



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of February 21, 2009**

DATE: February 9, 2009

SUBJECT: Establishment of an Other Post-Employment Benefits (OPEB) Trust

C. M. RECOMMENDATIONS:

1. Adopt the attached Resolution establishing an OPEB Trust (Attachment 1).
2. Adopt a Master Plan Document (Attachment 2) and Trust Instrument (Attachment 3) and Provide for an Effective Date of January 1, 2009, for the OPEB trust.
3. Appropriate/Allocate \$15,111,505 in County assets for establishment of the OPEB Trust as follows:
 - a. Appropriate \$10,211,505 from fund balance to Non-Departmental (101.91102).
 - b. Allocate \$4,900,000 in 2009 health care funds from non-departmental account 101.420900.91102.

ISSUES: Should the Arlington County Board adopt an OPEB Trust to set aside funds to meet financial obligations for health, dental, vision, life insurance, and long-term care benefits provided to retired County employees?

SUMMARY: In adopting the Fiscal Year 2009 budget in April 2008, the County Board committed to establishing an OPEB trust to meet the obligations of the County to fund fully the County share of health, dental, vision, life insurance, and long-term care benefits provided to retired employees.

A group of County and School staff, as well as the County Attorney, have reviewed possible trust options for the OPEB trust. After analyzing presentations from financial managers, and representatives of the Virginia Municipal League and Virginia Association of Counties, the Manager recommends that the Arlington County Employee Retirement System (ACERS) be named Trustee of the new trust. The use of the existing ACERS administrative and investment expertise will provide the most effective and low-cost option for a trust fund.

On February 5, 2009, the Arlington County Employee Retirement System (ACERS) Board agreed to serve as Trustee for the Retiree Welfare Benefit Plan described in the Attachments. By separate action later this month or in early March, the Arlington County School Board will be considering adoption of a resolution to establish an OPEB Trust and Master Plan for its employees. The trustee for the School OPEB Trust, if adopted, would also be the ACERS

County Manager: _____

County Attorney: _____

Staff: Mark Schwartz, Department of Management and Finance; Marcy Foster, Department of Human Resources

Board. Upon advice of counsel, the trust will comply with Section 115 of the United States Internal Revenue Code of 1986, as amended.

By establishing the trust, the County will protect the funds for employee retirement health care in an irrevocable trust and ensure their use for the stated purpose. In addition, creation of the trust will lower the assumed unfunded actuarial liability for the County, and fully comply with Statements of the Government Accounting Standards Board (GASB).

DISCUSSION: In June 2004, the Government Accounting Standards Board (GASB) issued Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The County, beginning in fiscal year 2008, accounted for and reported in its financial statements the cost of Other Post Employment Benefits (OPEB) – health insurance, life insurance and other non-pension benefits provided to its retirees. GASB 45 required that the cost of our OPEB commitments be accounted for and reported in the same manner as pensions.

On April 19, 2008, the Arlington County Board adopted a budget that fully funds the County's estimated GASB Annual Required Contribution (ARC) for FY 2009 (valued at \$15.3 million) and shows a negative net OPEB obligation through FY 2011. The County made significant changes to its healthcare plan and provides a sustainable and secure benefit for retirees that will be fully funded.

With the changes adopted in April 2008, the County's liability to its current employees and retirees for OPEB is approximately \$213 million, the ARC is \$15.3 million and the estimated "pay as you go" spending in FY 2009 is estimated to be \$10.5 million. In the adopted budget an additional \$4.9 million in ongoing payments was provided bringing the ongoing contribution to the required ARC of \$15.3 million. In addition, at closeout of the FY 2008 budget in November, 2008, the County Board set aside \$10,211,505 in accrued fund balances for a one-time cash infusion into the new OPEB Trust. The funds set aside for the Trust have been managed by the Arlington County Treasurer. With creation of this trust, the \$15.1 million in balances will be invested in the new OPEB Trust, and the remaining "pay as you go" funds will be available to meet ongoing costs.

This trust is a "Code Section 115 Plan and Trust" ("115 Plan") and refers to an excess benefit trust adopted under Code section 115 of the Internal Revenue Code of 1986, as amended ("IRC"). A 115 Plan permits a government employer to establish a separate fund or trust to serve as a vehicle for accumulating amounts needed to pay for present or future retiree medical benefits. In order to comply with IRS and GASB requirements, the trust is irrevocable and amounts contributed must be used for trust purposes only. The attached documents comport with the requirements of a 115 Plan.

Creation of the trust is also a key assumption used by our actuary in estimating the funding requirements for the Plan. The creation of the trust allows for assumption of an 8 percent discount rate and reduces the estimated liability disclosed in the County's annual Comprehensive Annual Financial Report (CAFR).

FISCAL IMPACT: The establishment of the Trust Fund will appropriate the following amounts from the County's Fund Balance to the Trust:

- \$8 million (this includes \$5 million of funds set aside during FY 2006 closeout to fund a "new Retiree Health Insurance Reserve" and \$ 3 million appropriated in the FY 2008 budget to meet Retiree Health Costs)
- \$2 million designated from the one-time payment available from 2 cent tax increase (June 2008 payment).
- \$211,505 in interest allocated to OPEB in the FY 2008 closeout

In addition, the County's Adopted FY 2009 budget has already appropriated \$4.9 million as a reserve for OPEB benefits (101.420900.91102).

Any additional interest earned on the fund balance in FY 2009 will be allocated to the Trust Fund as part of the closeout of the FY 2009 budget this Fall. In subsequent years, beginning with FY 2010, additional funding will be made available for the Trust Fund.

ATTACHMENT 1

**Arlington County Board
Arlington County, Virginia**

Resolution No. _____

A RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF AN OTHER-POST EMPLOYMENT BENEFIT TRUST FOR THE RETIRED EMPLOYEES OF THE ARLINGTON COUNTY BOARD, ARLINGTON COUNTY EMPLOYEE RETIREMENT SYSTEM, AND FOR CERTAIN FORMER ARLINGTON COUNTY CONSTITUTIONAL OFFICERS AND THEIR RESPECTIVE EMPLOYEES; AUTHORIZING THE ADOPTION OF A MASTER PLAN DOCUMENT AND TRUST INSTRUMENT FOR SAID TRUST; AND, PROVIDING AN EFFECTIVE DATE FOR SAID PLAN AND TRUST.

WHEREAS, The Arlington County Board (the “Board”) has provided post-employment benefits to the Board’s retired employees, employees of the Arlington County Employee Retirement System, and to certain Arlington County Constitutional Officers and their respective employees (hereinafter, collectively referred to as “Participants”), including, but not limited to, health and welfare insurance substantially in the form of group health insurance;

WHEREAS, the Board, pursuant to the laws of the Commonwealth of Virginia, is authorized to establish an Other Post-Employment Benefit (“OPEB”) Plan and Trust to provide for specified post-employment benefits for eligible Participants; and

WHEREAS, it is the intent of the Board to establish such an OPEB Plan and Trust to provide for specified post-employment benefits for the exclusive benefit of Participants.

NOW, THEREFORE, BE IT RESOLVED, that the Arlington County Board hereby establishes an Other Post-Employment Benefit (“OPEB”) Plan and Trust to provide for the above specified post-employment benefits of eligible Participants;

FURTHER RESOLVED, the Board hereby names the OPEB Plan and Trust the Arlington County Board Retiree Welfare Benefit Plan and Trust;

FURTHER RESOLVED, the Arlington County Board Retiree Welfare Benefit Plan and Trust shall be maintained for the exclusive benefit of Participants and that part of the Trust assets, once allocated to the Trust, shall never inure to the benefit of the Board;

FURTHER RESOLVED, the Board hereby adopts the Arlington County Board Retiree Welfare Benefit Plan Document substantially in the form attached hereto as Attachment 2;

FURTHER RESOLVED, the Board hereby adopts the Arlington County Board Retiree Welfare Benefit Plan Trust Instrument, substantially in the form attached hereto as Attachment 3;

FURTHER RESOLVED, the Board hereby names the Arlington County Board as the Administrator of the Plan;

FURTHER RESOLVED, the Board hereby names the Arlington County Manager as the Claims Administrator of the Plan;

FURTHER RESOLVED, the Board hereby names the Arlington County Employees Retirement System as Trustee of the Trust

FURTHER RESOLVED, the Board hereby provides that the effective date of the Arlington County Board Retiree Welfare Benefit Plan shall be January 1, 2009;

FURTHER RESOLVED, the Board hereby provides that the effective date of the Arlington County Board Retiree Welfare Benefit Plan Trust shall be January 1, 2009;

FURTHER RESOLVED, that the appropriate Board members are hereby authorized and directed to take such actions as may be necessary, appropriate or advisable to implement the foregoing resolutions.

DULY ADOPTED, this ____ day of _____, 2009.

The Arlington County Board

By: _____

Name: _____

Title: _____

ATTACHMENT 2

**ARLINGTON COUNTY BOARD
ARLINGTON, VIRGINIA
RETIREE WELFARE BENEFIT PLAN
(PLAN DOCUMENT)**

Effective January 1, 2009

**ARLINGTON COUNTY BOARD
RETIREE WELFARE BENEFIT PLAN**

(PLAN DOCUMENT)

(Effective January 1, 2009)

THIS PLAN is adopted this ____ day of _____, 2009, effective for all purposes as of January 1, 2009, by the ARLINGTON COUNTY BOARD (hereinafter referred to as "Employer").

WITNESSETH:

WHEREAS, pursuant to Resolution _____ (a copy of which is attached to the February 21, 2009, Arlington County Board Report as Attachment 1), Employer has heretofore provided certain retiree welfare benefits, to certain of its former and retired employees under the Arlington County group health plan;

WHEREAS, effective as of January 1, 2007, Statements No. 43 and 45 of the Government Accounting Standards Board (collectively referred to as "GASB 45") apply to Employer's financial reports with respect to certain benefits to be furnished to retirees, which benefits are known as "other post employment benefits" ("OPEB"), which are defined to include welfare benefits such as health, dental, vision, and long-term care benefits provided to retired employees;

WHEREAS, it is in the best interest of Employer to establish a plan and trust and to make contributions to such trust in order to fund OPEB provided by such plan;

WHEREAS, in order to establish the tax-exempt status of such trust, it is necessary to comply with the requirements under Internal Revenue Code ("Code") Section 115 to establish a "Section 115 Trust Fund" (hereinafter referred to as the "Fund" or "Trust Fund");

WHEREAS, Employer desires to establish this Plan to comply with the requirements of GASB 45 and Code Section 115 and the regulations thereunder;

NOW, THEREFORE, Employer, as the Plan Sponsor, hereby adopts the Plan effective January 1, 2009, for the benefit of eligible employees.

ARTICLE I INTRODUCTION

1.1 Purpose of Plan. The purpose of this Plan is to provide Participants and their Dependents and Beneficiaries with welfare benefits as set forth in the Plan, and to provide such other permissible payments as may be determined from time to time, and it is intended that the benefits and payments provided by the Plan and funded through the Trust are to provide welfare benefits, such as health, dental, vision and long-term care benefits, for certain eligible Employees and their Dependents.

1.2 Exclusive Benefit. No part of the Trust Fund shall be used for purposes other than for (1) the exclusive benefit of Participants, their Dependents and Beneficiaries in accordance with the provisions of the Plan and the Trust, and (2) defraying reasonable expenses of administering the Plan and the Trust.

1.3 Purpose of Plan Document. This Plan document constitutes the substantive plan document required under GASB 45 and Internal Revenue Code Section 115 and the applicable Treasury Regulations promulgated thereunder.

ARTICLE II DEFINITIONS

2.1 “Beneficiary” means any person or persons (including, but not limited to, an individual, trust, estate, executor, administrator or fiduciary, whether corporate or otherwise) designated as such in accordance with the provisions of the Plan or the Trust to receive any distribution from the Trust.

2.2 “Benefits” shall mean the services provided or amounts paid to or on behalf of Participants and Beneficiaries under the Plan for the benefits listed in Section 1.1 above.

2.3 “Claims Administrator” shall mean the entity designated by the Arlington County Manager to provide claims administration services for the Plan except that in the absence of same, the “Claims Administrator” shall be the Human Resources Department of the Arlington County Government.

2.4 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time. Reference to a specific provision of the Code shall include such provision, any valid regulations promulgated thereunder, and any comparable provision of future legislation that amends, supplements or supersedes such provision.

2.5 “Dependent” shall be defined in the Description of Benefits, copies of which are attached to this document as informational Exhibits detailing the provision of specific health and welfare benefits and as same shall be incorporated herein by reference to the attached Exhibit C-1 and any successive numbers thereto.

2.6 “Employee” shall be defined as any member of the Arlington County Board, Arlington County Constitutional Officers, or employee, former employee, or retired employee who was employed by the Arlington County Board, the Arlington County Employee Retirement System, or by any Arlington County Constitutional Officer, and who is receiving a retirement benefit for service with the Arlington County Board, with the Arlington County Employee Retirement System, or with a Constitutional Office or is entitled to receive a retirement benefit from a defined benefit plan for service with the Arlington County Board, with the Arlington County Employee Retirement System, or with any Arlington County Constitutional Officer.

2.7 “Employer” shall mean the Arlington County Board, its successors or assigns, the Arlington County Employee Retirement System, and all Arlington County Constitutional Officers.

2.8 “Insurance Contract” shall mean the contracts arising between the Arlington County Board and any third-party Insurer, HMO or service provider under which Benefits for this Plan are provided, as shall be set forth in the informational Exhibits detailing the provision of specific health and welfare benefits and as same shall be incorporated herein by reference to the attached Exhibit C-1 and any successive numbers thereto. In the absence of a third-party Insurer, HMO or service provider, “Insurance Contract” shall mean any agreement or trust document existing between the Arlington County Board and the Retirement Board of Arlington County relating to the administration of the funds held in Trust pursuant to this Plan.

2.9 “Insurer” shall mean the third-party Insurance Company, HMO or service provider with which the Arlington County Board may contract to provide the Benefits offered pursuant to the terms of this Plan, as shall be set forth in the informational Exhibits detailing the provision of specific health and welfare benefits and as same shall be incorporated herein by reference to the attached Exhibit C-1 and any successive numbers thereto. In the absence of a third-party Insurer, “Insurer” shall mean the Arlington County Board.

2.10 “Participant” is an Employee who is eligible to be and becomes a Participant of this Plan in accordance with Section 3.1 hereof, and shall include any alternate account holder with an account under the Trust, which has not yet been fully distributed and/or forfeited. The term “Participant” includes any former or retired employee who is enrolled in health insurance coverage provided pursuant to the terms of the Plan, notwithstanding the fact that such former employee’s account has been fully distributed or who is receiving a retirement benefit from the Arlington County Board. The term “Participant” shall also include any former or retired Arlington County Constitutional Officer and his respective former or retired employees, but only to the extent such former or retired officer or his former or retired employee is currently receiving a retirement benefit from the Arlington County Board.

2.11 “Plan” shall mean the Arlington County Board Retiree Welfare Benefit Plan, which is a component of the Arlington County Board’s group health plan, established by the Employer in the form of this wrap plan document and the exhibits which are attached to this document and incorporated herewith.

2.12 “Plan Administrator” shall be the Human Resources Department of the Arlington County Government. The Plan Administrator shall have responsibility for the administration of

the Plan in all respects, including the right to make and enforce rules and regulations it deems necessary, to interpret the Plan, and decide all questions concerning the Plan and its administration. Except as otherwise provided by law, all decisions of the Plan Administrator are final and binding on all parties.

2.13 “Plan Sponsor” means, individually and collectively, the Arlington County Board, and its successors or assigns.

2.14 “Plan Year” shall mean the fiscal year of the Plan, a twelve (12) consecutive month period concluding each December 31.

2.15 “Trust” shall mean the Arlington County Board Retiree Welfare Benefit Trust, being the trust established by the Plan Sponsor pursuant to the provisions of this Agreement.

2.16 “Trustee” shall mean the Trustees of the Arlington County Employees Retirement System and any duly appointed successor Trustee.

2.17 “Virginia Code” means the laws embraced in the titles, chapters, article and sections designated and cited as the “Code of Virginia,” under the laws of the Commonwealth of Virginia.

ARTICLE III PARTICIPATION

3.1 Eligibility for Participation. Any and all former or retired Employees of the Employer who receive an immediate annuity paid for by the Employer upon separation from service are eligible to participate in the Plan. In addition thereto, eligible dependents who are receiving a survivor’s annuity pursuant to the death of a former or retired Employee of the Employer who had been receiving an immediate annuity from the Employer upon separation from service from the Arlington County Board are eligible to participate in this Plan.

3.2 Cessation and Reinstatement of Participation. If a Participant ceases to be an eligible Employee, participation in the Plan shall terminate.

ARTICLE IV BENEFITS

4.1 Benefits. The Benefits under this Plan shall be provided to each Participant and Beneficiary substantially in the form of health and welfare benefits. To the extent applicable and only where appropriately adopted by the Plan Sponsor, informational Exhibits detailing the provision of specific health and welfare benefits shall be incorporated herein by reference to the attached Exhibit C-1 and any successive numbers thereto.

ARTICLE V
CLAIMS AND REVIEW PROCEDURES

5.1 Claims Procedures. When and where applicable, the claims procedures under this Plan may be set forth in informational Exhibits detailing the provision of specific health and welfare benefits and same shall be incorporated herein by reference to the attached Exhibit C-1 and any successive numbers thereto. In the absence of such Exhibits, to the extent applicable, claims procedures shall be adopted by the Claims Administrator, substantially in the form set forth by the Plan Administrator.

ARTICLE VI
ADMINISTRATION OF PLAN

6.1 Funding. In its sole discretion, the Arlington County Board shall contribute to the Trust such amount or amounts, if any, as the Plan Administrator may reasonably request from time to time and where such amount or amounts are approved by the Arlington County Board for the purpose of same. The Trustee shall receive hold and be accountable for all contributions paid to it which are reasonably acceptable to the Trustee from an administrative standpoint; provided, however, that the Trustee shall have no duty with respect to any contribution until it is actually received by the Trustee and provided further that the Trustee shall have no duty to require any contributions to be paid to it, or determine that the contributions received by it comply with the Plan or with any resolution or determination of the Plan Administrator providing therefore, and further provided that the Trustee shall have no responsibility with respect to the operation of administration of the Plan. The Trustee need not inquire into the source of any currency or other property transferred to it, nor into the authority or right of the transferor of such currency or property to transfer the same to the Trustee.

6.2 Limitation of Rights. Nothing herein will be construed to require the Employer or the Plan Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made. Contributions are established by the Employer. The Employer reserves the right to modify the cost sharing of contributions as appropriate with respect to claims not yet incurred, based on the costs experienced by the Plan. Nothing in this Plan shall give any Employee any right to continued employment.

6.3 Insurer Responsibilities. The Insurer, in concert with the Claims Administrator (to the extent appropriate and only where applicable), shall have the authority and responsibility for processing and paying any claims for Benefits arising pursuant to the terms of the Plan, or otherwise providing Benefits, in accordance with the terms and conditions of any Insurance Contract under which such benefits are provided, for providing written notice of any claim that has been denied, and for affording a full and fair review of such claims. In the absence of a third-party Insurer, the Arlington County Board shall assume the duties and responsibilities of the Insurer.

6.4 Governing Law. This Plan is established in the Commonwealth of Virginia, and shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

6.5 Alienation. No Benefits under this Plan may be subject to anticipation, garnishment, attachment, execution or levy of any kind, or be liable for any of the Participant's or Beneficiary's debts or obligations.

ARTICLE VII AMENDMENT AND TERMINATION

7.1 Amendment. This Plan may be amended at any time and from time to time by a written instrument approved by the Arlington County Board and executed by a duly authorized officer of the Arlington County Board provided such amendment applies only to claims not yet incurred and is communicated to those Participants participating in this Plan.

7.2 Duration and Employer's Right to Discontinue Plan and Contributions. This Plan is established with the intention of being maintained for an indefinite period of time. Nevertheless, the Arlington County Board expressly reserves the right to discontinue or terminate the Plan with respect to claims not yet incurred and make no further contributions. No Employee, Dependent, or Beneficiary shall attain or retain any vested right, contractual or otherwise, to any further contributions to the Plan by the Arlington County Board after the Arlington County Board has discontinued or terminated the Plan.

ARTICLE VIII PLAN INFORMATION

8.1 Exclusive Benefit. This Plan is maintained for the exclusive benefit of certain retired employees.

8.2 Employer Identification Number. The Employer Identification Number is 54-6001123.

8.3 Plan Sponsor. The Employer is the Arlington County Board:

Arlington County Board
Attn: Human Resources Director
2100 Clarendon Blvd. Suite 511
Arlington, Virginia 22201
Telephone: (703) 228-3500
Fax: (703) 228-3265

8.4 Plan Administrator. The Plan Administrator is the Human Resources Department of the Arlington County Government:

Human Resources Department
Arlington County Government
Attn: Human Resources Director

2100 Clarendon Blvd., Suite 511
Arlington, Virginia 22201
Telephone: (703) 228-3500
Fax: (703) 228-3265

The Plan Administrator shall be responsible for the management, operation and administration of the Plan. In addition to any powers, rights, and duties set forth in the Trust, the Plan Administrator shall:

- (a) adopt such rules, regulations and conditions, consistent with the provisions of the Trust and obligations of applicable law, as necessary or advisable to effectuate its duties, rights or responsibilities under the Plan or the Trust;
- (b) maintain records adequate to prepare reports, returns and other information required by law;
- (c) construe and interpret provisions of the Plan to resolve all questions arising with regard to its duties, rights or responsibilities under the Plan and such construction and interpretation shall be binding on all parties with respect to matters arising under the Plan;
- (d) direct the Trustee as to payments from the Trust and the making of any other payments (including transfers) from the Trust Fund which it may deem necessary or appropriate for the proper administration of the Plan;
- (e) consistent with applicable Arlington County rules, regulations, and procedures, employ or retain agents, attorneys, actuaries, accountants, consultants or other persons (who also may be employed by or represent the Employer or the Trustee) necessary to effectuate its duties, rights or responsibilities under the Plan or the Trust; and
- (f) apply for Internal Revenue Service for recognition or qualification or requalification under Code Section 115 for the Trust.

8.5 Claims Administrator. The Claims Administrator designated by the employer to provide claims administration services for the Plan is the Arlington County Manager:

Arlington County Manager
Arlington County Government
Attn: Human Resources Director
2100 Clarendon Blvd. Suite 511
Arlington, Virginia 22201
Telephone: (703) 228-3500
Fax: (703) 228-3265

From time to time, the Plan may be administered under insurance contracts and service agreements between the Arlington County Board and third-party Insurer(s)/Service Provider(s). When applicable and where appropriate, informational Exhibits detailing the provision of

specific health and welfare benefits shall be incorporated herein by reference to the attached Exhibits B-1 & C-1 and any successive numbers thereto.

8.6 Fiduciary Duties. The Plan Administrator shall discharge its obligations hereunder solely in the interest of the Participants, Dependents and their Beneficiaries, furthermore the Plan Administrator shall discharge its obligations:

a) for the exclusive purposes of (i) providing benefits to Participants, Dependents and their Beneficiaries; and (ii) defraying expenses of administering the plan and the Trust; and

b) with the care, skill, prudence and diligence that a prudent man acting in a like capacity and familiar with such matters would employ under like circumstances and in the conduct of an enterprise of like character and with like aims.

8.7 Agent for Service of Legal Process. The agent for service of legal process is the Arlington County Board.

ARTICLE IX RETIREE WELFARE CARE BENEFIT PLAN TRUST

The Employer and the Trustee shall execute one or more trust agreements providing for the Trustee to receive contributions to the Plan, and to hold, manage, invest and reinvest the Trust property and all income from this property, in accordance with the terms of the trust. In accordance with the terms of the trust, the Trustee shall make distributions from the trust in such amounts and to such person or persons as the Plan Administrator or Claims Administrator shall request and the Employer, in its sole discretion, may approve.

IN WITNESS WHEREOF, this Plan has been duly executed as of the day and year first above written to be effective January 1, 2009.

ATTEST:

ARLINGTON COUNTY BOARD

By: _____

Name: _____

Title: _____

ATTEST:

**TRUSTEES OF THE ARLINGTON COUNTY
EMPLOYEES RETIREMENT SYSTEM**

By: _____

Name: _____

Title: _____

EXHIBIT B-1

List of Insurers/Service Providers

- a. Connecticut General Life Insurance Company (health plan)
10490 Little Patuxent Parkway, Suite 400
Columbia, MD 21044
- b. Delta Dental of Virginia (dental plan)
4818 Starkey Rd. SW
Roanoke, VA 24014
- c. Kaiser Foundation Healthplan of the Mid-Atlantic States, Inc. (health plan)
2101 E. Jefferson St.
Rockville, MD 20849
- d. Hartford Life and Accident Insurance Company (life plan)
5285 Shawnee Rd. Suite 501
Alexandria, VA 22312
- e. Aetna Life Insurance Company (long-term care plan)
151 Farmington Ave Route 52
Hartford, CT 06156

EXHIBIT C-1

Description of Benefits

Benefits in General. The Trust shall be applied to provide Participants, Dependents or Beneficiaries with welfare benefits, such as health, dental, vision and long-term care, and the provision of such welfare benefits is an essential government function of Employer as such term is used in Section 115 of the Code. The Trust shall provide such benefits directly or indirectly, such as by payment or reimbursement to any other party, including the Employer, or make payments to any third party, such as an insurance company, HMO, Taft-Hartley Trust, governmental fund, trust or other account that provides such benefits. For purposes of directing payments from the Trust, the Employer shall have sole responsibility for determining the welfare benefits or other benefits that are provided by the Trust.

Particular Benefit Programs. The Employer may utilize the Trust to provide payments with respect to different benefit programs which provide different types or amounts of benefits to different groups of Participants (or their Dependents or designated Beneficiaries); provided, however, that such benefit programs shall not violate, either in design or operation, Section 115 of the Code. In addition, the Employer may utilize the Trust to provide payments with respect to benefit plans or programs which provide benefits to employees who have terminated participation; such programs may, for example, provide benefits to (1) Employees who have gone on leave of absence or have terminated employment by reason of disability, layoff or otherwise, (2) Dependents of Employees; or (3) Dependents of deceased Employees. In the event a particular benefit plan(s) or program(s) clearly provides, in writing, for benefits to persons who are not Participants, those persons shall be provided with a benefit only pursuant to the terms of and under that particular benefit plan(s) or program(s).

Insurance Policies, Contracts and Providers. Nothing contained in nor promulgated or applied under the authority of the Trust shall be interpreted as relieving any insurer, health service provider, administrator, Taft-Hartley Trust, governmental fund, trust, account or other obligor of its obligation to provide benefits under any contract issued by, promise made by or duty assumed by the insurer, health service provider, administrator, Taft-Hartley Trust, governmental fund, trust, account or other obligor.

Limitation on Benefits. No Employee, Retiree, Participant, Dependent, Beneficiary or other person or entity shall have the right, privilege or option to receive instead of the payments provided by the Trust or the Plan (a) any part of the contributions made to the Trust by the Employer or any Participants, (b) a cash consideration from the Trust either upon termination of benefits provided by the Plan or payment provided by the Trust or upon such Participant's termination of coverage under the Plan, either voluntarily or through severance of employment or otherwise, or (c) the cash surrender value of any insurance policy or benefit contract in lieu of the benefits provided in said policy or contract.

Benefit Programs. It is intended that the Trust be used to fund, if and to the extent deemed appropriate by the Employer, welfare benefits to Participants. Said welfare benefits are those which are either (a) intended to safeguard or improve the health of a Participant or Dependent, or (b) which protect against a contingency that interrupts or impairs a Participant's earning power;

provided, however, that any and all such welfare benefit program qualify as an essential government function under Section 115 of the Code.

EXHIBIT D

Trust Participants

The following Employers participate in the Plan:

- Arlington County Board, Arlington County, Virginia
- Arlington County Employee Retirement System
- Arlington County Constitutional Officers

ATTACHMENT 3

**ARLINGTON COUNTY BOARD
ARLINGTON, VIRGINIA
RETIREE WELFARE BENEFIT PLAN TRUST
(TRUST INSTRUMENT)**

Effective January 1, 2009

**ARLINGTON COUNTY BOARD
ARLINGTON, VIRGINIA
RETIREE WELFARE BENEFIT PLAN TRUST**

(TRUST INSTRUMENT)

(Effective January 1, 2009)

THIS TRUST is adopted this ____ day of _____, 2009, effective for all purposes January 1, 2009, by the ARLINGTON COUNTY BOARD.

**ARTICLE I
CREATION OF TRUST**

1.1 Effective Date. The Arlington County Board Retiree Welfare Benefit Plan Trust shall be effective on January 1, 2009.

1.2 Name of Trust. The name of the Trust created by this instrument shall be the Arlington County Board Retiree Welfare Benefit Plan Trust (the "Trust").

1.3 Purpose of Trust. This Trust has been established to fulfill the obligations of the Arlington County Board to comply with the requirements of Section 115 of the United States Internal Revenue Code of 1986, as amended, and Statements No. 43 and 45 of the Government Accounting Standards Board (collectively referred to as "GASB 45"). Specifically, assets of the Trust are to be held for the exclusive benefit of Participants and Beneficiaries pursuant to the Arlington County Board Retiree Welfare Benefit Plan Trust (as defined below) and for the purpose of providing retiree medical benefits pursuant to the terms of the Arlington County Board Retiree Welfare Benefit Plan (the "Plan"). Except for fulfilling the terms of the Plan and this Trust, Trust assets shall not be available for use by the Arlington County Board or creditors of the Arlington County Board.

1.4 Selection of Trustees. The Trustees of the Arlington County Employees Retirement System shall serve in the capacity of Trustees of the Trust.

**ARTICLE II
TRUST ASSETS**

2.1 Trust Assets. The Trust assets shall consist of all contributions and earnings thereon made by the Arlington County Board pursuant to the terms of the Plan, less payments for claims made pursuant to the terms of the Plan including fees and expenses. If the assets of this Trust are invested in an annuity contract or custodial account, the Trustees shall own such contract or account.

2.2 Exclusive Purpose. No part of the Trust Fund shall be used for, or diverted to, purposes other than for (1) the exclusive benefit of the participants, their dependents and beneficiaries in accordance with the provision of the Plan and this Trust; and (2) defraying reasonable expenses of administering the Plan and this trust.

ARTICLE III TRUST DUTIES AND RESPONSIBILITIES

3.1 Administration of the Arlington County Board Retiree Welfare Benefit Plan. The Arlington County Board shall approve a written document which sets forth the requirements of the Plan. The Plan may be amended from time to time to reflect changes in the law affecting the management of the Plan, to modify administrative provisions to facilitate the operations of the Plan, and to make such other changes which are in the best interest of the participants and beneficiaries.

3.2 Fiduciary Standard of Conduct. The Trustees, and all other fiduciaries, shall discharge their duties with respect to this Plan solely in the interest of the participants and beneficiaries of the Plan. Such duties shall be discharged for the exclusive purpose of providing benefits to the participants and beneficiaries and defraying expenses of the Plan. The Trustees shall discharge their duties in accordance with the prudent person standard established by Va. Code Ann. § 51.1-803, made applicable to the investment of assets of this trust by the operation of Va. Code Ann. § 15.2-1545.

3.3 Selection of Investment Options. The Trustees shall be responsible for the selection of investment options, and shall monitor and evaluate the investment options. The Trustees may at any time revise or remove all or any number of such investment options available for the investment of Trust assets held pursuant to the terms of the Plan. To the extent applicable, specific details of the administrative requirements shall be enumerated in the Plan.

3.4 No Guarantee Against Investment Loss or Depreciation. Neither the Arlington County Board, nor the Trustees, nor designees of the Trustees, shall be liable for any losses incurred by virtue of a prudent investment process or with respect to any reasonable administrative delay arising in response to the implementation of any investment directive.

3.5 Duty to Account. The Trustees, or designees thereof, shall be responsible for preparing a statement of the accounting of Trust assets and earnings or losses attributable thereto, on an annual basis, at minimum, except that the Trustees may provide summary quarterly reports at their discretion. Such statements shall reflect the contributions made into the Trust, as well as the earnings, gains and losses credited thereto for the statement period.

3.6 Trustee Actions. Every action taken by the Trustees shall be presumed to be a fair and reasonable exercise of the Trustees' authority or satisfaction of their imposed duties. The Trustees shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interested, unless the contrary is proven by a preponderance of affirmative evidence.

**ARTICLE IV
CONCLUDING PROVISIONS**

4.1 Amendment or Termination. The provisions of this Trust may be amended or terminated by the Arlington County Board by adoption of a Resolution specifying the desired changes to be made or the terms under which the termination will be accomplished.

4.2 Captions. The captions appearing in this instrument are for convenience of reference only, and shall be disregarded in determining the meaning and effect of the provisions of this instrument.

4.3 Severability Clause. If any provision of this instrument is invalid, that provision shall be disregarded, and the remainder of this instrument shall be construed as if the invalid provision had not been included.

4.4 Virginia Law to Apply. All questions concerning the validity, interpretation, and administration of this instrument, including any trusts created under this instrument, shall be governed by the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, this Trust has been duly executed as of the day and year first above written to be effective January 1, 2009.

ATTEST:

ARLINGTON COUNTY BOARD

By: _____

Name: _____

Title: _____

ATTEST:

**TRUSTEES OF THE ARLINGTON
COUNTY EMPLOYEES RETIREMENT
SYSTEM**

By: _____

Name: _____

Title: _____