

**MUNICIPALITY OF ANCHORAGE  
RETIREE MEDICAL FUNDING PROGRAM TRUST  
FOR POLICE OFFICERS AND FIREFIGHTERS**

THIS TRUST AGREEMENT is made and entered into as of November 3, 1995, by and between the Municipality of Anchorage (hereinafter referred to as the "Municipality"), and Everett Robbins, Andrew Provencio, Wade Strahan, and Ross Plummer, (the "Board of Trustees").

**W I T N E S S E T H:**

WHEREAS, the Municipality has heretofore adopted, pursuant to Anchorage Municipal Code Chapter 3.87, a retiree health care funding program known as the Retiree Medical Funding Program for Police Officers and Firefighters (the "Program"), the purpose of which is to provide those retirees receiving retirement benefits under the Police and Fire Retirement System and who qualify as Members of the Program with flexibility in selecting their health insurance coverage and in using amounts credited to their Retiree Medical Premium Accounts for the purchase of such coverage; and

WHEREAS, a Board of Trustees has been appointed pursuant to Anchorage Municipal Code section 3.87.030 to administer the Program; and

WHEREAS, the Municipality is required to fund, pursuant to Anchorage Municipal Code section 3.87.030, and to establish a trust with the Board of Trustees to administer, the Program, which trust shall be named the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters (the "Trust"); and

WHEREAS, the Board of Trustees has named or will name a trustee (the "Fund Trustee") to receive, hold and administer the funds in the Trust, and has named or will name an investment manager (the "Investment Manager(s)") to invest and manage the funds in the Trust; and

WHEREAS, the funds which will be paid over to the Fund Trustee, as and when received by the Fund Trustee, will constitute the trust fund (the "Trust Fund" or "Fund") to be held for the benefit of eligible Program Members and their eligible dependents and beneficiaries under and in accordance with the terms of Anchorage Municipal Code Chapter 3.87; and

WHEREAS, the Municipality intends that the Trust hereby established shall be exempt from income tax under section 115 of the Internal Revenue Code of 1986, as amended (the

"Code"); and

WHEREAS, the Municipality and Board of Trustees desires the Fund Trustee to hold and administer the Trust Fund, and desires the Investment Manager(s) to invest and manage the funds and the Fund Trustee is willing to hold and administer such Trust Fund, and the Investment Manager(s) is willing to invest and manage the funds in the Trust Fund pursuant to the terms and conditions of this Trust Agreement.

NOW, THEREFORE, IN CONSIDERATION of the premises and mutual covenants contained herein, the Municipality and Board of Trustees do hereby declare and agree as follows:

## ARTICLE I

### INTENT; CONSTRUCTION

1.1 Trust Name and Accounting Year. The Trust shall be known as the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters. The plan year and accounting year of the trust shall be January 1 to December 31 of each year.

1.2 Intent to Qualify. The Trust is intended to be exempt from federal income tax under section 115 of the Code.

1.3 Terms of The Trust. The terms used in the Trust shall have the meaning ascribed to them herein, or, where not defined herein, shall have the meanings ascribed to them by Anchorage Municipal Code Chapter 3.87, unless in any such case the context clearly indicates an intended different meaning.

1.4 Construction of The Trust. The construction, validity, administration and enforcement of the Trust shall be governed by the laws of the State of Alaska. If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of the Trust.

1.5 Gender and Number. Wherever any words are used herein in the masculine, feminine or neuter, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

1.6 Headings. The headings and sub-headings of this Trust have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

## ARTICLE II

### GENERAL

2.1 Source of Funds. Contributions to this Trust may include contributions from the Municipality, and contributions on an after-tax basis from Program Members who are participating under the Program.

2.2 Limited Effect of Program and Trust. Neither the establishment of the Program nor the Trust nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Program or other person any legal or equitable right against the Fund Trustee, the Board of Trustees, the Municipality, or any officer or employee thereof, except as may otherwise be provided in the Program or in the Trust. Under no circumstances shall the terms of employment of any employee be modified or in any way affected by the Program or this Trust.

2.3 Protective Clause. Neither the Municipality nor the Board of Trustees nor the Fund Trustee shall be responsible for the validity of any contract of insurance issued in connection with the Program or Trust or for the failure on the part of the insurer to make payments provided by such contract, or for the action of any person which may delay payment or render a contract null and void or unenforceable in whole or in part.

## ARTICLE III

### THE TRUST FUND; CONTRIBUTIONS

3.1 Establishment of The Trust Fund. The Municipality and Board of Trustees, with the Fund Trustee, shall establish the Trust Fund consisting of such sums of money and such property acceptable to the Board of Trustees as have been and shall from time to time be paid or delivered to the Fund Trustee, together with all investments and reinvestments made therewith and proceeds thereof and all earnings thereon, less the payments which at the time of reference shall have been made by the Fund Trustee as authorized herein and any losses thereto.

3.2 Employer Contributions to The Trust Fund. It is the intention of the Municipality to make deposits as may be required with the Fund Trustee pursuant to the terms of Anchorage Municipal Code section 3.87.050.

3.3 Receipt of Contributions. All contributions received by the Fund Trustee, together with the income herefrom and any other increment thereon, shall be held, invested, and reinvested by the Investment Manager(s) pursuant to the terms of this Trust Agreement without distinction between principal and income.

The Fund Trustee shall hold the Fund and carry out its functions (and the Investment Manager(s) shall invest and manage the Fund) in accordance with the provisions of this Trust Agreement, the provisions of Anchorage Municipal Code Chapter 3.87, and the provisions of Alaska Statute 13.36.010.

3.4 Compliance with Federal Tax Laws. This Trust Agreement and the Trust Fund hereunder are intended to meet all the requirements of section 115 of the Code, as the same may be amended from time to time. Notwithstanding any other provisions to the contrary, in the event the Commissioner of the Internal Revenue Service or his delegate initially rules that the Trust is not eligible for favorable tax treatment pursuant to section 115 of the Code, the Municipality and the Board of Trustees shall determine the appropriate disposition of the Trust assets.

#### ARTICLE IV

##### ALLOCATION OF RESPONSIBILITIES AMONG NAMED FIDUCIARIES

4.1 Named Fiduciaries. The following persons or entities are named as fiduciaries under this Trust Agreement, and shall be the only named fiduciaries hereunder.

- (a) Board of Trustees. The Board of Trustees shall administer the Program, and shall have the obligation and responsibility to perform the duties assigned to it by Anchorage Municipal Code section 3.87.030 C and those enumerated in Article V. The Board of Trustees shall administer the Program so as to insure that the premiums and benefits paid from the Program to or on behalf of Program Members and their dependents or beneficiaries are exempt from federal income tax pursuant to Code sections 105 and 106. The Board of Trustees shall have the exclusive authority and discretion to perform such duties.
- (b) Fund Trustee. Subject to the provisions of Article VI and Article VIII, the Fund Trustee shall be appointed by the Board of Trustees and serve at the

pleasure of the Board of Trustees, and shall have the obligation and responsibility:

- (1) to receive all contributions under the Program, except as otherwise specifically provided in the Trust;
- (2) to manage and control the Fund, as provided in the Trust and as directed by the Board of Trustees; and
- (3) to make payments from the Fund, as directed pursuant to the Trust by the Board of Trustees.

The Fund Trustee shall have the authority and discretion to perform such responsibilities and obligations, as directed by the Board of Trustees. The Fund Trustee shall have no other responsibilities and obligations except those allocated to it by this section 4.1(b), Article VIII, and any contract by and between the Board of Trustees and the Fund Trustee, as described in section 8.1. Upon the Fund Trustee's appointment, it shall certify and acknowledge in writing to the Board of Trustees that it is a fiduciary with respect to the Trust, and that it has assumed the duties and responsibilities conferred upon it by the Board of Trustees.

- (c) Investment Manager(s). Subject to the provisions of Article VII and Article VIII, the Investment Manager(s) shall be appointed by the Board of Trustees and serve at the pleasure of the Board, and shall have the obligation and responsibility and the exclusive authority and discretion to manage and invest funds held by the Trust Fund in accordance with this Trust Agreement and as directed by the Board. Upon the Investment Manager(s)' appointment, it shall certify and acknowledge in writing to the Board of Trustees that it is a fiduciary with respect to the Trust, and that it has assumed the duties and responsibilities conferred upon it by the Board of Trustees.

4.2 Authority and Allocation of Responsibilities of Named Fiduciaries. When the Board of Trustees has notified the Fund Trustee and Investment Manager(s) in writing of the name of any person or entity designated pursuant to this Article IV, the Fund Trustee and Investment Manager(s) may assume that any such person or entity continues in office until advised differently in the same manner. The Fund Trustee and Investment Manager(s) may act upon the direction or approval of a person or entity so named if such direction or approval is made pursuant to the Trust, is proper on its face under the Trust and applicable law, and is made by written communication signed by a person or on behalf of an entity so named.

All notices to the Fund Trustee and/or Investment Manager(s) designating persons or entities as named fiduciaries, and indicating the authority of or allocation of responsibility to

or among such persons or entities, shall be given by written notice to the Fund Trustee and/or Investment Manager(s) signed by the Secretary of the Board of Trustees or by his agent currently authorized and designated as such in writing.

4.3 Prohibition of Diversion. Except as provided in section 3.4, it shall be prohibited at any time prior to termination of the Trust for any part of the Fund to be used for or diverted to purposes other than for the exclusive purpose of providing benefits to eligible Program Members, their dependents or their beneficiaries covered under the Program. However, the payment of taxes, administrative expenses and expenses for professional services which are necessary for the administration of the Program may be made from the Trust Fund as provided in section 6.2.

4.4 Exemption from Certain Liability. Neither the Municipality, the Board of Trustees, the Fund Trustee, the Investment Manager(s) nor any person designated to carry out fiduciary responsibilities pursuant to this Article IV shall be liable for any act, or failure to act, which is made in good faith pursuant to the provisions of the Program and the Trust.

## ARTICLE V

### POWERS, DUTIES, AND ACTIONS OF THE BOARD OF TRUSTEES

5.1 Powers and Duties of the Board of Trustees. The Board of Trustees shall maintain and administer the Program and shall be the final authority in all matters pertaining to the administration of the Program. The Board of Trustees shall have the powers and responsibilities enumerated by Anchorage Municipal Code section 3.87.030 C. The Board of Trustees shall discharge its duties under this Trust Agreement solely in the interest of the eligible Program Members and their dependents and beneficiaries and for the exclusive purpose of providing benefits to such persons and defraying reasonable expenses of administering the Trust, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, all in accordance with the provisions of this Trust Agreement and Anchorage Municipal Code Chapter 3.87, as they may be amended from time to time.

5.2 Actions of the Board of Trustees.

- (a) Appointment of Members of the Board of Trustees. Trustees shall be appointed pursuant to Anchorage Municipal Code section 3.87.030 B and shall begin to serve upon confirmation by the Anchorage Assembly.

- (b) Death or Resignation of a Member of the Board of Trustees. In the event a Trustee dies or resigns from his/her position, the position shall remain vacant until a new appointment is made in accordance with Anchorage Municipal Code section 3.87.030 B.
- (c) Removal of a Member of the Board of Trustees. A Trustee may be removed with or without cause by a unanimous vote of the remaining Trustees. Failure to attend, without an excused absence, three scheduled meetings of the Board of Trustees within one calendar year shall be considered cause for removal. In the event a Trustee is removed from his/her position, the position shall remain vacant until a new appointment is made in accordance with Anchorage Municipal Code section 3.87.030 B.
- (d) Meetings. Regular meetings of the Board of Trustees may be held at such time and at such place as shall from time to time be determined by the Board; provided, however, that meetings shall be held at least once per calendar quarter. Special meetings of the Board of Trustees may be called by the Board pursuant to its policies or procedures when any three of the Trustees, at least one of whom shall be from the Fire units and one from the Police units, agree that a special meeting is warranted, and upon not less than a one day notice, either personally or by mail, that states the place, date and hour of the meeting.
- (e) Quorum and Voting. The Board of Trustees shall establish its own quorum requirements for the voting members, but a quorum at a minimum shall include one current or former member of each bargaining unit. Any action of the Board of Trustees must be authorized by the affirmative vote of a majority of the voting members attending, and must include the affirmative vote of at least one current or former member of each bargaining unit.
- (f) Procedure. The Board of Trustees shall adopt its own rules of procedure as are necessary to govern its meetings. It shall keep regular minutes of its proceedings.
- (g) Access to Records. All records of the Board of Trustees shall not be public records under Anchorage Municipal Code Chapter 3.90. All records of the Board of Trustees shall be available to the Members; provided, however, that in relation to Member accounts, a Member will be allowed access only to information related to his/her individual account.
- (h) Indemnification. The Trust shall indemnify and hold harmless each Trustee (including both voting and non-voting Trustees) for and from any liabilities, costs and expenses arising from any act or omission to act in connection with the performance of his duties, responsibilities and obligations under the

Program and Trust, except to the extent that any such liabilities, costs, or expenses are judicially determined to be due to the gross negligence or willful misconduct of such Trustee.

## ARTICLE VI

### PAYMENTS FROM TRUST FUND

6.1 Payments Directed by Board of Trustees. The Fund Trustee shall from time to time at the direction of the Board of Trustees make payments out of the Trust Fund in such amounts and for such purposes as may be specified in the directions of the Board of Trustees. To the extent permitted by law, the Fund Trustee shall be under no liability for any payment made pursuant to the direction of the Board of Trustees. Any direction of the Board of Trustees shall constitute a certification that the distribution or payment so directed is one which the Board of Trustees is authorized to direct.

6.2 Fees and Expenses. The Fund Trustee and Investment Manager(s) may be paid such reasonable compensation and expenses as shall from time to time be agreed upon in writing by and between the Board of Trustees and the Fund Trustee, and the Board of Trustees and the Investment Manager(s), respectively. Such compensation and expenses shall be paid from the Trust Fund.

All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Fund or the income thereof shall be paid by the Fund Trustee from the Trust Fund; however, the Municipality and Board of Trustees will have the opportunity, but no duty, to challenge any such taxes before payment is made. In the event that the Fund Trustee receives a notice of levy with respect to taxes owed by a Program Member or his dependents or beneficiaries, the Fund Trustee shall send a notice of such levy by first-class mail to the last known address of the Program Member or his dependents or beneficiaries. Neither the Fund Trustee, Municipality nor Board of Trustees shall have any duty to challenge such levy.

## ARTICLE VII

### INVESTMENTS

7.1 Establishment of Funding Policy. The Board of Trustees shall establish and carry out a funding policy consistent with the purposes of the Program and the requirements of

applicable law, as may be appropriate from time to time. As part of such funding policy, the Board of Trustees shall from time to time direct the Investment Manager(s) to exercise its investment discretion so as to provide sufficient cash assets in an amount determined by the Board of Trustees, under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Program.

7.2 Adherence to Funding Policy. The discretion of the Investment Manager(s) in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding policy, and any changes thereof from time to time, as the Board of Trustees may adopt from time to time and communicate to the Investment Manager(s) in writing. It shall be the duty of the Investment Manager(s) to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the Investment Manager(s) from time to time in writing.

## ARTICLE VIII

### DUTIES OF FUND TRUSTEE AND INVESTMENT MANAGER(S)

8.1 General. The Fund Trustee and Investment Manager(s) (as its function relates to the management and investment of funds in the Trust) shall discharge their duties under this Trust Agreement and under the terms of their contracts solely in the interest of the eligible Program Members and their dependents and beneficiaries covered under the Program and for the exclusive purpose of providing benefits to such persons and defraying reasonable expenses of administering the Trust, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the Trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Trust Agreement, as it may be from time to time amended; but the duties and obligations of the Fund Trustee and Investment Manager(s) as such shall be limited to those expressly imposed upon them by this Trust Agreement and under the terms of their contracts. The contracts of the Fund Trustee and Investment Manager(s) referred to in this paragraph are the contracts agreed to by and between the Board of Trustees and the Fund Trustee and Investment Manager(s), respectively, for the performance of services by the Fund Trustee and Investment Manager(s) for the Trust.

8.2 Accounts and Records. The Fund Trustee and the Investment Manager(s) (as its function relates to the management and investment of funds in the Trust) shall keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions hereunder, and all such accounts, books and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Board of Trustees.

Except as otherwise provided in the Trust, no Program Member or his dependents or beneficiaries, or any other person acting for or through such Program Member or dependent or beneficiary shall have the right to demand or be entitled to any accounting by the Fund Trustee or Investment Manager(s).

## ARTICLE IX

### AMENDMENT AND TERMINATION OF TRUST AGREEMENT

9.1 Amendment. Any or all of the provisions of this Trust Agreement may be amended at any time and from time to time, in whole or in part, by an instrument in writing approved by the Anchorage Municipal Assembly. However, except as permitted by sections 3.4 and 9.2 hereof, no such amendment shall authorize or permit any part of the Trust Fund (other than such part as is required to pay taxes, administration expenses, staff expenses, or professional service expenses necessary for administration of the Program) to be used for or diverted to purposes other than for the exclusive benefit of eligible Program Members, their dependents and beneficiaries; no such amendment shall cause or permit any portion of the Fund to revert to or become the property of the Municipality; and no such amendment which affects the rights or duties of the Fund Trustee may be made without the Fund Trustee's written consent. The Fund Trustee, the Board of Trustees, and the Municipality may, by agreement, amend the Trust, retroactively if necessary, in order to conform to any applicable statute, regulation or rule.

9.2 Termination. This Trust Agreement may be terminated in conformance with Anchorage Municipal Code Chapter 3.87. Upon such termination, the Trust Fund shall be paid out by the Fund Trustee as and when directed by the Board of Trustees or the Municipality, in accordance with the provisions of Article IV hereof and the terms of the Program. In addition, assets remaining in the Trust Fund upon termination shall be paid out in accordance with the following:

- (a) If this Trust is terminated prior to the termination of the Program, any amounts that have not otherwise been allocated to the accounts of individual Members shall be allocated to such accounts in a manner to be determined by the Board of Trustees, in its sole discretion. Then, after all payments to or on behalf of Program Members have been made, and any final administrative expenses of the Trust Fund have been paid, any amounts remaining in the Trust Fund shall revert to the Municipality to be used to continue to fund benefits under the Program.
- (b) If this Trust is terminated at the same time as, or after, the Program is terminated, then after all payments to or on behalf of Program Members have

been made, and any final administrative expenses of the Trust Fund have been paid, any amounts remaining in the Trust Fund shall revert to the Municipality to be used for any lawful purpose.

#### ARTICLE X

##### MERGER OR CONSOLIDATION OF FUND TRUSTEE OR INVESTMENT MANAGER(S)

10.1 Merger or Consolidation of Fund Trustee or Investment Manager(s). Any corporation into which the Fund Trustee or Investment Manager(s) may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Fund Trustee or Investment Manager(s) is a party, or any corporation succeeding to the trust business of the Fund Trustee or the investment business of the Investment Manager(s), shall become the successor of the Fund Trustee or Investment Manager(s), respectively, hereunder, without the execution or filing of any instrument or the performance of any further act on the part of the parties hereto. This provision shall be incorporated into any contract or agreement entered into by and between the Board of Trustees and a Fund Trustee and Investment Manager(s), respectively.

#### ARTICLE XI

##### INTEREST IN THE TRUST

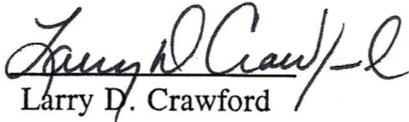
11.1 Interest in The Trust. Except as heretofore provided, no creditor of the Municipality, and no Municipality employee or retiree or his dependent or beneficiary covered under the Program shall have any interest in or right to the assets of this Trust, and, to the full extent of all applicable laws, the assets of this Trust shall not be subject to any form of alienation, sale, transfer, assignment, hypothecation, pledge, execution, attachment, garnishment, sequestration or other action afforded creditors of the Municipality, the Program Member or his dependents or beneficiaries. The Fund Trustee shall take cognizance of no assignment or alienation of benefits unless, and then only to the extent, written notice is received from the Board of Trustees. No assignment or alienation of benefits hereunder shall affect the Municipality's obligation to contribute to the Program.

IN WITNESS WHEREOF, the Municipality of Anchorage Retiree Medical Funding Program Trust for Police Officers and Firefighters has been executed on this \_\_\_ day of \_\_\_\_\_, 1995 to be effective as of that date.

MUNICIPALITY OF ANCHORAGE  
(the "Municipality")

ATTEST: (SEAL)

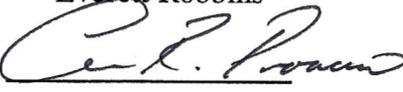
  
Municipal Clerk, Deputy

By:   
Larry D. Crawford

Title: Municipal Manager

BOARD OF TRUSTEES

By:   
Everett Robbins

By:   
Andrew Provencio

By:   
Wade Strahan

By:   
Ross Plummer

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