Letter of Agreement
between
Everett School District No. 2
and
Everett Education Association
Regarding dissolution of the Everett School Employee Benefit Trust

THIS AGREEMENT is made and entered into effective as of July 1, 2019, by and among Everett School District ("District"), Everett Education Association ("Association").

RECITALS

A. The Everett School Employee Benefit Trust (the "Trust") is a voluntary employees' beneficiary association ("VEBA") within the meaning of Section 501(c)(9) of the Internal Revenue Code of 1986, as amended (the "Code"), to provide for the payment of certain health, accident, disability, death and other benefits as described in Section 501(c)(9) of the Code, further described in Appendix I attached hereto ("Benefits"), to benefits eligible employees and their dependents ("Participants and Beneficiaries").

B. The Trust is maintained in accordance with the terms and conditions set forth in the "Restatement of the Everett School Employee Benefit Trust" between the District, the Association, and signatory individuals who were appointed by the District and the Association as trustees (collectively referred to as "Trustees"), as most recently amended and restated effective June 30, 2017 (hereinafter "Trust Agreement").

C. For the 2018 and 2019 benefit years, the Trust has utilized existing reserves to subsidize employee contribution costs in order to deplete Trust reserves to allow for termination of the Trust prior to employee transition to the School Employees Benefits Board ("SEBB").

D. Beginning in September 2019 there is an estimated net monthly cash flow shortfall of $195,000. The District and Association enter into this Agreement in order to maintain the fiscal solvency of the Trust and continue providing current Benefits to Participants and Beneficiaries through December 31, 2019, meet the statutory requirements for transition to SEBB as of January 1, 2020, and ultimately adopt a resolution to terminate the Trust effective December 19, 2019.

Accordingly, the District Association hereby AGREE as follows:

1. MUTUAL TERMINATION

1.1 Pursuant to the provisions of Section 6.2 of the Trust Agreement, entitled <u>Termination</u>, the District and Association have mutually delivered to the Trustees written notice of termination of the Trust dated June 28, 2019.

1.2 Under the provisions of Section 6.3 of the Trust Agreement, entitled Continuation of Powers and Duties of Trustees, the District and Association agree that from and after the date of the termination of the Trust on December 19, 2019, and until the final distribution of all remaining assets of the Trust and until all actions necessary to finalize the termination of the Trust (e.g., filing of the Trust's final Form 990 with the Internal Revenue Service) have been completed, the Trustees shall continue to have all the powers and duties provided under this agreement which are necessary and expedient for the orderly liquidation and distribution of all remaining assets of the Trust.

1.3 To maintain solvency of the trust for its financial obligations for the remainder of the 2019 benefit year, plus incidental costs for closing financial statements, audit, filing, legal expenses, and/or other business expenses, the District agrees to deposit the sum of one hundred ninety-five thousand dollars ($195,000) into the Trust account no later than July 31, 2019.

1.4 As of December 19, 2019, no District employee or an employee's dependent may become a Participant in or Beneficiary of Benefits and no Participant or Beneficiary may make contributions for Benefits on or after December 19, 2019.

1.5 The District and the Association agree that following payment of all remaining benefit obligations and the incremental business costs from dissolving the Trust, all remaining residual funds/assets will be used for the exclusive purpose of providing permitted benefits in accordance with the terms of Section 6.2 of the Trust Agreement, entitled Termination, as well as Section 501(c)(9) of the Code and the Treasury Regulations issued thereunder.

1.6 On distribution and/or use of all remaining residual funds/assets from the Trust, the Trustees shall cause the Trust to file a final Form 990 with the Internal Revenue Service.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on this 25 day of June, 2019.

EVERETT SCHOOL DISTRICT	EVERETT EDUCATION ASSOCIATION
By: [signature]	By: [signature]
Dr. Gary Cohn	Jared Kink
Its: Superintendent of Schools	Its: President

APPENDIX I

The terms, conditions and limitations of the benefits described in Section 1.4 of the Trust Agreement are contained in the written instruments listed in this Appendix I.

A. Insured medical benefits provided through the following insurance contracts/policies:

1. Group Medical Coverage Agreement, Group Number 0026100, between Group Health Cooperative and the Trust.
2. Employer Group Subscriber Agreement, Group Number 285587, between Aetna and the Trust.

B. Insured dental benefits provided by the following insurance carriers through Washington Education Association (the documents governing these benefits are the contracts between WEA and the below-listed insurance carriers):

1. Delta Dental of Washington, Group Number 0186.
2. Willamette Dental Group, Group Number W002.

C. Insured vision benefits provided by MetLife, Group Number M130A-5-B/C/H, Policy Number 74323.

D Insured basic and voluntary term life and accidental death and dismemberment benefits provided through MetLife, Policy Number 74323-G.

E. Insured long-term disability benefits provided through MetLife, Group Policy Number 74323-G.

F. Voluntary insured short-term disability benefits provided through MetLife, Group Policy Number 74323-G.

G. Voluntary insured long-term care insurance provided by UNUM Life Insurance Company of America. Under this policy, UNUM insures the employees of Everett School District (the Sponsoring Organization) under the Select Group Insurance Trust Policy Number 292000.

H. Employee assistance benefits provided by Magellan Health Services, as described in the Magellan Health Services Brochure and the Services Agreement between Magellan Behavioral Health, Inc. and the Trust, effective January 1, 2014.

I. Tobacco cessation benefits provided by Free & Clear, as described in the Free & Clear Brochure and the Tobacco Cessation Service Agreement between Free & Clear®, Inc. and the Trust, effective October 6, 2008.

J. Wellness benefits as described in employee wellness program materials and administered by the Everett School Employee Benefit Trust Wellness Coordinator.

RECEIVED
AUG 1 3 2019
ACCOUNTING DEPT.

APPROVAL FOR PAYMENT
By Ruth Floyd
PO Ck______ Ext Ck______
Charge to 006890 PR
① Code 10-01-27540-091000-4421
② 11-01-27-540-091000-4431

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① $117,000.00
② $78,000.00
$195,000.00

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144806633.1

Budget to Actual
Report by OBJECT

Fiscal: 2019
Ledger: GL

For Transactions through: 07/31/2019

Selection:

GLKEY.[glk_grp_part01] = '10' AND (GLBA_BUDACT_MSTR.[glba_obj] = '4421' OR GLBA_BUDACT_MSTR.[glba_obj] = '4431')

Object	Description	BUDGET	CURRENT	YTD	ENCUMB	BALANCE	VAR
4421	CERT MEDICAL	16,103,727	1,159,530.74	12,674,078.11	0.00	3,429,648.89	78 %
4431	CLASS MEDICAL	10,729,852	776,443.39	8,557,009.89	0.00	2,172,842.11	79 %
	Grand Total	**26,833,579**	**1,935,974.13**	**21,231,088.00**	**0.00**	**5,602,491.00**	**79 %**

Cert 10-01-27-540-091000- 4421 60%

Class 11-01-27-540-091000- 4431 40%