

USPS Educational Fund

Trust Declaration

WE, Arthur N. Clifton, F. Ritter Shumway, Walter J. Sutcliffe, Edward F. Sanders, Theodore J. Carski, and Frank J. Keller (hereinafter call "The Trustees"), do hereby agree and declare that as Trustees hereunder we shall hold the sum of one hundred dollars (\$100.00) and shall accept, take, hold, deal with, disburse, and dispose of all additional property given, transferred, conveyed, devised or bequeathed to us, as such Trustees, only in the manner hereinafter authorized and only for the purposes and uses hereinafter set forth. All property so accepted, taken, and held shall constitute and be known as the USPS EDUCATIONAL FUND (Hereinafter called "The Fund").

ARTICLE I PURPOSES

The Trustees and their successors hereunder shall hold and administer the Fund and distribute the income therefrom exclusively to promote the development of and for the furtherance of educational programs, techniques and courses in boating, seamanship, navigation, engine maintenance, marine electronic equipment, sailing, weather, boating safety and other marine activities generally, and in cooperation with agencies of the United States government and the various states of the United States in their educational projects and activities for the public generally interested in their programs relating to boating and marine activities. No part of the Fund, income or principal, shall inure to the benefit of any individual other than to the extent and in the manner necessitated by the foregoing educational purposes, or shall be paid or applied for the purposes of carrying on propaganda or otherwise attempting to influence legislation.

Any other provision of this instrument notwithstanding, the Trustees shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws. Any other provisions of this instrument notwithstanding, the Trustees shall not engage in any act of self-dealing as defined in Section 4941 (d) of said Code or corresponding provisions of any subsequent tax law; nor retain any excess business holdings as defined in Section 4943 (c) of said Code or corresponding provisions of any subsequent tax law; nor make any investments in such manner as to incur tax liability under Section 4944 of said Code or corresponding provisions of any subsequent tax law; nor make any taxable expenditures as defined in Section 4945 (d) of said Code or corresponding provisions of any subsequent tax law.

Unless other wise specified by a donor at the time of the gift or donation, the principal of such fund shall be retained, invested and reinvested as hereinafter provided and only the income of such Fund shall be so paid or applied for the aforesaid purposes.

ARTICLE II DONATIONS

Donations may be made to the Fund by any entity or person, provided, however, that the Trustees, in their sole and uncontrolled discretion, may refuse to accept any such donation which they deem to be inadvisable or improper to accept.

ARTICLE III ADMINISTRATIVE AND INVESTMENT POWERS

The Trustees are expressly authorized to invest and reinvest the principal and income of the Fund and to keep the Fund invested to the extent that the accomplishment of the educational purposes of the Fund is deemed by the Trustees to be best served thereby.

The Trustees are further authorized:

- (a) To receive, take, hold, sell, convey, exchange, transfer, and otherwise dispose of any property, whether real or personal, by private contract or public sale, and no person dealing with the Trustees shall be obliged to see to the application of any money paid or property delivered or conveyed to the Trustees or as to whether the Trustees shall have acted pursuant to any authority hereby granted or herein required:
- (b) To invest and reinvest the Fund by way of purchase or subscription or exchange or otherwise in any securities or other property, and to retain in the Fund any securities or other property, without regard to the proportion that any one item or any one type of such securities or other property may bear to the total principal of the Fund at any time, and without regard to statutes limiting the property which Trustees generally may purchase.
- (c) To exercise any conversion privilege and/or subscription right available in connection with any securities or other property held by them at any time.
- (d) To consent to the reorganization, consolidation, merger, or readjustment of the finances of any corporation, company or association any of the securities of which may be held by them; and to do any act with reference to or in connection with any of the foregoing which they may deem to be necessary or advisable, including the exercise of options, the making of agreements or subscriptions, and to hold and retain any securities or other property which they may acquire as a result of any of the foregoing.
- (e) To settle, compromise or submit to arbitration any claims, debts or damages due and owing to or from the Fund, and to commence or defend suits or legal proceedings and to represent the trust in all suits and legal proceeding.
- (f) To vote personally or by general or limited proxy any securities or other property held by them at any time; and to exercise personally or by general or limited power of attorney any right appurtenant to any securities or other property held by them at any time.
- (g) To keep in cash at any time and times any part or all of the Fund, without payment of any interest thereon.
- (h) To employ suitable investment counsel, custodians, accountants, attorneys and clerical help, and to pay their reasonable expenses and compensation from the Fund.
- (i) To register any securities or other property held by them at any time in the name of the trust, in their names as Trustees, or in the name of a nominee with or without the addition of words indicating that such securities or other property are held in a fiduciary capacity; and to hold in bearer form any securities or other property held by them at any time so that the same will pass by delivery.

- (j) To make and execute and deliver, as Trustees, any and all instruments in writing necessary or proper for the accomplishment of any of the foregoing powers.

ARTICLE IV TRUSTEES

The Trustees shall be six (6) in number, and shall be such persons as the Governing Board of the United States Power Squadrons, Inc., shall elect at its meeting next following the Annual Meeting of United States Power Squadrons. Upon approval of this agreement by the Governing Board, the Governing Board shall elect six Trustees, and shall designate two to serve until the Annual Meeting of USPS in January of 1975, two to serve until the Annual Meeting of USPS in 1976, and two to serve until the Annual Meeting of USPS in 1977. Beginning with the meeting of the Governing Board next following the Annual Meeting of USPS in January 1975 and each succeeding year thereafter two Trustees shall be elected, each to serve for three-year terms. Trustees elected for a full term may succeed themselves in office only once. The Governing Board may at any meeting elect successors to fill any unexpired term. Immediately following each meeting of the Governing Board at which Trustees are elected, the Trustees shall meet and from their own members, they shall elect a Chairman, a Vice-Chairman, and a Secretary who shall hold office until their successors are elected. They shall also elect a Treasurer who need not be from among their members and who shall serve at the will of the Trustees. The Trustees shall promulgate Bylaws or rules and regulations for the governing of themselves as a Board. All documents, upon authorization by a majority of the Trustees in office shall be signed by the Chairman or Vice-Chairman and attested by the Secretary.

A majority of the Trustees shall have right and authority to act on behalf of the Fund and to execute any and all documents. No Trustee shall ever be personally liable except for his own individual willful neglect, default, or fraudulent conduct.

The Trustees acting hereunder shall serve without compensation, but all ordinary or necessary expenses incurred by them in performance of their duties and all costs of solicitation and acknowledgement of contributions shall be paid out of the income of the Fund. No Trustee shall be required to give bond or other security for the faithful performance of his duties, but they shall annually prepare accounts of their transactions.

ARTICLE V AMENDMENTS AND TERMINATION

It is the intent of the Trustees that the Fund shall qualify for and obtain tax-exempt status under Sections 501 and 509 (a) of the Internal Revenue Code of 1954 or corresponding provisions of any subsequent tax law, and that contributions made to the Fund shall be deductible by the contributors thereof as charitable contributions, as that term is defined in Section 170 (c) of the Internal Revenue Code of 1954 or corresponding provisions of any subsequent tax law. In this connection, the Trustees are expressly authorized to amend this Trust declaration in any manner necessary to obtain such tax exempt status and to assure such deductibility of contributions. In the event that a ruling granting qualification as an exempt organization and deductibility of contributions cannot be obtained from the Treasury Department, the Trustees shall pay, convey, and deliver back to the donors thereof, upon the request of the donors thereof, any and all property, real and personal, theretofore paid, conveyed, and delivered to the Trustees by such donors.

In all other respects this Trust Declaration shall be irrevocable and may not be amended or modified.

The Trust may be terminated at any time by the Trustees with the consent of the Governing Board of the United States Power Squadrons and the assets of the Fund shall be turned over, assigned, and delivered to another non-profit educational institution or organization having similar objectives, or alternatively such assets shall be divided equally between, and assigned to, the US Naval Academy at Annapolis, Maryland, and the US Coast Guard Academy at New London, Connecticut, each share to be used in a manner and for a purpose within said academies as the then Commandants shall direct.

ARTICLE VI GOVERNING LAW

This trust and the Fund shall be construed and regulated and administered under the laws of the State of North Carolina, and all donations to the trust shall be deemed to take place in said State.

IN WITNESS WHEREOF, we, Arthur N. Clifton, F. Ritter Shumway, Walter J. Sutcliffe, Edward F. Sanders, Theodore J. Carski, and Frank J. Keller, have executed this Trust Declaration this 12th day of November 1974.

Signed by the above.

AMENDMENT NO.1 TO TRUST DECLARATION USPS EDUCATIONAL FUND

AMENDED DECLARATION OF TRUST made and entered into this 7th day of April 1978 by and between ARTHUR N. CLIFTON, F. RITTER SHUMWAY, WALTER J. SUTCLIFFE, EDWARD F. SANDERS, THEODORE J. CARSKI, AND FRANK J. KELLER, hereinafter referred to as "Trustees":

WITNESSETH

WHEREAS, Trustees entered into a Declaration of Trust November 12, 1974, thereby creating USPS Educational Fund and hereinafter referred to as "Fund", and

WHEREAS, Article V of said Declaration provided for amendment in whole or in part in order to qualify Fund as a charitable organization under Sections 501 and 509 (a) of the Internal Revenue Code of 1954, as amended, and to which contributions are tax deductible under Section 170 (c) of the Internal Revenue Code of 1954, as amended, and

WHEREAS, as a condition of determination of such specialized status the Internal Revenue Service requires an amendment to such Declaration;

NOW, THEREFORE, in order to qualify Fund as a charitable organization to which contributions are tax deductible under Section 170 (c) of the Internal Revenue Code of 1954, as amended, the above said Declaration of Trust, being the governing instrument of Fund, is hereby amended as follows:

There shall be added to Article 1, Purposes, a new paragraph as follows:

Notwithstanding any other provisions of these articles, this Trust shall not carry on any other activities not permitted to be carried on by (a) a trust exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law or (b) a trust contributions to which are deductible

under Section 170 (c)(2) of the Internal revenue Code of 1954 or any other corresponding provision of any future United States Internal Revenue Law.

The third paragraph of Article V, Amendments and Termination, dealing with termination of the Fund, is deleted in its entirety and substituted therefore is the following:

The Trust may be terminated at any time by the Trustees with the consent of the Governing Board of the United States Power Squadrons and the assets of the Fund shall be turned over, assigned, and delivered to another non-profit educational institution or organization having similar objectives, or alternatively such assets shall be divided equally between, and assigned to, the US Naval Academy at Annapolis, Maryland, and the US Coast Guard Academy at New London, Connecticut, each share to be used in a manner and for a purpose within said academies as the then Commandant shall direct; provided however, that in no event shall the residual assets of the organization be turned over to an organization which is not exempt under Sections 501 (c) (3) and 170 (c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future Internal Revenue Code, or to the Federal, State, or Local government for exclusive public purpose.

In all other respects the Trust Declaration as originally executed shall remain unchanged.

This the 7th day of April 1978.

Signed by all six Trustees listed above.

Manning, Fulton, & Skinner, Attorneys at Law, (W. Gerald Thornton)
UCB Plaza, 3605 Glenwood Avenue
P.O. Box 20389
Raleigh, North Carolina, 27619-0389
Telephone 919-787-8880
Telecopier 919-787-8902