



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

POLICY & PROCEDURE MANUAL

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1 Welcome

The mission of Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters (the "Trust") is to provide the eligible retired members with a Health Reimbursement Arrangement (HRA) for the reimbursement of eligible medical expenses incurred by the retirees, their spouses, and eligible dependents.

1.1 History

In 1994, after several years of lengthy discussions the International Association of Fire Fighters, Local 1264 (IAFF), the Anchorage Police Department Employees Association (APDEA) and the Municipality entered into a September 1994 Letter of Agreement concerning retiree health care. This letter of agreement included the idea that the three parties would mutually agree to undertake a renewed attempt to settle the issue of Police and Fire Retiree health care benefits. The result of this effort was a deadlock, which divided the community and created a significant fiscal uncertainty for the Municipality.

To advance beyond this problem the parties, in accordance with the Letter of Agreement, determined that the best interest of all involved required the removal of the Police and Fire Retiree medical coverage from collective bargaining. This understanding is memorialized in AM 1299-94, which provides in part as follows: "With the passages of AO 94-95 and 94-222(S-1) the Assembly will have addressed the major component of the Police and Fire Retiree medical issue.

Attached to AM 1299-94 is a Letter of Agreement recognizing that upon passage of AO 94-222(S-1) that Police and Fire Retiree health care would be removed as a subject of collective bargaining for all purposes between the Municipality and all current, active employees who are represented by APDEA and IAFF who retired subsequent to January 1, 1995, and who were members of the Anchorage Police and Fire Retirement System. This idea is codified at AMC 3.70.196 which provides:

AMC 3.70.196 Post retirement police and fire medical benefits. No matter related to post-retirement medical coverage for active or retired police officers or firefighters shall be subject to the provisions of this chapter and negotiations on the subject of retiree medical coverage are prohibited for all such individuals in legislated pension plans and any employee organizations on their behalf. (AO No. 94-95, § 2, 5-24-94; AO No. 94-116, § 1(3.70.196), 1-1-95)

Subsequently the Assembly adopted AO 94-222(S-1) is codified at AMC 3.87, which establishes the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters to provide those retirees with a Health Reimbursement Arrangement (HRA) for medical benefits. The ordinances are intended to create and fund the Police and Fire Retiree medical benefits through an HRA to cover the eligible medical expenses of the retiree's spouses, and eligible dependents. It is important to note that AMC 3.87 benefits are subject to Article 12, Section 7 of the Alaska State Constitution, which provides that retiree benefits may not be diminished.

1.2 Changes in Policy

This policy manual supersedes all previous policies.

While every effort is made to keep the contents of this document current, the Trust reserves the right to modify, suspend, or terminate any of the policies, procedures, and/or benefits described in the manual.

1.3 Document Preparation Guidelines

A. In order to maintain a standard format for document preparation and policy change, the Trust may utilize the pertinent document preparation guidelines established by the Anchorage Assembly. These guidelines include but are not limited to, legislative formatting, document formatting and policy provisions not affected by amendments.

(MTR 2016-4, 08-22-2016)

2 Administration

2.1 Introduction

The Trust is administered by a board of eight trustees and employees.

- A. Three of the trustees shall be appointed by the APDEA, three by the IAFF, Local 1264 and two serve at the pleasure of the mayor.
- B. Three trustees shall be elected by the APDEA program members and potential eligible members of the funding program. All three APDEA elected trustees shall have voting powers.
- C. Three trustees shall be elected by IAFF program members and potential eligible members of the funding program. All three IAFF elected trustees shall have voting powers.
- D. All appointments of elected member trustees shall be for three-year terms
- E. Two trustees shall be appointed and serve at the pleasure of the mayor. These appointees do not have voting powers.
- F. Municipality of Anchorage Assembly confirmation is required of all eight appointees.
- G. There shall be no limitation to the number of terms to which a trustee may be appointed.
- H. Trustees shall serve without compensation from the trust for the performance of trust duties.

2.2 Board Meetings

It is the policy of the board that all meetings, including subcommittee meetings, will be conducted in accordance with Alaska State Statutes. (AS 44.62.310)

- A. Scheduling - The board will hold meetings no less frequently than quarterly.
- B. Notice - Public notices will be issued in a timely manner on the Trust website. The meetings will be open to the public.

2.3 Attendance Requirements; Vacancies

The Trust adopts AMC 4.05.060 Boards and Commissions attendance policy and any subsequent amendments thereto as follows:

- A. The office of a trustee of the board shall become vacant if a member during any 12-month period while in office:
 - 1. Is absent from three regular meetings without excuse;
 - 2. Is absent from:
 - a. Six regular meetings; or
 - b. Fails to attend a two-third majority of the regular meetings.
- B. A trustee intending to be absent from a regular meeting shall request of the chairman to be excused prior to the meeting proposed to be missed.
- C. The Trust staff shall keep attendance records of all meetings, and immediately report the failure of any trustee to meet the attendance requirements of this section to the mayor or his designee. The mayor or his designee shall notify the trustee of his delinquency and remove the trustee from office within 15 days of receiving notification of the official's noncompliance.
- D. The assembly shall be promptly notified of the removal of any trustee under this section. Vacancies created pursuant to the provisions of this section shall be filled by appointment to the unexpired term of the member whose office becomes vacant.
- E. Physical presence by a trustee is NOT required to constitute attendance at a regular or special public meeting. Telephonic or electronic communication shall constitute attendance at the public meeting of the board.

2.4 (pending)

2.5 Agenda

The agenda shall be reviewed and approved by the chairperson prior to being publicly advertised. Item(s) may be added to the agenda prior to the meeting by the consent of two board members. By a quorum vote, new items may be added to the agenda at the meeting.

A. Public requests to be heard shall be submitted in advance in writing stating the reason for and subject of the request. The chairperson will rule on the applicability and relatedness of the subject and direct administrator to communicate decisions to requestor.

2.6 Quorum

Four voting members of the board shall constitute a quorum for the transaction of business and shall have full power to act under the terms of the plan.

2.7 Voting

Four concurring votes shall be required for the board to take action, except in the case of a significant financial impact decision, in which case, five concurring votes shall be required. A significant financial impact decision shall occur in any of the following circumstances:

- A. Change in the investment policy/asset allocation of the trust;
- B. Settlement of litigation;
- C. Allocation of general funds to the eligible membership.
- D. Any other decision, which the board by five concurring votes deems to be a significant financial decision. Any such determination under this provision shall mean that a particular policy shall become incorporated into this section until such time as the board, by five concurring votes decides to repeal the policy or decides that it is no longer a significant financial decision.
- E. Proxy votes may be given to the plan administrator by a board member with an excused absence to another board member in writing or email prior to a scheduled meeting.

2.8 Executive Session

No official votes will be taken during executive sessions. The chairperson, with a quorum vote of the body, may call for an Executive Session to discuss:

- A. Matters that would have an adverse effect on the finances of the Trust.
- B. Subjects that tend to prejudice the reputation or character of any person, provided that person may request public discussion.
- C. Matters, by law, Municipal Charter or ordinance which must be confidential, such as litigation strategy discussions with board counsel.

2.9 Chairperson

The position of chairperson shall be decided by the full board by popular vote. The term of the chairperson shall be annual. There shall be no limit to terms served.

Responsibilities of the chairperson include:

- Schedule and conduct meetings
- Appoint all subcommittees
- Approve the agenda

2.10 Vice-Chairperson

The position of vice-chairperson shall be decided by the full board by popular vote. The term of the vice-chairperson shall be annual. There shall be no limit to terms served.

Responsibilities of the vice-chairperson are to assume the responsibilities of the chairperson in their absence.

2.11 Plan Administrator

At the direction of the board, the plan administrator shall manage the daily operation of the Trust. Responsibilities of the plan administrator include impart:

- Monitor, review, and analyze Trust investment portfolio
- Comply with all federal regulatory agency laws, requirements, guidelines and specifications.
- Budget preparation, expenditures, forecast and reconciliation
- Schedule meetings and co-ordinate with the chairperson
- Evaluate workload to determine level of support staff required to complete ancillary tasks and assignments.
- Processing reimbursement requests.

2.12 Trustee Election

It is the policy of the Trust Board to establish a process that facilitates the fair and timely election of member representatives in accordance with AMC 3.87.30. Nominees for trustee must be members or potential member of the Trust and may not simultaneously serve on the MOA Police and Fire Retirement System Board.

A. Nomination Process

Staff shall create an election timetable to allow adequate time for the election process and assembly confirmation prior to the expiration of a current term. Staff shall send a notice regarding the opening of nominations to all members of the Trust.

The notice shall advise the members which board member's term is ending and when, and request names of members who wish to be placed on the election ballot. The notices shall also give a deadline of 30 days for nominations to be returned to the Trust office.

Members will have 30 days from the date that notice is sent to submit their nominations in writing. Staff shall contact the nominees to verify their willingness to have their names on the ballot. Nominations received after this time will not be included on the ballot. Nominee may run as a write in candidate.

B. Balloting Process

Members will have at least 30 days from the date that ballots are sent out to vote and return their ballots to the Trust office. Election will be closed October 1 of each year. Ballots not received by election close date will not be counted.

Ballots shall be counted in an open meeting by the plan administrator and two board trustees selected by the chair, one representing police and one representing fire. These trustees shall not be current candidates. Election results must be presented to the board for approval by October 31 of each year to allow time for assembly confirmation.

C. Vote Certification

Upon board acceptance of the certification, staff shall forward the Certification, and other documents as required by the Municipality of Anchorage Assembly for confirmation of trustees.

D. Resignation and Board Member Replacement

A board member's resignation is automatic through a written notice, death, and incompatible office upon becoming a member of the Police and Fire Retirement System Board, or failure to comply with section 2.3 attendance requirements.

In the event of a vacancy among the member trustees, a replacement trustee shall be elected and appointed in the manner set forth above and shall serve the unexpired term of the member replaced.

2.13 Forfeitures

Upon a member's death without a surviving spouse or surviving dependents, the member's HRA account balance shall be forfeited to the Trust general fund. If, after a member's death, the member's surviving spouse and/or surviving dependents are eligible to request qualified payments under the program, reimbursement claims may be submitted no later than 365 days after the end of the calendar year in which the expense was incurred. Any amounts remaining in the member's HRA account when neither the surviving spouse nor any surviving dependent remains eligible to request qualified payments, whether by death or otherwise, shall be forfeited to the Trust general fund.

The executor of the member's estate may close the account, if the deceased member has no eligible dependents, by completing the Trust account closure form.

2.14 Surplus Fund Distribution

A. Background

In 1995, the Trust received a \$2 million contribution from the Municipality. These funds are for expenses incurred in the Trust administration and to offset members' increasing medical expense.

B. Definition

The assets remaining after paying the projected administrative expenses during the life of the Trust are referred to as "surplus".

C. Policy

A surplus analysis will be performed annually by the Plan Administrator at the end of the third quarter and presented to the board for review. It is the board's discretion whether to distribute the surplus after reviewing the analysis each year. A distribution WILL NOT occur in any year that an analysis does not indicate a surplus.

Although the amounts will differ between Classes each retired member will receive the same monthly percentage distribution. Surplus distributions shall end the month in which the member dies, as does the normal monthly contribution from the Municipality

D. Analysis Assumptions

For purposes of analysis, it is assumed that all future members are currently retired. This ensures a more even cash flow and eliminates the need to estimate retirement dates.

Mortality Rates

It is assumed that all current and future members live until age 85. Healthcare Analytics tested the mortality assumption to the RP 2000 Mortality table projected to 2025 using scale AA and deemed the difference in results immaterial.

Assumed Administrative Expense and Inflation

Office expense projection assumptions are approved by the board. The next year's administrative expense is the prior year actual expenses plus inflation or the current year budget projection.

Market Value of Assets

The general fund balance at the end of the preceding year in conjunction with the current end of year balance projection is used for surplus calculation.

Assumed Rate of Return on Assets

Return on investment (ROI) projection mirrors the prefunding actuarial assumption or the most recent information received from the Trust's investment advisor.

Duration

Projections mirror MOA Prefunding actuarial study for the life of the Trust.

(AO 94-222(S-1), 12-28-94; AO 95-183, 9-12-95; AO 2001-106, 6-5-01; AO 2003-141, 10-21-03; PP 2008-1, 2-11-2009; PP 2008-2, 2-11-2009; BR 2012-2, 03-06-12; BR 2012-3, 05-08-12; BR 2012-7, 06-12-12; BR 2012-10, 11-14-12; BR 2013-2, 07-16-13; BR 2015-8, 10-19-2015; BR2016-1, 04-11-16; MTR 2016-3(s)); MTR 2016, 10-24-16; BR 2017, 08-07-2017

3 INVESTMENT POLICY

3.1 Introduction

The purpose of this section is to establish the investment policy for the management of the assets of the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters (the “Trust”). The Board acts in a fiduciary capacity with respect to the General Fund and Member Allocated Fund Portfolios, and is accountable to the Trust members for overseeing the investment of all assets owned by the Trust. This IPS sets forth the investment objectives, distribution policies and investment guidelines that govern the activities of the board and any other parties to whom the Board has delegated management responsibility for Portfolio assets.

3.2 Portfolio Objectives

The General Fund portfolio is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the organization. Consistent with these objectives, the portfolio shall be invested to maximize total investment returns, within the constraints of a prudent level of risk and diversification, and to provide funding for present and anticipated future obligations.

3.3 Asset Allocation

General Fund (non-member allocated) Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

ASSET CLASS	Sub-Asset Class	Target Allocation
Equity		70%
	Domestic (U.S.) Equities	42%
	International (Non-U.S.) Equities	28%
Fixed Income		30%
	Domestic (U.S.) Investment Grade	23%
	International (Non-U.S.) Investment Grade	7%
Total		100%

(Editor’s Note: Member Fund Allocation addressed in Section 3.9)

3.4 Diversification

Reasonable precautions will be taken to avoid excessive investment concentrations to protect the portfolio against unfavorable outcomes within an asset class. Specifically, the following guidelines will be in place:

- A. With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment security shall represent more than 5% of total Plan assets.
- B. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) will constitute more than 20% of total Portfolio assets.
- C. With respect to fixed income investments, the minimum average credit quality of these investments will be investment grade (Standard & Poor's BBB or Moody's Baa or higher).
- D. Cash investments will, under normal circumstances, only be considered as temporary portfolio holdings, and will be used to fund liquidity needs or to facilitate a planned program of dollar-cost averaging into investment in either or both of the equity and fixed income asset classes.

3.5 Investment Manager Guidelines

On a quarterly basis, the Consultant will provide the Board with performance reports, detailing performance on individual managers, asset classes and total trust, including relevant performance standards and assessment of compliance with policy guidelines.

On an annual basis, or more frequently if needed, provide the Board with an assessment of any changes needed to the Investment Policy Statement.

3.6 Rebalancing (General Fund)

Investment Manager will rebalance the Portfolio to the target normal asset allocation described above as follows:

- A. Utilizing incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of the Portfolio on an ongoing basis.

- B. Reviewing the Portfolio quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time under the following circumstances:

If any asset class (equity, fixed income, alternatives or cash) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.

- C. Rebalancing the Portfolio at any other time if Investment Manager in its discretion deems it appropriate to do so.

3.7 Other Investment Policies

Unless expressly authorized by board action the Investment Manager is prohibited from:

- A. Purchasing securities on margin, or executing short sales,
- B. Pledging or hypothecating securities, except for loans of securities that are fully collateralized,
- C. Purchasing or selling, derivative securities, or funds that invest in derivative securities for speculation or leverage, and
- D. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of the Portfolio.

3.8 Signature Authority

- A. Signature Authority

All transactions greater than \$2,500, occurring in the general fund (non-member allocated fund) require the written/electronic approval of the Chair or Vice-chair. This approval is in addition to any action initiated due to board motion or approved budget.

- B. Corporate Credit Card

The corporate credit card cannot be used to obtain cash advanced, personal expenses, bank checks, traveler's checks, or electronic cash transfers. Misuses of the card will result in cancellation of the card and withdrawal of corporate credit card privileges. If the card is used for the user's personal expenses, the Trust reserves the right to recover these monies from the user cardholder. The Chair or Vice Chair should be notified immediately in writing and the funds reimbursed.

3.9 Member Allocated Fund

A. Definitions

Cash Equivalents

Cash Equivalents are short-term, highly liquid investments that have both of the following characteristic:

1. Readily convertible to known amounts of cash
2. So near their maturity that they present insignificant risks of changes in value because of changes in interest rates.

Generally, only investments original maturities, of three months or less qualify under that definition. Original maturity means to the original maturity to the entity holding the investment¹.

Examples commonly considered to be cash equivalents are Treasury bills, commercial paper, and money market funds.

¹ See Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) paragraph 305-10-20.

B. Allocation (Member Allocated Fund)

Assets that have been allocated to eligible member accounts shall be invested in cash equivalents and/or a series of laddered Certificates of Deposit (CDs) from FDIC insured banks, U.S. Treasury and Government Agency bonds.

The following asset allocation is deemed appropriate for the Member Allocated Fund:

ASSET CLASS	TARGET	MINIMUM	MAXIMUM
U.S. Treasury	28%	23%	33%
Government Agency	25%	20%	30%
CDs	40%	35%	45%
Cash Equivalents	7%	4%	10%

Criteria for selection of Fixed Income Securities should be the security with the highest coupon and yield to maturity that is the best fit for the existing laddered maturity dates.

Maturities of all asset classes should be blended so as not to have periods of time that only CDs mature.

Quarterly purchase of 5 year Fixed Income Securities will be in the amounts available over target not to exceed six hundred thousand. This six hundred thousand cap will be reviewed annually or as needed by the board.

C. Rebalancing (Member Allocated Fund)

Rebalancing will occur within a reasonable amount of time when the allocations fall outside of the ranges specified in section 3.6. The Staff will initiate the rebalancing process through written instruction to the investment managers. Staff will monitor the asset allocation on a quarterly basis. In addition, cash flows will be made to and from the Trust at times. When this occurs, the Staff will initiate the action through written instruction to the investment managers. To coincide with general fund rebalancing, the transfer of funds from the general fund to the member allocated fund for funding of monthly surplus allocations will occur quarterly in arrears.

The Board will review cash flow requirements at least annually and take action as necessary to manage these requirements.

(BR2011-1, 08-23-11; BR2012-1, 02-14-12; BR2012-5, 05-08-12; BR2012-6, 05-08-12; BR2012-8, 06-12-12; BR 2012-9, 10-16-12, BR2014-1, 02-24-14, BR2014-2, 04-14-14; MTR 2016-2(s))



4 CONFLICT OF INTEREST

4.1 Purpose

The purpose of the Conflict of Interest Policy is to protect the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters (the "Trust") interest, as a tax-exempt entity, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Board of Trustees, or might result in an excess benefit transaction. This Policy is intended to supplement, but not replace, any applicable State and federal laws governing conflict of interest applicable to the tax-exempt entities

4.1 Interested Person

Any member of the Board of Trustees or other individual or organization which is delegated with fiduciary responsibility for the assets of the Trust, who has a direct or indirect financial interest, other than being a participant in the Trust, is an interested person.

4.2 Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- A. An ownership or investment interest in any entity with which the Trust has a transaction or arrangement;
- B. A compensated arrangement with the Trust or with any entity or individual with which the Trust has a transaction or arrangement, other than being an employee of a contributing employer; or
- C. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Trust is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under the Procedures section below, a person who has a financial interest may have a conflict of interest only if the Board of Trustees, after disclosure and review, determine that a conflict of interests exists.

4.4 Procedures

- A. **Duty to Disclose:** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Trustees considering the proposed transaction or arrangement.
- B. **Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Trustee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Trustees shall decide if a conflict of interest exists.
- C. **Procedures for Addressing the Conflict of Interest:**
 - 1. An interested person may make a presentation at the Board of Trustees' meeting, but after the presentation, he/she will leave the meeting while the remaining Trustees deliberate and vote on the matter.
 - 2. The Chairperson of the Board of Trustees shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - 3. After exercising due diligence, the Board of Trustees shall determine whether the Trustees can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - 4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Trustees shall determine by majority vote of the disinterested Trustees whether the transaction or arrangement is in the Trust's best interests, for its benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4.5 Violations

- A. If the governing Board of Trustees has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Trustees determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary action and corrective action, including removal from the Board of Trustees, if warranted.

4.6 Records of Proceedings

The Minutes of the Board of Trustee meeting and all committee meetings shall contain:

- A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Trustees' decision as to whether a conflict of interest existed; and
- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussions, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

(BR2014-2, 04/14/2014)

5 TRAVEL POLICY

5.1 PURPOSE

To establish Trust's uniform rules regarding board trustee and staff training and travel expenses.

5.2 POLICY

A. Educational Conference Expenses

It is the policy of Trust board to authorize the attendance of trustees and staff at various educational meetings, and classes, as the board of trustees may deem appropriate, so that they may be properly advised of new legislation, regulation and different approaches to the administration of the trust. Recognizing that an attending trustee and staff shall report to the full board of trustees concerning the information obtained at any such conference. Further, it is the policy of the board to reimburse trustees and staff for all appropriate business expense as stated in this section 5.

The Trust plan administrator and trustees are required to attend training courses and seminars to educate in the areas of fiduciary duty, investment management and professional development. Administrator shall attend one conference annually. Trustees are required to attend one conference per term, in the first year of each term. If trustee has insufficient prior experience, trustee must attend a new trustee training course. Only one conference per trustee term will be paid by the Trust. New trustees completing the remainder of a term vacated by another trustee are eligible to receive training at Trust expense if more than 6 months remain of the term after training is completed.

5.3 DEFINITIONS

- A. Fiduciary Duty Training – Education and training that is designed to teach principles, concepts and laws associated with trustee and administrator duties in pension and health and welfare funds.
- B. Financial Training – Education and training designed to teach the principles, concepts and techniques of trust management. Topics include but not limited to:
- asset allocation
 - investment policy development
 - investment manager selection and monitoring
 - actuarial valuations
- C. Professional Development Training – Training aimed at development of knowledge and skills concerning regarding pension and health and welfare fund plan administration. Topics include but not limited to:
- industry trends and practices
 - plan design

- D. New Trustee Training – Training will focus on understanding of key issues in managing pension and health and welfare funds, and the complexities of the trust fund management and administration.

5.4 SPECIFIC EXPENSE ITEMS

A. Specific Expense Items

1. Air Fare Expenses

Trust will reimburse trustee/staff only for the actual cost of airfare from the airport nearest his or her residence to the airport nearest the city of the educational conference and return, where the board of trustees has authorized travel. The amount reimbursable will not exceed the appropriate airline's fourteen day advance MOST ECONOMICAL coach rate. Travelers are not required to take "red-eye" flights nor are they required to stay over a Saturday night to obtain a lower airfare. Travelers may use their personal upgrades to fly business or first class, as long as this results in no extra cost to the Trust. Trust will not pay a higher fare for upgradeable tickets.

Triangle/extended trips for personal reasons require two quotes for airfare – one with and one without the personal segment. Since airfare prices are constantly changing, both quotes need to be obtained AT THE TIME OF PURCHASE. Write "Business only" on the quote without the personal extension/triangle, and write "Business & Personal" on the quote that includes the personal/triangle portion.

2. Personal Automobile Expenses and Parking

Trust will reimburse a trustee/staff for mileage at the then current IRS mileage allowance from the trustee's residence or office to an educational conference and return. Parking shall also be reimbursed. In no event will the reimbursable mileage be greater than the round trip airfare, which would have been applicable.

3. Rental Car Expenses

Travelers are encouraged to use public transportation, shuttles and taxis if these alternatives are reasonable and less expensive than car rentals. Trust will reimburse a trustee/staff for the cost of a rental car necessary for the performance of attendance at an educational conference. Reimbursement will be for actual costs not to exceed the rental company's published rate. Rental cars obtained at economy/compact rates are to be utilized. Rental car insurance will not be reimbursed.

4. Lodging Expenses

Trust will reimburse a trustee/staff for the cost of lodging at the standard single room rate when at an educational conference and when justified by the distance between the trustee's residence and the meeting location. Reimbursement will be made for the night before each day of a meeting and for the night of the last day of a meeting or educational conference only when reasonably required by the circumstances. Travelers should attempt to return on the last official business day whenever possible, if the per diem and hotel savings exceed any additional ticket costs. If a Saturday layover results in lower airfare, Trust shall pay for additional lodging if the end result is a net savings.

In addition to basic room costs, reimbursable costs include charges such as local telephone calls, parking charges and reasonable gratuities. Discretionary personal items included on a lodging bill such as athletic club fees, movies, facility fees and the like are not reimbursable. These items should be identified and excluded from the bill. Additional lodging expenses attributable to family members or other traveling companions should be similarly identified and excluded.

5. Other Expenses

Trust will reimburse a trustee/staff for the cost of baggage fees (two bags maximum excluding overweight fees). A trustee will also be reimbursed for meals, refreshments and reasonable gratuities while on Trust business or at an educational conference. The daily reimbursable cost for meals and refreshments will not exceed the per diem rate in section B9 or the IRS daily limit for the location if greater. Discretionary personal items, as mentioned in Section B4, will not be reimbursed.

A receipt shall be attached to the trustee's expense voucher. If the expense represents expenditures for other individuals, the trustee should exclude the portion attributable to the other individuals.

6. Fair Labor Standards Act 29 CFR 785.39 through 785.41

The Fair Labor Standards Act (FLSA) specifies that travel time during normal work hours (i.e., 8:00 a.m. to 5:00 p.m., for an employee who regularly works these hours) is compensable.

Travel during times within normal work hours is compensable, irrespective of the day traveled. Example: If an employee who normally works Monday through Friday from 8:00 a.m. to 5:00 p.m. travels on a Sunday from 3:00 p.m. to 7:00 p.m., the normal work hours of 3:00 p.m. to 5:00 p.m. are compensable, even though the travel occurred on a day that is not a normal work day for the traveler.

7. Long Distance Telephone Calls

A reasonable number of long distance calls necessary to communicate Trust Board business is reimbursable.

8. Expense Advances

A trustee/staff that will be traveling by air or requires overnight lodging at an educational conference shall be entitled to advance payment of those expenses. Where appropriate, part or all of the lodging allowance may be sent directly to the hotel to secure a reservation. The expense advance may be issued to the trustee approximately 7 - 14 days prior to the trustee's departure. Staff will receive their per diem 7 - 14 days prior to their departure.

9. Per Diem

Trust shall not pay staff per diem unless there is an overnight stay. Trust shall pay \$48.00 per diem for meal and incidental expenses for each official business day. If the traveler flies early in order to reduce the cost of the airline travel, he or she shall be reimbursed as long as there is a net savings to the Trust. Trust will pay 75% of the per diem rate each travel day. Staff will utilize the municipality expense form to determine

their reimbursements. The per diem rate will be reviewed and adjusted in accordance with IRS limits.

10. Trip Cancellations

Travelers shall contact staff as soon as possible to notify them of trip cancellation. Travelers shall call the hotel and car rental agency at least 24 hours in advance to cancel the reservation and avoid unnecessary charges. Travelers shall call the airline in advance in order to obtain credit for the unused ticket. Unused airline tickets are normally non-refundable and non-transferable, and carry expiration dates. Travelers are responsible for retaining unused airline tickets and applying them toward any future approved Trust business travel, or reimbursing the Trust for the cost of the ticket. Trustees need to receive prior supervisory approval before registering for a conference to avoid unnecessary cancellations, and expenses.

5.5 EXPENSE VOUCHER

A. Payment of Vouchers

The plan administrator shall process vouchers in accordance with this policy. Reimbursement will only be made in response to a standard voucher that is signed by the trustee/staff and includes all necessary receipts. The plan administrator shall refer to the board of trustees any voucher that appears inconsistent with this policy.

1. Penalty for Non-submission of Voucher

The board of trustees shall have the authority to impose reasonable penalties against a trustee/staff who fails to submit an expense voucher within 90 days after attendance at any educational conference where expenses were advanced by the Trust or who otherwise violates this policy. Expenses submitted more than 90 days after educational conference shall not be reimbursed.

Any exceptions to this policy requires board authorization.

(BR2013-1, 05-21-13, BR2014-4, 10-14-14, BR2017-4, 11-13-17)

6 RECORDS RETENTION AND DESTRUCTION

6.1 Purpose

This policy is adopted by the Board of Trustees of the Municipality of Anchorage Retiree Medical Funding Program Trust For Police Officers and Firefighters (herein, Trust) to provide a procedure for the internal controls for the maintenance and destruction of records produced and/or maintained in the course of administration of the Trust.

The trustees and the Trust's administrator maintain the records relating to the administration of the Trust. Records will be maintained in accordance with the standards provided by the Internal Revenue Code Section 6001 and the regulations promulgated under such Section. The board of trustees is responsible for the interpretation and application of this policy and has the authority to make necessary amendments to this policy as required by circumstances or changes in the applicable law.

6.2 Records Retained Permanently

Some records of the Trust should be maintained permanently (electronically or otherwise) for historical purposes, including, but not limited to, the following:

- Trust agreements and amendments
- Plan documents and amendments
- Plan booklets
- Summaries of material modifications and newsletters
- Minutes of trust meetings
- IRS determination letters
- Annual audit reports and financial reports
- IRS correspondence
- Fiduciary and fidelity policies
- Investment guidelines

6.3 Records Retained Until No Longer Necessary To Determine Benefits

Records that are necessary to determine eligibility for benefits, or the benefits due, or which may become due, should be maintained (electronically or otherwise) until no longer necessary to determine eligibility or benefits, but in no case less than 8 years. Such records include, but are not limited to:

- Collective bargaining agreements and letters of agreement
- Contribution reports
- Eligibility reports

6.4 Records That May Be Destroyed After Eight Years

In general, no record will be destroyed until a period of eight (8) years has expired from the date the record was created or received by the Trust, or from the date of the conclusion of the matter to which the record relates, if later. Such records include the following:

- Correspondence (except as otherwise provided)
- Health claims
- Financial records (bank reconciliations/statements/expense reports/budget reports)
- Historical/expired vendor contracts
- Litigation records (provided that legal counsel has been consulted prior to destruction)

6.5 Maintenance of Electronic Records

Electronic records and media may be used to retain records, provided that such storage complies with the maintenance and retention requirements under Internal Revenue Code Section 6001.