting of the Trustees by giving written notice to the other Trustees of the time and place of such meeting at least ten (10) days before the date set for the meeting, provided that ten (10) days advance notice will not be necessary if all Trustees are agreeable to an earlier meeting.

7. Action without a Formal Meeting

The Trustees may take action without a formal meeting by means of (a) conference telephone call arranged by the Chairperson in which a quorum of the Trustees participate, (b) the presentation of a written motion or resolution sent to all Trustees by the Chairperson and the subsequent obtaining of Trustee votes on the motion or resolution in telephone calls placed to each Trustee by the Chairperson, or (c) the presentation of a written motion or resolution sent to all Trustees by the Chairperson and the subsequent obtaining of Trustee votes on the motion or resolution in letters sent by each Trustee to the Chairperson.

Any such action shall be confirmed in the minutes of the next regular meeting.

8. Chairperson

The Chairperson shall be elected by majority vote of the Board of Trustees at the first Board meeting.

9. Duties of Chairperson

The Chairperson shall chair the meetings of the Trustees and shall also advise the Trustees as to all correspondence and financial reports pertaining to the Trust Fund and shall keep minutes or records of all meetings, proceedings, and actions of the Trustees, provided that these particular responsibilities may be delegated to the administrative agent or to another of the professional or nonprofessional help retained by the Trustees.

10. Authorized Signatures

The Chairperson and any one other Trustee shall sign all negotiable instruments, certificates, contracts, government reports, and other legal documents on behalf of the Trust Fund, provided that the authority for signing negotiable instruments may be delegated to the administrative agent, corporate trustee (if any), depository bank, or custodian bank. All persons doing business with the Trust Fund may rely on such signatures.

11. Compensation and Expenses

No Trustee shall receive any compensation from the Trust Fund.

Each Trustee shall be reimbursed out of the Trust Fund for all expenses properly and actually incurred and documented by him/her in the administration of the Trust Fund.

The Trustees shall establish the conditions for the reimbursement of expenses.

12. Benefits to Trustees Not Prohibited

Nothing in this Trust Agreement shall prohibit a Trustee from receiving any benefits under the terms of a benefit plan, if he/she is otherwise eligible for the same as a participating employee or a beneficiary of a participating employee.

ARTICLE V

PARTICIPATION

1. Public Employees

Employees working for a public employer in the State of Alaska shall be allowed to participate in this Trust Fund, provided that (a) the employer agrees in a collective bargaining agreement or special agreement with ASEA/AFSCME Local 52 or with such other labor organization as is approved by ASEA/AFSCME Local 52 to make contributions to this Trust Fund for such employees, or (b) the employees make contributions to this Trust Fund directly or through payroll deductions as approved by the Board of Trustees.

2. Employees of ASEA/AFSCME Local 52 and/or ASEA/AFSCME Local 52 Health Benefits Trust

Employees working for ASEA/AFSCME Local 52 and/or ASEA/AFSCME Local 52 Health Benefits Trust shall be allowed to participate in this Trust Fund, provided that (a) ASEA/AFSCME Local 52 and/or ASEA/AFSCME Local 52 Health Benefits Trust, respectively, agrees in a special agreement to make contributions to this Trust Fund for such employees, or (b) the employees make contributions to this Trust Fund directly or through payroll deductions.

3. Employees of Private Employers

Only employees of participating employers, as that term is defined in Article II, Section 6 hereof, ASEA/AFSCME Local 52 and/or ASEA/AFSCME Local 52 Health Benefits Trust shall be entitled to participate in or receive benefits from this Trust Fund. The receipt by this Trust Fund of contributions which may be submitted on behalf of individuals who are not eligible to participate shall not stop the Trustees from declining or terminating the participation of such individuals nor shall it constitute a waiver of any of the provisions of this Article or the benefit plans.

ARTICLE VI

TRUSTEE RESPONSIBILITIES

1. General Duty -- Receipt of Contributions and Creation and Administration of Benefit Plans

It shall be the general duty of the Trustees to receive the contributions from participating employers, the contributions from participating employees (if any), and any other income or assets that they may receive and, with such, to create and administer one or more employee welfare benefit plan(s) for the participating employees and their beneficiaries.

Additionally, the Trustees shall have the specific duties set forth in this Trust Agreement and applicable laws.

2. Compliance with the Internal Revenue Code

The Trustees shall administer the Trust Fund and the benefit plan(s) so that, to the extent allowed in the Internal Revenue Code, the Trust Fund is tax exempt, and the value of the employee welfare benefits is excludable from the recipients' taxable income. The Trust Fund shall obtain and maintain a current determination from the Internal Revenue Service of its tax-exempt status.

3. Basis of Payments to and from Trust Fund

The basis on which contributions of participating employers and contributions of participating employees (if any) are made shall be as specified in the underlying collective bargaining agreement or special agreement. The basis on which benefits are paid out of the Trust Fund shall be as specified in the employees' welfare benefits plan(s).

4. Application of Trust Fund Assets

The assets of the Trust Fund shall never inure to the benefit of any participating employer and shall be held for the exclusive purposes of providing benefits to participating employees and their beneficiaries and defraying reasonable expenses of administering the plans.

5. Fiduciary Standards

The Trustees shall discharge their duties and administer the Trust Fund assets solely in the interest of the participating employees and their beneficiaries and for the exclusive purpose of (a) providing benefits to participating employees and their beneficiaries, and (b) defraying reasonable expenses of benefit plan administration.

In carrying out their duties, the Trustees shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

6. Deposits

The contributions, or any other monies which the Trustees may receive, shall be deposited in one or more banks or similar financial institutions supervised by the United States or a state, pending the allocation of such monies for the payment of current benefits and expenses, or for investments.

7. Investments

The Trustees shall invest all contributions or other monies not required for the payment of current benefits and expenses. The Trustees may invest and reinvest in bank accounts, savings and loan accounts, securities, mortgages, deeds of trust, notes, commercial paper, real estate, insurance contracts, and in such other property, real personal or mixed, as they deem prudent, provided that in the making of investments, the Trustees shall diversify such investments, so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Trustees shall utilize the services of one or more investment managers, registered under the Investment Advisors Act of 1940, or a bank as defined by that Act, to perform investment services and develop an appropriate Investment Policy Statement.

8. Specifically Permitted Investments

In the event the Trustees designate one or more banks or similar financial institutions supervised by the United States or a state to serve as custodian of the Trust assets, or as a corporate trustee, or in another fiduciary capacity, the monies belonging to the Trust Fund may be invested in the accounts of such bank or institution, provided that such accounts bear a reasonable interest rate.

Further, the monies of the Trust Fund may be invested in (a) a common or collective trust fund, or pooled investment fund, maintained by a bank or trust company supervised by the United States or a state, or (b) in the pooled investment fund of an insurance company, even though such bank, trust company, or insurance company is a party-in-interest, provided that the bank, trust company, or insurance company receives not more than reasonable compensation for managing such an investment.

9. Title to Investments and Other Assets

Title to all investment or other assets of the Trust Fund shall be maintained in the name of the Trust Fund.

10. Fidelity Bond

The Trustees shall procure an appropriate fidelity bond covering each Trustee or other person who receives, handles, disburses, or otherwise exercises custody or control of any of the funds or other property of the Trust Fund.

The cost of such bond shall be chargeable to the Trust Fund, provided that, if such bond covers persons other than the Trustees or their employees (if any), and if there is an additional premium for the coverage for such other persons, the additional premium shall be chargeable to such other person.

11. Records

The Trustees shall maintain records of their administration of the Trust Fund, including records of all receipts and disbursements, all investments purchased or sold, the texts of all benefit plans, and all correspondence. No such record shall be destroyed except upon the specific action of the Trustees, and destruction shall not be directed until a period of eight (8) years has elapsed from the date the record was created.

12. Annual Audit

The Trustees shall engage, on behalf of the participating employees and their beneficiaries, an independent certified public accountant and shall authorize such accountant to conduct an annual financial examination of the Trust Fund. The cost of such examination shall be chargeable to the Trust Fund.

A statement of the results of each such examination shall be submitted to the Trustees for their review and, further, shall be made part of the Trust Fund's annual report.

13. Plan Document

The Trustees shall prepare and file with the Department of Labor a plan document, a summary plan description, and any modifications or changes in the information contained in such description.

The Trustees shall also furnish to participating employees and to each beneficiary receiving benefits a copy of the summary plan description and copies of any modifications or changes in the information in such description.

14. Documents to be Examined or Furnished

The Trustees shall make a copy of (a) this Trust Agreement, (b) the plan document, (c) the summary plan description, (d) the latest annual report, (e) the applicable collective bargaining agreement, and (f) any other contracts or instruments under which a benefit plan is established or operated, available for examination by participating employees or their beneficiaries in the Trust Fund office.

15. Procedure for Establishing Funding Policy

The Trustees shall meet periodically with the benefit plan consultant the independent certified public accountant, and such other Trust fund advisors as may be appropriate, for the purpose of anticipating the short run and long run financial needs of the Trust Fund. Thereupon, the Trustees shall adopt an appropriate funding policy and method for the Trust Fund.

The funding policy and method shall be considered by the Trustees in the management of Trust Fund assets.

16. Procedure for Review of Denied Benefit Claims

The Trustees shall establish administrative procedures whereby participating employees or their beneficiaries whose claims for benefits are denied are notified, in writing, of the reasons for such denial and which afford such a participating employee or beneficiary a reasonable

opportunity for a full and fair review. Such procedures shall include the hearing and arbitration provision set forth in Article IX hereof. In the conduct of any review of a denied benefit claim, the Trustees shall have the authority to interpret and apply the terms and provisions of the health and welfare plan and this Trust Agreement.

ARTICLE VII

DELEGATION OF TRUSTEE RESPONSIBILITIES

1. Delegation of Responsibilities

The Trustees may delegate all or part of their responsibilities with respect to the administration of the Trust Fund or the benefit plan, to an administration agent, or banking institution, or to one or more insurance carriers.

2. Method of Delegation

In the event the Trustees elect to delegate a particular responsibility they shall do so by the adoption of a motion or resolution making the delegation to a designated person or entity. The delegation shall be effective when the designated person or entity accepts the delegation. If the delegation involves a responsibility other than one which is ministerial in nature, the designated person shall also acknowledge, in writing, his/her status as a fiduciary with respect to the Trust Fund.

3. Review of Performance

In the event the Trustees elect to delegate Trustee responsibilities, they shall periodically review the performance of the persons to whom such responsibilities have been delegated, on at least an annual basis, consistent with the Trustees' fiduciary responsibility.

ARTICLE VIII

TRUSTEE POWERS

1. General Powers

Except as may be expressly limited by the terms of this Trust Agreement, the Trustees shall have full and exclusive authority to control and administer the Trust Fund and the Employee welfare benefit plans which they create.

The authority of the Trustees not only encompasses the specific powers recited in the various paragraphs of this Trust Agreement, but also includes the general power to do all things and take all action, including the expenditure of Trust Fund monies, which they may deem necessary to carry out the purpose of this Trust Agreement. The Trustees may implement their powers through the adoption of appropriate motions, resolutions, or administrative rules and regulations.

2. Specific Powers Discretionary

The recitation of specific powers in this Trust Agreement shall not be interpreted as compelling the exercise of any such power. The exercise of specific powers is discretionary with the Trustees.

3. Initial Benefit Plan

The initial employee benefit plan to be administered through this Trust Fund shall be a health and welfare program for employees for the State of Alaska working under ASEA/AFSCME Local 52 collective bargaining agreement.

4. Additional Benefit Plans

The Trustees shall have the authority to create and administer additional employee welfare benefit plans, provided that such plans are supported by contributions from participating employers or employees, or from union dues.

5. Design of the Benefit Plans

The Trustees shall have the authority to determine the details of the benefit plans, including the determination of the rules under which participating employees shall be eligible for benefits and the nature and amount of such benefits. The Trustees shall also have the authority to determine whether benefits shall be extended to beneficiaries of participating employees and, if so, to determine which class or classes of beneficiaries shall be eligible for benefits, the eligibility rules which will apply to such class or classes of beneficiaries, and the nature and amount of such benefits. If there are different contribution rates, the Trustees may establish different eligibility rules, or benefit formulas, for the participating employees and their beneficiaries who are affected thereby.

6. Means of Providing Benefits

The Trustees shall have the authority to provide the benefits, in whole or in part, directly from the Trust Fund or to contract with an insurance carrier, service organization, health maintenance organization, or other entity, to underwrite or provide such benefits.

7. Facility of Payment

The Trustees shall have the authority to adopt rules by the terms of which benefit payments owing to minors or incompetents may be paid instead to a person or institution providing care or other services to such minor or incompetent, even though a legal guardianship does not exist. Benefit payments made under any such rules shall fully discharge the Trust Fund's obligation to the minor or incompetent.

8. Self-Payments by Employees

The Trustees shall have the authority to include provisions in the benefit plans by the terms of which participating employees, during periods of strikes, lockouts, employer delinquencies, leaves of absence, disabilities, layoffs, terminations, or retirement may be permitted to make contributions on their own behalf.

9. Retention of Professional and Non-Professional Assistants

The Trustees shall have the authority to retain, at the expense of the Trust Fund, one or more accountants, actuaries, administrative agents, attorneys, banking institutions, employee benefit plan consultants, and other professional and nonprofessional assistants, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

The Trustees shall periodically review the performance of their professional and non-professional assistants.

10. Obtaining Necessary Premises, Equipment, and Supplies

The Trustees shall have the authority to purchase or lease suitable premises and equipment and to purchase materials and supplies, at the expense of the Trust Fund, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

11. Insurance

The Trustees shall have the authority to purchase policies of insurance (liability, property damage, casualty, errors and omissions, and fiduciary liability) to protect the Trust Fund and to protect themselves and their employees (if any) with respect to their activities on behalf of the Trust Fund as they may deem necessary. The cost of such insurance policies shall be chargeable to the Trust Fund, provided that, if such insurance policies cover persons other than the Trustees or their employees (if any), and if there is an additional premium for the coverage for such other persons, the additional premium shall be chargeable to such other persons.

Any policy of errors and omissions insurance which covers the Trustees individually shall contain a recourse clause, provided that nothing herein shall prevent a Trustee (or ASEA/AFSCME Local 52 acting on his/her behalf) from purchasing, for the Trustees, a waiver

of the recourse clause or a separate policy insuring against such recourse.

12. Borrowing Money

The Trustees shall have the authority to borrow money for the Trust Fund, with or without security, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

13. Reserve Funds

The Trustees shall have the authority to maintain reasonable reserve funds for future contingencies as they may deem necessary in the administration of the Trust Fund and the benefit plans.

14. Payment of Taxes

The Trustees shall have the authority to pay, at the expense of the Trust Fund, taxes and assessments of any kind, that may be lawfully levied or assessed against the Trust Fund.

15. Refunds of Contributions Erroneously Paid

The Trustees shall have the authority to adopt rules by the terms of which refunds of contributions may be made to a participating employer, employee, or ASEA/AFSCME Local 52 which has paid such contribution in error.

16. Prosecution of Legal Actions or Claims

The Trustees shall have the authority to originate and maintain any legal actions or claims involving potential legal actions, at the expense of the Trust Fund, as they may deem necessary in the administration of the Trust Fund and the benefit plans. All such actions and claims shall be prosecuted in the name of the Trust Fund or in the name of an assignee.

17. Defense of Legal Actions or Claims

The Trustees shall have the authority to defend all legal actions, claims involving potential legal actions, and investigatory proceedings initiated against the Trust Fund or against one or more of the Trustees, former Trustees, administrative agents, or against one or more of the employees of the Trust Fund (if any) that relate to the administration of the Trust Fund or the benefit plans. Except as stated below, the defense of such actions, claims, and proceedings shall be at the expense of the Trust Fund.

If the final court decree establishes personal liability on the part of specified Trustees, administrative agents, or employees (if any) for breach of their fiduciary responsibilities, and orders that the specified persons are to bear the expenses of their own defense, their attorney fees shall not be chargeable to the Trust Fund. If attorney fees and costs have already been charged to the Trust Fund, the specified persons shall be obligated to repay the Trust Fund for their pro-rata share of such fees and costs.

18. Compromise of Legal Actions or Claims

The Trustees shall have the authority to compromise, settle, or release all legal actions or

claims involving potential legal actions, in favor of or against the Trust Fund, on such terms and conditions as they may determine.

19. Penalties for False or Withheld Information

The Trustees shall have the authority to adopt rules and regulations by the terms or which reasonable penalties or forfeitures may be imposed upon participating employees or beneficiaries who (a) falsify any information requested of them in the administration of the Trust Fund and the benefit plans, or (b) fail to provide requested information within a reasonable time.

20. Correction of Errors

It is recognized and acknowledged that the Trustees will provide eligibility credits or benefits to participating employees and their beneficiaries based on Trust Fund records. It is also recognized and acknowledged that such records could be incorrect due to (a) participating employers reporting individuals who are not eligible for participation, (b) participating employers reporting incorrect names or incorrect social security numbers, (c) participating employers reporting more (or less) than the hours or contributions required to be reported, (d) delinquent participating employer reports, (e) employees or beneficiaries submitting incorrect or false benefit applications, (f) recording or computation errors, (g) computer errors, or (h) other similar circumstances. The Trustees shall have the authority to correct the Trust Fund records whenever errors are discovered and to terminate participation, adjust eligibility credits and benefits, or seek the recovery of benefit overpayments, as they may determine.

21. Mergers

It is recognized that at some time or times in the future the Trustees may deem it in the best interest of the Trust Fund and of the participating employers and employees to accept the merger of another employee welfare benefit trust fund into this Trust Fund, or to merge this Trust Fund into another employee welfare benefit trust fund. The Trustees shall have the authority to negotiate and consummate an appropriate merger agreement, subject to the approval of the State Executive Board of ASEA/AFSCME Local 52 and the affirmative vote upon ballot poll of the general membership.

22. Interpretation and Application of Documents

The Trustees shall have the authority to interpret and apply the provisions of this Trust Agreement, or of the benefit plans, or of their own motions, resolutions, and administrative rules and regulations, or of any contracts, instruments, or writings that they may have adopted or entered into.

ARTICLE IX

HEARING AND ARBITRATION PROCEDURES

1. Procedures to be Followed

The Trustees and the participating employees and their beneficiaries shall follow these hearing and arbitration procedures.

The procedures specified in this Article shall be the sole and exclusive procedures available to a participating employee or beneficiary who is dissatisfied with an eligibility determination or benefit award, or who is otherwise adversely affected by any action of the Trustees.

2. Hearings before Board of Trustees

Any participating employee or beneficiary of a participating employee who applies for benefits and is ruled to be ineligible by the Trustees (or by an administrative agent, insurance carrier, or other organization acting for the Trustees) or who believes he/she did not receive the full amount of benefits to which he/she is entitled, or who is otherwise adversely affected by any action of the Trustees, shall have the right to request the Trustees to conduct a hearing in the matter, provided that he/she makes such a request, in writing, within sixty (60) days after being apprised of, or learning of, the action. The Trustees shall then conduct a hearing at their next regularly scheduled meeting, at which the participating employee or beneficiary shall be entitled to present his/her position and any evidence in support thereof. The participating employee or beneficiary may be represented at any such hearing by an attorney or by any other representative of his/her choosing. Thereafter, the Trustees shall issue a written decision affirming, modifying, or setting aside the former action. The written decision shall be issued by the Trustees within thirty (30) days of the hearing on the matter.

3. Appeal to Arbitration

If the claimant is dissatisfied with the written decision of the Trustees, he/she will have the right to appeal the matter to arbitration in accordance with the Employee Benefit Plan Claim Arbitration Rules of the American Arbitration Association, provided that he/she submits a request for arbitration to the American Arbitration Association, together with the required filing fee, pursuant to the arbitration rules, in writing, within 60 days of receipt of the written decision. Arbitration is the sole and exclusive remedy for challenging the decision of the Board of Trustees. A copy of the American Arbitration Association Employee Benefit Plan Claim Arbitration Rules will be provided to a claimant upon request to the Administrative Agent. If an appeal to arbitration is requested, the Trustees will submit to the arbitrator a complete copy of the record upon which the Trustees, decision was made.

The question for the arbitrator will be (1) whether the Trustees were in error upon an issue of law, (2) whether they acted arbitrarily, capriciously, or in bad faith in the exercise of their discretion, or (3) whether their findings of fact were supported by substantial evidence. The review by the arbitrator of the final decision or action of the Trustees will be based only on such evidence presented to or considered by the Board of Trustees at the time it made the decision or took the action which is the subject of the review.

The decision of the arbitrator will be final and binding upon the Trustees, upon the appealing

party, and upon all other parties whose interests are affected thereby.

The expenses of arbitration will be shared by the appealing party and by the Trust Fund pursuant to the American Arbitration Association Employee Benefit Plan Claims Rules, unless otherwise ordered by the arbitrator.

ARTICLE X

LIMITATIONS

1. Liabilities and Debts of Trust Fund

Neither ASEA/AFSCME Local 52, nor any Trustee, and no participating employer, employee, or beneficiary shall be responsible for the liabilities or debts of the Trust Fund.

2. Liabilities and Debts of Participating Parties

No participating employer shall become responsible by reason of their participation in the Trust Fund for the liabilities or debts of any other participating employer.

3. Personal Liabilities of Trustees

No Trustee shall incur any personal liability in connection with the administration of the Trust Fund or the benefit plans. Except as may be required by other applicable provisions of this Trust, no Trustee shall be held personally liable for any breach of fiduciary responsibilities in connection with the administration of the Trust Fund or the benefit plans where it is established (a) that the responsibilities at issue were lawfully delegated to other fiduciaries, or (b) that in carrying out the responsibilities at issue the Trustee reasonably relied upon the advice given by the administrative agent or by one or more of the advisors retained by the Trustees.

No Trustee shall be personally liable for a breach of fiduciary responsibilities if such breach was committed before he/she became a Trustee or after he/she ceased to be a Trustee.

4. Judgments against Trust Fund

Any money judgment against the Trust Fund shall be enforceable only against the Trust Fund entity.

5. Participating Parties' Rights

Except as specifically provided for in this Trust Agreement or in the benefit plans, no participating employer, employee, or any beneficiary or a participating employee shall have any right, title, or interest in or to the Trust Fund, or in or to the contributions, or in or to the benefits provided.

No participating employee shall be entitled to receive any part of the contributions in lieu of the benefits provided through a benefit plan, nor shall a participating employee who does not qualify for benefits, or his/her employer, have any claim to the contributions which may have been paid on his/her behalf.

6. Cessation of Participation

In the event a participating employer should cease its participation in the Trust Fund, there shall be no division or allocation of any of the monies or assets of the Trust Fund, except as may be required by law.

7. Protection of Trust Fund, Contributions and Benefits

No part of the Trust Fund (including the contributions) or the benefits payable under the benefit plan shall be subject in any manner, by a participating employee or beneficiary, to anticipation, alienation, sale, transfer, assignment, encumbrance, or charge, and any such attempt shall be null and void, provided that the Trustees may recognize assignments of benefits from a participating employee or beneficiary to a doctor, hospital, or other person or institution that has treated or cared for, or provided services or goods to, the participating employee or beneficiary.

Further, no part of the Trust Fund (including the contributions) or the benefits payable under the benefit plans shall be liable for the debts of a participating employee or beneficiary, nor be subject in any manner to garnishment, attachment, lien, charge, or any other legal process brought by any person against a participating employee or beneficiary, and any such attempt shall be null and void.

8. Reliance upon Written Documents

The Trustees may act upon any written letter, report, certificate, instrument, or other document submitted to them by any participating employer, employee, or beneficiary, or by any other person, where such document appears to be genuine and to be signed by the proper person or persons, and the Trustees shall be under no duty to make any investigation or inquiry as to any statement contained in any such document.

9. Agents of Trust Fund

The Trust Fund is an entity separate and apart from the ASEA/AFSCME Local 52 and the participating employers. Accordingly, unless authorized in a motion or resolution of the Board of Trustees, neither the ASEA/AFSCME Local 52 nor any participating employer, nor any individual employed thereby, shall have any authority to act or function for or on behalf of the Trust Fund or as an agent thereof.

Likewise, unless authorized in a motion or resolution of the Board of Trustees no individual Trustee shall have any authority to act or function for or on behalf of the Trust Fund or as an agent thereof.

ARTICLE XI

MISCELLANEOUS

1. Trust Fund Offices

The Trust Fund shall maintain a principal office and branch offices, where necessary, in such locations as the Trustees may determine.

2. Applicable Laws and Regulations

This Trust Agreement shall be interpreted, and the Trust Fund shall be administered, in accordance with the Internal Revenue Code, and the regulations pertinent thereto, and other applicable statutes and regulations and this Trust Agreement, as such statutes and regulations and this Trust Agreement presently exist or as they may hereafter be amended.

References herein to particular sections of the above-mentioned statutes shall include any regulations pertinent to such sections and any subsequent amendments to such sections or regulations.

3. Service in More than One Fiduciary Capacity

Any Trustee or other person who is a fiduciary may serve the Trust Fund in more than one fiduciary capacity so long as their capacity as a dual fiduciary is disclosed to and approved by the Board of Trustees.

4. Notices

Any written notice permitted or required by this Trust Agreement shall be personally delivered to the person for whom it is intended, or sent to such person at his/her residence or business address by first class mail, certified mail, or overnight express delivery.

5. Severability

If any provision of this Trust Agreement, or of the benefit plans, is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of the Trust Agreement or of the benefit plans.

6. Titles and Words

The titles of the various articles and sections of this Trust Agreement, with the exception of Article II, are inserted solely for convenience of reference and are not a part of, nor shall they be used to construe, any term or provision hereof. Whenever any words are used herein in the masculine gender they shall be construed as though they were used in the feminine gender, and words in singular form shall be construed as though they were used in the plural form, in all cases where they would so apply.

ARTICLE XII

AMENDMENTS AND TERMINATION

1. Amendments

This Trust Agreement may be amended at any time by action of the Board of Trustees of the ASEA/AFSCME Local 52 Health Benefits Trust.

2. Termination

This Trust Agreement may be terminated at any time by action of the Board of Trustees of the ASEA/AFSCME Local 52 Health Benefits Trust.

3. Allocation upon Termination

Upon termination of this Trust Agreement, the Trustees shall conclude the affairs of the Trust Fund. Where the termination occurs as a result of a merger, as authorized under Article VII, Section 21, any and all monies and assets remaining in the Trust Fund after payment of expenses shall be transferred to the trust fund with which the merger has been negotiated. With respect to any other termination, any and all monies shall be used for the continuance of the benefits provided under the then existing benefit plan(s). Assets existing, after all benefits incurred through the date of termination have been paid, shall be transferred to the State of Alaska and segregated for the sole and exclusive purpose of providing benefits to the employees covered by the collective bargaining agreement in force between ASEA/AFSCME Local 52 and the State of Alaska, and their eligible dependents in compliance with AS 39.30.090.

In no event shall any of the remaining monies or assets be paid to or be recoverable by ASEA/AFSCME Local 52 or by any participating employer except the State of Alaska, and only to the extent that such assets are segregated and used for the purposes set forth in the preceding paragraph.

SIGNATURES

Adopted by action of the Board of Trustees of the ASEA/AFSCME Local 52 Health Benefits Trust on September 28, 2005.

s/ Fred Brown

Fred Brown

s/ Stan Kaneshiro

Stan Kaneshiro

s/ Patricia A. Nault

Patricia Nault

s/ Christopher Pace

Chris Pace

s/ Frank Puschak

Frank Puschak

/s Michael Williams

Michael Williams