

IV. Reporting and Disclosure.

The City and the Trustees, or their respective designees, shall complete and provide to Employees and Retirees and to the appropriate government agencies any reports as may be required by the Code, and applicable federal, state or local law.

V. Amendments.

The provisions of the Fund may be amended at anytime by resolution adopted by the City Council in accordance with applicable law.

PART B – HEALTH CARE FUND

I. Eligibility.

In order to be eligible for post-retirement health care benefits during any plan year, an individual must meet all of the requirements as adopted by City Council for the employee's applicable employment group.

II. Commencement of Benefit.

Subject to all applicable provisions of the Fund and/or Insurance Agreement, a Retiree shall commence eligibility for benefits on the first day he or she satisfies the eligibility requirements, provided the Retiree has enrolled for coverage on such date.

III. Retiree Health Care Benefits, General.

The City shall fund retiree health care premiums from the Fund in accordance with the provisions of the Insurance Agreement(s). The City's cost for health care benefits shall be funded from the Retiree Health Care Fund.

IV. Health Care Benefits, Costs.

The Retiree Health Care Fund will pay the City's share of monthly premiums for Retiree Health Care benefits.

V. Fund Administration.

- (1) The City shall be responsible for the performance of its duties as employer and plan sponsor under applicable Internal Revenue Code Sections and for complying with the Code's reporting and disclosure requirements.
- (2) The City may delegate all or any part of its Fund administration responsibilities. Any such delegation shall be done in writing. The City may employ one or more professional, clerical or administrative persons to perform those activities which are required in the proper performance of the Fund.
- (3) The Fund Administrator shall have the responsibility of establishing such Fund documents and accounts as necessary for the proper performance of the Fund, for interpreting and administering the Fund and for processing and paying benefit premiums thereunder. The Fund Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated shall receive substantially the same treatment. The Fund Administrator shall maintain the appropriate records and accounts necessary in the administration of the Fund and shall provide the Trustees with such information necessary to permit the timely filing of all reports required by applicable laws or regulations governing the Fund.

VI. Funding.

For the purpose of creating and maintaining the Fund for the payment of benefit premiums payable as provided in this Resolution, the City shall appropriate an amount sufficient to maintain the Fund subject to the provisions of Part C of this Fund.

PART C – DECLARATION OF RETIREE HEALTH CARE FUND

I. Irrevocable Fund Trust, Established.

The Fund established in this Resolution is established in accordance with Public Act 149 of 1999, and shall be irrevocable and shall conform to all applicable sections of the Internal Revenue Code, the statement of purpose in Part A of this Fund, and all statutes, ordinances, rules, regulations, arbitrators' awards and judicial decisions interpreting the foregoing provisions.

The Fund shall consist of City Contributions, all investments made or held under the Fund, and all income therefrom, both received and accrued, and any other property which may be received or held by reason of this Fund.

II. Funding.

- (1) For the purpose of creating and maintaining a fund for the payment of health care benefits payable as provided in this Fund, the City intends to pay to the Fund an amount consistent with the actuarial valuations and calculations made by the Actuary for the Fund to result in a pre-funded fund. The City reserves the right to fund these health care benefits on a “pay-as-you-go” basis.
- (2) An actuarial valuation shall be performed every three (3) years.

III. Board of Trustees.

The Board of Trustees shall consist of the same six (6) individual trustees who serve as members of the Board of Trustees of the City of Alpena Employees Retirement System, as follows:

- (1) Two members of the council, to be selected by the council and to serve at the pleasure of the council.
- (2) The city manager of the City of Alpena shall serve by virtue of his position.
- (3) A police officer or firefighter member to be elected by the police officers and firefighter members.
- (4) A general member to be elected by the general members.
- (5) One City retiree appointed by the municipal council.

IV. Trustees' Terms of Office.

The regular terms of office of the Trustees shall be identical to the term of office as city manager or representative from the Board of Trustees of the City of Alpena Employees Retirement System as applicable.

V. Trustees' Powers and Responsibilities.

The Trustees are vested with the general administration, management and responsibility for the proper operation of the Fund and shall hold all powers that are necessary to carry out the purposes of the Fund and that are generally available to Trustees under the laws of the State of Michigan, except as limited by federal law and regulations. The Trustees shall take no action nor make any determination inconsistent with any qualification or ruling of the Internal Revenue Service, an arbitrator or the courts with respect to the Fund. In the case of amendments to the Internal Revenue Code or changes to regulations of the Internal Revenue Service or the Labor Department, the Trustees are empowered to take all necessary action authorized by this Fund, federal and state law and regulations. In carrying out the purposes of the Fund, the Trustees shall have the following powers and duties:

- (1) The Trustees shall, in order to effectuate the purposes of the Fund, be bound by the terms of the Fund.
- (2) The Trustees shall establish a uniform system for the timely transmission of required reports and contributions from the City on behalf of the Employees and/or Retirees.
- (3) The Trustees shall maintain, or cause to be maintained, proper books of accounts and records of and for the administration of the Fund, including the minutes of all meetings, make them available for inspection at the permanent office of the Fund during reasonable business hours by the City.
- (4) The Trustees shall be authorized to retain such professional, clerical, or administrative personnel as necessary to maintain the proper performance of the Fund.
- (5) The Trustees shall be authorized, pursuant to Public Act 149 of 1999, as amended, to invest the assets of the Fund in accordance with the provisions of Public Act 314 of 1965, as amended and in accordance with the Investment Policy as established by the Trustees.
- (6) A Trustee or other fiduciary under the Fund shall discharge his or her duties with respect to the investment of Fund assets solely in the interest of the Employees and Retirees for the exclusive purpose of providing benefits to Employees and Retirees and paying reasonable expenses of administering the Fund.
- (7) A Trustee shall discharge his or her duties with the care, skill, and caution, under the circumstances then prevailing, which a prudent person, acting in a like capacity and familiar with those matters, would use in the conduct of an activity of like character and purpose.