

***NGAUS INSURANCE TRUST**

TRUST AGREEMENT

Containing Amendments through March 2008

This Agreement is between the National Guard Association of the United States, Inc. [hereinafter NGAUS], a corporation with its principal place of business in the City of Washington, District of Columbia, Trustor, and the following officers of NGAUS, and their successors: Richard A. Miller, President; William J. McCaddin, Vice President; Francis J. Higgins, Secretary; Edward R. Fry, Treasurer; and Duane L. Corning, Immediate Past President; and the First National Bank of Minneapolis, with its principal office in Minneapolis, Minnesota, Trustees.

Whereas it is the desire of the Trustor to create an independent organization, in the form of a trust, to provide insurance benefits, including, but not limited to all types of group insurance, retirement annuity contracts, retirement income policies, and related programs, at favorable rates, to members or former members and civilian employees of the National Guard who served in the Armed Forces of the United States (including the Army National Guard of the United States and the Air National Guard of the United States, whether or not on active duty) and the spouses, widows, and widowers of such persons, and to the extent permissible within the limitations of section 501 (c) (19) of the Internal Revenue Code, as now in force or afterwards amended, to civilian employees of the National Guard who have not been members of the Armed Forces. Now, therefore, a trust is hereby created under the name of "NGAUS INSURANCE TRUST", and the parties agree as follows:

ARTICLE I

DEFINITIONS

The following definitions apply in this agreement:

(1) “Civilian employee” means a person employed, or formerly employed by the United States under section 709 of title 32, United States Code or any amendment thereof, or by the National Guard and paid from funds of the jurisdiction by which he is employed.

(2) “Insured” means a Member or dependent of a Member who is insured under a master policy issued by the Insurer to the Trust as policyholder.

(3) “Insurer” means an insurance company, its successors and assigns, selected by the Trustees to provide insurance coverage, which has issued an insurance policy or policies to the Trust.

(4) “Member” means a person who meets the eligibility requirements of Article III, applies of insurance from the Trust, and is an Insured.

(5) “National Guard” means the National Guard of the several States, the Commonwealth of Puerto Rico, the Virgin Islands, the District of Columbia, and any other jurisdiction that may hereafter be authorized to establish a federally recognized National Guard.

(6) “Trust” means the NGAUS Insurance Trust established by this Agreement.

(7) “Trustee” includes-

(A) The current Chairman, Vice-Chairman for Army, Vice-Chairman for Air, Secretary, Treasurer, and Immediate Past Chairman of NGAUS and Chairman of the NGAUS Finance Committee, and their successor in Office,

(B) “First Bank National Association”, a National banking association and any successor appointed pursuant to this Agreement.

(C) Two Association members, at large, who have special knowledge or expertise in the

areas of insurance, investments or management.

(D) The President of the Adjutant General's Association of the United States [hereinafter AGAUS], the President of the Enlisted Association of the United States [hereinafter EANGUS], the Executive Director of EANGUS, and a Company Grade Officer who is serving as a member of the Company Grade Caucus and is not serving as an officer or member of the NGAUS Board of Directors.

(8) "Trust Fund" means all monies, securities, property, and contract rights held by the Trustees under this Agreement, including, but not limited to, the assets transferred to the Trust by NGAUS, and income there from proceeds from the sale of such other securities as the Trustees may purchase or otherwise acquire, and dividends, refunds, and other credits which may be paid to the Trust as policyholder.

ARTICLE II

THE TRUSTEES

Section 1. Appointment or selections; tenure.

The individuals and bank named in Article I, clause (7) of this Agreement are hereby appointed Trustees of the NGAUS Insurance Trust.

(A) Individual Trustees who are serving by holding an Office in NGAUS, Chairman of the NGAUS Finance Committee, the President of the AGAUS, the President of EANGUS, the Executive Director of EANGUS, will serve until their death, resignation, or disqualification or until their successors are installed as Officers of their respective organizations, a new NGAUS Finance Committee Chairman is appointed or a new Executive Director of EANGUS is appointed.

(B) First Bank National Association or its successors, serves until it resigns, is disqualified, or a successor is appointed.

(C) The two “Trustees at Large” shall serve for a term not to exceed three (3) years, but there shall be no limit on the number of terms, which a member may serve. Appointment of the “Trustees at Large” shall be by the Chairman of NGAUS, subject to confirmation by the other NGAUS Officer Trustees.

(D) The first and each subsequent Company Grade member shall be selected by the Company Grade Caucus at NGAUS Annual Conferences held on even numbered years. A vacancy in the position of Company Grade Trustee, occurring between elections shall be filled by selection of the Committee on Company Grade Issues. A simple majority of the said Committee shall be sufficient for the selection of the Company Grade Trustee for filling said vacancy.

Section 2. Acceptance of Trust. The Trustees hereby declare that they accept the Trust established by this Agreement, and that they will hold and disburse all monies received from the Trustor, and other monies they may receive under this Agreement, in accordance with the powers and duties, and for the purposes specified in this Agreement.

Section 3. Compensation. The Trustees, other than the First Bank National Association and its successors are not entitled to compensation. The First Bank National Association and its successors are entitled to compensation from the Trust Fund in amounts agreed upon with the other Trustees.

Section 4. Expenses. The Trustees are entitled to reimbursement from the Trust Fund for taxes, assessments, bonds, counsel fees, travel, and any other charges or expenses necessarily or properly incurred by them in connection with this Trust.

Section 5. Death, resignation, disqualification, succession.

(a) A Trustee may resign by delivering or mailing written notice to the Trustor, specifying the effective date of resignation, which may not be less than thirty days after date of such delivery or mailing.

(b) If an individual Trustee, other than the Immediate Past Chairman, dies, resigns, or is disqualified, the Trustor shall appoint his successor. If the First Bank National Association resigns or is disqualified, the Trustor shall appoint another bank or trust company located in the State of Minnesota.

ARTICLE III

MEMBERSHIP IN TRUST

Section 1. Eligibility. A person (other than a dependent of such person) who was insured under Life Insurance Company of North America policy GLK 2700A or its National Guard Life Plan policy and who becomes insured under a Master Policy issued to the Trust is automatically a member of the Trust. A member, former member, or civilian employee, of the National Guard who served in the Armed Forces of the United States (including the Army National Guard of the United States or the Air National Guard of the United States whether or not on active duty) and, the spouse, widow, and widower of such person, and to the extent permissible within the limitations of section 501 (c) (19) of the Internal Revenue Code, as now in force or afterwards amended, a civilian employee of the National Guard who has not been a member of the Armed Forces, for whom insurance is made available by the Trust and who becomes an Insured, is a Member of the Trust. A Member who ceases to be an Insured ceases to be a Member of the Trust.

ARTICLE IV

POWERS AND DUTIES OF TRUSTEES

Section 1. Policies and contracts.

(a) The Trustees shall apply to the Insurer to obtain such insurance coverage as the Trustees consider advisable for persons eligible to be Members of the Trust, and their spouses, and dependent children.

(b) The Trustees shall have all the rights, obligations, and authority of a legal owner of such policies or contracts as may be issued to the Trust, and may apply for such changes, endorsements, and amendments as they may from time to time consider to be desirable. They may require replacement or termination of a policy whenever they consider it to be in the best interest of the Trust.

(c) The Trustee may enter into any agreement with the Insurer that they consider to be in the best interest of the Trust, including, but not limited to, the following:

(1) Agreements for the deposit of Trust Funds with the Insurer, to be used by the Insurer as premium on the policy or policies which it may issue to the Trust, for experience stabilization, payment of claims, or other purposes connected with the policy or policies.

(2) Agreements with respect to calculation, payment, distribution, or other disposition of dividends, experience rating refunds, or other credits as they may become payable to the Trust, including amounts to be held by the Trust for disposition in accordance with directions of the Insureds contained in their applications for insurance.

(3) Agreements whereby the experience under the policies issued to the Trust may be pooled with the experience of other policyholders of the Insurer.

Section 2. Trust Fund. The Trustees shall deposit into the Trust Fund all money, property or other assets received as the result of this Agreement. All other monies that the Trust receives shall be deposited in the Trust Fund.

Section 3. Trust Fund; investment. The Trustees may, but are not required to invest monies received by them under this Agreement. Such monies may be deposited in any savings bank or trust company, including the savings department of the First Bank National Association or of its successor if one be appointed, for the purpose of investment in savings accounts, certificates of deposit, and other means of investment. Earnings paid or credited on such deposits shall be added to the Trust Fund.

Section 4. Trust Fund; payments authorized.

(a) The Trust Fund may be used for the following purposes:

(1) to pay or provide for the payment of all proper expenses of enrollment, of collecting the required premiums from the Insureds and administering the affairs of the Trust and Fund, and the employment of such administrative, clerical and legal assistance, and purchases or lease of such materials, supplies, and equipment as the Trustees determine to be necessary or proper. Payments for these purposes shall be paid from the Trust Account.

(2) to pay or provide for the payment of premiums on the policies held by the Trust when such premiums become due.

(3) to establish, accumulate and maintain contingency reserve funds, not less than \$300,000, as the Trustees, in their discretion, consider necessary or desirable for the proper execution of the Trust. The contingency reserve funds may be accumulated over a period of time considered satisfactory by the Trustees.

(4) to receive as part of the Trust Account amounts returned to the Trust by the

Insurer as experience rating refunds, dividend, or credits upon the premium paid by the Insureds and, after first deducting the amounts required for the payment of establishment and maintenance of the contingency reserve fund described in clause (3) of subsection, to pay such amounts in accordance with the instructions of the Insureds set forth in their applications for insurance, for purposes specified in section 170(c) (4) of the Internal Revenue Code, as now in force or afterwards amended, or for the reasonable cost of distributing such funds for section 170(c) (4) purposes, in accordance with section 512(a) (4) of the Internal Revenue Code, as now in force or afterwards amended, and the Regulations promulgated there under.

(5) any monies remaining in the Trust Fund upon termination or dissolution of the Trust shall be used to pay expenses of the Trust as provided in clause (1) of this subsection and any balance shall be paid in accordance with the instructions of the Insureds set forth in their applications for insurance referred to in clause (4) of this subsection, and any amount not so disposed of shall be paid to the National Guard Educational Foundation, or NGAUS, or both, for purposes specified in section 170(c) (4) of the Internal Revenue Code, as those sections are now in force or may afterwards be amended, and the Regulations promulgated there under.

(b) However, any amount then remaining in the Trust Fund that was derived from the return of Special Reserve Account monies under the Insurance Company of North America and Life Insurance Company of New York contracts covering members of the Association may be used only for the payment of Trust expenses, and for the Members who are members of the Association covered by the insurance contract then in force.

(c) Any tax or assessment that may be levied upon the Trust Fund or any portion thereof, or upon the Trustees as the result of their administration of the Trust, shall be paid from the Fund.

(d) The Trustees may not be required to make any payment unless they are in possession of Trust Funds available for that purpose. The Trustees may not be held liable for the failure of the Insurer to pay benefits, nor be required to take action to compel payment of any benefit by the Insurer.

Section 5. Trustees; protection. A trustee may not be held liable for any action under this Agreement taken or omitted by him in good faith, nor for the act or omission of another Trustee. The Trustees may consult with legal counsel with respect to any matter related to Agreement or Trust, and shall be fully protected in acting upon the advice of such counsel. Reasonable fees for such services may be paid from the Trust Fund.

Section 6. Meetings. The Trustees shall convene at least once a year, but two or more of them may call a meeting of the Trustees by giving at least ten days written notice to the other Trustees of the time, place and purpose thereof. A meeting may be held at any time without notice if all of the Trustees consent. The Chairman of the Board of NGAUS shall serve as Chairman of the Trust. A majority of the Trustees constitute a quorum for the transaction of business, but less than that number may adjourn from time to time. Voting by proxy is not authorized. Action shall be by majority vote of those present, and any action so taken has the same effect as if taken by all of the Trustees. The Trustees may designate no less than three (3) of its members to constitute the Executive Committee. The Executive Committee shall have the authority of the Trustees to act in their place between meetings.

Section 7. Records and accounts. The Trustees shall keep full records of the administration of the Trust Fund, on an accrual basis of accounting, and its fiscal year shall end on December 31. The records shall be audited each year by a certified public accountant. Additional audits may be required at other times by a majority of the Trustees. The books and

records and statement of the most recent audit shall be made available for inspection by interested persons at the place where the books are kept, upon reasonable notice, and u during usual hours of business.

Section 8. Appointment of a Special Committee

- (a) The Chairman of the Insurance Trust shall have the power and authority to appoint any Special Committee he deems necessary.

ARTICLE V

THE TRUST ADMINISTRATOR

Section 1. Appointment and duties.

- (a) The President of NGAUS will serve as the Trust Administrator to serve without bond as the Trustees may determine.

(b) The Trustees may delegate performance of their ministerial duties to the Trust Administrator. Their direction and instructions to him may be in continuing form and effective until revoked. He shall process any premium payments and perform other services incidental to the operation of the plans of group insurance, including the hire and supervision of clerical personnel, keeping the books of account, and purchase of necessary supplies and equipment. He shall make such reports, and file such information with appropriate public authorities as may be required under law or regulation.

Section 2. Limitation of Responsibility. The Trust Administrator may rely upon any certificate, letter, or other document signed by the Trustees as having been properly executed, and binding upon the Trust. He shall be protected in relying upon a report received from Trustees in the ordinary course of business, irrespective of whether the person making the report had actual authority to do so. Except for his own gross negligence, willful misconduct, or willful

breach of this Trust, the Trust Administrator may not be held liable for any act or failure to act when done or omitted in good faith.

ARTICLE VI

THE PLAN ADMINISTRATOR

Section 1. Appointment. The Trustees may designate an individual, firm, or corporation to act as Plan Administrator.

Section 2. Duties. The Plan Administrator shall manage the details of the administration of the group insurance plans as are agreed upon by him and The Trustees. They may include, without limitation, the following:

- (1) determination of the costs for the administration of the group insurance plans
- (2) processing of applications for insurance
- (3) issuing insurance certificates or policies
- (4) preparation of premium bills
- (5) processing of premium payments
- (6) preparation and maintenance of records
- (7) preparation and distribution of notices and instructions for the Trustees
- (8) processing of claims
- (9) making report

ARTICLE VII

THE TRUST FUND

Section 1. Purpose of Trust. This Trust is created and is intended to be operated exclusively for the purpose of providing insurance benefits for its Members and their dependents and in a manner which will qualify for exemption from Federal Income Tax pursuant to section 501(c) (19) of the Internal Revenue Code, as now in force or afterwards amended. No part of the net earnings of this Trust inures to the benefit of any private shareholder or individual, except for

insurance benefits paid to the Insureds and compensation for services performed in the administration of the Trust

Section 2. Rights in the Trust Fund. No Member, Insured, or other person has any rights in the Trust Fund other than the right to the insurance benefits afforded thereby and to direct the payment of experience rating refunds or credits in accordance with section 4(a) (4) of Article IV of this Agreement. No part of the Trust Fund is subject to anticipation, alienation, sale, transfer, pledge, encumbrance or charge by any person except the Trustees to the extent authorized by this Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 1. Amendment. This Agreement may be amended at any time by NGAUS by written notice to the Trustees. The amendment becomes effective forty-five (45) days after its date, unless otherwise stated.

Section 2. Termination; application of funds.

(a) This Trust may be terminated at any time by written direction of the Trustor. If it terminates for any reason, the Trustees shall apply any Trust Funds not otherwise disposed of in accordance with this Agreement in one or more of the following ways:

(1) To the payment of the costs and expenses of the Trust, the Trustees, and the Trust Administrator.

(2) to the purposes of the Trust, which may be the keeping in force of the policies or other contracts held at termination, for such period as the Trust Fund is able to support, or for such other purposes as the Trustees may determine to be consistent with the purposes of the Trust.

(b) The Trust remains in force, unless otherwise terminated, for the period required to accomplish its purposes, and accumulations may be allowed to continue until the Trust Fund is sufficient to accomplish all of those purposes. This provision is intended to avoid any suspension of the power of alienation and comply with the rule against perpetuities and accumulations as applicable to employee benefit plan trusts under the laws of Minnesota.

Section 3. Responsibility of the Insurer. The Insurer may not be considered to be a party to this Trust for any purpose, not responsible for its validity, sufficiency, execution, or termination. The only obligations of the Insurer are those set forth by the terms and conditions of the policies or contracts it may issue. There is no obligation to any person except as stated in such policies or contracts.

Section 4. Situs of the Trust. This Trust is accepted by the Trustees in the State of Minnesota, and all questions as to its validity, construction, and administration shall be determined in accordance with the laws of that State.

In witness whereof the Parties have hereunto set their hands and seals, at Minneapolis, Minnesota, this 15th day of July 1977.

National Guard Association of the United States, Trustor

By _____
Richard A. Miller, President

Francis J. Higgins, Secretary

TRUSTEES:
s/ _____
Richard A. Miller

s/ _____
William J. McCaddin

s/ _____
Francis J. Higgins

s/ _____
Edward R. Fry

s/ _____
Duane L. Corning

First National Bank, Minneapolis, Minnesota

By: s/ _____

Its _____

By: _____

Its _____