

**NORTH BEACH WATER DISTRICT
PACIFIC COUNTY, WASHINGTON**

RESOLUTION NO. 1-2020

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE NORTH
BEACH WATER DISTRICT, PACIFIC COUNTY, WASHINGTON,
AUTHORIZING THE ESTABLISHMENT OF THE HEALTH REIMBURSEMENT
ARRANGEMENT/VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
("HRA VEBA") PLANS**

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, 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 Employer'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.

WHEREAS, North Beach Water District ("Employer") has determined that it is in the best interest of the Employer and its 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 employees and their qualified dependents; and

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

WHEREAS, the Employer 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 Employer's main office.

NOW THEREFORE, the Board of Commissioners of the North Beach Water District resolves as follows:

Section 1. Effective, February 1, 2020 the Employer 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 as defined by Employer policies or collective bargaining agreements.

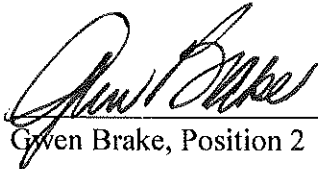
Section 2. The Plans will be funded with Employer contributions in amounts determined from time to time pursuant to Employer policies.

Section 3. General Manger is authorized to execute documents and establish procedures consistent with Plan and Trust provisions and applicable Employer polices necessary to effect the adoption and administration of the Plans.

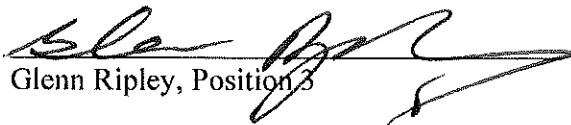
ADOPTED by the Board of Board of Commissioners of the North Beach Water District, Pacific County, Washington, at its regular meeting held on the 27th day of January 2020.



Brian Sheldon, Position 1



Owen Brake, Position 2



Glenn Ripley, Position 3



Employer Adoption Documents

A fully completed and signed Employer Adoption Agreement must be received and accepted by HRA VEBA Trust prior to establishing Participant Accounts. A countersigned copy will be returned to you upon acceptance by HRA VEBA Trust.

Contents:

- Instructions
- Employer Adoption Agreement
 - Employer Data Page
 - Provisions
 - Schedule A: Plan Design
 - Schedule B: Agreement Regarding Transfer of Assets (for transfers only)

Plan consulting provided by:

GALLAGHER BENEFIT SERVICES, INC.

Spokane Branch

906 West 2nd Avenue, Suite 400

Spokane, WA 99201

Phone: 1-800-888-8322

Fax: (509) 838-5613

HRA VEBA Employer Adoption Agreement

Instructions

The Employer Adoption Agreement is comprised of several parts:

- Employer Data Page (page 4)
- Provisions (pages 5-9)
- Schedule A: Employer's Internal Adoption Documents and Plan Design Language (pages 10-12)
- Schedule B: Agreement Regarding Transfer of Assets (for transfers only) (pages 13-15)

Use the below checklist to ensure your Employer Adoption Agreement is complete!

Complete	Adoption Task
<input type="checkbox"/>	<p>Call your Client Consultant. Gallagher is engaged by HRA VEBA as the Plan Consultant. We are available to help you avoid common mistakes and answer your questions.</p> <p>Prior to completing and submitting your Employer Adoption Agreement, all language should be reviewed by your Gallagher Client Consultant. This advance review will help avoid unexpected delays in getting your Employer Adoption Agreement accepted by HRA VEBA Trust.</p>
<input type="checkbox"/>	<p>Complete the Employer Data Page (page 4). To help us communicate with the appropriate Employer contacts, Gallagher will keep the Employer's information on file. Please reach out to your Client Consultant if your primary contact information changes.</p>
<input type="checkbox"/>	<p>Complete the Participation section (page 5). Please indicate whether you are a New Employer or a Renewing Employer.</p>
<input type="checkbox"/>	<p>Complete the Employer Plan Design Selections (pages 6-8). These sections allow you to make plan design selections for participant accounts in each Plan.</p>
<input type="checkbox"/>	<p>Complete the Employer Account section (page 8). This section allows you to open an Employer Account for OPEB liabilities or other purposes.</p>
<input type="checkbox"/>	<p>Complete and sign the Employer Adoption Agreement (page 9). Enter the requested information and provide an authorized signature.</p>
<input type="checkbox"/>	<p>Complete Schedule A To Employer Adoption Agreement (pages 10-12).</p> <p>Funding Methods & Eligibility. Please confirm that your Client Consultant has reviewed applicable excerpts of collective bargaining agreements, memorandums of understanding, other written agreements, employer policies, etc. which define the agreed upon funding methods and corresponding eligibility requirements. This should include any description, documentation, or language that describes the contribution formulas and eligibility definitions. For example, if an employee group's sick leave or vacation cash out amounts are being redirected to HRA VEBA in lieu of taxable</p>

	income, provide for review any language that describes and defines the Employer's cash out program.
<input type="checkbox"/>	Complete Schedule B To Employer Adoption Agreement (pages 13-15), if applicable. If you are a newly adopting Employer and you are <u>not</u> seeking to transfer plan assets from another HRA Plan or a Trust, please skip this Schedule.
<input type="checkbox"/>	<p>Return completed and signed documents. Please return your adoption documents and any attachments to your Gallagher Client Consultant as shown below (email is preferred). If you are unsure who your Client Consultant is, call the Gallagher's branch office in Spokane at 1-800-888-8322 to confirm.</p> <p>Email: Brian Riehs brian_riehs@ajg.com Chase McCarthy chase_mccarthy@ajg.com Emily Spencer emily_spencer@ajg.com Kristen Faris kristen_faris@ajg.com Rich Dickman rich_dickman@ajg.com</p> <p>Mail: ATTN: EAA Review Gallagher 906 W 2nd Ave Ste 400 Spokane, WA 99201</p> <p>Gallagher will review your adoption documents for completion. Upon acceptance by HRA VEBA, a countersigned copy will be returned to you.</p>

After this initial Plan adoption, please provide future changes/renewals in advance to your Client Consultant by using the Plan Design Change form. Also, if groups renew participation without making any changes, please provide copies of applicable collective bargaining language or other documents to your Client Consultant. The **Plan Design Change** form is available after logging in online at **hraveba.org** or upon request from your Gallagher Client Consultant or the HRA VEBA Plan's Customer Care Center at **customer@hraveba.org** or **1-888-659-8828**.

If you have any questions or need assistance when completing your Employer Adoption Agreement, please contact your Gallagher Client Consultant.

Spokane
1-800-888-8322

Tacoma/Bellevue
1-800-422-4023

Portland
1-877-695-3945

Tri-Cities
1-855-565-2555

HRA VEBA Employer Adoption Agreement

Employer Data Page

Employer contact information will be kept on file by Gallagher and the HRA VEBA Plan. This will help Gallagher and the Plan communicate with the appropriate individual(s) when questions or issues arise. **Please notify us if your primary contact information changes.**

SECTION 1: EMPLOYER INFORMATION			
Employer Name:	North Beach Water District		
Employer Address:	PO Box 618	Ocean Park	WA 98640
	Street Address	City	State Zip
Employer Phone:	360.665.4144	Employer Fax:	360.665.4641
Estimated number of newly-enrolling employees within the next 12 months:	12		
Plan Effective Date:	02/01/2020		
Employer Tax Identification Number:	36-4646198	Total Number of FTEs:	9

SECTION 2: CONTACT INFORMATION			
a) Contact for General Plan Communications: Please identify the primary business or administrative contact who should receive official Plan communications (such as amendments) and other time sensitive administrative and operational communications and information. This person will receive your counter-signed Employer Adoption Agreement and employer welcome kit.			
Contact Name:	Rick Gray	Contact Title:	General Manager
Mailing Address (if different than above):			
Telephone:	360.665.4144	E-mail:	rgray@northbeachwater.com
b) Contact for Enrollment/Payroll Contribution Matters: Please identify the person who is generally responsible for facilitating participant enrollment and employer contribution remittance.			
Contact Name:	John Bell	Contact Title:	Office Manager
Mailing Address (if different than above):			
Telephone:	360.665.4144	E-mail:	officemanager@northbeachwater.com

SECTION 3: FOR INTERNAL USE ONLY (To be completed by Gallagher)			
Gallagher Client Consultant:		Phone:	
E-mail:			

**HRA VEBA
EMPLOYER ADOPTION AGREEMENT**

VEBA TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

Provisions:

1. Participation. [*check one only*]

Select ONE	Options
<input checked="" type="checkbox"/>	<u>New Employer.</u> Employer is a newly-adopting Employer, with a plan effective date of 02/01/2020 _____ [<i>enter intended plan effective date</i>]. This Employer Adoption Agreement may be amended only in writing as executed by authorized officers of all parties hereto.
<input type="checkbox"/>	<u>Renewing Employer.</u> Employer is a currently-participating Employer and wants to renew and ratify or amend its participation in the Plan 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 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 or plan versions (as each may be amended, restated, supplemented, or offered under one or more alternative plan document versions from time to time and referred to herein individually or collectively, as applicable, as the “Plan” or the “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”), including, without limitation, the following Plan versions: Standard Plan (in-service, full 213(d) coverage), Post-separation Plan (full 213(d) coverage for expenses incurred after separation), and the Limited HRA Plan (limited coverage based upon employer plan design or participant elections).

Through this Employer Adoption Agreement the Employer applies for participation in the 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 the 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 and the party responsible for administering the Plan with respect to the eligibility and contributions for its individual 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 Plan, the Trust, nor the Plan/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; (b) in the event the Employer’s plan or arrangement for

contributions is determined by the IRS to be discriminatory in favor of highly compensated individuals or to permit individual Employee elections and thereby results in taxable income to affected Employees or results in disqualification of the Plan or Trust, the Employer shall hold harmless and indemnify each Plan, Trust, and their agents for liability which may result therefrom; and (c) the HRA VEBA Plan and Trust does not handle any administration or compliance matters relating to the Employee Retirement Income Security Act of 1974.

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 Account¹; if no option is selected, the default election will be in-service and post-separation coverage; 100% vested*]

Benefits shall commence 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.

The Employer's intention may be to make all contributions to the HRA VEBA Standard HRA Plan. Nevertheless, the Employer may have Employees from time to time who do not meet the integration requirements under the terms of the Standard HRA Plan. The Employer should direct contributions for such Employees to the Post-separation HRA Plan. A default Post-separation HRA Plan Participant account will be automatically established by the Plan to accommodate contributions on behalf of any Employees who do not meet the Standard HRA Plan's integration requirements from time to time. This may result in some eligible Employees within the same group receiving contributions into the Standard HRA Plan and other eligible Employees receiving contributions into the Post-separation HRA Plan.

Select ONE	Options
<input checked="" type="checkbox"/>	<u>In-service and post-separation coverage; 100% vested.</u> 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.
<input type="checkbox"/>	<u>In-service and post-separation coverage; subject to vesting.</u> 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 Plan of such Employees' claims eligibility dates, separation dates, and/or vested account percentages. Notification can be provided via the Employer's online employer portal

¹ In almost all cases Employer will select only one participant account option. However, more than one option may be selected if 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.

	<p>(preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.</p> <p>Notification can be provided via the Employer's online employer portal (preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.</p>
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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 (see footnote on previous page); if no option is selected, the default election will be post-separation coverage; 100% vested]*

Benefits shall commence 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.

Select ONE	Options
<input checked="" type="checkbox"/>	<p><u>Full post-separation coverage; limited in-service coverage; 100% vested.</u> Participants shall be eligible to file claims only for qualified dental and vision expenses prior to separation from service. Once Participants separate from service, they can file claims for all qualified expenses and premiums incurred after separation from service. Employer must notify the Plan of such Employees' separation dates. Notification can be provided via the Employer's online employer portal (preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.</p>
<input type="checkbox"/>	<p><u>Full post-separation coverage; limited in-service coverage; subject to vesting.</u> Participants shall be eligible to file claims only for dental and vision expenses prior to separation from service. Once Participants separate from service, they can file claims for all qualified expenses and premiums incurred after separation from service and after having met applicable vesting requirements. Employer must notify the Plan of such Employees' separation dates and vested account percentages. Notification can be provided via the Employer's online employer portal (preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.</p>
<input type="checkbox"/>	<p><u>Post-separation coverage only; 100% vested.</u> Participants shall be eligible to file claims for all qualified expenses and premiums incurred after separation from service. Employer must notify the Plan of such Employees' separation dates. Notification can be provided via the</p>

	Employer's online employer portal (preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.
<input type="checkbox"/>	<u>Post-separation coverage only; subject to vesting.</u> Participants shall be eligible to file claims for all qualified expenses and premiums incurred post-separation and after having met applicable vesting requirements. Employer must notify the Plan of such Employees' separation dates and vested account percentages. Notification can be provided via the Employer's online employer portal (preferred method) or by submitting a <u>Participant Status Change</u> form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.

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 temporary suspense 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. 75 (GASB 75) accounting rules. An Employer Account is not required in order to receive forfeitures as described in paragraph 5. All forfeitures will be deposited into a temporary suspense account but may be subsequently transferred from the temporary suspense account into an Employer Account at the direction of the Employer.

Select ONE	Options
<input checked="" type="checkbox"/>	Employer is not establishing any Employer Account. ²
<input type="checkbox"/>	Employer is establishing one or more Employer Accounts.

7. **Standard Plan Integration Requirements.** 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 certain restrictions under applicable federal law. The HRA VEBA Standard HRA Plan may accept only contributions made on behalf of Participants who have certified in writing to the Employer that they are either 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").³

² Most employers do not establish an employer account unless they want to deposit unallocated funds to offset OPEBs under GASB 75. An employer account can be added later if needed.

³ 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?" available online at hraveba.org.

SCHEDULE A:

PLAN DESIGN

Please confirm that your Client Consultant has reviewed any description, documentation, or language that describes the contribution formulas and eligibility definitions for each group. For example, if an employee group's sick leave or vacation cash out amounts are being redirected to HRA VEBA in lieu of taxable income, provide for review any language that describes and defines the Employer's cash out program.

NOTE: After Employer completes and submits its Employer Adoption Agreement, Employer must complete and submit a **Plan Design Change Form** prior to the adoption and implementation of future changes. Future changes include adding new participating employee groups; adding new funding methods; changing existing funding methods; adding an employer account, etc. The required form is available online after logging in at hraveba.org, or it can be requested from your Gallagher client consultant when needed.

Also, when groups renew or ratify participation without making any changes, **please indicate this on the Plan Design Change Form.**

DESCRIPTION OF ELIGIBILITY PROVISIONS AND FUNDING METHODS

NOTE: The eligibility provisions and funding methods established in this Employer Adoption Agreement may be dependent upon the Employer's chosen or negotiated Plan design, compliance with certain Affordable Care Act (ACA) rules, or compliance with applicable nondiscrimination rules when making contributions on behalf of highly compensated individuals (HCIs), etc.

Additionally, except for premiums for COBRA continuation coverage or mandatory or other forms of employee contributions permitted by applicable law, no direct or indirect employee contributions or salary reduction contributions will be made to the Plan based upon voluntary elections by individual employees.

1. Participating Employee Groups. [*check one only*]

(a) Attached to this Schedule A; or

(b) Set forth below is information which lists the name(s) of all Employee group(s) currently eligible or becoming eligible to participate in the Plans pursuant to collective bargaining agreements, Employer policy, etc., whichever is applicable.

2. Employer Contribution Methods and Eligibility Requirements. [*check one only*⁴]

- (a) Attached to this Schedule A; or
- (b) Set forth below is information which describes, by Employee group, the Employer contribution method(s) applicable to each; and defines the corresponding eligibility requirements.

Employee Group Name	Group Size (# of members)	Contribution Method(s)	Eligibility Requirement(s)

3. Vesting Requirements. [*check one only*]

- (a) All Employer contributions are 100% vested at all times (most common); or
- (b) Attached to this Schedule A; or
- (c) Set forth below is information which includes a description, by Employee group, of any vesting requirements applicable to Participant Accounts which must be satisfied before a Participant becomes eligible to file claims for qualified expenses incurred on or after the date upon which the Participant becomes vested.

⁴ In most cases, employers select option 2(a) and supply the required information by attaching the cover page and applicable excerpts from collective bargaining agreements, memorandums of understanding, other written agreements, employer policies, etc., which relate to the HRA VEBA Plan, and that contain clear descriptions of employer contribution methods and corresponding definitions of eligibility.

If such documents do not exist, select option 2(b) and complete the table by entering the name, size, contribution method(s), and eligibility requirements for each participating employee group.

EXAMPLE:			
Employee Group Name	Group Size (# of members)	Contribution Method(s)	Eligibility Requirement(s)
Bargaining Unit A	15	\$100/month mandatory employee contribution	All active employee group members
Bargaining Unit B	27	Sick leave & vacation leave cash out	All active employee group members who separate from service

If vesting applies, Employer is responsible for tracking when an Employee becomes eligible to file claims after having met the Employer's vesting requirements and providing such notification to the Plan. Notification shall include what percentage of the Participant's account balance is vested (e.g. 100% vested; 50% vested, 0% vested, etc.). Notification can be provided via the Employer's online employer portal (preferred method) or by submitting a Participant Status Change form. Forms are available after logging in online or can be requested from the HRA VEBA Plan's Customer Care Center.

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SCHEDULE B:

AGREEMENT REGARDING TRANSFER OF ASSETS

NOTE: If you are a newly adopting employer and you are not seeking to transfer plan assets from another HRA Plan or a Trust, please skip this Schedule.

The Employer has previously adopted and credited or made contributions into a health reimbursement arrangement plan (and trust if applicable) described and dated as follows:

(the "Former Plan"). Employer intends to transfer assets previously credited or contributed to the Former Plan (the "Former Plan Funds"). By adopting the HRA VEBA Plan, Employer's Former Plan is hereby amended and restated in accordance with the HRA VEBA Plan Documents.

As a condition to its acceptance of such transfer of Former Plan Funds, HRA VEBA Trust has requested that the Employer execute this Schedule C to Employer Adoption Agreement.

The Employer represents that the transfer of the Former Plan Funds into its HRA VEBA Plan has been approved by the Employer and that the undersigned officer or representative of the Employer is duly authorized and empowered to cause the transfer of Former Plan Funds into the Employer's HRA VEBA Plan and to execute this Schedule C on behalf of the Employer.

The Employer hereby directs the transfer of Former Plan Funds to the Employer's HRA VEBA Plan in one or more transfers expected to occur on or around _____ (the "Target Transfer Date"), and that such transfer is consistent with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any other local, state, or federal law applicable to the Employer and the Former Plan.

The Employer acknowledges that its HRA VEBA Plan may not have all or any of the same features and benefits as the Former Plan and that its HRA VEBA Plan will be governed under the laws of the state of Washington, except to the extent federal law supersedes such state law or is otherwise also applicable. The Employer accepts full responsibility for communicating, and, prior to the date hereof has communicated, such differences to the participants covered by the Former Plan. Employer represents that it is one of the following: (1) a government of a state, (2) a political subdivision of a state, (3) an instrumentality or agency of a state or political subdivision of a state, or (4) has otherwise received approval to participate in the HRA VEBA Trust by the Board of Trustees.

The Employer understands that each of its participants covered by the Former Plan must first be enrolled as a condition of participation in the HRA VEBA Plan. Former Plan Funds received on behalf of such participants for whom HRA VEBA enrollment form or file has not been received will be held in a non-interest bearing account for a period of three hundred and sixty (360) days after which all remaining Former Plan Funds will be reallocated as directed below by the Employer [*check one only*]:

Select ONE	Options
<input type="checkbox"/>	Use to offset contributions that the Employer expects to submit in the future. Employer shall provide subsequent direction in writing at least thirty (30) days prior to the date of the contribution to which the offset shall apply.

<input type="checkbox"/>	Reallocate to eligible Participants in the Standard HRA Plan or Post-separation HRA Plan as directed in writing by the Employer at the time of reallocation. Participants receiving reallocated funds to a Standard HRA Plan account are subject to the same integration rules that apply for other contributions.
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The Employer understands that Former Plan Funds will be invested as directed by Participants on their HRA VEBA Enrollment Forms, or invested in the Plan's default investment fund.

If possible, the Employer desires the HRA VEBA Plan to continue without interruption all automatic premium reimbursements which are established under the Former Plan at the time the transfer of Former Plan Assets occurs.

The Employer understands that the HRA VEBA Plan will work with the Former Plan's administrator to determine the last day claims will be processed by the Former Plan and the first day claims will begin being processed by the HRA VEBA Plan based upon the Target Transfer Date. The Employer understands that there may be a blackout period in which claims, investments, and account updates will not be processed and agrees to notify participants covered by the Former Plan of the blackout period. In addition, the Employer directs that the commencement of Benefits under the HRA VEBA Plan shall be as follows [*check one only*]:

Select ONE	Options
<input type="checkbox"/>	Coincide with the Participant's benefits eligibility date under the Former Plan. The Employer understands that the HRA VEBA Plan is not responsible for verifying whether claims received after the transfer of Former Plan Funds were previously reimbursed under the Former Plan.
<input type="checkbox"/>	As specified in sections 3(a) or 4(a), as applicable, of the Employer's Adoption Agreement.

To the extent permitted by law, the Employer agrees to indemnify and hold harmless the HRA VEBA Trust and Plan and their agents, officers, employees, successors, and assigns, against any and all claims, demands, damages, losses, liabilities, expenses or causes of action that arise out of, or are attendant to, the previous contribution of the Former Plan Funds into the Former Plan, the administration of the Former Plan or the Former Plan Funds under the Former Plan, or the transfer of such Former Plan Assets into the HRA VEBA Plan.

[The remainder of this page is intentionally left blank.]

This Schedule C is hereby incorporated into and made a part of the Adoption Agreement, and shall be governed by the terms and conditions of Adoption Agreement.

HRA VEBA Trust and the undersigned Employer have executed this Schedule C, effective as of the Effective Date set forth below.

Employer Name: _____

By: _____
Authorized signature Printed name

Title Date

Accepted by HRA VEBA Trust:

Gallagher Benefits Services, Inc. on behalf of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest.

By: Authorized HRA VEBA Plan Representative

Authorized signature Date

PLAN DESIGN

DESCRIPTION OF ELIGIBILITY PROVISIONS AND FUNDING METHODS

1. Participating Employee Groups.
 - a. All District employees eligible for benefits.
 - b. Elected Commissioners.
2. Employer Contribution Methods.
 - a. Excess Monthly Benefit Dollars: Eligibility is limited to employees with excess monthly benefit dollars provided by Employer. Employer contributions shall include the entire excess monthly benefit dollars for eligible employees. The Employer allocates \$1,000.00 a month toward their insurance premiums. Any leftover funds shall be contributed to HRA VEBA.
 - b. For elected commissioners, the employer will contribute \$1,000.00 a month to HRA VEBA.
3. Severance, Sick, Vacation, Personal, and Other leave Contributions – Retirement:
 - a. Eligibility is limited to employees who retire with leave cash-out rights during the term hereof. Employer contributions shall include the cash-out value¹ of unused leave days (severance, sick, vacation, personal, PTO, etc.) accrued and available for cash-out upon retirement per Employer policy.

¹ Pursuant to applicable written agreement, Employer policy, or procedure, so long as the cash-out value is not subject to individual choice.