

RESOLUTION NO. OC SAN 21-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING THE HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN FOR THE SUPERVISORY AND PROFESSIONAL MANAGEMENT GROUP IDENTIFIED THROUGH THE 2020-2021 HRA REOPENER NEGOTIATIONS

WHEREAS, on August 28, 2019, the Board of Directors (“Directors”) of the Orange County Sanitation District (OC San) authorized the General Manager to negotiate with the represented employee organizations to discuss a potential Health Reimbursement Arrangement (HRA; also referenced as Health Retirement Account in MOU) plan, per the agreed upon HRA reopener.

WHEREAS, pursuant to Government Code Section 3500, *et seq.*, representatives of the Supervisory and Professional Management Group (referred hereinafter as “Group”) have met and conferred, in good faith, with the representatives of OC San and have reached an understanding with regard to certain terms and conditions relative to employment;

WHEREAS, the parties have agreed to implement an HRA plan reflecting the parties’ understanding regarding certain terms and conditions as set forth in the OC San HRA agenda report, which include:

- Health Reimbursement Arrangement: OC San will establish an HRA for all employees in the Group, per Internal Revenue Guidance Rev. Rul. 2002-41 and Rev. No. 2002-45.
 - All employees of the Group shall be required to contribute uniformly to the HRA according to the following plan design and may not opt out.
 - All mandatory sick leave payouts shall be contributed to the employee’s HRA according to the provisions in Article 27 – Leave of Absence with Pay, Sections 27.2.5 and 27.2.11.
 - All mandatory vacation payouts shall be contributed to the employee’s HRA in accordance with Article 27 – Leave of Absence with Pay, Section 27.1.5.
 - All mandatory compensatory payouts shall be contributed to the employee’s HRA in accordance with Article 16 - Holidays, Section 16.1.
 - In the event of death while employed at OC San, any compensation as a result of any accrued and unused sick leave, vacation leave, and compensatory leave payouts shall be paid to the employee’s designated beneficiaries.
 - In the event of death, the employee’s HRA account and all remaining monies within the account shall be transferred to the qualified dependent of record. The qualified dependent of record is a designation defined by IRS rules rather than an employee-chosen beneficiary. In the event there is no qualified dependent of record, all assets in the HRA shall be forfeited

and distributed on a non-discriminatory basis to remaining plan participants.

- In the event of termination of employment by OC San, any compensation as a result of accrued and unused sick leave, vacation leave, and compensatory leave payouts shall be paid directly to the employee.
- OC San shall pay the administrative costs of the HRA plan up to a maximum of \$30 per year per employee. Employees shall be responsible for any asset management fees.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1. The aforementioned HRA plan as outlined herein is hereby approved and may be implemented upon completing the procurement process for a vendor.

Section 2. The General Manager is authorized to initiate a procurement for an HRA vendor upon the conclusion of negotiations with all represented and unrepresented groups and sign a contract with the designated carrier for the approved plans.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held November 17, 2021.

John B. Withers
Board Chair

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

APPROVED AS TO FORM:

Kelly A. Lore, MMC
Clerk of the Board

