

Health Reimbursement Arrangement Employer Adoption Agreement

This is the Adoption Agreement referred to in the City of South San Francisco Health Reimbursement Arrangement Plan Document (“Plan document”). The Adoption Agreement the Plan Document (v.01.01.18) and applicable Addenda (v.01.01.18) constitute the Plan with respect to that Adopting Employer.

IMPORTANT:

Once completed and signed, this document becomes part of the official documentation.
Please review and complete this Adoption Agreement carefully.

The Adopting Employer hereby makes the following representations and selections:

ADOPTING EMPLOYER INFORMATION

Employer Name:	City of South San Francisco
Address:	400 Grand Avenue
City, State, Zip:	South San Francisco, CA 94080
Phone/Fax Number:	(650) 877-8522
Contact Person Name:	Mich Mercado
Title:	Human Resources Manager
Address:	400 Grand Avenue
City, State, Zip:	South San Francisco, CA 94080
Phone/Fax No:	(650) 877-8522
Email Address:	Mich.Mercado@ssf.net
Type of Business Entity:	Governmental
State of Organization:	California
Adopting Employer EIN:	94-6000435
Fiscal Year:	2021-2022

Adopting Employer’s Committee (complete only if applicable to the Adopting Employer):

The Adopting Employer has established a “Committee” to act on behalf of the Adopting Employer hereunder and to adopt the variable plan features of the HRA. The Committee is a group of individuals appointed and designated as such by the Adopting Employer’s board of directors or equivalent governing body at any time and from time to time.

For the class of employees/group (specify):
Deferred Compensation Committee

The current Committee members are (include name/title) – Committee membership shall be revised from time-to-time at the Employer’s discretion):

Name	Title
Mich Mercado	Human Resources Manager
Janet Salisbury	Finance Director
Steven Lew	Senior Accountant
Alan Patrick	Lead Park Maintenance Worker
Scott Peradotto	Police Officer
Javier Vasquez	Administrative Assistant I
Susie Choi	Retiree

EMPLOYEES AND/OR PARTICIPANTS:

There were fifty (50) or more Employees in the last twelve months: ☒ Yes ☐ No

There were twenty (20) or more employees in the last calendar year: ☒ Yes ☐ No

Check the statement that applies (check only one box)

- ☐ The Plan benefits active Employees only.
☒ The Plan benefits terminated Employees only.
☐ The Plan benefits both active Employees and terminated Employees.

PLAN TYPE: (check only one box, except under vision & dental):

- ☐ Integrated HRA
☒ Retiree-Only HRA
☐ Limited-Scope HRA
Specify - ☐ Vision ☐ Dental
☐ Frozen HRA as of 1/1/2014. This Plan was frozen on January 1, 2014. No new contributions shall be accepted into this Plan. The Plan shall continue to be available to current participants until Plan funds are exhausted.

MISCELLANEOUS

Name of Plan (and Trust if applicable): **City of South San Francisco Retiree HRA**

Addendum(s) Attached: ☒ Yes ☐ No If Yes, specify which: **VEBA Trust Addendum**

Joint Powers Agreement (as applicable to governmental entities): ☐ Yes ☒ No

ARTICLE I: INTRODUCTION

Effective Date Means: 01/01/2022

Original Effective Date: 01/08/2003

Restatement Date (date Adoption Agreement is effective): 01/01/2022

ACA Grandfathered Plan (If yes: must comply with ACA rules for grandfathered plans):

☐ Yes ☒ No

The Plan is Subject to ERISA (generally, this means the adopting employer is a private sector entity): ☐ Yes ☒ No

ARTICLE II: DEFINITIONS

2.1 Adopting Employer means: **City of South San Francisco**

~~2.7 Covered Individual within Integrated HRA means (check all that apply)~~

- ~~☐ Participant enrolled in Sponsoring Employer's compatible group health plan~~
~~☐ Participant enrolled in another family member's compatible group health plan~~
~~☐ Dependent enrolled in Sponsoring Employer's compatible group health plan~~
~~☐ Dependent enrolled in another employer sponsored compatible group health plan~~

2.8 Dependent means:

- ☒ As provided in the Plan Document.
☐ Other (Describe):

Note: Dependent cannot be defined more broadly than "dependent" For purposes of Code §§ 105 and 152.

If the definition is different for Participants once they terminate employment, complete again:

- ☒ N/A – definition does not change
☐ As provided in Plan Document
☐ Other (Describe):

2.13 Entry Date means:

- ☒ Date Employee becomes eligible to participate.
☐ Other (Describe):

2.15 Health Care Expense means:

- ☒ As provided in the Plan Document.
☐ An expense which but for the deductible under a specified group medical coverage sponsored by the adopting employer, would have been paid by that group medical coverage.

Name of group medical coverage:

- ☐ Other (Describe):

Note: Health Care Expense cannot be defined more broadly than the description in IRS Revenue Ruling 2002-41, IRS Notice 2002-45, IRS Notice 2013-54, IRS Notice 2015-87 and the final HRA regulations issued on November 18, 2015.

If the definition is different for Participants once they terminate employment, complete again:

- ☒ N/A definition does not change.
- ☐ As provided in the Plan Document.
- ☐ An expense which but for the deductible under a specified group medical coverage sponsored by the adopting employer, would have been paid by that group medical coverage.

Name of group medical coverage:

- ☐ Other (Describe):

~~2.15(e) Clarify the distinction of Covered Individuals as described in Article II, 2.7 to allow single coverage HRAs to reimburse the qualified expenses of spouse and/or dependent(s) that are enrolled in another employer-sponsored group health plan that meets the MV and MEC standards of ACA.~~

- ~~☐ HRAs integrated with single coverage shall not be allowed to reimburse spouse and/or dependent(s) health care expenses.~~
- ~~☐ HRAs integrated with single coverage shall be allowed to reimburse eligible expenses of spouse and/or dependent(s). (Note: In order to provide for this feature employee shall complete and submit an Attestation of Coverage Form to the Sponsoring Employer or the Third Party Administrator)~~

2.22 The Plan Administrator is the Adopting Employer unless otherwise specified.

(Note EBC may be the Third Party Administrator, an administrative service provider, under a separate written service agreement between the Adopting Employer and EBC.)

2.24 Plan Year: **January 1 - December 31**

The initial "short" Plan Year: **N/A**

2.25 Spouse means:

- ☒ As provided in the Plan Document
- ☐ Other (Describe):

Note: If "Other", confirm applicable law and tax treatment.

ARTICLE IV: ELIGIBILITY AND PARTICIPATION

4.1 Eligibility requirements are as follows (check and complete only those that apply):

☐ Age (Minimum age must not exceed age 21) (Describe):

☐ Length of Service (Describe):

Employment Classification (e.g., union, part-time, full-time):

☒ Union

List which union groups are covered by the Plan:

- AFSCME
- IAFF
- Police Association
- IUOE Local 39
- Teamsters Confidential
- Teamsters Mid-Management

☒ Current Collective Bargaining agreement (CBA) is attached and the CBA always dictates Plan eligibility.

☒ Non-Union

List which non-union groups are covered by the Plan:

- Public Safety Managers
- Executive Management
- City Manager

☐ Coverage under a specified group medical (Describe):

☐ Coverage sponsored by the Adopting Employer (Describe):

☐ Other Describe:

☐ Specified Exclusions (Note: Requirements for inclusions are noted above. Unless otherwise specified, non-resident aliens and leased employees are excluded. Specify any other exclusions here:

4.4 A Participant shall cease to be eligible to receive contributions under this Plan:

☒ As provided in the Plan Document

☐ Other (Describe):

4.5 A Participant shall cease to be a Participant in this Plan:

☒ As provided in the Plan Document

☐ Other (Describe):

Note: Applicable with respect to an Integrated HRA or Retiree-Only HRA (see designation above):

If this HRA is an Integrated HRA or Retiree-Only HRA, the Adopting Employer acknowledges that, as of Plan Years beginning on or after January 1, 2017, participants in the Plan must have the opportunity at least once each year and upon termination of employment to permanently or temporarily opt out of participation in the Plan and to temporarily or permanently waive reimbursements from the HRA.

The Participant's election to opt out of the Plan participation and to waive HRA reimbursements must be irrevocable and must be either:

- (i) Permanent;
- (ii) reinstated upon the Participant's death or other fixed date or event or;
- (iii) the earlier of the Participant's death or a fixed date or event.

Example:

Participants or former Participants who have opted out of the Plan can reinstate their HRA Account balance when they become eligible for Medicare. The HRA Account balance can also be used by eligible family members if the HRA Account balance is reinstated upon the Participant's death.

After the opt-out election becomes effective, the Participant, former Participant, or eligible family member, cannot have access to the balance in the HRA Account prior to reinstatement. In that regard, any claims incurred after the waiver and prior to the reinstatement are not eligible for reimbursement

The Adopting employer shall administer this opt-out rule in accordance with applicable regulatory guidance, including the final HRA regulations issued on November 18, 2015.

Note: You will be making an election to this effect in Section 4.5 of this Adoption Agreement

4.5(e) Effective January 1, 2017 a Sponsoring Employer may provide that the Plan provide for a waiver rather than an opt-out and forfeit opportunity once each Plan Year and at termination of employment. The Participant's election to must be irrevocable and must be either:

- ☐ Permanent - funds are forfeited
- ☒ Reinstated upon one of the following events:
 - ☐ (i) A fixed date or event
 - ☐ (ii) The participant's death, or
 - ☒ (iii) The earlier of (i) or (ii) above.

Note: While access to funds are waived Participant and family members may not have access to the balance and any claims incurred during that time period may not later be submitted for reimbursement.

ARTICLE V: PLAN BENEFITS

Note: ACA minimum-Value Standards – Applicable with respect to an Integrated HRA (see designation in Section 2.15(e), (above):

If this HRA is an Integrated HRA, the Adopting Employer acknowledges that reimbursement requirements under applicable regulatory guidance (including the final HRA regulations issued on November 18, 2015) differ depending on whether the applicable group health plan that is integrated with the HRA meets the ACA's minimum value standards. For this purpose, an "applicable group health plan" is a group health plan sponsored by the Adopting Employer that satisfied the ACA's minimum-value standards, In addition, provided that the Adopting Employer maintains a health plan that meets the ACA's minimum value standards, the employee's Dependents are eligible for HRA reimbursements under the Plan even if they are covered under a different employer's health plan that also meets the ACA's minimum value standards. See the summary of this special rule in the Plan Document. The Adopting Employer shall administer the Integrated HRA reimbursement requirements consistent with applicable regulatory guidance, including the final HRA regulations issued on November 18, 2015.

5.2 Timeframe for submitting claims (Describe): Two (2) years from date expense was incurred.

5.4 Time of Reimbursement:
☒ As provided in the Plan Document
☐ Other (Describe):

5.5 Maximum Reimbursement:
☒ As provided in the Plan Document
☐ Other (Describe):

5.6 Participant's Death:
☒ As provided in the Plan Document for up to twelve (12) months
☐ Other (describe a longer time period to submit claims):

5.8 Use of forfeitures:

- ☐ As provided in the Plan Document
- ☒ Pay administrative costs which would otherwise be paid from the Trust but only for those Participants in the same classification at the time of the forfeiture
- ☐ Other (Describe):

5.10 Which plan pays first:

- ☒ As provided in the Plan Document
- ☐ This Plan
- ☐ Other (Describe):

Note: The choice of which plan pays first cannot be left to the Participant.

5.10(d) Other Limitations, if any:

ARTICLE VI: EMPLOYER CONTRIBUTIONS

6.1 Employer Contribution amount, timing, restrictions (check all that apply):

- ☐ Fixed dollar amount
 - ☐ Per pay period
 - ☐ Per month
 - ☐ Per quarter
 - ☐ Per year
 - ☐ Paid monthly only and only accessible to the extent the Participant has an account balance; or
 - ☐ Paid monthly (or if needed sooner to pay an eligible expense, paid at the time the claim is made)

Note: If you choose the second option above, the Adopting Employer will be required to “advance” payment to Participants, without discrimination, and will not be able to seek reimbursement for amounts advanced if a Participant terminates employment prior to the end of the Plan Year in which the sums are earned.

- ☐ Other (Describe):
- ☐ Restrictions, if any (Describe)
- ☒ Fixed Formula (Describe):
 - ☒ Per pay period
 - ☐ Per month

- ☐ Per quarter
- ☒ Per year
 - ☐ Paid monthly only and only accessible to the extent the Participant has an account balance; or
 - ☐ Paid monthly (or if needed sooner to pay an eligible expense, paid at the time the claim is made)

Note: If you choose the second option above, the Adopting Employer will be required to “advance” payment to Participants, without discrimination, and will not be able to seek reimbursement for amounts advanced if a Participant terminates employment prior to the end of the Plan Year in which the sums are earned.

- ☒ Other (Describe): Refer to most recent collective bargaining agreement or employment contract.
- ☐ Restrictions, if any (Describe)
- ☒ Contribution of Accumulated paid time Off, Vacation, or Sick Leave Upon Termination of Employment (Describe): Refer to most recent collective bargaining agreement or employment contract.

6.2 Availability for reimbursement of HC Account balance:

- ☒ As provided in the Plan Document (available as contributions are made to the Trust):
 - ☒ The balance of the Account at the time the claim is submitted; or
 - ☐ The amount of the Employer Contribution available for the Plan Year.

Note: If you choose the second option above, the Employer will be required to “advance” payment to Participants without discrimination, and will not be able to seek reimbursement for amounts advanced if a Participant terminates employment prior to the end of the Plan Year in which the sums are earned.

- ☒ Upon termination of employment.*
- ☐ In the event a participant terminates employment after the age of 62 or age 55 with 10 years of service, the Account Balance shall not be subject to forfeiture, but shall be eligible for spend down until the Account is spent down to zero (\$0.00).*
- ☐ Other (Describe):

*Note: When termination of employment is a condition of reimbursement, such reimbursement availability shall cease immediately upon a previously terminated Participant's return to active employment (rehire) with the Adopting Employer, pending such Participant's subsequent termination of employment. In addition, no reimbursement may be made for expenses incurred during any period in which a participant "opt out" election is in effect.

ARTICLE VII: PREPAID BENEFITS CARD

7.1 Use of Prepaid Benefits Card to reimburse Health Care Expenses:

- ☐ Yes. (See Prepaid Benefits Card Addendum)
- ☐ No

ARTICLE VIII: CLAIMS PROCEDURES

8.1 Alternative Claims and Review Procedures:

- ☒ As provided in the Plan Document
- ☐ Other (Describe):

ARTICLE IX: PLAN ADMINISTRATION

9.1(c) Claims Administrator:

- ☒ EBC, as provided in the Plan Document
- ☐ Other (Specify):

9.7 Reasonable fees of Claims Administrator shall be paid as follows:

- ☒ Charged to the Participants HC Accounts
- ☐ Charged to the Trust
- ☐ Charged to the Plan and paid from the general assets of the Adopting Employer
- ☐ Other (Describe)

ARTICLE XI: GENERAL PROVISIONS

11.8 Governing law:

- ☒ As provided in the Plan Document – **California**
- ☐ Other. List only one state:

ARTICLE XIII: COBRA CONTINUATION COVERAGE

13.3 Alternative in Lieu of COBRA Continuation or Spend Down Feature

(a) Applies to Integrated and/or limited-Purpose plans only.

- ☒ As provided in the Plan Document

- ☐ Other (e.g., remove five year requirement or adjust five year requirement)

(b) Death of a Participant

- ☒ As provided in the Plan Document
- ☐ Other
- ☐ Legal spouse only
- ☐ Legal dependent(s) only

FUNDING ADDENDUM: (Complete the following to specify the funding mechanism for the HRA)

- ☒ VEBA (Voluntary Employee Beneficiary Association IRC 501(c)(9))
- ☐ Integral Part Trust (IRC 115)
- ☐ General Asset Account (if selected, skip to the next section, (“Acknowledgements”))

1.1 Trustee means: **City of South San Francisco**

1.1 Indicate whether the Trustee is a directed Trustee under the Plan: ☒ Yes ☐ No

1.1 Indicate whether a custodian will be designated by the Trustee: ☒ Yes ☐ No

Name, Address and Contact Information of the Custodian:

MG Trust, 717 17th St., Ste 1300, Denver, CO 80202 Phone: 1-877-610-3822

2.5 Reasonable fees of Trustee shall be paid as follows:

- ☒ As provided in the Plan Document:
- ☐ Charged to the Plan and paid from the general assets of the Adopting Employer.
- ☐ Other (Describe):

2.6 Investment direction:

- ☒ To be directed by each Participant with respect to his or her HC Account.
- ☐ To be directed by an Adopting Employer-designated committee (Note: Such committee shall be designated by written action of the Adopting Employer).
- ☐ To be directed by the Adopting Employer
- ☒ Other (Describe): If no participant direction, funds will be placed in an age-based target date fund based on the participant’s age.

ACKNOWLEDGEMENTS:

- A. Pursuant to Section 2.9(a), any collectively bargained Employees participating in this Plan participate because the collective bargaining agreement provides for coverage under this Plan.

- B. This Plan has been duly adopted or authorized to be adopted by the Adopting Employer's Managing Body.
- C. This Plan is a "covered entity" for purposes of the Privacy Rules under the Health Insurance Portability and Accountability Act (HIPAA).
- D. The Adopting Employer acknowledges that it has received disclosure of fees with respect to EBC's services and understands that disclosure of fees applicable to investment options under the Plan will be provided to the Adopting Employer by EBC and/or the Trustee (as applicable). The Adopting Employer acknowledges its responsibility to review fee arrangements for Plan services. Disclosed fee arrangements are deemed to be approved by the Adopting Employer when related Plan services are utilized.
- E. The Adopting Employer acknowledges that it has reviewed the Adoption Agreement, Plan Document and applicable Addendum/Addenda with its legal, tax and compliance advisers prior to signing below.
- F. This Adoption Agreement may be executed in any number of counterparts, any of which may be executed and transmitted by facsimile or other electronic means, and each of which will be deemed to be an original of this Adoption Agreement and all of which, when taken together, will be deemed to constitute one and the same instrument.

**ADOPTION OF THE PLAN BY
ADOPTING EMPLOYER: (Required)**

**ACKNOWLEDGMENT BY
EDUCATORS BENEFIT
CONSULTANTS, LLC: (Optional)**

Signature

Mike Futrell

Printed Name

City Manager

Title

Date

Signature

Loni Morrow

Printed Name:

Legal Counsel

Title

Date