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PORAC RETIREE MEDICAL TRUST

Medical Expense Reimbursement Plan

Administered by Vimly Benefit Solutions, Inc.

PO BOX 6 • Mukilteo, WA 98275

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JOINDER APPLICATION AND AGREEMENT

(1) Association Information.

- a. Association Name: _____
- b. Contact Name and Position: _____
- c. Contact Phone: _____
- d. Contact Email: _____
- e. Association Address: _____
- f. Association Phone: _____
- g. Association Email: _____
- h. Association Fax: _____

(2) **Receipt of Trust Documents.** We, the undersigned Association and Employer, have received a copy of the “Trust Agreement Governing the PORAC Retiree Medical Trust,” effective June 1, 2008, as amended thereafter (the “Trust Agreement”), and the “Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust,” ef. April 1, 2018, as amended thereafter (the “Plan”). We understand that the Plan provides medical expense reimbursement benefits to retirees.

(3) **Request to Join.** We hereby request that employees represented by the Association, and hired by _____ [employer] on or after _____ (insert date, if applicable), be participating employees in the Plan (“Employees”). In consideration of the granting of this request, we hereby agree to be bound by the terms, conditions, and provisions of the Trust Agreement and the Plan, and as they may be hereafter amended. We further agree to comply with reasonable requests for information from the Trust Office for its recordkeeping purposes.

(4) **Contribution Rate (must be at least \$100, and a multiple of \$25).**

a. Monthly Contribution.

- i) Rate. The monthly contribution rate of _____ per Employee is set forth in Section _____ of the _____ (title of memorandum of understanding, or other written agreement (in either case, the “MOU”)). The contribution rate must be at least \$100, and a multiple of \$25, per employee per month. (However, a group may start

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at a \$50 per employee per month rate, but must increase to \$100 per employee per month within 12 months.)

ii) The parties have agreed that the employer shall make semi-monthly contributions, twice per month, i.e., 24 contributions a year, by the _____ and _____ of each month. (Indicate the deadline for semi-monthly contributions.)

iii) Copy of MOU. Attached is a true and complete copy of that MOU, effective from _____ to _____, authorizing mandatory contributions to the Trust. If this amount is changed, the Association will send the Trust a copy of the new MOU, side letter, etc, prior to the effective date if possible. The employer named below (the "Employer") acknowledges that contributions are due in one aggregate payment (no split payments) no later than by the 15th of the month following the month for which the contributions are being paid (i.e., if the contributions are for July, contributions will be paid no later than August 15).

b. Transfer of Sick/Vacation Leave.

i. Sick Leave. There **is / is not** (circle one) a provision in the MOU regarding a mandatory sick leave contribution to the Trust, at Section _____. If so, the Employer agrees to transfer _____% of sick leave on behalf of each Employee **at retirement**; and/or

_____ % of sick leave on behalf of each Employee **annually**.

(a) Timing of transfer after retirement. Employer will transfer the accumulated sick leave at retirement within sixty days of the date of retirement, accompanied by the name of the employee to whom it should be attributed.

(b) Timing of transfer of annual leave. Employer will transfer the annual accumulated sick leave within sixty days after the end of the year in which the sick leave was earned, accompanied by a list of employees to whom it should be attributed.

ii. Vacation Leave. There **is / is not** (circle one) a provision in the MOU regarding a mandatory vacation leave contribution to the Trust, at Section _____. If so, the Employer agrees to transfer:

_____ % of vacation leave on behalf of each Employee **at retirement** and/or

_____ % of vacation leave on behalf of each Employee **annually**.

Timing shall be the same as for transfer of Sick Leave stated in Sec 4bi above.

c. If there are any other provisions in the MOU that relate to the Trust, list them here.

(5) Mandatory Contributions. *We certify that contributions will be made on all Employees in the bargaining unit or other defined class, and Employees may not individually elect against participation in the Plan, nor may any Employee individually elect the level of his or her contributions. If the class of employees is less than the entire bargaining unit, that must be defined in the MOU.*

(6) Delinquency. We acknowledge that the Trust Agreement contains provisions regarding pursuit of delinquent contributions, and we will cooperate with the Trustees in said proceedings.

(7) Employer Data to Trust Office. Along with this Joinder Application and Agreement, the Employer agrees to provide a complete list of the names, email addresses, and other information requested by the Trust Office for all Employees, as of the Effective Date (as defined below), using the Excel spreadsheet provided by the Trust Office for this purpose, or online at <https://porac.simon365.com>.

(8) Monthly Duty to Report. Employer agrees to provide the Trust Office each month with a complete list of Employees on whom contributions are made, and the amount of contribution per Employee and in the aggregate, using the Excel spreadsheet or the monthly invoice provided by the Trust Office for this purpose. The Employer will indicate new hires and terminations on the monthly report, along with contact information on a new hires so the Trust Office can send them an enrollment form. Employers can also use the Trust's website at <https://porac.simon365.com> to add or delete participants, update addresses and view/print their bill.

(9) Employer Information. (Please advise the Trust Office within 30 days of any changes to the information below.)

- a. Employer Name: _____
- b. Contact Name and Position: _____
- c. Contact Phone: _____
- d. Contact Email: _____
- e. Employer Address: _____

(10) Limitation of Liability. The Association, Employer and Trust acknowledge the following provision in Article XI, Sections 1 and 2, of the Trust Agreement regarding limitations on the liability of the participating parties:

"1. Liabilities and Debts of Trust Fund

No signatory party or Trustee, and no participating employer, employer association, labor organization, employee, or beneficiary shall be responsible for the liabilities or debts of the Trust Fund.

2. Liabilities and Debts of Participating Parties

No participating employer, employer association, or labor organization shall become responsible by reason of their participation in the Trust Fund for the liabilities or debts of any other participating employer, employer association, or labor organization.

Except for any obligation to make contributions to the Trust pursuant to a Special Agreement or Subscription Agreement, a participating employer shall have no obligation to provide benefits to which its employees may be entitled under a collective bargaining agreement to the extent that those benefits are provided under a plan funded through the Trust. A participating employer shall not be a fiduciary of the Trust or any employee benefit plan funded through the Trust, and shall have no responsibility or liability for Trust investments or the income tax treatment of Trust earnings or benefits provided under such plan"

(11) Effective Date. This Agreement shall become effective as of the date of last signature below (the "Effective Date"); provided, however, that contributions will be accepted as provided in the MOU, and provided further, that the Trust is not obligated to accept more than three months worth of retroactive

contributions; and any further retroactive contributions may be subject to terms and conditions imposed by the Trustees, including, for example, lost interest, administrative fees, or loss of Active Service Units..

(12) Pooled Sharing of Risk and Costs. We acknowledge that: a) the Trustees pool all contributions (provided, however, that the Trust will maintain a separate record per Employee of the transfer of sick leave and vacation leave); b) that the Trust and Plan operate based on a multiple employer basis, sharing costs and risk between all participants, and not based only on the Employees of one employer; and c) that the monthly benefit levels will be set based on actuarial projections for the entire Trust population, and not only for the Employees.

(13) Termination. This Agreement shall remain in effect unless terminated in writing by either the Association or the Trust; written notice of termination must be received by the non-terminating party prior to the first day of the month in which participation is to be terminated. The Employer shall have the same rights of termination, subject to any provisions in the applicable Memorandum of Understanding (or other document that provides contributions to the Trust).

For ASSOCIATION:

Joining Association

Association President (*Print Name*)

Date

Association President (*Signature*)

For EMPLOYER (approved as to form):

Employer

Employer Representative (*Print name*)

Date

Employer Representative (*Signature*)

**Approved and Accepted by:
PORAC RETIREE MEDICAL TRUST**

Date

Trust Administrator (*signature*)

Print name and title

Please send this Agreement to:
PORAC Retiree Medical Trust Office
c/o Vimly Benefit Solutions, Inc.
P.O. Box 6
Mukilteo, WA 98275

Phone number: (877) 808-5994
Fax: (866) 676-1530
Email: PORAC@vimly.com
Web: <https://porac.simon365.com>

Internal Use Only:

Date received and initials of person recording the date, indicated in line after item:

- ◇ *Memorandum of Understanding or other written agreement (MOU)* _____
- ◇ *Joinder Application and Agreement* _____
- ◇ *Spreadsheet with participant information* _____
- ◇ *Check – First Month's Contributions* _____
- <> *Simon Access Request Form* _____

**TRUST AGREEMENT
GOVERNING THE
PORAC
RETIREE MEDICAL TRUST**

Effective June 1, 2008

[3/30/08 dr.]

**PORAC
RETIREE MEDICAL TRUST
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**TRUST AGREEMENT
GOVERNING THE
PORAC RETIREE MEDICAL TRUST**

PREAMBLE

WHEREAS the Peace Officers Research Association of California ("PORAC") wishes to create an employee welfare benefit trust fund to hold contributions for a post-retirement medical trust fund for retirees from bargaining units represented by PORAC member associations; and

WHEREAS the PORAC seeks to grant administration of the trust fund to a Board of Trustees as set forth in this Trust Agreement; and

NOW, THEREFORE, the signatory parties do hereby adopt this "Trust Agreement Governing the PORAC Retiree Medical Trust", as set forth in the following pages, effective June 1, 2008.

**ARTICLE I
DECLARATION OF TRUST**

1. Name

The signatory parties hereby declare the establishment of a Trust Fund, named the

PORAC Retiree Medical Trust

The Trustees may hold property, enter into contracts, and in all matters act in behalf of the Trust Fund in such name.

2. Purpose

The purpose of the Trust Fund is to provide an entity to which contributions from participating employers, participating labor organizations, and participating employees can be paid, and through which the Trustees can create and administer one or more employee welfare benefit plans for the participating employees on whose behalf the contributions have been paid, and their beneficiaries.

3. Duration of the Trust Fund

The Trust Fund shall continue in existence on an indefinite basis, contemporaneously with the terms of this Trust Agreement.

4. Term of Trust Agreement

This Trust Agreement shall be effective as of June 1, 2008, and shall continue indefinitely until such time as it may be terminated in accordance with the provisions of Article XIII hereof.

ARTICLE II DEFINITIONS

The following definitions shall govern this Trust Agreement:

- 1. “Beneficiary”** – any participating employee, or surviving spouse or dependent of a participating employee, who is entitled to benefits, as defined in a benefit plan; also any person designated by a participating employee or dependent, or by the terms of a benefit plan, to receive benefits upon the death of such participating employee or dependent.
- 2. “Benefit Plan” or “Employee Welfare Benefit Plan”** – any lawful employee welfare benefit plan created and administered by the Trustees.
- 3. “Collective bargaining agreement”** – a written agreement such as a Memorandum of Understanding between a participating employer and a participating labor organization and any supplement, amendment, continuation, or renewal thereof, by the terms of which the employer or its employees are obligated to make contributions for the types of benefit plans administered by the Trustees.
- 4. “Contributions”** – the payments required of a participating employer, or of participating employees, pursuant to the terms of a collective bargaining agreement, or special agreement, for the purpose of providing employee welfare benefits to the employees covered by said agreements and their beneficiaries, including the self-payments made by participating employees pursuant to any self-payment rules adopted by the Trustees.
- 5. “Participating Employee”** – any individual employed by a participating employer who is covered by a collective bargaining agreement, or special agreement, and for whom contributions are made to the Trust Fund, and any individual who may have been so employed but is subsequently laid off, terminated, or retired.
- 6. “Participating employer”** – any public employer that is party to a collective bargaining agreement and that satisfies the requirements of Article V hereof.
- 7. “Participating labor organization”** – the labor organizations named in Article V hereof and any other lawful labor organizations (also known as Associations) that represent employees in collective bargaining with employers and that satisfy the requirements of Article V hereof.

8. **“Related trust fund”** – any employee welfare benefit trust fund, other than this Trust Fund, to which participating employers make contributions as required by a collective bargaining agreement with participating labor organizations.
9. **“Signatory parties”** – the parties who have created this Trust Agreement and whose signatures appear on the last page hereof (or their successors).
10. **“Subscription agreement”** – a written agreement by which a labor organization or participating employer acknowledges its obligation to make contributions to the Trust Fund and subscribes to the terms and provisions of this Trust Agreement.
11. **“Trustees” or “Board of Trustees”** – the Trustees of the Trust Fund and their successors.
12. **“Trust” or “Trust Fund”** – the entity created by this Trust Agreement, and all property and money held by such entity, including all contract rights and records.
13. **“Welfare benefits” or “employee welfare benefits”** – the benefits provided in an employee welfare benefit plan.

ARTICLE III THE TRUSTEES

1. The Board of Trustees

The Trust Fund and the employee welfare benefit plans shall be administered by a Board of Trustees.

2. Statutory Capacities of Trustees

For purposes of complying with the various provisions of the Employee Retirement Income Security Act of 1974, the Trustees shall be considered as “named fiduciaries,” “fiduciaries,” and the “plan administrator,” as those terms are used in the Act.

3. Agents for Service of Process

Each Trustee shall be considered as an agent of the Trust Fund for the purpose of accepting service of legal process; provided that the Trustees may designate their administrative agent, or another person, as agent of the Trust Fund for this purpose.

4. Number and Term of Trustees

- a. Number and Election. Effective June 1, 2008, there shall be five Trustees, one from each Region of PORAC, and one appointed by the President of PORAC. Effective

with PORAC elections starting in 2009, in conjunction with other PORAC Region elections, Regional Trustees shall be elected. Elections and appointments shall be conducted according to the PORAC Bylaws.

b. Term. The term of a Trustee shall be for two years, beginning on January 1 following the PORAC convention at which the Trustee was appointed or elected.

c. Current Trustees. There are five Trustees serving as of the effective date of this Trust Agreement, until the Regional elections that occur in 2009 and 2010 take effect: William Harbottle, Rusty Rea, Russ Reinhart, John Snowling and Earl Titman., who may each continue to serve after the PORAC elections, if elected or appointed.

5. Requirement to be Employee

Effective January 1, 2011, each person elected or appointed as Trustee must be an employee (including an employee on leave for PORAC business) for a participating employer in one of this Trust's benefit plans.

6. Appointment of Successor Trustees

In the event of the termination of appointment, resignation, or death of a Trustee, a successor Trustee shall be selected according to PORAC Bylaws for filling a vacancy on a PORAC Board.

7. Individuals Disqualified from Serving as Trustees

No individual who has been convicted of any of the crimes listed in Section 411(a) of the Employee Retirement Income Security Act of 1974 shall serve as a Trustee during the period of disqualification specified in the statute.

8. Acceptance of Appointment by Trustees

Each Trustee shall sign a document accepting his position as Trustee and agreeing to abide by the terms and provisions of this Trust Agreement. Alternatively, acceptance will be deemed to occur by attendance at two Trustee meetings.

9. Term of Appointment

Each Trustee shall serve until termination of appointment, resignation, or death.

10. Termination of Appointment by Appointing Entity

The appointment of a Trustee may be terminated at any time by the entity which originally made the appointment, according to such entity's internal rules, procedures, or practices.

The termination of a Trustee's appointment shall be effective upon the termination date specified in a written notice of termination, addressed to the Chairman and Secretary of the Trustees, prepared by the appointing entity.

11. Termination of Appointment for Failure to Attend Meetings

The appointment of a Trustee shall be automatically terminated if such Trustee fails to attend three (3) consecutive meetings of the Trustees, without being excused from attendance by specific action of the remaining Trustees noted in the minutes.

12. Termination of Appointment for Conviction of a Crime

The appointment of a Trustee shall be automatically terminated if such Trustee is convicted of any of the crimes listed in Section 411(a) of the Employee Retirement Income Security Act of 1974.

13. Termination of Appointment for Mental Incapacity

The appointment of a Trustee shall be automatically terminated if such Trustee is declared mentally incompetent by court decree.

14. Resignation of Appointment

A Trustee may resign his appointment at any time subject to applicable law. Such resignation shall be effective upon the resignation date specified in a written notice of resignation addressed to the Chairman and Secretary of the Trustees.

15. Vacancies

No vacancy in the position of Trustee shall impair the power of the remaining Trustees to administer the affairs of the Trust Fund so long as a quorum exists as specified in Article IV, Section 2, hereof.

16. Return of Books and Records

In the event of the termination of appointment, resignation, or death of a Trustee, the Trustee (or his legal guardian, heirs, or personal representative) shall, upon the request of the Chairman or the Secretary of the Trustees, forthwith turn over to the Chairman or Secretary any and all records, books, documents, monies, and other property in the possession of the Trustee, or under his control, that belong to the Trust Fund or that were received by him in his capacity as Trustee.

ARTICLE IV TRUST FUND ADMINISTRATION

1. Manner of Voting

Any action to be taken by the Trustees shall be determined by majority vote of the total number of Trustees in attendance at the meeting, with abstentions deemed not to be votes.

2. Constitution of a Quorum

To constitute a valid regular or special meeting of the Trustees, a quorum must be present. A quorum exists if there are present at a meeting a majority of the number of Trustee positions pursuant to Article III, Section 4, hereof, even if all positions are not filled.

3. Motions

Any Trustee, including the Chairman or Secretary, may offer or second any motion or resolution presented for the Trustees' consideration.

4. Prohibition of Proxies

To encourage full attendance at meetings of the Trustees and due consideration of the matters being voted upon, there shall be no proxies. A Trustee must be present in person, or by telephonic conference, to cast a vote.

5. Regular Meetings

The Trustees shall hold regular periodic meetings consistent with the needs of Trust Fund business, provided that there shall be at least two (2) regular meetings held during each calendar year. The Trustees shall determine the time and place of all such meetings.

6. Special Meetings

Either the Chairman or the Secretary or any two (2) Trustees may call a special meeting of the Trustees by giving written notice to all the other Trustees of the time and place of such meeting at least ten (10) days before the date set for the meeting, provided that ten (10) days' advance notice shall not be necessary if all Trustees are agreeable to an earlier meeting.

7. Action without a Formal Meeting

The Trustees may take action without a formal meeting by means of (a) a conference telephone call, arranged by the Secretary or the administrative agent, in which all Trustees participate; (b) the presentation of a written motion or resolution sent to all Trustees by the Secretary or the administrative agent and the subsequent obtaining of Trustee votes on the motion or resolution in telephone calls placed to each Trustee by the Secretary or the administrative agent; or (c) the presentation of a written motion or resolution sent to all Trustees

by the Secretary or the administrative agent and the subsequent obtaining of Trustee votes on the motion or resolution in letters sent by each Trustee to the Secretary or the administrative agent.

Any such action shall be reported in the minutes of the next formal meeting.

8. Arbitration of Deadlocked Issues

In the event the Trustees should deadlock on any matter submitted for their concurrence, the dispute may be referred by either group of Trustees to an impartial arbitrator in accordance with the labor arbitration rules of the American Arbitration Association. A deadlock shall be deemed to occur when there is a tie vote on any motion before the Trustees.

The Trustees shall attempt to agree on the joint submission of a statement of the issue in dispute. However, if the Trustees cannot jointly agree upon such a statement, each group of Trustees shall submit to the arbitrator, in writing, its version of the issue in dispute. As part of his award, the arbitrator shall state his determination as to the exact issue.

The expenses of any such arbitration, including any court proceedings relating thereto, the fee of the arbitrator, and the reasonable attorney and witness fees of the parties shall be chargeable to the Trust Fund.

The decision and award of the arbitrator shall be final and binding upon the Trustees and upon all parties whose interests are affected thereby.

The procedure specified in this Section shall be the sole and exclusive procedure for the resolution of deadlocked issues.

9. Election of Chairman and Secretary

The Trustees shall elect one of the Trustees as Chairman and one of the Trustees as Secretary.

The Chairman and the Secretary shall each hold office indefinitely so long as the person is a Trustee, provided that, when a particular Chairman or Secretary has held office for two (2) years or at any time thereafter, any Trustee may obtain, on request, a new election of that officer.

A Chairman or Secretary may resign his office at any time. Such resignation shall be effective upon the resignation date specified in a written notice of resignation addressed to the remaining Trustees. In case of the resignation, death, or termination of appointment of either the Chairman or the Secretary, there shall be a new election of both offices.

10. Duties of Chairman and Secretary

The Chairman shall chair the meetings of the Trustees, shall appoint all committees, and shall carry out such other duties as the Trustees may assign to him.

The Secretary, in the absence of the Chairman, shall act in the place of the Chairman and perform the Chairman's duties. The Secretary shall also advise the Trustees as to all correspondence and financial reports pertaining to the Trust Fund and shall keep minutes or records of all meetings, proceedings, and actions of the Trustees, provided that these particular responsibilities may be delegated to the administrative agent or to the other of the professional or non-professional help retained by the Trustees.

11. Authorized Signatures

The Chairman and the Secretary or any two authorized Trustees shall sign all negotiable instruments, certificates, contracts, government reports, and other legal documents on behalf of the Trust Fund, provided that the authority for signing negotiable instruments may be delegated to the administrative agent, corporate trustee (if any), depository bank, or custodian bank. All persons doing business with the Trust Fund may rely on such signatures.

If the Trust Fund issues benefit checks to participating employees or their beneficiaries, the signatures of the Chairman and Secretary may be affixed thereto by a facsimile signature device, under safeguards determined by the Trustees.

12. Compensation and Expenses

No Trustee shall receive any compensation from the Trust Fund for services as a Trustee except as may be allowed under the Employee Retirement Income Security Act of 1974, and as may be authorized by the Trustees.

Each Trustee shall be reimbursed out of the Trust Fund for all expenses properly and actually incurred by him in the administration of the Trust Fund.

The Trustees shall establish the conditions for the payment of compensation (if any) and for the reimbursement of expenses.

13. Benefits to Trustees Not Prohibited

Nothing in this Trust Agreement shall prohibit a Trustee from receiving any benefits under the terms of a benefit plan, if he is otherwise eligible for the same as a participating employee or as a beneficiary of a participating employee.

ARTICLE V PARTICIPATION

1. Bargaining Units Entitled to Participate

The following labor organizations (or their successors), and the employees in the bargaining units represented by such labor organizations, shall be allowed to participate in the Trust Fund:

Member Associations of PORAC

2. Other Bargaining Units

Subject to approval by the Board of Directors of PORAC, the Trustees shall have the authority to permit labor organizations (other than those specified above), and the employees in a bargaining unit covered by a collective bargaining agreement, to participate in the Trust Fund.

The participation of such bargaining units shall be entirely discretionary with the Trustees and shall be subject to whatever terms and conditions they may impose.

The Trustees have the authority to decline or terminate the participation of a particular bargaining unit if (a) the labor organization and the employer fail to provide the Trustees with a copy of their collective bargaining agreement; (b) the language of the contribution provisions in the collective bargaining agreement does not meet the requirements established by the Trustees (if any); (c) the labor organization fails to submit a subscription agreement binding it to this Trust Agreement, if required; (d) the negotiated contribution rate is lesser, or greater, than the contribution rate supporting a particular benefit plan then being administered by the Trustees, provided that the Trustees, in their discretion, may accept the different contribution rate and establish different eligibility rules or benefit formulas for the employees affected; or (e) there exist other facts and circumstances that, in the Trustees' discretion, justify a declination or termination of participation.

3. Non-Bargaining Unit Employees of Participating Employers

The Trustees shall have the authority to enter into subscription agreements directly with participating employers, who are contributing for their bargaining unit employees, by the terms of which such an employer agrees to make contributions to the Trust Fund so that the non-bargaining unit employees of the employer can be covered by the benefit plans provided through the Trust Fund.

The acceptance of such subscription agreements shall be entirely discretionary with the Trustees and shall be subject to applicable law and whatever terms and conditions they may impose.

4. Unauthorized Participation

The only individuals who shall be entitled to participate in and receive benefits from the Trust Fund shall be those employees who are within the bargaining units described in Sections 1 and 2 or who are within the group described in Section 3 above. It is expected that participating employers will submit contributions only on behalf of such employees. The receipt by the Trust Fund of contributions which may be submitted on behalf of individuals who are not eligible to participate shall not estop the Trustees from declining or terminating the participation of such individuals nor shall it constitute a waiver of any of the provisions of this Article or of the benefit plans.

ARTICLE VI

TRUSTEE RESPONSIBILITIES

1. General Duty – Receipt of Contributions and Creation and Administration of Benefit Plans

It shall be the general duty of the Trustees to receive the contributions from participating employers and the contributions from participating employees (if any) and any other income or assets that they may receive and, with such, to create and administer one or more employee welfare benefit plans for the participating employees and their beneficiaries.

Additionally, the Trustees shall have the specific duties set forth in this Trust Agreement and such other duties as are imposed upon them by the Employee Retirement Income Security Act of 1974 and other applicable laws.

2. Compliance with the Internal Revenue Code

The Trustees shall administer the Trust Fund and the benefit plans so that, to the extent allowed in the Internal Revenue Code, employer contributions are tax deductible, the Trust Fund is tax exempt, and the value of the employee welfare benefits is excludable from the recipients' taxable income.

3. Basis of Payments to and from Trust Fund

The basis on which contributions of participating employers and contributions of participating employees (if any) are made shall be as specified in the underlying collective bargaining agreement or subscription agreement. The basis on which benefits are paid out of the Trust Fund shall be as specified in the employee welfare benefits plans.

4. Application of Trust Fund Assets

As required by Section 403(c)(1) of the Employee Retirement Income Security Act of 1974, the assets of the Trust Fund shall never inure to the benefit of any participating employer and shall be held for the exclusive purposes of providing benefits to participating employees and their beneficiaries and defraying reasonable expenses of administering the plan.

5. Fiduciary Standards

As required by Section 404(a)(1)(A) and (B) of the Employee Retirement Income Security Act of 1974, the Trustees shall discharge their duties and administer the Trust Fund assets solely in the interest of the participating employees and their beneficiaries and for the exclusive purpose of (a) providing benefits to participating employees and their beneficiaries and (b) defraying reasonable expenses of benefit plan administration.

In carrying out the duties, the Trustees shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

6. Deposits

The contributions or any other monies which the Trustees may receive shall be deposited in one or more banks or similar financial institutions supervised by the United States or a state, pending the allocation of such monies for the payment of current benefits and expenses or for investment. Such monies may be commingled, on a temporary basis, with monies belonging to other related trust funds.

7. Investments

The Trustees shall invest all contributions or other monies not required for the payment of current benefits and expenses. The Trustees may invest and reinvest in bank accounts, savings and loan accounts, securities, mortgages, deeds of trust, notes, commercial paper, real estate, insurance contracts, and in such other property, real, personal, or mixed, as they deem prudent provided that, in making of investments, the Trustees shall diversify such investments as required by Section 404(a)(1)(C) of the Employee Retirement Income Security Act of 1974 so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. Further, no investment shall be made which would constitute a “prohibited transaction” within the meaning of Section 406 of such Act, provided that the Trustees shall have the authority to apply to the Secretary of Labor for a conditional or unconditional exemption from any of the “prohibited transaction” rules, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

8. Specifically Permitted Investments

In the event the Trustees designate one or more banks or similar financial institutions supervised by the United States or a state to serve as custodian of the trust assets, or as a corporate trustee, or in another fiduciary capacity, the monies belonging to the Trust Fund may be invested in the accounts of such bank or institution, provided that such accounts bear a reasonable interest rate.

Further, the monies of the Trust Fund may be invested in (a) a common or collective trust fund or pooled investment fund, maintained by a bank or trust company supervised by the United States or a state or (b) in a pooled investment fund of an insurance company, even though such bank, trust company, or insurance company is a party-in-interest as that term is designated in Section 3(14) of the Employee Retirement Income Security Act of 1974, provided that the bank, trust company, or insurance company receives not more than reasonable compensation for managing such an investment.

9. Title to Investments and Other Assets

Title to all investments or other assets of the Trust Fund shall be maintained in the name of the Trust Fund, provided that, for convenience in transferring stocks, bonds, or other negotiable securities, title to such securities may be held in the name of the Trust Fund's custodian bank or of its nominee.

Except as may be authorized by regulation of the Secretary of Labor, the indicia of ownership of all investments and other assets of the Trust Fund shall not be maintained outside the jurisdiction of the district courts of the United States.

10. Fidelity Bond

The Trustees shall procure a fidelity bond in the amount required by Section 412(a) of the Employee Retirement Income Security Act of 1974 covering each Trustee or other person who receives, handles, disburses, or otherwise exercises custody or control of any of the funds or other property of the Trust Fund. The cost of such bond shall be chargeable to the Trust Fund, provided that, if such bond covers persons other than the Trustees or the employees (if any), and if there is an additional premium for the coverage for such other persons, the additional premium shall be chargeable to such other persons.

11. Records

The Trustees shall maintain records of their administration of the Trust Fund, including records of all receipts and disbursements, all investments purchased or sold, the texts of all benefit plans, all employee eligibility listings, all minutes of Trustee meetings, and all correspondence. No such record shall be destroyed except upon the specific action of the Trustees, and destruction shall not be directed until a period of eight (8) years has elapsed from the date the record was created.

12. Annual Audit

The Trustees shall engage, on behalf of the participating employees and their beneficiaries, an independent qualified public accountant and shall authorize such accountant to conduct an annual financial examination of the Trust Fund, as required by Section 103(a)(3)(A) of the Employee Retirement Income Security Act of 1974. The cost of such examination shall be chargeable to the Trust Fund.

A statement of the results of each such examination shall be submitted to the Trustees for their review and, further, shall be made part of the Trust Fund's annual report.

13. Plan Description

The Trustees shall prepare and file with the Department of Labor a plan description, a summary plan description, and any modifications or changes in the information contained in such description, as required by Section 102 of the Employee Retirement Income Security Act of 1974.

The Trustees shall also furnish to participating employees and to each beneficiary receiving benefits, copies of the summary plan description and copies of any modifications or changes in the information in such description, as required by Section 104(b)(1) of such Act.

14. Annual Report

The Trustees shall prepare and file with the Department of Labor an annual report, as required by Section 103 of the Employee Retirement Income Security Act of 1974. The Trustees shall also furnish to participating employees and to each beneficiary receiving benefits portions of the annual reports as required by Section 104(b)(3) of such Act.

15. Documents to be Examined or Furnished

The Trustees shall make copies of (a) this Trust Agreement; (b) the plan description; (c) the latest annual report; (d) the applicable collective bargaining agreement; and (e) any other contracts or instruments under which a benefit plan is established or operated available for examination by participating employees or their beneficiaries in the Trust Office, as required by Section 104(b)(2) of the Employee Retirement Income Security Act of 1974.

The Trustees shall, upon written request by a participating employee or his beneficiary, furnish to the participating employee or beneficiary a copy of (a) this Trust Agreement; (b) the plan description; (c) the latest updated summary plan description; (d) the latest annual report; (e) any terminal report; (f) the applicable collective bargaining agreement; and (g) any other contracts or instruments under which a benefit plan is established or operated, as required by Section 104(b)(4) of such Act. Such copies shall be furnished within thirty (30) days of the request. The Trustees may impose a reasonable charge for such copies as may be allowed by regulation of the Secretary of Labor.

16. Procedure for Establishing Funding Policy

The Trustees shall meet periodically with the benefit plan consultant, the independent qualified public accountant, and such other Trust Fund advisers as may be appropriate, for the purpose of anticipating the short run and long run financial needs of the Trust Fund. Thereupon, the Trustees shall adopt an appropriate funding policy and method for the Trust Fund.

The funding policy and method shall be considered by the Trustees in the management of trust fund investments. In the event the management of trust fund investments has been delegated to an investment manager, the funding policy and method shall be considered by such manager.

17. Procedure for Review of Denied Benefit Claims

The Trustees shall establish administrative procedures whereby participating employees or their beneficiaries whose claims for benefits are denied are notified, in writing, of the reasons for such denial and which afford such a participating employee or beneficiary a reasonable opportunity for a full and fair review, as required by Section 503 of the Employee Retirement

Income Security Act of 1974. Such procedures shall include the hearing and appeal provisions set forth in Article X hereof.

18. Privacy Rule

The Trustees shall provide certification to the Trust Fund that they agree to not use or disclose Protected Health Information (“PHI”) other than as permitted or required by the Plan document(s) or as required by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its corresponding regulations titled the Standards for Privacy of Individually Identifiable Health Information (Privacy Rule). The Trustees shall have the authority to implement policies and procedures and take any other action that may be required in order to comply with HIPAA and the Privacy Rule. Any omissions or oversights in the use and/or disclosure of PHI will be resolved in accordance with the applicable law and its regulation(s).

ARTICLE VII ALLOCATION OR DELEGATION OF TRUSTEE RESPONSIBILITIES

1. Allocation of Responsibilities to Committees

The Trustees may allocate to one or more committees of Trustees all or part of the following responsibilities, with full Power to act: (a) the responsibility for managing the Trust Fund investments (if not otherwise delegated to a qualified investment manager); (b) the responsibility for reviewing and determining benefit claims of participating employees and their beneficiaries; (c) the responsibility for conducting hearings and issuing determinations as provided for in Article X, Section 2 hereof; (d) the responsibility for resolving questions or problems that may be encountered in connection with payroll auditing activities; (e) the responsibility for resolving questions or problems that may be encountered in connection with payroll auditing activities; (f) the responsibility for resolving questions or problems that may be encountered in connection with the collection of delinquent employer accounts; (g) the responsibility for resolving questions or problems that may be encountered in connection with the day-to-day work of the administrative agent; (h) the responsibility for reviewing the performance of the qualified investment manager (if any), and of the other professional persons retained by the Trustees.

In the event the Trustees elect to allocate any of the stated responsibilities, they shall do so by the adoption of a motion or resolution calling for the appointment of a committee of Trustees and specifying the particular responsibility that is being allocated. With respect to the responsibility that is allocated, the committee shall have all the powers of the full Board of Trustees. Any action to be taken by the committee shall be determined according to the voting formula contained in Article IV, Section 1 hereof. If the committee members deadlock on any matter submitted for their concurrence, such matter shall be referred to the full Board of Trustees for review and action.

Nothing contained herein shall in any way limit the authority of the Trustees to create additional committees for the purpose of assisting with or expediting the affairs of the Trust

Fund, provided that any such committee shall be empowered only to make recommendations with respect to the matters referred to it.

2. Delegation of Investment Responsibilities

The Trustees may delegate all or part of their responsibilities for the management of the Trust Fund investments to one or more qualified investment managers, as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974, i.e., (a) an investment adviser registered as such under the Investment Advisers Act of 1940; (b) a bank as defined in that Act; or (c) an insurance company qualified to manage, acquire, or dispose of employee benefit plan assets under the laws of more than one state.

In the event the Trustees elect to delegate investment responsibility they shall do so by the adoption of a motion or resolution making the delegation to a designated investment manager. The delegation shall be effective when the investment manager accepts the delegation and acknowledges in writing his status as a fiduciary with respect to the Trust Fund.

3. Delegation of Other Responsibilities

The Trustees may delegate all or part of their responsibilities with respect to the administration of the Trust Fund or the benefit plans (except investment responsibilities) to their administrative agent or to any other person whom they may designate for such purpose.

In the event the Trustees elect to delegate a particular responsibility they shall do so by the adoption of a motion or resolution making the delegation to a designated person. The delegation shall be effective when the designated person accepts the delegation. If the delegation involves a responsibility other than one which is ministerial in nature, the designated person shall also acknowledge in writing his status as a fiduciary with respect to the Trust Fund.

4. Review of Performance

In the event the Trustees elect to allocate or delegate Trustee responsibilities they shall periodically review the performance of the persons to whom such responsibilities have been allocated or delegated.

ARTICLE VIII TRUSTEE POWERS

1. General Powers

Except as may be expressly limited by the terms of this Trust Agreement, Trustees shall have full and exclusive authority to control and administer the Trust Fund and the employee welfare benefit plans which they create.

The authority of the Trustees not only encompasses the specific powers recited in the various paragraphs of this Trust Agreement but also includes the general power to do all things and take all actions, including the expenditure of Trust Fund monies, which they may deem necessary to carry out the purpose of this Trust Agreement. The Trustees may implement their powers through the adoption of appropriate motions, resolutions, or administrative rules and regulations.

2. Specific Powers Discretionary

The recitation of specific powers in this Trust Agreement shall not be interpreted as compelling the exercise of any such power. The exercise of specific powers is discretionary with the Trustees.

3. Benefit Plans Currently Being Provided

The employee welfare benefit plan (or plans) presently being administered through this Trust Fund is (are) described as follows:

Medical Expense Reimbursement Plan (Ef. June 1, 2008)

The Trustees shall have the authority to amend such benefit plan (or plans), or any plans hereafter adopted, including amendments that expand, restrict, or terminate all or part of the rules relating to eligibility for benefits, or to the amount and nature of such benefits, as they may determine. Amendments may be made on a prospective or retroactive basis.

4. Additional Benefit Plans

The Trustees shall have the authority to create and administer additional medical expense reimbursement plans, but not including traditional health insurance plans, as may be lawful under Section 3(1) of the Employee Retirement Income Security Act of 1974, provided that such plans are supported by employer or employee contributions.

5. Design of the Benefit Plans

The Trustees shall have the authority to determine the details of the benefit plans, including the determination of the rules under which participating employees shall be eligible for benefits and the nature and amount of such benefits. The Trustees shall also have the authority to determine whether benefits shall be extended to beneficiaries of participating employees and, if so, to determine which class or classes of beneficiaries shall be eligible for benefits, the eligibility rules which will apply to such class or classes of beneficiaries, and the nature and amount of such benefits. If there are different contribution rates, the Trustees may establish different eligibility rules, or benefit formulas, for the participating employees and their beneficiaries who are affected thereby.

6. Means of Providing Benefits

The Trustees shall have the authority to provide the benefits, in whole or in part, directly from the Trust Fund, or to contract with an insurance carrier, or other entity, to underwrite the risk of the reimbursement benefits.

7. Facility of Payment

The Trustees shall have the authority to adopt rules by the terms which benefit payments owing to minors or incompetents may be paid instead to a person or institution providing care or other services to such minor or incompetent, even though a legal guardianship does not exist. Benefit payments made under any such rules shall fully discharge the Trust Fund's obligation to the minor or incompetent.

8. Self-Payments by Employees

The Trustees shall have the authority to include provisions in the benefit plans by the terms of which participating employees, during periods of active employment, strikes, lockouts, employer delinquencies, leaves of absence, disabilities, layoffs, termination, or retirement may be permitted to make contributions in their own behalf.

9. Administrative Agent

The Trustees shall have the authority to retain, at the expense of the Trust Fund, one or more administrative agents to assist the Trustees in the day-to-day administration of the Trust Fund and the benefit plans. Such assistance may include the receipt and recording of contributions, the processing of delinquent accounts, the preparation of employee eligibility listings, the processing of benefit applications, the payment of benefits, the maintenance of financial records, and the handling of routine communications.

The administrative agent may be a contract administrator or a salaried administrator. In the event the Trustees employ a salaried administrator they shall also have the authority to employ such additional administrative staff personnel as may be necessary.

The Trustees shall periodically review the performance of the administrative agent.

10. Banking Services

The Trustees shall have the authority to retain, at the expense of the Trust Fund, one or more banks or similar financial institutions supervised by the United States or a state, to perform depository or custodial services, or to serve as corporate trustee or co-trustee, on behalf of the Trust Fund.

The Trustees shall periodically review the performance of the banks which they have retained to perform banking services.

11. Other Professional and Non-Professional Help

The Trustees shall have the authority to retain, at the expense of the Trust Fund, one or more accountants, actuaries, attorneys, employee benefit plan consultants, investment managers, payroll auditors, and other professional or non-professional help, as they may deem necessary in the administration of the Trust Fund and the benefit plans. Unless limited by the Employee Retirement Income Security Act of 1974, the retention of any such professional or non-professional help may be on a contract or salaried basis.

The Trustees shall periodically review the performance of their professional and non-professional help.

12. Obtaining of Necessary Premises, Equipment and Supplies

The Trustees shall have the authority to purchase or lease suitable premises and equipment and to purchase materials and supplies, at the expense of the Trust Fund, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

13. Insurance

The Trustees shall have the authority to purchase policies of insurance (liability, property damage, casualty, and errors and omissions) to protect the Trust Fund and to protect themselves and their employees (if any) with respect to their activities on behalf of the Trust Fund as they may deem necessary. The cost of such insurance policies shall be chargeable to the Trust Fund, provided that, if such insurance policies cover persons other than the Trustees or their employees (if any), and if there is an additional premium for coverage for such other persons, the additional premium shall be chargeable to such other persons.

Any policy of errors and omissions insurance which covers the Trustees individually shall contain a recourse clause as required by Section 410(b)(1) of the Employee Retirement Income Security Act of 1974, provided that nothing herein shall prevent a Trustee (or an employer, employer association, or labor organization acting on his behalf) from purchasing for the Trustee a waiver of the recourse clause or a separate policy insuring against such recourse.

14. Borrowing Money

The Trustees shall have the authority to borrow money for the Trust Fund, with or without security, as they may deem necessary in the administration of the Trust Fund and the benefit plans.

15. Reserve Funds

The Trustees shall have the authority to maintain reasonable reserve funds for future contingencies as they may deem necessary in the administration of the Trust Fund and the benefit plans.

16. Payment of Taxes

The Trustees shall have the authority to pay, at the expense of the Trust Fund, all real and personal taxes, and other taxes and assessments of any kind that may be lawfully levied or assessed against the Trust Fund.

17. Refunds of Contributions Erroneously Paid

The Trustees shall have the authority to adopt rules by the terms of which refunds of contributions may be made to a participating employer or employee where the employer or employee has paid such contributions in error, provided that employer refunds shall be made only as permitted by Section 403(c) of the Employee Retirement Income Security Act of 1974.

18. Prosecution of Legal Actions or Claims

The Trustees shall have the authority to originate and maintain any legal actions or claims involving potential legal actions, at the expense of the Trust Fund, as they may deem necessary in the administration of the Trust Fund and the benefit plans. All such actions and claims shall be prosecuted in the name of the Trust Fund or in the name of an assignee.

19. Defense of Legal Actions or Claims

The Trustees shall have the authority to defend all legal actions, claims involving potential legal actions, and investigatory proceedings initiated against the Trust Fund or against one or more of the Trustees, former Trustees, administrative agents, or against one or more of the employees of the Trust Fund (if any) that relate to the administration of the Trust Fund or the benefit plans. Except as stated below, the defense of such actions, claims, and proceedings shall be at the expense of the Trust Fund.

If the final court decree establishes personal liability on the part of specified Trustees, administrative agents, or employees (if any) for breach of their fiduciary responsibilities, as permitted by Section 409(a) of the Employee Retirement Income Security Act of 1974, and orders that the specified persons are to bear the expenses of their own defense, their attorney fees shall not be chargeable to the Trust Fund. If attorney fees and costs have already been charged to the Trust Fund, the specified persons shall be obligated to repay the Trust Fund for the pro-rata share of such fees and costs.

20. Compromise of Legal Actions or Claims

The Trustees shall have the authority to compromise, settle, or release all legal actions or claims involving potential legal actions, in favor of or against the Trust Fund, on such terms and conditions as they may determine.

21. Penalties for False or Withheld Information

The Trustees shall have the authority to adopt rules and regulations by the terms of which reasonable penalties or forfeitures may be imposed upon participating employees or beneficiaries who (a) falsify any information requested of them in the administration of the Trust Fund and the benefit plans; or (b) fail to provide requested information within a reasonable time.

22. Correction of Errors

It is recognized and acknowledged by all parties that the Trustees will provide eligibility credits or benefits to participating employees and their beneficiaries based on Trust Fund records. It is also recognized and acknowledged that such records could be incorrect due to (a) incomplete records; (b) employees or beneficiaries submitting incorrect or false benefit applications; (c) recording or computation errors by the administrative agent; (d) computer errors; or (e) other similar circumstances. The Trustees shall have the authority to correct the Trust Fund records whenever errors are discovered and to terminate participation, adjust eligibility credits or benefits, or seek the recovery of benefit overpayments, as they may determine.

23. Subscription Agreements

The Trustees shall have the authority to create and distribute subscription agreements, at the expense of the Trust Fund, by the terms of which a participating employer or labor organization acknowledges its obligation to make contributions to the Trust Fund and subscribes to the terms and provisions of this Trust Agreement.

24. Participation in Certain Non-Profit Organizations

The Trustees shall have the authority to participate in non-profit foundations, corporations, councils, committees, or other organizations that have as their purpose (a) the alleviation of physical or mental disease, or of other conditions or hazards that require the care or service being paid for through the benefit plans administered by the Trustees; or (b) the improvement in the availability of, and quality of, medical care, or of other care or service being paid for through the benefit plans, or the reduction in the costs of such care or services. If the Trustees act to participate in any such non-profit organization, the membership or participation fees of the organization shall be chargeable to the Trust Fund.

Further, to the extent that such is not prohibited by the Employee Retirement Income Security Act of 1974, the Trustees may make loans, grants, or donations to any such nonprofit organization, in reasonable amounts, out of the uncommitted reserves of the Trust Fund.

25. Participation in Non-Profit Educational Organizations

The Trustees shall have the authority to participate in non-profit foundations, corporations, committees, or other organizations which sponsor educational programs or provide educational materials pertaining to the administration of trust funds of this nature and of employee benefit plans. If the Trustees act to participate in any such non-profit organization, the membership or participation fees of the organization shall be chargeable to the Trust Fund.

The Trustees shall also have the authority to purchase educational materials and to provide for the attendance of the Trustees, or of such of their employees (if any), as they may designate, at educational conferences and meetings. The costs of such materials and attendance shall be chargeable to the Trust Fund.

26. Reciprocity

The Trustees shall have the authority to enter into reciprocal agreements with other Retiree Medical Trust funds providing similar benefits to those provided through the Trust Fund, for the exchange of eligibility credits or monies or for the payment of pro-rata benefits, in order to protect employees who may terminate their participation in the Trust Fund and begin participation in a reciprocal trust fund and vice versa.

27. Coordinated Administration

The Trustees shall have the authority to coordinate the administration of the Trust Fund and of the benefit plans with the administration of related Retiree Medical Trust funds and benefit plans, to such extent as they may determine.

28. Mergers

It is recognized that at some time or times in the future, the Trustees may deem it in the best interest of the Trust Fund and of the participating employers, employer associations, labor organizations, and employees to accept the merger of another employee welfare benefit trust fund into the Trust Fund or to merge the Trust Fund into another employee welfare benefit trust fund.

In the event that another employee welfare benefit trust fund is to be merged into the Trust Fund, the Trustees shall have the authority to negotiate and consummate an appropriate merger agreement and, pursuant thereto, to terminate the Trust Fund and to transfer the remaining monies, assets, and liabilities to the other trust fund. However, if the signatory parties hereto are other than the Trustees, no merger of the Trust Fund into another trust fund shall be negotiated or consummated without the written approval of the signatory parties.

29. Interpretation and Application of Documents

The Trustees shall have the authority to interpret and apply the provisions of this Trust Agreement, or of the benefit plans, or of their own motions, resolutions, and administrative rules and regulations, or of any contracts, instruments, or writings that they may have adopted or entered into.

ARTICLE IX CONTRIBUTIONS AND COLLECTIONS

1. Contribution Reporting Forms

The Trustees may create and make available, at their discretion, contribution reporting forms.

2. Contribution Due Date

The Trustees shall have the authority to fix a due date for all contributions.

3. Delinquent Contributions

A participating employer shall be considered to be delinquent in the payment of contributions if it (a) fails to submit a contribution reporting form, and the contributions detailed therein, by the close of business on the due date; or (b) fails to submit contributions on behalf of all the employees for whom contributions are required by the underlying collective bargaining agreement or Special Agreement; or (c) fails to compute properly the contributions according to the required contribution formula specified in the underlying collective bargaining agreement or Special Agreement.

The Trustees shall undertake reasonable efforts, at the expense of the Trust Fund, to collect known delinquent contributions and related claims.

4. Audit of Employer Books and Records

The Trustees shall have the authority, at the expense of the Trust Fund, to audit the payroll books and records of a Participating Employer, either directly or through a qualified public accountant, as they may deem necessary in the administration of the Trust Fund. Such payroll audit may be undertaken pursuant to a routine payroll audit program or on an individual basis. If the auditor reports underreporting of more than 10% of the amount due, the Trustees may seek to recover audit costs from the employer.

5. Protection of Employees in Cases of Employer Delinquency

To protect participating employees and beneficiaries in situations where participating employees may be denied eligibility credits or benefits because their employer is delinquent in the payment of contributions, the Trustees shall have the authority to extend eligibility credits to such employees or to direct the payment of benefits to them, or to their beneficiaries, in whole or in part, as they may determine.

6. Coordination with Provisions in Collective Bargaining Agreements

In the event the underlying collective bargaining agreement contains provisions relating to delinquencies that specify additional remedies or obligate the delinquent employer to greater amounts of liquidated damages, interest, or attorney fees than those set forth herein, the Trustees, at their option, may pursue the additional remedies or impose the greater charges.

The Trustees shall not be obligated, however, to pursue the collection of delinquent accounts through the grievance-arbitration procedures (if any) provided for in the underlying collective bargaining agreement.

**ARTICLE X
CLAIMS AND APPEAL PROCEDURES**

1. Procedures to be Followed

The Trustees and the participating employees and their beneficiaries shall have the authority to set claims and appeal procedures in regard to the benefit plans. Such procedures shall be set forth in the plan(s) adopted by the Trustees, or in the related summary plan description.

Such procedures shall be the sole and exclusive procedures available to a participating employee or beneficiary who is dissatisfied with an eligibility determination or benefit award, or who is otherwise adversely affected by any action of the Trust Office.

2. Exhaustion of Administrative Remedies

A Beneficiary must exhaust the Claims and Appeal Procedures adopted by the Trustees prior to bringing an action in federal court pursuant to ERISA Section 502(a).

**ARTICLE XI
LIMITATIONS**

1. Liabilities and Debts of Trust Fund

No signatory party or Trustee and no participating employer, employer association, labor organization, employee, or beneficiary shall be responsible for the liabilities or debts of the Trust Fund.

2. Liabilities and Debts of Participating Parties

No participating employer, employer association, or labor organization shall become responsible by reason of their participation in the Trust Fund for the liabilities or debts of any other participating employer, employer association, or labor organization.

Except for any obligation to make contributions to the Trust pursuant to a Special Agreement or Subscription Agreement, a Participating Employer shall have no obligation to provide benefits to which its employees may be entitled under a collective bargaining agreement to the extent that those benefits are provided under a plan funded through the Trust. A Participating Employer shall not be a fiduciary of the Trust or any employee benefit plan funded through the Trust, and shall have no responsibility or liability for Trust investments or the income tax treatment of Trust earnings or benefits provided under such plan.

3. Personal Liabilities of Trustees

No Trustee shall incur any personal liability in connection with the administration of the Trust Fund or the benefit plans, except for such liability that may be established in accordance with Section 409(a) of the Employee Retirement Income Security Act of 1974.

Except as may be required by applicable provisions of such Act, no Trustee shall be held personally liable for any breach of fiduciary responsibilities in connection with the administration of the Trust Fund or the benefit plans where it is established (a) that the responsibilities at issue were lawfully allocated or delegated to other Trustees or fiduciaries; or (b) that, in carrying out the responsibilities at issue, the Trustee reasonably relied upon the advice given by the administrative agent or by one or more of the advisers retained by the Trustees.

No Trustee shall be personally liable for a breach of fiduciary responsibilities if such breach was committed before he became a Trustee or after he ceased to be a Trustee.

4. Judgments against Trust Fund

Any money judgment against the Trust Fund shall be enforceable only against the Trust Fund entity and shall not be enforceable against any Trustee or other person, unless liability against the Trustee or other person, in his individual capacity, is established in accordance with Section 409(a) of the Employee Retirement Income Security Act of 1974.

5. Participating Parties' Rights

Except as specifically provided for in this Trust Agreement or in the benefit plans, no participating employer, employer association, labor organization, or employee, nor any

beneficiary of a participating employee shall have any right, title, or interest in or to the Trust Fund, or in or to the contributions, or in or to the benefits provided.

No participating employee shall be entitled to receive any part of the contributions in lieu of the benefits provided through a benefit plan, nor shall a participating employee who does not qualify for benefits, or his employer, have any claim to the contributions which may have been paid on his behalf.

6. Cessation of Participation

In the event a participating employer, employer association, or labor organization, or groups thereof should cease participation in the Trust Fund, there shall be no division or allocation of any of the monies or assets of the Trust Fund, except as may be required by law.

7. Protection of Trust Fund, Contributions, and Benefits

No part of the Trust Fund (including the contributions) or the benefits payable under the benefit plans shall be subject in any manner, by a participating employee or beneficiary, to anticipation, alienation, sale, transfer, assignment, encumbrance, or charge, and any such attempt shall be null and void, provided that the Trustees may recognize assignments of benefits from a participating employee or beneficiary to a doctor, hospital, or other person or institution that has treated or cared for, or provided services or goods to, the participating employee or beneficiary.

Further, no part of the Trust Fund (including the contributions) or the benefits payable under the benefit plans shall be liable for the debts of a participating employee or beneficiary, nor be subject in any manner to garnishment, attachment, lien, charge, or any other legal process brought by any person against a participating employee or beneficiary, and any such attempt shall be null and void.

8. Reliance upon Written Documents

The Trustees may act upon any written letter, report, certificate, instrument, or other document submitted to them by any participating employer, labor organization, employee, or beneficiary, or by any other person, where such document appears to be genuine and to be signed by the proper person or persons, and the Trustees shall be under no duty to make any investigation or inquiry as to any statement contained in any such document.

9. Agents of Trust Fund

The Trust Fund is an entity separate and apart from the participating employers, employer associations, and labor organizations. Accordingly, unless authorized in a motion or resolution of the Board of Trustees, no participating employer, employer association, or labor organization, nor any individual employed thereby, shall have any authority to act or function for or on behalf of the Trust Fund or as an agent thereof.

Likewise, unless authorized in a motion or resolution of the Board of Trustees no individual Trustee shall have any authority to act or function for or on behalf of the Trust Fund or as an agent thereof.

ARTICLE XII MISCELLANEOUS

1. Trust Fund Offices

The Trust Fund shall maintain a principal office and sub-offices, where necessary, in such locations as the Trustees may determine.

2. Applicable Laws and Regulations

This Trust Agreement shall be interpreted, and the Trust Fund shall be administered, in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue Code, and the regulations pertinent thereto, and other applicable statutes and regulations, as such statutes and regulations presently exist or as they may hereafter be amended.

References herein to particular sections of the above-mentioned statutes shall include any regulations pertinent to such sections and any subsequent amendments to such sections or regulations.

3. Service in More than One Fiduciary Capacity

Any Trustee or other person who is a fiduciary may serve the Trust Fund in more than one fiduciary capacity.

4. Notices

Any written notice permitted or required by this Trust Agreement shall be personally delivered to the person for whom it is intended or sent to such person at his residence or business address by first class mail or prepaid telegram.

5. Severability

If any provision of this Trust Agreement, or of the benefit plans, is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of the Trust Agreement or of the benefit plans.

6. Titles and Words

The titles of the various articles and sections of this Trust Agreement are inserted solely for convenience of reference and are not a part of, nor shall they be used to construe, any term or provision hereof. Whenever any words are used herein in the masculine gender, they shall be

construed as though they were used in the feminine gender, and words in singular form shall be construed as though they were used in the plural form, in all cases where they would so apply.

ARTICLE XIII AMENDMENTS AND TERMINATION

1. Amendments

This Trust Agreement may be amended by action of the PORAC's Board of Directors, on its own accord, after fifteen (15) days' advance written notice to the Trustees or upon recommendation of the Board of Trustees. If PORAC ceases to exist without having made provisions for any remaining funds in the Trust, the remaining members of the Board of Trustees shall have the power to amend.

2. Termination

This Trust Agreement may be terminated at any time by action of the PORAC Board of Directors on its own accord after fifteen (15) days' advance written notice to the Trustees; or by action of the Trustees after thirty (30) days' advance written notice to the PORAC. Notice may be waived by the party entitled to notice.

In any event this Trust Agreement shall be automatically terminated upon the expiration of all collective bargaining agreements and subscription agreements requiring payment of contributions to the Trust Fund, provided that for purposes of this provision a collective bargaining agreement or subscription agreement shall not be deemed to have expired in a strike or lockout situation, unless said strike or lockout continues for more than six (6) months.

3. Allocation upon Termination

Upon the termination of this Trust Agreement, the Trustees shall wind up the affairs of the Trust Fund. Any and all monies remaining in the Trust Fund, after the payment of expenses, shall be allocated among the participating employees and beneficiaries as specified in Section 501, et seq., of the Internal Revenue Code and related authority.

In no event shall any of the remaining monies or assets be paid to or be recoverable by any participating employer or labor organization.

Trust Agreement Governing the
PORAC Retiree Medical Trust.

EXECUTION

This Trust Agreement has been approved by the Board of Directors of PORAC, on this
____ day of _____, 2008.

Approved:

**For the BOARD OF DIRECTORS
PEACE OFFICERS RESEARCH
ASSOCIATION OF CALIFORNIA**

Ron Cottingham, President

[Signature] Vice President

Bill Smith, Treasurer

Signature Date: 3/31/08

Accepted:

**BOARD OF TRUSTEES,
PORAC
RETIREE MEDICAL TRUST**

[Signature] - Chairman

William S. Smith

John Snow

[Signature]

Bill Smith

Signature Date: _____

SUMMARY PLAN DESCRIPTION

for the

MEDICAL EXPENSE REIMBURSEMENT PLAN

of the

PORAC RETIREE MEDICAL TRUST

Issue Date: May 1, 2019
Based on Plan effective April 1, 2018
(as amended thereafter by Ams. Nos. 1-15).

Also includes:
COBRA General Notice;
HIPAA Notice of Privacy Practices

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San Diego California 2019
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Dr. 5/29/19

**SUMMARY PLAN DESCRIPTION
for the
MEDICAL EXPENSE REIMBURSEMENT PLAN
of the
PORAC RETIREE MEDICAL TRUST**

Dear Participants of the PORAC Retiree Medical Trust:

The Peace Officers Research Association of California (“PORAC”) established the PORAC Retiree Medical Trust (the “Trust”) to provide additional financial support to participating PORAC members during retirement. This Summary Plan Description is important for anyone whose Association has negotiated for contributions to the Trust in its MOU. By contributing to the Trust, you are pre-funding for payment of medical expenses in retirement.

The Trust is a highly tax-favored vehicle to help retirees meet the rising cost of health care. Your contributions to the Trust are not taxable income to you, and the benefit payments you will receive from the Trust during retirement will not be taxed (unlike pension benefit payments to you, which are taxed). Further, the Trust uses investment professionals to invest your contributions, and there is no tax on the earnings.

We, the Board of Trustees, are fellow peace officers, selected by the members and leadership of PORAC. We are pleased to distribute this Summary Plan Description, which is an explanation of your benefits and rights under the Medical Expense Reimbursement Plan (the “Plan”), presented in a Question-and-Answer format.

PORAC has worked diligently to establish and support this Plan, in hopes of helping PORAC members and their families to lessen the burden of retiree medical costs. We welcome your input and comments.

Best regards,

Terry A. Moore (*ret.*), Chico Police Officers’ Association
Chairman, Board of Trustees
PORAC Retiree Medical Trust

**SUMMARY PLAN DESCRIPTION
for the
MEDICAL EXPENSE REIMBURSEMENT PLAN
of the
PORAC RETIREE MEDICAL TRUST**

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**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

HIGHLIGHTS OF THE PLAN

- **Benefits.** Your benefits from this Trust come in the form of reimbursement for certain medical costs, which are called “Covered Expenses,”¹ incurred after you retire. There are different levels of benefit payments, depending on how long you were in the Plan.
- **Changes of Employment Status, Address, Spouse or Child(ren).** Please notify the Trust Office of changes to your employment status or any significant life event that you think might affect your participation in the Trust. For example, if you retire or otherwise separate from employment, you might be entitled to begin receiving benefits, or to make self-pay contributions under COBRA. If there is a change in mailing address or family composition (i.e., marriage, divorce, or birth of a child), failure to notify the Trust Office may result in loss or delay of benefit payments.
- **Claims.** You must present your claims to the Trust Office with your proof of payment of Covered Expenses, on a form approved by the Trustees, within 30 days after the end of the plan year (which runs from July 1 – June 30), i.e., submit by July 31 for expenses incurred in the previous plan year.
- **Funding.** The Trust is funded by mandatory employee/employer contributions and transfers of accrued leave, as set forth in your Association’s Memorandum of Understanding. There is no individual election to contribute to the Trust. For more information on funding requirements to join the Trust, please contact the Trust Office.
- **Trust Office.** The Trust Office provides important services to Trust participants. For example, to find out your benefit level, submit benefit claims, request a copy of the Plan or notify the Trust of a change in address, you need to contact the Trust Office. You may contact the Trust Office at:

**PORAC Retiree Medical Trust
c/o Vimly Benefit Solutions
P.O. Box 6
Mukilteo, WA 98275-0006
Phone: 877.808.5994 Fax: 866.676.1530
E-mail: PORAC@bsitpa.com
Website: PORACRMT.org**

IMPORTANT NOTE: The questions and answers in this Summary Plan Description (“SPD”) have been designed to provide you with key information about the PORAC Retiree Medical Trust, but they do not provide all the details and limitations of the Plan. Exact specifications are provided in the “Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust,” effective October 1, 2018, as amended (the “Plan”). If there is a conflict between what

¹ Capitalized terms contained herein are defined in the formal Plan document, and many are described in the Summary Plan Description. You may view the Plan on the Trust’s website, which is PORACRMT.org. You may also request a copy of the Plan by contacting the Trust Office.

SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust

is contained in the Plan and what is contained in the SPD or any other descriptions, the terms of the Plan will prevail.

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**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

**PART 1
PARTICIPATION**

● **Who can participate in the PORAC Retiree Medical Trust?**

Eligibility in the Retiree Medical Trust is generally open to all permanent Employees who are members of a bargaining unit represented by a PORAC member association, if that Association has agreed in its Memorandum of Understanding (“MOU”) to participate in the Medical Expense Reimbursement Plan. Contributions must be made to the Plan, as required by the Association’s MOU, on behalf of the Employees. Out-of-state Associations from neighboring states may be allowed to participate under certain circumstances. Please contact the Trust Office.

● **Which of my family members are Beneficiaries of the Plan?**

Beneficiaries include your lawful spouse (either opposite sex or same sex), the Children of the Eligible Retiree; and the Surviving Spouse and Surviving Children of the Eligible Retiree. The Plan covers Children and Surviving Children (biological, adopted, and stepchildren) of the Eligible Retiree up to their 26th birthday. Disabled dependent children are covered regardless of age, for so long as the child is determined to be totally disabled by the Social Security Administration. The spouse or Child of an Employee who has satisfied all the eligibility requirements, except that the Employee dies prior to separating from service, shall also be considered a Surviving Spouse or Surviving Child.

**PART 2
BRIEF DESCRIPTION OF PLAN BENEFITS**

● **What are the two categories of Beneficiaries?**

The Plan provides for two categories of Beneficiaries: “Regular Beneficiaries” and “Account Beneficiaries.” It is possible to belong in one or both of these categories.

A “Regular Beneficiary” is entitled to monthly benefit payments for life² up to a certain monthly benefit level, for reimbursement of medical expenses, because he/she met the eligibility requirements listed in Part 3 hereof.

An “Account Beneficiary” is entitled to reimbursement of miscellaneous amounts from his/her individual Employee Account as needed, up to the balance in the Employee Account. These reimbursements may not last for life if the Employee Account is

² The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

exhausted. An Eligible Retiree will have an Employee Account if one of the circumstances listed in Part 4 hereof applies to him or her.

● **What forms of benefit payments does the Trust provide?**

The Trust provides two forms of benefit payments: 1) regular, monthly reimbursement payment up to your benefit level (assuming you have reimbursable expenses); and 2) Employee Account benefit payments, which are capped only by the Employee Account balance and payable whenever you submit the claim for a Covered Expense (may not be monthly). You might qualify for both types of benefits (see Parts 3 and 4 hereof for more details). They both reimburse you for out-of-pocket medical expenses or insurance premiums after you retire.

The Trust will reimburse Eligible Retirees for properly and timely submitted claims on the following terms:

❖ A “Regular Beneficiary” is entitled to monthly reimbursement of Covered Expenses up to the amount of his/her individual monthly benefit level. Part 3 herein describes how to determine your benefit level.

❖ An “Account Beneficiary” is entitled to reimbursement of Covered Expenses in an amount up to the balance in his/her Employee Account. Part 4 herein describes how your Employee Account balance is calculated.

Cost Sharing. It is important to remember that your monthly benefit level or Employee Account balance may not cover the entire Covered Expense amount. If your benefit level does not cover the entire cost of your Covered Expense, you will be responsible for the remainder.

● **What medical expenses will be reimbursed by the Plan?**

The following medical expenses are considered “Covered Expenses” and will be reimbursed by the Plan:

❖ Premium payments for coverage under health, dental, or vision insurance plans.

❖ Medical expenses that are excludable from gross income under Internal Revenue Code Section 213(d), in other words, costs for diagnosis, cure, mitigation, treatment, or prevention of disease or injury, including insulin, but not including other non-prescribed drugs.

❖ Premium payment for qualified long-term care (LTC) insurance.

See Plan Section 1.9 for a full definition of “Covered Expenses.” You can also refer to IRS Publication 502 for a detailed description of tax deductible medical expenses at

**SUMMARY PLAN DESCRIPTION for the
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<http://www.irs.gov/pub/irs-pdf/p502.pdf>. Any medical expense approved by the IRS for deduction is payable by this Plan.

An Eligible Retiree can also submit claims for Covered Expenses of his/her Beneficiaries, i.e., legal spouse and Children. However, the monthly benefit level is shared amongst all Beneficiaries; the benefit level is not increased if the Eligible Retiree submits a claim for his/her spouse or Child. For example, if the Eligible Retiree's monthly benefit level is \$200, then the Eligible Retiree can submit a claim for the Covered Expenses of all Beneficiaries up to a total reimbursement of \$200 for that month.

Note re Christian sharing ministries. Please note that the IRS has **not** allowed a tax deduction for contributions to cost-sharing ministries, such as the Christian Healthcare Ministries. Accordingly, such contributions will not qualify as a Covered Expense under this Plan. Therefore, this Trust cannot reimburse you for payments to such organizations.

PART 3 MONTHLY BENEFITS

● **In what circumstances will I receive regular monthly benefits?**

If you become a Regular Beneficiary of the Trust, you will be entitled to a lifetime stream³ of monthly benefit payments, for reimbursement of medical expenses, at your individual monthly benefit level. See Plan Sections 3.2 – 3.3 for details.

● **How do I become a “Regular Beneficiary,” eligible for monthly benefits?**

An Eligible Retiree generally becomes a “Regular Beneficiary” entitled to monthly benefits after meeting all of the following requirements:

- ❖ He/she earns ten years of Active Service (or five years of Active Service if the person is already an Employee when his/her Association joins the Trust);
- ❖ Ten years have passed since the commencement of Contributions (or five years, if the five-year rule stated above applies);
- ❖ Contributions are made to the Trust on his/her behalf for all years of Active Service;

³ The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
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- ❖ He/she attains age 55; and
- ❖ He/she ceases all employment (including part-time and contract work) with all participating employers in the Trust.

● **How do I earn Active Service?**

An Employee may earn Active Service in the following ways.

- ❖ Contributions to the Trust. Generally, you will receive years of Active Service credit for all periods of full-time employment during which your employer makes contributions to the Trust on your behalf.
- ❖ Contribution after Termination or Reduction of Employment (your “COBRA” right under federal law). If your employment is terminated (except for gross misconduct) or reduced to less than full-time, you may continue to earn Active Service for a maximum of eighteen months, by making periodic self-payments to the Trust as permitted by the federal law known as COBRA,⁴ and subject to rules set by the Trustees. You may be able to attain eligibility for monthly benefit payments as a Regular Beneficiary by making COBRA payments after termination, including after retirement, depending upon how many months of Active Service you need for eligibility.

● **What is the difference between “Active Service” and “Active Service Units” (or ASUs)?**

- ❖ “Active Service” reflects periods of employment when your employer transfers contributions to the Trust on your behalf. Your length of Active Service is one of the factors that determine your eligibility for monthly benefits as an Eligible Retiree.
- ❖ “Active Service Units” reflect the number of \$50 contributions made on your behalf to the Trust. The number of Active Service Units (“ASUs”) is a factor in determining your benefit level.

● **Will I qualify for monthly benefits as a Regular Beneficiary if I leave my job before I have earned 10 years of Active Service (or 5 years, if I was in the Association when it joined the Trust)?**

No. An Employee who does not meet the minimum Active Service requirement will generally not qualify for lifetime⁵ monthly benefits as a Regular Beneficiary. However,

⁴ The Consolidated Omnibus Budget Reconciliation Act of 1986.

⁵ The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

such an Employee is eligible for certain benefits from his/her Employee Account. (See Part 4 herein for more information on Employee Account benefits.)

Please note that, under federal COBRA law, you can self-pay up to 18 months of contributions following termination of employment in order to attain the minimum five years of Active Service for eligibility. And even if you have five years of Active Service, you can also self-pay up to 18 months of contributions to increase your ASUs, which will increase your benefit level, following termination of employment. See the COBRA General Notice (attached) for a more detailed description of your right to self-pay contributions under COBRA

● **How is my monthly benefit level calculated, if I am a Regular Beneficiary?**

A Regular Beneficiary's monthly benefit level is determined by multiplying the number of "Active Service Units" he/she had earned up to retirement by the "Unit Multiplier" in effect when he/she stopped making contributions. Note that:

❖ An Employee earns Active Service Units during each month of contributions to the Trust. Each monthly contribution of \$50 earns the Employee one Active Service Unit.

❖ An Employee may also earn Active Service Units by electing to convert sick/vacation leave transfers into Active Service Units, at actuarial cost, which is based on the actual age of the Employee at the date of transfer. See Section 2.2(c) of the Plan. To find out the actuarial cost of your leave conversion, please refer to Appendix C at the back of this SPD, "Leave Conversion Tables."

❖ The Unit Multiplier is a factor determined by the Trustees, with actuarial advice. Currently, the Unit Multiplier is \$.74. (You may contact the Trust Office to find out if the current Unit Multiplier has changed from the one stated here.)

(See Appendix B at the end of this SPD for examples of benefit level calculations.)

● **Is it possible for my monthly benefit level to change after I start benefits?**

Yes, it is possible for your benefit level to change; benefits under the Plan are not vested. The Trustees reserve the right and power to adjust the Unit Multiplier or other Plan terms. Such adjustments may apply to current as well as future Beneficiaries.

● **Why is my monthly benefit level different from the benefit level of other Eligible Retirees in my Association and other participating Associations?**

A Regular Beneficiary's monthly benefit level is dependent on how long his/her Association participated in the Trust, the contribution level negotiated in the MOU, the Beneficiary's period of Active Service when he/she was an employee, and whether the

**SUMMARY PLAN DESCRIPTION for the
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Beneficiary converted leave to ASUs. Thus, the individual monthly benefit level will differ among Plan participants, even within the same Association.

The number of Active Service Units (“ASUs”) that an Employee earns during his/her career will affect the monthly benefit level for which he/she will be entitled as a Regular Beneficiary. That number of ASUs is determined by the monthly contribution rate negotiated by the Employee’s bargaining unit and the number of months that you work after the start of contributions. So, the longer your employer makes contributions and the higher those contributions, the higher your monthly benefit level will be. For example, a monthly contribution rate of \$300 will provide to each employee in that bargaining unit six Active Service Units per month, whereas a monthly contribution rate of \$400 will earn eight Active Service Units per month. Likewise, if you work for 20 years and receive contributions every month, your benefit level will be higher than an employee who works for only 10 years and receives the same monthly contribution each month

**PART 4
EMPLOYEE ACCOUNT BENEFITS**

● **What benefits are provided to Account Beneficiaries?**

An Account Beneficiary is entitled to reimbursement of Covered Expenses in any amount, up to the balance of his/her Employee Account. There is no monthly limit on Employee Account benefits. Proper claims will generally be reimbursed until the Employee Account balance falls to zero. See Plan Section 3.5 for details.

● **How do I become eligible for Employee Account benefits?**

An Eligible Retiree will become an Account Beneficiary if one of the following circumstances applies to him/her:

- ❖ Monthly payroll contributions were made to the Trust on his/her behalf, but he/she did not meet the Active Service requirement to become a Regular Beneficiary. Therefore, the contributions are credited to his/her Employee Account.
- ❖ The employer transferred sick and/or vacation leave to the Trust on his/her behalf, and the retiree did not elect to convert all of the leave transfer to Active Service Units.

● **How is the balance of my Employee Account calculated?**

The balance of an Employee Account will be determined by the sum of the following:

- ❖ Credit for the amount of any mandatory transfers of sick and/or vacation leave made on the Employee’s behalf;

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

- ❖ Credit or debit for investment earnings (i.e., net of investment gains/losses and fees);
- ❖ Credit for any mandatory payroll contributions transferred to the Employee Account upon separation from employment for an Employee who does not meet the minimum Active Service requirement of ten years (or five years, if applicable) to qualify for monthly benefits;
- ❖ Debit for any benefit payments; and
- ❖ Debit for reasonable administrative expenses.

Important Note: See Part 5 of this SPD regarding a possible forfeiture of your Employee Account.

● **How does the Trust invest the funds that are credited to my Employee Account?**

You can choose from three investment options in which to invest the funds credited to your Employee Account. You can make an initial investment selection when contributions are first credited to your Employee Account, and you may change your selection annually in June. For details, request an Employee Account Portfolio Investment Selection Packet from the Trust Office.

**PART 5
LOSS, DENIAL, FORFEITURE OR DELAY OF BENEFITS**

● **What circumstances may result in my ineligibility or denial of benefits?**

Circumstances which may result in disqualification, ineligibility, denial, or the loss of benefits include: failure by the Employee or employer to make required contributions, failure to properly submit expense receipts, failure to meet the eligibility requirements, death of the Beneficiary, or termination of the Plan.

The following events will result in automatic termination of benefits:

- ❖ An Eligible Retiree's benefits under this Plan will terminate upon his/her death, or if he/she returns to employment with a Participating Employer.
- ❖ A Surviving Spouse's benefits under this Plan will terminate after 24 months of benefits have been paid after the Eligible Retiree's death. However, these benefits will resume in the month the Spouse attains the Employee's eligibility age under the Plan, and will continue until the Spouse's death.

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

- ❖ A Surviving Child's benefits under this Plan will terminate upon the loss of "Child" status, as that term is defined in the Plan.

● **Can my benefits be reduced by Plan amendment or termination?**

Yes. The Trustees reserve the right to modify benefit coverage and benefit levels, or to terminate the Plan, and such changes may apply to current and/or future Beneficiaries. In the event the Plan is terminated, any Plan assets that remain after payment of expenses associated with termination will be allocated and distributed to the Beneficiaries in accordance with Section 501(c)(9) of the Internal Revenue Code. See Plan Section 3.4 for details.

Possible Forfeiture from Employee Account.

- ❖ Any balance left in the Employee Account upon the death of the Beneficiary and his/her surviving Beneficiaries will forfeit to the Trust.
- ❖ If the balance in an Employee Account reduces to, and remains at, three hundred dollars (\$300) or less for a period of twelve (12) consecutive months, the Trust Office will notify the Beneficiary that the Employee Account will be subject to forfeiture, according to guidelines determined by the Trustees.

● **When do I need to contact the Trust Office to update my personal information?**

You should contact the Trust Office with any changes you experience that might affect your benefits or rights from the Trust, including, but not limited to, the following:

- ❖ Change in your mailing address, e-mail address or personal cell phone number;
- ❖ Change in your employment status (e.g., retirement, lay-off, or reduction in hours);
- ❖ Change in your spouse (e.g., divorce, marriage, or death), and/or
- ❖ New children (e.g., by birth or adoption).

The Trust Office relies on such information to administer the Trust, for example, to send to Beneficiaries benefit payments and other notices related to the Plan. **Failure to notify the Trust Office of such changes may result in the loss or delay of benefits under the Plan.**

PART 6 SURVIVOR BENEFITS

- **What benefits will my spouse and children receive if I die?**

Regular Beneficiaries receiving monthly benefits. A Surviving Spouse of a Regular Beneficiary with Children (as defined in the Plan) is eligible for monthly benefits equal to 100% of the benefit level of the deceased. The monthly benefit level for a Surviving Spouse of a Regular Beneficiary without Children is equal to 50% of the benefit level of the deceased. If there is no Surviving Spouse, the monthly benefit level for Surviving Children of a Regular Beneficiary will be 50% of the benefit level for the deceased Eligible Retiree (to be divided among Children).

Employee Account Benefits. If the deceased Retiree had an Employee Account with a positive balance, then his/her Surviving Spouse will be entitled to reimbursement benefits in an amount equal to the balance of the decedent's Employee Account. If there is no Surviving Spouse, then the Child(ren) of the deceased will be entitled to the Employee Account benefits.

- **Are there benefits for my Domestic Partner in the event of my death?**

No; the Plan provides benefits for legal spouses, who are either opposite or same sex. Due to the cost of compliance with federal tax regulations and the required taxation of domestic partner benefits, the Plan does not provide benefits for domestic partners or surviving domestic partners.

PART 7 BENEFIT CLAIM & APPEAL PROCEDURES; QDROs; ASSIGNMENT

- **How do I submit my claims for benefits? What are the appeal procedures for denied claims?**

To present a claim for benefits under this Plan, you must submit a written claim on an approved claim form by thirty (30) days after the end of the Plan year (the Plan Year ends June 30) in which the expense was paid. I.e., submit the claim by July 31 for claims incurred and paid in the previous Plan Year. Beneficiaries may contact the Trust Office to request an approved claim form. Note that in the event the Trust Office overpays you for benefits, the Trust will apply subsequent benefit payments against the overpaid amount until the Trust has recouped such amount.

Claims may be mailed, emailed or faxed to the Trust Office at:

PORAC Retiree Medical Trust

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
PORAC Retiree Medical Trust**

c/o Vimly Benefit Solutions
P.O. Box 6
Mukilteo, WA 98275-0006
Fax: (866) 676-1530
Phone: (877) 808-5994
Email: PORAC@bsitpa.com

Or you can submit your claims via the Trust website at PORACRMT.org

The claim form must be accompanied by documentation from an independent third party, which includes the following:

- ❖ The date that the medical service or supplies were provided or the dates of coverage for insurance premiums.
- ❖ A description of the medical service, supplies or premiums.
- ❖ Proof of the Beneficiary's payment of the Covered Expense, which can include one of the following or other proof approved by the Board of Trustees:
 - Canceled check drawn to the name of the medical service, supplies, or insurance provider.
 - Copy of confirmation of electronic payment to the medical service, supplies, or insurance provider, including a pension statement showing a deduction for premium payments.
 - Receipt for payment from the medical service, supplies, or insurance provider.

You may also make a written request to the Trust Office for an eligibility determination, clarification of rights under the Plan or enforcement of rights under the Plan. Details regarding claim submission and appeals of denied claims are set forth in Plan Sections 3.6 and 4.1-4.3.

To appeal a claim denial, eligibility determination or response on clarification or enforcement of Plan rights, you must submit a written request to the Trust Office within 181 calendar days after the date of the Trust Office's notification of denial of benefits or determination. The Board of Trustees will hold a hearing on the appeal, and you will be entitled to present your position and any evidence in support of your appeal at the hearing. The Board of Trustees will then make a decision affirming, modifying or setting aside the Trust Office decision.

● **What is the Plan Year, and why is it important?**

The Plan year runs from July 1 - June 30. Claims from expenses paid during the Plan year must be submitted within thirty days of the end of the Plan year.

● **Is there a time limit for filing a lawsuit against the Trust for benefit payments, or other reasons?**

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Yes, there is a deadline for filing a lawsuit against the Trust for benefit payments, etc. You have the right to bring action in federal court pursuant to ERISA Section 502(a) no later than one year after the exhaustion of administrative remedies (i.e., the appeal process described in this SPD Part 7, and in Plan Sections 4.1 – 4.3), which means the date of the written decision by the Board of Trustees on an appeal of a denied benefit claim or other complaint.

- **Who pays the costs of evaluating and implementing a Qualified Domestic Relations Order (“QDRO”) or Qualified Medical Child Support Order (“QMCSO”)?**

The Eligible Retiree and ex-spouse pay for the costs of dividing benefits pursuant to a QDRO or QMCSO issued in divorce proceedings. Because these services only benefit the beneficiaries involved, the Trustees have directed the Trust Office to charge the costs of that process to the Eligible Retiree and ex-spouse as a deduction applied to the benefit payments. The costs include, but are not limited to, the following: administrative costs for dividing the benefit level and setting up benefits for the ex-spouse; legal fees for evaluation of the court order and to advise the Trust Office on implementation of a QDRO or QMCSO; and actuarial fees to calculate the benefit level of the ex-spouse. The costs deducted from benefit payments of the Eligible Retiree and ex-spouse may vary from one divorce situation to another and may be spread amongst several months of benefit payments.

- **Can I assign or transfer my benefits and rights under the Plan to a medical provider or other entity?**

No, the Trust Office will pay benefits only to a Beneficiary. As a Beneficiary, you determine what Covered Expenses you will submit to the Plan for payment. The Plan will not honor any attempt to transfer any of your benefits or rights under the Plan to another entity, and the Plan will not approve any claim or request received from an individual or entity who is not a Beneficiary of the Plan. Details of this restriction are in Plan Section 3.7. (There is an exception for incompetent Beneficiaries with a court appointed representative. See Plan Section 3.6(g).)

PART 8 ADMINISTRATION & THE BOARD OF TRUSTEES

- **Who is the Plan Administrator?**

The fiduciary of the Plan (known under federal law as the “Plan Administrator”) is the Board of Trustees of the PORAC Retiree Medical Trust. The Board has retained the services of a contract administrator (the “Trust Office”) to assist in recordkeeping, claims payments, etc. You may contact the Board in care of the Trust Office.

**SUMMARY PLAN DESCRIPTION for the
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● **What are the names and addresses of the Trustees?**

Kevin Morris (Region I)

Oakley Police Officers' Association
3231 Main Street
Oakley, CA 94561
Cell: (925) 625-8822
oakleypoapres@outlook.com

Terry A. Moore (Region II)

Chico Police Officers' Association
1645 Plumas Way.
Chico, CA 95926
Cell: (530) 588-5117
CPOAPrez@sbcglobal.net

Jolene Dolan (Region III)

Burbank Airport Police Officers' Association
2627 Hollywood Way
Burbank, CA 91505
Work: (818) 840-9536
Cell: (818) 355-8357
4dolans@sbcglobal.net

Dennis Hashin (Region IV)

Huntington Beach Police Officers' Association
20422 Beach Blvd, Suite # 450
Huntington Beach, CA 92648
Cell: (714)-469-0215
cfo@hbpoa.org

Tim Davis (PORAC Board Representative)

Sacramento Police Officers' Association
550 Bercut Dr.
Sacramento, CA 95811
Cell: (916) 690-5349
Office: (916) 446-7661
tdavis@sboa.org

● **How do I contact the Trust Office?**

You can contact the Trust Office at:

PORAC Retiree Medical Trust

**SUMMARY PLAN DESCRIPTION for the
Medical Expense Reimbursement Plan,
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c/o Vimly Benefit Solutions
P.O. Box 6
Mukilteo, WA 98275-0006
or 12121 Harbour Reach Dr, Mukilteo, WA 98275
Fax: (866) 676-1530
Phone: (877) 808-5994
E-mail: PORAC@bsitpa.com

**PART 9
GENERAL INFORMATION ABOUT THE PLAN & TRUST**

● **What are the official name and identification numbers of the Plan and Trust?**

This Plan is known as the “Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust,” restated and effective April 1, 2018 and as amended hereafter (02/2/18 *Ed., Incl. Am. Nos. 1-13*) The Plan is governed by the “Trust Agreement Governing the PORAC Retiree Medical Trust,” effective June 1, 2008 and as amended from time to time thereafter (“Trust Agreement”). For a copy of the Plan or Trust Agreement, please contact the Trust Office. You may also view these documents on the website of the PORAC Retiree Medical Trust, which is: PORACRMT.org

The Employer Tax Identification Number assigned to the Trust by the Internal Revenue Service is EIN 80-6049077.

The Plan number is 501.

● **What is the name, address and telephone number of the employee organization that established this Plan?**

The Plan was established by the Peace Officers Research Association of California (“PORAC”), which is a professional federation of local, state, and federal law enforcement associations located within the state of California. The name, address and telephone number of the Association is as follows:

Peace Officers Research Association of California
4010 Truxel Road
Sacramento, CA 95834
Phone: (916) 928-3777
(800) 937-6722

● **What type of plan is the Medical Expense Reimbursement Plan?**

The Plan is a welfare benefit plan providing health insurance premium and medical expense reimbursement benefits to retirees.

PART 10
FUNDED BY CONTRIBUTIONS NEGOTIATED
BY PARTICIPATING ASSOCIATIONS

● **Are there bargaining agreements that address contributions to this Plan and Trust?**

Yes, participation must be pursuant to a provision that your Association negotiates into your MOU. The Plan is maintained pursuant to various collectively bargained Memoranda of Understanding (“MOUs”), and applicable successor agreements, between the participating PORAC Associations and respective employers. Beneficiaries may obtain copies of the MOUs upon written request to the Trust Office. The Trustees may impose a reasonable charge to cover the cost of copies.

● **What is the source of contributions to the Trust, and how are the assets protected?**

❖ Source of Contributions. Generally, there are two sources of Contributions – monthly employer and/or employee contributions from payroll, and transfers of accrued leave. There is no individual choice to contribute, i.e., contributions must be mandatory for everyone in the bargaining unit.

❖ Monthly Employee/Employer Contributions: Monthly employer and/or employee contributions must be non-elective, that is, Contributions must be mandatory for everyone in the bargaining unit and made pursuant to an MOU. Further, the Contribution rate must be the same for everyone in the bargaining unit and made at some multiple of \$50/mo, but no less \$100/mo. Contributions can be made up of employer contributions, employee contributions, or a combination of employer and employee contributions. (For the first year only, the contribution rate can be \$50/mo.)

Under certain limited circumstances, Beneficiaries may make elective COBRA self-payment contributions.

❖ Accrued Leave Transfers: Transfers of accrued vacation and/or sick leave must be non-elective, that is, transfers must be mandatory for everyone in the the bargaining unit and made pursuant to an MOU or Special Agreement. Further, transfers must be made at the same percentage (e.g., 25% or 50%) for everyone in the bargaining unit.

❖ Protection of Assets. Contributions are received and held in trust, and are invested by the Trust with the assistance of a professional investment manager,

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using investment policies and methods consistent with objectives of this Plan and Employee Retirement Income Security Act of 1974 (ERISA).

**PART 11
LEGAL RIGHTS**

● **What is the name and address of the agent for service of process?**

Each member of the Board of Trustees is an agent for purposes of accepting service of legal process on behalf of the Plan. Service of legal process may be made upon a Trustee or the Trust Office at PORAC Retiree Medical Trust Office c/o Vimly Benefit Solutions, Inc., 12121 Harbour Reach Drive, Suite 105, Mukilteo, WA 98275.

● **What are my legal rights under applicable federal statutes?**

A. Family Medical Leave Act

Please contact the Trust Office and/or your Employer if you would like to take advantage of your right to self-pay contributions under the Family and Medical Leave Act ("FMLA"). If a covered Employee ceases active employment due to an Employer-approved family or medical leave of absence in accordance with the requirements of the Family and Medical Leave Act (Public Law 103-3), or in accordance with any state or local law which provides a more generous medical or family leave and requires continuation of coverage during the leave, the Employee will continue to earn Active Service and Active Service Units under the same terms and conditions which would have applied had the Employee continued in active employment, provided the Employee self-pays Contributions. Contributions will remain at the same level as was in effect on the date immediately prior to the leave (unless Contribution levels change for other Employees in the same classification). An Employee may be eligible to self-pay under FMLA during a leave for one of the following reasons:

- ❖ For the birth and care of a newborn child of the Employee;
- ❖ Placement with the Employee of a child for adoption or foster care;
- ❖ To care for an immediate family member (spouse, child, or parent) with a serious health condition; and
- ❖ To take medical leave when the Employee is unable to work because of a serious health condition.

An FMLA leave will be deemed to terminate on the earlier of the following dates:

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- ❖ The date the Employee uses up his FMLA leave entitlement.
- ❖ The date the Employee informs the Employer of his intent not to return from leave.

B. Uniformed Services Employment and Reemployment Rights Act (USERRA)

Please contact the Trust Office if you are a veteran leaving to, or returning from active duty and would like to take advantage of your right to self-pay contributions under USERRA. You will be able to self-pay contributions retroactively for the time of your active service duty, subject to certain restrictions.

C. Consolidated Omnibus Budget Reconciliation Act (COBRA)

For a description of your rights under COBRA, please see the General COBRA Notice, provided at the end of this Summary Plan Description. Also, if you would like to request a copy of the General COBRA Notice, please contact the Trust Office.

D. Divorce: Qualified Domestic Relations Order (QDRO)

Beneficiaries can obtain from the Trust Office, without charge, a copy of the procedures governing the determination of whether a Domestic Relations Order is qualified. The Trust may assess a fee on the Employee/Eligible Retiree and/or Beneficiary for the review process. (The same applies for Medical Child Support Orders.)

E. Qualified Medical Child Support Order (QMCSO)

Beneficiaries can obtain, without charge, a copy of such procedures governing the determination of QMCSO by contacting the Trust Office.

F. Important Information: Statement of Legal Rights

❖ Rights of Plan Participants. Beneficiaries of the PORAC Retiree Medical Trust are entitled to certain rights and protections under the federal Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- ◆ Examine, without charge, all documents governing this Plan, including MOUs, and a copy of the latest annual report filed by the Plan with the U.S. Department of Labor, at the Plan Administrator's office and at other specified locations, such as worksites and union halls. The annual report is also available at the Public Disclosure Room of the Employee Benefits Security Administration.

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- ◆ Obtain copies of documents governing the operation of this Plan, including collective bargaining agreements, the latest annual report, and an up-to-date Summary Plan Description, upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.
- ◆ Receive a summary of the Plan's annual financial report (SAR). The Plan Administrator is required by law to furnish each enrollee with a copy of the SAR. You can also review this on the Trust's website: PORACRMT.org
- ◆ Continue contributions to the Plan by self-payment under COBRA, if there is a cessation of contributions to the Plan as a result of a COBRA qualifying event. See the General COBRA Notice and Plan Sections 2.2(d) and 2.2(e) for rules governing COBRA continuation coverage rights.

❖ Prudent Actions by Plan Fiduciaries. ERISA imposes certain obligations upon the persons who are responsible for the operation of this employee welfare benefit plan. The persons who operate your Plan and Trust are legal "fiduciaries." Fiduciaries must act solely in the interest of the Plan Beneficiaries, and must exercise reasonable prudence in the performance of their Plan and Trust duties. Fiduciaries who violate ERISA may be removed and required to compensate the Trust for any losses they cause to the Trust. No one, including an employer, may fire or otherwise discriminate against members to prevent them from obtaining a welfare benefit or from exercising their rights under ERISA.

❖ Enforce Your Rights. If your claim for a welfare benefit is denied or ignored, in whole or in part, you and your Beneficiaries have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, you can take steps to enforce these rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after exhausting the Plan's administrative procedures. If a Plan fiduciary misuses the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees.

❖ Assistance with Your Questions. If you have any questions about this

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Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at (866) 444-EBSA (3272).

❖ Privacy Rights. The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires health benefit plans to protect the privacy of “protected health information.” In the course of providing benefits to you under this Plan, the Trust Office may acquire protected health information. Accordingly, the Plan has developed procedures to limit access to protected health information to only those persons who need to know it in order to process, complete, or administer the Plan benefits. If you would like more details about your privacy rights or a copy of the Privacy Notice, please contact the Trust Office.

**APPENDIX A
UNIT MULTIPLIER**

Operative Period	Unit Multiplier
May 18, 2010 – Sept. 30, 2015	\$0.67
October 1, 2015 – Sept. 30, 2018	\$0.70
October 1, 2018 – present	\$0.74

- The Unit Multiplier (UM) is a factor in the calculation of the monthly benefit level for an Eligible Retiree who is a Regular Beneficiary (see Section 3.3 of the Plan).
- “Operative Period” means the period during which the corresponding Unit Multiplier is used to calculate the monthly benefit level for Retirees receiving benefits during that period.
- The Trustees have the authority to modify the UM for Eligible Retirees from time to time.

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**APPENDIX B
EXAMPLES OF CALCULATION OF BENEFIT LEVEL
PORAC RETIREE MEDICAL TRUST**

$\begin{aligned} \$50 \text{ monthly contribution} &= 1 \text{ Active Service Unit} \\ \text{Unit Multiplier}^6 &= \$0.74 \end{aligned}$
--

Example #1 – 6 years in Trust: An Association has a contribution rate of \$100/month, and Employee Jones participates for two years (or 24 months) at that level. Then the Association increases the contribution rate to \$150/month, and Jones participates for four years (or 48 months) at that level, and then retires. The monthly amount available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units

$$\$100/\text{month} = 2 \text{ Active Service Units/ Month}$$

$$\$150/\text{month} = 3 \text{ Active Service Units/ Month}$$

Step 2: Find number Active Service Units

$$2 \text{ Active Service Units} \times 24 \text{ months} = 48 \text{ Active Service Units}$$

$$3 \text{ Active Service Units} \times 48 \text{ months} = 144 \text{ Active Service Units}$$

$$\text{Total} = 192 \text{ Active Service Units}$$

Step 3: Multiply number Active Service Units by Unit Multiplier:

$$\text{Monthly Benefit Amount: } 192 \times \$0.74 = \$142.08$$

Example #2 – 12 years in Trust: An Association selects a contribution rate of \$100/month, and Employee Jones participates for seven years (or 84 months) at that level. Then the Association increases the contribution rate to \$200/month, and Jones participates for five years (or 60 months) at that level, and then retires. Then the monthly amount available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contribution to Active Service Units.

$$\$100/\text{month} = 2 \text{ Active Service Units/ Month}$$

$$\$200/\text{month} = 4 \text{ Active Service Units/ Month}$$

⁶ The Trustees have the authority to modify the Unit Multiplier (UM) from time to time for both existing and future Beneficiaries; they work with a professional actuarial firm to determine the UM.

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Step 2: Find number Active Service Units.

2 Active Service Units x 84 months = 168 Active Service Units

4 Active Service Units x 60 months = 240 Active Service Units

Total = 408 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.

Monthly Benefit Amount: 408 x \$ 0.74 = \$301.92

Example #3 – Career Employee – 25 years in Trust: An Association selects a contribution rate of \$100/month, and Employee Jones participates for seven years (or 84 months) at that level. Then the Association increases the contribution rate to \$200/month, and Jones participates for 18 years (or 216 months) at that level, and then retires. Then Jones' benefit level will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units.

\$100/month = 2 Active Service Units/ Month

\$200/month = 4 Active Service Units/ Month

Step 2: Find number Active Service Units.

2 Active Service Units x 84 months = 168 Active Service Units

4 Active Service Units x 216 months = 864 Active Service Units

Total = 1,032 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.

Monthly Benefit Amount: 1,032 x \$ 0.74 = \$763.68

Caveat: *These are examples. The Trustees reserve the right to modify the Unit Multiplier and the formula used to calculate benefit levels at any time for both existing and future Beneficiaries. Such a modification is most frequently attributable to favorable or adverse demographic or financial experience of the Plan.*

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**APPENDIX C
LEAVE CONVERSION TABLES**

- For Employees who convert Leave Transfer on and after October 1, 2015, the effective date of the Leave Conversion Tables is October 1, 2015.
- For Employees who converted Leave Transfer prior to October 1, 2015, the effective date of the Leave Conversion Tables shall be July 1, 2016.

Section 2.2(c) of the Plan sets forth the terms and conditions under which the Plan will convert accumulated sick and/or vacation leave into Active Service Units (“ASUs”). The Leave Conversion Tables below illustrate how many ASUs an Employee will earn when his/her employer transfers the value of accumulated leave to the Trust, if the Employee elects to convert the leave to ASUs.

- The number of ASUs an Employee earns as a result of the transfer of leave is calculated by the following formula:
[Dollar amount transferred] divided by [applicable cost for one ASU]
- The cost for one ASU depends on the age of the Employee at the time of the Leave Transfer, as determined by the professional actuarial firm engaged by the Trustees.
- **These leave conversion tables assume a leave transfer of \$1,000.** Note for comparison purposes that, each \$50 monthly Contribution made during active employment gives an Employee one ASU.

Public Safety (“Sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 25	17.11	58
Age 26	18.22	55
Age 27	19.40	52
Age 28	20.67	48
Age 29	22.01	45
Age 30	23.44	43
Age 31	24.96	40
Age 32	26.59	37
Age 33	28.31	35
Age 34	30.15	33

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Public Safety (“Sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 35	32.11	31
Age 36	34.20	29
Age 37	36.42	27
Age 38	38.79	26
Age 39	41.31	24
Age 40	44.00	23
Age 41	46.86	21
Age 42	49.91	20
Age 43	53.15	19
Age 44	56.60	18
Age 45	60.28	17
Age 46	64.20	16
Age 47	68.37	15
Age 48	72.82	14
Age 49	77.55	13
Age 50	82.59	12
Age 51	87.96	11
Age 52	93.68	11
Age 53	99.77	10
Age 54	106.25	9
Age 55	113.16	9
Age 56	112.21	9
Age 57	111.21	9
Age 58	110.14	9
Age 59	109.01	9
Age 60	107.82	9
Age 61	106.56	9
Age 62	105.24	10
Age 63	103.83	10
Age 64	102.34	10
Age 65	100.77	10
Age 66	99.10	10
Age 67	97.36	10
Age 68	95.54	10

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Public Safety (“Sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 69	93.64	11
Age 70	91.68	11

Miscellaneous (“Non-sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 25	13.81	72
Age 26	14.71	68
Age 27	15.67	64
Age 28	16.69	60
Age 29	17.77	56
Age 30	18.93	63
Age 31	20.16	50
Age 32	21.47	47
Age 33	22.86	44
Age 34	24.35	41
Age 35	25.93	39
Age 36	27.62	36
Age 37	29.41	34
Age 38	31.32	32
Age 39	33.36	30
Age 40	35.53	28
Age 41	37.84	26
Age 42	40.30	25
Age 43	42.92	23
Age 44	45.71	22
Age 45	48.68	21
Age 46	51.84	19
Age 47	55.21	18

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Miscellaneous (“Non-sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 48	58.80	17
Age 49	62.62	16
Age 50	66.69	15
Age 51	71.03	14
Age 52	75.65	13
Age 53	80.56	12
Age 54	85.80	12
Age 55	91.38	11
Age 56	97.32	10
Age 57	103.64	10
Age 58	110.38	9
Age 59	109.18	9
Age 60	107.91	9
Age 61	106.57	9
Age 62	105.16	10
Age 63	103.66	10
Age 64	102.08	10
Age 65	100.42	10
Age 66	98.69	10
Age 67	96.88	10
Age 68	95.00	11
Age 69	93.05	11
Age 70	91.03	11

**COBRA GENERAL NOTICE
OF THE
PORAC RETIREE MEDICAL TRUST**

<< IMPORTANT COBRA INFORMATION >>

THIS COBRA INFORMATION WILL INFORM YOU OF YOUR RIGHTS AND OBLIGATIONS UNDER COBRA. YOU AND YOUR SPOUSE SHOULD TAKE THE TIME TO READ THIS CAREFULLY.

Under this type of health plan, i.e., a retiree medical expense reimbursement plan, COBRA benefits mean the right to continue contributions to the Trust, in order to obtain certain Plan benefits after retirement. This Plan gives the Employee (or family member) the right to self-pay contributions into the Trust, which were formerly paid pursuant to a collective bargaining agreement or other special agreement while the Employee was working. If you have questions regarding the eligibility requirements under the Plan, or are in doubt about the application of COBRA under this Plan, please contact the Trust Office.

It is important to note that the type of continuation coverage under this Plan is unusual. Under this Plan, self-paid contributions (if sufficient, as explained below) would entitle the Qualified Beneficiary to reimbursement of a portion of your health premium or medical expense costs after retirement,⁷ rather than health benefits immediately following active employment. That is, this Plan is for retiree health benefits, not benefits soon after termination of active employment.

1. COBRA Generally. You are a participant in the “Medical Expense Reimbursement Plan” (hereafter the “Plan”) of the PORAC Retiree Medical Trust (hereafter the “Trust”), which provides reimbursement towards certain medical expenses, as defined in the Plan, after retirement. Continued participation in any health plan is a right governed by a federal law called the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly known as “COBRA.”⁸

THIS NOTICE GENERALLY EXPLAINS YOUR RIGHTS AND OBLIGATIONS UNDER COBRA, WHEN THE RIGHT TO SELF-PAYMENT OF CONTRIBUTIONS UNDER COBRA MAY BECOME AVAILABLE TO YOU AND WHAT YOU NEED TO DO TO PROTECT YOUR RIGHT TO MAKE COBRA SELF-PAYMENTS. YOU AND YOUR SPOUSE SHOULD TAKE THE TIME TO READ THIS CAREFULLY.

2. COBRA Coverage Means the Right to Self-Pay Continued Contributions to Plan for Benefits After Retirement

⁷ In a typical health plan, the COBRA right entitles the Employee to self-pay contributions to continue to receive health coverage immediately following loss of employment. In contrast, this Plan does not pay coverage to terminated Employees until retirement. The Plan accepts contributions during active employment, which are held by the Trust and will be used by Employees to purchase health coverage after retirement. In the event of the Employee’s death, payments to the Surviving Spouse will commence the month after the Eligible Retiree died.

⁸ Public Law 99-272, Title X.

A. The Application of COBRA to this Plan. Under this Plan, COBRA continuation coverage is the right to continue contributions to the Trust by self-payment, when contributions to the Trust would otherwise have ceased because of a certain life event known as a “Qualifying Event.” After a Qualifying Event, the Plan must offer each person who is a “Qualified Beneficiary” the COBRA right to self-pay contributions, which were formerly being forwarded pursuant to a collective bargaining agreement or special agreement. By offering a Qualified Beneficiary this right, generally, the Plan is offering that individual the ability to increase his or her benefits from the Plan in one of three ways:

- i) The ability to meet the eligibility requirement to become a Regular Beneficiary and receive a lifetime⁹ monthly reimbursement benefit from the Plan after retirement, which he/she may not otherwise have been able to meet (see **Section 2(B)** below);
- ii) To augment their monthly post-retirement benefit, if the person had already met the eligibility requirements to become a Regular Beneficiary; and/or
- iii) To augment the balance in the participant’s Employee Account in the Plan.

You, your spouse, and your Children could become Qualified Beneficiaries if contributions to the Trust on behalf of the covered employee cease due to a Qualifying Event.

B. Plan Eligibility Requirements. To be eligible to receive the monthly lifetime¹⁰ medical expense reimbursement benefits (subject to Plan rules) after retirement, this Plan requires that the Employee earn 10 years of Active Service as defined in Section 2.2 of the Plan. (This requirement is reduced to five years if you were an Employee¹¹ at the time that your Association started participation in the Plan.) Therefore, making COBRA self-payments could make you eligible, depending on how many years of Active Service you have earned at the time of the Qualifying Event.

Further, since the Plan also provides for a gradually increasing level of benefits based on the amount of your contributions, you may be able to increase your monthly benefit level if you make additional contributions. It is important for you to determine whether making these additional contributions makes sense in your particular situation. If you choose to continue making contributions to this Plan, the number of your self-pay contributions is limited to the number allowed by COBRA, as stated in **Section 7** below.

⁹ The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify or terminate benefits as necessary to preserve the financial soundness of the Plan.

¹⁰ See footnote 6.

¹¹ All capitalized terms are defined in the Plan.

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Finally, if you cannot become eligible for the monthly lifetime¹² benefits, your contributions are recorded separately in an Employee Account, which you can access upon separation from employment. (Note that under this circumstance, you might be making contributions at the same time you are making withdrawals from your Employee Account.)

We urge you to consult with your personal tax advisor on this matter. Note that contributions will be made with ‘after-tax dollars’.

C. Consequence of Non-Election. If you do not choose to continue contributing to this Plan and have not earned 10 years (or five years, if applicable under Plan Section 2.1) of Active Service, you will be eligible to receive reimbursement benefits limited to the balance credited to your Employee Account.

D. Widowed Spouses and Children. Widowed spouses and **Children**, as defined by the Plan, may also have the right to continue self-payment under certain circumstances. Contact the Trust Office at the address in **Section 5** below for details.

3. Qualifying Events and Qualified Beneficiaries

A. An Employee as a Qualified Beneficiary. If you are an **Employee**, you will become a Qualified Beneficiary and have the right to self-pay contributions, if contributions to the Trust on your behalf cease due to any of the following “Qualifying Events”:

- (i) Termination of Employment. Your employment is terminated for any reason other than gross misconduct; or
- (ii) Reduction of Work Hours. Your hours of employment are reduced.

Either of these Qualifying Events generally gives you the right to continue self-payment of contributions to this Plan.

B. The Spouse as a Qualified Beneficiary. If you are the **spouse of an Employee** covered by this Plan, you will become a Qualified Beneficiary and may have the right to self-pay contributions for yourself if contributions to the Trust on your spouse’s behalf cease due to any of the following “Qualifying Events”,¹³ and provided that the Employee does not elect to self-pay contributions under COBRA*:

- (i) Employee’s Death. The death of your Employee spouse; or

¹² The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

¹³ Some health plans recognize the following Qualifying Events: 1) your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both) and 2) you become divorced or legally separated from your spouse. However, due to the structure of this plan, these are not recognized Qualifying Events.

(ii) Termination of Employee's Employment. A termination of employment (for reasons other than gross misconduct) of your Employee Spouse; or

(iii) Reduction of Employee's Work Hours. A reduction in the hours of employment of your Employee Spouse.

*Note: Only one member of a family may make self-payment contributions in this type of health plan. If there are multiple Qualified Beneficiaries, for example a former employee and a spouse, you should confer together and decide whether electing to make COBRA self-pay contributions makes sense in your case, and which of you will make the election. It is important to note that due to the nature of this type of Plan, you do not each have independent rights to elect self-payment. This means that only one Qualified Beneficiary can self-pay.

C. A Child as a Qualified Beneficiary. If you are a **Child of an Employee** covered by this Plan, and neither of your parents elects to self-pay contributions under COBRA, you may become a Qualified Beneficiary and have rights to self-pay contribution to this Plan if contributions to the Trust on your parent's behalf cease due to any of the following Qualifying Events, and provided that the Employee parent or spouse does not elect to self-pay contributions under COBRA*:

(i) Death of Parent. The death of the parent who is the Employee; or

(ii) Termination of Employee's Employment. The termination of employment (for Reasons other than gross misconduct) of the Employee parent, or

(iii) Reduction of Parent's Work Hours. A reduction in hours of employment of the Employee parent, where neither the employee parent nor spouse elect to self-pay contributions under COBRA.¹⁴

*See "Note" under **Section 3(B)** above.

4. Notification of Qualifying Event

A. Employer's Notification Responsibility. The Plan will offer the COBRA option to self-pay contributions to Qualified Beneficiaries only after the Plan Administrator has been notified that a Qualifying Event has occurred. When the Qualifying Event is the termination of employment, reduction of hours of employment, or death of the employee, your **employer** has the obligation to notify the Plan Administrator of the Qualifying Event. However, we urge the employee to also give notice to the Plan, in case the employer fails to do so.

B. Qualified Beneficiary's Notification Responsibility. Under COBRA, the **Employee or a family member has the responsibility** to provide written notice, within the time limits

¹⁴ Under some plans, a child losing Child status under the plan would be a Qualifying Event, but because of the plan design of this Plan, this event is not a Qualifying Event under this Plan.

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described in **Section 4(C)** below, to the Trust Office of the occurrence of any of the following Qualifying Events:

- (i) The occurrence of a second Qualifying Event after a Qualified Beneficiary has become entitled to self-pay contributions under COBRA for a maximum period of eighteen (18) months (or twenty-nine (29) months in the case of a disability, as described in **Section 6** below); or
- (ii) A determination by the Social Security Administration that a Qualified Beneficiary has become disabled at any time prior to or during the first sixty (60) days of self-payment contributions; or
- (iii) A determination by the Social Security Administration that a Qualified Beneficiary who was determined as disabled is no longer disabled.

C. Timing Requirements for Qualified Beneficiaries to Notify the Trust Office of Qualifying Events

(i) Qualifying Events Other Than Disability. If a second Qualifying Event occurs, the Employee or other Qualified Beneficiary must **notify the Trust Office no later than sixty (60) days after** the latest of:

- (a) *Qualifying Event.* The date that the Qualifying Event occurs; or
- (b) *Contributions to the Trust Cease.* The date that contributions to the Trust cease or should cease as a result of the Qualifying Event; or
- (c) *The Date you Receive Notice.* The date that you are informed through this Notice of your responsibility to provide notice to the Trust Office and the Plan's procedures for providing such notice (see **Section 5** below).

(ii) Qualifying Event of Disability. If the Qualifying Event is a determination that a Beneficiary is disabled, the Employee or other Qualified Beneficiary must **notify the Trust Office no later than sixty (60) days after** the latest of the following events (but no later than the end of the first eighteen (18) months period of self-payment contributions):

- (a) *Determination by Social Security Administration.* The date of the disability determination by the Social Security Administration;
- (b) *Disability.* The date that the disability occurs;
- (c) *Contributions to the Trust Cease.* The date that contributions to the Trust cease or should cease as a result of the Qualifying Event; or

(d) *The Date you Receive Notice.* The date that you are informed through this Notice of your responsibility to provide notice to the Trust Office and the Plan's procedures for providing such notice (see **Section 5** below).

(iii) Change of Disability Status. The period of time for providing notice to the Trust Office of a change in disability is **thirty (30) days after** the latest of:

(a) *Determination by Social Security Administration.* The date the Social Security Administration determines that you are no longer disabled; or

(b) *Notice of Responsibility and Procedure.* The date on which you are informed through this Notice of the responsibility to provide notice and the Plan's procedures for providing notice to the Trust Office (see **Section 5** below).

5. Procedures for Notifying Plan of Qualifying Event. Subject to the time limits in **Section 4(C)** above, a Qualified Beneficiary must provide written notice of the Qualifying Event(s), described in **Section 4(B)** above, to the Trust Office by either first class mail or facsimile (fax). The contact information for the Trust Office is as follows:

PORAC Retiree Medical Trust
c/o Vimly Benefit Solutions
P.O. Box 6
Mukilteo, WA 98275-0006
Fax: (866) 676-1530
Phone: (877) 808-5994
E-mail: PORAC@bsitpa.com

The notice of the Qualifying Event should include:

A. Identifying Information of the Employee and Qualified Beneficiary. The name and social security number of the Employee and of the Qualified Beneficiary;

B. Contact Information of the Filing Beneficiary. The current address and phone number of the Qualified Beneficiary who is filing the notice; and

C. Information Relating to the Qualifying Event. The nature of the Qualifying Event and the date on which the Qualifying Event occurred.

When the Trust is notified that one of these Qualifying Events has occurred, it will, in turn, notify you about details concerning your election to continue your contributions to the Trust for the right to receive future benefits.

6. Maximum Length of COBRA Payments. Once you have elected to take advantage of your COBRA right to self-pay contributions, your initial payment is due within forty-five (45) days of your election. Subsequent periodic payments must be made on a monthly basis and are due on the first of each month, but no later than thirty (30) days following the first of the month. **You will not receive monthly reminders that payment is due.**

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A. First Qualifying Event. COBRA continuation coverage is a temporary continuation of self-payment of contributions to the Trust.

(i) 18 Month Period. When the Qualifying Event is a termination of employment or reduction in hours of employment, the law requires that you be given the opportunity to self-pay contributions for eighteen (18) months.

(ii) 36 Month Period. When the Qualifying Event is death of the covered employee the COBRA law requires that you be given the opportunity to continue to make contributions to the Trust by self-payment for thirty-six (36) months (three years).

B. Second Qualifying Event Extension (18 month extension of the initial 18 month period). If a second Qualifying Event, other than termination of employment, occurs during the eighteen (18) month period of self-payment of contributions, the Plan beneficiaries may be eligible to receive an extension of up to eighteen (18) months of self-payment contributions, for a maximum of thirty-six (36) months. See **Sections 4 and 5** relating to notification requirements and procedure in the case of a second Qualifying Event.

C. Disability Extension (11 month extension of the initial 18 month period). If a Qualified Beneficiary under the Plan is determined by the Social Security Administration to be disabled, the Plan beneficiaries may be eligible to self-pay for an additional eleven (11) months, for a total of twenty-nine (29) months. The disability would have to have started at some time before the 60th day of the COBRA self-payment contributions and must last at least until the end of the 18-month period of self-payment contributions. See **Sections 4 and 5** relating to notification requirements and procedure in the case of disability.

Please note the cost you pay for the additional eleven (11) months maybe approximately 50% higher than the amount the first eighteen (18) months if the self-payment contributions include a disabled beneficiary and the extension of period for self-payment contributions would not be available in the absence of a disability.

7. Termination of COBRA Payments. The COBRA law provides that your right to continue COBRA payments may be terminated prior to the full self-payment period – eighteen (18), twenty-nine (29), or thirty-six (36) months – for any of the following reasons:

- A. The Trust no longer maintains the Plan;
- B. Your employer no longer contributes to the Plan on behalf of employees;
- C. The monthly self-pay contribution to the Trust under COBRA is not paid timely;

D. You qualified to make an extra eleven (11) months of self-pay contributions based on disability, but there has been a final determination that you are no longer disabled.

You do not have to show that you are insurable to choose continued participation.

8. Refund of Contributions Erroneously Paid. Any self-paid contributions to the Plan made and accepted in error, shall be refunded to you by the Plan Administrator and shall not confer upon you any rights under the Plan if it is determined that you are ineligible to self-pay contributions. Any Active Service granted based on an erroneous contribution will be rescinded.

9. Questions about COBRA. If you have any questions about the Plan or your COBRA continuation self-payment rights, you should contact the Trust Office at the address and/or phone number appearing below.

PORAC Retiree Medical Trust
c/o Vimly Benefit Solutions
P.O. Box 6
Mukilteo, WA 98275-0006
Fax: (866) 676-1530
Phone: (877) 808-5994
E-mail: PORAC@bsitpa.com

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa.

10. Address Changes. In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in marital status or address of yourself and family members. Send all address changes to the Trust Office address stated in **Section 9** above. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

**NOTICE OF PRIVACY PRACTICES
WITH RESPECT TO PROTECTED HEALTH INFORMATION
OF THE
PORAC RETIREE MEDICAL TRUST**

Introduction: The Health Insurance Portability and Accountability Act of 1996 (HIPAA) contains a Privacy Rule pertaining to “protected health information” (“PHI”), which is information that identifies a particular individual and relates to (1) the past, present, or future physical or medical condition of the individual; (2) provision of health care to the individual; or (3) payment for the provision of health care to the individual. The PORAC Retiree Medical Trust (the “Trust”) is required to provide you with this Notice describing our duties and your rights with respect to protected health information and the manner in which it may be used or disclosed.

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU
MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS
TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

I. Our Duties Concerning Protected Health Information: As the administrative agent for the Board of Trustees of the Trust, we are required by law to maintain the privacy of protected health information according to the terms of the Privacy Rule and other applicable laws. We will let you know promptly if a breach occurs that may have compromised the privacy or security of your protected health information. We are also required to abide at all times by the terms of this Notice. Your rights and our duties as set forth herein are governed by extensive regulations, and you can obtain further information by contacting the Privacy Contact Officer identified in Section VII of this Notice.

If any applicable state or federal law imposes limitations upon uses and disclosures of protected health information that are more stringent than the limitations imposed under the Privacy Rule, we are required to adhere to those more stringent limitations.

II. Uses and Disclosures for Treatment, Payment, and Health Care Operations: Except with respect to uses or disclosures of PHI that require an authorization as described in Section IV of this Notice, we may use or disclose PHI for treatment, payment, or health care operations as set forth in Paragraphs II.A – II.D, below, without obtaining your consent. We may elect to obtain your consent to use or disclose PHI for such purposes, although we are not required to do so. Moreover, such consent shall not be effective to permit a use or disclosure of PHI that requires an authorization as described in Section IV of this Notice.

- A. Uses and Disclosures for Payment of Premium Reimbursement Claims. “Payment” includes but is not limited to, actions concerning eligibility, coverage determinations (including appeals), and billing and collection. For example, the Trust may inform a provider or insurer whether a Trust beneficiary is entitled to premium reimbursement.
- B. Uses and Disclosures for the Payment Activities of Another “Covered Entity.” PHI may be shared with other “covered entities,” which include health care providers and health plans, in certain circumstances. For example, the Trust may disclose its payment on a claim to another health plan, to coordinate payment of claims.

- C. Disclosures to Another Covered Entity for Health Care Fraud and Abuse Detection or Compliance or Health Care Operations. For example, the Trust may disclose payment history to another reimbursement plan to investigate, and related functions that do not involve treatment, provided that each entity has or had a relationship with the individual to whom the information pertains and information disclosed pertains to that relationship.
- D. Disclosures to the Board of Trustees of the Trust, as the Plan Fiduciary, as Necessary for Trust Administration. The Board has signed a certification, agreeing not to use or disclose PHI other than as permitted by the Plan documents, or as required by law.

III. Other Uses and Disclosures Permitted or Required Without Authorization: We may, by complying with the requirements specified in the Privacy Rule, use or disclose PHI without your written consent or authorization, and without providing you the opportunity to agree or object to such use or disclosure, in the following circumstances:

- A. When and to the extent such use or disclosure is required by law.
- B. For public health activities or public health oversight authorized by law.
- C. When and to the extent required or authorized by law or authorized by you regarding child abuse, neglect, or domestic violence.
- D. To the extent authorized by order of a court or administrative tribunal or in response to a subpoena, discovery request, or other lawful process in a judicial or administrative proceeding.
- E. For law enforcement purposes, subject to appropriate safeguards, when required by law or by a judicial or administrative order, or in other circumstances involving the provision of information to law enforcement officials for the purpose of locating an individual, determining whether the individual has been the victim of a crime, reporting crime in emergencies, or if the information constitutes evidence of criminal conduct on our premises.
- F. For coroners, medical examiners, and funeral directors to perform their legal duties.
- G. For procurement, banking, or transplantation of cadaveric organs, eyes, or tissue.
- H. For research purposes where there is appropriate documentation of an alteration to or waiver of the individual authorization required for such use or disclosure of protected health information, and the researcher represents that the use of such information is necessary for the research and will be limited as required by the Privacy Rule.
- I. To prevent or lessen a serious and imminent threat to health or safety or enable law enforcement authorities to identify or apprehend an individual.
- J. For specialized government functions related to military personnel, veteran's benefits, national security, protective services, medical suitability determinations, law enforcement custodial situations, and public benefits programs.

HIPAA NOTICE OF PRIVACY PRACTICES
PORAC Retiree Medical Trust

- K.** For compliance with workers' compensation and similar programs that provide benefits for work-related injury or illness regardless of fault.
- L.** De-identified information, i.e., the Trust may disclose a Beneficiary's health information, if it does not identify the Beneficiary, and with respect to which there is no reasonable basis to believe the information can be used to identify the Beneficiary.

IV. Authorization Required for Other Uses and Disclosures: Uses and disclosures of PHI other than those identified above will be made only with your written authorization. You may revoke such authorization at any time, provided that the revocation is in writing, except to the extent that we have taken action in reliance thereon or, if the authorization was obtained as a condition of obtaining insurance coverage, some other law provides the insurer with the right to contest a claim under the policy or the policy itself.

V. Individual Rights: All participants have the following rights with respect to PHI that the Plan maintains about them:

- A. Restrictions on Uses and Disclosures.** You may request that we restrict uses or disclosures of PHI for the purposes of carrying out treatment, payment, or health care operations or locating and providing information to persons involved with your care or payment for your care. We are only required to agree to your request if you seek to prevent disclosure to a health plan for the purpose of carrying out payment or health care operations (not for the purpose of treatment), and the PHI pertains only to a health care item or service for which you have paid the health care provider out-of-pocket in full.

Except as described above, we are not required to agree to your request. If we agree, we will be entitled to terminate our agreement to restrict certain uses and disclosures with respect to PHI created or received after notifying you of the termination. Until then, we will be required to abide by the restriction unless the information is required for purposes such as: giving you emergency treatment; assisting the Secretary of Health and Human Services to investigate privacy complaints; including your name in a health care facility directory if you are incapacitated or in emergency circumstances; or responding to those circumstances described in Section III of this Notice in which an opportunity to agree or object need not be provided.

- B. Confidential Communications.** We must accommodate reasonable requests to have PHI communicated to you in confidence by alternative means or at alternative locations. We may require your request to be in writing, to state (if appropriate) how payment for the accommodation will be handled, to specify an alternative method of contacting you, and to state that disclosure of all or part of the PHI could endanger you.
- C. Access for Inspection and Copying:** You may request access to inspect or copy PHI that is maintained about you in a designated record set. If we grant your request we may provide the information requested or, with your consent, furnish an explanation or summary of the information. We may impose a reasonable fee for the costs of copying and mailing the information you have requested and costs to which you have agreed in advance for preparing an explanation or summary. If we deny your request, in whole or

in part, we must, after excluding the information to which access is denied, provide access insofar as possible to other PHI subject to your request.

We may in some circumstances deny your request without providing an opportunity for review, as when the information consists of psychotherapy notes or was compiled for use in a legal or administrative proceeding, and certain other circumstances. There are other circumstances in which we must provide an opportunity for review of our denial, as when the denial is based upon a determination that provision of the information is likely to cause substantial harm to you or another person. We must in all cases inform you in plain language of the basis for our denial and the means by which you can file a complaint with the Department of Health and Human Services or the Privacy Contract Officer identified in Section VII of this Notice if you believe our denial was improper.

- D. Amendments:** You may request amendments to PHI maintained about you in a designated record set. If we accept your request in whole or in part, we must identify the information affected thereby, provide a link to the amendment, and make reasonable efforts to notify within a reasonable time persons disclosed by you or known to us who might foreseeably rely on the information to your detriment. We may deny your request if we determine that the information subject to your request is already accurate and complete, is not part of the designated record set, would not be available for inspection as described in Paragraph V.C, above, was not created by us, and in certain other circumstances.

If we deny your request in whole or in part, you will be entitled to submit a written statement of disagreement. We may submit a rebuttal statement. We will be required to identify the information subject to your request and provide a link to the request, our denial, and any statements of disagreement and rebuttal. We will also be required if asked by you to include your request for amendment and our denial with any future disclosures of the information subject to your request. If you submit a statement of disagreement, we will be required to include your request for amendment, our denial, your statement of disagreement, and any rebuttal statement with any subsequent disclosure of the information to which the disagreement relates. We must in all cases inform you in plain language of the basis for our denial and the means by which you can file a complaint with the Department of Health and Human Services or the Privacy Contract Officer identified in Section VII of this Notice if you believe our denial was improper.

- E. Accountings of Disclosures.** You may obtain an accounting of our disclosures of PHI about you during any period up to six years before the date of your request. There are certain disclosures to which this right does not apply, such as disclosures made to you or for the purpose of carrying out treatment, payment, and health care operations. In addition, we are required to suspend this right for disclosures to a health oversight agency or law enforcement official if the accounting might impede their activities. The first accounting will be provided without charge. A reasonable cost-based fee may be imposed for subsequent accountings within the same 12-month period. You will be entitled to avoid or reduce the fee by withdrawing or modifying your request.

HIPAA NOTICE OF PRIVACY PRACTICES
PORAC Retiree Medical Trust

F. Paper Copies of this Notice. Regardless of the form in which you have chosen to receive this Notice from us, you may receive a paper copy at any time from the Privacy Contact Officer identified in Section VII.

VI. Changes to Privacy Practices. We must change our privacy practices when required by changes in the law. We reserve the right to make other changes to our privacy practices or to this Notice that comply with the law. Whenever a change to our privacy practices materially affects the contents of this Notice, we will prepare a revised Notice and send it within 60 days to individuals then covered by the Plan. The Privacy Contact Officer identified in Section VII will also provide a current copy of this Notice upon request. A change to our privacy practices that requires a revision of this Notice may not be implemented before the effective date of the revised Notice. However, we reserve the right make the terms of any revised Notice effective for all PHI that we maintain.

VII. Additional Information and Complaints. You may as specified below obtain additional information and/or submit complaints regarding our duties and your rights with respect to protected health information:

A. Privacy Contact Officer. The rights and duties described in this Notice are subject to detailed regulations in the Privacy Rule. We have appointed a Privacy Contact Officer, whom you may contact at any time to obtain further information and assistance or a current paper copy of this Notice:

PORAC Retiree Medical Trust
c/o Vimly Benefit Solutions
Attn: Privacy Contact Person
P.O. Box 6
Mukilteo, WA 98275-0006
Phone: (206) 859-2600

B. Privacy Complaints. You may file a Privacy Complaint whenever you believe that we are not complying with the Privacy Rule or the terms of this Notice. Complaints may be filed with the Privacy Contact Officer or the Secretary of the Department of Health and Human Services, Hubert Humphrey Building, 200 Independence Avenue S.W., Washington D.C. 20201. Complaints must be filed in writing and describe the acts or omissions about which you are complaining. A complaint to the Secretary must name the entity that is the subject of the complaint and be filed within 180 days of when you learned or should have learned about the act or omission complained of, unless this time limit is waived by the Secretary for good cause shown.

C. No Intimidation or Retaliation. No intimidation, discrimination, or retaliation shall be permitted against you for the exercise of your rights under the Privacy Rule or our privacy policies, including the right to file a Privacy Complaint.

VIII. Effective Date: This notice shall become effective on the 17th day of February, 2010, and shall remain in effect until it is amended and a revised Notice is provided to you as described in Section VI.

PHI use and disclosure is regulated by federal law, 45 CFR parts 160 and 164 subparts A and E. This Notice attempts to summarize the regulations. The law and its regulations will supercede any discrepancy between this Notice and the law and regulations.

**From: BOARD OF TRUSTEES
PORAC RETIREE MEDICAL TRUST
Trust Office phone number: (877) 808-5994**

**MEDICAL EXPENSE REIMBURSEMENT PLAN
OF THE
PORAC RETIREE MEDICAL TRUST**

*Restated effective April 1, 2018
(incl. Plan Amendments No. 1-13)*

*Dr. 2/2/18 , incl. Plan Ams. No. 1-13
(Contact Trust Office for subsequent amendments.)*

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PORAC RETIREE MEDICAL TRUST
MEDICAL EXPENSE REIMBURSEMENT PLAN

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**PORAC RETIREE MEDICAL TRUST
MEDICAL EXPENSE REIMBURSEMENT PLAN**

PREAMBLE

WHEREAS, the Peace Officers Research Association of California (hereafter, PORAC) decided to establish a retiree medical trust, to receive non-elective contributions from participating employers and employees, for the purpose of funding, in whole or in part, reimbursement of retiree health coverage;

WHEREAS, PORAC established such a Trust as of June 1, 2008, granting administration of the Trust to a Board of Trustees pursuant to the "Trust Agreement Governing the PORAC Retiree Medical Trust," effective June 1, 2008;

WHEREAS, participating associations of PORAC may join the retiree medical trust, pursuant to Memoranda of Understanding (MOU) that require mandatory contributions, and other rules set by the Trustees;

WHEREAS, the Board of Trustees adopted the "Medical Expense Reimbursement Plan" of the PORAC Retiree Medical Trust, originally effective September 1, 2008, and subsequently restated effective February 1, 2011 (including Plan Amendment Nos. 1-4), and August 1, 2014 (including Plan Amendment Nos. 1-7), and thereafter amended the plan six more times (Plan Amendment Nos. 8-13);

NOW THEREFORE, the Board of Trustees does hereby adopt this restated Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust, incorporating Amendment Nos. 1 through 13, and scrivener's corrections, effective April 1, 2018.

**ARTICLE I
DEFINITIONS**

Where the following words and phrases appear in this Plan, they shall have the meaning set forth in this Article, unless the context clearly indicates otherwise. Other words and phrases with special meanings are defined where they first appear unless their meanings are apparent from the context.

1.1 "Active Service" means service as defined in Section 2.2 herein, after the Employee's Effective Date, provided however that an Employee may receive Active Service Units from contributions made to another similar Trust, if provided in a joinder agreement signed by this Trust. An **"Active Service Unit"** means a monthly Contribution of \$50 to the Trust on behalf of an Employee. Note that an Employee may earn more than one Active Service Unit in a month.

1.2 "Association" means a lawful labor organization that is a member Association in PORAC and represents Employees, and is party to a Memorandum of Understanding with a participating employer; or any rational class of individuals employed by a participating employer that is the subject of a special agreement as defined in the Trust Agreement, provided that such

**PORAC Retiree Medical Trust
Medical Expense Reimbursement Plan**

labor organization or class of employees has been accepted for participation by the Board of Trustees.

1.3 “Beneficiary” means an Eligible Retiree, his or her lawful spouse and the Eligible Retiree’s Children; and an Eligible Retiree’s Surviving Spouse and the Eligible Retiree’s Surviving Children).

1.4 “Board of Trustees” or “Trustees” means the duly selected board, which administers the Plan and Trust, pursuant to the Trust Agreement.

1.5 “Child(ren)” means a natural child, stepchild, or lawfully adopted child of the Employee or Eligible Retiree, or child placed in the Employee’s or Retiree’s home for adoption by the Employee or Retiree, who either:

- (1) is under the age of 26; or
- (2) is legally dependent upon the Eligible Retiree or Employee for support and maintenance, for so long as the child is determined to be totally disabled by the Social Security Administration.

“Surviving Child(ren)” means an individual who met the definition of Child or Children in the foregoing sentence at the time of the Eligible Retiree’s death and who continues to meet those requirements. Child or Surviving Child shall also include a child of any age who is legally dependent upon the Eligible Retiree (or was legally dependent upon the Eligible Retiree at the time of the Eligible Retiree’s death) for support and maintenance for so long as the child is determined to be totally disabled by the Social Security Administration. The Child of an Employee who has satisfied all the requirements of Section 2.1, except that the Employee dies prior to separating from service, shall also be considered a Surviving Child.

1.6 “Code” means the Internal Revenue Code, as amended.

1.7 “Contribution” means a mandatory contribution for each and every employee in a bargaining unit represented by an Association, pursuant to a Memorandum of Understanding between a participating employer and an Association.

- (a) The term “Contribution” includes “Pooled Contributions,” which are mandatory monthly transfers to the Trust from payroll, either for every employee in a specific classification within a bargaining unit represented by an Association pursuant to an MOU, or for every employee in a specific employment classification pursuant to a Special Agreement, as allowed by law. Pooled Contributions shall be made at the level of \$100 or more per month, increasing in increments of \$50 per month, and shall be deposited to the pooled account within the Trust. The pooled account is a common investment account for monthly Pooled Contributions. A Pooled Contribution may be moved later to an individual Employee Account for an Employee who does not meet the Active Service requirement to become a Regular Beneficiary, as set forth in Sections 2.1(b) and 3.5(a)(2) herein.

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- (b) The term “Contribution” also includes “Leave Transfers,” which are mandatory transfers of accrued leave to the Trust, annually or upon retirement, either for every employee in a specific classification within a bargaining unit represented by an Association pursuant to an MOU, or for every employee in a specific employment classification pursuant to a Special Agreement, as allowed by law. Leave Transfers shall include only the type of leave that the Internal Revenue Service allows for conversion to retiree medical benefits on a non-taxable basis (e.g., sick leave, vacation leave). Leave Transfers shall be deposited, at least initially, into individual Employee Accounts. Under certain circumstances, Leave Transfers may be moved later to the Trust’s pooled account, as set forth in Sections 2.2(c) and 3.5(a) herein.
- (c) All Contributions must be made without any election on the part of an individual employee (except for contributions made pursuant to continuation requirements of federal law under IRC Sec. 4980B (COBRA)). Any elective contributions (other than under Sec. 4980B) will be returned within thirty (30) days of discovery that the contribution was made by individual election, and Active Service Units granted based on an elective contribution will be rescinded.

1.8 “Covered Expense” means payment for the following:

- (a) Premium or contribution payment on behalf of a Beneficiary to a health, dental or vision insurance plan, for coverage of the Beneficiary in effect while the Beneficiary is eligible for benefits under this Plan, for the type of medical expenses excludible from gross income under Code Section 105(b);
- (b) Medical expenses, as defined in Code Section 213(d) (i.e., costs for the diagnosis, cure, mitigation, treatment, or prevention of disease or injury), including insulin but excepting all other non-prescribed drugs, incurred by the Beneficiary while the Beneficiary is eligible for benefits under this Plan and which has not been claimed by the Beneficiary as a deduction on his or her personal tax return; and
- (c) Premium payment for long-term care insurance, qualified under Code Sec. 7702B, for coverage of the Beneficiary in effect while the Beneficiary is eligible for benefits under the Plan, but for no other expenses associated with the costs of long-term care.

1.9 “Effective Date” for an Employee means the date that contributions for that Employee’s Association are required and made to the Trust, as approved by the Trustees.

1.10 “Eligible Retiree” means an Employee who is entitled to benefits under Section 2.1 of the Plan.

1.11 “Employee” means an individual employed by a Participating Employer on or after that Employee’s Effective Date, who is a member of an Association that represents public safety employees; and on whose behalf the required Contributions are made to the Trust Fund pursuant

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to a Memorandum of Understanding or Special Agreement, for all periods of Active Service after the Effective Date. The term “Employee” includes any individual who works on a part-time or contract basis for any Participating Employer.

1.12 “Employee Account” means the individual bookkeeping account maintained by the Trust in the name of an Employee, which reflects certain contributions made to the Trust as set forth in Section 3.5.

1.13 “Employer” or “Participating Employer” means an employer that contributes to this Plan pursuant to an MOU.

1.14 “ERISA” means the federal Employee Retirement Income Security Act, 29, USC 1001 et seq.

1.15 “Memorandum of Understanding” or “MOU” means a written agreement between an Employer and an Association that requires mandatory Contributions to a retiree medical trust on behalf of each Employee in the bargaining unit covered by the MOU, and subsequent amendments or successor agreements. The term MOU shall also include a Special Agreement that requires mandatory Contributions on each employee in an objective employment classification of an Employer during the period that the employer is also making contributions to the Trust on the employees in the bargaining unit of the same Employer. If there are two MOUs from one employer (or an MOU and a Special Agreement), the contribution rate must be the one set in the MOU that covers non-management employees.

1.16 “Modify” means to adjust, including increase or decrease.

1.17 “Plan” means this separate written document, together with any amendments duly adopted by the Trustees.

1.18 “QDRO” or ‘qualified domestic relations order’ means a qualified domestic relations order as defined in ERISA Section 206(d)(3)(B), 29 USC 1056(d)(3)(B).

1.19 “QMCSO” or ‘qualified medical child support order’ means a qualified medical child support order as defined in ERISA Section 609(a)(2)(A), 29 USC 1169(a)(2)(A).

1.20 “Special Agreement” means a written agreement between an entity and the Trustees and any supplement, amendment, continuation, or renewal thereof that obligates the entity to make contributions to the Trust Fund for employees, for the purpose of providing employee welfare benefits to the employees covered by said agreement, and their beneficiaries. The Contribution under the Special Agreement must be at the same level as that in the MOU of the same employer.

1.21 “Surviving Spouse” means the lawful spouse, as defined in the Internal Revenue Code, who was in that status at least 12 months on the date of the Eligible Retiree’s death. The

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Surviving Spouse of an Employee who has satisfied all the requirements of Section 2.1, except the Employee dies prior to separation from service, shall also be considered a Surviving Spouse.

1.22 “Trust” or “Trust Fund” means the PORAC Retiree Medical Trust created by the Trust Agreement and all property and money held by such entity, including all contract rights and records. **“Trust Office”** means PORAC Retiree Medical Trust, c/o Benefit Solutions, Inc., P.O. Box 6, Mukilteo, WA 98275-0006.

1.23 “Trust Agreement” or “Agreement” means the Trust Agreement governing the PORAC Retiree Medical Trust, effective June 1, 2008, and any amendments thereto.

1.24 “Unit Multiplier” or “UM” means the variable amount periodically set by the Trustees, based on demographic and financial factors, and used in the determination of the monthly benefit level of an Eligible Retiree, as set forth in Section 3.3(a). The Trustees may adjust the UM from time to time.

**ARTICLE II
ENTITLEMENT TO BENEFITS**

2.1 Eligibility

(a) Eligibility as a Regular Beneficiary. An Employee shall become an Eligible Retiree entitled to monthly benefits as a Regular Beneficiary under Section 3.2 hereof when he or she meets all the requirements in this Section 2.1(a); i.e., this section sets eligibility requirements for regular monthly benefits from Pooled Contributions.

(1) The Employee earns ten (10) years of Active Service; provided, however, that for a person who is an Employee on the date that contributions to this Trust, or a prior similar trust, began for his or her Association, this requirement shall be five (5) years.

(2) Ten (10) years have passed since the commencement of Contributions (or five years, if the five-year rule applies in subsection 2.1(a)(1) hereof).

(3) Contributions are made to the Trust on the Employee for all years of Active Service.

(4) The Employee has attained age 55 if a sworn public safety employee, or age 58 otherwise.

(5) The Employee has ceased all employment as an Employee under this Plan.

(b) Eligibility as an Account Beneficiary: Individual Employee Account Benefits. An Employee shall become an Eligible Retiree as an “Account Beneficiary” under this

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Plan, entitled to receive benefits from his or her individual Employee Account, under three circumstances:

- (1) Pooled Contributions, as defined in Section 1.7(a) hereof, have been made to the Trust on the Employee's behalf, but the Employee does not meet the Active Service requirement to become a Regular Beneficiary in Section 2.1(a) hereof, and as a result the Pooled Contributions are transferred over to an individual Employee Account;
 - (2) Leave Transfers, as defined in Section 1.7(b) hereof, have been made to the Trust on the Employee's behalf and deposited in an Employee Account; or
 - (3) The Employee meets the requirements to become a Regular Beneficiary under Section 2.1(a) of this Plan, and, in addition, mandatory Leave Transfers have been made to the Trust on his or her behalf and deposited in an Employee Account, pursuant to Section 1.7(b) of this Plan.
- (c) Conditions Under Which Associations Will Be Permitted to Join the Trust with Employee Accounts Only. An Association will be allowed to join the Trust without making Pooled Contributions, and its members will be entitled to status as Account Beneficiaries, subject to the following conditions:
- (1) Contributions to the Trust include only Leave Transfers, as that term is defined in Section 1.7(b) herein; and
 - (2) The Employee Account is subject to reasonable administrative charges related to participating only in the non-pooled portion of the Trust.

2.2 Active Service

- (a) Bargaining Unit Service. Active Service is used to determine an Employee's eligibility under this Plan. An Employee may earn Active Service in the following ways:
- (1) For employment as a Employee of any Participating Employer, provided that Pooled Contributions are made to the Trust on the Employee's behalf during that time;
 - (2) For time as an Employee on any authorized leave of absence from a Participating Employer, including authorized disability, illness, or injury, provided that Pooled Contributions are made to the Trust during that time; and
 - (3) For service in the Armed Forces, as required by federal law.
- (b) Non-Bargaining Unit Service. An Employee who has earned Active Service under subsection 2.2(a) hereof and who has transferred out of a participating Association

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(e.g., through promotion or other action) may continue to earn Active Service only if covered by an MOU (as defined herein) in the new position.

(c) Conversion of Leave Transfer Contributions to Active Service Units; Credit of Leave Transfer to Employee Account. An Employee for whom a Leave Transfer has been contributed to the Trust is entitled to convert the Leave Transfer to Active Service Units ("ASUs") pursuant to procedures set by the Trust Office, if the following rules are satisfied:

- (1) The Trust converts the Leave Transfer deposit to ASUs according to an actuarial formula set by the Trustees, in consultation with the Trust's actuary, based on factors such as the age of the Employee at the date of the transfer. The number of ASUs an Employee earns at various ages is set forth in Leave Conversion Tables in Appendix C to the Plan, which is hereby incorporated and made a part of the Plan. The Trustees reserve the right and power to revise the Leave Conversion Tables in consultation with the Trust's actuary;
- (2) The Employee has one election per Leave Transfer to decide whether or not to convert the Leave Transfer to ASUs, and determine the portion of the Leave Transfer to convert to ASUs (the Trust will credit the remaining balance of the Leave Transfer, if any, to his or her Employee Account); and
- (3) There can be no conversion back from ASUs to a Leave Transfer deposit in an Employee Account.

Alternatively, in lieu of converting the Leave Transfer to Active Service Units, the Employee may elect to have the transfer credited to his Employee Account in the Trust, subject to the rules in Section 3.5 hereof for benefits from Employee Accounts.

(d) Contribution after Termination or Reduction of Employment (COBRA). An Employee whose employment is terminated, or whose hours are reduced to less than full-time, may continue to earn Active Service by periodic self-payment of contributions, for a maximum of eighteen months pursuant to the federal law known as COBRA, and rules set by the Trustees.

(e) Spouse or Child Contribution after Death of Employee (COBRA). After death of an Employee, a Surviving Spouse, or Child may continue to earn Active Service by periodic self-payment of Contributions, for a maximum of thirty-six months, pursuant to rules set by the Trustees.

(f) Self-Pay Rules. Self-payment rules for purposes of Sections 2.2(d)-(e) shall be set by the Trustees and may be obtained from the Trust Office.

2.3 No Rebate or Refund. Employees and Beneficiaries shall not be eligible for rebates or refunds of any contributions made, except as benefits as set forth in the Plan; provided, however,

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that any elective contributions (other than pursuant to the federal COBRA law) will be returned within thirty days of discovery that the contribution was made by individual election, and Active Service granted based on an elective contribution will be rescinded.

**ARTICLE III
BENEFITS**

3.1 General

(a) An Employee may become a Beneficiary under Section 2.1(a), 2.1(b), or both. The rules in Sections 3.3 and 3.4 apply to payments to Regular Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(a). The rules in Section 3.5 apply to payments to Account Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(b) for benefits from Employee Accounts. All benefit payments are subject to proper and timely submission of claims pursuant to Section 3.6 hereof.

(b) Subject to the exclusions and limitations set forth in this Plan, a Beneficiary is entitled to monthly reimbursement of Covered Expenses paid by the Beneficiary on behalf of a Beneficiary, and incurred after the Employee becomes an Eligible Retiree.

(c) Coverage for Deceased Retiree through Survivor's Benefit. A Surviving spouse or Surviving Child may use his or her survivor benefit for reimbursement of claims for Covered Expenses incurred by the Eligible Retiree prior to the Eligible Retiree's death.

Example: A Surviving Spouse may use his or her benefit level under Section 3.2(b) for months occurring after the month of death of the Eligible Retiree for reimbursement of Covered Expenses incurred by the deceased Retiree prior to his or her death and not reimbursed, for months up to and including the month of the Eligible Retiree's death under Section 3.4(a)(2) hereof. So, if the Eligible Retiree died in April, Covered Expenses of the Eligible Retiree may be submitted under Section 3.4(a)(2) to use the Eligible Retiree's benefit level for months up to and including the month of April. After April, starting in May, the Surviving Spouse can use his or her own benefit level to reimburse Covered Expenses of the Eligible Retiree or of the Surviving Spouse.

3.2 Commencement of Benefits. Benefits for Beneficiaries shall commence as set forth in this Section 3.2.

(a) Retiree. A Regular Beneficiary shall be entitled to benefit payments upon meeting the eligibility requirements of Section 2.1(a) and having contributions made to this Trust, or a prior similar trust, on the Employee's behalf for a minimum of five (5) years. An Account Beneficiary shall be entitled to benefit payments upon meeting the eligibility requirements of Section 2.1(b).

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(b) Surviving Spouse. A Surviving Spouse shall be entitled to benefit payments starting the month after the Eligible Retiree died, subject to Section 3.4 hereof.

(c) Surviving Children. If there is no Surviving Spouse, an Eligible Retiree's Surviving Child shall be entitled to receive monthly benefit payments upon death of the Employee.

3.3 Benefit Levels for Regular Beneficiaries. An Employee, who becomes an Eligible Retiree under Section 2.1(a), and his or her Surviving Spouse and Children, shall be Regular Beneficiaries and entitled to monthly reimbursement of Covered Expenses in an amount not to exceed the Beneficiary's benefit level, calculated pursuant to this section.

(a) Eligible Retiree. The maximum monthly benefit level for an Eligible Retiree shall be determined according to the following methodology:

- (1) Determine the number of Active Service Units; and
- (2) Multiply the number of Active Service Units by the Unit Multiplier operative on the date that contributions to the Trust terminate for the Retiree, subject to subsection 3.3(b) hereof.

(b) Modifications. The Trustees reserve the right and power to modify the Unit Multiplier from time to time, and the new Unit Multiplier may apply to some or all current and/or future Beneficiaries, as determined by the Trustees. The applicable Unit Multiplier and the designation of Beneficiaries to whom it is applicable will be set forth in Appendix A hereto, which is by this reference incorporated herein.

(c) Surviving Spouses and Surviving Children. The benefit level for a Surviving Spouse without Surviving Children shall be 50% of the benefit level for the Eligible Retiree. If there are Surviving Children, then the benefit level shall be 100% of the benefit level for the Eligible Retiree. If there is no Surviving Spouse and there are Surviving Children, the Surviving Children's benefit level shall be 50% of the benefit level for the Eligible Retiree (to be divided equally among the Surviving Children).

3.4 Termination of Benefits

(a) Eligible Retirees. An Eligible Retiree's monthly benefit coverage as a Regular Beneficiary under the Plan shall terminate on the earliest of the following dates:

- (1) The return to employment with a Participating Employer; provided, however, that upon subsequent cessation of all employment with Participating Employers, benefit payments shall resume.
- (2) The date of the Eligible Retiree's death; provided, however, that claims for Covered Expenses that are properly and timely submitted on behalf of the

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deceased Retiree after death will be paid for the months through and including the month in which the Eligible Retiree died, at the rate of the monthly benefit level for that Eligible Retiree.

(b) Surviving Spouse and Surviving Children. The coverage of a Surviving Spouse under the Plan shall terminate after twenty-four months of benefits have been paid after the death of the Eligible Retiree, and shall resume in the month that the Surviving Spouse attains the eligibility age of the Employee, and continue until the Surviving Spouse's death. The coverage under the Plan of Surviving Children shall terminate on the date that the last Surviving Child no longer meets the definition of a Child in Section 1.5 hereof.

(c) Modifications to Benefits. Benefit coverage may be modified or terminated pursuant to Article VI hereof, and such changes may apply to current and/or future Beneficiaries.

3.5 Benefits from Employee Accounts

(a) Employee Account. An Employee who becomes an Eligible Retiree under Section 2.1(b) hereof as an Account Beneficiary, and his or her Beneficiaries, are entitled to reimbursement of Covered Expenses from his or her Employee Account. The balance in the Employee Account shall include the following:

(1) Leave Transfers, as defined in Section 1.7 hereof (unless they have been converted and/or credited to the pooled account).

(2) Mandatory Pooled Contributions transferred to the Employee Account upon separation from employment for an Employee who does not meet the eligibility requirement of Section 2.1(a)(1) hereof.

(3) Investment gains and losses on the Employee Account balance, net of any applicable investment fees or expenses.

(b) Benefit Level from Employee Account. There shall be no maximum amount on a claim against the Employee Account, so long as all claims are for reimbursement of Covered Expenses; i.e., the monthly Unit Multiplier calculation does not apply to Employee Accounts.

(c) Commencement and Termination of Benefits from Employee Account. Reimbursement from the Employee Account may commence after and during separation from service with a Participating Employer, and will terminate when the Employee Account balance reaches zero. If the Eligible Retiree returns to employment with a Participating Employer, eligibility for this benefit shall be suspended until termination of such employment.

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(d) Survivor Benefits from Employee Account. The Surviving Spouse of an Eligible Retiree is entitled to reimbursement benefits of Covered Expenses until the Employee Account balance reaches zero. If there is no Surviving Spouse, the Surviving Child(ren) of the deceased Eligible Retiree shall be entitled to such benefits.

(e) Forfeitures.

(1) Any balance left in the Employee Account upon the death of the Beneficiary and his or her surviving Beneficiaries will forfeit to the Trust.

(2) If the balance in an Employee Account reduces to, and remains at, three hundred dollars (\$300) or less for a period of twelve (12) consecutive months, the Trust Office will notify the Beneficiary that the Employee Account will be subject to forfeiture, according to guidelines determined by the Trustees.

(f) Modification of Rules. The Trustees may modify or amend the provisions in this Section 3.5, which changes may apply to current and/or future Beneficiaries.

3.6 Benefit Claim Procedure

(a) To make a claim for Plan benefits, Beneficiaries must present independent documentation of the following to the Trust Office:

(1) the date that medical services or supplies were provided (which date must be prior to submission of the claim), or the dates of coverage for insurance premium;

(2) the medical services or supplies, as defined in Section 1.10(b) hereof, or insurance premiums, as defined in Section 1.10(a) or (c) hereof; and

(3) the Beneficiary's payment of the Covered Expenses.

Along with the above documentation, Beneficiaries must submit a completed claim form, approved by the Trustees, to the Trust Office. Prior to issuing payment, the Trust Office shall review such documentation and claim form and determine whether to grant or deny coverage under the Plan. Documentation must be submitted for each claim, except that documentation of a recurring Covered Expense, under Section 1.8(a) or (c), must be submitted upon request, but no less frequently than annually. If documentation of a recurring Covered Expense is not sufficient, the Trust Office will suspend recurring benefit payments until sufficient documentation is received.

(b) Documentation of payment under subsection 3.6(a)(3) above shall include, but not be limited to, the following, subject to Trust Office verification, as determined by the Trustees in their sole discretion:

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- (1) canceled check drawn to the name of the insurance provider or medical services or supplies provider;
 - (2) copy of confirmation of electronic payment to the insurance provider or medical services or supplies provider, including pension plan statement showing premium payment deduction; or
 - (3) receipt for payment from the medical insurance provider or medical service or supplies provider.
- (c) If the Trust Office grants coverage on the Beneficiary's claim, all Plan benefits are personal to the Beneficiary and payable only to the Beneficiary, except as provided in subsection 3.6(g), regarding Beneficiary deemed to be incompetent, or pursuant to a QDRO or QMCSO under federal law.
- (d) If the Trust Office denies coverage, in whole or part, on the Beneficiary's claim or the Plan takes other action adverse to the Beneficiary, the Beneficiary may appeal the denial of coverage or any other adverse benefit determination of the Plan, by taking action pursuant to Section 4.3 hereof.
- (e) Proof of payment of a Covered Expense shall include, but not be limited to, canceled checks drawn to the name of the medical insurance provider or receipt for payment from the medical insurance provider, subject to verification as determined by the Trustees in their sole discretion.
- (f) In order to be paid, a claim for Plan benefits must be submitted within 30 days after end of the Plan year in which the Covered Expense was paid.
- (g) If a Beneficiary is deemed to be incompetent by a lawful judicial forum, then the Trust Office may pay any benefit claims payment to the person that the judicial forum has appointed as the Beneficiary's representative, and the Beneficiary's representative may submit claims and take action on the Beneficiary's behalf, subject to the requirements of this Section 3.6. The Trustees shall not be under any duty to oversee the application of funds so paid, and receipt by the Beneficiary's representative shall be full acquittance to the Trustees, the Trust Office, and the Plan.
- (h) A Beneficiary or Employee who does not have a claim for current Covered Expenses, but seeks to enforce his or her rights under the terms of the Plan or seeks to clarify his or her rights to future benefits or eligibility under the terms of the Plan, may submit a written request to the Trust Office explaining his or her position and asking for a decision or clarification. The Beneficiary or Employee should enclose any relevant documentation supporting the request. If the Beneficiary or Employee is not satisfied with the decision of the Trust Office, the Beneficiary or Employee may request an appeal of the Trust Office decision to the Board of Trustees pursuant to Section 4.3 hereof.

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3.7 Prohibition of Assignment and Protection from Creditors

(a) No Assignment or Encumbrance of Benefits. No benefit payment under this Plan shall be subject in any way to assignment, alienation, sale, transfer, pledge, attachment, garnishment, or encumbrance of any kind. Any attempt by the Employee or Beneficiary, or any other person or entity, to assign, alienate, sell, transfer, pledge, attach, garnish, or encumber the benefits or monies due from this Plan, whether for current or future benefits, shall be void. The Plan shall not honor any direct or indirect arrangement, whether revocable or irrevocable, whereby a person or entity acquires or receives from an Employee or Beneficiary any right or interest under this Plan for part or all of the Employee's or Beneficiary's current or future benefit payments. Any such arrangement shall be void under this Plan.

(b) No Assignment of Rights under Law. Any attempt by the Employee or Beneficiary, or any other person or entity, to assign, alienate, sell, transfer, pledge, attach, garnish or encumber the Employee's or Beneficiary's rights under this Plan shall be void, including, but not limited to, the right to bring any action in court, file a lawsuit or appeal a coverage determination, the right to enforce rights or eligibility under the Plan, the right to benefits or eligibility under the Plan, the right to clarify rights to future benefits or eligibility under the Plan, and the right to request copies of Plan documents or annual reports. The Plan shall not honor any direct or indirect arrangement, whether revocable or irrevocable, whereby a person or entity acquires or receives from an Employee or Beneficiary any such right. Any such arrangement shall be void under this Plan.

(c) Protection of Benefits from Creditors. The Plan and Fund are exempt from all claims from creditors or other claimants and from all orders, decrees, garnishments, executions, and legal processes or proceedings, except in connection with qualified medical child support orders or qualified domestic relations orders.

**ARTICLE IV
CLAIM APPEAL PROCEDURES**

4.1 Beneficiary's Duty to Notify Trust Office of Claim. The Beneficiary is required to notify the Trust Office of his or her claim for benefits pursuant to Section 3.6 hereof, before he or she is entitled to either receive benefits under this Plan, or appeal the Trust Office's decision denying a request for benefits.

4.2 Acceptance or Denial of Claims by the Trust Office

(a) Standard Claim Decision - Timing. The Trust Office shall consider each claim for Plan benefits and determine whether to grant or deny coverage under the Plan. Subject to Sections 4.2(b) and 4.2(c) below, the Trust Office shall send written notification of its decision to the Beneficiary not later than thirty (30) days after receipt of the Beneficiary's claim. If coverage is granted, the Beneficiary shall receive payment

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as stated in Section 3.6(b). If the claim is denied, the Beneficiary has the right to appeal the claim, pursuant to Section 4.3 hereof and the Plan's "Appeal Procedures," if any, available from the Trust Office. The denial notification shall include the following information:

- (1) The specific reason(s) for such denial;
- (2) Specific reference to the Plan provisions upon which the denial is based;
- (3) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits;
- (4) A description of any additional material or information necessary for the Beneficiary to perfect the claim and an explanation of why such material or information is necessary;
- (5) A statement identifying any internal rules, guidelines, protocols, or other similar criteria relied upon in the denial, copies of which will be provided free of charge to the Beneficiary upon request; and
- (6) An explanation of the Plan's "Appeal Procedures," if any, with respect to the denial of benefits and a statement of the Beneficiary's right to bring an action under ERISA Section 502(a), after exhausting the Plan's appeal procedures.

(b) Extension of Time – Special Circumstances. If the Trust Office determines that special circumstances beyond its control require an extension of time for processing of claim, written notice of the extension shall be furnished to the Beneficiary prior to the termination of the initial thirty (30) day period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the Trust Office expects to render a benefit determination. In no event shall such extension exceed a period of fifteen (15) days from the end of the initial period (45 days total).

(c) Extension of Time – Failure to Submit Information. The period of time for the Trust Office to make a benefit determination may be extended if the Beneficiary fails to submit all necessary information to allow the Trust Office to decide the claim. In such case, the period for deciding the claim is tolled from the date on which the request for additional information is sent to the Beneficiary until the date the Beneficiary provides to the Trust Office the requested information. The Beneficiary shall be allowed at least forty-five (45) days from receipt of the request for additional information within which to provide the information. Nothing in this Section shall preclude the Beneficiary from voluntarily agreeing to provide the Trust Office additional time within which to make a decision on a claim.

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4.3 Appeal Procedures. Beneficiaries and any person who claims to be entitled to benefits under this Plan shall follow the provisions in this Article IV.

(a) Exclusive Procedures. The procedures specified in this Section, together with any written hearing procedures adopted by the Trustees, shall be the exclusive procedures available to a person dissatisfied with an eligibility determination, benefit claim decision or response to written request pursuant to Section 3.6(h) hereof, or to a person who is otherwise adversely affected by any action of the Trustees.

(b) Request for Hearing. Any person whose claim has been denied may appeal to the Trustees to conduct a hearing in the matter, provided that he or she requests the hearing in writing within one hundred eighty-one calendar days after receipt of notification of the denial of benefits or other adverse determination. The letter requesting a hearing should also indicate the reasons why the Beneficiary believes that the grounds for denial of benefits are inapplicable. The Beneficiary may request and examine documents pertinent to the denial and may submit written comments, documents, records and other information relating to the claim for benefits to the Trustees. The Beneficiary shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Beneficiary's claim for benefits.

(c) Hearing Procedures. The Trustees shall conduct a hearing at the next regularly scheduled meeting of the Board of Trustees, unless the request for review is received within thirty (30) days preceding the date of such meeting. In such case, the hearing will be conducted no later than the date of the second meeting following the Trustees' receipt of the request for review. If special circumstances require a further extension of the time for processing, a benefit determination shall be rendered not later than the third meeting of the committee or board following the Trustees' receipt of request for review. If such an extension of time is required because of special circumstances, the Trustees shall notify the claimant in writing of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Trustees will review all comments, documents, records and other information submitted by the Beneficiary related to the claim, regardless of whether such information was submitted or considered in the initial benefit determination. The Beneficiary shall be entitled to present his or her position and any evidence in support thereof at the hearing. The Beneficiary may be represented by an attorney or any other representative of his or her choosing at the Beneficiary's expense.

(d) Decision after Appeal Hearing. No later than five (5) days after the benefit determination related to the hearing is made, the Trustees shall notify the claimant of the determination on review by issuing a written decision, affirming, modifying or setting aside the former decision. Any notification of a denial of benefits shall include the following information:

- (1) The specific reason(s) for such denial;

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- (2) Reference to the specific Plan provisions, or internal rule, guideline, protocol or similar criterion, upon which the denial is based, and a statement that a copy will be provided free of charge to the claimant upon request;
- (3) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits; and
- (4) A statement that the Beneficiary may have other voluntary alternative dispute resolution options, such as mediation; and that one way to find out what may be available is to contact your local U.S. Department of Labor Office.

4.4 Right to Court Review, Time Limit to Bring Lawsuit

- (a) General. Upon exhaustion of these procedures in this Article IV, a Beneficiary, who is dissatisfied with an eligibility determination, benefit award or response to written request pursuant to Section 3.6(h) hereof may bring an action in federal court pursuant to ERISA Section 502(a).
- (b) Limitation Period for Filing a Lawsuit Against the Trust for Benefit Payments, etc.. A Beneficiary has the right to bring action as described in Section 4.4(a) hereof in federal court, pursuant to ERISA Section 502(a), no later than one year after the exhaustion of administrative remedies, which means the date of the written decision by the Board of Trustees on an appeal of a denied benefit claim, or other complaint described in Section 3.6(h).

**ARTICLE V
MISCELLANEOUS**

5.1 Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving any Beneficiary or other person any legal or equitable right of action, or any recourse against any Association, or its employees, any Employer or its employees, the Trust or its employees, the Trust Office or the Trustees, except as provided in this Plan and the Trust Agreement.

5.2 Applicable Laws and Regulations. Reference in this Plan to any particular sections of any Association, state, or federal statute shall include any regulation pertinent to such sections and any subsequent amendments to such sections or regulations.

5.3 Confidentiality. It is agreed and understood that each Beneficiary who applies for benefits under this Plan is entitled to the same rights and consideration, including the right of confidentiality, and the Trustees shall not be required to nor shall they reveal to any other persons, including any Association, its officers, agents or employees, any matters revealed to them in confidence by such Beneficiary in the course of his or her application for benefits,

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except to the extent required by law. This Plan is subject to the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes specific restrictions on the use and disclosure of protected health information.

5.4 Trustee Authority. The Trustees shall have the authority and discretion to determine eligibility for benefits, to interpret and apply the provisions of this Plan, or of the benefit Plans, or of their own motions, resolutions and administrative rules and regulations, or of any contract, instruments, or writings they may have entered into or adopted. The Trustees' decision shall be binding and conclusive.

5.5 Divorce and Court Orders: QDRO and QMCSO Review Costs. The Trust reserves the right to deduct the reasonable costs associated with reviewing and implementing a QDRO (or order proposed as a QDRO) or a QMCSO, from the benefits payable to the Eligible Retiree and/or Beneficiary, according to rules set by the Trustees.

**ARTICLE VI
AMENDMENTS AND TERMINATION**

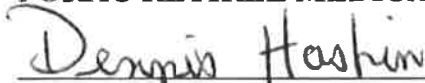
In order that the Board of Trustees may carry out its obligation to maintain, within the limits of its resources and applicable law, a Plan dedicated to providing benefits for Beneficiaries, the Trustees expressly reserve the right, in their sole discretion, at any time and from time to time, provided that such action does not violate federal discrimination law:

- (a) To modify the Unit Multiplier;
- (b) To amend or rescind any provision of this Plan; and
- (c) To terminate the Plan.


Any such changes may apply to some or all current and/or future Beneficiaries, as determined by the Board of Trustees. Amendments shall be made by action of the Board of Trustees pursuant to Article IV of the Trust Agreement.

Adopted by the Board of Trustees at a meeting held on 23rd of February, 2018; and effective the 1st day of April 2018.

**For the BOARD OF TRUSTEES
PORAC RETIREE MEDICAL TRUST**




Trustee

 2-23-18

Print name and date



Trustee

 2-23-18

Print name and date

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**APPENDIX A
Unit Multiplier**

Operative Period	Unit Multiplier
May 18, 2010 – September 30, 2015	\$0.67
October 1, 2015 – present	\$0.70

- The Unit Multiplier (UM) is a factor in the calculation of the monthly benefit level for an Eligible Retiree who is a Regular Beneficiary (see Section 3.3 of the Plan).
- “Operative Period” means the period during which the corresponding Unit Multiplier is used to calculate the monthly benefit level for Retirees receiving benefits during that period.
- The Trustees have the authority to modify the UM for Eligible Retirees from time to time. Any such modifications may apply to some or all current and/or future Beneficiaries, as determined by the Board of Trustees.

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**APPENDIX B
Examples of Calculation of Benefit Level
PORAC Retiree Medical Trust**

\$50 monthly contribution = 1 Active Service Unit
Unit Multiplier,¹ effective October 1, 2015 = \$0.70

Example #1 – 6 years in Trust: An Association has a contribution rate of \$100/month, and Employee No. 1 participates for two years (or 24 months) at that level. Then the Association increases the contribution rate to \$150/month, and Employee No. 1 participates for four years (or 48 months) at that level, and then retires. The monthly amount available to Employee No. 1 for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units

\$100/month = 2 Active Service Units/ Month

\$150/month = 3 Active Service Units/ Month

Step 2: Find number Active Service Units

2 Active Service Units x 24 months = 48 Active Service Units

3 Active Service Units x 48 months = 144 Active Service Units

Total = 192 Active Service Units

Step 3: Multiply number of Active Service Units by Unit Multiplier.

Monthly Benefit Amount: 192 x \$0.70 = \$134.40

Example #2 – 13 years in Trust: An Association selects a contribution rate of \$100/month, and Employee No. 2 participates for seven years (or 84 months) at that level. Then the Association increases the contribution rate to \$200/month, and Employee No. 2 participates for five years (or 60 months) at that level, and then retires. Then the monthly amount available to Employee No. 2 for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contribution to Active Service Units.

\$100/month = 2 Active Service Units/ Month

\$200/month = 4 Active Service Units/ Month

Step 2: Find number Active Service Units.

2 Active Service Units x 84 months = 168 Active Service Units

¹ The Trustees have the authority to modify the Unit Multiplier (UM) from time to time for both existing and future Beneficiaries; they work with a professional actuarial firm to determine the UM.

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4 Active Service Units x 60 months = 240 Active Service Units
Total = 408 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.

Monthly Benefit Amount: $408 \times \$ 0.70 = \285.60

Example #3 – Career Employee – 25 years in Trust: An Association selects a contribution rate of \$100/month, and Employee No. 3 participates for seven years (or 84 months) at that level. Then the Association increases the contribution rate to \$200/month, and Employee No. 3 participates for 18 years (or 216 months) at that level, and then retires. Then the monthly amount available to Employee No. 3 for medical expense reimbursement will be calculated as follows:

Step 1: Convert monthly contributions to Active Service Units.

\$100/month = 2 Active Service Units/ Month

\$200/month = 4 Active Service Units/ Month

Step 2: Find number Active Service Units.

2 Active Service Units x 84 months = 168 Active Service Units

4 Active Service Units x 216 months = 864 Active Service Units

Total = 1032 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.

Monthly Benefit Amount: $1032 \times \$ 0.70 = \722.40

* * *

***Caveat:** These are examples. The Trustees reserve the right to modify the Unit Multiplier and the formula used to calculate benefit levels at any time for both existing and future Beneficiaries. Such a modification is most frequently attributable to favorable or adverse demographic or financial experience of the Trust. For more details, please contact the Trust Office: Benefit Solutions, Inc. (877) 808-5994.*

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**APPENDIX C
Leave Conversion Tables**

Section 2.2(c) of the Plan sets forth the terms and conditions under which the Plan will convert accumulated sick and/or vacation leave into Active Service Units (“ASUs”). The Leave Conversion Tables below illustrate how many ASUs an Employee will earn when his/her employer transfers the value of accumulated leave to the Trust, if the Employee elects to convert the leave to ASUs.

- The number of ASUs an Employee earns as a result of the transfer of leave is calculated by the following formula:
[Dollar amount transferred] divided by [applicable cost for one ASU]
- The cost for one ASU depends on the age of the Employee at the time of the Leave Transfer, as determined by the professional actuarial firm engaged by the Trustees.
- **These leave conversion tables assume a leave transfer of \$1,000.** Note for comparison purposes that, each \$50 monthly Contribution made during active employment gives an Employee one ASU.

Public Safety (“Sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 25	17.11	58
Age 26	18.22	55
Age 27	19.40	52
Age 28	20.67	48
Age 29	22.01	45
Age 30	23.44	43
Age 31	24.96	40
Age 32	26.59	37
Age 33	28.31	35
Age 34	30.15	33
Age 35	32.11	31
Age 36	34.20	29
Age 37	36.42	27
Age 38	38.79	26
Age 39	41.31	24
Age 40	44.00	23

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Public Safety ("Sworn") Employees		
Age at Leave Transfer	Cost for One Active Service Unit ("x")	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 41	46.86	21
Age 42	49.91	20
Age 43	53.15	19
Age 44	56.60	18
Age 45	60.28	17
Age 46	64.20	16
Age 47	68.37	15
Age 48	72.82	14
Age 49	77.55	13
Age 50	82.59	12
Age 51	87.96	11
Age 52	93.68	11
Age 53	99.77	10
Age 54	106.25	9
Age 55	113.16	9
Age 56	112.21	9
Age 57	111.21	9
Age 58	110.14	9
Age 59	109.01	9
Age 60	107.82	9
Age 61	106.56	9
Age 62	105.24	10
Age 63	103.83	10
Age 64	102.34	10
Age 65	100.77	10
Age 66	99.10	10
Age 67	97.36	10
Age 68	95.54	10
Age 69	93.64	11
Age 70	91.68	11

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Miscellaneous (“Non-sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 25	13.81	72
Age 26	14.71	68
Age 27	15.67	64
Age 28	16.69	60
Age 29	17.77	56
Age 30	18.93	63
Age 31	20.16	50
Age 32	21.47	47
Age 33	22.86	44
Age 34	24.35	41
Age 35	25.93	39
Age 36	27.62	36
Age 37	29.41	34
Age 38	31.32	32
Age 39	33.36	30
Age 40	35.53	28
Age 41	37.84	26
Age 42	40.30	25
Age 43	42.92	23
Age 44	45.71	22
Age 45	48.68	21
Age 46	51.84	19
Age 47	55.21	18
Age 48	58.80	17
Age 49	62.62	16
Age 50	66.69	15
Age 51	71.03	14
Age 52	75.65	13
Age 53	80.56	12
Age 54	85.80	12
Age 55	91.38	11
Age 56	97.32	10
Age 57	103.64	10
Age 58	110.38	9
Age 59	109.18	9
Age 60	107.91	9
Age 61	106.57	9
Age 62	105.16	10

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Miscellaneous (“Non-sworn”) Employees		
Age at Leave Transfer	Cost for One Active Service Unit (“x”)	Number of ASUs Earned with \$1000 (\$1,000 / x) (rounded to nearest whole number)
Age 63	103.66	10
Age 64	102.08	10
Age 65	100.42	10
Age 66	98.69	10
Age 67	96.88	10
Age 68	95.00	11
Age 69	93.05	11
Age 70	91.03	11