



PALISADES CHARTER HIGH SCHOOL

Empowering Educational Excellence.

CHIEF BUSINESS OFFICER

COVER SHEET FOR AGENDA ITEMS

April 16, 2024

TOPIC/ AGENDA ITEM:

VI. FINANCE
F. PCHS Retirement Healthcare Benefits Trust

PERSONNEL INVOLVED:

Board of Trustees, Executive Director/Principal, Chief Business Officer, Trust Attorney, Investment Manager

ISSUES INVOLVED/FISCAL IMPLICATIONS (IF ANY):

The purpose of this action is to approve and establish a Retirement Healthcare Benefits Trust for PCHS. This is an irrevocable trust, and its sole purpose is to protect the assets for those individuals who are eligible for the retiree healthcare benefit.

The document was created by a trust attorney and reviewed by our investment management team. Dates/names are subject to change prior to execution.

As a reminder, the funds are already invested, this action simply establishes a much-needed OPEB trust. LAUSD CSD listed this as an action item during the most recent CSD visit.

IMPACT ON SCHOOL MISSION, VISION OR GOALS, (IF ANY):

The action requested of the Board today will support the goal of ensuring PCHS meets its fiscal obligations and adheres to LAUSD CSD recommendations to establish an irrevocable trust.

CHIEF BUSINESS OFFICER'S RECOMMENDATION:

The Chief Business Officer recommends that the Board approve the Retirement Healthcare Benefits Trust for PCHS.

RECOMMENDED MOTION:

“To approve the PCHS Retirement Healthcare Benefits Trust and establish an irrevocable trust.

Juan Pablo Herrera
Chief Business Officer

PALISADES CHARTER HIGH SCHOOL

PUBLIC SCHOOL EMPLOYEE RETIREMENT

HEALTHCARE BENEFITS TRUST

TRUST AGREEMENT

Dated as of March ____, 2024

Sara Margiotta

As Grantor and Initial Co-Trustee

And

Pamela Magee

As Initial Co-Trustee

TABLE OF CONTENTS

RECITALS	1
<u>ARTICLE 1. DEFINITIONS AND INCORPORATION BY REFERENCE</u>	3
<u>Section 1.1</u> Definitions	3
<u>ARTICLE 2. REPRESENTATIONS AND WARRANTIES</u>	6
<u>Section 2.1</u> Representations and Warranties of the Grantor	6
<u>Section 2.2</u> Representations and Warranties of the Trustee	9
<u>ARTICLE 3. ORGANIZATION AND APPOINTMENTS</u>	10
<u>Section 3.1</u> Name	10
<u>Section 3.2</u> Office; Fiscal Year	10
<u>Section 3.3</u> Purposes and Powers	10
<u>Section 3.4</u> Declaration of Trust	11
<u>Section 3.5</u> Expenses	11
<u>Section 3.6</u> Appointment of Trustees	12
<u>Section 3.7</u> Appointment of Service Providers	12
<u>Section 3.8</u> Title to Trust Assets	12
<u>Section 3.9</u> Establishment of Trust Accounts	13
<u>Section 3.10</u> Limitations on Certain Actions	13
<u>ARTICLE 4. ACTION BY TRUSTEES</u>	13
<u>Section 4.1</u> Prior Notice to PCHS with Respect to Certain Matters	13
<u>Section 4.2</u> Tax Covenant	14

<u>ARTICLE 5. THE TRUSTEES IN GENERAL</u>	14
<u>Section 5.1</u> Appointment Effectiveness	14
<u>Section 5.2</u> Duties	14
<u>Section 5.3</u> Acceptance of Trusts and Duties	16
<u>Section 5.4</u> Action upon Instruction By PCHS	18
<u>Section 5.5</u> Furnishing of Documents	19
<u>Section 5.6</u> Reliance; Advice of Counsel	19
<u>Section 5.7</u> Replacement of Trustees	20
<u>Section 5.8</u> Merger or Consolidation of Trustee	21
<u>Section 5.9</u> Appointment of Co-Trustee or Separate Trustee	21
<u>Section 5.10</u> Eligibility Requirements for Section 3.6(a) Trustees	22
<u>ARTICLE 6. TERMINATION OF AGREEMENT</u>	23
<u>Section 6.1</u> Termination of Agreement	23
<u>ARTICLE 7. MISCELLANEOUS</u>	23
<u>Section 7.1</u> No Legal Title to Trust Assets; No Diversion of Trust Assets	23
<u>Section 7.2</u> Limitations on Rights of Others; Exclusive Benefit	23
<u>Section 7.3</u> Notices	24
<u>Section 7.4</u> Severability	24
<u>Section 7.5</u> Amendments	24
<u>Section 7.6</u> Form of Amendments	25
<u>Section 7.7</u> Counterparts	25
<u>Section 7.8</u> Successors and Assigns	25
<u>Section 7.9</u> Headings	25
<u>Section 7.10</u> Valuation	25
<u>Section 7.11</u> Governing Law	26

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of ____ (Date) ____ (hereinafter referred to as “this Agreement”), is made by and between Sara Margiotta and Pamela Magee, each an adult resident of the State of California (“the State”), acting hereunder not in their individual capacities but as to Sara Margiotta, solely as Grantor (“the Grantor”) and Initial Co-Trustee and Pamela Magee, solely as Initial Co-Trustee and together with Sara Margiotta as “Trustees”, do hereby establish the PALISADES CHARTER HIGH SCHOOL EMPLOYEE RETIREMENT HEALTHCARE BENEFITS TRUST (“the Trust”), as a common law Trust for the purpose of holding assets (the “Trust Estate”) solely for the benefit of one or more specified Retirement Healthcare Benefit Plans (the “Plans”) sponsored and provided to qualified public school employees and beneficiaries by PALISADES CHARTER HIGH SCHOOL (hereinafter referred to as “PCHS”), a California non-profit public benefit corporation that commenced operation in February 2, 2004 under a conversion charter approved by the Los Angeles Unified School District, a California School District (hereinafter referred to as “LAUSD”).

This Trust is not established for retirement benefits other than Public School Employee Retirement Healthcare Benefits under the Plans or for Retirement Benefits with respect to any employee or any employer other than PCHS. Each Plan shall be funded and provided solely in accordance with its terms, as provided in this Agreement and in the Plan Benefit Services Agreement (as hereinafter defined), but subject to the changes and modifications expressly permitted under this Agreement. This Agreement is made with reference to the following recitals of fact and law:

RECITALS

WHEREAS, (I) pursuant to the LAUSD’s approval of the Conversion Charter and the Laws of the State, PCHS commenced operation of the School as an existing school campus owned by LAUSD and formerly operated by the LAUSD as Palisades Senior High School (hereinafter referred to as the “Conversion”); and

WHEREAS, (II) by virtue of the charter granted to PCHS by the LAUSD were granted part of the sovereign power of the State, specifically a substantial delegation of the LAUSD’s police power previously granted by the State to the LAUSD and re-delegated by the LAUSD to PCHS, all in accordance with State law, under which LAUSD and PCHS operate the PCHS as an integral part of the State public education system established pursuant to Article IX, Section 5 of the State Constitution, and therefore an instrumentality of LAUSD, a political subdivision of the State; and therefore LAUSD and PCHS comprise a “governmental unit” or an “affiliate of a governmental unit” under State law and for Federal Income Tax purposes; and,

WHEREAS, (III) in connection with the Conversion, PCHS exercised its statutory right to the exclusive “public school employer” of all PCHS public employees (the “Public School Employer”) within the meaning of the California Educational Employment Relations Act and under the jurisdiction of the Public Employment Relations Board of the State and PCHS as Public School Employer has assumed certain Public School Employee Retirement Benefit obligations of the LAUSD to former LAUSD public school employees who have become public school employees of PCHS; and

WHEREAS, (IV) in connection with the foregoing, PCHS as the Public School Employer has relieved LAUSD of LAUSD’s share of costs of Public School Employee Retirement Benefits accruing to former Public School Employees of LAUSD who have become Public School Employees of PCHS and who retire subsequent to the Conversion; and

WHEREAS, (V) in connection with the foregoing, PCHS as the Public School Employer is required to continue, maintain and pay the Public School Employer’s share of Public School Employee Benefits for qualified Public School Employees and Beneficiaries (“the Mandatory Obligations”) which, but for the Conversion would have been paid by LAUSD for its Public School Employees; and

WHEREAS, (VI) the Mandatory Obligations regarding Public School Employee Retirement Healthcare Benefits, primarily Pension Benefits, include the obligations to continue Qualified Public School Employee participation in the government plans (“Government Plans”) within the meaning of Section 414(d) of the Internal Revenue Code of 1986, as amended (as further defined in Section 1.1(d) of the California Public Employees Retirement System (“CalPERS”) and the California State Teachers Retirement System (“CalSTRS”) with public employee accumulation of service credit years to continue in the same accounts and with the same retirement benefit calculations as all other CalPERS and CalSTRS public school employee participants, and to fund the Public School Employer’s share of the costs thereof; and

WHEREAS, (VII) the Mandatory Obligations regarding Public School Employee Healthcare Benefits include, in lieu of continued participation in LAUSD funding, procurement and provision of PCHS as the Public School Employer under comparable Government Plans providing Public School Employee Retirement Healthcare Benefits to qualified public school employees and beneficiaries, with the same public school accumulation of service credit years and with retirement healthcare retirement calculations comparable to or greater than those established under LAUSD sponsored Government Plans; and

WHEREAS, (VIII) based on available actuarial and other information, PCHS has determined that its Mandatory Obligations to establish and fund the Plans as Public School Employee Retirement Healthcare Benefit Plans for qualified public school employees and their beneficiaries (“collectively Plan Beneficiaries”) and the Public School Employer’s cost

of benefits under the Plans (“Plan Benefits”) has resulted in the accrual of unfunded OPEB liabilities (as hereinafter defined); and

WHEREAS, (IX) the Board of Directors of PCHS has determined that it is desirable for PCHS to arrange for the funding and procurement of Plan Benefits under the Plans, both (a) to provide funding solely for the Public School Employer’s (and not “Public School Employees”) contributions for Plan Benefits and (b) to manage PCHS’s budget, operations and certain obligations of PCHS with respect to the Plans and Plan Benefits; and

WHEREAS, (X) the Board has requested the Grantor and the Trustees to execute and deliver this Trust Agreement substantially in the form approved by the Board, but incorporating such modifications as may be necessary to carry out the purposes of this Trust Agreement, including without limitation, those provided in this Agreement, and the Grantor and Trustees are willing to make the grant under this Agreement and to accept the Trusts established under this Agreement, in accordance with the terms of this Agreement; and

WHEREAS, (XI) the execution and delivery of this Agreement by the Grantor and the Trustees as authorized Officers of PCHS are pursuant to due authorization of the Board;

NOW, THEREFORE, the Grantor hereby grants, and the Trustees hereby accept and agree to hold, all assets and funds in trust transferred to the Trust under this Agreement and under the Plan Benefit Services Agreement, but subject to the provisions of this Agreement as follows:

ARTICLE 1. DEFINITION AND INCORPORATION BY REFERENCE

Section 1.1 Definitions

All references herein to “the Agreement” or “this Agreement” are to this Trust Agreement, and all references herein to Articles, Sections, subsections and Exhibits are to Articles, Sections, subsections and Exhibits of this Agreement, unless otherwise specified. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Section 1.1.

- (a) “Asset Manager” means any banking or financial institution engaged by this Trust for the purpose of managing the investment, sale and liquidation of assets of the Trust Estate.
- (b) “Articles of Incorporation” means the Articles of Incorporation of PCHS, as amended from time to time.

- (c) "Authorized Officer" means (i) as to PCHS, the Chief Financial Officer of PCHS or any designee of the Chief Financial Officer of PCHS; and (ii) as to the Trust, the Executive Director of the Trust or any designee of the Executive Director.
- (d) "By-Laws" means the By-Laws of PCHS as adopted and amended by the Board from time to time.
- (e) "Code" means the Internal Revenue Code of 1986, as amended, together with regulations, procedures and guidance provided from time to time by the Internal Revenue Service (including, without limitation, any private letter ruling issued with respect to the Trust).
- (f) "Compliance Manager" means any firm engaged by the Trust for the purposes of preparing valuations of assets of the Trust Estate, compliance by the Trust with covenants herein for maintaining the Federal Tax Exemption of Trust Income pursuant to the provisions of Section 115 of the Code, and compliance by Asset Managers with investment policies adopted by the Trust from time to time, including, without limitation, the definition of the term "Permitted Investments" in this Agreement.
- (g) "Corporate Co-Trustee" means any financial firm or institution or a corporate bank Co-Trustee eligible under the provisions of Section 5.10 herein, which Trustee shall have no voting power with respect to decisions of the Trustees.
- (h) "Executive Director" means the Chief Financial Officer of PCHS or any designee of the Chief Financial Officer of PCHS.
- (i) "Governing Documents" means, severally and collectively, the Articles of Incorporation, the By-Laws and the Conversion Charter.
- (j) "OPEB Liabilities" means PCHS's Mandatory Obligations with respect to Public School Employee Retirement Healthcare Benefits that PCHS has contracted, or contracts in the future, to provide its Qualified Public School Employees and their Beneficiaries, other than Pension Benefits, and excludes any Retirement Benefits provided by any entity other than PCHS, including, without limitation, CalPERS, CalSTRS or the District.
- (k) "Participation Trust" means any multi-employer trust in which the Trust may deposit funds in accordance with the provisions and limitations of this Agreement, provided, however, that no entity which is not a state, a political subdivision of a State, or an entity the income of which is excluded from Gross Income under Section 115 of the Code, may participate in the Trust, or in any Participation Trust in which the Trust may participate.

- (l) "Permitted Trusts" means any form or type of investment which, after due consultation with and reliance upon the applicable Asset Manager, may be deemed prudent by a majority of the Voting Trustees, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, and with diversification of the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
- (m) "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, incorporated organization or government or any agency or political subdivision or instrumentality thereof.
- (n) "Plan Benefits Agreement" means the agreement, as it may be from time to time amended and restated, between PCHS and the Trust pursuant to which PCHS agrees to make payments to the Trust as consideration solely for Plan Benefits and related services to be procured or provided by the Trust to or for the benefit of the Plans and Plan Beneficiaries.
- (o) "Qualified Successor Organization" means any successor to PCHS described in Section 2.1(a) herein, the assets of which are irrevocably dedicated to public benefit purposes, and no part of the net earnings, properties or assets of which, on dissolution or otherwise, shall inure to the benefit of any person or entity which is not another public charter school, a traditional public school, or a political subdivision, governmental agency or instrumentality of the LAUSD or the State.
- (p) "Responsible Officer" means (i) when used with respect to an individual Trustee, such Trustee, and (ii) when used with respect to a corporate Trustee, any Vice-President or other designated Officer of such corporate Trustee, customarily performing functions similar to those performed by any of the above designated officers in each case assigned to or employed by the corporate trust department of such Trustee and also means, with respect to a particular corporate Trust matter, any other officer to whom such matter is referred because of his or her knowledge of or familiarity with the particular subject and who shall have a direct responsibility for the administration of applicable provisions of this Agreement.
- (q) "Trust Account" means the account established by Section 3.7 herein.
- (r) "Trustees" means, severally and collectively, (i) the Trustees initially entering into this Agreement and their respective successors; and (ii) effective upon their

appointment pursuant to the provisions of Section 3.6 herein, such additional Trustees so appointed and their respective successors.

- (s) "Trust Office" has the meaning assigned in Section 3.2 herein.
- (t) "Voting Trustee" means each Trustee not appointed pursuant to the Provisions of Section 3.6(a) herein.

ARTICLE 2. REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Grantor

The Grantor hereby represents and warrants to the Trustees and any Corporate Co-Trustee, and acting by and on behalf of and at the direction of PCHS, that:

- (a) Each of the Recitals in the forepart of this Agreement is true and correct.
- (b) PCHS is a California non-profit public benefit corporation whose assets are irrevocably dedicated to public benefit purposes, and no part of the net earnings, properties or assets of PCHS, on dissolution or otherwise, shall inure to the benefit of any Person as defined in Section 1.1(m) herein who is not a political subdivision, government agency or instrumentality thereof. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of PCHS shall be distributed to a nonprofit fund, foundation or corporation that is organized and operated exclusively for educational purposes and is an organization described in Section 501 (c)(3) of the Code or a Qualified Successor Organization, as such term is defined in Section 1.1(o) herein.
- (c) Pursuant to the Governing Documents, PCHS's activities and affairs are managed, and all of its corporate powers are exercised, by and under the direction of the Board, which shall have no fewer than six (6) and no more than eleven (11) Members, of which: (i) not more than one (1) of whom may be a representative appointed by the District; (ii) at least two (2) of whom shall be community representatives elected by the Board; (iii) at least one (1) of whom shall be a parent representative elected by the parent body (one vote per family);(iv) two to three (2 -3) of whom shall be teacher representatives elected by all teachers; and (v) one (1) of whom shall be a classified representative elected to all classified school employees. No teacher or classified representative elected by the Board shall be employed or compensated by PCHS. If the District appoints a Board representative, then the Board may appoint an additional community representative.

(d) Pursuant to the Conversion Charter as approved by the LAUSD, upon closure of the School, whether by Charter revocation, Charter non-renewal or otherwise, the School will revert back to a LAUSD school.

(e) In accordance with the transition relief prior to the effective date of final regulations under Section 414(d) of the Code regarding participation in a state or local retirement system that covers public school employees of a Charter School consistent with the “governmental plan” characterization of such system, as published in Internal Revenue Bulletin 2015-16 as Notice 2015-7 (the “Notice”), PCHS desires as the Public School Employer to fulfill the Mandatory Obligations, in accordance with the guidance and example described in the Notice, and for that purpose the Grantor makes the representations and warranties in the following subparagraphs of this Section 2.1(e):

- (i) In accordance with Paragraph (a) of Part III(A) of the Notice, the Conversion Charter and State Law, PCHS is a nonsectarian independent public school of choice that serves an essential governmental purpose by providing tuition-free secondary education for Grades 9-12;
- (ii) In accordance with Paragraph (b) of Part III(A) of the Notice, the Conversion Charter and State Law, PCHS is established and operates in accordance with specific State statutes authorizing the granting of charters to create independent public schools and the establishment of independent public schools;
- (iii) In accordance with Paragraph (c) of Part III(A) of the Notice, the Conversion Charter and State Law, participation in State and local retirement systems by PCHS’s public employees is expressly required and permitted thereunder.
- (iv) In accordance with Paragraph (d)(2) of part III(A) of the Notice, the Conversion Charter and State law:
 - (A) The primary source of PCHS’s funding is the State, funded through State appropriations based on the School’s average daily attendance on a basis similar to the funding mechanism for traditional schools;
 - (B) The rights of the Public School employees of PCHS to their accrued benefits under the defined benefit government plans as described in Section 414(d) of the Code, including CalPERS, CalSTRS, the Plans as State and local retirement systems in which PCHS participates as a Public School Employer contributions that otherwise would be the legal responsibility of LAUSD and to the same or greater extent than those

that apply to LAUSD public school employees, are not dependent on whether PCHS continues to participate in any system, and in any event PCHS were to cease participation, a governmental entity, being CalPERS, CalSTRS, the Plans or, in the event of reversion of the School to the LAUSD and/or LAUSD, as applicable, has responsibility for the accrued benefits of PCHS's public employees, including the continued funding of the accrued benefits, to no lesser degree than a governmental entity has responsibility for the continued funding of the accrued benefits of the public school employees of any other participating public school employer in such system in the event that PCHS were to cease to be a Participating Public School Employer;

- (C) As the Public School Employer, PCHS is part of a local educational agency, as defined in 20 U.S.C. Section 7801(26) and is subject to the significant regulatory control, audit and oversight by the State, including without limitation, the State Department of Education (the "SDOE") and by the LAUSD, being a political subdivision of the State;
- (D) PCHS is held accountable by LAUSD as the authorized public chartering agency as defined in 20 U.S.C. Section 7221(4), which has the power and authority under State law to approve, renew and revoke the Conversion Charter of PCHS and to approve charters for the creation of independent public schools and to hold PCHS accountable for results;
- (E) PCHS is required to comply with the same health and safety standards as well as academic accountability standards, including without limitation, participation in State mandated testing programs, and financial standards of fiscal management, that are similar to those that are generally applicable to other public schools in the State and PCHS is required to engage and does engage in an annual, independent, outside audit by a firm of Certified Public Accountants of its financial and administrative operations and is required to provide and does provide copies of each audit to SDOE and LAUSD; and
- (F) PCHS must comply with the rules and implementing statutes of the State and policies of LAUSD that prescribe how appropriations of the State and other governmentally sourced funds may be spent; and
- (G) All financial interests of ownership of PCHS are held by PCHS as an instrumentality of LAUSD as a political subdivision of the State, and upon dissolution or final liquidation of PCHS, the Governing Documents require PCHS's net assets to be distributed to another public school

that meets the requirements set forth in Paragraphs (a) through (e) of Part III(A) of the Notice.

- (f) The Grantor has been duly authorized and directed by PCHS and has full power, authority and legal right to execute, deliver and perform this Agreement and to create the Trust created hereby and the Grantor has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the creation of the Trust;
- (g) The execution, delivery and performance by the Grantor of this Agreement and the creation of the Trust do not violate the Constitution of the State or any requirement of the law of the State governing the Grantor's power or authority, any order, writ, judgment or decree of any court, arbitrator or governmental authority applicable to the Grantor or any of the assets granted hereunder, or applicable to the creation or existence of the Trust;
- (h) The execution, delivery and performance of this Agreement and the creation of the Trust do not require the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency; and
- (i) This Agreement has been duly executed and delivered by the Grantor and constitutes the legal, valid and binding agreement of the Grantor, enforceable against the Grantor in accordance with the terms hereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, and other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or in law.

Section 2.2 Representation and Warranties of the Trustees

Each Trustee and Corporate Co-Trustee hereby represents and warrants to the Grantor that:

- (a) He/she is an adult resident of the State or is a Person authorized to conduct business in the State, with full capacity, power, authority and legal right to execute, deliver and perform this Agreement and to act as Trustee or Corporate Co-Trustee, as applicable, hereunder;
- (b) The execution, delivery and performance of this Agreement and acceptance of the Trust created hereby do not violate any order, writ, judgment or decree of any Court, arbitrator or governmental authority applicable to such Trustee;

- (c) The execution, delivery and performance of this Agreement and acceptance of the Trust created hereby do not require the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency; and
- (d) This Agreement has been duly executed and delivered by such Trustee and constitutes the legal, valid and binding agreement of such Trustee, enforceable against such Trustee in accordance with the terms thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting the enforcement of creditors' rights in general and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

ARTICLE 3. ORGANIZATION AND APPOINTMENTS

Section 3.1 Name

The Trust created hereby shall be known as the "Palisades Charter Public School Employee Retirement Healthcare Benefits Trust", in which name the Trustees and Corporate Co-Trustee may conduct the business of the Trust, make and execute contracts and other instruments on behalf of the Trust and sue and be sued on behalf of the Trust. In addition, the Trustees and Corporate Co-Trustee may conduct the business of the trust in their own names, as Trustees hereunder, to the extent deemed necessary or appropriate by such Trustees, in their sole discretion.

Section 3.2 Office; Fiscal Year

The Office of the Trust shall be in care of the Trustees at the administrative offices of PCHS ("the Trust Office"), or at such other address as the Trustees may designate by written notice to PCHS. Each fiscal year of the Trust shall commence on July 1 and end on the next following June 30; provided, however that the first fiscal year of the Trust began as of (Date), and shall end June 30, 2024.

Section 3.3 Purposes and Powers

The purpose of the Trust is to engage solely in the following activities and no other activities:

- (a) To accept and hold in trust payments made from time to time by and on behalf of PCHS, but in all cases excluding any payments made by public school employees, retired public school employees or their beneficiaries or any other third party, pursuant to the Plan Benefit Services Agreement, and to fund, procure and deliver to or solely for the benefit of the Plans and no other benefit plan, the services and benefits designated under the Plan Benefit Services Agreement, and otherwise to perform its obligations under the Plan Benefit Services Agreement;

- (b) To acquire, manage, administer, pledge, assign, sell, and collect Permitted Investments and all other assets of the Trust and to apply any amounts collected with respect thereto;
- (c) To accumulate assets for the sole benefit of the Plans and thereby satisfy all or a portion of PCHS's Mandatory Obligations under the Plans and not any other benefit plans or plans which are not solely for the benefit of PCHS public school employees, retired PCHS public school employees and their eligible beneficiaries;
- (d) To procure and deliver, or to reimburse PCHS for the procurement and delivery of benefits and services provided under the Plan Benefit Services Agreement and for no other purpose, and specifically excluding any other benefit plan or plans which are not solely for the benefit of PCHS public school employees, retired PCHS public school employees and their eligible beneficiaries; and
- (e) To engage in those activities, including, without limitation, entering into agreements, that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith, excluding, however, any activity that would in and of itself result in default under this Agreement.

The Trust shall not engage in any activity other than in connection with the foregoing, subject, however to the foregoing restrictions of this Section 3.3, or as required by applicable law. Without limitation on the foregoing, the Trust shall not accept funds provided to it with regard to any benefit plan other than the Plans, nor shall the Trust provide benefits to any Person other than a PCHS public school employee, retired PCHS public school employee or eligible beneficiary.

Section 3.4 Declaration of Trust

The Trustees and the Corporate Co-Trustee hereby declare that they shall hold the Trust Estate as herein provided solely for the benefit of the Plans and for no other benefit, from and after the date hereof until termination of the Trust as herein provided. It is the Intention of the parties that the Trust shall constitute a common law Trust under the laws of the State and that this Agreement shall constitute the governing instrument of such Trust. The Trustees and the Corporate Co-Trustee shall have all rights, powers and duties set forth herein and, to the extent not inconsistent herewith, in the applicable laws with respect to accomplishing the purposes of the Trust.

Section 3.5 Expenses

Pursuant to the Plan Benefit Services Agreement, the Trust shall obtain funds for the payment of its organizational and administrative expenses as they may arise or shall, upon the request of any Trustee, promptly reimburse such Trustee for any

such expenses paid or incurred by such Trustee. Such expenses may be paid from the Trust Estate.

Section 3.6 Appointment of Trustees

As soon as practicable, but in any event prior to the deposit in or payment to the Trust of any funds or assets other than the deposit provided under Section 3.9(a) herein, the Trustees, acting solely on the authorization of PCHS, shall appoint additional and/or Successor Trustees as specifically designated by an Authorized Officer of PCHS acting pursuant to the authorization of PCHS, as follows:

- (a) One directed Corporate Co-Trustee shall be a financial institution or firm or a corporate bank Co-Trustee eligible under Section 5.10 herein, which Corporate Co-Trustee shall have no voting power with respect to the decisions of the Trustees hereunder; and
- (b) At all times the number of Trustees with voting power shall be at least three (3) or any greater number which is not integrally divisible by two (2), but in all events solely determined by an Authorized Officer of PCHS acting under the authorization of PCHS.

All of the provisions of this Section 3.6 and any other provisions of this Agreement referring to this Section 3.6 shall be subject to the following limitations: (i) any limitation on the term of any Trustee may be established from time to time solely as directed by an Authorized Officer of PCHS acting upon the authorization of PCHS; and (ii) no Trustee shall be appointed by any other Trustee or Trustees, excepting only an Authorized Officer if acting as Trustee pursuant to the authorization of PCHS.

Section 3.7 Appointment of Service Providers

As soon as practicable, the Voting Trustees shall appoint one or more Asset Managers, one Compliance Manager and such other actuaries, auditors, consultants, counsel and other professional service providers, and any successors thereto, each to serve on terms satisfactory to the Voting Trustees but in any event without violation of the covenants provided in Section 4.2 herein. In the event the Voting Trustees fail to appoint an Asset Manager, the Voting Trustees shall have authority to direct the investment of assets under this Trust Agreement.

Section 3.8 Title to Trust Assets

Legal title to the Trust Estate shall be vested at all times in the Trust as a separate legal entity except where applicable law in any jurisdiction requires title to any part of the Trust Estate to be vested in a Trustee or Trustees, in which case title shall be deemed to be vested in the Trustee, a Co-Trustee and/or a Separate Trustee, as the case may be.

Section 3.9 Establishment of Trust Account

There is hereby created and established a Trust Account to be established with the Trustees and Corporate Co-Trustee in trust hereunder and known as the Palisades Charter High School Public School Employee Retirement Healthcare Benefits Trust Account. Any cash in the Trust Account shall be held in the name of the Trust or the Trustees and/or the Corporate Co-Trustee at any depository that is eligible to hold funds of the Trust. Other assets in the Trust Account shall be invested solely in Permitted Investments as provided in Section 3.3(b) herein. The Trustees shall deposit the following to the Trust Account:

- (a) An amount of \$1,000.00 provided by PCHS as its initial payment under the Plan Benefit Services Agreement and deposited therein by the Grantor upon establishment of the Trust;
- (b) Any proceeds received from Permitted Investments and any other investment proceeds of the Trust Estate, but in no event any funds (i) provided by current or former public school employees of PCHS or PCHS retirees or their beneficiaries or any third party or (ii) any funds with respect to any pre-tax salary reduction or other pre-tax reduction of compensation applicable to any PCHS public employee or PCHS retiree or their beneficiaries; and
- (c) Any other amount paid to the Trust by PCHS under the Plan Benefit Services Agreement from time to time solely for the payment of Plan Benefits or related purposes.

Section 3.10 Limitations on Certain Action

Unless an Authorized Officer of PCHS shall direct otherwise pursuant to the Plan Benefit Services Agreement, but subject to the provisions of Section 4.2 herein, the Trust may from time to time:

- (a) Sell or redeem any Permitted Investments; and
- (b) Invest any amounts in the Trust Account in Permitted Investments.

ARTICLE 4. ACTIONS BY TRUSTEES

Section 4.1 Prior Notice to PCHS With Respect to Certain Matters

The Voting Trustees shall cause the Trust to act, not inconsistent with this Agreement or applicable law, that the Voting Trustees determine, in their discretion, to be necessary or desirable in carrying out the activities of the Trust as set forth in

Section 3.3 herein. Subject to Section 5.3(g) herein, the Trustees and the Corporate Co-Trustee shall take any action or refrain from taking any action on behalf of the Trust but solely in accordance with written instructions by an Authorized Officer of PCHS acting under authorization of PCHS and shall be completely immune in acting, or refraining from acting, as the case may be, in accordance with such written instructions.

Section 4.2 Tax Covenant

Neither the Trust nor any Trustee shall take any action that (a) is inconsistent with the purposes of the Trust as set forth in Section 3.3 herein, or (b) would, to the actual knowledge of a Responsible Officer of such Trustee, result in the Trust becoming taxable as a corporation or otherwise impair the tax exemption of Trust income pursuant to Section 115 of the Code. Without limitation on the foregoing, the Trust shall not enter into any arrangement with any Participation Trust without first obtaining a legal opinion satisfactory in form and substance to the Voting Trustees and to the effect that such arrangement will not impair said tax exemption or expose the Trust or its assets to any proceeding involving the Participation Trust other than through satisfaction of the requirements of this Section 4.2. Without limitation on the foregoing provisions, neither the Trust nor any Trustee shall cause any funds of the Trust, however derived, to be provided to PCHS or any other Person with respect to any property or operations of PCHS or any other third party or any liability of PCHS that is not included in the OPEB Liabilities of PCHS, nor shall the Trust have any right or responsibility or other role whatsoever in the management or operations of PCHS.

ARTICLE 5. THE TRUSTEES IN GENERAL

Section 5.1 Appointment Effectiveness

- (a) No appointment of a Trustee or a Corporate Co-Trustee shall become effective until a written acceptance of appointment is delivered by such Trustee or Corporate Co-Trustee to PCHS and each other Trustee. Following compliance with the preceding requirement, such Trustee and Corporate Co-Trustee shall become fully vested with all applicable rights, powers, duties and obligations provided hereunder.
- (b) A vacancy shall not be deemed to exist upon the resignation, removal, death or disability to act of any Trustee or Corporate Co-Trustee at any time when there would remain at least three (3) Trustees hereunder.

Section 5.2 Duties

- (a) The Trustees, including the Corporate Co-Trustee, undertake to perform such duties, and only such duties, as are specifically set forth for said Trustees in this

- Agreement, including, without limitation, the administration of the Trust in the interest of the Plans. No implied covenants or obligations shall be read into this Agreement.
- (b) Notwithstanding the foregoing, the Trustees shall be deemed to have discharged all of their duties and responsibilities hereunder to the extent PCHS has agreed to perform any act or to discharge any duty of the Trustees or of the Trust hereunder, and the Trustees shall not be liable for the default or failure of PCHS to carry out its obligations hereunder.
 - (c) In the absence of bad faith on his, her or its part, each Trustee or Corporate Co-Trustee may rely conclusively upon certificates or opinions furnished to such Trustee and conforming to the requirements of this Agreement in determining the truth of the statements and the correctness of the opinions contained therein; provided, that such Trustee shall have examined such certificates or opinions so as to determine compliance of the same with the requirements of this Agreement.
 - (d) No Trustee or Corporate Co-Trustee may be relieved from liability for his, her or its own negligent action, negligent failure to act or willful misconduct, except that:
 - (i) This Section 5.2(d) shall not limit the effect of Section 5.2(a) or Section 5.2(b), and
 - (ii) No Trustee or Corporate Co-Trustee shall be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that such Trustee or Corporate Co-Trustee was negligent in ascertaining the pertinent facts.
 - (e) Monies received by the Trustee or Corporate Co-Trustee hereunder need not be segregated in any manner except to the extent required by law and may be deposited under such general conditions as may be prescribed by law, and the Trustees or Corporate Co-Trustee shall not be liable for any interest thereon, except such interest or other earnings actually received pursuant to the investment of such monies.
 - (f) Without limitation on the requirements of the Plan Benefit Services Agreement, the Trustees shall prepare or cause to be prepared and delivered to PCHS as PCHS may require, annual financial statements, including, without limitation, asset valuations and actuarial determinations, sufficient to enable PCHS properly to reflect in its audited financial statements the net beneficial interest of its Plans in the Trust, together with the report and verification of the Compliance Manager, if applicable.

- (g) Solely upon the direction of an Authorized Officer of PCHS, and solely at the expense of PCHS, the Trustees shall prepare or cause to be prepared and filed, any and all reports, returns, forms and other documents required to maintain compliance with the provisions of Section 4.2 herein, as may be determined by the Compliance Manager, or if such position shall then be vacant, by an Authorized Officer of PCHS.

Section 5.3 Acceptance of Trusts and Duties

Except as otherwise provided in this Article 5, in accepting the Trusts hereby created, each Trustee or Corporate Co-Trustee acts solely as a Trustee hereunder and not in his, her or its individual capacity and all Persons having any claim against any Trustee or Corporate Co-Trustee by reason of the transactions contemplated by this Agreement shall look only to the Trust Estate for payment or satisfaction thereof. The Trustees and Corporate Co-Trustee accept the Trusts hereby created and agree to perform the Trustees' duties hereunder with respect to such Trusts but only upon terms of this Agreement. The Trustees and Corporate Co-Trustee also agree to disburse all monies actually received by them constituting part of the Trust Estate in accordance with the terms of this Agreement. No Trustee or Corporate Co-Trustee shall be liable or accountable hereunder under any circumstances except for (i) subject to Section 5.2(d) herein, such Trustee's negligent action, such Trustee's negligent failure to act or such Trustee's willful misconduct, or (ii) the inaccuracy of any representation or warranty made by such Trustee herein or in any Certificate or instrument delivered pursuant hereto. In particular, but not by way of limitation:

- (a) No Trustee or Corporate Co-Trustee shall at any time have any responsibility or liability for or with respect to the legality, validity or enforceability of any Permitted Investment or other investment security or the perfection and priority of any security interest created in any Permitted Investment or other investment security or any other Trust Estate, or the maintenance of any such perfection and priority, or for or with respect to the sufficiency of the Permitted Investments or other investment securities or the Trust's ability to generate payments to be distributed to any creditors of the Trust or to satisfy obligations under the Plan Benefit Services Agreement, including, without limitation: (i) the existence and ownership of any Permitted Investment; or (ii) the validity or perfection of the assignment of any Permitted Investment.
- (b) No Trustee or Corporate Co-Trustee shall be liable with respect to any action taken or omitted to be taken by such Trustee in accordance with the terms hereof and the instructions of an Authorized Officer of PCHS, including without limitation the preparation and filing of any report, return, form or other document required pursuant to Section 5.2(g) herein;

- (c) No provision of this Agreement shall require any Trustee or Corporate Co-Trustee to expend or risk funds or otherwise incur any financial liability in the performance of any such Trustee's rights or powers hereunder, if such Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured or provided to such Trustee;
- (d) Under no circumstances shall the Trustees or Corporate Co-Trustees be liable for any indebtedness or other obligation of the Trust;
- (e) No Trustee or Corporate Co-Trustee shall be responsible for or in respect of nor does any Trustee make any representation as to the validity or sufficiency of any provision of this Agreement or for the form, character, genuineness, sufficiency, value or validity of either the Trust or the Trust Estate, any Permitted Investment or any portion of the Trust Estate or related documents or instruments, and no Trustee shall in any event assume or incur any liability, duty or obligation to any creditor of the Trust;
- (f) No Trustee or Corporate Co-Trustee shall be liable for the default or misconduct of PCHS under any of the Plans or otherwise, and no Trustee or Corporate Co-Trustee shall have any obligation or liability to perform the obligations of the Trust under this Agreement that are required to be performed by or on behalf of PCHS hereunder;
- (g) No Trustee or Corporate Co-Trustee shall be under obligation to exercise any of the discretionary rights or powers vested in such Trustee by this Agreement or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement at the request, order or direction of PCHS unless PCHS has offered to such Trustee security or indemnity satisfactory to such Trustee against any costs, expenses and liabilities that may be incurred by such Trustee, including, without limitation, the reasonable fees and expenses of such Trustee's counsel therein or thereby; the right of the Trustees or Corporate Co-Trustee to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and a Trustee or Corporate Co-Trustee shall only be answerable for such Trustee's negligence or willfull misconduct in the performance of any such act;
- (h) The provisions of this Agreement, to the extent they restrict the duties and liabilities of the Trustees or Corporate Co-Trustee otherwise existing at law or equity, are agreed to and accepted by such Trustees, and all other Persons who may succeed to any duties and liabilities of any Trustee or Corporate Co-Trustee;

- (i) No Trustee or Corporate Co-Trustee shall be required to take any action hereunder if such Trustee shall have reasonably determined or shall have been advised by counsel, that such action is likely to result in liability on the part of such Trustee or is contrary to the terms hereof or is otherwise contrary to law; this Section 5.3(i) shall not obligate any Trustee or Corporate Co-Trustee to make any investigation of, or determination with respect to, any written instruction from an Authorized Officer of PCHS; and
- (j) No Trustee or Corporate Co-Trustee shall be personally liable for any action or omission of any other Trustee, including any predecessor or Successor Trustee.

Section 5.4 Action upon Instruction by PCHS

- (a) Any Authorized Officer of PCHS may, by written instruction, direct the Trustees or Corporate Co-Trustee in the management of the Trust.
- (b) At such time as any Trustee is an Authorized Officer of PCHS, any action taken by such Trustee hereunder shall be deemed to be pursuant to written direction of an Authorized Officer of PCHS, and such Trustee shall not be required to obtain any such writing. However, any Trustee may, in his, her or its discretion, require such a writing to be delivered. If at any time there shall be no Trustee who is an Authorized Officer of PCHS, then for all purposes of this Agreement, any Trustee directed by an Authorized Officer of PCHS shall be deemed to be appointed by PCHS.
- (c) Whenever the Trustees are unable to decide between or among alternative courses of action permitted or required by the terms of this Agreement, or are unsure or disagree as to the application, intent, interpretation or meaning of any provision of this Agreement, the Trustees shall promptly give written notice, in such form as shall be appropriate under the circumstances, to an Authorized Officer of PCHS requesting instruction as to the course of action to be adopted, and, to the extent a Trustee acts in good faith in accordance with any such instruction received, such Trustee shall not be liable on account of such instruction to any Person. If a Trustee shall not, in the reasonable judgment of such Trustee, have received appropriate instructions within ten (10) days after such notice has been given or within such shorter period of time as reasonably may be specified in such notice or may be necessary under the circumstances, such Trustee may, but shall be under no duty to take or refrain from taking such action which is consistent, in such Trustee's view, with this Agreement, and as such Trustee shall deem to be in the best interests of the Plans, and such Trustee shall have no liability to any Person for such action or inaction.

Section 5.5 Furnishing of Documents

The Trustees or Corporate Co-Trustee shall furnish to PCHS promptly upon receipt of a written request therefor, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and any other instructions furnished to the Trustees with respect to any Permitted Investments or any other assets of the Trust.

Section 5.6 Reliance; Advice of Counsel

- (a) No Trustee or Corporate Co-Trustee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document reasonably believed by such Trustee to be genuine and reasonably believed by such Trustee to be signed by the proper party or parties and need not investigate any fact or matter pertaining to or in any such document. The Trustees or Corporate Co-Trustee may accept a certified copy of a Resolution of the Board of PCHS or the Board of Directors or other governing body of any corporate party as conclusive evidence that such Resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the method of the determination of which is not specifically prescribed herein, the Trustees or Corporate Co-Trustee may for all purposes hereof rely on a certificate, signed by an Authorized Office of PCHS or by the President or Vice-President or by the Treasurer or other authorized officers of any other relevant party, as to such fact or matter, and such Certificate shall constitute full protection to the Trustees or Corporate Co-Trustee for any action taken or omitted to be taken by such Trustees in good faith in reliance thereon.
- (b) In the exercise or administration of the Trusts hereunder and in the performance of the Trustees' or Corporate Co-Trustee's duties and obligations under this Agreement, the Trustees or Corporate Co-Trustee: i) may, at the expense of PCHS, act directly or through agents, attorneys, custodians or nominees, including without limitation, the granting of a power of attorney to any Trustee's Responsible Officers on behalf of such Trustee, pursuant to agreements entered into with any of them, and no Trustee or Corporate Co-Trustee shall be liable for the conduct or misconduct of such agents, attorneys, custodians or nominees if such agents, attorneys, custodians or nominees shall have been selected by the Voting Trustees with reasonable care, and (iii) may, at the expense of PCHS, consult with counsel, accountants and other professionals to be selected with reasonable care by the Trustees. No Trustee or Corporate Co-Trustee shall be liable for any act, suffered or omitted in good faith by such Trustee in accordance with the opinion or advice of any such counsel, accountant or other such Persons and which is not contrary to this Agreement.

Section 5.7 Replacement of the Trustees

- (a) Subject to Section 5.7(e) herein, any Trustee or Corporate Co-Trustee may resign at any time and be discharged from the Trusts hereby created by giving thirty (30) days prior written notice thereof to PCHS and to each other Trustee.
- (b) Subject to Section 5.7(e) herein and with or without cause, any Authorized Officer of PCHS may remove any Trustee or Corporate Co-Trustee by delivering a written instrument to such Trustee. An Authorized Officer of PCHS shall remove Trustee or Corporate Co-Trustee if:
 - (i) Such Trustee shall cease to be eligible in accordance with the provisions of Section 5.10 herein and shall fail to resign after written request therefor by an Authorized Officer of PCHS;
 - (ii) Such Trustee shall be adjudged bankrupt or insolvent;
 - (iii) A Receiver or other public officer shall be appointed or take charge or control of such Trustee or of such Trustee's property or affairs for the purpose of rehabilitation, conservation or liquidation; or
 - (iv) Such Trustee shall otherwise be incapable of acting.
- (c) Pursuant to the Plan Benefit Services Agreement, PCHS shall pay any fees and expenses owed to any former Trustee.
- (d) If a vacancy, for purposes of Section 5.1(b) herein would exist in the office of the Trustee upon the resignation or removal of any Trustee, an Authorized Officer of PCHS shall promptly appoint a Successor Trustee as provided in Section 3.6 herein.
- (e) Any resignation or removal of a Trustee or Corporate Co-Trustee shall not become effective until any fees and expenses due to the former Trustee are paid. No resignation or removal of a Trustee that would result in a vacancy, for purposes of Section 5.1(b) herein shall become effective until a Successor Trustee is appointed as provided in Section 5.7(d) herein.
- (f) Any former Trustee or Corporate Co-Trustee shall upon payment of such Trustee's fees and expenses transfer and, where applicable, deliver to a remaining Trustee or the Successor, all documents, including, without limitation, all Permitted Investments, and statements and monies held by such Trustee under this Agreement. The Trustees and the former Trustee shall execute and deliver such instruments and do such other things as may reasonably be required

for fully and certainly vesting and confirming in the Successor Trustee, all such rights, powers, duties and obligations.

Section 5.8 Merger or Consolidation of Trustee

Any such time as there is a Corporate Co-Trustee, any corporation into which such Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidated, or any corporation to which such Corporate Co-Trustee shall be party, or any corporation succeeding to all or substantially all of the corporate trust business of such Corporate Co-Trustee hereunder, provided such corporation shall be eligible pursuant to Section 5.10 herein, and without the execution or filing of any instrument or any further act on the part of any of the parties hereto; provided, however, that such Corporate Co-Trustee shall mail notice of such merger or consolidation to PCHS and each other Trustee.

Section 5.9 Appointment of Co-Trustee or Separate Trustee

- (a) Notwithstanding any other provisions of this Agreement, at any time: (i) for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at any time be located, or (ii) for such other purposes as PCHS and the Trustees may determine, any Authorized Officer of PCHS shall have power to appoint one more persons to act as Co-Trustees, jointly with the Trustees, or as separate Trustee or Trustees, of all or any part of the Trust Estate and vest in such Person or Persons in such capacity, such title to the Trust Estate, or any part thereof, and, subject to other provisions of this Section 5.9, such powers, duties, obligations, rights and trusts as PCHS may consider necessary or desirable. If no Authorized Officer of PCHS shall have made any such appointment under clause (i) above within fifteen (15) days after the receipt by PCHS of a request to do so, for all purposes of this Agreement PCHS shall be deemed to have appointed such Trustee as the Trustees may designate. No Co-Trustee or separate Trustee under this Agreement shall be required to meet the terms of eligibility as a Successor Trustee pursuant to Section 5.10 herein.
- (b) Each separate Trustee and Co-Trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:
- (i) All rights, powers, duties and obligations conferred to or imposed upon the Trustees shall be conferred upon and exercised and performed by the Trustees and such separate Trustee or Co-Trustee jointly, it being understood that such separate Trustee or Co-Trustee is not authorized to act independently without the Trustees joining in such act, except (A) to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustees, or any of them, shall be incompetent or unqualified to perform such acts or acts, in which event such rights, powers,

duties and obligations, including without limitation, the holding of title to the Trust Estate or any portion thereof in any such jurisdiction, shall be exercised and performed singly by such separate Trustee or Co-Trustee or jointly by such separate Trustee, but solely at the direction of the Trustees, or (B) as expressly provided by the terms of such appointment; (ii) no Trustee under this Agreement shall be personally liable by reason of any act or omission of any other Trustee under this Agreement; and, (iii) any Authorized Officer of PCHS acting or expressly deemed under the provisions of this Agreement to be acting as a Trustee may at any time accept the resignation of or remove any separate Trustee or Co-Trustee.

(c) Any notice, or other writing given to the Trustees shall be deemed to have been given to each of the then separate Trustees and Co-Trustees, as effectively as if given to each of them. Every instrument appointing any separate Trustee or Co-Trustee shall refer to this Agreement and the conditions of this Article 5. Each separate Trustee or Co-Trustee, upon his, her or its acceptance of the Trusts conferred, shall be vested with the Estates of property specified in the instrument of appointment, either jointly with the Trustees or separately, as may be provided therein, subject to all of the provisions of this Agreement, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of or affording protection to the Trustees. Each such instrument shall be filed with the Trustees and a copy thereof given to PCHS.

(d) Any separate Trustee or Co-Trustee who is an Authorized Officer of PCHS or pursuant to Section 5.9(a) herein may at any time appoint the Trustees as his, her or its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Agreement on behalf of and in the name of such separate Trustee or Co-Trustee. If any separate Trustee or Co-Trustee shall die, become incapable of acting, resign or be removed, all of his, her or its Estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustees, to the extent permitted by law, without the appointment of a new or Successor Trustee.

Section 5.10 Eligibility Requirements for Section 3.6(a) Trustees

Each Corporate Co-Trustee appointed pursuant to Section 3.6(a) herein shall at all times be a corporate Trustee that: (a) is authorized to exercise corporate trust powers, (b) has a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and (c) is subject to supervision or examination by Federal or State authorities. If such corporation shall publish reports of condition at least annually, pursuant to law or the requirements of any supervising or examining authority, then

for the purpose of this Section 5.10, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time any such Trustee shall cease to be eligible in accordance with the provisions of this Section 5.10, such Trustee shall resign immediately in the manner and with the effect specified in Section 5.7 herein.

ARTICLE 6. TERMINATION OF AGREEMENT

Section 6.1 Termination of Agreement

- (a) This Agreement and the Trust shall terminate and be of no further force or effect upon the final distribution by the Trustees of all monies or other property or proceeds of the assets of the Trust Estate in accordance with the terms of this Agreement (the Trust Termination Date).
- (b) No person shall be entitled to revoke or terminate the Trust, except as provided in Section 6.1(a) herein.
- (c) Any funds remaining in the Trust after such Trust Termination Date shall be deemed property of the applicable Plan; provided, however, that in no case will any property of the Trust be distributed to an entity that is not: (i) a state, (ii) a political subdivision of a state, or (iii) an entity the income of which is excluded from gross income under Section 115 of the Code.

ARTICLE 7. MISCELLANEOUS

Section 7.1 No Legal Title to the Trust Assets; No Diversion of Trust Assets

PCHS shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right of PCHS hereunder shall operate to terminate this Agreement or the Trusts hereunder or entitle any transferee to an accounting or to the transfer to it of the legal title to any assets of the Trust. Without limitation on the following provisions, all assets of the Trust Estate shall be held in trust for the exclusive purpose of providing post-employment health care and related benefits to the applicable Plan for distribution to eligible PCHS retirees and their dependents to the extent said retirees and dependents are entitled to receive such benefits under such Plan and defraying the reasonable administrative, legal, actuarial audit, reporting and compliance expenses of such Plan.

Section 7.2 Limitations on Rights of Others; Exclusive Benefit

Except as expressly provided herein, the provisions of this Agreement are solely for the benefit of the Trustees, including the Corporate Co-Trustee, the Plans and PCHS, and nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in

the Trust Estate or under or in respect of this Agreement or any covenants, conditions or provisions contained herein; provided, however, that in all events the assets of the Trust shall be held in trust for the exclusive purpose of providing post-employment health care and related benefits to the applicable Plan for distribution to eligible PCHS retirees and their dependents pursuant to PCHS's policies and applicable collective bargaining agreements, and defraying the reasonable expenses associated with the providing of such benefits, and shall not be used for or diverted to any other purpose.

Section 7.3 Notices

All demands, notices and communications upon or to PCHS or the Trustees under this Agreement shall be in writing, personally delivered, sent by electronic mail or mailed by first class mail or sent overnight courier, and shall be deemed to have been duly given upon receipt:

(a) In the case of PCHS at the following address:

Palisades Charter High School
Attention: Chief Business Officer
15777 Bowdoin Street
Pacific Palisades, CA 90272

(b) In the case of the Trust or the Trustees, to the Trustees at the Trust Office and any additional office designated in writing by any Trustee to all Trustees; and

(c) In the case of the Corporate Co-Trustee to the office of the Corporate Co-Trustee designated in writing by such Trustee.

Section 7.4 Severability

If any one or more of the covenants, agreements, provisions, or terms of this Agreement shall be, for any reason whatsoever, held invalid, then such covenants, agreements, provisions or terms of this Agreement shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

Section 7.5 Amendments

This Agreement shall not be amended without the prior written consent of an Authorized Officer of PCHS; subject to the foregoing, this Agreement may be amended by the Trustees, and Corporate Co-Trustee, to the extent any interest, duty, liability or immunity or other provision of this Agreement may be affected thereby; provided, however, that the provisions of Section 4.2 herein shall not be amended

without a legal opinion of nationally recognized counsel to the Trust, to the effect that such amendment, in and of itself, will not cause the Trust to become an entity, the income of which, is not exempt from Federal Income Taxation pursuant to Section 115 of the Code.

Section 7.6 Form of Amendments

- (a) Subject to the conditions and limitations provided in Section 7.5 herein, no amendment of this Agreement shall be effective unless it is contained in a writing executed by not less than two (2) Voting Trustees.
- (b) Promptly after the execution of any amendment pursuant to Section 7.5 herein and Subsection (a) above, the Trustees shall furnish full copies of such Amendment to each Trustee, not an original signatory to such amendment.
- (c) Prior to the execution of any amendment to this Agreement, the Trustees shall be entitled to receive and rely upon an opinion of counsel stating that the execution of such amendment is authorized or permitted by this Agreement, including, but without limitation, the provisions of Section 7.5 herein. The Trustees may, but shall not be obligated to, enter into any such amendment that affects the Trustees' own rights, duties or immunities under this Agreement or otherwise.

Section 7.7 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered, shall be considered an original, but such counterparts shall together constitute one and the same instrument.

Section 7.8 Successors and Assigns

All covenants and agreements contained herein shall be binding upon, and inure to the benefit, of the Plans and the Trustees and Corporate Co-Trustee and their respective successors and permitted assigns, all as herein provided.

Section 7.9 Headings

The Headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 7.10 Valuation

The Assets of the Trust shall be valued at their fair market value on the date of valuation, as determined by the Trustee, based upon such sources of information as it may deem reliable; provided, however, the PCHS or a Compliance

Manager, if applicable, shall instruct the Trustee as to the valuation of assets which are not readily determinable on an established market. The Trustee may rely conclusively on such valuations provided by the PCHS or a Compliance Manager, as the case may be, and shall be indemnified and held harmless by PCHS with respect to such reliance. If neither PCHS nor any Compliance Manager provides such values, any Corporate Co-Trustee or any Voting Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be the expense of administration of the Trust. Transactions in the Trust Account involving such hard-to-value assets shall be postponed until appropriate valuations have been received and no Trustee or Co-Trustee shall have any liability therefor.

Section 7.11 Governing Law

This Agreement shall be construed in accordance with the laws of the State, without reference to its conflict of law provisions, and the obligations, rights and remedies of the Articles hereunder shall be determined in accordance with such laws, provided, however, that any provision of this Agreement relating to the exemption from Federal Income Taxation of Trust income under Section 115 of the Code shall be construed in accordance with the Federal laws of the United States.

IN WITNESS WHEREOF, the Grantor/Initial Co-Trustee and Initial Co-Trustee have caused the Trust Agreement to be duly executed, all as of the day and year first written above.

Dated: March _____, 2024

Sara Margiotta, Grantor and Co-Trustee
Chairperson, Board of Trustees

Dated: March _____, 2024

Pamela Magee, Co-Trustee
Executive Director