

Agenda



Municipality of Anchorage RETIREE MEDICAL FUNDING PROGRAM TRUST FOR POLICE OFFICERS AND FIREFIGHTERS

BOARD MEETING

11/13/2017 10:00 A.M.
1751 Gambell St. 2nd Floor Conf. Room, Anchorage AK

Type of meeting:	General	
Call to Order		
Minutes approval		
Investment Manager report – presented by Keith Guido, Vanguard Institutional Advisory Services		
Administrator report		
OLD BUSINESS		
NEW BUSINESS		Trustee Terms
2018 Budget		<i>Mark Hall, AFD</i> 01/01/2015 – 12/31/2017
		<i>Donald Krohn, APD</i> 01/01/2015 – 12/31/2017
Surplus Distribution		<i>Francis Nolan, AFD</i> 01/01/2016 – 12/31/2018
		<i>Greg Stewart, APD</i> 01/01/2016 – 12/31/2018
Training authorization		<i>Terry Marquart, APD</i> 01/01/2017 – 12/31/2019
		<i>Cleo Hill, AFD</i> 01/01/2017 – 12/31/2019
		<i>Daniel Moore</i> Mayor Appointee
		<i>Greg Stokes</i> Mayor Appointee
ADJOURNMENT		



Municipality of Anchorage
RETIREE MEDICAL FUNDING PROGRAM TRUST
FOR POLICE OFFICERS AND FIREFIGHTERS

1753 Gambell St., Anchorage, AK 99501
Minutes for Regular Meeting of October 16, 2017

BOARD MEMBERS PRESENT: Donald Krohn, Chair (APD), Cleo Hill, Vice-Chair (AFD), Greg Stewart (APD), Terry Marquart (APD), Francis X. Nolan (AFD),

BOARD MEMBERS ABSENT: Mark Hall (AFD), *Daniel Moore, *Greg Stokes (*non-voting members)

STAFF PRESENT: Lorne Bretz, Plan Administrator

CALL TO ORDER: Donald Krohn called the meeting to order at 10:05 a.m.

I. MINUTES:

Terry Marquart moved, to approve the minutes of Aug 7, 2017 as presented.

Cleo Hill seconded,

This motion was passed, 5 – 0

AYES: Donald Krohn, Greg Stewart, Terry Marquart, Cleo Hill, Francis X. Nolan,

NAYS: None

II. ADMINISTRATOR REPORT: See attached. It was noted that staffing expense incurred in 2017 was for 2015 and 2016 calendar years. The Municipality bills at the end of the year after services are rendered.

Greg Stewart moved, to amend staff budget to \$44,000 to reflect the most current information.

Terry Marquart seconded,

Discussion: None.

This motion was passed, 5 – 0

AYES: Donald Krohn, Greg Stewart, Terry Marquart, Cleo Hill, Francis X. Nolan

NAYS: None

III. OLD BUSINESS: NONE

IV. NEW BUSINESS:

A. Election Committee report: (Board Resolution 2017-2) Don Krohn ran unopposed for his second term as the APD representative. Don Krohn received 66 votes out of 66 votes cast.

William Miller and Andrew Provencio ran for the open position as the AFD representative. William Miller received 49 votes out of the 88 votes cast.

Greg Stewart moved, to approve board resolution 2017-2 confirming and

Cleo Hill seconded, accepting trustee election results

Discussion: None.

This motion was passed, 5 – 0

AYES: Donald Krohn, Greg Stewart, Terry Marquart, Cleo Hill, Francis X. Nolan

NAYS: None

V. ADJOURNMENT – Don Krohn adjourned the meeting at 10:50 a.m.

NAME

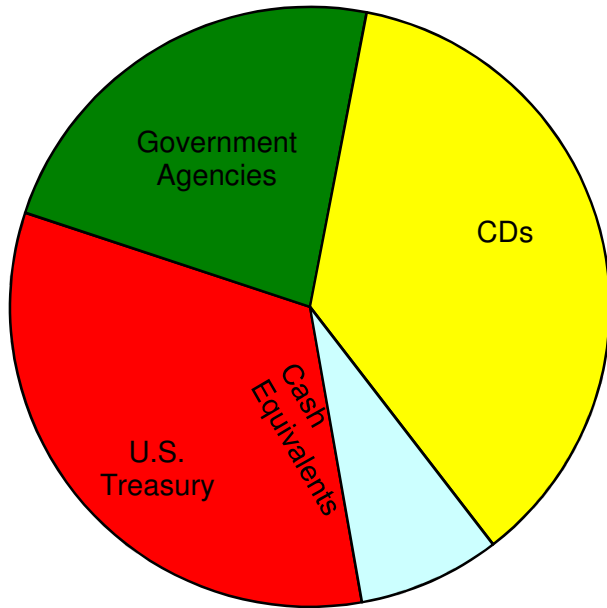
DATE

Member Account Allocation - October 31, 2017

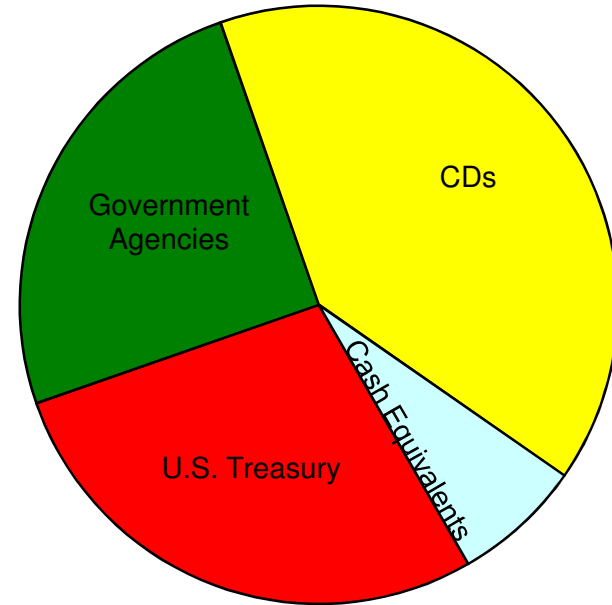
Symbol	Name	Quantity	Price	Market Value	Cost Basis	\$	% Gain/Loss	YTM
912828PK0	US TREAS NT 2.25% DUE 11/30/17	500,000	100.0781	500,391	537,676	(\$37,285)	-6.93%	0.735%
912828PY0	US TREAS NT 2.75% DUE 02/28/18	400,000	100.5000	402,000	436,875	(\$34,875)	-7.98%	0.890%
912828QQ6	US TREAS NT 2.375% DUE 05/31/18	400,000	100.0468	400,187	433,250	(\$33,063)	-7.63%	0.708%
912828QQ6	US TREAS NT 2.375% DUE 05/31/18	70,000	100.0468	70,033	73,475	(\$3,443)	-4.69%	1.311%
912828RE2	US TREAS NT 1.5% DUE 08/31/18	470,000	100.0468	470,220	472,221	(\$2,002)	-0.42%	1.403%
912828RT9	US TREAS NT 1.375% DUE 11/30/18	500,000	99.8593	499,297	497,225	\$2,072	0.42%	1.488%
912828SH4	US TREAS NT 1.375% DUE 02/28/19	450,000	99.8125	449,156	443,300	\$5,857	1.32%	1.679%
912828SX9	US TREAS NT 1.125% DUE 05/31/19	150,000	99.3437	149,016	146,015	\$3,001	2.06%	1.668%
912828J84	US TREAS NT 1.125% DUE 03/31/20	250,000	99.2812	248,203	249,980	(\$1,777)	-0.71%	1.377%
912828A42	US TREAS NT 2% DUE 11/30/20	250,000	100.6875	251,719	253,203	(\$1,484)	-0.59%	1.732%
912828WN6	US TREAS NT 2% DUE 05/31/21	250,000	100.5312	251,328	257,015	(\$5,687)	-2.21%	1.418%
912828F96	US TREAS NT 2% DUE 10/31/21	250,000	100.3906	250,977	250,293	\$684	0.27%	1.974%
912828XD7	US TREAS NT 1.875% DUE 05/31/2022	250,000	99.5781	248,945	251,145	(\$2,199)	-0.88%	1.779%
912828L57	US TREAS NT 1.75% DUE 09/30/2022	250,000	98.7187	246,797	249,960	(\$3,163)	-1.27%	1.753%
Total Treasuries:				4,438,267	4,551,632	(\$113,365)	-2.49%	1.355%
3137EACA5	FHLMC 3.75% DUE 03/27/19	200,000	103.0124	206,025	220,300	(\$14,275)	-6.48%	1.638%
3135G0ZG1	FNMA 1.75% DUE 09/12/19	360,000	100.1936	360,697	360,414	\$283	0.08%	1.742%
3135G0D75	FNMA 1.5% DUE 06/22/20	300,000	99.3863	298,159	298,143	\$16	0.01%	1.654%
3130A66T9	FHLB 1.625% DUE 09/11/20	250,000	99.5454	248,864	250,564	(\$1,701)	-0.68%	1.598%
3135G0H55	FANNIE MAE 1.375% DUE 12/28/20	250,000	100.2025	250,506	254,493	(\$3,987)	-1.57%	1.519%
3135G0J20	FANNIE MAE 1.875% DUE 2/26/21	250,000	98.5771	246,443	250,019	(\$3,577)	-1.43%	1.377%
313379RB7	FHLB 1.875% DUE 06/11/21	250,000	100.0568	250,142	257,700	(\$7,558)	-2.93%	1.272%
3135G0N82	FANNIE MAE 1.25% DUE 08/17/21	250,000	97.6361	244,090	242,009	\$2,082	0.86%	1.986%
3135G0Q89	FANNIE MAE 1.375% DUE 10/07/21	250,000	97.8757	244,689	249,172	(\$4,483)	-1.80%	1.450%
3130AABG2	FEDERAL HOME 1.875% DUE 11/29/21	250,000	99.6739	249,185	249,934	(\$749)	-0.30%	0.015%
313378CRO	FHLB 2.25% DUE 03/11/22	250,000	101.0526	252,632	256,051	(\$3,420)	-1.34%	1.965%
880591EN8	TENNESSEE VLY A 1.875% DUE 08/15/22	250,000	99.0396	247,599	250,901	(\$3,302)	-1.32%	1.958%
Total Agencies:				3,099,030	3,139,702	(\$40,672)	-1.30%	1.523%
795450XT7	Sallie Mae Bank US 1.25% DUE 1/22/18	250,000	100.0327	250,082	250,000	\$82	0.03%	1.250%
38147JWH1	Goldman Sachs BA 1.95% DUE 3/26/19	200,000	100.2975	200,595	200,000	\$595	0.30%	1.950%
36162TMM3	Synchrony 1.95% DUE 4/17/19	250,000	100.2687	250,672	250,000	\$672	0.27%	1.950%
254671X39	Discover Bk US 2% DUE 06/25/19	250,000	100.2969	250,742	250,000	742	0.30%	2.000%
06740KHS9	Barclays Bank DE US 2.1% DUE 08/13/19	250,000	100.4199	251,050	250,000	\$1,050	0.42%	2.100%
02587CCW8	Amer Express Bk FSB US 2.2% 11/20/19	250,000	100.5230	251,308	250,000	\$1,308	0.52%	2.200%
17284C5A8	CIT BK 2.2% DUE 12/03/19	250,000	100.5174	251,294	250,000	\$1,294	0.52%	2.200%
8562843 E2	State BK of India 2.2% DUE 12/05/19	250,000	100.5187	251,297	250,000	\$1,297	0.52%	2.200%
29976DVV9	Everbank 1.7% DUE 03/13/20	250,000	99.3218	248,305	250,000	(\$1,696)	-0.68%	1.700%
02587DYM4	Amer Exprss Cntrn 2.1% DUE 06/03/20	250,000	100.1005	250,251	250,000	\$251	0.10%	2.100%
140420UY4	Capital One Bank 2.2% DUE 09/02/20	250,000	100.1212	250,303	250,000	\$303	0.12%	2.200%
634116CF2	National Bank OF 1.75% DUE 11/30/20	250,000	100.6880	251,720	249,025	\$2,695	1.08%	1.832%
06251AL81	Bank Hapoalim B 1.45% DUE 03/11/21	250,000	98.2080	245,520	250,000	(\$4,480)	-1.79%	1.450%
20033AQP4	Comenity Cap Bk 1.6% DUE 06/07/21	250,000	98.5040	246,260	250,000	(\$3,740)	-1.50%	1.600%
9497486Z5	Wells Fargo Bank 1.6% DUE 08/03/21	250,000	97.3869	243,467	250,000	(\$6,533)	-2.61%	1.600%
14042REU1	Capital One NA 2% DUE 11/23/21	250,000	98.5430	246,358	250,000	(\$3,643)	-1.46%	2.000%
33767AY70	Firstbank P R 2% DUE 03/10/22	250,000	99.3070	248,268	250,000	(\$1,733)	-0.69%	2.000%
57116ANS3	Marlin Business B 2.1% DUE 04/26/2022	250,000	99.5780	248,945	250,525	(\$1,580)	-0.63%	2.100%
1404204Q0	Capital One Bank USA 2.35% 08/23/2022	250,000	99.3285	248,321	250,000	(\$1,679)	-0.67%	2.350%
46147USQ4	Invts Cmty Bk US 2% DUE 09/23/2022	250,000	99.5240	248,810	250,407	(\$1,597)	-0.64%	2.020%
Total CDs:				4,933,566	4,949,957	(\$16,391)	-0.33%	1.940%
Cash Equivalents		1,035,977		1,035,977				
Total Cash				1,035,977				
Grand Total:				13,506,839			Weighted YTM	1.628%

Asset Class	Current Value	% Current	Policy Target	% Difference
U.S. Treasury	\$ 4,438,267	33%	28.0%	4.9%
Government Agencies	\$ 3,099,030	23%	25.0%	-2.1%
CDs	\$ 4,933,566	37%	40.0%	-3.5%
Cash Equivalents	\$ 1,035,977	8%	7.0%	0.7%
Grand Total	\$ 13,506,839			

Actual Allocation



Target Allocation

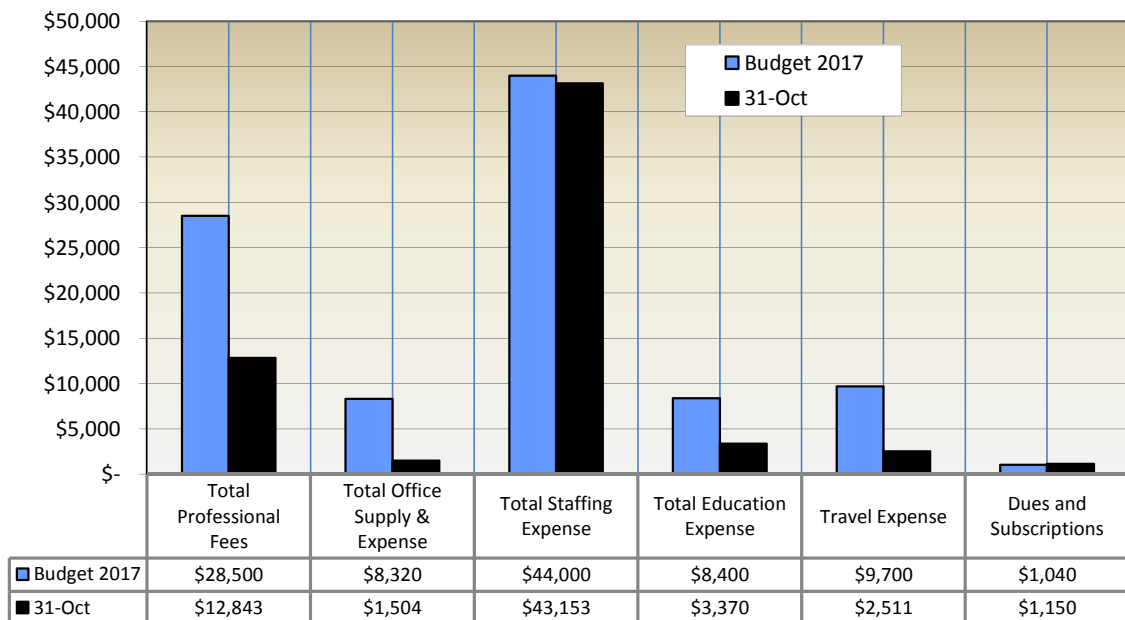


Budget

Police & Fire Retiree Medical Trust

2017

Operating	Budget 2017	31-Oct	Difference (\$)	Difference (%)
Total Professional Fees	\$ 28,500	\$ 12,843	\$ (15,657)	-54.9%
Attorney Fees	\$ 10,000	\$ 55		
IT Consultant	\$ 1,500	\$ -		
Investment Consultant	\$ 17,000	\$ 12,788		
Total Office Supply & Expense	\$ 8,320	\$ 1,504	\$ (6,816)	-81.9%
Office expense	\$ 3,120	\$ 122		
Office supply	\$ 5,200	\$ 1,382		
	\$ -			
Total Staffing Expense	\$ 44,000	\$ 43,153	\$ (847)	-1.9%
Administrative Assistant				
Total Education Expense	\$ 8,400	\$ 3,370	\$ (5,030)	-59.9%
Conference fees (3 trustees)	\$ 6,500	\$ 1,925		
Conference fees (administrator)	\$ 1,900	\$ 1,445		
Travel Expense	\$ 9,700	\$ 2,511	\$ (7,189)	-74.1%
Trustees	\$ 7,000	\$ 1,236		
Administrator	\$ 2,700	\$ 1,275		
Dues and Subscriptions	\$ 1,040	\$ 1,150	\$ 110	10.6%
Total Expenses	Budget	Actual	Difference (\$)	Difference (%)
	\$ 99,960	\$ 64,532	\$ (35,428)	-35.4%



General Fund Transactions

October 2017

	Date	Vendor	Check	Amount
Travel Expense - Trustee	10/30/2017	IFEBP		\$ 835.74
Office supplies	10/16/2017	Lewis & Lewis		\$ 1,001.75
	10/16/2017	Office Depot		\$ 32.39
		TOTAL		\$ 1,869.88



Municipality of Anchorage
 RETIREE MEDICAL FUNDING PROGRAM TRUST
 FOR POLICE OFFICERS AND FIREFIGHTERS

MCPI ADJUSTED BENEFIT CONTRIBUTIONS 2018

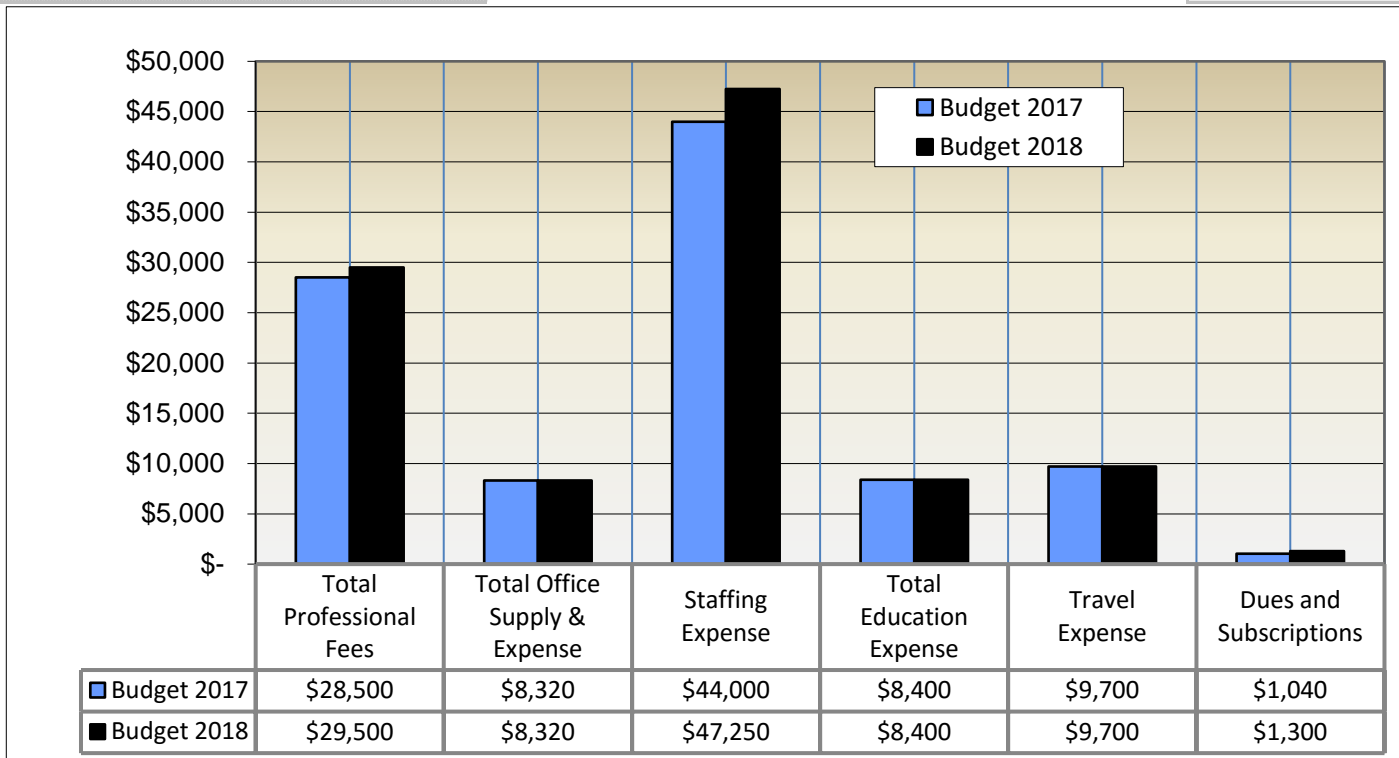
Annual MCPI change as reported September 30, 2017: 1.5%

CLASS	2017 Benefit	Plus MCPI Increase		Equals 2018 BENEFIT
		%	\$	
Class 1 75% MCPI	\$ 898.67	1.13%	\$ 10.11	\$ 908.78
Class 2 50% MCPI	\$ 735.86	0.75%	\$ 5.52	\$ 741.38
Class 3 50% MCPI Max of 6%	\$ 735.86	0.75%	\$ 5.52	\$ 741.38
Class 4 25% MCPI Max of 3%	\$ 600.75	0.38%	\$ 2.25	\$ 603.00
Class 4 DOT97 DFV05	\$ 555.53	0.38%	\$ 2.08	\$ 557.61
Class 4 DOT95 DFV03	\$ 556.64	0.38%	\$ 2.09	\$ 558.73
Class 4 DOT96 DFV06	\$ 539.93	0.38%	\$ 2.02	\$ 541.95
Class 4 DOT97 DFV07	\$ 544.32	0.38%	\$ 2.04	\$ 546.36
Class 4 DOT97 DFV10	\$ 524.11	0.38%	\$ 1.97	\$ 526.08
Class 4 DOT99 DFV10	\$ 536.91	0.38%	\$ 2.01	\$ 538.92
Class 4 DOT01 DFV10	\$ 547.29	0.38%	\$ 2.05	\$ 549.34
Class 4 DOT02 DFV10	\$ 553.39	0.38%	\$ 2.08	\$ 555.47
Class 4 DOT03 DFV12	\$ 550.87	0.38%	\$ 2.07	\$ 552.94
Class 4 DOT95 DFV12	\$ 510.42	0.38%	\$ 1.91	\$ 512.33
Class 4 DOT02 DFV13	\$ 538.59	0.38%	\$ 2.02	\$ 540.61
Class 4 DOT03 DFV13	\$ 544.88	0.38%	\$ 2.04	\$ 546.92
Class 4 DOT05 DFV13	\$ 562.06	0.38%	\$ 2.11	\$ 564.17
Class 4 DOT99 DFV13	\$ 522.55	0.38%	\$ 1.96	\$ 524.51

**Municipality of Anchorage
RETIREE MEDICAL FUNDING PROGRAM TRUST
FOR POLICE OFFICERS AND FIREFIGHTERS**

Budget 2018

	Budget 2017	Actual 10/31/17	Budget 2018	
Total Professional Fees	\$ 28,500	\$ 12,843	\$ 29,500	
Attorney Fees	\$ 10,000	\$ 55	\$ 10,000	
IT Consultant	\$ 1,500		\$ 1,500	
Investment Consultant	\$ 17,000	\$ 12,788	\$ 18,000	
Total Office Supply & Expense	\$ 8,320	\$ 1,504	\$ 8,320	
Office expense	\$ 3,120	\$ 122	\$ 3,120	
Office supply	\$ 5,200	\$ 1,382	\$ 5,200	
Staffing Expense	\$ 44,000	\$ 43,153	\$ 47,250	
Total Education Expense	\$ 8,400	\$ 3,370	\$ 8,400	
Conference fees (trustees)	\$ 6,500	\$ 1,925	\$ 6,500	
Conference fees (administrator)	\$ 1,900	\$ 1,445	\$ 1,900	
Travel Expense	\$ 9,700	\$ 2,511	\$ 9,700	
Dues and Subscriptions	\$ 1,040	\$ 1,150	\$ 1,300	
Total Expenses	Budget	Actual	Budget	
	99,960	64,531	104,470	





Municipality of Anchorage
RETIREE MEDICAL FUNDING PROGRAM TRUST
FOR POLICE OFFICERS AND FIREFIGHTERS

Surplus Funds Analysis Report

Date: October 31, 2017

Prepared by: Lorne Bretz, Plan Administrator

SUBJECT: THE FOLLOWING ANALYSIS IS PERFORMED AND PRESENTED TO THE BOARD FOR REVIEW AND CONSIDERATION IN ACCORDANCE WITH POLICY 2.14 SURPLUS FUND DISTRIBUTION.

ANALYSIS ASSUMPTIONS

Valuation Date

October 31, 2017

Market Value of Assets at December 31, 2016

\$5,020,597 (market value September 30, 2017 \$5,372,174)

Rate of Return on Assets

6.5% per year. This rate represents a common prevailing rate used by funds similar in nature and is consistent with the rate cited in the current Investment Policy Statement.

No Medical COLA

Administrative Expense and Inflation

Office expense projection is the current year actual expenditure plus budget projection. Total expenses each year are assumed to be at least \$15,000.

Mortality Rates

It is assumed that all future members are live until age 85. Healthcare Analytics tested the mortality assumption in 2012 to the RP 2000 Mortality table projected to 2025 using scale AA, applied on a gender specific basis. The difference in results was deemed immaterial.

Municipality of Anchorage
 RETIREE MEDICAL FUNDING PROGRAM TRUST
 FOR POLICE OFFICERS AND FIREFIGHTERS

Surplus Funds Analysis Report

Class	2018 Monthly Benefit	2018 Surplus Benefit	Annual Surplus benefit equals 96.6% of the retirees' normal monthly benefit. Surplus benefit is distributed monthly to all eligible retirees
1	908.78	\$75.58	
2	741.38	\$61.66	
3	741.38	\$61.66	
4	603.00	\$50.15	

Year	Retirees	Accumulated Assets (BOY)	Allocated to Accounts	Office Expense	Investment Income	Accumulated Assets (EOY)
2018	392	\$5,100,000	(\$301,241)	(\$99,222)	\$316,815	\$5,016,352
2019	392	\$5,016,352	(\$301,241)	(\$102,198)	\$311,377	\$4,924,291
2020	392	\$4,924,291	(\$301,241)	(\$105,264)	\$305,393	\$4,823,179
2021	392	\$4,823,179	(\$301,241)	(\$108,422)	\$298,821	\$4,712,337
2022	390	\$4,712,337	(\$301,241)	(\$111,675)	\$291,616	\$4,591,038
2023	390	\$4,591,038	(\$299,594)	(\$115,025)	\$283,812	\$4,460,232
2024	389	\$4,460,232	(\$299,594)	(\$118,476)	\$275,310	\$4,317,472
2025	389	\$4,317,472	(\$298,687)	(\$122,030)	\$266,075	\$4,162,829
2026	384	\$4,162,829	(\$298,687)	(\$125,691)	\$256,023	\$3,994,474
2027	380	\$3,994,474	(\$294,486)	(\$129,462)	\$245,285	\$3,815,811
2028	373	\$3,815,811	(\$291,359)	(\$133,346)	\$233,824	\$3,624,930
2029	370	\$3,624,930	(\$285,345)	(\$137,346)	\$221,710	\$3,423,949
2030	360	\$3,423,949	(\$282,958)	(\$141,466)	\$208,762	\$3,208,287
2031	347	\$3,208,287	(\$274,557)	(\$145,710)	\$195,154	\$2,983,174
2032	329	\$2,983,174	(\$263,936)	(\$150,082)	\$181,039	\$2,750,196
2033	301	\$2,750,196	(\$248,947)	(\$154,584)	\$166,627	\$2,513,291
2034	283	\$2,513,291	(\$226,363)	(\$159,222)	\$152,329	\$2,280,036
2035	258	\$2,280,036	(\$212,151)	(\$163,998)	\$137,860	\$2,041,746
2036	239	\$2,041,746	(\$191,620)	(\$168,918)	\$123,372	\$1,804,579
2037	216	\$1,804,579	(\$177,083)	(\$173,986)	\$108,665	\$1,562,175
2038	195	\$1,562,175	(\$158,032)	(\$179,205)	\$93,837	\$1,318,775
2039	177	\$1,318,775	(\$141,877)	(\$184,582)	\$78,804	\$1,071,120
2040	159	\$1,071,120	(\$128,167)	(\$71,961)	\$63,375	\$934,367
2041	143	\$934,367	(\$114,231)	(\$66,582)	\$55,165	\$808,719
2042	122	\$808,719	(\$102,720)	(\$61,679)	\$47,559	\$691,879
2043	109	\$691,879	(\$87,038)	(\$54,199)	\$40,729	\$591,371
2044	91	\$591,371	(\$77,914)	(\$49,877)	\$34,641	\$498,221
2045	71	\$498,221	(\$64,480)	(\$42,889)	\$29,241	\$420,093
2046	58	\$420,093	(\$49,842)	(\$34,467)	\$24,876	\$360,660
2047	49	\$360,660	(\$40,856)	(\$29,001)	\$21,451	\$312,254
2048	35	\$312,254	(\$34,415)	(\$25,236)	\$18,619	\$271,222
2049	27	\$271,222	(\$25,132)	(\$18,566)	\$16,404	\$243,928
2050	18	\$243,928	(\$19,628)	(\$15,000)	\$14,898	\$224,199
2051	12	\$224,199	(\$13,354)	(\$15,000)	\$13,922	\$209,767
2052	5	\$209,767	(\$8,384)	(\$15,000)	\$13,226	\$199,609
2053	2	\$199,609	(\$3,452)	(\$15,000)	\$12,806	\$193,963
2054	1	\$193,963	(\$1,342)	(\$15,000)	\$12,542	\$190,163
2055	0	\$190,163	(\$602)	(\$15,000)	\$12,331	\$186,893
2056	0	\$186,893	\$0	(\$15,000)	\$12,148	\$184,041
2057	0	\$184,041	\$0	(\$15,000)	\$11,963	\$181,003
2058	0	\$181,003	\$0	(\$15,000)	\$11,765	\$177,768
2059	0	\$177,768	\$0	(\$15,000)	\$11,555	\$174,323
2060	0	\$174,323	\$0	(\$15,000)	\$11,331	\$170,654
2061	0	\$170,654	\$0	(\$15,000)	\$11,093	\$166,747
2062	0	\$166,747	\$0	(\$15,000)	\$10,839	\$162,585
2063	0	\$162,585	\$0	(\$15,000)	\$10,568	\$158,154
2064	0	\$158,154	\$0	(\$15,000)	\$10,280	\$153,434
2065	0	\$153,434	\$0	(\$15,000)	\$9,973	\$148,407
2066	0	\$148,407	\$0	(\$15,000)	\$9,646	\$143,053
2067	0	\$143,053	\$0	(\$15,000)	\$9,298	\$137,352
2068	0	\$137,352	\$0	(\$15,000)	\$8,928	\$131,279
2069	0	\$131,279	\$0	(\$15,000)	\$8,533	\$124,813