

LOCAL 305

NATIONAL POSTAL MAIL HANDLERS UNION

A Division of the Laborers' International Union

of North America

AFL-CIO (LIUNA)

SCHOLARSHIP PLAN

EFFECTIVE JANUARY 1, 2010

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INTRODUCTION

Effective January 1, 1986, Local 305, National Post Office Mail Handlers, Watchmen, Messengers, and Group Leaders Division of the Laborers' International Union of North America (the "Union") entered into a Welfare Benefit Trust Agreement (the "1986 Trust Agreement").

Effective October 8, 2001, under Article V of the 1986 Trust Agreement, the Union (renamed "Local 305 National Postal Mail Handlers Union, a Division of the Laborers' International Union of North America AFL-CIO (LIUNA)"), adopted the Welfare Benefit Trust Agreement, as amended and restated effective October 8, 2001 (the "Trust Agreement"), which replaced and superseded the 1986 Trust Agreement and all previous amendments up to the date of the 2001 amendment and restatement.

Effective January 1, 2003, the Union adopted a Scholarship Plan ("the 2003 Scholarship Plan") to be funded under the 2001 Trust Agreement.

Effective January 10, 2010, under Article IV of the 2001 Trust Agreement, the Union adopted the Welfare Benefit Trust Agreement, as amended and restated effective January 1, 2010 ("the Trust Agreement") which replaces and supersedes the 2001 Trust Agreement and all previous amendments up to the date of the 2010 amendment and restatement.

Effective January 1, 2010, under Article IV of the 2003 Scholarship Plan, the Union adopted this Scholarship Plan, as amended and restated effective January 1, 2010 (the "Scholarship Plan") which replaces and supersedes the 2003 Scholarship Plan and all previous amendments up to the date of this amendment and restatement.

The Trust, the Scholarship Plan, all predecessor Trusts and certain other plans are intended to qualify as a voluntary employees' beneficiary association (a "VEBA") under section 501(c) (9) of the Internal Revenue Code of 1986, as amended (the "Code").

ARTICLE I

CREATION OF THE SCHOLARSHIP PLAN

A. Name - The name of the Plan created and maintained hereby is the Local 305 National Postal Mail Handlers Union, a Division of the Laborers' International Union of North America (LIUNA)

Scholarship Plan, effective January 1, 2010.

B. Purpose and Construction - The purpose of this Scholarship Plan is to provide educational opportunities for Eligible Dependents of Union Members by providing financial assistance to those who meet the conditions of eligibility and who are selected pursuant to Article III. C.

1. **Sponsor** - The Sponsor of this Scholarship Plan is Local 305 National Postal Mail Handlers Union, a division of the Laborers' International Union of North America, AFL-CIO (LIUNA) (the "Union"). The Sponsor is a Fiduciary of the Scholarship Plan; and any action of the Sponsor may be by resolution of its officers or other persons with authorization from those officers.

2. **VEBA Participating Plan** - This Scholarship Plan is intended to be a Participating Plan as defined in the Trust Agreement and, together with other Participating Plans, to qualify as a voluntary employees' beneficiary association ("VEBA").

3. **Applicable Law** - This Scholarship Plan must be construed, enforced and administered in accordance with the laws of Virginia (except its choice-of-law rules) and the laws of the United States of America.

C. Plan Creates No Separate Rights - The creation, continuation, or change of this Scholarship Plan, or any payment does not give a person a non-statutory legal or equitable right against the Sponsor, the Scholarship Plan, the Trust, or any Administrators, Trustees, Fiduciaries or any officers, agents or other person employed by any Plan, Trust or the Union. This Scholarship Plan neither creates nor modifies any membership rights in the Union. Rights or eligibility under this Plan do not create rights or eligibility under any other Sponsor maintained benefit Plan; nor do rights or eligibility under any other Sponsor maintained benefit Plan create any rights or eligibility under this Plan.

D. Non-Alienation of Benefits - Except as permitted by law and specific provisions of this Scholarship Plan, no assignment of any rights or benefits arising under the Plan is permitted or recognized. No rights or benefits are subject to attachment or other legal or equitable process or subject to the jurisdiction of any bankruptcy court.

E. Compliance Intended - The Sponsor intends this Plan to

qualify as a scholarship program described in Code section 117(b) and the Sponsor's contributions to the Plan to qualify as tax deductible expenses. All questions arising in the construction and administration of this Plan must be resolved in a manner that will facilitate the Sponsor's intentions.

1. **Qualification as a VEBA** - This Plan must be interpreted in a manner that results in the Plan's compliance with Code sections 501(c)(9) and 505. The Plan and its provisions must also be interpreted in a manner that results in the Plan's compliance with the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").
2. **Tax Deductible** - The Trust, the Scholarship Plan and certain other plans must also be interpreted to comply with Code sections 419 and 501(c) to the extent necessary to ensure that the Sponsor's contributions to the Scholarship Plan are deductible currently and the Trust's income is tax exempt and to avoid any excise tax.
3. **Questioned Qualification** - If the Internal Revenue Service determines that this Scholarship Plan does not comply with the Code or that it will comply only with certain amendments, caveats, or conditions not acceptable to the Sponsor, then the Sponsor, at its option, may either amend this Scholarship Plan in accordance with the Plan's provisions on amendments to effect a favorable determination or to effect such qualification, or the Sponsor may terminate this Scholarship Plan prospectively or retroactively in accordance with the Plan's provisions on termination.
4. **No Guarantee of Tax Consequences** - Neither the Sponsor nor the Administrator makes any commitment or guarantee that any benefits paid to or on behalf of a Participant under this Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It is the obligation of each Participant to determine whether each payment of benefits under this Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Administrator if the Participant has reason to believe that such payment is not so excludable.

ARTICLE II

FIDUCIARIES, RESPONSIBILITIES AND ADMINISTRATION

A. **Named Fiduciaries** - The Named Fiduciaries for this Scholarship Plan are the Sponsor and the Administrator.

B. **Appointment of Administrator** - The Sponsor must appoint an Administrator, which shall be a committee of three individuals, with three year terms staggered as the Sponsor may determine.

1. **Successors** - Whenever a member of the Administrator committee ceases to serve, the remaining committee members possess the full powers and authority of the Administrator until the vacancy has been filled. The Sponsor shall promptly appoint an individual to fill the vacant term, or portion thereof, created when a member of the Administrator committee ceases to serve. A member of the Administrator committee may resign by delivering a written resignation to the Sponsor or may be removed by a vote of 2/3 majority of the Sponsor's Executive Board.

2. **Qualifications** - At all times when three individuals are serving as Administrator, one of them must be a member of a labor organization that represents mail handlers within the geographical jurisdiction of the Union as it existed on January 1, 1986.

3. **Acceptance** - Each member of the Administrator committee shall, as a condition of appointment, deliver to the Sponsor and the Trustees the member's written acceptance of the fiduciary responsibilities conferred on him or her by this Scholarship Plan.

C. **Responsibilities** - The Sponsor, the Trustees and the Administrator have all responsibilities for this Scholarship Plan.

1. **Sponsor** - The Sponsor retains all responsibilities not specifically delegated to the Trustees, to the Administrator or to other Named Fiduciaries by this Plan or by other authorized act of the Sponsor. The Sponsor has the power to delegate fiduciary responsibilities that the Plan does not specifically delegate.

2. **Trustees** - The Trustees have the responsibilities described in the Trust Agreement.

3. **Administrator** - The Administrator has the responsibilities and authority to effect the purpose of this Scholarship Plan by administering it according to its terms. As necessary to discharge its responsibilities, the Administrator shall interpret the Plan, resolve questions of eligibility to become Participants, grant or deny Participant status to Eligible Dependents, maintain a bank account, request appropriate funds from the Trustees, make authorized benefit payments, and maintain appropriate records of its actions. The Administrator may choose a chairman from among its Members and may appoint a secretary to keep records required by the Plan.

a. **Agency** - Acts and decisions of the Administrator made in good-faith and within its authority shall be conclusive and binding on all parties.

b. **Limitation of Liability** - To the extent permitted by law, each Administrator committee member shall not be liable for any action or omission that is not gross negligence or bad faith; nor shall one Administrator committee member be liable for the act or omission of another Administrator committee member or Fiduciary. Except as provided in this Plan or by agreement between the Sponsor and the Administrator, the Sponsor shall indemnify, save harmless and defend each Administrator committee member against liabilities and expenses of claims arising out of his or her duties, except expenses, claims, and liabilities arising out of the member's own gross negligence or bad faith. The Sponsor shall secure any bond required by law for Administrator committee members and may purchase insurance against their acts or omissions. If the Sponsor does not obtain such insurance, the Administrator committee members may obtain insurance at reasonable expense to the Trust.

c. **Accountants, Specialists and Legal Counsel** - The Sponsor or the Trustees shall authorize and pay the reasonable compensation and expenses for suitable accountants, specialists and legal counsel required for the discharge of the Administrator's responsibilities. The Administrator is entitled to rely on the advice of authorized accountants and legal counsel and shall be protected by the Sponsor, the Members and former Members, the Eligible Dependents and the Participants when it acts in good faith based on such advice.

d. **Plan Reporting and Disclosure** - The Administrator is responsible for complying with all reporting and disclosure requirements under ERISA and under the Code and for maintaining records with respect to Participant eligibility, selection, coverage and benefits paid.

D. **Administration** - The Administrator may adopt or amend rules and guidelines for administration of the Plan, processing of applications and the conduct of Administrator affairs.

1. **Acts and Decisions** - The Administrator acts by a majority of its members in office at the time and may act by a vote at a meeting or in writing without a meeting. the event of a tie vote among Administrator committee members, the Sponsor may decide the pending issue by a majority vote of its officers. The Administrator committee must choose a chairperson from among its members and may appoint a secretary to keep records required by the Plan. The Administrator may authorize one or more of its members to execute a document in the name of the Administrator and shall notify the Sponsor and the Trustees of each member so authorized.

2. **Records** - The Administrator must keep a record of formal proceedings, eligibility and selection decisions and all other data necessary for the proper administration of the Plan. The Administrator will notify the Union of any Administrator action other than routine processing of benefit applications and payments.

3. **Expenses** - The Sponsor shall pay the reasonable Administrator expenses and costs of administering the Plan and may, in its discretion, pay reasonable compensation to Administrator committee members. Subject to relevant provisions of the Trust Agreement, the Trustees may also pay expenses of the Administrator from Trust funds.

4. **Delegation of Administrator's Responsibilities** - The Administrator may, upon prior notice to the Sponsor, name another person as a Fiduciary in the process of delegating any responsibility and power of the Administrator. The Administrator may limit the Fiduciary's duties and responsibilities to the extent specified in that delegation.

a. **Appointment of Selection Committee** - The Administrator may appoint one or more Selection

Committees, including a chairperson, to assist in the administration of the Scholarship Plan, including the selection of Participants and review of denied applications for Plan benefits. A Selection Committee may consist of any number of persons as the Administrator determines and may include both members of the Union and persons from the educational community. Each member of a Selection Committee serves at the Administrator's pleasure. A member may resign by delivering a written resignation to the Administrator. The Administrator may remove a member of a Selection Committee by delivering written notice to that person and to the Sponsor.

b. **Actions of Selection Committee** - A Selection Committee acts by a majority of its members in office at the time and may act by a vote at a meeting or in writing without a meeting. In the event of a tie vote among the Committee Members, the Administrator may decide the pending issue. A Plan Committee may authorize one or more of its members to execute a document in the name of the Plan Committee and shall notify each Trustee, the Administrator, and the Sponsor of each member so authorized. A Plan Committee may adopt bylaws and similar rules consistent with the Plan and its purposes.

ARTICLE III

BENEFITS, APPLICATIONS, SELECTION AND REVIEW

A. **Benefit Eligibility** - To qualify as a Participant in this Plan a person must be an Eligible Dependent of a Member, must have received a high school degree or its equivalent within the preceding four years, and must be entering a public or private institution of higher learning for the first time in the fall of the Plan Year for which he or she applies for Scholarship Plan benefits.

B. **Determination of Eligibility** - The Administrator must determine the eligibility of each person making an application for Scholarship Plan benefits. All good faith eligibility determinations of the Administrator are conclusive and binding on all persons for the Plan Year in question and there is no right of appeal.

C. Benefits Awardable - This Plan provides payment of Educational Expenses, in amounts determined at the sole discretion of the Administrator, for Eligible Dependents who make Timely Application and who are selected as Participants.

1. **Determination of Covered Expenses** - Whether an expense constitutes an Educational Expense will be determined by the Administrator in its sole discretion.

2. **Amount of Benefits Awardable** - The Administrator will, annually and in its sole discretion, determine the amount of Plan benefits awarded to each Participant for the next subsequent Benefit Period, taking into account the factors relevant to the selection of Participants. The Sponsor may limit the total Plan benefits awardable in a given Benefit Period. Such limit may be adjusted from time to time at the discretion of the Sponsor.

3. **Method of Benefit Payment** - Plan benefits will be paid directly to the educational institution in which the Participant is enrolled. Payments will be made at convenient intervals consistent with the requirements of the educational institution and the amount of benefits awarded.

4. **Renewal of Benefits** - Plan benefits generally are awardable for the first Benefit Period for which the Participant is selected. However, subject to the limits established under section III.B.3., and taking into account Participants' needs and scholastic performance, the Administrator may exercise its discretion to renew benefits for an additional Benefit Period in such amount as it may determine. Plan benefits may not be renewed for more than three consecutive Benefit Periods.

5. **Conditions for Applications and Awards** - The Administrator may set reasonable terms and conditions for the award of benefits under this Scholarship Plan and may require applicants and Participants to acknowledge and abide by such terms and conditions

D. Selection Procedure - The Administrator or Selection Committee(s) appointed by it will, during an Annual Selection Period, select Participants and determine benefit awards for the subsequent Benefit Period.

1. **Annual Selection Period** - The Administrator will give Members reasonable notice of the Annual Selection

Period, including the Application Period and its Closing Date, and the date(s) on which Participant selections will be made and announced.

2. **Certification of Eligible Applicants** - The Administrator will, within a reasonable time following the Closing Date for the Application Period, certify to the Sponsor as Eligible Applicants all Eligible Dependents who have made Timely Application for benefits under this Scholarship Plan.

a. **Notice to Applicants** - The Administrator will, at the time Eligible Applicants are certified to the Sponsor, notify each person who has filed an application for the relevant Benefit Period whether or not the person has been certified as an Eligible Applicant. The notice will inform each person who has not been so certified of the reasons certification has been withheld and of the steps the person may take to either obtain such certification or have the determination reviewed.

b. **Expedited Eligibility Review** - A person denied certification as an Eligible Applicant may have the denial reviewed by the Administrator by requesting review in writing to the Administrator within fourteen (14) days of receiving notice that certification was denied. The Administrator shall promptly review the relevant circumstances and, within time to permit the person's participation in the Annual Selection Period if the decision is reversed, make a final decision whether the person may be certified as an Eligible Applicant for the Benefit Period in question.

3. **Selection Criteria.** The Administrator or Selection Committee will determine whether and in what amount each Eligible Applicant shall become a Participant and receive Plan benefits based on the amount of benefits awardable and a comparative assessment of applications and factors which may include, but are not limited to, the following:

- secondary school academic achievement;
- secondary school athletic achievement;
- special needs;

- financial or other hardship; and
- handicaps.

4. **Notice of Selections** - The Administrator will promptly notify the Sponsor and all applicants of the results of the selection process.

a. **Selected Participants** - Applicants selected as Participants in the Scholarship Plan shall be informed of the benefit awarded for the Benefit Period.

b. **Non-Selected Applicants** - Each applicant not selected as a Participant will be notified promptly, but in no event later than ninety (90) days following the decision, that he or she has not been selected to receive Plan benefits for the Benefit Period in question. The notification will describe, in a manner designed to be understood by the applicant, (i) the reason(s) for non-selection, (ii) pertinent Plan provisions on which non-selection was based, (iii) additional material or information which might improve the applicant's opportunity for selection, and (iv) a description of the Plan's review procedure and time limits applicable to such procedures, including a statement of the applicant's right to bring a civil action under ERISA section 504(a) following an adverse benefit determination on review.

E. **Review of Non-selected Applications** - An applicant not awarded Plan Benefits for the Benefit Period for which application was made may have the benefit denial reviewed by delivering a request for review to the Administrator within sixty (60) days of the date on which the applicant is notified of his or her non-selection. Upon receipt of a request for review the full committee of the Administrator or a person designated by the Administrator for that purpose, shall promptly review the claim and, within sixty (60) days of receiving the request for review, notify the applicant of the reviewers' decision.

1. **Record on Review** - An applicant who requests review of a benefit denial may, subject to reasonable measures to preserve the privacy of other applicants, inspect Plan documents and other papers relevant to the applicant's non-selection for benefits and, within thirty (30) days of requesting review, may submit a written statement of the

applicant's views on the matter.

2. **Discretionary Hearing** - The Administrator may in its sole discretion direct that a hearing be conducted on a request for review of benefit denial. The hearing shall be conducted according to such procedures as the Administrator may determine, provided that the applicant seeking review must be given reasonable notice of the time and place of the hearing, time to review relevant documents prior to the hearing, and an opportunity to be present and be heard at the hearing.

3. **Final Decision on Review** - The Administrator or other reviewer shall notify the claimant in writing of the final decision after review. The decision shall be written in a manner calculated to be understood by the applicant and shall include specific reasons for the decision and specific references to the pertinent provisions of the Plan or related documents on which the decision is based. The decision on review is final and binding on all parties and may not be appealed.

4. **Extension of Time** - The Administrator may in its discretion and for good cause grant reasonable extensions of the time limits set forth in sections III. C. and D. of the Plan. Affected applicants shall be notified of such claim extensions.

F. **Administrator Authority and Discretion** - The Administrator may exercise its discretion in implementing any provision in this Scholarship Plan or in implementing any Administrator's Rules provision about benefit payments if that exercise of discretion does not violate any of the other provisions in this Scholarship Plan or the provisions of Code section 117, 501(c) (9) or 505.

G. **Sources of Benefits** - This Scholarship Plan is intended to be a Participating Plan funded according to the terms of the Trust Agreement. The Sponsor must provide the benefits that are awarded under this Scholarship Plan and that are not provided through or by the Trust Fund. The obligations of the Trust Fund for benefits under this Plan are those set forth in the Trust Agreement.

ARTICLE IV

AMENDMENT AND TERMINATION

A. **Amendment** - The Sponsor, by action of its Executive Board, may modify, alter or amend this Scholarship Plan. An amendment may be made retroactively if necessary to make the Plan conform to applicable law. The Administrator must unanimously approve any amendment that affects the composition of the Administrator committee or the number of individuals who serve on the committee.

B. **Termination** - The Sponsor, by action of its Executive Board, may terminate this Scholarship Plan. The Sponsor must notify the Administrator of a Plan termination at least thirty days before the effective date of the termination.

ARTICLE V

CONSTRUCTION AND DEFINITIONS

A. **Construction of Text** - Any word in this Scholarship Plan with an initial capital not expected by ordinary capitalization rules is a defined term according to this Scholarship Plan Article V. Some of these definitions incorporate definitions found in the Code or ERISA and the regulations promulgated pursuant to those statutes (but the terms of the statutes prevail over their respective regulations). To the maximum extent permitted by law, the definitions in this Scholarship Plan shall be read together and harmonized with the definitions in the Trust Agreement to best effect the purposes of the Trust and this Scholarship Plan.

B. **Definitions**

1. **"Administrator"** means a person (an individual or an entity) or a committee of persons that is a Named Fiduciary and serves as this Plan's person described in ERISA section 3(16).

2. **"Administrator's Rules"** means any interpretations or operating guidelines, regulations or rules established by the Administrator for operating this Plan, authorized by the Plan's provisions.

3. "Annual Application Period" means the period announced by the Administrator during which Eligible Dependents may apply to participate in this Plan for a Benefit Period.
4. "Application Form" means the document provided by the Administrator and used by an Eligible Dependent to apply for benefits under this Plan.
5. "Benefit Period" means an annual period from July 1 through the following June 30 to which an Application Form applies.
6. "Closing Date" means the date, established and announced by the Administrator, by which Eligible Dependents must submit their Application Forms to the Administrator in order to be considered in the Annual Selection Period for an award of benefits under this Plan for the relevant Benefit Period.
7. "Code" means the Internal Revenue Code of 1986, as amended at any relevant time.
8. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended at any relevant time.
9. "Educational Expense" means all or part of a Participant's covered expenses for tuition, room and board, fees, books, and other related expenses at an accredited business school, technical or vocational school, college or university.
10. "Eligible Applicant" means a person who has been certified by the Administrator as an Eligible Dependent who has filed a Timely Application for Scholarship Plan benefits for a Benefit Period.
11. "Eligible Dependent" means a person who is a child, and a dependent, of a Member. For purposes of this Plan a person is a child of a Member if the person is the Members' natural child, legally adopted child, stepchild, or a child for whom the Member is legal guardian or the de facto equivalent. For purposes of this Plan a child is a dependent of a Member if the Member may claim the child as a dependent for federal income tax purposes.
12. "Fiduciary" means a person (as defined in ERISA section 3(9)), whose relationship to the Plan is defined in ERISA section 3(21) and Code section 4975(e) (3). A person

is a Fiduciary only to the extent required by ERISA section 3(21) and Code section 4975(e) (3).

13. "Member" means an individual who is a regular member of the Union excluding associate members.

14. "Named Fiduciary" means persons who accept responsibilities under ERISA section 405(c) (3) with respect to this Plan.

15. "Participant" means, consistent with ERISA section 3(7), an Eligible Applicant who has been selected pursuant to the procedures of Article III of this Plan to receive Plan benefits.

16. "Plan" or "Scholarship Plan" means this Local 305 National Postal Mail Handlers Union, a Division of the Laborers' International Union of North America, AFL-CIO (LIUNA) Scholarship Plan, effective January 1, 2010 and, as applicable, its predecessor statement, the 2003 Scholarship Plan.

17. "Plan Year" means the twelve-month period that is the Sponsor's tax year.

18. "Selection Committee" means a group of Members and/or persons in the educational community appointed by the Administrator to assist in the selection of Scholarship Plan Participants.

19. "Sponsor" means the Union.

20. "Timely Application" means a properly completed Application Form, which is delivered to the Administrator during the Annual Application Period and before the Closing Date.

21. "Trust" means the relationship between the Trustees and the Trust Fund governed by the Trust Agreement.

22. "Trust Agreement" means the Local 305 National Postal Mail Handlers Union, a Division of the Laborers International Union of North America AFL-CIO Welfare Benefit Trust Agreement, as amended and restated effective October 8, 2001.

23. "Trustees" means the persons serving as Trust Fund fiduciaries pursuant to the Trust Agreement.

24. "Trust Fund" means the entire undistributed amount of all assets in the custody of the Trustees pursuant to the Trust Agreement, adjusted for expenses, gains and losses.

25. "Union" means Local 305 National Postal Mail Handlers Union, a Division of the Laborers' International Union of North America, AFL-CIO (LIUNA) and, as applicable, its predecessor Local 305 National Post Office Mail Handlers, Watchmen, Messengers, and Group Leaders Division of the Laborers' International Union of North America.

ARTICLE VI

SIGNATURE PAGE

THIS SCHOLARSHIP PLAN, pursuant to the amendment authority of its predecessor 2003 Scholarship Plan, is adopted by the Sponsor, Local 305 National Postal Mail Handlers Union, a Division of the Laborers' International Union of North America, AFL-CIO (LIUNA).

AS EVIDENCE OF THE SPONSOR'S ADOPTION, this Plan as amended through December 31, 2009 is executed by the authorized officer of the Union to be effective January 1, 2010.

LOCAL 305 NATIONAL POSTAL MAIL
HANDLERS UNION, A DIVISION OF
THE LABORERS' INTERNATIONAL UNION
OF NORTH AMERICA, AFL-CIO (LIUNA)

By: Kenneth A. Hayes
Kenneth A. Hayes, President

The undersigned, being duly appointed by the Sponsor, hereby accept the responsibilities of Administrator as set forth in this Plan. This 1st day of January, 2010.

By: John P. Dudley
John P. Dudley
Term expiring 12/31/2010

By: Dunleigh Y. Cardin
Dunleigh Cardin
Term expiring 12/31/2011

By: Robert G. Peters
Robert G. Peters
Term expiring 12/31/2012