

RESOLUTION NO. 540-10

A Resolution of the Commission of the Port of Port Townsend

**RESOLUTION AUTHORIZING THE ESTABLISHMENT
OF A HEALTH REIMBURSEMENT ARRANGEMENT/VOLUNTARY EMPLOYEES'
BENEFICIARY ASSOCIATION ("HRA VEBA") PLAN**

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 for Public Employees in the Northwest Trust ("Trust") offers and will administer an HRA entitled "Voluntary Employees' Beneficiary Association Medical Expense Plan for Public Employees in the Northwest as Amended and Restated October 1, 2009" ("Plan"); and

WHEREAS, The Port of Port Townsend ("Employer") has determined that establishing an HRA plan which provides a tax-free defined contribution account for employees to pay for medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses is in the best interest of the Employer and its employees; and

WHEREAS, the Employer desires to establish an HRA plan for its employees; and

WHEREAS, the Employer desires to use the services of the Trust to administer such Plan; and

WHEREAS, such HRA established by the Employer will be administered in accordance with the Plan documents provided by the Trust on file in the Employer's main office.

NOW, THEREFORE, BE IT HEREBY RESOLVED, by the Port Commission of the Port of Port Townsend, as follows:

Section 1. Effective, May 27, 2010, the Employer hereby elects to participate in the Plan 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 Plan will be funded with Employer contributions in amounts determined from time to time pursuant to Employer policies and collective bargaining agreements.


Section 3. The Port Executive Director is authorized to execute documents and establish procedures consistent with Plan and Trust provisions and applicable Employer policies and collective bargaining agreements necessary to effect the adoption and administration of the Plan.

ADOPTED this 26th day of May, 2010, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:


Leif W. Erickson, Secretary


John N. Collins, President


David H. Thompson, Vice President

APPROVED AS TO FORM:


Carolyn Lake, Port Attorney



**Port of Port Townsend
Non-represented (Administrative) Employees
HRA VEBA Funding Policy**

The Port of Port Townsend ("Employer") has adopted the HRA VEBA Medical Reimbursement Plan for Public Employees in the Northwest ("Plan"). Employer shall contribute to the Plan on behalf of all non-represented employees ("Group") defined as eligible to participate in the Plan. Each eligible employee must submit a completed and signed Enrollment Form to become a Plan participant and be eligible for benefits under the Plan.

Contributions on behalf of each eligible employee shall be based on the following selected funding sources/formulas:

- Sick leave cash-outs upon separation from service or retirement.** Eligibility is limited to employees who retire or separate from service with sick leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of all unused sick leave days accrued and available for cash-out upon retirement or separation from service per Employer policy.
- Sick leave, vacation, personal, and other leave cash-out annually.** Eligibility is limited to employees with annual leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of leave days (sick, vacation, personal, PTO, etc.) accrued and available for annual cash-out per Employer policy.
- Mandatory employee contributions** (no individual elections permitted). The Employer shall change the Group's compensation package such that eligible employees shall receive additional benefits in the form of VEBA Plan contributions equal to \$XXXX which shall be calculated and contributed on a monthly basis and the employees salary shall be reduced in an equal amount. Such contributions shall be made on behalf of all Group employees defined as eligible and shall be considered and referred to as Employer contributions.
- Excess monthly benefit dollars.** Eligibility is limited to employees with excess monthly benefit dollars provided by Employer. Employer contributions shall include all excess monthly benefit dollars on behalf of such employees.
- Employer contribution in lieu of medical insurance.** Eligibility is limited to employees waiving medical insurance coverage and providing proof of coverage under another employer-sponsored medical insurance plan. Employer contributions shall include the amount the Employer would have otherwise paid toward the cost of the waived medical insurance coverage on behalf of such employee.
- Other.**

The term of this Employer Policy shall be from May 27, 2010 to December 31, 2010.

Larry Crockett, Executive Director
Port of Port Townsend

Date