

RESOLUTION NO. 680

CORRECTION OF COMMISSIONER VEBA PAYMENTS

WHEREAS, the District historically has made tax-free contributions to its VEBA plan on behalf of certain Commissioners; and

WHEREAS, it has come to the District's attention that Commissioners became ineligible for the District's VEBA plan on July 1, 2013; and

WHEREAS, it has come to the District's attention that all contributions to the District's VEBA plan made on behalf of Commissioners on or after July 1, 2013 were therefore improper; and

WHEREAS, state law, the Patient Protection and Affordable Care Act ("ACA") and guidelines issued by the Internal Revenue Service ("IRS") authorize payment of a taxable stipend of equivalent or lesser value to the aforesaid VEBA contributions to Commissioners to pay for health insurance coverage, including medical, dental and optical in lieu of said contributions; and

WHEREAS, said stipend must be taxable, of equal or lesser value to the benefit offered to employees under the District's VEBA plan and cannot be conditioned on the purchase of health insurance coverage; and

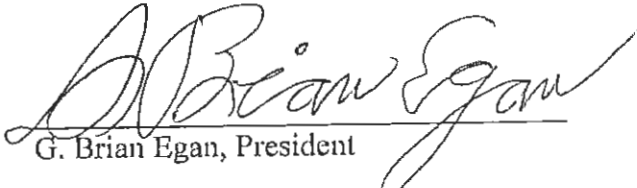
WHEREAS, in order to comply with applicable VEBA rules and state and federal law, retroactive correction of this issue is necessary going back to July 1, 2015;

NOW THEREFORE, BE IT HEREBY RESOLVED by the BOARD OF COMMISSIONERS of the EAST WENATCHEE WATER DISTRICT, Douglas County, Washington, that:

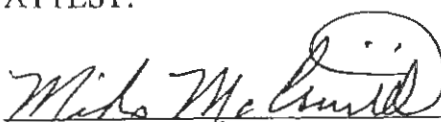
The District shall correct its own accounting and/or payroll records for tax year 2015, reflecting that the amount of VEBA contributions made on behalf of Commissioners was, in fact, taxable compensation after July 1, 2015; and shall work with the staff of VEBA to either refund each Commissioner account balances to the standard plan 2 account or to the District which will reimburse each Commissioner.

The District shall issue amended Form 1099's for tax year 2015 to all Commissioners on whose behalf VEBA contributions have been made by the District since July 1, 2015, reflecting that the amount of said contributions was, in fact, taxable compensation to the Commissioners after July 1, 2015.

APPROVED, RATIFIED AND ADOPTED, this 16th day of May, 2016, by the BOARD OF COMMISSIONERS of the East Wenatchee Water District, Douglas County, Washington at a regular meeting thereof.

  
G. Brian Egan, President

ATTEST:

  
Mike McCourt, Secretary