

## RESOLUTION NO. OC SAN 22-05

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING THE HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN FOR THE MANAGERS GROUP IDENTIFIED THROUGH THE 2021 HRA REOPENER NEGOTIATIONS

WHEREAS, on August 28, 2019, the Board of Directors (“Directors”) of the Orange County Sanitation District (the “District”) 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 MOUs) plan, per the agreed upon HRA reopener.

WHEREAS, following negotiations with the Supervisory and Professional Management Group (SPMG), OC San and SPMG reached a tentative agreement regarding the HRA;

WHEREAS, consistent with past practice, OC San opened discussions with similarly situated unrepresented employees, including the Managers Group, and issued a proposal with equivalent terms to the tentative agreement with SPMG, adjusted only to reflect the types of leave accruals applicable to the group;

WHEREAS, OC San has agreed to implement an HRA plan for the Managers Group 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 a Health Reimbursement Arrangement (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.
  - For the following actively accruing leave banks:
    - All mandatory personal leave payouts shall be contributed to the HRA (as referenced in Policy 3.3; attached).
    - All mandatory compensatory leave payouts shall be contributed to the HRA (as referenced in Policy 2.2; attached).
    - All mandatory vacation leave payouts shall be contributed to the HRA (as referenced in Policy 3.3).
    - All mandatory sick leave payouts shall be contributed to the HRA (as referenced in Policy 3.3).
  - In the event of death while employed at OC San, any compensation for accrued and unused leave shall be paid to the employee’s designated beneficiaries.
  - In the event of death, the employee’s HRA account and all monies within shall be transferred to the employee’s qualified dependent of record. The qualified dependent of record is a designation defined by IRS rules, which may be a spouse, legal domestic partner, or a child that is still listed as a

dependent on your income tax return. In the event that 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 for accrued and unused leave 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 January 26, 2022.

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John B. Withers  
Board Chairman

ATTEST:

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Kelly Lore  
Clerk of the Board

