

# EMPLOYEE BENEFIT PLAN TRUST AGREEMENT

THIS TRUST AGREEMENT ("Agreement") establishes and defines the terms of the trust between the plan Administrator ("Administrator") who signs the Agreement on behalf of the employee benefit plan (the "Plan") identified on the final page of the Agreement and INVESTORS TRUST COMPANY, a Pennsylvania trust company, ("ITC").

1. **PLAN ADOPTION:** The Employer has duly authorized the Administrator to act on its behalf in the:

Adoption  Amendment  Restatement . . . of the Plan.

2. **APPOINTMENT AND ACCEPTANCE:** Administrator hereby appoints ITC as:

Trustee  Co-Trustee

If ITC is a Co-Trustee, Administrator recognizes and agrees that ITC is a trustee of the Plan only as that term pertains to the investment, reinvestment and safekeeping of the assets under its control as specified below.

3. **TRANSFER OF ASSETS:** Administrator hereby delivers to ITC certain Plan assets that ITC will administer under the Agreement. Administrator may from time to time deliver additional Plan assets to ITC for administration under the Agreement. All Plan assets so delivered, as well as the proceeds received upon the maturity, sale or other disposition of any such assets, and those assets purchased using such proceeds, are collectively called the "Assets" below.

4. **TRUST ADMINISTRATION:** The Trust shall be administered and construed consistently with the Plan document, which is incorporated herein by reference. All terms, defined in the Plan document and used herein, shall have the meanings assigned to them in the Plan document, unless the context otherwise requires; and all rules of construction contained in the Plan document shall apply herein. In the event there is a conflict between the Agreement and the Plan document, the provision of the Plan document shall control.

Administrator shall provide written certification to ITC stating the names and authority of those persons authorized to conduct Plan business and the nature of such business they are authorized to conduct for the Plan and shall supply ITC with a specimen signature of each such person. ITC may rely on the latest certification without further inquiry or verification.

5. **GENERAL POWERS:** Subject to the Plan's Funding and Investment Policy, the Employee Retirement Income Security Act of 1974 ("ERISA") and other applicable law, ITC shall have the following powers, rights, and duties in addition to those provided by law:

- a) To receive and hold all contributions paid to it under the Plan; provided, however, that ITC shall have no duty to require any contributions to be made to it or to determine that the contributions received by it comply with the provisions of the Plan;
- b) To invest and reinvest the Assets, without regard to investments authorized for fiduciaries and without distinction between principal and income, in any investments, including its own securities or those of its affiliates, its own collective trust funds or those of its affiliates, or its own deposit accounts or those of its affiliates;
- c) To sell, liquidate, or dispose of the Assets for such prices and on such terms as it deems desirable;
- d) To retain in cash (pending investment, reinvestment, or payment of benefits) any reasonable portion of the Assets, and to deposit cash in a federally insured checking, money market or savings account maintained by any depository, including its affiliates;
- e) To make payments from the Assets to such persons, in such manner, at such times, and in such amounts as Administrator shall direct without inquiring as to whether a payee is entitled to the payment, or as to whether a

- c) By diversifying the investments of the Trust Fund under its control so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- b) With the care, skill, prudence, and diligence under the circumstances then prevailing which a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims;
- ii) Detracting reasonable expenses of administering the Trust;
- i) Providing benefits to such persons; and

a) For the exclusive purpose of:

**7. EXERCISE OF TRUSTEE'S DUTIES:** Except as provided in the Plan document, ITC shall discharge its duties hereunder solely in the interest of Plan Participants and their Beneficiaries, and;

that ITC will provide Administrator with written notification prior to effecting such change. Administrator. Administrator understands and agrees that such schedule may be changed by ITC at any time, provided time based on its published or otherwise generally applicable fee schedule in effect at the time it renders its services to Administrator. Unless directed in writing to do otherwise, ITC shall charge compensation from the Assets from time to time administration, investment, protection, and distribution of the Assets to the extent that they are not paid directly by (including fees of persons employed by it in accordance with Section 5, k) incurred in connection with the collection, and charges ITC is authorized to pay from the Assets all of Trustee's expenses, taxes, and charges

**6. COMPENSATION AND EXPENSES:** ITC is authorized to pay from the Assets all of Trustee's expenses, taxes, and charges (including fees of persons employed by it in accordance with Section 5, k) incurred in connection with the collection, administration, investment, protection, and distribution of the Assets to the extent that they are not paid directly by

m) To perform any and all other acts which, in its judgment, are necessary or appropriate for the proper and advantageous management, investment, and distribution of the Assets.

l) To assume until advised to the contrary that the Plan, referenced by the Agreement, is qualified under Section 401(a) of the Internal Revenue Code of 1986 (the "Code"), and is entitled to tax exemption under Section 501(a) thereof; and

k) To employ agents, attorneys, actuaries, third party administrators, accountants, or other persons (who also may be employed by or represent Administrator) for such purposes as ITC considers desirable;

j) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery thereof until final adjudication is made by a court of competent jurisdiction;

i) To hold securities or other property in the name of ITC as Trustee or its nominee, or in such other form as it determines best, with or without disclosing the trust relationship, provided that the records of the Trustee shall indicate the actual ownership of such securities or other property;

h) To have and exercise all the rights of an individual owner, including the power to vote and to give proxies to vote stock, to exercise or sell stock subscription or conversion rights with respect to the Assets, and to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, recapitalizations, liquidations, or sales of corporations or properties, including those in which it is interested as Trustee or otherwise;

g) To begin, maintain or defend any litigation necessary in connection with the investment, reinvestment, and administration of the Trust;

f) To compromise, contest, arbitrate, settle, or abandon claims and demands;

e) To begin, maintain or defend any litigation necessary in connection with the investment, reinvestment, and administration of the Trust;

d) To have and exercise all the rights of an individual owner, including the power to vote and to give proxies to vote stock, to exercise or sell stock subscription or conversion rights with respect to the Assets, and to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, recapitalizations, liquidations, or sales of corporations or properties, including those in which it is interested as Trustee or otherwise;

c) To hold securities or other property in the name of ITC as Trustee or its nominee, or in such other form as it determines best, with or without disclosing the trust relationship, provided that the records of the Trustee shall indicate the actual ownership of such securities or other property;

b) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery thereof until final adjudication is made by a court of competent jurisdiction;

a) To employ agents, attorneys, actuaries, third party administrators, accountants, or other persons (who also may be employed by or represent Administrator) for such purposes as ITC considers desirable;

- (d) In accordance with the documents and instruments governing the trust insofar as such documents and instruments are consistent with the provisions of ERISA.
8. **INVESTMENT MANAGER:** Administrator may appoint one or more Investment Managers to manage all or a designated portion of the Assets. In the event Administrator appoints one or more Investment Managers, such portion of the Assets as shall be designated by Administrator to be managed by each such Investment Manager shall be segregated and made subject to such Investment Manager's exclusive control regarding the investment and reinvestment thereof. ITC shall follow the directions of the Investment Manager regarding the investment and reinvestment of the portion of the Assets under the control of such Investment Manager.
- ITC shall not be liable for any act or omission of an Investment Manager and shall not be under any obligation to manage the portion of the Assets under the control of such Investment Manager, including the obligation to vote proxies. ITC shall have no liability or responsibility for actions or inaction when such are directed by, or failing to act in the absence of direction from, a Plan Investment Manager, unless ITC knows that by such action or inaction it is participating in a breach of fiduciary duty by an Investment Manager.
- Administrator agrees to indemnify and save ITC harmless from and against any and all loss arising from its action or inaction pursuant to any direction of, or its inaction in the absence of any direction from, an Investment Manager, unless ITC has acted in willful or negligent violation of the law or regulations.
9. **REPORTS:** Within 30 days after the close of each fiscal quarter of a Plan Year (and at such other times as requested by Administrator), ITC shall file with Administrator a written account of the Assets, setting forth all investments, receipts, cash, securities, other property or investments, and liabilities held or owed as of such date. Each such account shall become final and binding on all parties unless Administrator shall, within 60 days of receipt of such account, file with ITC a written statement claiming mistake, negligence, willful misconduct, or lack of good faith.
10. **DISAGREEMENT AS TO ACTS:** If a disagreement arises between ITC and a party in interest as to any act or transaction pertaining to the Assets, ITC shall have the right to have its account settled by a court of competent jurisdiction.
11. **PERSONS DEALING WITH ITC:** No person dealing with ITC shall be required to see to the application of any money paid or property delivered to ITC or to determine whether or not ITC is acting pursuant to any authority granted to it under the Agreement. Any person dealing with ITC may rely on a copy of the Agreement and any amendments thereto certified to be true and correct by any officer of ITC.
12. **INDEMNIFICATION OF ITC BY ADMINISTRATOR:** Administrator agrees to indemnify and save ITC harmless from and against any and all loss (including attorneys' fees and other costs of defense) arising from:
- a) ITC's service under the Agreement unless ITC has acted in willful or negligent violation of the law or regulations,
  - b) The actions of any prior trustee,
  - c) The actions of any other Co-Trustee.
13. **RESIGNATION:** ITC may resign at any time by giving 60 days written notice to Administrator.
14. **REMOVAL OF ITC:** Administrator may remove ITC by giving 60 days written notice to ITC, subject to providing ITC with satisfactory written evidence of the appointment of a successor Trustee and of the successor Trustee's acceptance of such appointment.
15. **DUTIES OF RESIGNING OR REMOVED TRUSTEE:** If ITC resigns or is removed, it shall promptly transfer and deliver the Assets to the successor Trustee, after reserving such reasonable amount as it shall deem necessary to provide for its fees and expenses and any liabilities chargeable against the Assets. Within 60 days, ITC shall furnish Administrator and the successor Trustee with an account of its administration of the trust from the date of its last account. Each successor Trustee shall succeed to the title to the Assets without the signing or filing of any further instrument, and ITC shall execute all documents and do all acts necessary to vest such title or record in any successor Trustee. If any Assets have been invested in a collective investment fund, ITC shall cause such investment to be liquidated at the earliest practical

time after notice has been given or received by ITC of such resignation or removal. Each successor Trustee shall have all the powers, rights, and duties conferred by this Trust Agreement as if originally named Trustee. No successor Trustee shall be personally liable for any act or failure to act of a predecessor Trustee.

16. **AMENDMENT:** Administrator reserves the right to amend the Agreement at any time; provided, however, that no amendment shall change the rights, duties, and liabilities of ITC without its consent; and provided further, that no amendment shall be made which would permit any part of the Assets to be used for, or diverted to, any purpose other than the exclusive benefit of Plan participants and their beneficiaries.

17. **TERMINATION:** If the Plan is terminated, all provisions of the Trust Agreement notwithstanding shall continue in effect until the Assets are distributed by ITC as directed by Administrator.

18. **INSURANCE EXPLANATION:** ADMINISTRATOR RECOGNIZES AND ACKNOWLEDGES THAT THE INVESTMENT ACCOUNT ESTABLISHED BY THE AGREEMENT IS NOT A BANK ACCOUNT AND IS NOT

**INSURED BY THE FDIC.** Administrator further acknowledges that, while some investments (such as certificates of deposit, certain bank depository accounts and United States Treasury securities), which may be purchased by ITC for Administrator's account, may be insured by the FDIC or by the Federal Government, stocks, bonds and mutual funds are not insured in such a fashion and are subject to price fluctuations.

**In Witness Whereof,** Administrator and ITC have caused this instrument to be executed by their duly authorized officers.

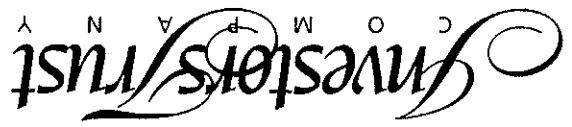
Under penalty of perjury, Administrator certifies that the numbers shown on this form are the employer's and the Plan's correct Taxpayer Identification Numbers.

Administrator's Signature:

*Sharon O. Harrison*  
[Name & Title: Sharon O. Harrison  
Township Manager

Administrator's Address

P. O. Box 130  
Bernville, PA 19506



by: *R. T. James*  
[Title: VICE PRESIDENT

Date:

*5/1/00*

Administrator's Phone Number

(610) 488-1160

Plan Tax I.D. #

23-1900883

Employer Tax I.D. #

Plan Name

Penn Township Non-Uniformed Pension Plan

Date:

April 24, 2000