

RESOLUTION NO. 18-18

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
RUNNING SPRINGS WATER DISTRICT AMENDING THE
RUNNING SPRINGS WATER DISTRICT MEDICAL
EXPENSE REIMBURSEMENT PLAN**

WHEREAS, on May 21, 2008, the Board of Directors (“Board”) approved and adopted the Running Springs Water District Medical Expense Reimbursement Plan (“Plan”) for the benefit of District employees which elected not to participate in a District sponsored medical plan; and

WHEREAS, the Plan qualifies as an accident and health plan within the meaning of Section 106 of the Internal Revenue Code so that District contributions to the Plan are excluded from a participating employee’s gross income for federal tax purposes;

WHEREAS, the Plan was subsequently amended on August 18, 2008, September 17, 2008, July 20, 2011; and February 19, 2014;

WHEREAS, the Board has been advised that it is necessary to amend the Plan to provide for participation by employees who are covered in the District’s group health plans; and

WHEREAS, the Board has reviewed a proposed form of Amendment No. 1 to the Restated Plan as prepared by Best Best & Krieger LLP.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Running Springs Water District that:

1. The District hereby adopts Amendment No. 1 to the RESTATED RUNNING SPRINGS WATER DISTRICT MEDICAL EXPENSE REIMBURSEMENT PLAN, attached hereto and made a part hereof.

2. The effective date of Amendment No. 1 to the RESTATED RUNNING SPRINGS WATER DISTRICT MEDICAL EXPENSE REIMBURSEMENT PLAN shall be October 1, 2018.

ADOPTED this 19th day of September, 2018.

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| Ayes: | Grabow, Terry, Mackzum, Milliorn, Conrad |
| Noes: | 0 |
| Abstentions: | 0 |
| Absent: | 0 |



President, Board of Directors
Running Springs Water District

ATTEST



Secretary, Board of Directors
Running Springs Water District

**RUNNING SPRINGS WATER DISTRICT
RESTATED MEDICAL EXPENSE REIMBURSEMENT PLAN**

AMENDMENT NO. 1

RECITALS

A. RUNNING SPRINGS WATER DISTRICT ("District") adopted the RUNNING SPRINGS WATER DISTRICT MEDICAL EXPENSE REIMBURSEMENT PLAN (the "Plan"), effective July 1, 2008, and subsequently amended the Plan on August 18, 2008, September 17, 2008, , and July 20, 2011 and amended and restated on February 19, 2014.

B. The District desires to amend the Plan pursuant to Section 9.1 to provide for participation by employees who are covered in the District's group health plans.

AMENDMENT

NOW, THEREFORE, the District hereby amends the RUNNING SPRINGS WATER DISTRICT MEDICAL EXPENSE REIMBURSEMENT PLAN effective October 1, 2018, as follows:

1. Section 4.1 is amended in its entirety, as follows:

4.1 Commencement of Participation. Employees meeting either of the following requirements are eligible to participate in the Plan:

(a) Each Employee that elects not to participate in the primary group health plan sponsored by the Employer shall become immediately eligible to participate in the Plan if he or she is enrolled in a group health plan that provides minimum value pursuant to Code Section 36B(c)(2)(C)(ii), the group health plan in which he or she is enrolled is not a health reimbursement arrangement, and it meets all applicable requirements of the Patient Protection and Affordable Care. Each such Employee must annually, prior to the commencement of each Plan Year, certify in writing to that he or she is enrolled in such group health plan, and that he or she will immediately notify the Employer if he or she becomes dis-enrolled in such group health plan for any reason.

(b) Each Employee who elects to participate in the primary group plan sponsored by the Employer.

2. Section 4.2 is amended in its entirety, as follows:

4.2. Cessation of Participation. A Participant will cease to participate upon the earlier of his or her termination of employment or his or her election to participate in neither the primary group health insurance plan sponsored by the Employer nor a group health plan coverage sponsored by someone other than the Employer that provides minimum value pursuant

to Code Section 36B(c)(2)(C)(ii). The coverage of a Participant may also be terminated if such Employee is absent for more than thirty-one (31) days for a period of duty in Uniformed Service. Nothing in this Section 4.2 shall prohibit the payment of Benefits with respect to claims received after the Participant's termination of participation provided the claim relates to the reimbursement of Eligible Medical Expenses incurred during the period of participation.

3. Section 6.1 is amended in its entirety, as follows:

6.1 Funding. The Benefit provided herein shall be paid by the Employer in the form of an Employer Allowance, as follows:

(a) For Employees participating under Section 4.1(a), the amount of the Employer Allowance to be contributed each month shall be equal to the amount of the contribution the Employer would have otherwise made on behalf of the Employee for health coverage for that month, as determined by the number of the Employee's eligible Dependents.

(b) For Employees participating under Section 4.1(b), the amount of the Employer Allowance shall be the amount equal to the difference between the maximum amount which can be paid by the District on behalf of each Employee for group health coverage and the amount actually used by the Employee.

IN WITNESS WHEREOF, the Employer has caused this amendment to be executed on September 19th, 2018.



President, Board of Directors

Running Springs Water District