

**TRUST AGREEMENT FOR
THE STATE OF MONTANA PUBLIC EMPLOYEE
DEFINED CONTRIBUTION PLAN**

Effective _____

**TRUST AGREEMENT FOR THE
STATE OF MONTANA PUBLIC EMPLOYEE DEFINED CONTRIBUTION PLAN**

THIS TRUST AGREEMENT is made and entered into effective as of _____, by the Montana Public Employees' Retirement Board.

PRELIMINARY INFORMATION

A. Purpose. The State of Montana maintains the Public Employee Defined Contribution Plan ("Plan") for the exclusive benefit of its eligible Employees. Pursuant to 19-3-2102, MCA, the Montana Legislature established a trust for all assets of the Plan and designated the Public Employees' Retirement Board ("Board") as the trustees of the trust. The authority to conduct the general investment operation and the general administration of the Plan is vested in the Board pursuant to 19-3-2104, MCA. The Board now desires to formalize the trust ("Trust") pursuant to this trust agreement ("Trust Agreement") to serve as the funding vehicle for the Plan. The Board may contract with a Service Manager to perform delegated functions with respect to the Trust. The Board shall serve as Trustees of the Trust, subject to the provisions of the Montana Constitution, Articles 13 and 15, and to the prudent person fiduciary standard.

The Trustees shall maintain the Plan for the exclusive benefit of the Participants. The Trustees will establish sound prudent practices designed to provide easy and convenient access to information and transactions for Participants, including transfers from one permitted Investment Option to another at the Participant's direction. The Trustees intend to establish these practices while maintaining a reasonable cost to the Participants. The Trustees intend to preserve employees' rights to choose freely among a wide spectrum of offered Investment Options and to self-direct their investments within that range. Further, the

Adopted _____

Trustees intend to perform ongoing evaluations and reviews to ensure that the Investment Options offered remain diversified, competitive, and attractive to Participants.

B. Definitions. As used in the Trust Agreement, the following terms are defined as follows:

"Accounts" means the accounts maintained for a Participant by the Administrator. Each Participant shall have an Employer Contribution Account, a Member Contribution Account, and an Other Contribution Account.

"Administrator" means the Montana Public Employees' Retirement Board or the Montana Public Employee Retirement Administration.

"Board" refers to the Montana Public Employees' Retirement Board created in 2-15-1009, MCA, and to any person to whom the Board has delegated any function with respect to the Plan.

"Code" means the Internal Revenue Code of 1986, as amended, and where appropriate, the Internal Revenue Code of 1954.

"Employer" means the State of Montana, including its University system or any of the colleges, schools, components or units of the university system, and any contracting employer as provided in 19-3-108 and 19-3, Part 2, MCA.

"Investment Option" means an investment option which forms part of the Trust Fund as selected and monitored by the Trustees.

"MCA" means the Montana Code Annotated.

"Participant" means an Eligible Employee who participates or participated under the Plan.

"Plan" refers to the Defined Contribution Plan established pursuant to 19-3-103 and Part 21 of Title 19, Chapter 3, MCA.

"**Service Manager**" means the person or organization appointed by the Administrator to perform third party service and administrative functions.

"**Trust Fund**" means the assets of the Trust in all Investment Options selected by the Trustees.

"**Trustees**" means the Montana Public Employees' Retirement Board created in 2-15-1009, MCA.

ARTICLE I - TRUST ADMINISTRATION

1.01 Trust Fund. The Trustees shall receive and accept for the purposes hereof all property paid to it by or at the direction of the Employers and shall hold, invest, reinvest, manage, administer and distribute property and the increments, proceeds, earnings and income thereof for the exclusive benefit of the Participants and Beneficiaries under the Plan. All assets held by the Trustees in the Trust are referred to herein as the "Trust Fund."

1.02 Exclusive Benefit Rule. No portion of the principal or the income of the Trust Fund shall revert to the State or any Employer, or ever be used for or diverted to any purpose other than for (i) the exclusive benefit of Participants in the Plan and persons claiming under or through them pursuant to the Plan and (ii) the payment of reasonable expenses of the Plan and this Trust.

1.03 Plan. All references in the Trust Agreement to the Plan shall mean the State of Montana Public Employee Defined Contribution Plan. The Plan, as amended from time to time, is incorporated herein by reference, and the terms herein shall have the meanings attributed to them in the Plan, except as otherwise noted.

1.04 Property. The word "property" used in the Trust Agreement shall be deemed to refer to any property, real or personal, or part interest therein, wherever situated, including, but without being

limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general or in any insurance contract, policy, annuity or other investment product offered by an insurance company.

1.05 Unclaimed Benefit Payments. If any check or share certificate in payment of a benefit hereunder, which has been mailed by regular United States first-class mail to the last address of the payee furnished to the Service Manager, is returned unclaimed, the Service Manager shall discontinue further payments to such payee until it receives the further instructions from the payee or the Trustees, and shall redeposit any returned amounts.

1.06 Duty to Furnish Information. Both the Service Manager and the Trustees shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under the Plan or the Trust Agreement or otherwise imposed by law.

ARTICLE II - DEPOSITS AND DISBURSEMENTS FROM THE TRUST FUND

2.01 Trust Deposits. The State Treasurer shall remit deposits to the designated Investment Options as reflected on the Trustees' or Service Manager's accounting system. The Trustees may delegate to the Service Manager the responsibility for accepting deposits to the Trust.

2.02 Trust Payments. The Trustees may delegate to the Service Manager the responsibility for making payments from the Trust Fund, pursuant to 19-3-2103, MCA. If this responsibility is so delegated, the Service Manager shall direct payments from the appropriate Investment Options in the Trust Fund to Participants, their Beneficiaries and such other persons as the Plan may provide for from time to time. Such payments shall be made in such manner, in such amounts and for such purposes, including the

payment of Plan benefits and the payment of expenses of administration of the Plan, as may be specified in the Plan. The Service Manager shall ensure that any payment directed under this Section conforms to the provisions of the Plan, the Trust Agreement and the provisions of any applicable law. Payments from the Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Trustees shall not incur any liability or other damage on account of any payment or other distribution made by the Trust in accordance with this Section.

2.03 Allocation of Trust Expenses. The Trustees shall pay all expenses of the Trust from the Trust Fund. All expenses of the Trust which are allocable to a particular Investment Option or Account may be allocated and charged to such Investment Option or Account as determined by the Trustees. All expenses of the Trust which are not allocable to a particular Investment Option or Account shall be charged to each such Investment Option or Account in proportion to the value of such Investment Options and Accounts as of the close of business of the immediately preceding valuation date.

ARTICLE III - INVESTMENT OPTIONS

The Trustees shall, on a yearly basis, and in accordance with provisions of the Plan and the established Investment Policy Statement, select the type of investment options within the Trust Fund, each option being hereinafter referred to as an "Investment Option." The Trustees shall transfer to each such Investment Option such portion of the assets of the Trust Fund as appropriate. The Trustees shall manage, acquire or dispose of the assets in an Investment Option in accordance with the specific investment directions given by the Participants. All income received with respect to, and all proceeds received from,

the disposition of property held in an Investment Option shall be credited to, and reinvested in, such Investment Option.

From time to time, the Trustees may eliminate an Investment Option, and the proceeds thereof shall be reinvested in another Investment Option in accordance with the directions of the Trustees. The Trustees shall notify affected Plan members of changes in investment options and financial institutions before the changes are implemented.

ARTICLE IV - APPOINTMENT OF INVESTMENT MANAGERS

4.01 Investment Managers. The Trustees, from time to time, may appoint one (1) or more independent investment managers ("Investment Manager"), pursuant to a written investment management agreement with each, describing the powers and duties of the Investment Manager to manage a particular Investment Option. The Investment Manager shall have the power to direct the management, acquisition or disposition of any asset held in any Investment Option for which it is responsible hereunder.

The Trustees shall be responsible for ascertaining that, while each Investment Manager is acting in that capacity hereunder, the following requirements are satisfied:

(a) The Investment Manager is either (i) registered as an investment adviser under the Investment Advisers Act of 1940, as amended; (ii) a bank as defined in that Act; or (iii) an insurance company qualified to perform the services described herein under the laws of more than one state.

(b) The Investment Manager has acknowledged in writing to the Board that it is a fiduciary with respect to the Plan.

4.02 Investment Manager Duties. Subject to the approval of the Trustees, each Investment Manager shall establish and carry out an investment policy and method for the Investment Option subject

to its direction and management that is consistent with the objectives of the Fund. At least annually, the Investment Manager shall review its investment policy and method with the Trustees. The Investment Manager shall make investments consistent with its investment policy and the cash requirements of the Fund, as advised by the Administrator.

Each Investment Manager shall, at the request of the Trustees, certify the value of any security or other property held in any Investment Option managed by such Investment Manager at least annually. The Trustees shall be entitled to rely conclusively upon such valuation for all purposes under the Trust Agreement.

ARTICLE V - ASSETS OF PLAN

The assets of the Plan must be held in a trust or custodial account for the exclusive benefit of Participants and their Beneficiaries.

ARTICLE VI - POWERS AND DUTIES OF THE BOARD

6.01 Exercise of Powers and Authority. Except to the extent that the same has been delegated to an Investment Manager or Insurance Company with respect to an Investment Option, the Trustees, in administering the Trust, shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable or convenient to the Trustees, in their sole discretion, subject to the provisions of this Trust Agreement, including the power and authority:

(a) to make rules and regulations with respect to the Plan not inconsistent with the Plan or the Code and to amend or rescind such rules and regulations.

(b) to determine, consistently with the applicable laws, rules or regulations, all questions of law or fact that may arise as to investments and rights of any person claiming rights (except questions as to eligibility for participation and eligibility for distribution of benefits from the Plan) under the Plan, including without limitation, Participants, former Participants, Beneficiaries, Employees and former Employees;

(c) subject to and consistent with the Code, to construe and interpret the Trust and to correct any defect, supply any omissions or reconcile any inconsistency in the Trust;

(d) subject to and consistent with the Code, to construe and interpret the Plan and to correct any defect, supply any omission or reconcile any inconsistency with respect to the same;

(e) to acquire by purchase, exchange, subscription or other means, any security or other property and to retain the security or other property in trust;

(f) to take any steps they deem reasonable to take, keep control of and to preserve Trust assets;

(g) to sell at public or private sale for cash or on credit, convey, lease for long or short term or convert, redeem, exchange or abandon all or any part of the Trust Fund;

(h) to hold part or all of the Trust Fund uninvested as may be appropriate to provide reasonable liquidity for the Trust;

(i) to contract for, purchase or otherwise procure insurance and investment products;

(j) to take, renew, extend, foreclose or otherwise deal with any mortgage or other security; to reduce interest on obligations held by it; to bid in property foreclosure, and to take deeds in lieu of foreclosure, with or without paying a consideration therefor;

(k) to exercise, or by general or limited power of attorney, or to refrain from exercising any right, including the right to vote, incident to any security or other property held by them;

(l) to register any Trust asset in the name of the Trust, in the name of its agent or in the name of a nominee or to hold any instrument in bearer form (but the books and records of the Plan shall at all times show that such investments are part of the Trust Fund);

(m) to consult with and rely on the advice of legal counsel;

(n) to employ suitable agents in furtherance of its duties hereunder, including, but not limited to, accountants, attorneys, actuaries, auditors, and investment advisors;

(o) to make, execute, acknowledge and deliver any and all instruments necessary or appropriate to carry out the powers herein granted;

(p) to collect any and all money and other property due to the Trust and to issue full discharge therefor;

(q) to consent to or participate in a reorganization, recapitalization, consolidation or merger;

(r) to exercise generally any of the powers of an owner with respect to all or any part of the Trust Fund;

(s) to delegate with appropriate supervision such duties and responsibilities as the Trustees deem appropriate, including delegations to Trustees' staff and agents, as assigned by the Executive Director; and

(t) to take all actions consistent with this Trust Agreement necessary or appropriate to administer or carry out the purposes of the Trust and the Plan; however, the Trustees need not take any action unless in its opinion there are sufficient Trust assets available for the expense.

6.02 Authority of Trustees. Any action to be taken by the Trustees shall be taken only upon the authorization or vote of a majority of the Trustees.

ARTICLE VII - LIMITATIONS OF RESPONSIBILITY

The Trustees' responsibilities and liabilities shall be subject to the following limitations:

(a) The Trustees shall have no duties other than those expressly set forth in this Trust Agreement or the Plan and those imposed on the Trustees by applicable Montana laws.

(b) The Trustees shall be responsible only for money and property actually received by the Trustees, and then to the extent described in this Trust. The Trustees shall not be under any duty to require payment of any contribution to the Trust Fund or to see that any payment made to them is computed in accordance with the provisions of the Plan.

(c) The Trustees shall not be responsible for the correctness of the Service Manager's determination of payments or disbursements from the Trust Fund.

(d) The Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.

(e) The Trustees shall have no liability for (i) the acts or omissions of any Investment Manager or Managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any mutual fund; or (iv) following directions that are given to the Trustees by the Participants or the Administrator in accordance with this Trust Agreement.

(f) The Trustees shall have no liability to a Participant or beneficiary for the Trustee's reliance on the express provisions of the Plan.

(g) The Trustees shall have no liability to a Participant or beneficiary for the Participant's or beneficiary's investment directions.

ARTICLE VIII - ACCOUNTS OF THE TRUSTEES – RECORDKEEPING AND VALUATION

The Trustees shall maintain or cause to be maintained suitable records, data and information relating to its responsibilities hereunder on a Fiscal Year basis. The Trustees' books and records relating thereto shall be open to inspection and audit, in accordance with applicable Montana law. Individual Participant accounts shall be maintained by the Administrator pursuant to Article V of the Plan.

ARTICLE IX - RELIANCE ON COMMUNICATIONS

The Trustees may rely upon a certification of the Service Manager with respect to any instruction, direction, or approval of the Service Manager and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Service Manager.

The Trustees shall be protected further in relying upon a written certification from any Investment Manager, insurance company, or mutual fund as to the person or persons authorized to give instructions or directions on behalf of such Investment Manager, insurance company, mutual fund and continue to rely upon such certification until a subsequent written certification is filed with the Trustees.

ARTICLE X - RESIGNATION AND REMOVAL OF BOARD MEMBERS

The resignation and removal of Trustees is governed by 2-15-1009, MCA, and other applicable Montana law.

ARTICLE XI - AMENDMENT

This Trust Agreement may be amended in writing by the Trustees at any time and in any manner permitted by Montana law.

ARTICLE XII - TERMINATION

This Trust Agreement and the Trust created hereby may be terminated at any time pursuant to Montana law. Notwithstanding the foregoing, the Trustees shall not be required to pay out any asset of the Trust Fund to Participants and Beneficiaries or a successor plan upon termination of the Trust until the Trustees have received written certification from the Service Manager (i) that all provisions of law with respect to such termination have been complied with; and (ii) after the Trustees have made a determination of the fair market value of the assets of the Plan, that the assets of the Plan are sufficient to discharge when due all obligations of the Plan required by law. The Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

ARTICLE XIII - MISCELLANEOUS

13.01 Construction and Governing Law. This Trust Agreement shall be construed, enforced and administered and the validity thereof determined in accordance with the Code and the laws of the State of Montana. If any provision of the Trust Agreement is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the Plan or Trust. The Board shall not be bound by any Plan amendment until finally approved.

Words used herein in the masculine gender shall be construed to include the feminine gender, where appropriate, and words used herein in the singular or plural shall be construed as being in the plural or

singular where appropriate. The headings and subheadings in this Trust Agreement are inserted for convenience of reference only and are not to be considered in the construction of any provision of the Trust Agreement.

In resolving any conflict among provisions of this Trust Agreement and in resolving any other uncertainty as to the meaning or intention of any provision of this Trust Agreement, the interpretation that (i) causes the Plan and Trust to satisfy the applicable requirements of Code Section 401 and the Trust to be exempt from tax, and (ii) causes the Plan and Trust to comply with all applicable requirements of the Code, shall prevail over any different interpretation.

13.02 Orders for the Purchase or Sale of Securities. Except as otherwise provided in the Trust Agreement, each manager of an Investment Option shall have the power and authority to issue orders for the purchase or sale of securities directly to a broker.

13.03 Duration of Trust. Unless sooner terminated, the Trust created under the Trust Agreement shall continue for the maximum period of time permitted by the laws of the State of Montana.

13.04 No Guarantees. Neither the Service Manager nor the Trustees guarantees the Trust Fund from loss or depreciation or the payment of any amount which may become due to any person under the Plan or the Trust Agreement.

13.05 Parties Bound. This Trust Agreement shall be binding upon the parties hereto, all Participants in the Plan and persons claiming under or through them pursuant to the Plan, and, as the case may be, the heirs, executors, administrators, successors and assigns of each of them.

13.06 Necessary Parties to Disputes. Necessary parties to any accounting, litigation or other proceedings relating to the Trust Agreement shall include only the Trustees. The settlement or judgment

in any such case in which the Trustees are duly served or cited shall be binding upon all Participants in the Plan and their Beneficiaries and estates, and upon all persons claiming by, through or under them.

13.07 Severability. If any provisions of the Trust Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Trust Agreement shall continue to be fully effective.

13.08 Supersession. The terms of the Trust Agreement shall supersede any previous oral agreement between the parties pertaining to the Trust.

13.09 Acceptance of Trust. Each Trustee hereby accepts the trust under the Trust Agreement.

13.10 Counterparts. This Trust Agreement may be executed in one (1) or more counterparts, each of which shall constitute an original:

The Trust Agreement is executed by the following on the date indicated:

"BOARD OF TRUSTEES"

Date

President

IMDR1-648176-State of Montana -- Trust Agreement for the State of Montana Public Employee Defined Contribution Plan.WPD

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