

**SILVER LAKE WATER & SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 707**

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. 698.

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, 2014 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 have increased due to increased premiums, deductibles and co-pay amounts, and the Board of Commissioners desire to address those costs in a financially prudent manner; and

WHEREAS, the Board of Commissioners adopted Resolution No. 698 that changed the District's HRA VEBA program as required under the Affordable Healthcare Act and authorized the continuance of the monthly amount of \$2,060.00 established by Resolution No. 681; and,

WHEREAS, the District has not increased the monthly amount of \$2,060.00 provided to each employee and Commissioner for medical, dental, vision, and HRA VEBA deposits since March 22, 2012; and,

WHEREAS, the Board of Commissioners reviewed the proposals of plans provided by United Healthcare and two plans provided by Premara Blue Cross for medical health insurance; and

WHEREAS, the Board of Commissioners selected the plans provided by Premara Blue Cross; and

WHEREAS, continued District membership in a qualified Health Reimbursement Arrangement, in accordance with the Internal Revenue Code, will provide adequate health care coverage for District employees, employee families, and Commissioners; and,

WHEREAS, the Board of Commissioners discussed the implications and impact of higher medical, dental, vision, and HRA VEBA costs would present to the District as part of their 2015 financial planning process; and,

WHEREAS, on December 1, 2014, the medical insurance costs for the Premara Blue Cross Sterling 250 and Titanium 200 plans will increase from the District's existing plans; and,

WHEREAS, on January 1, 2015, the medical insurance costs for the Premara Blue Cross Sterling 250 and Titanium 200 plans will increase from the December 31, 2014 rates; and,

WHEREAS, State law authorizes the District to provide for all, or a portion of, hospitalization and medical insurance costs for its employees, Commissioners, and their dependents, 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 22, 2012, 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 continue 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 continue 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 & Sewer District, Snohomish County, Washington as follows:

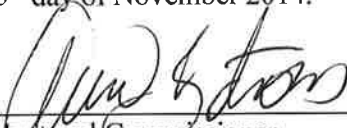
1. Not less than two plans or policies for medical and hospitalization insurance coverage shall be provided by the District to its employees, Commissioners, and their dependents. Each employee and participating Commissioner shall select their authorized plans and level of coverage to utilize.
2. The District shall provide to each employee an amount up to \$2,215.00 per month to pay directly for medical, dental and vision insurance coverage. Employees that select medical, dental, and vision coverage that costs less than the monthly amount provided by the District, may then deposit seventy-five percent of the remaining amount to their HRA VEBA trust account. Should the cost of such health care plan or policy exceed the amount paid by the District, the employee or Commissioner must cover the excess cost through personal funds to obtain the insurance coverage selected by said employee or Commissioner. No employee or Commissioner may pay personal funds or contribute the value of personal accrued leave to the HRA VEBA trust.

Calculation Example		
Employee's Monthly Amount		\$ 2,215.00
Cost of Employee's Medical Coverage	\$ 1,394.51	
Cost of Employee's Dental Coverage	\$ 101.97	
Cost of Employee's Vision Coverage	\$ 11.72	
Less Total Cost of Employee's Health Coverage		<u>\$ 1,508.20</u>
Employee's Remaining Amount		\$ 706.80
District Factor		75%
Employee's Deposit Amount to HRA VEBA		\$ 530.10

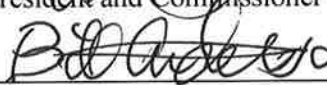

3. The General Manager of the District is authorized to continue to execute documents and establish procedures consistent with Plan and Trust provisions and applicable District policies necessary to effect the administration of the Plans.

4. The General Manager is authorized to apply the monthly amount, insurance rates and coverage plans authorized by Resolution No. 707 with the District regular November payroll process, employee and vendor payment check issue date November 26, 2014, to provide payment to insurance providers effective December 1, 2014.
5. Resolution 698 is hereby repealed, superseded and amended to be in accordance with the foregoing.
6. Should any part or provision of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of the Resolution as a whole, or any part thereof, other than the part declared to be invalid.


ADOPTED by the Board of Commissioners at a special meeting of the Silver Lake Water & Sewer District, Snohomish County, Washington this 25th day of November 2014.



President and Commissioner

Secretary and Commissioner



Commissioner

I CERTIFY the above to be a true and correct copy of Resolution No. 707 adopted by the Board of Commissioners of the Silver Lake Water & Sewer District this this 25th day of November 2014, as said Resolution appears in the records of the Silver Lake Water & Sewer District.



Secretary of the Silver Lake Water & Sewer District