

POST RETIREMENT HEALTH BENEFITS TRUST AGREEMENT
FOR THE COUNTY OF CONTRA COSTA

Effective January 1, 2008

TABLE OF CONTENTS

| | | Page |
|-------------|--|-------------|
| ARTICLE I | DEFINITIONS AND CONSTRUCTION | 1 |
| ARTICLE II | PURPOSE..... | 2 |
| ARTICLE III | THE BOARD OF TRUSTEES AND THE TRUST..... | 2 |
| ARTICLE IV | DUTIES AND POWERS OF THE TRUSTEE | 3 |
| ARTICLE V | REPLACEMENT OF THE TRUSTEE | 5 |
| ARTICLE VI | AMENDMENT OF THE TRUST AGREEMENT | 6 |
| ARTICLE VII | MISCELLANEOUS | 6 |

**POST RETIREMENT HEALTH BENEFITS TRUST AGREEMENT
FOR THE COUNTY OF CONTRA COSTA**

This TRUST AGREEMENT is made as of the first day of January, 2008, by and between the County of Contra Costa and the Board of Trustees. This Trust Agreement was signed on the date set out below with the signatures hereto.

RECITALS

WHEREAS, the County has established the County of Contra Costa Post Retirement Health Benefits Plan (“Plan”), a plan providing health benefits to certain retired Employees and their Spouses and Dependents, with this trust as an integral part of the County; and

WHEREAS, to the extent provided by the Plan, assets available to pay benefits provided by the Plan may be held in trust and assets held in trust must be used only for the exclusive purpose of providing such benefits as are provided by the Plan and to defray reasonable expenses of administration (including investment); and

WHEREAS, the County and the members of the Board of Trustees desire to enter into this Trust Agreement, effective as of January 1, 2008 to set forth the responsibilities and obligations of the Trustee; and

WHEREAS, the members of the Board of Trustees desire to serve as the Trustee under the Plan in accordance with the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the County and the members of the Board of Trustees agree, effective as of January 1, 2008, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

1.1 Definitions. For purposes of this Trust Agreement, capitalized terms and expressions used herein shall have the meanings set forth in the Plan or as indicated below unless the context clearly requires otherwise:

“Board” means the Board of Supervisors of the County.

“Board of Trustees” means the individuals who, collectively, constitute the Trustee.

“Custodian” means the financial institution chosen by the Trustee to hold any assets of the Plan for the sole purpose of providing benefits under the Plan and paying reasonable expenses of the Plan and Trust.

“GASB 45” means Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

“Plan” means the County of Contra Costa Post Retirement Health Benefits Plan as amended from time to time.

“Trust” means the legal entity resulting from this Trust Agreement.

“Trust Agreement” means this instrument, as amended from time to time.

“Trustee” means the Board of Trustees described in Article III herein.

1.2 Headings and Subheadings. The headings and subheadings in this Trust Agreement are inserted for the convenience of reference only and are to be ignored in any construction of the provisions thereof.

ARTICLE II

PURPOSE

The County and Trustee intend to establish and maintain the Trust to hold assets to pay post retirement health benefits for certain retired Employees, and their Spouses and Dependents, to the extent provided by the Plan, of the County and other Employers that participate in the Plan. The Trustee shall separately account for all contributions, distributions, payments, expenses, gains and losses attributable to the County and each other Employer that participates in the Plan. They also intend that this Trust meet the requirements of GASB 45 as necessary for Trust assets to be treated as assets that reduce any liability of the County (and other Employers) for such benefits.

ARTICLE III

THE BOARD OF TRUSTEES AND THE TRUST

3.1 The Board of Trustees. The Board of Trustees shall be composed of the individuals who hold the following offices in the County: Auditor-Controller, Chief Administrative Officer, Director of Finance, Contra Costa Regional Medical Center Finance Director, and Treasurer-Tax Collector. The Board of Trustees shall establish rules and by-laws as may be necessary or appropriate for its operation including the selection of the Chair and other officers and the execution of documents on behalf of the Board of Trustees. The Board of Trustees shall meet at least once every calendar quarter.

3.2 Establishment of the Trust. This Trust Agreement establishes the Trust effective January 1, 2008. The Trustee shall hold under the Trust all contributions made under the terms of the Plan, together with any income, gains or profits and taking account of any losses and expenses. As soon as practicable, the Trustee shall engage a Custodian to hold Trust assets. Thereafter, the County shall contribute no less than one dollar (\$1.00) to an account owned by the Trust to be held in accordance with the terms of this Trust Agreement. All custodial accounts and annuity contracts and other investments held under the Plan, shall be titled in the name of the Trust and shall be deemed part of the Trust.

3.3 No Reversion to the County or Other Employers. Except as provided in Section 6.2 below and the Plan, it shall be impossible, at any time, for any part of the Trust

assets, other than such part as is required to pay taxes (if any) and expenses, to be returned to, or revert to, the County, or other Employers that participate in the Plan, to be recoverable by the County or other Employers that participate in the Plan, or to be used for, or diverted to, purposes other than for the exclusive benefit of the retired Employees and their Spouses and Dependents who receive benefits under the Plan. Notwithstanding the prior sentence, the Trustee shall return to the County or other affected Employer any contributions that were made on account of a mistake in fact; any such return shall be made no later than one year after the contribution is received and no earnings on such contribution shall be returned. The Trustee shall determine whether a contribution was made on account of a mistake in fact.

3.4 Receipt of Contributions. The Trustee shall receive all contributions made under the Plan. However, the Trustee may elect to have all contributions paid directly to the Custodian. The Trustee shall not be responsible in any way for the administration of the Plan and shall be under no duty to determine whether the amount of any contribution is in accordance with the Plan or to collect or enforce payment of any contribution.

3.5 Distributions. Distributions from the Trust shall be made by the Trustee only to the persons, at the time, in the form, and in the amount as the Administrator shall direct in writing from time to time in accordance with the Plan. The Trustee shall be fully protected in making payments in accordance with written directions of the Administrator without ascertaining whether such payments are in compliance with the terms of the Plan.

ARTICLE IV

DUTIES AND POWERS OF THE TRUSTEE

4.1 Fiduciary Duties. The Plan, the Administrator, the members of the Board of Trustees, the Trustee and the Trust shall be governed by the fiduciary requirements of Section 17, Article XVI of the California Constitution. The Administrator and Trustee shall have exclusive responsibility to administer the Plan and Trust (to the extent of their responsibilities set out in the Plan and Trust Agreement) and shall act solely in the interest of the retired Employees and their Spouses and Dependents who receive benefits under the Plan and in accordance with the terms of the Plan and Trust Agreement and governing California and federal law. No part of the Trust assets may be used for, or diverted to, purposes other than for the exclusive purposes of providing benefits to such persons, except as is provided herein and in the Plan. The Administrator and the Trustee shall discharge their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

4.2 General Powers. The Trustee shall have all of the powers necessary or appropriate to perform properly the duties herein set forth.

4.3 Investment Powers. The Trustee shall determine all investments of the Trust and in this regard shall act in accordance with the rules of Section 17, Article XVI of the California Constitution in this regard. In accordance with these rules, the Trustee may engage professional investment managers and consultants or advisors.

4.4 Agents. The Trustee may employ such counsel, accountants, brokers, actuaries and other agents and provide for such clerical, accounting, actuarial and other services as the Trustee may deem advisable to perform its duties under this Trust Agreement, or as may be directed by the Plan Administrator.

4.5 Claims. The Trustee shall have the power and authority to settle, compromise or submit to arbitration, any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal or administrative proceedings whenever, in its judgment, any interest of the Trust so requires, and to represent the Trust in all suits or legal or administrative proceedings in any court of law or equity or before any other body or tribunal. The Trustee shall inform the County and the Plan Administrator as soon as possible about any such claims, debts or damages, and shall fully cooperate with the County and the Plan Administrator with respect to any suits or legal or administrative proceedings that result from or arise out of such claims, debts or damages.

4.6 Accounting.

(a) The Trustee shall keep, or cause to be kept, appropriate and accurate accounts of, and records reflecting all transactions concerning the Trust, including but not limited to contributions, gains, losses, expenses, and distribution of benefits. The Trustee shall maintain separate accounts for the contributions, net earnings, expenses and distributions attributed to each Employer. If the Trustee elects to have all contributions paid directly to a custodian, then the Trustee shall be entitled to rely on the records of accounts provided to it by such custodian, and by the County and other Employers with respect to contributions, gains, losses, expenses, distributions of benefits and all other transactions involving the Trust. The Trustee shall be entitled to be reimbursed for its actual and reasonable expenses incurred in preparing any accounting.

(b) The Trustee shall furnish the Plan Administrator and the Board a written account of the transactions concerning assets under the Trust at such times and from time to time as agreed to with the Plan Administrator, but no less than monthly, as soon as practical after the close of each month. The Trustee and Plan Administrator shall agree on the format and contents of such accounting. At any time, the Plan Administrator may (but is not required to) engage an independent certified public accountant to examine the Plan's financial statements or internal control procedures. If the Plan Administrator engages an independent accountant, the Plan Administrator shall require that such engagement provide that the examination be made according to generally accepted auditing standards (or according to other agreed-upon procedures that the Trustee approves in writing). The Trustee is entitled to rely upon the accountant's examination and opinion and all reports relating to the examination.

(c) Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall have the right at any time to petition any appropriate court for a settlement of the Trust assets or for the court's instructions in executing the Trustee's obligations under the Trust.

4.7 Expenses. No additional compensation shall be paid to any member of the Board of Trustees for services provided under this Trust Agreement. The Trustee may pay, from the Trust, reasonable expenses of administering the Trust and investing Trust assets. The members

of the Board of Trustees shall be paid or reimbursed from the Trust for such expenses incurred in carrying out their duties as Trustees that are agreed to, from time to time, by the County.

4.8 Indemnification and Insurance.

(a) For any member of the Board of Trustees, his or her duty under this Trust Agreement shall be treated as official duties, and he or she shall be entitled to relief from liability, and defense and indemnification, to the same extent as provided for any government officer or employee in the conduct of his/her official duties.

(b) To the extent consistent with its fiduciary duties, the Board of Trustees may purchase with Trust assets fiduciary liability (and other appropriate insurance) to protect the Trust and may make available such insurance to the members of the Board of Trustees to purchase with their own funds.

(c) The Trustee shall not be liable for the payment of any benefits in excess of the assets of the Trust.

ARTICLE V

REPLACEMENT OF THE TRUSTEE

5.1 Replacement of the Trustee.

(a) The County may remove and replace the Trustee at any time and from time to time with a written notice to the Trustee of removal and replacement. Except where necessary to protect the rights and benefits of Plan Participants and Beneficiaries, the County shall give 60 days written notice of removal and replacement to the Trustee.

(b) In the event another entity or person replaces the Trustee, the Trustee shall take all necessary and appropriate steps to transfer to its successor trustee all Trust assets as soon as possible. The Trustee may undertake a reasonable accounting of the Trust prior to such transfer but such accounting shall not cause unreasonable delay in any transfer of Trust assets.

(c) The replacement of the Trustee shall not result in the termination of this Trust Agreement. A successor Trustee shall have the same powers and duties as those herein conferred upon the Trustee, except as provided in any new trust agreement between the County and such replacement.

5.2 Resignation of the Trustee.

(a) The Trustee may resign at any time by giving 60 days advance written notice to the Plan Administrator and the County.

(b) If any member ceases to occupy a position that makes her or her a member of the Board of Trustees, such person shall cease being such a member immediately. Additionally, a member of the Board of Trustees may resign at any time by giving 60 days advance written notice to the Plan Administrator, the County and each of the other members of

the Board of Trustees. Upon such resignation, the Board may amend this Trust Agreement, unilaterally, to designate another individual (or person holding a specified position) to be a member of the Board of Trustees.

ARTICLE VI

AMENDMENT OF THE TRUST AGREEMENT

AND TERMINATION OF THE TRUST

6.1 Amendment of the Trust Agreement. This Trust Agreement does not provide or create any contractual or other obligation of the County or any other Employer to provide any benefit to any person. This Trust Agreement may be amended by the Board in its sole discretion in whole or in part, in any manner, and without limit, including reducing or eliminating the payment of any benefits under the Plan or Trust. Such modification, alteration or amendment may be made without providing any other benefits in lieu thereof and for any persons (including but not limited to persons then receiving benefits under the Plan or Trust). However, any assets held in the Trust at the time of amendment shall continue to be held in the Trust and used to provide health benefits in accordance with the Plan and pay reasonable expenses of administration and investment. Any amendment may be made without the consent of the Trustee or any other person or entity. If the Trust Agreement is amended in a way that increases the duties of the Trustee, and the Trustee objects thereto, the Trustee may resign by giving 10 days advance written notice to the Administrator and the County.

6.2 Termination of the Trust. The continuance of the Plan or Trust is not a contractual or other obligation of the County. The Board shall have the right at any time and for any reason, in its sole discretion, to terminate the Plan and cease paying any or all benefits under the Plan and Trust (including but not limited to persons then receiving benefits under the Plan or Trust) without providing any other benefits in lieu thereof. However, assets held in the Trust at the time of termination shall continue to be held in the Trust and used to provide health benefits in accordance with the Plan and pay reasonable expenses of administration and investment. Upon termination of the Trust, after all benefits owed under the Plan have been paid and all Plan and Trust expenses have been paid, any assets remaining in the Trust shall revert to the Employers in proportion to their contributions to the Trust for the prior 5 years or be transferred to another entity or person that meets the requirements to be tax exempt under the Code, as determined by each Employer, in its discretion, with respect to Trust assets allocated to its account.

ARTICLE VII

MISCELLANEOUS

7.1 Reliance. The parties hereto shall be protected in acting upon any notice, resolution, request, consent order, certificate, report, opinion, statement or other document which they reasonably believed to be genuine and to have been signed by the proper party or parties or by a person or persons authorized to act on its behalf.

7.2 Person Dealing with the Trustee. No person dealing with the Trustee shall be under any obligation to inquire into the validity, expediency or propriety of any action by the Trustee or of any exercise by it of any of the powers conferred upon it by this Trust Agreement. The execution by the Trustee of any instrument, document or paper in connection with the exercise of any of the powers enumerated herein shall, of itself, be conclusive evidence to all persons of the authority of the Trustee to execute the same and to exercise the powers incident thereto.

7.3 Anti-Alienation. No right or claim to, or interest in, any part of the Plan's or Trust's assets, or any payment from this Plan or Trust shall be subject to anticipation, alienation, sale, transfer, assignment, mortgage, pledge, encumbrance, hypothecation, commutation, garnishment, charge, or any other process of any court except as specifically permitted under the Plan or this Trust Agreement or required by law. No benefit payable from the Plan or Trust to any person shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, except to such extent required by law. Any attempt to anticipate, alienate, sell, transfer, assign, mortgage, pledge, garnish, encumber, charge, or levy against any benefit under the Plan or Trust shall be void, except as required by law. No portion of the benefits payable under the Plan or Trust shall be subject to the bankruptcy estate of any person, except as required by law.

7.4 Notices. All orders, requests, directions and instructions of the Plan Administrator to the Trustee shall be in writing, signed by a person authorized to act on its behalf. Unless the Trustee knows or has reason to know (through its exercise of its fiduciary duties or otherwise) that the direction constitutes a breach of the Plan Administrator's duties or responsibilities under the Plan, the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, directions and instructions. In the absence of knowledge of, or reason to know, that the direction constitutes such a breach, the Trustee shall be entitled to rely conclusively on such direction, and shall have no further duty to make any investigation or inquiry before acting upon any such direction of the Plan Administrator.

7.5 Law. This Trust Agreement is made in the State of California, and shall be construed in accordance with the laws thereof and applicable federal law.

7.6 Invalidity. In the event any provision of this Trust Agreement shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof, and this Trust Agreement shall thereafter be construed and enforced as if said illegal or invalid provisions had never been included therein.

7.7 Entire Agreement. This Agreement constitutes the entire agreement between the County and the Trustee. This Trust Agreement shall not be modified or amended by any other statement, representation or agreement, whether written or oral, between any person or persons whomsoever, except as provided in this Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed by their representatives thereunto duly authorized as of January 1, 2008.

_____, 2008

COUNTY OF CONTRA COSTA

(signature)

(name)

(title)

_____, 2008

MEMBERS OF THE BOARD OF TRUSTEES

(signature)

(name)

(title)

_____, 2008

(signature)

(name)

(title)