

**BOARD MEETING AGENDA  
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF  
CITRUS HEIGHTS WATER DISTRICT (CHWD)  
January 16, 2019 beginning at 6:00 PM**



**DISTRICT ADMINISTRATIVE OFFICE  
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**CALL TO ORDER:**

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

**ROLL CALL OF DIRECTORS:**

**CLOSED SESSION:**

CL-1. Pursuant to Section 54956.9:  
CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d)  
of Section 54956.9: 2 cases

CL-2. Pursuant to Section 54956.9:  
CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Initiation of litigation pursuant to paragraph (4) of Subdivision (d) of Section  
54956.9: 1 case

**FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:**

February 20, 2019	6:30 PM	Regular Meeting
March 20, 2019	6:30 PM	Regular Meeting
April 17, 2019	6:30 PM	Regular Meeting
May 15, 2019	6:30 PM	Regular Meeting
June 19, 2019	6:30 PM	Regular Meeting
July 17, 2019	6:30 PM	Regular Meeting
August 21, 2019	6:30 PM	Regular Meeting
September 18, 2019	6:30 PM	Regular Meeting
October 16, 2019	6:30 PM	Regular Meeting
November 20, 2019	6:30 PM	Regular Meeting
December 2, 2019	6:30 PM	Special Meeting
December 18, 2019	6:30 PM	Regular Meeting

**ADJOURNMENT:**

**CERTIFICATION:**

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 24 hours prior to the special meeting in accordance with Government Code Section 54956.



Christopher Castruita, Chief Board Clerk

Dated: January 10, 2019

**BOARD MEETING AGENDA  
REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
CITRUS HEIGHTS WATER DISTRICT (CHWD)  
JANUARY 16, 2019 beginning at 6:30 PM**



**DISTRICT ADMINISTRATIVE OFFICE  
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

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**CALL TO ORDER:**

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the General Manager.

**ROLL CALL OF DIRECTORS:**

**PLEDGE OF ALLEGIENCE:**

**VISITORS:**

**PUBLIC COMMENT:**

The Public shall have the opportunity to directly address the Board on any item of interest to the public before or during the Board's consideration of that item pursuant to Government Code Section 54954.3. Public comment on items of interest within the jurisdiction of the Board is welcome. The Presiding Officer will limit comments to three (3) minutes per speaker.

(A) Action Item

(D) Discussion Item

(I) Information Item

**CONSENT CALENDAR: (I/A)**

All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item be removed for separate discussion/action before the motion to approve the Consent Calendar.

- CC-1. Minutes of the Regular Meeting – December 19, 2018
- CC-2. Revenue Analysis Report for December 2018
- CC-3. Assessor/Collector's Roll Adjustment for December 2018
- CC-4. Treasurer's Report for December 2018
- CC-5. Treasurer's Report of Fund Balances for December 2018
- CC-6. Operating Budget Analysis for December 2018
- CC-7. Capital Projects Summary December 2018
- CC-8. Warrants for December 2018
- CC-9. CAL-Card Distributions for December 2018
- CC-10. Summary of 2018 Employees and Directors Training Courses, Seminars and Conference
- CC-11. Employee Recognitions

- CC-12. Long Range Board Agenda (I)  
Board Agenda Items Planned for Upcoming Meetings.
- CC-13. Engineering Department Report (I)  
Significant assignments and activities for the Engineering Department are summarized.
- CC-14. Operations Department Report (I)  
Monthly report on construction and maintenance activities.
- CC-15. 2018 Water Supply – Purchased and Produced (I)  
Report on annual water supply including comparison with prior years.
- CC-16. Water Supply Reliability (I)  
Receive status report on surface water supplies available to the Citrus Heights Water District (District).
- CC-17. Water Efficiency and Safety Program Update (I)  
Monthly report on Water Efficiency program activities.
- CC-18. Discussion and Possible Action to Approve the Notice of Completion For The 2017-18 On-Call Pavement Restoration Services (A)  
Consider adoption of Resolution 01-2019 for the 2017/18 On-Call Pavement Restoration Services performed throughout the Citrus Heights Water District's service area, and authorize execution and recording of a Notice of Completion for the project.

**PRESENTATIONS:**

None.

**STUDY SESSIONS:**

None.

**BUSINESS:**

- B-1. Discussion and Possible Action to Approve a Task Order Agreement for Financial Services (A)  
Consider approval of an agreement with Raftelis Financial Consultants, Inc.
- B-2. Discussion and Possible Action to Approve Updates to Employee Benefits Program (A)  
Consider approval of Resolution 02-2019, amending policies 4210, 4211, 4212, 4220, 4222 and 4831, and approving agreements establishing Employee Benefits Programs.
- B-3. 2018 Strategic Plan Update and 2019 Strategic Plan Preview (I/D)  
Receive an update to the 2018 Strategic Plan and a preview of the 2019 Strategic Plan.

**CONSULTANTS' AND LEGAL COUNSEL'S REPORTS (I):**

None.

**DIRECTOR'S AND REPRESENTATIVE'S REPORTS (I):**

- D-1. Regional Water Authority (Riehle).
- D-2. Sacramento Groundwater Authority (Sheehan).
- D-3. San Juan Water District (All).
- D-4. Association of California Water Agencies (Riehle).
- D-5. ACWA Joint Powers Insurance Authority (Wheaton/Castruita).
- D-6. City of Citrus Heights (Pieri).
- D-7. Chamber of Commerce Update (Straus/Castruita/Meurer).
- D-8. RWA Lobbying Program Update (Castruita/Meurer).
- D-9. Customer Advisory Committee (Riehle/Pieri).
- D-10. Other Reports.

**MANAGEMENT SERVICES REPORTS (I):**

- MS-1. Meter Replacement Study Update

**CORRESPONDENCE:**

None.

**CLOSED SESSION:**

None.

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**ADJOURNMENT:**

**CERTIFICATION:**

I do hereby declare and certify that this agenda for this Regular Meeting of the Board of Directors of the Citrus Heights Water District was posted in a location accessible to the public at the District Administrative Office Building, 6230 Sylvan Road, Citrus Heights, CA 95610 at least 72 hours prior to the regular meeting in accordance with Government Code Section 54954.2.



Dated: January 10, 2019

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Christopher Castruita, Management Services  
Supervisor/Chief Board Clerk

CITRUS HEIGHTS WATER DISTRICT  
BOARD OF DIRECTORS REGULAR MEETING MINUTES  
December 19, 2018

The Regular Meeting of the Board of Directors was called to order at 6:31 p.m. by President Riehle and roll was called. Present were:

Raymond A. Riehle, President  
Caryl F. Sheehan, Vice President  
Allen B. Dains, Out-going Director  
David C. Wheaton, Director

Absent:

None.

Staff:

Hilary Straus, General Manager  
Susan Sohal, Administrative Services Manager  
David Gordon, Operations Manager  
Missy Pieri, Engineering Manager  
Chris Castruita, Management Services Supervisor/Chief Board Clerk  
Rex Meurer, Water Efficiency Supervisor  
Madeline Henry, Management Services Specialist/Deputy Board Clerk  
Steve Anderson, General Counsel

**VISITORS:**

Charley Howard, Regional Government Services  
Henry Tingle

**PLEDGE OF ALLEGIANCE:**

Board President Raymond Riehle led the Pledge of Allegiance.

**PUBLIC COMMENT:**

None.

**CONSENT CALENDAR:**

President Riehle asked for consideration and/or approval of the Consent Calendar.

Minutes of the Special Meeting – November 14, 2018  
Minutes of the Regular Meeting – November 14, 2018

- Minutes of the Special Meeting – December 5, 2018
- Revenue Analysis Report for November 2018
- Assessor/Collector’s Roll Adjustment for November 2018
- Treasurer’s Report for November 2018
- Treasurer’s Report of Fund Balances for November 2018
- Operations Budget Analysis for November 2018
- Capital Projects Summary November 2018
- Warrants for November 2018
- CAL–Card Distributions for November 2018
- Summary of 2018 Employees and Directors Training Courses, Seminars and Conferences
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 Report on annual water supply including comparison with prior years.
- Water Supply Reliability (I)  
 Receive status report on surface water supplies available to the Citrus Heights Water District (District).
- Water Efficiency and Safety Program Update (I)  
 Monthly report on Water Efficiency and Safety programs activities.

**NOVEMBER 2018 WARRANTS**

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66450	Void	Void	\$0.00
66451	Jeannie E O'Brien	Customer Refund	\$38.42
66452	Thomas L/Mary E Asher	Customer Refund	\$20.26
66453	Waltraud Reese	Customer Refund	\$95.40
66454	Placido/Peggy M Agrippino	Customer Refund	\$12.42
66455	Richard H/Arlene A Cook II	Customer Refund	\$165.49
66456	Romero M Zamora	Customer Refund	\$280.99
66457	Christine Flovin	Customer Refund	\$153.89
66458	Thelma T Hampton	Customer Refund	\$27.28
66459	Patrick D McCulley	Customer Refund	\$30.24
66460	Void	Void	\$0.00
66461	David J/Irma N Jimenez	Customer Refund	\$289.93



66462	Joyce E/Gene R Root Living Trust	Customer Refund	\$202.97
66463	Kevin/Sunny Darling	Customer Refund	\$17.34
66464	Toni Brack	Customer Refund	\$271.54
66465	2018-1 IH Borrower LP	Customer Refund	\$251.09
66466	Jessie Maples	Customer Refund	\$177.60
66467	Kyle Varney	Customer Refund	\$227.86
66468	Danny Floodman	Customer Refund	\$136.48
66469	Annette/Ahmet Emin	Customer Refund	\$12.73
66470	Doumit Communications Inc	Customer Refund	\$1,577.06
66471	All-American Construction Inc	Customer Refund	\$1,468.53
66472	ABA DABA Rentals & Sales	Supplies-Field	\$282.68
66473	Alexander's Contract Services	Contract Services- Meter Read	\$2,381.59
66474	AREA Restroom Solutions	Equipment Rental- Field	\$118.76
66475	Area West Engineers Inc	Contract Services-Engineering	\$1,554.00
66476	Best Best & Krieger	Legal & Audit	\$6,798.04
66477	Thomas Brophy	Toilet Rebate Program	\$150.00
66478	BSK Associates	Water Analysis	\$922.00
66479	California Landscape Associates Inc	Janitorial	\$200.00
66480	David R Canady	Toilet Rebate Program	\$75.00
66481	City of Citrus Heights	Permit Fees	\$2,873.00
66482	College Oak Towing	Repair-Trucks	\$95.00
66483	Robin Cope	Health Insurance	\$422.30
66484	Cybex	Equipment Rental- Office	\$158.16
66485	Manuel Duena	Toilet Rebate Program	\$150.00
66486	Graybar Electric Co	Supplies-Field	\$1,072.62
66487	J4 Systems	Contract Services-Other	\$4,539.55
66488	Liebert Cassidy Whitmore	Legal & Audit	\$4,732.00
66489	Anthony Matraccia	Liabilty & Comp Insurance	\$75.00
66490	Edward C or Rosalina C Pineda	Toilet Rebate Program	\$75.00
66491	Alberto Preciado	Continued Education	\$138.36
66492	Rapid Information Destruction Services	Equipment Rental- Office	\$40.00
66493	RDO Equipment	Repair-Trucks	\$674.34
66494	Red Wing Shoe Store	Small Tools	\$275.00
66495	Regional Government Services	Contract Services-Other	\$300.00
66496	Sacramento County Dept of Finance	Utilities	\$95.00
66497	Sonitrol	Equipment Rental- Office	\$175.10

66498	S.I.C.H.	Office Miscellaneous	\$300.00
66499	Superior Equipment Repair	Repair-Trucks	\$1,217.44
66500	State Water Resources Control Board	Dues & Subscriptions	\$60.00
66501	Titan Workforce LLC	Contract Services-Temporary Labor	\$4,529.50
66502	Vice's Collision Repair	Repair-Trucks	\$3,220.66
66503	West Coast Arborists, Inc	Contract Services-Miscellaneous	\$2,800.00
66504	ACWA	Dues & Subscriptions	\$18,300.00
66505	Pace Supply Corp	Material	\$10,377.04
66506	San Juan Water District	Purchased Water	\$705,240.10
66507	SMUD	Utilities	\$22,272.94
66508	ACWA/JPIA	Workers Comp Insurance	\$17,759.25
66509	Donna K Cressey	Customer Refund	\$31.24
66510	Vasile/Aurica Juca	Customer Refund	\$1,080.49
66511	David P Lauderville	Customer Refund	\$18.99
66512	Linda Scherer	Customer Refund	\$67.62
66513	Matthew R/Christopher C Braden	Customer Refund	\$27.21
66514	Joan Cacioppo Trust	Customer Refund	\$191.56
66515	Michael/Cindy L Merrall	Customer Refund	\$53.06
66516	Tony R Steelman	Customer Refund	\$34.70
66517	Sanita/Ramis Velagic	Customer Refund	\$47.98
66518	Buffer Family Trust	Customer Refund	\$22.94
66519	ABA DABA Rentals & Sales	Supplies-Field	\$164.96
66520	AFLAC	Employee Paid Insurance	\$395.99
66521	Alexander's Contract Services	Contract Services- Meter Read	\$3,873.77
66522	Bartel Associates LLC	Contract Services-Financial	\$750.00
66523	Batteries Plus Bulbs	Small Tools	\$92.67
66524	Chris Castruita	Continued Education	\$223.41
66525	Corix Water Products, Inc	Material	\$6,343.26
66526	CSDA	Dues & Subscriptions	\$7,252.00
66527	Dawson Oil Company	Gas & Oil	\$2,460.66
66528	Daniel Noonan DBA: Intependent Plumbing	Contract Services-Miscellaneous	\$100.00
66529	Integrity Administrators Inc	Health Insurance	\$5,000.00
66530	Kei Window Cleaning #12	Janitorial	\$96.00
66531	MacAdam Protection Strategies	Contract Services-Other	\$3,000.00
66532	Dana Mellado	Continued Education	\$140.06
66533	Moonlight BPO	Contract Services-Bill Print	\$4,748.15

66534	Pirtek Power Inn	Repair-Trucks	\$262.85
66535	Protection One Alarm Monitoring	Equipment Rental- Office	\$206.05
66536	Republic Services #922	Utilities	\$318.80
66537	Regional Water Authority	Dues & Subscriptions	\$1,392.00
66538	Les Schwab Tires	Repair-Trucks	\$2,678.23
66539	Sierra Office and Printing	Water Conservation-Material/Supplies	\$2,090.00
66540	Silicon Valley Shelving & Equipment Co	Contract Services-Other	\$2,794.19
66541	A. Teichert & Son, Inc.	Road Base	\$1,065.95
66542	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$7,472.60
66543	Integrity Administrators Inc	Health Insurance	\$318.50
66544	Michael D & Clare M Curran Trust	Customer Refund	\$94.36
66545	Sunrise Rec Park Dist/Stock Ranch Nature	Customer Refund	\$503.58
66546	Daylene M Harwood	Customer Refund	\$114.93
66547	William/Nancy D Johnson	Customer Refund	\$52.46
66548	Elizabeth J Gray	Customer Refund	\$182.82
66549	GM Construction & Developers	Customer Refund	\$1,099.10
66550	TM Investments Inc	Customer Refund	\$26.19
66551	AnswerNet	Telephone-Answering Service	\$287.35
66552	Applied Best Practices	Contract Services-Financial	\$1,200.00
66553	AT&T Payment Center	Telephone-Local/Long Distance	\$60.00
66554	Best Best & Krieger	Legal & Audit	\$7,954.89
66555	Consolidated	Telephone-Local/Long Distance	\$1,839.85
66556	County of Sacramento Municipal Services	Field Miscellaneous	\$30.70
66557	ICMA Membership Renewals	Dues & Subscriptions	\$1,472.47
66558	Irrigation Association - Certification	Dues & Subscriptions	\$100.00
66559	J4 Systems	Contract Services-Other	\$5,660.00
66560	KBA Docusys Inc	Equipment Rental- Office	\$342.63
66561	Lowe's	Supplies-Field	\$1,107.58
66562	Luhdorff & Scalmanini	Contract Services-Wells	\$1,997.66
66563	Jeffery Ott	Continued Education	\$109.37
66564	Pace Supply Corp	Material	\$1,750.56
66565	Reed & Graham Inc	Supplies-Field	\$43.20
66566	RW Trucking	Contract Services-Miscellaneous	\$2,604.61
66567	State Water Resources Control Board	Dues & Subscriptions	\$80.00
66568	Titan Workforce LLC	Contract Services-Temporary Labor	\$6,945.92
66569	Wolf Consulting	Contract Services-Other	\$875.00

66570	Sacramento Appliance Repair Service	Contract Services-Miscellaneous	\$96.00
66571	Pamela A/Robert P Dillon	Customer Refund	\$20.55
66572	Russo Residence Trust	Customer Refund	\$144.36
66573	Mizner Family Trust	Customer Refund	\$76.21
66574	Cleo C Jr/Nancy D Shrader	Customer Refund	\$17.03
66575	Swaroop/Debasmita Patnaik	Customer Refund	\$16.07
66576	Scott/Kaisa Bailey	Customer Refund	\$408.62
66577	Drake/Heather Hughes	Customer Refund	\$80.00
66578	Eric J/Stacie A Surowiak	Customer Refund	\$35.85
66579	ABA DABA Rentals & Sales	Supplies-Field	\$282.68
66580	AIA Services, LLC/NDS	Water Conservation-Material/Supplies	\$30.55
66581	Alexander's Contract Services	Contract Services- Meter Read	\$5,061.26
66582	California-Nevada Section AWWA	Dues & Subscriptions	\$50.00
66583	AWWA	Dues & Subscriptions	\$4,141.00
66584	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
66585	Bart/Riebes Auto Parts	Repair-Trucks	\$14.00
66586	Best Best & Krieger	Legal & Audit	\$7,982.50
66587	Brady Chambers	Continued Education	\$67.57
66588	Citrus Heights Saw & Mower	Repair-Equipment/Hardware	\$379.27
66589	Corelogic Information Solutions Inc	Dues & Subscriptions	\$448.54
66590	Kelly R Drake	Printing	\$315.89
66591	Government Finance Officers Association	Dues & Subscriptions	\$25.00
66592	Global Machinery West	Fixed Assets	\$899.94
66593	J4 Systems	Contract Services-Other	\$2,475.00
66594	KBA DOCUSYS	Equipment Rental- Office	\$23.20
66595	Lords Electric Inc.	Contract Services-Other	\$5,500.00
66596	Moonlight BPO	Contract Services-Bill Print	\$6,571.65
66597	Nor Cal Perlite Inc	Supplies-Field	\$1,192.00
66598	Pace Supply Corp	Material	\$1,352.83
66599	Pacific Gas & Electric	Utilities	\$16.13
66600	Alberto Preciado	Continued Education	\$387.32
66601	John Spinella	Small Tools	\$225.95
66602	SureWest Directories	Telephone-Local/Long Distance	\$49.00
66603	Titan Workforce LLC	Contract Services-Temporary Labor	\$7,645.41
66604	WaterWise Consulting, Inc	Contract Services-Conservation	\$700.00
66605	World Environment & Energy Inc	Contract Services-Miscellaneous	\$1,030.33

66606	Marion/Shirley Gnagy Revocable Trust	Customer Refund	\$24.49
66607	George/Gertrude O Sarvadi	Customer Refund	\$115.18
66608	Andrew R Morris	Customer Refund	\$11.78
66609	Stephen F Cassell Trust	Customer Refund	\$111.69
66610	Estate of Martha M Coverdale	Customer Refund	\$204.51
66611	James R Harner	Customer Refund	\$169.05
66612	Michael/Jan Hagen	Customer Refund	\$301.46
66613	Linda R Munro	Customer Refund	\$31.14
66614	Kathleen A Westover	Customer Refund	\$7.72
66615	George S/Deborah A Porter Trust	Customer Refund	\$6.54
66616	BJ Messimer	Customer Refund	\$60.60
66617	Ankica Jaksic	Customer Refund	\$36.65
66618	Fernando/Alejandra Fernandez	Customer Refund	\$24.37
66619	Michael Schmid	Customer Refund	\$83.93
66620	Ovidiu Rosca	Customer Refund	\$31.21
66621	Shannon Thompson	Customer Refund	\$199.61
66622	Afman Supply	Small Tools	\$33.68
66623	Airgas USA, LLC	Supplies-Field	\$489.89
66624	Alexander's Contract Services	Contract Services- Meter Read	\$1,655.71
66625	Avalon Custodial Care	Janitorial	\$695.00
66626	Bart/Riebes Auto Parts	Repair-Trucks	\$138.82
66627	Best Best & Krieger	Legal & Audit	\$7,913.00
66628	BSK Associates	Water Analysis	\$1,552.00
66629	Burketts	Office Expense	\$38.61
66630	California Society of Municipal Finance Officers	Dues & Subscriptions	\$220.00
66631	CirclePoint	Contract Services-Conservation	\$7,316.75
66632	Ferguson Enterprises Inc #1423	Material	\$4,238.35
66633	Rickey P. Knapp	Toilet Rebate Program	\$150.00
66634	Karl Nielsen	Toilet Rebate Program	\$150.00
66635	Prosio Communications	Contract Services-Miscellaneous	\$5,677.50
66636	Red Wing Shoe Store	Small Tools	\$446.03
66637	Regional Government Services	Contract Services-Other	\$278.15
66638	Regional Water Authority	Dues & Subscriptions	\$560.00
66639	A. Teichert & Son, Inc.	Road Base	\$974.55
66640	The Lincoln National Life Insurance Company	Disability & Life Insurance	\$7,472.60

66641	Titan Workforce LLC	Contract Services-Temporary Labor	\$5,105.91
66642	Verizon Wireless	Telephone-Wireless	\$1,541.76
66643	Voyager Fleet Systems Inc	Gas & Oil	\$2,294.72
<b>TOTAL</b>			<u>\$1,009,827.04</u>
ACH	2018 OPEB PERS	PERS	\$80,000.00
ACH	BANK OF THE WEST	Bank Fee	\$90.89
ACH	CHASE OCTOBER 2018	Bank Fee	\$126.60
ACH	CHASE OCTOBER 2018	Bank Fee	\$2,042.48
ACH	DECEMBER 2018 KAISER	Health Insurance	\$22,971.23
ACH	DECEMBER 2018 WHA	Health Insurance	\$13,885.21
ACH	OCTOBER 2018 FD	Bank Fee	\$94.98
ACH	OCTOBER 2018 FEE	Bank Fee	\$1,585.89
ACH	OCTOBER 2018 PH	Bank Fee	\$117.98
ACH	SEPT 2018 FD	Bank Fee	\$25.00
ACH	OCTOBER 2018 US	See October Agenda Item CC:8	\$15,154.60
ACH	OCTOBER 2018 WB	Bank Fee	\$87.98
ACH	PAYCHEX NOVEMBER 2018	Contract Services-Other	\$700.25
ACH	PERS 10/18/18 PAYDAY	PERS	\$18,695.71
ACH	PERS 11/1/18 PAYDAY	PERS	\$18,505.27
ACH	PERS 11/15/18 PAYDAY	PERS	\$18,008.59
ACH	PERS 11/29/18 PAYDAY	PERS	\$18,201.61
ACH	VALIC 11/2/18 PAYDAY	Deferred Compensation	\$3,204.50
ACH	VALIC 11/15/18 PAYDAY	Deferred Compensation	\$3,204.50
ACH	VOYA 1/15/18 PAYDAY	Deferred Compensation	\$25.00
ACH	VOYA 11/1/18 PAYDAY	Deferred Compensation	\$25.00
ACH	VOYA 11/29/18 PAYDAY	Deferred Compensation	\$25.00
ACH	VALIC 11/1/18 PAYDAY	Deferred Compensation	\$3,704.50
<b>TOTAL</b>			<u>\$220,482.77</u>
<b>GRAND TOTAL</b>			<u><u>\$1,230,309.81</u></u>

**November Checks Approved at November Board Meeting**

ACH	HARRIS & ASSOCIATES	Contract Services-Engineering	\$17,760.00
ACH	HARRIS & ASSOCIATES	Contract Services-Engineering	\$12,600.00
ACH	HARRIS & ASSOCIATES	Contract Services-Engineering	\$31,161.02
ACH	US BANK NOV 18	See December Agenda Item CC:8	\$21,044.45
66670	CIRCLEPOINT	Contract Services-Water Conservation	\$13,194.61
66671	COGSDALE	Contract Services-Other	\$58,312.85
66672	FERGUSON ENTERPRISES	Material	\$21,803.75
66673	REGIONAL GOVERNMENT SERVICES	Contract Services-Other	\$18,266.97
66674	SAN JUAN WATER DISTRICT	Refund of Overpayment	\$47,693.20
			\$241,836.85

Employee Recognitions — Eighteen employees received recognition for attendance during October 2018, and seventeen were recognized for outstanding customer service and quality of work during the month of November 2018. Directors were provided with a list of the employees and items for which each received recognition.

The Long Range Board Agenda was provided showing Directors upcoming items scheduled for future Board Meetings.

Engineering Department Report

The Engineering and Capital Projects Department staff presented a report on the following activities during the month of November 2018:

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PROJECT 2030 Water Main Replacement Project</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, 04/17/19 (60% Completion Update)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	CAC Workshop #2 was held on 08/28/18.  Water Main Assessment in Progress.  CAC Workshop #3 occurred on 12/11/18.
<b>CAPITAL IMPROVEMENT PROJECT Corporation Yard / Facilities Master Plan Buildout</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Staff continues to review Space Needs Assessment completed by consultant. Additional meetings scheduled.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT Highland Ave &amp; Rosa Vista Ln 8" Water Mains</b>	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 06/20/18 (Notice of Completion) 09/19/18 or 10/17/18 (Easements)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting.  Notice of Completion approved at 06/20/18 Board Meeting.  Easements being prepared by District.
<b>CAPITAL IMPROVEMENT PROJECT Wind Way and Longwood Way 8" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans complete.  Construction to be completed by District Operations staff.
<b>CAPITAL IMPROVEMENT PROJECT Pleasantview Drive 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/01/18.  Potholing began on 09/03/18.  Plans are 75% complete.
<b>CAPITAL IMPROVEMENT PROJECT Michigan Drive 8" &amp; 6" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/02/18.  Potholing completed. Preparing 90% plans.  Staff to verify easements.
<b>CAPITAL IMPROVEMENT PROJECT Old Auburn Road - Daffodil to Wooddale 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Facilities request letters sent to Utilities on 09/20/18.  Received proposal from Engineering Consultant.  Scheduling a kick-off meeting for design.
<b>CAPITAL IMPROVEMENT PROJECT Cologne Way 6" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Facilities request letters sent to Utilities on 09/20/18.  Received proposal from Engineering Consultant.  Scheduling a kick-off meeting for design.
<b>CAPITAL IMPROVEMENT PROJECT Quiet Oak Lane 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Facilities request letters sent to Utilities on 09/20/18.  Received proposal from Engineering Consultant.  Scheduling a kick-off meeting for design.



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT 6230 Sylvan Road East Side Wall</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	No	Wall along the east side of District property.	We anticipate this project will be included in the 2019 Capital Improvement Program. Staff to begin communication with SJUSD during 2018.
<b>PRIVATE DEVELOPMENT Northridge Grove - 5555 Mariposa Ave 47 Condominiums</b>	Engineering	Senior Construction Inspector and Engineering Manager	On-going	Yes, TBD	No	Private development.	District met on 03/01/18. District sent cost-sharing agreement for system improvements made in conjunction with the project on 05/23/18. District to respond.
<b>PRIVATE DEVELOPMENT Dignity Health Building - 7115 Greenback Ln</b>	Engineering	Engineering Manager and Senior Construction Inspector	On-going	Yes, TBD	No	Medical office building by developer.	Project complete.  Perform project closeout.  District provided comments to the draft easement received from the City on 08/01/18. Awaiting response from the City.
<b>PRIVATE DEVELOPMENT 3 lot Residential Subdivision - 5648-5696 San Juan Ave</b>	Engineering	Senior Construction Inspector	On-going	No	No	3 lot subdivision.	Preconstruction meeting occurred on 03/12/18.  Letter of Acceptance sent on 12/04/18.  Project Complete.
<b>PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Drive</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	No	200-300 unit development by Watt Communities.	District submitted Conditions of Approval for the project on 05/07/18.  Project approved by City of Citrus Heights City Council on 08/23/18.  Engineering plans being prepared.
<b>PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road</b>	Engineering	Senior Construction Inspector and Engineering Manager	On-going	No	No	15 lot subdivision located on Antelope Road.	Final plans received on 01/23/18. Developer grading site.  Water preconstruction meeting occurred on 06/25/18.  99% Complete. Punchlist provided to the Contractor.
<b>PRIVATE DEVELOPMENT Citrus Place Subdivision</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way.	Received updated plans from engineer on 04/30/18.  District sent back comments on 05/22/18.  Awaiting a resubmittal.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT</b> 12057 Fair Oaks Blvd Fair Oaks Senior Apartments	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Seniors apartment complex with 42 one bedroom and 68 two bedroom units.	Received Project Referral and proposed site plan on 11/13/2018.  District to send Will Serve Letter.
<b>PRIVATE DEVELOPMENT</b> 7581 Sycamore Dr - Parcel Split 1 - 3	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Plans signed on 09/19/18.  Awaiting construction.
<b>PRIVATE DEVELOPMENT</b> 8053 Holly Dr Parcel Split 1 - 3	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Final plans signed and fees received on 05/10/18.  District Operations staff began construction on 09/25/18. 98% Complete.
<b>PRIVATE DEVELOPMENT</b> 8043 Holly Dr Parcel Split 1 - 3	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Received initial plans on 10/01/2018.
<b>PRIVATE DEVELOPMENT</b> 8116 Holly Dr Parcel Split 1 - 2	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 2 with 2 existing homes and meters.	Received Project Referral 11/16/2018.  Conditions of Approval letter sent 11/28/2018.
<b>PRIVATE DEVELOPMENT</b> 7601 Sunrise Blvd The Human Bean	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	District signed plans on 12/21/17.  Awaiting construction.
<b>PRIVATE DEVELOPMENT</b> 6920 Auburn Blvd Stock Ranch Plaza - Parcel 11	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Received easement information on 11/30/17.  Received submittal from engineer on 10/11/18. Met with engineer on 11/19/18.  Awaiting easements for entire Stock Ranch area.
<b>PRIVATE DEVELOPMENT</b> 7030 Auburn Blvd Stock Ranch - Traffic Circulation	Engineering	Senior Construction Inspector	On-going	No	No	Commercial Development.	Plans signed on 02/26/18. Fees paid on 05/22/18.  Preconstruction meeting on 04/30/18.  Final Acceptance Letter sent on 09/10/18.  Awaiting easements for entire Stock Ranch area.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT</b> 7766 Auburn Blvd Quick Slice	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent comments to City on 11/27/17.  Awaiting final plans from developer for District review.
<b>PRIVATE DEVELOPMENT</b> 8501 Auburn Blvd Big Lots	Engineering	Senior Construction Inspector and Engineering Manager	On-going	No	No	Commercial Development.	Plans signed on 08/23/18.  Preconstruction meeting occurred on 09/24/18.  Coordinating easements with developer.  80% Complete.
<b>PRIVATE DEVELOPMENT</b> 8501 Auburn Blvd Parcel Split	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Potential parcel split from one parcel to four parcels.	Sent conditions of approval letter on 09/06/18.
<b>PRIVATE DEVELOPMENT</b> 8501 Auburn Blvd Studio Movie Grill	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	Sent Will Serve letter on 12/28/17.  Awaiting plans from developer for District review.  Coordinating easements with developer.
<b>PRIVATE DEVELOPMENT</b> 7424 Sunrise Blvd Sunrise Pointe	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Proposed multi-unit housing complex for low-income and homeless.	Received Project Referral and initial plans on 10/11/2018.  Will-Serve letter sent 11/21/2018.
<b>PRIVATE DEVELOPMENT</b> 7312 Veterans Lane	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home on a private street.	Sent review comments on 08/03/18.  Engineering sent cost estimate of improvements to owner on 10/30/18.  Awaiting payment from customer.
<b>PRIVATE DEVELOPMENT</b> 208 Langley Ave	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home.	Coordinating water system requirements with property owner.
<b>PRIVATE DEVELOPMENT</b> 7881 Twin Oaks Ave	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home.	Developer Fees paid 11/19/2018.  Operations calling in USA to install water service.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>COMCAST</b>	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	District has provided water utility maps for all requested projects.  Awaiting resubmittal from Comcast Engineer.  Awaiting as-builts on all completed projects.
<b>CITY OF CITRUS HEIGHTS PROJECT City Drainage Project</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Highland Ave, Wonder St, Dana Butte Way, and Sunhill Dr Storm Drain Project.	Anticipate bid and start of construction in 2019. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts and possible easement.
<b>CITY OF CITRUS HEIGHTS PROJECT Bonita, Old Auburn Rd, &amp; Mariposa Ave Storm Drain Improvements</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Bonita Way, Old Auburn Road, & Mariposa Ave Storm Drain Project.	Received 30% plans at the meeting with Dokken Engineering on 05/21/18.  District sent engineer data on 08/03/18.
<b>CITY OF CITRUS HEIGHTS PROJECT Baird Way Storm Drain Improvements</b>	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Baird Way Storm Drain Project.	Construction complete by City contractor.  This item is complete. Awaiting as-builts from the City.
<b>CITY OF CITRUS HEIGHTS PROJECT Sunrise Blvd Complete Streets Phase 2A (C16-142)</b>	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Frontage improvements along west side of Sunrise from Sayonara to north and Storm Drain Improvements.	City contractor paved Sunrise Blvd on 09/27/18. Contractor 99% complete with water related work.  CHWD 99% complete with water facility relocations.  District sent Value of Facilities request to the Contractor.  Letter of Final Acceptance Pending.
<b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Frontage improvements along west side of Mariposa Ave from Northridge to Eastgate.	Received signed Utility Agreement. Start of construction in 2019.  Received plans for review on 05/17/18. Pre-bid meeting on 06/05/18. District awaiting final plans.
<b>CALIFORNIA DEPT OF TRANSPORTATION Weigh Station at I-80 &amp; Antelope</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Weigh station and off-ramp improvements.	Sent water facility maps and as-builts to Engineer on 11/20/17.  Awaiting plans from CalTrans for District review.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>Annexations</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Annex properties into the District to clarify and revise District boundaries.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.  A meeting scheduled for 01/07/19. Staff to schedule a meeting with Sacramento LAFCo.
<b>Easements</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.  A follow-up meeting was held on 10/24/18.

Operations Department Report

Operations Manager Gordon reported as follows:

A total of 158 work orders were performed during the month of November by field operations crews, administration field crews and contractors. The results of recent bacteriological testing, a total of 72 samples, have met all California Department of Drinking Water (DDW) requirements.

2018 Water Supply – Purchased and Produced

The District’s total water use during the month of November 2018 (807.70 acre-feet) was 20.8 percent below that of October 2013 (911.55 acre-feet).

Water Supply Reliability

As of December 1, 2018, storage in Folsom Lake (Lake) was at 330,400 acre-feet, 34 percent of the total capacity of 977,000 acre-feet. This represents an increase in storage of 66,900 acre-feet in the past month.

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District’s groundwater production wells: Bonita, Skycrest, Mitchell Farms, and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells: Palm and Sunrise, are at various stages of repairs.

Water Efficiency Program Update

Water Efficiency, Safety and Meter Program activities during the month of November 2018 include:

- 12 High Efficiency Toilet (HET) rebates were processed for the month of November. This compares to 5 rebates issued for the month of November 2017. The 5 year average (2013-2017) of November HET rebates is 14. A total of \$10,950.00 in rebates were issued year to date.

- A total of 3 High Efficiency Clothes Washer (HECW) rebates were issued during the third quarter of 2018. This compares to 2 HECW rebates issued for the third quarter of 2017. To better align with SMUD's schedule for reporting monthly numbers, staff is reporting HECW rebates on a quarterly basis.
- 47 service calls were received during the month of November. There were no reports of water waste received through CHWD's Drought Resources web page. A total of 301 service calls were received year to date.
- Staff is preparing class content and the schedule for next year's WaterSmart classes. 5 WaterSmart classes are planned for 2019. The first class will be held at the Citrus Heights Community Center on Saturday, April 6, 2019. The topics covered will include spring gardening tips, spring planting tips and irrigation troubleshooting.
- CHWD began a telephone outreach campaign promoting the District's free Irrigation Efficiency Reviews. WaterWise Consulting is working with staff to contact many of CHWD's high water use customers. Staff is focusing on multi-family customers. There were no multi-family Irrigation Efficiency Reviews completed for the month of November. For the customers who have completed an Irrigation Efficiency Review during this outreach campaign, staff will conduct a year-over-year comparison of their water usage. A total of 89 Irrigation Efficiency Reviews have been completed since the outreach campaign began in December 2017. This compares to 48 Irrigation Efficiency Reviews completed for the same time in December 2016 through October 2017.
- On Thursday, December 13, staff gave the tenth presentation in the annual group participation safety program. The presentation topic will be "Internet Security". The presenters will include Susan S., Jeff O., Borey S., and James B.
- To assist with the evaluation and implementation of AB 1668 and SB 606, the District purchased four band infrared aerial imagery for our service area. Four band infrared aerial imagery provides data on irrigable/irrigated landscape area to help estimate landscape water budgets like those associated with the legislation. Infrared imagery distinguishes plant material type (grass, trees, etc.) and is required to calculate landscape budgets. The aerial imagery is scheduled for delivery in late December 2018.

- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

Month	R-GPCD	R-GPCD	% CHANGE
	2017	2018	
January	75	77	+3%
February	72	85	+18%
March	80	79	-.01%
April	87	100	+13%
May	166	156	-.06%
June	209	213	-.02%
July	241	253	+.05%
August	229	231	+.01%
September	217	200	+.08%
October	170	154	-.09%
November	95	122	+28%

**ACTION:** Director Dains moved and Director Sheehan seconded a motion to accept the Consent Calendar.

The motion carried 3-0 with all Directors voting yes.

Management Services Specialist Castruita requested that the Board reorder the agenda to consider item B-5 Merit-Based Salary Adjustment for General Manager prior to Director Dains stepping down from the Board, as Director Dains served on the Board during General Manager Straus's 2018 review process.

#### Merit-Based Salary Adjustment for General Manager

Management Services Supervisor Castruita requested the Board consider approval of a salary adjustment for General Manager.

Charley Howard, Regional Government Services, provided a presentation of the General Manager's evaluation process. The General Manager's employment agreement provides for an annual evaluation process to provide the incumbent with feedback on his work with the District. In conjunction with this process, the Board may elect to provide a merit-based salary adjustment and rewards and recognition pay consistent with the levels provided for by Salary Merit Adjustments Policy (No. 4103) and Employee Recognition and Rewards Program (Policy No. 4105), respectively. Mr. Howard stated that the General Manager's base salary is \$91.50. Effective with the first full pay period of 2019, the proposed merit adjustment would adjust the base salary to \$93.33 hourly, with a one-time rewards and recognition pay of \$1,250 effective with the first full pay period of 2019.

**ACTION:** Director Sheehan motioned and Director Dains seconded a motion to approve a salary adjustment for General Manager to \$93.33 per hour with a one-time rewards and recognition pay of \$1,250, effective with the first full pay period of 2019.

The motions carried 3-0 with all Directors voting yes.

**PRESENTATIONS:**

Administer Oath of Office to Raymond A. Riehle and David C. Wheaton

Oaths of Office were administered to Director Raymond A. Riehle, Division 2 and Director David C. Wheaton, Division 3 for terms expiring in December 2022.

Discussion and Possible Action to Recognize Allen B. Dains for Outstanding Service to Citrus Heights Water District

Management Services Supervisor Castruita requested the Board consider adoption and presentation of Resolution No. 19-2018 Commending Retiring Director Allen B. Dains for 20 years of Service to the Citrus Heights Water District.

ACTION: Director Sheehan motioned and Director Wheaton seconded a motion to adopt Resolution No. 19-2018 Commending Retiring Director Allen B. Dains for 20 years of Service to the Citrus Heights Water District.

The motions carried 3-0 with all Directors voting yes.

President Riehle adjourned to a recess at 6:57pm.

President Riehle reconvened the meeting at 7:04pm.

**STUDY SESSIONS:**

None.

**BUSINESS:**

Selection of President and Vice President

Management Services Supervisor Castruita requested the Board consider selection of President and Vice President of the Board of Directors. Pursuant to District Board of Directors and Officers Policy No. 2010, a President and Vice President of the Board of Directors are to be elected by a majority vote of the Board in December of each year.

The terms of office will begin as soon as acted upon by the Board.

ACTION: Director Sheehan motioned and Director Wheaton seconded a motion to appoint Director Sheehan as President and Director Riehle as Vice President.

The motions carried 3-0 with all Directors voting yes.

Discussion and Possible Action to Appoint 2018-2019 Representatives and Alternates



Management Services Supervisor Castruita requested the Board consider appointment of 2018-2019 Representatives and Alternates. Pursuant to District Board of Directors and Officers Policy No. 2300, the Board of Directors shall appoint its Members or Officers to serve as District representatives to various organizations as follows:

Current 2018 Appointments

	<u>Representative</u>	<u>Alternate Rep.</u>
Association of California Water Agencies Joint Powers Insurance Authority	Allen B. Dains Hilary M. Straus	Raymond A. Riehle Christopher Castruita
Association of California Water Agencies Region 4	Hilary M. Straus	Allen B. Dains
Citrus Heights Regional Chamber of Commerce Government Issues Committee	David Gordon	Rex Meurer
Regional Water Authority    Director Staff	Allen B. Dains Hilary M. Straus	Raymond A. Riehle David Gordon
Sacramento Groundwater Authority*	Caryl F. Sheehan	Allen B. Dains
Sacramento Water Forum	David Gordon	Rex Meurer

\*Changes must be confirmed by City of Citrus Heights

It was noted that the Board of Directors representative to ACWA Region 4 does not sit on the Region 4 Board.

Policy No. 2300 directs the Board of Directors to annually appoint representatives to the San Juan Family of Agencies Ad Hoc Executive Committee and Citrus Heights Regional Chamber of Commerce Government Issues Committee. In addition, it provides for the Board of Directors to appoint any additional representatives to organizations it deems necessary. As such, staff recommends amending Policy No. 2300 to remove the requirement to appoint representatives to these two committees in order to provide greater flexibility to the Board to determine which organizations are most necessary at any given time.

**ACTION:** Director Riehle moved and Director Wheaton seconded a motion to approve the following appointments:

		<u>Representative</u>	<u>Alternate Rep.</u>
Association of California Water Agencies Joint Powers Insurance Authority		David C. Wheaton Hilary M. Straus	Raymond A. Riehle Christopher Castruita
Association of California Water Agencies Region 4		Raymond A. Riehle	Hilary M. Straus
Citrus Heights Regional Chamber of Commerce Government Issues Committee		Christopher Castruita	Rex Meurer
Regional Water Authority	Director Staff	Raymond A. Riehle Hilary M. Straus	David C. Wheaton David Gordon
Sacramento Groundwater Authority*		Caryl F. Sheehan	David C. Wheaton
*Changes must be confirmed by City of Citrus Heights			
Sacramento Water Forum		David Gordon	Rex Meurer

The motion carried 3-0 with all Directors voting yes.

**ACTION:** Director Riehle moved and Director Wheaton seconded a motion to amend District Policy No. 2300 to remove the requirement to appoint a representative to the San Juan Family of Agencies Ad Hoc Executive Committee and Citrus Heights Regional Chamber of Commerce Government Issues Committee.

The motion carried 3-0 with all Directors voting yes.

Appoint District Officers

Management Services Supervisor Castruita requested the Board consider appointment and reconfirmation of District Officers. Pursuant to District Board of Directors and Officers Policy No. 2200 the Board of Directors shall appoint or reconfirm appointments of District Officers each December or as otherwise necessary. Current appointments are as follows:

Current Appointments

	<u>Officer</u>	<u>Deputy Officer</u>
Assessor/Collector	Alberto Preciado	Dana R. Mellado
Treasurer	Susan K. Sohal	Alberto Preciado
Secretary	Hilary M. Straus	Christopher Castruita

Staff recommends that all officers be reappointed to their respective positions.

ACTION: Director Wheaton moved and Director Riehle seconded a motion to appoint and reconfirm the District Officers as follows:

Assessor/Collector	<u>Officer</u> Alberto Preciado	<u>Deputy Officer</u> Dana R. Mellado
Treasurer	Susan K. Sohal	Alberto Preciado
Secretary	Hilary M. Straus	Christopher Castruita

The motion carried 3-0 with all Directors voting yes.

**CONSULTANTS' AND LEGAL COUNSEL'S REPORTS:**

None.

**DIRECTORS' AND REPRESENTATIVES' REPORTS:**

Regional Water Authority (Dains)  
No report.

Sacramento Groundwater Authority (Sheehan)

Director Sheehan reported that CHWD was the largest contributor to the groundwater substitution transfer that occurred this year. Director Sheehan stated that SGA is planning to add wells to the northwest portion of the groundwater basin to better understand the area. They are conducted a transducer study to look at groundwater elevations which change based on the amount of pumping in an area, to understand how water transfers will affect the basin as a whole. SGA is proposing two deep monitoring wells.

Director Sheehan noted that SGA has hired a new Legislative and Regulatory Affairs Program Manager, Ryan Ojakian. Director Sheehan noted that Pam Tobin of San Juan Water Distirct will be Chair of SGA and Director Sheehan will be the Vice Chair.

San Juan Water District (All)

General Manager Straus provided an update on partnership discussions. On December 10, 2018 General Manager Straus attended the two-by-two discussion between San Juan Water District and Sacramento Suburban Water District and staff presentation. General Managers of CHWD, Rio Linda, Carmichael, Orangevale, Fair Oaks, San Juan, and Sacramento Suburban water districts met to discuss goals and objectives.

Association of California Water Agencies (ACWA) (Dains)

General Manager Straus reported that ACWA has a new Executive Director, Dave Eggerton, previously the General Manager of Calaveras County Water District.

ACWA Joint Powers Insurance Authority (JPIA) (Dains/Castruita)

General Manager Straus stated that ACWA JPIA is looking into creating a captive corporation in Utah for investments made by public agencies. This is modeled after a captive done by California State Association of Counties Excess Insurance Authority, which has been successful in getting a higher rate of return on investments.

City of Citrus Heights (Pieri)

Engineering Manager Pieri reported that CHWD is working on project coordination with the City for the Mariposa Safe Sidewalks project. She also reported that she spoke with the developer of 5555 Mariposa and asked as to status of model homes, but they did not have timeline.

Chamber of Commerce Government Issues Committee (Castruita/Meurer)

General Manager Straus stated that he will serve on the Chamber of Commerce Board during 2019. IN December, he attended the Chamber Board Retreat to review goals and objectives for 2019.

RWA Lobbying Program Update (Castruita/Meurer)

Management Services Supervisor Castruita stated that he and General Manager Straus met with Legislative and Regulatory Affairs Manager Ryan Ojakian on November 13, 2018, to relay the District's perspective on the RWA lobbying activities. Management Services Supervisor Castruita also stated that he and Management Services Specialist Henry met with Dane Wadle from CSDA to discuss the District's perspective on legislative and regulatory issues.

Customer Advisory Committee (Riehle/Pieri)

Engineering Manager Pieri reported that there was a CAC meeting on December 11, 2018 and gave a brief overview of the agenda. Director Riehle stated that it was another great meetings and the information was the most substantial to date. Engineering Manager Pieri stated that the next meeting will be held on February 5, 2019 and will cover replacement options and funding options. Director Sheehan stated that she hopes the CAC members are talking in circles of influence and have community engagement moving forward.

Other Reports

Administrative Services Manager Sohal coordinated with the Board for potential special meetings dates. January 22, 2019 was selected as the date for a potential special meeting pending any action on the proposed benefit update at the regular meeting on January 16, 2019.

Operations Manager reported that the SGA Aquafer Storage Recovery (ASR) group is meeting with the consulting team to study the feasibility of implementing ASR technologies in the region.

**MANAGEMENT SERVICES REPORT:**

Meter Replacement Program Update

Operations Manager Gordon updated the Board on the consultant selection process for the planning study for the Meter Replacement Program and next steps. He stated that the multi-agency consortium received six proposal for their RFP. The consortium met on November 15, 2018 to come to agreement as to which of the firms to interview. On December 11, 2018 the top three consultants were interviewed by the Multi-agency Consortium. Operations Manager Gordon stated that the top firm will be selected during the first quarter of 2019. General Manager Straus stated that at this point some of the agencies at the L1 level may decide to become L2 members of the consortium and take part in portions of the study. For this reason, there may need to be significant time to negotiate the scope, schedule, and budget with the selected firm. General Manager Straus reminded the Board that, as the lead agency, Citrus Heights Water will contract with the consulting team and be responsible for the management of the consulting team's work program, with reimbursement from the consortium partners.

**CORRESPONDENCE:**

None.

**CLOSED SESSION:**

The meeting convened into Closed Session at 8:19 pm to discuss the following items as listed on the Closed Session Regular Meeting Agenda:

- CL-1. Pursuant to Section 54956.9:  
CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of  
Section 54956.9: 1 case

The Closed Session was adjourned at 8:43 pm.

No reportable action.

**FUTURE CHWD BOARD OF DIRECTORS MEETING DATES:**

Dates and locations of upcoming Regular Meetings of the Board of Directors were noted for the calendar.

**ADJOURNMENT:**

There being no other business to come before the Board, the meeting was adjourned at 8:43 pm.

APPROVED:

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CHRISTOPHER CASTRUITA  
Deputy Secretary  
Citrus Heights Water District

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CARYL F. SHEEHAN, President  
Board of Directors  
Citrus Heights Water District

**CITRUS HEIGHTS WATER DISTRICT  
DECEMBER 2018  
2018 REVENUE ANALYSIS**

CC-02

**Outstanding Receivables**

<b>Aged Trial Balance</b>					
Total	Current	31-90	91-150	>150	Unapplied Current
877,276	843,443	86,233	25,591	11,798	89,789

<b>General Ledger Balance</b>	<b>Total</b>
Outstanding A/R	959,916.58
Outstanding Liens	-
Outstanding Grants	1,247
Unclaimed Funds	(13,192)
Less Unapplied Payments	(89,673)
<b>Total</b>	<b>\$ 858,299</b>

**CITRUS HEIGHTS WATER DISTRICT  
ASSESSOR/COLLECTOR'S ROLL ADJUSTMENTS FOR  
December 31, 2019**

CC-03

Assessor/Collector Roll Adjustment December-19		
	Dollar	Count
DEFAULT		
One-Time Courtesy	\$ 69.23	13
<b>DEFAULT Total</b>	<b>\$ 69.23</b>	<b>13</b>
<b>Grand Total</b>	<b>\$ 69.23</b>	<b>13</b>

Reason For Cancellation	Charge Type	Amount
One-Time Courtesy	DEFAULT	3.09
One-Time Courtesy	DEFAULT	1.24
One-Time Courtesy	DEFAULT	5.45
One-Time Courtesy	DEFAULT	7.49
One-Time Courtesy	DEFAULT	4.13
One-Time Courtesy	DEFAULT	5.20
One-Time Courtesy	DEFAULT	6.77
One-Time Courtesy	DEFAULT	12.87
One-Time Courtesy	DEFAULT	6.47
One-Time Courtesy	DEFAULT	5.50
One-Time Courtesy	DEFAULT	2.61
One-Time Courtesy	DEFAULT	3.21
One-Time Courtesy	DEFAULT	5.20
		\$ 69.23



**TREASURER'S REPORT TO THE BOARD OF DIRECTORS**

CC-04

**DECEMBER 2018**

Month of December 2018

**Bank of the West**  
**Beginning Balance** \$5,877,348

**RECEIPTS:** 1,130,214

**DISBURSEMENTS:**

Checks Issued / ACH Payments 416,209  
 Payroll 302,555  
 Returned Checks 920

719,683 410,531

**Bank of the West**  
**Balance per Bank 12/31/2018** 6,287,878

Outstanding Checks (63,003)  
 Deposit in Transit 65,024

**Balance Per Books 12/31/2018** \$6,289,900

**RECONCILEMENT:**

Bank of the West \$6,289,900  
 Local Agency Investment Fund 6,226,259  
 COP Reserve Account 541,475  
 Money Mkt Activity Account 535,431

**TOTAL BALANCE** \$13,593,065

**CASH & INVESTMENT SUMMARY:**

Bank of the West (General Account) \$6,289,900  
 Local Agency Investment Fund 6,226,259  
 COP 2010 Reserve Account 541,475  
 Money Mkt Activity Account 535,431

**Total** \$13,593,065


INSTITUTION	MATURITY DATE	INT RATE	DEPOSIT AMOUNT	DATE OF LAST TRANSACTION
Local Agency Investment Fund	Daily	2.16%	33,646.66	10/12/2018

I certify that this report accurately reflects all pooled investments and is in compliance with applicable State of California Government Codes and is in conformity with Investment of District Funds Policy 6300. As Treasurer of the Citrus Heights Water District, I hereby certify that sufficient investment liquidity and anticipated revenue are available to meet the next six months' estimated expenditures.



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**ALBERTO PRECIADO**  
 Deputy Treasurer



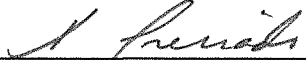
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**HILARY M. STRAUS**  
 Secretary

Signed: 1/8/19

**TREASURER'S REPORT OF FUND BALANCES**  
**December 31, 2018**

<b>Fund Name</b>	<b>Beginning Balance 01/01/2018</b>	<b>Year to Date Transfers In / Collections</b>	<b>Year to Date Transfers Out</b>	<b>Current Month Transfers In / Collections</b>	<b>Current Month Transfers Out</b>	<b>Ending Balance 12/31/2018</b>	<b>2018 Target Balance per Policy</b>
<b>Operating Fund</b>	\$ 2,346,551	17,788,111	\$ (18,149,461)	\$ 1,130,214	\$ (719,683)	\$ 2,395,731	\$ 2,334,017
<b>Operating Reserve</b>	\$ 4,258,065	700,000	\$ (1,465,000)	\$ -	\$ -	\$ 3,493,065	N/A
<b>Rate Stabilization Fund</b>	\$ 834,000	100,000	\$ -	\$ -	\$ -	\$ 934,000	\$ 1,000,000
<b>Capital Improvement Reserve</b>	\$ 2,674,821	4,326,827	\$ (3,179,203)	\$ -	\$ -	\$ 3,822,445	\$ 2,681,248
<b>Restricted for Debt Service</b>	\$ 536,963	-	\$ -	\$ -	\$ -	\$ 536,963	N/A
<b>Water Supply Reserve</b>	\$ 200,000	990,000	\$ (126,827)	\$ -	\$ -	\$ 1,063,173	N/A
<b>Water Efficiency Reserve</b>	\$ 150,000	75,000	\$ -	\$ -	\$ -	\$ 225,000	\$ 200,000
<b>Water Meter Replacement Reserve</b>	\$ 1,025,000	300,000	\$ -	\$ -	\$ -	\$ 1,325,000	N/A
<b>Fleet Equipment Reserve</b>	\$- \$ 350,069	218,364	\$ (218,364)	\$ -	\$ -	\$ 350,069	\$ 318,559
<b>Employment-Related Benefits Reserve</b>	\$- \$ 223,228	321,800	\$ (321,800)	\$ -	\$ -	\$ 223,228	\$ 1,079,527
	<b>\$ 12,598,697</b>	<b>24,820,102</b>	<b>\$ (23,460,655)</b>	<b>\$ 1,130,214</b>	<b>\$ (719,683)</b>	<b>\$ 14,368,674</b>	<b>\$ 7,613,351</b>

  
 ALBERTO PRECIADO, Deputy Treasurer

**TREASURER'S REPORT OF FUND BALANCES**  
**December 31, 2018**

**Fund Transfers Summary:**

The Operating Fund Transferred:	\$ 1,130,214	from funds collected in December 2018 per Treasurer's Report
	<u>\$ (719,683)</u>	disbursements made in December 2018 per Treasurer's Report
	\$ 410,531	

Citrus Heights Water District  
Budget Performance Report  
As of 12/31/2018

CC-06

	December Actual	Year-to-Date Actual	Year-to-Date Budget	YTD Variance Amount	YTD Variance Percent	Annual Budget
<b>Revenues</b>						
Metered Service Charges	\$737,695.53	\$8,993,052.76	\$8,419,792.00	\$573,260.76	6.81%	\$8,419,792.00
Metered Water Deliveries	396,422.40	4,874,886.32	6,532,500.00	(1,657,613.68)	-25.37%	6,532,500.00
Non-Metered Service Charges	10,521.82	100,616.39	140,000.00	(39,383.61)	-28.13%	140,000.00
Penalties	5,933.24	68,284.00	150,000.00	(81,716.00)	-54.48%	150,000.00
Interest	1,752.16	114,561.80	10,000.00	104,561.80	1045.62%	10,000.00
Backflow Fees	4,623.68	50,404.14	116,000.00	(65,595.86)	-56.55%	116,000.00
Water Service Install & S&R	(28,078.12)	35,021.81	27,300.00	7,721.81	28.29%	27,300.00
Grant Funds	1,987.50	5,512.50		5,512.50	0.00%	
Miscellaneous *	8,637.58	167,863.71	130,000.00	37,863.71	29.13%	130,000.00
Cost Reimbursements	208.00	1,970.74		1,970.74	0.00%	
Income - Wheeling Water		4,410.02	2,700.00	1,710.02	63.33%	2,700.00
Income - Groundwater Transfers	(47,693.20)	347,582.80		347,582.80	0.00%	
Income - Connection Fees	(153,616.00)	(106,184.00)		(106,184.00)	0.00%	
Total Revenue	938,394.59	14,657,982.99	15,528,292.00	(870,309.01)	-5.60%	15,528,292.00
*includes Assessments, New Account, Back Charges & other Miscellaneous Revenue Sources						
<b>Operating Expenses</b>						
<b>Cost of Water</b>						
Purchased Water		2,684,682.05	3,085,306.08	(400,624.03)	-12.98%	3,085,306.08
Ground Water	31,453.96	666,576.82	341,195.95	325,380.87	95.36%	341,195.95
	31,453.96	3,351,258.87	3,426,502.03	(75,243.16)	-2.20%	3,426,502.03
<b>Labor &amp; Benefits</b>						
Labor Regular	222,267.15	2,913,524.44	3,332,049.31	(418,524.87)	-12.56%	3,332,049.31
Labor Taxes	15,316.08	219,352.19	248,315.04	(28,962.85)	-11.66%	248,315.04
Labor Workers Comp		39,791.39	63,000.00	(23,208.61)	-36.84%	63,000.00
Labor External	14,064.40	76,741.96	90,700.08	(13,958.12)	-15.39%	90,700.08
Benefits Med/Den/Vis	32,540.65	467,150.54	475,544.88	(8,394.34)	-1.77%	475,544.88
Benefits LTD/Life/EAP	(70.02)	36,515.12	35,369.04	1,146.08	3.24%	35,369.04
Benefits CalPers	9,383.16	229,403.68	778,740.72	(549,337.04)	-70.54%	778,740.72
Benefits Other	2,549.01	27,154.82	30,000.00	(2,845.18)	-9.48%	30,000.00
Benefit Retiree Expenses	3,539.30	42,526.60	50,532.96	(8,006.36)	-15.84%	50,532.96
Benefit Unemployment	112.14	5,439.84	8,400.00	(2,960.16)	-35.24%	8,400.00
Benefit GASB 68		432,323.48		432,323.48	0.00%	
Capitalized Labor & Benefit Contra	(25,799.40)	(446,839.34)		(446,839.34)	0.00%	
	273,902.47	4,043,084.72	5,112,652.03	(1,069,567.31)	-20.92%	5,112,652.03
<b>General &amp; Administrative</b>						
Fees & Charges	13,058.59	120,825.57	102,409.59	18,415.98	17.98%	102,409.59
Regulatory Compliance/Permits	(4,800.00)	32,151.80	125,015.04	(92,863.24)	-74.28%	125,015.04
District Events & Recognition	1,779.01	35,690.18	26,830.08	8,860.10	33.02%	26,830.08
Maintenance/Licensing	2,904.30	159,225.25	150,823.32	8,401.93	5.57%	150,823.32
Equipment Maintenance	2,789.48	74,611.55	69,999.96	4,611.59	6.59%	69,999.96

Citrus Heights Water District  
Budget Performance Report  
As of 12/31/2018

CC-06

	December	Year-to-Date	Year-to-Date	YTD Variance		Annual
	Actual	Actual	Budget	Amount	Percent	Budget
Professional Development	1,450.00	65,094.76	94,533.50	(29,438.74)	-31.14%	94,533.50
Department Admin	320.99	15,916.79	54,624.84	(38,708.05)	-70.86%	54,624.84
Dues & Subscriptions	395.70	142,705.65	143,129.04	(423.39)	-0.30%	143,129.04
Fuel & Oil	4,297.03	52,762.76	51,000.00	1,762.76	3.46%	51,000.00
General Supplies	13,372.35	62,270.58	37,100.04	25,170.54	67.85%	37,100.04
Insurance - Auto/Prop/Liab		109,465.05	84,999.96	24,465.09	28.78%	84,999.96
Leasing/Equipment Rental	4,337.72	22,788.78	30,381.96	(7,593.18)	-24.99%	30,381.96
Parts & Materials	8,859.21	317,798.17	55,000.08	262,798.09	477.81%	55,000.08
Postage/Shipping/Freight	7,419.22	123,067.24	123,294.74	(227.50)	-0.18%	123,294.74
Rebates & Incentives	500.00	11,800.00	19,680.00	(7,880.00)	-40.04%	19,680.00
Telecom/Network	3,048.43	37,106.63	41,300.04	(4,193.41)	-10.15%	41,300.04
Tools & Equipment	1,637.35	49,252.37	61,700.04	(12,447.67)	-20.17%	61,700.04
Utilities	557.27	5,352.76	32,300.04	(26,947.28)	-83.43%	32,300.04
Write-Off Bad Debt Exp	203.99	203.99	5,000.04	(4,796.05)	-95.92%	5,000.04
Capitalized G&A Contra	(14,687.81)	(280,364.97)		(280,364.97)	0.00%	
Capitalized Equipment Contra	(29,743.13)	(358,616.43)		(358,616.43)	0.00%	
	<u>17,699.70</u>	<u>799,108.48</u>	<u>1,309,122.31</u>	<u>(510,013.83)</u>	<u>-38.96%</u>	<u>1,309,122.31</u>
Professional & Contract Services						
Support Services	30,955.49	809,305.89	1,727,675.04	(918,369.15)	-53.16%	1,727,675.04
Legal Services	30,025.15	174,503.46	326,000.04	(151,496.58)	-46.47%	326,000.04
Printing Services	182.67	8,716.50	38,515.00	(29,798.50)	-77.37%	38,515.00
	<u>61,163.31</u>	<u>992,525.85</u>	<u>2,092,190.08</u>	<u>(1,099,664.23)</u>	<u>-52.56%</u>	<u>2,092,190.08</u>
Reserves & Debt Services						
Interest Expense		99,233.27	735,936.00	(636,702.73)	-86.52%	735,936.00
Depreciation		3.72		3.72	0.00%	
Net Increase(Decrease) in Value of Investments		(11,671.29)		(11,671.29)	0.00%	
		<u>87,565.70</u>	<u>735,936.00</u>	<u>(648,370.30)</u>	<u>-88.10%</u>	<u>735,936.00</u>
Total Operating Expenses	<u>384,219.44</u>	<u>9,273,543.62</u>	<u>12,676,402.45</u>	<u>(3,402,858.83)</u>	<u>-26.84%</u>	<u>12,676,402.45</u>
Net Income / (Expense)	<u>554,175.15</u>	<u>5,384,439.37</u>	<u>2,851,889.55</u>	<u>2,532,549.82</u>	<u>88.80%</u>	<u>2,851,889.55</u>

Citrus Heights Water District  
 Capital Projects Summary  
 Fiscal Period End as of 12/2018

CC-7

Project Number	Project Name	BUDGET				COMMITMENTS	AMOUNTS PAID			PROJECTION
		Project Forecast Budget	Expenditures to 12/2017	Remaining Budget	2018 Budget	Open Commitments	Month to Date	Year to Date	Project to Date	2019 Forecast
C15-102	Corporation Yard Improvements	\$2,632,325	\$1,593,598	\$1,038,727	\$0	\$0	\$353	\$708,632	\$2,302,230	
C15-133	Higland Ave and Rosa Vista	\$396,487	\$35,334	\$361,153	\$0	\$0	\$0	\$405,066	\$440,400	
C15-137	C-Bar-C Pressure Control	\$550,000	\$0	\$550,000	\$250,000	\$0	\$0	\$0	\$0	
C16-131	Wind Way and Longwood Way	\$327,158	\$7,785	\$319,373	\$305,154	\$0	\$0	\$15,343	\$23,128	
C16-134	Auburn Blvd-Rusch Park Placer	\$166,357	\$0	\$166,357	\$157,880	\$0	\$0	\$609	\$609	
C16-142	Sunrise Bl Streetscape Ph 2	\$50,000	\$450	\$49,550	\$0	\$0	\$162	\$40,459	\$40,909	
C18-101	Stock Ranch Res. Svc Replcmnts	\$662,653	\$0	\$662,653	\$607,432	\$0	\$0	\$0	\$0	
<b>Construction in Progress</b>		<b>\$4,784,980</b>	<b>\$1,637,167</b>	<b>\$3,147,813</b>	<b>\$1,320,466</b>	<b>\$0</b>	<b>\$515</b>	<b>\$1,170,109</b>	<b>\$2,807,276</b>	
C18-010	Water Main Replacements	\$64,888	\$0	\$64,888	\$59,897	\$0	\$263	\$5,614	\$5,614	
C18-011	Water Valve Replacements	\$144,200	\$0	\$144,200	\$135,428	\$0	\$0	\$69,156	\$69,156	
C18-012	Water Service Connections	\$850,000	\$0	\$850,000	\$823,750	\$0	\$70,543	\$835,914	\$835,914	
C18-013	Water Meter Replacements	\$107,000	\$0	\$107,000	\$98,083	\$0	\$1,486	\$60,503	\$60,503	
C18-014	Fire Hydrants	\$154,500	\$0	\$154,500	\$150,787	\$0	\$17,583	\$100,765	\$100,765	
<b>Annual Infrastructure</b>		<b>\$1,320,588</b>	<b>\$0</b>	<b>\$1,320,588</b>	<b>\$1,267,945</b>	<b>\$0</b>	<b>\$89,875</b>	<b>\$1,071,952</b>	<b>\$1,071,952</b>	
C15-104B	Document Management System	\$250,000	\$5,361	\$244,639	\$120,000	\$0	\$0	\$0	\$5,361	
C17-004A	Server Upgrade	\$100,000	\$18,190	\$81,810	\$0	\$0	\$2,493	\$84,374	\$102,564	
C17-004B	Workstation Replacements	\$20,000	\$1,405	\$18,595	\$0	\$0	\$0	\$0	\$1,405	
C18-003	Fleet/Field Operations Equip	\$287,500	\$0	\$287,500	\$287,500	\$0	\$0	\$105,817	\$105,817	
C18-004	Technology Hardware/Software	\$35,000	\$0	\$35,000	\$32,308	\$0	\$0	\$23,067	\$23,067	
<b>Fleet and Equipment</b>		<b>\$692,500</b>	<b>\$24,956</b>	<b>\$667,544</b>	<b>\$439,808</b>	<b>\$0</b>	<b>\$2,493</b>	<b>\$213,258</b>	<b>\$238,214</b>	
C15-101	Fairway 12" & 8" Intertie	\$19,690	\$1,217	\$18,473	\$0	\$0	\$0	\$18,010	\$19,227	
C15-109	Blossom Hill Way 6" & 10" Inte	\$22,015	\$0	\$22,015	\$0	\$0	\$0	\$0	\$0	
C15-110	Crestmont Ave 6" Intertie	\$19,980	\$0	\$19,980	\$0	\$0	\$0	\$0	\$0	
C15-132	Graham Cir and Circuit Dr	\$570,984	\$30,268	\$540,716	\$524,048	\$0	\$0	\$538,730	\$568,999	
C17-100	24in Oak at C-Bar-C to Arcade	\$2,100,000	\$0	\$2,100,000	\$500,000	\$0	\$0	\$0	\$0	\$750,000
C17-101	Pleasant View Dr-Oak to Poppy	\$499,231	\$6,549	\$492,682	\$460,130	\$0	\$971	\$6,416	\$12,966	
C17-102	Michigan Dr - Sunrise to West	\$249,258	\$1,289	\$247,969	\$231,005	\$0	\$0	\$7,880	\$9,168	
C18-102	Thunderhead Cir 8in Main Rplc	\$665,842	\$0	\$665,842	\$292,049	\$0	\$0	\$30	\$30	\$349,456
C18-103	Cologne Way 6in Main Replace	\$242,384	\$0	\$242,384	\$116,345	\$0	\$0	\$267	\$267	\$116,343
C18-104	Quiet Oak Ln 8in Main Oak S	\$121,011	\$0	\$121,011	\$58,085	\$0	\$0	\$222	\$222	\$58,085
C18-105	Old Auburn Rd Dafodil Wooddale	\$0	\$0	\$0	\$0	\$0	\$0	\$311	\$311	
<b>Water Mains</b>		<b>\$4,510,395</b>	<b>\$39,323</b>	<b>\$4,471,072</b>	<b>\$2,181,662</b>	<b>\$0</b>	<b>\$971</b>	<b>\$571,867</b>	<b>\$611,189</b>	<b>\$1,273,884</b>

Citrus Heights Water District  
 Capital Projects Summary  
 Fiscal Period End as of 12/2018

CC-7

Project Number	Project Name	BUDGET				COMMITMENTS	AMOUNTS PAID			PROJECTION
		Project Forecast Budget	Expenditures to 12/2017	Remaining Budget	2018 Budget	Open Commitments	Month to Date	Year to Date	Project to Date	2019 Forecast
C17-005	Facilities Improvements	\$32,379	\$0	\$32,379	\$0	\$0	\$0	\$32,379	\$32,379	
C17-103	Operations Building Remodel	\$1,475,000	\$19,010	\$1,455,990	\$1,300,000	\$0	\$0	\$312	\$19,322	
C18-005	Facilities Improvements	\$125,000	\$0	\$125,000	\$115,385	\$0	\$0	\$47,068	\$47,068	
C18-040	Other City Partnerships	\$300,000	\$0	\$300,000	\$275,000	\$0	\$0	\$0	\$0	
C18-041	Other Infrastructure Projects	\$103,000	\$0	\$103,000	\$94,417	\$0	\$0	\$0	\$0	
<b>Miscellaneous Projects</b>		<b>\$2,085,379</b>	<b>\$19,010</b>	<b>\$2,066,369</b>	<b>\$1,784,801</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79,760</b>	<b>\$98,770</b>	
C17-020	Groundwater Well Improvements	\$165,500	\$2,884	\$162,616	\$0	\$0	\$0	\$192,347	\$195,231	
C17-020A	Groundwater Well Rehab Sunrise	\$50,500	\$0	\$50,500	\$23,146	\$0	\$0	\$0	\$0	
C17-104	Groundwater Well Property Acq	\$640,000	\$123,943	\$516,057	\$0	\$0	\$1,484	\$65,933	\$189,875	
C17-104A	Groundwater Well Prop Highland	\$250,000	\$0	\$250,000	\$0	\$0	\$2,539	\$18,261	\$18,261	
C18-020	Groundwater Well Improvements	\$100,000	\$0	\$100,000	\$91,667	\$0	\$0	\$49,210	\$49,210	
C18-106	Groundwater Well #7	\$796,860	\$0	\$796,860	\$382,493	\$0	\$0	\$716	\$716	\$ 382,493
<b>Wells</b>		<b>\$2,002,860</b>	<b>\$126,827</b>	<b>\$1,876,033</b>	<b>\$497,305</b>	<b>\$0</b>	<b>\$4,023</b>	<b>\$326,466</b>	<b>\$453,292</b>	<b>\$ 382,493</b>
<b>Grand Totals:</b>		<b>\$15,346,702</b>	<b>\$1,847,282</b>	<b>\$13,499,420</b>	<b>\$7,491,987</b>	<b>\$0</b>	<b>\$124,598</b>	<b>\$3,335,535</b>	<b>\$5,182,817</b>	<b>\$ 1,656,377</b>

## DECEMBER 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66644	Budrew Family Trust	Customer Refund	\$121.12
66645	Mark/Andrea Bothun	Customer Refund	\$79.57
66646	Ilka M Marciel	Customer Refund	\$47.78
66647	HomePointe Property Mgmt	Customer Refund	\$129.87
66648	Pacifica Properties	Customer Refund	\$478.04
66649	Timothy D Jones	Customer Refund	\$200.15
66650	Jeremy/Anna Maurer	Customer Refund	\$80.47
66651	AFLAC	Employee Paid Ins	\$395.99
66652	Best Best & Krieger	Legal & Audit	\$7,825.46
66653	City of Citrus Heights	Permit Fees	\$400.00
66654	Corix Water Products, Inc	Material	\$2,105.46
66655	Cybex	Equipment Rental-Office	\$158.16
66656	Employee Relations Inc	Contract Services-Other	\$35.50
66657	Express Office Products Inc	Office Expense	\$40.23
66658	Ferguson Enterprises Inc #1423	Material	\$475.52
66659	Integrity Administrators Inc	Health Insurance	\$356.72
66660	KBA Docusys Inc	Equipment Rental-Office	\$342.63
66661	Kei Window Cleaning #12	Janitorial	\$96.00
66662	Liebert Cassidy Whitmore	Legal & Audit	\$2,029.00
66663	Moonlight BPO	Contract Services- Bill Print/Mail	\$3,953.84
66664	Pace Supply Corp	Material	\$314.23
66665	Republic Services #922	Utilities	\$283.07
66666	Sonitrol	Equipment Rental-Office	\$175.10
66667	S.I.C.H.	Office Miscellaneous	\$60.00
66668	SWRCB	Dues & Subscriptions	\$2,268.00
66669	Zane Deziqn	Contract Services- Water Conservation	\$755.29
66670	CirclePoint	Contract Services- Water Conservation	\$13,194.61
66671	Cogsdale	Contract Services-Other	\$58,312.85
66672	Ferguson Enterprises Inc #1423	Material	\$21,803.75
66673	Regional Government Services	Contract Services-Other	\$18,266.97
66674	San Juan Water District	Purchased Water	\$47,693.20
66675	Petty Cash	Petty Cash	\$426.05
66676	Josephine Rubio	Customer Refund	\$94.79
66677	Tiffany M/Nicholas R Tooley	Customer Refund	\$225.00
66678	ABA DABA Rentals & Sales	Supplies-Field	\$126.88
66679	AREA Restroom Solutions	Equip Rental-Field	\$118.76
66680	Awards By Kay Inc	Office Expense	\$21.65
66681	Bart/Riebes Auto Parts	Repair-Trucks	\$272.17
66682	Best Best & Krieger	Legal & Audit	\$7,803.67
66683	C & D Power	Repair-Equipment/Hardware	\$2,138.00
66684	California Landscape Associates Inc	Janitorial	\$200.00
66685	Robin Cope	Health Insurance	\$422.30



## DECEMBER 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66686	Maria C Clayton	Customer Refund	\$306.04
66687	David Gordon	Continued Education	\$1,300.00
66688	Luhdorff & Scalmanini	Contract Services-Wells	\$647.25
66689	Moonlight BPO	Contract Services- Bill Print/Mail	\$4,322.97
66690	Protection One Alarm Monitoring	Equipment Rental-Office	\$206.05
66691	RW Trucking	Contract Services-Miscellaneous	\$787.95
66692	Les Schwab Tires	Repair-Trucks	\$1,946.45
66693	SMUD	Utilities	\$7,983.13
66694	Susan Sohal	Continued Education	\$83.81
66695	Titan Workforce LLC	Contract Services-Temporary Labor	\$6,992.50
66696	United Textile	Supplies-Field	\$79.89
66697	Zee Medical Company	Supplies-Field	\$161.78
66698	Black Angus Restaurant	Contract Services-Miscellaneous	\$920.00
66699	Petty Cash	Petty Cash	\$236.17
66700	All Awards	Printing	\$161.61
66701	Mary M Nippert	Customer Refund	\$120.39
66702	Virginia K Fleig	Customer Refund	\$5.60
66703	Vernon L McVicar	Customer Refund	\$140.31
66704	Mihail/Tamara Marchenko	Customer Refund	\$172.06
66705	Heather E Husse	Customer Refund	\$71.00
66706	John/Keri Means	Customer Refund	\$24.52
66707	Eric B Sonntag	Customer Refund	\$28.79
66708	A&A Stepping Stone Manufacturing	Supplies-Field	\$77.58
66709	ABA DABA Rentals & Sales	Supplies-Field	\$380.64
66710	Airgas USA, LLC	Supplies-Field	\$454.94
66711	Alexander's Contract Services	Contract Services-Meter Read	\$5,115.08
66712	All American Publishing	Water Conservation-Other	\$409.00
66713	AnswerNet	Telephone-Answering Service	\$287.35
66714	Avalon Custodial Care	Janitorial	\$695.00
66715	Axcient Holdings LLC	Maintenance Agreement-Software	\$444.30
66716	Best Best & Krieger	Legal & Audit	\$7,946.45
66717	Blue Jay Trucking LLC	Contract Services-Other	\$609.00
66718	City of Citrus Heights	Permit Fees	\$5,000.00
66719	Consolidated	Telephone-Local/Long Distance	\$1,832.52
66720	Corelogic Information Solutions Inc	Dues & Subscriptions	\$286.70
66721	Corix Water Products, Inc	Material	\$1,554.31
66722	County of Sacramento Municipal Services	Field Miscellaneous	\$65.30
66723	Dawson Oil Company	Gas & Oil	\$2,768.90
66724	Diana Miller Photography	Contract Services-Miscellaneous	\$245.00
66725	Express Office Products Inc	Office Expense	\$218.66
66726	Grainger	Small Tools	\$180.45
66727	Ferguson Enterprises Inc #1423	Material	\$127.84
66728	Lowe's	Supplies-Field	\$478.56
66729	Moonlight BPO	Contract Services- Bill Print/Mail	\$2,902.37

## DECEMBER 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66730	One Print Source & Graphics	Printing	\$46.33
66731	Pace Supply Corp	Material	\$3,640.83
66732	Pacific Gas & Electric	Utilities	\$104.96
66733	Prosio Communications	Contract Services-Miscellaneous	\$3,752.50
66734	Regional Government Services	Contract Services-Other	\$25.62
66735	SureWest Directories	Telephone-Local/Long Distance	\$49.00
66736	Titan Workforce LLC	Contract Services-Temporary Labor	\$5,356.54
66737	Voyager Fleet Systems Inc	Gas & Oil	\$1,902.10
66738	West Yost Associates	Contract Services-Engineering	\$6,195.00
66739	Wolf Consulting	Contract Services-Other	\$500.00
66740	World Environment & Energy Inc	Contract Services-Miscellaneous	\$369.65
66741	Vadim Zyubanov	Customer Refund	\$191.08
66742	City of Citrus Heights	Permit Fees	\$3,862.50
66743	County of Sacramento	Dues & Subscriptions	\$2,008.00
66744	Michael D & Clare M Curran Trust	Customer Refund	\$49.33
66745	Monica R Kirkland Trust	Customer Refund	\$42.80
66746	Larry G Blunt	Customer Refund	\$169.39
66747	Betty L Stevens	Customer Refund	\$30.36
66748	Jerry B/Alice V Shantz	Customer Refund	\$14.72
66749	Kenneth W/Sandra J Berry	Customer Refund	\$23.63
66750	Kristin A Taylor	Customer Refund	\$11.65
66751	Gipson Family Revocable Trust	Customer Refund	\$28.59
66752	Britt/Patricia Roloff	Customer Refund	\$38.36
66753	Karen D Sanders	Customer Refund	\$163.32
66754	Ian M/April D Foutz	Customer Refund	\$106.02
66755	Steven R/Debra L Duarte	Customer Refund	\$27.10
66756	John D Ricks	Customer Refund	\$130.44
66757	Associated Sound	Contract Services-Other	\$1,909.68
66758	Awards By Kay Inc	Office Expense	\$21.65
66759	Bart/Riebes Auto Parts	Repair-Trucks	\$83.39
66760	BSK Associates	Water Analysis	\$1,162.00
66761	Sacramento County Utilities	Utilities	\$190.10
66762	Indoor Environmental Services	Maintenance Agreement-Equipment	\$611.43
66763	J4 Systems	Contract Services-Other	\$1,776.25
66764	KBA DOCUSYS	Equipment Rental-Office	\$23.20
66765	Matthew Maxwell	Contract Services-Miscellaneous	\$1,300.00
66766	Moonlight BPO	Contract Services- Bill Print/Mail	\$4,106.44
66767	Nor Cal Perlite Inc	Supplies-Field	\$1,192.00
66768	Red Wing Shoe Store	Small Tools	\$121.21
66769	State Water Resources Control Board	Dues & Subscriptions	\$60.00
66770	Sylvan Trailer & Supply	Repair-Trucks	\$1,761.32
66771	A. Teichert & Son, Inc.	Road Base	\$1,033.67
66772	Titan Workforce LLC	Contract Services-Temporary Labor	\$4,848.00
66773	Utility Services Associates LLC	Contract Services- Water Conservation	\$2,678.00

DECEMBER 2018 WARRANTS

<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66774	Michael A. Danthon	Toilet Rebate Program	\$150.00
66775	Mario Gangitano	Toilet Rebate Program	\$150.00
66776	Joseph Jacino	Toilet Rebate Program	\$150.00
66777	Sharon M Elkington-Frank or Fred Frank	Toilet Rebate Program	\$150.00
<b>Total</b>			<u>\$305,424.23</u>
ACH	JANUARY 2019 WHA	Health Insurance	\$13,885.21
ACH	1168-2018-11 INVOICE CLOUD	Bank Fees	\$4,817.75
ACH	1168-2018-12 INVOICE CLOUD	Bank Fees	\$3,643.95
ACH	CHASE 2018 DECEMBER	Bank Fees	\$1,827.65
ACH	CHASE 2018 NOVEMBER	Bank Fees	\$2,475.63
ACH	JANUARY 2019 KAISER	Health Insurance	\$22,971.23
ACH	NOVEMBER 2018	Bank Fees	\$1,784.09
ACH	NOVEMBER 2018 WB	Bank Fees	\$17.99
ACH	NOVEMBER 2018FD	Bank Fees	\$119.98
ACH	NOVEMBER 2018PH	Bank Fees	\$42.99
ACH	PAYCHEX NOV 2018	Contract Services-Other	\$388.30
ACH	PERS 12/13/18	PERS	\$18,256.50
ACH	VALIC 12/13/18PD	Deferred Compensation	\$3,204.50
ACH	VALIC 12/27/18	Deferred Compensation	\$3,192.50
ACH	VOYA 12/13/18PDA	Deferred Compensation	\$25.00
ACH	VOYA 12/27/18	Deferred Compensation	\$25.00
<b>Total</b>			<u>\$76,678.27</u>
<b>Grand Total</b>			<u><u>\$382,102.50</u></u>

January Checks Approved at January Board Meeting

66820	B&M Builders	Contract Services-Engineering	\$18,311.88
66821	Best Best & Krieger	Legal & Audit	\$9,499.53
66822	Central Valley Engineering & Asphalt, Inc.	Contract Services-Paving	\$40,172.75
66823	ESRI	Maintenance Agreement-Equipment	\$11,200.00
66824	Ferguson Enterprises Inc #1423	Material	\$10,847.38
66825	Northridge Grove 46, LLC	Contract Services-Engineering	\$68,710.00
66826	SMUD	Utilities	\$8,772.35
66827	SWRCB	Dues & Subscriptions	\$46,609.60
<b>Total</b>			<u>\$214,123.49</u>

**US BANK - CAL-Card Distributions  
Dec-18**

<b>Name</b>	<b>Office Misc. - District Event</b>	<b>Supplies</b>	<b>Postage</b>	<b>Office - Expense</b>	<b>Capital Project (CIP)</b>	<b>Repair - Truck</b>	<b>Meeting Accommoda tions</b>	<b>Small Office Equipmen t</b>	<b>Tools</b>	<b>Total Bill</b>
Henry	\$ 125.00						\$ 190.31			\$ 315.31
Hensley		\$ 285.80								\$ 285.80
Ott			\$ 43.89		\$ 1,267.33			\$ 621.64		\$ 1,932.86
Shockley			\$ 53.60	\$ 176.99	\$ 4,417.69		\$ 589.57		\$ (30.15)	\$ 5,207.70
Sohal							\$ 3.50			\$ 3.50
Spiers	\$ 105.32					\$ 35.00				\$ 140.32
Straus										\$ 12.99
<b>Total Bill</b>	<b>\$ 230.32</b>	<b>\$ 285.80</b>	<b>\$ 97.49</b>	<b>\$ 176.99</b>	<b>\$ 5,685.02</b>	<b>\$ 120.99</b>	<b>\$ 785.13</b>	<b>\$ 621.64</b>	<b>\$ (30.15)</b>	<b>\$ 7,986.22</b>

**Citrus Heights Water District**  
 2018 Staff Training Courses/Seminars/Conferences  
 as of 1/8/2019

Date	Days	Topic	Organizing Agency	Location	Attendee	Total Expenses	Registration	Hotel	Air/Travel	Car rental	Meals	Parking/Taxi/ phone
						0.00						
1/8-1/12/18	4	Cappo Conference	Cappo	Palm Springs	Beth Shockley	835.45		428.18		261.45	105.82	40.00
5/8-5/11/18	4	CityWorks Conference	City Works	Salt Lake City	Tim Cutler	721.76		468.09	198.96		54.71	
2/20-2/23/18	3	CSMFO	CSMFO	Riverside, CA	Alberto Preciado	1,528.16	370.00	441.87	282.96		55.47	377.86
2/25-2/28/18	3	LCW Annual Conference	LCW	San Francisco	Hilary Straus	1,175.68	525.00	650.68				
2/25-2/28/18	3	LCW Annual Conference	LCW	San Francisco	Susan Sohal	525.00	525.00					
1/29-2/1/18	4	Esri Conference 2018	ESRI	San Diego, CA	Borey Swing	1,320.30		942.16		49.45	278.69	50.00
1/29-2/1/18	4	Esri Conference 2018	ESRI	San Diego, CA	Tamar Dawson	1,224.60		942.16		23.25	259.19	
5/8-5/11/18	4	ACWA Spring Conference	ACWA	Sacramento, CA	David Gordon	699.00	699.00					
5/8-5/11/18	4	ACWA Spring Conference	ACWA	Sacramento, CA	Hilary Straus	699.00	699.00					
5/8-5/11/19	5	ACWA Spring Conference	ACWA	Sacramento, CA	Missy Pieri	699.00	699.00					
7/8/7/12/18	4	Esri User Conference	Esri	San Diego, CA	Borey Swing	1,696.98		1169.09	218.96		197.55	111.38
6/11-6/14/18	3	AWWA Annual Conference	AWWA	Las Vegas, NV	Kelly Drake	1,759.82	980.00	201.82	326.96	28.90	222.14	
6/10-6/14/18	4	AWWA Annual Conference	AWWA	Las Vegas, NV	Tamar Dawson	2,548.78	1090.00	898.00	314.96	15.45	230.37	
6/10-6/14/18	4	AWWA Annual Conference	AWWA	Las Vegas, NV	Rex Meurer	2,111.96	910.00	898.00	303.96			
6/10-6/14/18	4	AWWA Annual Conference	AWWA	Las Vegas, NV	Missy Pieri	2,610.59	1090.00	898.00	314.96		192.63	115.00
10/17-10/19/18	3	Cal/Osha Summit 2018	Cal/Osha	San Diego, CA	Kelly Drake	2,162.27	980.00	673.50	266.96		183.81	58.00
4/12-4/13/18	2	Capio Conference	Capio	Santa Rosa, CA	Madeline Henry	380.86	325.00	27.93		27.93		
4/12-4/13/18	2	Capio Conference	Capio	Santa Rosa, CA	Chris Castruita	380.86	325.00	27.93		27.93		
10/2-10/5/18	4	Watersmart Innovations	Watersmart Inn	Las Vegas, NV	Rex Meurer	1,192.96	445.00	452.00	295.96			
10/21-10/24/18	4	CalPers Educational Forum	CalPers	Indian Wells, Ca	Chris Castruita	1,514.15	349.00	636.79	304.96	173.52	49.88	
10/21-10/24/18	4	CalPers Educational Forum	CalPers	Indian Wells, Ca	Alberto Preciado	1,477.11	349.00	636.79	352.96		60.15	78.21
11/27-11/29/18	3	ACWA Fall Conference	ACWA	San Diego, CA	Hilary Straus	1,300.02	699.00	449.06	151.96			
11/27-11/29/19	3	ACWA Fall Conference	ACWA	San Diego, CA	Susan Sohal	1,300.02	699.00	449.06	151.96			
10/22-10/24/18	3	CSDA Board Secretary Conference	CSDA	Lake Tahoe, CA	Madeline Henry	1,296.92	800.00	451.92				45.00
11/6-11/7/18	2	Neptune Gage Meter School	Neptune	Tallassee, Ala	Kelly Drake	1,131.41	295.00	437.31	399.10			
11/6-11/7/18	2	Neptune Gage Meter School	Neptune	Tallassee, Ala	Brady Chambers	1,131.41	295.00	437.31	399.10			
10/30-11/2/18	3	Harris Customer Training conference	Harris Computer	Chicago, IL	Jeff Ott	2,188.94	927.90	700.89	450.78		6.16	103.21
10/30-11/2/18	3	Harris Customer Training conference	Harris Computer	Chicago, IL	Dana Mellado	2,058.81	927.90	700.89	289.96		84.04	56.02
11/27-11/29/19	3	ACWA 2018 Fall Conference	ACWA	San Diego, CA	David Wheaton	1,276.02	699.00	449.06	127.96			
					<b>2018 Total</b>	<b>38,947.84</b>						
1/8/19-1/11/19	4	CSMFO Convention	CSMFO	Palm Springs	Susan Sohal	547.96	370.00		177.96			
1/8/19-1/11/19	4	CSMFO Convention	CSMFO	Palm Springs	Alberto Preciado	547.96	370.00		177.96			
1/14/19-1/16/19	3	Cappo Conference	Cappo	Sacramento	Beth Shockley	349.00	349.00					
5/18/19-5/22/19	4	GFOA Conference	GFOA	Los Angeles	Alberto Preciado	220.96			220.96			
2/10/19-2/13/19	4	Parma Conference	Parma	Anaheim	Chris Castruita	350.00	350.00					
2/10/19-2/13/19	4	Parma Conference	Parma	Anaheim	Madeline Henry	320.00	320.00					
					<b>2019 Total</b>	<b>1,665.88</b>						

**Grand Total      40,613.72**

Citrus Heights Water District  
 2018 Director Training Courses/Seminars/Conferences  
 as of 1/8/2019

Date	Days	Topic	Organizing Agency	Location	Attendee	Total Expenses	Registration	Hotel	Air/Travel	Car rental	Meals	Parking/Taxi/ phone
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Ray Riehle	699.00	699.00					
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Al Dains	699.00	699.00					
05/8/18-05/11/18	4	ACWA 2018 Spring Conference	ACWA	Sacramento, CA	Caryl Sheehan	699.00	699.00					
11/27-11/29/18	3	ACWA 2018 Fall Conference	ACWA	San Diego, CA	Ray Riehle	1,308.02	699.00	449.06	159.96			
						0.00						
						0.00						
						0.00						
					Grand Total	3,405.02						

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : EMPLOYEE RECOGNITION  
 STATUS : Information Item  
 REPORT DATE : January 2, 2019  
 PREPARED BY : Christopher Castruita, Management Services Supervisor/Chief Board Clerk

The following District employees were recognized for perfect attendance during November 2018, and outstanding customer service and quality of work during the month of December 2018.

### Administrative Services & Water Efficiency Department

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Chris Castruita	Yes		Planning and coordination for Director Dains 12/13/18 retirement luncheon.
Brady Chambers	Yes	Participated in planning the Employee Recognition Event.	
Kelly Drake	Yes		
Madeline Henry	Yes	Participated in planning the Employee Recognition Event.	Planning and coordination for Director Dains 12/13/18 retirement luncheon.
Dana Mellado		Assisted with update of fees and charges and completion of December month end procedures in supervisor's absence.	
Rex Meurer	Yes		
Brittney Moore		Assisted with the completion of December month end procedures in supervisor's absence.	

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Jeff Ott	Yes		
Alberto Preciado	Yes		
Desiree Smith	Yes	Assisted with update of fees and charges.	
Beth Shockley			Completed 2 consecutive terms of service on the Safety Committee.

**Engineering Department**

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tamar Dawson	Yes	Attended CAC Meeting in December.	Worked extra hours on 12/07/18 to review planned development projects.
Paul Dietrich		Attended CAC Meeting in December.	
Borey Swing		Assisted Operations on clarifying boundary with USA.	
Neil Tamagni	Yes	Participated in planning the Employee Recognition Event.	

**Operations Department**

<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Tim Cutler	Yes	Participated in planning the Employee Recognition Event.	
Gilbert Garcia			Assisted with the physical count of the shop inventory.



<u>Name</u>	<u>Attendance</u>	<u>Customer Service</u>	<u>Work Quality</u>
Daniel Hesse		Customer on Skyline Court emailed to say thank you for resolving a leak near their property. Customer noted that staff was professional, clean, respectful, hardworking and helpful in answering questions.	
Jarrett Flink	Yes		
James Ferro		Customer on Skyline Court emailed to say thank you for resolving a leak near their property. Customer noted that staff was professional, clean, respectful, hardworking and helpful in answering questions.	
Brian Hensley	Yes		
Ricky Kelley	Yes	Customer on Skyline Court emailed to say thank you for resolving a leak near their property. Customer noted that staff was professional, clean, respectful, hardworking and helpful in answering questions.	
Mike Mariedth	Yes		
Chris Nichols		Met with Administrative Services staff to give a tour of the Skycrest Well site, explaining how the well is operated and how the water is disinfected.	
Nick Spiers	Yes		Assisted with the physical count of the shop inventory.
John Spinella	Yes	Customer on Skyline Court emailed to say thank you for resolving a leak near their property. Customer noted that staff was professional, clean, respectful, hardworking and helpful in answering questions.	



**CITRUS HEIGHTS WATER DISTRICT  
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS  
JANUARY 16, 2019 MEETING**

SUBJECT : LONG RANGE AGENDA  
 STATUS : Consent/Information Item  
 REPORT DATE : January 2, 2019  
 PREPARED BY : Madeline Henry, Management Services Specialist/Deputy Board Clerk

**OBJECTIVE:**

Listed below is the current Long Range Agenda.

Legend	
S	Study Session
CC	Consent Calendar
P	Presentation
B	Business
PH	Public Hearing
CL	Closed Session

**CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA**

MEETING DATE	MEETING TYPE	ITEM DESCRIPTION	ASSIGNED	AGENDA TYPE	AGENDA ITEM
<b>February 20, 2019</b>					
February 20, 2019		Investment of District Funds	Sohal/Preciado/General Counsel	CC	A
February 20, 2019		2018 Groundwater Transfer Wrap-up	Gordon/Hensley/General Counsel	P	I/D
February 20, 2019		RWA: SGMA Implementation/GSA Development; ASR Feasibility	Gordon/General Counsel	P	I/D
February 20, 2019		Well Property Disposal	Gordon/General Counsel	S	I/D
February 20, 2019		Water Efficiency Review Campaign Outreach	Meurer/Chamber	P	I/D
February 20, 2019		Closed Session	Gordon/General Counsel	CL	I/D
<b>March 20, 2019</b>					
March 20, 2019		Conflict-of Interest	Castruita	B	A
<b>April 17, 2019</b>					
April 17, 2019		Project 2030 Update (60%)	Pieri	B	A
<b>May 15, 2019</b>					
May 15, 2019		Poster Contest Presentation	Meurer	P	I/D
May 15, 2019		Strategic Plan Update	Henry/Castruita	B	I/D
<b>June 6, 2019</b>					
June 6, 2019	Special Board Meeting	Strategic Planning Session	Straus/Castruita/Henry	S	I/D
<b>June 19, 2019</b>					
June 19, 2019		Document Imaging and Scanning RFP	Ott/Sohal	P	A
June 19, 2019		CAFR Review	Sohal	B	A
<b>July 17, 2019</b>					
July 17, 2019	Finance Corporation Meeting	Confirm & Appoint Officers of the Finance Corp., Status of Finance Corp.	Sohal	B	A
July 17, 2019		Approval of 2019 Strategic Plan	Sohal/Castruita/Henry	B	A
<b>August 21, 2019</b>					
August 21, 2019		Strategic Plan Update	Henry/Castruita	B	I/D

<b>CITRUS HEIGHTS WATER DISTRICT LONG RANGE AGENDA</b>					
<b>MEETING DATE</b>	<b>MEETING TYPE</b>	<b>ITEM DESCRIPTION</b>	<b>ASSIGNED</b>	<b>AGENDA TYPE</b>	<b>AGENDA ITEM</b>
<b>August 28, 2019</b>					
<b>August 28, 2019</b>	<b>Special Board Meeting</b>	Budget Rate Model Options Workshop	<b>Sohal</b>	<b>P</b>	I/D
<b>September 18, 2019</b>					
<b>September 18, 2019</b>		Refined Budget Options/Prop 218 Direction	<b>Sohal/Straus</b>	<b>B</b>	A
<b>October 16, 2019</b>					
<b>October 16, 2019</b>		Misc. Charges and Fees - Proposed	<b>Sohal</b>	<b>B</b>	A
<b>October 16, 2019</b>		Project 2030 Update (Final)	<b>Pieri</b>	<b>B</b>	A
<b>November 20, 2019</b>					
<b>November 20, 2019</b>		Cost-of-Living Adjustment to Salary Schedule, Retiree Insurance Benefits, and Directors' Compensation	<b>Castruita</b>	<b>B</b>	A
<b>November 20, 2019</b>		Strategic Plan Update	<b>Henry/Castruita</b>	<b>B</b>	I/D
<b>December 2, 2019</b>					
<b>December 2, 2019</b>	<b>Special Board Meeting</b>	Operating and Capital Budgets	<b>Straus/Sohal/Pieri/Gordon</b>	<b>PH</b>	A
<b>December 2, 2019</b>	<b>Special Board Meeting</b>	Water Rates, Charges and Fees	<b>Straus/Sohal</b>	<b>PH</b>	A
<b>December 2, 2019</b>	<b>Special Board Meeting</b>	Capacity Fees	<b>Straus/Sohal</b>	<b>PH</b>	A
<b>December 18, 2019</b>					
<b>December 18, 2019</b>		Committee Assignments	<b>Castruita</b>	<b>B</b>	A
<b>December 18, 2019</b>		District Officers	<b>Castruita</b>	<b>B</b>	A
<b>December 18, 2019</b>		Selection of President and Vice President	<b>Castruita</b>	<b>B</b>	A

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : ENGINEERING DEPARTMENT REPORT  
 STATUS : Information Item  
 REPORT DATE : January 02, 2019  
 PREPARED BY : Missy Pieri, Engineering Manager/District Engineer

Significant assignments and activities for the Engineering Department are summarized below. I will be available at the meeting to answer questions and/or provide additional details.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PROJECT 2030 Water Main Replacement Project</b>	Engineering	Engineering Manager and Project Manager	On-going	Yes, 04/17/19 (60% Completion Update)	Yes	2017-2018 Masterplan for replacement of mains installed in 1960-1985.	CAC Workshop #3 occurred on 12/11/18.  Spending and Funding Alternatives Development in process.  CAC Workshop #4 is scheduled for 02/05/19.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT</b> Corporation Yard / Facilities Master Plan Buildout	Engineering	Engineering Manager and Project Manager	On-going	Yes, TBD	Yes	2017-18 Masterplan for office space requirements through 2040.	Staff reviewed the Space Needs Assessment Report prepared by consultant.  Staff is preparing draft Request for Proposal for next phase of the Project.
<b>CAPITAL IMPROVEMENT PROJECT</b> Highland Ave & Rosa Vista Ln 8" Water Mains	Engineering	Senior Construction Inspector and Project Manager	On-going	Yes, 06/20/18 (Notice of Completion) 09/19/18 or 10/17/18 (Easements)	Yes	2017 design and construction.	Award of Contract occurred at the 01/17/18 Board Meeting.  Notice of Completion approved at 06/20/18 Board Meeting.  Easements being prepared by District.
<b>CAPITAL IMPROVEMENT PROJECT</b> Wind Way and Longwood Way 8" Water Mains	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans complete.  Construction to be completed by District Operation staff.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT Pleasantview Drive 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/01/18.  Potholing completed.  Plans are 80% complete.
<b>CAPITAL IMPROVEMENT PROJECT Michigan Drive 8" &amp; 6" Water Mains</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction.	Plans sent to Engineer on 05/02/18.  Potholing completed. Preparing 90% plans.  Staff to verify easements.
<b>CAPITAL IMPROVEMENT PROJECT Old Auburn Road - Daffodil to Wooddale 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction	Facilities request letters sent to Utilities on 09/20/18.  Survey completed on 12/24/18.  Awaiting 30% plans from Consultant.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT                      Cologne Way 6" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction	Facilities request letters sent to Utilities on 09/20/18.  Survey completed on 12/24/18.  Awaiting 30% plans from Consultant.
<b>CAPITAL IMPROVEMENT PROJECT                      Quiet Oak Lane 8" Water Main</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	Yes	2017 design, 2018 construction	Facilities request letters sent to Utilities on 09/20/18.  Survey completed on 12/24/18.  Awaiting 30% plans from Consultant.



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CAPITAL IMPROVEMENT PROJECT</b> <b>6230 Sylvan Road</b> <b>East Side Wall</b>	Engineering	Project Manager and Assistant Engineer	On-going	Yes, TBD	No	Wall along the east side of District property.	We anticipate this project will be included in the 2019 Capital Improvement Program. Staff to begin communication with SJUSD during Q1 2019.
<b>PRIVATE DEVELOPMENT</b> <b>Northridge Grove - 5555 Mariposa Ave</b> <b>47 Condominiums</b>	Engineering	Senior Construction Inspector and Engineering Manager	On-going	Yes, TBD	No	Private development.	Meeting with developer on 12/12/18.  Follow-up with Board on 01/16/18.
<b>PRIVATE DEVELOPMENT</b> <b>Dignity Health Building - 7115 Greenback Ln</b>	Engineering	Engineering Manager and Senior Construction Inspector	On-going	Yes, TBD	No	Medical office building by developer.	Project complete.  Perform project closeout.  District provided comments to the draft easement received from the City on 08/01/18. Awaiting response from the City.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT Mitchell Farms - 7925 Arcadia Drive</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>No</p>	<p>200-300 unit development by Watt Communities.</p>	<p>District submitted Conditions of Approval for the project on 05/07/18.</p> <p>Project approved by City of Citrus Heights City Council on 08/23/18.</p> <p>Engineering plans being prepared by Developer's Engineer.</p>
<p><b>PRIVATE DEVELOPMENT Mariposa Creek Subdivision - Antelope Road</b></p>	<p>Engineering</p>	<p>Senior Construction Inspector and Engineering Manager</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>15 lot subdivision located on Antelope Road.</p>	<p>Final plans received on 01/23/18. Developer grading site.</p> <p>Water preconstruction meeting occurred on 06/25/18.</p> <p>99% Complete. Punchlist provided to the Contractor.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT Citrus Place Subdivision</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	7 lot subdivision located near Wachtel Way & Talbot Way.	Received updated plans from engineer on 04/30/18.  District sent back comments on 05/22/18.  Awaiting a resubmittal.
<b>PRIVATE DEVELOPMENT 12057 Fair Oaks Blvd Fair Oaks Senior Apartments</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Seniors apartment complex with 42 one bedroom and 68 two bedroom units.	Received Project Referral and proposed site plan on 11/13/2018.  District sent Will Serve Letter on 12/04/18.
<b>PRIVATE DEVELOPMENT 7581 Sycamore Dr - Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Plans signed on 09/19/18.  Awaiting construction.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT 8053 Holly Dr Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Final plans signed and fees received on 05/10/18.  District Operations staff began construction on 09/25/18. 98% Complete.
<b>PRIVATE DEVELOPMENT 8043 Holly Dr Parcel Split 1 - 3</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 3 for 3 home subdivision.	Received initial plans on 10/01/2018.  District provided comments to the Engineer on 01/02/19.
<b>PRIVATE DEVELOPMENT 8116 Holly Dr Parcel Split 1 - 2</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Parcel being split into 2 with 2 existing homes and meters.	Received Project Referral 11/16/2018.  Conditions of Approval letter sent 11/28/2018.
<b>PRIVATE DEVELOPMENT 7601 Sunrise Blvd The Human Bean</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Commercial Development.	District signed plans on 12/21/17.  Awaiting construction.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>6920 Auburn Blvd</b>  <b>Stock Ranch Plaza - Parcel 11</b></p>	<p>Engineering</p>	<p>Senior Construction Inspector</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Received easement information on 11/30/17.</p> <p>Received submittal from engineer on 10/11/18. Met with engineer on 11/19/18. Awaiting resubmittal from engineer.</p> <p>Awaiting easements for entire Stock Ranch area.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>7030 Auburn Blvd</b>  <b>Stock Ranch - Traffic Circulation</b></p>	<p>Engineering</p>	<p>Senior Construction Inspector</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Plans signed on 02/26/18. Fees paid on 05/22/18.</p> <p>Preconstruction meeting on 04/30/18.</p> <p>Final Acceptance Letter sent on 09/10/18.</p> <p>Awaiting easements for entire Stock Ranch area.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>7766 Auburn Blvd</b>  <b>Quick Slice</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Sent comments to City on 11/27/17.</p> <p>Awaiting final plans from developer for District review.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>  <b>8501 Auburn Blvd</b>  <b>Big Lots</b></p>	<p>Engineering</p>	<p>Senior Construction Inspector and Engineering Manager</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Plans signed on 08/23/18.</p> <p>Preconstruction meeting occurred on 09/24/18.</p> <p>Coordinating easements with developer.</p> <p>80% Complete.</p>
<p><b>PRIVATE DEVELOPMENT</b>  <b>8501 Auburn Blvd</b>  <b>Parcel Split</b></p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Potential parcel split from one parcel to four parcels.</p>	<p>Sent conditions of approval letter on 09/06/18.</p> <p>Waiting for the developer to complete draft agreement with tenants for fire line service.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>PRIVATE DEVELOPMENT</b>                      8501 Auburn Blvd                      Studio Movie Grill</p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Commercial Development.</p>	<p>Sent Will Serve letter on 12/28/17.</p> <p>Received initial plans from developer on 12/17/18.</p> <p>Coordinating easements with developer.</p>
<p><b>PRIVATE DEVELOPMENT</b>                      7424 Sunrise Blvd                      Sunrise Pointe</p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Proposed multi-unit housing complex for low-income and homeless.</p>	<p>Received Project Referral and initial plans on 10/11/2018.</p> <p>Will-Serve letter sent 11/21/2018.</p>
<p><b>PRIVATE DEVELOPMENT</b>                      7312 Veterans Lane</p>	<p>Engineering</p>	<p>Engineering Manager and Assistant Engineer</p>	<p>On-going</p>	<p>No</p>	<p>No</p>	<p>Single Family Home on a private street.</p>	<p>Sent review comments on 08/03/18.</p> <p>Engineering sent cost estimate of improvements to owner on 10/30/18.</p> <p>Awaiting payment from customer.</p>



Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>PRIVATE DEVELOPMENT</b> 208 Langley Ave	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home.	All fees paid.  District to coordinate water service installation with customer no later than 01/17/19.
<b>PRIVATE DEVELOPMENT</b> 7881 Twin Oaks Ave	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Single Family Home.	Developer Fees paid 11/19/2018.  Operations installed water service on 12/20/18.
<b>PRIVATE DEVELOPMENT</b> Livoti Development	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Six Parcel Subdivision.	Received initial plans on 12/17/18.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>COMCAST</b>	Engineering	Assistant Engineer and GIS Specialist	On-going	No	No	Various communications boring projects throughout the service area.	District has provided water utility maps for all requested projects.  Awaiting resubmittal from Comcast Engineer.  Awaiting as-builts on all completed projects.
<b>CITY OF CITRUS HEIGHTS PROJECT City Drainage Project</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Highland Ave, Wonder St, Dana Butte Way, and Sunhill Dr Storm Drain Project.	Anticipate bid and start of construction in 2019. "B" Plans sent back 08/21/17 with comments. Coordinating utility conflicts and possible easement.
<b>CITY OF CITRUS HEIGHTS PROJECT Old Auburn Drainage Improvements (Garry Oaks Drive)</b>	Engineering	Engineering Manager and Senior Construction Inspector	On-going	No	No	Surface and subsurface drainage improvements	Construction in progress by City contractor.  District providing inspection.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CITY OF CITRUS HEIGHTS PROJECT</b> <b>Bonita, Old Auburn Rd, &amp; Mariposa Ave Storm Drain Improvements</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Bonita Way, Old Auburn Road, & Mariposa Ave Storm Drain Project.	Received 30% plans at the meeting with Engineer on 05/21/18.  District sent engineer data on 08/03/18.
<b>CITY OF CITRUS HEIGHTS PROJECT</b> <b>Baird Way Storm Drain Improvements</b>	Engineering	Operations and Senior Construction Inspector	On-going	Yes, TBD	Yes	Baird Way Storm Drain Project.	Construction complete by City contractor.  This item is complete. Awaiting as-builts from the City.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<p><b>CITY OF CITRUS HEIGHTS PROJECT Sunrise Blvd Complete Streets Phase 2A (C16-142)</b></p>	<p>Engineering</p>	<p>Operations and Senior Construction Inspector</p>	<p>On-going</p>	<p>Yes, TBD</p>	<p>Yes</p>	<p>Frontage improvements along west side of Sunrise from Sayonara to north and Storm Drain Improvements.</p>	<p>City contractor paved Sunrise Blvd on 09/27/18. Contractor 99% complete with water related work.</p> <p>CHWD 99% complete with water facility relocations.</p> <p>District sent Value of Facilities request to the Contractor.</p> <p>Letter of Final Acceptance Pending.</p>

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase III</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Frontage improvements along west side of Mariposa Ave from Northridge to Eastgate.	Received signed Utility Agreement. Start of construction in 2019.  Received plans for review on 05/17/18. Pre-bid meeting on 06/05/18. District awaiting final plans.
<b>CITY OF CITRUS HEIGHTS PROJECT Mariposa Ave - Safe Routes to School Phase IV</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	Yes, TBD	Yes	Frontage improvements along east side of Mariposa Ave from Madison to Skycrest School.	Sent existing utility information to City's engineer.  Kick-off meeting with the City scheduled for 01/14/19.
<b>CALIFORNIA DEPT OF TRANSPORTATION Weigh Station at I-80 &amp; Antelope</b>	Engineering	Engineering Manager and Assistant Engineer	On-going	No	No	Weigh station and off-ramp improvements.	Sent water facility maps and as-builts to Engineer on 11/20/17.  Awaiting plans from CalTrans for District review.

Items of Interest	Department	Project Team	Date	To Board? If so, Date	Strategic Planning Item	Item Description	Update from Last Report/ Current Status
<b>Annexations</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Annex properties into the District to clarify and revise District boundaries.	<p>Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.</p> <p>Staff had a meeting with Sacramento LAFCo on 12/13/18.</p> <p>Staff meeting scheduled for 01/07/19.</p>
<b>Easements</b>	Engineering	Engineering Manager, Project Manager and Assistant Engineer	2018	Yes, TBD	Yes	Research and review District facility locations and easements for potential additions/revisions.	Staff conducted an initial scoping meeting in April. Staff is now working on a draft RFP for consultant services.

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : OPERATIONS DEPARTMENT REPORT  
 STATUS : Information Item  
 REPORT DATE : January 3, 2018  
 PREPARED BY : David M. Gordon, Operations Manager  
 Tim Cutler, Water Distribution Supervisor

Facilities Maintenance			CIP Projects		
	Completed WO's			Completed WO's	
	December	Year to Date		December	Year to Date
Backflow Maintenance	0	0	C18-010 Water Mainline	0	0
Blow Off Maintenance	32	72	C18-011 Water Valves	0	15
Hydrant Maintenance	29	333	C18-012 Water Services	24	311
Leak Investigation	0	4	C18-013 Water Meters	6	180
Mainline Repair/Maintenance	0	11	C18-014 Fire Hydrants	3	16
Meter Box Maintenance	4	50	<b>TOTAL</b>	<b>33</b>	<b>522</b>
Meter Register Replacement	17	153	<b>Water Quality</b>		
Meter Repair/Test/Maintenance	0	24	<i>Water Analysis Report: Bacteriological testing has met all California Department of Public Health requirements. 72 samples were collected with no positive results.</i>		
Pot Hole Work	0	1			
Water Service Repair/Locate	0	3			
Valve, Mainline Maintenance	36	545			
Valve Box Maintenance	0	4			
<b>TOTAL</b>	<b>118</b>	<b>1200</b>			

**CITRUS HEIGHTS WATER DISTRICT  
DISTRICT STAFF REPORT TO BOARD OF DIRECTORS  
JANUARY 16, 2019 MEETING**

SUBJECT : 2018 WATER SUPPLY - PURCHASED & PRODUCED  
 STATUS : Information Item  
 REPORT DATE : January 2, 2019  
 PREPARED BY : Brian M. Hensley, Water Resources Supervisor  
 David M. Gordon, Operations Manager

**OBJECTIVE:**

Report on annual water supply including comparison with prior years.

Month	2013	2014	2015	2016	2017	2018				Year-to-Date Comparison to 2013	
	Total Water Monthly					Surface Water Purchased	Ground Water Produced	Total Water Monthly	Total Water Annual	acre feet	%
	acre feet					acre feet					
Jan	602.52	602.39	570.05	539.60	506.81	481.10	50.28	531.38	531.38	-71.14	-11.8%
Feb	606.36	450.96	511.52	484.53	443.99	477.82	47.91	525.73	1,057.11	-151.77	-12.6%
Mar	819.55	612.20	725.95	517.56	546.60	511.13	29.65	540.78	1,597.89	-430.54	-21.2%
Apr	1,029.73	737.30	761.02	677.81	575.52	628.36	17.73	646.09	2,243.98	-814.18	-26.6%
May	1,603.43	1,190.07	869.08	979.49	1,138.72	1,027.12	45.15	1,072.27	3,316.25	-1,345.34	-28.9%
Jun	1,816.73	1,548.66	1,065.10	1,343.76	1,412.94	1,356.78	30.25	1,387.03	4,703.28	-1,775.04	-27.4%
Jul	2,059.21	1,622.10	1,184.95	1,544.57	1,650.76	1,367.09	370.04	1,737.13	6,440.41	-2,097.12	-24.6%
Aug	1,924.28	1,477.49	1,188.18	1,579.80	1,570.80	977.12	606.66	1,583.78	8,024.19	-2,437.62	-23.3%
Sep	1,509.82	1,275.11	1,069.78	1,257.91	1,441.76	721.72	608.47	1,330.19	9,354.38	-2,617.25	-21.9%
Oct	1,297.42	1,030.74	918.67	840.80	1,128.97	1,057.86	4.02	1,061.88	10,416.26	-2,852.79	-21.5%
Nov	911.55	682.48	589.6	561.82	631.55	786.93	20.77	807.70	11,223.96	-2,956.64	-20.8%
Dec	700.94	563.15	519.57	518.62	574.43	547.57	11.40	558.97	11,782.93	-3,098.61	-20.8%
<b>Total</b>	14,881.54	11,792.65	9,973.47	10,846.27	11,622.85	9,940.60	1,842.33	11,782.93	11,782.93		
% of Total						84.36%	15.64%				



# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

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SUBJECT : WATER SUPPLY RELIABILITY  
STATUS : Information Item  
REPORT DATE : January 3, 2019  
PREPARED BY : David M. Gordon, Operations Manager  
                  Brian Hensley, Water Resources Supervisor

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**OBJECTIVE:**

Receive status report on surface water supplies available to the Citrus Heights Water District (District).

**BACKGROUND AND ANALYSIS:**

As of January 1, 2019, storage in Folsom Lake (Lake) was at 311,600 acre-feet, 32 percent of the total capacity of 977,000 acre-feet. This represents a decrease in storage of 18,800 acre-feet in the past month.

The District's total water use during the month of December 2018 (558.97 acre-feet) was 20.2 percent below that of December 2013 (700.94 acre-feet).

The District continues to assist with preserving surface water supplies in the Lake by operating its groundwater wells. The District's groundwater production wells: Bonita, Skycrest, Mitchell Farms and Sylvan, are operational and used on a rotational or as-needed basis. Other District groundwater production wells, Palm and Sunrise, are at various stages of repairs.

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# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : WATER EFFICIENCY & SAFETY PROGRAM UPDATE  
 STATUS : Information Item  
 REPORT DATE : January 2, 2019  
 PREPARED BY : Rex W. Meurer, Water Efficiency Supervisor

Water Efficiency, Safety and Meter Program updates are summarized below.

### **ACTIVITIES AND PROGRESS REPORT**

Water Efficiency, Safety and Meter Program activities during the month of December 2018 include:

- 10 High Efficiency Toilet (HET) rebates were processed for the month of December 2018. This compares to 6 rebates issued for the month of December 2017. The 5 year average (2013-2017) of December HET rebates is 15. A total of \$11,700.00 in rebates were issued during 2018.
- A total of 3 High Efficiency Clothes Washer (HECW) rebates were issued during the third quarter of 2018. This compares to 2 HECW rebates issued for the third quarter of 2017. To better align with SMUD's schedule for reporting monthly numbers, staff is reporting HECW rebates on a quarterly basis.
- 32 service calls were received during the month of December. There were no reports of water waste received through CHWD's Drought Resources web page. A total of 333 service calls were received during 2018.
- Staff is preparing class content and the schedule for next year's WaterSmart classes. Five WaterSmart classes are planned for 2019. The first two classes will be held at the Citrus Heights Community Center. The classes are scheduled for Saturday, April 6, 2019 and Saturday, May 11, 2019. The topics covered will include spring gardening tips, spring planting tips, mulching and irrigation troubleshooting.
- CHWD began a telephone outreach campaign promoting the District's free Irrigation Efficiency Reviews. WaterWise Consulting is working with staff to contact many of CHWD's high water use customers. Staff is focusing on multi-family customers. There were no multi-family Irrigation Efficiency Reviews completed for the month of December. A total of 89 Irrigation Efficiency Reviews have been completed since the outreach campaign began in December 2017. This compares to 51 Irrigation Efficiency Reviews completed for the same time in December 2016 through December 2017. For the customers who have completed an Irrigation Efficiency Review during this outreach campaign, staff will conduct a year-over-year comparison of their water usage. A presentation on the results of the Irrigation Efficiency Review outreach campaign, and the year-over-year comparison will be given at the February 20, 2019 Board meeting.

- On Thursday, December 13, staff gave the tenth presentation in the annual group participation safety program. The presentation topic was “Internet Security”. The presenters included Susan Sohal, Jeff Ott, Borey Swing, and James Buford.
- To assist with the evaluation and implementation of AB 1668 and SB 606, the District purchased four band infrared aerial imagery for our service area. Four band infrared aerial imagery provides data on irrigable/irrigated landscape area to help estimate landscape water budgets like those associated with the legislation. Infrared imagery distinguishes plant material type (grass, trees, etc.) and is required to calculate landscape budgets. The aerial imagery will be complete in January 2019.
- On Thursday December 21, 2018, the District was a signatory on a coalition letter regarding SB 555. The letter was sent to Max Gomberg with the State Water Resources Control Board. The letter represents a collaborative stakeholder effort to provide constructive input and recommendations for consideration concerning Water Loss Performance Standards. Three main points included:
  - 1) compliance should be coupled with the conservation legislation (SB 606 and AB 1668);
  - 2) a reasonable interim volumetric standard of efficiency is recommended based on the variability and uncertainty of currently available data and;
  - 3) there is still much unknown about both the potential for leak loss reduction and about the costs and benefits associated with various methods of leak detection and water loss prevention. Water loss reduction must be completed efficiently and cost-effectively by utilities to avoid unnecessary financial impacts to water ratepayers.
- The following table summarizes the Residential Gallons Per Capita Per Day (R-GPCD) values for CHWD to date:

<b>Month</b>	<b>R-GPCD 2017</b>	<b>R-GPCD 2018</b>	<b>% CHANGE</b>
January	75	77	+3%
February	72	85	+18%
March	80	79	-.01%
April	87	100	+13%
May	166	156	-.06%
June	209	213	-.02%
July	241	253	+.05%
August	229	231	+.01%
September	217	200	+.08%
October	170	154	-.09%
November	95	122	+28%
December	76	81	+07%

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

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SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE THE NOTICE OF COMPLETION FOR THE 2017-18 ON-CALL PAVEMENT RESTORATION SERVICES

STATUS : Action Item

REPORT DATE : January 4, 2019

PREPARED BY : David M. Gordon, Operations Manager  
Tim Cutler, Water Distribution Supervisor

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**OBJECTIVE:**

Consider adoption of Resolution 01-2019 for the 2017/18 On-Call Pavement Restoration Services performed throughout the Citrus Heights Water District's service area, and authorize execution and recording of a Notice of Completion for the project.

**BACKGROUND AND ANALYSIS:**

On June 13, 2017, the Citrus Heights Water District (the District) executed an agreement with Central Valley Engineering & Asphalt, Inc. for on-call pavement restoration services within the District's service area. The on-call pavement restoration is the final surface trench restoration completed after the District performs improvements and repairs to the District's infrastructure. The on-call pavement restoration project provides dependable patch and trench paving above critical water infrastructure within the District's service area, and ensures safe travel for vehicular and pedestrian traffic.

The original contract amount was bid at \$10.75 per square-foot for asphalt restoration. Several Notices to Proceed (six in all) were issued to the contractor during the term of the agreement for a total square footage of 16,868 square feet of asphalt work performed. The total amount invoiced by the contractor to date is \$181,331.01 for materials, labor and equipment.

**RECOMMENDATION:**

Adopt Resolution 01-2019 for the 2017/18 On-Call Pavement Restoration Services performed throughout the District's service area, and authorize the District Secretary to execute and record a Notice of Completion for the project.

**ATTACHMENT:**

Resolution 01-2019 for 2017/18 On-Call Pavement Restoration Services

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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CITRUS HEIGHTS WATER DISTRICT  
RESOLUTION NO. 01-2019

RESOLUTION OF THE BOARD OF DIRECTORS  
ACCEPTING 2017/18 ON-CALL PAVEMENT RESTORATION SERVICES

WHEREAS, on June 13, 2017 a contract was executed between the Citrus Heights Water District (the District) and Central Valley Engineering & Asphalt, Inc. for on-call pavement restoration services; and

WHEREAS, Central Valley Engineering & Asphalt, Inc. has completed the work for the 2017/18 On-Call Pavement Restoration Services performed within the District's service area in accordance with the contract and specifications documents prepared by the District, pursuant to a final inspection on December 31, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Citrus Heights Water District that the 2017/18 On-Call Pavement Restoration Services performed within the District's service area is accepted as complete.

BE IT FURTHER RESOLVED that the District Secretary is authorized to execute a Notice of Completion, Exhibit A, for the 2017/18 On-Call Pavement Restoration Services and to have said Notice recorded with the Office of the Recorder of Sacramento County.

PASSED AND ADOPTED by the Board of Directors of the CITRUS HEIGHTS WATER DISTRICT this 16th day of January, 2019 by the following vote, to wit:

AYES: Directors: Sheehan, Riehle, Wheaton

NOES: Directors:

ABSTAIN: Directors:

ABSENT: Directors:

SEAL

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CARYL F. SHEEHAN, President  
Board of Directors  
Citrus Heights Water District

ATTEST:

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CHRISTOPHER CASTRUITA, Chief Board Clerk  
Citrus Heights Water District

EXHIBIT A

RECORDED AT THE REQUEST OF  
OWNER AND RETURN TO:

CITRUS HEIGHTS WATER DISTRICT  
P.O. BOX 286  
CITRUS HEIGHTS, CA 95611-0286

NO FEE FOR RECORDING  
(Government Code Section 6103)

Space above for Recorders use only

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NOTICE OF COMPLETION FOR  
2017/18 ON-CALL PAVEMENT RESTORATION SERVICE

1. *Project Name:* 2017/18 On-Call Pavement Restoration Services
2. *Prime Contractor:* Central Valley Engineering & Asphalt, Inc.
3. *Date of Contract:* June 13, 2017
4. *Date of Completion:* December 31, 2018
5. *Project Site Locations:* The Project was performed throughout the Citrus Heights Water District (District) Service Area. The District Service Area is within four local jurisdictions which include the City of Citrus Heights, Sacramento County, Placer County and the City of Roseville.
6. *Description of Work or Materials Furnished:* The Scope of Work for this Project consists of furnishing, traffic control, permits, all materials, labor, equipment, fuel, tools, transportation and services for on-call pavement repairs. The on-call pavement restoration is the final surface trench restoration completed after the District performs improvements and repairs to the District's infrastructure. The on-call pavement restoration project provides dependable patch and trench paving above critical water infrastructure within the District's service area, and ensures safe travel for vehicular and pedestrian traffic.
7. *Owner's Property Interest in Site is:* vendee under contract
8. *Owner:* Citrus Heights Water District, 6230 Sylvan Rd, Citrus Heights, CA 95610
9. *Signature for Owner:*  

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Hilary M. Straus, General Manager/Secretary  
Citrus Heights Water District

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VERIFICATION

I hereby verify, under the penalty of perjury, that Hilary M. Straus who signed the foregoing Notice of Completion and that the facts and contents therein are true and correct to the best of my knowledge.

DATE: January 16, 2019

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Christopher Castruita, Management Services  
Supervisor/Chief Board Clerk  
Citrus Heights Water District

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE A TASK ORDER AGREEMENT WITH RAFTELIS FINANCIAL CONSULTANTS, INC.  
 STATUS : Action Item  
 REPORT DATE : January 3, 2019  
 PREPARED BY : Susan Sohal, Administrative Services Manager

### **OBJECTIVE:**

Consider approval of an agreement with Raftelis Financial Consultants, Inc. (Rafetlis) for financial services.

### **BACKGROUND AND ANALYSIS:**

During the past year, CHWD has been working with Raftelis to complete several components of the District's updated Financial Model, such as groundwater rate analysis, capital improvement funding, and operating and maintenance funding. CHWD staff has leveraged Raftelis' financial data compilation and analysis work and resources to complete assigned projects in a timely and effective manner.

As CHWD maintains a small staff, utilizing contract resources such as Raftelis, to complete complex special projects is essential to keeping ongoing operating expenses down, while assuring that the resources are available as required and on an as-needed basis to complete projects in a timely and effective manner. While CHWD leverages Raftelis, staff works closely to provide oversight and ensure that projects are completed as directed.

Raftelis has been providing services to public agencies since its inception in 1993. Raftelis' staff is experienced and knowledgeable, is a recognized leader in financial consulting to local government in California, and has an in-depth understanding of the challenges involved in the water industry. Their work product is carefully reviewed for completeness and accuracy before delivery to CHWD.

It is recommended that CHWD formalize a task order style professional services agreement with Raftelis. The task order style agreement is structured to offer the options of a Time-and-Materials/Hourly Billable arrangement or Project Basis/Not-to-Exceed (NTE) amount with a defined scope of work, schedule, and a not-to-exceed budget, consistent with other task order style agreements maintained by CHWD. The term of the updated agreement is ongoing, but includes a fifteen (15) day termination provision by either party without cause.

Funding for the various services covered in the agreement are budgeted for in the 2019 Operating Budget. Work performed will be subject to the availability of budgeted funds.

### **RECOMMENDATION:**

Approve the professional services agreement with Raftelis Financial Consultants, Inc., and authorize the General Manager to execute the agreement.

### **ATTACHMENT:**

Professional Services Agreement for Finance Support Services

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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**CITRUS HEIGHTS WATER DISTRICT  
PROFESSIONAL SERVICES AGREEMENT  
FOR FINANCIAL PLANNING AND ANALYSIS SERVICES**

**1. PARTIES AND DATE.**

This Agreement is made and entered into this \_\_\_ day of January 2019, by and between the Citrus Heights Water District, a public agency organized and operating under the laws of the State of California with its principal place of business at 6230 Sylvan Road, Citrus Heights, CA 95610 (“District”) and Raftelis Financial Consultants, Inc. (“Consultant”). District and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

**2. RECITALS.**

2.1 District. District is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Consultant. Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement and in the task order(s) to be issued pursuant to this Agreement and executed by the District and Consultant (“Task Order”). Consultant represents that it is experienced in providing all of the professional services listed in the scope of services provided for in Exhibit “A” to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.3 Project. District desires to engage Consultant to render such services on an on-call basis. Services shall be ordered by Task Order(s) to be issued pursuant to this Agreement for future projects as set forth herein (each such project shall be designated a “Project” under this Agreement).

**3. TERMS.**

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant agrees to furnish to the District labor, materials, tools, equipment, services, and incidental and customary work, on an on-call basis, to provide financial planning, cost of service analyses, rate design, cost allocation plans, and fee design services to the District for the Project (“Services”). The types of Services to be provided are generally described in Exhibit “A,” attached hereto and incorporated herein by reference. The Services shall be more particularly described in the individual Task Order issued by the District’s General Manager or designee. No Service shall be performed unless authorized by a fully executed Task Order in the form attached hereto as Exhibit “B”. All Services shall be subject to, and performed in accordance with, this Agreement, the relevant Task Order, the exhibits attached hereto and incorporated herein by reference, and, as is consistent with the generally accepted professional standard of care, applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall continue in force for a period of one year from the date of execution. Upon expiration thereof, this agreement will continue in force until either party notifies the other party in writing of its intent to terminate this agreement as outlined in Section 3.5.1. Consultant shall meet any other established schedules and deadlines set forth in the applicable Task Order. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

### 3.2 Responsibilities of Consultant.

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement and such directions and amendments from District as herein provided. District retains Consultant on an independent contractor basis and not as an employee. No employee or agent of Consultant shall become an employee of District. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the specific schedule that shall be set forth in the Task Order ("Schedule of Services"). Consultant shall be required to commence work within five (5) calendar days, or as soon thereafter as reasonably practicable, of receiving a fully executed Task Order. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule of Services, District shall respond to Consultant's submittals in a timely manner. Upon request of District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

### 3.2.4 RESERVED.

3.2.5 District's Representative. The District hereby designates the General Manager, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of the District for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates Habib Isaac, Senior Project Manager, or his designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority

to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement. Raftelis may recommend a new Consultant Representative subject to the approval of the District.

3.2.7 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a City of Citrus Heights Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself informed of and in compliance with all applicable local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including applicable Cal/OSHA requirements, and shall give all notices required by law. If required, Consultant shall assist District, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies. Consultant shall be liable for all of its violations of local, state and federal laws, rules and regulations in connection with the Project and the Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the District, Consultant shall be solely responsible for all costs arising therefrom. It is understood, however, that various laws, rules, and regulations are subject to varying and sometimes contradictory interpretation. Where there are conflicting interpretations in laws, rules or regulations, the more stringent interpretation shall be applied. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of Consultant's failure or alleged failure to comply with such applicable laws, rules or regulations.

### 3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence the Services under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the District that the subcontractor has secured all insurance required under this section.

3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance meeting the requirements set forth herein. In the event Consultant is self-insured, Consultant shall provide evidence of self-insured coverage that provides coverage that is equal to the insurance requirements set forth herein. Consultant shall require all of its subcontractors to procure and maintain the same insurance specified herein for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance; and (4) *Professional Liability (Errors and Omissions)*: professional liability or Errors and Omissions insurance appropriate to its profession.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: One Million Dollars (\$1,000,000) combined single limit (each accident) for bodily injury and property damage; (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of One Million Dollars (\$1,000,000) per accident for bodily injury or disease; and (4) *Professional Liability (Errors and Omissions)*: One Million Dollars (\$1,000,000) per claim and aggregate (errors and omissions).

Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement. Defense costs shall be payable in addition to the limits.

3.2.10.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the District to add the following provisions to the insurance policies:

(A) Commercial General Liability. The commercial general liability policy shall be endorsed to provide the following: (1) the District, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage; (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way; and (3) the insurance coverage shall contain or be endorsed to provide waiver of subrogation in favor of the District, its directors, officials, officers, employees, agents and volunteers or shall specifically allow Consultant to waive its right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(B) Automobile Liability. The automobile liability policy shall be endorsed to provide the following: (1) the District, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way; and (3) the insurance coverage shall contain or be endorsed to provide waiver of subrogation in favor of the District, its directors, officials, officers, employees, agents and volunteers or shall specifically allow Consultant to waive its right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(C) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) Professional Liability (Errors and Omissions). This insurance shall include or be endorsed to include contractual liability for negligence only and applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against negligent acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must include work performed under this Agreement. The

policy must “pay on behalf of” the insured and must include a provision establishing the insurer's duty to defend.

(E) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents and volunteers.

3.2.10.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.10.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best’s rating no less than A:VII, admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law, and satisfactory to the District.

3.2.10.7 Verification of Coverage. Consultant shall furnish District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.8 Subconsultants. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the District that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the District as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, District may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

3.2.10.9 Compliance With Coverage Requirements. If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, District has the right but not the duty to

obtain the insurance it deems necessary and any premium paid by District will be promptly reimbursed by Consultant or District will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, District may terminate this Agreement for cause.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall exercise usual and customary professional care in its efforts to be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of its employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (1) adequate life protection and life-saving equipment and procedures; (2) instructions in accident prevention for all employees and subcontractors, such as equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (3) adequate facilities for the proper inspection and maintenance of all safety measures. Nothing herein shall be construed as establishing any responsibility or obligation on the part of the Consultant for jobsite safety issues, programs, or precautions or anyone but its own employees and subconsultants for whom it is legally responsible.

### 3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A," attached hereto and incorporated herein by reference. The total compensation per Task Order shall be set forth in the relevant Task Order, and Consultant shall be compensated in one of two billable methods: a) Time and Materials/Hourly Billable; or b) Project Basis/Not-to-Exceed (NTE) amount. Extra Work may be authorized, as described below; and if authorized, said Extra Work will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to District a monthly itemized invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall reference the relevant Task Order and describe the amount of Services and supplies provided since the initial commencement date of Services under this Agreement, and since the start of the subsequent billing periods, through the date of the invoice. Consultant shall include a Project Task Tracking Sheet with each invoice submitted. District shall, within forty-five (45) days of receiving such invoice and Project Task Tracking Sheet, review the invoice and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized under the relevant Task Order as detailed in Exhibit B or otherwise in writing by District.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from District's Representative. Where Extra Work is deemed merited by the District, an

amendment to this Agreement shall be prepared by the District and executed by both Parties before performance of such Extra Work, or the District will not be required to pay for the changes in the scope of work. Such amendment shall include the change in fee and/or time schedule associated with the Extra Work. Amendments for Extra Work shall not render ineffective or invalidate unaffected portions of this Agreement

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is One Thousand Dollars (\$1,000) or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall obtain a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its officials, officers, employees, volunteers and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

If the Services are being performed as part of an applicable “public works” or “maintenance” project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements.

### 3.4 Accounting Records.

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

### 3.5 General Provisions.

#### 3.5.1 Termination of Agreement.

3.5.1.1 Grounds for Termination. Either party may terminate the whole or any part of this Agreement at any time and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least fifteen (15) business



days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been adequately rendered to District, and Consultant shall be entitled to no further compensation.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data (defined below) and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) business days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

<u>District</u>	<u>Consultant</u>
Citrus Heights Water District P.O. Box 286 Citrus Heights, CA 95611 Attn: Susan Sohal, Administrative Services Manager	Habib Isaac, Senior Project Manager Raftelis Financial Consultants, Inc. 24640 Jefferson Ave, Suite 207 Murrieta, CA 92562

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant shall require all subcontractors to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. Consultant represents that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the District. District shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at District’s sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District. This section shall not restrict the Consultant from giving notices required by law or complying with an order to provide information or data when such order is issued by a court, administrative agency or other authority with proper jurisdiction, or if disclosure is reasonably necessary for the Consultant to defend itself from any suit or claim.

3.5.4 Cooperation; Further Acts. The Parties shall reasonably cooperate with one another, and shall take additional acts or sign additional documents as may be reasonably necessary, appropriate or convenient to attain the purposes of this Agreement. The Consultant shall not be required to execute any documents or take any acts that in any way might, in the sole judgment of the Consultant, increase the Consultant's contractual or legal obligations or risks, or the availability or costs of its professional or general liability insurance.

3.5.5 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification.

3.5.6.1 Standard Indemnification. To the fullest extent permitted by law, Consultant shall defend, indemnify and hold the District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or relating to any negligence, recklessness, or willful misconduct of Consultant, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages, expert witness fees, and attorney's fees and other related costs and expenses. Consultant shall defend, at Consultant's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District, its directors, officials, officers, employees, agents, or volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against District or its directors, officials, officers, employees, agents, or volunteers, in any such suit, action or other legal proceeding. Consultant shall reimburse District and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in

enforcing the indemnity herein provided, including correction of errors or omissions. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the District, its directors, officials, officers, employees, agents or volunteers.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Sacramento County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.5.10 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.5.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.12 Subcontracting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to District include its officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit,

privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant maintains that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this provision, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party maintains that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

**SIGNATURE PAGE  
TO  
CITRUS HEIGHTS WATER DISTRICT  
PROFESSIONAL SERVICES AGREEMENT  
FOR FINANCIAL PLANNING AND ANALYSIS SERVICES**

**CITRUS HEIGHTS WATER DISTRICT**

**RAFTELIS FINANCIAL CONSULTANTS,  
INC,**

**By:** \_\_\_\_\_  
**Hilary M. Straus**  
**General Manager**

**By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**EXHIBIT "A"**  
**SCOPE OF SERVICES**



November 6, 2018

Hilary Straus  
General Manager  
Citrus Heights Water District  
6230 Sylvan Road  
Citrus Heights, CA 95610-5610

**Subject:** Proposal for Consulting Services

Dear Mr. Straus:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to submit this proposal to assist Citrus Heights Water District (District) with as-needed consulting services. Raftelis specializes in financial planning, cost of service analyses, rate design, cost allocation plans, capacity fees, and user fees for our water, wastewater, and storm water utility clients.

Raftelis proposes to provide consulting services to the District on a time and materials basis at the billable rates by position. Attached is an hourly rate schedule corresponding to the rates charged by Raftelis for our various personnel and a description of services we provide.

We are pleased to have this opportunity to continue to assist the District. If this proposal is acceptable, please sign in the space on the next page and return one copy for our files.

Should you have any questions, please do not hesitate to contact me at 951-387-4352.

Sincerely,

***RAFTELIS FINANCIAL CONSULTANTS, INC.***

**Habib Isaac**  
*Senior Project Manager*

We accept the terms of this engagement letter:

_____	_____
Signature	Name of authorized agent
_____	_____
Date	Title

## Raftelis' 2018 Standard Hourly Billing Rates

### FIRM-WIDE RATES

<u>Position</u>	<u>Hourly Billing Rate *</u>
Chair	\$415
Chief Executive Officer/President	\$370
Executive Vice President	\$325
Vice President/Principal Consultant	\$290
Director of Governmental Services	\$290
Senior Manager	\$260
Director of Florida Operations	\$220
Manager	\$235
Director of Data Services	\$235
Senior Consultant	\$205
Consultant	\$180
Associate	\$150
Analyst	\$110
Administration	\$75

*\* For services related to the preparation for and participation in deposition and trial/hearing, the standard billing rates listed above will be increased by an amount up to 50%.*



## Consulting Services

### Financial Planning

Financial planning is one of our core services. Raftelis will assist the District with any short-term and long-term financial planning needs, including annual updates. We will develop a forecast of revenue requirements over the planning horizon. This will include an estimate of revenues based on current rates and other non-operating revenues. The goal will be to develop multiple funding strategies that provides the District with multiple viable options for ensuring the financial health of the utility.

Raftelis will develop a multi-year cash flow analysis to determine revenue adjustments needed to meet projected revenue requirements for the planning period, while minimizing sharp rate fluctuations. The cash flow worksheet incorporates revenues generated from different sources, expenses needed to maintain the water system, any transfers in and out of the enterprise fund, and any coverage necessary to meet current and proposed debt service requirements.

The financial plan will be presented in an easy-to-understand format on an interactive ‘Dashboard’ which shows the impacts of various assumptions so that decisions regarding revenue adjustments, capital financing through pay-go or debt and reserve balances can all be made quickly and efficiently.

### Cost of Service

A cost of service (COS) analysis provides rate defensibility in light of Proposition 218 and determines the total cost to serve each customer class. This analysis follows industry standards provided in the *Manual M1: Principles of Water Rates, Fees and Charges, 6<sup>th</sup> Edition* published by the American Water Works Association (AWWA). Our methodology includes three steps:

1. Review customer class usage patterns and determine customer classifications
2. Allocate costs to cost components
3. Distribute costs to customer classes

### Rates, Charges, and Fees

The primary purpose of rates and fees for utility and government services are to recover sufficient revenues to cover costs. However, expertly designed rates can be used as tools to help accomplish your strategic objectives while maintaining equity among all customer classes. The rate, charge, and fee services provided by Raftelis include, but are not limited to:

- Capacity, system development, or impact fees
- Wholesale service rates
- Late payment, penalty, account activation, and other customer service-related charges

### Capacity Fees

Capacity Fees are charges against new development to pay its proportional share of costs in order to accommodate the increase demand placed on the utility from the new development. There are several methodologies for calculating capacity fees. The various approaches address nuances of public policy, legal requirements, and other unique circumstances of each utility. However, there are three general approaches that are widely accepted in the water industry:

**Buy-in Method:** The “buy-in” approach rests on the premise that existing customers have already financed the facilities and services that will serve new customers. Under this approach, new customers pay connection fees that are proportional to their share of the existing system capacity. The value of the system capacity, and the associated fees, are typically based on the replacement cost less depreciation (RCLD) of existing facilities and capital assets.

**Incremental-Cost Method:** This approach assumes that when new users connect to a system, they require new capacity that must be added to the system to accommodate their needs. Under the incremental-cost approach, new customers pay for additional capacity requirements, irrespective of the value of past investments made by existing customers.

**Hybrid Method:** This approach utilizes a combination of the two approaches described above. For example, there may be existing capacity available in some parts of the system and need for new facilities for other components of the system. In utilizing this methodology, it is important that system capacity costs are not double-counted when combining costs of the existing system with future costs from the Capital Improvement Program (CIP). Capital improvements that expand system capacity to serve future customers may be included proportionally to the percentage of the cost specifically required for expansion of the system.

### *Special Taxes and Assessments*

Special taxes and assessments are alternative funding options that the District may use for certain projects or capital expenses. Mr. Isaac has served as Special Tax Consultant for over 10 years to various public agencies and has formed over 100 Community Facilities Districts (CFDs) with the State of California. He has also assisted public agencies with the formation of new assessments in compliance with the special benefit provisions for proposition 218.

**EXHIBIT "B"**  
**SAMPLE TASK ORDER FORM**

**TASK ORDER**

Task Order No. \_\_\_\_\_ (YEAR - ##)

Contract: Agreement for Financial Planning and Analysis Services with Citrus Heights Water District

Consultant: Raftelis Financial Consultants, Inc.

**The Consultant is hereby authorized to perform the following work subject to the provisions of the Contract identified above:**

**List any attachments:** (Please provide if any.)

**Compensation Form:** [INSERT HOURLY OR PROJECT BUDGET/NOT-TO-EXCEED (NTE)]

**Reimbursements:** [INSERT WHETHER MILEAGE AND OTHER REIMBURSEMENTS WILL BE PROVIDED]

**Dollar Amount of Task Order:** Not to exceed \$\_\_\_\_\_, \_\_\_\_\_00 (If NTE)

**Completion Date:** \_\_\_\_\_, 20\_\_

The undersigned consultant hereby agrees that it will provide all labor, equipment, furnish all materials, except as may be otherwise noted above, and perform all services for the work above specified in accordance with the Contract identified above and will accept as full payment therefore the amount shown above.

**Citrus Heights Water District**

**Consultant**

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

SUBJECT : DISCUSSION AND POSSIBLE ACTION TO APPROVE UPDATES TO  
EMPLOYEE BENEFITS PROGRAM

STATUS : Action Item

REPORT DATE : January 16, 2019

PREPARED BY : Susan Sohal, Administrative Services Manager  
Christopher Castruita, Management Services Supervisor  
Josh Nelson, Assistant General Counsel

### **OBJECTIVE:**

Consider approval of Resolution 02-2019, amending policies 4210, 4211, 4212, 4220, 4222 and 4831, and approving agreements establishing Employee Benefits Programs.

### **BACKGROUND AND ANALYSIS:**

#### *Benefits Program Overview*

The Citrus Heights Water District (CHWD) has committed to provide employee compensation and benefits that are competitive, affordable and retain and attract high quality professionals to provide services to our customers. To that end, CHWD currently provides a benefits package that includes:

<b>Benefit</b>	<b>Defined in Policy No.</b>	<b>Provider</b>	<b>Last Updated</b>
Health Insurance	4210	Kaiser and Western Health Advantage	April 2017
Medical Co-Pay Self-Managed Reimbursement Account (SMRA)	4210	Integrity Administrators	January 2010
Dental Insurance	4212	Lincoln Financial Services	December 2016
Vision Insurance	4212	Lincoln Financial Services	December 2016
Life and Accidental Death & Dismemberment Insurance	4220	Lincoln Financial Services	December 2016
Short-term and Long-term Disability Insurance	4222	Lincoln Financial Services	December 2016
Retiree Medical Stipend	4830 and 4831	District Administered	November 2018

An explanatory word on the most complex benefits provided:

**Health Insurance:** The District currently provides plans through both Kaiser and Western Health Advantage (WHA). Currently District staff members have access to a Kaiser Gold-level plan or a WHA platinum-level plan. Health plans are all graded with a specific metal (bronze, silver, gold, platinum) based upon the level of coverage, premiums and co-pays. Premiums are based on a handful of factors, including the age and zip code of each employee and their dependents.

Beginning in 1999, the Board provided a cap for medical premium coverage, currently \$1,800 per employee per month. Any premium costs above this \$1,800 per month cap are covered by the employee. Employees

may choose to not enroll in a District-provided health insurance plan and obtain their health insurance coverage through a spouse's employer, receiving a \$400 monthly credit from the District per District policy.

**Supplemental Medical Reimbursement Account (SMRA):** Since 2010, CHWD has reimbursed employees for their co-payments through the use of an SMRA. This approach has been successful in controlling the District's health care benefit costs while maintaining a high level of health-care benefit for employees.

**Retiree Medical Stipend:** Since 1996, CHWD has provided a defined benefit retiree monthly medical stipend for health, dental and vision insurance coverage of retirees and their qualified spouses and dependents based upon length of employment with the District. The amount of participation is reviewed and adjusted annually by the Board utilizing the Consumer Price Index for All Urban West Consumers (CPI-U), an index of thirteen states, including California, produced by the U.S. Department of Labor. As of January 1, 2019, the benefit levels are as follows:

<u>Length of Employment</u>	<u>Maximum Monthly District Participation</u>
20 years	\$350.00
25 years	\$393.00
30 years	\$439.00

Purpose of Proposed Changes

At its last strategic planning workshop, the Board identified reviewing and updating the District's policies as a strategic planning item. One area of concern is the reduction of unfunded accrued liability (UAL) associated with Other Post-Employment Benefits (OPEB), specifically the Retiree Medical Stipend currently offered. The Board has taken great strides to pre-fund the current UAL, and staff wishes to provide options to reduce future costs of the program. As newer members of the workforce come into the organization, the District has the opportunity to lower this OPEB UAL, and reduce future costs.

To maintain our status as an employer of choice to newer members of the workforce, staff also explored options to expand and update benefits that will appeal to younger members of the workforce. Specifically in developing a proposal, staff has looked to move away from higher cost defined-benefit style plans that the employer closely controls and towards lower cost defined-contribution style plans that provide the employee with greater flexibility and options.

Given the complexity of the insurance plans being offered, it is standard in the insurance industry for an employer to provide a single broker exclusive rights to negotiate with insurance carriers for various types of insurance, including health, dental, and vision. Insurance companies are required by state law to sell insurance plans through licensed brokers, and do not want to negotiate with multiple brokers. Thus, employers are typically required to designate a broker of record.

As is the case with other contract providers to the District (e.g., auditor), periodically CHWD shops the marketplace to determine the optimal provider to work with from both a financial and qualitative (project and program) perspectives. To that end, staff obtained proposals for benefits packages from six benefits brokers/vendors:

1. Gallagher Insurance (The District's current benefits vendor)
2. Association of California Water Agencies/Joint Powers Insurance Authority (The District's previous benefits vendor)
3. Keenan and Associates
4. American Fidelity

5. Colonial Life
6. Special District Risk Management Authority

In accordance with Policy 6500, Purchasing and Procurement, the General Manager has designated Keenan and Associates (Keenan) to act as its Broker of Record beginning on February 1, 2019. Staff found Keenan both capable of developing a benefits program that would meet the goals described above, and to be responsive during the benefit program development process. Additionally, multiple other benefits providers, such as ACWA-JPIA, proposed benefits programs that were either less generous or more costly than those proposed by Keenan. Founded in 1972, Keenan is one of the largest privately held brokerage in California. Keenan's focus or specialty is to work with public agencies in California. Moreover, and the firm has relationships with over 1,500 carriers, giving the District greater ability to customize an approach to benefits that most closely meets the needs of both the agency and its employees.

Proposed Changes to Benefits

Staff worked with the General Counsel's Office and its broker, Keenan, to provide many plan options to current employees, so as to minimize disruption and the potential for dissatisfaction of current employees who may wish to maintain their current benefits given their proximity to retirement. As such, the proposal developed includes keeping the existing benefits for existing employees who elect to not to change any of their coverages, and to provide additional options for existing employees. These new benefit options, which also reduce CHWD's OPEB UAL, are proposed to be the only options available to employees hired after February 1, 2019 to put the new benefits program into effect.

**Health Insurance:** Keenan identified a private exchange, California Choice, which allows expanded choices and flexibility for Employees to determine which plans and providers work best for Individual and Family needs. Using the exchange would provide employees access to a mix of Health Maintenance Organization (HMO), Exclusive Provider Options (EPO) and Preferred Provider Option (PPO) health plans from four major health insurance carriers, including Kaiser, Western Health Advantage, Sutter Plus, and Anthem, for a total of 10 health plans.

Where the existing benefits provide for District funding premiums up to \$1,800 per employee per month, the Expanded Option would provide funding equivalent to a sponsored plan, which the District could designate and adjust each year. A Kaiser Platinum HMO plan has been included as part of the proposal, given that the majority of District staff members are currently enrolled on a Kaiser plan. Employees who opt to choose a plan with higher premiums than this Kaiser Platinum HMO plan would be responsible to pay the difference.

The monthly premium for each employee under the Kaiser Platinum Plan varies based on a number of factors, including the number, age and zip code of each employee and their dependents. For 2019, the average monthly premium is projected to be \$1,556.17 compared to the current monthly average of \$1,109.87. However, there are short-term and long-term cost off-sets. As part of the package (as will be discussed below), an employee who elects this plan will migrate from CHWD's defined benefit retiree benefit to a defined-contribution plan; the medical co-pay benefit will also no longer be available to the employee who elects this option.

**Medical Co-Pay Coverage:** Employees who opted to choose a health plan with a lower cost premium can have the remaining funds deposited into a District-funded Health Reimbursement Arrangement (HRA). HRA's are tax-free savings accounts that accumulate interest and belong to the employee. The employee has the option to utilize the funds toward medical expenses such as co-pays while employed with CHWD, or to bank these funds over time and use these funds towards approved medical, dental, and vision expenses during retirement.

An HRA is also portable, meaning that an employee who leaves CHWD would not lose the account at the time of separation, but could instead cash out the plan or save it for use during retirement.

In addition, employees would have access to set up a Flexible Spending Account (FSA) utilizing pre-tax income from the employee towards approved medical, dental, and vision expenses. Unlike the HRA, FSA funds are “use it or lose it”, meaning that any funds contributed towards the FSA and not used by the close of a given year would be forfeited. Because these funds are provided by the employee, any funds contributed would lower that employee’s tax burden in a given calendar year.

Under the “Expanded Option” the combination of HRA and FSA would substitute for the Self-Managed Reimbursement Account (SMRA) provided under the Existing Benefits.

**Retiree Medical:** In lieu of a defined benefit Retiree Medical Stipend, the Expanded Option offers the defined contribution HRA described above for employees. Contributed funds earn interest at a rate of one to three percentage points annually, and the interest is tax-free. Further, funds deducted from the HRA are not taxed at the time of withdrawal provided that they are used to pay or reimburse for approved medical, dental, and vision expenses.

**Dependent Care Account:** Staff recommends making available a Dependent Care Account (DCA) for both current employees who choose to utilize the Existing Benefits and all employees under the Expanded Option. Similar to FSA accounts, a DCA account would utilize pre-tax income from the employee for the purchase of child and adult care services. Like FSA accounts, DCA funds are “use it or lose it”, meaning that any funds contributed towards the DCA and not used by the close of a given year would be forfeited. Also like the FSA, DCA funds are provided by the employee, any funds contributed would lower that employee’s tax burden in a given calendar year.

The table below provides a summary comparison between the Existing Benefits and the New Benefit Option:

	Existing Benefits	Proposed New Benefit Program
<b>Available Health Insurance Providers</b>	WHA & Kaiser Total of 2 Plans	Kaiser, WHA, Sutter, & Anthem Total of 10 Plans
<b>Reimbursements – District Funded</b>	District funded through Self-Managed Medical Reimbursement Account (SMRA)	District funded through Health Reimbursement Arrangement (HRA)
<b>Other Benefits – Employee funded</b>	Dependent Care Account (DCA)	Dependent Care Account (DCA), Flexible Spending Account (FSA)
<b>Retiree Medical</b>	District funded Retiree Medical Stipend after min 20 years of Service	Accrued HRA funds available for use
<b>Applies to</b>	<u>Current Employees</u> grandfathered in, with option to move to Expanded Option (no switch back)	<u>All New Hires</u> effective 2/1/2019; <u>Current Employees</u> who elect to move to Expanded Option

**Dental, Vision, Life, and Disability Insurance:** Staff proposes obtaining dental, vision, life and disability insurances through Principal. In a comparison of the current plan benefits provided by Lincoln with those quoted by Principal, the Principal benefits are both more generous and less costly. Staff projects cost savings of 11% in 2019, as will be discussed in greater detail in the Fiscal Impact section below. Staff does not propose any policy-level changes to any of these benefits, and would propose to make all benefits available to all full-

time employees, regardless of whether they choose the Existing Benefits or the New Benefit Program Option.

Fiscal Impact

Staff projects that implementation of the New Benefit Program Option will reduce future Unfunded Accrued Liability (UAL) from the Retiree Medical Stipend benefit, while creating minimal additional upfront costs.

**Projected Costs to Implement New Benefit Option:** In preparing this proposal, staff held a series of workshops and then surveyed current employees on the proposed changes to better understand the level of participation in the proposed New Benefit Option described above. Should the Board approve the proposed changes, seven current employees are projected to participate in the New Benefit Program Option in calendar year 2019.

Assuming no changes are made to the benefits program, total monthly medical insurance premium rates for CHWD are quoted to rise in 2019<sup>1</sup> to \$39,548.32. Should the Board approve the proposed changes, total monthly medical insurance premium rates for CHWD are anticipated to rise in 2019 to \$39,584.44, as shown in the table below.

Projected 2019 Monthly Medical Plan Costs, Including New Option	\$39,584.44
Project 2019 Monthly Medical Plan Costs, No Changes	\$39,548.32
Difference	\$36.12

Projected Increase for 2019	\$433.39
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As noted previously, the “Projected 2019 Monthly Medical Plan Costs, Including New Option” assumes that CHWD would contribute dollars equivalent to the cost of the Kaiser Platinum HMO plan for each participating employee and their respective dependents. For the 7 current employees projected to participate, this averages \$1,299.16 per employee per month. In addition, it is inclusive of the reductions in District costs to fund the SMRA program for those 7 employees, an average of \$241.81 per employee.

Staff negotiated with Keenan, and there will be no one-time transition costs associated with implementing the new benefits program.

The added costs of the program are offset by the projected cost savings of dental, vision, Life, and disability insurances quoted by Principal for all employees for 2019.

	<b>Total</b>
Current Provider 2019 Monthly Rates	\$7,399.87
Principal 2019 Monthly Rates	\$6,515.31
Monthly Difference	\$ 884.56

Project 2019 Cost Savings <sup>2</sup>	\$10,614.76
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Taking into account both the expected increase of monthly Medical plan premiums and the projected decreases in monthly dental/vision/life/disability premiums, staff projects monthly benefits to decrease by \$1,345 per month as shown in the table below.

<sup>1</sup> Based on quotes received via Gallagher on the current WHA Platinum HMO plan and Kaiser Gold HMO plan.

<sup>2</sup> The projected savings is calculated by multiplying the monthly difference (\$884.56) by 12 months, equaling \$10,614.76.

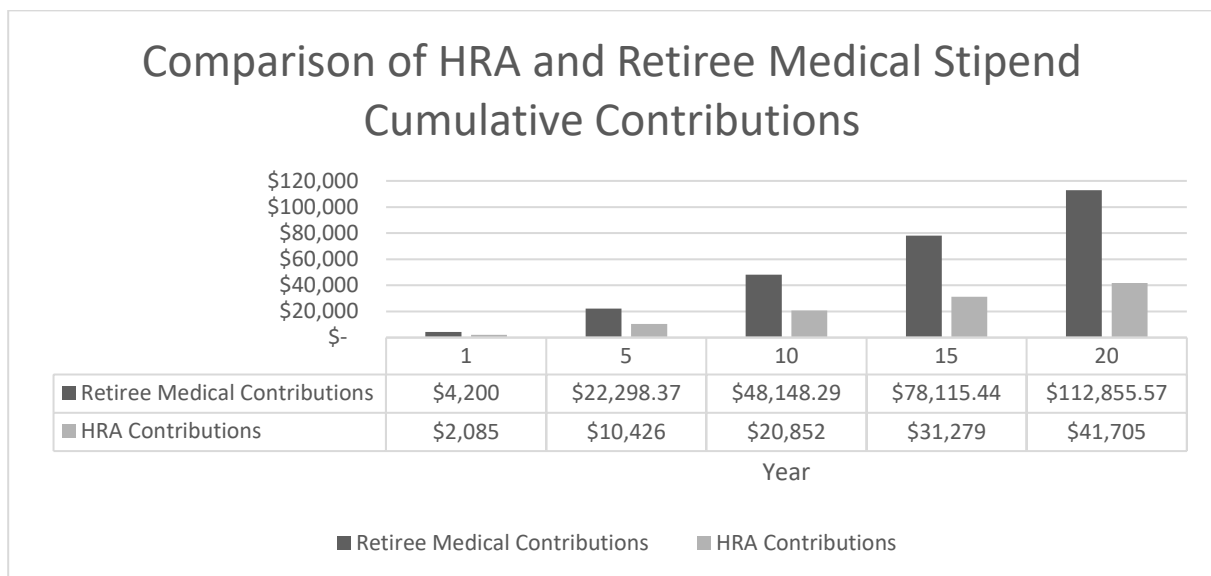


	Project 2019 Monthly Costs, No Benefits Plan Changes	Projected 2019 Monthly Costs, Including New Option
Medical Plan Costs	\$39,548.32	\$39,584.44
Dental/Vision/Life/Disability Costs	\$7,399.87	\$6,515.31
Total	\$50,058.84	\$48,713.84
Monthly Cost Savings		\$1,345.00
<b>Annual Cost Savings</b>		<b>\$16,140.02</b>

**Reduction of Retiree Medical Unfunded Accrued Liability:** Under the Existing Benefits, the District will contribute \$350 per month in 2019 to a retiree with 20 years of employment with CHWD, or \$4,200 for the year. Conversely, a sample employee would have \$2,085.24 contributed annually towards their HRA as listed in the table below.

	Monthly Amounts
District Contribution <sup>3</sup>	\$ 1,235.49
WHA Gold Plan Costs	\$ 1,061.72
Difference contributed to HRA Plan	\$ 173.77
<b>Annual HRA Contribution</b>	<b>\$ 2,085.24</b>

Over the course of twenty years, and assuming rates increase by 3% annually, the cumulative savings of the HRA contributions when compared against the Retiree Medical Stipend would be \$71,150.57, as shown in the below bar graph.



Proposed Action

Staff and the General Counsel’s Office developed Resolution 02-2019 that would update District Policies related to the benefits described above and authorize the General Manager to execute all agreements needed to

<sup>3</sup> Cost is equivalent to monthly Kaiser Platinum HMO premiums for the employee.

implement the New Benefit Option.

**Proposed Policy Updates:** The proposed updates to policy would streamline each policy, removing any language that specifies plan types and dollar amounts of CHWD and employee contributions to a Benefit Program Summary. In so doing, it will reduce time and cost to update and maintain the District's policies related to benefits.

Noteworthy updates to specific policies are described below:

- Policy 4210 – Health Insurance – Provides CHWD the flexibility to utilize multiple types of programs for the reimbursement of employee co-payments, including Self-Managed Medical Reimbursement Accounts, Health Reimbursement Arrangements (HRA), and Flexible Spending Accounts (FSA).
- Policy 4212 – Vision Insurance – Language clean-up described above.
- 4220 – Life Insurance and Accidental Death and Dismemberment Insurance – Language clean-up described above.
- 4222 – Disability Insurance – Language clean-up described above.
- 4831 – Insurance Benefits for Retirees Retiring After March 19, 1996 – Allows all employees hired prior to January 31, 2019 to utilize either the HRA program or the Retiree Medical Stipend. Requires all employees hired subsequent to January 31, 2019 to utilize the Health Reimbursement Arrangement program.

**Proposed Agreements:** The proposed agreements would enact the proposed benefits program as follows:

- Business Associate Agreement – Authorizes Keenan and Associates to utilize the health information of CHWD employees that is protected by Health Insurance Portability and Accountability Act of 1996.
- Health Reimbursement Arrangement Adoption Agreement – Establishes the CHWD HRA for Active Employees, as well as the Trust to manage all funds deposited on the behalf of employees. Identifies MidAmerica Administrative and Retirement Solutions as the administrator of the HRA plan.
- Flexible Benefits (125) Plan Adoption Agreement – Establishes the CHWD FSA for Active Employees, including both Healthcare reimbursement and Dependent Care reimbursement programs. Identifies MidAmerica Administrative and Retirement Solutions as the administrator of the FSA plan.

#### Next Steps

Per the Board of Directors request at the December 19, 2018 meeting, the Board may proceed in one of two ways:

1. Act on the proposal at the January 16, 2019 Board meeting; or
2. Direct staff to bring the matter for consideration at a Special Meeting to be scheduled on January 22, 2019 meeting.

If Resolution 02-2019 is approved at either of these meetings, staff would then proceed to open enrollment for benefits on January 23, 2019 so as to meet the February 1, 2019 deadline to update benefit coverages.

**RECOMMENDATION:**

Approve Resolution 02-2019, amending policies 4210, 4211, 4212, 4220, 4222 and 4831, and approving agreements establishing Employee Benefits Programs

**ATTACHMENTS:**

- 1) Proposed Red-lined Benefits Policies - 4210, 4211, 4212, 4220, 4222, and 4831
- 2) Draft Resolution 02-2019, amending policies 4210, 4211, 4212, 4220, 4222 and 4831, and approving agreements establishing Employee Benefits Programs
- 3) Draft Business Associate Agreement
- 4) Draft Health Reimbursement Arrangement Adoption Agreement
- 5) Draft Flexible Benefits (125) Plan Adoption Agreement

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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# **ATTACHMENT 1**

Proposed Red-lined Benefits Policies - 4210, 4211, 4212,  
4220, 4222, and 4831

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : HEALTH INSURANCE  
POLICY NUMBER : 4210  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : APRIL 11, 2017  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JANUARY 16, 2001; (4) JANUARY 8, 2002;  
(5) JANUARY 7, 2003; (6) JANUARY 13, 2004; (7) JANUARY 11, 2005; (8) MAY 10, 2005  
(9) JANUARY 10, 2006; (10) JANUARY 9, 2007; (11) JUNE 10, 2008; (12) JANUARY 11,  
2011; (13) JANUARY 10, 2012; (14) JANUARY 8, 2013; (15) JANUARY 14, 2014;  
(16) DECEMBER 9, 2014; (17) JANUARY 13, 2015; (18) JANUARY 10, 2017

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4210.00                    HEALTH INSURANCE

Regular employees working forty (40) or more hours per week, and their dependents, as defined in Section 4210.10 of this Policy, are covered by a group health insurance plan through the District. Group health insurance benefits for ~~Part-Time~~Regular part-time and other employees are provided as required by law, subject to the terms and conditions specified in the Employment Memorandum of Understanding between the District and the Part-Time employee (see Human Resources Policy 4001).

Coverage begins on the first day of the month following ~~the~~an eligible employee's hire date and is paid by the District to a monthly maximum periodically set by the Board. ~~of \$1,800.00 per employee.~~ Monthly health insurance premium amounts for a covered employee that exceed this monthly maximum shall be paid by the employee in the form of a payroll deduction from each pay period. Covered employees shall also pay a contribution toward their health insurance coverage in accordance with the benefit program approved by the District Board. Similarly, the following:

~~Employee only: \$ 0.00 per pay period~~

~~Employee + one: \$25.00 per pay period~~

~~Employee + family: \$50.00 per pay period~~

Co-payments required by the approved benefit program shall be the full responsibility of the employee at time of service. Upon submission of a claim to a third party administrator, eligible co-payments may be eligible for reimbursement through an approved District health savings or plan or reimbursement program. Employees should consult District's Benefit Summary for details. ~~will be reimbursed from a District-funded account per the following schedule:~~

~~Covered employees: 100 percent of co-payments for all covered medical services, prescriptions and equipment except for the following:~~

~~75 percent of co-payments for brand name and non-formulary prescription co-payments.~~

~~Covered dependents: 100 percent of co-payments for all covered medical services, prescriptions and equipment except for the following:~~

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~~75 percent of co-payments for medical office visits including but not limited to preventive examinations, maternity/prenatal care, well-child preventive care, behavioral/mental health services and vision examinations.~~

~~75 percent of co-payments for brand name and non-formulary prescription co-payments.~~

It is mandatory that each employee notify the ~~Human Resources Specialist~~General Manager whenever any additions or deletions occur in his/her dependent status.

Employees may elect not to enroll in a District-provided health insurance plan if they have ~~qualifying duplicating~~ health insurance coverage through a spouse's or a registered domestic partner's employer. Employees making such an election shall provide written documentation to the District verifying their health insurance coverage at least every six (6) months. If an employee elects not to enroll in the District-provided health insurance plan, the employee shall receive a payment of \$400.00 per month in lieu of health insurance enrollment. The payment shall be processed through the District's payroll, and is subject to all applicable federal, state and local withholdings. For non-exempt employees, this amount is also factored into the employee's "regular rate of pay" for purposes of overtime compensation calculations.

#### 4210.01 COBRA

The Consolidated Omnibus Budget Reconciliation Act (COBRA) requires employers with at least twenty (20) employees to continue health care coverage for employees and/or eligible dependents, as defined in Section 4210.10 of this Policy, that lose coverage due to certain qualifying events. If an employee's group health benefits end due to specified qualifying events in compliance with federal law, the employee or dependent may elect to continue coverage under the District's health insurance plan for a limited period and at the employee's or dependent's expense as provided by federal and/or state law.

Covered employees or eligible dependents will be responsible for notifying the health insurance plan administrator of divorces, legal separations, or loss of dependent status. Individuals will have a limited period to elect to continue the health care coverage as provided by federal or state law.

Employees and dependents that qualify and wish to continue their health care coverage will receive notification of their COBRA rights from the District's third-party administrator and will receive the necessary information and forms to initiate the conversion process.

#### 4210.10 Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier or by state or federal law. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage

#### 42.10.11 Directors

Consistent with Section 2080.20 of this Policy and as permitted by law, Directors may participate in the District's group health insurance plan in the same manner and subject to the same terms and

conditions as regular employees. However, Directors shall be responsible for the entire cost of participating the plan, expressly including any share of the cost paid by the District for such employees. In addition, Directors are not eligible for any payment in lieu of coverage offered to employees. Participating Directors shall promptly reimburse the District for any premium advanced on their behalf upon receipt of an invoice from the District. Failure or late payment may be grounds for terminating benefits.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : DENTAL INSURANCE  
POLICY NUMBER : 4211  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JUNE 10, 2008

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4211.00                    DENTAL INSURANCE

The District provides group dental insurance—for Regular [full or part-time](#) employees whose [positions are regularly scheduled to](#) work 32 hours per week or more and their eligible dependents. Group dental insurance benefits for Part-Time employees are subject to the terms and conditions specified in the Offer Letter between the District and the Part-Time employee (see Policy 4001). [Premiums are paid by the District in accordance with the current benefit program approved by the Board.](#)

~~The premium is fully paid by the District.~~

4211.10                    Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier. Carriers typically include spouses and children to a specified age as eligible dependents. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage.

4211.20                    Policy Renewal

Renewal of the Dental Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : VISION INSURANCE  
POLICY NUMBER : 4212  
DATE ADOPTED : JUNE 3, 1992  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JULY 24, 1995; (2) June 10, 2008

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4212.00 VISION INSURANCE

The District provides group vision insurance for Regular [fulltime or part-time](#) employees whose [positions are regularly scheduled to](#) work thirty-two (32) hours per week or more and their eligible dependents. Group vision insurance benefits for Part-Time employees are subject to the terms and conditions specified in the Offer Letter between the District and the Part-Time employee (see Policy 4001). [Premiums are paid by the District in accordance with the current benefit program approved by the Board.](#)

~~The premium is fully paid by the District.~~

4212.10 Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier. Carriers typically include spouses and children to a specified age as eligible dependents. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage.

4212.20 Policy Renewal

Renewal of the Vision Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : LIFE INSURANCE AND ACCIDENTAL DEATH AND  
DISMEMBERMENT INSURANCE  
POLICY NUMBER : 4220  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 5, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) OCTOBER 17, 1995; (3) JUNE 10, 2008

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4220.10 LIFE INSURANCE

Regular and Part-Time employees whose [positions are regularly scheduled to](#) work thirty-two (32) or more hours per week are covered by a group life insurance plan. [Premiums are paid by the District in accordance with the current benefit program approved by the Board. The premium is fully paid by the District.](#)

~~The amount of life insurance provided for all Regular and Part Time employees is \$100,000.00~~

All employees may purchase additional life insurance above that provided by the District. Said purchase shall be made by payroll deduction as coordinated through the Management Services.

Provision of this additional life insurance is subject to acceptance by the insurance company. No additional compensation will be provided in lieu of non-acceptance of coverage.

4220.20 ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Regular and Part-Time employees who work thirty-two (32) or more hours per week are covered by a group accidental death and dismemberment insurance plan. [Premiums are paid by the District in accordance with the current benefit program approved by the Board.](#)

~~The premium is fully paid by the District.~~

4220.30 Policy Renewal

Renewal of the Life Insurance and Accidental Death and Dismemberment Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : DISABILITY INSURANCE  
POLICY NUMBER : 4222  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JUNE 10, 2008

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4222.00                    DISABILITY INSURANCE

Regular and Part-Time employees whose [positions are regularly scheduled to](#) work thirty-two (32) or more hours per week are covered by a long term disability insurance plan. [Premiums are paid by the District in accordance with the current benefit program approved by the Board.](#) ~~The premium is fully paid by the District.~~ Employees will be provided with a copy of the plan document that specifies the situations by which an employee is eligible and the method by which the exact benefit is calculated.

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[In general terms,](#) the benefit of Long Term Disability Insurance is to provide income protection if the employee becomes disabled from a covered sickness, accidental bodily injury or pregnancy. Coverage begins after a specified number of calendar days of continuous disability as provided in the policy. Any and all accrued Annual Leave, Management Leave, Compensatory Time Off (CTO), Sick Leave may be used during the initial period and may be integrated with the employee's Long Term Disability Insurance benefit after this period. At no time will the employee's gross earnings between any combinations of insurance or accrued benefit be greater than 100% of the employee's regular pay during a period of disability.

A physician statement certifying a disability is required to apply for Long Term Disability Insurance benefits. Forms for application are available from the Office Administrator.

An employee's Annual Leave, Management Leave and Sick Leave benefits will continue to accrue during the initial thirty (30) calendar days of a disability, after which they will cease accruing until the employee returns to work. The District will continue to pay [the District portion of](#) health, dental, vision, life, accidental death and dismemberment and long term disability insurance premiums [\(at the levels in place prior to the LTD insurance claim event\)](#) while an individual ~~is~~ [receiving LTD benefits to the extent required by law or other District policy on disability and on an approved Medical Leave of Absence \(see Policy 4331\).](#)

4222.10                    Policy Renewal

Renewal of the Dental Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : INSURANCE BENEFITS FOR RETIREES RETIRING AFTER  
MARCH 19, 1996  
POLICY NUMBER : 4831  
DATE ADOPTED : MARCH 19, 1996  
DATE AMENDED : JANUARY 10, 2017  
DATE EFFECTIVE : JANUARY 01, 2016 JANUARY 01, 2017  
AMENDMENTS : (1) JANUARY 16, 2001; (2) JANUARY 8, 2002; (3) JANUARY 7, 2003;  
(4) JANUARY 1, 2004; (5) FEBRUARY 10, 2004; (6) DECEMBER 13, 2005;  
(7) DECEMBER 12, 2006; (8) DECEMBER 11, 2007; (9) JANUARY 13, 2009;  
(10) DECEMBER 8, 2009 (11) DECEMBER 14, 2010; (12) DECEMBER 13, 2011;  
(13) DECEMBER 11, 2012; (14) DECEMBER 10, 2013; (15) DECEMBER 9, 2014;  
(16) DECEMBER 08, 2015

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4831.00 INSURANCE BENEFITS FOR RETIREES

[For employees hired prior to January 31, 2019 who have not opted into the District's health reimbursement account benefit program, the Citrus Heights Water District will participate in the cost of health, dental and vision insurance coverage for retired employees and their qualified spouse, registered domestic partner, and dependents based upon length of employment with the District. Employees hired on or after January 31, 2019 will have the option of the District's health reimbursement account benefit, but no other retiree insurance benefits under this Policy.](#)

4831.10 LENGTH OF EMPLOYMENT AND ELIGIBILITY

For the purpose of calculating the length of employment to determine the District's participation in the cost of insurance benefits for retirees, total employment calculated/credited by PERS as years of service as an employee of Citrus Heights Water District shall be the basis and shall not include credit for years of service attributed to accrued sick leave or credit for purchased years of service time. Such employment shall be cumulative and need not be continuous. No credit will be provided for employment with the District in a Temporary capacity.

Employees must have been employed by the District for a minimum of twenty (20.00) years to qualify for benefits under this Policy [and must enroll in Medicare/utilize Medicare as primary upon reaching Medicare eligibility](#). Employees retiring from the District with less than twenty (20.00) years of service do not qualify for benefits under this Policy.

4831.20 APPLICATION OF POLICY

This policy shall apply to employees retiring from the District following the date of its adoption, March 19, 1996.

Insurance benefits afforded to employees that retired prior to the adoption of this policy shall

continue to be governed by the policies, terms, or conditions existing at the time of said prior retirements (see Policy 4830).

4831.30                    QUALIFICATION OF SPOUSE/REGISTERED DOMESTIC PARTNER/DEPENDENTS

The spouse, registered domestic partner and/or dependents of the employee as of the date of retirement from the District are eligible to participate in the benefits of this Policy. A spouse, registered domestic partner and/or dependents added after retirement are not eligible for participation. Qualified dependent children are eligible to participate up to the age limits as defined by state and/or federal health care regulations.

4831.40                    SELECTION OF BENEFITS

A retiree can choose either to obtain health, dental and vision insurance on their own for themselves and their qualified dependents or, at the time of retirement, the retiree and each dependent covered under the District’s insurance plans, while the retiree was on active status, will be offered the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) option to continue health insurance coverage under the “qualifying event” provision as set forth in the law.

Retirees or their surviving dependents, as defined in Section 4831.30 of this policy, shall be eligible to receive reimbursement from the District in an amount not to exceed the maximum District financial participation shown in Section 4831.50 of this Policy. Reimbursement shall be made only upon presentation of written proof of coverage and proof of payment in a form acceptable to the District. Written proof of coverage must be provided to the Human Resources Department at the beginning of each calendar year before any reimbursement will be issued for the remainder of that year.

4831.50                    DISTRICT PARTICIPATION

The District's financial participation under this Policy is dependent upon the length of employment with the District as follows:

<u>Length of Employment</u>	<u>Maximum Monthly District Participation</u>
20.00 years	\$329.00
25.00 years	\$370.00
30.00 years	\$412.00

No credit, cash back refund, or other consideration will be provided for any unused portion of the maximum District participation.

The Maximum Monthly District Participation shall be amended as of and effective January 1 of each year by the percent change in the Consumer Price Index for All Urban West Consumers (CPI-U) during the latest twelve month reporting period (typically October to October) unless otherwise determined by the Board of Directors. Said amendments shall be rounded up to the nearest whole dollar amount.

Unless otherwise directed by the Board of Directors, the monthly amount of reimbursement received by eligible retirees will be increased by any increase pursuant to the paragraph above, but

will not be reduced by a decrease in the Maximum Monthly District Participation amount.

The District shall report contributions and make withholdings from contributions in accordance with applicable requirements of the Internal Revenue Service, the California State Franchise Tax Board and any and all other legal requirements. Retirees bear sole responsibility for the tax consequences of District contributions.

4831.85                    DEATH OF RETIREE

In the event of a retiree's death, a surviving qualified spouse, registered domestic partner, and/or dependents may choose to continue to participate in the benefits of this Policy. A spouse that remarries or a registered domestic partner that enters into another domestic partnership or marries is no longer eligible for participation.

4831.86                    DEATH OF QUALIFIED EMPLOYEE

In the event of the death, prior to retirement, of a District employee who otherwise has met the length of employment requirements necessary to qualify for insurance benefits for retirees, the surviving spouse, registered domestic partner and/or dependents may choose to participate in the benefits under the terms of this Policy.

4831.90                    AMENDMENTS

The District reserves the right to amend or discontinue this Policy at its sole discretion at any time.

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## **ATTACHMENT 2**

Draft Resolution 02-2019, amending policies  
4210, 4211, 4212, 4220, 4222 and 4831,  
and approving agreements establishing Employee  
Benefits Programs

RESOLUTION NO. 02-2019

A RESOLUTION OF THE CITRUS HEIGHTS WATER DISTRICT AMENDING POLICIES NO. 4210, 4211, 4212, 4220, 4222, AND 4831

AND APPROVING AGREEMENTS ESTABLISHING EMPLOYEE BENEFIT PROGRAMS

The Board of Directors does hereby resolve as follows:

**SECTION 1. Amendment of Various Policies.** The Board of Directors hereby amends the following policies to read in full as set forth in the attached Exhibit A, incorporated by this reference:

4210 – Health Insurance

4211 – Dental Insurance

4212 – Vision Insurance

4220 – Life Insurance and Accidental Death and Dismemberment Insurance

4222 – Disability Insurance

4831 – Insurance Benefits for Retirees Retiring After March 19, 1996

**SECTION 2. Business Associate Agreement.** The Board of Directors hereby authorizes the General Manager or designee to execute that certain Business Associate Agreement (“BA Agreement”), currently on file with the Board Clerk. The General Manager or designee may execute any further documentation or take other actions necessary to adopt the BA Agreement and purchase Medical, Dental, Vision, Life, and Disability Insurance through stated BA Agreement.

**SECTION 3. HRA Adoption Agreement.** The Board of Directors hereby authorizes the General Manager or designee to execute that certain Health Reimbursement Arrangement for Active Employee Adoption Agreement (“HRA Agreement”), currently on file with the Board Clerk. The General Manager or designee may execute any further documentation or take other actions necessary to adopt the HRA Agreement.

**SECTION 4. FSA Adoption Agreement.** The Board of Directors hereby authorizes the General Manager or designee to execute that certain Flexible Benefits (125) Plan Adoption Agreement (“FSA Agreement”), currently on file with the Board Clerk. The General Manager or designee may execute any further documentation or take other actions necessary to adopt the FSA Agreement.

**SECTION 5. Execution of Resolution.** The President of Board of Directors shall sign this Resolution and the Board Secretary shall attest and certify to the passage and adoption thereof.



PASSED, APPROVED, AND ADOPTED this 16th day of January, 2019.

AYES:

NOES:

ABSENT:

ABSTAINED:

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Caryl Sheehan, President

ATTEST:

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Christopher Castruita, Chief Board Clerk

**EXHIBIT "A"**  
**REVISED POLICIES**

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : HEALTH INSURANCE  
POLICY NUMBER : 4210  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : APRIL 11, 2017  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JANUARY 16, 2001; (4) JANUARY 8, 2002;  
(5) JANUARY 7, 2003; (6) JANUARY 13, 2004; (7) JANUARY 11, 2005; (8) MAY 10, 2005  
(9) JANUARY 10, 2006; (10) JANUARY 9, 2007; (11) JUNE 10, 2008; (12) JANUARY 11,  
2011; (13) JANUARY 10, 2012; (14) JANUARY 8, 2013; (15) JANUARY 14, 2014;  
(16) DECEMBER 9, 2014; (17) JANUARY 13, 2015; (18) JANUARY 10, 2017

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4210.00                      HEALTH INSURANCE

Regular employees working forty (40) or more hours per week, and their dependents, as defined in Section 4210.10 of this Policy, are covered by a group health insurance plan through the District. Group health insurance benefits for Regular part-time and other employees are provided as required by law.

Coverage begins on the first day of the month following an eligible employee's hire date and is paid by the District to a monthly maximum periodically set by the Board. Monthly health insurance premium amounts for a covered employee that exceed this monthly maximum shall be paid by the employee in the form of a payroll deduction from each pay period. Covered employees shall also pay a contribution toward their health insurance coverage in accordance with the benefit program approved by the District Board. Similarly, co-payments required by the District's Board-approved benefit program shall be the full responsibility of the employee at time of service. Upon submission of a claim to a third party administrator, eligible co-payments may be eligible for reimbursement through an approved District health savings or plan or reimbursement program. Employees should consult District's Benefit Summary for details.

It is mandatory that each employee notify the General Manager whenever any additions or deletions occur in his/her dependent status.

Employees may elect not to enroll in a District-provided health insurance plan if they have qualifying health insurance coverage through a spouse's or a registered domestic partner's employer. Employees making such an election shall provide written documentation to the District verifying their health insurance coverage at least every six (6) months. If an employee elects not to enroll in the District-provided health insurance plan, the employee shall receive a payment of \$400.00 per month in lieu of health insurance enrollment. The payment shall be processed through the District's payroll, and is subject to all applicable federal, state and local withholdings. For

non-exempt employees, this amount is also factored into the employee's "regular rate of pay" for purposes of overtime compensation calculations.

4210.01            COBRA

The Consolidated Omnibus Budget Reconciliation Act (COBRA) requires employers with at least twenty (20) employees to continue health care coverage for employees and/or eligible dependents, as defined in Section 4210.10 of this Policy, that lose coverage due to certain qualifying events. If an employee's group health benefits end due to specified qualifying events in compliance with federal law, the employee or dependent may elect to continue coverage under the District's health insurance plan for a limited period and at the employee's or dependent's expense as provided by federal and/or state law.

Covered employees or eligible dependents will be responsible for notifying the health insurance plan administrator of divorces, legal separations, or loss of dependent status. Individuals will have a limited period to elect to continue the health care coverage as provided by federal or state law.

Employees and dependents that qualify and wish to continue their health care coverage will receive notification of their COBRA rights from the District's third-party administrator and will receive the necessary information and forms to initiate the conversion process.

4210.10            Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier or by state or federal law. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage

42.10.11            Directors

Consistent with Section 2080.20 of this Policy and as permitted by law, Directors may participate in the District's group health insurance plan in the same manner and subject to the same terms and conditions as regular employees. However, Directors shall be responsible for the entire cost of participating the plan, expressly including any share of the cost paid by the District for such employees. In addition, Directors are not eligible for any payment in lieu of coverage offered to employees. Participating Directors shall promptly reimburse the District for any premium advanced on their behalf upon receipt of an invoice from the District. Failure or late payment may be grounds for terminating benefits.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : DENTAL INSURANCE  
POLICY NUMBER : 4211  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JUNE 10, 2008

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4211.00                    DENTAL INSURANCE

The District provides group dental insurance—for Regular full or part-time employees whose positions are regularly scheduled to work 32 hours per week or more and their eligible dependents. Group dental insurance benefits for Part-Time employees are subject to the terms and conditions specified in the Offer Letter between the District and the Part-Time employee (see Policy 4001). Premiums are paid by the District in accordance with the current benefit program approved by the Board.

4211.10                    Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier. Carriers typically include spouses and children to a specified age as eligible dependents. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage.

4211.20                    Policy Renewal

Renewal of the Dental Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : VISION INSURANCE  
POLICY NUMBER : 4212  
DATE ADOPTED : JUNE 3, 1992  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JULY 24, 1995; (2) June 10, 2008

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4212.00                    VISION INSURANCE

The District provides group vision insurance for Regular fulltime or part-time employees whose positions are regularly scheduled to work thirty-two (32) hours per week or more and their eligible dependents. Group vision insurance benefits for Part-Time employees are subject to the terms and conditions specified in the Offer Letter between the District and the Part-Time employee (see Policy 4001). Premiums are paid by the District in accordance with the current benefit program approved by the Board.

4212.10                    Dependents

For the purpose of determining eligibility for group health insurance benefits, dependents shall be as established and defined by the group health insurance carrier. Carriers typically include spouses and children to a specified age as eligible dependents. Evidence of the legal or eligibility status of dependents (e.g., marriage license, birth certificate, proof of college enrollment, etc.) may be required by carriers as a condition of providing dependent coverage.

4212.20                    Policy Renewal

Renewal of the Vision Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : LIFE INSURANCE AND ACCIDENTAL DEATH AND  
DISMEMBERMENT INSURANCE  
POLICY NUMBER : 4220  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 5, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) OCTOBER 17, 1995; (3) JUNE 10, 2008

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4220.10                    LIFE INSURANCE

Regular and Part-Time employees whose positions are regularly scheduled to work thirty-two (32) or more hours per week are covered by a group life insurance plan. Premiums are paid by the District in accordance with the current benefit program approved by the Board.

All employees may purchase additional life insurance above that provided by the District. Said purchase shall be made by payroll deduction as coordinated through the Management Services.

Provision of this additional life insurance is subject to acceptance by the insurance company. No additional compensation will be provided in lieu of non-acceptance of coverage.

4220.20                    ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Regular and Part-Time employees who work thirty-two (32) or more hours per week are covered by a group accidental death and dismemberment insurance plan. Premiums are paid by the District in accordance with the current benefit program approved by the Board.

4220.30                    Policy Renewal

Renewal of the Life Insurance and Accidental Death and Dismemberment Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : DISABILITY INSURANCE  
POLICY NUMBER : 4222  
DATE ADOPTED : JANUARY 7, 1986  
DATE AMENDED : DECEMBER 13, 2016  
AMENDMENTS : (1) JUNE 3, 1992; (2) JULY 24, 1995; (3) JUNE 10, 2008

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4222.00                    DISABILITY INSURANCE

Regular and Part-Time employees whose positions are regularly scheduled to work thirty-two (32) or more hours per week are covered by a long term disability insurance plan. Premiums are paid by the District in accordance with the current benefit program approved by the Board. Employees will be provided with a copy of the plan document that specifies the situations by which an employee is eligible and the method by which the exact benefit is calculated.

In general terms, the benefit of Long Term Disability Insurance is to provide income protection if the employee becomes disabled from a covered sickness, accidental bodily injury or pregnancy. Coverage begins after a specified number of calendar days of continuous disability as provided in the policy. Any and all accrued Annual Leave, Management Leave, Compensatory Time Off (CTO), Sick Leave may be used during the initial period and may be integrated with the employee's Long Term Disability Insurance benefit after this period. At no time will the employee's gross earnings between any combinations of insurance or accrued benefit be greater than 100% of the employee's regular pay during a period of disability.

A physician statement certifying a disability is required to apply for Long Term Disability Insurance benefits. Forms for application are available from the Office Administrator.

An employee's Annual Leave, Management Leave and Sick Leave benefits will continue to accrue during the initial thirty (30) calendar days of a disability, after which they will cease accruing until the employee returns to work. The District will continue to pay the District portion of health, dental, vision, life, accidental death and dismemberment and long term disability insurance premiums (at the levels in place prior to the LTD insurance claim event) while an individual is receiving LTD benefits to the extent required by law or other District policy..

4222.10                    Policy Renewal

Renewal of the Dental Insurance Policy shall be handled administratively, and only brought forward to the Board for approval if there are any recommended policy or carrier changes, or if the rates come in above the approved budgeted amount.

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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CITRUS HEIGHTS WATER DISTRICT  
POLICIES AND PROCEDURES MANUAL

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POLICY TYPE : HUMAN RESOURCES  
POLICY TITLE : INSURANCE BENEFITS FOR RETIREES RETIRING AFTER  
MARCH 19, 1996  
POLICY NUMBER : 4831  
DATE ADOPTED : MARCH 19, 1996  
DATE AMENDED : JANUARY 10, 2017  
DATE EFFECTIVE : JANUARY 01, 2016 JANUARY 01, 2017  
AMENDMENTS : (1) JANUARY 16, 2001; (2) JANUARY 8, 2002; (3) JANUARY 7, 2003;  
(4) JANUARY 1, 2004; (5) FEBRUARY 10, 2004; (6) DECEMBER 13, 2005;  
(7) DECEMBER 12, 2006; (8) DECEMBER 11, 2007; (9) JANUARY 13, 2009;  
(10) DECEMBER 8, 2009 (11) DECEMBER 14, 2010; (12) DECEMBER 13, 2011;  
(13) DECEMBER 11, 2012; (14) DECEMBER 10, 2013; (15) DECEMBER 9, 2014;  
(16) DECEMBER 08, 2015

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4831.00 INSURANCE BENEFITS FOR RETIREES

For employees hired prior to January 31, 2019 who have not opted into the District's health reimbursement account benefit program, the District will participate in the cost of health, dental and vision insurance coverage for retired employees and their qualified spouse, registered domestic partner, and dependents based upon length of employment with the District. Employees hired on or after January 31, 2019 will have the option of the District's health reimbursement account benefit, but no other retiree insurance benefits under this Policy.

4831.10 LENGTH OF EMPLOYMENT AND ELIGIBILITY

For the purpose of calculating the length of employment to determine the District's participation in the cost of insurance benefits for retirees, total employment calculated/credited by PERS as years of service as an employee of Citrus Heights Water District shall be the basis and shall not include credit for years of service attributed to accrued sick leave or credit for purchased years of service time. Such employment shall be cumulative and need not be continuous. No credit will be provided for employment with the District in a Temporary capacity.

Employees must have been employed by the District for a minimum of twenty (20.00) years to qualify for benefits under this Policy and must enroll in Medicare/utilize Medicare as primary upon reaching Medicare eligibility. Employees retiring from the District with less than twenty (20.00) years of service do not qualify for benefits under this Policy.

4831.20 APPLICATION OF POLICY

This policy shall apply to employees retiring from the District following the date of its adoption, March 19, 1996.

Insurance benefits afforded to employees that retired prior to the adoption of this policy shall continue to be governed by the policies, terms, or conditions existing at the time of said prior retirements (see Policy 4830).

4831.30                    QUALIFICATION OF SPOUSE/REGISTERED DOMESTIC PARTNER/DEPENDENTS

The spouse, registered domestic partner and/or dependents of the employee as of the date of retirement from the District are eligible to participate in the benefits of this Policy. A spouse, registered domestic partner and/or dependents added after retirement are not eligible for participation. Qualified dependent children are eligible to participate up to the age limits as defined by state and/or federal health care regulations.

4831.40                    SELECTION OF BENEFITS

A retiree can choose either to obtain health, dental and vision insurance on their own for themselves and their qualified dependents or, at the time of retirement, the retiree and each dependent covered under the District's insurance plans, while the retiree was on active status, will be offered the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) option to continue health insurance coverage under the "qualifying event" provision as set forth in the law.

Retirees or their surviving dependents, as defined in Section 4831.30 of this policy, shall be eligible to receive reimbursement from the District in an amount not to exceed the maximum District financial participation shown in Section 4831.50 of this Policy. Reimbursement shall be made only upon presentation of written proof of coverage and proof of payment in a form acceptable to the District. Written proof of coverage must be provided to the Human Resources Department at the beginning of each calendar year before any reimbursement will be issued for the remainder of that year.

4831.50                    DISTRICT PARTICIPATION

The District's financial participation under this Policy is dependent upon the length of employment with the District as follows:

<u>Length of Employment</u>	<u>Maximum Monthly District Participation</u>
20.00 years	\$329.00
25.00 years	\$370.00
30.00 years	\$412.00

No credit, cash back refund, or other consideration will be provided for any unused portion of the maximum District participation.

The Maximum Monthly District Participation shall be amended as of and effective January 1 of each year by the percent change in the Consumer Price Index for All Urban West Consumers (CPI-U) during the latest twelve month reporting period (typically October to October) unless otherwise determined by the Board of Directors. Said amendments shall be rounded up to the nearest whole dollar amount.

Unless otherwise directed by the Board of Directors, the monthly amount of reimbursement received by eligible retirees will be increased by any increase pursuant to the paragraph above, but will not be reduced by a decrease in the Maximum Monthly District Participation amount.

The District shall report contributions and make withholdings from contributions in accordance with applicable requirements of the Internal Revenue Service, the California State Franchise Tax Board and any and all other legal requirements. Retirees bear sole responsibility for the tax consequences of District contributions.

4831.85                    DEATH OF RETIREE

In the event of a retiree's death, a surviving qualified spouse, registered domestic partner, and/or dependents may choose to continue to participate in the benefits of this Policy. A spouse that remarries or a registered domestic partner that enters into another domestic partnership or marries is no longer eligible for participation.

4831.86                    DEATH OF QUALIFIED EMPLOYEE

In the event of the death, prior to retirement, of a District employee who otherwise has met the length of employment requirements necessary to qualify for insurance benefits for retirees, the surviving spouse, registered domestic partner and/or dependents may choose to participate in the benefits under the terms of this Policy.

4831.90                    AMENDMENTS

The District reserves the right to amend or discontinue this Policy at its sole discretion at any time.

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# **ATTACHMENT 3**

## Draft Business Associate Agreement

## BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (the Agreement) is entered into (“Effective Date”) by and between Citrus Heights Water District, the sponsor (“Sponsor”) of one or more health plans (collectively referred hereafter to as the “Covered Entity”) and Keenan & Associates (Business Associate).

**WHEREAS**, the Sponsor has independently contracted with Business Associates to provide services to, for or on behalf of the Covered Entity; and

**WHEREAS**, Covered Entity wishes to allow the Business Associate to have access to PHI including but not limited to, EPHI that is either provided to the Business Associate by the Covered Entity or received and created by the Business Associate on behalf of the Covered Entity in the course of providing its services to, for or on behalf of the Covered Entity;

**WHEREAS**, the Covered Entity is required to comply with HIPAA (including, but not limited to, its Privacy Rule and Security Rule), and other governmental regulations relating to the privacy and security of individuals’ personally identifiable information.

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which is hereby acknowledged, Covered Entity and Business Associate agree as follows:

### **DEFINITIONS**

#### **Catch-all definition:**

Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 CFR §§ 160.103 and 164.501.

#### **Specific definitions:**

(a) **Business Associate** “Business Associate” shall generally have the same meaning as the term “business associate” at 45 CFR 160.103, and in reference to this Agreement, shall mean Keenan & Associates.

(b) **Breach** shall have the same meaning as the term “breach” in 45 CFR § 164.402

(c) **Covered Entity** shall generally have the same meaning as the term “covered entity” at 45 CFR 160.103, and in reference to this Agreement shall mean the health and welfare benefits plans sponsored by the entity that is signatory to this Agreement.

(d) **Individual** shall have the same meaning as the term “individual” in 45 CFR § 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

(e) **Privacy Rule** shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

(f) **Protected Health Information (“PHI”)** shall have generally the same meaning as the term “protected health information” in 45 CFR § 164.501, and for this Agreement shall be limited to the information created or received by Business Associate from or on behalf of the Covered Entity.

(g) **Secretary** shall mean the Secretary of the Department of Health and Human Services or his designee.

(h) **Security Rule** shall mean the Security Standards for the Protection of Electronic Health Information at 45 CFR Part 160 and Part 164, Subpart A and C.

(i) **Electronic PHI (E-PHI)** shall have the meaning found in the Security Rule 45 CFR, Section 160.103.

(j) **Security Incident** shall have the same meaning as the term “security incident” in 45 CFR Parts 160 and 164, subparts A and C

(k) **HIPAA Rules** shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

(l) **Designated Record Set** shall have the same meaning as the term “designated record set” in 45 CFR 164.501.

(m) **Subcontractor** shall have the same meaning as the term “subcontractor” in 45 CFR §160.103

(n) **Unsecured PHI** shall have the meaning given the term “unsecured protected health information in 45 CFR § 164.402.

## **OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE**

### **Business Associate agrees to:**

(a) Business Associate agrees to not request, use, or further disclose PHI other than as permitted or required by the Agreement or as permitted or required by law.

(b) Business Associate agrees that it shall utilize appropriate physical, administrative and technical safeguards to ensure that the PHI is not used or disclosed in any manner inconsistent with this Agreement. Such safeguards shall include, but not be limited to: (1) establishing policies and procedures to prohibit any employee of Business Associate, who does not have a reasonable need for the PHI in order to accomplish an authorized use or disclosure, from accessing such information and to inform all employees of Business Associate whose services may be used to fulfill obligations under this Agreement of the terms of this Agreement; and (2) disclosing to any agent, Subcontractor or other third party, and requesting from Covered Entity, only the minimum PHI necessary to accomplish the intended purpose of the use, disclosure or request. (“Minimum necessary” shall be interpreted in accordance with the HIPAA Rules.) Business Associate shall provide Covered Entity with such information concerning the safeguards as Covered Entity may reasonably request from time to time.

(c) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic PHI, to prevent use or disclosure of PHI other than as provided for by the agreement.

(d) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Agreement.

(e) Business Associate agrees to report to Covered Entity, in writing, any use or disclosure by Business Associate of PHI not permitted by this Agreement promptly after Business Associate's first awareness thereof, including but not limited to, any discovery of any inconsistent use or disclosure by Subcontractor of Business Associate.

(f) Report to Covered Entity any use or disclosure of PHI not provided for by the Agreement of which it becomes aware, including breaches of Unsecured PHI information as required at 45 CFR 164.410 (without unreasonable delay, and, in no case later than 10 calendar days after discovery of a Breach), and any security incident of which it becomes aware.

(g) Business Associate agrees to require that any Subcontractor, to whom it provides PHI received from, or created or received by Business Associate on behalf of Covered Entity, execute a Business Associate Agreement acknowledging its compliance with the HIPAA Rules.

(h) Business Associate agrees to provide access to PHI, at the request of Covered Entity, and in the time and manner reasonably designated by Covered Entity, to Covered Entity, or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR 164.524 (within 30 days after receipt of the request unless there is a 30 day extension.)

(i) Business Associate agrees to make any amendment(s) to PHI that the Covered Entity directs or agrees to pursuant to 45 CFR 164.526, and in the time and manner reasonably designated by Covered Entity, in a Designated Record Set, or take other measures as necessary to satisfy Covered Entity's obligations under 45 CFR 164.526 no later than 60 days after the receipt of the request.

(j) Business Associate agrees to make its internal practices, books and records relating to the use and disclosure of the PHI available to the Secretary or the Secretary's designee for the purposes of determining Covered Entity's compliance with the HIPAA Rules. Business Associate shall immediately notify Covered Entity of its receipt of any such request for access, but in no case later than 60 days after the receipt of the request.

(k) Business Associate agrees to document such disclosures of PHI to the extent necessary for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528 no later than 60 days after the receipt of the request.

(l) Maintain and make available the information required to provide an accounting of disclosures to either the Covered Entity, or the Individual, as necessary to satisfy Covered Entity's obligations under 45 CFR 164-528 within 60 days after receipt of the request.

(m) Business Associate agrees to provide Covered Entity, in the time and manner reasonably designated by Covered Entity, information collected in accordance with Section 2(i) of this Agreement, to

permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528 no later than 60 days after the receipt of the request.

(n) Business Associate agrees to provide information and documentation concerning Business Associate's compliance with this Agreement to the extent reasonably requested by Covered Entity as necessary to permit to respond to third parties' inquiries of and/or claims against Covered Entity relating to use and/or disclosure of PHI and/or for Covered Entity to comply with law(s) relating to its monitoring of compliance with this Agreement. Business Associate shall, upon Covered Entity's request, certify to Covered Entity that it complies with the terms of this Agreement (no later than 60 days after the receipt of the request).

### **PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE**

(a) Except as otherwise limited in this Agreement, Business Associate may obtain and/or use PHI as necessary to perform its obligation to provide services to, for, or on behalf of the Covered Entity, so long as such access and/or use is either permitted or required by law and, provided further, that Business Associate has met all legal requirements for such access and/or use. This specifically includes, but is not limited to, Business Associate's access and/or use of PHI as necessary to perform the services set forth in the Service Agreement.

(b) Business Associate may not use or disclose PHI in a manner that would violate the HIPAA Rules. If the Agreement permits the Business Associate to use or disclose PHI for its own management and administration and legal responsibilities, or for data aggregation services, then disclosure is permitted for the specific uses and disclosures set forth below.

- i) Business Associate may use PHI for proper management and administration of the Business Associate, or to carry out the legal responsibilities of the Business Associate.
- ii) Business associate may disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used, or further disclosed, only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- iii) Business Associate may provide data aggregation services relating to the health care operations of the Covered Entity.

### **OBLIGATIONS OF COVERED ENTITY**

(a) Covered Entity shall provide Business Associate with the notice of privacy practices that Covered Entity produces in accordance with 45 CFR § 164.520, as well as any changes to such notice.



(b) Neither Sponsor nor Covered Entity shall request Business Associate to use or disclose PHI in any manner that would not be permitted or required by law if done by Covered Entity.

(c) Covered Entity shall notify Business Associate in writing of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522.

## **INDEMNIFICATION**

(a) Business Associate agrees to indemnify, defend, and hold harmless the Covered Entity, its trustees, officers, directors, employees, agents, or representatives, from any claim or penalty arising out of any improper use and/or disclosure of PHI in violation of the Privacy Regulation, to the extent that such improper use and/or disclosure resulted from Business Associate's negligence or failure to comply with the terms of this Agreement or the Privacy Regulation.

(b) The Sponsor and Covered Entity agree to indemnify, defend and hold harmless Business Associate and/or all of Business Associate's officers, directors, employees, agents, or representatives, from any claim or penalty from any improper use and/or disclosure of PHI, to the extent that such improper use and/or disclosure resulted from the Sponsor's or Covered Entity's negligence, failure to comply with the terms of this Agreement or the Privacy Regulation, or was based upon the Sponsor's or Covered Entity's written direction to use and/or disclose PHI in the manner challenged.

## **SECURITY**

Business Associate agrees to:

i) Implement safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity;

ii) Ensure that any Subcontractor, to whom it provides this information agrees to implement reasonable and appropriate safeguards;

iii) Report on a quarterly basis to the Covered Entity, in writing, any Security Incident involving Covered Entity's data. If, however, a Security Incident results in the unauthorized disclosure of Unsecured PHI, Business Associate shall notify Covered Entity in accordance with the Breach notification provisions below.

iv) Notify Covered Entity no later than ten (10) days after discovery of a Breach of Unsecured PHI.<sup>1</sup>

v) Perform the four factor risk assessment of any Breach that is discovered in accordance with the HIPAA Rules to determine if notification is required, and advise Covered Entity of its findings.

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<sup>1</sup>Covered Entity has 60 days from the discovery date of a reportable Breach to report said Breach to the Individual and HHS (if Breach involves 500 or more Individuals.)

vi) Make its policies and procedures, and documentation required by this subpart relating to such safeguards, available to the Secretary for purposes of determining the Covered Entity's compliance with 45 CFR Parts, 162 and 164 and;

vii) Authorize termination of the contract by the Covered Entity if the Covered Entity determines that the Business Associate has violated a material term of the contract.

### **Term and Termination**

(a) The Term of this Agreement shall be effective as of the effective date herein and shall terminate when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section or on the date Covered Entity terminates for cause as authorized in paragraph (b) of this Section, whichever is sooner.

(b) Upon Covered Entity's knowledge of a material Breach by Business Associate, Covered Entity shall provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement. If the Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; Covered Entity shall have the right to immediately terminate this Agreement. Such termination shall not abrogate any rights which Covered Entity has against Business Associate for violation of this Agreement.

(c) Upon termination of this Agreement for any reason, Business Associate, with respect to PHI received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

i) Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;

ii) Return to Covered Entity (or, if agreed to by Covered Entity, destroy) the remaining PHI that the Business Associate still maintains in any form;

iii) Continue to use appropriate safeguards and comply with the HIPAA Rules regarding the use and disclosure of the PHI, for as long as Business Associate retains the PHI;

iv) Not use or disclose the PHI retained by Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions which applied prior to termination; and

v) Return to Covered Entity (or, if agreed to by Covered Entity, destroy) the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

### **Miscellaneous**

(a) A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended, and for which compliance is required.

(b) No modification, amendment, or waiver of any provision of this Agreement will be effective unless in writing and signed by the party to be charged. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Business Associate and Covered Entity to comply with the requirements of the HIPAA Rules.

(c) Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits both parties to comply with the HIPAA Rules and/or other applicable law.

(d) Notices:

(i) All reports or notices to Covered Entity pursuant to this Agreement shall be sent to the names and addresses listed on the signature page, or to such other individuals and/or addresses as a party may later designate in writing. Unless expressly prohibited under the HIPAA Rules, such notices and reports may also be sent via email.

(ii) All such reports or notices shall be sent by First Class Mail or express courier service, and shall be deemed effective when delivered, or if refused, when delivery is attempted.

(e) Nothing expressed or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the Sponsor, Covered Entity, Business Associate, and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

(f) This Agreement constitutes the complete agreement of the parties relating to the access, use, disclosure and security of PHI and, except as otherwise provided herein, supersedes all prior representations or agreements, whether oral or written, with respect to the confidentiality and security of PHI.

(g) The parties hereby agree and affirm that the subject matter of this Agreement is unique, and that it may be impossible to measure the damages which would result to Covered Entity from violations by Business Associate of the agreements set forth herein. Accordingly, in addition to any other remedies which Covered Entity may have at law or in equity, the parties hereby agree that either party shall have the right to have all obligations and other provisions of this Agreement specifically performed by the other party, as applicable, and that either party shall have the right to seek preliminary and permanent injunctive relief to secure specific performance, and to prevent a breach or contemplated breach, of this Agreement, without, in any case, proof of actual damages.

(h) Disputes arising out of or relating to this Agreement which cannot be resolved by negotiation between the parties shall be submitted to non-binding mediation. If the dispute is not resolved through mediation, it shall be resolved by final and binding arbitration administered by JAMS dispute resolution service pursuant to its Streamlined Arbitration Rules and Procedures, or such other arbitration procedures as agreed to in writing by the Parties. Negotiation, mediation, and arbitration shall be the exclusive means of dispute resolution between Client and Keenan and their respective agents, employees and officers. The site of the arbitration shall be in Los Angeles, California. A judgment of any court having jurisdiction may be entered upon the award.

**IN WITNESS WHEREOF**, the parties hereto hereby set their hands as of the date first above written.

<b>Name of Client, as Sponsor and Representative of the Covered Entity</b>		<b>Keenan &amp; Associates</b>	
<b>Signature:</b>		<b>Signature:</b>	
<b>By:</b>		<b>By:</b>	<b>Stephen Gedestad</b>
<b>Title:</b>		<b>Title:</b>	<b>Municipality Practice Leader</b>
<b>Address:</b>		<b>Address:</b>	<b>2355 Crenshaw Blvd., Ste. 200</b>
			<b>Torrance, CA 90501</b>
<b>Telephone:</b>		<b>Telephone:</b>	<b>310 212-0363</b>
<b>Attention:</b>		<b>Attention:</b>	<b>Privacy Officer</b>

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## Information Form

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Please complete this first page and the information provided will appear where applicable throughout the remaining documents. Not every space will be filled in, so please review the documents. If there is a space for you to complete, you may type directly in that area or click on the boxes that pertain to your plan.

Employer Name: Citrus Heights Water District

Street Address: 6230 Sylvan Rd

City: Citrus Heights State: CA Zip: 94901

Employer Phone: 916-725-6873

Employer Fax: 916-725-0345

Tax ID Number: 94-6019187

Effective Date: February 1, 2019

Plan Year End: 1/31

### Employer Contact for Plan Document & Compliance Updates:

Contact Name & Title: Hilary Straus General Manager

Contact Phone Number: 916-735-7711

Contact Email Address: hstraus@chwd.org

### Employer Contact for Payroll (Contributions, Data Requirements and Billing)

Contact Name & Title: Christopher Castruita Management Services Supervisor

Contact Phone Number: 916-735-7711

Contact Email Address: ccastruita@chwd.org

### Employer Contact for Protected Health Information (HRA & FSA Only)

Contact Name & Title: Madeline Henry Management Services Specialist

Contact Phone Number: 916-735-7728

Contact Email Address: mhenry@chwd.org

Does Employer sponsor a FSA plan not administered by MidAmerica? Yes  
If yes, please provide FSA Plan Administrator Contact Information below.

FSA Administrator Name: Integrity Administrators

FSA Administrator Address: PO BOX 13128, Sacramento, CA 95813

FSA Administrator Phone: 916-921-3388

FSA Administrator Contact: \_\_\_\_\_

# Health Reimbursement Arrangement

Citrus Heights Water District

## IMPLEMENTATION BOOK



**MidAmerica**

Administrative & Retirement Solutions, Inc.

402 South Kentucky Avenue, Suite 500, Lakeland, FL 33801  
863.688.4500 / (FAX) 863.686.9557 / 800.430.7999

[www.midamerica.biz](http://www.midamerica.biz)

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*\*Requires employer signature(s)*

## Overview

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Our Plan allows the Employer to make deposits on behalf of active Employees and/or Retirees. Deposits are made tax-free, carry over year-to-year, earn interest tax-free and are used tax-free for qualified medical expenses and premiums. Our Plan can also be used in conjunction with our Special Pay Plan.

### *Source of Funds*

The source of funds can be based on unused sick leave, unused vacation or other incentives. Applications can also include deposits in lieu of health insurance or as an incentive for plan design changes. Our Plan can also be used when transitioning from a defined benefit, such as continuing retiree health insurance, to a defined contribution by making annual deposits on behalf of Employees. There is flexibility as to eligibility and vesting schedules can apply.

### *Benefits to the Employer*

The Employer obtains the intangible benefits of providing to participants a tax-free method of reimbursement for qualified medical expenses and premiums. The Employer also permanently saves the 7.65% FICA taxes (Social Security and Medicare) over the traditional payment method. Employers may also be able to reduce health insurance claims experience and premiums.

### *Benefits to the Employee*

Employer contributions on behalf of participants are made on a tax-free basis. Because there are no taxes, the participant receives 100% of the value of each benefit dollar. Funds are invested in a fixed annuity with a guaranteed minimum rate of return. Other investments are also available. All earnings are tax-free! The participant has flexibility on the timing and eligible use of funds. The Plan Administrator provides a list of eligible fund uses as defined in IRS Publication 502 and IRC Section 213(d).

### *Administration*

Simplicity of plan design reduces administrative costs. Plan documents, implementation materials and Plan Administration are provided to the Employer. Employer representatives have direct access to our administrative and management personnel.

### *Employee Communications/Account Information*

Employee needs are serviced by a national service center through a toll-free number. Deposit confirmation and quarterly statements are provided. Employees also have access to their personal account information via the internet.

*The Health Reimbursement Arrangement is provided by:*



Securities offered through GWN Securities, Inc.

11440 Jog Road • Palm Beach Gardens, FL 33418 • 561/472-2700 • Member FINRA, SIPC



# Sample Employer Resolution

Citrus Heights Water District

## Action Item

6230 Sylvan Rd  
Citrus Heights, CA 95610  
Authorize the Administration to establish a trust based Health Reimbursement Arrangement (HRA) in the name of the Employer. This Plan will save the Employer payroll taxes.

## Supporting Information

916-725-6873  
94-6019187

Master contract agreements with various Employee groups and Employer Policy currently provide payments to Employees and/or retirement incentives. Enhancements to the IRS Tax Code allow the Employer to implement plans that save the Employer the 7.65% FICA taxes (Social Security and Medicare) on these payments. The Employee/Retiree also derives a tax-advantage as a result of implementing this Plan.

2/1/2019

Contributions by the Employer into the trust based Health Reimbursement Arrangement are discretionary and can be made in any amount at any time.

1/31/2020

The Administration, in cooperation with Employee group representatives and with legal review, has selected the Health Reimbursement Arrangement offered through National Insurance Services and administered by Mid-America Administrative Services, Inc. The Plan and Plan Administration best provides for the interests of the Employer and its Employees. It is the intent of the Administration that if this item is approved, the Plan be implemented as soon as practical.

Business Office Personnel

HR Department Personnel

Citrus Heights Water District



Hilary Straus  
General Manager

Madeline Henry  
Management Services Specialist  
mhenry@chwd.org  
916-735-7728  
916-725-0345

# Health Reimbursement Arrangement for Active Employees

## ADOPTION AGREEMENT

### for

**Employer Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Employer Telephone Number:** \_\_\_\_\_

**Employer Identification Number:** \_\_\_\_\_



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the Health Reimbursement Arrangement for Integrated Employees (hereinafter referred to as the "Plan" or the "HRA") and agrees to abide by the terms of the Plan. With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

**Effective Date.** The Plan's Original Effective Date is \_\_\_\_\_. The Plan's Restated Effective Date is \_\_\_\_\_  
\_\_\_\_\_. The Plan is available to Employees of the Employer effective \_\_\_\_\_.

**Plan Year.** The Plan Year ends on \_\_\_\_\_.

**Eligible Classes.** The class or classes of Employees covered by this Plan are: *(See attached Class Specifications.)*

Class ActA: \_\_\_\_\_ Class ActB: \_\_\_\_\_  
Class ActC: \_\_\_\_\_ Class ActD: \_\_\_\_\_  
Class ActE: \_\_\_\_\_ Class ActF: \_\_\_\_\_

**Designation of Plan Administrator.** The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, Inc.

**Designation of Individuals to Have Access to Protected Health Information ("PHI").** The following Employees, classes of Employees, or other persons shall be given access to the PHI to be disclosed:

\_\_\_\_\_

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Name of Employer: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Employer CONTACT (print): \_\_\_\_\_

Title: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Telephone: \_\_\_\_\_ Ext. \_\_\_\_\_

Fax: \_\_\_\_\_

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.  
February 1, 2019



**Employer Representations** All Eligible Employees Electing New Health Plan Offering

Employees enrolled in employer's group health insurance who select one of the group policies made available by Calchoice.

Employees in class receive monthly contribution equal to the Kaiser Platinum Plan. Employees are not permitted to make any election or choice between the HRA, and/or any other tax deferred program.

- The allocation to the HRA will be expressed in a percent of compensation or dollar amount.
- ✗ The Employer has discretion in determining classes of Employees eligible to participate in the HRA. Once determined, Employees in the class shall be treated uniformly and be provided a uniform allocation to the HRA. Such class shall remain in effect for the Employer's entire fiscal year for all affected Employees in such year and for all future contributions to such class. Each year, the Employer may reevaluate allocations and classes for new Employees only.
- ✗ The Employer acknowledges that it has received the Plan document for the HRA and agrees with all the terms therein.
- The Employer understands that whether a contribution to the HRA is non-elective for tax purposes is a facts and circumstances determination, and the Employer is responsible for whether the contribution is truly non-elective or not. The
- ✗ Employer understands that MidAmerica Administrative & Retirement Solutions, Inc. and its agents and employees are not tax or legal advisors. They may provide general information regarding the tax treatment of health reimbursement arrangements, but the Employer should consult with its own tax or legal advisors as to how tax and other rules may apply to its own facts and circumstances.
- The Employer will not provide any information or forms or enter into any contracts inconsistent with the preceding.
- The Employer acknowledges that every Participant must be enrolled in a group health plan, as described in the Declaration of Coverage Under Another Group Health Plan Form, and it is the Employer's responsibility to ensure that all Participants
- ✗ complete and sign the Form.


✗

✗

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee. Fee is a dual plan fee. Participants will only be feed once if participating in FSA/DCA plan.

American United Life Insurance Company

✗

**Effective Date** \_\_\_\_\_ **Employer Initials** \_\_\_\_\_  
February 1, 2019 

**Eligible Class ActA:** All Exempt Employees Opting Out of Employer Group Health Coverage Plan

**Defined as:** All eligible employees of exempt employment status who secure group health coverage outside of Citrus Heights Water District. Employees who qualify receive a monthly contribution of \$400.

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount  Percentage of Compensation

**Contribution Frequency**

- One Time  Annually  Quarterly
- Semi-Annually  Monthly  Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
- 100% upon Retirement, meeting the Employer’s eligible requirements for retirement
- 100% upon Separation of Service
- Other \_\_\_\_\_
- 100% upon death (can be selected in addition to “other” above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant’s spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
- Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
- Limited Purpose \_\_\_\_\_
- Post Deductible
- Premium Only Medical Expenses.

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
- The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
- The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant’s FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for active employees.

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee. Fee is a dual plan fee. Participants will only be feed once if participating in FSA/DCA plan.

**Distribution Fees:** Not Applicable.

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
- Upon becoming 100% vested

**Investment Selection**

**Investment Provider:** American United Life Insurance Company

- Type of Investment:**  Fixed annuity only  Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_
- Employer directed
  - Participant directed; restrictions are:
    - None
    - 100% vested
    - At Retirement
    - Account balance in excess of \$ \_\_\_\_\_
    - Other \_\_\_\_\_
    - Funds limited (see attachment)

**Effective Date** February 1, 2019

**Employer Initials** \_\_\_\_\_

**Eligible Class ActB:** \_\_\_\_\_

**Defined as:** \_\_\_\_\_

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

Dollar Amount

Percentage of Compensation

**Contribution Frequency**

One Time

Annually

Quarterly

Semi-Annually

Monthly

Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

100% Immediate

100% upon Retirement, meeting the Employer's eligible requirements for retirement

100% upon Separation of Service February 1, 2019

Other \_\_\_\_\_ February 1, 2019

100% upon death (can be selected in addition to "other" above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

Reduce future Employer contributions

Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code

Limited Purpose \_\_\_\_\_

Post Deductible

Premium Only Medical Expenses

**HRA/FSA Ordering**

The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.

The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.

The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant's FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for active employees

**Distribution Fees:** Not Applicable

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

Immediate

Upon becoming 100% vested

**Investment Selection** Investment Provider: \_\_\_\_\_

**Type of Investment:**  Fixed annuity only

Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_

Employer directed

Participant directed; restrictions are:

None

100% vested

At Retirement

Account balance in excess of \$ \_\_\_\_\_

Other \_\_\_\_\_

Funds limited (see attachment)

**Effective Date** \_\_\_\_\_ Employer Initials \_\_\_\_\_

**Eligible Class ActC:** \_\_\_\_\_

**Defined as:** \_\_\_\_\_

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

Dollar Amount

Percentage of Compensation

**Contribution Frequency**

One Time

Annually

Quarterly

Semi-Annually

Monthly

Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

100% Immediate

100% upon Retirement, meeting the Employer's eligible requirements for retirement

100% upon Separation of Service

Other \_\_\_\_\_

100% upon death (can be selected in addition to "other" above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

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The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant's FSA account is exhausted.

**Administration Fees:** Administrative Fees are not applicable.

**Distribution Fees:** Not Applicable.

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

Immediate

Upon becoming 100% vested

**Investment Selection**      **Investment Provider:** \_\_\_\_\_

**Type of Investment:**  Fixed annuity only

Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_

Employer directed

Participant directed; restrictions are:

None

100% vested

At Retirement

Account balance in excess of \$ \_\_\_\_\_

Other \_\_\_\_\_

Funds limited (see attachment)

**Effective Date** \_\_\_\_\_      Employer Initials \_\_\_\_\_

## **ATTACHMENT 4**

### Draft Health Reimbursement Arrangement Adoption Agreement

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## Information Form

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Please complete this first page and the information provided will appear where applicable throughout the remaining documents. Not every space will be filled in, so please review the documents. If there is a space for you to complete, you may type directly in that area or click on the boxes that pertain to your plan.

Employer Name: Citrus Heights Water District

Street Address: 6230 Sylvan Rd

City: Citrus Heights State: CA Zip: 94901

Employer Phone: 916-725-6873

Employer Fax: 916-725-0345

Tax ID Number: 94-6019187

Effective Date: February 1, 2019

Plan Year End: 1/31

### Employer Contact for Plan Document & Compliance Updates:

Contact Name & Title: Hilary Straus General Manager

Contact Phone Number: 916-735-7711

Contact Email Address: ccastruita@chwd.org

### Employer Contact for Payroll (Contributions, Data Requirements and Billing)

Contact Name & Title: Christopher Castruita Management Services Supervisor

Contact Phone Number: 916-735-7711

Contact Email Address: ccastruita@chwd.org

### Employer Contact for Protected Health Information (HRA & FSA Only)

Contact Name & Title: Madeline Henry Management Services Specialist

Contact Phone Number: 916-735-7728

Contact Email Address: mhenry@chwd.org

Does Employer sponsor a FSA plan not administered by MidAmerica? Yes  
If yes, please provide FSA Plan Administrator Contact Information below.

FSA Administrator Name: Integrity Administrators

FSA Administrator Address: PO BOX 13128, Sacramento, CA 95813

FSA Administrator Phone: 916-921-3388

FSA Administrator Contact: \_\_\_\_\_



# Health Reimbursement Arrangement

Citrus Heights Water District

## IMPLEMENTATION BOOK



**MidAmerica**

Administrative & Retirement Solutions, Inc.

402 South Kentucky Avenue, Suite 500, Lakeland, FL 33801  
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*\*Requires employer signature(s)*

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Our Plan allows the Employer to make deposits on behalf of active Employees and/or Retirees. Deposits are made tax-free, carry over year-to-year, earn interest tax-free and are used tax-free for qualified medical expenses and premiums. Our Plan can also be used in conjunction with our Special Pay Plan.

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Simplicity of plan design reduces administrative costs. Plan documents, implementation materials and Plan Administration are provided to the Employer. Employer representatives have direct access to our administrative and management personnel.

### *Employee Communications/Account Information*

Employee needs are serviced by a national service center through a toll-free number. Deposit confirmation and quarterly statements are provided. Employees also have access to their personal account information via the internet.

*The Health Reimbursement Arrangement is provided by:*



Securities offered through GWN Securities, Inc.  
11440 Jog Road • Palm Beach Gardens, FL 33418 • 561/472-2700 • Member FINRA, SIPC

## *Sample Employer Resolution*

---

### ***Action Item***

Authorize the Administration to establish a trust based Health Reimbursement Arrangement (HRA) in the name of the Employer. This Plan will save the Employer payroll taxes.

### ***Supporting Information***

Master contract agreements with various Employee groups and Employer Policy currently provide payments to Employees and/or retirement incentives. Enhancements to the IRS Tax Code allow the Employer to implement plans that save the Employer the 7.65% FICA taxes (Social Security and Medicare) on these payments. The Employee/Retiree also derives a tax-advantage as a result of implementing this Plan.

Contributions by the Employer into the trust based Health Reimbursement Arrangement are discretionary and can be made in any amount at any time.

The Administration, in cooperation with Employee group representatives and with legal review, has selected the Health Reimbursement Arrangement offered through National Insurance Services and administered by MidAmerica Administrative & Retirement Solutions, Inc. The Plan and Plan Administration best provides for the interests of the Employer and its Employees. It is the intent of the Administration that if this item is approved, the Plan be implemented as soon as practical.

# Health Reimbursement Arrangement for Active Employees

## ADOPTION AGREEMENT

### for

## Citrus Heights Water District

**Employer Address:** 6230 Sylvan Rd  
Citrus Heights, CA 95610

**Employer Telephone Number:** 916-725-6873

**Employer Identification Number:** 94-6019187



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the Health Reimbursement Arrangement for Integrated Employees (hereinafter referred to as the “Plan” or the “HRA”) and agrees to abide by the terms of the Plan. With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

**Effective Date.** The Plan’s Original Effective Date is February 1, 2019. The Plan’s Restated Effective Date is \_\_\_\_\_  
 \_\_\_\_\_ The Plan is available to Employees of the Employer effective February 1, 2019

**Plan Year.** The Plan Year ends on 1/31.

**Eligible Classes.** The class or classes of Employees covered by this Plan are: *(See attached Class Specifications.)*

Class ActA: All Eligible Employees Electing New Health Plan Offering Class ActB: All Exempt Employees Opting Out of Employer Group Health Coverage Plan  
 Class ActC: Eligible Employees Electing New Health Plan Offering Class ActD: \_\_\_\_\_  
 Class ActE: \_\_\_\_\_ Class ActF: \_\_\_\_\_

**Designation of Plan Administrator.** The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, Inc.

**Designation of Individuals to Have Access to Protected Health Information (“PHI”).** The following Employees, classes of Employees, or other persons shall be given access to the PHI to be disclosed:

Business Office Personnel HR Department Personnel \_\_\_\_\_

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20<sup>19</sup>.

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

Employer CONTACT (print): Christopher Castruita

Title: Management Services Supervisor

E-Mail: ccastruita@chwd.org

Telephone: 916-735-7711 Ext. \_\_\_\_\_

Fax: 916-725-0345

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

**Employer Representations**

- Employees are not permitted to make any election or choice between cash, the HRA, and/or any other tax deferred program.
- The allocation to the HRA will be expressed in a percent of compensation or dollar amount.
- The Employer has discretion in determining classes of Employees eligible to participate in the HRA. Once determined, Employees in the class shall be treated uniformly and be provided a uniform allocation to the HRA. Such class shall remain in effect for the Employer's entire fiscal year for all affected Employees in such year and for all future contributions to such class. Each year, the Employer may reevaluate allocations and classes for new Employees only.
- The Employer acknowledges that it has received the Plan document for the HRA and agrees with all the terms therein.
- The Employer understands that whether a contribution to the HRA is non-elective for tax purposes is a facts and circumstances determination, and the Employer is responsible for whether the contribution is truly non-elective or not. The Employer understands that MidAmerica Administrative & Retirement Solutions, Inc. and its agents and employees are not tax or legal advisors. They may provide general information regarding the tax treatment of health reimbursement arrangements, but the Employer should consult with its own tax or legal advisors as to how tax and other rules may apply to its own facts and circumstances.
- The Employer will not provide any information or forms or enter into any contracts inconsistent with the preceding.
- The Employer acknowledges that every Participant must be enrolled in a group health plan, as described in the Declaration of Coverage Under Another Group Health Plan Form, and it is the Employer's responsibility to ensure that all Participants complete and sign the Form.

**Effective Date** February 1, 2019      **Employer Initials** \_\_\_\_\_

**Eligible Class ActA:** All Eligible Employees Electing New Health Plan Offering

**Defined as:** Employees enrolled in employer's group health insurance who select one of the group policies made available by CalChoice.  
Employees in class receive monthly contribution equal to the Kaiser Platinum Plan

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount
- Percentage of Compensation

**Contribution Frequency**

- One Time
- Semi-Annually
- Annually
- Monthly
- Quarterly
- Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
- 100% upon Retirement, meeting the Employer's eligible requirements for retirement
- 100% upon Separation of Service
- Other \_\_\_\_\_
- 100% upon death (can be selected in addition to "other" above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
- Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
- Limited Purpose \_\_\_\_\_
- Post Deductible
- Premium Only Medical Expenses.

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
- The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
- The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant's FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for active employees.  
\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee. Fee is a dual plan fee. Participants will only be feed once if participating in FSA/DCA plan.

**Distribution Fees:** Not Applicable.

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
- Upon becoming 100% vested

**Investment Selection** Investment Provider: American United Life Insurance Company

- Type of Investment:**  Fixed annuity only
- Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_
  - Employer directed
  - Participant directed; restrictions are:
    - None
    - 100% vested
    - At Retirement
    - Account balance in excess of \$ \_\_\_\_\_
    - Other \_\_\_\_\_
    - Funds limited (see attachment)

**Effective Date** February 1, 2019 **Employer Initials** \_\_\_\_\_

**Eligible Class ActB:** All Exempt Employees Opting Out of Employer Group Health Coverage Plan

**Defined as:** All eligible employees of exempt employment status who secure group health coverage outside of Citrus Heights Water District. Employees who qualify receive a monthly contribution of \$400.

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount  Percentage of Compensation

**Contribution Frequency**

- One Time  Annually  Quarterly
- Semi-Annually  Monthly  Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
- 100% upon Retirement, meeting the Employer’s eligible requirements for retirement
- 100% upon Separation of Service
- Other \_\_\_\_\_
- 100% upon death (can be selected in addition to “other” above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant’s spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
- Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
- Limited Purpose \_\_\_\_\_
- Post Deductible
- Premium Only Medical Expenses

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
- The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
- The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant’s FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for active employees

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee. Fee is a dual plan fee. Participants will only be feed once if participating in FSA/DCA plan.

**Distribution Fees:** Not Applicable

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
- Upon becoming 100% vested

**Investment Selection**

**Investment Provider:** American United Life Insurance Company

- Type of Investment:**  Fixed annuity only  Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_
- Employer directed
  - Participant directed; restrictions are:
    - None
    - 100% vested
    - At Retirement
    - Account balance in excess of \$ \_\_\_\_\_
    - Other \_\_\_\_\_
    - Funds limited (see attachment)

**Effective Date** February 1, 2019

**Employer Initials** \_\_\_\_\_



**Eligible Class ActC:** Eligible Employees Electing New Health Plan Offering

**Defined as:** All eligible employees who have elected a plan through CalChoice that cost more than the District contribution.

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Active

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount  Percentage of Compensation

**Contribution Frequency**

- One Time  Annually  Quarterly
- Semi-Annually  Monthly  Other \_\_\_\_\_

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
- 100% upon Retirement, meeting the Employer’s eligible requirements for retirement
- 100% upon Separation of Service
- Other \_\_\_\_\_
- 100% upon death (can be selected in addition to “other” above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant’s spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
- Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
- Limited Purpose \_\_\_\_\_
- Post Deductible
- Premium Only Medical Expenses

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
- The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
- The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant’s FSA account is exhausted.

**Administration Fees:** Administrative Fees are not applicable.

**Distribution Fees:** Not Applicable.

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
- Upon becoming 100% vested

**Investment Selection** Investment Provider: Non-Interest Holding Account

- Type of Investment:**  Fixed annuity only  Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_
- Employer directed
  - Participant directed; restrictions are:
    - None
    - 100% vested
    - At Retirement
    - Account balance in excess of \$ \_\_\_\_\_
    - Other \_\_\_\_\_
    - Funds limited (see attachment)

**Effective Date** February 1, 2019 **Employer Initials** \_\_\_\_\_

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# Health Reimbursement Arrangement for Active Employees

## PLAN DOCUMENT

The Plan's Original Effective Date is February 1, 2019. The Plan's Restated Effective Date is \_\_\_\_\_. The Plan is available to Employees of the Employer effective February 1, 2019.

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### ***Introduction***

The Employer has established and adopted the MidAmerica Administrative & Retirement Solutions, Inc. Health Reimbursement Arrangement (the "Plan") to enable Participants and their dependents to be reimbursed tax-free for eligible medical and dental expenses. Contributions to the Plan shall be made by the Employer and credited to Participants' accounts. Claims for reimbursement shall be processed and reimbursements paid out on a tax-free basis for medical expenses in accordance with Internal Revenue Service Guidelines for Health Reimbursement Agreements, IRS Publication 502, Internal Revenue Code (the "Code") Sections 213(d), 105 and 106 as described in Revenue Ruling 2002-41 and IRS Notice 2002-45.

### ***Legal Status***

This Plan is intended to qualify as an employer-provided medical reimbursement plan under Code Sections 105 and 106 and regulations issued thereunder, as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, and to comply with IRS Notice 2013-54 and shall be interpreted to accomplish those objectives. The expenses reimbursed under the Plan are intended to be eligible for exclusion from Participants' gross income under Code Section 105(b).

Notwithstanding anything to the contrary, the portion of the Plan that reimburses Highly Compensated Individuals, as defined in Code Section 105(h), for premiums paid under an insured plan shall be treated as a separate plan that is not subject to the requirements of Code Section 105(h), pursuant to Treasury Regulation Section 1.105-11(b)(2).

### ***Participation***

Employees of the class or classes set forth by the Employer in the Plan Adoption Agreement will be Participants in the Plan. Notwithstanding any election in the Plan Adoption Agreement to the contrary, Employees of the class or classes set forth by the Employer in the Plan Adoption Agreement who are Highly Compensated Employees, as defined in Code Section 105(h), and whose benefits exceed those of other Plan Participants, will be Participants only in that portion of the Plan that reimburses Participants for "premium only medical expenses," as described below. Under no circumstances are such individuals eligible for reimbursements of any medical and dental expenses other than premium expenses. For purpose of this section, a retiree who was a Highly Compensated Individual prior to his or her retirement from the Employer shall be treated as a Highly Compensated Individual thereafter and during retirement.

### ***Participation Opt Out***

At least once per Plan Year, Participants shall be entitled to permanently opt out of participation in the Plan. Any such opt out will result in the forfeiture of the Participant's account balance, including any vested funds, and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

In the event that the Participant terminates employment with the Employer, the Participant shall be entitled to permanently opt out of participation in the Plan at the time of termination. In addition to the forfeiture of unvested funds as provided for in the Forfeiture section of the Plan Adoption Agreement, any such opt out will result in the forfeiture of any vested funds and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

### ***Benefits and Eligibility for Benefits***

A Participant shall be entitled to reimbursements of eligible medical and dental expenses upon the occurrence of the event selected in the Plan Adoption Agreement, but in no event until after expenses exceeding the dollar amount of any flexible spending arrangement ("FSA") in which the Participant shall also participate have been paid, or, if the medical or dental expense is reimbursable from a health savings account ("HSA"), amounts shall only be available from this Plan in accordance with paragraph 9 of the Administration section herein.

If the Employer indicates in the Adoption Agreement that Reimbursements shall be for "all eligible section 213(d) medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. incurred for Medical Care - "Medical Care" shall have the same meaning as in section 213(d) of the Code, and shall include: (i) amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body, except that eligible medical and dental expenses shall specifically exclude expenses for a medicine or drug incurred on or after January 1, 2011, unless such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin, and (ii) premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not compensated through insurance and not paid for with a tax-free distribution from a Medical Savings Account (MSA), Health Savings Account (HSA), or Health Flexible Spending Arrangement and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

If the Employer indicates in the Adoption Agreement that reimbursements shall be for "premium only medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not paid for with a tax-free distribution from a Medical Savings Account (MSA) or Health Savings Account (HSA) and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

### ***Funding***

All funds for the Plan shall come exclusively from the Employer and shall constitute either a specified dollar amount and/or a specific percentage of Employees' compensation or retirement pay as the Employer shall from time to time determine. The amount or percentage to be determined by the Employer shall be subject to, and not in contravention of, the Employer's obligations to its Employees. Subject to any vesting schedule which may be elected in the Plan Adoption Agreement, all funds in the Plan belong to the individual Participants as allocated to their accounts. Also subject to any vesting schedule which may be elected in the Plan Adoption Agreement, once funds are allocated to the Plan, the Employer relinquishes all right, title, control, and interest to such funds.

### ***Interest Credit***

Interest shall be credited on a daily basis to Participant accounts based on the rate credited by the underlying AUL fixed annuity investment option. If variable annuity investments are allowed pursuant to the Adoption Agreement, earnings and losses shall be credited on a daily basis based on the investment funds selected.

### ***Vesting***

Funds in a Participant's account shall vest and be available to pay eligible medical expenses in accordance with the vesting schedule elected by the Employer in the Plan Adoption Agreement. If a Participant is not fully vested in his account balance when participation hereunder of the Participant and his surviving spouse and/or dependents ends as described in the section hereof entitled "Death Benefit," any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

### ***Continuation Coverage***

***COBRA continuation coverage ("COBRA coverage")***. COBRA coverage shall be available on the same terms and conditions as described herein with respect to Participants upon payment of the applicable COBRA premium. Each qualified beneficiary (i.e., the Participant's former spouse and former eligible dependents) shall be entitled to COBRA coverage for a period of 36 months upon the qualifying events of death of Participant, divorce from Participant, or a dependent reaching an age under which he/she is ineligible under the terms of the Plan. The level of coverage will be the Participant's account balance at the time of the qualifying event (adjusted for investment earnings and losses), plus Employer contributions, and minus reimbursements for claims paid from the account. Contributions shall be made at the same times as they are made for similarly situated Participants who have not experienced a qualifying event. The balance of the Participant's account shall be available to all qualified beneficiaries electing continuation coverage on an aggregate basis.

The COBRA premium shall be a single premium regardless of the number of qualified beneficiaries electing COBRA coverage. That premium shall be as determined annually by the Employer. The Employer shall have no obligation to pay any portion of the COBRA premium.

***Coverage in lieu of COBRA***. As an alternative to COBRA continuation coverage, qualified beneficiaries may choose to continue to access the Participant's account via coverage in lieu of COBRA. No additional contributions will be made to the Participant's account during the coverage in lieu of COBRA period and no premium will be charged for the coverage. Administrative fees as indicated herein will be applied. The balance of the Participant's account shall be available to all qualified beneficiaries electing coverage in lieu of COBRA on an aggregate basis. Furthermore, if some qualified beneficiaries elect COBRA and others select coverage in lieu of COBRA, all qualified beneficiaries will have access to the Participant's account on an aggregate basis.

### ***Plan Investments***

Plan investments will be made in accordance with the Employer's elections in the Plan Adoption Agreement, and will consist of investments in either fixed or variable annuities.

### ***Plan Administrator***

The Employer designates as the initial Plan Administrator the entity named in the Plan Adoption Agreement. The initial Plan Administrator shall serve as Plan Administrator until such time as a new Plan Administrator is appointed.

### ***Administrative Fees***

An administration fee shall be payable by the Employer. Participants may be charged a distribution fee by the Plan's administrative services provider in such amount as shall be agreed to by the Employer.

*Administration*

1. Health reimbursement requests may be made monthly with no minimum reimbursement dollar amount for recurring claims. There is a \$100 minimum claim amount for all other claims unless the participant account balance is less than \$100. Additionally, a reimbursement request can only be made for expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan.
2. Participants are entitled to request reimbursements from their accounts as soon as the accounts are funded by the Employer, but only for medical expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan. Hardship withdrawals or loans are not permitted under this Plan and Plan funds may only be used to reimburse Participants and their dependents for qualified medical expenses.
3. In order to receive reimbursement for eligible medical expenses, Participants shall provide the Plan Administrator with whatever information is reasonably required. This Plan shall not and cannot reimburse for any claims other than those allowed under Code Section 213(d) and the regulations thereunder, as generally described in IRS Publication 502.
4. When a request is approved it shall be scheduled for disbursement. Disbursements shall be made not later than the fifteenth (15<sup>th</sup>) day of each month for all reimbursement requests received by the Plan Administrator prior to the end of the preceding month.
5. Subject to the Claims Procedure rules below, decisions of the Plan Administrator shall be final on the issue of eligible expenditures and such decisions shall be based on Code Section 213(d) and the regulations thereunder, as interpreted by the IRS or court rulings or directives concerning the deductibility of medical expenses for Federal Income Tax purposes, which interpretations shall be controlling for purposes of determining reimbursement eligibility under this Plan.
6. Other than establishing this Plan and providing funding for the Plan, the Employer does not assume any responsibility for any aspect of any Participant's health care. Participant questions shall be directed to the Plan Administrator.
7. Each Participant shall be notified by the Plan Administrator of his or her account balance at the time a deposit is made to his or her account. The Plan Administrator shall provide each Participant with a quarterly statement setting forth the Participant's account balance and earnings and disbursements for the quarter. Additionally, the Plan Administrator shall provide a Participant with a statement of account balance in conjunction with each reimbursement distribution.
8. Funds in a Participant's account at the end of each year shall be rolled into the following year.
9. Reimbursement is available for the Participant, the Participant's spouse, the Participant's tax dependents as defined in Internal Revenue Code Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, and any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age twenty-seven (27). For purposes of this Plan, such qualified tax dependents and children shall collectively be referred to as "dependents." Submission of a request for reimbursement on behalf of someone other than the Participant shall be deemed a representation by the Participant that the request for reimbursement is made on behalf of a spouse or dependent.
10. Any act, practice, or omission by a Participant that constitutes fraud or an intentional misrepresentation of material fact is prohibited by the terms of the Plan and the Plan may rescind coverage as a result.



### *Death Benefit*

If a Participant dies prior to exhausting his vested account balance, the Participant's surviving spouse and/or dependents are eligible to be reimbursed under this Plan for their eligible medical expenses until the vested account balance is exhausted. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any funds remaining in the account shall be forfeited. Forfeitures shall be applied as elected by the Employer in the Plan Adoption Agreement.

### *Plan Amendments*

The Employer has the authority to amend this Plan at any time, in whole or in part. Participants will be notified of any Plan changes. Any amendment to the Plan shall not adversely affect the rights of existing Participants. Changes imposed by the Internal Revenue Service, either by law change, regulations, or rulings, will be effective immediately and without notice.

### *Involuntary Access to Funds*

Funds in a Participant's Plan account are not assignable by a Participant, either in law or in equity, or subject to estate tax, or to execution, levy, attachment, garnishment, or any other legal processes.

### *Plan Termination*

In the event the Employer elects to terminate this Plan, which it may do, in its sole discretion, at any time and for any reason, amounts credited to Participants' accounts will remain in the Participants' accounts and Participants will continue to utilize their accounts as set forth in this Plan Document until their accounts are exhausted.

### *HIPAA Compliance*

#### 1. Disclosure of Summary Health Information to the Employer

In accordance with the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards") issued and pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), the Plan may disclose Summary Health Information to the Employer, if the Employer requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under this Plan or (b) modifying, amending or terminating the Plan.

"Summary Health Information" may be individually identifiable health information and it summarizes the claims history, claims expenses or the type of claims experienced by individuals in the Plan, but it excludes all identifiers that must be removed for the information to be de-identified, except that it may contain geographic information to the extent that it is aggregated by five-digit zip code.

#### 2. Disclosure of Protected Health Information ("PHI") to the Employer for Plan Administration Purposes

In order that the Employer may receive and use a Participant's individually identifiable health information or PHI (including electronic PHI) for "Plan Administration" purposes, the Employer agrees to:

- a. Not use or further disclose PHI other than as permitted or required by the Plan Documents or as Required by Law (as defined in the Privacy Standards);
- b. Ensure that any agents, including a subcontractor, to whom the Employer provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Employer with respect to such PHI;



- c. Not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer, except pursuant to an authorization which meets the requirements of the Privacy Standards;
- d. Report to the Plan any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which the Employer becomes aware, including any security incident or actual or suspected breach that may compromise PHI;
- e. Make available PHI in accordance with Section 164.524 of the Privacy Standards (45 CFR 164.524);
- f. Make available PHI for amendment and incorporate any amendments to PHI in accordance with Section 164.526 of the Privacy Standards (45 CFR 164.526);
- g. Make available the information required to provide an accounting of disclosures in accordance with Section 164.528 of the Privacy Standards (45 CFR 164.528);
- h. Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with Part 164, Subpart E, of the Privacy Standards (45 CFR 164.500 et seq);
- i. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI;
- j. If feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and
- k. Ensure that adequate separation between the Plan and the Employer, as required in Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii)), is established as follows:
  - i. The employees, or classes of employees, or other persons under control of the Employer who are identified in the Plan Adoption Agreement, shall be given access to the PHI to be disclosed.
  - ii. The access to and use of PHI by the individuals described in subsection (i) above shall be restricted to the Plan Administration functions that the Employer performs for the Plan.
  - iii. In the event any of the individuals described in subsection (i) above do not comply with the provisions of the Plan Documents relating to use and disclosure of PHI, the Plan Administrator shall impose reasonable sanctions as necessary, in its discretion, to ensure that no further non-compliance occurs. Such sanctions shall be imposed progressively (for example, an oral warning, a written warning, time off without pay and termination), if appropriate, and shall be imposed so that they are commensurate with the severity of the violation.

"Plan Administration" activities are limited to activities that would meet the definition of payment or health care operations, but do not include functions to

modify, amend or terminate the Plan or solicit bids from prospective issuers. "Plan Administration" functions include quality assurance, claims processing, auditing, monitoring and management of carve-out plans, such as vision and dental. It does not include any employment-related functions or functions in connection with any other benefit or benefit plans.

3. Disclosure of Certain Enrollment Information to the Employer

Pursuant to Section 164.504(f)(1)(iii) of the Privacy Standards (45 CFR 164.504(f)(1)(iii)), the Plan may disclose to the Employer information on whether an individual is participating in the Plan or is enrolled in or has disenrolled from a health insurance issuer or health maintenance organization offered by the Plan to the Employer.

4. Disclosure of PHI to Obtain Stop-loss or Excess Loss Coverage

The Employer hereby authorizes and directs the Plan, through the Plan Administrator or its third party administrator, to disclose PHI to stop-loss carriers, excess loss carriers or managing general underwriters (MGUs) as directed by the Employer for underwriting and other purposes in order to obtain and maintain stop-loss or excess loss coverage related to benefit claims under the Plan, provided that genetic information will not be used for underwriting purposes. Such disclosures shall be made in accordance with the Privacy Standards. The Employer certifies that such disclosures are for Plan administration purposes and that any third party to whom the Employer directs disclosure from the Plan has agreed to also comply with this amendment, as set out in Section 2.b.

5. Other Disclosures and Uses of PHI

With respect to all other uses and disclosures of PHI, the Plan shall comply with the Privacy Standards.

### *Claims Procedure*

A Participant, spouse or dependent (the "Claimant") shall apply for Plan benefits in writing on a form provided by the Plan Administrator, or in such other manner as prescribed by the Plan Administrator. A communication regarding benefits that is not made in accordance with these procedures will not be treated as a claim under these procedures. Claims shall be evaluated by the Plan Administrator or such other person or entity designated by the Plan Administrator and shall be approved or denied in accordance with the terms of the Plan and Plan Adoption Agreement. All references to the Plan Administrator shall include any such delegate. No Claimant shall be entitled to benefits unless the Plan Administrator or its delegate determines in its discretion that the Claimant is entitled to benefits.

1. Claims

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 30 days after receipt of the claim. This period may be extended one time by the Plan for up to 15 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the Claimant, prior to the expiration of the initial 30-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If such an extension is necessary due to a failure of the Claimant to submit the information necessary to decide the claim, the notice of extension shall specifically describe the required information, and the Claimant shall be afforded at least 45 days from receipt of the notice within which to provide the specified information and the period for making the benefit determination shall be tolled from the date on which the notice of extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information, or the deadline to submit the additional information, if earlier.

2. Notice of Denial

If the claim is denied in whole or in part, the Claimant will receive a written notice that includes:

- a. The specific reason or reasons for the denial;
- b. Reference to the specific Plan provision(s) on which the denial is based;
- c. A description of any additional material or information needed from the Claimant in connection with the claim and the reason such material or information is needed;
- d. An explanation of the claims review procedures and the applicable time limits, including a statement concerning the Claimant's right to bring a civil action following an adverse determination on review;
- e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
- f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request); and
- g. Any other information required by law.

3. Right to Request Review: Internal Appeal

The Claimant must make a written request for review to the Plan Administrator within 180 days of the initial denial of the claim. If a written request for review is not made within such 180 day period, the Claimant shall forfeit his or her right to review. The Claimant's written request for review may (but is not required to) include issues, comments, documents, and other records the Claimant wants considered in the review. All the information the Claimant submits will be taken into account on review, even if it was not reviewed as part of the initial decision. The appeal will be conducted by a person different from the person who made the initial decision. No deference will be given to the initial decision. The Claimant may ask to examine or receive free copies of Plan documents, records, and other information relevant to the claim by asking the Plan Administrator.

The Claimant will be given the identity of medical or vocational experts if requested, whose advice was obtained by the Plan in connection with the Claimant's initial claim denial, if any, even if their advice was not relied upon in making the initial decision. Where an adverse determination is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug or other item is experimental, investigational, or not medically necessary or appropriate, the Plan will consult with a health care professional who has experience in the field of medicine involved in the medical judgment to decide the Claimant's appeal. The Plan Administrator reserves the right to delegate its authority to make decisions.

4. Decision Upon Review: Internal Appeal

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 60 days after receipt by the Plan of the Claimant's request for review of adverse determination.

5. Notice of Denial of Internal Appeal

If the decision on the appeal is denied, the Claimant will receive a written notice that includes:

- a. The specific reason or reasons for the denial;
  - b. Reference to the specific Plan provisions on which the denial is based;
  - c. A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits;
  - d. A statement explaining any voluntary appeal procedures offered by the Plan and the Claimant's right to bring a civil action;
  - e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
  - f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request); and
  - g. Any other information required by law.
6. External Appeal Process

Where required by law, a Claimant may be able to file an external appeal with an independent review organization. The independent review organization may overturn the Plan's decision, and the independent review organization's decision will be binding on the Plan. A Claimant must file a claim for external review within four (4) months of the date the Claimant receives the internal appeal denial notice. Filing a request for external review will not affect a Claimant's ability to bring a legal claim in court. When a Claimant files a request for external review, the Claimant will be required to authorize release of any medical records that may be required to be reviewed for the purpose of reaching a decision on the external review. Additional information on the external review process, where applicable, will be included in the internal appeal determination notice, or the Claimant may contact the Plan Administrator to request such additional information.

**IN WITNESS WHEREOF**, this Plan has been executed this \_\_\_ day of \_\_\_\_\_, 20 19, by **MidAmerica Administrative & Retirement Solutions, Inc.**

**MIDAMERICA ADMINISTRATIVE &  
RETIREMENT SOLUTIONS, INC.**

By: \_\_\_\_\_

Its: SVP of Business Development

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

# Health Reimbursement Arrangement for Retirees

## ADOPTION AGREEMENT

for

### Citrus Heights Water District

**Employer Address:** 6230 Sylvan Rd  
Citrus Heights, CA 95610

**Employer Telephone Number:** 916-725-6873

**Employer Identification Number:** 94-6019187



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the Health Reimbursement Arrangement for Retirees (hereinafter referred to as the “Plan” or the “HRA”) and agrees to abide by the terms of the Plan. With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

**Effective Date.** The Plan’s Original Effective Date is February 1, 2019. The Plan’s Restated Effective Date is \_\_\_\_\_.

**Plan Year.** The Plan Year ends on 1/31.

**Eligible Classes.** The class or classes of Retirees covered by this Plan are: *(See attached Class Specifications.)*

Class RetA: Active Class A - Integrated HRA Rollover      Class RetB: Active Class B - Integrated HRA Rollover  
 Class RetC: \_\_\_\_\_      Class RetD: \_\_\_\_\_  
 Class RetE: \_\_\_\_\_      Class RetF: \_\_\_\_\_

**Designation of Plan Administrator.** The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, Inc.

**Designation of Individuals to Have Access to Protected Health Information (“PHI”).** The following Employees, classes of Employees, or other persons shall be given access to the PHI to be disclosed:

Business Office Personnel      HR Department Personnel

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

Employer CONTACT (print): Christopher Castruita

Title: Management Services Supervisor

E-Mail: ccastruita@chwd.org

Telephone: 916-735-7711      Ext. \_\_\_\_\_

Fax: 916-725-0345

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

**Employer Representations**

- The Employer intends to reduce its Retirees' medical expenses by providing reimbursement of such expenses, in a limited capacity. The Employer anticipates that participation in the HRA will encourage prospective Retirees to retire earlier, as they will be better able to afford quality health care prior to the age at which they are Medicare eligible.
- The Employer may allow Retirees to participate in both the HRA and the Special Pay Plan (403(b)).
- Retirees are not permitted to make any election or choice between cash, the HRA, and/or the Special Pay Plan, or any other tax deferred program.
- The Employer will base HRA allocations on its estimates of the costs required to provide a certain amount of medical reimbursements to its Retiree population as that population approaches Medicare age.
- The Employer has discretion in determining classes of Employees eligible to participate in the Retiree HRA. Once determined, Retirees in the class shall be treated uniformly and be provided a uniform allocation to the HRA. Such class shall remain in effect for the Employer's entire fiscal year for all affected Retirees in such year and for all future contributions to such class. Each year, the Employer may reevaluate allocations and classes for new Retirees only.
- The Employer may gather information from the Retiree to determine the appropriate allocation to the HRA, but individual Participants are not allowed to elect or to determine their allocation.
- The Employer will monitor all rehires to ensure that less than two employees are in the Retiree HRA Plan.
- The Employer acknowledges that it has received the Plan document for the HRA and agrees with all the terms therein.
- The Employer understands that whether a contribution to the HRA is non-elective for tax purposes is a facts and circumstances determination, and the Employer is responsible for whether the contribution is truly non-elective or not. The Employer understands that MidAmerica Administrative & Retirement Solutions, Inc. and its agents and employees are not tax or legal advisors. They may provide general information regarding the tax treatment of health reimbursement arrangements, but the Employer should consult with its own tax or legal advisors as to how tax and other rules may apply to its own facts and circumstances.
- The Employer will not provide any information or forms or enter into any contracts inconsistent with the preceding.

**Effective Date** February 1, 2019

**Employer Initials** \_\_\_\_\_

**Eligible Class RetA:** Active Class A - Integrated HRA Rollover

**Defined as:** \_\_\_\_\_

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Retiree                                       Active with no access to benefit until retirement or separation of service

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount                                       Percentage of Compensation or Retirement Pay

**Contribution Frequency**

- One Time                                       Annually                                       Quarterly  
 Semi-Annually                                       Monthly                                       Other Rollover from Active A Class

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate  
 100% upon Retirement, meeting the Employer’s eligible requirements for retirement  
 100% upon Separation of Service  
 Other \_\_\_\_\_  
 100% upon death (can be selected in addition to “other” above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant’s spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions  
 Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code  
 Limited Purpose \_\_\_\_\_  
 Post Deductible  
 Premium Only Medical Expenses (Highly Compensated Individuals may receive only premium reimbursements.)

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.  
 The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.  
 The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant’s FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for former employees

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee.

**Distribution Fees:** Not Applicable.

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate  
 Upon becoming 100% vested  
 Upon Retirement or Separation of Service

**Investment Selection**                      **Investment Provider:** American United Life Insurance Company

- Type of Investment:**  Fixed annuity only                       Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_  
 Employer directed  
 Participant directed; restrictions are:  
 None  
 100% vested  
 At Retirement  
 Account balance in excess of \$ \_\_\_\_\_  
 Other \_\_\_\_\_  
 Funds limited (see attachment)

**Effective Date** February 1, 2019

**Employer Initials** \_\_\_\_\_



**Eligible Class RetB:** Active Class B - Integrated HRA Rollover

**Defined as:** \_\_\_\_\_

**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Retiree
- Active with no access to benefit until retirement or separation of service

**Contribution Types** All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount
- Percentage of Compensation or Retirement Pay

**Contribution Frequency**

- One Time
- Semi-Annually
- Annually
- Monthly
- Quarterly
- Other Rollover from Active B Class

**Vesting Schedule** Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
- 100% upon Retirement, meeting the Employer’s eligible requirements for retirement
- 100% upon Separation of Service
- Other \_\_\_\_\_
- 100% upon death (can be selected in addition to “other” above)

**Forfeitures** Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant’s spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
- Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

**Run-off Times** Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
- Limited Purpose \_\_\_\_\_
- Post Deductible
- Premium Only Medical Expenses (Highly Compensated Individuals may receive only premium reimbursements.)

**HRA/FSA Ordering**

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
- The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
- The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant’s FSA account is exhausted.

**Administration Fees:** Administrative Fees are paid by the Employer for former employees

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee.

**Distribution Fees:** Not Applicable

**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
- Upon becoming 100% vested
- Upon Retirement or Separation of Service

**Investment Selection**      **Investment Provider:** American United Life Insurance Company

- Type of Investment:**  Fixed annuity only
- Variable annuities – Default \_\_\_\_\_ Forfeiture Default \_\_\_\_\_
    - Employer directed
    - Participant directed; restrictions are:
      - None
      - 100% vested
      - At Retirement
      - Account balance in excess of \$ \_\_\_\_\_
      - Other \_\_\_\_\_
      - Funds limited (see attachment)

**Effective Date** February 1, 2019      **Employer Initials** \_\_\_\_\_



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# Health Reimbursement Arrangement for Retirees

## PLAN DOCUMENT

The Plan's Original Effective Date is February 1, 2019. The Plan's Restated Effective Date is \_\_\_\_\_. The Plan is available to Retirees of the Employer effective February 1, 2019.

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### ***Introduction***

The Employer has established and adopted the MidAmerica Administrative & Retirement Solutions, Inc. Health Reimbursement Arrangement for Retirees (the "Plan") to enable eligible former employees and their dependents to be reimbursed tax-free for eligible medical and dental expenses. Contributions to the Plan shall be made by the Employer and credited to Participants' accounts. Claims for reimbursement shall be processed and reimbursements paid out on a tax-free basis for medical expenses in accordance with Internal Revenue Service Guidelines for Health Reimbursement Agreements, IRS Publication 502, Internal Revenue Code (the "Code") Sections 213(d), 105 and 106 as described in Revenue Ruling 2002-41 and IRS Notice 2002-45.

### ***Legal Status***

This Plan is intended to qualify as an employer-provided medical reimbursement plan under Code Sections 105 and 106 and regulations issued thereunder, as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, and to comply with IRS Notice 2013-54 and shall be interpreted to accomplish those objectives. The expenses reimbursed under the Plan are intended to be eligible for exclusion from Participants' gross income under Code Section 105(b).

Notwithstanding anything to the contrary, the portion of the Plan that reimburses Highly Compensated Individuals, as defined in Code Section 105(h), for premiums paid under an insured plan shall be treated as a separate plan that is not subject to the requirements of Code Section 105(h), pursuant to Treasury Regulation Section 1.105-11(b)(2).

### ***Participation***

Eligible former employees of the class or classes set forth by the Employer in the Plan Adoption Agreement will be Participants in the Plan. Notwithstanding any election in the Plan Adoption Agreement to the contrary, eligible former employees of the class or classes set forth by the Employer in the Plan Adoption Agreement who are Highly Compensated Individuals, as defined in Code Section 105(h), and whose benefits exceed those of other Plan Participants, will be Participants only in that portion of the Plan that reimburses Participants for "premium only medical expenses," as described below. Under no circumstances are such individuals eligible for reimbursements of any medical and dental expenses other than premium expenses. For purpose of this section, a retiree who was a Highly Compensated Individual prior to his or her retirement from the Employer shall be treated as a Highly Compensated Individual thereafter and during retirement.

### ***Participation Opt Out***

At least once per Plan Year, Participants shall be entitled to permanently opt out of participation in the Plan. Any such opt out will result in the forfeiture of the Participant's account balance, including any vested funds, and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

In the event that the Participant is reemployed as an active employee of the Employer and terminates employment with the Employer, the Participant shall be entitled to permanently opt out of participation in the Plan at the time of termination. In addition to the forfeiture of unvested funds as provided for in the Forfeiture section of the Plan Adoption Agreement, any such opt out will result in the forfeiture of any vested funds and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

### ***Benefits and Eligibility for Benefits***

A Participant shall be entitled to reimbursements of eligible medical and dental expenses upon the occurrence of the event selected in the Plan Adoption Agreement, but in no event until after expenses exceeding the dollar amount of any flexible spending arrangement ("FSA") in which the Participant shall also participate have been paid, or, if the medical or dental expense is reimbursable from a health savings account ("HSA"), amounts shall only be available from this Plan in accordance with paragraph 9 of the Administration section herein.

If the Employer indicates in the Adoption Agreement that Reimbursements shall be for "all eligible section 213(d) medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. incurred for Medical Care - "Medical Care" shall have the same meaning as in section 213(d) of the Code, and shall include: (i) amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body, except that eligible medical and dental expenses shall specifically exclude expenses for a medicine or drug incurred on or after January 1, 2011, unless such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin, and (ii) premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not compensated through insurance and not paid for with a tax-free distribution from a Medical Savings Account (MSA), Health Savings Account (HSA), or Health Flexible Spending Arrangement and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

If the Employer indicates in the Adoption Agreement that reimbursements shall be for "premium only medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not paid for with a tax-free distribution from a Medical Savings Account (MSA) or Health Savings Account (HSA) and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

### ***Funding***

All funds for the Plan shall come exclusively from the Employer and shall constitute either a specified dollar amount and/or a specific percentage of the former employees' compensation or retirement pay as the Employer shall from time to time determine. The amount or percentage to be determined by the Employer shall be subject to, and not in contravention of, the Employer's obligations to its former employees. Subject to any vesting schedule which may be elected in the Plan Adoption Agreement, all funds in the Plan belong to the individual Participants as allocated to their accounts. Also subject to any vesting schedule which may be elected in the Plan Adoption Agreement, once funds are allocated to the Plan, the Employer relinquishes all right, title, control, and interest to such funds.

### ***Interest Credit***

Interest shall be credited on a daily basis to Participant accounts based on the rate credited by the underlying AUL fixed annuity investment option. If variable annuity investments are allowed pursuant to the Adoption Agreement, earnings and losses shall be credited on a daily basis based on the investment funds selected.

### ***Vesting***

Funds in a Participant's account shall vest and be available to pay eligible medical expenses in accordance with the vesting schedule elected by the Employer in the Plan Adoption Agreement. If a Participant is not fully vested in his account balance when participation hereunder of the Participant and his surviving spouse and/or dependents ends as described in the section hereof entitled "Death Benefit," any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

### ***Continuation Coverage***

***COBRA continuation coverage ("COBRA coverage")***. COBRA coverage shall be available on the same terms and conditions as described herein with respect to Participants upon payment of the applicable COBRA premium. Each qualified beneficiary (i.e., the Participant's former spouse and former eligible dependents) shall be entitled to COBRA coverage for a period of 36 months upon the qualifying events of death of Participant, divorce from Participant, or a dependent reaching an age under which he/she is ineligible under the terms of the Plan. The level of coverage will be the Participant's account balance at the time of the qualifying event (adjusted for investment earnings and losses), plus Employer contributions, and minus reimbursements for claims paid from the account. Contributions shall be made at the same times as they are made for similarly situated Participants who have not experienced a qualifying event. The balance of the Participant's account shall be available to all qualified beneficiaries electing continuation coverage on an aggregate basis.

The COBRA premium shall be a single premium regardless of the number of qualified beneficiaries electing COBRA coverage. That premium shall be as determined annually by the Employer. The Employer shall have no obligation to pay any portion of the COBRA premium.

***Coverage in lieu of COBRA***. As an alternative to COBRA continuation coverage, qualified beneficiaries may choose to continue to access the Participant's account via coverage in lieu of COBRA. No additional contributions will be made to the Participant's account during the coverage in lieu of COBRA period and no premium will be charged for the coverage. Administrative fees as indicated herein will be applied. The balance of the Participant's account shall be available to all qualified beneficiaries electing coverage in lieu of COBRA on an aggregate basis. Furthermore, if some qualified beneficiaries elect COBRA and others select coverage in lieu of COBRA, all qualified beneficiaries will have access to the Participant's account on an aggregate basis.

### ***Plan Investments***

Plan investments will be made in accordance with the Employer's elections in the Plan Adoption Agreement, and will consist of investments in either fixed or variable annuities.

### ***Plan Administrator***

The Employer designates as the initial Plan Administrator the entity named in the Plan Adoption Agreement. The initial Plan Administrator shall serve as Plan Administrator until such time as a new Plan Administrator is appointed.

### ***Administrative Fees***

An administration fee shall be payable by the Employer. Participants may be charged a distribution fee by the Plan's administrative services provider in such amount as shall be agreed to by the Employer.

### *Administration*

1. Health reimbursement requests may be made monthly with no minimum reimbursement dollar amount for recurring claims. There is a \$100 minimum claim amount for all other claims unless the participant account balance is less than \$100. Additionally, a reimbursement request can only be made for expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan.
2. Participants are entitled to request reimbursements from their accounts as soon as the accounts are funded by the Employer, but only for medical expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan. Hardship withdrawals or loans are not permitted under this Plan and Plan funds may only be used to reimburse Participants and their dependents for qualified medical expenses.
3. In order to receive reimbursement for eligible medical expenses, Participants shall provide the Plan Administrator with whatever information is reasonably required. This Plan shall not and cannot reimburse for any claims other than those allowed under Code Section 213(d) and the regulations thereunder, as generally described in IRS Publication 502.
4. When a request is approved it shall be scheduled for disbursement. Disbursements shall be made not later than the fifteenth (15<sup>th</sup>) day of each month for all reimbursement requests received by the Plan Administrator prior to the end of the preceding month.
5. Subject to the Claims Procedures rules below, decisions of the Plan Administrator shall be final on the issue of eligible expenditures and such decisions shall be based on Code Section 213(d) and the regulations thereunder, as interpreted by the IRS or court rulings or directives concerning the deductibility of medical expenses for Federal Income Tax purposes, which interpretations shall be controlling for purposes of determining reimbursement eligibility under this Plan.
6. Other than establishing this Plan and providing funding for the Plan, the Employer does not assume any responsibility for any aspect of any Participant's health care. Participant questions shall be directed to the Plan Administrator.
7. Each Participant shall be notified by the Plan Administrator of his or her account balance at the time a deposit is made to his or her account. The Plan Administrator shall provide each Participant with a quarterly statement setting forth the Participant's account balance and earnings and disbursements for the quarter. Additionally, the Plan Administrator shall provide a Participant with a statement of account balance in conjunction with each reimbursement distribution.
8. Funds in a Participant's account at the end of each year shall be rolled into the following year.
9. Reimbursement is available for the Participant, the Participant's spouse, the Participant's tax dependents as defined in Internal Revenue Code Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, and any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age twenty-seven (27). For purposes of this Plan, such qualified tax dependents and children shall collectively be referred to as "dependents." Submission of a request for reimbursement on behalf of someone other than the Participant shall be deemed a representation by the Participant that the request for reimbursement is made on behalf of a spouse or dependent.

### *Death Benefit*

If a Participant dies prior to exhausting his vested account balance, the Participant's surviving spouse and/or dependents are eligible to be reimbursed under this Plan for their eligible medical expenses until the vested account balance is exhausted. In the event of the death of the Participant, the Participant's spouse, and all of

the Participant's qualifying dependents, any funds remaining in the account shall be forfeited. Forfeitures shall be applied as elected by the Employer in the Plan Adoption Agreement.

### *Plan Amendments*

The Employer has the authority to amend this Plan at any time, in whole or in part. Participants will be notified of any Plan changes. Any amendment to the Plan shall not adversely affect the rights of existing Participants. Changes imposed by the Internal Revenue Service, either by law change, regulations, or rulings, will be effective immediately and without notice.

### *Involuntary Access to Funds*

Funds in a Participant's Plan account are not assignable by a Participant, either in law or in equity, or subject to estate tax, or to execution, levy, attachment, garnishment, or any other legal processes.

### *Plan Termination*

In the event the Employer elects to terminate this Plan, which it may do, in its sole discretion, at any time and for any reason, amounts credited to Participants' accounts will remain in the Participants' accounts and Participants will continue to utilize their accounts as set forth in this Plan Document until their accounts are exhausted.

### *HIPAA Compliance*

#### 1. Disclosure of Summary Health Information to the Employer

In accordance with the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards") issued and pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), the Plan may disclose Summary Health Information to the Employer, if the Employer requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under this Plan or (b) modifying, amending or terminating the Plan.

"Summary Health Information" may be individually identifiable health information and it summarizes the claims history, claims expenses or the type of claims experienced by individuals in the Plan, but it excludes all identifiers that must be removed for the information to be de-identified, except that it may contain geographic information to the extent that it is aggregated by five-digit zip code.

#### 2. Disclosure of Protected Health Information ("PHI") to the Employer for Plan Administration Purposes

In order that the Employer may receive and use a Participant's individually identifiable health information or PHI (including electronic PHI) for "Plan Administration" purposes, the Employer agrees to:

- a. Not use or further disclose PHI other than as permitted or required by the Plan Documents or as Required by Law (as defined in the Privacy Standards);
- b. Ensure that any agents, including a subcontractor, to whom the Employer provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Employer with respect to such PHI;
- c. Not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer, except pursuant to an authorization which meets the requirements of the Privacy Standards;



- d. Report to the Plan any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which the Employer becomes aware, including any security incident or actual or suspected breach that may compromise PHI.;
- e. Make available PHI in accordance with Section 164.524 of the Privacy Standards (45 CFR 164.524);
- f. Make available PHI for amendment and incorporate any amendments to PHI in accordance with Section 164.526 of the Privacy Standards (45 CFR 164.526);
- g. Make available the information required to provide an accounting of disclosures in accordance with Section 164.528 of the Privacy Standards (45 CFR 164.528);
- h. Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with Part 164, Subpart E, of the Privacy Standards (45 CFR 164.500 et seq);
- i. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI;
- j. If feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and
- k. Ensure that adequate separation between the Plan and the Employer, as required in Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii)), is established as follows:
  - i. The employees, or classes of employees, or other persons under control of the Employer who are identified in the Plan Adoption Agreement, shall be given access to the PHI to be disclosed.
  - ii. The access to and use of PHI by the individuals described in subsection (i) above shall be restricted to the Plan Administration functions that the Employer performs for the Plan.
  - iii. In the event any of the individuals described in subsection (i) above do not comply with the provisions of the Plan Documents relating to use and disclosure of PHI, the Plan Administrator shall impose reasonable sanctions as necessary, in its discretion, to ensure that no further non-compliance occurs. Such sanctions shall be imposed progressively (for example, an oral warning, a written warning, time off without pay and termination), if appropriate, and shall be imposed so that they are commensurate with the severity of the violation.

"Plan Administration" activities are limited to activities that would meet the definition of payment or health care operations, but do not include functions to modify, amend or terminate the Plan or solicit bids from prospective issuers. "Plan Administration" functions include quality assurance, claims processing, auditing, monitoring and management of carve-out plans, such as vision and dental. It does not include any employment-related functions or functions in connection with any other benefit or benefit plans.



3. Disclosure of Certain Enrollment Information to the Employer

Pursuant to Section 164.504(f)(1)(iii) of the Privacy Standards (45 CFR 164.504(f)(1)(iii)), the Plan may disclose to the Employer information on whether an individual is participating in the Plan or is enrolled in or has disenrolled from a health insurance issuer or health maintenance organization offered by the Plan to the Employer.

4. Disclosure of PHI to Obtain Stop-loss or Excess Loss Coverage

The Employer hereby authorizes and directs the Plan, through the Plan Administrator or its third party administrator, to disclose PHI to stop-loss carriers, excess loss carriers or managing general underwriters (MGUs) as directed by the Employer for underwriting and other purposes in order to obtain and maintain stop-loss or excess loss coverage related to benefit claims under the Plan, provided that genetic information will not be used for underwriting purposes. Such disclosures shall be made in accordance with the Privacy Standards. The Employer certifies that such disclosures are for Plan administration purposes and that any third party to whom the Employer directs disclosure from the Plan has agreed to also comply with this amendment, as set out in Section 2.b.

5. Other Disclosures and Uses of PHI

With respect to all other uses and disclosures of PHI, the Plan shall comply with the Privacy Standards.

***Claims Procedure***

A Participant, spouse or dependent (the "Claimant") shall apply for Plan benefits in writing on a form provided by the Plan Administrator, or in such other manner as prescribed by the Plan Administrator. A communication regarding benefits that is not made in accordance with these procedures will not be treated as a claim under these procedures. Claims shall be evaluated by the Plan Administrator or such other person or entity designated by the Plan Administrator and shall be approved or denied in accordance with the terms of the Plan and Plan Adoption Agreement. All references to the Plan Administrator shall include any such delegate. No Claimant shall be entitled to benefits unless the Plan Administrator or its delegate determines in its discretion that the Claimant is entitled to benefits.

1. Claims

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 30 days after receipt of the claim. This period may be extended one time by the Plan for up to 15 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the Claimant, prior to the expiration of the initial 30-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If such an extension is necessary due to a failure of the Claimant to submit the information necessary to decide the claim, the notice of extension shall specifically describe the required information, and the Claimant shall be afforded at least 45 days from receipt of the notice within which to provide the specified information and the period for making the benefit determination shall be tolled from the date on which the notice of extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information, or the deadline to submit the additional information, if earlier.

2. Notice of Denial

If the claim is denied in whole or in part, the Claimant will receive a written notice that includes:

- a. The specific reason or reasons for the denial;

- b. Reference to the specific Plan provision(s) on which the denial is based;
- c. A description of any additional material or information needed from the Claimant in connection with the claim and the reason such material or information is needed;
- d. An explanation of the claims review procedures and the applicable time limits, including a statement concerning the Claimant's right to bring a civil action following an adverse determination on review;
- e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
- f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request);
- g. Any other information required by law.

3. Right to Request Review: Internal Appeal

The Claimant must make a written request for review to the Plan Administrator within 180 days of the initial denial of the claim. If a written request for review is not made within such 180- day period, the Claimant shall forfeit his or her right to review. The Claimant's written request for review may (but is not required to) include issues, comments, documents, and other records the Claimant wants considered in the review. All the information the Claimant submits will be taken into account on review, even if it was not reviewed as part of the initial decision. The appeal will be conducted by a person different from the person who made the initial decision. No deference will be given to the initial decision. The Claimant may ask to examine or receive free copies of Plan documents, records, and other information relevant to the claim by asking the Plan Administrator.

The Claimant will be given the identity of medical or vocational experts if requested, whose advice was obtained by the Plan in connection with the Claimant's initial claim denial, if any, even if their advice was not relied upon in making the initial decision. Where an adverse determination is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug or other item is experimental, investigational, or not medically necessary or appropriate, the Plan will consult with a health care professional who has experience in the field of medicine involved in the medical judgment to decide the Claimant's appeal. The Plan Administrator reserves the right to delegate its authority to make decisions.

4. Decision Upon Review: Internal Appeal

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 60 days after receipt by the Plan of the Claimant's request for review of adverse determination.

5. Notice of Denial of Internal Appeal

If the decision on the appeal is denied, the Claimant will receive a written notice that includes:

- a. The specific reason or reasons for the denial;
- b. Reference to the specific Plan provisions on which the denial is based;

- c. A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits;
  - d. A statement explaining any voluntary appeal procedures offered by the Plan and the Claimant's right to bring a civil action;
  - e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
  - f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request);
  - g. Any other information required by law.
6. External Appeal Process

Where required by law, a Claimant may be able to file an external appeal with an independent review organization. The independent review organization may overturn the Plan's decision, and the independent review organization's decision will be binding on the Plan. A Claimant must file a claim for external review within four (4) months of the date the Claimant receives the internal appeal denial notice. Filing a request for external review will not affect a Claimant's ability to bring a legal claim in court. When a Claimant files a request for external review, the Claimant will be required to authorize release of any medical records that may be required to be reviewed for the purpose of reaching a decision on the external review. Additional information on the external review process, where applicable, will be included in the internal appeal determination notice, or the Claimant may contact the Plan Administrator to request such additional information.

**IN WITNESS WHEREOF**, this Plan has been executed this \_\_\_\_ day of \_\_\_\_\_, 20 19 , by **MidAmerica Administrative & Retirement Solutions, Inc.**

**MIDAMERICA ADMINISTRATIVE &  
RETIREMENT SOLUTIONS, INC.**

By: \_\_\_\_\_

Its: SVP of Business Development

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

# Health Reimbursement Arrangement Section 115 Employee Benefit Trust

## ADOPTION AGREEMENT

for

### Citrus Heights Water District

This Adoption Agreement is executed on this, the \_\_\_\_\_ **day of** \_\_\_\_\_, 20\_\_\_\_, by and between Citrus Heights Water District, the Grantor, and Citrus Heights Water District as the Trustee, and sets forth the designations required by the Trust.

1. Trust Administrator: **MidAmerica Administrative and Retirement Solutions, Inc.** is hereby designated as the Trust Administrator.
2. Custodian: **American United Life** is hereby designated as Custodian of the Trust assets.

**By:**

Grantor & Trustee\*: Citrus Heights Water District

[\* The Trustee may be a governmental employer if permitted under applicable local authority. This Adoption Agreement should be executed below by a duly authorized representative on behalf of the governmental employer. The employer representative is not the trustee and is merely signing for the employer, the trustee.]

**Signature:** \_\_\_\_\_  
 Print Name: Hilary Straus  
 Title: General Manager  
**Date:** \_\_\_\_\_

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

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Health Reimbursement Arrangement Trust  
**for**  
Citrus Heights Water District

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**EMPLOYEE BENEFIT TRUST**

THIS TRUST AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between  
Citrus Heights Water District (the “Employer”) and Citrus Heights Water District,  
as Trustee (“Trustee”).

W I T N E S S E T H:

**WHEREAS**, the Employer has adopted Benefit Plans and Programs for Employees and Former Employees of the Employer, and

**WHEREAS**, the Employer desires to establish a Trust to secure and hold funds that will be contributed by the Employer and held for the benefit of the employees and their eligible dependents under and in accordance with the Employer’s Employee Benefit Plans and Programs, and

**WHEREAS**, the Employer desires the Trustee to hold and administer the Trust, and the Trustee is willing to hold and administer such Trust, pursuant to the terms of this Agreement, and

**WHEREAS**, the Employer, by action of its duly authorized officer or governing body, has designated the Trustees to serve as the trustees for the Trust,

**NOW THEREFORE**, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. **NAME AND PURPOSE.** The name of this Trust, and the Trust Account established pursuant to this Trust, shall be the Citrus Heights Water District Employee Benefit Trust Account. The exclusive purpose of this Trust is to provide a source of funds for the Employer's employee welfare benefit obligations.
2. **COMPLIANCE WITH LAWS.** This Trust is to be interpreted in accordance with the laws of the State in which the Employer is located.
3. **ACCEPTANCE.** The Trustee accepts the Trust and agrees to perform the obligations imposed on it by the terms and conditions set forth in this Trust document.
4. **RECEIPT OF CONTRIBUTIONS.** The Trustee is accountable to the Employer for the funds contributed to it by the Employer. The Trustee is not obliged to collect any contributions from the Employer.
5. **BENEFICIARIES.** The Trust assets, including any earnings accruing on them, shall be held solely for the purpose of providing funding for payment of the Employer’s employee welfare benefit obligations and for payment of Trust expenses as provided for herein. It shall be impossible at any time for any part of the Trust to be used for or diverted to purposes other than to provide the benefits identified and contemplated under the Plans referenced herein for the exclusive benefit of covered employees and their dependents. No portion of the principal or income of this Trust shall revert to the Employer.

6. INVESTMENT POWERS. Subject to applicable State law and its fiduciary responsibility, the Trustee has full discretion and authority with regard to the investment of the Trust assets, except with respect to an asset under the control or direction of a properly appointed investment manager, or with respect to an asset subject to Employer direction of investment.
7. ADMINISTRATION. The administration of the Trust shall be provided by the Trust Administrator designated by the Employer in the Adoption Agreement for this Trust. By its agreement to serve as Trustee, the Trustee accepts the Employer's designation of the Trust Administrator. The Employer may designate another Trust Administrator at any time, with proper notice to the Trustee and subject to the Trustee's approval. The Trust Administrator shall be responsible for all administrative aspects of the Trust, including the filing of all reports and tax returns, if any, required of the Trust.
8. CUSTODIAN. The Employer shall appoint a Custodian of the Trust Assets. The Custodian shall be designated and appointed in the Adoption Agreement. The Custodian shall invest the Trust assets as directed by the Trustee. The Custodian shall not have any discretion as to the investment of the Trust assets and shall at all times follow the direction and instruction of the Trustee. So long as the Custodian invests the Trust assets pursuant to the instructions of the Trustee, the Custodian shall not have any liability for following the Trustee's instructions.
9. RECORDS AND STATEMENTS. The records of the Trustee, Custodian, and Trust Administrator, pertaining to the Trust, must be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing.
10. FEES AND EXPENSES FROM FUND. The Trustee and Trust Administrator may receive reasonable annual compensation as may be agreed upon from time to time between the Employer and the Trustee and the Trust Administrator. The Trustee will pay, from the Trust Fund, all fees and expenses reasonably incurred by the Trust to the extent such fees and expenses are for the ordinary and necessary administration and operation of the Trust unless the Employer pays such fees and expenses directly. The above notwithstanding, the Trustee shall not be entitled to compensation if the Trustee is also the Employer.
11. PARTIES TO LITIGATION. Any final judgment entered in any court proceeding involving the Trust will be binding on the Employer, Trustee, Trust Administrator, and the Custodian.
12. PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust Fund reasonable compensation to, agents, attorneys, accountants and other persons, to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant, or other person selected by it, any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.
13. DISTRIBUTION OF CASH OR PROPERTY. The Trustee may make distributions from the Trust in cash or property, or partly in each, at its fair market value as determined by the Trustee. No distributions shall be made from this Trust other than for the payment of benefits identified under the Plans, except that payments of reasonable expenses for the administration of the Trust shall be permitted in accordance with paragraph 10 above.
14. DISTRIBUTION DIRECTIONS. If no one claims a payment or distribution made from the Trust, the Trustee shall return the payment to the corpus of the Trust.



15. THIRD PARTY / MULTIPLE TRUSTEES. No person dealing with the Trustee is obligated to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to the terms of this Trust. Each person dealing with the Trustee may act upon any notice, request, or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and is not liable to any person in so acting. If two persons act as Trustee and reach a deadlock, the Grantor shall appoint a third person as temporary Trustee to cast a vote in order to break the deadlock. A decision of the majority of the Trustees shall control with respect to any decision regarding the administration or investment of the Trust Fund or of any portion of the Trust Fund with respect to which such persons act as Trustees. However, the signature of only one Trustee is necessary to effect any transaction on behalf of the Trust.
16. RESIGNATION. The Trustee may resign its position at any time by giving 30 days written notice in advance to the Employer. If the Employer fails to appoint a successor Trustee within 60 days of its receipt of the Trustee's written notice of resignation, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed its acceptance of appointment with the former Trustee.
17. REMOVAL. The Employer, by giving 30 days' written notice in advance to the Trustee, may remove any Trustee. In the event of the resignation or removal of a sole Trustee, the Employer must appoint a successor Trustee if it intends to continue the Trust. If multiple persons hold the position of Trustee and one or more, but less than all, are removed as Trustee, in the event of the removal of one such person, the remaining person or persons shall act as Trustee.
18. INTERIM DUTIES AND SUCCESSOR TRUSTEE. Each successor Trustee succeeds to the title to the Trust vested in his predecessor by accepting in writing his appointment as successor Trustee and by filing the acceptance with the former Trustee and the Employer without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, must execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee has and enjoys all of the powers, discretionary and ministerial, conferred under this Agreement upon his predecessor. A successor Trustee is not personally liable for any act or failure to act of any predecessor Trustee, except as required under applicable law. With the approval of the Employer, a successor Trustee, with respect to the Plan, may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.
19. VALUATION OF TRUST. The Trustee must value the Trust Fund as of each Accounting Date to determine the fair market value of the Trust. The Trustee also must value the Trust Fund on such other valuation dates as directed in writing by the Employer. Accounting Date shall mean the last day of the Employer's fiscal year.
20. RECORDS AND REPORTS. The Trustee and the Trust Administrator shall create and maintain records that are appropriate to the administration of the Trust.
21. TERMINATION OF TRUST. This Trust shall terminate when all Trust funds have been expended for the fulfillment of the Employer's welfare benefit obligations to its employees, and the Employer notifies the Trustee and all other interested parties that the Employer will not be providing any additional funds to the Trust.
22. IRREVOCABLE. This Trust is irrevocable by the Employer.

23. SUCCESSORS and ASSIGNS. This Trust Agreement and the rights and duties hereunder shall not be assignable by either of the parties hereto. The assets held under this Trust shall not be subject to the rights of the creditors of the Employer, the Trustees, or the Custodian, and shall be exempt from execution, attachment, prior assignment, or any other judicial relief or order for the benefit of creditors or other third persons.
24. AMENDMENTS. This Trust Agreement may be amended from time to time by an instrument in writing executed by duly authorized officers of the Employer and Trustee.
25. NO THIRD PARTY BENEFIT. This Agreement is intended for the exclusive benefit of the parties to this Agreement and nothing contained in this Agreement shall be construed as creating any rights or benefits in or to any other party.
26. INCORPORATION OF ADOPTION AGREEMENT. The Trust Adoption Agreement, any Appendix thereto, and any future modifications, are incorporated in this Trust Document and made a part thereof as though specifically set forth herein.
27. EMPLOYER REPRESENTATION. The Employer represents and warrants that:
- (A) it is a State or political subdivision of a State or agency or instrumentality of the foregoing within the meaning of Code Section 414(d);
  - (B) it has authority under State law to enter into, maintain, and establish this Trust and the Plan(s).
  - (C) the funding of the Trust is from employer contributions or contributions of employees of the Employer;
  - (D) the Trust is exempt from taxes under Code Section 115; and
  - (E) the Trust and Plan is a governmental plan as defined in Code Section 414(d), established for the exclusive benefit of the employees of the Employer.

**IN WITNESS WHEREOF**, the parties hereto have caused this Trust Agreement to be SIGNED, SEALED, and DELIVERED on \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**By:**

Employer Name: Citrus Heights Water District  
**Signature:** \_\_\_\_\_  
Print Name: Hilary Straus  
Title: General Manager  
**Date:** \_\_\_\_\_

**and**

Trustee: Citrus Heights Water District  
**Signature:** \_\_\_\_\_  
Print Name: Hilary Straus  
Title: General Manager  
**Date:** \_\_\_\_\_

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

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# Health Reimbursement Arrangement for Active Employees Service Agreement for

## Citrus Heights Water District

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The undersigned Employer, Citrus Heights Water District, hereby appoints MidAmerica Administrative & Retirement Solutions, Inc. (“MidAmerica”) to provide administrative services on behalf of Citrus Heights Water District Health Reimbursement (the “Plan”), including processing Participant claims for eligible health care expense reimbursements. The Employer shall provide to MidAmerica any and all information which is necessary in order for MidAmerica to fulfill its obligations hereunder. Administrative Services are described in Appendix A.

MidAmerica shall at all times adhere to the terms and conditions of the Employer's Health Reimbursement Arrangement.

This Service Agreement may be cancelled by the Employer at any time upon written notice to MidAmerica. In the event of such termination, MidAmerica shall complete claims that are in process, but shall otherwise follow the instructions of the Employer with respect to the transition of claims processing.

**Hold Harmless Agreement and Indemnity.** MidAmerica and the Employer agree that they will each be responsible for the prompt and complete performance of the services each has agreed to provide under this Agreement, as set forth above. In addition to these undertakings, the parties assume the following responsibilities:

(a) **Hold Harmless Agreement of MidAmerica:** MidAmerica shall indemnify and hold harmless the Employer, any member of the governing board, and Employees from every claim, demand or suit which may arise out of, be connected with, or be made due to the negligence of MidAmerica or failure of MidAmerica to meet the requirements of this Agreement. However, this indemnification shall not cover any claim, demand, or suit based on erroneous information provided by the Employer or Employees or their willful misconduct or negligence. MidAmerica's liability hereunder shall be limited to actual damages and out-of-pocket legal fees and expenses only.

(b) **Other Providers:** If the services provided by MidAmerica under this Agreement were previously provided by the Employer or a third party, the Employer agrees that MidAmerica shall not be responsible for any failure of the prior Plan document or administrative services to comply with the requirements for employer-provided medical reimbursement Plan under Code Sections 105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, other applicable law, or the prior Plan. This does not exempt or diminish MidAmerica's responsibility as the active administrator and other responsibilities as described herein and required under IRS regulations. MidAmerica is also not responsible for the accuracy and completeness of participant and payroll data provided by the Employer or any third party provider. Employer agrees that MidAmerica and its affiliates and employees will be indemnified by any responsible third parties from any claim asserted against any of them for any of these reasons, and will further be indemnified from any cost and expense they incur, including reasonable attorney's fees, due to the assertion of such a claim, or by the Employer if not adequately indemnified by third parties. Nothing herein will prevent the assertion of any claim directly against any third party by MidAmerica or the Employer.

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**Fees, Payment, Other Revenue.** MidAmerica will charge fees for its services in accordance with the Fee Schedule on the Adoption Agreement and will bill these fees to the Employer or to the Participants as provided in the Fee Schedule, or as specifically instructed by the Employer in writing. If the Employer agrees to pay the fees, but either (a) does not do so within 60 days from the date of the Fee Invoice, or (b) the Employer instructs MidAmerica to pay the fees from Plan contributions and MidAmerica accepts such instructions, the fees will be paid out of contributions and, if necessary, allocated to Participant accounts.

If fees are Employer paid, such fees shall be invoiced to Employer on a quarterly basis by MidAmerica following the end of the quarter.

The Fee Schedule shall remain in effect in the amounts described in Fee Schedule for a term of three (3) Plan years in which MidAmerica is providing administrative services. Thereafter, any changes to the fee agreement will be supplied to the Employer 60 days prior to the effective date of the changes.

**Notices and Communications.**

(a) **Notices.** All notices provided for herein shall be sent by confirmed facsimile, or guaranteed overnight mail with tracing capability or by first class United States mail, with postage prepaid, addressed to the other party at its respective addresses set forth below or such other addresses as either party may designate in writing to the other from time to time for such purposes. All notices provided for herein shall be deemed given or made when received.

(b) **Addresses.** The MidAmerica address for notices as described above is MidAmerica Administrative & Retirement Solutions, Inc., 402 South Kentucky Avenue, Suite 500, Lakeland, FL 33801. The Plan/Employer address for notices as described above is \_\_\_\_\_

(c) **Communications.** The Employer agrees that MidAmerica may communicate confidential, protected, privileged or otherwise sensitive information to the Employer through a named contact designated by the Employer (“Named Contact”) and specifically agrees to indemnify MidAmerica and hold it harmless; (i) for any such communication directed to the Employer through the Named Contact attempted via fax, mail, telephone, e-mail or any other media, acknowledging the possibility that such communication may be inadvertently misrouted or intercepted; and (ii) from any claim for the improper use or disclosure of any health information by MidAmerica where such information is used or disclosed in a manner consistent with its duties and responsibilities hereunder.

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**Assignment.** Some or all of the rights and duties of MidAmerica hereunder may be assigned to an affiliate of MidAmerica, or to any successor through merger, reorganization, or sale of assets. Some or all of the duties of MidAmerica may also be performed by others under subcontract to MidAmerica, without the release of MidAmerica for responsibility for such services. MidAmerica may, by letter or other writing, agree to extend this Agreement to any other Plan of the Employer or Plans sponsored by affiliates of the Employer. Otherwise, no party may assign this Agreement nor any rights or duties hereunder without written consent from the other party.

**Confidentiality.** Except as noted herein, MidAmerica will not disclose to any third party any of Employer's information that is of a confidential nature, including employee-specific information. MidAmerica agrees to the HIPAA Business Associate Addendum for any program subject to HIPAA. MidAmerica agrees to amend this Agreement as is necessary from time to time to comply with the requirements of the privacy rules under HIPAA or other legislation.

**Standard of Care; Erroneous Payments.** MidAmerica shall use reasonable care and due diligence in the exercise of its powers and the performance of its duties under this Agreement. If MidAmerica makes any payment under this Agreement to an ineligible person, or if more than the correct amount is paid, MidAmerica shall make a diligent effort to recover any payment made to or on behalf of an ineligible person or any overpayment. However, MidAmerica will not be liable for such payment, unless MidAmerica would otherwise be liable under another provision of this Agreement.

**Compliance; non-waiver.** Failure by the Employer or MidAmerica to insist upon strict performance of any provision of this Agreement will not modify such provision, render it unenforceable, or waive any subsequent breach. No waiver or modification of any of the terms or provisions of this Agreement shall be valid unless in each instance the waiver or modification is accomplished pursuant to the amendment provisions of Assignment Section.

**Compliance with the law.** The Employer is responsible for the Plan's compliance with all applicable federal and state laws and regulations. The Employer acknowledges that MidAmerica is not providing tax or legal advice and that the Employer shall be solely responsible for determining the legal and tax status of the Plan.

**Severability.** If any term of this Agreement is declared invalid by a court, the same will not affect the validity of any other provision, provided that the basic purposes of this Agreement are achieved through the remaining valid provisions.

**Mandatory Arbitration.** Any controversy or claim arising out of or relating to this Agreement may be properly submitted to binding arbitration in accordance with the rules of the American Arbitration Association. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction. The cost and expenses of arbitration, including the fees of the arbitrators, shall be borne by the losing party or in such proportions as the arbitrators may determine. The successful party shall recover as expenses all reasonable attorney's fees incurred in connection with the arbitration proceeding or any appeals therefrom.

**Entire Agreement; Governing Law.** This Agreement (including the Appendix) is the full Agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and representations between the parties. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by both parties. This Agreement shall be construed, enforced, and governed by the laws of the State of Florida.

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By the signature of its authorized agent below, MidAmerica Administrative & Retirement Solutions, Inc. hereby agrees to provide all administrative services called for under the herein referenced Plan for the Employer and charge only those fees permitted under the Plan.

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

**Date:** \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions, Inc.**

Signature: \_\_\_\_\_

Print Name: Trenton Teesdale, CEBS

Title: SVP of Business Development

Date: \_\_\_\_\_

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# Addendum to the Health Reimbursement Arrangement for Active Employees Service Agreement for Citrus Heights Water District

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WHEREAS, Citrus Heights Water District (the “Employer”) has established and adopted the MidAmerica Administrative & Retirement Solutions, Health Reimbursement Arrangement (the “Plan”) for the benefit of its eligible employees and their dependents;

WHEREAS, the section of the Service Agreement entitled “Entire Agreement; Governing Law” reserves the right of the Employer to amend at any time any or all of the provisions of the Service Agreement; and

WHEREAS, the Employer wishes to amend the Service Agreement;

NOW, THEREFORE, BE IT RESOLVED that the Service Agreement is amended effective as of February 1, 2019, as follows:

- (1) Following the third paragraph of the Service Agreement, the Service Agreement shall be amended to include the following:

**Definitions:**

- a) “Agreement” means this Administrative Service Agreement, including all Exhibits hereto.
- b) “Card Transaction” means a transaction by a Participant making use of the debit card issued by Alegeus Technologies.
- c) “Debit Card Claims” means the claims received through payment with a debit card issued by Alegeus Technologies.
- d) “Employer” has the meaning given in the Recitals.
- e) “Alegeus Technologies” refers to the Payment Card provider.
- f) “Alegeus Technologies Debit Card” means the Payment Card to be issued by Alegeus Technologies and used by Participants in the Plan.
- g) “Payment Card” means a debit card or a stored-value card.



h) “Plan” means the Health Reimbursement Arrangement.

2) Following the section of the Service Agreement entitled “Definitions” the Service Agreement shall be amended to include the following:

**Information to MidAmerica.** The Employer shall furnish the information requested by MidAmerica as determined necessary by MidAmerica for it to perform its functions hereunder, including information concerning the Plan and the eligibility of individuals to participate in and receive Plan benefits (“Contribution Billing Reports”). Such information shall be provided to MidAmerica at the time and in the manner agreed to by the Employer and MidAmerica. MidAmerica shall have no responsibility with regard to benefits paid in error due to the Employer’s failure to timely provide or update such information. MidAmerica shall be entitled to rely on the completeness and accuracy of all information provided by the Employer, its delegates or employees.

The Employer shall be responsible for providing Contribution Billing Reports to MidAmerica. The Contribution Billing Reports by the Employer shall specify the effective date for each Participant who is added to or terminated from participation in the Plan. The Employer shall be responsible for ensuring the accuracy of its Contribution Billing Reports and shall bear the burden of proof in any dispute relating to the accuracy of its Contribution Billing Reports. MidAmerica shall have no liability, to the Employer and to any Participant, as a consequence of an inaccurate Contribution Billing Report. MidAmerica shall not have any obligation to credit the Employer for any claims expenses or administrative fees incurred or paid to MidAmerica as a consequence of the Employer failing to review Contribution Billing Reports for accuracy. MidAmerica shall be entitled to assume that all information provided by the Employer is complete and accurate and is under no duty to question the completeness or accuracy of such information.

3) Following the section of the Service Agreement entitled “Information to MidAmerica” the Service Agreement shall be amended to include the following:

**Liability for Payment of Card Claims.** The Employer is responsible for all ineligible and unauthorized transactions paid with debit cards issued by Alegeus Technologies. In no event will Alegeus Technologies or MidAmerica be liable for any such transactions. In the event a debit card issued by Alegeus Technologies is used for an ineligible expense, the Employer will credit the Account and use its best efforts to recover the funds from the Participant. The Employer will bear the loss of any uncollectible amounts from Participants. In the event that the Employer requests certain restricted merchant category codes be made available for use by Participants, the Employer will assume liability for any and all losses incurred either fraudulently or inadvertently by the Participant; in addition to all fees associated with incurred losses.

4) Following the section of the Service Agreement entitled “Liability for Payment of Card Claims” the Service Agreement shall be amended to include the following:

**Claims Appeals.** The Employer shall make final determination regarding any claim for benefits on coverage that is appealed, including (a) any question of eligibility or entitlement of the claimant for coverage under the Plan, (b) any question with respect to the amount due; or (c) any other appeal.

5) Following the section of the Service Agreement entitled "Claims Appeals" the Service Agreement shall be amended to include the following:

**Funding and Payment of Payment Card Claims.** Alegeus Technologies will monitor all debit card transactions and provide MidAmerica with daily reports of debit card claim transactions.

6) Following the section of the Service Agreement entitled "Funding and Payment of Payment Card Claims" the Service Agreement shall be amended to include the following:

**Employer's Failure to Maintain Sufficient Funds for Benefit Payments.** In the case that the participating Employer does not forward the monthly contribution amounts to MidAmerica in a timely manner, MidAmerica reserves the right to delay the payments of claims until monies are received. Employer is responsible for any and all third party costs incurred by Alegeus Technologies as a result of not consistently maintaining the funding of the plan.

7) The section of the Service Agreement entitled "Fees, Payment, Other Revenue" shall be amended to include the following:

In addition to the monthly Administrative Fee, MidAmerica will charge a fee of \$1.00 per Participant per month for its services in providing the debit cards issued by Alegeus Technologies, and such fee shall be billed quarterly to the Employer. If the Employer agrees to pay the fees, but either (a) does not do so within 60 days from the date of the Fee Invoice, or (b) the Employer instructs MidAmerica to pay the fees from Plan contributions and MidAmerica accepts such instructions, the fees will be paid out of contributions and, if necessary, allocated to Participant accounts.

8) Preceding the section of the Service Agreement entitled "Definitions" the Service Agreement shall be amended to include the following:

Termination of this Agreement shall not terminate the rights or obligations of either party arising out of a period prior to such termination. The indemnity confidentiality and privacy provisions of this Agreement shall survive its termination.

Name of Client: Citrus Heights Water District

Signature: \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

Date: \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions**

Signature: \_\_\_\_\_

Print Name: Trent Teesdale, CEBS

Title: Senior Vice President of Business Development

Date: \_\_\_\_\_

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# Health Reimbursement Arrangement for Retirees

## Service Agreement

### for

# Citrus Heights Water District

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The undersigned Employer, Citrus Heights Water District, hereby appoints MidAmerica Administrative & Retirement Solutions, Inc. (“MidAmerica”) to provide administrative services on behalf of Citrus Heights Water District Health Reimbursement Plan (the “Plan”), including processing Participant claims for eligible health care expense reimbursements. The Employer shall provide to MidAmerica any and all information which is necessary in order for MidAmerica to fulfill its obligations hereunder. Administrative Services are described in Appendix A.

MidAmerica shall at all times adhere to the terms and conditions of the Employer's Health Reimbursement Arrangement.

This Service Agreement may be cancelled by the Employer at any time upon written notice to MidAmerica. In the event of such termination, MidAmerica shall complete claims that are in process, but shall otherwise follow the instructions of the Employer with respect to the transition of claims processing.

**Hold Harmless Agreement and Indemnity.** MidAmerica and the Employer agree that they will each be responsible for the prompt and complete performance of the services each has agreed to provide under this Agreement, as set forth above. In addition to these undertakings, the parties assume the following responsibilities:

(a) Hold Harmless Agreement of MidAmerica: MidAmerica shall indemnify and hold harmless the Employer, any member of the governing board, and Employees from every claim, demand or suit which may arise out of, be connected with, or be made due to the negligence of MidAmerica or failure of MidAmerica to meet the requirements of this Agreement. However, this indemnification shall not cover any claim, demand, or suit based on erroneous information provided by the Employer or Employees or their willful misconduct or negligence. MidAmerica's liability hereunder shall be limited to actual damages and out-of-pocket legal fees and expenses only.

(b) Other Providers: If the services provided by MidAmerica under this Agreement were previously provided by the Employer or a third party, the Employer agrees that MidAmerica shall not be responsible for any failure of the prior Plan document or administrative services to comply with the requirements for employer-provided medical reimbursement Plan under Code Sections 105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, other applicable law, or the prior Plan. This does not exempt or diminish MidAmerica's responsibility as the active administrator and other responsibilities as described herein and required under IRS regulations. MidAmerica is also not responsible for the accuracy and completeness of participant and payroll data provided by the Employer or any third party provider. Employer agrees that MidAmerica and its affiliates and employees will be indemnified by any responsible third parties from any claim asserted against any of them for any of these reasons, and will further be indemnified from any cost and expense they incur, including reasonable attorney's fees, due to the assertion of such a claim, or by the Employer if not adequately indemnified by third parties. Nothing herein will prevent the assertion of any claim directly against any third party by MidAmerica or the Employer.

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**Fees, Payment, Other Revenue.** MidAmerica will charge fees for its services in accordance with the Fee Schedule on the Adoption Agreement and will bill these fees to the Employer or to the Participants as provided in the Fee Schedule, or as specifically instructed by the Employer in writing. If the Employer agrees to pay the fees, but either (a) does not do so within 60 days from the date of the Fee Invoice, or (b) the Employer instructs MidAmerica to pay the fees from Plan contributions and MidAmerica accepts such instructions, the fees will be paid out of contributions and, if necessary, allocated to Participant accounts.

If fees are Employer paid, such fees shall be invoiced to Employer on a quarterly basis by MidAmerica following the end of the quarter.

The Fee Schedule shall remain in effect in the amounts described in Fee Schedule for a term of three (3) Plan years in which MidAmerica is providing administrative services. Thereafter, any changes to the fee agreement will be supplied to the Employer 60 days prior to the effective date of the changes.

**Notices and Communications.**

(a) **Notices.** All notices provided for herein shall be sent by confirmed facsimile, or guaranteed overnight mail with tracing capability or by first class United States mail, with postage prepaid, addressed to the other party at its respective address set forth below or such other addresses as either party may designate in writing to the other from time to time for such purposes. All notices provided for herein shall be deemed given or made when received.

(b) **Addresses.** The MidAmerica address for notices as described above is MidAmerica Administrative & Retirement Solutions, Inc., 402 South Kentucky Avenue, Suite 500, Lakeland, FL 33801. The Plan/Employer address for notices as described above is \_\_\_\_\_

(c) **Communications.** The Employer agrees that MidAmerica may communicate confidential, protected, privileged or otherwise sensitive information to the Employer through a named contact designated by the Employer (“Named Contact”) and specifically agrees to indemnify MidAmerica and hold it harmless; (i) for any such communication directed to the Employer through the Named Contact attempted via fax, mail, telephone, e-mail or any other media, acknowledging the possibility that such communication may be inadvertently misrouted or intercepted; and (ii) from any claim for the improper use or disclosure of any health information by MidAmerica where such information is used or disclosed in a manner consistent with its duties and responsibilities hereunder.

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**Assignment.** Some or all of the rights and duties of MidAmerica hereunder may be assigned to an affiliate of MidAmerica, or to any successor through merger, reorganization, or sale of assets. Some or all of the duties of MidAmerica may also be performed by others under subcontract to MidAmerica, without the release of MidAmerica for responsibility for such services. MidAmerica may, by letter or other writing, agree to extend this Agreement to any other Plan of the Employer or Plans sponsored by affiliates of the Employer. Otherwise, no party may assign this Agreement nor any rights or duties hereunder without written consent from the other party.

**Confidentiality.** Except as noted herein, MidAmerica will not disclose to any third party any of Employer's information that is of a confidential nature, including employee-specific information. MidAmerica agrees to the HIPAA Business Associate Addendum for any program subject to HIPAA. MidAmerica agrees to amend this Agreement as is necessary from time to time to comply with the requirements of the privacy rules under HIPAA or other legislation.

**Standard of Care; Erroneous Payments.** MidAmerica shall use reasonable care and due diligence in the exercise of its powers and the performance of its duties under this Agreement. If MidAmerica makes any payment under this Agreement to an ineligible person, or if more than the correct amount is paid, MidAmerica shall make a diligent effort to recover any payment made to or on behalf of an ineligible person or any overpayment. However, MidAmerica will not be liable for such payment, unless MidAmerica would otherwise be liable under another provision of this Agreement.

**Compliance; non-waiver.** Failure by the Employer or MidAmerica to insist upon strict performance of any provision of this Agreement will not modify such provision, render it unenforceable, or waive any subsequent breach. No waiver or modification of any of the terms or provisions of this Agreement shall be valid unless in each instance the waiver or modification is accomplished pursuant to the amendment provisions of Assignment Section.

**Compliance with the law.** The Employer is responsible for the Plan's compliance with all applicable federal and state laws and regulations. The Employer acknowledges that MidAmerica is not providing tax or legal advice and that the Employer shall be solely responsible for determining the legal and tax status of the Plan.

**Severability.** If any term of this Agreement is declared invalid by a court, the same will not affect the validity of any other provision, provided that the basic purposes of this Agreement are achieved through the remaining valid provisions.

**Mandatory Arbitration.** Any controversy or claim arising out of or relating to this Agreement may be properly submitted to binding arbitration in accordance with the rules of the American Arbitration Association. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction. The cost and expenses of arbitration, including the fees of the arbitrators, shall be borne by the losing party or in such proportions as the arbitrators may determine. The successful party shall recover as expenses all reasonable attorney's fees incurred in connection with the arbitration proceeding or any appeals therefrom.

**Entire Agreement; Governing Law.** This Agreement (including the Appendix) is the full Agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and representations between the parties. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by both parties. This Agreement shall be construed, enforced, and governed by the laws of the State of Florida.

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By the signature of its authorized agent below, MidAmerica Administrative & Retirement Solutions, Inc. hereby agrees to provide all administrative services called for under the herein referenced Plan for the Employer and charge only those fees permitted under the Plan.

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

**Date:** \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions, Inc.**

Signature: \_\_\_\_\_

Print Name: Trent Teesdale, CEBS

Title: Sr. Vice President of Business Development

Date: \_\_\_\_\_

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# Addendum to the Health Reimbursement Arrangement for Retirees Service Agreement for Citrus Heights Water District

WHEREAS, \_\_\_\_\_ Citrus Heights Water District \_\_\_\_\_ (the “Employer”) has established and adopted the MidAmerica Administrative & Retirement Solutions, Health Reimbursement Arrangement (the “Plan”) for the benefit of its eligible employees and their dependents;

WHEREAS, the section of the Service Agreement entitled “Entire Agreement; Governing Law” reserves the right of the Employer to amend at any time any or all of the provisions of the Service Agreement; and

WHEREAS, the Employer wishes to amend the Service Agreement;

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- d) “Employer” has the meaning given in the Recitals.
- e) “Alegeus Technologies” refers to the Payment Card provider.
- f) “Alegeus Technologies Debit Card” means the Payment Card to be issued by Alegeus Technologies and used by Participants in the Plan.
- g) “Payment Card” means a debit card or a stored-value card.
- h) “Plan” means the Health Reimbursement Arrangement.



2) Following the section of the Service Agreement entitled “Definitions” the Service Agreement shall be amended to include the following:

**Information to MidAmerica.** The Employer shall furnish the information requested by MidAmerica as determined necessary by MidAmerica for it to perform its functions hereunder, including information concerning the Plan and the eligibility of individuals to participate in and receive Plan benefits (“Contribution Billing Reports”). Such information shall be provided to MidAmerica at the time and in the manner agreed to by the Employer and MidAmerica. MidAmerica shall have no responsibility with regard to benefits paid in error due to the Employer’s failure to timely provide or update such information. MidAmerica shall be entitled to rely on the completeness and accuracy of all information provided by the Employer, its delegates or employees.

The Employer shall be responsible for providing Contribution Billing Reports to MidAmerica. The Contribution Billing Reports by the Employer shall specify the effective date for each Participant who is added to or terminated from participation in the Plan. The Employer shall be responsible for ensuring the accuracy of its Contribution Billing Reports and shall bear the burden of proof in any dispute relating to the accuracy of its Contribution Billing Reports. MidAmerica shall have no liability, to the Employer and to any Participant, as a consequence of an inaccurate Contribution Billing Report. MidAmerica shall not have any obligation to credit the Employer for any claims expenses or administrative fees incurred or paid to MidAmerica as a consequence of the Employer failing to review Contribution Billing Reports for accuracy. MidAmerica shall be entitled to assume that all information provided by the Employer is complete and accurate and is under no duty to question the completeness or accuracy of such information.

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**Claims Appeals.** The Employer shall make final determination regarding any claim for benefits on coverage that is appealed, including (a) any question of eligibility or entitlement of the claimant for coverage under the Plan, (b) any question with respect to the amount due; or (c) any other appeal.

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In addition to the monthly Administrative Fee, MidAmerica will charge a fee of \$1.00 per Participant per month for its services in providing the debit cards issued by Alegeus Technologies, and such fee shall be billed quarterly to the Employer. If the Employer agrees to pay the fees, but either (a) does not do so within 60 days from the date of the Fee Invoice, or (b) the Employer instructs MidAmerica to pay the fees from Plan contributions and MidAmerica accepts such instructions, the fees will be paid out of contributions and, if necessary, allocated to Participant accounts.

8) Preceding the section of the Service Agreement entitled “Definitions” the Service Agreement shall be amended to include the following:

Termination of this Agreement shall not terminate the rights or obligations of either party arising out of a period prior to such termination. The indemnity confidentiality and privacy provisions of this Agreement shall survive its termination.

Name of Client: Citrus Heights Water District

Signature: \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

Date: \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions**

Signature: \_\_\_\_\_

Print Name: Trent Teesdale, CEBS

Title: Sr. Vice President of Business Development

Date: \_\_\_\_\_

# **ATTACHMENT 5**

Draft Flexible Benefits (125) Plan Adoption Agreement

# Flexible Benefits (125) Plan

## Citrus Heights Water District

### IMPLEMENTATION BOOK



**MidAmerica**

Administrative & Retirement Solutions, Inc.

402 South Kentucky Ave., Suite 500, Lakeland, FL 33801  
863.688.4500 / (FAX) 863.686.9557 / 800.430.7999

[www.midamerica.biz](http://www.midamerica.biz)

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## Information Form

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Please complete this first page and the information provided will appear where applicable throughout the remaining documents. Not every space will be filled in, so please review the documents. If there is a space for you to complete, you may type directly in that area or click on the boxes that pertain to your plan.

Employer Name: Citrus Heights Water District  
Street Address: 6230 Sylvan Rd  
City: Citrus Heights State: CA Zip: 95610  
Employer Phone: 916-725-6873  
Employer Fax: 916-725-0345  
Tax ID Number: 94-6019187  
Effective Date: February 1, 2019  
Plan Year End: 01/31/2020  
Open Enrollment Period: \_\_\_\_\_

### Employer Contact for Plan Document & Compliance Updates:

Contact Name & Title: Hilary Straus General Manager  
Contact Phone Number: 916-735-7711  
Contact Email Address: ccastruita@chwd.org

### Employer Contact for Payroll (Contributions, Data Requirements and Billing)

Contact Name & Title: Christopher Castruita Management Services Supervisor  
Contact Phone Number: 916-735-7711  
Contact Email Address: ccastruita@chwd.org

### Employer Contact for Protected Health Information (HRA & FSA Only)

Contact Name & Title: Madeline Henry Management Services Specialist  
Contact Phone Number: 916-735-7728  
Contact Email Address: mhenry@chwd.org

### Employer Contact for Finance (Required for Debit Cards)

Contact Name & Title: \_\_\_\_\_  
Contact Phone Number: \_\_\_\_\_  
Contact Email Address: \_\_\_\_\_

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*\*Requires employer signature(s)*

## *Overview*

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Flexible Spending Accounts (FSA), oftentimes called Section 125 Cafeteria plans, were formally created by Internal Revenue Code 125 of the Revenue Act of 1978. The Act allowed Employees to set aside money on a pre-tax basis to pay for certain expenses. Expenses eligible for reimbursement include required Employee contributions to an Employer sponsored health care plan, dependent care expenses and any health care expenses not covered by the Employer health care plan. Examples of these expenses include co-payments, deductibles, prescription drug purchases, eyeglasses and dental expenses or any other eligible uncovered medical expenses. Money deposited in FSAs must be used in the year it is deposited or the remaining balance is forfeited, unless a carryover provision is established.

### *Benefits to the Employer*

The Employer obtains the intangible benefits of providing to participants a tax-free method of reimbursement of eligible medical premiums and expenses and dependent care expenses. The Employer also permanently saves the 7.65% FICA taxes (Social Security and Medicare) on all amounts contributed to the FSA.

### *Benefits to the Employee*

The Employee's contributions are made on a pre-tax basis. The Employee receives immediate tax relief in the form of lower FICA payments as the Employee also saves the 7.65% FICA taxes (Social Security and Medicare). The Employee also receives annual income tax relief by reducing their overall taxable income.

### *Administration*

Plan documents and implementation materials are provided. Employer representatives have direct access to our administrative and management personnel.

### *Employee Communications/Account Information*

Employee needs are serviced by a national service center through a toll-free number. Annual statements are provided. Employees also have access to their personal account information over the Internet.

*The Flexible Spending Account Plan is provided by:*



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**Flexible Benefits (125) Plan**  
**(Adopting the MidAmerica Administrative & Retirement Solutions, Inc.**  
**Flexible Benefits (125) Plan Basic Plan Document)**

**ADOPTION AGREEMENT**

**for**

**Citrus Heights Water District**

---

**Employer Address:** 6230 Sylvan Road  
Citrus Heights, CA 95610

**Employer Telephone Number:** 916-725-6873

**Employer Identification Number:** 94-6019187



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the terms of the Basic Plan Document of the MidAmerica Administrative & Retirement Solutions, Inc. Flexible Benefits (125) Plan (hereinafter referred to as “the Plan”) and agrees to abide by the terms of the Plan.

**Effective Date.** The Effective Date of the Plan is February 1, 2019.

**Plan Year.** The Plan Year ends on January 31.

With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

**Contribution Types.** All funds for the Plan shall come exclusively from the Employee and shall be used to purchase the following Benefit Package Options:

- Option A: Group insurance contracts and prepaid health plan contracts for Employer-sponsored health insurance;
- Option B. Health Care Reimbursement Account (HCRA)
- Option C. Dependent Care Reimbursement Account (DCRA)

**Eligible Classes and Participation Dates.** The class or classes of Employees covered by this Plan for the selected Benefit Package Option(s) are designated below, with the applicable waiting period and minimum and maximum dollars amounts following:

- Class of Employee: All Eligible Employees Electing New Health Plan Offering
  - Option A; waiting period: \_\_\_\_\_
  - Option B; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ 0; maximum dollar amount \$ IRS Maximum
  - Option C; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ 0; maximum dollar amount \$ IRS Maximum
  
- Class of Employee: All Eligible Employees Electing Legacy Health Plan Offering
  - Option A; waiting period: \_\_\_\_\_
  - Option B; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ \_\_\_\_\_; maximum dollar amount \$ \_\_\_\_\_
  - Option C; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ 0; maximum dollar amount \$ IRS Maximum
  
- Class of Employee: All Eligible Employees who secure group coverage outside of Citrus Heights Water District
  - Option A; waiting period: \_\_\_\_\_
  - Option B; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ 0; maximum dollar amount \$ IRS Maximum
  - Option C; waiting period: \_\_\_\_\_  
Minimum dollar amount \$ 0; maximum dollar amount \$ IRS Maximum

**Benefit Credits.** The following amount shall be available as a Benefit Credit to each Participant to apply, at the Participant's discretion, towards the cost of one or more of the Benefit Package Options available under the Plan. Note: Benefit Credits, if selected below, are in addition to any Nonelective Contributions made by the Employer on behalf of each Participant.

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**Distribution Eligibility.**

- Immediate (before exhausting HRA contributions.)
- Other \_\_\_\_\_



**Debit or Stored-Value Card.**

- Card to be offered to employees.       Debit card       Stored-value card  
 No card to be offered to the employees.

**Run-Off Times.**

Claims for HCRA reimbursement must be submitted within 90 (ninety) days after the end of the Plan Year.  
Claims for DCRA reimbursement must be submitted within 90 (ninety) days after the end of the Plan Year.

**Participation by Terminated Employees.****Participation by Terminated Employees in HCRA:**

Terminated employees will be allowed 0 (zero) days after termination of employment to continue incurring expenses plus 90 (ninety) days after termination of employment to submit expenses incurred prior to termination of employment.

**Participation by Terminated Employees in DCRA:**

Terminated employees will be allowed 0 (zero) days after termination of employment to continue incurring expenses plus 90 (ninety) days after termination of employment to submit expenses incurred prior to termination of employment.

**Affiliated Employers.** The following employers which are affiliated with the Employer are authorized to adopt the Plan:  

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**Applicable Law.** The Plan shall be governed under the laws of the State of California.

**Designation of Plan Administrator:** The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, LLC.

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20<sup>19</sup>.

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

Date: \_\_\_\_\_

Name of Employer CONTACT (print): Madeline Henry

Title: Management Services Specialist

E-Mail: mhenry@chwd.org

Telephone: 916-735-7728 Ext. \_\_\_\_\_

Fax: 916-725-0345

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

SLK\_TOL #1135315-v5

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Flexible Benefits (125) Plan  
PLAN DOCUMENT  
for  
Citrus Heights Water District

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## **FLEXIBLE BENEFITS PLAN**

### **Adopting MidAmerica Administrative & Retirement Solutions, Inc. Basic Plan Document**

#### **PREAMBLE**

The Employer hereby establishes a Flexible Benefits Plan (the “Plan”) for its Employees for purposes of providing eligible Employees with the opportunity to choose among the fringe benefits available under the Plan. The Plan is intended to qualify as a cafeteria plan under the provisions of Internal Revenue Code Section 125.

The Health Care Reimbursement Account (“HCRA”) is intended to qualify as a Code Section 105 medical expense reimbursement plan, and the Dependent Care Reimbursement Account (“DCRA”) is intended to qualify as a Code Section 129 dependent care assistance plan. Although printed within this one document, the HCRA and DCRA Plans are separate written plans for purposes of administration and all reporting and nondiscrimination requirements imposed by Sections 105 and 129 of the Code, as well as all applicable provisions of ERISA if the Employer is other than a governmental employer.

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**ARTICLE I****Definitions**

- 1.01 **Affiliated Employer** means any entity which, within the context of Code Section 414(b), (c), or (m), or other applicable regulations and IRS Notices, Revenue Procedures and the like will be considered with the Employer as a single employer for purposes of Code Section 125.
- 1.02 **After-tax Contribution(s)** means amounts withheld from an Employee's Compensation pursuant to a Salary Reduction Agreement, after any applicable state and federal taxes have been deducted, for purposes of purchasing one or more of the Benefit Package Options available under the Plan.
- 1.03 **Anniversary Date** means the first day of any Plan Year.
- 1.04 **Benefit Credits** means any amount which the Employer may provide to Participants to apply towards the cost of one or more of the Benefit Package Option(s) elected by the Participant. The amount of Benefit Credits allocated to eligible Participants may be adjusted upward or downward on an annual basis before the beginning of each Plan Year in the contributing Employer's sole discretion. The amount of Benefit Credits, if any, will be calculated each Plan Year in a uniform and nondiscriminatory manner based upon the Participant's dependent status, commencement date of the Participant's employment during the Plan Year and/or such other factors as the Employer shall determine. The Benefit Credits, if any, will be set forth in the Adoption Agreement (and/or the enrollment materials). Benefit Credits will not be disbursed to a Participant in the form of additional Compensation if the total cost of the Benefit Package Option(s) elected by the Participant is less than the Benefit Credits allocable thereto or if the Employee declines coverage under the Benefit Package Option(s).
- 1.05 **Benefit Package Option(s)** means those Qualified Benefits available to a Participant as selected in the Adoption Agreement, as the same may be amended and/or replaced from time to time.
- 1.06 **Board of Directors** means the Board of Directors of a non-governmental Employer. The Board of Directors, upon adoption of this Plan, appoints the Committee to act on the Employer's behalf in all matters regarding the Plan.
- 1.07 **Change in Status** means any of the events described below, as well as any other events included under subsequent changes to Code Section 125 or regulations issued under Code Section 125 which the Plan Administrator (in its sole discretion) chooses to incorporate in the Plan to be applied on a uniform and consistent basis:
- (a) **Legal Marital Status**. A change in a Participant's legal marital status, including marriage, death of a Spouse, divorce, legal separation or annulment;
  - (b) **Change in Number of Tax Dependents (as defined in Section 1.11)**. A change in the Participant's number of tax Dependents, including the birth of a child, the adoption or placement for adoption of a Dependent, or the death of a Dependent;



- (c) **Change in Employment Status.** Any of the following events that change the employment status of the Participant, the Participant's Spouse or the Participant's Dependent: a termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; and a change in worksite. In addition, if the eligibility conditions of the Plan or other employee benefit plan of the employer of the Participant, the Participant's Spouse or the Participant's Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the Plan, then that change constitutes a change in employment hereunder;
- (d) **Dependent Eligibility Requirements.** An event that causes a Participant's Dependent to satisfy (or cease to satisfy) the eligibility requirements for a particular benefit, such as attaining a specified age, getting married or ceasing to be a Student;
- (e) **Change in Residence.** A change in the place of residence of the Participant, the Participant's Spouse or the Participant's Dependent; or
- (f) **Adoption Assistance.** A commencement or termination of adoption proceedings under an adoption assistance program.

**Note: See Section 3.05 for requirements that must be met to permit certain mid-year election changes on account of a Change in Status. In all events, a Participant's revocation of a Plan election during a Plan Year of coverage and new election for the remaining portion of the Plan Year must be consistent with the Change in Status.**

- 1.08 **Code** means the Internal Revenue Code of 1986, as amended.
- 1.09 **Committee** or **Plan Administrator** means the person(s) appointed by the Employer with authority and responsibility to manage and direct the operation and administration of the Plan.
- 1.10 **Compensation** means the cash wages or salary paid to an Employee by the Employer before any reduction under Section 125 or Section 401(k) of the Code.
- 1.11 **Dependent** means any individual who is a tax dependent of the Participant as defined in Code Section 152(a); provided, however, that in the case of a divorced Employee (a) Dependent shall be defined as in Code Section 21(e)(5) (i.e. dependent of the parent with custody) for purposes of the Dependent Care Reimbursement Plan; and (b) for purposes of accident or health coverage, a child shall be considered a Dependent of both parents; provided, however, that for purposes of accident or health coverage, including the Health Care Reimbursement Account, Dependent means (1) any individual who is a tax dependent of the Participant as defined in Code Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, and (2) any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age twenty-seven (27).
- 1.12 **Dependent Care Reimbursement** shall have the meaning assigned to it by Section 5.01(b) of the Plan.

- 1.13 **Earned Income** means all income derived from wages, salaries, tips, self-employment, and other Employee Compensation (such as disability or wage continuation benefits), but does not include (a) any amounts received pursuant to any dependent care assistance program under Code Section 129, (b) any amount received as a pension or annuity, or (c) workers' compensation.
- 1.14 **Effective Date** means the date specified in the Adoption Agreement executed by the Employer.
- 1.15 **Eligible Employment-Related Expenses** means those Qualifying Employment-Related Expenses (as defined in Section 1.30) paid or incurred incident to maintaining or seeking gainful employment after the date of the Employee's participation in the Dependent Care Reimbursement Account and during the Plan Year, other than amounts paid to:
- (a) an individual with respect to whom a Dependent deduction is allowable under Code Section 151(a) to the Participant or his or her Spouse;
  - (b) the Participant's Spouse; or
  - (c) a child of the Participant who is under 19 years of age at the end of the year in which the expenses were incurred.
- 1.16 **Eligible Medical Expenses** means those expenses incurred by the Employee, or the Employee's Spouse or Dependents, after the date of the Employee's participation in the HCRA and during the Plan Year if the expense is for "medical care" as defined in Code Section 213(d), including, but not limited to, prescription and over-the-counter, but shall not include: (a) expenses for qualified long-term care services (as defined in Code Section 7702B(c)), (b) an expense incurred for the payment of premiums under a health insurance plan and (c) an expense that has been or will be reimbursed by any other source. For purposes of this Plan, an expense is "incurred" when the Participant or beneficiary is furnished the medical care or services giving rise to the claimed expense.
- Effective January 1, 2011, **Eligible Medical Expenses** is amended to mean those expenses incurred by the Employee, or the Employee's Spouse or Dependents, after the date of the Employee's participation in the HCRA and during the Plan Year if the expense is for "medical care" as defined in Code Section 213(d), including, but not limited to, prescription drugs and prescribed over-the-counter medicines or, but shall not include: (a) expenses for qualified long-term care services (as defined in Code Section 7702B(c)), (b) an expense incurred for the payment of premiums under a health insurance plan, (c) an expense that has been or will be reimbursed by any other source, and (d) an expense for a medicine or drug incurred on or after January 1, 2011 unless such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin. For purposes of this Plan, an expense is "incurred" when the Participant or beneficiary is furnished the medical care or services giving rise to the claimed expense.
- 1.17 **Employee** means an individual who the Employer classifies as a common-law employee and who is on the Employer's W-2 payroll, but does not include any leased employee (including, but not limited to, those individuals defined in Code Section 414(n)), or an individual classified by the Employer as a contract worker, independent contractor, temporary employee or casual employee, whether or not any such persons are on the

Employer's W-2 payroll, or any individual who performs services for the Employer but who is paid by a temporary or other employment agency such as "Kelly," "Manpower," etc., or any employee covered under a collective bargaining agreement, except as may otherwise be provided for in the collective bargaining agreement.

- 1.18 **Employer** means the Employer adopting this Plan and any Affiliated Employer authorized by the Employer to adopt the Plan and who adopts the Plan, provided, however, that when the Plan provides that "the Employer" has a certain power (e.g., the appointment of a Plan Administrator, entering into a contract with a third-party insurer, or amendment or termination of the Plan), the term shall not include Affiliated Employers adopting the Plan. Affiliated Employers who adopt the Plan shall be bound by the Plan as adopted and subsequently amended by the Employer until they withdraw in writing from participation herein. Affiliated Employers who have adopted the Plan will be listed in the Adoption Agreement. Affiliated Employers shall adopt the Plan by separate resolution and shall sign such documents as the Employer shall require.
- 1.19 **ERISA** shall mean the Employee Retirement Income Security Act of 1974, as amended. References herein to ERISA shall not apply to governmental Employers.
- 1.20 **Health Care Reimbursement** shall have the meaning assigned to it by Section 5.01(a) of the Plan.
- 1.21 **Highly Compensated Individual** means an individual defined under Code Section 105(h)(5), 125(e), or 414(q), as amended, as a "highly compensated individual" or a "highly compensated employee."
- 1.22 **Key Employee** means an individual who is a "key employee" as defined in Code Section 125(b)(2), as amended.
- 1.23 **Nonelective Contribution(s)** means any amount that the Employer, in its sole discretion, may contribute on behalf of each Participant to provide benefits for such Participant and his or her Dependents, if applicable, under one or more of the Benefit Package Option(s) offered under the Plan. The manner in which such amounts are applied towards the cost of the Benefit Package Option(s) shall be in the sole discretion of the Employer. The amount of Nonelective Contribution for each Participant may be adjusted upward or downward in the contributing Employer's sole discretion. The amount shall be calculated for each Plan Year in a uniform and nondiscriminatory manner based upon the Participant's dependent status, commencement or termination date of the Participant's employment during the Plan Year, and such other factors as the Employer shall determine. In no event will any Nonelective Contribution be disbursed to a Participant in the form of additional, taxable Compensation if the Employee declines coverage under one or more of the Benefit Package Option(s) offered under the Plan. Any unused Non-Elective Contributions shall be returned to the Employer.
- 1.24 **Participant** means an Employee who becomes a Participant pursuant to Article II.
- 1.25 **Plan** means this Flexible Benefits (125) Plan.

- 1.26 **Plan Administrator** or **Committee** means the person(s) appointed by the Employer with authority and responsibility to manage and direct the operation and administration of the Plan. If no such person is named, the Plan Administrator shall be the Employer.
- 1.27 **Plan Year** shall be the 12-month period indicated in the Adoption Agreement, provided, however, that a period of less than 12 months may be a Plan Year for the Initial Plan Year, the final Plan Year, and a transition period to a different Plan Year.
- 1.28 **Pre-tax Contribution(s)** means amounts withheld from an Employee's Compensation pursuant to a Salary Reduction Agreement, before any applicable state and federal taxes have been deducted, for purposes of purchasing one or more of the Benefit Package Options available under the Plan. This amount shall not exceed the premiums attributable to the most costly Benefit Package Option afforded hereunder, and for purposes of Code Section 125, shall be treated as an Employer contribution (this amount may, however, be treated as an Employee contribution for purposes of state insurance laws).
- 1.29 **Qualified Benefit** means any benefit excluded from the Employee's taxable income under Chapter 1 of the Code (other than Sections 106(b), 117, 124, 127, or 132) and any other benefit permitted by the Income Tax Regulations (i.e., any group-term life insurance coverage that is includable in gross income by virtue of exceeding the dollar limitation on nontaxable coverage under Code Section 79). Long-term care insurance is not a "Qualified Benefit."
- 1.30 **Qualifying Employment-Related Expenses** means those expenses that would be considered to be employment-related expenses under Code Section 21(b)(2) (relating to expenses for household and dependent care services necessary for gainful employment) if paid for by the Employee to provide Qualifying Services.
- 1.31 **Qualifying Individual** means:
- (a) a Dependent of the Participant who is under the age of 13;
  - (b) a Dependent of a Participant who is mentally or physically incapable of caring for himself or herself and who has the same principal place of residence as the Participant for more than one half of the Plan Year; or
  - (c) the Spouse of a Participant who is mentally or physically incapable of caring for himself or herself and who has the same principal place of residence as the Participant for more than one half of the Plan Year.
- 1.32 **Qualifying Services** means services relating to the care of a Qualifying Individual that enable the Participant or his or her Spouse to remain gainfully employed (or to actively seek gainful employment) which are performed:
- (a) in the Participant's home; or
  - (b) outside the Participant's home for (i) the care of a Dependent of the Participant who is under age 13, or (ii) the care of any other Qualifying Individual who resides at least 8 hours per day in the Participant's household. If the expenses are incurred for services provided by a dependent care center (i.e., a facility that provides care

for more than 6 individuals not residing at the facility), the center must comply with all applicable state and local laws and regulations.

- 1.33 **Reimbursement Account or Accounts** shall be the funding mechanism by which amounts are withheld from an Employee's Compensation and retained for reimbursement of eligible expenses as defined herein. No money shall actually be allocated to any individual Participant Account(s); any such Account(s) shall be of a memorandum nature, maintained by the Administrator for accounting purposes, and shall not be representative of any identifiable trust assets. No interest will be credited to or paid on amounts credited to the Participant Account(s).
- 1.34 **Salary Reduction Agreement** means the actual or deemed agreement pursuant to which an eligible Employee or Participant enrolls in the specific component Benefit Package Options with Pre-tax Contributions or After-tax Contributions in accordance with the provisions hereof. If the Employer utilizes an interactive voice response (IVR) system or web-based program for enrollment, the Salary Reduction Agreement may be maintained on an electronic database.
- 1.35 **Spouse** means an individual who is legally married to a Participant (and who is treated as a spouse under the Code), but for purposes of the Dependent Care Reimbursement Plan provisions, shall not include an individual legally separated from the Participant under a divorce or separate maintenance decree, nor shall it include an individual who, although married to the Participant, files a separate federal income tax return, maintains a separate, principal residence from the Participant during the last six months of the taxable year, and does not furnish more than one-half of the cost of maintaining the principal place of abode of the Qualifying Individual.
- 1.36 **Student** means an individual who, during each of five or more calendar months during the Plan Year, is a full-time student at any college or university, the primary function of which is the conduct of formal instruction, and which routinely maintains a regular faculty and curriculum and normally has an enrolled student body in attendance at the location where its educational activities are regularly presented.

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**ARTICLE II****Eligibility and Participation**

- 2.01 **Eligibility to Participate.** Each Employee who is eligible for coverage or participation under any of the Benefit Package Options, as specified in the Adoption Agreement, shall be eligible to become a Participant in this Plan as of the time specified in the Adoption Agreement. The eligibility for Benefit Package Option(s) offered under the Plan shall be subject to any requirements specified in the applicable Benefit Package Option. The provisions of this Article are not intended to override any eligibility requirement(s) or waiting period(s) specified in the applicable Benefit Package Options.
- 2.02 **Eligibility to Participate in Reimbursement Accounts.** Each Employee shall become eligible to Participate in the Reimbursement Accounts upon satisfaction of the applicable eligibility requirement(s) set forth in the Adoption Agreement. Employees covered under a collective bargaining agreement will only be eligible to participate in Reimbursement Accounts if participation shall be provided for in the collective bargaining agreement.
- 2.03 **Termination of Participation.** Participation shall terminate on the earliest of: (a) the date an Employee ceases to be an Employee (except as otherwise provided in Section 5.05 for COBRA coverage); (b) when an Employee ceases to meet the eligibility requirements for the Benefit Package Option; (c) the date this Plan is amended to exclude the Employee or is terminated; or (d) the effective date of the Employee's election not to participate pursuant to applicable provisions of Article III. Subject to any specific limitations for any particular benefit which the Participant has elected: (a) participation shall be continued during a leave of absence for which the Participant continues to receive a salary from his or her employer and (b) participation shall be suspended during an unpaid leave of absence.
- 2.04 **Qualifying Leave Under Family Leave Act.** Notwithstanding any provision to the contrary herein, if a Participant goes on a qualifying unpaid leave under the Family and Medical Leave Act of 1993 ("FMLA"), to the extent required by the FMLA, the Employer will continue to maintain the Participant's medical coverage on the same terms and conditions as though he or she were still an active Employee (i.e., the Employer will continue to pay its share of the premium to the extent the Employee opts to continue his or her coverage). If the Employee opts to continue his or her coverage, the Employee may pay his or her share of the premium with after-tax dollars while on leave (or pre-tax dollars to the extent he or she receives Compensation during the leave), or the Employee may be given the option to pre-pay all or a portion of his or her share of the premium for the expected duration of the leave on a pre-tax salary reduction basis out of his or her pre-leave Compensation by making a special election to that effect prior to the date such Compensation would normally be made available to him or her (provided, however, that pre-tax dollars may not be utilized to fund coverage during the next plan year), or via other arrangements agreed upon between the Employee and the Employer (e.g., the Employer may fund coverage during the leave and withhold amounts upon the Employee's return). Upon return from such leave, the Employee will be permitted to re-enter the Plan on the same basis the Employee was participating in the Plan prior to his or her leave, or as otherwise required by the FMLA.



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**ARTICLE III****Benefit Package Options and Election Procedure**

- 3.01 **Benefit Package Options.** A Participant may elect under this Plan to receive his or her total Compensation for any Plan Year in cash or designate that a specified portion of his or her Compensation be applied by the Employer toward any or a combination of the following benefit options:
- (a) **Option A:** Group insurance contracts and prepaid health plan contracts for Employer-sponsored health insurance;
  - (b) **Option B:** Benefits available under the Health Care Reimbursement Account; and
  - (c) **Option C:** Benefits available under the Dependent Care Reimbursement Account.
- 3.02 **Description of Benefits Other than Cash.** While the election to receive any of the optional benefits described herein may be made under this Plan, the benefits will be provided not by this Plan, but by the applicable health insurance policy, the Health Care Reimbursement Account or the Dependent Care Reimbursement Account, respectively. The types and amounts of benefits available under each option elected in the Adoption Agreement, the requirements for participating in such option, and the other terms and conditions of coverage and benefits under such option are as set forth and as in effect at any time in any health insurance policies or contracts that constitute (or are incorporated by reference in) any health plan, the Health Care Reimbursement Account and the Dependent Care Reimbursement Account. The benefit descriptions in such Plans and contracts, as in effect at any time, are hereby incorporated by reference into this Plan.
- 3.03 **Election of Benefit Options in Lieu of Cash.** A Participant may elect under this Plan to receive any or all of the benefit options elected in the Adoption Agreement in accordance with the procedure described in Section 3.04 hereof.
- (a) If Option A is made available by an Employer and a Participant elects Option A, the Participant's cash Compensation will first be reduced, and an amount equal to such reduction will be applied by the Employer to pay the Participant's share of the insurance premiums.
  - (b) If Option B is made available by an Employer and a Participant elects the Health Care Reimbursement Account, the Participant's cash Compensation will be reduced, and an amount equal to the reduction will be credited by the Employer to a spending account as described in Section 4.04 hereof.
  - (c) If Option C is made available by an Employer and a Participant elects the Dependent Care Reimbursement Account, the Participant's cash Compensation will be reduced, and an amount equal to the reduction will be credited by the Employer to a spending account as described in Section 4.05 hereof.
- 3.04 **Election and Salary Reduction Procedures.**
- (a) **Election Period.** Except as provided in Section 3.05, the benefit options may be elected, modified or revoked by a Participant only during an Election Period. The

Election Period for the initial Plan Year shall begin approximately 30 days prior to the commencement of the initial Plan Year, and each subsequent Election Period shall begin approximately 60 days prior to the commencement of the Plan Year. Election Periods shall, however, be at the sole discretion of the Employer and nothing herein shall invalidate the duration of an Election Period selected by an Employer. Each Election Period shall remain open until such date as the Plan Administrator shall determine, which date must be no later than the day before the next Plan Year.

Employees who are hired or become eligible after the Effective Date shall have an Election Period that shall commence prior to the Participant becoming eligible and shall end on such dates as the Plan Administrator shall establish. In no event shall such Election Period end after the coverage has begun.

- (b) **Election Procedures.** At the beginning of each Election Period, the Plan Administrator shall provide one or more written election forms and Salary Reduction Agreements to each eligible Employee. Each eligible Employee shall make his or her elections, revocations or modifications on the necessary forms and shall agree to any reduction in Compensation by executing a Salary Reduction Agreement.
- (c) **Modification of Election; Failure to Elect.** Except as provided herein for acceptable benefit changes, each election shall remain in effect for the applicable Plan Year for which such election applies. A Participant may modify or revoke an election to participate or elect to participate in any option during the Election Period for the next Plan Year. Each election is independent of the others.

A Participant in the prior Plan Year who fails to return a completed Salary Reduction Agreement to the Plan Administrator on or before the end of an Election Period shall be deemed to have completed the same election for Option A as in the prior Plan Year, and his or her Compensation shall be reduced in the same amount (or under the same guidelines) as in the prior Plan Year.

A Participant in the prior Plan Year who fails to return a completed Salary Reduction Agreement to the Plan Administrator on or before the end of an Election Period shall be deemed to have elected to receive his or her Compensation in cash in lieu of any amounts previously deducted for Options B and C, and he or she shall not be eligible to participate under this Plan in Options B and/or C (as permitted by the Employer) until the next Plan Year, unless the eligible Employee demonstrates a change in family status as defined in Section 3.05 or other event permitting an election change. The Participant's election for Option A in the prior Plan Year shall be continued for the next Plan Year.

An eligible Employee who has elected not to participate during the Plan Year is not eligible to enroll or re-enroll until the Election Period for the next succeeding Plan Year, unless the eligible Employee can demonstrate a change in status as defined in Section 3.05 or other event permitting an election change.

- 3.05 **Change of Benefit Election.** A Participant shall not make any changes to the Pre-tax Contribution amount or to the Participant's elected allocation of Benefit Credits, if any, except for election changes permitted under this section, and for changes made during the annual Election Period, changes caused by termination of employment (Section 3.06) and changes pursuant to the Family and Medical Leave Act (Section 2.04).



Except as provided in Section 3.05(b) for HIPAA special enrollment rights in the event of birth, adoption, or placement for adoption, all permissible election changes shall be effective on a prospective basis only (i.e., election changes will become effective no earlier than the first day of the first pay period coinciding with or immediately following the date that the election change was filed) but, as determined by the Plan Administrator, election changes may become effective later to the extent the coverage in the applicable component plan commences later.

- (a) **Change in Status.** A Participant may change his or her actual or deemed election under the Plan upon the occurrence of a Change in Status, but only if such election change is made on account of and corresponds with a Change in Status that affects eligibility for coverage under a plan of the Employer. A Change in Status that affects eligibility for coverage includes a Change in Status that results in an increase or decrease in the number of an Employee's family members (i.e., a Spouse and/or Dependents) who may benefit from the coverage. The Plan Administrator (in its sole discretion) shall determine, based on prevailing IRS guidance, whether a requested change is on account of and corresponds with a Change in Status.

Assuming the general consistency requirement is satisfied, a requested election change must also satisfy the following specific consistency requirements in order for a Participant to be able to alter his or her election based on the specified Change in Status:

- (1) **Loss of Dependent Eligibility.** For a Change in Status involving a Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or a Dependent, or a Dependent ceasing to satisfy the eligibility requirements for coverage, a Participant may only elect to cancel accident or health insurance coverage for the Spouse involved in the divorce, annulment, or legal separation, the deceased Spouse or Dependent, or the Dependent who ceased to satisfy the eligibility requirements. Canceling coverage for any other individual under these circumstances would fail to correspond with that Change in Status.

Notwithstanding the foregoing, if the Participant, the Participant's Spouse or the Participant's Dependent becomes eligible for COBRA (or similar health plan continuation coverage under state law) under the Employer's Plan, the Participant may increase his or her election to pay for such coverage (this rule does not apply to a Participant's Spouse who becomes eligible for COBRA or similar coverage as a result of divorce).

- (2) **Gain of Coverage Eligibility Under Another Employer's Plan.** For a Change in Status in which a Participant, a Participant's Spouse, or a Participant's Dependent gains eligibility for coverage under another employer's cafeteria plan (or another employer's qualified benefit plan) as a result of a change in marital status or a change in employment status, a Participant may elect to cease or decrease coverage for that individual only if coverage for that individual becomes effective or is increased under the other employer's plan. The Plan Administrator may rely on a Participant's certification that the Participant has obtained or will obtain coverage under

the other employer's plan, unless the Employer has reason to believe that the Participant's certification is incorrect.

- (3) **Special Consistency Rule for DCRA.** With respect to the DCRA (when offered under the Plan), a Participant may change or terminate his or her election upon a Change in Status if (i) such change or termination is made on account of and corresponds with a Change in Status that affects eligibility for coverage or (ii) the election change is on account of and corresponds with a Change in Status that affects eligibility of dependent care expenses for the tax exclusion available under Code Section 129.
  - (4) **Special Consistency Rule for Group Term Life Insurance, Disability and Dismemberment Coverage.** For any Change in Status, a Participant may elect either to increase or to decrease group-term life insurance, disability coverage, or accidental death and dismemberment coverage which may be offered under the Plan.
- (b) **HIPAA Special Enrollment Rights.** If a Participant, a Participant's Spouse or a Participant's Dependent is entitled to special enrollment rights under a group health plan, as required by HIPAA under Code Section 9801(f), then a Participant may revoke a prior election for group health plan coverage and make a new election (including an election for a Health Care Reimbursement Account) provided that the election change corresponds with such HIPAA special enrollment right. As required by HIPAA, a special enrollment right will arise if:
- (1) A Participant or Spouse or Dependent declined to enroll in group health plan coverage because he or she had other coverage and eligibility for such other coverage is subsequently lost due to legal separation, divorce, death, termination of employment, reduction in hours, exhaustion of the maximum COBRA period, or the other coverage was non-COBRA coverage and employer contributions for such coverage were terminated; or
  - (2) A new Dependent is acquired as a result of marriage, birth, adoption, or placement for adoption. An election to add previously eligible Dependents as a result of the acquisition of a new Spouse or Dependent child shall be considered to be consistent with the special enrollment right. An election change on account of a HIPAA special enrollment attributable to the birth, adoption, or placement for adoption of a new Dependent child may, subject to the provisions of the underlying group health plan, be effective retroactively (up to 30 days).
- (c) **Certain Judgments, Decrees and Orders.** If a judgment, decree, or order (an "Order") resulting from a divorce, legal separation, annulment or change in legal custody (including a qualified medical child support order) requires accident or health coverage (including an election for Health Care Reimbursement) for a Participant's Dependent child (including a foster child who is a Dependent of the Participant), a Participant may (i) change his or her election to provide coverage for the Dependent child (provided that the Order requires the Participant to provide coverage), or (ii) change his or her election to revoke coverage for the Dependent child if the Order requires that another individual (including the Participant's

Spouse or former Spouse) provide coverage under that individual's plan and such coverage is actually provided.

- (d) **Medicare and Medicaid.** If a Participant, a Participant's Spouse, or a Participant's Dependent who is enrolled in a health or accident plan under this Plan becomes entitled to Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), the Participant may prospectively reduce or cancel the health or accident coverage (including an election for Health Care Reimbursement) of the person becoming entitled to Medicare or Medicaid. Further, if a Participant, a Participant's Spouse, or a Participant's Dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, the Participant may prospectively elect to commence or increase the accident or health coverage (including an election for Health Care Reimbursement ) of that individual who loses Medicare or Medicaid eligibility.

- (e) **Change in Cost.**

The following rules are not applicable to Health Care Reimbursement Accounts under the Plan.

*For purposes of this Section 3.05(e), "similar coverage" means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide coverage for major medical are considered to be similar coverage. For purposes of this definition, a HCRA is not similar coverage with respect to an accident or health plan that is not a HCRA. This Plan may, in the Plan Administrator's discretion, treat coverage by another employer, such as a Spouse's or Dependent's employer, as similar coverage.*

- (1) **Increase or Decrease for Insignificant Cost Changes.** Participants are required to increase their elective contributions (by increasing salary reductions or decreasing cash-out amounts, if applicable) to reflect insignificant increases in their required contribution for their Benefit Package Option(s) and decrease their elective contributions to reflect insignificant decreases in their required contribution. The Plan Administrator, in its sole discretion, on a uniform and consistent basis will determine whether an increase or decrease is insignificant based upon all the surrounding facts and circumstances, including, but not limited to, the dollar amount or percentage of the cost change. The Plan Administrator, on a reasonable and consistent basis, will automatically effectuate this increase or decrease in affected employees' elective contributions on a prospective basis.
- (2) **Significant Cost Increases.** If the Plan Administrator determines that the cost charged to an Employee of a Benefit Package Option(s) significantly increases during a Plan Year, the Participant may either (i) make a corresponding prospective increase in his or her elective contributions (by increasing salary reductions or decreasing cash-out amounts, if applicable), (ii) revoke his or her election for that coverage, and in lieu thereof, receive on a prospective basis coverage under another Benefit Package Option that provides similar coverage, or (iii) drop coverage prospectively if there is no other Benefit Package Option available that provides similar coverage.

The Plan Administrator (in its sole discretion) will decide, in accordance with prevailing IRS guidance, on a uniform and consistent basis, whether a cost increase is significant.

- (3) **Significant Cost Decreases.** If the Plan Administrator determines that the cost of any Benefit Package Option significantly decreases during a Plan Year, the Plan Administrator may permit the following election changes: (i) Participants who are enrolled in a Benefit Package Option other than the Benefit Package Option that has decreased in cost may change their election on a prospective basis to elect Benefit Package Option that has decreased in cost, and (ii) Employees who are otherwise eligible under Section 2.01 may elect the Benefit Package Option that has decreased in cost on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Plan Administrator (in its sole discretion) will decide, in accordance with prevailing IRS guidance and on a uniform and consistent basis, whether a cost decrease is significant.
- (4) **Limitation on Change in Cost Provisions for DCRA.** The above “Change in Cost” provisions (Sections 3.05(e)(1) – 3.05(e)(3)) apply to DCRA only if the cost change is imposed by a dependent care provider who is not a “relative” of the Employee. For this purpose, a relative is an individual who is related as described in Code Section 152(a)(1) through (8), incorporating the rules of Section 152(b)(1) and (2).

(f) **Change in Coverage.**

The following rules are not applicable to Health Care Reimbursement Accounts under the Plan.

*The definition of “similar coverage” under Section 3.05(e) also applies to this Section 3.05(f).*

- (1) **Significant Curtailment.** If coverage is “significantly curtailed” (as defined in subsection (i) below) Participants may elect similar coverage. In addition, as set forth in subsection (ii) below, if the coverage curtailment results in a “Loss of Coverage” (as defined in subsection (iii) below) Participants may drop coverage if no similar coverage is available. The Plan Administrator (in its sole discretion) will decide, in accordance with prevailing IRS guidance, on a uniform and consistent basis, whether a curtailment is “significant,” and whether a Loss in Coverage has occurred.
- (i) **Significant Curtailment Without Loss of Coverage.** If the Plan Administrator determines that a Participant’s coverage under a Benefit Package Option under this Plan (or the Participant’s Spouse’s or Dependent’s coverage under his or her employer’s plan) is significantly curtailed without a Loss of Coverage (for example, when there is a significant increase in the deductible, the co-pay, or the out-of-pocket cost-sharing limit under an accident or health plan) during a Plan Year, the Participant may revoke his or her election for the affected coverage, and in lieu thereof, prospectively elect coverage under another Benefit Package

Option that provides similar coverage. Coverage under a plan is deemed “significantly curtailed” only if there is an overall reduction in coverage provided under the Plan so as to constitute reduced coverage generally.

- (ii) **Significant Curtailment With a Loss of Coverage.** If the Plan Administrator determines that a Participant’s Benefit Package Option under this Plan (or the Participant’s Spouse’s or Dependent’s coverage under his or her employer’s plan) is significantly curtailed, and such curtailment results in a Loss of Coverage during a Plan Year, the Participant may revoke his or her election for the affected coverage, and may either prospectively elect coverage under another Benefit Package Option that provides similar coverage, or drop coverage if no other Benefit Package Option providing similar coverage is available.
  - (iii) For purposes of this Section 3.05(f)(1), a “Loss of Coverage” means a complete loss of coverage (including the elimination of a Benefit Package Option, an HMO ceasing to be available where the Participant, Participant’s Spouse or Dependent resides, or a Participant, Spouse or Dependent losing all coverage under the Benefit Package Option by reason of an overall lifetime or annual limitation). In addition, the Plan Administrator, in its discretion, may treat the following as a Loss of Coverage:
    - a. a substantial decrease in the medical care providers available under the Benefit Package Option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the number of physicians participating in a preferred provider network or an HMO).
    - b. a reduction in benefits for a specific type of medical condition or treatment with respect to which the Participant, the Participant’s Spouse or the Participant’s Dependent is currently in a course of treatment; or
    - c. any other similar fundamental loss of coverage.
- (2) **Addition or Significant Improvement of a Benefit Package Option.** If, during a Plan Year, the Plan adds a new Benefit Package Option or significantly improves an existing Benefit Package Option, the Plan Administrator may permit the following election changes: (i) Participants who are enrolled in a Benefit Package Option other than the newly added or significantly improved Benefit Package Option may change their election on a prospective basis to elect the newly added or significantly improved Benefit Package Option, and (ii) Employees who are otherwise eligible under Section 2.01 may elect the newly added or significantly improved Benefit Package Option on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Plan Administrator (in its sole discretion) will decide, in accordance with

prevailing IRS guidance and on a uniform and consistent basis, whether there has been an addition or a significant improvement of a Benefit Package Option.

- (3) **Loss of Coverage Under Other Group Health Coverage.** A Participant may prospectively change his or her election to add group health coverage for the Participant, the Participant's Spouse, or the Participant's Dependent, if such individual(s) loses coverage under any group health coverage sponsored by a governmental or educational institution, including (but not limited to) the following: a state children's health insurance program ("SCHIP") under Title XXI of the Social Security Act; a medical care program of an Indian Tribal government (as defined in section 7701(a)(4)), the Indian Health Service, or a tribal organization; a state health benefits risk pool; or a foreign government group health plan, subject to the terms and limitations of the applicable Benefit Package Option(s).
- (4) **Change in Coverage Under Another Employer Plan.** A Participant may make a prospective election change that is on account of and corresponds with a change made under another employer plan (including a plan of the Employer or another employer), so long as: (i) the other cafeteria plan or qualified benefits plan permits its participants to make an election change that would be permitted under applicable IRS regulations; or (ii) the Plan permits Participants to make an election for a Plan Year which is different from the plan year under the other cafeteria plan or qualified benefits plan. The Plan Administrator shall determine, based on prevailing IRS guidance, whether a requested change is on account of and corresponds with a change made under the other employer plan.

Any change in an election affecting Reimbursement Accounts pursuant to this section also will change the maximum reimbursement for the period of coverage remaining in the Plan Year. Such maximum reimbursement for the period of coverage following an election change shall be calculated by adding the balance (if any) remaining in each of the Participant's Reimbursement Accounts as of the end of the portion of the Plan Year immediately preceding the change in election, to the total Plan Contributions scheduled to be made by the Participant during the remainder of such Plan Year to such Account(s).

An Employee who is eligible to become a Participant but declined to become a Participant during the applicable Election Period may become a Participant and file a Pre-tax Contribution election within thirty (30) days of the occurrence of an event described in Section 3.05 above, but only if the election under the new Salary Reduction Agreement is made on account of and corresponds with the event (as described above). A Participant otherwise entitled to make a new election under this Section must do so within thirty (30) days of the event (e.g., Change in Status, significant change in cost or coverage, Medicare or Medicaid eligibility, special enrollment right or judgment, decree, or order).

Elections made pursuant to this Section shall be effective for the balance of the Plan Year in which the election is made unless a subsequent event (described above) allows a further election change.



- 3.06 **Impact of Termination of Employment on Election or Cessation of Eligibility.**  
Termination of employment or cessation of eligibility shall automatically revoke any Salary Reduction Agreement. Except as provided below, if revocation occurs under this Section 3.06, no new election with respect to Pre-Tax Contributions may be made by such Participant during the remainder of the Plan Year. Except as otherwise provided in the applicable Benefit Package Options, former Participants who are rehired within thirty (30) days or less of the date of termination of employment will be reinstated with the same election(s) such individual had before termination. If a former Participant is rehired more than thirty (30) days following termination of employment and is otherwise eligible to participate in the Plan, the individual may make a new election.

Expenses may continue to be incurred for such period of time as specified in the Adoption Agreement for Options A and/or B.

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**ARTICLE IV****Premium Payments and Credits and Debits to Accounts**

- 4.01 **Source of Benefit Funding.** The cost of coverage under the component Benefit Package Options shall be funded by Participant's Pre-tax and/or After-tax Contributions, Benefit Credits, if provided for in the Adoption Agreement, and any Nonelective Contributions. The component Benefit Package Options, and required contributions thereunder, shall be made known to employees in enrollment materials.
- (a) **Participant After-tax and/or Pre-tax Contributions.** Pre-tax or After-tax Contributions (as elected by the Employee) shall equal the contributions required from the Participant (less any Benefit Credits allocated thereto by the Participant, if provided for in the Adoption Agreement, or Nonelective Contributions allocated thereto by the Employer) for coverage of the Participant or the Participant's Spouse or Dependents under the Benefit Package Options elected by the Participant under this Plan. Amounts withheld from a Participant's Compensation as Pre-tax Contributions or After-tax Contributions shall be applied to fund benefits as soon as administratively feasible. The maximum amount of Pre-tax Contributions plus Benefit Credits, if any, and Nonelective Contributions shall not exceed the aggregate cost of the benefits elected.
- (b) **Benefit Credits.** The Employer may, but is not required to, make available to Participants Benefit Credits to apply, at the Participant's discretion, towards the cost of one or more of the Benefit Package Options chosen by the Participant. Benefit Credits will be available as set forth in the Adoption Agreement.
- (c) **Nonelective Contributions.** The Employer may, but is not required to, contribute Nonelective Contributions on behalf of each Participant for the purpose of providing one or more of the Benefit Package Options under the Plan. Nonelective Contributions will be provided as set forth in the enrollment material.
- 4.02 **Allocations Irrevocable During Plan Year.** Except as provided in Sections 3.05, 3.06, and 4.03, neither (a) the insurance coverages nor the Pre-Tax Contribution amounts withheld, therefore, (b) the amount to be credited to a Participant Account during the Plan Year pursuant to Sections 4.04 and 4.05, nor (c) the allocation of such amounts to the appropriate Account(s) of the Participant, can be changed during the Plan Year.
- 4.03 **Reduction of Certain Elections to Prevent Discrimination.** If the Plan Administrator determines, before or during any Plan Year, that the Plan may fail to satisfy for such Plan Year any requirement imposed by the Code or any limitation on Pre-tax Contributions allocable to Key Employees or to Highly Compensated Individuals, the Plan Administrator shall take such action(s) as it deems appropriate, under rules uniformly applicable to similarly situated Participants, to assure compliance with such requirement or limitation. Such action may include, without limitation, a modification or revocation of a Highly Compensated Individual's or Key Employee's election without the consent of such Employee.



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#### 4.04 Health Care Reimbursement Accounts.

- (a) **Debiting and Crediting of Accounts.** Each Participant's HCRA (if elected in the Adoption Agreement) will be credited with amounts withheld from the Participant's Compensation for Health Care Reimbursement, Benefit Credits (if any) and Nonelective Contributions by the Employer for HCRA purposes, if any. The Account will be debited for Health Care Reimbursements disbursed to the Participant in accordance with this document. The entire amount elected by the Participant on the Salary Reduction Agreement as an annual amount for the Plan Year for Health Care Reimbursement less any Health Care Reimbursements already disbursed shall be available to the Participant at any time during the Plan Year without regard to the balance in the Account (provided that the periodic contributions have been made). Thus, the maximum amount of Health Care Reimbursement at any particular time during the Plan Year will not relate to the amount which a Participant has had credited to his or her HCRA. In no event will the amount of Health Care Reimbursements in any Plan Year exceed the annual amount specified for the Plan Year in the Salary Reduction Agreement for Health Care Reimbursement. Any amount credited to the Account shall be forfeited by the Participant and restored to the Employer if it has not been applied to provide Health Care Reimbursement within such number of days following the end of the Plan Year for which the election was effective as shall be selected in the Adoption Agreement. Amounts so forfeited shall be used to offset administrative expenses or any use that is permitted within the applicable Department of Labor or Internal Revenue Service regulations.
- (b) **Source of Payments.** All Health Care Reimbursements derived hereunder shall be paid exclusively from the amounts in each Employee's HCRA funded by amounts withheld from the Employee's Compensation for HCRA purposes, Benefit Credits for HCRA purposes (if any) and Nonelective Contributions by the Employer for HCRA purposes (if any). In the event that an Employee's claim for Health Care Reimbursement benefits exceeds the amount currently available in the Employee's HCRA, the Employer shall pay the excess amount up to the amount elected by the Participant on the Salary Reduction Agreement for Health Care Reimbursement less any reimbursements already disbursed. Future Salary Reductions from the Employee shall then go to the Employer as reimbursement for the money so advanced on behalf of the Employee.
- (c) **Employer Risk.** If the Employee terminates employment before the Employer has been reimbursed for the money it has advanced on behalf of the Employee, the entire unreimbursed portion shall be deemed to be an "administrative expense" to be refunded to the Employer only by any unused Account balance(s) (if any) as provided in Section 4.04(a).

#### 4.05 Dependent Care Reimbursement.

- (a) **Crediting and Debiting of Accounts.** Each Participant's DCRA (if elected in the Adoption Agreement) will be credited with amounts withheld from the Participant's Compensation for Dependent Care Reimbursement, Benefit Credits (if any) and Nonelective Contributions by the Employer for DCRA purposes (if any). The Account will be debited for Dependent Care Reimbursements disbursed to the Participant in accordance with this document. In the event that the amount in

the Account is less than the amount of reimbursable claims at any time during the Plan Year, the excess part of the claim will be carried over into following months (within the same Plan Year), to be paid out as the DCRA balance becomes adequate. In no event will the amount of Dependent Care Reimbursements exceed the amount credited to the DCRA for any Plan Year. Any amount allocated to the DCRA shall be forfeited by the Participant and restored to the Employer if it has not been applied to provide Dependent Care Reimbursement for the Plan Year within such number of days following the end of the Plan Year for which the election was effective as shall be selected in the Adoption Agreement. Amounts so forfeited shall be used to offset administrative costs or any use that is permitted within the applicable Internal Revenue Service regulations.

- (b) **Source of Payments.** All Dependent Care Reimbursement benefits derived hereunder shall be paid exclusively from the amounts in each Employee's DCRA funded by amounts withheld from the Employee's Compensation pursuant to the Salary Reduction Agreement for Dependent Care Reimbursement, Benefit Credits allocable thereto (if any), and Nonelective Contributions allocated by the Employer for Dependent Care Reimbursement Benefits (if any).

- 4.06 **Debit or Stored-Value Card.** If elected by the Employer in the Adoption Agreement, a debit or stored value card ("card") shall be available for Participant use to pay eligible HCRA expenses, subject to a provider's ability to accept a card. If a card is provided, under no circumstances shall the Employer have any responsibility for a payment which is denied when the Participant attempts to use a card and thereby obtain paperless adjudication of claims.

The Employer shall establish such policies, procedures and guidelines as shall assure that the substantiation requirements of Code section 125 and regulations promulgated thereunder, as well as all other applicable IRS guidance, are satisfied.

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**ARTICLE V****Benefits**

5.01 **Qualified Benefits.** The maximum benefit a Participant may elect under this Plan shall not exceed the sum of (i) the maximum Health Care Reimbursement under Section 5.01(a) (if elected in the Adoption Agreement) and (ii) the maximum Dependent Care Reimbursement under Section 5.01(b) (if elected in the Adoption Agreement). The Qualified Benefits available for election are one or more of the following:

- (a) **Health Care Reimbursement.** If elected in the Adoption Agreement, payment shall be made to the Participant in cash as reimbursement for Eligible Medical Expenses incurred by the Participant or his or her Dependents while he or she is an Employee, during the Plan Year for which the Participant's election is effective. These expenses must also be expenses which --
- (1) are not covered, paid or reimbursed from any other source; and
  - (2) meet the criteria of tax deductibility as a medical or dental expense under Code Section 213, as amended and the regulations thereunder, and
  - (3) will not be taken as a deduction from income on the Participant's federal income tax return in any tax year; and
  - (4) do not exceed the amount that the Employee has elected to have credited to a HCRA for Health Care Reimbursement for the Plan Year less previous Health Care Reimbursements made during the Plan Year. The minimum and maximum amounts an Employee who elects Health Care Reimbursement Benefits may elect to have credited to a Health Care Reimbursement Account for a Plan Year is as indicated in the Adoption Agreement;
  - (5) are verified in writing to the satisfaction of the Administrator that a covered expense has been incurred with respect to which a Claim Form which meets the substantiation requirements of Section 6.10 has been submitted.
- (b) **Dependent Care Reimbursement.** If elected in the Adoption Agreement, payment shall be made to the Participant in cash as reimbursement for Eligible Employment-Related Expenses incurred by him or her while an Employee, during the Plan Year for which the Participant's election is effective, provided that the substantiation requirements of Section 6.10 have been complied with. No payment otherwise due a Participant hereunder shall exceed the smallest of:
- (1) the Participant's Compensation for the applicable month; or
  - (2) the Earned Income of the Participant's Spouse for such month (Note: a Spouse of a Participant who is not employed during a month in which the Participant incurs Eligible Employment-Related Expenses and who is either incapacitated or a Student shall be deemed to have Earned Income in the amount of \$200 per month per Qualifying Individual for whom the

Participant incurs Eligible Employment-Related Expense(s), up to a maximum amount of \$400 per month); or

- (3) the amount the Participant has actually contributed to a Dependent Care Reimbursement Account for Dependent Care Reimbursement for the Plan Year less any prior Dependent Care Reimbursements during the Plan Year; or
- (4) Five Thousand Dollars (\$5,000), or, if the Participant is married and files a separate tax return, Two Thousand Five Hundred Dollars (\$2,500) (or any future aggregate limitations promulgated under Code Section 129) less any prior reimbursements during the Plan Year.

5.02 **Cash Benefit.** To the extent that a Participant does not elect to have the maximum amount of his or her Compensation contributed as a Pre-tax Contribution or After-tax Contribution hereunder, such amount not elected shall be paid to the Participant in the form of normal Compensation payments; provided, however, that any applicable Nonelective Contributions and/or Benefit Credits may not be received in the form of cash compensation.

5.03 **Repayment of Excess Reimbursements.** If, as of the end of any Plan Year, it is determined that a Participant has received payments under this Plan that exceed the amount of Eligible Medical Expenses and/or Eligible Employment-Related Expenses that have been substantiated by such Participant during the Plan Year as required by Section 6.10 hereof, the Plan Administrator shall give the Participant prompt written notice of any such excess amount, and the Participant shall repay the amount of such excess to the Employer within sixty (60) days of receipt of such notification.

5.04 **Termination of Reimbursement Benefits.** Coverage under the HCRA and/or DCRA shall cease as of the day in which a Participant is no longer employed by the Employer or when a premium payment for the respective plan(s) has been missed for any reason. Provided, however that Participants may submit claims for reimbursement for Eligible Employment-Related Expenses arising during the Plan Year at any time during the run-out period selected in the Adoption Agreement after the end of the Plan Year for which the election had been in effect, and to receive reimbursement hereunder. Participants in the HCRA may submit claims for reimbursement for Eligible Medical Expenses arising during the Plan Year and before the date of separation from service at any time during the run-out period selected in the Adoption Agreement after the end of the Plan Year for which the election had been in effect, and to receive reimbursement hereunder. Unless a COBRA election is made, Participants shall not be entitled to receive reimbursement for medical care expenses incurred after coverage ceases under this Section. Any unused reimbursement benefits at the expiration of the run-out period selected in the Adoption Agreement following the close of the Plan Year shall be treated in accordance with Section 4.04 or 4.05.

5.05 **COBRA Coverage.** Each Benefit Package Option made available under the Employer's Plan that is considered to be a "group health plan" under Code Section 4980B, because employees and their families are provided with health care benefits within the meaning of Code Section 213(d)(1), including the HCRA, shall contain the necessary provisions required by Code Section 4980B and ERISA Section 601, to ensure that such benefits may be continued, to the extent required by Code Section 4980B, on or after the occurrence of the qualifying events defined in Code Section 4980B(f)(3).

- 5.06 **Coordination of Benefits Under HCRA.** The HCRA is intended to pay benefits solely for otherwise unreimbursed medical expenses. Accordingly, it shall not be considered a group health plan for coordination of benefits purposes, and its benefits shall not be taken into account when determining benefits payable under any other plan.

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**ARTICLE VI****Plan Administration**

- 6.01 **Allocation of Authority.** The Board of Directors (or an authorized officer of the Employer), or in the case of a governmental employer, the appropriate governing body, shall appoint a Committee (the Plan Administrator) which shall keep the records for the Plan and shall control and manage the operation and administration of the Plan. The Plan Administrator shall have the exclusive right to interpret the Plan and to decide all matters arising thereunder, including the right to make determinations of fact, and construe and interpret possible ambiguities, inconsistencies, or omissions in the Plan and other documents related to the Plan. In the case of an insured Benefit Package Option, the insurer shall be the named fiduciary with respect to benefit claim determinations thereunder, and with respect to benefit claims shall have all of the powers of the Plan Administrator described herein. All determinations of the Plan Administrator with respect to any matter hereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Plan Administrator shall have the following powers and duties:
- (a) To require any person to furnish such reasonable information as he or she may request for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;
  - (b) To make and enforce such rules and regulations and prescribe the use of such forms as he or she shall deem necessary for the efficient administration of the Plan;
  - (c) To decide on questions concerning the Plan and the eligibility of any Employee to participate in the Plan and to make or revoke elections under the Plan, in accordance with the provisions of the Plan;
  - (d) To determine the amount of benefits which shall be payable to any person in accordance with the provisions of the Plan; to inform the Employer or insurer as appropriate, of the amount of such benefits; and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part;
  - (e) To designate other persons to carry out any duty or power which may or may not otherwise be a fiduciary responsibility of the Plan Administrator, under the terms of the Plan;
  - (f) To keep records of all acts and determinations, and to keep all such records, books of account, data and other documents as may be necessary for the proper administration of the Plan; and
  - (g) To do all things necessary to operate and administer the Plan in accordance with its provisions.
- 6.02 **Provision for Third-Party Plan Service Providers.** The Plan Administrator, subject to approval of the Employer, may employ the services of such persons as it may deem necessary or desirable in connection with the operation of the Plan and to rely upon all tables, valuations, certificates, reports and opinions furnished thereby. Unless otherwise

provided in the service agreement, obligations under this Plan shall remain the obligation of the Employer.

- 6.03 **Fiduciary Liability.** To the extent permitted by law, the Plan Administrator shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan.
- 6.04 **Compensation of Plan Administrator.** Unless otherwise determined by the Employer and permitted by law, any Plan Administrator who is also an employee of the Employer shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of his or her duties shall be paid by the Employer.
- 6.05 **Bonding.** Unless otherwise determined by the Employer, or unless required by any federal or state law, the Plan Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of this Plan.
- 6.06 **Payment of Administrative Expenses.** All reasonable expenses incurred in administering the Plan shall be paid as indicated in the Administrative Services Agreement.
- 6.07 **Funding Policy.** The Employer shall have the right to enter into a contract with one or more insurance companies for the purposes of providing any benefits under the Plan and to replace any of such insurance companies or contracts. Any dividends, retroactive rate adjustments or other refunds of any type which may become payable under any such insurance contract shall not be assets of the Plan but shall be the property of, and shall be retained by the Employer. The Employer will not be liable for any loss or obligation relating to any insurance coverage except as is expressly provided herein. Such limitation shall include, but not be limited to, losses or obligations which pertain to the following:
- (a) Once insurance is applied for or obtained, the Employer will not be liable for any loss which may result from the failure to pay premiums to the extent premium notices are not received by the Employer;
  - (b) To the extent premium notices are received by the Employer, the Employer's liability for the payment of such premiums will be limited to such premiums and will not include liability for any other loss which results from such failure;
  - (c) The Employer will not be liable for the payment of any insurance premium or any loss which may result from the failure to pay an insurance premium if the benefits available hereunder are not enough to provide for such premium cost at the time it is due. In such circumstances, the Employee will be responsible for and see to the payment of such premiums. The Employer will undertake to notify a Participant if available benefits hereunder are not enough to provide for an insurance premium, but will not be liable for any failure to make such notification;
  - (d) When employment ends, the Employer will have no liability to take any step to maintain any policy in force except as may be specifically required otherwise herein, and the Employer will not be liable for or responsible to see to the payment of any premium after employment ends.



- 6.08 **Disbursement Reports.** The Plan Administrator shall issue directions to the Employer concerning all benefits which are to be paid from the Employer's general assets pursuant to the provisions of the Plan.
- 6.09 **Indemnification.** The Plan Administrator shall be indemnified by the Employer against claims, and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect, or willful misconduct.
- 6.10 **Substantiation of Expenses.** Except as provided in Section 4.06 when a debit or stored-value card is used and different substantiation requirements apply, each Participant must submit a written Claim Form (on a form provided by the Plan Administrator) to the Plan Administrator to receive reimbursement for an incurred expense. The Claim Form shall be accompanied by a written statement/bill from an independent third party stating that the expense has been incurred and the amount thereof. The forms shall contain such evidence as the Plan Administrator shall deem necessary to substantiate the nature, the amount, and timeliness of any expenses that may be reimbursed.
- 6.11 **Reimbursement.** Reimbursements shall be made as soon as administratively feasible after the required forms and supporting information have been received by the Plan Administrator. Year-end expense reimbursement claims must be submitted to the Plan Administrator within such number of days as shall be specified in the Adoption Agreement after the close of the Plan Year for which the Salary Reduction Agreement is effective, and during which such expense was incurred in order to be eligible for reimbursement. Likewise, if a Participant terminates participation in the Plan with a credit balance in any Reimbursement Account, such Participant shall be entitled to submit to the Plan Administrator any claims for reimbursement for reimbursable expenses incurred prior to such cessation of Participation at any time within such number of days as shall be specified in the Adoption Agreement after the close of the Plan Year for which the Salary Reduction Agreement is effective. Terminated Participants shall have such additional number of days after the end of the Plan Year to incur expenses as shall be specified in the Adoption Agreement.
- 6.12 **Statements.** The Plan Administrator may periodically furnish each Participant with a statement, showing the amounts paid or expenses incurred by the Employer in providing Health Care and/or Dependent Care Reimbursement and the respective Reimbursement Account balance(s).



**ARTICLE VII**  
**Funding Agent**

The Plan shall be funded with amounts withheld from Compensation pursuant to Salary Reduction Agreements. The Employer will apply all such amounts, without regard to their source, to pay for the welfare benefits provided herein as soon as administratively feasible and shall comply with all applicable regulations promulgated by the Department of Labor (“DOL”), taking into consideration any enforcement procedures adopted by the DOL.

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**ARTICLE VIII****Claims Procedures (Applicable to Non-Governmental Plans)**

- 8.01 **Application to Plan Benefits.** This Article shall not apply to benefits under the component Benefit Package Options, but shall only apply to issues germane to the benefits available under this Plan (i.e., such as a determination of: a Change in Status; change in cost or coverage; or eligibility and participation matters under this Plan document). This Article shall be the claims procedure applicable to the Health Care Reimbursement and the Dependent Care Reimbursement Plan(s).
- 8.02 **Procedure if Benefits Are Denied Under the Plan.** Any Employee, beneficiary, or his or her duly authorized representative may file a claim for a benefit to which the claimant believes that he or she is entitled, but that has been previously denied by the Plan Administrator. Such a claim must be in writing and delivered to the Plan Administrator in person or by mail, postage prepaid. Within thirty (30) days after receipt of such claim, the Plan Administrator shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed thirty (30) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 30-day period. The Plan Administrator shall have full discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section 8.02, the claim shall be deemed denied and the claimant shall be permitted to exercise his or her right to review pursuant to Sections 8.04 and 8.05.
- 8.03 **Requirement for Written Notice of Claim Denial.** The Plan Administrator shall provide a written notice to every claimant who is denied a claim for benefits under this Article. Such written notice shall set forth in a manner calculated to be understood by the claimant, the following information:
- (a) The specific reason or reasons for the denial;
  - (b) Specific reference to pertinent Plan provisions on which the denial is based;
  - (c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material is necessary, and
  - (d) An explanation of the Plan's claim review procedure.
- 8.04 **Right to Request Hearing on Benefit Denial.** Within sixty (60) days (180 days in the case of a claim for HCRA benefits) after the receipt by the claimant of written notification of the denial (in whole or in part) of his or her claim, the claimant or his or her duly authorized representative may make a written application to the Plan Administrator, in person or by certified mail, postage prepaid, to be afforded a review of such denial; may review pertinent documents; and may submit issues and comments in writing.
- 8.05 **Disposition of Disputed Claims.** Upon receipt of a request for review, the Plan Administrator shall make a prompt decision on the review matter. The decision on such review shall be written in a manner calculated to be understood by the claimant and shall

include specific reasons for the decision and specific references to the pertinent plan or insurance policy provisions on which the decision was based. The decision upon review shall be made not later than sixty (60) days after the Plan Administrator's receipt of a request for a review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered not later than one hundred twenty (120) days after receipt of a request for review. If an extension is necessary, the claimant shall be given written notice of the extension prior to the expiration of the initial sixty (60)-day period. If notice of the decision on the review is not furnished in accordance with this Section, the claim shall be deemed denied and the Claimant shall be permitted to exercise his or her right to a legal remedy.

**ARTICLE IX****Amendment of Termination of Plan**

- 9.01 **Permanency.** While the Employer fully expects that this Plan will continue indefinitely, permanency of the Plan will be subject to the Employer's right to amend or terminate the Plan, as provided in Sections 9.02 and 9.03, below. Nothing in this Plan is intended to be or shall be construed to entitle any Participant, retired or otherwise, to vested or non-terminable benefits.
- 9.02 **Employer's Right to Amend.** The Employer reserves the right to amend at any time any or all of the provisions of the Plan. All amendments shall be made in writing and shall be approved by the Committee in accordance with its normal procedures for transacting business or by written consent of all Committee members. Alternatively, amendments may be made by the Employer or its Board of Directors or other governing body. Such amendments may apply retroactively or prospectively. Each Benefit Package Option shall be amended in accordance with the terms specified therein, or, if no amendment procedure is prescribed, in accordance with this section. Any amendment made by the Employer shall be deemed to be approved and adopted by any Affiliated Employer.
- 9.03 **Employer's Right to Terminate.** The Employer reserves the right to discontinue or terminate the Plan without prejudice at any time and for any reason without prior notice. Such decision to terminate the Plan shall be made in writing and shall be approved by the Board of Directors (or a duly authorized officer of the Employer) or by the Employer's governing body in accordance with its normal procedures for transacting business. Affiliated Employers may withdraw from participation in the Plan, but may not terminate the Plan.
- 9.04 **Determination of Effective Date of Amendment or Termination.** Any such amendment, discontinuance or termination shall be effective as of such date as the Employer shall determine. Subject to Sections 4.04(a) and 4.05(a), no amendment, discontinuance or termination shall allow the return to the Employer of any Reimbursement Account balance nor its use for any purpose other than for the exclusive benefit of the Participants and their beneficiaries.

**ARTICLE X**  
**General Provisions**

- 10.01 **Not an Employment Contract.** Neither this Plan nor any action taken with respect to it shall confer upon any person the right to continue employment with the Employer.
- 10.02 **Applicable Laws.** The provisions of the Plan shall be construed, administered and enforced according to applicable federal law and the laws of the State identified in the Adoption Agreement to the extent not preempted.
- 10.03 **Post-Mortem Payments.** Any benefit payable under the Plan after the death of a Participant shall be paid to his or her surviving Spouse, otherwise, to his or her estate. If there is doubt as to the right of any beneficiary to receive any amount, the Plan Administrator may retain such amount until the rights thereto are determined, without liability for any interest thereon.
- 10.04 **Non-Alienation of Benefits.** Except as expressly provided by the Plan Administrator, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person.
- 10.05 **Mental or Physical Incompetency.** Every person receiving or claiming benefits under the Plan shall be presumed to be mentally and physically competent and of age until the Plan Administrator receives a written notice, in a form and manner acceptable to it, that such person is mentally or physically incompetent or a minor, and that a guardian, conservator or other person legally vested with the care of his or her estate has been appointed.
- 10.06 **Inability to Locate Payee.** If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because the Plan Administrator cannot ascertain the identity or whereabouts of such Participants or other person after reasonable efforts have been made to identify or locate such person, such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited after a reasonable time after the date any such payment first became due.
- 10.07 **Requirement for Proper Forms.** All communications in connection with the Plan made by a Participant shall become effective only when duly executed on any forms as may be required and furnished by, and filed with, the Plan Administrator.
- 10.08 **Source of Payments.** The Employer and any insurance company contracts purchased or held by the Employer or funded pursuant to this Plan shall be the sole sources of benefits under the Plan. No Employee or beneficiary shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee or beneficiary.
- 10.09 **Multiple Functions.** Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan.

- 10.10 **Tax Effects.** Neither the Employer nor the Plan Administrator makes any warranty or other representation as to whether any salary reductions or payments made hereunder made to or on behalf of any Participant hereunder will be treated as excludable from gross income for local, state, or federal income tax purposes. If, for any reason, it is determined that any amount paid for the benefit of a Participant or beneficiary is includable in an Employee's gross income for local, federal, or state income tax purposes, then under no circumstances shall the recipient have any recourse against the Plan Administrator or the Employer with respect to any increased taxes or other losses or damages suffered by the Employee as a result thereof. The Plan is designed and is intended to be operated as a "cafeteria plan" under Code Section 125.
- 10.11 **Gender and Number.** Masculine pronouns include the feminine as well as the neuter genders, and the singular shall include the plural, unless indicated otherwise by the context.
- 10.12 **Headings.** The Article and Section headings contained herein are for convenience of reference only, and shall not be construed as defining or limiting the matter contained thereunder.
- 10.13 **Incorporation by Reference.** The actual terms and conditions of the separate component Benefit Package Options offered under this Plan are contained in separate, written documents governing each respective benefit and shall govern in the event of a conflict between the individual plan document and this Plan as to substantive content. To that end, each such separate document, as amended or subsequently replaced, is hereby incorporated by reference as if fully recited herein.
- 10.14 **Severability.** Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder thereof shall be given effect to the maximum extent possible.
- 10.15 **Effect of Mistake.** In the event of a mistake as to the eligibility or participation of an Employee, or the allocations made to the account of any Participant, or the amount of distributions made or to be made to a Participant or other person, the Plan Administrator shall, to the extent it deems possible, cause to be allocated or cause to be withheld or accelerated, or otherwise make adjustment of, such amounts as will in its judgment accord to such Participant or other person the credits to the account or distributions to which he or she is properly entitled under the Plan. Such action by the Plan Administrator may include withholding of any amounts due the Plan or the Employer from Compensation paid by the Employer.
- 10.16 **Forfeiture of Unclaimed Reimbursement Account Benefits.** Any Reimbursement Account payments that are unclaimed (e.g., uncashed benefit checks) by the close of the Plan Year following the Plan Year in which the Health or Dependent Care Expense was incurred shall be forfeited.

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**ARTICLE XI****Continuation Coverage Under COBRA**

The following provisions shall be applicable to the HCRA, and any other group health plan (as defined by Code section 4980B and 5000(b)(1) and the regulations promulgated thereunder) subject to COBRA that does not otherwise contain COBRA provisions. As noted in Section 11.05, COBRA coverage need not be extended to certain HCRA Participants. The intent of this Article is to extend only those continuation rights required by COBRA. To the extent greater rights are provided for hereunder, this Article shall be void.

Nothing herein shall require the Employer, if it is not otherwise subject to the COBRA requirements of the Code or any similar law, to comply with the requirements of such law.

- 11.01 **Continuation Coverage after Termination of Normal Participation.** During any Plan Year during which the Employer is subject to Code Section 4980B, each person who is a Qualified Beneficiary shall have the right to elect to continue coverage under the HCRA (or other group health plan subject to COBRA) upon the occurrence of a Qualifying Event that would otherwise result in such person losing coverage hereunder. Such extended coverage under the plan is known as “Continuation Coverage.”
- 11.02 Who is a “Qualified Beneficiary.” A “Qualified Beneficiary” is any person who is, as of the day before a Qualifying Event, covered under the group health plan and is (a) an Employee of the Employer, including persons who are considered to be “employees” within Code Section 401(c), directors and independent contractors (such persons are called “Covered Employees”), (b) the Spouse of the Covered Employee, or (c) a Dependent of the Covered Employee. A Covered Employee can be a Qualified Beneficiary only if the Qualifying Event consists of termination of employment (for any reason other than gross misconduct) or reduction of hours of the Covered Employee’s employment. A child born to or placed for adoption with a Covered Employee during Continuation Coverage will also be a Qualified Beneficiary. A retiree or other former Employee actively participating in the Plan by reason of a previous period of employment will be treated as a “Qualified Beneficiary.”
- 11.03 Who is not a “Qualified Beneficiary.” A person is not a Qualified Beneficiary if, as of such day, either the individual is covered under the Health Care Reimbursement Plan (or other group health plan subject to COBRA) by virtue of the election of Continuation Coverage by another person and is not already a Qualified Beneficiary by reason of a prior Qualifying Event, or is entitled to Medicare coverage under Title XVIII of the Social Security Act. Furthermore, an individual who fails to elect Continuation Coverage within the election period provided in Section 11.08, below, shall not be considered to be a Qualified Beneficiary.
- 11.04 What is a “Qualifying Event.” Any of the following shall be considered as a “Qualifying Event”:
- (a) death of a Covered Employee;
  - (b) termination (other than by reason of gross misconduct) of the Covered Employee’s employment or reduction of hours of employment;

- (c) divorce or legal separation of a Covered Employee from the employee's Spouse;
- (d) a Covered Employee becoming entitled to receive Medicare benefits under Title XVIII of the Social Security Act; or
- (e) a dependent child of a Covered Employee ceasing to be a Dependent.

In the case of any person treated as a "Covered Employee" but who is not a common-law employee, termination of "employment" means termination of the relationship that originally gave rise to eligibility to participate in the Health Care Reimbursement Plan (or other group health plan subject to COBRA).

11.05 **COBRA Not Applicable to Certain HCRA Participants.** In accordance with IRS regulations, COBRA continuation coverage will not be offered to HCRA participants under certain circumstances:

- (a) **Unavailability of COBRA in Subsequent Plan Years.** COBRA continuation will not be offered to a HCRA Participant in any Plan Year following the Plan Year in which the Qualifying Event occurs if:
  - (1) **HCRA is Exempt from HIPAA.** The HCRA is exempt from HIPAA (i.e., a major medical plan is available in addition to the HCRA, and the HCRA benefit does not exceed two times the salary reduction or, if greater, the salary reduction plus \$500); and
  - (2) **COBRA Premium Equals or Exceeds HCRA Benefit.** If for the plan year in which the Qualifying Event occurs, the maximum amount the Qualified Beneficiary could be required to pay for a full year of HCRA COBRA coverage equals or exceeds the maximum benefit available to the Qualified Beneficiary for the plan year.
- (b) **Unavailability of COBRA in Plan Year in which Qualifying Event Occurs.** COBRA continuation coverage will not be offered to a Qualified Beneficiary in the Plan Year in which the Qualifying Event occurred if:
  - (1) **Conditions in Section 11.05(a) are Satisfied.** The HCRA satisfies the conditions set forth in Section 11.05(a); and
  - (2) **Participant's Reimbursement Account Has a Deficit at the Time of the Qualifying Event.** Taking into account all claims submitted on or before the date of the Qualifying Event, the Qualified Beneficiary's remaining HCRA balance for the Plan Year is less than the maximum required COBRA premiums for the rest of the year -- i.e., the Participant's Reimbursement Account is in a deficit position.

The Plan Administrator will notify HCRA Participants as to their COBRA eligibility (if any).



11.06 **What Benefit is Available under Continuation Coverage.** Each person who is eligible to elect to continue coverage under this Article shall have the right to continue the level of coverage in effect for the Covered Employee on the day before the Qualifying Event (or a lesser level of coverage). A premium for Continuation Coverage shall be charged to Employees and Qualified Beneficiaries in such amounts and shall be payable at such times as are established by the Plan Administrator and permitted by applicable law.

11.07 **Notice Requirements.**

- (a) When an Employee becomes covered under this HCRA (or any other group health plan subject to COBRA), the Plan Administrator must inform the Participant (and Spouse, if any) in writing of the rights to continued coverage, as described in Article XI.
- (b) The Employer shall give the Plan Administrator (if different from the Employer) written notice of a Qualifying Event within thirty (30) days of the occurrence thereof.
- (c) Within fourteen (14) days of receipt of the Employer's notice, the Plan Administrator shall furnish each Qualifying Beneficiary with written notification of the termination of regular coverage under the HCRA (or any other group health plan subject to COBRA), as well as a recital of the rights of any such Beneficiary to elect Continuation Coverage, as required by Code Section 4980B and ERISA Section 601, in accordance with the terms of this Plan.
- (d) In the case of a Qualifying Event described in Section 11.04(c) or (e), a Covered Employee or a Qualified Beneficiary who is a Spouse or Dependent of such Employee must notify the Plan Administrator within sixty (60) days of the later of the occurrence thereof or the date coverage is lost as a result of the occurrence thereof. The Plan Administrator shall give written notification of Continuation Coverage rights to any other affected Qualified Beneficiaries within fourteen (14) days of receipt of the notice described in this Section 11.07(d).

Notwithstanding any of the foregoing, notification to a Qualified Beneficiary who is a Spouse of a Covered Employee is treated as notification to all other Qualified Beneficiaries residing with that person at the time notification is made.

11.08 **Election Period.** Any Qualified Beneficiary entitled to Continuation Coverage shall have 60 days from the later of the date of the notice required by Section 11.07 or the date coverage terminates as a result of the Qualifying Event in which to return a signed election to the Plan Administrator indicating the choice to continue benefits under this Plan.

11.09 **Duration of Continuation Coverage.** Except as otherwise provided in this Plan, Continuation Coverage shall extend for a period of 18 months after the date that regular coverage ceased due to occurrence of the initial Qualifying Event described in Section 11.04(b), unless during such 18-month period a subsequent Qualifying Event occurs, in which case, another election to extend coverage for 18 months shall be available to the Beneficiary. Except as otherwise provided in this Section, in the case of a Qualifying Event not described in Section 11.04(b), Continuation Coverage shall extend for a period of 36 months after the date that regular coverage ceased due to the occurrence of the Qualifying Event. In the case of a Qualified Beneficiary who is determined, under Title II or XVI of

the Social Security Act, to have been disabled within 60 days of a Qualifying Event, described in Section 11.04(b), Continuation Coverage with respect to such event shall extend for a period of 29 months after the date that regular coverage ceased due to the occurrence of the Qualifying Event if the Qualified Beneficiary has provided notice of such determination within sixty (60) days after the date of such determination and before the end of the initial 18 month Continuation Coverage period. In the event a Covered Employee becomes entitled to Medicare coverage, the period of Continuation Coverage for a Qualified Beneficiary, other than the Covered Employee for such Qualifying Event or any subsequent Qualifying Event, shall not terminate for a period of 36 months from the date the Covered Employee becomes entitled to Medicare benefits. In no event, however, shall Continuation Coverage extend more than 36 months beyond the date of the original Qualifying Event.

- 11.10 **Automatic Termination of Continuation Coverage.** Continuation Coverage shall automatically cease if (a) the Employer no longer offers the particular group health coverage to any of its employees, (b) the required premium for Continuation Coverage for a particular coverage is not paid within 30 days of the date due or within 45 days after the initial election of Continuation Coverage made pursuant to Section 11.08 (whichever is later), (c) an electing Qualified Beneficiary becomes covered under another group health plan other than a group health plan which may limit a Qualified Beneficiary's coverage because it involves a preexisting condition, or (d) an electing Qualified Beneficiary becomes eligible to receive benefits under Medicare.

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

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**AMENDMENT TO ALLOW HEALTH FSA CARRYOVER AND OTHER OPTIONS**

**ARTICLE I  
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to  
Citrus Heights Water District Flexible Spending Account
- 
- (enter name of plan) ("Plan") to reflect recent law and regulatory changes. The sponsor intends this Amendment as good faith compliance with the requirements of these changes. This Amendment shall be effective on or after the dates the Employer elects in Article II below.
- 1.2 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

**ARTICLE II  
ELECTIONS**

- 2.1  **Health FSA \$500 Carryover.** See Section 3.1 below. The effective date of this provision is February 1, 2019 (enter the first day of the Plan Year beginning in 2013 or later as applicable).
- 2.2  **Elimination of Grace Period.** See Section 3.2 below. The effective date of this provision is \_\_\_\_\_ (enter the first day of the Plan Year beginning in 2013 or later).

**ARTICLE III  
PROVISIONS**

3.1 **\$500 Carryover.**

A Participant in the Health Flexible Spending Account may roll over up to \$ 500 (cannot be more than \$500) of unused amounts in the Health Flexible Spending Account remaining at the end of one Plan Year to the immediately following Plan Year. These amounts can be used during the following Plan Year for expenses incurred in that Plan Year. Amounts carried over do not affect the maximum amount of salary redirection contributions for the Plan Year to which they are carried over. Unused amounts are those remaining after expenses have been reimbursed during the runout period. These amounts may not be cashed out or converted to any other taxable or nontaxable benefit. Amounts in excess of \$ 500 will be forfeited. The plan is allowed, but not required, to treat claims as being paid first from the current year amounts, then from the carryover amounts.

3.2 **Grace Period.**

The grace period provisions relating to the Health Flexible Spending Account are removed as of the effective date above.

Flexible Benefits (125) Plan Amendment

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This amendment has been executed this \_\_\_\_\_ **day of** \_\_\_\_\_, 2019.

Name of Plan: Citrus Heights Water District Flexible Spending Account

Name of Employer: Citrus Heights Water District

Print Name and Title: Hilary Straus, General Manager

**By:** \_\_\_\_\_  
EMPLOYER

**CERTIFICATE OF ADOPTING RESOLUTION**

The undersigned authorized representative of Citrus Heights Water District (the Employer) hereby certifies that the following resolutions were duly adopted by Employer on \_\_\_\_\_, 2019, and that such resolutions have not been modified or rescinded as of the date hereof;

RESOLVED, that the Amendment to the Citrus Heights Water District Flexible Spending Account Plan (the Amendment) is hereby approved and adopted, and that an authorized representative of the Employer is hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the amendment.

The undersigned further certifies that attached hereto is a copy of the Amendment approved and adopted in the foregoing resolution.

**Date:** \_\_\_\_\_

**Signed:** \_\_\_\_\_

Hilary Straus, General Manager  
[print name/title]

**SUMMARY OF MATERIAL MODIFICATIONS  
for the**

Citrus Heights Water District Flexible Spending Account  
(Name of Plan)

**I  
INTRODUCTION**

This is a Summary of Material Modifications regarding the Citrus Heights Water District Flexible Spending Account ("Plan"). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description ("SPD") previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

**II  
SUMMARY OF CHANGES**

**1. Health Flexible Spending Account carryover**

Effective February 1, 2019, you will be eligible to carryover amounts left in your Health Flexible Spending Account, up to \$ 500. This means that amounts you do not use during a Plan Year can be carried over to the next Plan Year and used for expenses incurred in the next Plan Year.

**2. Grace Period**

Effective \_\_\_\_\_, we are no longer using the "grace period" for the Health Flexible Spending Account. Therefore, for up to \_\_\_\_\_ in the following Plan Year, you will not be able to incur expenses to use any amounts that are left at the end of the prior Plan Year. This provision is being eliminated so that we can add the carryover provision above.

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MidAmerica Administrative & Retirement Solutions, Inc.

## ADMINISTRATIVE SERVICE AGREEMENT

for

Citrus Heights Water District

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**THIS AGREEMENT**, made this \_\_\_\_\_ day of \_\_\_\_\_, 20<sup>19</sup>, by and between Citrus Heights Water District \_\_\_\_\_, hereinafter referred to as “the Employer” and MidAmerica Administrative & Retirement Solutions, Inc., hereinafter referred to as “MidAmerica,” specifies the services to be provided by MidAmerica for the Employer in the ongoing administration of the Employer’s Flexible Benefits (Section 125) Plan, hereinafter referred to as “the Plan,” under Internal Revenue Code Section 125 and the responsibilities of the Employer.

**NOW, THEREFORE**, for good and valuable consideration, the parties agree that MidAmerica will perform the following services on behalf of the Employer pursuant to the terms of this Agreement, and the Employer shall perform its responsibilities and make payments as described herein.

### ARTICLE I. INTRODUCTION

#### 1.1 Effective Date and Term

The effective date of this Agreement is \_\_\_\_\_ February 1, 2019 (“Effective Date”). The initial term shall be the three (3)-year period commencing on the Effective Date. Thereafter, this Agreement will renew automatically for successive periods of twelve (12) months unless this Agreement is terminated in accordance with the provisions of Section 6.6.

#### 1.2 Scope of Undertaking

MidAmerica shall be an independent contractor with respect to the services it performs hereunder and shall not for any purpose be deemed an employee of the Employer nor shall MidAmerica and the Employer be deemed partners or engaged in a joint venture. MidAmerica does not assume any responsibility for any act or omission or breach of duty by the Employer, nor is MidAmerica in any way to be deemed an insurer, underwriter or guarantor with respect to any benefits payable under the Plan. Nothing in this Agreement shall be deemed to impose upon MidAmerica any obligation to any employee of the Employer or any person who is participating in the Plan. MidAmerica shall not be a fiduciary with respect to the Plan.

#### 1.3 Definitions

“**Agreement**” means this Administrative Service Agreement, including all Exhibits hereto.

“**Card Transaction**” means a transaction by a Participant making use of the Alegeus Benefits Card.

“**Contribution Billing Reports**” has the meaning as described in Section 2.3.

“**Debit Card Claims**” means the claims received via debit or stored-value card transaction.

“**Deposit Account**” means the deposit account established by Alegeus Benefits from the Employer that is used to hold funds necessary to meet the obligations due to Plan Participants who enroll in the debit card program.

“**Distribution Amounts**” means the amounts reported to the Employer as the claim totals to be paid.

“**Employer**” has the meaning given in the Recitals.

“**Effective Date**” has the meaning given in Section 1.1.

“**HIPAA**” means the Health Insurance Portability and Accountability Act of 1996, as amended.

“**Manual Claims**” means the claims submitted via fax or mail.

“**Minimum Balance**” means the balance that the Employer will deposit and maintain in the Deposit Account and which will be a dollar amount of no less than the projected plan year contribution (including short plan years), considering sub accounts, for all Participants divided by 365 times 5, or such amount as may be determined by Alegeus Benefits from time to time. In order to maintain the minimum funding requirements, daily or weekly ACH transactions will be performed.

“**Alegeus Benefits**” means Alegeus Benefits Card Services, the Payment Card provider.

“**Alegeus Benefits Card**” means the Payment Card to be issued by Alegeus Benefits and used by Participants in the Plan.

“**Payment Card**” means a debit card or a stored-value card.

“**Plan**” means the Employer’s Flexible Benefits (125) Plan.

## ARTICLE II. EMPLOYER RESPONSIBILITIES

### 2.1 Sole Responsibilities

The Employer gives MidAmerica the authority to act on behalf of the Employer in connection with the Plan but only as expressly stated in this Agreement, the Plan Document or as mutually agreed in writing by the Employer and MidAmerica.

### 2.2 Funding

The Employer shall promptly fund an account maintained for the payment of Plan benefits as described in Article IV and shall maintain that account as required by the terms of this agreement. The Employer will have no access to the funds deposited in the Deposit Account until the funds are returned pursuant to the terms in Section 6.6(e).



### **2.3 Information to MidAmerica**

The Employer shall furnish the information requested by MidAmerica as determined necessary by MidAmerica for it to perform its functions hereunder, including information concerning the Plan and the eligibility of individuals to participate in and receive Plan benefits (“Contribution Billing Reports”). Such information shall be provided to MidAmerica at the time and in the manner agreed to by the Employer and MidAmerica. MidAmerica shall have no responsibility with regard to benefits paid in error due to the Employer’s failure to timely provide or update such information. MidAmerica shall be entitled to rely on the completeness and accuracy of all information provided by the Employer, its delegates or employees.

The Employer shall be responsible for providing Contribution Billing Reports to MidAmerica. The Contribution Billing Reports by the Employer shall specify the effective date for each Participant who is added to or terminated from participation in the Plan. The Employer shall be responsible for ensuring the accuracy of its Contribution Billing Reports and shall bear the burden of proof in any dispute relating to the accuracy of its Contribution Billing Reports. MidAmerica shall have no liability, to the Employer and to any Participant, as a consequence of an inaccurate Contribution Billing Report. MidAmerica shall not have any obligation to credit the Employer for any claims expenses or administrative fees incurred or paid to MidAmerica as a consequence of the Employer failing to review Contribution Billing Reports for accuracy. MidAmerica shall be entitled to assume that all information provided by the Employer is complete and accurate and is under no duty to question the completeness or accuracy of such information.

### **2.4 Plan Documents**

The Employer is responsible for the Plan's compliance with all applicable federal and state laws and regulations. The Employer acknowledges that MidAmerica is not providing tax or legal advice and that the Employer shall be solely responsible for determining the legal and tax status of the Plan.

### **2.5 Liability for Payment of Card Claims**

The Employer is responsible for all ineligible and unauthorized transactions arising under the Alegeus Benefits Program. In no event will Alegeus Benefits or MidAmerica be liable for any such transactions. In the event an Alegeus Benefits Card is used for an ineligible expense, the Employer will credit the Deposit Account and use its best efforts to recover the funds from the Participant. The Employer will bear the loss of any uncollectible amounts from Participants. In the event that the Employer requests certain restricted merchant category codes be made available for use by Participants, the Employer will assume liability for any and all losses incurred either fraudulently or inadvertently by the Participant; in addition to all fees associated with incurred losses.

### **2.6 Non-Discretionary Duties; Additional Duties**

MidAmerica and the Employer agree that the duties to be performed hereunder by MidAmerica are non-discretionary duties. MidAmerica and the Employer may agree to additional duties in writing as may be specified in the Exhibits from time to time.

### **2.7 Indemnification**

The Employer shall indemnify MidAmerica and hold it harmless from and against all loss, liability, damage, expense, attorneys’ fees or other obligations resulting from, or arising out of, any act or omission of the Employer in connection with the Plan or any claim, demand or lawsuit by Plan Participants and

beneficiaries against MidAmerica in connection with benefit payments or services performed hereunder. In addition, the Employer shall indemnify MidAmerica and hold it harmless from and against any liability, expense, demand or other obligation resulting from, or out of any premium charge, tax or similar assessment (federal or state), for which the Plan or the Employer is liable. The Employer shall also have the indemnification obligation described in Section 3.4.

## **2.8 Claims Appeals**

The Employer shall make final determination regarding any claim for benefits on coverage that is appealed, including (a) any question of eligibility or entitlement of the claimant for coverage under the Plan, (b) any question with respect to the amount due; or (c) any other appeal.

## **ARTICLE III. MIDAMERICA RESPONSIBILITIES**

### **3.1 Sole Responsibilities**

MidAmerica's sole responsibilities shall be as described in this Agreement (including the obligations listed in any Exhibit to this Agreement). MidAmerica shall be responsible only to provide those certain reimbursement and recordkeeping services described herein.

### **3.2 Service Delivery**

MidAmerica shall provide customer service personnel to be available by telephone during normal business hours as determined by MidAmerica. MidAmerica shall not be deemed in default of this Agreement, nor held responsible for, any cessation, interruption or delay in the performance of its obligations hereunder due to causes beyond its reasonable control, including, but not limited to, issues affecting telephone lines or communication, natural disasters, acts of God, labor controversies, civil disturbances, disruptions of public markets, wars or armed conflicts or the inability to obtain sufficient materials or services required in the conduct of its business, including Internet access, or any change in or the adoption of any law, judgment or decree.

### **3.3 Benefit Payment**

MidAmerica shall, as agent of the Employer, operate under the express terms of this Agreement and the Plan. The Employer shall determine if persons covered by the Plan (as described in the Eligibility Reports) are entitled to benefits under the Plan, and MidAmerica shall pay Plan benefits in its usual and customary manner to Participants as set forth in this Agreement.

### **3.4 Prior Administration**

MidAmerica shall have no duty or obligation with respect to claims incurred prior to the Effective Date ("Prior Reimbursement Requests"), if any, and/or Plan administration or other) services arising prior to the Effective Date ("Prior Administration"), if any, regardless of whether such services were/are to be performed prior to or after the Effective Date. The Employer agrees that (a) the Employer will be responsible for processing Prior Reimbursement Requests (including any run-off claims submitted after the Effective Date) and maintaining legally required records of all Prior Reimbursement Requests and Prior Administration sufficient to comply with applicable legal (e.g. IRS substantiation) requirements;

and (b) the Employer shall indemnify and hold MidAmerica harmless for any liability relating to Prior Reimbursement Requests and/or Prior Administration.

### **3.5 Reporting**

MidAmerica shall make available to Participants via website a report showing their individual payment history and status of claims and the amounts and transactions in their individual accounts during the preceding month. MidAmerica shall include a statement of account balance on each distribution check mailed to the Participants. MidAmerica shall also provide a statement of account activity to each Participant 60 days prior to the end of the Plan Year.

Each of the Employer's employees will be provided a unique username/password combination to access MidAmerica's website. MidAmerica has no liability for costs, expenses or other ramifications resulting from the disclosure of username or password information by an employee of the Employer or the Employer.

### **3.6 Recordkeeping**

MidAmerica shall maintain, for the duration of this Agreement, the usual and customary books, records and documents, including electronic records, that relate to the Plan and its Participants that MidAmerica has prepared or that has otherwise come within its possession. These books, records and documents, including electronic records are and shall remain after termination of this Agreement the property of MidAmerica.

### **3.7 Liability for Manual Claims**

MidAmerica is responsible for payment of claims made pursuant to, and the benefits to be provided by, the Plan after funding by the Employer is received as outlined in Article IV. Except for expenses specifically assumed by MidAmerica in this Agreement, if any, the Employer is responsible for all expenses incident to the Plan.

### **3.8 Standard of Care; Erroneous Payments**

MidAmerica shall use reasonable care and due diligence in the exercise of its powers and the performance of its duties under this Agreement. If MidAmerica makes any payment under this Agreement to an ineligible person, or if more than the correct amount is paid, MidAmerica shall make a diligent effort to recover any payment made to or on behalf of an ineligible person or any overpayment. However, MidAmerica will not be liable for such payment, unless MidAmerica would otherwise be liable under another provision of this Agreement.

### **3.9 Privacy**

Except as noted herein, MidAmerica will not disclose to any third party any of Employer's information that is of a confidential nature, including employee-specific information. MidAmerica agrees to the HIPAA Business Associate Addendum for any program subject to HIPAA.

MidAmerica agrees to amend this Agreement as is necessary from time to time to comply with the requirements of the privacy rules under HIPAA or other legislation.

## **ARTICLE IV. BENEFIT PLAN PAYMENTS; THE EMPLOYER'S FUNDING RESPONSIBILITY**

### **4.1 Funding and Payment of Manual Claims**

For each applicable pay period, the Employer shall promptly forward a Contribution Billing Report. However, the Employer shall keep Participant contributions as part of the Employer's general assets. The Employer authorizes MidAmerica to pay Plan benefits by checks written (or other draft payment or debit) on a bank account established and maintained in the name of MidAmerica for the payment of Plan benefits. MidAmerica shall have sole authority to provide notifications, instructions or directions as may be necessary to accomplish the disbursement of such Plan funds to or on behalf of Participants in payment of approved claims. MidAmerica will notify the Employer of the amount of the distributions payable, and the Employer will transfer the monies to the bank account established and maintained in the name of MidAmerica.

### **4.2 Funding and Payment of Payment Card Claims**

The Employer shall sign and maintain in effect an ACH agreement with Alegeus Benefits, as referenced in Exhibit C and agrees to comply with all the terms and conditions of said agreement. The Alegeus Benefits Program will not be provided to any Employer that has not signed and delivered an ACH Agreement, including a voided check or spec sheet for verification of account numbers. Pursuant to the ACH Agreement, Employer will pre-fund a Deposit Account established by Alegeus Benefits with the Minimum Balance prior to issuance of debit cards. For initial setup, aggregate elections from the prior plan year may be used, or a minimum of \$2,500. Once open enrollment has ended, an adjustment to the prefund amount will be conducted as necessary. Employer shall be notified in the event an additional prefund amount is required. The prefund amount will be reevaluated on an annual basis.

Electronic claims shall be paid through a daily or weekly ACH transfer, maintaining a prefund amount that is the greater of \$2,500 or up to 5% of the annual election, dependent upon replenishment frequency selected. Alegeus Benefits will monitor and ensure the Minimum Balance is maintained by using the 1Pay bennycard daily funding reports. In the event that Card Transactions reduce the balance in the Deposit Account to an amount less than the Minimum Balance, Alegeus Benefits will immediately initiate an ACH transfer of additional funds from the Employer to the Deposit Account in an amount sufficient to restore the Deposit Account to the Minimum Balance. Alegeus Benefits may increase the Minimum Balance at Alegeus Benefits' sole discretion or discontinue service for all relevant Employer Alegeus Benefits Cards, should the balance of the Deposit Account consistently fall below the Minimum Balance. Employer is responsible for any and all third party costs incurred by Alegeus Benefits as a result of not consistently maintaining the Minimum Balance. ACH is the only acceptable means for funds transfer.

### **4.3 Employer's Failure to Maintain Sufficient Funds for Benefit Payments**

In the case that a Participating Employer does not forward the Distribution Amounts to MidAmerica in a timely manner, MidAmerica reserves the right to delay the payments of claims until monies are received.

### **4.4 Penalties for Non Payment of Payment Card Distribution Amounts**

The Employer shall agree to the service charges as outlined in Exhibit A.

## ARTICLE V. COMPENSATION

### 5.1 Fee Schedule

The Employer agrees to the fee schedule outlined in Exhibit A.

## ARTICLE VI. GENERAL PROVISIONS

### 6.1 Severability; Headings

If any term of this Agreement is declared invalid by a court, the same will not affect the validity of any other provision, provided that the basic purposes of this Agreement are achieved through the remaining valid provisions. The headings of articles, sections and subsections contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

### 6.2 Compliance; Non-Waiver

Failure by the Employer or MidAmerica to insist upon strict performance of any provision of this Agreement will not modify such provision, render it unenforceable, or waive any subsequent breach. No waiver or modification of any of the terms or provisions of this Agreement shall be valid unless in each instance the waiver or modification is accomplished pursuant to the amendment provisions of Section 6.3.

### 6.3 Assignment; Amendment

Neither the Employer nor MidAmerica may assign this Agreement without the other party's advance written consent. This Agreement may be amended only by written agreement of duly authorized officers of the Employer and MidAmerica.

### 6.4 No Third-Party Beneficiaries

This Agreement is made solely for the benefit of the Employer and MidAmerica. No other person shall acquire or have rights hereunder or by virtue of this Agreement.

### 6.5 Notices and Communications

(a) **Notices.** All notices provided for herein shall be sent by confirmed facsimile, or guaranteed overnight mail with tracing capability or by first class United States mail, with postage prepaid, addressed to the other party at their respective addresses set forth below or such other addresses as either party may designate in writing to the other from time to time for such purposes. All notices provided for herein shall be deemed given or made when received.

(b) **Addresses.** The MidAmerica address for notices as described above is MidAmerica Administrative & Retirement Solutions, Inc., 402 S. Kentucky Avenue, Suite 500, Lakeland, FL 33801.

(c) **Communications.** The Employer agrees that MidAmerica may communicate confidential, protected, privileged or otherwise sensitive information to the Employer through a named contact designated by the Employer (“Named Contact”) and specifically agrees to indemnify MidAmerica and hold it harmless; (i) for any such communication directed to the Employer through the Named Contact attempted via fax, mail, telephone, e-mail or any other media, acknowledging the possibility that such communication may be inadvertently misrouted or intercepted; and (ii) from any claim for the improper use or disclosure of any health information by MidAmerica where such information is used or disclosed in a manner consistent with its duties and responsibilities hereunder.

## 6.6 Termination of Agreement

(a) **Automatic.** This Agreement shall automatically terminate as of the earliest of the following:

- (i) the effective date of any legislation which makes the Plan and/or this Agreement illegal;
- (ii) the date the Employer becomes insolvent, or bankrupt or subject to liquidation, receivership or conservatorship; or
- (iii) the termination date of the Plan, subject to any agreement between the Employer and MidAmerica regarding payment of benefits after the Plan is terminated.

(b) **Optional.** This Agreement may be terminated as of the earliest of the following:

- (i) by MidAmerica upon the failure of the Employer to submit required payments;
- (ii) by MidAmerica upon the failure of the Employer to perform its obligations in accordance with this Agreement;
- (iii) by the Employer upon the failure of MidAmerica to perform its obligations in accordance with this Agreement; or
- (iv) by either the Employer or MidAmerica as of the end of the term of this Agreement by giving the other party sixty (60) days’ written notice.

(c) **Limited Continuation After Termination.** If the Plan is terminated, the Employer and MidAmerica may mutually agree in writing that this Agreement shall continue for the purpose of payment of any Plan benefit, expense or claims incurred prior to the date of Plan termination. In addition, if this Agreement is terminated while the Plan continues in effect, this Agreement shall continue for the purpose of payment of any claims for which request for reimbursements has been received by MidAmerica before the date of such termination. If this Agreement is continued in accordance with this subsection, the Employer shall pay the required monthly post-termination service charges.

(d) **Survival of Certain Provisions.** Termination of this Agreement shall not terminate the rights or obligations of either party arising out of a period prior to such termination. The indemnity confidentiality and privacy provisions of this Agreement shall survive its termination.

(e) **Return of Unused Pre-Funds Upon Termination.** Upon termination of the Plan, all unused pre-funds remaining in the deposit account will be returned to the Employer 120 days following the effective date of termination in the same manner the pre-funds were received. This waiting period will allow funds to remain in the deposit account for the purpose of settling card transactions during the 120 days that a participant may dispute a debit card claim which incurred prior to termination.

**6.7 Complete Agreement; Governing Law**

This Agreement (including the Exhibits) is the full Agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and representations between the parties. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by both parties. This Agreement shall be construed, enforced, and governed by the laws of the State of Florida.

**IN WITNESS WHEREOF**, the Employer and MidAmerica have caused this Agreement to be executed in their names by their duly authorized officers.

Name of the Employer: Citrus Heights Water District  
Signature: \_\_\_\_\_  
Print Name: Hilary Straus  
Title: General Manager  
Date: \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions, Inc.**

Signature: \_\_\_\_\_  
Print Name: Trenton Teesdale, CEBS  
Title: SVP of Business Development  
Date: \_\_\_\_\_



**EXHIBIT A  
SERVICES AND FEES**

Capitalized terms used in this Exhibit and not defined have the meanings given in the Agreement.

**Fees:**

\$8 per employee per month. \$7 Administrative Fee & \$1 debit card vendor fee paid by participants. Fee is a dual plan fee. Participants will only be feed once if participating in the HRA plan.

**Services Included:**

The Employer is responsible for all legal requirements and administrative obligations with regard to the Plan, except for the following administrative duties (to be performed by MidAmerica):

- 1) MidAmerica shall make available (by electronic medium and paper copy) enrollment and reimbursement forms and instructions for filing Participant claims.
- 2) Upon receiving instructions from the Employer with regard to a Participant's change in status or other event that permits an allowable change under IRS regulations and the Plan Document, MidAmerica shall make the requested change in the participants election as soon as practicable.
- 3) MidAmerica shall make initial decisions with regard to Participant claims and typically disburse any benefit payments that it determines to be due on the 15<sup>th</sup> and last business day of the month. Benefit payments shall be made to the Participant.
- 4) MidAmerica shall notify Participants with regard to any claims that are denied due to inadequate substantiation or data submission and provide an adequate period of time for the Participant to resubmit the claim.

**Services Not Included:**

In addition to services described in the Agreement for which MidAmerica is not responsible, MidAmerica is not responsible for the following:

- 1) The Employer's compliance with Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and/or HIPAA.



**AUTHORIZATION FOR ACH DEBITS / CREDITS**

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Depositor Name as Shown on Bank Records

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Depositor Bank Address (Street, Box Number, City, State and Zip Code)

Account Number:

ABA Number:

Depositor Checking Account Number

Transit Routing Number (always a 9 digit number)

To: MidAmerica Administrative & Retirement Solutions, Inc.  
Bank of America, n.a., Post Office Box 25118, Tampa, Florida 33622-5118  
Bank Address (Street, Box Number, City, State and Zip Code)

Depositor authorizes Bank of A merica n.a. Tampa, Florida to present auto mated debits and credits via Automated Clearing House (ACH) to the above list ed account related to pr ocessing manual distributions associated with Depositors Spending Account program. This authorization will remain in effect until revoked by Depositor in writing and until you actually receive such notice. Depositor agrees that you shall be fully protected in honoring any such ACH.

Depositor agrees that your treatment of such ACH and your rights in respect to it shall be the same as if it were a check signed by the Depositor.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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Signature of Depositor in Agreement with Bank Records

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Print Depositor Name and Title

**\*\*\*IMPORTANT NOTE\*\*\* !!!**  
**PLEASE ATTACH A COPY OF YOUR VOIDED CHECK WITH THIS FORM !!!**

----- *Attach Voided Check Here* -----

**Exhibit B**  
**HIPAA BUSINESS ASSOCIATE ADDENDUM**

THIS HIPAA BUSINESS ASSOCIATE ADDENDUM (“**Addendum**”) supplements and is made a part of Citrus Heights Water District Flexible Spending Account Agreement (“**Agreement**”) by and between MidAmerica Administrative & Retirement Solutions, Inc. (“**MidAmerica**”), which is acting as the Business Associate to a health plan covered by the HIPAA Privacy & Security Rule, and Citrus Heights Water District (“**Covered Entity**”), and is effective as of February 1, 2019 (the “**Addendum Effective Date**”).

**RECITALS:**

**WHEREAS**, Covered Entity wishes to disclose certain information to MidAmerica pursuant to the terms of the Agreement, some of which may constitute Protected Health Information (“**PHI**”) (as hereinafter defined); and

**WHEREAS**, the parties intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to the Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“**HIPAA**”) and regulations promulgated thereunder by the U.S. Department of Health and Human Services (“**HIPAA Privacy & Security Rule**”) and other applicable laws; and

**WHEREAS**, the HIPAA Privacy & Security Rule (as hereinafter defined) requires the parties to enter into a contract containing specific requirements prior to the disclosure of PHI;

**NOW THEREFORE**, in consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. **Definitions.**

Unless otherwise defined, terms used in this Addendum have the same meaning as those terms in the HIPAA Privacy & Security Rule.

- a. “Business Associate” means MidAmerica.
- b. “Covered Entity” means Citrus Heights Water District.
- c. “HIPAA Privacy & Security Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information or the HIPAA Security Standards found at 45 CFR Parts 160-164.
- d. “Protected Health Information” or “PHI” means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future

payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

e. “Designated Record Set” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

f. “Treatment” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

g. “Payment” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

h. “Health Care Operations” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

## 2. **Obligations of Business Associate.**

a. Use or Disclosure of PHI. MidAmerica agrees not to use or disclose PHI, other than as permitted or required by the Agreement or as Required By Law.

b. Prohibited Uses and Disclosures. MidAmerica shall not use PHI other than as permitted by the HIPAA Privacy & Security Rule or this Addendum. MidAmerica shall not disclose PHI in any manner that would constitute a violation of the Privacy Rule if disclosed by the Covered Entity, except that MidAmerica may disclose PHI in a manner permitted pursuant to this Addendum.

c. Appropriate Safeguards. MidAmerica shall implement appropriate safeguards as are necessary to protect the confidentiality of PHI or to prevent its use or disclosure of PHI other than as permitted by this Addendum or the HIPAA Privacy & Security Rule.

d. Reporting of Improper Use or Disclosure. MidAmerica shall report to Covered Entity any use or disclosure of PHI other than as provided for by this Addendum of which it becomes aware. MidAmerica further agrees to mitigate, to the extent possible, the harmful effects of the unauthorized disclosure.

e. Disclosure to Agents. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), MidAmerica agrees to ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of MidAmerica agree to the same restrictions, conditions, and requirements that apply to MidAmerica with respect to such information.

f. Access to PHI. MidAmerica agrees to provide individuals with access to their PHI, as held in a Designated Record Set by MidAmerica, in order to meet the requirements under 45 CFR 164.524.

g. Amendment of PHI. MidAmerica agrees to make any amendment(s) to PHI it holds in a Designated Record Set, as directed by the Covered Entity pursuant to 45 CFR 164.526.

h. Accounting Rights. MidAmerica agrees to document and provide a description of any disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. MidAmerica agrees to provide such information to Covered Entity, or to an individual at the direction of the Covered Entity, in order for Covered Entity to comply with the accounting requirements in 45 CFR 164.528.

i. Governmental Access to Records. MidAmerica shall make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary of the U.S. Department of Health and Human Services (the “**Secretary**”) for purposes of determining Covered Entity’s compliance with the HIPAA Privacy & Security Rule within a reasonable time of a request for the same.

j. Covered Entity's Right to Restrict. MidAmerica agrees to comply, upon communication by Covered Entity, with any restrictions to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522.

k. HIPAA Security Standards. MidAmerica agrees to comply with the HIPAA Privacy & Security Rule with respect to any Electronic PHI (“EPHI”) that MidAmerica holds on behalf of the Plan.

1. MidAmerica agrees to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to EPHI to prevent use or disclosure of PHI other than as provided for by the Addendum.

2. MidAmerica agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required in the HIPAA Privacy & Security Rule.

3. MidAmerica agrees to ensure that any agent, including a subcontractor, to whom it provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

4. MidAmerica agrees to report to Covered Entity any security incident under the HIPAA Privacy & Security Rule of which it becomes aware, including the identities of any individual whose EPHI was breached.

l. Responsibilities If Security Breach. MidAmerica shall notify Covered Entity immediately if there is a breach by either MidAmerica or one of its agents of unsecured PHI, as defined in, and consistent with, the HITECH Act and any regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. Such notification shall:

1. Be made in writing to the Covered Entity's Privacy Officer or other designated party.

2. Be made within sixty (60) days of discovery.

3. Include the names of the individuals whose information was breached, the circumstances surrounding the breach, the date of the breach and date of discovery, the information breached, any steps the individuals should take to protect themselves, the steps MidAmerica (or its agent) is taking to investigate the breach, mitigate losses, and

protect against future breaches, and a contact person for more information.

If requested by MidAmerica, Covered Entity shall allow MidAmerica to approve the content of any notification in advance.

If requested by Covered Entity, MidAmerica shall notify the individuals involved, or the media or the US Department of Health and Human Services, as applicable, in accordance with the HITECH Act, and regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. For purposes of this provision, MidAmerica is considered an independent contractor of Covered Entity.

3. **Permitted Uses and Disclosures by Business Associate.**

a. **Disclosures Generally.** Except as otherwise provided in this Addendum, MidAmerica may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Agreement, provided that such use or disclosure would not violate the HIPAA Privacy & Security Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

b. **To Carry Out Covered Entity Obligations.** To the extent MidAmerica is to carry out one or more of Covered Entity's obligations under Subpart E of 45 CFR Part 164, MidAmerica agrees to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

c. **Management and Administration.**

1. MidAmerica may use PHI for the proper management and administration of MidAmerica or to carry out the legal responsibilities of MidAmerica.

2. MidAmerica may disclose PHI for the proper management and administration of MidAmerica, provided that disclosures are: (a) required by law or (b) MidAmerica obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies MidAmerica of any instances of which it is aware in which the confidentiality of the information has been breached.

d. **Data Aggregation and De-Identification.** Except as otherwise limited in this Addendum, MidAmerica may use PHI to provide Data Aggregation services to Covered Entity or to de-identify PHI. Once information is de-identified this Addendum shall not apply.

e. **Required By Law.** MidAmerica may use or disclose PHI as required by law.

4. **Termination.**

a. **Material Breach.** A breach by MidAmerica of any material provision of this Addendum shall constitute a material breach of the Agreement and shall provide grounds for termination of the Agreement by Covered Entity. In the event of such breach, Covered Entity shall provide MidAmerica with written notice of the breach and thirty (30) days in which to cure the

breach. If the breach is not cured within thirty (30) days, Covered Entity shall terminate the Agreement.

b. Effect of Termination. Upon termination of the Agreement for any reason, MidAmerica shall return or destroy all PHI that MidAmerica or its agents or subcontractors still maintain in any form, and shall retain no copies of such PHI. If return or destruction is not feasible, MidAmerica shall continue to extend the protections of Section 2 of this Addendum to such information, and limit further use or disclosure of such PHI to those purposes that make the return or destruction of such PHI infeasible.

5. Amendment.

a. Amendment to Comply with Law. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HIPAA Privacy & Security Rule and other applicable laws relating to the security or confidentiality of PHI. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum embodying written assurances consistent with the standards and requirements of HIPAA, the HIPAA Privacy & Security Rule or other applicable laws.

b. Amendment of Addendum. This Addendum may be modified or amended by mutual agreement of the parties at any time without amendment of the Agreement.

6. Conflicts. The terms and conditions of this Addendum will override and control any conflicting term or condition of the Agreement. All non-conflicting terms and conditions of the Agreement will remain in full force and effect.

7. Relationship of Parties. The parties intend that MidAmerica is an independent contractor and not an agent of Covered Entity.

**Covered Entity Health Plan**

Name of Employer: Citrus Heights Water District

**Signature:** \_\_\_\_\_

Print Name: Hilary Straus

Title: General Manager

**Date:** \_\_\_\_\_

**MidAmerica Administrative & Retirement Solutions, Inc.**

Signature: \_\_\_\_\_

Print Name: Trenton Teesdale, CEBS

Title: SVP of Business Development

Date: \_\_\_\_\_





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**Flexible Benefits (125) Plan**  
**SUMMARY PLAN DESCRIPTION**  
**for**

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### ***Introduction***

Your Employer has established a Flexible Benefits Plan (“Plan”) by adopting the Basic Plan Document for the MidAmerica Administrative & Retirement Solutions, Inc. Flexible Benefits (125) Plan to enable eligible employees to elect to receive a non-cash benefit that is excluded from gross income for federal tax purposes to use for eligible medical expenses. This Summary Plan Description (“SPD”) describes the terms of the Plan. The SPD attempts to make the main features of the Plan understandable. However, in the event of a discrepancy between this SPD and the terms of the Plan, the terms of the Plan shall control.

Your Employer reserves the right to amend and/or terminate the Plan at any time. No rights that have been earned prior to the time of amendment or termination will be affected.

You should review the attachments to this SPD which describe Health Care Reimbursement Accounts (“HCRA”) and Dependent Care Reimbursement Accounts (“DCRA”) before deciding whether these programs are right for you.

### ***Type of Plan***

The Plan is intended to qualify as a “cafeteria plan” within the meaning of section 125 of the Internal Revenue Code. This means the Plan permits Participants to elect to receive a portion of their compensation either in the form of cash or in the form of non-cash benefits provided under the Plan.

See Appendix A (Specific Information) for specific information about the Plan.

### ***Definitions***

Whenever used in this SPD, the following terms, when capitalized, shall have the following meanings unless the context clearly requires a different meaning:

1. “Effective Date” means the date specified on Appendix A.
2. “Eligible Employee” means a category of Employee that is selected by your Employer to participate in the Plan. More detail appears on Appendix A.
3. “Employee” means an individual employed by your Employer who receives W-2 earnings. The term “Employee” does not include a self-employed person.
4. “Employer” means the sponsor of the Plan. Affiliated Employers may also have adopted the Plan.
5. “Participant” means any individual who is in an eligible class of employees and who has satisfied the eligibility requirements of the Plan and has chosen to participate in the Plan by completing and filing a Flexible Benefits Plan Enrollment Form with the Employer.
6. “Plan” means the Flexible Benefits (125) Plan as adopted by your Employer as may be amended from time to time.
7. “Plan Year” means the period beginning on the effective date of the Plan and ending on the last day of the Plan Year as specified on Appendix A and each 12 consecutive month period after the end of the Plan Year.

### ***Plan Administration***

Your Employer has the responsibility for the administration of the Plan and for carrying out the Plan's provisions. Your Employer has entered into an agreement with MidAmerica Administrative & Retirement Solutions, Inc. ("MidAmerica") to perform specified administrative services for the Plan. MidAmerica is responsible only for performing the specific services that it has agreed to perform for your Employer.

### ***Participation in the Plan***

**Commencement of Participation.** When you become an Eligible Employee, you may become a Participant in the Plan upon completing and filing a Flexible Benefits Plan Enrollment Form with your Employer.

**Cessation of Participation.** Your participation in the Plan will end on the earlier of the date the Plan terminates or the date on which you cease to be an Eligible Employee.

**Conditions for Participation.** If you are an Eligible Employee, you must do or agree to the following:

1. You must complete all applications, election forms and other documents that your Employer asks you to complete.
2. Permit your Employer or MidAmerica to obtain information from your doctor, hospitals or other medical care providers concerning any claim that you submit for reimbursement; and
3. When requested, provide copies of any reports, bills or other information requested by your Employer or MidAmerica.

### ***Benefit Elections***

Each year you may elect to have a part of your compensation used to provide one or more of the Benefit Package Options specified in the Plan.

Each year your Employer will establish the maximum and minimum amounts that you may use to purchase Benefit Package Options and will communicate those amounts to you in the enrollment materials. Subject to limitations imposed by your Employer and the applicable law, each year you may choose one or more of the Benefit Package Options available to you by making a written election by the time prescribed by your Employer.

If you make a valid election to have all or a portion of the amount subject to election used for the purchase of Benefit Package Options, your Employer will reduce your cash compensation by the amount you designate and that amount will be used to provide your elected benefits. Your Employer may adjust your election of a non-cash benefit to the extent that your Employer deems, in its sole discretion, necessary to satisfy requirements of the Internal Revenue Code.

Your Employer may also determine to provide Benefit Credits that you may use to purchase Benefit Package Options. If available, those Benefit Credits will be set forth on Appendix A.

Your Employer may also choose to make a contribution on your behalf to purchase Benefit Package Options. If so, that information will be set forth on Appendix A. No amount of any such contribution may be paid to you as cash compensation.

Within a reasonable period of time prior to the beginning of each Plan Year, your Employer will give you a Flexible Benefits Plan Enrollment Form on which you may make your elections. You may elect a Benefit Package Option by specifying your election on the form provided. **Any election you make on this form will be effective for the next Plan Year and may not be changed during the Plan Year unless you have a permissible Change in Family Status (see below).**

By selecting a Benefit Package Option (other than one provided for by an Employer contribution or Benefit Credits), you agree that your cash compensation (i.e., your pay check) will be reduced as follows:

1. If you elect the payment of health insurance premiums (for your Employer's group medical plan), your cash compensation will be reduced by your share of the premium. Generally, if you decide to drop the insurance or change it when you do not have a Change in Family Status (see below), your compensation reductions are required to continue throughout the year.
2. If you elect a Health Care Reimbursement Account ("HCRA") or a Dependent Care Reimbursement Account ("DCRA"), a bookkeeping reimbursement account will be established in your name and your cash compensation will be reduced by the amount you designate. The amount will be credited to your HCRA or DCRA, as appropriate. If you do not spend the entire amount credited to your HCRA or your DCRA, that amount is required by law to be forfeited. It may not be paid to you as compensation.
3. If you cease to be an eligible Employee because of a change in employment status or classification (but not termination of employment), no further reductions will be made from your compensation. However, any balances in your HCRA or DCRA may continue to be used during the Plan Year to reimburse you for any allowable medical expenses or employment-related dependent care expenses incurred during the Plan Year.

If your change in employment status resulted from a leave of absence, you may arrange to have your compensation reduction deducted prior to the commencement of your leave or made up when you return. You should see your Employer for details.

If you cease to be an eligible Employee because of termination of employment, your rights to reimbursement are as described on Appendix A.

4. When you are on unpaid FMLA leave, you may pay your share of the cost of the Benefit Package Option you selected:
  - a. By pre-payment before commencement of leave through pre-tax or after-tax contributions from any taxable compensation;
  - b. On the same schedule as payments would have been made if you were not on leave; or
  - c. By arranging for your Employer to advance the payments while you are on leave, to be made up by you when you return from your leave.

**Benefit Elections by New Participants.** Within a reasonable period before a new Employee will become a Participant, your Employer will provide you with the necessary forms to complete to participate in the Plan. If you complete the appropriate forms and return them to your Employer by the due date your Employer establishes (which will not be later than the date you would have become a Participant), your election will be effective as of the date on which you become a Participant.

**Failure to Elect.** If you do not make an initial election in the manner described above, all your compensation will be paid to you in cash. This means that you will have no pre-tax elections in effect.

**If you have made an election in a prior Plan Year for a HCRA or a DCRA, your election WILL NOT be carried forward to the next Plan Year. You must complete a new form for each Plan Year. This means that if you do not complete a form for a Plan Year, you will have nothing deducted from your paychecks to pay medical expenses or dependent care expenses on a pre-tax basis.**

**However, if you made an election in a prior Plan Year to have health insurance premiums paid on a pre-tax basis and you do not return an enrollment form, your prior year's election WILL BE carried forward to the next Plan Year. That means that insurance premiums for the coverage you have in place will continue to be deducted from your paycheck.**

**Irrevocability of Election.** Once you make an election for compensation reduction, you are bound by that election for the entire Plan Year unless you have a Change in Family Status. This includes the following events:

- a. A change in your marital status.
- b. A change in your number of dependents.
- c. A change in your residence or the residence of your spouse or dependents.
- d. A change in your or your spouse's employment and, for elections with respect to your Employer's group accident or health coverage, a change with respect to that coverage.
- e. Such other events that may occur that may be permitted by law.

**You should see your Employer or the Plan Administrator for details, as the law is very particular as to what constitutes a change in family status for which you may change your election. This list is only a general summary to provide you some idea as to the permissible events.**

If one of the permitted events occurs, you may change your election prospectively by providing written notice to your Employer on a form acceptable to your Employer within 30 days of the event (or by the end of the special enrollment period under HIPAA), provided that the requested change in your election is consistent with your Change in Family Status or your change in accident or health coverage. The Plan reserves the right to adjust the allocation if there are claims incurred prior to the Change in Family Status which would result in a payable amount in excess of your new election.

**Adjustment by Your Employer.** If your Employer determines at any time that the Plan may fail to satisfy any nondiscrimination requirements of the Internal Revenue Code, your Employer will take such steps as it deems appropriate to avoid such failure. Your Employer may, without limitation, exclude Participants from coverage or modify Participant elections, with or without the affected Participant's consent, to the extent that your Employer deems necessary to satisfy the applicable nondiscrimination requirements.

**Automatic Termination of Election.** Your election will terminate automatically on the date you cease to be a Participant, even though you may still be entitled to one or more of the benefits described earlier.

**Funding.** The cost of Benefit Package Options is paid directly from your Employer's general assets. No assets will be set aside specifically to fund the payment of any benefits.

**Prohibition Against Alienation of Benefits** You do not have the right to sell, assign, transfer, pledge or otherwise encumber any of your benefits under the Plan. This means that you cannot use your rights under the Plan as security for a loan or for any other purpose before you actually receive the benefit.

### *Claims for Reimbursement*

#### **Filing a Claim**

Claims for benefits under your insurance policies must be filed with the relevant insurance company.

If you are enrolled in the HCRA or the DCRA, you should file your claim for reimbursement from the Plan for any covered medical expenses you or your family have incurred or dependent care expenses you incurred since you enrolled for the year should be submitted to MidAmerica Administrative & Retirement Solutions, Inc. at:

DEPT: FSA Department  
P.O. Box 24927  
Lakeland, FL 33802

Or sent via fax: to (863) 688-4200

Your Employer can provide the proper printed forms necessary to file your claim or they may be found on the web at [www.midamerica.biz](http://www.midamerica.biz). For medical expenses, you will also need to provide proper evidence of the amount and nature of the medical expenses such as a bill or invoice, and an Explanation of Benefits denying the claim or other evidence that your insurance coverage will exclude that expense.

If your claim is covered, you will receive reimbursement for the amount of the expense within the timeframe specified on your Plan Highlights, and your HCRA or DCRA balance, as appropriate, will be decreased by the amount paid.

#### **Debit or Stored-Value Card**

Your Employer may elect to provide all participants with a debit or stored-value card (“payment card”) for the purpose of electronically accessing and debiting your HCRA and DCRA when an eligible medical expense is incurred. Because it is a debit or stored-value card, you will not be able to spend more than your HCRA/DCRA balance. If the funds are not in your HCRA/DCRA account, the transaction will simply be denied.

The payment card allows reimbursement to be made at the point of sale without the need for you to wait to obtain reimbursement for a check to be issued or a direct deposit made into your bank account. The payment card provides for instant reimbursements for eligible 213(d) expenses, although additional documentation may be required in certain circumstances.

You will be provided more information as to how your payment card is to be used. However, general guidelines for use of the card are as follows:

- (1) In the event a sale does goes through that results in expenses being paid that are not properly payable from your HCRA/DCRA (for example, your prescription co-pay plus a \$10.99 DVD are paid for at the pharmacy counter), MidAmerica will take the following steps to recover the \$10.99:
  - a. Send you a letter asking you to reimburse your HCRA/DCRA for the ineligible expense of \$10.99.

- b. If you do not do this, the excess payment can be deducted from future reimbursement paid to you for proper expenses.
  - c. Finally, your employer may be asked by MidAmerica to payroll deduct that amount in order to reimburse your HCRA/DCRA.
- (2) Your payment card may be suspended or cancelled at any time upon notification by MidAmerica or your employer.
  - (3) You will have access to your entire 12-month elected amount on the first day of the plan year.
  - (4) You may pay for eligible medical expenses from your HCRA/DCRA either by using the payment card when you make your purchase or the service is provided or by submitting a Claims Form (hard copy) to MidAmerica.
  - (5) Any monies left in your HCRA/DCRA after the end of the plan year are available until the end of the run out period to reimburse you for proper medical expenses incurred during the plan year, but you must submit a request for reimbursement using a Claim Form or submitting an online claim. If your Employer has elected a Carryover Provision, up to \$500 of your HCRA funds will be carried into the next plan year.

### **Claims Procedure**

If your benefit request or other claim for benefits from your HCRA or DCRA is denied in whole or in part for any reason, you will be notified in writing within 30 days after if the claim is filed. (This period may be extended by your Employer for up to 30 days, provided your Employer determines that such an extension is necessary due to circumstances beyond its control and notifies you in writing before the expiration of the initial 30-day period.) The notice of denial you receive will give the reasons why the claim was turned down. You will be informed of the specific provision or provisions of the Plan on which your Employer's decision was based, and will be told what additional information or material (if any) you would need to submit to support your claim.

If your claim is denied, you are entitled to request a review of the denial of your claim for benefits by the Plan Administrator. You must request this appeal to the Plan Administrator in writing within 60 days after your receipt of the notice of denial (180 days, in the case of a claim for benefits from a HCRA). The final written decision of the Plan Administrator will be delivered to you within 60 days of the receipt of the appeal. (This period may be extended by the Plan Administrator for up to an additional 60 days if the Plan Administrator determines that special circumstances make such extension necessary, and notifies you in writing of the extension before the expiration of the initial 60-day period.) The decision will be in writing and will include both specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

### ***Miscellaneous***

#### **Requests for Plan Information**

You have the right to inspect all Plan documents and to make copies of the documents. All Plan documents can be reviewed and copied during normal business hours at your Employer's main place of operations. In accordance with Internal Revenue Service regulations, your Employer may charge a reasonable fee for copies. Any such request or other requests regarding Plan operation should be directed to the person responsible for your Employer's payroll or other person your Employer may designate.



### **Plan Administrator's Powers**

The Plan Administrator is empowered and authorized to make rules and regulations and establish procedures with respect to the plans and to determine or resolve all questions that may arise as to the eligibility, benefits, status and right of any person claiming benefits under the benefit plans. The Plan Administrator has the power and authority to construe and interpret the Plan and to correct any defect, supply any omissions, or reconcile any inconsistencies in the Plan.

While it is anticipated that the SPD adequately describes the material provisions of the benefit plans, it is the plan documents which ultimately govern the plans along with the rules and regulations and other procedures developed by your Employer.

### **No Additional Employment Rights**

Nothing in the Plan or this SPD in any way creates an express or implied contract of employment. Your employment may be suspended, changed, or otherwise terminated by either you or your Employer at any time.

### **Federal Income Tax Consequences.**

Although your Employer intends that non-cash benefits under the Plan will not be subject to federal income tax, neither your Employer nor the Plan Administrator nor MidAmerica makes any commitment or guarantee that any benefits under the Plan will be excluded from your gross income for federal or state income tax purposes. You should consult a tax professional for advice concerning how the Plan might affect your tax liability.

### **Your Private Health Information**

Your Employer and the Plan have and will continue to honor the confidentiality of your private health information. You may obtain copies of the Plan's privacy procedures and Privacy Statement from your Employer.

### **Amendment and Termination**

Your Employer intends to continue this Plan indefinitely. However, certain circumstances may require that the Plan be amended or terminated. Your Employer reserves the right to amend, modify, or terminate the Plan.

**APPENDIX A**  
**SPECIFIC INFORMATION**

Name of Plan	Citrus Heights Water District Flexible Spending Account
Name and Address of Employer	Citrus Heights Water District 6230 Sylvan Rd Citrus Heights, CA 94901
Name and Address of Plan Administrator	MidAmerica Administrative & Retirement Solutions, LLC 402 S. Kentucky Ave, Suite 500 Lakeland, FL 33801
Employer Identification Number	94-6019187
Agent for Service of Legal Process	
Address and Telephone Number of MidAmerica Administrative & Retirement Solutions, Inc.	DEPT: 125 ADMIN 402 South Kentucky Avenue Suite 500 Lakeland, Florida 33801  1-855-329-0095
Type of Administration	Flexible Benefit Plan
Original Effective Date	February 1, 2019
Plan Year Ending Date	January 31
Basis of Keeping Records	Plan Year
HCRA Election Limit	\$2,700
DCRA Election Limit	\$5,000.00 per household
Eligibility Requirement	All eligible employees
New Hire Waiting Period	N/A
Address to Submit Claims	402 South Kentucky Avenue Suite 500 Lakeland, Florida 33801 FAX: 863-688-4200
Frequency of Claim Payments	Daily
Claims Run Out Period	90 days
Termination Run Out Period	90 days
Availability of Funds - HCRA	1 <sup>st</sup> day of plan year
Availability of Funds – DCRA	As money is deducted from paycheck
Forfeiture of Funds	After claims run out period
Terminated Participant Forfeiture of Funds	After termination run out period

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 REGULAR MEETING

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SUBJECT : 2018 STRATEGIC PLAN UPDATE AND 2019 STRATEGIC PLAN PREVIEW  
STATUS : Action Item  
REPORT DATE : December 27, 2018  
PREPARED BY : Madeline Henry, Management Services Specialist/Deputy Board Clerk

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**OBJECTIVE:**

Receive an update to the 2018 Strategic Plan and a preview of the 2019 Strategic Plan.

**BACKGROUND AND ANALYSIS:**

Beginning with the 2017 budget process, CHWD initiated an annual Strategic Planning process. The goal of Strategic Planning is to bring the Board of Directors and key District staff together to identify and prioritize the District's key policy, program and project issues, and to identify steps to take over the coming year given limited funding and staffing resources, to help take CHWD to the next level. Given that Strategic Planning items are above and beyond daily operations, the need to prioritize issues is critical to the success of the Strategic Plan.

The 2018 Strategic Plan was approved by the Board of Directors on July 11, 2017 and the 2019 Strategic Plan was approved by the Board of Directors on August 15, 2018. Staff will provide a PowerPoint presentation at the January 16, 2019 Board Meeting to review the work completed through the end of the fourth quarter of 2018, to review the work plan for 2019 and receive feedback from the Board of Directors.

**RECOMMENDATION:**

Receive and file an update of the 2018 Strategic Plan. Receive and file a preview of the 2019 Strategic Plan.

**ATTACHMENT:**

- 1) 2019 Strategic Plan Preview
- 2) 2018 Strategic Plan Update

**ACTION:**

Moved by Director \_\_\_\_\_, Seconded by Director \_\_\_\_\_, Carried \_\_\_\_\_

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# **ATTACHMENT 1**

## **2019 Strategic Plan Preview**

**Citrus Heights Water District  
2019-2022 STRATEGIC PLAN PREVIEW**

Wednesday, January 16, 2019

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**A THREE-YEAR GOAL: COMPLETE THE PROJECT 2030 WATER MAIN REPLACEMENT STUDY TO ENSURE A RELIABLE WATER DISTRIBUTION SYSTEM**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q3 2018	Q2 2019	Complete the Water Main Assessment and Transmission Main Evaluation	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Tim Cutler	
2	Q3 2018	Q1 2019	Complete creek crossing inspection and develop a program for future assessments	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Tim Cutler	
3	Q1 2019	Q2 2019	Perform funding analysis and prepare up to 5 options for the phasing of water main replacements	<b>Missy Pieri</b> (Lead) Hilary Straus; Susan Sohal; Paul Dietrich; David Gordon	
4	Q3 2019	Q4 2019	Develop implementation plan for preferred alternative	<b>Missy Pieri</b> (Lead) Hilary Straus; Paul Dietrich; David Gordon; Brian Hensley; Susan Sohal	
5	Q1 2019	Q4 2019	Complete four steps of the Public Engagement Strategy: <ul style="list-style-type: none"> <li>• Develop top two proposals with the CAC</li> <li>• Conduct market research</li> <li>• Review results and revise approach as needed</li> <li>• Take publicly-supported plan to the Board for approval</li> </ul>	<b>Missy Pieri</b> Chris Castruita(Lead); Hilary Straus; Paul Dietrich; David Gordon	

**Citrus Heights Water District  
2019-2022 STRATEGIC PLAN PREVIEW**

Wednesday, January 16, 2019

**CITRUS HEIGHTS WATER DISTRICT ⚙ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL:   MANAGE WATER EFFICIENCY EFFECTIVELY AND EMPOWER CUSTOMERS TO USE WATER IN AN EFFICIENT MANNER**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Meter Replacement Study 10% complete	<b>David Gordon</b> Rex Meurer (Lead); Hilary Straus; Susan Sohal; Josh Nelson; Brian Hensley; Jeff Ott	
2	Q1 2019	Q4 2019	Increase attendance by 10% at CHWD Water Smart Classes (e.g., through increased promotion at Fair Oaks Harvest Festival and other vehicles)	<b>Hilary Straus</b> Rex Meurer (Lead); Chris Castruita	
3	Q1 2019	Q4 2019	Increase sign-ups for Water Efficiency Reviews by 10%	<b>Hilary Straus</b> Rex Meurer (Lead); Chris Castruita	

**CITRUS HEIGHTS WATER DISTRICT ⚙ 2019 STRATEGIC OBJECTIVES**

**Citrus Heights Water District**  
**2019-2022 STRATEGIC PLAN PREVIEW**

Wednesday, January 16, 2019

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**THREE-YEAR GOAL: MANAGE AND DIVERSIFY A DEPENDABLE WATER SUPPLY**

<b>Objectives to be Completed in the 2019 Year</b>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Enter into a sale agreement for Well Site #8	<b>David Gordon</b> (Lead) Missy Pieri; Susan; Josh Nelson; Brian Hensley; Hilary Straus	
2	Q1 2019	Q4 2019	Identify potential Well Sites #9 and #10	<b>David Gordon</b> (Lead) Josh Nelson; Brian Hensley; Hilary Straus; Missy Pieri; Susan Sohal	
3	Q1 2019	Q2 2019	Conduct a retroactive quantitative and qualitative evaluation of our groundwater transfer work with San Juan Water District and other agencies	<b>David Gordon</b> (Lead) Susan Sohal; Steve Anderson; Hilary Straus; Brian Hensley; Alberto Preciado	

**Citrus Heights Water District  
2019-2022 STRATEGIC PLAN PREVIEW**

Wednesday, January 16, 2019

**CITRUS HEIGHTS WATER DISTRICT ✨ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: MANAGE THE EFFICIENT IMPROVEMENT OF AND REINVESTMENT IN DISTRICT INFRASTRUCTURE AND FACILITIES**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2019	Q4 2019	Complete space needs alternatives analysis	<b>Missy Pieri</b> (Lead) Paul Dietrich; Hilary Straus; David Gordon; Susan Sohal	
2	Q1 2019	Q4 2019	Dispose of two surplus well sites	<b>David Gordon</b> (Lead) Josh Nelson; Hilary Straus; Missy Pieri; Susan Sohal; Chris Castruita; Alberto Preciado	
3	Q3 2019	Q4 2019	Develop an administrative procedure defining CEQA review of District CIP projects	<b>Missy Pieri</b> (Lead) Paul Dietrich; Josh Nelson; David Gordon; Brian Hensley	
4	Q1 2019	Q4 2019	Select a consultant for the Easement Review Project, complete Phase 1 Inventory of all current easements, and document all needed easements	<b>Missy Pieri</b> (Lead) Josh Nelson; Paul Dietrich; David Gordon; Brian Hensley; Chris Castruita	
5	Q1 2019	Q4 2019	Complete a work plan and select a consultant for the annexation of the island parcels and boundary revisions	<b>Missy Pieri</b> (Lead) Josh Nelson; Paul Dietrich; David Gordon; Brian Hensley; Chris Castruita	



**Citrus Heights Water District  
2019-2022 STRATEGIC PLAN PREVIEW**

Wednesday, January 16, 2019

**CITRUS HEIGHTS WATER DISTRICT ✪ 2019 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: PROMOTE ORGANIZATIONAL EFFECTIVENESS TO ENHANCE CUSTOMER SERVICE**

<i>Objectives to be Completed in the 2019 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q3 2019	Q4 2019	Issue an RFP for an enterprise-wide Document Management System	<b>Susan Sohal</b> Chris Castruita (Lead); Jeff Ott; Missy Pieri	
2	Q1 2019	Q4 2019	Complete the rebuild of the Financial Model for the 2020 Budget	<b>Susan Sohal</b> (Lead) Alberto Preciado; Missy Pieri; David Gordon; Hilary Straus	
3	Q1 2019	Q2 2019	Hire a SMSS/MSS (1 FTE)	<b>Susan Sohal</b> Chris Castruita (Lead); Hilary Straus; Rex Meurer; Missy Pieri; David Gordon	
4	Q1 2019	Q4 2019	Complete Website redesign	<b>Susan Sohal</b> Chris Castruita (Lead); Jeff Ott; Missy Pieri; David Gordon; Rex Meurer; Alberto Preciado	

**ATTACHMENT A**

**PARKING LOT -- POTENTIAL PROJECTS THAT COULD BE  
BROUGHT FORWARD INTO 2019 IF TIME AND RESOURCES ALLOW**

*(not in priority order)*

1. Design Well #7 and pending ASR study
2. District Policy Review, 2000's , 3000's, 6000's, 8000's, and 9000's
3. Develop strategy for amending the Intertie Agreements
4. Select the vendor(s) and system(s) for the Enterprise-wide Document Management System
5. Hire a design consultant to initiate PS&E for the Corp Yard/Facilities Master Plan, including ADA compliance
6. Develop a NIMS/SEMS-compliant Emergency Operations Plan and one Annex
7. Develop a Professional Development Work Plan
8. Complete 40 percent of planning for the District's Centennial Celebration in 2020

**ATTACHMENT 2**  
2018 Strategic Plan Update

**Citrus Heights Water District**  
**2018-2021 STRATEGIC PLAN 4<sup>th</sup> QUARTER UPDATE**

Wednesday, January 16, 2019

**CITRUS HEIGHTS WATER DISTRICT ☐ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: *PROJECT 2030 – WATER MAIN IMPROVEMENTS***

<i>Objectives to be Completed in the 2018 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
1	Q1 2018	Q3 2018	Complete asset inventory into ESRI	Missy P., Paul D., Borey S., Tamar D.	<b>COMPLETE</b>
2	Q4 2017	Q4 2019	Complete Customer Advisory Committee (CAC) Process	Missy P., Consultant, Rex M., Hilary S., Ray R., David G., Paul D., Susan S., Brian H., Chris C., Tamar D.	Orientation Meeting, CAC Meetings #1, #2 and #3 complete.  CAC Meeting #4 scheduled for 02/05/19.
3	Q3 2017	Q4 2019	Complete Project 2030 Study	Missy P., Consultant, Hilary S., David G., Paul D., Susan S., Brian H., Chris C., Tamar D., Borey S.	Asset Inventory and water demand projections complete.  Main Replacement Findings and Costs complete.  CHWD to present Spending and Funding options for CAC to develop alternatives.
4	Q3 2018	Q2 2019	Transmission Main Evaluation (FIP)	Missy P., Consultant, David G., Paul D., Brian H., Tamar D., Borey S.	Transmission Main Evaluation/Risk Analysis in progress.
5	Q3 2018	Q2 2019	Creek Crossing Inspection Program	Missy P., Consultant, David G., Paul D., Brian H., Tamar D., Borey S.	Creek Crossing Inspection to begin in Spring 2019.

**Citrus Heights Water District  
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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**A THREE-YEAR GOAL: *WATER EFFICIENCY***

*Objectives to be Completed in the 2018 Year*

#	START	END	WHAT	WHO	COMMENTS
1	Q1 2018	Q4 2019	Meter Replacements: a. Study/Partnerships b. Grants c. Testing	Rex M., David G., Susan S., Hilary S., Brian H., Kelly D.	A. A Multi-agency Consortium MOU has been executed by eleven water agencies in order to participate in a regional Water Meter Replacement Study. The levels of participation for each agency will be finalized by Q2 2019. B. A review of grants will be looked at to implement the Meter Replacement Advanced Planning Study. C. Completed meter testing for meters 3 inches and larger. A list of meters 3 inches and larger are being prioritized for replacement.
2	Q1 2018	Q4 2018	Tracking state laws and regulations an taking positions as appropriate. a. Updates b. Compliance c. Reporting	David G., Rex M., Hilary S., RWA, BB&K	Staff has created a new section of the FYI Report, Legislative/Regulatory Update, to track and monitor proposed regulatory and legislative changes affecting the District. Staff will continue to monitor and update the Board as regulatory and legislative changes occur. Staff will continue to monitor RWA and ACWA as regulatory and legislative changes occur.  Regional Water Authority selected Ryan Ojakian to be their new Legislative and Regulatory Affairs Manager. District staff met with Mr. Ojakian on 11/13/18 in order to introduce him to the primary legislative concerns of the District and to provide him with a direct staff liaison for legislative issues.

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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**A THREE-YEAR GOAL: WATER EFFICIENCY (CONTINUED)**

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
3	Q1 2018	Q4 2018	Public Outreach—Training	Chris C., Rex M., Missy P, David G., Hilary S., Kelly D., CirclePoint	Five landscape classes were held this year. The final class was held 08/27/18. Over 160 people attended the WaterSmart class series. WaterSmart class content, venue location and schedule are being developed for 2019.
4	Q1 2018	Q4 2018	Safety: a. In-house b. Public c. Compliance	Kelly D., Chris C., David G., Rex M., Safety Committee, ACWA JPIA	The following in-house trainings have been completed: First Aid CPR/AED, Asbestos Cement Pipe (ACP), Respirator, Hazard Communication (MSDS), Blood Borne Pathogens, and Fire Extinguisher.  Updates to the Injury/Illness Prevention Program (IIPP) were completed in January 2018. Updates include Traffic Control/Flagger and Blood Borne Pathogen.  Installed SEMS/NIMS compliant building identification signage on all corporation yard buildings.  Staff is currently updating the District's Emergency Operations Plan.

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**CITRUS HEIGHTS WATER DISTRICT    □    2018 STRATEGIC OBJECTIVES**

**A THREE-YEAR GOAL: *WATER EFFICIENCY (CONTINUED)***

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
5	Q1 2018	Q2 2019	Risk Management and Loss Prevention Work plan Development	Chris C., Kelly D., Rex M., Susan S., Hilary S.	The Safety Committee completed a risk analysis to assess the specific risks a loss prevention program would address.  A Safety/Security consultant conducted a Security Assessment of the corporation yard on Monday, October 29, 2018.
6	Q1 2018	Q4 2018	Identify and Apply for Grant Funding: a. RWA b. District c. Partnerships	David G., Brian H., Missy P., Rex M., RWA, Susan S., Alberto P.	Applied for grant funding through the Integrated Regional Water Management Plan (IRWMP). Several projects were identified as being applicable for these grant funds. The District is pursuing partnerships with other regional agencies to identify further funding opportunities.

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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: WATER SUPPLY**

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q4 2017	Q4 2019	Amend/Update Water Supply Agreement	Hilary S., BB&K, David G., Susan S., Brian H.	Staff and Legal Counsel met with the Board and are preparing to meet with SJWD-Wholesale regarding a Shortage Plan, Mutual Aid and Water Supply Agreement.
2	Q3 2017	On-going	Active engagement in Sustainable Groundwater Management Act (SGMA) Technical Advisory Group	David G., Brian H., Hilary S., BB&K	Staff has been attending/following the Groundwater Sustainability Plan (GSP) development at the monthly North American Sub-basin Technical meetings.
3	Q2 2018	Q4 2018	Consider Aquifer Storage and Recovery (ASR) Retrofit feasibility	David G., Brian H., Hilary S., Missy P., Susan S., Eng. Consultant, BB&K	District staff worked with Sacramento Groundwater Authority (SGA) to develop an RFQ for a regional ASR feasibility study and has assisted SGA in the consultant selection process.  Staff anticipates the study to begin in mid-2019.
4	Q3 2018	Q4 2019	Design Well #7	David G., Brian H., Hilary S., Missy P., Susan S.	Contingent on completion of property purchase. Staff anticipates close of escrow on the property to occur in Q1 2019.



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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: WATER SUPPLY (CONTINUED)**

<i>Objectives to be Completed in the 2018 Year</i>					
<b>#</b>	<b>START</b>	<b>END</b>	<b>WHAT</b>	<b>WHO</b>	<b>COMMENTS</b>
5	Q3 2017	Q4 2018	Obtain Well #8 property	David G., Brian H., Hilary S., Missy P., Susan S., and Real Estate Rep.	A Right of Entry Option to Purchase Agreement with a property owner was executed on 12/20/18.  A test-hole will be drilled on the site in Q1 2019 to determine site viability.
6	Q3 2018	Q4 2019	Revisit and Develop Intertie Agreements	David G., Brian H., BB&K, Hilary S., Susan S., Missy P.	Staff and Legal Counsel have completed an initial review of the District's Intertie Agreements. Staff has identified a neighboring Water District as the first intertie project to tackle.
7	Q3 2017	Q2 2018	Complete two well rehabilitations and other upgrades	David G., Brian H., Hilary S., Missy P., Susan S.	Palm and Sunrise rehabilitation projects at 95% complete. Final water sampling of the wells is taking place prior to putting the wells back in service. Palm Well was upgraded to a submersible pump and motor.
8.	Q2 2017	Q4 2018	Research water rights	Hilary S., BB&K, David G., Brian H., Susan S., Chris C.	<b>COMPLETE</b>

**Citrus Heights Water District**  
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**CITRUS HEIGHTS WATER DISTRICT ☐ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: CAPITAL IMPROVEMENTS PROGRAM**

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q1 2018	Q4 2018	Water distribution mains and services	Missy P., Paul D., Tamar D., Borey S., David G.	2 projects completed. 1 project in construction phase. 5 projects in design phase.
2	Q4 2018	Q2 2019	Review the CEQA process for CIPs	Missy P., Paul D., Tamar D., Borey S., Hilary S., BBK	Objective to begin in Q1 2019.
3	Q1 2018	Q4 2018	Develop RFP for Easement Review Project	Missy P., Tamar D., Paul D., Borey S., Hilary S., BBK	Preparing Draft Request for Proposal. Review of Draft Request for Proposal in Q1 2019.
4	Q1 2018	Q4 2018	Develop RFP for review of annexations LAFCO and annexations	Missy P., Tamar D., Paul D., Borey S., Hilary S., BBK	Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 02/13/19.
5	Q2 2018	Q2 2019	Develop the Corporation Yard/Facilities Master Plan, including ADA compliance	Paul D., David G., Missy P., Susan S., Hilary S., Consultant	Preparing Draft Request for Proposal. Review of Draft Request for Proposal on 01/15/19.
6	Q3 2018	Q2 2019	Develop a plan to dispose of surplus well sites	David G., Brian H., Susan S., Tamar D., BBK	Staff and Legal Counsel have completed an initial review of the District's surplus well sites. District staff anticipates updating the Board with a proposed decision matrix for the disposal of the well sites in first half of 2019.

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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: ORGANIZATION-WIDE OBJECTIVES**

<i>Objectives to be Completed in the 2018 Year</i>					
#	START	END	WHAT	WHO	COMMENTS
1	Q3 2018	Q1 2019	Server upgrade	Jeff O., Susan S., J4	SAN upgrade complete. Upgrade of physical servers is 100% complete. Network switches 100% complete. Virtual servers are 40% complete.
2	Q3 2018	Q2 2019	Issue RFP for Website Redesign	Chris C., Madeline H., Jeff O., Susan S., Hilary S.	Staff is working to bring onboard a new communications firm to assist with this project.
3	Q3 2017	Q2 2018	IT Program Review	Chris C., Susan S., Hilary S.	<b>COMPLETE</b>
4	Q1 2018	Q4 2018	Support the 2018 Board Member Candidates' Orientation and Election process	Chris C., Madeline H., Susan S., Hilary S.	Resolution for Election approved by the Board in June 2018. CHWD participated in Leadership Citrus Heights, at CAC meetings, and at Neighborhood Association meetings in Spring 2018 to promote upcoming election.
5	Q4 2017	Q4 2018	Hold Organizational development and employee training Opportunities	Chris C., Susan S., Hilary S., Missy P., David G.	HR Team worked with Bryce Consulting to provide trainings to the general staff. 3 trainings completed June, July, and October 2018.
6	Q4 2017	Q4 2018	CHWD Policy Review	BB&K, Chris C., Susan S., Hilary S., Missy P., David G.	Completed Update of Policy 2300, 3000, 4932, 6500, and 7180.
7	Q1 2018	Q3 2019	Rebuild Rate Model/Financial Model for 2020 budget	Susan S., Alberto P., Hilary S., Missy P., David G., Chris C., Rex M., Brian H., Paul D., Consultant	Contracted with Raftelis for analysis. Expect to complete groundwater cost analysis in Q3.

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**CITRUS HEIGHTS WATER DISTRICT □ 2018 STRATEGIC OBJECTIVES**

**THREE-YEAR GOAL: ORGANIZATION-WIDE OBJECTIVES (CONTINUED)**

<i>Objectives to be Completed in the 2018 Year</i>					
<i>#</i>	<i>START</i>	<i>END</i>	<i>WHAT</i>	<i>WHO</i>	<i>COMMENTS</i>
8	Q1 2018	Q4 2019	Enterprise-wide document scanning and indexing/GIS	Jeff O., Chris C., Susan S., Consultant, Missy P., David G.	Project team has been created, and is beginning work on RFP development, with the goal of issuing the RFP by 07/01/19.
9	Q1 2018	Q2 2018	Hire a Water Efficiency Technician (1FTE new position)	Chris C., Rex M., Sr. Mgmt. Svc. Spec., RGS	<b>COMPLETE</b>

# CITRUS HEIGHTS WATER DISTRICT

## DISTRICT STAFF REPORT TO BOARD OF DIRECTORS JANUARY 16, 2019 MEETING

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SUBJECT : METER REPLACEMENT STUDY UPDATE  
STATUS : Information Item  
REPORT DATE : January 8, 2019  
PREPARED BY : Hilary Straus, General Manager  
David Gordon, Operations Manager  
Rex Meurer, Water Efficiency Supervisor

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Staff will provide an update on the Meter Replacement Study, including efforts to finalize levels of participation among Meter Replacement Consortium agencies.