

**SILVER LAKE WATER & SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 730**

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 REGULAR AND TEMPORARY FULL-TIME EMPLOYEES AND COMMISSIONERS OF THE DISTRICT AND REPEALING RESOLUTION NO. 707.

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 17,500 customers; and

WHEREAS, effective December 1, 2016, the District will provide health care to its regular full-time and temporary part-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. 707 that changed the District's HRA VEBA program as required under the Affordable Healthcare Act and authorized the monthly amount of \$2215.00 to be provided to each employee and Commissioner for medical, dental, vision and HRA VEBA deposits; and

WHEREAS, the Board of Commissioners reviewed the proposals of four Health Plans including two High Deductible Plans provided by Regence BlueShield for medical health insurance; and

WHEREAS, the Board of Commissioners reviewed three Dental Plans provided by MetLife, Delta Dental of Washington, and Principal Financial; and,

WHEREAS, the Board of Commissioners reviewed a Vision Plan by Vision Service Plan (VSP); and,

WHEREAS, the District's current Health Plan is provided by Regence BlueShield and its current Dental Plan is provided by MetLife and its current Vision Plan is provided by VSP; and

WHEREAS, the Board of Commissioners selected the plans provided by Regence BlueShield, Principal Financial, and VSP; 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, 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 November 25, 2014, the Board of Commissioners adopted Resolution No. 707 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 eligible 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, shall 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.

Calculation Example		
Employee's Monthly Amount		2,215.00
Cost of Employee's Medical Coverage	1,458.58	
Cost of Employee's Dental Coverage	89.58	
Cost of Employee's Vision Coverage	<u>12.19</u>	
Less Total Cost of Employee's Health Coverage		1,560.35
Employee's Remaining Amount		\$ 654.65
District Factor		75%
Employee's Deposit Amount to HRA VEBA		490.99

3. No employee or Commissioner may pay personal funds or contribute the value of personal accrued leave to the HRA VEBA trust.
4. Contributions on behalf of each eligible employee shall be based on the following funding sources/formulas:

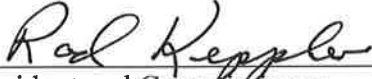
a. Excess Monthly Benefit Dollars. Employer contribution to HRA VEBA TRUST is limited to employees with excess monthly Health Care benefit dollars provided by Employer. Employer contributions shall include excess monthly benefit dollars on behalf of such employees with a deposit of seventy-five percent of the remaining amount to their HRA VEBA Trust Account.

b. Employer Contribution in Lieu of Medical Insurance. When an employee waives medical insurance coverage and provides proof of coverage under another employer-sponsored qualified medical insurance plan, the Employer contribution to HRA VEBA TRUST is limited to the seventy-five percent of amount the Employer would have otherwise paid toward the cost of the waived medical insurance coverage on behalf of such employee.

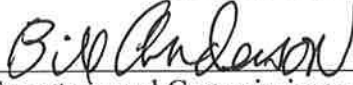
c. Sick Leave and Vacation, Leave Cash-outs Upon Separation from Service or Retirement. Cash out payments to HRA VEBA TRUST eligibility is limited to employees who retire or separate from service with leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of all unused sick and vacation leave days accrued and available for cash-out upon retirement or separation from service.

5. 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 polices necessary to effect the administration of the Plans.
6. Resolution No. 707 is hereby repealed, superseded, and amended to be in accordance with the foregoing.
7. 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.

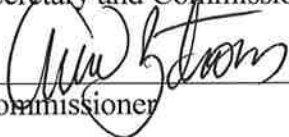
ADOPTED by the Board of Commissioners at a regular meeting of the Silver Lake Water & Sewer District, Snohomish County, Washington this 27th day of October, 2016.



President and Commissioner

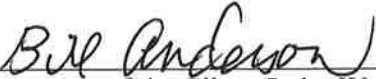


Secretary and Commissioner



Commissioner

I CERTIFY the above to be a true and correct copy of Resolution No. 730 adopted by the Board of Commissioners of the Silver Lake Water & Sewer District this this 27th day of October 2016 as said Resolution appears in the records of the Silver Lake Water & Sewer District.



Secretary of the Silver Lake Water & Sewer District