

**RESOLUTION NO. 07-110
CITY OF LIBERTY LAKE
SPOKANE COUNTY, WASHINGTON**

**A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A HEALTH
REIMBURSEMENT ARRANGEMENT/VOLUNTARY EMPLOYEES'
BENEFICIARY ASSOCIATION ("HRA VEBA") PLAN**

WHEREAS, the Internal Revenue Code Section 501(c)(9) allows for the creation of a voluntary employee's beneficiary association which is a tax-exempt health and welfare trust; and

WHEREAS, IRS guidelines and regulations allow an employer to offer health reimbursement arrangement (HRA) plans; and

WHEREAS, such HRA plans are available to governmental employers in the Northwest, and

WHEREAS, the Voluntary Employees' Beneficiary Association for Public Employees in the Northwest Trust ("Trust") offers and will administer an HRA entitled "Voluntary Employee's Beneficiary Association Medical Expense Plan for Public Employees in the Northwest as Amended and Restated January 1, 2005 ("Plan"); and

WHEREAS, The City of Liberty Lake ("Employer") has determined that establishing an HRA plan which provides a tax-free defined contribution account for employees to pay for medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses is in the best interest of the Employer and its employees; and

WHEREAS, the Employer desires to establish an HRA plan for its employees; and

WHEREAS, the Employer desires to use the services of the Trust to administer such Plan; and

WHEREAS, such HRA established by the Employer will be administered in accordance with the Plan documents provided by the Trust on file in the Employer's main office.

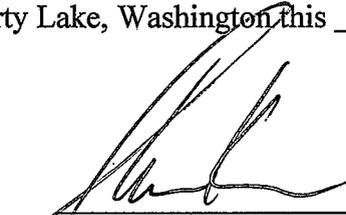
NOW, THEREFORE, the City Council of the City of Liberty Lake, Washington does hereby resolve as follows:

Section 1. Effective, January 1, 2008, the Employer hereby elects to participate in the Plan and Trust as presently constituted or hereafter amended using the Trust as its plan administrator for the benefit of eligible employees as defined by Employer policies or collective bargaining agreements.

Section 2. The Plan will be funded with annual Employer contributions as provided in the Employer's budget and approved by the City Council, or contributions in an amount established by Employer policies and collective bargaining agreements.

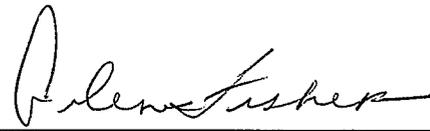
Section 3. The Mayor and/or his/her designee is authorized to execute documents and establish procedures consistent with the Plan and Trust provisions and applicable Employer policies and collective bargaining agreements necessary to effect the adoption and administration of the Plan.

ADOPTED by the City Council of Liberty Lake, Washington this 20th day of November, 2007.



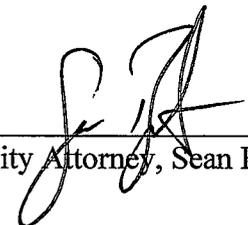
Steve Peterson, Mayor

ATTEST:



City Clerk-Treasurer, Arlene Fisher

APPROVED AS TO FORM:



City Attorney, Sean Boutz