

RESOLUTION NO. 1047

A RESOLUTION adopting and establishing the American Family Life Assurance Company of Columbus (AFLACC) Flexible Benefits Plan and authorizing the Mayor to sign the Employers Acknowledgement for such plan..

WHEREAS, the City desires to offer its employees a flexible benefits plan whereby employees can select insurance and fringe benefit programs suitable for their individual needs, and

WHEREAS, the City desires to enter into an agreement with American Life Assurance Company of Columbus (AFLACC) to provide such a flexible benefits plan,

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CAMAS AS FOLLOWS:

Section I

The City hereby adopts and establishes a flexible benefits plan with American Family Life Assurance Company of Columbus (AFLACC), in accordance with the terms and conditions of the Flexible Benefits Plan Summary Plan Description attached hereto as Exhibit "A" and by this reference incorporated herein.

Section II

The Mayor is authorized to sign on behalf of the City the Employers Acknowledgement form provided by AFLACC.

ADOPTED by the Council at a regular meeting this 20<sup>th</sup> day of March, 2006.

SIGNED: \_\_\_\_\_

Mayor

ATTEST: \_\_\_\_\_

Clerk

APPROVED as to form:

\_\_\_\_\_  
City Attorney

**FLEXIBLE BENEFITS PLAN SUMMARY PLAN DESCRIPTION**

**PLAN INFORMATION SUMMARY**

The Employer named below establishes a Flexible Benefits Plan (the "Plan") as set forth in this Summary Plan Description ("SPD") as of the Effective Date set forth below. The purpose of the Plan is to provide eligible Employees a choice between cash and the specified welfare benefits described in this Plan Information Summary (see "Benefits Provided Under the Plan"). Pre-tax Contribution elections under the Plan are intended to qualify for the exclusion from income provided in Section 125 of the Internal Revenue Code of 1986.

**FLEXIBLE BENEFITS PLAN  
EMPLOYER INFORMATION**

- 1) Name and Address of Employer: **CITY OF CAMAS**
- Plan Administrator: **JENNIFER GORSUCH  
PO BOX 1055  
CAMAS, WA 98607**

The Plan Administrator has the exclusive right to interpret the Plan and to decide all matters arising under the Plan, including the right to make determinations of fact and to construe and interpret possible ambiguities, inconsistencies, or omissions in the Plan, and this SPD.

- 2) Employer's Telephone Number: **(206) 834-2462**
- 3) Employer's Federal Tax Identification Number: **91-6001233**
- 4) Plan Number Assigned to Cafeteria Plan (e.g., 501 if this is the first ERISA Plan Number assigned): \_\_\_\_\_
- 5) 125 Start Date: **01/01/06**
- 6) Effective Date of this Plan: **01/01/06**
- 7) Last Day of the Plan Year: **12/31/06**
- Subsequent Plan Years: **01/01-12/31**
- 8) Name and Address of FSA Claim Administrator: **SAME**

- 9) Name and Address of registered agent for service of legal process: **JOAN M DURGIN**

10) Affiliated Employers that will participate in the Plan (affiliates in excess of 30 are listed in Appendix 1):

- 11) Employer's Type of Business: **OTHER**

**ELIGIBILITY**

All Employees employed by the Employer shall be eligible to participate under the Plan except the following:

An eligible Employee may become a Participant in the Plan:

- Immediately, upon the first day of employment (but not prior to the Effective Date of the Plan).
- On the **day** following commencement of employment.
- On the first day of the month following **days** of employment.

- Other: **1ST OF MTH FOLLOWING COMMENCEMENT OF EMPLOYMENT** provided the Employee completes a Salary Redirection Agreement ("SRA"). However, eligibility for coverage under any given Benefit Plan or Policy shall be determined by the terms of that Benefit Plan or Policy, and reductions of the Employee's Compensation to pay Pre-tax or After-tax Contribution(s) shall commence when the Employee becomes covered under the applicable Benefit Plan or Policy.

An eligible Employee may become a Participant in the Dependent Care and/or Medical Expense Reimbursement Plan(s) (if elected below):

- On the same day such Employee is eligible for the Pre-Tax Contribution benefits under the Plan.
- On the **day** following commencement of employment.
- On the first day of the month following **days** of employment.
- Other: **OTHER**, provided the Employee completes an SRA selecting such benefits.



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Policy(ies) for each Participant and/or level of coverage is subject to the sole discretion of the Employer, and it may be adjusted upward or downward in the Employer's sole discretion. The Nonelective Contribution amount will be calculated for each Plan Year in a uniform and nondiscriminatory manner and may be based upon your Dependent status, commencement or termination date of your employment during the Plan Year, and such other factors that the Employer deems relevant. In no event will any Nonelective Contribution be disbursed to you in the form of additional, taxable Compensation except as otherwise provided in the enrollment material. To the extent set forth in the enrollment material, the Employer may make available a certain amount of Nonelective Contributions and then allow you to allocate the Nonelective Contributions among the various Benefit Plan(s) or Policy(ies) that you choose (subject to restrictions described in the enrollment material).

**Q-9. Can I ever change my election during the Plan Year?**

Generally, you cannot change your election to participate in the Plan or vary the Pre-tax Contribution amounts although your election will terminate if you are no longer working for the Employer or no longer eligible under the terms of the Plan. Otherwise, you may change your elections for Pre-Tax Contributions only during the Annual Enrollment Period, and then, only for the coming Plan Year. There are several important exceptions to this general rule: You may change or revoke your previous election during the Plan Year if you file a written request for change with the Plan Administrator (or its designated claims administrator) within 30 days of any of the following events:

1. **Change in Status.** If one or more of the following "Changes in Status" occur, you may revoke your old election and make a new election, provided that both the revocation and new election are on account of and correspond with the Change in Status (as described below). Those occurrences that qualify as a Change in Status include the events described below, as well as any other events that the Plan Administrator determines are permitted under subsequent IRS regulations:

- a change in your legal marital status (such as marriage, legal separation, annulment, or divorce or death of your Spouse);
- a change in the number of your tax Dependents (such as the birth of a child, adoption or placement for adoption of a Dependent, or death of a Dependent);
- any of the following events that change the employment status of you, your Spouse, or your Dependent that affect benefit eligibility under a cafeteria plan (including this Plan and the Plan of another employer) or other employee benefit plan of yours, your Spouse, or your Dependents. Such events include any of the following changes in employment status: termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence, a change in worksite, switching from salaried to hourly-paid, union to non-union, or part-time to full-time; incurring a reduction or increase in hours of employment; or any other similar change which makes the individual become (or cease to be) eligible for a particular employee benefit (NOTE: The specific rules governing election changes when you take a leave of absence are described in Q-13 of this SPD);
- an event that causes your Dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit (such as attaining a specified age, getting married, or ceasing to be a student);
- a change in your, your Spouse's or your Dependent's place of residence.

If a Change in Status occurs and you want to make a corresponding election change, you must inform the Plan Administrator and complete a new election within 30 days from the date of the event. The election change must be on account of and correspond with the Change in Status event as determined by the Plan Administrator with the exception of special enrollment resulting from birth, placement for adoption or adoption, all election changes are prospective.

As a general rule, a desired election change will be found to be consistent with a Change in Status event if the event affects eligibility for coverage. A Change in Status affects eligibility for coverage if it results in an increase or decrease in the number of Dependents who may benefit under the plan. In addition, you must also satisfy the following specific requirements in order to alter your election based on that Change in Status:

- *Loss of Dependent Eligibility.* For accident and health benefits (e.g., health, dental and vision coverage, and Medical Care Reimbursement Plan), a special rule governs which types of election changes are consistent with the Change in Status. For a Change in Status involving your divorce, annulment or legal separation from your Spouse, the death of your Spouse or your Dependent, or your Dependent ceasing to satisfy the eligibility requirements for coverage, your election to cancel accident or health benefits for any individual other than your Spouse involved in the divorce, annulment, or legal separation, your deceased Spouse or Dependent, or your Dependent that ceased to satisfy the eligibility requirements, would fail to correspond with that Change in Status. Hence, you may only cancel accident or health coverage for the affected Spouse or Dependent.

Example: Employee Mike is married to Sharon, and they have one child. The employer offers a calendar year cafeteria plan that allows employees to elect no health coverage, employee-only coverage, employee-plus-one-Dependent coverage, or family coverage. Before the plan year, Mike elects family coverage for himself, his wife Sharon, and their child. Mike and Sharon subsequently divorce during the plan year; Sharon loses eligibility for coverage under the plan, while the child is still eligible for coverage under the plan. Mike now wishes to cancel his previous election and elect no health coverage. The divorce between Mike



IN WITNESS WHEREOF, the Employer has executed this Plan as of the date set forth below.

**EMPLOYER'S ACKNOWLEDGMENT**

As evidenced by the formal execution of this document, the undersigned Employer adopted and established this Plan on the Effective Date as the Flexible Benefits Plan of the undersigned Employer. In doing so, the undersigned Employer acknowledges that the Summary Plan Description ("SPD") and this Plan document are important legal instruments with significant legal and tax implications.

The Employer also acknowledges that it has read this SPD and the Plan document in their entirety, has consulted independent legal and tax counsel other than representatives of American Family Life Assurance Company of Columbus (Aflac), to the extent considered necessary, and accepts full responsibility for participation of Employees hereunder and the operation of the Plan. The Employer acknowledges that, as sponsor and Plan Administrator, it shall have sole responsibility to comply with all filing, reporting, and disclosure requirements imposed by the DOL, IRS, or any other government agency, specifically including, but not limited to, creating and filing Form 5500s and preparing and distributing SPDs and performing required nondiscrimination testing. Furthermore, the Employer further acknowledges that it shall bear sole responsibility for amending the Plan as necessary to ensure compliance with applicable tax, labor, and other laws and regulations. The Employer acknowledges receipt of the checklist of Plan Sponsor Responsibilities included provided with the applicable plan document request form and has agreed to the obligations set forth therein.

It is also understood and agreed that American Family Life Assurance Company of Columbus (Aflac), and its subsidiaries, agents, and representatives, are not providing legal or tax advice to the undersigned Employer in connection with this Plan and that no representations are made by it with respect to the operation of the Flexible Benefits Plan pursuant to the documents provided by American Family Life Assurance Company of Columbus (Aflac) to the Employer.

This Plan shall be construed and enforced according to the Internal Revenue Code of 1986, as amended from time to time, the applicable regulations thereto, and the laws of the state of the principal place of business of the Employer.

IN WITNESS WHEREOF, the Employer has caused this Plan and Summary Plan Description to be executed on the day of \_\_\_\_\_, \_\_\_\_\_ to ratify the adoption of the Plan adopted and effective as of the Effective Date.

WITNESS:

Employer: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Corporate Officer

**ATTACHMENT I - SUMMARY PLAN DESCRIPTION**