

Southeast Daviess County Water District

Employee Benefits

The following are excerpts from the District's Administrative Code regarding Employee Benefits. These benefits have been in effect and available to all eligible employees for the past five years.

PERSONNEL POLICIES

CHAPTER 17

INSURANCE

HEALTH

The Water District has a health insurance program available to all regular, full-time employees. The employee's coverage will begin on their first date of full-time employment after completing the three month probationary period. The Water District will provide for the cost of the employee's health insurance except for all employees with single coverage will reimburse the Water District \$ 200.00 per health insurance plan year and all employees with coverage other than single will reimburse the Water District \$ 400.00 per health insurance plan year.

The Water District provides a medical reimbursement program for all employees with health insurance. Plan provisions and policies can be found in the Medical Reimbursement Plan document. (Page 96 – 101)

DENTAL

The Water District has a dental insurance program available to all regular, full-time employees. The employee's coverage will begin on their first date of full-time employment after completing the six month probationary period. Only the premium of the employee will be covered under the dental plan. If additional family members are to be added to the plan, the employee will reimburse the Water District 100% of the additional premium through payroll deduction.

LIFE

The Water District provides a life insurance policy for all regular, full-time employees. The coverage is \$ 40,000.00 for the employee, \$10,000.00 for the spouse of the employee, and \$ 2,000.00 for any child of the employee. The employee and family premium will be covered 100% by the Water District.

SHORT AND LONG TERM DISABILITY

The Water District provides a short term and long term disability insurance for all regular, full-time employees. The employee and family premium will be covered 100% by the Water District.

HEALTH INSURANCE AFTER TERMINATION

Upon termination, employees have the option of continuing health insurance through the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 by paying the insurance premium in full to the insurance carrier for which he/she may continue COBRA for up to 18 months.

PERSONNEL POLICIES

CHAPTER 18

RETIREMENT PLAN

Section 1. General Information

All regular employees who work an average of over 1,000 hours per year and actively working on June 30th of each year are eligible to participate in the Water District's pension plan. The Southeast and West Daviess County Water District contribute 11% of the employee's gross salary in accordance with plan schedules. Employees are fully vested members in the pension plan after six (6) years of service after completing the initial entry period in the pension plan. The vesting schedule accrues 20% for each year of service. Employees must be 20 ½ years of age to be eligible for the pension plan. For information regarding retirement, employees may contact the Human Resource Manager.

The Water Districts also provide a 457b deferred compensation plan to all regular full time employees. The employee can elect to have a certain percentage or certain amount deducted from their payroll check. The Water District will match the employee's deferral up to a maximum of 3% of the employee's gross wages. For the employer match, employees are fully vested members in the pension plan after six (6) years of service after completing the initial entry period (6 months) in the pension plan. The vesting schedule accrues 20% for each year of service provided the employee works over 1,000 hours per plan year. Employees must be 20 ½ years of age to be eligible for the 457b deferred compensation plan. For information regarding retirement, employees may contact the Human Resource Manager.

PERSONNEL POLICIES

CHAPTER 19

EMPLOYEE ASSISTANCE PROGRAM

This program allows full time employees and their families to receive counseling sessions, as defined in the contract, for many types of concerns. Counseling programs include, but are not limited to, stress management and various personal issues. Payment for these sessions is subject to the provisions of the Employee's Employee Assistance Program

For further information, please contact the Human Resource Manager.

CHAPTER 19A

EMPLOYEE HEALTH AND WELLNESS PROGRAM

The Southeast and West Daviess County Water Districts (Districts) recognize the importance of employee's health and well-being and is committed to promoting wellness. A health club / gym membership reimbursement policy is available to all full-time permanent employees to support the employee's continuous participation in the health and wellness program. Employees are eligible for reimbursement the first of the month following their first 90 days of employment.

The Districts will make reimbursements on a semimonthly basis via payroll. The Districts will reimburse the monthly cost of the employee for the health club / gym membership up to a maximum of \$ 25.00 per month provided the employee uses the facility at least two (2) times per week. Per IRS rules, the reimbursements are considered taxable income, therefore will have applicable taxes withheld. In order to receive reimbursement, the employee shall submit a copy of a paid invoice of the monthly or annual cost of the health club / gym membership or a copy of the employee bank statement reflecting the electronic transfer of funds to the health club / gym for the membership cost. Membership costs for spouses and dependents of the employee are not eligible for reimbursement.

PERSONNEL POLICIES

CHAPTER 20

EDUCATIONAL ASSISTANCE PROGRAM

Section 1. Purpose

The Water Districts recognizes that the skills and knowledge of its employees are critical to the success of the organization. The educational assistance program encourages personal development through formal education so that employees can maintain and improve job-related skills or enhance their ability to compete for reasonably attainable jobs within the Water District.

While educational assistance is expected to enhance employee performance and professional abilities, the Water Districts cannot guarantee that participation in formal education will entitle the employee to automatic advancement, a different job assignment, or pay increases.

Section 2. Eligibility

The Water Districts will provide educational assistance to all regular full time employees without regard to race, color, creed, age, sex, religion, or national origin. To maintain eligibility, employees must remain on full-time status (30 hours per week) and be performing their job satisfactorily through completion of each course. All time off and absences from work shall be approved by the employee's immediate supervisor. All time off from work shall be unpaid leave or vacation pay.

Section 3. Utilization of Benefit

To be considered for approval by the General Manager, the course must be provided by an accredited technical school, 2 or 4 year college, or university and the course must be work related.

Southeast and West Daviess County Water Districts will reimburse 70% of the tuition cost up to \$1,500 per calendar year, per employee upon successful completion of the course(s) acquiring a grade of C (or equivalent) or above. Reimbursement will be made on a maximum of six (6) hours tuition per semester (or equivalent). The Water District feels that a greater educational workload will have a detrimental effect on the employee's job performance.

Cost of books, materials, travel, and other expenses related to taking a class shall not be reimbursed. Prior to taking a course, an employee shall complete and submit the necessary paperwork to the Human Resource Department to request that funds be encumbered. Within 60 days of successful completion of the course, the employee shall complete and submit the necessary paperwork and verification of grade and payment to the personnel office to request reimbursement. Employees will not be reimbursed retroactively for courses from previous semesters. For further information, contact the Human Resource Department.

SOUTHEAST DAVIESS COUNTY WATER DISTRICT WEST DAVIESS COUNTY WATER DISTRICT

MEDICAL EXPENSE REIMBURSEMENT PLAN (MERP) Summary Plan Description (SPD)

The Southeast Daviess County Water District and the West Daviess County Water District, hereinafter referred to as the “Districts” has established under date of February 2, 2004 and amended December 1, 2013 and May 28, 2015, by appropriate resolution of its Board of Commissioners, A Medical Expense Reimbursement Plan, hereinafter referred to as the “Plan.”

WHEREAS, the Districts are concerned with the health and physical and mental well-being of its employees, and

WHEREAS, the Districts deem it to be in the best interest to provide additional incentives to employees, and Sections of the Internal Revenue Code and the related regulations offer a method of providing these incentives with favorable results;

BE IT RESOLVED: That the Districts hereby adopt the following Medical Expense Reimbursement Plan.

EMPLOYEE MEDICAL AND HOSPITAL REIMBURSEMENT BENEFITS

Employees shall receive reimbursement from the Districts for all medical and hospital expenses, including amounts paid for diagnosis, cure, mitigation, treatment, and prevention of disease incurred by themselves or their dependents from December 1 to November 30 in any calendar year, but not to exceed \$ 3,000.00 for single employee or \$ 6,000.00 for family plan (or current health plan’s out-of- pocket maximum less \$ 1,000.00 for single plan and \$ 2,000.00 for family plan) per plan year.

District’s reimbursement expressly exclude those insurable and eligible medical and hospital expenses available to the Employee under the District’s provided group insured health plan. The Districts shall reimburse those expenses remaining after the District’s health plan has paid all claims. This plan excludes employee dental expenses and expenses for prescription and non-prescription drugs.

All employees covered under the District’s provided health plan are covered under this Medical Expense Reimbursement Plan unless the employee chooses to permanently opt out of and waive future reimbursements from the MERP. A covered employee shall remain eligible for benefits under this Medical Expense Reimbursement Plan as long as he/she remains eligible for and is enrolled in the District’s provided health insurance plan. Exemption from this eligibility may be granted a covered employee at the sole discretion of the Board of Commissioners of the District for reasons of accident, sickness, or leave of absence provided the employee remains enrolled in the District’s provided health insurance plan.

ELIGIBILITY FOR THE MERP

You are eligible to participate in this MERP if you are an Employee of the Districts and you also elect to participate in the District's provided health plan.

If you become a participant, you may also be reimbursed for eligible medical expenses incurred by your covered dependents. A covered dependent for purposes of this MERP is any individual who meets both of the following conditions:

- 1) The individual is covered as a spouse or dependent under the District's provided health plan and,
- 2) The individual is a legal "spouse" (as determined in accordance with state law to the extent consistent with federal law) or a dependent as defined in the Internal Revenue Code Section 105(b).

Compliance with requirements under the Affordable Care Act (ACA) and the Internal Revenue Service (IRS)

MERP Plans are sanctioned under Section 105 of the Internal Revenue Code (IRC). A MERP is a type of Health Reimbursement Arrangement (HRA) that enables employers to fund portions of their Employees' health plan deductibles, coinsurance, or copayments, as well as, cover the cost of other qualified medical expenses on a tax-free basis. This plan has been designed to comply with the requirements of the ACA and Section 105 of the IRC. This Medical Expense Reimbursement Plan shall be construed to comply with Sections of the Internal Revenue Code as so amended, and all rules, Rulings, and Regulations pertaining to such Codes and Acts.

The MERP plan is available only to Employees who are covered by the primary group health plan coverage that is provided by the Employer and where such coverage does not impose annual or lifetime limits on benefits. The MERP cannot be integrated with an Employee's individual health insurance plan or made available to Employees who are not enrolled in the District's provided group health insurance plan.

Requirements under the ACA or as established by the IRS shall prevail should any conflict exist between this plan document and any such current or future requirements.

ADMINISTRATION

The Board of Commissioners of the Districts shall administer this plan in accordance with the requirements of the Affordable Care Act and the Internal Revenue Service and shall have full responsibility and authority for the administration of this Plan, and as such, is the Plan Administrator. The decision of the Board of Commissioners of the Districts on any matter concerning the administration of this Plan as applied to any specific case shall be final. The Board of Commissioners shall have full and complete authority to interpret and apply this plan at any time.

NAMED PLAN FIDUCIARY

The Manager of the Districts, as representative of the Board of Commissioners, shall have the obligation and duty for administration, operation, and management of the Plan and its assets. In so doing, the Manager shall act in the capacity of Named Plan Fiduciary (“Fiduciary”). The Districts shall indemnify the Fiduciary and any other employee acting in the fiduciary capacity from any and all claims and liabilities arising out of the performance of his/her fiduciary duties, to the maximum extent permitted by law. The Districts, at its discretion, may apply and maintain a liability insurance policy for this purpose.

FUNDING POLICY

The Fiduciary shall be responsible for determining the Plan’s short and long run financial needs from time to time and on the basis thereof, establish a funding policy and method which will carry out the Plan’s objectives and these needs. At the discretion of the Fiduciary, this Plan may be funded by the general assets and income of the Districts.

ALLOCATION OF RESPONSIBILITIES

The Fiduciary may act in one or more Fiduciary capacities with respect to the Plan and may allocate to others certain aspects of the management and operation responsibilities of the Plan including the delegation of any ministerial duties or functions to qualified individuals.

AMENDMENT AND TERMINATION

This Plan may be amended or terminated at any time by, and only by, the Board of Commissioners of the Districts.

CLAIMS PROCEDURES

In the event the Employee has individually paid the above defined expenses, he/she must submit these bills monthly to the Fiduciary or other designated person for purposes of reimbursement. These expenses shall **only** be in the form of the Explanation of Benefits (“EOB”) sent from Districts health care provider. The Employee shall deliver the EOB within three (3) working days of the close of the month to obtain reimbursement for that particular month. Any EOB turned in late will be reviewed and, if approved, paid at the check writing the following month. If a request for reimbursement is denied, the Fiduciary will provide the Employee a written notice stating the reasons for denial and an explanation of the procedure by which such denial may be reviewed. Any major reimbursement exceeding the maximum amount shall be reviewed and decided upon collectively by the Board of Commissioners.

ERISA RIGHTS

This MERP plan is an Employee welfare benefit plan subject to ERISA. ERISA provides that you, as a Plan Participant, will be entitled to:

Receive Information about Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and if applicable any collective bargaining agreements.

Prudent Actions by Plan Fiduciaries

- In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of the Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit from the Plan, or from exercising your rights under ERISA.

Enforcement of Your Rights

- If your claim for a welfare benefit under an ERISA-covered plan is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan’s decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan’s money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (e.g., if it finds your claim is frivolous).

Rights to continuation of coverage are provided by Kentucky law

The following is a summary of your continuation rights under Kentucky law. You should reach out to your Plan Administrator or Human Resources Representative with any questions or need for clarification you may have.

- As a safeguard for Kentucky residents whose fully insured health insurance plans do not fall under COBRA protection, the state enacted legislation that provides a similar opportunity for continuation of group coverage.

- If you qualify for state continuation, you and your dependents can extend your group health insurance for 18 months after the date on which the coverage would have ended because you were no longer a group member. When the 18-month period for continuation ends, you have a right to convert to individual coverage that provides benefits substantially similar to your group plan.
- You and any dependents who are insured under your group policy have the right to continuation of coverage if you meet certain conditions;
 - The first condition is that you, the group member, must have been covered by the group policy or any group policy it replaced for at least three months.
 - Second, you must notify the insurer and pay the premium at the group rate within 31 days after you receive a notice of your right to continue coverage.
- Notification to the insurance carrier
 - The employer usually lets the insurance company know you are leaving the group, but you should make certain that your employer has properly reported your status change. The insurer then is required to give you written notice of your right to elect continuation of coverage.
 - The insurance company is considered to have given the required notification when a notice is mailed or delivered to your last known address. It is your responsibility to be sure that the insurance company has your correct address, and you must notify the insurer in writing that you are choosing continuation benefits. An insurance company is not required to provide continuation benefits if you do not elect coverage and pay the required premium within 90 days after termination of your group coverage. If you do not receive your notification, be sure to contact the insurance company well before the 90-day period has expired.
- Payment for continuation coverage
 - Premium payments will be made directly to the insurance company. If you fail to make timely premium payments, your coverage terminates at the end of the last period for which the premium was paid.

Assistance with Your Questions

- If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance obtaining documents from the Plan Administrator, you should contact the nearest office of the U.S. Department of Labor, Employee Benefits Security Administration listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Ave., N.W., Washington, D.C., 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

COMMUNICATION

This Plan shall be communicated to each covered Employee by personal letter, outlining their individual coverage along with a copy of this resolution. The letter and such copy shall constitute a Summary Plan Description.

GENERAL PLAN INFORMATION

1. Employer Federal Employer Identification Number (FEIN): **Southeast 61-0657114**
West 61-0673806
2. Location address and phone number of the Employer
Southeast Daviess County Water District
West Daviess County Water District
3400 Bittel Rd
Owensboro, KY 42301
(270) 685-5594
3. Location address and phone number of the Plan Administrator
Southeast Daviess County Water District
West Daviess County Water District
3400 Bittel Rd
Owensboro, KY 42301
(270) 685-5594
4. Location address and phone number of the Agent for Service of Legal Process*
Southeast Daviess County Water District
West Daviess County Water District
3400 Bittel Rd
Owensboro, KY 42301
(270) 685-5594
* Service of legal process may also be made upon the Plan Administrator.
5. Plan Year: **December 1st – November 30th**
6. Funding source of the MERP: **Medical Expense Reimbursement Account**
7. Health Insurance Company: **Anthem Blue Cross and Blue Shield. This is a fully insured plan meaning eligible claims are paid by the carrier.**

IN WITNESS WHEREOF, the Chairmen of the Board of Commissioners, having been duly authorized has enacted this Plan into agreement done this ____ day of _____ 20 ____.

BY : _____

BY :

JANET R. MURPHY
West Daviess County Water District

JOSEPH T. ELLIOTT
Southeast Daviess County Water

District