

EXHIBIT NO. 1

14 & 15
5-12-12

~~21~~
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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER *RM*

SUBJECT: CONSIDERATION OF MERGING OF PUBLIC SAFETY EMPLOYEE LINE OF DUTY BENEFITS INTO THE CITY'S POST-EMPLOYMENT BENEFITS TRUST FUND

ISSUE: Consideration of Merging of Public Safety Employee Line of Duty Benefits into the City's Post-employment Benefits Trust Fund:

- (a) Introduction and First Reading. Passage on First Reading of an Ordinance to modify Section 3-1-7 of Chapter 1 of Title 3 of the City Code to add the Line of Duty Benefits to the Post-employment Benefits Trust Account; and
- (b) Receipt of Resolution Providing for Irrevocable Election Not to participate in the Virginia Line of Duty Trust Fund and Proposed Amendment to the City of Alexandria Post-employment Benefits Trust and scheduling the Resolution and the Amendment for Council action on Saturday, May 12.

RECOMMENDATION: That City Council:

1. Pass on first reading the ordinance amending and reordaining Alexandria City Code Section 3-1-7 and schedule the ordinance for public hearing, second reading and final passage on Saturday, May 12 (Attachment 1); and
2. Receive the Resolution providing for irrevocable Election Not to Participate in the Virginia Line of Duty Trust Fund (Attachment II) and the Proposed Amendment to the City of Alexandria Post-employment Benefits Trusts Trust (Attachment III) and schedule Council consideration of the Resolution and the Amendment for Council consideration on Saturday, May 12 following the adoption of the ordinance.

BACKGROUND: The State began providing state-funded and state-administered Line of Duty benefits in 1972 under the Line of Duty Act (Code of Virginia §9.1-400, et. seq.). These benefits have been expanded multiple times since their creation. Currently, Line of Duty benefits are provided at no cost to hazardous duty personnel (primarily Police Officers, Firefighters, Fire Marshals, Medics, and Deputy Sheriffs) and their surviving spouses and dependents and apply to

employee deaths and disabilities resulting from acts the employee was obligated or authorized to perform by rule, regulation, condition of employment or service or law. These benefits include:

- Continued health coverage for disabled uniformed officers, their spouses, and their dependents;
- Continued health coverage for the surviving spouses and dependents of certain deceased uniformed officers; and
- One-time death benefit payments made to the beneficiaries of certain deceased uniformed officers, including both active employees and retirees (if the death occurred within the first five years of retirement).

Currently, 661 City employees (65.8% are Fire and Police; 34.2% are Medics, Deputy Sheriffs, and Fire Marshals) are eligible for Line of Duty benefits. The City is currently paying Line of Duty healthcare benefits for 39 recipients (nine individual plans, eight two-person plans, 20 family plans, and two reimbursement accounts) and dental care for 12 recipients (one individual plan, three two-person plans, seven family plans, and one reimbursement account). Of these 39 recipients, there are 21 from the Police Department, 12 from the Fire Department, and six from the Sheriff's Department. There are 12 claims currently pending (two for individual plans, three for two-person plans, and seven for family plans). Total annual Line of Duty costs for the recipients currently receiving benefits are \$0.55 million.

As part of the 2010 Appropriations Act, General Assembly created the Virginia Line of Duty Act Fund (the "LODA Fund") for the payment and prefunding of Line of Duty benefits administered by the Department of Accounts and, for the first time, began requiring localities to make contributions for benefits payable to their employees. The Virginia Retirement System (VRS) was made the investment manager of the LODA Fund to allow the funding of future benefits. The VRS Board of Trustees (the "Board") was made responsible for annually calculating employer contributions on a current disbursement basis.

All localities were automatically enrolled as participants in the LODA Fund but could opt out and self-fund all benefits by passage of a resolution prior to the deadline of July 1, 2011, which was extended to July 1, 2012, as part of the 2011 Appropriations Act. The City allocated \$0.2 million in the Non-Departmental budget to cover anticipated Line of Duty benefits in FY 2012. The City allocated \$0.5 million to the affected departments with public safety officers in the FY 2013 Proposed Budget based on VRS premiums.

DISCUSSION: The provisions of the Act call for continued funding of the current cost of health care coverage and death benefits *plus* prefunding of future benefits (much like prefunding pension or post-employment medical or life insurance benefits). As stated earlier, the State allows municipalities to prefund their costs of future benefits by:

1. Participating in the Virginia Line of Duty Act Fund; or
2. Opting out of the LODA Fund (electing not to participate) and forming trust funds prior to July 1, 2012.

Whichever option the City chooses, the City will be required to make some payments to the State. Under current law and practice, the City will be responsible for paying the costs of any

State Police investigations related to Line of Duty benefits and the costs of eligibility determinations conducted by the State Comptroller. The City may also be required to reimburse the State for claims payments made directly by the State, including any retroactive claims costs or fees for eligibility determination. The City would need to start setting aside funds to cover these costs if it opts out of the LODA Fund.

Participating in the Virginia LODA Fund

If the City opts to remain in the Virginia LODA Fund (the “Fund”), the costs of prefunding benefits will continue to be paid from the General Fund and allocated to the affected departments with public safety officers. The City’s annual premiums will be established by the VRS Board of Trustees each year. Premiums will vary over time depending on the total number of eligible employees in the pool and the number of municipalities that choose to remain in the pool. The City’s decision to remain in the Fund will be irrevocable.

So that VRS may calculate its annual rates, the City will be required to verify VRS participation information and return it to VRS. VRS will calculate the premiums based on their actuarial review and send the City a bill. The City will have no role in determining the premiums charged by VRS.

The Trust Option

The City does have the option to “opt out” of the Fund and self-fund Line of Duty health coverage and death benefits through a trust. If the City opts to self-fund Line of Duty benefits, the current costs of monthly health coverage benefits, which are easily budgeted and relatively predictable, could continue to be paid from the General Fund and administered by Human Resources for at least the next few years. Death benefits, which are of a higher severity but much lower frequency, would most likely be paid from the trust unless the City chooses to purchase insurance to cover these costs. The trust would act primarily as an investment trust for the prefunding of future health coverage and death benefits.

If the City self-funds, a trust fund would need to be established. The City’s Post-Employment Benefit Trust (the “PEBT”) was established by City Council in 2008 to prefund retiree medical and life insurance. The PEBT could also be used for Line of Duty benefits. This fund would need to accumulate assets much like a pension or our OPEB costs. The City would make contributions to this fund based on an actuarial calculation. The City would continue to both administer insurance and medical payments and manage the investments.

In order for the City to self-fund and self-administer its Line of Duty benefits, City Council must approve the opt-out resolution entitled “Irrevocable Election Not to Participate in Line of Duty Act Fund” (Attachment II). Please note that the current resolution contains text provided and mandated by the state prior to the passage of the state budget, which includes an amendment removing the provision that non-participating localities contribute to the management, administrative, and investment costs of the Line of Duty Act Fund. Staff will bring any changes needed at a future date if required.

To incorporate these benefits into the PEBT, City Council must also approve the Amendment to the City of Alexandria Post-Employment Benefits Trust (Attachment III) and the ordinance amending and reordaining Alexandria City Code Section 3-1-7 (Attachment I).

Analysis

The City had actuaries prepare a preliminary evaluation comparing the costs of participating in the Fund to the costs of self-funding Line of Duty benefits. That evaluation concluded that, based on a 10-year projection, the costs of self-funding would be significant for FY 2013. It's important to note that this analysis was based on the then-present value of premiums under the Fund and the current death/disability rates amongst eligible employees.

The anticipated disparity between self-funding and participation in the Fund has been diminished by two major factors. First, including Line of Duty benefits into the existing PEBT rather than establishing a separate Line of Duty Benefits Trust would produce lower investment, actuarial, and audit expenses and fees than anticipated in the actuaries' analysis. Secondly, at the time of the actuaries' analysis, Fund premiums were based on the assumption that 100 percent of eligible municipalities would remain in the Fund. These premiums, revised by VRS in December 2011, have increased substantially, reflecting the fact that many "lower claims" jurisdictions opted out of the Fund, leaving those remaining with a higher average cost. Table I shows the increases in the Pay-as-you-go Rates for FY 2013, FY 2014, and FY 2015 as well as the Pay-as-you-go Rate for FY 2016 and the City's anticipated per employee contribution under self-funding (based on the actuaries' analysis).

Table I: Pay-as-you-go Rates

	2013	2014	2015	2016	City Estimate
Pay-as-you-go Rate (Original 2010 Analysis)	\$268.51	\$305.28	\$344.86	N/A	\$1,670
Updated Pay-as-you-go Rate (December 2011)	\$474.14	\$521.97	\$574.06	\$623.63	
Per Participant Dollar Change	\$205.63	\$216.69	\$229.20	N/A	
Percentage Change	76.6%	71.0%	66.5%	N/A	

The City's current number of employees qualifying for Line of Duty coverage is higher than the State average. The cost evaluation is one criterion for determining whether the City should consider funding the LODA benefit. Other considerations include:

1. The risk that, if the City remains in the Fund, Fund premiums will continue to increase even further beyond what was assumed in the actuaries' analysis without input from the City;
2. The possibility that City initiatives to decrease the death/disability rates amongst eligible employees will eventually lower self-funding costs below the premiums set by the State;

3. The possibility that the City may be able to lower self-funding costs below the actuaries' estimates by introducing efficiencies and increasing the rate of return on investments; and
4. The fact that, by opting out of the Fund, the City would have greater control over its own destiny, including control over the City's annual contributions for prefunding benefits.

Each of these four points is discussed more fully in Attachment IV. Table II shows the recommended City financing plan through FY 2016 to get to full funding.

	FY 2013	FY 2014	FY 2015	FY 2016
Pay-as-you-go Cost	\$0.61 million	\$0.64 million	\$0.68 million	\$0.72 million
Required Funding*	\$1.16 million	\$1.16 million	\$1.16 million	\$1.16 million
Phased Funding	\$0.80 million	\$0.94 million	\$1.00 million	\$1.16 million
Percent Funded	69%	81%	86%	100%

*Per the actuaries' analysis.

The Trust Board

If the City opts to self-fund, the existing PEBT Board would continue to administer the expanded PEBT and would be responsible for investing funds dedicated to pre-funding Line of Duty Benefits. Using the PEBT Board will increase efficiency and cost-effectiveness above what could have been achieved with the creation of a separate Line of Duty Benefits Trust. In accordance with Code of Virginia Sections 15.2-1547 through 15.2-1549, the board must:

1. Meet at least quarterly;
2. Retain the service of an investment manager;
3. Invest short-term the funds needed for current benefits;
4. Invest long-term the funds not needed for current benefits in the near term;
5. Maintain records of all proceedings;
6. Make such records available for inspection by the public;
7. Create and periodically revise an asset allocation for the investments; and
8. Report the fund's performance in the Comprehensive Annual Financial Report (CAFR).

Incorporation of Line of Duty benefits into the PEBT will require passage of an Amendment to the Post-Employment Benefits Trust (Attachment III) and an amendment to Alexandria City Code Section 3-1-7 (Attachment I). The ordinance establishing the PEBT is contained in Attachment V.

Reporting on the Trust

Each year, the City reports on the PEBT in the Comprehensive Annual Financial Report (CAFR), including the PEBT's assets, investments, obligations, administrative expenses, funding ratio, unfunded liabilities, etc. Bond rating agencies now review post-employment benefit liabilities and consider these liabilities and how localities are dealing with addressing unfunded liabilities. As the rating agencies understand that these liabilities will exist, their reviews will focus primarily on the City's willingness to address its responsibilities by making regular and consistent contributions to pre-fund its obligations. Incorporating Line of Duty benefits into the

PEBT and making adequate progress toward funding this liability will facilitate the City's continued AAA/Aaa bond ratings.

FISCAL IMPACT: There is no immediate required fiscal impact of opting out of the LODA Fund. In the long term, the fiscal impact of merging the Line of Duty benefit into the PEPT will represent the difference between the costs of the City administering the plan and the costs of joining the state pool, not the actual costs of benefits, which will not be affected by this action. The full fiscal impact will be affected when the state's pooled rates change and by how the City manages disability rates. Changes to City programs promoting health and safety for Public Safety staff will be a critical part of controlling Line of Duty costs. Staff will be making recommendations about changes to the City's current disability and physical fitness policies.

The City will do all it can to make the administration of the expanded PEPT as efficient and effective as possible. While quantifying costs is not possible, staff believes that merging the Line of Duty benefit into the PEPT and self-administering the program will reduce risk and should, over time, reduce costs.

ATTACHMENT:

Attachment I: Ordinance

Attachment II: Resolution: "Irrevocable Election Not to Participate in Line of Duty Act Fund"

Attachment III: Amendment to the City of Alexandria Post-Employment Benefits Trust

Attachment IV: Additional Criteria for Evaluating the Self-Funding Option

Attachment V: City of Alexandria Post-Employment Benefits Trust

STAFF:

Laura Triggs, Acting Chief Financial Officer

Steven Bland, Retirement Administrator

Christina Zechman-Brown, Assistant City Attorney

ORDINANCE NO. _____

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2
3 AN ORDINANCE to amend and reordain Sec. 3-1-7 (POST-EMPLOYMENT NON-PENSION
4 BENEFIT TRUST FUND ACCOUNT) of Chapter 1 (GENERAL PROVISIONS) of Title 3
5 (FINANCE TAXATION AND PROCUREMENT) of the Code of the City of Alexandria,
6 Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

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8
9
10 Sec. 3-1-7 Post-employment non-pension benefit trust fund account.

11
12 (a) Establishment of account. There is hereby established for the City of Alexandria
13 a permanent account to be known and designated as The City of Alexandria Post-Employment
14 Non-Pension Benefit Trust Fund Account, which account shall be accounted for and maintained
15 separate and apart from all other accounts maintained by the City of Alexandria. Such trust fund
16 account shall be maintained and administered pursuant to the terms and requirements of Virginia
17 Code Sections 15.2-1544, et seq.

18
19 (b) Funding of account. The city council shall, for the fiscal year commencing July
20 1, 2008, and in each ensuing fiscal year, assign and appropriate to such trust fund account such
21 funds as deemed reasonably prudent for the ongoing and future payment of post-employment
22 non-pension benefits for retired employees of the City of Alexandria and their eligible
23 beneficiaries or beneficiaries of employees of the City of Alexandria whose death occurred while
24 in the line of duty pursuant to Code of Virginia § 9.1-400 et seq (1950) as amended. Such
25 appropriated funds, together with any employee or retiree contribution funds deposited in such
26 account, shall be irrevocable, and unexpended appropriations to such account shall not lapse or
27 expire at the end of the fiscal year in which made, irrespective of whether such appropriations
28 were encumbered within such fiscal year. Funds deposited in the account shall be invested in
29 accordance with law, and earnings thereon shall likewise be irrevocably deposited into such
30 account.

31
32 (c) Expenditures from account. Notwithstanding any contrary provision of law,
33 appropriations from the said account shall be authorized and made exclusively to pay for post-
34 employment non-pension benefits afforded under any applicable retirement plan for former City
35 of Alexandria employees pursuant to the terms of those plans. Once such trust fund has been
36 fully funded (so as pay the city's actuarially determined liability for such benefits accrued and
37 accruing, excepting only funds required to be deposited in the current fiscal year), such post-
38 employment non-pension benefits shall be paid exclusively from the trust fund.

39
40 (d) Post-employment non-pension benefits defined. As used in this section, post-
41 employment non-pension benefits means medical, dental, and life insurance provided to
42 individuals who have terminated their service with the City of Alexandria and to the spouse or
43 dependents of such individuals, whether provided by purchasing insurance, by a program of self-
44 insurance, or by a combination of both and a one-time payment to the beneficiary of a deceased
45 person pursuant to Code of Virginia § 9.1-402 (1950) as amended.
46

1 (e) Administration of account. The trust fund account established by this section
2 shall be managed, maintained and invested, as set forth in Virginia State Code Sections 15.2-
3 1544, et seq., by a three-member finance board, comprised of the chief financial officer and
4 director of finance of the city, and one citizen member with proven integrity, business ability,
5 and demonstrated experience in cash management and investments, appointed by city council for
6 a two-year term.

7
8 Section 2. That this ordinance shall become effective on July 1, 2012.

9
10 Section 3. The City Manager and his appointees shall take the appropriate steps to
11 track and monitor the funds in the trust fund accounts.

12
13 WILLIAM D. EUILLE
14 Mayor

15
16 Introduction: 05/08/12
17 First Reading: 05/08/12
18 Publication:
19 Public Hearing: 05/12/12
20 Second Reading: 05/12/12
21 Final Passage: 05/12/12

RESOLUTION NO. _____

Irrevocable Election Not to Participate in Line of Duty Act Fund

WHEREAS, pursuant to Item 258 of the 2010 Appropriation Act, paragraph B, the Virginia General Assembly has established the Line of Duty Act Fund (the "Fund") for the payment of benefits prescribed by and administered under the Line of Duty Act (Va. Code § 9.1-400 et seq.); and

WHEREAS, for purposes of administration of the Fund, a political subdivision with covered employees (including volunteers pursuant to paragraph B2 of Item 258 of the 2010 Appropriation Act) may make an irrevocable election on or before July 1, 2012, to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and

WHEREAS, it is the intent of the City of Alexandria ("City") to make this irrevocable election to be a non-participating employer with respect to the Fund;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City irrevocably elects to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and it is further

RESOLVED that the following entities, City of Alexandria Fire and EMS Department, Alexandria Volunteer Fire Department, City of Alexandria Police Department, and City of Alexandria Sheriff's Office to the best of the knowledge of the City, constitute the population of its past and present covered employees under the Line of Duty Act; and it is further

RESOLVED that, as a non-participating employer, the City agrees that it will be responsible for, and reimburse the State Comptroller for, all Line of Duty Act benefit payments (relating to existing, pending or prospective claims) approved and made by the State Comptroller on behalf of the City on or after July 1, 2010, except for benefits paid on your behalf for FY 2012; and it is further

RESOLVED that, as a non-participating employer, the City agrees that it will reimburse the State Comptroller an amount representing reasonable costs incurred and associated, directly and indirectly, with the administration, management and investment of the Fund; and it is further

RESOLVED that the City shall reimburse the State Comptroller no more frequently than on a monthly basis for amounts invoiced by the State Comptroller.

That this resolution shall be effective on the date and at the time of its adoption.

ADOPTED: _____, 2012

ATTEST:

WILLIAM D. EUILLE, MAYOR

Jacqueline M. Henderson, CMC, City Clerk

ATTACHMENT III

**AMENDMENT TO
CITY OF ALEXANDRIA
POST-EMPLOYMENT BENEFITS TRUST
Effective JULY 1, 2012**

AMENDMENT TO CITY OF ALEXANDRIA

POST-EMPLOYMENT BENEFITS TRUST

THIS AMENDMENT, made effective as of the 1st day of July, 2012, is by and between the City of Alexandria, Virginia (hereinafter the "City") and the City of Alexandria Finance Board (hereinafter referred to as the "Trustee" or the "Board").

WITNESSETH:

WHEREAS, the City of Alexandria Post-Employment Benefits Trust ("Trust") became effective on July 1, 2008; and

WHEREAS, pursuant to a resolution duly adopted by the Alexandria City Council on May 12, 2012, whereby the City opted out of the Commonwealth of Virginia's Line of Duty Act Fund; the City must now fund and administer its obligations under the Line of Duty Act (Code of Virginia § 9.1-400 et seq.) itself; and

WHEREAS, pursuant to an ordinance duly adopted by the Alexandria City Council on May 12, 2012, the City amended and reordained City Code Section 3-1-7, entitled "Post-Employment Non-Pension Benefit Trust Fund Account," to include the City's Line of Duty Act responsibilities; and

WHEREAS, the City and Trustee intend to and have agreed to amend provisions of the Agreement, with the approval of the City Council.

NOW, THEREFORE, in consideration of the mutual promises, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the City and the Trustee, intending to be legally bound, agree as follows:

1. The recitals are incorporated herein by reference. Terms used herein and not otherwise defined shall have the same meanings given to such terms in the Agreement.
2. Section 1.1(b) Definitions, of Article I (Definitions and Construction), is amended to read as follows:

“(b) **Benefits** - Any and all post-employment benefits other than pensions, including, but not limited to, medical, dental, vision and life insurance provided under a Plan to Former Employees and their eligible dependents and Beneficiaries and a one-time payment to the beneficiary of a deceased person pursuant to Virginia Code § 9.1-402.”
3. Section 3.4 Discontinuance of Contributions, of Article III (Creation of Trust), is amended to read as follows:

“The City assumes no contractual obligation to continue contributions to a Plan. The City reserves the right at any time and for any reason to discontinue the Plan and contributions hereunder. Failure by the City to continue a Plan or to make contributions to the Trust shall not give rise to any liability on its part whatsoever. Notwithstanding the foregoing and so long as required by law, the City will comply with the Virginia Code’s Line of Duty Act (§ 9.1-400 et seq.), whether through the Trust or via other means.”

4. A Paragraph 4 will be added to Section 4.3 Limitation of Liability, of Article IV (Duties of the City), and will read as follows:

“Notwithstanding the foregoing and so long as required by law, the City will comply with the Virginia Code’s Line of Duty Act (§ 9.1-400 et seq.) as required, whether through the Trust or via other means.”

5. Section 7.1 Term of Trust Agreement, of Article VII (Continuance and Termination of Trust Agreement), is amended to read as follows:

“This Trust Agreement shall continue unless expressly terminated by the City, to the extent permitted by law.”

This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of July 1, 2012.

[SIGNATURES ON FOLLOWING PAGE.]

CITY OF ALEXANDRIA

By: _____

Print Name: _____

Date: _____

CITY OF ALEXANDRIA FINANCE BOARD

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

By: _____

Print Name: _____

Date: _____

Additional Criteria for Evaluating the Self-Funding Option

Potential Premium Increases

The Fund acts as a pooled insurance program and might be compared to other high-risk insurance pools. Those who can get coverage on their own do so. Those who cannot get coverage look to the state pool but often pay higher rates than others. Unlike other high-risk insurance pools, however, the Fund will not let municipalities transfer in and out of the pool. Municipalities must make a one-time irrevocable decision on joining the pool before the final costs are determined and membership in the pool is known.

Staff conducted a survey of Virginia municipalities and discovered that virtually all cities and counties intend to opt out of the Fund in favor of self-funding Line of Duty benefits. Based on this survey, staff believes that only the most high-risk and most expensive municipalities will choose to remain in the Fund, which would greatly increase future premiums above both the actuaries' analysis and current estimates. As shown in the table below, rates have already increased 76.6 percent from the original estimates for FY 2013, 71.0 percent from the original estimates for FY 2014, and 66.5 percent from the original estimates for FY 2015 due to many "lower claims" jurisdictions opting out in FY 2011. If more jurisdictions opt out by the July 1, 2012, deadline, as has been anticipated by staff's survey, premium rates can be expected to be revised upward in the future.

Pay-as-you-go Rate Changes

	2013	2014	2015
Pay-as-you-go Rate (Original 2010 Analysis)	\$268.51	\$305.28	\$344.86
Updated Pay-as-you-go Rate (December 2011)	\$474.14	\$521.97	\$574.06
Percentage Change	76.6%	71.0%	66.5%

In addition, there is a risk that the pool will become a "tragedy of the commons" situation in the future, where localities that remain in the pool have fewer incentives to keep disability rates low. Since the annual premium rates are established based on the entire pool membership, not a jurisdiction-by-jurisdiction basis, "high" performing municipalities may need to pay higher rates than necessary to compensate for "low" performing municipalities' inability or unwillingness to control disability rates.

For both of these reasons, there is a significant risk that rates will ultimately depart from the initial estimates to the City's detriment. Since rates have already been established for the biennium, VRS has decided they will not perform another Line of Duty cost projection at this time. Unfortunately, this means that jurisdictions will have to choose whether to remain in the Fund without meaningful information about the potential long-term costs of Fund participation.

Controlling Death/Disability Rates

Line of Duty benefits are defined by the State, so the City cannot control who is eligible for the benefits. However, the City can control costs by reducing the number of employees who utilize these benefits. The City is developing a multi-pronged approach to reducing the incidence and severity of disability. These include:

1. Employer incentives;
2. Employee incentives;
3. Risk Management; and
4. Placement in other positions within the City.

For FY 2013 and future years, the Line of Duty costs and budget include the departments with participating public safety officers. As part of the FY 2013 budget process, the affected departments had their budgets increased to accommodate some of the anticipated increased expenses over FY 2012. So, there is no fiscal impact on the departments at present. However, if Line of Duty costs increase in the future, the departments' budgets will be affected. The budgetary effects of Line of Duty costs will incentivize public safety departments and employees to control costs by controlling disability rates. This incentive will act in conjunction with the incentive these departments and employees already have to control Workers' Compensation costs by controlling disability rates.

In calendar year 2010, Human Resources developed a new and improved "Passport to Wellness" Program to replace the old "Well! Well! Well!" Program. "Passport to Wellness" offers employees incentives for participating in the City's health and fitness programs, including cash bonuses added directly to employees' paychecks. Participating in these programs (which include health assessments and screenings, weight loss programs, exercise classes, etc.) can improve the overall health and fitness of eligible employees, decreasing their susceptibility to work-related injuries and illnesses.

Risk Management, the Fire Department, and the Police Department have undertaken various initiatives to reduce injuries, illnesses, and accidents amongst eligible employees, including enhanced workplace safety training, regular workplace safety inspections, physical fitness programs, safe driving and driver improvement programs, etc. They have also encouraged eligible employees to participate in departmental and/or City-wide health and wellness programs. For some public safety employees, regular participation in departmental safety, health, and wellness programs is mandatory.

Finally, Risk Management, Human Resources and the Risk Management Oversight Committee (RMOC) have worked to create a program allowing certain injured employees to be temporarily placed in other positions within the City. Through this program, departments that cannot find appropriate duties for injured workers cleared for light or modified duty would refer the employees for placement in another department. Employees so placed would remain in their alternative work assignments until it is determined whether they can fully return to their designated positions or whether the nature of their injuries will prevent them from returning to

their positions. The creation of alternative work assignments for injured employees who may otherwise be placed on disability will lower benefit costs.

As the City continues to develop, improve, and implement these programs, staff expects a reduction in death/disability rates and costs below the actuaries' estimates. However, there is the downside risk that if the City does not take sufficient action to limit death/disability rates, costs may increase above the actuaries' estimates.

Efficiencies and Returns on Investments

The City has taken various steps to introduce efficiencies into the management of employee benefit programs and the investment of City funds. The goal has been to ensure that all City programs and funds are operated in an efficient and effective manner. Some of these steps include:

1. Improving asset allocation amongst the various investment options;
2. Creating an economy of scale by piggybacking the management of smaller funds onto the management of larger ones;
3. Reducing management fees through this same piggybacking process;
4. Scheduling investment consultant services more efficiently to reduce consultant-related costs; and
5. Taking other steps to improve expense management.

The City's experience with the Fire and Police Board (which selects and monitors investment funds and appoints the investment managers, custodians, and investment advisors for the Fire and Police Pension Plan's pension and disability components) provides just one example. In the first few years of the Fire and Police Board's existence, investment performance was well below the average of our peers. In the last few years, due to staff taking the steps outlined above, investment performance has been above average. Staff believes that incorporating Line of Duty benefits into the PEBT and applying the mechanisms discussed above will similarly boost investment returns for the amended PEBT and thus lower the City's costs below the actuaries' estimates.

City Control

Under the Virginia Fund option, the City would have no input into the annual costs associated with Line of Duty benefits. The VRS Board of Trustees would set the premiums each year and the City would be mandated to pay. Under the self-funding option, the City would have the option of controlling costs using the methods above and/or paying less than the Annual Required Contribution for the prefunding of benefits in times of budget crisis.



City of Alexandria, Virginia
301 King Street, Suite 2300
Alexandria, Virginia 22314



William D. Euille
Mayor

Redella S. Pepper
Vice Mayor

Members of Council
Ludwig P. Gaines
Rob Krupicka
Timothy B. Lovain
Paul C. Smedberg
Justin M. Wilson

Jackie M. Henderson, CMC
City Clerk and
Clerk of Council
jackie.henderson@alexandriava.gov

(703) 838-4550
Fax: (703) 838-6433

CERTIFICATION

I, Jackie M. Henderson, CMC, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of Ordinance No. 4551, which was adopted by the Alexandria City Council at its Public Hearing Meeting held on June 14, 2008.

Dated this 19th day of June 2008.

Jackie M. Henderson, CMC City Clerk
City of Alexandria, Virginia

ORDINANCE NO. 4551

AN ORDINANCE to amend and reordain Section 2-5-57 (SALARY DEDUCTIONS AND WITHHOLDINGS FOR RETIREMENT, ETC.) of Article D (RETIREMENT AND INSURANCE), Chapter 5 (OFFICERS AND EMPLOYEES), Title 2 (GENERAL GOVERNMENT), and to amend Chapter 1 (GENERAL PROVISIONS) of Title 3 (FINANCE, TAXATION AND PROCUREMENT), by adding there to a new Section 3-1-7 (POST-EMPLOYMENT NON-PENSION BENEFIT TRUST FUND ACCOUNT), all of the Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Section 2-5-57 of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained to read as follows:

Sec. 2-5-57 Salary deductions and withholdings for retirement; deferred compensation and insurance plans; payment of city's share to maintain plans.

(a) The director of finance is hereby authorized to deduct, withhold and remit employees' contributions, either voluntary or mandatory, for the plans adopted in this article and health insurance plans for city employees authorized by law. The director of finance is further authorized to expend the share of the city toward maintaining or contributing on its behalf or on behalf of its employees to these plans, subject to appropriation of necessary funds by the city council.

(b) The director of finance is further authorized to expend any applicable employee or retiree contributions to fund the Post-Employment Non-Pension Benefit Trust Fund established by section 3-1-7 of this code.

Section 2. That Article 1 of Title 3 of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended by adding thereto a new Section 3-1-7 to read as follows:

[The following is all new language]

Sec. 3-1-7 Post-Employment Non-Pension Benefit Trust Fund Account.

(a) *Establishment of account.* There is hereby established for the City of Alexandria a permanent account to be known and designated as The City of Alexandria Post-Employment Non-Pension Benefit Trust Fund Account, which account shall be accounted for and maintained separate and apart from all other accounts maintained by the City of Alexandria. Such trust fund account shall be maintained and administered pursuant to the terms and requirements of Virginia Code Sections 15.2-1544, et seq.

- (b) *Funding of account.* The City Council shall, for the fiscal year commencing July 1, 2008, and in each ensuing fiscal year, assign and appropriate to such trust fund account such funds as deemed reasonably prudent for the ongoing and future payment of post-employment non-pension benefits for retired employees of the City of Alexandria and their eligible beneficiaries. Such appropriated funds, together with any employee or retiree contribution funds deposited in such account, shall be irrevocable, and unexpended appropriations to such account shall not lapse or expire at the end of the fiscal year in which made, irrespective of whether such appropriations were encumbered within such fiscal year. Funds deposited in the account shall be invested in accordance with law, and earnings thereon shall likewise be irrevocably deposited into such account..
- (c) *Expenditures from account.* Notwithstanding any contrary provision of law, appropriations from the said account shall be authorized and made exclusively to pay for post-employment non-pension benefits afforded under any applicable retirement plan for former City of Alexandria employees pursuant to the terms of those plans. Once such trust fund has been fully funded (so as pay the city's actuarially determined liability for such benefits accrued and accruing, excepting only funds required to be deposited in the current fiscal year), such post-employment non-pension benefits shall be paid exclusively from the trust fund.
- (d) *Post-employment non-pension benefits defined.* As used in this section, post-employment non-pension benefits means medical, dental, and life insurance provided to individuals who have terminated their service with the City of Alexandria and to the dependents of such individuals, whether provided by purchasing insurance, by a program of self-insurance, or by a combination of both.
- (e) *Administration of account.* The trust fund account established by this section shall be managed, maintained and invested, as set forth in Virginia State Code Sections 15.2-1544, et. seq., by a three member finance board, comprised of the chief financial officer and director of finance of the city, and one citizen member with proven integrity, business ability, and demonstrated experience in cash management and investments, appointed by city council for a two-year term.

Section 3. That this ordinance shall become effective on July 1, 2008.

WILLIAM D. EUILLE
Mayor

Final Passage: June 14, 2008

CITY OF ALEXANDRIA
POST-EMPLOYMENT BENEFITS TRUST

Effective July 1, 2008

CITY OF ALEXANDRIA

POST-EMPLOYMENT BENEFITS TRUST

THIS TRUST AGREEMENT ("Trust Agreement"), made effective as of the first day of July, 2008, is by and between the City of Alexandria, Virginia (hereinafter the "City") and the City of Alexandria Finance Board (hereinafter referred to as the "Trustee" or the "Board").

WITNESSETH:

WHEREAS, the City maintains one or more plans providing post-employment benefits other than pensions to eligible individuals who were employed by the City ("Former Employees") and to the eligible dependents of such Former Employees; and

WHEREAS, Section 15.2-1544 of the Virginia Code authorizes the City to establish a trust for the purpose of accumulating and investing assets to fund post-employment benefits other than pensions; and

WHEREAS, pursuant to an ordinance duly adopted by the Alexandria City Council on June 14, 2008, the City adopted the City of Alexandria Post-Employment Benefits Trust (the "Trust"), the assets of which are to be used in connection with its essential governmental function of providing for such post-employment benefits; and

WHEREAS, pursuant to the requirements of Section 15.2-1547 of the Virginia Code, the City has created and appointed the Board as the trustee and administrator of the Trust with the power to oversee the management of the assets of the Trust on the terms and conditions hereinafter set forth; and

WHEREAS, the City intends that the Trust be used in connection with its essential governmental function of providing post-employment benefits other than pensions to Former Employees and their eligible dependents, such that the Trust and its income shall qualify for the exemption from taxation under Section 115 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the City intends that the Trust Agreement be construed in accordance with the applicable requirements of sections 15.2-1544 through 15.2-1549 of the Virginia Code, as amended from time to time, and with the requirements of Governmental Accounting Standards Board Statement No. 45 (GASB 45), as amended from time to time.

NOW, THEREFORE, in consideration of the mutual promises, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the City and the Trustee, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

1.1 Definitions.

Unless a different meaning is plainly implied by the context, the following terms as used in this Agreement shall have the following meanings:

- (a) **Beneficiary** – A person who is entitled to Benefits under a Plan upon the death of a Former Employee.
- (b) **Benefits** – Any and all post-employment benefits other than pensions, including, but not limited to, medical, dental, vision and life insurance provided under a Plan to Former Employees and their eligible dependents and Beneficiaries.
- (c) **Board** – The City of Alexandria Finance Board, as constituted pursuant to Article VI hereof, which has appointed by the City to serve as Trustee and administrator of the Trust in accordance with the requirements of Section 15.2-1547 of the Virginia Code.
- (d) **City** – The City of Alexandria, Virginia, a political subdivision of the Commonwealth of Virginia.
- (e) **Code** – The Internal Revenue Code of 1986, as amended from time to time, or any successor statute.
- (f) **Custodian** – The bank, trust company or other entity selected by the Trustee to hold the assets of the Trust.
- (g) **Former Employee** – An individual who is classified by the City as a former employee or official of the City.
- (h) **Fund or Trust Fund** – The assets accumulated in the Trust established by this Trust Agreement in order to provide for the payment of Benefits under a Plan.
- (i) **Investment Manager** – A registered investment advisor under the Investment Advisors Act of 1940, a bank (as defined in that Act), or an insurance company qualified to manage, acquire or dispose of trust assets under the laws of more than one State.
- (j) **Plan** – The plan or plans maintained by the City to provide Benefits to eligible Former Employees and their eligible dependents.

- (k) **Plan Participants** – Former Employees and dependents of Former Employees who are eligible for Benefits under the terms of a Plan.
- (l) **Trust** – The trust established under this Trust Agreement.
- (m) **Trust Agreement** – This Trust Agreement, together with any and all amendments or supplements thereto, and if an additional Trustee is appointed by the Board pursuant to the provisions of Section 5.2, the provisions of any separate trust agreement entered into between the Board and such Trustee.
- (n) **Trustee** – The Board, and if one or more additional Trustees are appointed by the Board pursuant to the provisions of Section 5.2, the Trustee or Trustees holding assets of the Fund, or its or their successors.
- (o) **Valuation Year** – The 12-month period ending each June 30th, except that the first Valuation Year shall be the two month period ending June 30, 2008.
- (p) **Virginia Code** – The Virginia Code, as amended from time to time, or any successor statute.

1.2 Plurals and Gender.

Where appearing in this Trust Agreement, the masculine gender shall include the feminine and neuter genders, and the singular shall include the plural, and vice versa, unless the context clearly indicates a different meaning.

1.3 Headings and Subheadings.

The headings and subheadings in this Trust Agreement are inserted for the convenience of reference only and are to be ignored in any construction of the provisions thereof.

ARTICLE II
FINANCE BOARD

2.1 Creation of Finance Board.

(a) The City hereby creates the Board pursuant to the provisions of Section 15.2-1547 of the Virginia Code. The Board shall have three members, consisting of the Chief Financial Officer, the City Treasurer and a member nominated by the City Manager and appointed by the City Council. A member of the Board appointed by the City Council shall serve a two-year term (or until their successor is duly appointed and has accepted his or her position on the Board). A member may be re-nominated and re-appointed for any number of additional two-year terms.

(b) The member appointed by the City Council may resign or be removed by the City Council at any time. Notice of said resignation shall be in writing, and shall be either mailed or delivered by hand to the remaining members of the Board, the City Manager, and the City Council. Notice of removal shall be in writing, and shall be either mailed or delivered by hand to the member and the remaining members of the Board.

(c) The Chief Financial Officer and the City Treasurer shall become members of the Board by virtue of their position with the City (and shall cease to be members when they cease to hold such positions).

2.2 Conduct Of Board Business.

(a) The Board may adopt rules for the conduct of its business.

(b) Proceedings and actions of the Board shall be subject to the Virginia Freedom of Information Act and all other applicable law, and the Board shall take all steps necessary to ensure that it complies with such Act and all applicable law.

(c) The Chief Financial Officer shall serve as the Chair of the Board and the City Treasurer shall serve as Secretary of the Board.

(d) A regular meeting of the Board shall be held each calendar quarter, on a date, and at a reasonable time and place, designated by the Chair or by resolution of the Board from time to time. Special meetings of the Board may be called jointly by the Chair, or by a majority of the members of the Board. Meetings of the Board shall take place within the City of Alexandria at a site furnished by the City.

(e) Notice of the time and place of every regular, special and reconvened meeting of the Board shall be given to each member by personal delivery, by telephone

communication, by telephone facsimile transmission, by first class mail, by electronic mail, or by a delivery service providing confirmation of delivery. At least 3 business days notice shall be given of all regular meetings and at least 24 hours notice shall be given of all special or reconvened meetings. The purpose of any meeting of the Board need not be stated in the notice. No notice of the time, place or purpose of any meeting need be given to any member, who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice or who attends the meeting.

(f) Meetings of the Board shall be presided over by the Chair or in the absence of the Chair, by the Secretary. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the Chair shall act as secretary of the meeting.

(g) The Board shall keep minutes of its proceedings showing the vote of each member on each question or if absent or failing to vote indicating such fact, and shall keep records of its official actions.

(h) Subsequent to each Board meeting, and as soon as practicable thereafter, each member of the Board (and each alternate) shall be furnished with a copy of the minutes of said meeting (which minutes shall be revised, if necessary, and then adopted and approved by the Board at its next meeting).

(i) Two members of the Board shall constitute a quorum for the transaction of any business of the Board. At all meetings of the Board, each member shall have one vote.

(j) If quorum is lacking for any meeting, the meeting may be adjourned and reconvened by the chair of the meeting to a future date, and any business may be transacted at any adjourned meeting which could have been transacted at the meeting as originally called. A quorum must be present at the reconvened meeting in order for the Board to transact any business or take any action.

(k) The Board may create such subcommittees as it shall deem necessary and appropriate, provided, however, that all proceedings and actions of any subcommittees shall be subject to the Virginia Freedom of Information Act and applicable law, and the Board shall take all steps necessary to ensure that each subcommittee complies with such Act and applicable law.

(l) The Board shall adopt standards of conduct (which conform to the State and Local Government Conflict of Interests Act).

(m) All documents, instruments, orders, requests, directions, instructions and other papers shall be executed on behalf of the Board by either its Chair or Secretary, or by any member or agent of the Board duly authorized to act on the Board's behalf.

(n) The City shall provide the Board with assistance in recording and maintaining the minutes of the Board; notifying appropriate persons of the actions of the Board; and providing any other required administrative and clerical assistance.

(o) In carrying out its duties the Board may, from time to time, employ agents and may delegate to them ministerial and limited discretionary duties as it sees fit.

(p) The members of the Board shall perform their duties with respect to the Trust without receiving any additional compensation in their capacity as Board members and without compensation from any other source. To the extent permitted by applicable law, the City shall reimburse any member of the Board for any expense incurred by such member with the approval of the Board. A member shall not receive reimbursement for such expense from any other source.

2.3 Employment of Agents.

The Board may employ agents, attorneys, accountants, actuaries, advisors and other third parties to provide counsel to the Board (or on behalf of the Trust).

2.4 Fees and Expenses.

All expenses incurred by the Board in the performance of its duties hereunder, and all other proper charges and disbursements of the Board, shall be paid from the Fund unless paid by the City. The City may request reimbursement from the Fund with respect to any expenses incurred by the City for services provided to the Board in connection with the administration of the Trust.

2.5 Standard of Care.

The Board shall perform all duties required of it hereunder in a prudent manner. The Board shall not be responsible in any way for any action or omission of the City, any Trustee or Custodian appointed pursuant to Section 5.2, or any other fiduciaries in the performance of its duties and obligations under the Trust Agreement. The Board shall not be responsible for any act or omission of any of its agents, or with respect to reliance upon advice of its counsel (whether or not such counsel is also counsel to the City) provided that such agents or counsel were prudently chosen and properly monitored by the Board, and the Board relied in good faith upon the action of such agent or the advice of such counsel.

2.6 Limitation on Liability.

The Board shall not have any duties other than those expressly set forth in this Agreement or imposed by applicable law. No member of the Board shall have any

responsibility for, or have any duty to make inquiry concerning, any act, omission or failure to act of any predecessor or successor member.

To the maximum extent permitted by Section 15.2-1547 of the Virginia Code, the members of the Board shall not be liable for any act, omission or failure to act with respect to the Trust, except for gross negligence or intentional misconduct on the part of such member.

ARTICLE III
CREATION OF TRUST

3.1 Creation of Trust.

The City hereby creates a Trust into which shall be paid the contributions made or transmitted by the City, which contributions, together with any income, gains or profits, less distributions, losses, and expenses, shall comprise the Fund held by the Trustee.

The assets of the Fund shall be dedicated to providing Benefits to Plan Participants and their Beneficiaries. The Trustee is the owner of the Fund, and, shall hold, invest, reinvest, manage, administer and distribute the assets of the Fund, in accordance with this Trust Agreement, for the exclusive benefit of Plan Participants and their Beneficiaries, except as provided in Section 7.3 hereof.

3.2 Contributions.

The City shall contribute and pay over to the Trustee, annually or more often, as the City shall decide, such amounts as shall be determined by the City. The City may make contributions to the Trust in the form of cash, securities, or any other property permissible under applicable law. Contributions to the Trust are irrevocable.

3.3 Receipt of Contributions.

The Trustee shall accept and hold in the Fund contributions made or transmitted by the City. Neither the Board or the Trustee shall be responsible in any way for the administration of a Plan and shall be under no duty to determine whether the amount of any contribution is in accordance with applicable law or to collect or enforce payment of any contribution.

3.4 Discontinuance of Contributions.

The City assumes no contractual obligation to continue contributions to a Plan. The City reserves the right at any time and for any reason to discontinue the Plan and contributions hereunder. Failure by the City to continue a Plan or to make contributions to the Trust shall not give rise to any liability on its part whatsoever.

3.5 Disbursements from Fund.

(a) Benefits under a Plan may be paid or funded directly by the City or may be paid from the Trust. Upon written certification of the City Manager that (i) the City has paid or funded a Benefit, the payment or funding of which could have been made by the Trust, and (ii) that the City wishes to be reimbursed for same, Trust assets equal to the amount of the Benefit paid or funded may be returned by the Trustee to the City.

(b) The Board shall direct payment from the Fund to such persons in such manner, at such times, and in such amounts as the City may from time to time direct. Neither the Board or any Trustee or Custodian appointed pursuant to Section 5.2 shall be obligated in any manner to ensure a distribution complies with the terms of a Plan, or that the amount distributed is proper under the terms of a Plan. If there is a dispute as to a payment from the Trust, the Trustee may decline to make payment of such amounts until the proper payment of such amounts is determined by a court of competent jurisdiction, or, in the case of a Trustee or Custodian appointed pursuant to Section 5.2, the Trustee or Custodian has been indemnified to its satisfaction.

(b) Disbursements may be made from the Fund to defray all reasonable expenses incurred in connection with the establishment, maintenance, operation and administration of the Trust, unless other arrangements for their payment are made by the City.

(c) All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon or in respect to the Fund or the income thereof shall be paid from the Fund.

ARTICLE IV
DUTIES OF THE CITY

4.1 Information and Data to be Furnished by the City.

In addition to making the contributions called for in Article II hereof, the City agrees to furnish the Board, and any Trustee or Custodian appointed pursuant to Section 5.2, with such information and data as is necessary for the proper administration of the Trust established hereunder.

4.2 Limitation of Duties.

Neither the City nor any of its elected or appointed officials or other employees shall have any duties or obligations with respect to this Trust Agreement, except those expressly set forth in this Agreement.

4.3 Limitation of Liability.

Neither the establishment of this Trust or a Plan, 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 Plan Participant, Beneficiary or other person any legal or equitable right against the City (or any of its elected or appointed officials or employees), the Board, any Trustee, or any Custodian.

By establishing this Trust, the City is not guaranteeing or agreeing to continue Benefits under any Plan. The City does not guarantee the Trust from loss or depreciation, nor does the City guarantee the payment of any money which may be or become due to any person from a Plan.

The City shall not be liable to any person for failure on its part to make contributions, nor shall any action lie to compel the City to make such contributions.

4.4 Administrative Support.

The City shall provide the Board with such personnel and support services necessary for it to perform its duties hereunder and for the administration of the Trust, including, but not limited to, maintaining the accounting records and preparation of reports and filings.

ARTICLE V

DUTIES AND POWERS OF THE TRUSTEE

5.1 Discretionary Investment Authority.

The authority to control, manage and direct the investment of the Fund shall reside in the Trustee, except as otherwise provided herein, who shall hold, invest and manage the Fund pursuant to this Agreement without distinction between principal and income.

5.2 Appointment of Additional Trustee(s) or Retention of Custodian(s).

(a) The Board shall appoint one or more additional Trustees or retain one or more Custodians and Investment Managers to assist it with respect to the custody and the management of the assets of the Trust. The terms and conditions of appointment, authority and retention of any Trustee, Custodian or Investment Manager shall be the sole responsibility of the Board.

(b) The Board may enter into a trust agreement or other agreement with a bank or trust company organized and existing under the laws of the United States or any state thereof for the purposes of obtaining the services of such bank or trust company in the handling of investments for any or all of the assets of the Fund transferred to such bank or trust company at the direction of the Board. Any such trust agreement shall provide that such bank or trust company shall have sole responsibility of retention, investment, reinvestment, management and disbursement of any and all funds so transferred; as to any such funds so transferred, the designated Trustee shall have all of the powers of the Trustee hereunder and the Board shall thereafter have no duties or responsibilities with respect to the retention, safekeeping or investment of such assets. Such further agreement may also make provisions for the disbursement of funds, record-keeping requirements and such other matters as shall be agreed upon between the Board and such bank or trust company consistent with the provisions of this trust Agreement and Section 15.2-1548 of the Virginia Code. A copy of such agreement shall be provided to the City Manager. To the extent that an Investment Manager has been appointed with respect to any assets of the Fund held by such Trustee, then such Trustee shall be a "directed trustee" with respect to such assets of the Trust Fund for which an Investment Manager has been appointed.

(c) To the extent that the Board is serving as trustee of all or a portion of the Fund, the Board shall appoint and retain one or more custodians for the management and operation of such assets of the Trust. The Board may delegate, with or without the direction of the City and by instrument in writing, to a Custodian any of its powers or functions hereunder other than its powers or functions with respect to the investment of the assets of the Fund, including (without limitation):

- (1) custodianship of all or any part of the assets of the Fund;
- (2) maintaining and accounting for the Fund and other accounts as a part thereof;
- (3) disbursing Fund assets as directed by the City; and
- (4) preparing the annual report on the status of the Fund.

The Custodian so appointed may act as agent for the Board, without investment responsibility, for fees to be mutually agreed upon by the City and the Custodian and paid in the same manner as other Fund expenses. The Board shall not be responsible for any act or omission of the Custodian.

(d) Any Trustee or Custodian appointed pursuant to this Section 5.2 may resign from such position at any time by giving the Board written notice of such resignation.

(e) Any Trustee or Custodian appointed pursuant to this Section 5.2 may be removed by the Board at any time. Notice of said removal shall be in writing, and shall be either mailed or delivered by hand to the affected Trustee or Custodian and the City Manager.

(f) In no event shall the resignation or removal of a Trustee appointed pursuant to this Section 5.2 terminate this Trust Agreement. Upon the resignation or removal of a Trustee that has been appointed pursuant to this Section 5.2, the Board shall resume the duties of Trustee with respect to the assets held by the Trustee that has resigned or been removed. The Board may appoint a successor Trustee with respect to such assets. Notice in writing of the appointment of a successor Trustee shall be given by the Board to the Trustee resigning or being removed and to the City Manager.

(g) In the event of the resignation or removal of the Trustee that has been appointed pursuant to this Section 5.2 (or upon the appointment of a successor Trustee appointed by the Board and the acceptance of such successor Trustee), the Trustee shall turn over to its successor Trustee all of the assets of the Fund held by such Trustee.

(h) All records or books of account pertaining to the Fund which are in the possession of the Trustee shall be turned over to the Board or the successor Trustee provided that the Trustee shall be given a reasonable time, not to exceed 60 days, to complete its accounting before making such turnover.

(i) Any successor Trustee appointed by the Board shall have the same powers and duties as those herein conferred upon the Trustee. Any successor Trustee may be removed or may resign in the same manner, and, in the event of such removal or resignation of a successor Trustee, the same steps shall follow as on the removal of the Trustee.

(j) All fees, charges and expenses of the Trustee shall be paid from the assets of the Fund unless other arrangements for their payment are made by the City.

5.3 Appointment of Investment Manager.

(a) The Board may retain the services of one or more Investment Managers for the management of (including the power to direct the acquisition and disposition of) all or any part of the Fund. Each such Investment Manager shall acknowledge in writing that he or it is a fiduciary with respect to the Trust. If the Board appoints one or more Investment Managers, it shall direct the segregation of the portion of the Fund to be managed by each Investment Manager. The Board shall deliver to the City Manager, and any Trustee holding assets subject to management by such Investment Manager, a copy of the agreement between the Board and the Investment Manager (along with any subsequent amendments thereto).

(b) Subject to the terms of this Trust Agreement and the agreement between the Investment Manager(s) and the Board, the Investment Manager(s) shall have the power, without prior consultation with the Trustee, to manage, acquire or dispose of such assets, and to direct the Trustee with respect to the acquisition, retention, disposition or management of such assets. However, the Investment Manager(s) shall not have or retain the physical possession or indicia of ownership of any such assets except to the extent such assets are invested and reinvested through the medium of any combined, common or commingled trust fund or funds established by the Investment Manager(s). The Trustee shall follow the directions of the Investment Manager(s) regarding such assets, and shall not be liable for failing to take any action in the absence of directions from the Investment Manager(s). A Trustee or Custodian appointed pursuant to Section 5.2 shall not be liable for any act or omission of an Investment Manager, or be under any obligation to invest, review or otherwise manage any assets of the Fund for which an Investment Manager has been appointed. In addition, a Trustee or Custodian appointed pursuant to Section 5.2 shall not be required to advise the Board, the City or any other person regarding the investment quality of any directed investment held hereunder.

(c) Direction of an Investment Manager to the Trustee or a Custodian shall be in writing or may be made orally and confirmed in writing as soon as practicable thereafter if allowed by the Trustee. Each Investment Manager shall furnish the Trustee and/or Custodian holding the assets under management with the names and signatures of those persons who shall be authorized to direct the Trustee and/or Custodian on its behalf hereunder. The Trustee and/or Custodian may assume that the appointment of an Investment Manager to this Section 5.3 shall continue in force until receipt of written notice to the contrary is provided by the Board.

(d) Pending receipt of directions from an Investment Manager, any cash received by the Trustee and/or Custodian with respect to the assets under management by such Investment Manager may be retained by the Trustee and/or Custodian in cash.

(e) The Trustee is authorized and directed to pay from the Fund all fees, charges and expenses incurred by an Investment Manager in managing and maintaining the assets of the Fund unless other arrangements for their payment are made by the City.

(f) The Board reserves the right to remove any Investment Manager appointed hereunder at any time by delivering written notice of such removal to the Investment Manager being removed, any Trustee or Custodian appointed pursuant to Section 5.2, and the City Manager. A Trustee or Custodian appointed pursuant to Section 5.2 shall be under no duty or obligation to inquire into or question the propriety of any such removal by the Board.

5.4 Investment Policy

The Board shall formulate and communicate in writing to any Trustee or Custodian appointed pursuant to Section 5.2, the City Manager and each Investment Manager or other fiduciary responsible for plan investments, an investment policy and method for the Fund (or portion thereof being managed by such fiduciary) consistent with the provisions of Section 15.2-1549 of the Virginia Code. If any adjustment from such policy or method is subsequently deemed appropriate, notice of such adjustment shall be communicated by the Board in writing as soon as practicable to the responsible fiduciary and the fiduciary shall be under no duty to make any such adjustment prior to receiving such notice.

The investment policy promulgated by the Board may establish investment objectives, return and risk parameters, and asset allocation strategies (including, by way of example, a policy designed to hedge against increases in medical costs by an asset allocation involving broadly diversified investments in healthcare and related industries).

5.5 General Powers of the Trustee.

(a) The Trustee (and any Trustee appointed pursuant to Section 5.2) shall have full power and authority with respect to the assets of the Trust, including all cash, investments and other property at any time received or held in the Trust, and to do all acts, take such actions, and exercise all rights, privileges and discretion, whether herein specifically referred to or not, as could be done, taken or exercised by the absolute owner thereof, including, without in any way limiting or impairing the generality of the foregoing, the following powers and authority:

- (1) To invest and reinvest any monies at any time forming a part of the Fund in any property, real, personal or mixed or any interest therein, wherever situate, which offers possibilities for investment return through either capital appreciation or income or both, including, but not limited to, savings accounts or other savings investment media, capital or common stock (whether voting or non-voting and whether or not currently paying a dividend), preferred or preference stock (whether voting or non-voting and whether or not currently paying a dividend), exchange traded funds,

convertible securities, corporate and governmental obligations, real property, leaseholds, ground rents, mortgages, junior mortgages and other interests in realty, notes and other evidences of indebtedness or ownership (secured or unsecured), contracts, partnership, limited liability or joint venture interests, choses in action, and warrants, derivatives and other instruments entitling the owner thereof to subscribe to or purchase any of the aforesaid. Investments pursuant hereto may be made by the Trustee without any duty to refrain from making investments which by any statute, rule of court or custom would not be considered appropriate investments for a trustee or which are not productive of income and without any limitation because of the size or nature of any investment, the size or nature of the enterprise in which any investment is made, the lack or absence of certainty or regularity of return on the investment or the volatile nature of the market value of any investment. A substitute Trustee need not request approval from any governmental agency as to the propriety of any investment in the Fund at the time it assumes its duties.

- (2) To retain, manage, operate, repair, develop, preserve, improve, mortgage or lease for any period any real, personal or mixed property, either alone or by joining with others, using other trust assets for any such purposes if deemed advisable; to modify, extend, renew or otherwise adjust any or all of the provisions of any such mortgage or lease, including the waiver of rentals; and to make provisions for the amortization of the investment or in depreciation of the value of such property as it may deem advisable.
- (3) To make, execute, acknowledge and deliver any and all deeds, leases, assignments and instruments.
- (4) To borrow or raise money for the purposes of the Fund, including the borrowing of money for the purpose of acquiring, improving, developing and repairing real, personal or mixed property, or any interest therein and any other property. For any sum so borrowed, the Trustee may issue a promissory note as Trustee, and secure the repayment thereof by pledging, mortgaging, or otherwise assigning all or any part of the Fund.
- (5) To sell or otherwise dispose of, either by public or private sale, any property, real, personal or mixed, at any time held by the Trustee, for such considerations, and on such terms and conditions as to credit or otherwise as may be appropriate, and to make contracts and grant options with respect to any such property, to bid for and become the purchaser of any property so sold on behalf of the Fund at any public sale thereof, and to again sell the same without liability for any resulting loss.
- (6) To exchange any property at any time held by the Trustee for other property, and to pay and receive money to effect equality in price.

- (7) To vote in person or by proxy any stocks, bonds or other securities held by the Trustee; to exercise any options appurtenant to any stock, bonds or other securities, or to exercise any right to subscribe for additional stocks, bonds or other securities, and to make any and all necessary payments therefore to join in, or to dissent from, and to oppose the reorganization, recapitalization, consolidation, liquidation, sale or merger of corporations or properties in which it may be interested as Trustee.
- (8) To compromise, compound and settle any debt or obligations and to agree to reduce the rate of interest on, to extend or otherwise modify, or to foreclose upon default, or otherwise enforce any such obligation.
- (9) To cause any investments from time to time held by it to be registered in, or transferred into, its name as Trustee, or the name of a nominee, or to retain them unregistered or in form permitting transferability by delivery, but the books and records of the Trustee shall at all times show that all such investments are part of the Fund. The Trustee is authorized to utilize the services of a securities clearing corporation such as The Depository Trust Co. to the extent permitted by applicable law.
- (10) To employ and enter into agreements with such counsel, accountants, brokers, investment trustees, investment advisors, and other agents (and, in the case of a Trustee or Custodian appointed pursuant to Section 5.2, as may be directed by the Board), and to pay their reasonable expenses and compensation.
- (11) To retain any stocks or other property received as a result of the exercise of any of the powers herein granted, whether or not investment in such stocks or other property is authorized by Section 5.5(a)(1).
- (12) To organize and incorporate under the laws of any state the Trustee may deem advisable one or more holding corporations for the purposes of acquiring and holding title to any real or personal property which the Trustee is authorized to acquire under this Section 5.5, and to exercise with respect thereto any and all of the powers, functions and duties set forth in this Section 5.5.
- (13) To retain any cash and keep unproductive of income, by deposits in a bank, even if the balances in any such account exceed the deposit insurance limits in effect from time to time, or otherwise any portion of the Fund as may be advisable, without liability to pay interest on such cash balance or on cash in its hands pending investment or distribution.
- (14) To the extent permitted by applicable law, to cause any or all assets of this Fund to be invested and reinvested in any proportion through the medium of any combined, common or commingled trust fund or funds (such

collective funds being hereinafter referred to as the "Combined Funds"). In connection with the participation of this Fund in any of the Combined Funds, where required by law or the terms of any such Combined Fund, the instrument establishing such Combined Fund is hereby adopted and made a part of this Trust Agreement, to the extent such instrument does not violate applicable law, and any assets of this Fund invested in any of the Combined Funds shall be subject to all the provisions thereof, as the same may be amended from time to time.

- (15) To the extent permitted by applicable law, to cause any or all assets of this Fund to be commingled for investment purposes with the assets of other non-pension employee benefit plans maintained by the City or an affiliated entity.
- (16) To hold and administer the Fund without distinction between principal and income, and as a single trust fund without physical separation of any separate funds or accounts provided by the Plan, except where the City clearly requires the segregation of Fund assets.

(b) The Trustee shall do, and shall have the power and authority to do, all things proper or desirable in order to carry out, promote or advance the purpose of the Trust even though such activities are not specifically mentioned in this Trust Agreement. Each and all of the foregoing powers may be exercised without court order or other legal formality.

(c) To the extent that an Investment Manager has been appointed to manage all or a portion of the Fund, the Trustee's exercise of any discretionary power, right or duty with respect to the portion of the Fund subject to the management of such Investment Manager shall be made at the direction of the Investment Manager.

ARTICLE VI
TRUST ADMINISTRATION AND ACCOUNTING

6.1 Accounting, Records and Certificates.

(a) The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder, which shall show the complete record of the operation of the Fund, and all such accounts and the books and records relating thereto shall be open to inspection at all reasonable times by the City.

(b) The Trustee shall also furnish to the City Manager, upon request, balance sheets and statements of receipts and disbursements during the continuance of this Trust Agreement as of any date requested.

(c) Within 120 days following the close of each Valuation Year, and within 180 days following the completion of the application or distribution of the Fund upon termination of the Plan as provided for in Article VII hereof, the Trustee shall file with the City Manager a written account setting forth all investments, receipts, disbursements and other transactions effected by it during such year or during the period from the closing date of the last preceding written account to the date of such resignation or removal or to the date of such completion of application or distribution of funds. Each such account shall set forth in summary form the receipts and disbursements of the Trustee for the period accounted for, and shall show all cash, securities and other property held at the end of such period, and the cost and then market value of each item thereof.

(d) The Trustee shall cooperate with the City in the preparation and filing of any returns, reports and other information concerning the Fund or the Plan required to be prepared or filed by the Fund by any governmental agency, but shall not have any obligation to prepare or file such returns or reports.

6.2 Valuation of the Fund.

The Trustee shall value the assets of the Fund annually or more frequently as requested in writing by the City Manager (or, in the case of a Trustee or Custodian appointed pursuant to Section 5.2, as may be requested by the Board, but not more frequently than monthly). All assets contained in the Trust accounting shall be shown at their fair market value as of the end of the Valuation Year or as of the date of valuation. The value of marketable investments shall be determined using the most recent price quoted on a national securities exchange or over the counter market. The value of non-marketable securities shall, except as provided otherwise herein, be determined in the sole judgment of the Trustee, which determination shall be binding and conclusive.

ARTICLE VII

CONTINUANCE AND TERMINATION OF TRUST AGREEMENT

7.1 Term of Trust Agreement.

This Trust Agreement shall continue unless expressly terminated by the City.

7.2 Effect of Termination.

Upon the termination of this Trust Agreement, the Fund shall be allocated and distributed as Benefits as provided by the City.

7.3 Exclusive Benefit; Reversion Upon Plan Termination.

It is expressly agreed and understood that all contributions made are irrevocable and that the Fund shall be used for the exclusive benefit of Plan participants and beneficiaries, including the payment of Plan benefits and reasonable administrative expenses. However, notwithstanding the foregoing or any contrary provision of the Trust Agreement, if the Plan terminates, and assets remain in the Fund after payment of all Plan benefits and reasonable administrative expenses, and if there are no other active or former employees or dependents to which a benefit is due under any plan or program of the City providing non-pension post employment welfare benefits, then the assets remaining in the Fund shall revert to the City.

ARTICLE VIII
AMENDMENTS

8.1 Amendments.

This Trust Agreement may be amended by the City (by action of the City Council), in which event written notice of amendment shall be given by the City to the Board, and any Trustee or Custodian appointed pursuant to Section 5.2, but no amendment to this Trust Agreement may be made which increases the duties of a Trustee or Custodian appointed pursuant to Section 5.2 without its consent.

ARTICLE IX
MISCELLANEOUS

9.1 Reliance

The parties hereto shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, statement or other document which they reasonably believed to be genuine and to have been signed by the proper party or parties or by a person or persons authorized to act on its behalf.

9.2 Persons Dealing with the Trustee.

No person dealing with the Trustee shall be under any obligation to inquire into the validity, expediency or propriety of any action by the Trustee or of any exercise by it of any of the powers conferred upon it by this Trust Agreement. The execution by the Trustee of any instrument, document or paper in connection with the exercise of any of the powers enumerated herein shall, of itself, be conclusive evidence to all persons of the authority of the Trustee to execute the same and to exercise the powers incident thereto.

9.3 Advice of City, Counsel, Etc.

(a) If at any time or times the Board is in doubt as to the course which it should follow in any matter relating to the administration of this Trust Agreement, it may request the City to advise it with respect thereto, and it shall be protected in relying upon the advice or direction which may be given it by the City, in writing, in response to such request.

(b) If at any time or times a Trustee or Custodian appointed pursuant to Section 5.2 is in doubt as to the course which it should follow in any matter relating to the administration of this Trust Agreement, it may request the Board to advise it with respect thereto, and it shall be protected in relying upon the advice or direction which may be given it by the Board, in writing, in response to such request.

(c) In the event the Board any reasonable doubt at any time as to its rights or obligations hereunder, or in the event of any dispute arising under the terms of this Trust Agreement or the Plan, in which dispute the City, any participant, any beneficiary or any person claiming an interest in the Fund is involved, the Board shall have the right to consult with legal counsel (including counsel for the City) and to obtain other professional assistance such as, for example, accountants or actuaries, to assist it in resolving such doubts, or to advise it with respect to the meaning or construction of this Trust Agreement, or its obligations, powers or duties hereunder, or to advise it or represent it with respect to any action or proceeding or any question, and it shall be fully protected with respect to any action taken by it or omitted by it in good faith pursuant to the advice of such counsel or other such professional advisors. The fees and expenses of

such counsel or such professional advisors shall be paid from the Fund, unless paid by the City.

9.4 Notices.

(a) Any action by the City pursuant to any of the provisions of the Plan or this Trust Agreement shall be evidenced by a writing over the signature of the City Manager, and the Board (or a Trustee or Custodian appointed pursuant to Section 5.2) shall be fully protected in acting in accordance with such writing. All orders, requests, directions and instructions of the City to the Board shall be in writing, signed by the City Manager or by any agent of the City duly authorized to act on behalf of the City Manager. Unless it knows that the direction constitutes a breach of the City's duties or responsibilities under the Plan, the Board shall act and shall be fully protected in acting in accordance with such orders, requests, directions and instructions. In the absence of knowledge that the direction constitutes such a breach, the Board shall be entitled to rely conclusively on such direction, and shall have no further duty to make any investigation or inquiry before acting upon any such direction of the City. The Board shall not be liable to anyone for the inaction, action, mistaken action or other errors of the City in directing the Board.

(b) Notwithstanding anything contained herein to the contrary, the City and the Board from time to time may establish uniform procedures whereby with respect to any or all instances herein where a writing is required, including but not limited to any required written notice, election, consent, authorization, instruction, direction, designation or request, communication may be made by any other agreed upon means, including by paperless communication, and such alternative communication shall be deemed to constitute a writing to the extent permitted by applicable law, provided that such alternative communication is carried out in accordance with such procedures in effect at such time.

(c) Promptly after the execution of this Trust Agreement, the City shall furnish the Board with a list of the names of the individuals authorized to act on behalf of the City or the City Manager in connection with this Trust Agreement, and thereafter it shall provide the Board with updates to the list as they occur. The Board may assume at all times that the persons named in such list continue to have authority to act on behalf of the City or the City Manager, unless it has received written notice from the City to the contrary or has actual knowledge to the contrary.

9.5 Judicial Accounting.

Nothing contained in this Trust Agreement shall be construed as depriving a Trustee or Custodian appointed pursuant to Section 5.2 to have a judicial settlement of its accounts. Upon any proceeding by a Trustee or Custodian appointed pursuant to Section 5.2 for a judicial settlement of its accounts or for instructions, the only necessary party thereto in addition to the Board shall be the City. If the Trustee's or Custodian's statement or account proves accurate, the costs of such proceedings, including any reasonable counsel fee incurred by the Trustee or Custodian, shall be paid from the Fund.

9.6 No Bond or Security Required.

No Trustee or Custodian shall be required to give any bond or other security for the faithful performance of its duties hereunder, unless otherwise required by law.

9.7 Law and Interpretation.

This Trust Agreement is made in the Commonwealth of Virginia and shall be construed in accordance with the laws thereof. It is intended that this Trust be exempt from federal income taxation under Section 115 of the Code, and comply with GASB 45, and it shall be construed accordingly.

9.8 Invalidity.

In the event any provision of this Trust Agreement shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof, and this Trust Agreement shall thereafter be construed and enforced as if said illegal or invalid provisions had never been included herein.

9.9 Counterparts.

This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed effective as of _____, 2008.

CITY OF ALEXANDRIA

By: _____

Print Name: _____

Date: _____

CITY OF ALEXANDRIA FINANCE BOARD

Print Name: _____

Date: _____

Print Name: _____

Date: _____

Print Name: _____

Date: _____

ORDINANCE NO. 4762

AN ORDINANCE to amend and reordain Sec. 3-1-7 (POST-EMPLOYMENT NON-PENSION BENEFIT TRUST FUND ACCOUNT) of Chapter 1 (GENERAL PROVISIONS) of Title 3 (FINANCE TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Sec. 3-1-7 Post-employment non-pension benefit trust fund account.

(a) Establishment of account. There is hereby established for the City of Alexandria a permanent account to be known and designated as The City of Alexandria Post-Employment Non-Pension Benefit Trust Fund Account, which account shall be accounted for and maintained separate and apart from all other accounts maintained by the City of Alexandria. Such trust fund account shall be maintained and administered pursuant to the terms and requirements of Virginia Code Sections 15.2-1544, et seq.

(b) Funding of account. The city council shall, for the fiscal year commencing July 1, 2008, and in each ensuing fiscal year, assign and appropriate to such trust fund account such funds as deemed reasonably prudent for the ongoing and future payment of post-employment non-pension benefits for retired employees of the City of Alexandria and their eligible beneficiaries or beneficiaries of employees of the City of Alexandria whose death occurred while in the line of duty pursuant to Code of Virginia § 9.1-400 et seq (1950) as amended. Such appropriated funds, together with any employee or retiree contribution funds deposited in such account, shall be irrevocable, and unexpended appropriations to such account shall not lapse or expire at the end of the fiscal year in which made, irrespective of whether such appropriations were encumbered within such fiscal year. Funds deposited in the account shall be invested in accordance with law, and earnings thereon shall likewise be irrevocably deposited into such account.

(c) Expenditures from account. Notwithstanding any contrary provision of law, appropriations from the said account shall be authorized and made exclusively to pay for post-employment non-pension benefits afforded under any applicable retirement plan for former City of Alexandria employees pursuant to the terms of those plans. Once such trust fund has been fully funded (so as pay the city's actuarially determined liability for such benefits accrued and accruing, excepting only funds required to be deposited in the current fiscal year), such post-employment non-pension benefits shall be paid exclusively from the trust fund.

(d) Post-employment non-pension benefits defined. As used in this section, post-employment non-pension benefits means medical, dental, and life insurance provided to individuals who have terminated their service with the City of Alexandria and to the spouse or dependents of such individuals, whether provided by purchasing insurance, by a program of self-insurance, or by a combination of both and a one-time payment to the beneficiary of a deceased person pursuant to Code of Virginia § 9.1-402 (1950) as amended.

(e) Administration of account. The trust fund account established by this section shall be managed, maintained and invested, as set forth in Virginia State Code Sections 15.2-1544, et seq., by a three-member finance board, comprised of the chief financial officer and director of finance of the city, and one citizen member with proven integrity, business ability, and demonstrated experience in cash management and investments, appointed by city council for a two-year term.

Section 2. That this ordinance shall become effective on July 1, 2012.

Section 3. The City Manager and his appointees shall take the appropriate steps to track and monitor the funds in the trust fund accounts.

WILLIAM D. EUILLE
Mayor

Final Passage: May 12, 2012

RESOLUTION NO. 2500

Irrevocable Election Not to Participate in Line of Duty Act Fund

WHEREAS, pursuant to Item 258 of the 2010 Appropriation Act, paragraph B, the Virginia General Assembly has established the Line of Duty Act Fund (the "Fund") for the payment of benefits prescribed by and administered under the Line of Duty Act (Va. Code § 9.1-400 et seq.); and

WHEREAS, for purposes of administration of the Fund, a political subdivision with covered employees (including volunteers pursuant to paragraph B2 of Item 258 of the 2010 Appropriation Act) may make an irrevocable election on or before July 1, 2012, to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and

WHEREAS, it is the intent of the City of Alexandria ("City") to make this irrevocable election to be a non-participating employer with respect to the Fund;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City irrevocably elects to be deemed a non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and it is further

RESOLVED that the following entities, City of Alexandria Fire and EMS Department, Alexandria Volunteer Fire Department, City of Alexandria Police Department, and City of Alexandria Sheriff's Office to the best of the knowledge of the City, constitute the population of its past and present covered employees under the Line of Duty Act; and it is further

RESOLVED that, as a non-participating employer, the City agrees that it will be responsible for, and reimburse the State Comptroller for, all Line of Duty Act benefit payments (relating to existing, pending or prospective claims) approved and made by the State Comptroller on behalf of the City on or after July 1, 2010, except for benefits paid on your behalf for FY 2012; and it is further

RESOLVED that, as a non-participating employer, the City agrees that it will reimburse the State Comptroller an amount representing reasonable costs incurred and associated, directly and indirectly, with the administration, management and investment of the Fund; and it is further

RESOLVED that the City shall reimburse the State Comptroller no more frequently than on a monthly basis for amounts invoiced by the State Comptroller.

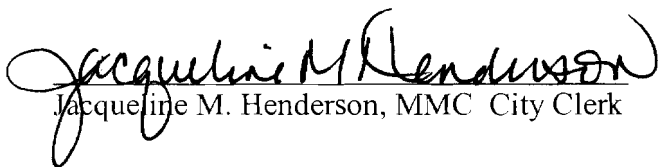
That this resolution shall be effective on the date and at the time of its adoption.

Adopted: May 12, 2012



WILLIAM D. EULLE MAYOR

ATTEST:


Jacqueline M. Henderson, MMC City Clerk