**CHUGACH ELECTRIC ASSOCIATION, INC.**
**Anchorage, Alaska**

**REGULAR BOARD OF DIRECTORS' MEETING**
**AGENDA ITEM SUMMARY**

**March 25, 2009**

**ACTION REQUIRED** **AGENDA ITEM NO. V.D.**

____ **Information Only**
_X_ **Motion**
_X_ **Resolution**
____ **Executive Session**
____ **Other**

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**TOPIC**

Adoption of NRECA 125 Plan

**DISCUSSION**

As part of the wellness program with NRECA Chugach is broadening the scope of the current 125 Plan to include Flexible Spending Accounts. Using NRECA's 125 Plan will simplify the process for incentives and payment of medical expenses. The current plan will be closed and NRECA's plan will be used for premium pass-through and dependent care as well as FSAs.

**MOTION**

*(Consent Agenda)*

CHUGACH

# RESOLUTION

WHEREAS, Chugach Electric Association, Inc. (Chugach) is a member of the National Rural Electric Cooperative Association (NRECA);

WHEREAS, the 125 Plan is a cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended (Code), that provides one or more of the following benefits at the discretion of the 125 Plan sponsor: a premium-only plan (POP) that allows employees to pay for insurance premiums on a pre-tax basis, a health care flexible spending account (Health FSA) under Section 105 of the Code, and/or a dependent care assistance account (Dependent Care Account) under Section 129 of the Code;

WHEREAS, the 125 Plan is sponsored by NRECA member employers, and administered by Cooperative Benefit Administrators, Inc. (CBA), a wholly-owned subsidiary of NRECA;

WHEREAS, IRS Notice 2005-42 permits sponsors of Code Section 125 plans to modify the "use-it-or-lose-it rule" of their plans to permit participants in the Health FSAs and the Dependent Care Accounts to continue to incur qualified expenses for a given plan year during the 2-1/2 month grace period that follows the close of such plan year (New Grace Period Rule);

WHEREAS, NRECA has determined that the 125 Plan, as administered by CBA, shall be administered, effective as of January 1, 2006, to provide for the New Grace Period Rule for Health FSAs and Dependent Care Accounts to the extent that the Plan, as sponsored by the Employer, offers Health FSA and Dependent Care Account benefits to its participants;

WHEREAS, the Employer wishes to adopt the 125 Plan for the benefit of its employees.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Employer hereby adopts the 125 Plan, effective as of the first day of April, 2009, in the form attached hereto.

BE IT FURTHER RESOLVED, that the officers of the Employer hereby are authorized and directed to take any and all actions required to implement and administer the 125 Plan, including, but not limited to, execution of a plan document in the form attached hereto, and the submission of reimbursement requests.

BE IT FURTHER RESOLVED, that the officers of the Employer hereby are authorized and directed to execute an Administrative Services Agreement, in the form attached hereto, that sets forth the responsibilities of CBA and the Employer, including the payment of administrative fees by the Employer.

I, Alex Gimarc, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 4th day of March, 2009; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 4th day of March, 2009.

Seal

Secretary