

**WEST SOUND UTILITY DISTRICT
RESOLUTION 474-13**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT BOARD OF
COMMISSIONERS APPROVING EMPLOYER ADOPTION AGREEMENT WITH
VEBA TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST**

WHEREAS, the District formerly established an employee benefit program to which it makes contributions to health reimbursement arrangement plans offered under a Voluntary Employees' Beneficiary Association (VEBA) trust; and

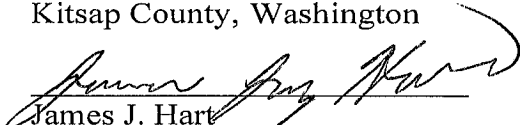
WHEREAS, changes to the IRS regulations required changes to the VEBA Employer Adoption Agreement that the District executed with the VEBA Service Group (a division of Gallagher Benefit Services, Inc. on behalf of the VEBA Trust); **NOW THEREFORE**,

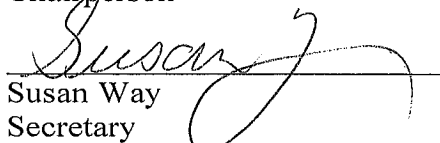
**THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT
HEREBY RESOLVES:**

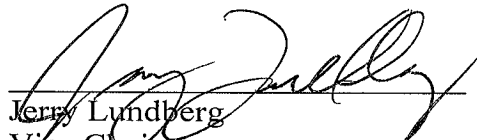
Section 1. The Employer Adoption Agreement (Exhibit "A") with VEBA Services Group is hereby approved; and further, the District's General Manager is hereby authorized to sign the Agreement and all other ancillary documents as required by the Trust.


APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regular scheduled meeting on December 2, 2013.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington


James J. Hart
Chairperson


Susan Way
Secretary


Jerry Lundberg
Vice Chairperson


Jeannie Screws
Commissioner

**HRA VEBA
EMPLOYER ADOPTION AGREEMENT**

VEBA TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

Provisions:

1. Participation. [check one only]

(a) New Employer. Employer is a newly-adopting Employer, with a plan effective date of _____ [enter intended plan effective date]. This Employer Adoption Agreement may be amended only in writing as executed by authorized officers of all parties hereto.

or

(b) Renewing Employer. Employer is a currently-participating Employer and wants to renew and ratify or amend its participation in the Plans and the Trust (as defined below). This Employer Adoption Agreement supersedes all prior Employer Adoption Agreements, if any, and may be amended only in writing as executed by authorized officers of all parties hereto.

2. Formal Authorization of Employer. The Employer, by formal action of its governing body or other authorized action, has formally established an employee benefit plan or arrangement pursuant to which it desires to make one or more contributions to the following health reimbursement arrangement (“HRA”) plans (as each may be amended, restated, or offered under one or more alternative plan document versions from time to time and referred to herein as a “Plan” or an “HRA VEBA Plan”) offered by the Voluntary Employees’ Beneficiary Association Trust for Public Employees in the Northwest (as the same may be amended or restated from time to time, the “Trust”):

(a) VOLUNTARY EMPLOYEES’ BENEFICIARY ASSOCIATION STANDARD HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST (also referred to as the “HRA VEBA Standard HRA Plan”), which is designed to be exempt from the annual limits restrictions under the Public Health and Safety Act (“PHSA 2711”), as amended by the Patient Protection, Affordability, and Care Act of 2012 (“PPACA”), based upon integration with another group health plan in accordance with PHSA 2711 and applicable PPACA regulatory guidance. The HRA VEBA Standard HRA Plan may accept only contributions (i) made on behalf of participants who are enrolled in the Employer’s group health plan or another group health plan that provides minimum value, as defined by applicable PPACA regulatory guidance (a “Qualified Group Health Plan”)¹ or (ii) made after December 31, 2012 but before January 1, 2014 that are approved by the Trust as permitted or “grandfathered” contributions under PPACA and applicable PPACA regulations and regulatory guidance.

¹ For a description of the types of plans that can be considered to be Qualified Group Health Plans, refer to “What is a Qualified Group Health Plan?” enclosed or available online at www.hraveba.org.

Employer Adoption Agreement—continued

- (b) VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION POST-SEPARATION HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST (also referred to as the "HRA VEBA Post-separation HRA Plan"), for which payment or reimbursement of benefits are available only after an eligible participant has retired from employment or otherwise separated from service with his or her Employer. The HRA VEBA Post-separation HRA Plan may accept contributions on behalf of all participants, including participants who are not enrolled in a Qualified Group Health Plan, as directed by the Employer pursuant to (i) this Employer Adoption Agreement, (ii) a Plan Design Change Form, (iii) contribution reports for the Post-separation HRA Plan submitted with participant contributions, or (iv) other written instructions from the Employer. **Contributions on behalf of participants who are not enrolled in a Qualified Group Health Plan must be submitted by the Employer into the Post-separation HRA Plan and included only in the Employer's contribution report for the Post-separation HRA plan.**

Through this Employer Adoption Agreement the Employer applies for participation in each Plan and the Trust, to be effective with respect to any Plan only when both of the following have occurred with respect to such Plan: (i) the Trust has accepted this Employer Adoption Agreement and (ii) the Employer has made a contribution or transfer into such Plan on behalf of one or more participants. With respect to each Plan, the Employer shall be considered to be a sponsor of such Plan with respect to its employees and shall have adopted and become subject to the provisions of such Plan and the Trust only upon acceptance by the Trust and the funding by the Employer of any contributions or transfer of assets into such Plan. The Employer acknowledges that it understands and agrees that: (a) neither the Plans, the Trust, nor the Plans/Trust's auditor performs audit work or otherwise examines to assure that any contribution from the Employer to the Trust is in accordance with the Employer's plan or arrangement and that this determination is the sole responsibility of the Employer; and (b) in the event the Employer's plan or arrangement for contributions is determined by the IRS to permit individual employee elections and thereby results in taxable income to affected employees, the Employer shall hold harmless and indemnify each Plan, Trust, and their agents for liability which may result therefrom.

3. **HRA VEBA Standard HRA Plan - Plan Design Selections.** Pursuant to collective bargaining agreements, other written agreements, or Employer benefits policies, whichever is applicable, the Employer hereby elects the following options under the Plan:

- (a) **Participant Accounts.** [check one only, unless Employer is establishing more than one type of Participant Account;⁽¹⁾ **if no option is selected, the default election will be 3(a)(i) – In-service and post-separation coverage; 100% vested**]

⁽¹⁾ In almost all cases Employer will select only one Participant Account option. However, more than one option may be selected if an Employer wants to (1) establish more than one type of Participant Account per Employee or (2) establish different types of Participant Accounts across multiple Employee groups. **Example 1**—Employer wants to establish two types of Participant Accounts per employee within the Standard HRA plan: one that permits in-service and post-separation benefits and is 100% vested, and one that permits post-separation benefits only subject to vesting. **Example 2**—Employer wants to establish different types of Participant Accounts for certain Employee groups. For Employee group A, Employer wants to establish Participant Accounts that are subject to vesting. For Employee group B, Employer wants to establish Participant Accounts that are 100% vested.

If Employer selects more than one Participant Account option, language must be attached that clearly describes, by Employee group, which type(s) of Participant Account(s) are to be established for each eligible Participant.

Employer Adoption Agreement—continued

Commencement of Benefits shall be as directed below by Employer or, for Employees whose assets have been transferred by Employer from a prior plan, Employer may additionally direct in writing that the commencement of Benefits shall coincide with the Employee's benefits eligibility date under the prior plan, provided the Employee becomes a Participant as defined by the Plan.

- (i) In-service and post-separation coverage; 100% vested. Participants shall immediately be eligible to file claims for qualified expenses and premiums incurred any time after a Participant Account is established with respect to such Employee.

or

- (ii) Post-separation coverage only; 100% vested. Participants shall be eligible to file claims for qualified expenses and premiums incurred after separation from service. Employer must notify the Third-party Administrator of such Employees' separation dates by submitting a completed Participant Status Change Form.

or

- (iii) In-service and post-separation coverage; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred while in-service and post-separation after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' claims eligibility dates, separation dates, and/or vested account percentages by submitting a completed Participant Status Change Form.

or

- (iv) Post-separation coverage only; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred post-separation and after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' separation dates and vested account percentages by submitting a completed Participant Status Change Form.

4. **HRA VEBA Post-separation HRA Plan – Plan Design Selections.** Pursuant to collective bargaining agreements, other written agreements, or Employer benefits policies, whichever is applicable, the Employer hereby elects the following options under the Plan:

- (a) Participant Accounts. [check one only, unless Employer is establishing more than one type of Participant Account;⁽¹⁾ **if no option is selected, the default election will be 4(a)(i) – Post-separation coverage; 100% vested**]

Commencement of Benefits shall be as directed below by Employer or, for Employees whose assets have been transferred by Employer from a prior plan, Employer may additionally direct in writing that the commencement of Benefits shall coincide with the Employee's benefits eligibility date under the prior plan, provided the Employee becomes a Participant as defined by the Plan.

Employer Adoption Agreement—continued

- (i) Post-separation coverage; 100% vested. Participants shall be eligible to file claims for qualified expenses and premiums incurred after separation from service. Employer must notify the Third-party Administrator of such Employees' separation dates by submitting a completed Participant Status Change Form.

or

- (ii) Post-separation coverage; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred post-separation and after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' separation dates and vested account percentages by submitting a completed Participant Status Change Form.

5. **Forfeitures.** In the event any funds within a Participant Account are forfeited in accordance with the terms of the Plan documents, such forfeited funds will be transferred to a general forfeiture account held within the Trust on behalf of the deceased or forfeiting Participant's Employer to be re-contributed as future contributions or otherwise applied for the benefit of all Participants of the Employer within the Trust, as directed by the Employer, but in all cases subject to applicable law, the terms of the Plan document, and the rules, policies and procedures established by the Administrator:

6. **Employer Account.** [check one only]

An Employer Account can be used to hold assets to offset other post-employment benefits, such as OPEB liabilities as defined by Governmental Accounting Standards Board Statement No. 45 (GASB 45) accounting rules. An Employer Account can also be established for the purpose of accepting Participant Account forfeitures due to a Participant's death or failure to meet vesting requirements, if any. An Employer Account is not required in order to receive forfeitures as described in paragraph 5. All forfeitures will be deposited into a general forfeiture account but may be subsequently transferred from the general forfeiture account into an Employer Account at the direction of the Employer.

- (a) Employer is not establishing any Employer Account.

or

- (b) Employer is establishing one or more Employer Accounts.

7. **Annual Compliance Certification.** The Employer acknowledges that the qualification of the HRA VEBA Standard HRA Plan as an integrated HRA Plan depends in part upon the Employer's compliance with the contribution restrictions under the Standard HRA Plan and described in paragraph 2(a) above. The Employer hereby agrees to execute and deliver herewith, and agrees to execute and deliver to the Trust annually, a certificate substantially in the form of Exhibit A hereto, as the same may be revised from time to time as required by law in order to maintain the qualification of the HRA VEBA Standard Plan as an integrated HRA Plan.

Employer Adoption Agreement—continued

IN WITNESS WHEREOF, the Employer has approved this Employer Adoption Agreement, as evidenced by the signature below of its authorized officer, to be effective when accepted by signature below on behalf of HRA VEBA Trust.

Employer
Name: West Sound utility District

By: Michael R. Wilson Michael R. Wilson
Authorized signature Printed name

General manager 12-4-13
Title Date

Accepted by HRA VEBA Trust:

VEBA Service Group, a Division of Gallagher Benefit Services, Inc. on behalf of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest.

By: Mark Wilkerson, Area President

Authorized signature Date