

MEMORANDUM OF AGREEMENT
HRA VEBA
Regarding
Health Benefits for 2010 and Beyond
For Represented Benefits-Eligible Employees
By and Between King County and
Unions Representing King County Employees

Whereas, the parties agreed to negotiate employees' participation in the Health Reimbursement Arrangement ("HRA") Voluntary Employees Beneficiary Association ("VEBA") Medical Reimbursement Plan for Public Employees in the Northwest for 2007 through 2009; and

Whereas, the parties seek to extend and expand the HRA VEBA;

Whereas, the parties have negotiated in good faith; now

Therefore, the parties hereby agree to the following HRA VEBA provisions:

1. The County adopted HRA VEBA in 2007. The HRA VEBA is a tax-exempt trust authorized by Internal Revenue Code Section 501(c)(9). Under the IRS code requirements, if a bargaining unit opts to participate in the HRA VEBA, all eligible employees in positions covered by the bargaining unit must participate.

a. Sick Leave Cash Out at Retirement. Collective Bargaining Units participating in the HRA VEBA 2007-2009 use this funding option. If a retiring employee is in a bargaining unit that has opted to participate in HRA VEBA, the County will transfer funds equal to that participating employee's cash-out of eligible, compensable sick leave tax-free to a VEBA trust account on that employee's behalf at his/her retirement. These funds will be transferred to the HRA VEBA account in lieu of the regular cash-out to the employee, not in addition to the regular cash-out. The funds will be available to the member to pay for health care-related expenses after retirement. This funding option remains in effect unless specific action is taken to amend or terminate it.

b. Collective Bargaining Units who are participating in the HRA VEBA 2007-2009 and wish to terminate may do so. Collective Bargaining Units must notify the Benefits and Retirement Operations Section no later than Friday, July 31, 2009, of their decisions on participation in the HRA VEBA funded by sick leave cash-out.

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c. Collective Bargaining Units who are not participating in the HRA VEBA 2007-2009 may elect to participate in the HRA VEBA effective January 1, 2010. Collective Bargaining Units electing the HRA VEBA for the first time must notify the Benefits and Retirement Operations Section no later than Friday, July 31, 2009, of their decisions on participation in the HRA VEBA funded by sick leave cash-out.

2. All Collective Bargaining Units that participate in the HRA VEBA may opt to add either or both of the following two new funding options to their HRA VEBA effective January 1, 2010:

a. **Vacation Cash Out at Retirement.** The County will transfer funds equal to 50 percent of that participating employee's cash-out of eligible, vacation leave tax-free to an HRA VEBA trust account on that employee's behalf at his/her retirement. These funds will be transferred to the HRA VEBA account in lieu of the regular cash-out to the employee, not in addition to the regular cash-out. The funds in the HRA VEBA will be available to the member to pay for health care-related expenses after retirement.

b. **Employee Contributions.** Each employee will contribute \$50 per month into the HRA VEBA in accordance with IRS regulations as follows. The bargaining unit's compensation package will be changed such that eligible employees shall receive additional benefits in the form of VEBA Plan contributions equal to \$50 per month which shall be calculated and contributed on a monthly basis and the employees' salary shall be reduced in an equal amount. Such contributions shall be made on behalf of all group employees defined as eligible and shall be considered and referred to as employer contributions. These VEBA contributions will be available to the member to pay for health care related expenses before or after retirement.

c. Bargaining Units electing either or both of these HRA VEBA funding options must notify the Benefits and Retirement Operations Section no later than Friday, July 31, 2009, the outcomes of these elections.

3. **Irrevocability.** Contributions to HRA VEBA are irrevocable and will be available to provide payment for health care-related expenses incurred by the participating employee, his/her spouse, and dependents until exhausted as provided for by the terms of the plan and regardless of any subsequent changes to future contributions elected by the bargaining unit.

4. **Yearly Election.** Each bargaining unit may elect to terminate or change funding options for the HRA VEBA yearly, provided that each bargaining unit must notify the Benefits and Retirement Operations Section no later than the last Friday in June of any change to be implemented the following year.

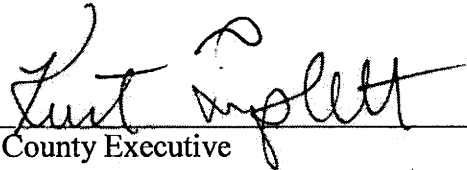
ADDENDUM C

5. Total Agreement. This Agreement may be modified or amended only by a written amendment executed by all parties hereto.

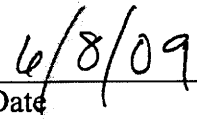
6. Severability. The provisions of this Agreement are intended to be severable. If any term or provision of this Agreement is deemed illegal or invalid for any reason, such illegibility shall not affect the validity of the remainder of this Agreement.

7. Term. This Agreement shall be effective January 1, 2010.

On behalf of King County:



King County Executive



Date

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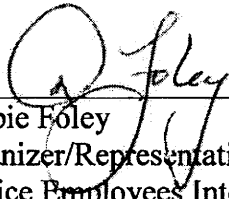
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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:

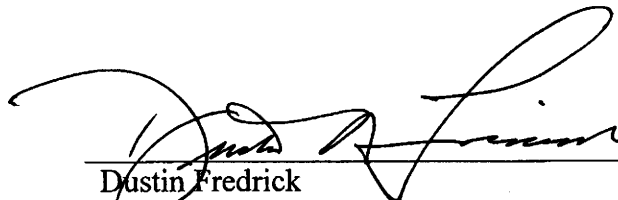


Debbie Foley
Organizer/Representative
Service Employees International Union, Local 925

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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:

 4/23/09

Dustin Fredrick
Business Manager
Public Safety Employees Union

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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:



Whitney Hupf

Union Representative

International Federation of Professional and Technical Engineers, Local 17

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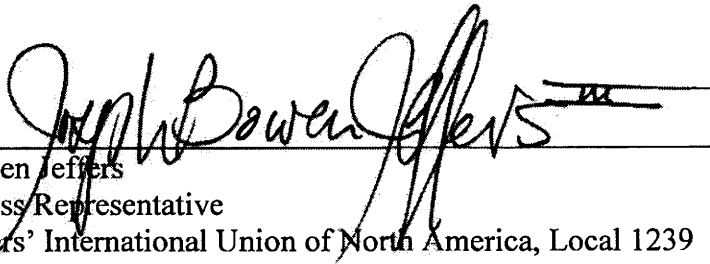
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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:

 May 1st, 2009

J. Bowen Jeffers
Business Representative
Laborers' International Union of North America, Local 1239

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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:

Diana Prenguber *5-4-2009*

Diana Prenguber

Staff Representative

Washington State Council of County and City Employees, Council 2

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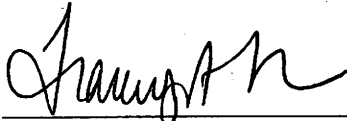
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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:



Tracey A. Thompson
Secretary-Treasurer
International Brotherhood of Teamsters
Local 117

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On behalf of the Unions Participating in the Joint Labor Management Insurance Committee:



Randy Weaver
Vice President
King County Corrections Guild