



Proposal

for

Arlington Fire District
Length of Service Award Program

February 2018

Presented by
Beth Hajeck, Vice President & Trust Officer
Alina Kindron, Investment Officer
Russell Antonacci, Vice President & Investment Officer



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Glens Falls National Bank & Trust Company



Glens Falls National Bank and Trust Company is proposing to provide the following services to the Arlington Fire District Length Of Service Award Program:

- Investment management services
- Payment processing services
- Custodial services
- Trustee services

Investment Management Services

See page 6

Payment Processing Services

- Processing transactions
- Processing enrollments and contributions
- Processing of distribution requests
- Applicable tax reporting
- Withholding and remitting federal and state income tax

Custodial Services

Glens Falls National Bank will serve as custodian of all plan assets. A plan custodian is responsible for safeguarding the plans assets so as to minimize the risk of loss.

Trustee Services

Glens Falls National Bank can act as Plan Trustee. This can greatly reduce the personal fiduciary liability associated with Plan Trusteeship.



Experience with LOSAPs

Glens Falls National Bank's Wealth Management Division has served as trustee and investment manager of both Defined Contribution and Defined Benefit retirement plans since 1960. Total assets under management in the Wealth Management Division as of December 31, 2017 are in excess of \$1.5 Billion. Nearly half of that total represents retirement plan assets. Those assets are held in a variety of plan types, including Defined Benefit Pension Plans, Length of Service Award Programs, Defined Contribution Plans, Profit Sharing Plans, 401(k) Plans, Money Purchase Pension Plans and ESOPs.

Our Wealth Management Division has been performing administrative and investment services for plans since the late 1970's – in excess of 30 years.

We have served as Trustee on a variety of LOSAP plans of all sizes including the New York State Comptrollers Emergency Squad Trust Funds since 1999. This covers 34 defined benefit LOSAP plans and 18 defined contribution LOSAP plans. During our tenure as Trustee, we have worked closely with Penflex, Inc., the Program Administrator. We feel this has provided us with the expertise to effectively and efficiently manage the Arlington Fire District Length Of Service Award Program.

Our competitive advantage is the depth and expertise of our staff, our accessibility and our ability to be a single service provider, all at a reasonable cost. We offer more than a call center or website; we offer personalized service at one location. We also have a history of working with many LOSAP plans which provide us with an immediate advantage and understanding of how these types of arrangements work and how to best assist with your needs.

Glens Falls National Bank & Trust Company



References

We act as trustee and/or investment manager for 23 Length of Service Award Programs with a total of \$51 Million in assets under management.

Below are 3 LOSAPS in which we provide payment processing and investment management services who have graciously given us permission to release their contact information:

Warrensburg Fire District Service Award Program

Mr. Kevin Geraghty

KFireco@aol.com

5 Greene Terrace

Warrensburg, NY 12885

(518) 623-9511

Town of Queensbury VFD Service Award Program

Ms. Barbara Tierney

barbarat@queensbury.net

742 Bay Road

Queensbury, NY 12804

(518) 761-8229

Valley Cottage Service Award Program

Mr. Jim O’Gorman

james.ogorman@valleycottagefd.org

Lake Road

Valley Cottage, NY 10989

(845) 268-0055



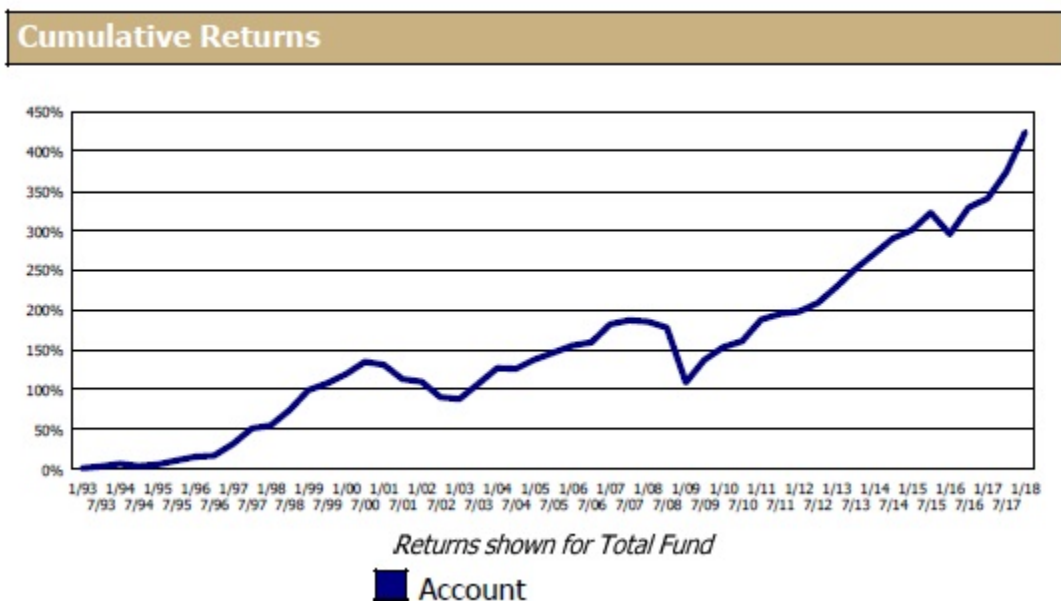
Investment Management Services

Rates of Return

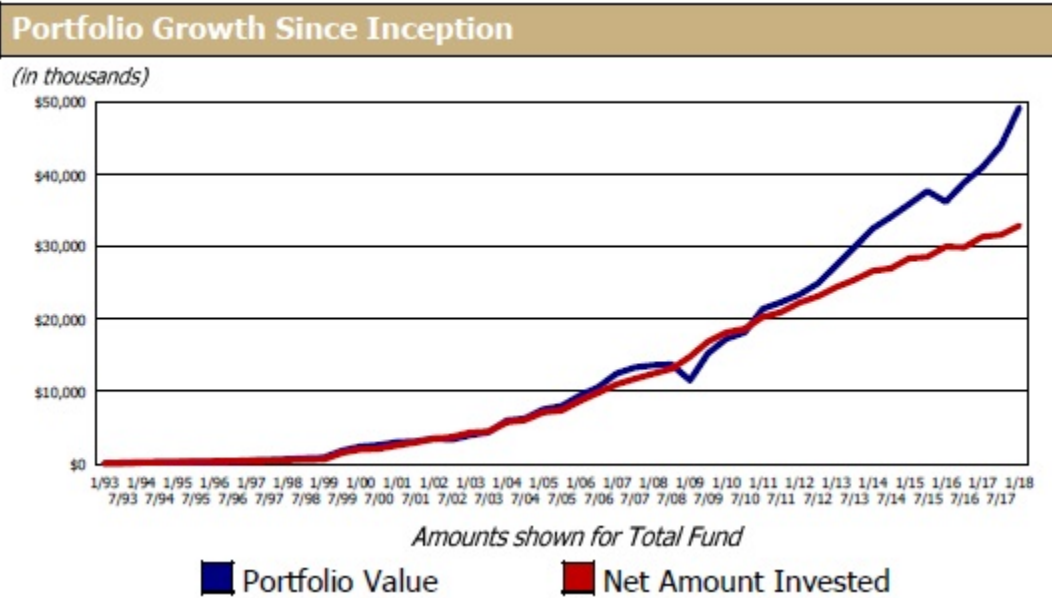
Below is a composite analysis for all LOSAP plans we currently manage (with over 1 year of history) including long term growth of assets, total percentage return since inception and annualized returns.



Performance Summary as of 1/31/2018



Glens Falls National Bank & Trust Company



Return Details						
	YTD	3 Month	1 Year	3 Year	5 Year	10 Year
Total Fund	4.05%	6.59%	18.91%	9.35%	9.74%	6.26%
Equity	6.79%	10.70%	29.71%	14.44%	14.97%	8.49%
Fixed Income	-0.81%	-0.66%	2.02%	1.06%	1.78%	2.26%
Alternative Assets	-4.12%	-1.78%	0.67%	N/A	N/A	N/A



Investment criteria

Our approach to managing the equity portion of assets takes a long term blended method with periodic tilts towards value or growth based on current market conditions and our economic outlook. Our assets are typically concentrated in Large Cap U.S. stocks to provide a solid foundation for long term growth. We would hold a combined 10%-25% in Small Cap and Mid Cap Stock funds and similarly we would likely hold a total of 0%-25% in International equity funds.

Our approach to managing fixed income assets also takes a long term method primarily consisting of a diversified mix of government, agency and investment grade fixed income funds. Periodically a small percentage may be invested in high yield bond funds, foreign bond funds, convertible bond funds and preferred stock should opportunities in those areas arise.

As part of our overall process, our Investment Policy Committee (which includes all Investment Officers as well as the Division Head) meets at least monthly to review all additions and deletions from our approved menu of mutual funds. The Committee uses a variety of criteria in examining appropriate characteristics to find suitable investments such as a fund's internal expenses, manager tenure, long term fund performance vs. its benchmark, etc. The Investment Policy Committee reports its activities directly to our Board of Directors.

The Investment Policy Committee is also charged with providing Investment Officers a framework for asset allocation/investment decisions to be used in conjunction with the clients risk and return profile. This framework provides a means for consistency throughout our Wealth Management process.



Investment Approach

We use an ongoing investment process to manage all of our portfolios:

- Establish appropriate investment objective based on client's long term needs and risk tolerance.
- Determine appropriate investment mix based on the established investment objective and in view of current economic/market conditions.
- Select appropriate investments which will allocate the portfolio in line with the desired investment mix.
- Monitor selected investments on an ongoing basis to ensure continued appropriateness based on the client's long term goals and objectives and changing market conditions.
- Review portfolio composition on an ongoing basis to be sure weightings remain appropriate based on client's long term goals and objectives and changing market conditions.
- Review portfolios adherence to all compliance requirements on an ongoing basis.
- Perform thorough portfolio reviews to ensure all aspects of the portfolio are within approved tolerance levels.
- Reconfirm appropriateness of Investment Objective and confirm that no material changes are warranted based on client needs or change in long term goals.
- Review performance via meetings/conference calls as needed.
- Communicate regularly with plan actuaries and administrators to discuss any investment, funding and/or planning issues.
- Provide performance reports that display investment performance in comparison to benchmarks as requested.
- Monitor program investments for consistency with the investment policy.



Asset Allocation & Investment Policy

We believe that long term investment success will rely on a combination of timely asset allocation decisions, proper diversification, ongoing risk analysis, as well as security selection. We closely consider the impact that economic conditions may have on our asset allocation decisions as they relate to:

- Asset allocation between cash, bonds, and stock.
- Allocations between large cap, mid cap and small cap stocks.
- Allocations between U.S. and international investments.
- Allocations between U.S. Treasury, U.S. Agency, corporate and mortgage backed fixed income securities.
- Allocations between the stocks and bonds of different economic sectors.

Our experience with the establishment of Investment Policy Statements (IPS) varies between clients/institutions. In some instances clients rely on our expertise in understanding their particular risks, goal and objectives in order to establish a suitable IPS to meet their long term needs. Others, most commonly churches, non-profits and other similar organizations may present us with a pre-determined/pre-established IPS to work from.

Should we be awarded the contract for the Arlington Fire District Length Of Service Award Program, we will review the current IPS and provide our input toward possible modifications. Additionally, upon receipt of assets from the current investment manager it is anticipated that all assets will be reallocated to match our investment viewpoints/allocations relatively quickly, typically within a three month time frame.

Glens Falls National Bank & Trust Company



Fees:

Annual fees		
Estimated market value of plan assets		\$2,500,000
Annual trust accounting (optional)		\$100
Managed Investment fees based on fair market value of plan assets:		
\$0 - \$500,000 at 1%	\$500,000	\$5,000
\$500,000 - \$1,000,000 at .50%	\$500,000	\$2,500
over \$1,000,000 at .35%	\$1,500,000	\$5,250
	Total investment fees	\$12,750
Projected Annual Fees		\$12,850
Total Fees as a Percentage of Market Value		0.51%

Distribution fees:

\$25 Per lump sum distribution
\$ 5 Monthly check
\$ 2 Monthly credit advice

Glens Falls National Bank & Trust Company



Staff Credentials

Within the *Glens Falls National Bank Wealth Management Division*, the Retirement Plan Services Department is staffed by four account administrators and seven support staff. The Investment Department is staffed by five portfolio managers and a support staff member.

Investment Staff

Alina Kindron

Investment Officer/Portfolio Manager

Alina joined Glens Falls National Bank & Trust Company in 2007. She serves as a Portfolio Manager for individual and corporate retirement plans, personal trust, Investment management accounts, foundations and not-for-profit relationships.

Alina is a graduate of the Academy of Economic Studies in Bucharest, Romania with a Bachelor's Degree in Finance, Insurance, Banking and Capital Markets. She has over ten years of banking experience. Alina has earned a degree in Portfolio Management through the New York Institute of Finance, completed various ABA courses and also completed the New York Bankers Association course on Essentials of Trust Administration. Alina was honored as a High Performer by Glens Falls National Bank in 2012.

Alina serves on the Board of Directors for the World's Awareness Children's Museum in Glens Falls.

Russell D. Antonacci

Vice President / Investment Officer / Assistant Investment Department Manager

Russ serves as an Investment Manager for individual and corporate retirement plans, personal trust, investment management accounts, foundations and not-for-profit relationships. He joined the Bank in 2015 after more than 17 years of investment and portfolio management experience in the Capital Region of New York.

In early 2016 Russ assumed the responsibility of managing the Investment Department within the *Glens Falls National Bank Wealth Management Division*. The position includes oversight of investment activities with the firm's \$1.5 Billion in assets, monitoring compliance activities with all client accounts, providing direction for all investment related activities, as well as oversight of department staff and day to day activities.

Russ received his Bachelor's degree in Business Administration with concentrations in finance, economics, marketing and management from the College of St. Rose. He has been active in the community. Currently Russ is the Treasurer of the Glens Falls Area Habitat for Humanity, and in the past has been a volunteer guest speaker at Siena College and has served as President of the Colonie Girls Softball League.

Glens Falls National Bank & Trust Company



Peter M. Capozzola, CFA

Vice President/Investment Officer/Portfolio Manager

Peter joined Glens Falls National Bank in 2002 to serve as Portfolio Manager for individual and corporate retirement plans, personal and trust accounts, foundations and not-for-profit relationships. He serves as Portfolio Manager of the North Country Intermediate Bond Fund and has twenty-three years of experience in the banking industry with a strong background in investments, credit analysis and compliance.

A graduate of the State University of New York at Oneonta with a B.A. in Business Economics, Peter holds the Chartered Financial Analyst Designation granted by the Association for Investment Management and Research. Peter was awarded an M.B.A. in Portfolio and Investment Analysis from the Lubin Graduate School of Business at Pace University.

Michael G. Mihaly, AFIM

Vice President/Investment Officer/Portfolio Manager

Michael serves as a portfolio manager for individual and corporate retirement plans, personal trusts, and investment management accounts, foundations and not-for-profit relationships. He has more than 15 years of investment and portfolio management experience.

A graduate of St. John Fisher College with a Bachelor's degree in Industrial and Commercial Accounting, Michael has earned the Accredited Fiduciary Investment Manager (AFIM) certification from Cannon Financial Institute.

Glens Falls National Bank & Trust Company



Administration Staff

Beth A. Hajeck

Vice President/Trust Officer/Retirement Plan Administrator

Beth started her career with Glens Falls National Bank in 1986 and moved to Retirement Plan Services in 1995 where she handles the day-to-day administration of retirement plans and is responsible for individual retirement accounts maintained within the *Wealth Management Division*. She has been responsible for administration of LOSAP accounts since 1999.

Beth attended Adirondack Community College and has completed courses at the New York Institute of Finance and the American Institute of Banking as well as a number of special seminars and courses on retirement plans and IRA accounts at the New York State Institute of Finance and the College of St. Rose. She is a member of the Estate Planning Council of Eastern New York. Beth serves on the Board of Directors of the Greater Glens Falls Senior Citizens Center.

Mary Pat Rabin, CPA

Vice President/Trust Officer/Retirement Plan Administrator

Mary Pat joined the *Wealth Management Division* in November 2012. She has more than twenty years experience in retirement plan design and administration services and is responsible for the administration of all retirement and LOSAP plans.

Prior to coming to the *Wealth Management Division*, she was Senior Tax Manager with a local certified public accounting firm. Her duties included managing the firm's retirement plan services along with tax compliance and research for businesses and individuals.

Mary Pat obtained her BS in Accounting from the College of St. Rose and is a member of the AICPA and NYSSCPA. She is a member of the Charles R. Wood Theater Board acting as Treasurer and head of its Development Committee.

Sheila E. Grant, J.D.

Vice President/Legal Advisor-Retirement Plan Services

Sheila is the Vice President and Legal Advisor for the Retirement Plan Services Department, where she advises on plan design, compliance and correction issues. She was previously an associate with The Goldstein Law Firm, P.C. where her practice concentrated in the areas of executive compensation, employee benefits, taxation and professional practice management.

Sheila received a BA in Political Science from the State University of New York at Plattsburgh. She graduated cum laude from Albany Law School of Union College where she is a member of the Justinian Society. Sheila has been working in the pension field since 1998.

Glens Falls National Bank & Trust Company



Alex H. Lambiaso, CPA, CTFA

Retirement Plan Services Professional

Alex joined Glens Falls National Bank in August, 2016. He is responsible for the administration of Retirement Plan, IRA Accounts, Estates, and Trusts. Alex has over 25 years' experience in Tax Compliance and Planning for Trusts and Estates. Prior to joining Glens Falls National Bank, Alex worked for Snow, Eicher, Farrar, LLP, a public accounting firm in Glens Falls, NY where he worked with Corporations, Individuals, Trusts, and Estates. In October, 2017 Alex was awarded the Certified Trust & Financial Advisor (CTFA) designation from the Institute of Certified Bankers. The CTFA certification is awarded to individuals who have demonstrated certain levels of experience and education in many areas including fiduciary and trust activities, financial planning, tax law and tax planning, investment management, and ethics.

Division Head

Mickey S. Orta, CTFA

Senior Vice President / Wealth Management Division Head / Investment Department Manager

Mickey joined Glens Falls National Bank in 1998. Mickey serves as a Portfolio Manager for individual and corporate retirement plans, personal trust, investment management accounts, foundations and not-for profit relationships. He also serves as Portfolio Manager of the North Country Equity Growth Fund. He has been Manager of the New York State Comptroller's Emergency Squad Trust Fund Defined Contribution Plan and Defined Benefit Plan since 2006.

Mickey has over sixteen years of investment management experience. He is currently responsible for the oversight of the Division's assets which as of June 30, 2017 were at \$1.4 Billion. These accounts include trusts, investment management, and employee benefit accounts and the majority are managed in accordance with the requirements of the New York Prudent Investor Act.

Mickey holds a B.S. in Economics and Finance from Plattsburgh State University. He has earned the Certified Trust Financial Advisor (CTFA) designation from the Institute of Certified Bankers and has also earned a degree in Portfolio Management through the New York Institute of Finance.

Glens Falls National Bank & Trust Company



Sample documents

The following are sample agreements/contracts which would be signed between the Arlington Fire District and Glens Falls National Bank and Trust Company:

- Trust Agreement; if Glens Falls National Bank will act as your Trustee
- Investment Management Account Agreement
- Investment Policy
- Investment Management Fee Schedule
- Administrative Service Agreement

Glens Falls National Bank Wealth Management Division certifies that we will/can act as Trustee if awarded the contract and will act in good faith placing the Fire District's interest first at all times. Our Trust Agreement and Account Agreement reflect this certification as well.

AMENDED AND RESTATED TOWN OF _____ VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM TRUST AGREEMENT

SECTION 1

PURPOSE: CREATION OF THE SERVICE AWARD PROGRAM TRUST

- a) In accordance with Article 11-A of the New York State General Municipal Law, the _____ adopted a volunteer firefighter service award program for active volunteer firefighter members of the _____ Volunteer Firefighters effective _____. The provisions of the program regarding firefighter participation and benefits payable are formally stated in the _____ Volunteer Firefighter Service Award (i.e. "Service Award Program") Plan Document adopted _____ (i.e. the "Plan Document"). Participation in the Program by firefighters shall be in strict accordance with the Plan Document, Article 11-A of the New York State General Municipal Law, the Internal Revenue Code and all other applicable rules, regulations and statutes.
- b) Political subdivisions in New York State which establish service award programs in accordance with Section 216 of Article 11-A of the New York State General Municipal Law are liable for payment of service awards to eligible firefighters and their beneficiaries. Paragraph j of Section 217 of Article 11-A requires all service award program assets to be held in trust for the exclusive purpose of providing benefits to firefighters and their beneficiaries, or for the purpose of defraying the reasonable expense of the operation and administration of the Service Award Program. The adoption and execution of a trust agreement by the governing body of the political subdivision which established the Service Award Program creates the Service Award Program Trust. The governing body of such political subdivision may amend such trust agreement subject to Section 13(a). This document is an amendment and restatement of the Service Award Program Trust Document first adopted and effective _____ and amended _____. When formally adopted by the Town Board of the _____ (i.e. the "Town"), it shall be the Amended and Restated _____ Volunteer Firefighter Service Award Program Trust Agreement (i.e. the "Trust Agreement").
- c) The Town wishes to amend and restate this trust (herein called "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Town's creditors in the event of the Town's Insolvency, as herein defined, until paid to the Plan participants and their beneficiaries in such manner and at such times as specified in the Service Award Program.
- d) It is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the claims of the Service Award Program as an unfunded plan maintained for the purposes of providing deferred compensation to active volunteer firefighters.

SAMPLE

- e) It is the intention of the Town to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Service Award Program.
- f) Volunteer Firefighter Service Award Programs are "plans of deferred compensation" under the Internal Revenue Code. To insure that volunteer firefighters or their beneficiaries shall be subject to taxation on Service Awards only after having received payment of a cash Service Award after attaining the Entitlement Age or upon disablement or death, the Board by the adoption of this Trust Document establishes that such a trust shall be a "Rabbi Trust." (A Rabbi Trust has been recognized by the Internal Revenue Service as an acceptable deferred compensation plan).
- g) Under the Small Business Job Protection Act of 1996, Internal Revenue Code Section 457 does not apply to a volunteer firefighter Service Award Program for years beginning after December 31, 1996, provided such program complies with certain requirements set forth in the Small Business Job Protection Act of 1996. The Board shall document within the records it shall maintain for each year beginning after December 31, 1996 for this program that the Service Award Program shall comply with those requirements for all years beginning after December 31, 1996 and shall make any changes in an individual participant's Accrued Service Award necessary for such compliance.
- h) To further insure that volunteer firefighters or their beneficiaries are subject to taxation on Service Awards only after having received payment of a cash Service Award after attaining the Entitlement Age or upon disablement or death, the Board has included paragraph (g) above in this Trust Document.

SAMPLE

SECTION 2 ESTABLISHMENT OF TRUST

- (a) The Town shall retain a qualified firm to calculate the amount to be contributed at the end of each year to the Service Award Program Trust. The calculation shall be based upon the formula and/or criteria set forth in the Plan Document, Board resolutions and any rules and regulations, and shall be in accordance with the applicable provisions of New York State law. The Town shall deposit such amounts in the trust fund. Such funds all become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Document.
- (b) Glens Falls National Bank and Trust Company shall be the Successor Trustee of the Trust, replacing the Town Board of the TOWN OF ABC which was the original and present Trustee.
- (c) The Trust hereby established shall be irrevocable.
- (d) The Trust is intended to be a grantor trust, of which the Town is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.
- (e) The principal of the Trust and any earnings thereon, shall be held separate and apart from other funds of the Town and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Document shall be mere unsecured contractual rights of Plan participants and their beneficiaries against the Town. Any assets held by the Trust shall be subject to the claims of the Town's general creditors under federal and state law in the event of Insolvency, as defined in Section 4 (a) herein.
- (f) The Town, in its sole discretion, may act at any time, or from time to time, to make additional deposits of cash or other property in the trust fund to augment the principal to be held, administered and disposed of by the Trustee in accordance with this Trust Document. Neither the Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.
- (g) The Board has selected the Trustee above named to hold the principal of the Trust and any earnings thereon. For its services, the Trustee shall be paid its normal published fees, which may be changed from time to time, plus expenses.

SAMPLE

SECTION 3

PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES

- (a) When a payment becomes due to a Plan participant under the Service Award Program, the Town shall arrange for the delivery to the Trustee of a schedule (the "Payment Schedule") that shall indicate the amounts payable in respect of such Plan participant (and his or her beneficiaries) and shall provide a formula or other instructions for determining the amounts so payable, the form in which such amount shall be paid (as provided for or available under the Plan) and the time of commencement for payment of such amounts. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedules. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities or determine such amounts have been reported, withheld and paid by the Town.
- (b) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by the Town or such party as it shall designate under the plan and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.
- (c) The Town shall direct payment of benefits directly to the Plan participants or their beneficiaries as they become due under the terms of the Plan. The Town shall notify the Trustee of any decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of the benefits in accordance with the terms of the Plan, the Town shall make the balance of each such payment as it falls due. The Trustee shall notify the Board when principal and earnings are not sufficient to make such payments.

SAMPLE

SECTION 4 TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN TOWN SHALL BECOME INSOLVENT

- (a) Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Town shall become Insolvent. The Town shall be considered "Insolvent" for purposes of this Trust Document if (i) the Town is unable to pay its debts as they become due, or (ii) the Town is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.
- (b) At all times during the continuance of this Trust, as provided in Section 2 (e) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Town under federal and state law as set forth below.

(1) The Town Board shall have the duty to inform the Trustee in writing of the Town's Insolvency.

(2) Unless the Trustee has received written notice of the Town's insolvency, the Trustee shall have no duty to inquire whether the Town is Insolvent.

(3) If at any time the Trustee has been notified that the Town is Insolvent, the Trustee shall discontinue payments to the Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Town's general creditors. Nothing in this Trust Document shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of the Town with respect to benefits due under the Plan or otherwise.

(4) The Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 3 of this Trust Document only after the Trustee has been notified in writing by the Town Board that the Town is not Insolvent (or is no longer Insolvent).

- (c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 4 (b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to the Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to plan participants or their beneficiaries by the Town in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 5 PAYMENTS TO TOWN

Except as provided in Section 4 hereof, after the Trust has become irrevocable, the Town shall have no right or power to direct, to return to the Town, or to divert to others any of the Trust assets before all payment of benefits have been made to the Plan participants and their beneficiaries pursuant to the terms of the Plan.

SECTION 6 INVESTMENT AUTHORITY

(a) **Discretionary authority.** The Trustee shall manage the investment of the Trust Funds, subject to the written investment objectives of the Town as delivered to the Trustee. In no event may the Trustee invest in securities (including stock or rights to acquire stock) or obligations issued by the Town, other than a de minimis amount held in common investment vehicles in which the Trustee invests. All rights associated with assets of the Trust shall be exercised by the Trustee and shall in no event be exercisable by or rest with Plan participants.

(b) **Direction by others.** Notwithstanding the foregoing, in the event that the Trustee shall be directed by a Plan participant (if the Plan permits participant directed investments and subject to the Investment Policy Statement), the Town, or an Investment Manager or other agent appointed by the Town with respect to the investment of any or all Plan assets, the Trustee shall have no liability with respect to the investment of such assets, but shall be responsible only to execute such investment instructions as so directed. In such instance, the following provisions shall apply.

- (1) The Trustee shall be entitled to rely fully on the written (or other form acceptable to the Town and the Trustee, including but not limited to, voice recorded) instructions of a Plan participant, the Town, or any agent of the Town, in the discharge of such duties, and shall not be liable for any loss or other liability resulting from such direction (or lack of direction) of the investment of any part of the Plan assets.
- (2) The Trustee may delegate the duty of executing such instructions to any nonfiduciary agent, which may be an affiliate of the Trustee.
- (3) The Trustee may refuse to comply with any direction from the Plan participant in the event the Trustee, in its sole and absolute discretion, deems such direction improper by virtue of applicable law. The Trustee shall not be responsible or liable for any loss or expense that may result from the Trustee's refusal or failure to comply with any direction from the Plan participant.
- (4) Any costs and expenses related to compliance with the Plan participant's direction shall be borne by such Plan participant's account, unless paid by the Town.

SECTION 7 DISPOSITION OF INCOME

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

SECTION 8 ACCOUNTING BY TRUSTEE

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Trustee and the Town. Within ninety (90) days following the close of each calendar year and within ninety (90) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Town a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts,

SAMPLE

disbursements and other transactions effected by it, including a description of all securities and investments purchased or sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

SECTION 9 RESPONSIBILITY OF TRUSTEE

- (a) The Trustee shall act with 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 with like aims provided, however, the Trustee shall not incur liability to any person for any action taken pursuant to a direction, request or approval given by the Town which is contemplated by, and in conformity with, the terms of the Plan or this Trust and is given in writing by the Town. In the event of a dispute between the Trustee and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.
- (b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, the Town agrees to indemnify Trustee against costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments, provided such cost, expense or liability did not arise out of or as a result of the gross negligence or willful misconduct of the Trustee. If the Town does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.
- (c) The Trustee may consult with legal counsel approved by the Town (who may also be counsel for the Trustee or the Town generally) with respect to any of its duties or obligations hereunder, if the expenses thereof are reasonable in amount and necessary in order to perform such duties or obligations.
- (d) The Trustee may hire agents, accountants, actuaries, investment managers, investment advisors, financial consultants or other professionals, subject to District approval to assist it in performing any of its duties or obligations hereunder, if the expenses thereof are reasonable in amount and necessary in order to perform such duties and obligations.
- (e) The Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless herein expressly provided otherwise, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee or to loan to any person the proceeds of any borrowing against such policy.
- (f) Notwithstanding any powers granted to Trustee pursuant to this Trust Document or to applicable law, Trustees shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administration Regulations promulgated pursuant to the Internal Revenue Code.

SECTION 10 COMPENSATION AND EXPENSES OF TRUSTEE

The Town shall pay Trustee such fees for its services as are agreed upon from time to time. The Trustee shall be entitled to receive its reasonable expenses incurred with respect to the administration of the Trust, including fees incurred by the Trustee pursuant to Section 9 of this Trust Document. Such fees and expenses shall be payable by the Town. If not so paid, the fees and expenses shall be paid from the Trust.

SECTION 11 RESIGNATION AND REMOVAL OF TRUSTEE

- (a) Trustee may resign at any time by written notice to the Board, which shall be effective thirty (30) days after receipt of such notice unless the Board and Trustee agree otherwise.
- (b) Trustee may be removed by the Town on thirty (30) days notice or upon shorter notice accepted by Trustee.
- (c) Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within fifteen (15) days after receipt of notice of the appointment of a Successor-Trustee, unless the Town extends the time limit.
- (d) If Trustee resigns or is removed, a successor may be appointed, in accordance with Section 12 hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of this section. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor Trustee or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

SECTION 12 APPOINTMENT OF SUCCESSOR TRUSTEE

- (a) If Trustee resigns or is removed in accordance with Section 11 (a) or (b) hereof, the Board may appoint any third party, such as a bank trust department or other party that may be granted corporate Fiduciary powers under applicable state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee. The former Trustee shall execute any instrument necessary or reasonably requested by the Board or the successor Trustee to evidence the transfer.
- (b) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 8 and 9 hereof. The successor Trustee shall not be responsible for and the Board shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior or from any other past event, or any condition existing at the time it becomes successor Trustee.

SAMPLE

SECTION 13 AMENDMENT OR TERMINATION

- (a) This Trust Document may be amended at any time by written instrument executed by the Trustee and the Town Board, by resolution. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan set forth in the Plan Document or make the Trust revocable after it has become irrevocable in accordance with Section 2 (c) hereof.
- (b) The Trust shall not terminate until the date on which the Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Town.
- (c) In the event that the Service Award Program is abolished by the Town in accordance with Section 216 of Article 11-A of the NYS General Municipal Law, the Trust established hereunder may be continued at the direction of the Town in accordance with applicable provisions set forth in the Plan Document and with any applicable statutes, rules and regulations after the Service Award Program has been terminated. In such event, the Trustee shall continue to administer the Trust pursuant to this document until all Plan participants and their beneficiaries have been paid the service awards to which they are entitled and until all other expenses incurred in the operation and administration of the program are paid. Any assets that remain in the Trust after all Service Awards and administration and operational expenses have been paid, shall be returned to the Town.

SECTION 14 MISCELLANEOUS

- (a) Any provision of this Trust Document prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.
- (b) Benefits payable to Service Award Program Participants or their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.
- (c) This Trust shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 15
EFFECTIVE DATE

The effective date of this Amended and Restated Trust Agreement is _____, 20____.

EXECUTION

XXXX, Town Authorized Party Date

Signatures witnessed by:

XXXXX, Date

GLENS FALLS NATIONAL BANK AND TRUST COMPANY, Trustee

by: _____
 XXXXXX, Vice President Date:

SAMPLE

Glens Falls National Bank & Trust Company

Wealth Management Division

250 Glen Street

Glens Falls, NY 12801

INVESTMENT MANAGEMENT ACCOUNT AGREEMENT

Please open an Investment Management Account (the “Account”) in the name of _____

_____ (hereinafter referred to as the “Principal”) and hold all property delivered to Glens Falls National Bank and Trust Company (hereinafter referred to as the “Agent”) and its successors under the following agreement:

1. BANK’S RESPONSIBILITIES

Investments:

Discretionary Investment Management – With or without consulting the Principal, the Agent may, at its discretion, invest and reinvest funds held in the Account at any time and in any manner it deems to be in the Principal’s best interest for the Principal’s account and risk. To accomplish the above, the Principal hereby appoints the Agent as the Principal’s agent, with the assurance that the Agent shall act in good faith. Notwithstanding the foregoing, it is understood that the Principal may, from time to time, direct the purchase, retention or sale of certain assets or security positions in the Account. Such direction shall be made on written instructions or on oral instructions followed by written ratification and the Agent shall have no responsibility for management of such assets.

Authorized Parties:

Wherever under this agreement the Agent is required to obtain instructions before taking any action, such instructions shall be obtained from:

the individual owner.

all individuals, joint tenants, or tenants-in-common.

any one of the individual owners, joint tenants, or tenants-in-common.

Routine administrative changes, such as address changes or statement or remittance frequency may be made by the Agent upon receipt of oral instructions from any of the above.

Other:

- A. To collect and receive dividends, interest and other income generated by the assets held by the Account and to distribute them according to the Principal’s instructions.
- B. The Agent may, without written direction from the Principal, purchase or sell fractional shares of securities to round out holdings.

SAMPLE

- C. The Agent shall make disbursements of income or principal in accordance with the Principal's written or oral instructions. With the exception of personal income taxes and real property taxes, requests for disbursements to third parties shall be made in writing if in excess of \$5,000.

2. OWNERSHIP (check one)

Assets held in the Account are understood to be owned solely by the individual, trustee or organization named above as the "Principal."

Assets held in the Account are understood to be owned as joint tenants by the persons named above as the Principal." Upon the death of either joint tenant, the Account shall continue and the assets then held in the Account shall be considered solely owned by the survivor.

Assets held in the Account are understood to be owned as tenants-in-common by the persons named above as the Principal" and in the fractional shares indicated. (Unless other wise indicated, the Principals each own an equal undivided interest.) Upon the death of any co-tenant, his/her fractional interest shall be paid to the duly appointed representative of his/her estate. The balance then held in the Account shall be the property of the survivor(s).

3. TRANSFER ON DEATH REGISTRATION

Upon the Principal's death or, if a joint account with right of survivorship the death of the survivor of the Principals, the assets held in the Account shall be transferred in accordance with a Transfer on Death Registration Agreement executed by the Principal and incorporated herein by reference.

4. STATEMENTS

The Agent shall provide statements of all activity in the Account to the Principal on such frequency as the Principal shall request, either orally or in writing.

The Principal understands that, under banking regulations, the Principal has the right to receive written notification of any investment changes at no additional cost to the Principal. The Principal agrees that the receipt of itemized transaction statements shall constitute written notification within the context of the regulation.

5. DISCLOSURE PROVISIONS

The Agent has discretion:

- A. To invest short-term funds in the Agent's, or any other affiliate of Arrow Financial Corporation, including but not limited to regular savings accounts, premium or supersavings accounts, insured investment accounts, or any other time deposit the Agent may offer from time to time without specific reference thereto.
- B. To purchase or sell units of any other taxable or non-taxable money market vehicle for the purpose of keeping cash balances fully invested and to accept a processing fee from any such fund in an amount equal to ¼ of 1% of invested cash.
- C. To execute security trades with any brokerage firm operating under a lease agreement with Arrow Financial Corporation or its affiliates, provided the commission schedule is comparable to that offered by other brokers doing business with the Wealth Management Division.

SAMPLE

- D. To disclose mutual fund trading activity within the Account, including the Principal's taxpayer identification number, to fund companies that request such information in accordance with SEC Rule 22c-2.

It is the policy of the Agent to make purchases and sales of securities through the use of brokerage firms who are capable of providing a combination of reasonable price and best execution. Within the provisions of Section 28(e) of the Securities and Exchange Act of 1934, as amended from time to time, brokerage commissions are also used to obtain research products and services from such firms, which assist the Agent in the management of investment portfolios and in the development of its investment strategy.

6. PROXY INFORMATION

All proxies, financial statements and other reports are to be dealt with at the Agent's discretion.

The Agent is authorized is not authorized to disclose the Principal's name, address, and security position(s) of current and/or future security holdings that the Principal owns from time to time pursuant to SEC Rule 14b-2.

7. COMPENSATION

The Principal agrees that the Agent shall be entitled to an annual fee based upon its then current fee schedule for similar services which the Agent shall from time to time publish.

- A. The Agent's compensation shall be paid in quarterly or monthly installments based on market value and shall be paid directly from the Account billed to the Principal. The Principal agrees that bills not paid within thirty days of receipt by the Principal will be paid directly from the Account.
- B. The Agent shall be entitled to reimbursement for reasonable expenses incurred in the performance of its duties as agent and may assess reasonable charges for extraordinary or additional services such as loan servicing, extra statements, tax cost research, etc.

8. REGISTRATION

For the convenience of investment and reinvestment, the Agent may register all stock or securities which it holds in the name of the Agent's nominee or in the nominee of any sub-custodian utilized by the Agent to hold securities.

The Agent has the right to deposit securities held by the account for safekeeping in a clearing corporation selected by it. The Agent also has the right to employ any bank or trust company as custodian for such securities, and that bank or trust company shall have the right to deposit any securities which it holds, for safekeeping, in a clearing corporation selected by it.

9. MODIFICATION AND TERMINATION

The Agent has the right to amend this agreement at any time. Any amendment the Agent makes to comply with the Internal Revenue Code and related regulations does not require the Principal's consent. The Principal will be deemed to have consented to any other amendment unless, within 30 days from the date the Agent sends the amendment, the Principal notifies the Agent in writing that the Principal does not consent. Either party may terminate this agreement at any time by giving written notice to the other party.

10. CONSTRUCTION

Wherever the context so requires, the use throughout this document of singular or plural pronouns shall include the other and the use of masculine or feminine pronouns shall include masculine, feminine or neuter.

SAMPLE

This agreement shall be interpreted in accordance with the laws of the State of New York subject to all applicable federal laws and regulations.

11. WARRANTIES

If, in signing this agreement, I am acting as trustee, agent, executor, attorney-in-fact or corporate officer then I hereby certify that I have the authority to enter into this agreement and to contract for the services herein described.

Dated this _____ day of _____, _____.

Sincerely,

Email Address

Email Address

Taxpayer I.D. No.

Taxpayer I.D. No.

SUBSTITUTE FORM W-9
CERTIFICATION OF TAXPAYER I.D. NUMBER
(Not applicable to qualified retirement plans)

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer I.D. Number (or I am waiting for a number to be issued to me, **and**
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien), **and**
4. I am exempt from FATCA reporting.

Certification Instructions: You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return.

Signature of U.S. person _____

SUBSTITUTE FORM W-9
CERTIFICATION OF TAXPAYER I.D. NUMBER
(Not applicable to qualified retirement plans)

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer I.D. Number (or I am waiting for a number to be issued to me, **and**
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien), **and**
4. I am exempt from FATCA reporting.

Certification Instructions: You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return.

Signature of U.S. person _____

Glens Falls National Bank and Trust Company, this _____ day of _____, does hereby establish an Investment Management Account in the name(s) of:

and agrees to assume responsibility for property received for this Account under the terms of the foregoing agreement.

Glens Falls National Bank and Trust Company

By: _____

SAMPLE

INVESTMENT POLICY

Plan Name: _____

Account Number: _____

The investment objective is to achieve an overall rate of return through capital appreciation and/or income that will at least meet the plan's actuarial assumption for a defined benefit plan, or the best return possible using prudent investments and also considering the level of risk appropriate for a defined contribution plan. After consideration of the plan's "Funding Policy and Method", the following objective is selected. The asset allocation used to meet that objective may change from time to time depending on market conditions:

ASSET ALLOCATIONS					
	<u>Cash Equivalents</u>	<u>Fixed Income</u>	<u>Convertibles</u>	<u>Equities</u>	<u>Alternatives</u>
___ All Equity	0-15%	0-10%	0%	75-100%	0-20%
___ Long-Term Growth	0-15%	10-30%	0-10%	55-85%	0-20%
___ Growth with Income	0-15%	25-50%	0-10%	40-65%	0-15%
___ Income with Growth	0-10%	45-75%	0-10%	20-50%	0-10%
___ Income with Minimal Growth	0-10%	65-90%	0-10%	5-25%	0-10%
___ All Fixed Income	0-20%	80-100%	0%	0%	0-10%
___ Other - Define:	_____				

The bond portfolio is structured to provide stable return plus liquidity through staggered maturities.

The stock portfolio will be diversified in nature with emphasis on those companies and industries that appear to hold the greatest promise for growth.

Convertibles include bonds and preferred stock which can be converted into shares of common stock.

Alternatives include investments other than stocks, bonds, and cash; and may include investments such as commodities, real estate, preferreds, and precious metals, and will be used to broaden diversification and manage risk.

The cash reserve is intended to provide a competitive return on a daily basis for funds awaiting either permanent investment or distribution.

The intent of this policy is to comply with requirements of ERISA concerning prudent investments.(n/a for LOSAP)

I understand that the asset allocations associated with each objective above are those that are in effect as of the date below as established by the Glens Falls National Bank & Trust Company Investment Policy Committee.

ADOPTED this _____ day
of _____, 20__

Signed: _____
(For the Town)



WEALTH MANAGEMENT DIVISION
FEE SCHEDULE

For Mutual Fund, Fixed-Income and Charitable Accounts with
Sole Investment Authority

The annual market value fee is based on the market value of the principal of the account less the value of any holdings of The North Country Funds at the following rates:

\$10.00 per thousand on the first \$500,000 of market value
5.00 per thousand on the next \$500,000 of market value
3.50 per thousand on amounts over \$1,000,000

Minimum Annual Fee for Administration: \$500.00

Fees are generally prorated and charged to the account monthly, in arrears, using the month-end market value. The Bank is paid an investment management fee directly from The North Country Funds at the following rates: North Country Equity Growth Fund - \$7.50 per thousand, North Country Intermediate Bond Fund - \$5.00 per thousand.

Reasonable charges may be assessed for extraordinary or additional services such as loan servicing, extra statements, tax cost research and others.

SAMPLE



**RETIREMENT PLAN SERVICES
LOSAP ADMINISTRATIVE SERVICES
FEE SCHEDULE**

LOSAP DISTRIBUTION FEE SCHEDULE

\$5.00 Monthly Remittance Check
\$2.00 Monthly Credit Advice
\$25.00 Per Lump Sum Distribution

Fee includes IRS Form 1099-MISC and IRS Form 945

ANNUAL TRUST ACCOUNTING OPTION

For an additional fee of \$100.00, Glens Falls National Bank will provide a complete annual trust accounting. This report provides the plan sponsor with a reconciliation of all plan assets including contributions, distributions, income earned, realized and unrealized depreciation of plan assets and income accruals.

This report is extremely useful for both the plan auditor and the plan administrator.
Please provide Annual Trust Accounting to _____.

METHOD OF PAYMENT: Method of payment may be changed by written or oral instruction by the Plan Administrator.

<u>LOSAP Distribution Fee</u>	<u>Annual Trust Accounting</u>	<u>Investment Management Fee</u>
Bill _____ Charge Plan _____	Bill _____ Charge Plan _____ N/A _____	Bill _____ Charge Plan _____

I hereby acknowledge receipt of a copy of this fee schedule and understand that Glens Falls National Bank reserves the right to adjust its fees from time to time.

Client Signature: _____ Date: _____

Account Name: _____

Account Number: _____