

**SILVER LAKE WATER & SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 698**

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE SILVER LAKE WATER AND SEWER DISTRICT, SNOHOMISH COUNTY, WASHINGTON, AUTHORIZING THE ESTABLISHMENT OF THE HEALTH REIMBURSEMENT ARRANGEMENT/VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION ("HRA VEBA") PLANS AND PROVIDING FOR PAYMENT OF HEALTH INSURANCE PREMIUMS FOR FULL-TIME EMPLOYEES AND COMMISSIONERS OF THE DISTRICT AND REPEALING RESOLUTION NO. 681.

WHEREAS, RCW 57.08.100 authorizes the Silver Lake Water and Sewer District to provide health care plans to provide health care services and/or group insurance to its employees; and

WHEREAS, it further provides that districts with five thousand or more customers providing health, group, or life insurance to its employees may provide its commissioners with the same coverage; and

WHEREAS, the Silver Lake Water and Sewer District provides water and sewer service to not less than 15,000 customers; and

WHEREAS, effective December 1, 2013 the District will provide health care to its regular full-time employees and Commissioners; and

WHEREAS, health care plans and coverage provided by the District to District employees is an important employee benefit; and

WHEREAS, health care insurance costs comprise a significant portion of District employee compensation, and the Board of Commissioners desire to address those costs in a financially prudent manner; and

WHEREAS, compliance with rules and regulations of the Affordable Care Act have resulted in significant changes in the District approach to provide health care plans and coverage to District full-time employees and Commissioners; and

WHEREAS, on October 24, 2013, the Board of Commissioners adopted Resolution No. 693, terminating the Interlocal Agreement for Employee Benefits with Snohomish County and authorizing the General Manager to execute a contract with United Healthcare and MetLife to provide Medical, Dental, Vision, Life, and Long Term Disability insurance coverage; and

WHEREAS, the Internal Revenue Code Section 501(c) (9) allows for the creation of a voluntary employees' beneficiary association which is a tax-exempt health and welfare trust; and

WHEREAS, on March 20, 2011, the Board of Commissioner adopted Resolution No. 681 which authorized the payment of health insurance premiums and participation in a health reimbursement arrangement plan and established the District's monthly contribution amount for each Commissioner and regular full-time employees; and

WHEREAS, IRS regulations and guidelines allow an employer to offer health reimbursement arrangement (HRA) plans; and

WHEREAS, such HRA plans are available to governmental employers in the Northwest; and

WHEREAS, the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest ("Trust") offers and will administer two HRA VEBA plans (collectively the "Plans") as amended and restated: the **Standard HRA Plan**, which shall be integrated with the District's or another qualified group health plan and which shall accept Employer contributions on behalf of eligible employees who are enrolled in, or covered by, such qualified group health plan and any other contributions that may be permitted under applicable law from time to time; and the **Post-separation HRA Plan**, which shall accept contributions on behalf of eligible employees, including eligible employees who are not enrolled in, or covered by, the Employer's or another qualified group health plan, and which shall provide benefits only after a participant separates from service or retires; and

WHEREAS, the Board of Commissioners of the Silver Lake Water and Sewer District has determined that it is in the best interest of the District and its full-time employees to establish the Plans, which provide tax-free, defined contribution accounts for employees to reimburse qualified medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses of the full-time employees and Commissioners and their qualified dependents; and

WHEREAS, the District desires to establish the Plans for its employees; and

WHEREAS, the District desires to use the services of the Trust to administer such Plans; and

WHEREAS, the Plans will be administered in accordance with the Plan documents provided by the Trust on file in the District's main office.

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Silver Lake Water and Sewer District:

Section 1. The Commissioners adopt, as findings, the preceding recitals to this Resolution.

Section 2. Effective, January 1, 2014, the District hereby elects to participate in the Plans and Trust as presently constituted or hereafter amended, using the Trust as its plan administrator for the benefit of eligible employees and Commissioners as defined by District policies.

Section 3. The District shall provide to each Participant an amount up to \$2,060.00 per month to pay directly for Medical, Dental, and Vision coverage. Participants that select medical, dental, vision coverage that costs less than the monthly amount provided by the District, may then deposit

seventy-five percent of the remaining amount to such Participant's HRA VEBA trust account. Should the cost of such health care plan or policy exceed the amount paid by the District, the Participant must cover the excess cost through personal funds to obtain the insurance coverage selected by said Participant. No Participant may pay personal funds or contribute the value of personal accrued leave to the HRA VEBA trust.

Section 4. The General Manager of the District is authorized to execute documents and establish procedures consistent with Plan and Trust provisions and applicable District polices necessary to effect the adoption and administration of the Plans.

Section 5. Resolution 681 is hereby repealed, superseded and amended to be in accordance with the foregoing.

ADOPTED by the Board of Commissioners at a regular meeting of the Silver Lake Water & Sewer District, Snohomish County, Washington this 12th day of December 2013.



President and Commissioner



Secretary and Commissioner



Commissioner

I CERTIFY the above to be a true and correct copy of Resolution No. 698, adopted by the Board of Commissioners of the Silver Lake Water & Sewer District this 12th day of December 2013, as said Resolution appears in the records of the Silver Lake Water & Sewer District.



Secretary of the Board of Commissioners