Trustee Meeting – June 25 – 26, 2020

MISSION STATEMENT

The HRA VEBA Trust provides public employees a tax-free health reimbursement arrangement (HRA), compliant with regulatory requirements, efficient administration, prudent investments, and superb service.

Gallagher

Mark Wilkerson, HRA Consulting
Charlie Isaacs, Area President
John Fulbright, Senior Client Manager
Britt Afdem, Area Compliance Counsel, HRA and Trust Consulting

HRA VEBA Board of Trustees Meeting Agenda

WebEx Online Meetings | (844) 368-3855 (see THU and FRI WebEx Meeting #s below)
Thursday, June 25, 2020; 3:00 PM to 5:00 PM PT | Friday, June 26, 2020; 9:00 AM to 11:00 AM PT

Asterisk (*) indicates Board action item.

Thursday, June 25, 2020 | 3:00 PM to 5:00 PM PT | WebEx Meeting #: 988 926 243

Time Check	Agenda Item	Service Provider Attendees
3:00 p.m.	**1. Consent Agenda (15 minutes)** 1.1 *Approval of Minutes 1.2 Service Provider Performance Reports 1.3 Gallagher Service Report 1.4 COVID-19 Service Level Impact 1.5 CMS Demand Letters Update 1.6 Trademark Approval Update 1.7 2020 Goals Review	Gallagher, OneBridge, Katten
3:15 p.m.	**2. Plan Administration (30 minutes)** 2.1 Financial Report for Period Ending April 30, 2020 2.2 Potential Print/Fulfillment Model	Gallagher, OneBridge, Katten
3:45 p.m.	**3. Plan Consultant—Gallagher (30 minutes)** 3.1 *Insurance Coverage Review	Gallagher, Katten
4:15 p.m.	**4. Legal & Compliance—Katten; Gallagher (45 minutes)** 4.1 *Plan Document Amendments 4.2 *Monthly Retainer Proposal and Related Items 4.3 COVID-19 and Other Regulatory Updates	Gallagher, Katten
5:00 p.m.	**Adjourn until Friday**	

Friday, June 26, 2020 | 9:00 AM to 11:00 AM PT | WebEx Meeting #: 985 052 497

Time Check	Agenda Item	Service Provider Attendees
9:00 a.m.	**5. Investment Consultant—Hyas Group (40 minutes)** 5.1 Investment Portfolio Review 5.2 New Pre-Mixed Portfolio Update 5.3 Alternative Investment Inquiries	Gallagher, Katten, Hyas
9:40 a.m.	**6. Plan Consultant (continued)—Gallagher (75 minutes)** 6.1 *CPA Services RFP 6.2 *HIPAA Risk Assessment 6.3 *Trustee Election	Gallagher, Katten
10:55 a.m.	**7. Next Meeting Dates (5 minutes)** 7.1 September 30 – October 1, 2020; Inn at Langley; Langley 7.2 February 10-11 or 17-18, 2021; TBD; SeaTac 7.3 June 2021; Gallagher; Spokane	Gallagher, Katten
11:00 a.m.	**Adjourn**	

AGENDA ITEM 1.1: APPROVAL OF MINUTES

SNAPSHOT: **Minutes of the last Board Meeting** are enclosed for review and approval by the Board.

ACTION ITEM

RELEVANT GOAL(S): None

BACKGROUND

Enclosed for the Board's review and approval, please find a copy of the **Minutes of the Meeting** dated March 31, 2020.

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to approve the **Minutes of the Meeting** dated March 31, 2020.

VEBA Trust for Public Employees in the Northwest
(HRA VEBA Trust)

MINUTES OF THE BOARD MEETING

Date: March 31, 2020
Time: 11:30 AM PACIFIC TIME
Place: Conference Call

A quorum being present, Chair Detling called the meeting to order on March 31, 2020 with the following persons in attendance:

TRUSTEES	OTHERS
Doug Detling, Chair	Mark Wilkerson, Gallagher
Bev Freeman, Vice Chair	Sheilla Jones, Gallagher
Teresa Benner, Secretary	Charlie Isaacs, Gallagher
Heather Buchanan	John Fulbright, Gallagher
Sylvia Hubbard	Britt Afdem, Gallagher
Kristy Wolf	Nick Knab, OneBridge
	Briana Russ, OneBridge
	Patrick Knab, OneBridge

I. APPROVAL OF MINUTES

The Board reviewed the draft **Minutes of the Board Meeting** dated February 5-6, 2020. After discussion,

MOTION duly made, seconded, and carried to approve the Minutes of the Board Meeting, dated February 5-6, 2020.

II. ONEBRIDGE FEE PROPOSAL

Mr. Knab summarized OneBridge's "all-in" $1.50 per-participant-per-month (PPPM) fee proposal, which had been updated to include an evergreen term in place of the original five-year term. This will allow the Board to re-evaluate OneBridge's fee at a future date, such as when the Trust reaches 90,000 participants, without the restriction of a defined contract period. After discussion,

MOTION duly made, seconded, and carried to approve OneBridge's "all-in" $1.50 PPPM fee proposal as presented and discussed to become effective April 1, 2020.

III. COVID-19 SERVICE IMPACT

Mr. Isaacs discussed the current and potential effect of the COVID-19 crisis on service levels, including the Customer Care Center (CCC). Due to Washington State's "Stay Home, Stay Healthy" order, the CCC is operating on a modified basis. CCC business hours have been adjusted to open at 8:00 a.m. Pacific Time (two hours later than normal) and close at the normal time of 5:00 p.m. Pacific Time. If evolving conditions warrant, Gallagher may seek temporary relief from applicable performance guarantees.

Gallagher's field team continues to meet with employer contacts and others by telephone or videoconferencing. All in-person meetings have been temporarily postponed. All recordkeeping and administration services are being performed by OneBridge within normal timeframes. To date, all other service providers are continuing to maintain normal service levels.

Gallagher will stay in touch with the Board regarding whether the June meeting format will be in-person or videoconference.

IV. INDEPENDENT FINANCIAL STATEMENT PREPARATION

Ms. Jones reiterated the advantages of hiring a CPA firm to prepare the Trust's financial statements for audit by a third-party, such as Schoedel & Schoedel. This is not required by law, but would provide another layer of independent oversight. Gallagher is in the process of obtaining more information and bids from qualified firms.

V. TRUSTEE ELECTION TIMELINE

The Board reviewed the Trustee election timeline prepared and submitted by Gallagher. The goal is to complete the election process in time to have the replacement Trustee attend the Board's regular meeting in October. After discussion,

> **MOTION** duly made, seconded, and carried to direct Gallagher to implement the Trustee election timeline as presented and discussed.

VI. OTHER BUSINESS

The Board discussed recent COVID-19 legislation at the federal level that permits over-the-counter medicines and drugs to be reimbursed without a prescription. In addition, menstrual care products are now reimbursable. Gallagher will facilitate participant and employer communication around these changes, including development of a list of OTC drugs that are reimbursable without a prescription.

VII. NEXT MEETING DATES

- June 25-26, 2020; Gallagher; Spokane
- September 30 to October 1, 2020; Inn at Langley; Langley
- February 10-11 or 17-18, 2021; Location TBD

There being no further business, the meeting was adjourned.

Respectfully submitted,

John Fulbright
Plan Consultant
Gallagher

AGENDA ITEM 1.2: SERVICE PROVIDER PERFORMANCE REPORTS

SNAPSHOT: Enclosed for the Board's review and information is a collection of service provider reports that contain performance guarantee reporting and general comments from each of the Trust's contracted service providers as listed below.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care; and 7. Monitor Trust service providers.

BACKGROUND

Enclosed for the Board's review and information are the **Service Provider Performance Reports** for the period January through April 2020.

- **SIS NW**—incoming mail (scan and upload)
- **Kaye-Smith**—outgoing mail (fulfillment)
- **Washington Trust Bank**—bank custodian
- **Gallagher**—Customer Care Center
- **OneBridge**—claims and administrative processing; software administration and recordkeeping

The individual reports are divided into two sections:

1. **General Comments**. In this section, service providers provide a brief commentary for the reporting period. For example, this section may contain the service provider's observations on what has gone well, what has not gone so well, what service enhancements or improvements they have implemented or intend to implement, process improvement suggestions they may have, explanations of any performance guarantee failures, frustrations, challenges, successes, etc. In some cases, this section may reference an attachment that contains more supporting detail.

2. **Performance Guarantees**. This chart contains monthly performance standard metrics and indicates whether performance standards were met or not met. Explanations are provided if a particular performance standard was not met.

Gallagher and OneBridge will present their respective reports. Washington Trust, SIS NW, and Kaye-Smith are not scheduled to attend this meeting, but have provided their reports for the Board's information.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

Incoming Mail

General Comments

- We are tracking at 100% in all categories and nothing new to report.

Performance Guarantees	Jan 20	Feb 20	Mar 20	Apr 20
Phone and internet connectivity: Five hours or less of downtime during business hours	100%	100%	100%	100%
File delivery (daily): All no later than 4:00 a.m. ET	100%	100%	100%	100%
Successful loads to system (daily): 99% successful upload of all	100%	100%	100%	100%

Outgoing Mail

General Comments

- From our perspective, all has gone well and as anticipated within the daily document production applications. No recommended process/service improvements or enhancements to report. All timelines were met.

Performance Guarantees	Jan 20	Feb 20	Mar 20	Apr 20
Phone and internet connectivity: Five hours or less of downtime during business hours	100%	100%	100%	100%
File upload (daily): All between 8:00 and 10:00 a.m. ET	100%	100%	100%	100%
Quarterly mailing and/or imaging of statements: All within seven business days	100%	–	–	100%
Daily mailing and imaging of letters, EOBs, checks: All by end of next business day	100%	100%	100%	100%
Return file upload: 99% successful upload of all	100%	100%	100%	100%

Bank Custodian

Washington Trust Bank
Member FDIC

General Comments

❖ **Trust Custodial Comments:**

As is our usual practice, the daily transfers of cash between trust and retail banking accounts are typically completed within about 30 minutes after receipt from OneBridge. Their access to our platform for information and trading functions during this period had no material issues and all trades were settled on a timely basis. Due to Covid-19 pandemic and the stay in place order issued by the Governor of Washington, WTB began the remote work process in early March. By March 19th, WTB had over 550 employees bank-wide working remotely with no break in service. SEI began their remote work process in early March as well and by April 6th had 99% of their global workforce working remotely with tremendous success. Once again, even thru the Covid pandemic, we are happy to report that the day to day business of serving your accounts in conjunction with your other business partners has remained very efficient and routine with no issues to report.

- **Dedicated Team:**

  Washington Trust will continue to have a dedicated team of individuals working together on this relationship. We feel that our team provides a very high level of customer service to OneBridge for the management of the Trust accounts.

- **Future Enhancements Requests:**

  The technology partner that WTB & OneBridge utilize to service your relationship is the SEI Wealth Platform. SEI implemented a platform upgrade in March 2020 and it has numerous enhancements that help service your relationship, including:

  - Enhancements to Statements
  - New Export Choices for Scheduled Reports
  - New and Enhanced Web Services
  - Loaders and web services updated to capture expanded transaction and activity IDs

❖ **Bank Custodial Comments:**

We are happy to report that the banking relationship continues to operate very smoothly with OneBridge as the third party processor (TPA). On a day to day basis things flow very smoothly with no issues to comment on. It's a pleasure to work with OneBridge and we value them as a business partner in servicing your Trust, and greatly appreciate the relationship that we have with AJG and with the Trust.

- **Dedicated Team:**

  Washington Trust will continue to have a dedicated team of individuals working together on this relationship. Our same team has worked with the Trust with two different TPA's, and provided instrumental background and training to the current TPA to ensure a smooth transition. Our team provides a very high level of customer service to OneBridge and for the management of the Trust accounts.

Bank Custodian (continued)

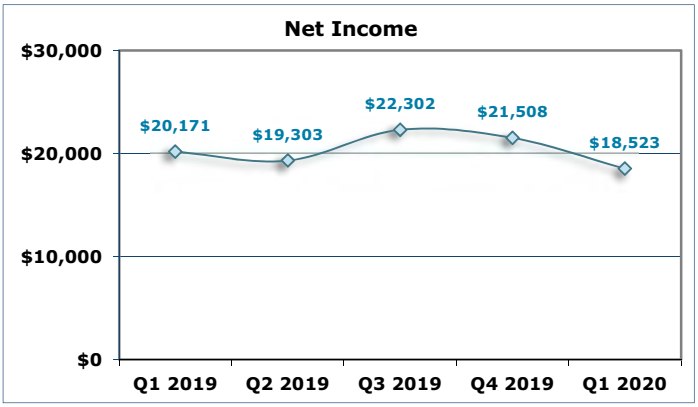
	Jan 20	Feb 20	Mar 20	Apr 20
TRUST CUSTODY ACCOUNTS				
GSAM bond portfolio	$109,012,252	$113,429,653	$112,322,936	$120,363,766
Stable value fund	$6,029,089	$7,014,679	$12,238,630	$8,427,646
Investment options (individual & pre-mix)	$510,518,312	$489,589,287	$442,817,630	$478,717,131
TRUST BANKING ACCOUNTS				
Claims Account	$533,012	$403,722	$424,548	$327,600
Expense Account	$676,522	$822,201	$684,809	$700,173
Contributions Account	$4,470,174	$1,507,249	$943,727	$1,299,333

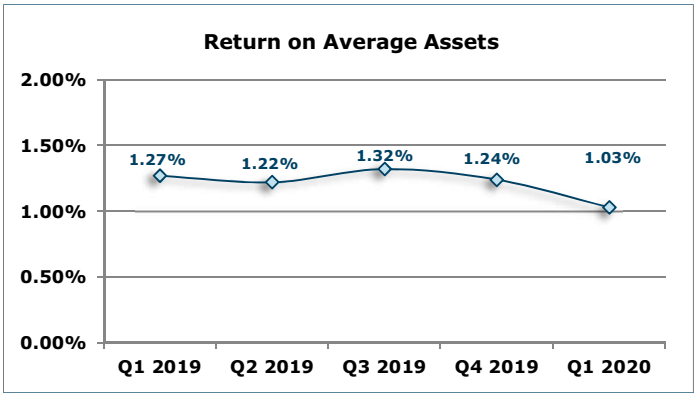
*The figures contained in this chart are provided by WTB and differ from system reports provided by OneBridge. WTB provides the cash basis value of the banking and investment accounts. OneBridge reports on an accrual basis.

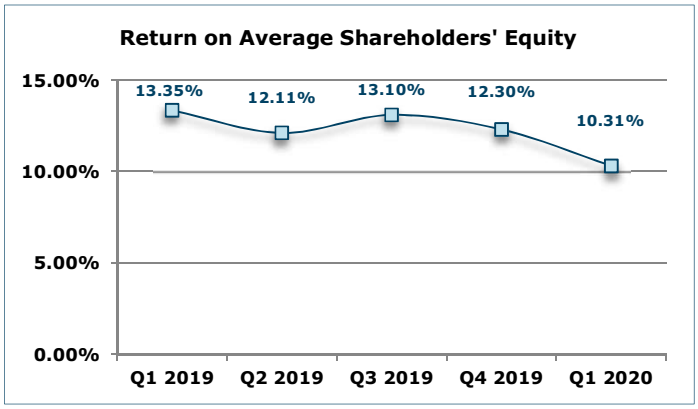
W.T.B. Financial Corporation

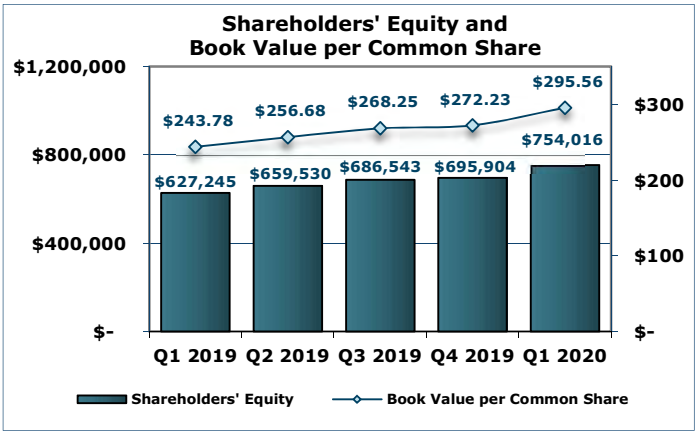
Company Profile 1st Quarter 2020

(Unaudited) ($'s in thousands, except per share data)









Financial Highlights

- **Net Income decreased by $3.0 million to $18.5 million compared to the prior quarter**
- **Shareholders' Equity increased by $58 million mainly from an increase in unrealized gains on securities**
- **Return on Assets was 1.03% for the quarter compared to 1.24% for the previous quarter**
- **Return on Equity was 10.31% for the quarter compared to 12.30% for the previous quarter**
- **Loans increased $66 million, or 5.8% annualized, to $4.6 billio**
- **Deposits decreased $113 million, or 1.8% annualized, to $6.1 billion**
- **Allowance for loan losses remained strong at 2.26% of loans and 737% of noncurrent loans**
- **Noncurrent loans and other real estate decreased $256 thousand to $14.1 million, or 0.19% of total assets**

About W.T.B. Financial Corporation

Since 1902, Washington Trust Bank (W.T.B. Financial Corporation's primary subsidiary) has helped individuals, families and businesses reach their financial goals by being the best at understanding and meeting their needs through exceptional customer service.

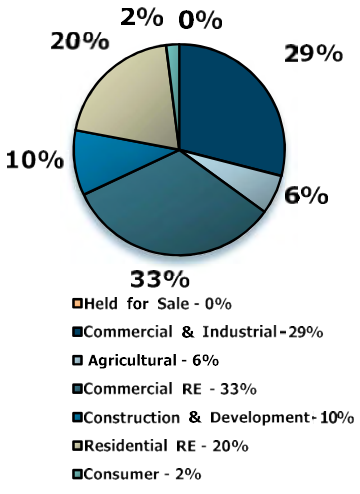
We are small enough to know and care about our customers, yet large enough to offer a full complement of products and services to satisfy all banking needs.

W.T.B. Financial Corporation

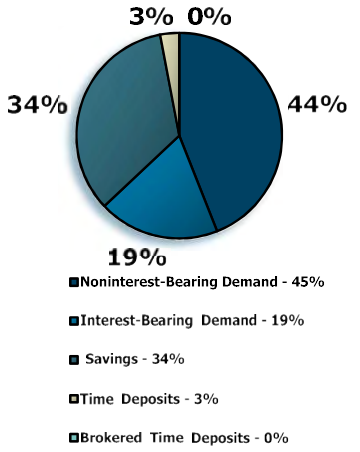
(Unaudited) ($'s in thousands, except per share data
At or for the Quarters Ended

	3/31/2020	12/31/2019	3/31/2019
Income Statements			
Net interest revenue	$ 63,697	$ 64,784	$ 61,426
Provision for loan losses	7,000	1,200	800
Net interest revenue after provision for loan losses	56,697	63,584	60,626
Noninterest revenue	15,474	13,808	11,306
Noninterest expense	48,462	49,837	46,109
Income before provision for income taxes	23,709	27,555	25,823
Provision for income taxes	5,186	6,047	5,652
Net income	$ 18,523	$ 21,508	$ 20,171
Condensed Balance Sheets			
ASSETS			
Cash and interest-bearing deposits	$ 497,823	$ 626,556	$ 557,958
Securities	2,164,047	1,895,823	1,666,895
Loans net of allowance for loan losses	4,504,657	4,446,182	4,007,697
Other assets	186,762	196,103	160,969
Total assets	$ 7,353,289	$ 7,164,664	$ 6,393,519
LIABILITIES			
Deposits	$ 6,113,693	$ 6,226,866	$ 5,452,823
Borrowings	405,942	163,069	244,903
Other liabilities	79,638	78,825	68,548
Total liabilities	6,599,273	6,468,760	5,766,274
SHAREHOLDERS' EQUITY			
Total shareholders' equity	754,016	695,904	627,245
Total liabilities and shareholders' equity	$ 7,353,289	$ 7,164,664	$ 6,393,519
Performance Metrics			
PER COMMON SHARE			
Earnings - basic	$ 7.29	$ 8.45	$ 7.88
Earnings - diluted	7.28	8.43	7.87
Common cash dividends	1.85	1.75	1.75
Common shareholders' equity	295.56	272.23	243.78
PERFORMANCE RATIOS			
Return on average assets	1.03%	1.24%	1.27%
Return on average shareholders' equity	10.31%	12.30%	13.35%
Margin on average earning assets	3.67%	3.85%	3.94%
Noninterest revenue to average assets	0.86%	0.80%	0.71%
Noninterest expense to average assets	2.71%	2.87%	2.89%
Efficiency ratio	61.1%	63.3%	63.3%
Cash dividends to net income	25.4%	20.7%	22.2%
ASSET QUALITY AND CAPITAL			
Noncurrent loans + ORE	$ 14,111	$ 14,367	$ 12,904
Allowance for loan losses	103,946	96,415	92,975
Allowance for loan losses to total loans	2.26%	2.12%	2.27%
Total equity to total assets	10.25%	9.71%	9.81%
Total equity	$ 754,016	$ 695,904	$ 627,245
Tier 1 Capital	719,405	709,248	664,220

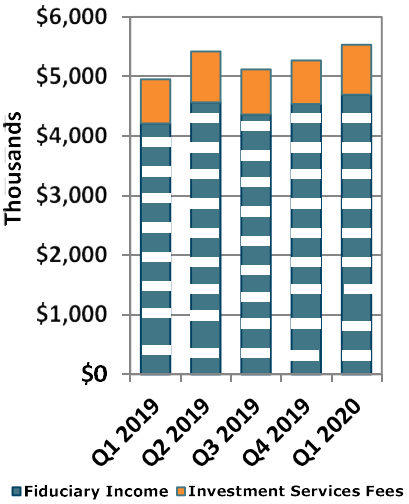
Total Loan Portfolio
$4.61 Billion at 03/31/20



Total Deposit Portfolio
$6.11 Billion at 03/31/20



Wealth Management & Advisory Services



Customer Care Center

General Comments

❖ **COVID-19**

Due to COVID-19, Gallagher activated its Business Continuity Plan, and all employees began working remotely from home in March. All Customer Care Center (CCC) representatives have their office phone, access to all computer equipment, and access to the Gallagher network. It took a week and a half to get every CCC team member fully equipped and enabled at home. During that time, we had our backup team on the phones and maintained our normal email turnaround times, call answer times, and queue work, so no gaps in service were felt by participants or employers.

All participant and employer forms requests continue to be processed and mailed within 24 hours of the request. The bereavement packets continue to be processed and mailed three times per week. We continue to have our weekly update and training meetings.

Our staff remains healthy and happy working from home. During the months of March and April, the CCC answered 97% of the incoming calls within 8 to 11 seconds on average, with an abandoned rate of .92%. All incoming emails and secure messages have received responses within 24 hours.

❖ **Other notable items that occurred within the department:**

- The number of bereavement packets being mailed each month has increased. In April 2019, we mailed approximately 160 packets and in April 2020, we mailed approximately 405 packets. A portion of this increase is due to the Medicare report we receive each quarter with a list of deceased participants.
- The Benchmark Portal assessment for 2019 has been postponed due to the impact of the current events. We will engage Benchmark Portal by year-end.
- Our newest member in the CCC, Maria, was hired in January 2020. Maria is fluent in both English and Spanish.

Performance Guarantees	Jan 20	Feb 20	Mar 20	Apr 20
Phone and internet connectivity: Five hours or less downtime during business hours	99.95%	100%	98.05%	100%
Grade of service: Answer 80% of calls within 30 seconds or less	84.98%	92.38%	95.40%	98.23%
Average speed of answer (ASA): 30 seconds or less	0:22	0:14	0:11	0:08
Call abandonment rate: Less than or equal to 5%	1.55%	1.33%	1.04%	0.79%
Email response time: 98% by end of following business day	100%	100%	100%	100%
First-call resolution: Participants: 90% / Employers: 85%	99.97% / 100%	99.96% / 98.92%	99.87% / 100%	99.89% / 100%

Claims and Administration / Recordkeeping and System Software

General Comments

- **Business Update**
  - OneBridge has grown to 29 team members with a work from home model in effect through September 2020
  - OneBridge is moving into a larger office in October 2020
- **Reflecting Back (since last Trustee meeting)**
  - Major System Development (Completed 4/26/20)
    - Expanded the OneBridge platform to be able to service MERPs (Medical Expense Reimbursement Plans) alongside the existing Funded HRA and FSA products
    - Developed additional functionality related to the investment option feature within the OneBridge platform allowing for increased customization including the Trust's shift to the new premix options
    - Enhanced the existing COBRA related functionality within the administration platform
    - Expanded the features of the Secure Message Center to improve the workflow while adding a "spell check" feature to outgoing messages
    - Implemented a variety of additional features to the FSA product offering
  - Infrastructure & Data Security
    - Engaged a vendor to perform penetration testing on the OneBridge platform – work to be completed in Q4.
    - Evaluated control objectives related to a SOC II audit and began the vendor evaluation process
  - Operations Administration
    - Worked closely with Gallagher in evaluating the benefits of moving to a simplified and more responsive print model including evaluating competitive vendors
    - Collaborated with the CCC to improve participant address information and reduce the number of "abandoned accounts"
- **Looking Forward (to the next Trustee meeting)**
  - Major System Development (Scheduled for 7/26/20)
    - Enhance the notification functionality on the participant and employer portals including the flexibility to provide both alerts and popups.
    - Develop a variety of new alerts and popups with the rollout of the new notification functionality
    - Conclude on the path forward regarding a new print **model and start the development necessary to complete the transition**
  - Operations Administration
    - Collaborate with Gallagher to improve processes and add functionality that will help gather separation dates and reduce the number of CMS demand letters
  - Finance Administration & Reporting
    - Execute on the investment transition from the current premix model to the newly developed investment option model
    - Facilitate the change in the default investment fund

Claims and Administration

Performance Guarantees	Jan 20	Feb 20	Mar 20	Apr 20
Phone and internet connectivity: Four hours or less downtime during business hours	100%	100%	100%	100%
Enrollment form processing: 90% before beginning of second business day	100%	100%	100%	100%
Contribution posting: 90% before beginning of second business day	100%	99.7%	100%	100%
Claims processing: 90% before beginning of fourth business day	99.8%	99.8%	99.8%	99.9%
Debit card substantiation processing: 90% before beginning of fourth business day	100%	94.6%	100%	100%
Account update change processing: 95% before beginning of second business day	100%	100%	100%	100%
Claims accuracy rates*: Financial: 98% / Procedural-Technical: 95%	99.2% / 100%	–	–	99.8% / 100%
All other data accuracy rate*: 95%	100%	–	–	100%

* These statistics are measured quarterly.

Recordkeeping and System Software

Performance Guarantees	Jan 20	Feb 20	Mar 20	Apr 20
Phone and internet connectivity: Five hours or less downtime during business hours	100%	100%	100%	100%
Admin system and portals downtime and recovery: 99% uptime; remedy downtime within eight business hours	100%	100%	100%	100%
New employer set-up: All by end of third business day	100%	100%	100%	100%
Deposit entry: All by end of following business day	100%	100%	100%	100%
Trade instructions: All prior to close of market each market business day	100%	100%	100%	100%
Fixing recordkeeping: Material errors by end of second business day	–	–	–	–
Financial statement delivery: Within ten business days after end of reporting period	On Time	On Time	On Time	On Time
Investment fund swaps: All upon date requested	–	–	–	–
Daily print file delivery to print vendor: All by 3:00 p.m. ET	100%	100%	100%	100%
Statement print file delivery to print vendor: All within ten business days after end of reporting period	–	–	On Time	–
Loading time for print vendor files: 99% within eight hours of receipt	100%	100%	100%	100%
Loading time for scan vendor files: 99% within eight hours of receipt	100%	100%	100%	100%
Delivery of positive pay and NACHA files: All by 3:00 p.m. ET	100%	100%	100%	100%

OneBridge Benefits
Team Member Highlight

Robert Juda, Jr. (Junior)
Reporting Analyst
1 YEAR (almost)

Areas of focus: Report creation and development

My typical day...
In addition to focusing on automation enhancements, tracking information, and monitoring trends, my daily activities are primarily centered around responding to and working on both internal and external reporting requests.

During our software development releases, my responsibilities also include, but are not limited to the creation and execution of report-specific tests, the solving of data-driven reporting needs, and assisting in developing our reporting infrastructure. When called upon, I also complete Financial Daily Processing tasks.

About me, professionally...
I had the pleasure of summer interning at OneBridge as a Data Analyst prior to starting my senior year at the State University of New York at Geneseo. After graduating from Geneseo with a degree in Mathematics, and with the passing of the first Actuarial exam under my belt, I was honored to be presented with an opportunity to permanently join the OneBridge family as a Reporting Analyst.

Both as an intern previously, and now as a full-time employee, I value the opportunity that OneBridge has allowed me to further develop my skills in all of the applications the company uses to support both our internal and client-facing reporting and data needs, especially Microsoft SQL (Structured Query Language). I am elated that OneBridge has been the company where I can both learn and contribute.

About me, personally...
I have always had a passion for sports, having been involved in them since the young age of four. Now, as an elderly 23 year old, I continue this fervor by participating in a Men's A-League Fast-Pitch Softball League. Further, I pair this sports enthusiasm with my interest in data and numbers, taking part in fantasy football leagues and playing sport-related video games.

Outside of this, I enjoy spending time with my family (including my cats) and my friends! I am also no stranger to binge watching the latest online series; however, I much rather enjoy the day in the company of loved ones.

Appendix A
Performance Guarantee Failure Penalties

Number of Performance Guarantee Failures	Penalty
First failure of any kind	Service provider shall provide an Action Plan as outlined below
Second failure of any kind	Service provider shall provide an Action Plan as outlined below
Third failure, except for a third failure of the same kind	Service provider shall provide an Action Plan as outlined below
Third failure of the same kind	$1,000.00
Each additional failure of any kind after the third failure	$1,500.00 per additional failure

In providing a written explanation to the Trust, service provider shall submit a written plan outlining the issue(s), proposed remediation, estimated timeframe for resolution, and a time/cost impact evaluation to complete remediation ("Action Plan"). This plan shall be shared with the Trust for approval as soon as possible, but no later than 30 days after the occurrence of the failure.

AGENDA ITEM 1.3: GALLAGHER SERVICE REPORT

SNAPSHOT: The **Gallagher Service Report** is enclosed for the Board's information. The report contains a summary of field and consulting team activity for the given reporting period.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care; 4. Retain and grow Trust participation; 5. Provide Trustee education and training; 6. Monitor regulatory, legislative, and compliance issues that affect HRAs and VEBAs; and 7. Monitor Trust service providers.

BACKGROUND

The **Gallagher Service Report** (copy enclosed) for the period January to April 2020 is organized into the following sections:

- Team Roster
- Team Member Highlights
- Field Team Activity
- Consulting Team Activity

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

Gallagher Service Report

January 1 to April 30, 2020

Team Roster

Team Member Highlights

Field Team Activity

- Executive Summary
- Territory Snapshot
- Calendar YTD Activity Summary
- Current-period Activity
- New Employers
- New Groups/Funding Sources
- Largest Opportunities
- Competition Update
- Feedback
- Marketplace News
- Testimonials

Consulting Team Activity

- Consulting and Compliance
- Communications

Gallagher

Insurance | Risk Management | Consulting

HRA Field Team

Dawson Mortimore
HRA Field Manager
11 years

Brian Riehs
Client Consultant
15 years

Emily Spencer
Client Consultant
3 years

Kristen Faris
Client Consultant
6 years

Rich Dickman
Client Consultant
22 years

Susie Berard
Senior Client Relations Manager
25 years

HRA Customer Care

Carrie Campbell
Client Services Manager
35 years

Bridget Del Monico
Customer Care
4 years

Shantel Boynton
Customer Care
1 year

Kristen Dickman
Customer Care
5 years

Laicy Brown
Customer Care
1 year

Mathew Holloman
Customer Care
3 years

Michelle Williams
Customer Care
3 years

Zoë Aurand
Customer Care
1 year

Colleen Belcourt
Customer Care
5 years

HRA Consulting and Compliance Team

Mark Wilkerson
Senior Consultant
34 years

Britt Afdem
Compliance Counsel
6 years

Brenda Cranford
Consulting Analyst
5 years

K.C. Campbell
Senior Admin. Assistant
23 years

HRA Communications

John Fulbright
Communications Director
Senior Client Manager
21 years

Julie Schramm
Marketing Coordinator
9 years

Branch Management

Charlie Isaacs
Area President
6 years

Miriam Woodard
Operations Director
15 years

Brian Magney
Client Relations Manager
8 months

Tiffany Ingram
Operations Coordinator
3 years

Gallagher

Gallagher

Team Member Highlights

Britt Afdem

Compliance Counsel
6 years

Plan design and strategy; regulatory monitoring, analysis, and compliance; contracts, legal documents, and plan documents; critical issue resolution; HIPAA compliance

No two days are alike! What I like most is working with my team and providing our clients with the best product and service possible. I really enjoy solving problems and helping others. I believe in the work we're doing and the service we offer, which makes going to work every day so rewarding.

I once received an escalated complaint from a participant who had TRICARE, which he believed covered everything. He thought this "HRA thing" was a complete waste of money. After I explained the benefits, he hung up loving his HRA and thinking it was the best benefit his employer ever offered!

About me: *I am extremely blessed. I am married to my best friend, and we have a beautiful (almost) three year old girl named Magnolia ("Maggie"). About a year ago, we bought our dream house on a little chunk of land, and we're really enjoying our country lifestyle. We love to go on adventures—the Oregon and Washington Coasts are our favorite destinations, but anything outdoors is a treat. I also love to read, craft, and cook!*

Brian Magney

Client Relations Manager
8 months

Consulting and management, leadership, passion for client service, motivating others, teamwork, problem solving, effective communication

As the client relations manager for the HRA field team, my primary role is working with the field team every day to continue providing the highest level or customer service to our employers and participants while also helping to identify opportunities to grow. I help coordinate daily tasks, client issues and deliverables, as well as project management between all our HRA divisions. I am passionate about helping people, diving in and figuring out complicated situations to provide a solution, and supporting our amazing HRA team.

About me: *I was born and raised in Spokane and married my high school sweetheart nearly 12 years ago. Together we have two amazing little boys, Caleb (8) and Logan (6). We enjoy watching our boys play their various sports, including basketball, baseball, and soccer, riding bikes, spending time at the lake, and swimming at their grammy and grampy's pool. In my dwindling spare time, I enjoy playing golf, wine tasting, and watching movies.*

Field Team Activity

Executive Summary

This report provides an overview of Gallagher service activities on behalf of HRA VEBA Trust. The report includes information related to employer service schedule metrics, participant education, new participating groups and funding activity, as well as feedback and news from employers and participants.

Annual Employer Reviews (AERs) are 23% complete for the year, which is behind our target for this time of year by about 10%. This is due in large part to business disruption caused by the COVID-19 pandemic. The field team continues to schedule virtual meetings and saw an uptick in availability in mid to late April as the crisis mode subsided a bit and contacts became more comfortable working from home. We have updated language on file for 79% of employers.

We have participated in 35 educational and marketing events year-to-date, including six Washington State Department of Retirement Systems seminars. Most groups continue to want presentations focused on general HRA VEBA Plan education, including how to save and use in retirement, as well as a number of requests for funding consultation meetings to learn about new ways to fund accounts.

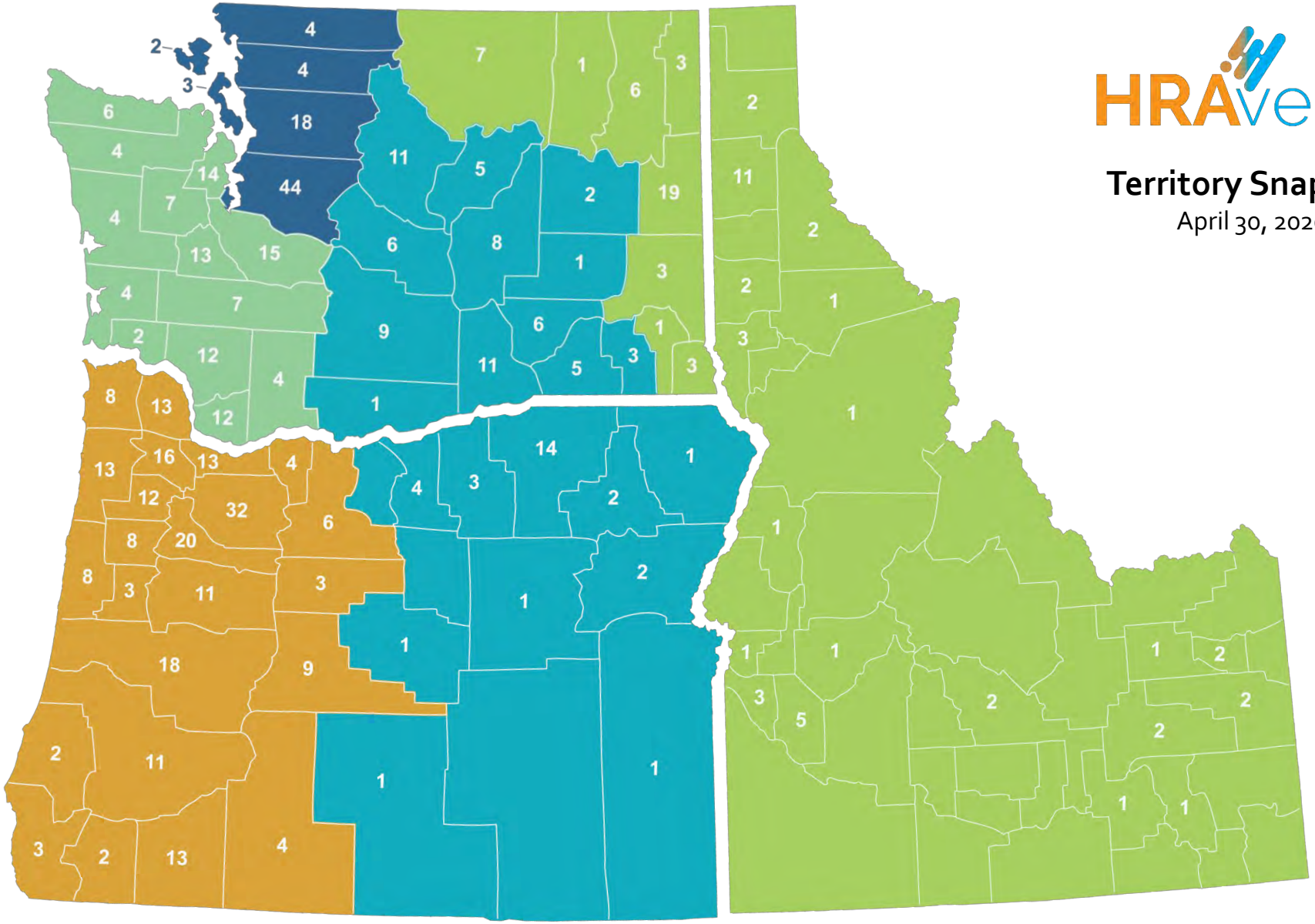
Ten new employers and 21 new employee groups and/or new funding opportunities have been added year-to-date. Combined estimated first-year contributions among those new groups totals over $5.5 million; the ten largest opportunities total over $25 million. Many of these are possible transfers from HRA VEBA competitors, most notably Ada County, which currently uses the Nationwide Post-employment Health Plan (PEHP) and currently has over $6.5 million in assets.

There were no transfers out of HRA VEBA during this reporting period, and we are not aware of any pending. Competition has been very quiet for the most part, with the exception of Idaho VEBA Group. This local competitor is connected with a regional broker, The Murray Group, who recently won the health and welfare business for the City of Caldwell. There is potential we'll see that employer look to transfer out of HRA VEBA, depending on how its relationship with The Murray Group unfolds in the coming months.

Employer feedback continues to be mostly positive. Most feedback is focused on user-friendly technology, customer care, and local service. City of Boise, the second largest employer based on total assets, expressed its gratitude for Rich Dickman conducting six virtual presentations for its staff as most were required to stay home due to the pandemic. Employers have also been sharing that they appreciate our new videos and recorded Brainshark presentations, which they can send out to staff.

Participant feedback has been fairly quiet. There was one participant who recently expressed concern about market fluctuations, but was comforted to hear about Stable Value and other conservative investment options. There was also an Oregon participant who has significant and regular claims for her child and who expressed desire for transaction filtering options on the mobile app and easier-to-understand language when claims or transactions have been denied.

Marketplace news centers on budget shortfalls due to the economic impacts of COVID-19. Specifically, employers are looking to reduce staff, which has led to many discussions around retirement incentives, including lump sum contributions to HRA VEBA.



HRAVeba

Territory Snapshot

April 30, 2020

NW Washington
Employers: 80
Assets: $97,177,544

SW Washington
Employers: 122
Assets: $113,783,711

SE Washington/ E Oregon
Employers: 113
Assets: $109,315,559

Idaho/ E Washington
Employers: 96
Assets: $62,436,205

W Oregon
Employers: 237
Assets: $221,453,957

Total Employers: 648
Unassigned assets: $2,326,770

Gallagher

Calendar YTD Activity Summary

New employers/groups this year	**10 / 21**
Current prospective groups (active)	**83**
Annual Employer Reviews (AERs)	**23%**
Groups with updated language	**79%**
Conferences, seminars, lunch & learns, benefits fairs, etc.	**35**

Current-period Activity

Conferences, seminars, lunch & learns, presentations, etc.

- COSA Conference
- IDCMA Conference
- OGFOA Conference
- NWL Conference
- SDAO Conference
- Assoc. of Oregon Counties – Plan Review
- Benton Soil Water Conservation – Plan Review
- Blue Mountain Hospital – Educational Presentation
- Canyon County Highway District – Commissioners Meeting
- City of Boise – Educational Presentation
- City of Coeur d'Alene – Management Meeting
- City of Hillsboro – Plan Updates
- City of Portland Fire – Retirement presentation
- City of Renton, HR – Portal Training
- City of Seattle – Educational Presentation (2)
- City of Tacoma – Educational Presentation
- Clark County Fire & – Educational Presentation
- Columbia Fire #3 – Onboarding Presentation
- Covington Water & Sewer – Educational Presentation
- Grant County – Benefits Committee Presentation
- King County– Educational Presentation (2)
- Klickitat EMS – Onboarding Presentation
- Metro Parks Tacoma – Educational Presentation
- Okanogan County PUD – All Staff Meeting
- Oregon City SD – Educational Presentation
- Spokane County – Labor/Management Meeting
- Washington Water & Sewer Assoc. – Lunch & Learn
- Provided new HRA videos to help educate employees at
  - City of Post Falls
  - City of Coeur d'Alene
  - City of Pocatello
  - City of Boise
  - City of Rexburg
  - City of Moscow
  - City of Nampa
  - Kootenai County
  - Bonner County
  - Spokane County
  - Latah County
  - Pend Oreille County
  - Lincoln County
  - Okanogan County
  - Pend Oreille County PUD
  - Spokane Valley Fire
  - Eagle Fire

Washington DRS presentations

- Renton
- Puyallup
- Everett
- Webinars (3)
  (due to COVID outbreak)

New Employers

Employer	State	Est. # Participants	Est. First-year Contributions
Kitsap County PUD	WA	60	$1,000,000
City of Renton	WA	147	$130,000
Lane County	OR	40	$105,000
North Beach Water District	WA	12	$60,000
Umpqua Public Transportation	OR	16	$50,000
North Kitsap Fire & Rescue	WA	2	$30,000
Port of Woodland	WA	2	$18,000
Lynnwood Public Facilities District	WA	1	$10,000
Klickitat Emergency Medical Services	WA	18	$5,400
Columbia Fire #3	WA	3	$3,600

New Groups/Funding *(existing employers)*

Employer	State	Group(s) / Funding Method(s)	Est. First-year Contributions
Snohomish County Fire District 7	WA	All Staff / BPAS transfer	$2,600,428
Spokane County	WA	Non-reps / PTO at retirement	$684,000
City of Tumwater	WA	IAFF / DEC	$355,000
C-TRAN	WA	All Staff / DEC	$112,000
City of Redmond	WA	AFSCME / MEC	$76,000
City of Redmond	WA	Police / MEC	$60,000
Skamania County PUD	WA	All Staff / MOOD	$54,000
City of Redmond	WA	RCHEA / MEC	$50,570
City of Enumclaw	WA	Non-Reps / DEC	$39,000
City of Redmond	WA	AFSCME / Retirement Bonus	$30,000
City of Redmond	WA	Police / SLC Bonus	$30,000
City of Redmond	WA	Non-reps / Retiree Bonus	$30,000
City of Redmond	WA	RCHEA / SLC	$30,000
Covington Water	WA	All Staff / MEC	$21,571
City of Redmond	WA	AFSCME / VLC	$20,000
Skyway Water & Sewer	WA	All Staff / DEC & MEC increase	$16,000
City of Port Orchard	WA	Police, Court / VLC	$15,000

Employer	State	Group(s) / Funding Method(s)	Est. First-year Contributions
Shoshone County	ID	Non-reps / Vacation	$15,000
Covington Water	WA	All Staff / SLC	$12,000
Skagit Transit	WA	Non-Benefit Eligible	$9,000
Nez Perce County	ID	Treasures office / Vacation	$6,000

Ten Largest Opportunities

Employer	Group(s) / Funding Method(s)	Est. First-year Contributions
ADA County	All Staff / PEHP rollover	$6,500,000
Central Pierce Fire & Rescue	IAFF/ DEC	$6,000,000
Snohomish County Fire 1	All Staff / Transfer	$6,000,000
City of Seattle	Non-reps / SLC	$1,500,000
Clark County	All Staff / DEC	$1,000,000
Snohomish Fire 7	Merger / Transfer	$1,000,000
City of Spokane	Police Guild / DEC	$840,000
City of Yakima	Teamsters / SLC	$800,000
City of Olympia	Fire / DEC	$750,000
City of Tacoma	All Staff / MOOD	$650,000

Funding Methods Key				
	DEC	Direct Employer Contribution	**SLC**	Sick Leave Cash Out
	MEC	Mandatory Employee Contribution	**VLC**	Vacation Leave Cash Out
	EBD	Excess Benefit Dollars	**MOOD**	Medical Opt-out Dollars
	PTO	Paid Time Off		

Competition Update

Plan Name	Sales proposition	Activity
Idaho VEBA Group	• Fee structure favors larger balances for Idaho public entities • Stacking capabilities	Murray group is trying to increase use of the IVG plan after winning City of Caldwell

Feedback

Employers

- Continued positive feedback about the employer portal, specifically how easy it is to enroll employees and set up contribution reports.
- New employers that recently adopted are grateful we have been able to maintain the same level of service despite the circumstances.
- City of Boise very grateful for our ability to do six virtual educational sessions for its staff. All went off without a hitch, except one with a few disruptions because lines could not be muted for some reason.
- The HRA Overview and How to File a Claim videos, along with various recorded Brainshark presentations have been well received during this period of working from home and social distancing.

Participants

- A soon-to-be retiree was concerned about stock market volatility and the investment of her funds. She was comforted to know about the stable/conservative options.
- Special Districts Association of Oregon participant talked about how much the account was a blessing, especially with a diabetic daughter who is also very accident prone. However, she shared that it can be cumbersome to submit all of the necessary documentation. Finding a way on the app to filter through unsupported and/or denied transactions on the debit card may allow for easier access for individual participants to view transactions that need additional documentation. Secondly, making the information easier to understand and read as to why the documentation was denied would be helpful. Sometimes the information can become distorted on the participant level and understanding what documentation can be submitted can become complicated.

Marketplace News

Many employers are facing budget problems due to the economic impacts of COVID-19 and looming budget shortfalls, which are causing them to consider staff reductions. Some are considering HRA contributions as part of separation/retirement incentives.

Many public employers are planning on a budget crunch in 2021 due to COVID-19. Overall tax revenue in Eastern Washington may be cut by 20% or more in 2021. Some Idaho public employers have shared they might see additional shortfalls due to lack of tourist revenue. Around Boise, however, most employers do not anticipate a reduction in revenue.

Many Oregon school districts have shared that they plan to reduce staff to mitigate budget shortfall projections. At least two districts and one college are looking to implement a lump-sum HRA contribution as part of a retirement incentive package.

Testimonials

Bob H., General Manager at Kitsap PUD – "I wish we would have started this a long time ago. We would have been much better off."

Jo Bower, Executive Assistant, I-COM 911 – "I like the new brochures —they are very self-explanatory."

Employer, Soos Creek Water and Sewer District – "HRA VEBA has been such a helpful benefit. We have had three employees retiree before Medicare as they can use the HRA to bridge the gap. It has been a great recruiting tool as many employers don't offer as generous of a benefit. We have seen a reduction is sick leave abuse. There is more in the HRA than in the 457 plan."

Comments by Gallagher's field team – While spending time on the phones during the beginning of the stay-at-home orders, I spoke with many participants who were grateful for their HRA VEBA accounts. Having these dollars provided to them was a comfort during the pandemic. One participant from California even said that knowing the funds would be available to her if she needed them due to contracting COVID-19 provided her comfort and was a bright light in the "tunnel of the pandemic".

Rosa, City of Boise – "Thanks for taking extra time to discuss my individual questions after your web presentation. I feel ready to retire."

Chad, City of Boise – "I am sorry some of our staff talked while you presented online. Hopefully, the mute function will work better next time."

Caroline, HR Director, Coos County – "The employees who have HRA VEBA at the County just rave about it! I wish our non-represented staff had it too, but it's difficult to get over 80 people to come to agreement on funding when we're not all under the same contract like the unions."

Consulting Team Activity

Plan and Trust Consulting and Compliance

- Coordinated and managed RFP process for CPA services
- Monitored PCORI fee developments, including new 2019-2020 fee of $2.54; began coordinating with OneBridge on fee assessment
- Monitored COVID-19-related regulatory guidance and changes that may impact HRAs
- Studied guidance regarding the release of a new Summary of Benefits and Coverage template, effective for Plan Years starting on or after January 1, 2021
- Completed Plan Document revisions and discussions with Trust Counsel regarding administration of the Limited HRA Plan
- Managed CMS Demand Letters on behalf of the plan
- Strategized on ways to provide training to Employers on providing separation dates
- Continued working on Abandoned Account Procedural updates
- Reviewed CARES Act and updated Medical Care Expense Table, as needed
- Reviewed DOL guidance released regarding extending certain deadlines, updated procedures as it relates to COBRA
- Studied newly released COBRA Model Election Notices from DOL; working with HRA team to update Notices
- Continued to monitor status of Trademark application
- Worked with Gallagher Broker on review of Trust and Service Provider insurance coverages and applicable indemnities
- Reviewed new valuation procedures for the Stable Value Fund with GSAM
- Began work on implementing new pre-mixed investment portfolios

Communications

- Worked with OneBridge on new online popups and notifications
- COVID-19 impacted new video production, but additional scripts are being developed
- The person supplying the video voice completed several online training resources to help enhance cadence, inflection, conversational reading skills, etc.
- Completed housekeeping updates to certain pieces of Plan literature, including updates regarding the CARES Act (no more prescription requirement for OTC drugs and medicines; reimbursement of menstrual care products)
- Worked on new pre-mixed portfolio communications
    - Placed notice on the Plan's homepage
    - Updated Plan literature
    - Drafted and distributed talking points to Gallagher's field and customer care teams
    - Placed initial employer communication in the April 2020 HRAtoday employer newsletter
    - Drafting more details for the July issues of HRAtoday for participants and employers
    - Drafting a special one-page insert to be included with the July account statements

- Outbound communication:

Month	Method	To	Description
January	Email and Mail	Participants	HRAtoday Participant Edition – January 2020
January	Email	Employers	HRAtoday Employer Edition – January 2020
January	Email	Employers	4th Quarter - Investment Fund Overview
January	Email	Employers	Happy New Year! Here's a couple updates related to your HRA VEBA Plan *(1095-B; Cadillac Tax Repeal; PCORI Fee Extension)*
February	Email	Employers	There's still time to register for Bridging Your FSA and HRA Webinar – Registration still OPEN
February	Email	Employers	Bridging your FSA and HRA – Webinar Registration Now OPEN
March	Email	Employers	Coronavirus (COVID-19) UPDATE
March	Email	Employers	SURVEY – Bridging Your FSA and HRA Webinar
April	Email	Employers	HRAtoday Employer Edition – July 2020
April	Email	Employers	Replacement Trustee Nomination Request
April	Email	Employers	1st Quarter - Investment Fund Overview

AGENDA ITEM 1.4: COVID-19 SERVICE LEVEL IMPACT

SNAPSHOT: All service provider performance guarantees have been met for the period. All plan administrative processes have been and are occurring within normal timeframes.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care.

BACKGROUND

As previously provided by email in April, attached for the Board's information is a collection of COVID-19 messaging from the Trust's service provider team: Gallagher, OneBridge, Hyas Group, Katten, SIS NW, Kaye-Smith, and Washington Trust Bank.

All of the Trust's service providers continue to fully meet the service needs of participants and employers at consistent levels. Importantly, all performance guarantees have been met for the period. There have been no noticeable dips or gaps in service. All plan administrative processes have been and are occurring within normal timeframes, including claims processing.

The Gallagher and OneBridge teams remain healthy and will continue working from home for the foreseeable future. Migration back to their normal workplaces will be gradual and carefully managed to ensure the safety of employees.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

From:	John Fulbright
To:	"Doug Detling (doug.detling@gmail.com)"; "Randy Anderson"; "Beverly Freeman"; "Kristy Wolf"; "Teresa Benner"; "Buchanan, Heather"; Sylvia Hubbard (shubbard@gcpud.org)
Cc:	Mark Wilkerson; Sheilla Jones; Keri Campbell; Charlie Isaacs; Britt Afdem; Tiffany Ingram; Britt Afdem; Carrie Campbell (Spokane); Saracene, Kate Ulrich
Subject:	HRA VEBA: COVID-19 Service Update
Date:	Thursday, April 23, 2020 4:45:19 PM
Attachments:	image001.png Service Providers COVID-19 Messaging 2020.04.pdf

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Dear HRA VEBA Trustees:

Attached for your information is a collection of COVID-19 messaging from your service provider team: Gallagher, OneBridge, Hyas Group, Katten, SIS NW, Kaye-Smith, and Washington Trust Bank.

We're happy to report that all of your service providers are fully meeting the service needs of your participants at consistent levels.

For Gallagher, our staff remain healthy and are happily serving your participants from home. The Customer Care Center (CCC) is answering incoming calls within 8 to 11 seconds on average, with an abandonment rate of just 1.02%. All incoming emails are receiving responses within 24 hours.

The OneBridge team continues to work from home as well, and all plan administrative processes are occurring within normal timeframes, including claims processing.

Here are a few interesting comments from the CCC team around what they are hearing from participants:

- Participants are so happy we're still available to help. The biggest challenge I have heard from participants is they are having difficulty providing their supporting documentation, as most of their providers are closed. *–Bridget*

- Reminding participants that they have four months (120 days) from the transaction date to submit documents, and that they can call or email their providers to request documentation rather than going into an office or clinic, works to ease their concerns. *–Mathew*

- I let participants know they can get documentation from their insurance companies as they are still open. I have given participants extra time to provide documentation. *–Colleen*

- I did have one PT that was upset at us for requesting supporting docs when this is going on. He said we were putting his health at risk because the office he deals with will only allow him to go in to pick up documents. They will not fax them or email them. I explained the time frame he had to send them in but he was upset. This has been my only upset participant. *–Zoe*

- Participants and employers are super grateful we are at home. They care about us, too, and we have done such a good job taking care of them. They are happy we are taking care of ourselves as well. I have not come across one mad person and no complaints. *–Shantel*

- With a lot of my bereavement calls out, when I actually reach someone, they usually say something like, “Oh yes! You’ve been on my to-do list forever. I guess I finally have time and I’ll try to get those forms back to you soon.” *–Kristen*

- I have received several calls from participants who have expressed appreciation that we are still open and able to help them. They have contacted other organizations that have either been closed or have had extremely long wait times, which is not the case for us. *–Michelle*

- I talked to a participant today who calls a lot. She is super sweet, so I always remember her. She wanted to make sure her May 1st premium reimbursement would be issued on time. She was really grateful we’re still answering the phones and are always so helpful. She also said she was really sorry we still had to work. I let her know we are all working from home and she gushed about how happy she is we’re staying safe AND still available to help her like we always do. *–Kristen*

Whether we hold the June Board meeting in Spokane or plan a virtual meeting instead is still pending. Even if governmental stay-at-home orders are lifted in time, we understand there could be some who might still feel uncomfortable traveling or be subject to lingering corporate travel or meeting restrictions. We have advised the Davenport Hotel and our catering vendors that we are monitoring the situation and will make a decision within the next few weeks.

We hope you are all staying happy and healthy!

Sincerely,

John Fulbright
Senior Client Manager

Gallagher

Insurance | Risk Management | Consulting

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Gallagher Benefit Services, Inc.

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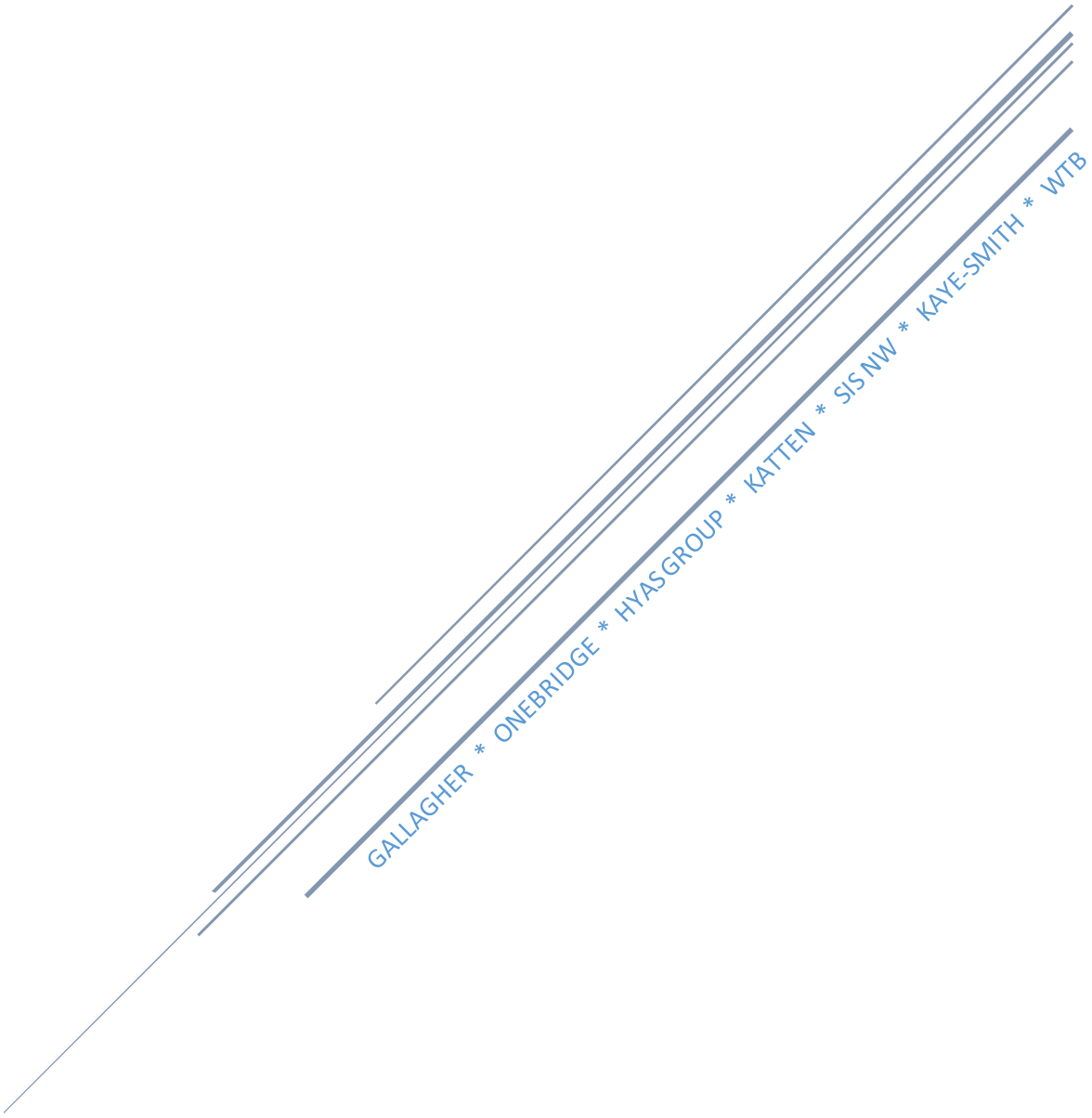
SERVICE PROVIDERS' COVID-19 MESSAGING

2020



Gallagher

Insurance | Risk Management | Consulting

At Gallagher, our clients come first. As a partner to you and your business, we continue to closely monitor the impacts of Coronavirus (COVID-19) and we strive to ensure the health and safety of our collective employees, clients and communities.

With more cases appearing globally and concern growing daily, we wanted to provide an update on our operations as well as share information that can help you navigate through the current uncertainty.

Gallagher has robust business continuity plans across all its businesses and locations relying on options such as working remotely and transferring work across offices and countries if required.

In the weeks ahead, we know that you will need Gallagher to support you, your businesses, and your customers, and we will be there. As with many organizations trying to reduce in-person meetings and travel, the way in which we provide support may look different. Our teams are using virtual meeting tools when appropriate, and we are limiting non-essential travel in accordance with health and safety guidelines. We will continue to be available to you and your business via phone, email and online wherever needed.

Despite these operational changes, our purpose remains the same. Gallagher is committed to delivering the insurance, risk management and consulting support you need.

Gallagher has experts around the world that are uniquely positioned to help you understand the potential impacts that COVID-19 could have in your industry. The latest and most up-to-date information is available on our Pandemic Preparedness site, including links to resources, advice on insurance coverages, planning for contingencies, communicating with your employees, and employee benefits and HR policy guidance.

As a leader in the risk management business, Gallagher remains fully committed to supporting you and your company through these challenging times. We will share periodic updates about our operational decisions as the situation continues to unfold.

Thank you for trusting us with your business, and please reach out to your Gallagher team with any questions.

Pat Gallagher

Press

Our Proactive, Productive Approach To The Pandemic

March 20, 2020

As of Monday, March 16, 2020, for the health of our team members, as well as the safety of our communities, OneBridge Benefits has successfully transitioned to a Work-From-Home state of operations. This was implemented across our entire workforce as a result of Federal and State guidelines issued in response to the outbreak of COVID-19.

As a result of our technology preparedness, communication protocols, and the execution of our business continuity plans, we are confident in our ability to continuously provide the same high level of quality and responsive service during our temporary remote status.

Amidst these sensitive and unprecedented times, we encourage everyone to follow the Center for Disease Control and Prevention (CDC) recommendations on how to best protect yourself and your family as we all combat the spread of COVID-19 together.

For your benefit – and the benefit of others – stay healthy!

March 31, 2020

Good afternoon -

We have all had our lives upended by this pandemic. Our clients, along with the participants and beneficiaries they serve, have been strained by the severe levels of global anxiety and market volatility. All parties need a sense of calm, and to that end we are committed to ensuring our clients continue to receive the exceptional service and thoughtful guidance they deserve.

The Hyas Group is here to help clients address the challenges this situation presents. While all Hyas Group employees are working remotely, we are maintaining normal business hours and all employees continue to work through client deliverables under the requisite timeframes. Employees have secure access to all client files remotely and the analytics group is assessing portfolios and investment products each day. We are adjusting our report meeting scheduling and processes to accommodate the need to maintain social distance and avoid travel. Video conferencing services are available for remote interaction and we expect to be able to conduct all necessary meetings via a video medium. While this is not the perfect substitute for in person meetings, it should allow for responsibilities to be fulfilled and business to be conducted as we move into the first quarter reporting period. The first quarter's market volatility has been extreme, and it will be important to discuss the economy and markets under some semblance of a normal timeline.

We are living in interesting times, and while they may seem unprecedented, global markets and economies have been through many difficult times during their histories. In some respects, periods of disruption are expected. These periods can be trying, but they are not unique. In almost all instances, the right path for investors is to stay the course. Panic is not a good market strategy, while to time the market is futile. Proper investment allocations for the appropriate time horizon have ultimately allowed for the most consistent participation in the longer-term, upward trend in the markets. In time, we expect the markets to rebound and a greater sense of normalcy should return for all of us.

As always, if you have any questions or concerns don't hesitate to reach out to your respective consultant.

Sincerely,

The Hyas Group

Kathi McKiernan
Operations Manager
HYASGROUP
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Katten

COVID-19: Taking Action to Protect and Respond

With the coronavirus (COVID-19) situation changing hourly, we want to assure you of the important steps Katten is taking to help mitigate the impact on our clients, our firm and our communities. Their support, health and security are, as always, our top priorities.

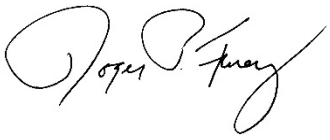
Our first step has been to activate our multi-pronged Business Continuity Plan. This plan brings together a cross-disciplinary team whose aim is to observe all changes in the COVID-19 public health emergency and determine how we address those circumstances. We are monitoring and following all recommendations put forth by the World Health Organization and US Centers for Disease Control and Prevention, as well as others, in an effort to protect our clients and our people, while ensuring the continuation of business.

In our offices, we have measures in place to help ensure the environment is clean and that all lawyers, business professionals and guests confirm that they do not pose a risk to others when conducting business. Should the need arise, Katten is ready to immediately implement the infrastructure, processes and safeguards for our firm to function remotely. Full remote access for all our attorney teams (and the professionals needed to support them) has been brought online and is ready for deployment. Within our practices, client teams have implemented plans to better enable our clients to rely on the availability of lawyers to manage their matters. Should we need to close one or more offices, we expect minimal disruption in the service we provide to our clients.

Helping our clients navigate the business challenges this situation presents is also a priority. Across a wide array of our practice groups, our lawyers are actively engaged with clients on every topic imaginable — from privacy and liability issues to litigation, workplace and health care concerns presented by the virus. Our resources are available to you, and we are happy to help think through the implications for your business.

Finally, we will be looking for ways to help our communities through these challenging times. We initiated these efforts earlier this year through our support of the Chicago — Shanghai Sister City Committee, which is chaired by the Managing Partner of our Shanghai office, Feng Xue, and we will continue our efforts in the communities of our US offices.

While we cannot be sure of what tomorrow (or next month) may bring, we want you to know that we are taking all possible steps to prepare as best we can to support our people and our clients. These unique circumstances have created a good deal of uncertainty, but they also remind us of how interconnected we truly are. In that spirit, we are committed to managing through these challenging times together.



Roger Furey
Chairman

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katten.com

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We want to help!

With COVID-19 on the rise, we realize many of you are concerned about the safety of your staff while your healthcare office remains open to provide for the needs of patients. Thank you for serving during this difficult time!

We realize that you may become short on back-office staff if employees choose to stay home. Keeping cash flow moving and keeping up with medical records requests may become difficult. There may also be HIPAA compliance concerns to address when work is done remotely.

Good news: there are some short-term actions that can be taken with little effort on your part. For example, you can utilize a lockbox service or outsource the copying of your medical records. This might be a good time to look at online patient registration solutions and automated insurance eligibility checks.

A lockbox service will open your mail, deposit payments into your bank, and in some cases, provide solutions for auto-posting payment information to patient accounts to eliminate data entry. They may also offer a secure portal so that staff can remotely access payment information and history.

Medical records can be remotely accessed, reviewed for HIPAA compliance, and provided to requesters electronically (assuming you're on an EMR). There are software tools that help automate processes like invoicing, collecting payments, and creating an audit log. These tools for automating release of information are available on a subscription basis.

It's also possible to automate other accounting functions like processing incoming invoices including data entry, review, approval, and GL coding.

As an outsource service provider, please know that we can help with these day-to-day business functions. I am also happy to make recommendations on other ways you can alleviate other office pressures regardless of whether you use our services or not.

Other resources include your local MGMA chapter, your malpractice carrier, and your state medical association.

We all need to help wherever we can during this challenging moment.

Please drop me a note or give me a call if you need help.

Stay safe!

We specialize in office automation by using services backed with strong technology.

Watch our Facilities Tour here to learn how we reduce office task tedium!

About SIS NW Inc.

We are the Northwest's most trusted service provider for office automation solutions. We create positive change to your office operations by eliminating outdated processes or other cumbersome methods that result in unnecessary mistakes, costs, and hardship. We offer high assurance customer services for office workflow automation using the best up-to-date technology. Your business runs smoother, faster, and simpler.

SIS NW
425-829-2361
gmennegar@sisnwinc.com
www.sisnwinc.com

See what's happening on our social sites:

As most of you probably have already heard, the Coronavirus is a worldwide concern. Here in Washington State we had the first deaths in the United States attributed to the coronavirus. We want to keep our work environment as healthy as possible, so Kaye-Smith is taking some proactive measures to slow down the spread of germs.

The following steps are what you can do to minimize the spread of germs:

- Wash your hands for at least 20 seconds after using the bathroom.
- Cover your mouth and nose when sneezing or coughing. The virus is spread mostly by droplets spread when one coughs and/or sneezes. If you use your hands to cover your cough or sneeze then please wash your hands. The best way to cover your cough or sneeze is to use your arm.
- Keep your workplaces clean.
- Keep cell phones clean. Minimize physical phone contact with others such as having them hold your phone to look at content. Cell phones are a major source of germs so don't place them on surfaces where you prepare or consume food.
- Minimize physical contact with others.

The following are steps that we will take:

- We will implement a "No Handshakes" policy. We are discouraging hand shaking to slow down the spread of germs. We will post signs at all the company entrances alerting our guests of the policy to make everyone feel less awkward about skipping the handshake.
- We will place wipes at all Employee Time Clocks. We encourage all employees to wipe down the Time Clock before using it.
- We will place Rubbing Alcohol in strategic places so employees can clean their keyboards, PC's, machine panels etc. on a regular bases. Isopropyl Alcohol is very effective for cleaning electronics.
- We will have plastic gloves out for employees to use when wiping down their work spaces or kitchen areas.
- We will have building entry ways where guests check in and out equipped with wipes to wipe down regularly.
- We will have hand sanitizer bottles placed throughout the company for employee use.

We will place these various health aids out at all locations as we obtain them. We have some on order and they should be here within a week.

These habits help slow the spread of viruses and bacteria. We greatly appreciate everyone's cooperation in helping keep Kaye-Smith as healthy a work environment as possible!

Thanks!

Joe Stevens
Business Relations Manager

KAYE•SMITH

4101 Oakesdale Avenue SW, Renton, WA 98057
main 425-228-8600 | cell 206-375-2028

Statement Processing & Billing Services | Print & Marketing Supply Chain Management | Direct Marketing & Personalized Fulfillment | Branded Merchandise | Web Tools

Washington Trust Bank
Member FDIC

March 11, 2020

A message from Jack Heath, President and COO, Washington Trust Bank

As a valued customer of Washington Trust Bank, I appreciate the trust you place in us which is why I personally want to share this information with you.

With the recent news about COVID-19, it is important for us all to remain informed. The well-being of our customers and employees is our foremost focus, therefore I want to update you on the steps we have implemented to help protect your health and financial well-being. We have no confirmed cases among our employees and are taking a preventative approach to minimize risk.

STEPPING UP OUR DEEP CLEANING.
We are committed to cleaning high-traffic areas in branches and offices each hour. This means coffee pots, door handles, ATMs, countertops, etc.

RECOGNIZING THE ONGOING IMPORTANCE OF HYGIENE.
We are distributing frequent reminders to our teams on the importance of hand hygiene, issuing hand sanitizers, as well as highly encouraging employees who are not feeling well to stay home.

WE HAVE SUSPENDED ALL NON-ESSENTIAL BUSINESS TRAVEL.
We are limiting our travel to instances that are only critical to business operations.

WE ARE TAKING THE PRECAUTIONARY STEP OF CANCELING ALL LARGE GATHERINGS.
Gatherings of more than 10 people will be cancelled, rescheduled or executed virtually when possible to avoid any cross infection.

Please contact your banker if you have any questions or concerns about how COVID-19 may affect your business and your finances. You may manage your everyday banking needs on watrust.com, by using WTB Online or WTB Mobile, calling our Priority Services team at 800.788.4578 or visiting any of our convenient ATM or branch drive-ups. We are continually monitoring the COVID-19 situation and we will update **watrust.com/COVID19** as we have new information to share with you.

John E. (Jack) Heath, III
PRESIDENT / COO

AGENDA ITEM 1.5: CMS DEMAND LETTERS UPDATE

SNAPSHOT: The Centers for Medicare & Medicaid Services (CMS) issues Demand Letters to the Plan when it believes the Trust should have paid (reimbursed) expenses prior to Medicare. Five Demands have been received in 2020 so far, one of which has been resolved with CMS.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalize care; 6. Monitor regulatory, legislative, and compliance issues that affect HRAs and VEBAs.

BACKGROUND

As previously reported to and discussed with the Board, the Plan may occasionally receive a notice or demand letter from the Centers for Medicare & Medicaid Services (CMS) for a specific individual where CMS believes that the Plan should have paid medical expenses prior to Medicare.

As of this writing, five Demand Letters have been received from Medicare so far in 2020. Four of the five demands are awaiting a response from CMS, while the other one has been resolved.

Gallagher will provide updates to the Board at its regular meetings, as warranted.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

AGENDA ITEM 1.6: TRADEMARK APPROVAL UPDATE

SNAPSHOT: The USPTO has approved the Trust's application to trademark the Trust logo.

RELEVANT GOAL(S): None

BACKGROUND

The United States Patent and Trademark Office (USPTO) has approved the Trust's application for trademark of the Trust's logo. The trademark was registered on May 5, 2020. Gallagher has already incorporated the registration symbol ® in literature and materials to signify the logo's trademark protection.

The term of the registration is ten years from the date of registration, so the trademark will expire on May 4, 2030. However, to prevent automatic cancellation of the registration, the Trust must file a Section 8 Affidavit between the fifth and sixth year of the date of registration (between May 5, 2025 and May 5, 2026) showing continued use of the mark. Gallagher has calendared this deadline and will work with Fox Rothschild to submit the Section 8 Affidavit, should the Board direct at that time. If desired, at the ten-year expiration, the Trust may renew its registration again by proving continued use of the mark.

Fox Rothschild has offered its "watch services" of monitoring other trademark applications that may be similar to the Trust's logo. However, Attorney Bruce Goto explained that such services typically are not meaningful for clients such as the Trust. While the watch service itself would cost about $1,000 per year, these services tend to flag a variety of "potential issues," with each potential issue requiring Fox Rothschild to review and consult with the Trust. This part of the watch service is what could cost the Trust significantly in legal bills, and Mr. Goto said it is likely not worthwhile for the Trust.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

United States of America

United States Patent and Trademark Office

HRAveba

Reg. No. 6,045,857

Registered May 05, 2020

Int. Cl.: 36

Service Mark

Principal Register

Voluntary Employees' Beneficiary Association for Public Employees in the Northwest
(UNITED STATES UNINCORPORATED ASSOCIATION)
906 West 2nd Ave., Suite 400
Spokane, WASHINGTON 99201

CLASS 36: Financial administration of health reimbursement arrangements

FIRST USE 11-1-2018; IN COMMERCE 11-1-2018

The mark consists of the stylized wording "HRAVEBA" with "HRA" appearing in a larger bolder font. Above the wording is a design of three diagonal lines all connected, with a shaded dot above the "A".

No claim is made to the exclusive right to use the following apart from the mark as shown: "HRA VEBA"

SER. NO. 88-547,163, FILED 07-29-2019

Director of the United States
Patent and Trademark Office

REQUIREMENTS TO MAINTAIN YOUR FEDERAL TRADEMARK REGISTRATION

WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.

Requirements in the First Ten Years*
What and When to File:

- ***First Filing Deadline:*** You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. See 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

- ***Second Filing Deadline:*** You must file a Declaration of Use (or Excusable Nonuse) and an Application for Renewal between the 9th and 10th years after the registration date.* See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*
What and When to File:

- You must file a Declaration of Use (or Excusable Nonuse) and an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the United States Patent and Trademark Office (USPTO). The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. See 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. See 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see http://www.wipo.int/madrid/en/.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at http://www.uspto.gov.

NOTE: A courtesy e-mail reminder of USPTO maintenance filing deadlines will be sent to trademark owners/holders who authorize e-mail communication and maintain a current e-mail address with the USPTO. To ensure that e-mail is authorized and your address is current, please use the Trademark Electronic Application System (TEAS) Correspondence Address and Change of Owner Address Forms available at http://www.uspto.gov.

Please note that U.S. Customs & Border Protection (CBP), a bureau of the Department of Homeland Security, maintains a trademark recordation system for marks registered at the United States Patent and Trademark Office. Parties who register their marks on the Principal Register may record these marks with CBP, to assist CBP in its efforts to prevent the importation of goods that infringe registered marks. The recordation database includes information regarding all recorded marks, including images of these marks. CBP officers monitor imports to prevent the importation of goods bearing infringing marks, and can access the recordation database at each of the 317 ports of entry.

In October 2005, CBP released the **Intellectual Property Rights e-Recordation (IPRR)** system. This new system allows right holders to electronically file IPR recordation applications, thus significantly reducing the amount of time normally required to process paper applications. Some additional benefits of the new system include:

- Elimination of paper applications and supporting documents.
- Copies of the certificate issued by the registering agency (U.S. Patent and Trademark Office or the Copyright Office) are retained by the right holder, not submitted to CBP.
- Payment by credit card (preferred), check or money order.
- Ability to upload images of the protected work or trademark, thus obviating the need to send samples to CBP.
- Reduced time from filing of the application to enforcement by field personnel.

Information about how to obtain a recordation, and about CBP's **Intellectual Property Rights** (https://www.cbp.gov/trade/priority-issues/ipr/protection) border enforcement program, is available at CBP's web site, **www.cbp.gov**. Or, go directly to the **CBP recordation page**.

USPTO Emails vs. Potentially Misleading Offers and Notices from Private Companies

Make sure you receive our emails about your registration

We will send you email reminders when your deadline approaches to file the necessary maintenance filings to keep your registration active. We do **not** send reminders by regular mail. We will also use an authorized owner's email address to serve notice if a petition to cancel your registration is filed with the Trademark Trial and Appeal Board.

To receive emails:

- Authorize receipt of correspondence by email by checking the designated box on the Trademark Electronic Application System (TEAS) Change of Correspondence Address and Change of Owner's Address Forms on https://www.uspto.gov/trademarks/teas/.
- Make sure the USPTO is on your "approved senders list" and that email from the USPTO is not treated as junk mail.
- Let us know if your email address changes.

To update your email address:

- Use the TEAS Change of Correspondence Address and Change of Owner's Address Forms on https://www.uspto.gov/trademarks/teas/.
- If an attorney represented you before your mark was registered but no longer represents you, use the TEAS Attorney Revocation/Appointment Form to remove your prior attorney's name and to add your email address so that the email reminders come directly to you.

Beware of potentially misleading offers and notices

All **official correspondence** about your registration will be from the **"United States Patent and Trademark Office" in Alexandria, VA**, and, if by email, from the **domain "@uspto.gov."** Our email reminders will direct you to make the necessary filings and pay the associated fees online through TEAS, and will not request any fees by mail.

Private companies **not** associated with the USPTO often use trademark application and registration information from our databases to mail or email trademark-related offers and notices. These offers and notices may include legal services, trademark monitoring services, recording trademarks with U.S. Customs and Border Protection, and "registering" trademarks in a private registry. Most companies require "fees" to be paid.

These companies may have names similar to the USPTO. Their names may include the terms "United States," "U.S.," "Trademark," "Patent," "Registration," "Office," or "Agency." Some companies attempt to make their offers and notices look like official government documents by using official government data publicly available from USPTO records.

Where to report misleading offers and notices

If you receive a trademark-related offer or notice that you believe is misleading, please immediately file a consumer complaint with the Federal Trade Commission (FTC) at www.FTC.gov and retain the notice and the envelope it came in. We also encourage recipients of misleading trademark-related mailings to contact their state consumer protection authorities.

For more information, including examples, visit our webpage called **"Caution: misleading notices."** If the company who contacted you is not identified on our webpage, please email TrademarkAssistanceCenter@uspto.gov and attach a copy of the notice and the envelope it came in, so that we may consider adding the example to our webpage. Unfortunately, we do not have the legal authority to pursue refunds from a private company for you if you paid money or signed up for services based on a misleading offer or notice.

AGENDA ITEM 1.7: 2020 GOALS REVIEW

SNAPSHOT: A **2020 Goals Review** is enclosed for the Board's review. This report provides the Board with a status update on the underlying tasks for each of the Trust's annual goals.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care; and 7. Monitor Trust service providers.

BACKGROUND

A **2020 Goals Review** is enclosed for the Board's review and information. This report lists each of the Trust's annual goals, the status of each, and a summary of the work that was completed or is underway.

The status of each task is indicated and color-coded in the report as follows:

- **Completed** – task has been completed
- **In Progress** – work is underway or is ongoing
- **Not Started** – work is not yet fully underway; initial planning has likely taken place
- **Pending** – work is subject to future developments

The Trust's 2020 Goals included a total of 23 tasks: 18 are "In Progress," 4 are "Not Started," and 1 is "Pending."

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

HRA VEBA Trust

2020 Goals Review

January through April

Goal / Task	Status	Activity / Comment
1. Provide best-in-class service and a high level of personalized care.		
a. Implement a portal popup wizard with messaging to help participants get the most from their HRA benefit and provide a means for custom, targeted communication;	**In Progress**	OneBridge is on track to wrap up portal notification development before the end of July. OneBridge has worked with Gallagher to develop a one-year series of scheduled notifications that will also be implemented before the end of July. Additionally, this communication enhancement will provide the ability to send ad hoc notifications when needed, and it includes portal popup capability (a slightly different form of notification for certain applications).
b. Implement ability for employers to upload participant status changes, including name, contact information, separation date, etc.;	**In Progress**	Development for this enhancement is scheduled to be completed before the end of 2020.
c. Refresh and modernize the Plan's web site design;	**Not Started**	Preliminary discussions around desired design elements have occurred. Actual project work will begin later this year.
d. Prioritize development and implementation of future capability for employers to look up individual participant information rather than having to run a full Participant Roster report; and	**In Progress**	Development for this enhancement is scheduled to be completed before the end of 2020.
e. Plan for 2021 implementation of an automatic text messaging system.	**In Progress**	OneBridge is currently evaluating the best way to implement this feature (in-house development vs. integrating an existing software product). This feature is still part of the 2021 product roadmap.
Ongoing tasks: • Gallagher makes periodic improvements to forms and Plan literature based upon employer and participant feedback. • Gallagher and OneBridge periodically review and update portal messaging to help increase participant and employer overall awareness and knowledge of Plan benefits, processes, etc.		

Goal / Task	Status	Activity / Comment
2. Raise awareness, understanding, and utilization of Plan features, services, and benefits.		
a. Conduct surveys to measure participant and employer awareness and identify potential knowledge gaps, misunderstandings, underutilization, etc.;	**Not Started**	Gallagher will work to complete this task during the latter half of 2020.
b. Conduct or implement communication and education enhancements as warranted based on survey feedback (videos, webinars, targeted communication, etc.);	**In Progress**	Although we don't yet have any survey feedback to drive this task, educational videos are underway, but progress has been stalled due to COVID-19. Separately, work has started on providing links to investment prospectuses and fund fact sheets from the online participant portal.
c. Implement the newly-created videos, promote utilization, and continue to expand this resource;	**In Progress**	More videos are in the works, but progress has been stalled due to COVID-19. The field team has been using Brainshark to produce informal videos on key plan provisions and HSA coordination.
d. Evaluate opportunities where additional auto-generated emails may be a value-add; and	**Not Started**	Gallagher and OneBridge will collaborate on this before the end of 2020. Depending on development priorities, this could become part of the 2021 product road map.
e. Consider new marketing and connection opportunities through social media.	**In Progress**	A first draft of a social media plan has been completed, reviewed, and necessary revisions have been identified.
Ongoing tasks: • Gallagher makes periodic improvements to forms and Plan literature based upon employer and participant feedback. • Gallagher's customer care, consulting, and field teams make suggestions for new or improved materials based on their respective experiences and observations.		

Goal / Task	Status	Activity / Comment
3. Keep participant information safe.		
a. Promote online registration to help participants protect their privacy;	**In Progress**	This is encouraged by Gallagher's customer care and field teams on a daily basis. Periodic reminders are placed in participant and employer newsletters. A targeted email campaign is being considered.
b. Promote utilization of the new secure messaging capability and discourage participants from using regular mail; and	**In Progress**	This is encouraged by Gallagher's customer care and field teams on a daily basis. Secure online messaging was implemented in Q3-2019. The new portal popup/notification capability will deliver scheduled reminders.
c. Review all requirements of a SOC II audit and implement any additional controls highlighted during this evaluation.	**In Progress**	OneBridge has reviewed the requirements of a SOC II audit and is currently deciding on the appropriate audit vendor. OneBridge will work with the vendor to determine any control gaps and will implement additional controls before year end with the audit to occur in Q3-2021.
NOTE: OneBridge constantly evaluates its IT security practices in light of evolving threats and enhances the platform and supporting infrastructure accordingly. OneBridge will evaluate the benefits and cost of formally completing a SOC II audit.		
Ongoing tasks: • OneBridge constantly evaluates its IT security practices in light of evolving threats and enhances the platform and supporting infrastructure accordingly.		

Goal / Task	Status	Activity / Comment
4. Retain and grow Trust participation.		
a. Conduct at least two employer webinars focused on new and increased funding or other subjects;	**Not Started**	No webinars have been scheduled yet this year on this topic, but Gallagher's field team has had a number of discussions with decision makers about early retirement incentives.
b. Explore implementing an email series for employers that would showcase successful case studies and how the Plan is being used by other employers to solve a problem or achieve a goal; and	**In Progress**	Due to COVID-19, Gallagher's field team focused more on email and web-based initiatives to help drive increased contributions and solve problems. This includes creating several informal Brainshark videos.
c. Evaluate the benefit of implementing a condensed version of the large-employer reporting package for small- to mid-size employers.	**In Progress**	This is in the discussion phase. Goal is to have a scaled down template ironed out sometime during Q3.
Ongoing task: • Gallagher client consultants carry out their quarterly service schedules and update them as necessary to meet employers' evolving needs; • Gallagher client consultants analyze employee group participation data to identify and develop prospective growth opportunities; and • Gallagher monitors competition, reports to the Board, and implements appropriate retention efforts as warranted.		

Goal / Task	Status	Activity / Comment
5. Provide Trustee education and training		
a. Provide educational training during regular Board meetings and provide informational articles from time to time on key compliance and other topics.	**In Progress**	Education/review of fee structure, flow of funds, and security protocols is being prepared for the Board's regular meeting in October.
Ongoing tasks: • Gallagher will work with service providers to continually improve the educational aspects of service provider reports at scheduled meetings; and • Gallagher maintains and provides Trustees with online access to Trustee Reference and Correspondence Manuals.		

Goal / Task	Status	Activity / Comment
6. Monitor regulatory, legislative, and compliance issues that affect HRAs and VEBAs.		
a. Include timely summaries and discussion of applicable regulatory developments in Board meeting agendas or by email as warranted;	**In Progress**	Summaries of applicable regulatory developments or issues covered included the **CARES Act and Other COVID-19 Regulatory Guidance**. Gallagher provided information regarding the addition of menstrual products to the list of 213(d) medical expenses and the removal of a prescription requirement to reimburse over-the-counter drugs and medicines.
b. Consider and implement Plan design changes that would: (1) permit expanded contribution and benefit opportunities; (2) ensure Plan and Trust compliance with regulatory requirements; (3) take advantage of exceptions or changes to retain or improve Trust participation and growth and participant or employer experience; and (4) improve the marketability of funded HRAs; and	**In Progress**	Gallagher monitors regulatory developments through numerous reporting services, leading industry subscriptions, and customized alerts on legal research services. In addition, Gallagher's Spokane compliance team participates in monthly compliance updates with the Gallagher regional compliance team. Gallagher's Spokane compliance team conducts specific legal and compliance research on an ongoing basis in an effort to improve compliance, while looking for opportunities to improve Plan design and participant and employer experiences. Gallagher and Trust Counsel continue to monitor developments from the Agencies related to COVID-19 changes affecting group health plans. Additionally, Gallagher is monitoring (1) the proposed regulations relating to Medicare Section 111 Reporting and potential penalties that may be issued thereunder and (2) IRS proposed guidance related to reimbursing Healthcare Sharing Ministries and direct primary care arrangements.
c. As opportunities arise, draft and submit comments to appropriate agencies (and engage legal counsel as necessary) regarding the applicability (or inapplicability) of healthcare reform, replacement, or repeal rules that impact funded HRA programs.	**Pending**	This task will be carried out if any meaningful comment opportunities arise.
Ongoing tasks: • Gallagher conducts legal and industry research and analysis and develops consulting support, communications, and informational literature to participating employers regarding industry, political, or regulatory developments; • Gallagher and Trust counsel report to the Board as material developments occur; and • As directed by the Board, Trust counsel provides advice on regulatory changes and other legal and compliance issues as they arise.		

Goal / Task	Status	Activity / Comment
7. Monitor Trust service providers.		
a. Monitor service provider performance, including performance guarantees;	**In Progress**	The Board reviewed the **Service Provider Performance Reports** during its February meeting, which included performance guarantee reporting. Gallagher will collect and summarize the **Service Provider Annual Disclosure Forms** for the Board's review and discussion during its regular meeting in October.
b. Accept and evaluate feedback from service providers, including feedback related to potential administrative improvements, service provider interactions and relationships, etc., and	**In Progress**	The Board reviewed the **General Comments** from service providers during its February meeting, which included no suggested improvement feedback. Gallagher and OneBridge have been working together on improving the reporting of separation dates and other participant information from employers. Separation date reporting is of particular importance in order to prevent Medicare Demands. The teams are collaborating on a system development by year-end to allow participants to upload a new bulk participant status change report. Gallagher and OneBridge are collaborating to improve procedures for locating participants of Abandoned Accounts or potential survivors in the event of a deceased participant. These efforts are focused on reducing forfeitures and ensure more accurate participant data in the system. Gallagher is working with the Trust's Auditor and potential auditing firms regarding the best preparation of annual financial statements. This evaluation consists of reviewing the benefit plan model versus the current model that focuses on a non-profit presentation of financials. Gallagher and the CPA firms are working to determine the most meaningful approach that will result in the best information and evaluation for Trustees.
c. Survey service providers to ensure compliance with contractual provisions and confirm proper privacy and security protocols are in place.	**In Progress**	Gallagher will collect and summarize the **Service Provider Annual Disclosure Forms** for the Board's review and discussion during its regular meeting in October. Gallagher monitors service provider contract compliance formally on a quarterly basis and as issues arise.
Ongoing tasks: • The Board reviews service provider activity reports, including performance guarantees, at regular meetings and other times as may be necessary; and • The Board monitors service quality, pricing, and relevant experience and knowledge of its service providers to serve the best interests of employers and participants.		

AGENDA ITEM 2.1: FINANCIAL REPORT FOR PERIOD ENDING APRIL 30, 2020

📽 **SNAPSHOT:** OneBridge will present the most recent **financial reporting package**, which is enclosed for the Board's advance review.

⊙ **RELEVANT GOAL(S):** 4. Retain and grow Trust participation; 5. Provide Trustee education and training; and 7. Monitor Trust service providers.

BACKGROUND

Enclosed for the Board's review is the **financial reporting package** for the period ending April 30, 2020, which includes:

1. Balance Sheet
2. Income Statements
3. Reserve Rollforward
4. Claims and Premiums Paid
5. Contributions & Assets by Employer
6. Detail of Expenses
7. Expense Reserve Report
8. Participant Account Status Report
9. PCORI Detail
10. Fee Summary
11. Growth Summary and Charts
12. Quarterly Dashboard

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

HRA VEBA TRUST
BALANCE SHEET
YTD Actual versus YTD History and Change - Favorable (Unfavorable)
7 period(s) Ending Apr 30, 2020 and Apr 30, 2019

	April 30, 2020	April 30, 2019	Change
ASSETS			
HRA VEBA STABLE VALUE	$ 125,807,166	$ 93,011,836	$ 32,795,330
VANGUARD BALANCED INDEX INSTITUTIONAL	69,219,865	69,247,221	(27,355)
VANGUARD INSTITUTIONAL INDEX (S&P 500)	86,746,443	88,004,050	(1,257,607)
VANGUARD LIFESTRATEGY CONSERVATIVE GROWTH	79,794,979	74,092,499	5,702,480
VANGUARD LIFESTRATEGY GROWTH	73,772,348	70,211,964	3,560,384
VANGUARD LIFESTRATEGY INCOME	92,931,131	81,899,164	11,031,968
VANGUARD LIFESTRATEGY MODERATE GROWTH	44,057,730	37,865,905	6,191,825
METROPOLITAN WEST TOTAL RETURN BOND	9,688,715	8,054,515	1,634,200
CARILLON SCOUT MID CAP	8,781,529	11,158,635	(2,377,106)
SCOUT MID CAP	-	-	-
CHAMPLAIN SMALL COMPANY INSTITUTIONAL	8,416,548	10,106,630	(1,690,082)
AMERICAN FUNDS EUROPACIFIC GROWTH	5,290,951	5,844,488	(553,537)
TOTAL INVESTMENTS	$ 604,507,405	$ 549,496,907	$ 55,010,498
NO ENROLLMENT DEPOSITS	$ -	$ 2,812	$ (2,812)
PENDING DEPOSITS	1,299,333	6,261,799	(4,962,466)
TOTAL CONTRIBUTION CASH	1,299,333	6,264,611	(4,965,278)
EXPENSE CASH	224,649	268,723	(44,074)
DEBIT CARD COLLATERAL	435,000	494,000	(59,000)
DEBIT CARD CASH	27,359	54,413	(27,053)
TOTAL CASH	$ 1,986,341	$ 7,081,746	$ (5,095,405)
TOTAL ASSETS	**$ 606,493,746**	**$ 556,578,653**	**$ 49,915,093**
LIABILITIES			
ACCOUNTS PAYABLE	$ 1,299,333	$ 6,264,611	$ (4,965,278)
DEBIT CARD ACCOUNTS PAYABLE	27,359	54,413	(27,053)
PCORI FEE	155,640	212,987	(57,347)
TOTAL LIABILITIES	**$ 1,482,332**	**$ 6,532,011**	**$ (5,049,678)**
RESERVES			
EXPENSE CASH	$ 659,649	$ 268,723	$ 390,926
EXPENSE RESERVE	197,200	-	197,200
BENEFIT RESERVE	604,154,565	549,777,919	54,376,646
TOTAL RESERVE	**$ 605,011,413**	**$ 550,046,642**	**$ 54,964,771**
	-	-	-

HRA VEBA TRUST
INCOME STATEMENT
Actual versus History and Change - Favorable (Unfavorable)
1 Period Ending Apr 30, 2020 and Apr 30, 2019

	April 30, 2020	April 30, 2019	Change
RECEIPTS			
HRA VEBA CONTRIBUTIONS	$ 9,021,556	$ 8,516,163	$ 505,393
HRA VEBA COBRA CONTRIBUTIONS	653	311	342
TOTAL CONTRIBUTIONS	**$ 9,022,209**	**$ 8,516,474**	**$ 505,735**
INVESTMENT EARNINGS (LOSSES)			
HRA VEBA STABLE VALUE	$ 201,183	$ 193,230	$ 7,953
VANGUARD BALANCED INDEX INSTITUTIONAL	5,452,312	1,596,889	3,855,423
VANGUARD INSTITUTIONAL INDEX (S&P 500)	9,839,033	3,419,697	6,419,337
VANGUARD LIFESTRATEGY CONSERVATIVE GROWTH	4,080,535	993,160	3,087,375
VANGUARD LIFESTRATEGY GROWTH	6,214,886	1,904,541	4,310,344
VANGUARD LIFESTRATEGY INCOME	3,154,755	576,568	2,578,188
VANGUARD LIFESTRATEGY MODERATE GROWTH	2,996,397	778,277	2,218,119
METROPOLITAN WEST TOTAL RETURN BOND	228,299	5,134	223,165
CARILLON SCOUT MID CAP	1,078,183	363,609	714,574
SCOUT MID CAP	-	-	-
CHAMPLAIN SMALL COMPANY INSTITUTIONAL	1,013,878	433,537	580,340
AMERICAN FUNDS EUROPACIFIC GROWTH	441,877	170,271	271,606
TOTAL EARNINGS (LOSSES)	**$ 34,701,338**	**$ 10,434,914**	**$ 24,266,424**
MONTHLY ACCOUNT FEE	$ 69,016	$ 62,679	$ 6,337
DEBIT CARD ACCOUNT FEE	33	83	(50)
FORFEITURES	-	-	-
OTHER INCOME	-	6	(6)
TOTAL RECEIPTS	**$ 43,792,596**	**$ 19,014,157**	**$ 24,778,439**
BENEFITS PAID & FEES COLLECTED			
AUTOMATIC PREMIUM REIMBURSEMENTS	$ 1,052,563	$ 1,027,633	$ 24,930
CLAIMS REIMBURSEMENTS	1,676,788	2,348,521	(671,733)
DEBIT CARD CLAIMS	2,001,738	2,586,528	(584,790)
MONTHLY ACCOUNT FEE	69,016	62,679	6,337
DEBIT CARD ACCOUNT FEE	33	83	(50)
PCORI FEE	-	53	(53)
FORFEITURES	-	-	-
TRANSITION GROUPS	-	-	-
TOTAL	**$ 4,800,139**	**$ 6,025,497**	**$ (1,225,359)**
CHANGE IN ASSETS AVAILABLE FOR BENEFITS	**$ 38,992,457**	**$ 12,988,659**	**$ 26,003,798**
TRUST OPERATING EXPENSES			
EMPLOYER/PARTICIPANT EDUCATION	$ 197,464	$ 198,649	$ (1,185)
CONSULTANT/LOCAL SERVICE	115,971	116,667	(696)
CUSTOMER CARE CENTER	34,806	31,596	3,209
ADMINISTRATION SERVICES	111,384	-	111,384
SOFTWARE ADMINISTRATOR	-	70,345	(70,345)
ELIGIBILITY AND CLAIMS ADMIN	-	23,439	(23,439)
DEBIT CARD ACCOUNT FEE	-	17,672	(17,672)
DEBIT CARD REBATE	-	(8,457)	8,457
INVESTMENT/CUSTODIAL FEES	12,065	11,377	687
BANK CHARGES	1,159	1,203	(44)
INVESTMENT CONSULTANT RETAINER	2,667	2,600	67
LEGAL COUNSEL (RETAINER)	2,500	2,500	-
LEGAL COUNSEL (PROJECTS)	976	-	976
LEGAL COUNSEL (WA PROJECTS)	-	-	-
ANNUAL AUDIT	-	-	-
HIPAA RISK ASSESSMENT	-	-	-
FIDELITY BOND	-	-	-
FIDUCIARY LIABILITY	-	-	-
MAIL/FULFILLMENT SERVICE	4,691	5,296	(606)
PRINTING	2,827	120	2,707
POSTAGE	-	912	(912)
SCANNING	1,718	2,021	(303)
TRUSTEE MEETING	6,848	-	6,848
TRUSTEE TRAVEL	294	-	294
WEBSITE HOST & DESIGN	-	-	-
MISCELLANEOUS	115	65	50
TOTAL TRUST OPERATING EXPENSES	**$ 495,484**	**$ 476,006**	**$ 19,477**
INCOME (LOSS)	**$ 38,496,974**	**$ 12,512,653**	**$ 25,984,321**

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HRA VEBA TRUST
INCOME STATEMENT
YTD Actual versus YTD History and Change - Favorable (Unfavorable)
7 period(s) Ending Apr 30, 2020 and Apr 30, 2019

	April 30, 2020	April 30, 2019	Change
RECEIPTS			
HRA VEBA CONTRIBUTIONS	$ 72,747,877	$ 65,794,618	$ 6,953,259
HRA VEBA COBRA CONTRIBUTIONS	4,118	2,881	1,236
TOTAL CONTRIBUTIONS	**$ 72,751,994**	**$ 65,797,499**	**$ 6,954,495**
INVESTMENT EARNINGS (LOSSES)			
HRA VEBA STABLE VALUE	$ 1,467,975	$ 1,120,100	$ 347,875
VANGUARD BALANCED INDEX INSTITUTIONAL	657,200	2,032,416	(1,375,215)
VANGUARD INSTITUTIONAL INDEX (S&P 500)	(1,144,496)	1,892,938	(3,037,434)
VANGUARD LIFESTRATEGY CONSERVATIVE GROWTH	410,556	2,557,263	(2,146,707)
VANGUARD LIFESTRATEGY GROWTH	(2,984,133)	1,451,627	(4,435,760)
VANGUARD LIFESTRATEGY INCOME	2,141,542	3,321,705	(1,180,163)
VANGUARD LIFESTRATEGY MODERATE GROWTH	(972,076)	1,067,935	(2,040,011)
METROPOLITAN WEST TOTAL RETURN BOND	452,282	363,073	89,209
CARILLON SCOUT MID CAP	(1,195,235)	410,304	(1,605,539)
SCOUT MID CAP	-	(571,216)	571,216
CHAMPLAIN SMALL COMPANY INSTITUTIONAL	(842,802)	(281,202)	(561,599)
AMERICAN FUNDS EUROPACIFIC GROWTH	(420,755)	106,168	(526,923)
TOTAL EARNINGS (LOSSES)	**$ (2,429,942)**	**$ 13,471,109**	**$ (15,901,051)**
MONTHLY ACCOUNT FEE	$ 469,483	$ 432,289	$ 37,194
DEBIT CARD ACCOUNT FEE	567	873	(306)
FORFEITURES	2,658	-	2,658
OTHER INCOME	16	57	(41)
TOTAL RECEIPTS	**$ 70,794,777**	**$ 79,701,828**	**$ (8,907,051)**
BENEFITS PAID & FEES COLLECTED			
AUTOMATIC PREMIUM REIMBURSEMENTS	$ 7,265,574	$ 6,892,546	$ 373,028
CLAIMS REIMBURSEMENTS	15,363,995	15,828,804	(464,809)
DEBIT CARD CLAIMS	17,927,913	15,115,879	2,812,035
MONTHLY ACCOUNT FEE	469,483	432,289	37,194
DEBIT CARD ACCOUNT FEE	567	873	(306)
PCORI FEE	80	76,182	(76,102)
FORFEITURES	-	-	-
TRANSITION GROUPS	-	-	-
TOTAL	**$ 41,027,612**	**$ 38,346,572**	**$ 2,681,040**
CHANGE IN ASSETS AVAILABLE FOR BENEFITS	**$ 29,767,165**	**$ 41,355,255**	**$ (11,588,091)**
TRUST OPERATING EXPENSES			
EMPLOYER/PARTICIPANT EDUCATION	$ 1,514,358	$ 1,407,422	$ 106,935
CONSULTANT/LOCAL SERVICE	889,385	826,581	62,803
CUSTOMER CARE CENTER	238,254	215,578	22,676
ADMINISTRATION SERVICES	111,384	-	111,384
SOFTWARE ADMINISTRATOR	435,327	487,023	(51,695)
ELIGIBILITY AND CLAIMS ADMIN	150,988	159,942	(8,953)
DEBIT CARD ACCOUNT FEE	141,980	128,543	13,437
DEBIT CARD REBATE	(73,699)	(16,764)	(56,935)
INVESTMENT/CUSTODIAL FEES	87,447	76,551	10,896
BANK CHARGES	6,897	9,091	(2,194)
INVESTMENT CONSULTANT RETAINER	18,667	18,200	467
LEGAL COUNSEL (RETAINER)	17,500	17,500	-
LEGAL COUNSEL (PROJECTS)	15,406	1,519	13,887
LEGAL COUNSEL (WA PROJECTS)	-	-	-
ANNUAL AUDIT	33,500	33,348	152
HIPAA RISK ASSESSMENT	-	-	-
FIDELITY BOND	-	-	-
FIDUCIARY LIABILITY	30,638	-	30,638
MAIL/FULFILLMENT SERVICE	37,436	41,565	(4,129)
PRINTING	22,319	28,863	(6,544)
POSTAGE	8,836	39,317	(30,480)
SCANNING	12,391	13,371	(980)
TRUSTEE MEETING	14,825	8,349	6,476
TRUSTEE TRAVEL	5,111	3,212	1,899
WEBSITE HOST & DESIGN	132	255	(123)
MISCELLANEOUS	575	(336)	911
TOTAL TRUST OPERATING EXPENSES	**$ 3,719,658**	**$ 3,499,129**	**$ 220,529**
INCOME (LOSS)	**$ 26,047,506**	**$ 37,856,127**	**$ (11,808,620)**

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HRA VEBA TRUST
INCOME STATEMENT
YTD Actual versus YTD Budget and Change - Favorable (Unfavorable)
7 period(s) Ending Apr 30, 2020

	April 30, 2020	YTD Budget	Difference
RECEIPTS			
HRA VEBA CONTRIBUTIONS	$ 72,747,877	$ 70,000,000	$ 2,747,877
HRA VEBA COBRA CONTRIBUTIONS	4,118	1,575	2,543
TOTAL CONTRIBUTIONS	**$ 72,751,994**	**$ 70,001,575**	**$ 2,750,419**
INVESTMENT EARNINGS (LOSSES)			
HRA VEBA STABLE VALUE	$ 1,467,975	$ 1,572,249	$ (104,274)
VANGUARD BALANCED INDEX INSTITUTIONAL	657,200	1,981,313	(1,324,113)
VANGUARD INSTITUTIONAL INDEX (S&P 500)	(1,144,496)	3,343,178	(4,487,674)
VANGUARD LIFESTRATEGY CONSERVATIVE GROWTH	410,556	1,917,023	(1,506,467)
VANGUARD LIFESTRATEGY GROWTH	(2,984,133)	2,285,656	(5,269,789)
VANGUARD LIFESTRATEGY INCOME	2,141,542	1,860,930	280,612
VANGUARD LIFESTRATEGY MODERATE GROWTH	(972,076)	1,139,163	(2,111,239)
METROPOLITAN WEST TOTAL RETURN BOND	452,282	148,150	304,132
CARILLON SCOUT MID CAP	(1,195,235)	437,911	(1,633,146)
SCOUT MID CAP	-	-	-
CHAMPLAIN SMALL COMPANY INSTITUTIONAL	(842,802)	411,484	(1,254,285)
AMERICAN FUNDS EUROPACIFIC GROWTH	(420,755)	-	(420,755)
TOTAL EARNINGS (LOSSES)	**$ (2,429,942)**	**$ 15,097,057**	**$ (17,526,999)**
MONTHLY ACCOUNT FEE	$ 469,483	$ 451,146	$ 18,336
DEBIT CARD ACCOUNT FEE	567	700	(133)
FORFEITURES	2,658	-	2,658
OTHER INCOME	16	35	(19)
TOTAL RECEIPTS	**$ 70,794,777**	**$ 85,550,513**	**$ (14,755,737)**
BENEFITS PAID & FEES COLLECTED			
AUTOMATIC PREMIUM REIMBURSEMENTS	$ 7,265,574	$ 7,350,000	$ (84,426)
CLAIMS REIMBURSEMENTS	15,363,995	14,700,000	663,995
DEBIT CARD CLAIMS	17,927,913	17,500,000	427,913
MONTHLY ACCOUNT FEE	469,483	451,146	18,336
DEBIT CARD ACCOUNT FEE	567	700	(133)
PCORI FEE	80	-	80
FORFEITURES	-	-	-
TRANSITION GROUPS	-	-	-
TOTAL	**$ 41,027,612**	**$ 40,001,846**	**$ 1,025,766**
CHANGE IN ASSETS AVAILABLE FOR BENEFITS	**$ 29,767,165**	**$ 45,548,667**	**$ (15,781,502)**
TRUST OPERATING EXPENSES			
EMPLOYER/PARTICIPANT EDUCATION	$ 1,514,358	$ 1,503,642	$ 10,716
CONSULTANT/LOCAL SERVICE	889,385	883,091	6,293
CUSTOMER CARE CENTER	238,254	237,896	359
ADMINISTRATION SERVICES	111,384	-	111,384
SOFTWARE ADMINISTRATOR	435,327	508,429	(73,101)
ELIGIBILITY AND CLAIMS ADMIN	150,988	176,525	(25,536)
DEBIT CARD ACCOUNT FEE	141,980	180,362	(38,382)
DEBIT CARD REBATE	(73,699)	(70,000)	(3,699)
INVESTMENT/CUSTODIAL FEES	87,447	91,595	(4,148)
BANK CHARGES	6,897	8,155	(1,258)
INVESTMENT CONSULTANT RETAINER	18,667	18,667	-
LEGAL COUNSEL (RETAINER)	17,500	17,500	-
LEGAL COUNSEL (PROJECTS)	15,406	5,833	9,573
LEGAL COUNSEL (WA PROJECTS)	-	1,167	(1,167)
ANNUAL AUDIT	33,500	20,125	13,375
HIPAA RISK ASSESSMENT	-	-	-
FIDELITY BOND	-	-	-
FIDUCIARY LIABILITY	30,638	15,989	14,649
MAIL/FULFILLMENT SERVICE	37,436	42,000	(4,564)
PRINTING	22,319	30,246	(7,927)
POSTAGE	8,836	29,400	(20,564)
SCANNING	12,391	14,420	(2,029)
TRUSTEE MEETING	14,825	8,458	6,367
TRUSTEE TRAVEL	5,111	3,208	1,903
WEBSITE HOST & DESIGN	132	391	(259)
MISCELLANEOUS	575	175	400
TOTAL TRUST OPERATING EXPENSES	**$ 3,719,658**	**$ 3,727,272**	**$ (7,614)**
INCOME (LOSS)	**$ 26,047,506**	**$ 41,821,395**	**$ (15,773,888)**

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HRA VEBA TRUST BENEFIT RESERVE ROLLFORWARD
7 period(s) Ending Apr 30, 2020

	Current Month	Total Year
Beginning Reserve Balance	566,514,440	578,963,907.02
Current Income (Loss)	38,496,974	26,047,506
Ending Reserve Balance	605,011,413	605,011,413.51
	-	-

HRA VEBA TRUST
CLAIMS AND PREMIUMS PAID

	2019			2020									YTD TOTAL
	October	November	December	January	February	March	April	May	June	July	August	September	
AUTOMATIC PREMIUM REIMBURSEMENTS	1,065,621	1,016,506	995,147	1,032,885	1,022,889	1,079,963	1,052,563						7,265,574
CLAIMS REIMBURSEMENTS	2,230,855	2,067,756	2,196,175	2,567,390	2,272,361	2,352,669	1,676,788						15,363,995
DEBIT CARD CLAIMS	2,526,136	2,416,000	2,445,448	2,790,448	2,901,150	2,846,993	2,001,738						17,927,913
MONTHLY ACCOUNT FEE	65,548	65,645	65,631	66,293	67,197	70,152	69,016						469,483
TOTALS	**$ 5,888,160**	**$ 5,565,908**	**$ 5,702,400**	**$ 6,457,016**	**$ 6,263,598**	**$ 6,349,777**	**$ 4,800,106**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 41,026,965**

HRA TRUST
CURRENT CONTRIBUTIONS & ASSETS BY EMPLOYER
4/30/2020

Totals By State	Number	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Washington	320	5,146,314	32,430	321,811,480	152,975	-	321,964,456
Oregon	278	3,182,638	34,364	237,684,342	12,827	-	237,697,168
Idaho	52	692,604	7,462	44,591,287	5,424	249,070	44,845,781
Grand Total - All Groups	**650**	**$ 9,021,556**	**74,256**	**$ 604,087,109**	**$ 171,226**	**$ 249,070**	**$ 604,507,405**

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Benton County Central	YA251	WA	79,612	827	6,950,795	-	-	6,950,795
City of Bend	YA428	OR	8,184	696	6,531,206	33	-	6,531,239
City of Boise	YA360	ID	37,861	2,433	18,067,447	1,352	249,070	18,317,869
City of Coeur D Alene	YA060	ID	127,540	527	8,577,490	-	-	8,577,490
City of Gresham	YA101	OR	80,780	961	6,211,451	-	-	6,211,451
City of Hillsboro	YA107	OR	110,228	1,166	10,137,148	1,144	-	10,138,293
City of Medford	YA151	OR	141,870	788	15,185,921	-	-	15,185,921
City of Portland	YA286	OR	171,569	942	27,683,794	-	-	27,683,794
Cowlitz County	YA068	WA	140,758	414	16,807,427	-	-	16,807,427
Douglas County Pud No 1	YA085	WA	89,996	279	7,258,890	-	-	7,258,890
Energy Northwest	YA088	WA	96,386	1,248	17,440,697	181	-	17,440,878
Eugene Water Electric Board	YA089	OR	255,222	865	14,346,638	-	-	14,346,638
Franklin County	YA097	WA	103,901	487	7,161,209	6,625	-	7,167,833
Grant County Pud #2	YA103	WA	127,800	1,076	11,528,444	-	-	11,528,444
King County	YA116	WA	95,076	1,183	13,682,848	-	-	13,682,848
Multnomah County	YA158	OR	150,826	3,530	13,866,942	4,318	-	13,871,260
Port of Tacoma	YA296	WA	39,327	401	9,039,525	-	-	9,039,525
Snohomish Cty Fire Pro Dist 7	YA209	WA	127,620	336	12,909,840	-	-	12,909,840
Soos Creek Water & Sewer District	YA213	WA	41,896	61	6,077,500	83,362	-	6,160,863
Umatilla Cty (Hermiston) SD 8R	YA319	OR	112,294	497	6,142,257	-	-	6,142,257
Total - Top Employer Groups	**20**		**$ 2,138,747**	**18,717**	**$ 235,607,470**	**$ 97,016**	**$ 249,070**	**$ 235,953,556**

Name	Number	Type	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Adams County	YA003	WA	-	152	417,276	1,074	-	418,350
Adams County Fire Protection District #5	YA20193	WA	300	6	8,914	-	-	8,914
Alderwood Water Wastewater Dis	YA004	WA	14,215	55	4,961,904	-	-	4,961,904
American Falls School District 381	YA20268	ID	2,750	12	27,875	-	-	27,875
Applegate Valley Rural Fire 9	YA401	OR	594	10	54,583	-	-	54,583
Arch Cape Sanitary District	YA351	OR	-	2	7,588	-	-	7,588
Arch Cape Water District	YA350	OR	-	2	7,590	-	-	7,590
Area Agency on Aging and Disabilities o	YA20186	WA	-	8	2,678	-	-	2,678
Arlington School District	YA473	OR	9,576	51	290,576	-	-	290,576
Ashland Parks & Rec Commission	YA008	OR	6,893	68	394,243	-	-	394,243
Asotin County	YA009	WA	4,538	159	324,163	-	-	324,163
Asotin County Health District	YA002	WA	1,153	10	26,363	-	-	26,363
Association of Idaho Cities	YA109	ID	-	8	69,061	-	-	69,061
Astoria School District	YA375	OR	25,325	92	305,657	-	-	305,657
Athena Weston School Dist	YA367	OR	12,525	37	399,651	-	-	399,651
Aumsville Rural Fire District	YA20010	OR	821	21	13,238	-	-	13,238
Aurora Rural Fire Protection	YA416	OR	-	7	12,999	-	-	12,999
Bainbridge Island Fire Dept	YA249	WA	-	65	2,750,300	-	-	2,750,300
Bainbridge Island Parks & Rec	YA384	WA	-	7	10,250	-	-	10,250
Baker Charter Schools	YA20266	OR	16,372	147	166,319	-	-	166,319
Baker County	YA475	OR	-	17	61,230	-	-	61,230
Banks Fire District #13	YA20179	OR	400	6	7,442	-	-	7,442
Banks School District #13	YA20184	OR	-	58	72,948	-	-	72,948
Beacon Hill Sewer District	YA349	WA	-	7	141,407	-	-	141,407
Bellingham Housing Authority	YA250	WA	2,375	85	201,141	-	-	201,141
Ben Franklin Transit	YA014	WA	5,040	126	426,583	-	-	426,583
Benton County Fire District #1	YA555	WA	-	19	144,363	-	-	144,363
Benton County, Oregon	YA20250	OR	-	9	10,272	-	-	10,272
Benton Cty Fire Prot Dist 2	YA459	WA	570	1	64,389	-	-	64,389
Benton Franklin Health Dist	YA013	WA	5,410	153	482,919	-	-	482,919
Benton Pud	YA017	WA	29,550	237	2,794,944	-	-	2,794,944
Bingham Academy DBA Idaho Stem Ac	YA20189	ID	1,768	15	50,748	-	-	50,748
Birch Bay Water and Sewer Dist	YA015	WA	24,419	26	3,039,942	-	-	3,039,942
Black Butte Ranch Police Dept	YA498	OR	-	5	21,802	-	-	21,802
Blackfoot Charter Community	YA320	ID	-	57	158,447	-	-	158,447
Blue Mountain Hospital District	YA20228	OR	17,000	53	218,580	-	-	218,580
Bonner County	YA20342	ID	-	2	5,113	-	-	5,113
Boring Fire District	YA016	OR	-	21	128,965	-	-	128,965
Camas Valley School District	YA373	OR	4,800	5	163,105	-	-	163,105
Canby Fire District 62	YA019	OR	1,600	36	348,642	-	-	348,642
Canby Utility Board	YA436	OR	3,375	44	119,517	-	-	119,517
Cannon Beach Rural Fire Prot Dist	YA020	OR	-	1	2,476	-	-	2,476
Canyon Highway District No. 4	YA20182	ID	-	5	9,647	-	-	9,647
Cascade Irrigation District	YA20165	WA	22	4	2,086	-	-	2,086
Cascade Valley Hospital	YA021	WA	-	17	56,869	-	-	56,869

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Cascade Water Alliance	YA497	WA	25,858	15	102,183	-	-	102,183
Cascadia Conservation District	YA20231	WA	3,733	10	51,184	-	-	51,184
Cedar River Water Sewer Dist	YA028	WA	27,287	52	3,195,635	-	-	3,195,635
Central Kitsap Fire Rescue	YA048	WA	56,578	151	4,423,914	-	-	4,423,914
Central Lincoln People's Utility District	YA20208	OR	17,920	148	687,832	-	-	687,832
Central Pierce Fire and Rescue	YA072	WA	5,975	44	771,867	-	-	771,867
Central School District 13J	YA540	OR	-	214	1,710,531	-	-	1,710,531
Chelan County	YA032	WA	75,425	752	5,510,706	-	-	5,510,706
Chelan County Fire District #3	YA20227	WA	-	7	13,171	-	-	13,171
Chelan County Pud	YA033	WA	301,497	1,078	6,123,760	342	-	6,124,102
Chelan Cty Fire Protect Dist 9	YA034	WA	-	1	16,809	-	-	16,809
Chelan Douglas Regional Port Authority	YA20317	WA	2,000	4	5,998	-	-	5,998
Chelan-Douglas Transportation Council	YA243	WA	2,073	9	102,557	-	-	102,557
City County Insurance Services	YA326	OR	1,500	80	376,103	-	-	376,103
City of Aberdeen	YA20190	WA	1,750	42	49,739	-	-	49,739
City of Airway Heights	YA035	WA	18,615	96	545,327	-	-	545,327
City of Albany	YA20188	OR	27,366	414	2,092,357	-	-	2,092,357
City of Arlington	YA038	WA	19,412	148	1,469,010	-	-	1,469,010
City of Ashland	YA007	OR	40,035	309	1,825,036	-	-	1,825,036
City of Astoria	YA20003	OR	1,796	33	36,179	-	-	36,179
City of Baker City	YA520	OR	3,375	6	15,800	-	-	15,800
City of Bay City	YA011	OR	-	13	42,009	-	-	42,009
City of Beaverton	YA345	OR	91,468	896	5,122,140	-	-	5,122,140
City of Blaine	YA20171	WA	900	9	69,780	-	-	69,780
City of Boardman	YA20225	OR	3,800	32	62,676	-	-	62,676
City of Bremerton	YA018	WA	38,563	165	864,434	-	-	864,434
City of Brewster	YA253	WA	-	1	14,944	-	-	14,944
City of Brookings	YA461	OR	2,625	3	36,250	-	-	36,250
City of Burien	YA022	WA	4,200	44	570,508	-	-	570,508
City of Caldwell	YA524	ID	-	18	302,851	-	-	302,851
City of Canby	YA400	OR	39,422	62	413,875	-	-	413,875
City of Cashmere	YA254	WA	-	6	18,293	-	-	18,293
City of Central Point	YA077	OR	11,180	125	716,369	-	-	716,369
City of Centralia	YA023	WA	17,453	191	854,864	-	-	854,864
City of Chehalis	YA256	WA	5,895	45	672,067	-	-	672,067
City of Chelan	YA025	WA	35,066	76	517,174	-	-	517,174
City of Cheney	YA024	WA	3,870	64	70,077	-	-	70,077
City of Clarkston	YA467	WA	700	47	233,218	63	-	233,281
City of Clatskanie	YA464	OR	140	19	13,530	-	-	13,530
City of Cle Elum	YA026	WA	3,163	40	213,169	-	-	213,169
City of Columbia City	YA027	OR	950	18	95,955	-	-	95,955
City of Colville	YA308	WA	225	16	30,536	-	-	30,536
City of Coos Bay	YA480	OR	-	16	106,035	-	-	106,035
City of Cornelius	YA502	OR	-	5	5,066	-	-	5,066
City of Cottage Grove	YA065	OR	10,645	113	416,281	-	-	416,281
City of Cottonwood	YA457	ID	-	4	30,270	-	-	30,270
City of Covington	YA386	WA	10,335	81	392,668	-	-	392,668
City of Dallas	YA383	OR	1,750	30	106,066	-	-	106,066
City of Dayton	YA549	OR	-	1	2,514	-	-	2,514
City of Deer Park	YA20214	WA	-	2	30,331	-	-	30,331
City of Des Moines	YA492	WA	-	170	679,025	-	-	679,025
City of Donnelly	YA445	ID	-	2	1,752	-	-	1,752
City of Dundee	YA086	OR	1,705	15	92,412	-	-	92,412
City of Dupont	YA338	WA	-	13	45,299	-	-	45,299
City of East Wenatchee	YA538	WA	9,279	35	204,847	-	-	204,847
City of Ellensburg	YA261	WA	7,575	111	414,461	-	-	414,461
City of Elma	YA262	WA	700	7	16,766	-	-	16,766
City of Enumclaw	YA460	WA	39,051	139	672,066	-	-	672,066
City of Ephrata	YA389	WA	6,000	66	344,648	-	-	344,648
City of Estacada	YA20219	OR	1,870	23	39,699	-	-	39,699
City of Federal Way	YA093	WA	6,875	213	751,773	-	-	751,773
City of Fife	YA031	WA	-	135	1,198,389	-	-	1,198,389
City of Forest Grove	YA095	OR	8,788	243	1,794,025	-	-	1,794,025
City of Forks	YA096	WA	486	40	52,158	-	-	52,158
City of Garden City	YA20301	ID	-	1	-	-	-	-
City of Garibaldi	YA324	OR	1,720	14	59,272	-	-	59,272
City of Gervais	YA20290	OR	280	11	5,671	-	-	5,671
City of Gig Harbor	YA100	WA	3,200	44	265,068	-	-	265,068
City of Gladstone	YA407	OR	3,917	70	143,795	-	-	143,795
City of Grandview	YA265	WA	420	61	106,263	-	-	106,263
City of Hailey	YA105	ID	58,336	120	492,417	-	-	492,417
City of Happy Valley	YA20263	OR	5,950	71	67,587	-	-	67,587
City of Harrisburg	YA332	OR	2,750	17	59,305	-	-	59,305
City of Hermiston	YA382	OR	1,250	101	340,552	-	-	340,552
City of Hood River	YA333	OR	2,250	86	205,966	-	-	205,966
City of Idaho Falls	YA387	ID	61,272	74	828,634	-	-	828,634
City of Independence	YA110	OR	1,887	54	650,376	-	-	650,376
City of John Day	YA036	OR	-	15	6,417	-	-	6,417
City of Junction City	YA402	OR	-	5	22,144	-	-	22,144
City of Kalama	YA047	WA	1,625	33	77,376	-	-	77,376
City of Kelso	YA481	WA	22,252	100	895,130	-	-	895,130

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
City of Kenmore	YA20222	WA	-	41	38,450	-	-	38,450
City of King City	YA20223	OR	2,050	14	22,536	-	-	22,536
City of Klamath Falls Oregon	YA419	OR	2,460	143	183,468	-	-	183,468
City of La Center	YA20204	WA	425	11	17,198	-	-	17,198
City of la Grande	YA408	OR	-	115	302,599	3,075	-	305,674
City of La Pine	YA20264	OR	1,788	9	33,131	-	-	33,131
City of Lacey	YA20172	WA	7,170	343	549,340	-	-	549,340
City of Lake Oswego	YA170	OR	38,252	454	3,124,985	-	-	3,124,985
City of Lake Stevens	YA20192	WA	1,858	10	29,633	-	-	29,633
City of Langley	YA398	WA	-	1	13,927	-	-	13,927
City of Leavenworth	YA053	WA	2,240	50	113,544	-	-	113,544
City of Lebanon	YA425	OR	15,000	87	1,245,627	-	-	1,245,627
City of Lewiston	YA054	ID	12,285	239	802,206	175	-	802,381
City of Liberty Lake	YA136	WA	2,250	63	232,339	-	-	232,339
City of Longview	YA056	WA	28,234	335	5,184,447	-	-	5,184,447
City of Mabton	YA447	WA	-	2	257	-	-	257
City of Madras	YA552	OR	-	4	10,825	-	-	10,825
City of Marysville	YA318	WA	17,450	236	1,276,848	-	-	1,276,848
City of McCleary	YA276	WA	-	3	2,871	-	-	2,871
City of McMinnville	YA478	OR	10,500	247	1,098,207	-	-	1,098,207
City of Medina	YA348	WA	300	9	23,498	-	-	23,498
City of Mercer Island	YA451	WA	98,487	294	2,810,600	-	-	2,810,600
City of Millwood	YA330	WA	700	7	14,731	-	-	14,731
City of Milton	YA494	WA	1,400	21	49,700	-	-	49,700
City of Milwaukie	YA037	OR	7,593	206	451,120	-	-	451,120
City of Molalla	YA155	OR	4,300	91	237,276	-	-	237,276
City of Monmouth	YA20239	OR	7,763	61	163,956	-	-	163,956
City of Monroe	YA277	WA	6,065	144	473,841	-	-	473,841
City of Moscow Idaho	YA157	ID	-	240	378,126	487	-	378,613
City of Mountlake Terrace	YA518	WA	-	16	40,742	-	-	40,742
City of Myrtle Creek	YA470	OR	3,900	44	170,298	-	-	170,298
City of Nampa	YA20260	ID	19,331	409	453,067	-	-	453,067
City of Nehalem	YA20221	OR	-	4	40,253	-	-	40,253
City of New Plymouth	YA437	ID	300	7	6,207	-	-	6,207
City of Newberg	YA160	OR	6,660	85	800,250	-	-	800,250
City of Newport	YA486	OR	-	17	72,771	-	-	72,771
City of Nezperce	YA455	ID	300	5	3,208	-	-	3,208
City of Normandy Park	YA165	WA	4,449	57	196,581	-	-	196,581
City of North Bonneville	YA541	WA	-	4	6,033	-	-	6,033
City of Oak Harbor	YA20302	WA	-	1	84,246	-	-	84,246
City of Oakridge	YA359	OR	-	40	149,492	-	-	149,492
City of Okanogan	YA20234	WA	875	14	24,450	-	-	24,450
City of Olympia	YA20237	WA	-	63	71,052	-	-	71,052
City of Omak	YA496	WA	47	2	2,701	-	-	2,701
City of Oregon City	YA169	OR	10,963	299	1,088,113	-	-	1,088,113
City of Orofino	YA317	ID	16,640	31	200,331	-	-	200,331
City of Palouse	YA040	WA	1,285	9	140,271	-	-	140,271
City of Pasco	YA070	WA	3,334	50	551,908	-	-	551,908
City of Pendleton	YA071	OR	-	60	486,530	-	-	486,530
City of Philomath	YA175	OR	3,125	34	202,011	-	-	202,011
City of Phoenix	YA176	OR	2,000	43	122,640	-	-	122,640
City of Pilot Rock	YA177	OR	-	16	55,261	-	-	55,261
City of Pocatello	YA180	ID	38,757	706	3,636,681	-	-	3,636,681
City of Port Orchard	YA441	WA	6,830	101	195,843	-	-	195,843
City of Post Falls	YA041	ID	70,944	338	3,531,860	-	-	3,531,860
City of Poulsbo	YA182	WA	23,344	140	1,278,176	-	-	1,278,176
City of Pullman	YA287	WA	1,600	120	514,472	-	-	514,472
City of Rathdrum	YA20178	ID	10,410	43	131,950	-	-	131,950
City of Redmond (OR)	YA413	OR	13,491	243	1,293,998	-	-	1,293,998
City of Redmond (WA)	YA20295	WA	42,201	732	4,769,500	-	-	4,769,500
City of Reedsport	YA542	OR	-	2	7,380	-	-	7,380
City of Renton	YA20308	WA	11,159	157	96,029	-	-	96,029
City of Rexburg	YA403	ID	64	179	1,285,170	2,877	-	1,288,047
City of Richland	YA493	WA	-	76	1,285,217	-	-	1,285,217
City of Ridgefield	YA288	WA	1,600	21	75,450	-	-	75,450
City of Rigby	YA391	ID	6,000	37	38,230	-	-	38,230
City of Rockaway Beach	YA20215	OR	1,229	19	14,318	-	-	14,318
City of Roseburg	YA042	OR	16,767	207	1,023,257	-	-	1,023,257
City of Roy	YA20277	WA	-	1	3,877	-	-	3,877
City of Salem	YA043	OR	22,174	354	1,157,169	79	-	1,157,247
City of Salem Firefighters	YA188	OR	13,459	214	2,289,369	-	-	2,289,369
City of Sandpoint	YA507	ID	33,997	69	271,714	-	-	271,714
City of Seatac	YA039	WA	-	13	455,984	-	-	455,984
City of Seattle	YA075	WA	21,671	1,126	4,652,471	10,178	-	4,662,649
City of Sedro Woolley	YA196	WA	6,138	41	240,791	-	-	240,791
City of Selah	YA063	WA	4,810	77	282,829	-	-	282,829
City of Shelton	YA20245	WA	6,860	91	90,485	-	-	90,485
City of Sheridan	YA198	OR	-	23	97,982	-	-	97,982
City of Sherwood	YA20252	OR	1,800	20	35,924	-	-	35,924
City of Silverton	YA20284	OR	378	3	4,045	-	-	4,045
City of Spokane	YA064	WA	6,513	104	286,861	-	-	286,861

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
City of Springfield	YA20008	OR	-	30	452,626	-	-	452,626
City of St Helens	YA220	OR	6,134	114	782,378	-	-	782,378
City of St Maries Idaho	YA221	ID	3,000	37	92,932	-	-	92,932
City of Stanfield	YA20195	OR	-	2	10,998	-	-	10,998
City of Stayton	YA405	OR	-	51	160,942	-	-	160,942
City of Stevenson	YA20236	WA	500	15	44,793	-	-	44,793
City of Sublimity	YA20257	OR	1,818	2	34,169	-	-	34,169
City of Sun Valley	YA20198	ID	2,893	3	19,453	-	-	19,453
City of Sunnyside	YA295	WA	11,464	30	129,316	-	-	129,316
City of Sweet Home	YA512	OR	-	2	2,338	-	-	2,338
City of Tacoma	YA076	WA	104,405	357	3,862,900	340	-	3,863,241
City of Talent	YA223	OR	1,320	50	117,433	177	-	117,610
City of The Dalles	YA081	OR	641	74	473,006	-	-	473,006
City of Tigard	YA044	OR	19,225	500	2,148,053	2,897	-	2,150,950
City of Tillamook	YA489	OR	-	36	83,876	-	-	83,876
City of Tonasket	YA20229	WA	-	1	1,156	-	-	1,156
City of Troutdale	YA488	OR	-	46	69,590	-	-	69,590
City of Tualatin	YA366	OR	9,155	60	314,775	-	-	314,775
City of Tukwila	YA297	WA	15,900	147	2,166,213	-	-	2,166,213
City of Tumwater	YA298	WA	7,268	186	744,818	-	-	744,818
City of Umatilla	YA440	OR	-	54	107,906	-	-	107,906
City of Union	YA458	OR	1,050	9	28,500	-	-	28,500
City of Union Gap	YA20298	WA	-	1	3,936	-	-	3,936
City of Vancouver	YA080	WA	150	17	184,949	-	-	184,949
City of Vernonia	YA463	OR	-	12	19,456	-	-	19,456
City of Waldport	YA20205	OR	1,313	15	24,366	-	-	24,366
City of Washougal	YA045	WA	2,221	53	93,963	-	-	93,963
City of West Linn	YA244	OR	9,862	188	473,101	-	-	473,101
City of West Richland	YA525	WA	21,775	89	371,477	-	-	371,477
City of Willamina	YA20212	OR	1,425	13	22,685	-	-	22,685
City of Woodburn Oregon	YA474	OR	1,750	12	47,253	-	-	47,253
City of Yakima	YA046	WA	36,174	295	3,766,207	-	-	3,766,207
Clackamas County	YA353	OR	2,253	880	1,343,447	-	-	1,343,447
Clackamas River Water	YA050	OR	-	46	129,094	-	-	129,094
Clallam County	YA055	WA	16,266	219	498,211	-	-	498,211
Clallam County Pud 1	YA051	WA	29,590	220	3,177,040	-	-	3,177,040
Clallam Cty Fire Protect Dst3	YA454	WA	4,110	49	704,040	-	-	704,040
Clallam Transit System	YA057	WA	6,790	160	613,170	-	-	613,170
Clark CO Fire Dist 3	YA553	WA	400	36	69,149	-	-	69,149
Clark County Fire & Rescue	YA029	WA	12,600	62	649,533	-	-	649,533
Clark County Fire Dist 6	YA030	WA	6,500	90	1,103,830	-	-	1,103,830
Clark County Public Transport	YA078	WA	2,900	571	645,308	-	-	645,308
Clark Public Utilities	YA258	WA	65,276	314	2,436,995	-	-	2,436,995
Clatskanie Pud	YA052	OR	17,346	71	2,235,908	-	-	2,235,908
Clatskanie School District	YA372	OR	-	10	82,667	-	-	82,667
Clatsop County	YA516	OR	-	27	20,298	-	-	20,298
Clean Water Services	YA058	OR	75,363	223	1,545,455	-	-	1,545,455
Cloverdale Rural Fire Dist	YA526	OR	400	3	9,047	-	-	9,047
Coal Creek Utility District	YA341	WA	3,558	28	195,440	-	-	195,440
Coburg Fire Board	YA059	OR	-	3	27,501	-	-	27,501
Columbia 911 Comm Dist	YA049	OR	2,703	36	434,681	-	-	434,681
Columbia Basin Hydropower	YA099	WA	5,403	35	413,462	-	-	413,462
Columbia CO Rural Library Dist	YA340	WA	1,344	9	27,806	-	-	27,806
Columbia County	YA325	WA	25,529	117	621,630	-	-	621,630
Columbia County Fire #3	YA20346	WA	600	6	1,119	-	-	1,119
Columbia County of Oregon	YA061	OR	1,150	284	601,030	-	-	601,030
Columbia County Public Transportation	YA20235	WA	2,216	8	18,310	-	-	18,310
Columbia Hlth Dist/Publ Hlth A	YA368	OR	-	8	2,508	-	-	2,508
Columbia River Fire & Rescue	YA316	OR	-	53	295,317	-	-	295,317
Columbia River Pud	YA259	OR	9,400	84	1,606,171	-	-	1,606,171
Community Library Network	YA385	ID	1,534	38	192,983	-	-	192,983
Condon School District 25J	YA311	OR	600	6	114,665	-	-	114,665
Consolidated Diking Imprvmnt	YA543	WA	-	11	386,390	-	-	386,390
Coos County	YA062	OR	3,687	178	500,354	-	-	500,354
Corbett School District	YA374	OR	-	58	400,892	-	-	400,892
County of Boise School Dist 72	YA361	ID	-	82	57,274	-	-	57,274
County of Douglas	YA20167	OR	17,658	357	1,309,143	-	-	1,309,143
County of Linn	YA20177	OR	1,040	15	29,859	-	-	29,859
Covington Water District	YA066	WA	39,511	80	1,428,890	-	-	1,428,890
Cowlitz 911	YA20276	WA	30,052	32	1,090,268	-	-	1,090,268
Cowlitz County Fire #5	YA067	WA	-	19	198,900	-	-	198,900
Cowlitz County Fire District 6	YA20267	WA	4,845	7	83,563	-	-	83,563
Cowlitz County Pud	YA069	WA	20,079	254	2,586,944	-	-	2,586,944
Cowlitz-Wahkiakum Council	YA550	WA	1,437	4	201,671	-	-	201,671
Crescent Rural Fire Protection	YA073	OR	1,200	16	66,686	-	-	66,686
Creswell School District 40	YA508	OR	-	2	42,233	-	-	42,233
Crook County Fire & Rescue	YA411	OR	-	31	459,240	-	-	459,240
Crooked River Ranch F & R	YA422	OR	1,500	7	60,754	-	-	60,754
Cross Valley Water District	YA074	WA	718	6	172,811	-	-	172,811
Curry County	YA079	OR	2,150	94	107,168	-	-	107,168
Dayville School District 16J	YA20185	OR	469	1	14,637	-	-	14,637

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Depoe Bay Fire District	YA429	OR	-	16	61,289	-	-	61,289
Douglas County	YA083	WA	32,162	286	1,569,364	-	-	1,569,364
Douglas County Fire Dist 2	YA082	OR	27,291	123	2,964,023	-	-	2,964,023
Douglas County Sewer Dist 1	YA397	WA	2,750	14	117,747	-	-	117,747
Douglas Okanogan County Fd #15	YA084	WA	810	9	51,161	-	-	51,161
Duvall Fire	YA087	WA	9,215	26	430,888	-	-	430,888
Eagle Fire Protection District	YA20173	ID	19,896	64	894,570	-	-	894,570
East Pierce Fire & Rescue	YA260	WA	6,440	28	722,963	-	-	722,963
East Umatilla County Health District	YA20174	OR	-	1	16,784	-	-	16,784
East Wenatchee Water Dist	YA090	WA	13,220	36	919,330	-	-	919,330
Eastmont Metro Park District	YA362	WA	-	2	1,722	-	-	1,722
Emergency Comm Southern Oregon	YA355	OR	6,835	81	244,846	-	-	244,846
Employer Unknown	YA000	WA	-	39	143,229	-	-	143,229
Estacada Rural Fire Dist #69	YA312	OR	-	22	275,552	-	-	275,552
Ferry County Pud	YA094	WA	3,450	36	381,145	-	-	381,145
Four Rivers Community School	YA20307	OR	1,625	4	4,072	-	-	4,072
Franklin County Emergency Mgmt	YA091	WA	5,134	8	109,259	-	-	109,259
Franklin County Fire District #3	YA20200	WA	-	8	21,252	-	-	21,252
Franklin County Pud	YA098	WA	30,176	176	3,020,798	-	-	3,020,798
Fremont County	YA323	ID	-	56	54,121	-	-	54,121
Garfield County	YA482	WA	4,200	12	235,665	-	-	235,665
Gervais School District #1	YA468	OR	-	2	6,925	-	-	6,925
Gilliam County	YA513	OR	-	5	12,963	-	-	12,963
Goshen Fire District	YA423	OR	400	2	6,001	-	-	6,001
Grant County	YA102	WA	-	123	34,262	-	-	34,262
Grant County Esd	YA432	OR	-	16	226,230	-	-	226,230
Grant School District #3	YA471	OR	14,221	54	346,413	-	-	346,413
Grays Harbor County Pud	YA266	WA	4,563	76	521,151	-	-	521,151
Great Rivers Behavioral Health Organiza	YA20176	WA	7,454	21	208,964	-	-	208,964
Greater Albany Public SD 8J	YA472	OR	-	373	5,165,507	-	-	5,165,507
Greater Columbia Behavioral Hl	YA012	WA	823	24	252,348	6,701	-	259,049
Green Sanitary District	YA267	OR	-	6	83,391	-	-	83,391
Hartstene Pointe Water - Sewer District	YA20255	WA	62	3	6,290	-	-	6,290
Highline Water District	YA268	WA	8,123	46	972,196	-	-	972,196
Hood River CO Library District	YA450	OR	667	5	16,524	-	-	16,524
Hood River County	YA108	OR	1,650	103	299,548	-	-	299,548
Hood River School District	YA269	OR	38,253	582	2,681,960	-	-	2,681,960
Housing Auth of Clackamas CO	YA354	OR	54	23	47,279	-	-	47,279
Housing Authority of Thurston County	YA20201	WA	-	2	13,118	-	-	13,118
Housing Authority of Yamhill County	YA106	OR	5,161	54	148,174	-	-	148,174
HRA VEBA	YA999	WA	-	1	197,200	-	-	197,200
Idaho Sci&Tech Charter School	YA321	ID	6,245	43	237,429	-	-	237,429
Illinois Valley Rural Fire	YA554	OR	-	13	19,633	-	-	19,633
Inland Power & Light Company	YA20280	WA	8,904	61	532,513	-	-	532,513
Intermountain Esd	YA539	OR	10,765	39	331,742	-	-	331,742
Island County	YA446	WA	23,488	210	808,970	-	-	808,970
Island County Emergency Services Comr	YA20230	WA	325	26	16,068	-	-	16,068
Jackson County	YA20224	OR	12,650	168	285,137	-	-	285,137
Jackson County Fire #5	YA111	OR	2,750	33	186,978	-	-	186,978
Jackson County Fire Dist No 3	YA528	OR	21,505	72	1,100,630	-	-	1,100,630
Jefferson County Fire Dist 1	YA487	OR	-	7	94,014	-	-	94,014
Jefferson County Oregon	YA112	OR	7,963	137	274,474	-	-	274,474
Jefferson County Pud	YA517	WA	2,675	72	73,729	-	-	73,729
Jefferson Cty Fire Protect Dst	YA342	WA	3,225	53	484,164	-	-	484,164
Jefferson Transit Authority	YA113	WA	1,840	85	255,170	-	-	255,170
Jewell School District 8	YA378	OR	1,000	73	106,458	-	-	106,458
Josephine County	YA521	OR	20,634	248	828,288	-	-	828,288
Karcher Creek Sewer District	YA125	WA	-	1	4,286	-	-	4,286
Keizer Fire District	YA119	OR	9,750	62	657,338	-	-	657,338
King CO Water Dist 90	YA443	WA	-	1	20,821	-	-	20,821
King County Fire Protection Dist #27	YA20279	WA	1,608	17	22,936	-	-	22,936
King County Water Dist #20	YA121	WA	15,131	25	1,466,314	-	-	1,466,314
King County Water Dist #49	YA114	WA	11,426	20	1,134,361	-	-	1,134,361
King County Water Dist 125	YA118	WA	6,454	16	468,723	-	-	468,723
Kitsap County Fire Dist #18	YA123	WA	15,446	60	1,301,598	-	-	1,301,598
Kitsap County PUD #1	YA20354	WA	923,609	50	927,499	-	-	927,499
Kitsap Public Health District	YA124	WA	20,359	104	1,228,748	-	-	1,228,748
Kitsap Regional Library	YA442	WA	-	263	851,136	-	-	851,136
Kittitas County	YA271	WA	71,251	447	3,356,767	-	-	3,356,767
Kittitas County Fire District #2	YA20232	WA	3,600	47	287,651	-	-	287,651
Kittitas County Pud	YA130	WA	4,056	39	282,234	-	-	282,234
Klamath County	YA126	OR	96,630	408	2,909,212	-	-	2,909,212
Klamath Emrg Communication Dst	YA453	OR	3,200	30	70,496	-	-	70,496
Klickitat County EMS Dist #1	YA20349	WA	900	18	3,551	-	-	3,551
Klickitat County Pud #1	YA272	WA	17,830	130	1,834,613	-	-	1,834,613
Knappa School District	YA377	OR	-	17	14,791	-	-	14,791
Kootenai CO Emerg Medical Serv	YA483	ID	600	6	33,282	-	-	33,282
Kootenai County	YA129	ID	9,697	235	850,893	-	-	850,893
Lacey Fire District 3	YA485	WA	-	163	1,544,415	-	-	1,544,415
Lake Chelan Reclamation Dist	YA135	WA	-	4	16,703	-	-	16,703
Lake County Esd	YA370	OR	-	16	25,250	-	-	25,250

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Lake Meridian Water District	YA242	WA	6,500	22	704,616	-	-	704,616
Lake Oswego School District	YA415	OR	47,057	732	1,447,525	-	-	1,447,525
Lake Stevens Sewer District	YA337	WA	3,838	42	330,206	-	-	330,206
Lake Whatcom Water and Sewer Dist	YA143	WA	1,030	25	87,258	-	-	87,258
Lakehaven Water and Sewer District	YA264	WA	16,768	150	844,389	-	-	844,389
Lakeland Joint SD #272	YA273	ID	-	15	129,090	-	-	129,090
Lakes Highway District	YA390	ID	10,000	36	300,474	533	-	301,007
Lane County	YA20309	OR	2,250	10	21,224	-	-	21,224
Lane Fire Authority	YA519	OR	-	46	1,195,682	-	-	1,195,682
Lane Library District	YA504	OR	150	3	1,216	-	-	1,216
Latah County Library District	YA132	ID	-	17	22,481	-	-	22,481
League of Oregon Cities	YA20170	OR	1,125	28	24,544	-	-	24,544
Lebanon Comm School Dist 9	YA346	OR	-	329	4,728,034	-	-	4,728,034
Lebanon Fire District	YA438	OR	-	59	451,998	-	-	451,998
Lewis & Clark Rural Fire Protection Dist	YA20312	OR	350	1	1,077	-	-	1,077
Lewis County	YA490	WA	-	54	206,280	-	-	206,280
Lewis County Pud	YA140	WA	31,780	183	4,106,919	-	-	4,106,919
Lewiston Orchards Irrigat Dist	YA139	ID	3,450	31	140,759	-	-	140,759
Lincoln County	YA331	WA	19,380	63	881,958	2,429	-	884,387
Lincoln County Oregon	YA479	OR	-	57	194,811	-	-	194,811
Lincoln County School District	YA424	OR	76,182	247	2,652,447	-	-	2,652,447
Link Transit	YA137	WA	8,703	131	250,178	-	-	250,178
Local Highway Technical Assistance Cou	YA20220	ID	-	1	6,162	-	-	6,162
Lott Clean Water Alliance	YA537	WA	7,840	112	589,923	-	-	589,923
Lyons Rural Fire Protection District	YA20254	OR	1,330	6	7,076	-	-	7,076
Madison County	YA499	ID	-	111	325,448	-	-	325,448
Madison Memorial Hospital	YA20304	ID	-	453	203,287	-	-	203,287
Malaga Water District	YA309	WA	-	2	25,110	-	-	25,110
Manchester Water District	YA328	WA	3,261	12	14,306	-	-	14,306
Marion CO Housing Authority	YA551	OR	-	5	4,299	-	-	4,299
Marion County Fire Dist #1	YA247	OR	17,026	89	1,288,567	-	-	1,288,567
Marysville Fire District	YA275	WA	25,250	143	824,014	-	-	824,014
Mason County Pud 1	YA145	WA	5,695	42	620,482	-	-	620,482
Mason County PUD No. 3	YA20243	WA	3,338	130	5,471,381	-	-	5,471,381
Mason County Washington	YA144	WA	-	9	172,278	-	-	172,278
Mason Fire District #5	YA313	WA	600	12	27,630	-	-	27,630
McKenzie Fire & Rescue	YA149	OR	2,450	8	118,433	-	-	118,433
McMinnville School Dist #40	YA365	OR	88,157	457	4,462,167	-	-	4,462,167
McMinnville Water and Light	YA20213	OR	20,750	79	397,485	-	-	397,485
Medford Water Commission	YA150	OR	8,075	77	328,955	-	-	328,955
Metcom 911	YA279	OR	1,524	31	113,736	-	-	113,736
Metro Parks Tacoma	YA152	WA	-	42	472,442	-	-	472,442
Mid Columbia Center for Living	YA477	OR	-	8	18,922	-	-	18,922
Mid Columbia Council of Gov	YA484	OR	-	42	71,958	-	-	71,958
Mid-Columbia Fire and Rescue	YA548	OR	7,375	34	123,898	-	-	123,898
Midway Sewer District	YA153	WA	29,888	47	1,829,183	-	-	1,829,183
Mid-Willamette Valley Council of Gover	YA20287	OR	720	22	15,954	-	-	15,954
Minet	YA412	OR	-	12	8,283	-	-	8,283
Mohawk Valley Rural Fire Dist	YA534	OR	1,050	3	6,672	-	-	6,672
Molalla Rural Fire Protection District #7	YA20202	OR	250	14	34,410	-	-	34,410
Monument School District	YA431	OR	1,674	9	46,859	-	-	46,859
Morrow County	YA154	OR	6,000	48	139,367	-	-	139,367
Morrow County School District	YA156	OR	23,028	58	1,277,937	-	-	1,277,937
Mt Angel Fire District	YA20007	OR	-	1	8,547	-	-	8,547
Mukilteo Water Wastewater Dist	YA278	WA	-	40	1,339,751	-	-	1,339,751
Multnomah Esd	YA533	OR	7,800	85	131,112	-	-	131,112
NE Sammamish Sewer & Water Dst	YA380	WA	4,725	17	284,348	-	-	284,348
NE Tri County Health Dist	YA505	WA	4,758	34	94,111	-	-	94,111
Neah-Kah-Nie School District 56	YA20162	OR	32,942	153	1,084,852	-	-	1,084,852
Neahkahnie Water District	YA20253	OR	1,200	2	39,422	-	-	39,422
Nestucca Valley School Dist	YA167	OR	6,603	22	255,945	-	-	255,945
Nez Perce County	YA161	ID	-	236	280,329	-	-	280,329
No Mason Reg Fire Authority	YA148	WA	12,709	43	865,103	-	-	865,103
North Beach Water District	YA20347	WA	10,207	13	15,335	-	-	15,335
North Central ESD	YA20163	OR	-	8	6,181	-	-	6,181
North City Water District	YA291	WA	-	30	401,117	-	-	401,117
North Kootenai Water & Sewer Dist	YA20289	ID	833	12	10,439	-	-	10,439
North Lincoln Fire # Rescue Dist #1	YA163	OR	-	27	173,340	-	-	173,340
North Marion School Dst #15	YA465	OR	13,975	102	804,008	-	-	804,008
North Perry Ave Water District	YA166	WA	12,561	25	653,445	-	-	653,445
North Santiam School District	YA434	OR	10,639	187	772,971	-	-	772,971
North Wasco County SD 21	YA314	OR	-	132	907,473	-	-	907,473
Northern Lakes Fire Dist	YA164	ID	-	58	344,259	-	-	344,259
Northern Wasco County Pud	YA280	OR	25,282	84	1,120,667	-	-	1,120,667
Northwest Regional Esd	YA376	OR	42,973	231	1,351,550	-	-	1,351,550
Northwest Seaport Alliance	YA20199	WA	9,874	70	1,158,724	-	-	1,158,724
Nw Oregon Housing Authority	YA448	OR	420	25	15,410	-	-	15,410
Oakland School District #1	YA427	OR	-	6	72,178	-	-	72,178
Okanogan County	YA168	WA	9,480	278	488,697	510	-	489,208
Okanogan County Public Health	YA20009	WA	750	17	31,884	-	-	31,884
Okanogan County Pud 1	YA282	WA	18,950	140	1,714,198	-	-	1,714,198

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Olympic View Water&Sewer Dist	YA283	WA	4,853	8	529,900	-	-	529,900
Oregon City School District	YA514	OR	25,965	427	902,010	-	-	902,010
Pacific County	YA322	WA	26,160	138	1,012,237	-	-	1,012,237
Pangborn Memorial Airport	YA363	WA	-	3	9,336	-	-	9,336
Pend Oreille County	YA174	WA	14,636	212	878,475	-	-	878,475
Pend Oreille County Library District	YA20216	WA	1,302	7	17,895	-	-	17,895
Pend Oreille County Pud	YA184	WA	29,286	159	2,286,623	-	-	2,286,623
Pendleton School District 16R	YA356	OR	31,705	255	1,137,471	-	-	1,137,471
Peninsula Development District	YA339	WA	-	1	28,606	-	-	28,606
Peninsula Light Company	YA284	WA	14,491	79	1,927,721	33,867	-	1,961,588
Perrydale School District	YA430	OR	28,900	63	422,777	-	-	422,777
Philomath Fire & Rescue	YA352	OR	-	3	863	-	-	863
Philomath School District	YA379	OR	280	17	20,757	-	-	20,757
Pierce County	YA173	WA	73,615	209	2,464,389	2,360	-	2,466,749
Pierce County Library	YA172	WA	-	29	163,478	-	-	163,478
Pierce County Noxious Weed Control Bc	YA20238	WA	-	1	11,317	-	-	11,317
Pilot Rock SD 2R	YA439	OR	1,200	22	23,347	-	-	23,347
Pleasant Home Water District	YA20203	OR	800	1	22,988	-	-	22,988
Polk County Fire District 1	YA393	OR	-	25	103,642	-	-	103,642
Polk Soil & Water Conservation District	YA20262	OR	673	4	12,575	-	-	12,575
Port Ludlow Fire and Rescue	YA414	WA	600	2	13,430	-	-	13,430
Port of Bremerton	YA252	WA	7,563	84	576,654	-	-	576,654
Port of Camas - Washougal	YA329	WA	2,631	7	100,368	-	-	100,368
Port of Chehalis	YA171	WA	2,689	8	45,427	-	-	45,427
Port of Chelan County	YA336	WA	-	5	23,106	-	-	23,106
Port of Columbia County	YA404	OR	-	15	21,747	-	-	21,747
Port of Everett	YA20269	WA	33	32	134,253	0	-	134,253
Port of Kalama	YA270	WA	6,125	34	594,292	-	-	594,292
Port of Kennewick	YA335	WA	-	19	229,473	-	-	229,473
Port of Longview	YA274	WA	7,841	67	1,003,018	-	-	1,003,018
Port of Morrow	YA20283	OR	-	125	278,207	-	-	278,207
Port of Moses Lake	YA179	WA	-	3	14,996	-	-	14,996
Port of Olympia	YA181	WA	-	7	182,619	-	-	182,619
Port of Pasco	YA20259	WA	1,698	8	54,718	-	-	54,718
Port of Peninsula	YA183	WA	500	9	59,949	-	-	59,949
Port of Port Angeles	YA005	WA	6,550	65	1,007,437	-	-	1,007,437
Port of Portland	YA20251	OR	31,921	66	1,235,404	-	-	1,235,404
Port of Seattle	YA290	WA	-	1	18,565	-	-	18,565
Port of Skamania County	YA202	WA	582	9	116,848	-	-	116,848
Port of Vancouver	YA299	WA	20,000	165	1,971,587	-	-	1,971,587
Port of Walla Walla/Reg Airpor	YA381	WA	625	3	42,781	-	-	42,781
Port of Willapa Harbor	YA530	WA	-	1	20,434	-	-	20,434
Port of Woodland	YA20341	WA	687	1	2,685	-	-	2,685
Port Orford Langlois SD 2Cj	YA469	OR	8,077	24	360,331	-	-	360,331
Post Falls Highway District	YA315	ID	6,300	30	170,325	-	-	170,325
Prairie City School District	YA20210	OR	1,610	7	32,327	-	-	32,327
Prosper Portland	YA515	OR	500	10	25,500	-	-	25,500
Public Utility Dist 2 Pacific	YA185	WA	12,544	79	1,359,027	-	-	1,359,027
Puget Sound Regional Council	YA396	WA	-	7	119,256	-	-	119,256
Puget Sound Regional Fire Authority	YA399	WA	12,439	20	489,456	-	-	489,456
Redmond Fire & Rescue	YA501	OR	4,667	60	627,242	-	-	627,242
Riverdale School District 51J	YA20187	OR	6,487	11	138,742	-	-	138,742
Riverside Fire Authority	YA529	WA	1,569	3	51,685	-	-	51,685
Roberts Creek Water District	YA535	OR	-	11	29,765	-	-	29,765
Rockwood Water PUD	YA20249	OR	2,080	26	24,584	-	-	24,584
Rogue River Fire District	YA476	OR	-	20	123,465	-	-	123,465
Rogue Valley Transportation Dist	YA186	OR	5,345	93	125,702	-	-	125,702
Ronald Waste Water	YA187	WA	-	28	534,646	-	-	534,646
Roseburg Urban Sanitary Authority	YA20218	OR	-	15	19,701	-	-	19,701
Salem Area Transit	YA190	OR	-	298	1,058,524	-	-	1,058,524
San Juan County	YA289	WA	2,352	77	598,748	-	-	598,748
San Juan County Fire Protection District	YA20241	WA	-	8	42,189	-	-	42,189
Sandy Fire District #72	YA191	OR	2,838	24	199,223	-	-	199,223
Santa Clara Rfpd	YA192	OR	-	6	76,749	-	-	76,749
Scappoose Rural Fire District	YA417	OR	10,345	32	859,580	-	-	859,580
Scappoose School District 1J	YA20011	OR	36,218	191	907,642	-	-	907,642
Scio School District	YA369	OR	-	124	451,005	-	-	451,005
SE Thurston Fire Authority	YA20273	WA	300	3	4,482	-	-	4,482
Seaside School District 10	YA410	OR	10,882	235	1,031,182	-	-	1,031,182
Selkirk Fire Rescue & Ems	YA189	ID	-	8	74,541	-	-	74,541
Sheridan School District	YA435	OR	10,511	45	510,876	-	-	510,876
Sherwood School District	YA420	OR	6,450	124	392,768	-	-	392,768
Shoshone County	YA199	ID	121,000	208	488,958	-	-	488,958
Si View Metro Parks Dist	YA503	WA	330	20	35,823	-	-	35,823
Silver Lake Water Sewer Dist	YA208	WA	30,761	52	3,883,494	-	-	3,883,494
Silverdale Water District	YA200	WA	2,676	21	490,807	-	-	490,807
Silverton Fire District	YA462	OR	780	8	60,524	-	-	60,524
Sisters Camp Sherman Fire Dist	YA527	OR	-	18	263,558	-	-	263,558
Siuslaw Valley Fire and Rescue	YA20242	OR	-	9	21,178	-	-	21,178
Skagit 911	YA204	WA	3,260	84	262,458	-	-	262,458
Skagit County	YA536	WA	-	421	281,577	-	-	281,577

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
Skagit Transit	YA20217	WA	36,500	152	87,229	-	-	87,229
Skamania County	YA201	WA	1,740	63	377,402	-	-	377,402
Skamania County Pud 1	YA216	WA	15,446	52	793,293	-	-	793,293
Skamania EMS	YA20275	WA	4,959	25	320,572	-	-	320,572
Skyway Water and Sewer Dist	YA205	WA	3,146	21	399,294	-	-	399,294
Snohomish Conservation Dist	YA522	WA	838	19	78,579	-	-	78,579
Snohomish County	YA358	WA	1,700	37	636,376	1,518	-	637,894
Snohomish County Fire #5	YA212	WA	4,048	65	270,977	-	-	270,977
Snohomish County Fire Dept 26	YA292	WA	-	137	383,705	957	-	384,662
Snohomish County Fire Dist 4	YA194	WA	14,100	87	1,558,196	-	-	1,558,196
Snohomish Health District	YA211	WA	312	39	455,371	-	-	455,371
South Beach Fire and EMS	YA20168	WA	1,638	15	96,296	-	-	96,296
South Fork Water Board	YA197	OR	588	11	60,764	-	-	60,764
South Gilliam CO Health Dist	YA409	OR	1,200	7	58,390	-	-	58,390
South King County Water	YA203	WA	-	1	13,720	-	-	13,720
South King Fire and Rescue	YA452	WA	104,581	179	1,666,461	-	-	1,666,461
South Kitsap Fire & Rescue	YA500	WA	66,483	130	3,422,533	-	-	3,422,533
South Lane Fire & Rescue	YA206	OR	-	42	627,507	-	-	627,507
South Lane School District	YA371	OR	44,673	168	3,051,273	-	-	3,051,273
Southwest Suburban Sewer Dist	YA217	WA	29,733	62	2,363,203	-	-	2,363,203
Spokane County	YA214	WA	-	106	586,318	-	-	586,318
Spokane County Fire Dist #4	YA195	WA	16,650	93	561,443	-	-	561,443
Spokane County Fire Dist #9	YA193	WA	12,049	91	594,910	-	-	594,910
Spokane County Fire District 10	YA20169	WA	500	60	16,345	-	-	16,345
Spokane County Noxious Weed CO	YA293	WA	-	3	3,143	-	-	3,143
Spokane Housing Authority	YA510	WA	13,456	102	307,030	-	-	307,030
Spokane Transit Authority	YA218	WA	23,305	852	1,340,195	-	-	1,340,195
Spokane Valley Fire Department	YA222	WA	-	220	880,655	-	-	880,655
Springfield Utility Board	YA215	OR	11,138	56	741,974	-	-	741,974
Stanfield School District 61R	YA20265	OR	-	5	20,926	-	-	20,926
Star Fire Protection Dist	YA20282	ID	2,000	17	10,658	-	-	10,658
Stevens County	YA219	WA	53,685	605	1,942,843	-	-	1,942,843
Stevens County Fire Protection Dist 1	YA20286	WA	-	10	14,335	-	-	14,335
Stevens County Pud #1	YA294	WA	1,300	19	63,350	-	-	63,350
Stevens Cty Conservation Dist	YA511	WA	550	5	2,991	-	-	2,991
Sublimity Fire District	YA426	OR	-	3	63,892	-	-	63,892
Sunriver Service District	YA444	OR	-	38	268,206	-	-	268,206
Sunset Empire Parks/Rec Dist	YA532	OR	-	11	6,829	-	-	6,829
Three Rivers Regional Wastewater Autho	YA20191	WA	4,000	8	316,894	-	-	316,894
Thurston County	YA20281	WA	50,790	138	474,456	-	-	474,456
Thurston County Fire Protection District	YA20196	WA	110	16	49,561	-	-	49,561
Thurston Cty Pud No 1	YA232	WA	5,186	48	278,639	-	-	278,639
Thurston Fire #13	YA228	WA	-	3	7,713	-	-	7,713
Tigard-Tualatin S.D. 23J	YA357	OR	82,768	1,057	4,529,031	-	-	4,529,031
Tillamook CO Emergency Comm Dist	YA225	OR	-	7	6,025	-	-	6,025
Tillamook County	YA230	OR	22,633	425	1,470,352	-	-	1,470,352
Tillamook County Trans. Dist.	YA226	OR	4,200	47	101,497	-	-	101,497
Tillamook Fire District	YA406	OR	1,200	4	13,627	-	-	13,627
Tillamook Pud	YA231	OR	27,275	127	3,431,625	-	-	3,431,625
Tillamook School District #9	YA364	OR	27,113	442	2,058,971	-	-	2,058,971
Timberlands Regional Support	YA310	WA	-	2	3,245	-	-	3,245
Town of Coulee Dam	YA20246	WA	550	12	11,408	-	-	11,408
Treasure Valley Community College	YA20211	OR	-	16	23,007	-	-	23,007
Tri County Econ Development	YA233	WA	1,310	18	26,140	-	-	26,140
Trimet	YA546	OR	26,758	45	463,099	-	-	463,099
Tualatin Valley Water District	YA234	OR	-	173	1,197,254	-	-	1,197,254
Turner Fire District	YA456	OR	1,170	10	171,041	-	-	171,041
Umatilla CO School District 6R	YA418	OR	31,697	102	1,574,097	-	-	1,574,097
Umatilla County	YA235	OR	25,601	515	1,042,815	1,053	-	1,043,868
Umatilla County Fire District #1	YA334	OR	-	42	305,110	-	-	305,110
Valley Regional Transit	YA237	ID	-	45	83,015	-	-	83,015
Valley Transit	YA241	WA	-	34	127,349	-	-	127,349
Valley View Sewer District	YA238	WA	5,818	24	605,989	-	-	605,989
Valley Water Dist	YA236	WA	5,275	16	151,082	-	-	151,082
Vera Water and Power	YA239	WA	2,430	46	539,106	-	-	539,106
W Multnomah Soil & Water Cons	YA544	OR	1,565	12	48,824	-	-	48,824
WA Association of Prosecuting Attorney	YA20288	WA	1,625	12	13,228	-	-	13,228
WA County Consolidated Comm Agency	YA20005	OR	4,300	124	143,974	-	-	143,974

Name	Number	State	Current Month Contributions	Active Participants	Participant Asset Value	Suspense Account Value	Employer Asset Value	Total Asset Value
WA St Assoc of Counties	YA547	WA	5,900	25	265,293	-	-	265,293
Wahkiakum County	YA300	WA	12,133	72	464,427	-	-	464,427
Wahkiakum Pud	YA245	WA	1,060	13	64,480	-	-	64,480
Wahtonka Community School	YA20270	OR	350	4	7,944	-	-	7,944
Walla Walla County	YA394	WA	110,193	333	3,035,129	-	-	3,035,129
Walla Walla County Fire District 4	YA20226	WA	2,321	7	18,257	-	-	18,257
Walla Walla County Fire Protection Dist	YA20183	WA	-	6	8,708	-	-	8,708
Wallowa County	YA301	OR	-	10	25,195	-	-	25,195
Warrenton Hammond School 30	YA433	OR	2,502	105	742,596	-	-	742,596
Washington Association of County Offic	YA20209	WA	2,001	3	31,766	-	-	31,766
Washington Cities Insurance Authori	YA302	WA	-	7	91,662	-	-	91,662
Washington County	YA466	OR	56,442	703	2,449,563	49	-	2,449,612
Washington Pud Association	YA395	WA	6,400	10	101,852	-	-	101,852
Water & Sewer Risk Mgmt Pool	YA344	WA	300	6	19,602	-	-	19,602
West Pierce Fire & Rescue	YA20261	WA	17,493	250	3,951,509	-	-	3,951,509
West Sound Utility Dist	YA303	WA	-	42	697,514	-	-	697,514
West Thurston Regional Fire Authority	YA227	WA	5,275	29	299,845	-	-	299,845
Western Lane Ambulance Dist	YA506	OR	-	22	181,800	-	-	181,800
Whitman County	YA246	WA	25,840	205	610,946	-	-	610,946
Willamette Esd	YA491	OR	-	9	27,321	-	-	27,321
Winston-Dillard Fire Dist No 5	YA531	OR	-	13	90,929	-	-	90,929
Wood River Fire Protection Dist	YA20294	ID	6,600	13	44,684	-	-	44,684
Woodburn Fire District	YA509	OR	2,250	19	120,089	-	-	120,089
Woodinville Water District	YA305	WA	7,262	57	1,535,454	-	-	1,535,454
Worley Highway Dist	YA449	ID	-	26	162,939	-	-	162,939
Yakima County	YA306	WA	87,755	762	1,126,564	2,465	-	1,129,029
Yakima County Fire Dist 5	YA388	WA	1,900	26	248,018	-	-	248,018
Yakima County Fire PD #12	YA20160	WA	2,503	5	45,592	-	-	45,592
Yakima Health District	YA327	WA	-	4	56,479	-	-	56,479
Yamhill Communications Agency	YA20194	OR	1,180	19	26,637	-	-	26,637
Yamhill County	YA248	OR	53,585	863	2,491,488	-	-	2,491,488
Total - Other Employer Groups	**630**		**$ 6,882,809**	**$ 55,539**	**$ 368,479,639**	**$ 74,210**	**$ -**	**$ 368,553,849**

HRA VEBA TRUST
DETAIL OF EXPENSES - YTD

	2019			2020									YTD TOTAL
GALLAGHER BENEFIT SERVICES, INC.	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	
EMPLOYER/PARTICIPANT EDUCATION	218,109	216,124	226,836	233,873	222,372	199,581	197,464						1,514,358
CONSULTANT/LOCAL SERVICE	128,095	126,930	133,221	137,354	130,599	117,214	115,971						889,385
CUSTOMER CARE CENTER	33,245	33,386	33,570	34,204	34,424	34,620	34,806						238,254
ONEBRIDGE BENEFITS													
ADMINISTRATION SERVICES	-	-	-	-	-	-	111,384						111,384
SOFTWARE ADMINISTRATOR	71,919	72,053	72,226	72,841	73,051	73,238	-						435,327
ELIGIBILITY AND CLAIMS ADMIN	24,672	24,778	24,917	25,382	25,547	25,693	-						150,988
DEBIT CARD ACCOUNT FEE	21,750	22,638	23,159	24,012	24,899	25,522	-						141,980
DEBIT CARD REBATE	(10,869)	(11,444)	(11,746)	(12,755)	(12,857)	(14,028)	-						(73,699)
Kaye-Smith													
MAIL/FULFILLMENT SERVICE	4,834	6,670	4,226	5,402	6,977	4,637	4,691						37,436
PRINTING	1,343	3,507	744	3,584	10,315	-	2,827						22,319
POSTAGE	16	275	191	8,354	-	-	-						8,836
WASHINGTON TRUST BANK													-
INVESTMENT/CUSTODIAL FEES	12,166	12,204	12,433	12,594	12,902	13,082	12,065						87,447
BANK CHARGES	979	1,297	1,036	918	742	767	1,159						6,897
OTHER VENDORS													-
SCANNING	1,682	1,720	1,736	1,772	1,919	1,844	1,718						12,391
INVESTMENT CONSULTANT RETAINER	2,667	2,667	2,667	2,667	2,667	2,667	2,667						18,667
LEGAL COUNSEL (RETAINER)	2,500	2,500	2,500	2,500	2,500	2,500	2,500						17,500
LEGAL COUNSEL (PROJECTS)	6,069	3,302	2,661	-	-	2,398	976						15,406
LEGAL COUNSEL (WA PROJECTS)	-	-	-	-	-	-	-						-
ANNUAL AUDIT	-	-	-	-	-	33,500	-						33,500
FIDELITY BOND	-	-	-	-	-	-	-						-
FIDUCIARY LIABILITY	-	30,638	-	-	-	-	-						30,638
HIPAA RISK ASSESSMENT	-	-	-	-	-	-	-						-
TRUSTEE MEETING	7,977	-	-	-	-	-	6,848						14,825
TRUSTEE TRAVEL	2,758	-	-	-	1,464	595	294						5,111
WEBSITE HOST & DESIGN	-	-	-	-	132	-	-						132
MISCELLANEOUS	(131)	256	91	46	97	102	115						575
TOTAL EXPENSES	**529,782**	**549,500**	**530,465**	**552,747**	**537,749**	**523,932**	**495,484**	**-**	**-**	**-**	**-**	**-**	**3,719,658**

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HRA TRUST
EXPENSE RESERVE REPORT
7 period(s) Ending Apr 30, 2020

Account Number	Asset Name	Active Allocation	Beginning Balance	Gain Loss	Deposits	Withdrawals	Other	Ending Balance
000977918-001	HRA VEBA Stable Value	65	126,590	205	-	(82)	-	126,712
000977918-001	Metropolitan West Total Return Bond	25	16,989	2,177	-	(12)	-	19,154
000977918-001	Vanguard Institutional Index (S&P 500)	10	50,155	1,211	-	(33)	-	51,333
	Total	**100**	**$ 193,734**	**$ 3,593**	**$ -**	**$ (127)**	**$ -**	**$ 197,200**

HRA Stable Value Ending Balance is 81% of 2019 PCORI fee liability of $155,640 (Payable in July 2020)

HRA TRUST
PARTICIPANTS by STATUS

	Active	New	Inactive to Active	Active to Inactive
May-18	61,525	744	20	(262)
Jun-18	61,843	540	17	(239)
Jul-18	62,446	767	41	(205)
Aug-18	62,756	499	48	(237)
Sep-18	62,913	414	14	(271)
Oct-18	63,569	813	83	(240)
Nov-18	64,140	843	6	(278)
Dec-18	64,641	730	19	(248)
Jan-19	66,082	1,488	164	(211)
Feb-19	66,965	1,095	41	(253)
Mar-19	67,220	525	4	(274)
Apr-19	67,433	454	18	(259)
May-19	68,221	1,041	22	(275)
Jun-19	68,416	393	32	(230)
Jul-19	69,007	773	47	(229)
Aug-19	69,517	738	38	(266)
Sep-19	69,865	562	28	(242)
Oct-19	70,931	1,271	55	(260)
Nov-19	71,229	536	20	(258)
Dec-19	71,613	608	25	(249)
Jan-20	72,980	1,427	174	(234)
Feb-20	73,446	607	55	(196)
Mar-20	73,862	679	2	(265)
Apr-20	74,256	626	31	(263)

HRA TRUST
ACTIVE PARTICIPANTS by GROUP TYPE

	CityCounty	SpecialPurpose	Total
May-18	37,109	24,416	61,525
Jun-18	37,339	24,504	61,843
Jul-18	37,800	24,646	62,446
Aug-18	38,035	24,721	62,756
Sep-18	38,118	24,795	62,913
Oct-18	38,307	25,262	63,569
Nov-18	38,729	25,411	64,140
Dec-18	38,848	25,793	64,641
Jan-19	39,407	26,675	66,082
Feb-19	39,763	27,202	66,965
Mar-19	39,934	27,286	67,220
Apr-19	40,042	27,391	67,433
May-19	40,803	27,418	68,221
Jun-19	40,965	27,451	68,416
Jul-19	41,501	27,506	69,007
Aug-19	41,940	27,577	69,517
Sep-19	42,057	27,808	69,865
Oct-19	42,235	28,696	70,931
Nov-19	42,345	28,884	71,229
Dec-19	42,599	29,014	71,613
Jan-20	43,464	29,516	72,980
Feb-20	43,800	29,646	73,446
Mar-20	44,093	29,769	73,862
Apr-20	44,373	29,883	74,256

HRA TRUST
ACTIVE PARTICIPANT by ACCOUNT BALANCE

	< $5,000	$5,000 - $10,000	$10,000 +	Total
May-18	40,656	8,200	12,669	61,525
Jun-18	40,897	8,210	12,736	61,843
Jul-18	41,197	8,235	13,014	62,446
Aug-18	41,331	8,254	13,171	62,756
Sep-18	41,489	8,269	13,155	62,913
Oct-18	42,498	8,294	12,777	63,569
Nov-18	42,899	8,323	12,918	64,140
Dec-18	43,505	8,350	12,786	64,641
Jan-19	43,914	8,742	13,426	66,082
Feb-19	44,500	8,782	13,683	66,965
Mar-19	44,588	8,745	13,887	67,220
Apr-19	44,569	8,780	14,084	67,433
May-19	45,058	9,286	13,877	68,221
Jun-19	44,815	9,299	14,302	68,416
Jul-19	45,075	9,394	14,538	69,007
Aug-19	45,331	9,509	14,677	69,517
Sep-19	45,608	9,493	14,764	69,865
Oct-19	46,474	9,469	14,988	70,931
Nov-19	46,585	9,429	15,215	71,229
Dec-19	46,698	9,431	15,484	71,613
Jan-20	47,488	9,666	15,826	72,980
Feb-20	48,176	9,702	15,568	73,446
Mar-20	49,419	9,752	14,691	73,862
Apr-20	48,901	9,794	15,561	74,256

Status Definitions:

Active	Participants with activity on their account in the last 45 days.
New	Participants who are new to the Trust and who became active in the last month.
Inactive	Participants with no activity on their account in the last 45 day.

HRA VEBA TRUST
PCORI Detail
YTD

2019 PCORI Fee Liability		155,640
PCORI Fee Liability	$	155,640

HRA VEBA Fee Summary as of April 2020

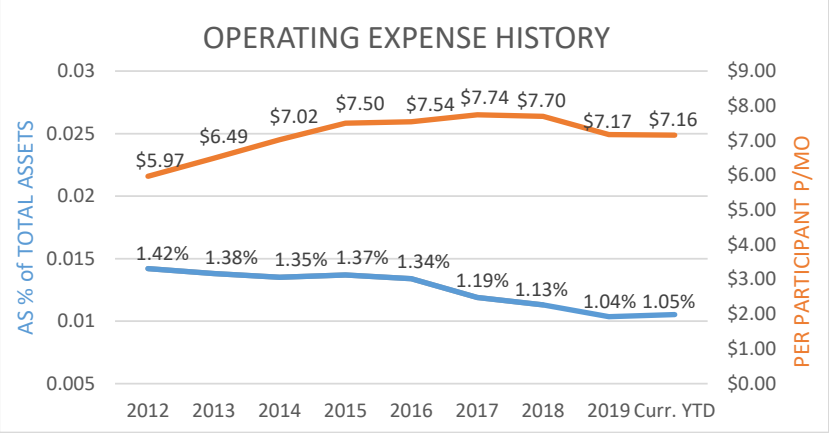
Total Assets	**$606,493,746**
Total Participants	**74,256**
YTD Operating Expense per participant per month	$7.16
YTD Op Expense as % of Total Assets	1.05%

Current Participant Expense Ratios	
High End AER	1.04%
Low End AER[1]	0.79%
Blended AER	0.87%

(1) This reflects large account .25% fee discount.

April Operating Expenses		
Administration Services	$	111,384
Annual Audit		
Bank Charges - WTB		1,159
Consulting/Local Service		115,971
Inv./Custodial - WTB		12,065
CCC - GV		34,806
Debit Card Account - EIG		-
Debit Card Rebate - EIG		-
Debit Card Implementation		
Elig. and Claims Admin		-
Employer/Participant Edu.		197,464
Fidelity Bond		
Fiduciary Liability		-
HIPAA Risk Assessment		-
Investment Con. Retainer		2,667
Legal Counsel Retainer		2,500
Legal Counsel (Projects)		976
Legal Counsel (WA Projects)		
Mail/Fulfillment Service		4,691
Miscellaneous		115
Postage		-
Printing		2,827
Scanning		1,718
Software Admin		-
Transaction Audit		-
Trustee Meeting		6,848
Trustee Travel		294
Website Host & Design		-
Total Expenses		$495,484

Current PPPM	
Under $5,000	$1.50
Above $5,000	$0.00
Debit Card	$0.00



Total Participant % Fee

Fund Name	Assets	Total Mgmt Fees/Month	Investment Mgmt Fee	Blended Expense Ratio	Total %
GSAM Stable Value	$125,807,166	$32,500	0.31%	0.87%	1.18%
Vanguard Balanced	69,219,865	3,461	0.06%	0.87%	0.93%
Vanguard Institutional	86,746,443	2,530	0.035%	0.87%	0.91%
MetWest Total Return Bd	9,688,715	2,987	0.37%	0.87%	1.24%
Carillon Scout Mid Cap	8,781,529	6,440	0.88%	0.87%	1.75%
Champlain Small Cap	8,416,548	6,944	0.99%	0.87%	1.86%
American Europacific	5,290,951	2,160	0.49%	0.87%	1.36%
Vanguard LS Cons. Gr.	79,794,979	7,979	0.12%	0.87%	0.99%
Vanguard LS Growth	73,772,348	8,607	0.14%	0.87%	1.01%
Vanguard LS Income	92,931,131	8,519	0.11%	0.87%	0.98%
Vanguard LS Mod. Gr.	44,057,730	4,773	0.13%	0.87%	1.00%

HRAveba

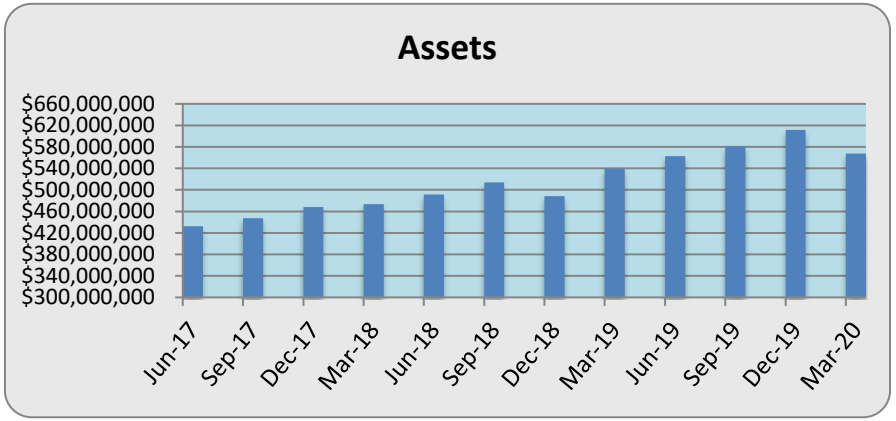
Growth Summary

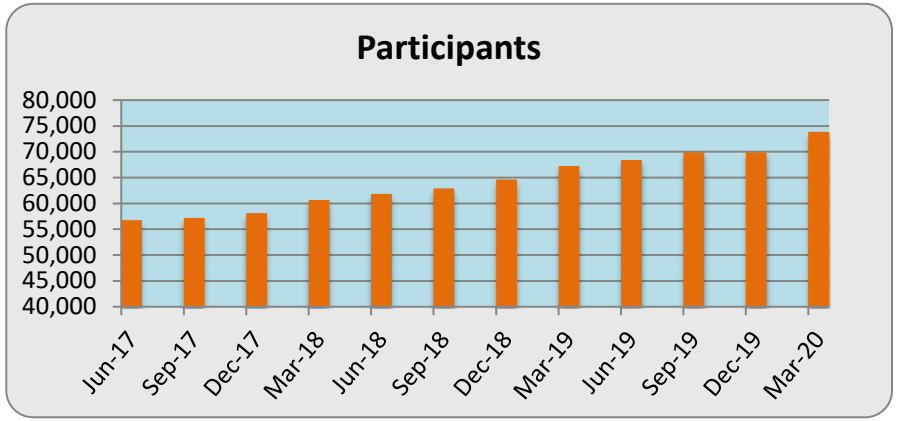
Quarter	Assets	Participants	Quarterly Contribution	Employers	Average Account Balance	Administrative Cost[1]
3/31/20	$567,647,500	73,862	$38,336,915	635	$7,685	1.09%
12/31/19	$611,518,625	69,865	$25,389,406	632	$8,753	1.08%
9/30/19	$580,311,759	69,865	$27,808,845	632	$8,306	1.08%
6/30/19	$562,854,500	68,416	$27,993,413	631	$8,227	1.05%
3/31/19	$539,298,157	67,220	$32,315,680	623	$8,023	1.21%
12/31/18	$488,173,777	64,641	$24,962,775	616	$7,552	1.17%
9/30/18	$513,666,663	62,913	$23,411,204	601	$8,165	1.21%
6/30/18	$491,194,010	61,843	$27,143,097	596	$7,943	1.19%
3/18/18	$473,601,749	60,633	$25,558,852	589	$7,811	1.26%
12/31/17	$467,802,036	58,111	$20,711,106	563	$8,050	1.20%
9/30/17	$447,090,000	57,182	$18,813,000	559	$7,819	1.25%
6/30/17	$432,135,000	56,753	$20,128,000	559	$7,614	1.22%

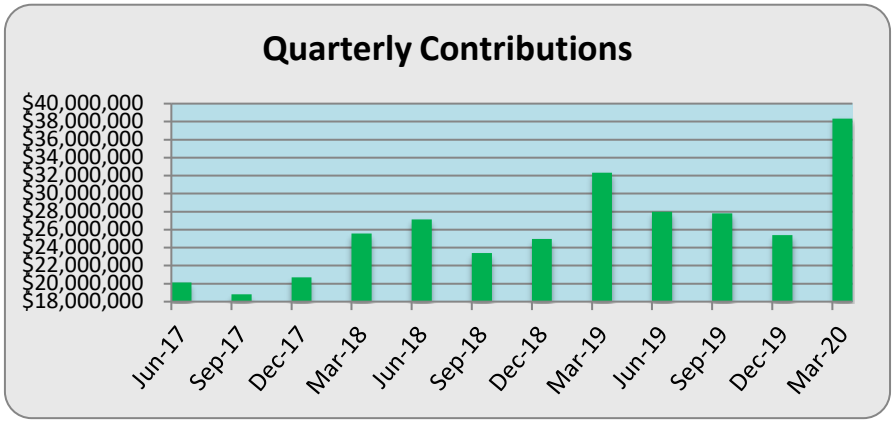
[1] Note: Participant accounts are charged a flat monthly fee of $1.50, which is waived on account balances over $5,000. The flat monthly fee reduces the percentage amount charged to participant accounts to cover remaining administrative costs. For purposes of this report, the flat monthly fee is converted to a percentage of Trust assets ((Current Quarter Expenses/Average Assets over the quarter)*4) and is included in the Administrative Cost percentage. This provides a better comparison quarter over quarter and a less blended expense total.

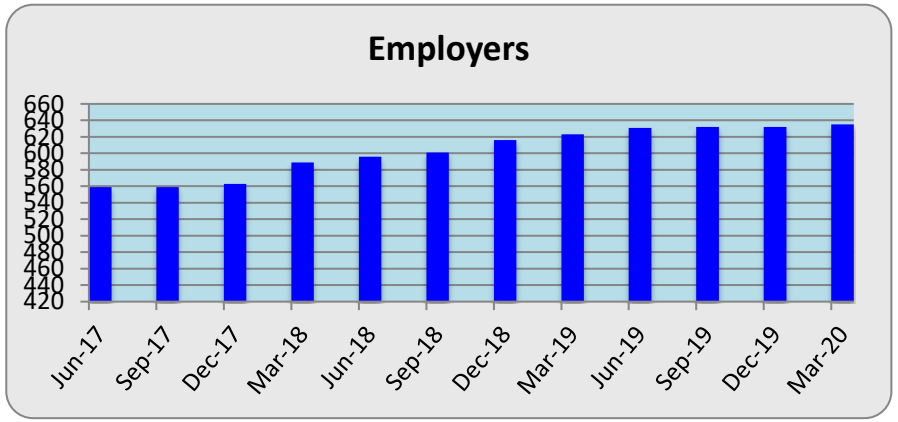
Gallagher

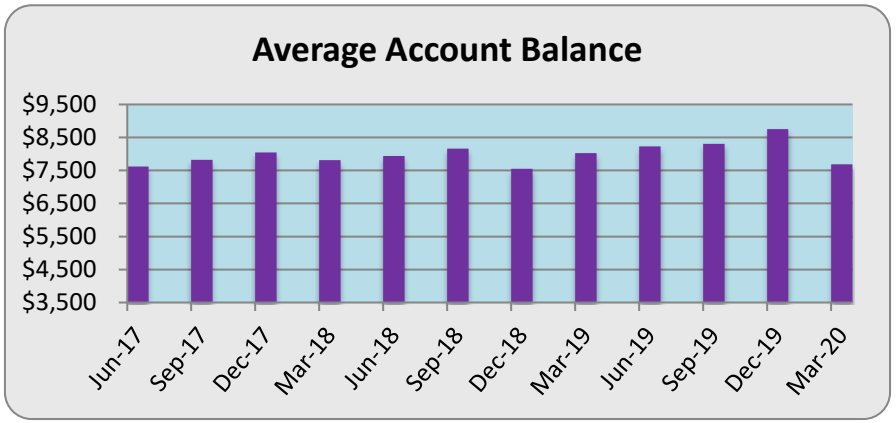
Growth Summary

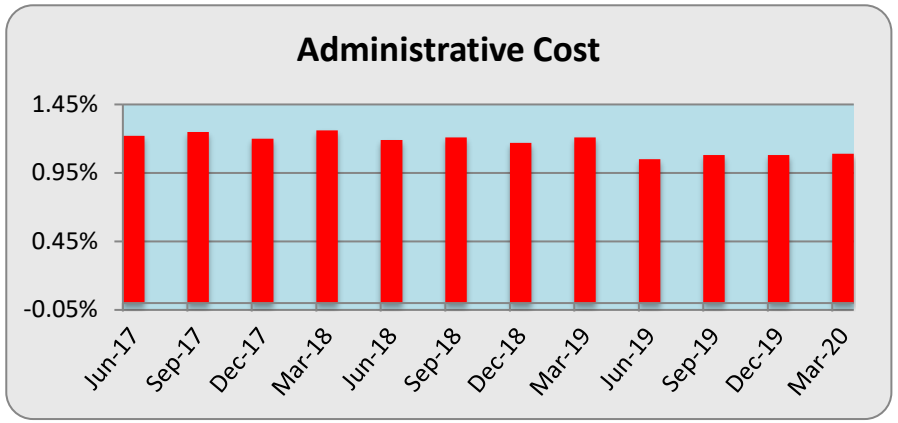












HRA VEBA Trust - Financial Statistics

Balance Sheet Information	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Stable Value Fund	$92,042,736	$98,987,505	$105,726,352	$109,581,330	$123,219,002
Investment Options	$444,971,793	$461,786,769	$472,557,657	$501,937,295	$442,797,534
Contribution Cash Account	$1,509,200	$1,234,342	$1,177,385	$1,622,945	$943,727
Debit Card Collateral Account (Bancorp)	$483,000	$512,000	$544,000	$577,000	$435,000
Debit Card Collateral Account (UMB)	$123,000	$0	$0	$0	$0
Expense Cash Account	$126,395	$289,609	$291,458	$165,062	$218,544
Debit Card Expense	$42,033	$44,274	$14,906	$41,682	$33,694
Claim Cash Account	$0	$0	$0	$0	$0
Total	**$539,298,157**	**$562,854,500**	**$580,311,759**	**$613,925,315**	**$567,647,500**

Expense Reserve	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Cash Expense Reserve	$126,395	$289,609	$291,458	$165,062	$218,544
Invested Expense Reserve	$0	$192,453	$194,192	$196,460	$193,734
PCORI Fee Liability	($212,934)	($252,243)	($155,560)	($155,640)	($155,640)
Total	**($86,540)**	**$229,820**	**$330,090**	**$205,883**	**$256,638**

Income Statement Information	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Contributions	$32,316,882	$27,994,765	$27,810,075	$25,391,440	$38,337,970
Investment Earnings / Losses	$37,759,289	$14,040,446	$8,390,149	$26,316,123	($63,447,402)
Claims Paid	($7,275,688)	($6,257,159)	($6,393,917)	($6,494,786)	($7,192,421)
Premiums (APR) Paid	($2,986,699)	($3,040,918)	($3,157,032)	($3,077,274)	($3,135,737)
Debit Card Claims	($6,905,710)	($7,458,781)	($7,431,971)	($7,387,584)	($8,538,591)
Transition Groups	$0	$0	$0	$0	$0
Operating Expenses	($1,591,688)	($1,488,725)	($1,578,365)	($1,609,743)	($1,614,428)
Total	**$51,316,386**	**$23,789,628**	**$17,638,939**	**$33,138,177**	**($45,590,610)**

Participant Fees Charged	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
PCORI Fee	$38,485	$39,309	$40,056	$80	$0
Asset Based Fee	$1,489,781	$1,605,519	$1,467,751	$1,316,551	$1,321,954
Account Fee	$187,218	$188,962	$191,278	$196,824	$203,643
Debit Card Fee (Dependent)	$591	$208	$195	$223	$311
Total	**$1,716,075**	**$1,833,998**	**$1,699,280**	**$1,513,678**	**$1,525,908**

HRA VEBA Trust - Financial Statistics (cont.)

Participant Financial Stats	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Active Participants	67,220	68,416	69,865	71,613	73,862
Asset Value Per Participant	$8,023	$8,227	$8,306	$8,573	$7,685
Operating Expenses (per PPPM)	$8.05	$7.32	$7.61	$7.59	$7.40
Operating Expenses (per PPPY)	$96.57	$87.81	$91.31	$91.02	$88.78
Operating Expenses (as % of Assets)*	1.21%	1.05%	1.08%	1.08%	1.09%
Quarterly Claim Spend Per Participant	$255	$245	$243	$237	$255

*Not including PCORI Expense

HRA VEBA Trust - Participant Statistics

Active Participant Information	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Active Participants	67,220	68,416	69,865	71,613	73,862					
Registered on the Portal	45,213	46,770	46,178	47,629	49,657	67%	68%	66%	67%	67%
E-Communication Elected	50,741	52,060	51,207	52,436	54,197	75%	76%	73%	73%	73%
Direct Deposit Elected	38,491	39,519	39,045	40,101	41,592	57%	58%	56%	56%	56%
E-Mail Address on File	62,652	64,103	63,495	65,293	67,583	93%	94%	91%	91%	91%
Bad Addresses	2,715	2,521	2,467	2,415	2,491	4%	4%	4%	3%	3%
Total Debit Cards Issued	27,036	28,919	30,721	33,249	35,843	40%	42%	44%	46%	49%
Debit Cards Activated	16,504	19,216	21,246	23,159	25,522	61%	66%	69%	70%	71%
Suspended Debit Cards	1,055	1,500	1,876	2,191	1,478	6%	8%	9%	9%	6%

Claim Lines Submitted	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Manual Paper - Quantity	13,249	9,977	9,796	10,413	10,754	24%	22%	21%	22%	21%
Online/Mobile - Quantity	41,177	35,272	36,772	37,279	39,834	76%	78%	79%	78%	79%
Total	**54,426**	**45,249**	**46,568**	**47,692**	**50,588**					

Manual Paper - Amount	1,560,452	1,178,638	1,138,533	1,293,898	1,436,819	21%	19%	18%	20%	20%
Online/Mobile - Amount	5,744,143	4,942,179	5,267,003	5,037,535	5,595,566	79%	81%	82%	80%	80%
Total	**7,304,594**	**6,120,817**	**6,405,536**	**6,331,433**	**7,032,385**					

Debit Card Transactions	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Requiring Substantiation - Quantity	21,470	22,832	23,233	23,026	13,222	35%	34%	33%	32%	17%
Auto-Substantiated - Quantity	39,392	45,234	46,130	48,475	66,178	65%	66%	67%	68%	83%
Total	**60,862**	**68,066**	**69,363**	**71,501**	**79,400**					

Requiring Substantiation - Amount	4,789,197	5,110,090	4,986,641	4,886,894	2,615,832	69%	69%	67%	66%	31%
Auto-Substantiated - Amount	2,116,662	2,348,938	2,445,260	2,502,729	5,927,037	31%	31%	33%	34%	69%
Total	**6,905,859**	**7,459,028**	**7,431,900**	**7,389,623**	**8,542,869**					

HRA VEBA Trust - Employer Statistics

Employer Information	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total Active Employers	630	633	634	638	649					
Registered on Portal	598	601	602	606	618	95%	95%	95%	95%	95%

Contribution Reports Submitted	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Submitted Via Mail / E-mail - Quantity	227	192	192	179	192	10%	9%	9%	8%	9%
Submitted Via Portal - Quantity	1,967	1,839	1,925	1,949	2,064	90%	91%	91%	92%	91%
Total	**2,194**	**2,031**	**2,117**	**2,128**	**2,256**					

Submitted Via Mail / E-mail - Amount	4,550,993	2,777,684	5,011,816	2,542,610	5,091,880	14%	10%	18%	10%	13%
Submitted Via Portal - Amount	27,871,998	25,278,042	22,827,390	22,886,507	33,260,002	86%	90%	82%	90%	87%
Total	**32,422,990**	**28,055,726**	**27,839,206**	**25,429,117**	**38,351,882**					

Enrollments	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Online - Submitted Via Employer Portal	968	842	1,273	1,131	1,061	48%	36%	63%	45%	42%
Census - Submitted Via Employer File	582	1,255	419	1,000	1,136	29%	53%	21%	40%	45%
Manual - Submitted Via Enrollment Doc	447	251	329	361	306	22%	11%	16%	14%	12%
Total	**1,997**	**2,348**	**2,021**	**2,492**	**2,503**					

HRA VEBA Trust - Processing Statistics

Claims Volume	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Claim Lines Processed	56,014	47,323	47,036	49,413	52,533
Average Claim Lines Per Claim	3	3	3	3	3
Business Days	62	64	66	65	62
Claims Processed by Administrator	19,590	17,788	17,834	18,288	19,774
Average Claims Per Business Day	316	278	270	281	319
Average Claim Lines Per Business Day	903	739	713	760	847

Claims	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Claims in 3 Business Days	19,054	17,755	17,440	18,193	19,588
Claims in 4-5 Business Days	513	18	390	76	171
Claims in 6+ Business Days	23	15	9	15	15
Total	**19,590**	**17,788**	**17,839**	**18,284**	**19,774**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
97.3%	99.8%	97.8%	99.5%	99.1%
2.6%	0.1%	2.2%	0.4%	0.9%
0.1%	0.1%	0.1%	0.1%	0.1%

Contribution Reports	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Reports in 1 Business Day	2,153	1,998	2,089	2,100	2,219
Reports in 2-3 Business Days	34	18	23	21	27
Reports in 4+ Business Days	7	15	5	7	10
Total	**2,194**	**2,031**	**2,117**	**2,128**	**2,256**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
98.1%	98.4%	98.7%	98.7%	98.4%
1.5%	0.9%	1.1%	1.0%	1.2%
0.3%	0.7%	0.2%	0.3%	0.4%

Enrollments	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Enrollments in 1 Business Day	446	246	328	353	306
Enrollments in 2-3 Business Days	1	5	0	8	0
Enrollments in 4+ Business Days	0	0	0	0	0
Total	**447**	**251**	**328**	**361**	**306**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
99.8%	98.0%	100.0%	97.8%	100.0%
0.2%	2.0%	0.0%	2.2%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%

Debit Card Transactions	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Transactions in 3 Business Days	27,260	29,369	29,995	30,513	19,947
Transactions in 4-10 Business Days	10	14	9	13	3
Transactions in 11+ Business Days	3	4	9	5	73
Total	**27,273**	**29,387**	**30,013**	**30,531**	**20,023**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
100.0%	99.9%	99.9%	99.9%	99.6%
0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.4%

HRA VEBA Trust - Processing Statistics (cont.)

Claim Line Denials	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Approved	46,814	39,073	38,985	41,279	43,207
Approved - Insufficient Funds	3,332	2,955	3,004	2,795	2,933
Denied	5,868	5,295	5,047	5,339	6,393
Total	**56,014**	**47,323**	**47,036**	**49,413**	**52,533**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
84%	83%	83%	84%	82%
6%	6%	6%	6%	6%
10%	11%	11%	11%	12%

Overpayments	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Beginning Balance - Quantity	5,775	5,863	5,930	6,566	7,008
New Overpayments applied - Quantity	1,289	1,087	1,783	1,694	1,114
Resolved Overpayments - Quantity	-1,119	-936	-1,079	-1,182	-4,376
Overpayments Removed - Quantity	-82	-84	-68	-70	-23
Total	**5,863**	**5,930**	**6,566**	**7,008**	**3,723**

Beginning Balance - Amount	1,449,081	1,496,889	1,561,824	1,724,137	1,827,126
New Overpayments applied - Amount	294,112	262,571	419,288	369,855	226,905
Resolved Overpayments - Amount	-232,052	-187,990	-245,837	-254,102	-1,098,050
Overpayments Removed - Amount	-14,252	-9,646	-11,138	-12,765	-3,152
Total	**1,496,889**	**1,561,824**	**1,724,137**	**1,827,126**	**952,829**

HRA VEBA Trust - Call Log Statistics

Employer	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Calls	535	411	399	405	493	58%	57%	53%	52%	55%
Secure Messages	0	0	1	31	41	0%	0%	0%	4%	5%
Emails	388	312	359	349	355	42%	43%	47%	44%	40%
Total	**923**	**723**	**759**	**785**	**889**					

Contributions	323	243	251	240	304	61%	59%	63%	55%	57%
Forms	5	2	6	17	14	1%	0%	2%	4%	3%
Portal	18	16	18	26	24	3%	4%	5%	6%	4%
Enrollment/Participant	81	67	43	59	79	15%	16%	11%	14%	15%
Reports	2	0	4	2	2	0%	0%	1%	0%	0%
Other	103	83	78	92	111	19%	20%	20%	21%	21%
Total	**532**	**411**	**400**	**436**	**534**					

Participant	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Calls	11,748	8,221	8,131	7,688	8,939	82%	83%	82%	78%	79%
Secure Messages	0	0	33	691	772	0%	0%	0%	7%	7%
Emails	2,499	1,669	1,710	1,461	1,574	18%	17%	17%	15%	14%
Total	**14,247**	**9,890**	**9,874**	**9,840**	**11,285**					

Account	14,247	2,243	2,278	2,061	2,943	62%	27%	28%	25%	30%
Claims	2,012	1,553	1,687	1,810	2,077	9%	19%	21%	22%	21%
Debit Card	5,538	3,727	3,516	3,565	3,642	24%	45%	43%	43%	38%
Mobile/Portal	485	383	346	443	495	2%	5%	4%	5%	5%
Auto Withdrawals	424	242	287	356	353	2%	3%	4%	4%	4%
Other	112	73	50	144	201	0%	1%	1%	2%	2%
Total	**22,818**	**8,221**	**8,164**	**8,379**	**9,711**					

HRA VEBA Trust - Call Log Statistics (cont.)

Call Summary	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Total Calls	12,280	8,632	8,530	8,093	9,432
Business Days	62	64	66	65	62
Average Calls Per Day	198	135	129	125	152

First Call Resolution	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Resolved	11,850	8,298	8,253	7,818	9,148
Not Resolved	24	10	8	5	6
N/A	406	324	269	270	278
Total	**12,280**	**8,632**	**8,530**	**8,093**	**9,432**

Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
96%	96%	97%	97%	97%
0%	0%	0%	0%	0%
3%	4%	3%	3%	3%

HRA VEBA Trust - Scan & Print Statistics

Incoming Documents (Scan)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Claims Documents	2,301	1,985	2,010	1,866	2,068
Debit Card Documents	1,372	1,549	1,598	1,588	1,358
Contribution Reports	211	218	204	200	228
Enrollments	427	221	299	317	276
Account Updates	787	661	754	742	653
Returned Mail	4,737	2,124	1,145	197	322
Other Documents	273	229	198	233	276
Total	**10,108**	**6,987**	**6,208**	**5,143**	**5,181**

Fulfillment Statistics	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Welcome Letters	3,176	1,949	2,011	2,646	2,869	52%	36%	34%	39%	45%
APR Letters	293	315	324	153	166	5%	6%	5%	2%	3%
Med65 Letter	262	253	251	262	262	4%	5%	4%	4%	4%
Debit Card Letters	1,925	2,406	2,678	2,467	2,009	31%	45%	45%	36%	32%
Claim Denial Letters	0	0	38	454	536	0%	0%	1%	7%	8%
Other Letter Correspondence	505	454	605	877	521	8%	8%	10%	13%	8%
Total	**6,161**	**5,377**	**5,907**	**6,859**	**6,363**					

Paper EOBs	2,783	2,576	2,284	0	0	9%	8%	9%		
e-EOBs	29,605	27,779	24,383	0	0	91%	92%	91%		
Total	**32,388**	**30,355**	**26,667**	**0**	**0**					

Total Paper Checks	2,453	2,248	2,208	2,188	2,314	11%	11%	11%	11%	11%
Total ACHs	18,887	17,874	17,890	18,146	19,281	89%	89%	89%	89%	89%
Total	**21,340**	**20,122**	**20,098**	**20,334**	**21,595**					

Quarterly e-Statements	69,136	69,809	71,334	73,177	75,498
Half-Year Print Statements		18,474		19,658	

AGENDA ITEM 2.2: POTENTIAL PRINT/FULFILLMENT MODEL

SNAPSHOT: OneBridge and Gallagher are studying potential cost savings if the Board were to approve implementation of a new print and mail fulfillment model with Kaye-Smith or another qualified vendor.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care; 7. Monitor Trust service providers.

BACKGROUND

OneBridge and Gallagher have been reviewing the print and fulfilment processes and pricing for the Trust. The Trust currently spends about $124,000 per year on these services, which include daily mail and participant account statements. Moving to a slightly different print and fulfillment model with Kaye-Smith (or another qualified vendor) could simplify the current processes and result in cost savings for the Trust.

Under this proposed model, rather than sending data files to the print vendor that have to be imaged, printed, mailed, and transmitted back to OneBridge for system upload, OneBridge would instead send print-ready PDF files for the print vendor to print and mail. This would simplify the process and reduce the turnaround time for all future changes to fulfillments (stock letters). Under the new model, any changes to a fulfillment would be implemented by OneBridge with the print vendor simply printing the PDF images provided by OneBridge. OneBridge would take on more work and responsibility under this model and would propose that it be paid an additional fee in return.

OneBridge requested proposals from a couple of other print and fulfillment vendors. One of those firms, Lineage, a large print and mail vendor with a service center in Kansas City, KS, provided a good proposal and appears qualified. OneBridge compared Lineage's pricing with current pricing. Gallagher and OneBridge then approached Kaye-Smith to learn what cost-savings could be achieved by switching to the new model.

Kaye-Smith responded that it could accommodate the new model for daily mail but would want to keep the current participant account statement process unchanged. Pricing information received from Kaye-Smith suggested that potential annual cost savings to the Trust would be about 10% (nearly $13,000). This savings (1) includes additional fees to OneBridge of approximately $12,000 annually and (2) assumes printing the current assortment of color and black and white materials. If the Trust were to move up to all color, the cost difference (savings) with Kaye-Smith might be close to zero.

Comparatively, with Lineage, (1) the new model would be applied to daily mail *and* participant account statements, (2) all materials would be upgraded to full-color printing, and (3) the Trust would save about 28% (nearly $44,000) annually. This includes additional fees to OneBridge of about $16,000 annually. OneBridge would be paid more under the Lineage proposal due to the inclusion of participant account statements and the resulting additional work compared to the Kaye-Smith scenario.

At this time, Gallagher and OneBridge are working with Kaye Smith to get an updated proposal and confirm best pricing and processes. If Kaye-Smith is able to reduce the gap in cost, there are many factors that support staying with Kaye-Smith, such as: longtime, trusted partner; excellent track record; known quantity; based in Renton, WA (mail is sent locally and in some cases delivered sooner), etc.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

AGENDA ITEM 3.1: INSURANCE COVERAGE REVIEW

SNAPSHOT: Gallagher recently reviewed all insurance coverages and indemnities protecting the Trust. After consulting with one of Gallagher's insurance brokers regarding levels of coverage, the Trust may want to consider additional protection in the forms of General Liability and Non-owned Automobile Liability.

ACTION ITEM

RELEVANT GOAL(S): 7. Monitor Trust service providers.

BACKGROUND

Gallagher recently conducted a review of all Trust-level and service provider insurance coverages, and indemnities that may offer protection to the Trust in the event of loss or harm. Enclosed is a high-level grid of the insurance coverages carried by each of the Trust's service providers. In conducting this review, the consulting team at Gallagher consulted with Darin Puryear, your Arthur J. Gallagher insurance broker. Mr. Puryear has made himself available to the Board to discuss his recommendations in greater detail and answer questions.

Service Provider Coverage. Recommended levels of coverage may vary per service provider, depending on the roles and responsibilities of that vendor. Coverages for Gallagher, OneBridge, and Washington Trust Bank were all appropriate. However, Mr. Puryear did note that all companies should carry cybersecurity insurance of about $1 to $2 million dollars. Regardless of the industry, everyone is susceptible to cyber threats and coverage is very affordable now. At this time, neither Kaye-Smith nor SIS carry cybersecurity insurance coverage. Kaye-Smith indicated that such coverage may be provided for through their general liability policies, but Gallagher is verifying this information. SIS pushed back on this request and stated that Gallagher is the only entity that has questioned whether the company carries such coverage, and that SIS provides services to many information-sensitive entities.

Trust Coverage. In addition to the fidelity coverage and fiduciary liability coverage that the Trust already carries, Mr. Puryear also recommends that the Board consider purchasing the following forms of coverage:

- **General Liability.** This type of coverage would protect the Trust from losses or damages occurring during activities such as Board Meetings.
- **Non-owned Automobile Liability.** Coverage for non-owned automobile liability will protect the Trust in the event of a Trustee car accident when the Trustee is performing Trust activities, such as driving to a Board Meeting.
- **Cyber Insurance.** The term "Cyber" implies coverage only for incidents that involve electronic hacking or online activities, when in fact this product is much broader, covering private data and communications in many different formats, paper, digital, or otherwise.

Proposals regarding these insurance coverages are enclosed, which Mr. Puryear will discuss in greater detail.

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to approve the purchase of additional trust-level insurance coverages as presented and discussed.

Service Provider Insurance Coverage

	Gallagher Plan Consultant and Customer Service	WTB Custodian	OBB Software Administrator, Recordkeeper, and Claims Processor	KS Print and Outgoing Mail Vendor	SIS Scan Vendor
COMMERCIAL GENERAL LIABILITY					
General Aggregate	$3,000,000	$2,000,000	$2,000,000	$2,000,000	$4,000,000
Products/Completed Operations Aggregate	$3,000,000	$2,000,000	$2,000,000	$2,000,000	$4,000,000
Personal/Advertising Injury	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$2,000,000
Medical Payments	None	$15,000	$5,000	$10,000	$10,000
Damage to Rented Premises (Fire)	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$300,000
Independent Contractors	None	None	None	None	None
Abuse & Molestation	None	None	None	None	None
WORKER'S COMPENSATION					
Employers Liability Limits	$1m/$1m/$1m	$1m/$1m/$1m	$100K/$100K/$500K	$1m/$1m/$1m	$1m/$1m/$1m
Per Statute (as applicable)	✓	Other	✓	Other	No
COMMERCIAL AUTOMOBILE LIABILITY					
Bodily Injury/Property Damage	$3,000,000	$1,000,000	$1,000,000	$1,000,000	$2,000,000
Include All Owned, Hired & Non-Owned Automobile liability	None	All	Hired and Non-owned	All	Hired and Non-owned
Motor Carrier Act Endorsement	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
UMBRELLA / EXCESS LIABILITY					
Over Primary Insurance	$25,000,000	$20,000,000	None	$10,000,000	$3M /$3M aggregate
PROFESSIONAL LIABILITY					
All Other Professional Liability (Errors & Omissions)	$13,000,000	Lenders Liability - $5,000,000 Trust Liability - $5,000,000	$10,000,000	$5,000,000	$1,000,000
COMMERICAL CRIME					
Crime / Employee Dishonesty Including 3rd Party Fidelity	$15,000,000	None	$2,000,000.00	$2,000,000	None
CYBER LIABILITY					
Newtwork Security E&O Cyber Liability	$17,000,000 $13,000,000	None $5,000,000	$10,000,000.00 $10,000,000.00	None None	None None
BONDS					
Fidelity Bond	None	$10,000,000	$2,000,000.00	None	None

Updated as of 05-2020

Proposal of Insurance

VEBA Trust for Public Employees in the Northwest

906 West 2nd Avenue, Suite 400
Spokane, WA 99201

Presented: June 18, 2020
Effective: TBD

Darin Puryear
Area President
Arthur J. Gallagher Risk Management Services, Inc.
1501 Market Street Suite 250
Tacoma, WA 98402
(253) 627-7183
Darin_Puryear@ajg.com

Gallagher CORE360™

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Service Team

Darin Puryear has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / ALT. PHONE	EMAIL
Darin Puryear Area President	(253) 238-1126 (425) 586-1052	Darin_Puryear@ajg.com
Martha Reeve Client Senior Service Manager	(253) 238-1145	Martha_Reeve@ajg.com
Debra Powell Client Service Supervisor	(253) 238-1151	Debra_Powell@ajg.com
Shon O'Fallon Claims Manager	(425) 586-1075 (425) 454-3386	Shon_OFallon@ajg.com

Arthur J. Gallagher Risk Management Services, Inc.
Main Office Phone Number: (253) 627-7183

Service Commitment

Account Service
At Arthur J. Gallagher & Co., our goal is to provide you with an exceptional insurance and risk management program delivered by a world class service organization. Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible.

Renewals
We use a standard Renewal Timeline and start early to make sure your needs are met and we are able to offer you the most comprehensive and competitively priced insurance program. At each renewal, we will meet with you to establish a renewal game plan, determine how many markets should be approached, discuss pricing in the insurance marketplace, and identify what specific needs must be addressed. We will then approach markets that we feel will offer the best alternatives. These alternatives will be presented at renewal as an option, even if we feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

We make ourselves accountable by working with you to develop a written service schedule that meets your needs. You can track our service by referring to our written service commitment. Service becomes especially important as your type of organization continues to change and prosper.

As a top national broker, we have access to over 150 insurance companies and wholesalers. This maximizes your insurance options in any given policy year situation. In addition, our integrity and influence in the marketplace have resulted in excellent relationships with our markets. These factors are especially important to consider as the insurance needs of your organization become more complex and require more sophisticated solutions.

Phone Calls
Phone calls will be returned within one working day of receipt.

Claims
Claims will be reported to the company within two working days of receipt, and acknowledgment of receipt will be sent to you. We will follow up with the carrier within ten working days after receipt of a claim. Monthly claim reports will be provided if requested.

Loss Control
We will coordinate all loss control activities between you and the carrier. We recommend that service be provided on a quarterly basis.

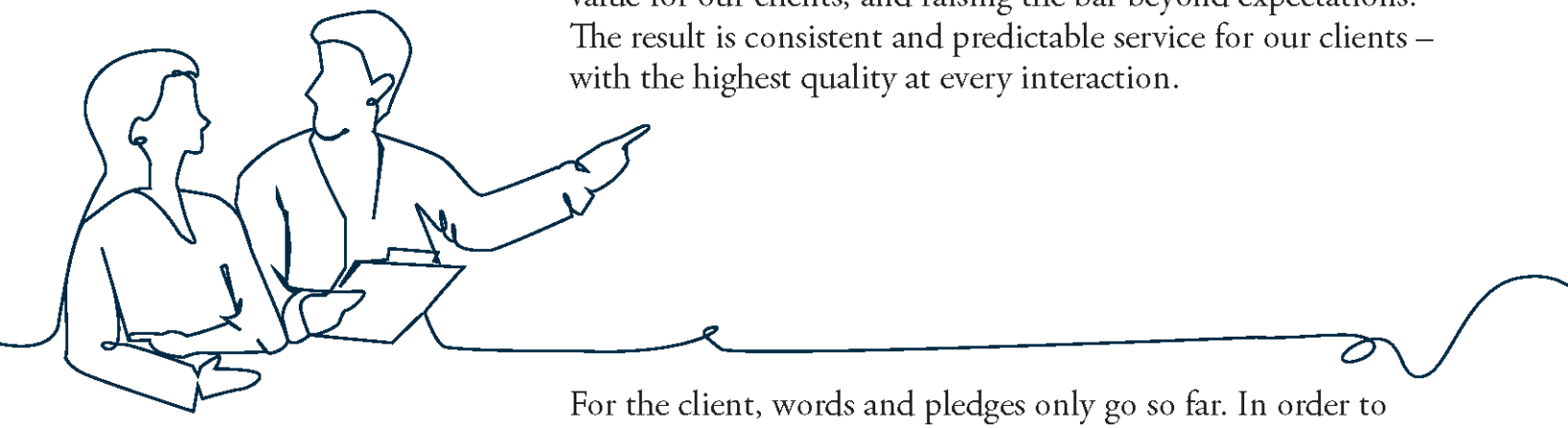
Arthur J. Gallagher & Co.

Our Service Commitment

Our clients repeatedly tell us the most important thing that we can do as their broker is to protect their assets while providing a comprehensive and tailored insurance program with the most competitive terms. We also know that a critical component of every customer experience is receiving an accurate and timely response to their day to day business needs and challenges.

At Arthur J. Gallagher and Co. our goal is to provide every client with an exceptional insurance and risk management program delivered by a world-class service organization.

We're on a journey to set a new standard for service within our industry – utilizing innovative technology and tools that create value for our clients, and raising the bar beyond expectations. The result is consistent and predictable service for our clients – with the highest quality at every interaction.



For the client, words and pledges only go so far. In order to deliver on our promise, Gallagher is committed to partnering with our clients to ensure we consistently deliver the highest quality service possible:

- **Clients get what they need, when they need it** – as a result of managing our work more effectively, your needs and requests are addressed promptly and professionally at all times
- **Our service team is able to focus on you**, and the solutions needed to support your unique business needs
- **We proactively manage your renewal cycle**, delivering a predictable timeline that creates time for thorough decision-making
- **You play a role in this too** – we're asking for more information ahead, so that you receive the best outcome, every time

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Program Structure

Gallagher
Insurance | Risk Management | Consulting

Named Insured

Named Insured Schedule:

Add / Change / Delete	Named Insured	Business Owners Package	Umbrella
	VEBA Trust for Public Employees in the Northwest	X	X

Note: Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's, partnerships and joint ventures.

Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

INSURANCE COMPANY	LINE OF COVERAGE	RESPONSE
ACE Property & Casualty Insurance Co	Business Owners Package	Recommended Quote
ACE Property & Casualty Insurance Co	Umbrella	Recommended Quote

Location Schedule

LINE OF COVERAGE	LOC # / BLDG #	LOCATION ADDRESS
All Lines of Coverage included in this proposal	1/1	906 W 2nd Ave, Suite 300 Spokane, WA 99201

Gallagher
Insurance | Risk Management | Consulting

Premium Summary

The estimated program cost for the options are outlined in the following table:

LINE OF COVERAGE		PROPOSED PROGRAM	
		CARRIER	ESTIMATED COST
Business Owners Package	**Estimated Cost**	ACE Property & Casualty Insurance Co (ACE Group)	**$2,325.00**
	TRIA Included		$23.00
Umbrella	**Estimated Cost**	ACE Property & Casualty Insurance Co (ACE Group)	**$525.00**
	TRIA Included		$25.00
Total Estimated Program Cost			**$2,850.00**

Quote from **ACE Property & Casualty Insurance Co (ACE Group)** is valid until **9/2/2020**

Gallagher is responsible for the placement of the following lines of coverage:

Business Owners Package

Umbrella

It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.

Gallagher
Insurance | Risk Management | Consulting

Program Details

Coverage: Business Owners Package

Carrier: ACE Property & Casualty Insurance Co

Policy Period: 6/18/2020 to 6/18/2021

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

Coinsurance or Agreed Amount:

DESCRIPTION	AGREED AMOUNT	COINSURANCE %
Business Personal Property - Waived	N/A	N/A

Coverage:

DESCRIPTION	AMOUNT	BASIS
Commercial Liability:		
Other than Products / Completed Operations Aggregate	$2,000,000	Annual Aggregate
Liability and Medical Expenses	$1,000,000	Per Occurrence
Damage to Premises Rented to You	$1,000,000	Any One Premise
Medical Expense	$5,000	Per Person
Combined Total Aggregate	$2,000,000	All Locations Combined
Hired and Non-Owned Auto Liability	Included	Per Occurrence/Aggregate
Property Coverage:		
Business Income	Actual Loss Sustained	Per Occurrence
- Period of Indemnity	12 Consecutive Months	Per Occurrence
Business Personal Property	$5,000	Per Occurrence
Equipment Breakdown Protection Coverage	Included	Per Occurrence
Electronic Data Liability - Limited Form Limit	$25,000	Per Occurrence
Privacy Liability and Data Breach Coverage :		
Privacy Liability Each Claim	$25,000	Per Occurrence
Privacy Liability Aggregate	$25,000	Per Occurrence
Data Breach Fund Each Claim	$10,000	Per Occurrence
Data Breach Aggregate	$10,000	Per Occurrence
Maximum Policy Aggregate	$35,000	Per Occurrence

Deductibles:

COVERAGE	AMOUNT
Business Income - Waiting Period	72 Hours

Deductibles:

COVERAGE	AMOUNT
Business Personal Property	$1,000
Equipment Breakdown Protection Coverage	72 Hours / $1,000
Wind / Hail Deductible	$1,000
Mobile Communication Property	$2,500
Privacy Liability and Data Breach Coverage - Retention	$1,000

Additional Coverage:

DESCRIPTION	AMOUNT	BASIS
Coverages Subject to the Blanket Limit of Insurance:	$50,000	Per Occurrence
Accounts Receivable	Included	Per Occurrence
Electronic Data (Other than Computer Virus)	Included	Per Occurrence
Fine Arts	Included	Per Occurrence
Fire Department Service Charge	Included	Per Occurrence
Fire Extinguisher Systems Recharge Expense	Included	Per Occurrence
Leasehold Interest - Bonus Payments, Prepaid Rent, Sublease Profit, Tenant's Lease Interest	Included	Per Occurrence
Leasehold Interest - Undamaged Tenant's Improvements & Betterments	Included	Per Occurrence
Non-Owned Detached Trailers	Included	Per Occurrence
Outdoor Property (Trees, Shrubs, Plants or Lawns)	Included	Per Occurrence
Pair and Set	Included	Per Occurrence
Personal Effects	Included	Per Occurrence
Valuable Papers And Records	Included	Per Occurrence
Coverages Subject to the Applicable Building, Personal Property, or Business Income Limit of Insurance :		
Brands and Labels	Included in Applicable Personal Property Limit of Insurance	Per Occurrence
Business Personal Property Enhancements	Included in Applicable Personal Property Limit of Insurance	Per Occurrence
Ordinance Or Law - Undamaged Portion of Building	Included in Applicable Building Limit of Insurance	Per Occurrence
Ordinance Or Law - Increased Period of Restoration	Included in Applicable Business Income Limit of Insurance	Per Occurrence
Preservation of Property	Included in Applicable Building or Personal Property Limit of Insurance	Per Occurrence
Tenants' Building and Business Personal Property	Included in Applicable Building or Personal Property Limit of Insurance	Per Occurrence

Coverages Subject to Separate Limits of Insurance :		
Appurtenant Buildings & Structures	$50,000	Per Occurrence
Business Income Extension For Websites	$10,000	Per Occurrence
Business Income from Dependent Property	$50,000	Per Occurrence
Computer Fraud and Funds Transfer Fraud	$5,000	Per Occurrence
Debris Removal	$25,000	Per Occurrence
Deferred Payments	$5,000	Per Occurrence
Electronic Data Recovery Costs (Computer Virus)	$10,000	Per Occurrence
Employee Dishonesty	$25,000	Per Occurrence
Fine Jewelry	$5,000	Per Occurrence
Food Contamination - Business Income & Extra Expense	$25,000	Per Occurrence
Forgery Or Alteration	$25,000	Per Occurrence
Hired Car Physical Damage	$10,000	Per Occurrence
Identity Theft Expense	$15,000	Per Occurrence
Installation - Any Job Site And In Transit	$5,000	Per Occurrence
Loss of Master Key	$5,000	Per Occurrence
Mobile Communication Property	$15,000	Per Occurrence
Money & Securities :		
-Inside Premises	$5,000	Per Occurrence
-Outside Premises	$5,000	Per Occurrence
Newly Acquired or Constructed Property - Buildings	$500,000	Per Occurrence
Newly Acquired or Constructed Property - Business Income	$100,000	Per Occurrence
Newly Acquired or Constructed Property - Business Personal Property	$250,000	Per Occurrence
Ordinance Or Law - Increased Cost of Construction	$25,000	Per Occurrence
Ordinance Or Law - Demolition Cost	$25,000	Per Occurrence
Outdoor Signs	$15,000	Per Occurrence
Patterns, Mold and Dies	Included	Per Occurrence
Paved Surfaces	$15,000	Per Occurrence
Personal Property Off-Premises	$15,000	Per Occurrence
Pollutant Clean-up And Removal	$10,000	Per Occurrence
Precious Metals	$25,000	Per Occurrence
Refrigeration Breakdown Expense - Vehicles You Own or Lease	$10,000	Per Occurrence
Reward Coverage	$5,000	Per Occurrence
Utility Services - Business Income and Extra Expense - Overhead Lines	$5,000	Per Occurrence
Temperature or Humidity Change	$25,000	Per Occurrence
Unauthorized Business Card Use	$5,000	Per Occurrence

Utility Services - Business Income and Extra Expense	$25,000	Per Occurrence
Utility Services - Direct Damage	$25,000	Per Occurrence
Disposal Of Animals	$500	Per Animal
Other Enhancements :		
Extended Business Income	90 Days	Per Occurrence
Green Standards	90 Days	Per Occurrence
Ordinary Payroll	365 Days	Per Occurrence
Removal of Insurance-to-Value Provision	Included	Per Occurrence
Seasonal Increase	33%	Per Occurrence
Nesting or Infestation/Discharge or Release of Waste Products or Secretions Exclusions - Exception Provided	$10,000	Per Occurrence
Water Back-Up and Sump:		
Water Back-Up and Sump Overflow	$50,000	Per Occurrence
Business Income / Extra Expense	$5,000	Per Occurrence

Valuations:

DESCRIPTION	LIMITATIONS
Actual Loss Sustained	Business Income
Replacement Cost	Business Personal Property

Endorsements include, but are not limited to:

DESCRIPTION
Ace Producer Compensation Practices And Policies - ALL20887 1006
Trade Or Economic Sanctions Endorsement - ALL21101 1106
U.S. Foreign Account Tax Compliance Act ("FATCA") - ALL42490B 0716
Application Supplement State Fraud Warnings - ALL43826a 0716
Business owners Policy Declarations - BOP43591c 1117
Privacy Liability And Data Breach Fund Endorsement - BOP45202 0215
Amendatory Endorsement - Washington - BOP46522 0815
Business owners Liability Enhancements Endorsement - BOP47635a 0716
Business owner Property Enhancements - BOP47663 0316
Period Of Restoration Definition - Waiting Period Amended - BOP49269 0517
Business owners Coverage Form - BP0003 0713
Washington Changes - BP0106 0713
Limitations Of Coverage To Designated Premises, Project Or Operation - BP0412 0417
Washington Hired Auto And Non-Owned Auto Liability - BP0420 0110
Protective Safeguards - BP0430 0713
Washington Changes - Domestic Abuse - BP0473 0106
Calculation Of Premium - BP0501 0702

Endorsements include, but are not limited to:

DESCRIPTION
Electronic Data Liability - Limited Coverage - BP0595 0514
Amendment Of Insured Contract Definition - BP0598 0713
Washington - Stop Gap - Employers Liability Coverage - BP0674 0713
Business Income And Extra Expense - Revised Period Of Indemnity - BP1407 0110
Washington - Water Back-Up And Sump Overflow - BP1453 0713
Signatures - CC1K11H 0314
U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders - ILP001 0104
Disclosure Pursuant To Terrorism Risk Insurance Act - TRIA11c 0115

Exclusions include, but are not limited to:

DESCRIPTION
Business Income and Extra Expense Exclusions
Pollution Organic Pathogen Silica Asbestos And Lead Exclusion With Hostile Fire And Human Food Product Exceptions - BOP43862 0914
Employment-Related Practices Exclusion - BOP47643 0316
Intellectual Property Laws Or Rights Exclusion - Personal And Advertising Injury - BOP47653 0316
Exclusion - Access Or Disclosure Of Confidential Or Personal Information- Limited Bodily Injury Exception Not Included - BOP47661 0316
Opioids Goods Or Products Exclusion - Total - BOP51381 1018
Comprehensive Business Liability Exclusion (All Hazards In Connection With Designated Premises Or Operations) - BP0401 0106
Exclusion - Silica Or Silica-Related Dust - BP0517 0106
Exclusion - Designated Work - BP1421 0110
Exclusion - Products-Completed Operations Hazard - BP1422 0110

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Total TRIA Premium Includes TRIA Premium Of $23

Subject to Audit: Not Auditable

Auditable Exposures:

DESCRIPTION	EXPOSURE
Office - On-Premises Coverage Only	28,000 - Building Area (Tenant occupying 4,000 sq. ft.)
Investments Income	$30,000,000

Coverage: Umbrella

Carrier: ACE Property & Casualty Insurance Co

Policy Period: 6/18/2020 to 6/18/2021

Form Type:

COVERAGE	FORM TYPE	RETROACTIVE DATE	PENDING & PRIOR DATE
Umbrella	Occurrence	Not Applicable	Not Applicable

Coverage:

DESCRIPTION	AMOUNT	BASIS
Each Occurrence	$1,000,000	Per Occurrence
General Aggregate	$1,000,000	Annual Aggregate
Products and Completed Operations	Included	Annual Aggregate

Deductibles / Self-Insured Retention

TYPE	COVERAGE	AMOUNT
Self-Insured Retention	Umbrella	$0

Underlying Policies:

COVERAGE	LIMIT	CARRIER NAME	EFFECTIVE DATE	EXPIRATION DATE
General Liability / Business Owner's	$1,000,000/$2,000,000	ACE Property And Casualty Insurance Company	6/18/2020	6/18/2021

Endorsements include, but are not limited to:

DESCRIPTION
ACE Producer Compensation Practices And Policies - ALL20887 1006
Trade And Economic Sanctions - ALL21101 1106
U.S. Foreign Account Tax Compliance Act (Fatca) - ALL42490 0314
Signature - CC1k11h 0314
Commercial Liability Umbrella Coverage Form - CU0001 0413
Washington Changes - CU0121 0900
Cap On Losses From Certified Acts Of Terrorism - CU2130 0115
Businessowners Liability Changes - CU2429 0413
2012 Commercial Liability Umbrella Multistate Forms Revision Advisory Notice To Policyholders - CUP012 0413
Washington Changes - Defense Costs - IL0123 1113
Washington Common Policy Conditions - IL0146 0810
Disclosure Pursuant To Terrorism Risk Insurance Act - IL0985 0115
U.S. Treasury Department'S Office Of Foreign - ILP001 0104

Endorsements include, but are not limited to:

DESCRIPTION
Policyholder Disclosure Notice Of Terrorism Insurance Coverage - TR19604d 0115
Ace Group Specialty Claims Loss Notification Form - XS28500a 0813
Commercial Umbrella Coverage Limitation Endorsement (No Broader Than Scheduled Underlying Insurance) - XS45405 0315
Umbrella Dec Page - XS45423c 1118

Exclusions include, but are not limited to:

DESCRIPTION
Exclusion - Products-Completed Operations Hazard - CU2102 0900
Silica Or Silica-Related Dust Exclusion - CU2150 0305
Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability - Limited Bodily Injury Exception Not Included - CU2187 0514
Washington - Fungi Or Bacteria Exclusion - CU2677 1204
Nuclear Energy Liability Exclusion Endorsement (Broad Form) - IL0198 0908
Lead Exclusion - XS45415 0315
Asbestos Exclusions - XS45426 0315
Employers Liability Exclusion - XS45645 0315

Other Significant Terms and Conditions/Restrictions:

DESCRIPTION
Total Premium includes TRIA Premium of $25
Underlying policies must meet our minimum limits requirement, provide defense costs in addition to the limits, have an occurrence coverage trigger, and not have a sub-limited coverage grant
Underlying business owner's policy written with Chubb affiliate insurance company ACE Property and Casualty Insurance Company

Optional Coverages:

DESCRIPTION	OTHER	PREMIUM
Umbrella	Limit: $2,000,000 Each Occurrence / $2,000,000 General Aggregate, Premium Includes TRIA Premium of $50	$1,050.00
Umbrella	Limits:$3,000,000 Each Occurrence / $3,000,000 General Aggregate, Premium Includes TRIA Premium of $75	$1,575.00
Umbrella	Limits: $4,000,000 Each Occurrence / $4,000,000 General Aggregate, Premium Includes TRIA Premium of $100	$2,100.00

Umbrella	Limits: $5,000,000 Each Occurrence / $5,000,000 General Aggregate, Premium Includes TRIA Premium of $125	$2,625.00
Umbrella	Limits: $6,000,000 Each Occurrence / $6,000,000 General Aggregate, Premium Includes TRIA Premium of $150	$3,150.00
Umbrella	Limits: $7,000,000 Each Occurrence / $7,000,000 General Aggregate, Premium Includes TRIA Premium of $175	$3,675.00
Umbrella	Limits: $8,000,000 Each Occurrence / $8,000,000 General Aggregate, Premium Includes TRIA Premium of $200	$4,200.00
Umbrella	Limits: $9,000,000 Each Occurrence / $9,000,000 General Aggregate, Premium Includes TRIA Premium of $225	$4,725.00
Umbrella	Limits: $10,000,000 Each Occurrence / $10,000,000 General Aggregate, Premium Includes TRIA Premium of $250	$5,250.00

Premium Financing

Arthur J. Gallagher is pleased to offer Premium Financing for our clients.

What is Premium Financing?

Premium financing is a short-term loan that provides premium payment flexibility. By financing, you have the option to spread out your premium payments instead of paying in full at the time of policy purchase or renewal.

Why Premium Financing May be Good for Your Business?

- May improve **capital and cash flow management** by spreading out premium payments over the policy period.
- Allows for **consolidation of** multiple policies into one premium finance agreement with a single monthly or quarterly payment.
- Provides automated **ACH options and flexible payment** terms.

Want to Learn More?

If you are interested in learning more or obtaining a quote, contact your Client Service Manager.

Payment Plans

CARRIER / PAYABLE CARRIER	LINE OF COVERAGE	PAYMENT SCHEDULE	PAYMENT METHOD
ACE Property & Casualty Insurance Co	Business Owners Package	Annual	Direct Bill
ACE Property & Casualty Insurance Co	Umbrella	Annual	Direct Bill

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Coinsurance Illustration

Coinsurance Formula:

Insurance Carried ÷ Insurance Required x Loss - Deductible = **Settlement**

Example of Coinsurance formula applied to a hypothetical loss situation:

Property Value	=	$1,000,000
Coinsurance Amount	=	80%
Deductible	=	$500
Insurance Required	=	$800,000 (80% of $1,000,000)
Insurance Carried	=	$400,000
Loss Incurred	=	$200,000

Settlement determined by applying the coinsurance formula:

$$\frac{\text{\$400,000 (Insurance Carried)}}{\text{\$800,000 (Insurance Required)}} \times \$200,000 \text{ (Loss)} - \$500 \text{ (Deductible)} = \$99,500 \text{ Settlement}$$

Note: If the property in the above example is insured for the full insurance required ($800,000), the insured will recover $199,500. In the above example, the insured will suffer a $100,000 penalty for not being insured to the proper limit.

Carrier Ratings and Admitted Status

PROPOSED INSURANCE COMPANIES	A.M. BEST'S RATING & FINANCIAL SIZE CATEGORY *	ADMITTED/NON-ADMITTED **
ACE Property & Casualty Insurance Co	A++ XV	Admitted

*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

Best's Credit Ratings™ reproduced herein appear under license from A.M. Best and do not constitute, either expressly or impliedly, an endorsement of Gallagher's service or its recommendations. A.M. Best is not responsible for transcription errors made in presenting Best's Credit Ratings™. Best's Credit Ratings™ are proprietary and may not be reproduced or distributed without the express written permission of A.M. Best.

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the A.M. Best website at http://www.ambest.com/ratings.

**If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

Proposal Disclosures

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Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

IMPORTANT: The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively “insurance coverages”) handled for a client’s account, which may vary based on market conditions and the insurance product placed for the client.

2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.

3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.

4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third-parties, please contact Gallagher via e-mail at Compensation_Complaints@ajg.com or by regular mail at:

Chief Compliance Officer
Gallagher Global Brokerage
Arthur J. Gallagher & Co.
2850 Golf Rd.
Rolling Meadows, IL 60008

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a $100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by $20 million each calendar year before the TRIPRA program responds from the 2015 trigger of $100 million to $200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

Client Signature Requirements

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Coverages for Consideration

Overview

- A proposal for any of the coverages can be provided.
- The recommendations and considerations summarized in this section are not intended to identify all exposures.
- Since Gallagher does not handle your complete insurance program, these recommendations only reflect items within our scope of responsibility.

Other Coverage Considerations

- Cyber Liability
- Flood

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 6/18/2020, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

	COVERAGE/CARRIER
☐ **Accept** ☐ **Reject**	**Business Owners Package**
	ACE Property & Casualty Insurance Co
☐ *Accept* ☐ *Reject*	*TRIA*
☐ **Accept** ☐ **Reject**	**Umbrella**
	ACE Property & Casualty Insurance Co
☐ Option # 1	$1MM
☐ Option # 2	$2MM
☐ Option # 3	$3MM
☐ Option # 4	$4MM
☐ Option # 5	$5MM
☐ Option # 6	$6MM
☐ Option # 7	$7MM
☐ Option # 8	$8MM
☐ Option # 9	$9MM
☐ Option # 10	$10MM
☐ *Accept* ☐ *Reject*	*TRIA*

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

_____

Producer/ Insured Coverage Amendments and Notes:

Exposures and Values

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from information provided by you and we acknowledge it is our responsibility to see that such information is updated and maintained accurately. For renewal policies, if no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

Provide Quotations or Additional Information on the Following Coverage Considerations:

Gallagher recommends that you purchase the following additional coverages for which you have exposure. By rejecting a quotation for this valuable coverage, you understand that there will be no coverage and agree to hold Gallagher harmless in the event of a loss.

Other Coverages to Consider

☐ Yes ☐ No - Cyber Liability

☐ Yes ☐ No - Flood

Other Services to Consider

☐ Yes ☐ No - **CORE**360™ Loss Control Portal

☐ Yes ☐ No - eRiskHub

Gallagher's liability to Client arising from any acts or omissions of Gallagher shall not exceed $20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys' fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at https://www.ajg.com/privacy-policy/.

I have read, understand and agree that the above information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

By: _____

Print Name (Specify Title)

_____

Company

_____

Signature

Date: _____

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Appendix

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Bindable Quotations & Compensation Disclosure Schedule

Client Name: VEBA Trust for Public Employees in the Northwest

COVERAGE(S)	CARRIER NAME(S)	WHOLESALER, MGA, OR INTERMEDIARY NAME[1]	EST. ANNUAL PREMIUM[2]	COMM.% OR FEE[3]	GALLAGHER U.S. OWNED WHOLESALER, MGA, OR INTERMEDIARY %
Business Owners Package	ACE Property & Casualty Insurance Co (ACE Group)	N/A	$2,325.00	18%	N/A
Umbrella	ACE Property & Casualty Insurance Co (ACE Group)	N/A	$525.00	15%	N/A

1 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

2 If the premium is shown as an indication: The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

* A verbal quotation was received from this carrier. We are awaiting a quotation in writing.

3 The commission rate is a percentage of annual premium excluding taxes & fees.

* Gallagher is receiving 15% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.

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Claims Reporting By Policy

Direct Reporting
Immediately report all claims for the following lines of coverage to the insurance carrier.

- Business Owners Package and Umbrella
  - ACE Property And Casualty Insurance Company
  - Phone# : 800-252-4670
  - Fax# : 800-300-2538
- Or you can contact our claims manager, Shon_Ofallon@ajg.com 1(425) 586-1075

CORE360™ Loss Control Portal

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Reduce Your Risk and Simplify Training

Safety training programs and educational materials for employees are critical for reducing accidents, increasing retention and minimizing your total cost of risk now and in the future.

Gallagher's **CORE360™ Loss Control Portal** is our proprietary Learning Management System (LMS) that supports your safety program, provides real time access to your loss control plans and keeps employees up to date with the latest safety standards.

Key benefits of CORE360™ Loss Control Portal:

- **Access** up to 10 modules of your choice from a library of over 100 training and safety shorts. In addition, monthly bulletins are available covering topics such as General and Environmental Safety, Human Resources, and Health and Wellness.
- **Save** valuable time by assigning employee training and monitoring their latest progress and completion.
- **Simplify** the process of training to stay in compliance and avoid costly penalties.
- **Onboard** and train an unlimited number of users while enhancing your overall risk control program.
- **Customize** your platform with your company's logo, training content and modules tailored to your business, and personalized procedures and forms for an added fee.

Please visit
ajg.com/LossControlPortal to learn more.

Most Popular Training Modules:

- Sexual Harassment and Discrimination
- Slip, Trip and Fall Training
- Electrical Safety Training
- Back Safety Training
- Bloodborne Pathogens
- Safe Lifting Practices
- Defensive Driving Basics
- Fire Prevention Basics
- Personal Protective Equipment
- GHS Hazard Communication

Gallagher CORE360™

Gallagher CORE360™ is our unique, comprehensive approach of evaluating your risk management program that leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of your total cost of risk.

Gallagher | eRiskHub®

To access the Gallagher | eRiskHub® now:

1. Navigate to https://eriskhub.com/gallagher
2. Complete the new user registration at the bottom of the page. Choose your own user ID and password. The access code is 447597.
3. After registering, you can access the hub immediately using your newly created credentials in the member login box located at the top right of the page.

The Gallagher Way. Since 1927.

The information contained herein is offered as insurance industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any description of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

Insurance brokerage and related services to be provided by Arthur J. Gallagher Risk Management Services, Inc. (License No. 0D69293) and/or its affiliate Arthur J. Gallagher & Co. Insurance Brokers of California, Inc. (License No. 0726293).

eRiskHub® Overview and Login Information

The evolution of the cyber risk landscape has brought with it broad, sweeping regulations to address cybersecurity exposures. This digital transformation also presents new risks, including financial losses, for every industry. Gallagher's Cyber Practice delivers expertise alongside cyber risk management and insurance placement services, as well as a better way to construct risk management solutions. CORE360™ — our comprehensive approach of evaluating our client's risk management program — leverages our analytical tools and diverse resources for customized, maximum impact on six cost drivers of their total cost of risk. First, we consult with you to understand all of your actual and potential costs, then find the best options to reallocate these costs based on strategic actionable insights empowering you to know, control and minimize your total costs increasing profitability.

Additionally, our data-driven CORE360™ approach allows us to implement programs for your business that will increase safety, minimize losses, mitigate claims and proactively analyze your cyber risk posture.

Key Features of the Gallagher | eRiskHub®

- Gallagher Cyber Risk Due Diligence — A six-step process designed to walk clients through a simple, thought-provoking framework to encourage organizational communication, establish clear direction and highlight priorities to better understand your cyber risk profile.
- Risk Manager Tools — A collection of tools with many different purposes such as researching known breach events, calculating your potential cost of a breach event and downloading free sample policies your organization can use as templates.
- News Center — Keeps you up to date on what is going on in the world of cyber risk through handpicked articles, feeds and blogs.
- Learning Center — An extensive collection of white papers, articles, webinars, videos and blog posts on a variety of topics. (Looking for something specific? Try the search box at the top right of the page to search the entire Gallagher | eRiskHub®).
- Security & Privacy Training — An overview of best practices for creating an effective security training program for employees.
- Strategic Third-Party Relationships and Partner Resources — Information on third-party vendors that can assist your organization with improving your overall cyber risk.

As cyber risk evolves, so does our commitment to thought leadership. Our global cyber teams focus exclusively on cyber risk, and uniquely position Gallagher to share our knowledge, expertise and experience for the benefit of our clients.

If you have any questions about the Gallagher | eRiskHub®, please reach out to your broker.

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VEBA Trust for Public Employees in the Northwest

Proposal

Date: 6/10/20

Gallagher

Insurance | Risk Management | Consulting

Darin Puryear
Area President
Arthur J. Gallagher RMS, Inc.
1501 Market St. Suite 250
Tacoma, WA 98402
253-627-7183
Darin_Puryear@ajg.com
ajg.com

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June 10, 2020

VEBA Trust for Public Employees of the Northwest
906 W 2nd Ave Ste 300
Spokane, WA 99201-4537

Re: Cyber Liability
Effective Dates: 6/18/2020

Dear Carrie,

Attached is our quotation for Cyber Liability coverage.

We are not aware of any changes in your exposures to loss, nor are we aware of any changes in your business operations that would necessitate additional coverage options. Please notify us immediately if you are planning any new business operations.

We would like to outline the following notable points for your consideration:

- Any entity not named in this proposal, may not be an insured entity. This may include affiliates, subsidiaries, LLC's partnerships and joint ventures.
- Defense costs are limited and included within the policy limits.
- The policy is claims-made and contains the following restrictions and claims reporting requirements:
    1. Retroactive Date: Full Prior Acts
    2. Definition of claim: Refer to the Policy Form
    3. Incident or Claim Reporting Provision: Refer to the Policy Form
    4. Continuity Date or specific dates/limits applicable to the claims made conditions: Refer to the Policy Form
- Immediately report any and all incidents that you believe could give rise to a claim by calling Baker Hostetler at the 24 Hour Security Breach Hotline: 1-855-217-5204

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- Gallagher is responsible for the placement of the following lines of coverage:

  Cyber Liability

  It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.
- It is recommended that you consider purchasing coverage for the following, which are not included in your insurance program: Professional Liability, Pollution Liability, Employment Practices Liability, Foreign Liability, Earthquake, Flood, Mechanical Breakdown and Increased building reconstruction costs due to enforcement of local building laws.
- Premiums are due and payable as billed and may be financed, subject to acceptance by an approved finance company. Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required. Note: Unless prohibited by law, Gallagher may earn compensation for this optional value-added service.

To bind this quote, please refer to the "Client Authorization to Bind Coverage" page attached.

1. Note any changes you desire to be made.
2. Date and sign.
3. Return prior to the effective date of coverage.

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We appreciate your business and look forward to working with you in the coming year. Please contact me if you have any questions.

Sincerely,

Martha Reeve
Client Senior Services Manager

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Compensation Disclosure Schedule

Coverage(s)	Carrier Name(s)	Wholesaler, MGA, or Intermediary Name 1	Estimated Annual Premium 2	Comm % or Fee 3	Gallagher U.S. owned Wholesaler, MGA or Intermediary %
Cyber Liability	BCS Insurance Company	Risk Placement Services, Inc.	$15,496.0C + TRIA Premium (if elected) $155.00	15%	7.5%

1. We were able to obtain more advantageous terms and conditions for you through an intermediary/wholesaler.
2. The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.
3. The commission rate is a percentage of annual premium excluding taxes & fees.
   Gallagher is receiving 15% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.

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Gallagher

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Important Disclosures

IMPORTANT: The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a $100 billion cap on insurers' aggregate liability.

The TRIPRA program increases the amount needed in total losses by $20 million each calendar year before the TRIPRA program responds from the 2015 trigger of $100 million to $200 million by the year 2020.

TRIPRA is set to expire on December 31, 2020. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2020. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

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Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively “insurance coverages”) handled for a client’s account, which may vary based on market conditions and the insurance product placed for the client.
2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.
3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.
4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

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In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third-parties, please contact Gallagher via e-mail at Compensation_Complaints@ajg.com or by regular mail at:

Chief Compliance Officer
Gallagher Global Brokerage
Arthur J. Gallagher & Co.
2850 Golf Rd.
Rolling Meadows, IL 60008

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Carrier Ratings and Admitted Status

Proposed Insurance Companies	A.M. Best's Rating & Financial Size Category *	Admitted/Non-Admitted **
BCS Insurance Company	A- VIII (Excellent)	Admitted

*Gallagher companies use A.M. Best rated insurers and the rating listed above was verified on the date the proposal document was created.

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A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. Best's Credit Ratings™ are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings™ and Guide to Best's Credit Ratings, visit the A.M. Best website at http://www.ambest.com/ratings.

**If coverage placed with a non-admitted carrier, it is doing business in the state as a surplus lines or non-admitted carrier, and is neither subject to the same regulations as an admitted carrier nor do they participate in any state insurance guarantee fund.

Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

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Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated June 10, 2020 , we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

POLICY OPTIONS:

YES	NO	OPTION DESCRIPTION
		Bind All Policies As Shown Herein:
		Cyber Liability
		Limit: $1,000,000
		Retention: $15,000
		Premium: $15,651.00
		Bind TRIA Terrorism Coverage as Quoted (If Applicable)
		Additional Premium: $155.00
		Provide Quotations or Additional Information on the following Coverage Considerations

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The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

EXPOSURES AND VALUES

We confirm the payroll, values, schedules, and other data contained in the proposal, and submitted to the underwriters, are compiled from our records and we acknowledge it is our responsibility to see that they are maintained accurately. If no updates were provided to Gallagher, the values, exposures and operations used were based on the expiring policies.

Gallagher's liability to Client arising from any acts or omissions of Gallagher shall not exceed $20 million in the aggregate. Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages or attorneys' fees. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any Services

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provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

Gallagher has established security controls to protect Client confidential information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at https://www.ajg.com/privacy-policy/.

I have read, understand and agree that the above-information is correct and has been disclosed to us prior to authorizing Gallagher to bind coverage and/or provide services to us.

_____

Client Signature

_____

Dated

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Gallagher

BCS

Powered by LLOYD'S

Cyber Insurance Quotation

Frequently Asked Questions

Do you have any questions about your insurance? The frequently asked questions below are here to help you make an informed decision.

What is Cyber Insurance?

"Cyber" insurance is insurance coverage specifically designed to protect a business or organization from a range of threats and incidents relating to a breach event including:

- Liability claims involving the unauthorized release of information for which the organization has a legal obligation to keep private
- Liability claims alleging invasion of privacy and/or copyright/trademark violations in a digital, online or social media environment
- Liability claims alleging failures of computer security that result in deletion/alteration of data, transmission of malicious code, denial of service, etc.
- Defense costs in State or Federal regulatory proceedings that involve violations of privacy law; and
- The provision of expert resources and monetary reimbursement to the Insured for the out-of-pocket (1st Party) expenses associated with the appropriate handling of the types of incidents listed above

The term "Cyber" implies coverage only for incidents that involve electronic hacking or online activities, when in fact this product is much broader, covering private data and communications in many different formats – paper, digital or otherwise.

What does Privacy Liability (including Employee Privacy) cover?

The Privacy Liability aspect of the insuring agreement in our policy goes beyond providing liability protection for the Insured against the unauthorized release of Personally Identifiable Information (PII), Protected Health Information (PHI), and corporate confidential information of third parties and employees, like most popular "Data Breach" policies. Rather, our policy provides true Privacy protection in that the definition of **Privacy Breach** includes violations of a person's right to privacy, etc. Because information lost in every data breach may not fit State or Federal-specific definitions of PII or PHI, our policy broadens coverage to help fill these potentially costly gaps. This is a key provision that truly sets the BCS policy apart from others.

What does Privacy Regulatory Claims Coverage cover?

The Privacy Regulatory Claims Coverage insuring agreement provides coverage for both legal defense and the resulting fines/penalties emanating from a **Regulatory Claim** made against the Insured, alleging a privacy breach or a violation of a Federal, State, local or foreign statute or regulation with respect to privacy regulations.

Does this policy cover regulatory investigations and/or fines related to GDPR privacy violations?

The BCS cyber policy has always provided broad **Regulatory Claim** coverage that would contemplate defense and penalties associated with unintentional violations of domestic and foreign privacy statutes. In accordance with the implementation of the EU's General Data Protection Regulation, BCS added clarifying language to the policy form under the definitions of **Privacy Regulations** and **Private Information** to specifically reference coverage for GDPR by name (subject to policy terms and conditions). It is important to note that fines and penalties may not be insurable by law in certain U.S. States and in certain foreign countries, including some member countries of the European Union.

Does this policy cover regulatory investigations and/or fines related to privacy violations of the California Consumer Privacy Act (CCPA) or the Biometric Information Privacy Act (BIPA) in Illinois?

As the nature and complexity of privacy laws continues to expand across not only the U.S., but the world, the BCS policy is well positioned to address these concerns, where insurable by law. Both the California Consumer Privacy Act and the Biometric Information Privacy Act are examples of the "future-proof" nature of coverage afforded under the policy's broad definition of **Privacy Regulations**. For instance, some insurers have issued endorsements to their policies to carve back coverage for CCPA in their anti-trust exclusions. The BCS policy has already contemplated this via carvebacks for **Regulatory Claims**, so no change of that nature is necessary. Further, some carriers have endorsed their forms to carve back coverage for CCPA in their Wrongful Collection or Gathering or Distribution of Information exclusion. No such exclusion exists in the BCS form, making an additional endorsement of this nature unnecessary. Lastly, with respect to covering the unlawful collection of, or protection of biometric information, the definition of **Private Information** in the BCS form is significantly broader than many competing forms, thus, information of this nature is inherently contemplated in the coverage.

What does Security Breach Response Coverage cover?

This 1st Party coverage reimburses an Insured for costs incurred in the event of a security breach of personal, non-public information of their customers or employees. Examples include:

- The hiring of a public relations consultant to help avert or mitigate damage to the Insured's brand
- IT forensics, customer notification and 1st Party legal expenses to determine the Insured's obligations under applicable Privacy Regulations
- Credit monitoring expenses for affected customers for up to 12 months, and longer if circumstances require.

The BCS policy can also extend coverage even in instances where there is no legal duty to notify if the Insured feels that doing so will mitigate potential brand damage (such voluntary notification requires prior written consent).

What does Security Liability cover?

The Security Liability insuring agreement provides coverage for the Insured for allegations of a **Security Wrongful Act**, including:

- The inability of a third-party, who is authorized to do so, to gain access to the Insured's computer systems
- The failure to prevent unauthorized access to or use of a computer system, and/or the failure to prevent false communications such as phishing that results in corruption, deletion of or damage to electronic data, theft of data and denial of service attacks against websites or computer systems of a third party
- Protects against liability associated with the Insured's failure to prevent transmission of malicious code from their **Computer System** to a third party's **Computer System**

What does Multimedia Liability cover?

The Multimedia Liability insuring agreement provides broad coverage against allegations that include:

- Defamation, libel, slander, emotional distress, invasion of the right to privacy, copyright and other forms of intellectual property infringement (patent excluded) in the course of the Insured's communication of **Media Content** in electronic (website, social media, etc.) or non-electronic forms

Other Cyber insurance policies often limit this coverage to content posted to the Insured's website. Our policy extends what types of media are covered as well as the locations where this information resides.

What does Cyber Extortion cover?

The Cyber Extortion insuring agreement provides:

- Expense and payments (including ransom payments if necessary) to a third party to avert potential damage threatened against the Insured such as the introduction of malicious code, system interruption, data corruption or destruction or dissemination of personal or confidential corporate information.
- Ramsomware is among the most reported types of cybersecurity incidents. Verizon's 2018 Data Breach Investigations Report (DBIR) indicated that ransomware is the most common type of malware, found in 39 percent of malware-related data breaches – double of the amount reported in last year's DBIR. Investigation and other expenses associated with ransomware events are contemplated under the **Cyber Extortion** insuring agreement. Additionally, Symantec's 2018 Internet Security Threat Report indicated that 2017 brought a 46% increase in new ransomware variants. Having the proper team in place to help you navigate the intricacies of a ransomware attack is critical and the BCS policy provides this through the **Cyber Extortion** coverage.

What does Business Income and Digital Asset Restoration cover?

The Business Income and Digital Asset Restoration insuring agreement provides for lost earnings and expenses incurred because of a **Network Disruption**, or, an authorized third-party's inability to access a **Computer System** . The policy will also cover for lost business as a result of a loss of reputation caused by any failure or disruption to **Computer Systems**. **Restoration Costs** to restore or recreate digital (not hardware) assets to their pre-loss state are provided for as well. What's more, the definition of **Computer System** is broadened to include not only systems under the Insured's direct control, but also systems under the control of a **Service Provider** with whom the Insured contracts to hold or process their digital assets. Many competing Cyber insurance forms require that a **Security Breach** take place in order for Business Interruption coverage to respond. The BCS form is unique in that the definition of **Network Disruption** is extremely broad and includes any unplanned failure, interruption or degradation of the operation of your **Computer System** or the **Computer System** of a an IT service provider – whether it was caused by a **Security Breach** or otherwise. The BCS policy further differentiates itself by taking this expansion of coverage a step further. In addition to IT service providers, coverage for **Network Disruption** is provided (on a sub-limited basis) to **Outsourced Providers**, that is, any provider, other than an IT **Service Provider**, that provides services (other than IT services) for you, pursuant to a written contract. This expanded coverage is offered without the need for additional underwriting and is sometimes referred to as "Supply Chain Business Interruption"

What is Systems Integrity Restoration coverage?

A sub-section of the **Business Income and Digital Asset Restoration** insuring agreement, **Systems Integrity Restoration Loss** provides a sub-limit for costs associated with replacement of an Insured's **Computer System** directly impacted by a **Security Compromise**.

What is "PCI-DSS Assessment" coverage?

The Payment Card Industry Data Security Standard (PCI-DSS) was established in 2006 through a collaboration of the major credit card brands as a means of bringing standardized security best practices for the secure processing of credit card transactions. Merchants and service providers must adhere to certain goals and requirements in order to be "PCI Compliant," and certain specific agreements, may subject an Insured to an "assessment" for breach of such agreements. The AJG Cyber Policy responds to **PCI Assessments** as well as claims expenses in the wake of a breach involving cardholder information. Additionally, this coverage provides for expenses associated with a mandatory audit performed by a Qualified Security Assessor (QSA), certified by the PCI Security Standards Council, to show you are PCI DSS compliant, following a **Security Breach**.

What is Cyber Deception coverage?

The **Cyber Deception** extension is purchased for an additional premium if the applicant is eligible. The extension provides coverage for the intentional misleading of the Applicant by means of a dishonest misrepresentation of a material fact contained or conveyed within an electronic or telephonic communication(s) and which is relied upon by the Applicant believing it to be genuine. This is commonly known as spear-phishing or social engineering", and, along with ransomware events, is among the most reported incidents to the BCS Cyber policy. Many Cyber policies offering this coverage require that the insured call back, or, attempt to verify the request's authenticity via a method other than the original means. In other words, if a request to transfer money to a different bank routing number is received via email, other Cyber policies may require that the person receiving the email attempt to verify the request also via telephone before authorizing the transfer of money. While the application process asks a question regarding controls in place for this, the BCS policy differentiates itself further by not requiring this of insureds in the policy wording. Additionally, this coverage provides for the loss of money from the Insured's account, or, the loss of money held on behalf of the Insured's customers or clients (aka funds held in escrow). The BCS policy does not presently offer **Cyber Deception** coverage to financial institutions or title agents.

What is Telephone Hacking coverage?

Telephone Hacking coverage is included in the **Electronic Fraud** sub-section of the BCS policy. It provides a sub-limit of coverage for the intentional, unauthorized and fraudulent use of your **Telecommunications Services** (ie: telephone, fax, broadband or other data transmission services that you purchase from third parties) that results in unauthorized calls or unauthorized use of your bandwidth.

What is Funds Transfer Fraud coverage?

Funds Transfer Fraud coverage is available in the **Electronic Fraud** sub-section of the BCS policy for insureds who are NOT classified as Financial Institutions (Financial Institutions includes Community, State or Credit Unions, as well as National Financial Institutions, Banks, etc.) or Title/Escrow/Settlement/Closing Agents or Agencies. For those organizations who are not in the Financial Institution or Title/Escrow/Settlement/Closing Agents or Agencies classifications, the coverage provides coverage for unauthorized electronic funds transfer, theft of your money or other financial assets from your bank by electronic means, theft of your money or other financial assets from your corporate credit cards by electronic means, or any fraudulent manipulation of electronic documentation while stored on your **Computer System**. This should not be confused with **Cyber Deception** coverage which requires a willful release of funds (not theft) based on a fraudulent instruction the insured believes to be true.

What is Phishing coverage?

Coverage for **Phishing Loss** is available in the **Electronic Fraud** sub-section of the BCS policy. The coverage provides reimbursement to the Insured when they are unable to collect a receivable due to them because of a third party's impersonation of them via email or other electronic means. This is often experienced when the Insured's system is compromised and a fraudster sends out an invoice, purporting to come from the Insured, however, payment routing information is changed to divert funds to the fraudster who is executing the crime. As a result, customers pay over amounts owed to fraudulent accounts, instead of to the Insured's account, and the Insured is unable to collect the monies owed to them.

What is Services Fraud Loss coverage?

Services Fraud Loss is provided in the **Electronic Fraud** sub-section of the BCS policy. “Cryptojacking” is an illegal activity on the rise whereby hackers infiltrate an Insured’s system and utilize the computing power of the network they have taken over in order to mine digital currencies. This vast increase in the infiltrators’ computing resources can lead to excessive bandwidth charges that the Insured could unknowingly incur as a result of the incident. **Services Fraud Loss** will also reimburse the Insured in the event their **Computer System** is taken over by a third party and they incur charges associated with the unauthorized use of Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS), Network-as-a-Service (Naas) or IP telephony.

What is Reward Fund Loss coverage?

Also provided in the **Electronic Fraud** sub-section of the BCS policy, **Reward Fund Loss** provides reimbursement to the Insured (subject to prior underwriter consent) for monies they pay for information that leads to the arrest and conviction of any individuals committing or trying to commit an illegal act associated with a covered **Event** in the policy.

What is Personal Financial Loss coverage?

Personal Financial Loss, provided in the **Electronic Fraud** sub-section of the BCS policy, reimburses senior executive officers of the Insured for theft of money or other financial assets from their personal bank account, or identity theft of a senior executive officer, resulting from a covered **Security Breach** or **Security Compromise**.

What is Court Attendance Costs coverage?

Within the definition of **Claims Expenses**, **Court Attendance Costs** provides the Insured for reasonable sums they incur (with prior written agreement) to attend court or any tribunal, arbitration, adjudication, mediation or other hearing in connection with any covered **Claim** to which the Insured is entitled to a defense under the policy.

What is Bodily Injury and Property Damage Liability coverage?

Typically, Cyber insurance policies carry absolute exclusions for **Bodily Injury** and **Property Damage** liability. The BCS policy provides a sub-limit of coverage for liabilities associated with **Bodily Injury** and/or **Property Damage** if resulting from a **Claim** described in the **Privacy Liability** or **Security Liability** insuring agreements.

What is TCPA coverage?

The Telephone Consumer Protection Act (TCPA) is a law passed by the U.S. Congress in 1991 that amends the Communications Act of 1934. TCPA restricts telephone solicitations and the use of automated telephone equipment, automatic dialing systems, artificial or prerecorded voice messages, SMS text messages and other unsolicited means of communications. Most Cyber liability insurance policies carry a strict TCPA exclusion. The BCS policy provides a sub-limit of coverage for TCPA allegations and provides this coverage for both **Damages** and/or **Claims Expenses** – a clear differentiator in the marketplace.

What is HIPAA Corrective Action Plan coverage?

Part of the **Regulatory Liability Claims Coverage** insuring agreement, **HIPAA Corrective Action Plan Costs** are costs the Insured is obligated to pay to meet any of the requirements specified within a HIPAA corrective action plan resulting from a **Regulatory Claim** covered by the policy. Examples of costs incurred in this regard could include conducting a risk analysis, implementing risk management plans to mitigate future risk, revision of policies and procedures related to the HIPAA Security Rule, implementation of training programs and more.

What is Post Breach Response coverage?

Part of the **Breach Response Costs** definition, **Post Breach Response** provides the Insured a sub-limit of coverage (with prior consent, and utilizing pre-approved vendors) for costs incurred for the revision of an incident response plan, the completion of a network security audit, an information security risk assessment, and/or the implementation of a security awareness training program.

What is Independent Consultant coverage?

An extension of the **Business Income Loss** definition, this coverage provides for necessary costs to retain an independent consultant to determine the amount of an Insured's **Business Income Loss**.

What is Outsourced Provider coverage?

The policy provides a sub-limit of coverage for **Business Income Loss** resulting from a **Network Disruption** that occurs on an **Outsourced Provider's Computer System**. Outsourced Providers are businesses the Insured works with that perform services other than IT services, pursuant to a written contract. Also known as system failure coverage for "supply chain" partners, the coverage afforded under these terms is among the broadest in the industry.

What is Computer Hardware coverage?

Found within the definition of **Restoration Costs**, the policy will provide for reasonable and necessary costs to install a more secure and efficient version of the Insured's **Computer System** up to 25% more than the cost would have been to replace the original model, subject to a sub-limit of coverage for hardware replacement.

How is this policy better than other options in the marketplace?

As with any insurance policy, what sets our coverage apart lies in the definitions and exclusions in the policy. The BCS policy offers broader definitions of critical terms such as **Privacy Breach**, **Computer System**, and **Media Content**. Additionally, the BCS policy provides industry-leading coverage in the area of Business Interruption. These definitions, along with the absence of some industry-standard exclusions and a drastically streamlined application process, make this policy more comprehensive and easier to access than the typical Cyber policy available from traditional sources.

Isn’t this already covered under most business insurance plans?

The short answer is "No". While liability coverage for data breach and privacy claims has been found in limited instances through General Liability, Commercial Crime and some D&O policies, these forms were not intended to respond to the modern threats posed in today's 24/7 information environment. Where coverage has been afforded in the past, carriers (and the ISO) are taking great measures to include exclusionary language in form updates that make clear their intentions of not covering these threats. Additionally, even if coverage can be found in rare instances through other policies, they lack the expert resources and critical 1st Party coverages that help mitigate the financial, operational and reputational damages a data breach can inflict on an organization.

Are businesses required to carry this coverage?

While there is presently no law that requires a business or organization to carry Cyber Liability Insurance, there is a national trend in business contracts for proof of this coverage. In addition, the SEC and other regulatory bodies are encouraging disclosure of this coverage as a way of demonstrating sound information security risk management. Laws such as HIPAA-HITECH, GDPR and Gramm-Leach-Bliley and state-specific data breach laws are continually driving demand as requirements for notification in the wake of a data breach become more expensive, and expectations around the level of response by an impacted organization are increased.

Do small businesses need this coverage?

A recent Ponemon Institute report uncovered that 50% of small and medium sized US businesses had suffered a data breach, with 55% suffering a cyber-attack, with the most prevalent attack being non-sophisticated phishing attempts. The US National Cyber Security Alliance has advised that 60% of small companies are out of business within 6 months after being hacked. While breaches involving public corporations and government entities garner the vast majority of headlines, it is the small business that can be most at risk. With lower information security budgets, limited personnel and greater system vulnerabilities, small businesses are increasingly at risk for a data breach. In the past, many small business owners in the SME space were reluctant to purchase Cyber liability insurance coverage because they did not see themselves as data rich targets. Today’s trends are showing that much of the data breach and ransomware attacks in today’s business environment are indiscriminant of industry or size. Random attacks distributed to thousands of unknown recipients with the hopes of snaring just a limited number have caused business owners of all sizes and descriptions to re-think their approach to this huge risk and purchase insurance to mitigate the effects.

If e-commerce functions such as payment processing or data storage are outsourced, is this coverage still needed?

The responsibility to notify customers of a data breach or legal liabilities associated with protecting customer data, remain the responsibility of the Insured. Generally speaking, business relationships exist between Insureds and their customers, not their customers and the back-office vendors the Insured uses to assist them in their operations. Outsourcing business critical functions such as payment processing, data storage, website hosting, etc. can help insulate Insureds from risk, however, the contractual agreement wording between Insureds, their customers and the vendors with whom they do business will govern the extent to which liability is assigned in specific incidents.

What is the cost of not buying the coverage and self-insuring a data breach?

The Ponemon Institute, a well-known research firm, publishes an annual “Cost of a Data Breach” report. In partnership with IBM, the 2017 report indicated that the average cost paid for each lost or stolen record is $148. These numbers are reflective of both the indirect expenses associated with a breach (time, effort and other organizational resources spent during the data breach resolution, customer churn, etc.), as well as direct expenses (customer notification, credit monitoring, forensics, hiring a law firm, etc.). The 2018 cost reflects a 6.4% increase over the 2017 report.

In 2018, The average total cost of a data breach, globally, rose to $3.86 million dollars. The likelihood of a recurring breach to a business within two years was a staggering 27.9%. More information can be found in the “2018 Cost of Data Breach” study by Ponemon:
www.ibm.com/security/data-breach .

In addition, the cost of breaches has evolved from just the cost of notification to now include ransom demands, business income loss, theft, and associated liability costs. These additional factors have also contributed to driving up the potential financial impact of a breach incident.

Who is the insurance carrier?

The BCS Cyber and Privacy Liability Policy is underwritten by BCS Insurance Company and powered by and with the backing of certain syndicates at Lloyd’s of London. BCS Insurance Company is a licensed, admitted insurance company in all states and the District of Columbia. The BCS Cyber policy is admitted in every state except VT. BCS Insurance Company provides value through a solid foundation of strong governance, national and international capabilities and product and industry expertise and israted A- (Excellent) by A.M. Best. BCS Insurance has been in business for over 60 years. It is a wholly owned subsidiary of BCS Financial Corporation which, in turn, is owned by all Blue Cross Blue Shield primary licensees.BCS Insurance Company’s relationship with certain syndicates at Lloyd’s of London brings additional strength, stability and industry-leading expertise to the AJG cyber insurance program. BCS was recognized by A.M. Best as the #6 Standalone Cyber Insurer in 2018, according to direct written premium, in their 2019 Best’s Market Segment Report.

What is the claims-handling process?

A 24-hour data breach hotline is available to report incidents or even suspected incidents. As soon as you suspect a data breach incident or receive notice of a claim, you should call the hotline listed in your policy. This hotline is manned by Baker Hostetler, a world-wide leading privacy law firm with experience in handling thousands of data breach events. After this initial call, Baker Hostetler will then provide on your behalf the required notice to Atheria Law PC, the designated legal firm that has been contracted to triage initial notices on behalf of the insurer. Your Gallagher broker will receive notification of the incident (or any third-party claim) as well. It is critical that you immediately report any and all incidents that you believe could give rise to a claim of any kind under this policy. You can expect Baker Hostetler to manage all breach response related activities associated with data/privacy incidents. It is also likely that interaction with representatives from Atheria Law will occur throughout the claims process for matters concerning coverage applicability, retentions, reimbursements and payment to vendors.

The information and descriptions contained in this FAQ are intended as general information and are not complete descriptions of all terms, exclusions and conditions applicable to the products and services offered by Gallagher or any insurance company represented by us. This is not a guarantee of coverage. The information contained throughout this summary is not an insurance policy or contract of insurance. The insurance coverage afforded by

Gallagher is subject to the terms and conditions of the policies as issued. This discussion is not legal advice. Gallagher does not provide legal advice and highly recommends that insureds seek legal advice of qualified legal counsel in order to become fully apprised of the legal implications related to these issues.

Quotation
This is not a valid Policy

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BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

(A stock insurance company, herein the "Company")

Policy No. RPS-Q-50176893M/1

Cyber and Privacy Liability Insurance Policy

94.111 (07/19)

NOTICE: THE POLICY CONTAINS ONE OR MORE COVERAGES. CERTAIN COVERAGES ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND NOTIFIED TO US DURING THE POLICY PERIOD AS REQUIRED. CLAIMS EXPENSES SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND ARE SUBJECT TO THE APPLICABLE RETENTION (S). PLEASE READ THIS POLICY CAREFULLY.

POLICY DECLARATIONS

ITEM 1.	**NAMED INSURED**	VEBA Trust for Public Employees of the Northwest
	ADDRESS	906 W 2nd Ave Ste 300 , Spokane, Washington, 99201-4537
ITEM 2.	**POLICY PERIOD**	FROM: June 10, 2020 TO: June 10, 2021 (12:01 A.M. Standard time at the address shown in Item 1.)
ITEM 3.	**POLICY LIMITS OF LIABILITY AND COVERAGES PURCHASED**	I. Aggregate Limit of Liability: $1,000,000 (Aggregate for Each and Every Claim or Event including Claims Expenses) II. Sublimit of Liability for Individual Coverage(s) Purchased: $1,000,000 "Nil" or "N/A" Sublimit of Liability for any coverage indicates that the coverage was not purchased

COVERAGE	PER CLAIM SUBLIMIT OF LIABILITY INCLUDES CLAIM EXPENSES	AGGREGATE SUBLIMIT OF LIABILITY
A. Privacy Liability (including Employee Privacy)	$1,000,000	$1,000,000
B. Privacy Regulatory Claims Coverage	$1,000,000	$1,000,000
C. Security Breach Response Coverage	$1,000,000	None
D. Security Liability	$1,000,000	$1,000,000
E. Multimedia Liability	$1,000,000	$1,000,000
F. Cyber Extortion	$1,000,000	None
G. Business Income and Digital Asset Restoration		
1.Business Income Loss	$1,000,000	None

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2. Restoration Costs	$1,000,000	None
3. Reputation Business Income Loss	$1,000,000	None
4. Systems Integrity Restoration Loss *	$250,000	None
H. PCI DSS Assessment	$1,000,000	$1,000,000
I. Electronic Fraud		
1. Phishing Loss	$50,000	None
2. Services Fraud Loss	$100,000	None
3. Reward Fund Loss	$50,000	None
4. Personal Financial Loss	$250,000	None
5. Corporate Identify Theft Loss	$250,000	None
6. Telephone Hacking Loss	$100,000	None
7. Direct Financial Loss (Funds Transfer Fraud)	N/A	N/A
8. Cyber Deception**	N/A	N/A

* e.g. bricking
** e.g. social engineering

III. Supplemental Limits

COVERAGE	SUBLIMIT OF LIABILITY
A. Court Attendance Costs	$100,000
B. Bodily Injury / Property Damage Liability	$250,000
C. TCPA	$100,000
D. HIPAA Corrective Action Plan Costs	$50,000
E. Post Breach Response	$25,000
F. Independent Consultant	$25,000
G. Outsourced Provider	$250,000
H. Computer System	$250,000

ITEM 4. RETENTION (including Claims Expenses):

COVERAGE	EACH CLAIM OR EVENT	AGGREGATE
A. Privacy Liability (including Employee Privacy)	$15,000	$15,000
B. Privacy Regulatory Claims Coverage	$15,000	$15,000
C. Security Breach Response Coverage	$15,000	$15,000
D. Security Liability	$15,000	$15,000

Quotation This is not a valid Policy

E. Multimedia Liability	$15,000	$15,000
F. Cyber Extortion	$15,000	$15,000
G. Business Income and Digital Asset Restoration	$15,000	$15,000
H. PCI DSS Assessment	$15,000	$15,000
I. Electronic Fraud		
1. Phishing Loss	$15,000	$15,000
2. Services Fraud Loss	$15,000	$15,000
3. Reward Fund Loss	$15,000	$15,000
4. Personal Financial Loss	$15,000	$15,000
5. Corporate Identify Theft Loss	$15,000	$15,000
6. Telephone Hacking Loss	$15,000	$15,000
7. Direct Financial Loss (Funds Transfer Fraud)	N/A	N/A
8. Cyber Deception	N/A	N/A

ITEM 5. **PREMIUM** $15,496.00

TRIA PREMIUM: $155.00 (IF ELECTED IS 1% OF THE TOTAL PREMIUM)

TOTAL: $15,651.00

ITEM 6. **TERRITORIAL LIMITS** Worldwide

ITEM 7. **RETROACTIVE DATE** Full Prior Acts

ITEM 8. **NOTICE OF CLAIM**

Call Baker Hostetler at the 24 Hour Security Breach Hotline: 1-855-217-5204
Or email RPSCyberClaims@bakerlaw.com
Or contact:
BakerHostetler
45 Rockefeller Plaza
New York, NY 10111
Attn: RPSCyberClaims

ITEM 9. **SERVICE OF SUIT**

Risk Situated in California:
Eileen Ridley
FLWA Service Corp.
c/o Foley & Lardner LLP
555 California Street, Suite 1700, San Francisco, CA 94104-1520

Risks Situated in All Other States:
Mendes & Mount
750 Seventh Avenue, New York, NY 10019

Quotation
This is not a valid Policy

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

ITEM 10.	**CHOICE OF LAW**	Washington
ITEM 11.	**WAITING PERIOD:**	12 hrs waiting period
FORMS AND ENDORSEMENTS EFFECTIVE AT INCEPTION		94.200 (07/19) CYBER AND PRIVACY LIABILITY POLICY FORM 94.102 (01 15) Nuclear Incident Exclusion 94.103 (01 15) Radioactive Contamination Exclusion 94.805 (06/17) Breach Response Team Endorsement 94.801 WA (07/19) Washington Amendatory Endorsement 94.104 (01 15) New Short Rate Cancellation table endorsement 94.551 (01 15) Coverage for Certified Acts of Terrorism (Included only if Terrorism coverage is elected at 1% additional premium) 94.552 WA (01 15) War and Terrorism Endorsement

Quotation
This is not a valid Policy

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BCS INSURANCE COMPANY

2 Mid America Plaza, Suite 200
Oakbrook Terrace, Illinois 60181

NOTICE: THIS POLICY IS LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST YOU AND NOTIFIED TO US DURING THE POLICY PERIOD (OR EXTENDED REPORTING PERIOD, IF APPLICABLE) AS REQUIRED HEREIN, AND LOSS FROM EVENTS THAT FIRST OCCUR AFTER THE RETROACTIVE DATE AND BEFORE THE END OF THE POLICY PERIOD THAT YOU FIRST LEARN OF AND REPORT TO US DURING THE POLICY PERIOD AS REQUIRED HEREIN. CLAIMS EXPENSES SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND ARE SUBJECT TO THE APPLICABLE RETENTION(S). TERMS THAT APPEAR IN "QUOTATIONS" HAVE SPECIAL MEANINGS. SEE THE DEFINITIONS FOR MORE INFORMATION. PLEASE READ THIS POLICY CAREFULLY.

CYBER AND PRIVACY LIABILITY POLICY FORM

In consideration of the payment of the premium and reliance upon the statements made by "You" in the "Application" and subject to the Limit of Liability, exclusions, conditions and other terms of this Policy, it is agreed as follows:

I. COVERAGES

A. PRIVACY LIABILITY (INCLUDING EMPLOYEE PRIVACY)

"We" shall pay on "Your" behalf "Damages" and "Claims Expenses" that "You" become legally obligated to pay in excess of the applicable retention resulting from a "Claim" first made against "You" and reported to "Us" during the "Policy Period" or "Extended Reporting Period" arising out of a "Privacy Wrongful Act" occurring on or after the "Retroactive Date" and before the end of the "Policy Period", harming any third (3rd) party or "Employee".

B. PRIVACY REGULATORY CLAIMS COVERAGE

"We" shall pay on "Your" behalf "Regulatory Fines", "Consumer Redress Funds", "HIPAA Corrective Action Plan Costs" and "Claims Expenses" that "You" become legally obligated to pay in excess of the applicable retention resulting from a "Regulatory Claim" first made against "You" and reported to "Us" during the "Policy Period" or "Extended Reporting Period" arising out of a "Privacy Wrongful Act" occurring after the "Retroactive Date" and before the end of the "Policy Period".

C. SECURITY BREACH RESPONSE COVERAGE

"We" shall pay on "Your" behalf any "Breach Response Costs" in excess of the applicable retention that are incurred in the event of a "Security Breach" with respect to "Private Information" or after a "Cyber-Extortion Threat".

"We" will not make any payment under this Coverage unless the "Security Breach" first occurs after the "Retroactive Date" and before the end of the "Policy Period" and "You" first learn of the "Security Breach" during the "Policy Period" and report the "Security Breach" to "Us" as soon as practicable within the "Policy Period".

Quotation is not a bound Policy

D. SECURITY LIABILITY

"We" shall pay on "Your" behalf "Damages" and "Claims Expenses" that "You" become legally obligated to pay in excess of the applicable retention resulting from a "Claim" first made against "You" and reported to "Us" during the "Policy Period" or "Extended Reporting Period" arising out of a "Security Wrongful Act" occurring after the "Retroactive Date" and before the end of the "Policy Period".

E. MULTIMEDIA LIABILITY

"We" shall pay on "Your" behalf "Damages" and "Claims Expenses" that "You" become legally obligated to pay in excess of the applicable retention resulting from a "Claim" first made against "You" and reported to "Us" during the "Policy Period" or "Extended Reporting Period" arising out of a "Multimedia Wrongful Act" occurring after the "Retroactive Date" and before the end of the "Policy Period".

F. CYBER EXTORTION

"We" shall reimburse "You" for the "Cyber-Extortion Expenses and Cyber-Extortion Payments" that "You" actually pay in excess of the applicable retention directly resulting from a "Cyber-Extortion Threat" that "You" first receive and report to "Us" as soon as practicable during the "Policy Period".

G. BUSINESS INCOME AND DIGITAL ASSET RESTORATION

1. "We" shall pay "Your Organization" for the "Business Income Loss" in excess of the applicable retention that "You" sustain during a "Period of Restoration" resulting directly from a "Network Disruption" that commences during the "Policy Period", but only if the duration of such "Period of Restoration" exceeds the "Waiting Period" set forth in the Declarations, and such "Network Disruption" first occurs after the "Retroactive Date" and before the end of the "Policy Period" and "You" first learn of the "Network Disruption" during the "Policy Period" and report the "Network Disruption" to "Us" as soon as practicable within the "Policy Period".

2. "We" shall reimburse "Your Organization" for the "Restoration Costs" in excess of the applicable retention that "You" incur because of the alteration, destruction, damage or loss of "Digital Assets" that commences during the "Policy Period" resulting solely and directly from a "Security Compromise", but only if such "Security Compromise" first occurs on or after the "Retroactive Date" and before the end of the "Policy Period" and "You" first learn of the "Security Compromise" during the "Policy Period" and report the "Security Compromise" to "Us" as soon as practicable within the "Policy Period".

3. "We" shall pay "Your Organization" for the "Reputation Business Income Loss" in excess of the applicable retention that "You" sustain following a "Security Breach" or "Network Disruption", but only if such "Security Breach" or "Network Disruption" first occurs on or after the "Retroactive Date" and before the end of the "Policy Period" and "You" first learn of the "Security Breach" or "Network Disruption" during the "Policy Period" and report the "Security Breach" or "Network Disruption" to "Us" as soon as practicable within the "Policy Period".

4. "We" shall reimburse "Your Organization" for the "Systems Integrity Restoration Loss" in excess of the applicable retention caused by a "Security Compromise", but only if such "Security Compromise" first occurs on or after the "Retroactive Date" and before the end of the "Policy Period" and "You" first learn of the "Security Compromise" during the "Policy

Period" and report the "Security Compromise" to "Us" as soon as practicable within the "Policy Period".

H. PCI DSS ASSESSMENT

"We" shall pay on "Your" behalf "Damages" and "Claims Expenses" that "You" become legally obligated to pay in excess of the applicable retention resulting from a "Claim" first made against "You" and reported to "Us" during the "Policy Period" or "Extended Reporting Period" arising out of a "PCI DSS Wrongful Act" occurring on or after the "Retroactive Date" and before the end of the "Policy Period".

I. ELECTRONIC FRAUD

1. "We" shall reimburse "Your Organization" in excess of the applicable retention for a "Phishing Loss" caused by a "Phishing Event" first discovered by "You" and reported to "Us" during the "Policy Period".

2. "We" shall reimburse "Your Organization" in excess of the applicable retention for a "Services Fraud Loss" caused by a "Services Fraud Event" first discovered by "You" and reported to "Us" during the "Policy Period".

3. "We" shall reimburse "Your Organization" for "Reward Fund Loss" paid by "You" with "Our" prior written consent in excess of the applicable retention related to an "Event" implicating coverage under this Policy; but will not include any amount based upon information provided by "You", "Your" auditors or any individual hired or retained to investigate the illegal acts. All criminal reward funds offered pursuant to this Policy must expire no later than 6 months following the end of the "Policy Period".

4. "We" shall reimburse any senior executive officer(s) of "Your Organization" in excess of the applicable retention for "Personal Financial Loss" as a direct result of a "Security Breach" or "Security Compromise" first discovered by "You" and reported to "Us" during the "Policy Period".

5. "We" shall reimburse "Your Organization" in excess of the applicable retention for "Corporate Identity Theft Loss" incurred by "You" as a direct result of a "Security Breach" or "Security Compromise" first discovered by "You" and reported to "Us" during the "Policy Period".

6. "We" shall reimburse "Your Organization" for "Telephone Hacking Loss" in excess of the applicable retention arising from a "Telephone Hacking Event" first discovered by "You" during the "Policy Period" as a direct result of "Your" "Telecommunications Services" being subject to a "Telephone Hacking Event" arising from unauthorized calls or unauthorized use of "Your" bandwidth, but only if "You" first learn of the "Telephone Hacking Event" during the "Policy Period" and report the "Telephone Hacking Event" to "Us" as soon as practicable within the "Policy Period."

7. "We" shall reimburse "Your Organization" for "Direct Financial Loss" as a direct result of "Funds Transfer Fraud" committed by a third party and first discovered by "You" and reported to "Us" during the "Policy Period".

8. In consideration of the required additional premium for optional Cyber Deception coverage, "We" shall reimburse "Your Organization" per the terms and conditions of the Cyber Deception Endorsement attached to this policy.

II. DEFENSE, SETTLEMENT, AND INVESTIGATION OF CLAIMS

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A. "We" shall have the right and duty to defend, subject to the "Policy Aggregate Limit" and applicable "Sublimits of Liability", exclusions and other terms and conditions of this Policy, any "Claim" against "You" seeking "Damages" which are potentially payable under the terms of this Policy, even if any of the allegations of the "Claim" are groundless, false, or fraudulent.

"You" and "We" shall mutually agree on counsel to defend "Claims". "You" shall not formally appoint defense counsel without "Our" consent, which shall not be unreasonably withheld. However, in the absence of such agreement, "Our" choice of counsel decision shall control. "We" agree that "You" may settle any "Claim" where the "Damages" and "Claims Expenses" do not exceed fifty percent (50%) of the applicable retention, provided that the entire "Claim" is resolved and "You" receive a full release from all claimants.

"We" shall have the right to make any investigation We" deem necessary, including without limitation, any investigation with respect to the "Application" and statements made in the "Application" and with respect to potential coverage.

The "Policy Aggregate Limit" and "Sublimits of Liability" available to pay "Damages", "Claims Expenses" and "Loss" shall be reduced and may be completely exhausted by payment of such. "Damages", "Claims Expenses" and "Loss" and shall be applied against the applicable retention "You" pay.

B. If "You" refuse to consent to a settlement or compromise "We" recommend, which settlement or compromise is acceptable to the claimant, and "You" elect to contest the "Claim", then:

1. Subject to the applicable Limits of Liability, our liability for any "Damages" and "Claims Expenses" shall not exceed:

   a. the amount for which the "Claim" could have been settled, plus the "Claims Expenses" incurred up to the date of such refusal; and

   b. eighty percent (80%) of the "Damages" and "Claims Expenses" in excess of the amount in a. above incurred for such "Claim"; provided that "You" bear the remaining twenty percent (20%) of the "Damages" and "Claims Expenses" in excess of the amount in a. above as uninsured and at "Your" own risk; and

2. "We" shall have the right to withdraw from the further defense of such "Claim" by tendering control of the defense to "You".

This clause shall not apply to any settlement where the total of the proposed settlement and incurred "Claims Expenses" do not exceed all applicable retentions.

C. "We" shall not be obligated to pay any "Damages", "Claims Expenses" or "Loss" or to undertake or continue any defense of any "Claim", after the "Policy Aggregate Limit" or applicable "Sublimit(s) of Liability" have been exhausted by payment of "Damages", "Claims Expenses" and/or "Loss" or after deposit of the "Policy Aggregate Limit" or applicable "Sublimit(s) of Liability" in a court of competent jurisdiction, and that upon such payment or deposit, "We" shall have the right to withdraw from the further defense thereof by tendering control of said defense to "You".

III. TERRITORY

This insurance applies to "Events" occurring, "Claims" made and "Wrongful Acts", acts, errors or omissions committed or alleged to have been committed anywhere in the world.

IV. EXCLUSIONS

The coverage under this Policy shall not apply to any “Damages”, Claims Expenses”, “Loss” or other amounts, arising out of or resulting directly, from:

A. “Bodily Injury” or “Property Damage”; except:

   1. with respect to a "Claim" under Coverages A. Privacy Liability and D. Security Liability only, this exclusion will not apply to any otherwise covered "Claim" for emotional distress mental injury, mental tension or mental anguish, pain and suffering, humiliation or shock; and

   2. Except for a "Claim" described in Section IV.A.1., with respect to a "Claim" under Coverages A. Privacy Liability and D. Security Liability only, this exclusion will not apply to any otherwise covered claim for "Bodily Injury" or "Property Damage" but the most "We" will pay for such "Bodily Injury" or "Property Damage" is the sublimit of liability stated in ITEM 3.III.B. of the Declarations. Such sublimit is part of the Limit of Liability and not in addition.

   3. This exclusion will also not apply to a “Systems Integrity Restoration Loss” covered under Coverages G.4.

B. “Your” employment practices or any alleged or actual discrimination against any person or entity on any basis, including without limitation, race, creed, color, religion, ethnic background, national origin, age, handicap, disability, sex, sexual orientation, or pregnancy; provided, however, this exclusion shall not apply to any “Claim” alleging a “Privacy Wrongful Act” or “Security Wrongful Act” in connection with an “Employee’s” or prospective employee’s employment;

C. The failure, malfunction or inadequacy of any satellite; any electrical or mechanical failure and/or interruption, including but not limited to electrical disturbance, spike, brownout or blackout; or any outage to gas, water, telephone, cable, telecommunications or other infrastructure, unless such infrastructure is under “Your” operational control; provided, however this exclusion shall not apply to any “Privacy Wrongful Act” that is caused by such electrical or mechanical failure or that is caused by such failure of telephone lines, data transmission lines or other infrastructure comprising or supporting the “Internet”;

D. Fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, an act of God or any other physical event, however caused;

E. Breach of any express, implied, actual or constructive contract, agreement, warranty, guarantee or promise, provided, however, this exclusion shall not apply to:

   1. any liability or obligation “You” would have in the absence of such contract or agreement;

   2. any breach of “Your” privacy statement; or

   3. any indemnity by “You” in a written contract or agreement with “Your” client regarding any “Privacy Wrongful Act” or “Security Wrongful Act” by “You” in failing to preserve the confidentiality or privacy of “Private Information”;

   4. any "Merchant Service" Agreement that “You” may enter into as part of "Your" business activities.

F. Any of the following:

   1. Any presence of pollutants or contamination of any kind;

   2. Any actual, alleged or threatened discharge, dispersal, release, or escape of pollutants or contamination of any kind;

3. Any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants or in any way respond to or assess the effects of pollutants or contamination of any kind;

4. Manufacturing, mining, use, sale, installation, removal, distribution of or exposure to asbestos, materials, or products containing asbestos, asbestos fibers or dust;

5. Ionizing radiation or contamination by radioactivity from any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;

6. Actual, potential or alleged presence of mold, mildew or fungi of any kind;

7. The radioactive, toxic, or explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof; or

8. The existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment or that affects the value, marketability, condition or use of any property;

G. Any of the following:

1. the purchase, sale, offer of or solicitation of an offer to purchase or sell securities, or alleged or actual violation of any securities law, including but not limited to the provisions of the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act of 2002, or any regulation promulgated under the foregoing statutes, or any federal, state, local or foreign laws similar to the foregoing statutes (including “Blue Sky” laws), whether such law is statutory, regulatory or common law. However, this exclusion G.1. does not apply to any “Claim” alleging or arising out of a violation of Regulation S-P (17 C.F.R. §248) or any failure to disclose a “Security Breach” or violation of any “Privacy Regulation”;

2. alleged or actual violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced And Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder, or any federal, state, local or foreign law similar to the foregoing statute, whether such law is statutory, regulatory or common law, unless the "Claim" results from "Your" alleged introduction of malicious code that results in the theft, loss or unauthorized disclosure of the claimant's "Private Information";

3. alleged or actual violation of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974, as amended unless the "Claim" results from "Your" alleged introduction of malicious code that results in the theft, loss or unauthorized disclosure of the claimant's "Private Information"; or

4. alleged or actual anti-trust violations, restraint of trade or unfair competition, including without limitation, violations of the Sherman Act, the Clayton Act or the Robinson-Patman Act, or any other federal, state, local, or foreign laws regulating the same or similar conduct; provided, however, this exclusion G.4 shall not apply to a “Claim” for a “Multimedia Wrongful Act” or a “Regulatory Claim”;

H. Any “Act Of Terrorism”; strike or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular uprising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against

these actions; including all amounts, “Damages”, “Claims Expenses” or “Loss” of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to the above; provided, however, if “We” allege that by reason of this exclusion any “Damages”, “Claims Expenses” or “Loss” are not covered by this Policy, the burden of proving the contrary shall be upon “You”. However, this exclusion does not apply to acts perpetrated electronically;

I. Any of the following:

1. any circumstance or “Event” occurring, or “Wrongful Act”, act, error, or omission committed, prior to the inception date of this Policy or, if this is a renewal, prior to the first date of this type of insurance granted by “Us” or any other insurer, that a member of the “Control Group” knew, or could have reasonably foreseen that such circumstance, “Event”, “Wrongful Act”, act, error, or omission would be the basis of a “Claim” or lead to an “Event”;

2. any “Claim”, “Event” or circumstance of which notice was provided to “Us” or another insurer prior to the “Policy Period” that was, could reasonably be expected to be, or lead to, the type of “Claim” or “Event” potentially covered by this Policy; or

3. any circumstance occurring or “Event” commencing, or “Wrongful Act”, act, error, or omission committed prior to the “Retroactive Date”;

J. Any criminal conduct, dishonest act, intentional violation of the law, unfair or deceptive business practice, fraudulent or malicious act, or error or omission committed by “You” with actual criminal, dishonest, fraudulent or malicious purpose or intent; provided, however, this exclusion shall not apply to:

1. “Claims Expenses” incurred in defending any such “Claim” until there is a final adjudication, judgment, binding arbitration decision or conviction against “You” in such “Claim” or an admission by “You” establishing such conduct, or a plea of nolo contendere or no contest by “You” regarding such conduct, in which event “You” shall reimburse “Us” for all “Claims Expenses” that “We” have paid and “We” shall have no further liability for “Claims Expenses” from such “Claim”; and

2. any of “You” who did not personally commit, personally participate in committing or personally acquiesce in such conduct, except that this exclusion shall apply with respect to “Your Organization” if an admission, final adjudication, or finding in a proceeding separate or collateral to the “Claim” establishes that a current member of the “Control Group” in fact engaged in such conduct;

K. Any “Claim” made by or on behalf of:

1. any person or entity within the definition of “You” against any other Insured person or entity within the definition of “You”; provided, however, this exclusion shall not apply to an otherwise potentially covered “Claim” under Coverage A made by a current or former “Employee” of “Your Organization”; or

2. any entity which:

a. is operated, managed, or controlled by “You” or in which “You” have an ownership interest in excess of twenty five percent (25%) or in which “You” are an officer or director; or

b. operates, controls, or manages “Your Organization”, or has an ownership interest of more than twenty five percent (25%) in “Your Organization”;

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L. “Your” activities as a trustee, partner, officer, director, or “Employee” of any employee trust, charitable organization, corporation, company or business other than “Your Organization”;

M. Any alleged or actual:

1. infringement or violation of patent rights; or

2. misappropriation, theft, copying, display or publication of any trade secret;

Unless such event occurs as a result of a “Security Compromise”.

N. Any trading losses or trading liabilities; the monetary value of any electronic fund transfers or transactions by or on behalf of “You” which is lost, diminished, or damaged during transfer from, into or between accounts; or the face value of coupons, price discounts, prizes, awards, or any other valuable consideration given in excess of the total contracted or expected amount; provided, however, this exclusion will not apply to any “Breach Response Costs” incurred due to a “Security Breach”.

O. Any actual or alleged violation of the Telephone Consumer Protection Act (the "TCPA"); however, this exclusion will not apply to a "Claim" against "You" for violation of the TCPA otherwise covered under Insuring Agreements A or B; however, the most "We" will pay for "Claims Expenses" or "Damages" under this exception to this exclusion is the sublimit of liability stated in ITEM 3.III.C. of the Declarations. Such sublimit is part of the Limit of Liability and not in addition.

With respect to Coverage G only, this Policy does not apply to any “Damages”, “Claims Expenses”, "Loss" or other amounts arising out of, or resulting, directly or indirectly from:

P. Any failure of:

1. telephone lines;

2. data transmission lines or wireless communications connection; or

3. other telecommunications equipment, facilities or electronic infrastructure, including equipment, facilities or infrastructure that supports the operation of computer networks, including the “Internet”, which are used to transmit or receive voice or data communications and which are not under “Your” direct operational control or, if applicable, not under the direct operational control of “Your” “Service Provider”;

Q. Any seizure, confiscation, nationalization, or destruction of, or damage to or loss of use of any “Digital Asset” or “Your” “Computer Systems” by order of any governmental authority;

R. Ordinary wear and tear or gradual deterioration of “Digital Assets” or “Computer Systems” on which “Digital Assets” are processed or stored, whether owned by “You” or others; or

S. The physical loss of, damage to or destruction of tangible property, including the loss of use thereof; however, “tangible property” does not include “Digital Assets”, but does include all computer hardware unless otherwise covered as “Systems Integrity Restoration Loss”.

NOTE: Exclusions P through S apply to Coverage G only.

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V. DEFINITIONS

"Acquiring Bank" means a bank or financial institution that accepts credit and/or debit payments (including credit cards, debit cards, stored value cards and pre-paid cards) for products or services on behalf of a merchant, including processing and crediting those payments to a merchant.

"Act Of Terrorism" means:

1. any act certified an "Act Of Terrorism" pursuant to the federal Terrorism Risk Insurance Act of 2002 or otherwise declared an "Act Of Terrorism" by any government;

2. any act committed by any person or group of persons designated by any government as a terrorist or terrorist group or any act committed by any person or group of persons acting on behalf of or in connection with any organization designated by any government as a terrorist organization; or

3. the use of force or violence and/or the threat thereof by any person or group of persons, whether acting alone or on behalf of or in connection with any organization or government, committed for political, religious, ideological, or similar purposes, including the intention to influence any government and/or put the public, or any section of the public, in fear.

"Application" means all applications, including any attachments thereto, and all other information and materials submitted by "You" or on "Your" behalf to "Us" in connection with the underwriting of this Policy.

"Bodily Injury" means injury to the body, sickness, or disease sustained by any person, and where resulting from such injuries, mental anguish, mental injury, shock, humiliation, emotional distress, loss of consortium, or death.

"Breach Response Costs" means the following fees, costs, charges or expenses, if reasonable and necessary, that our "Breach Response Team" incurs in responding to a "Security Breach" or a "Cyber-Extortion Threat", or the following costs described in subparagraphs 1 through 9 and incurred by a non-panel vendor with "Our" prior written agreement because of a "Security Breach" experienced by "You", so long as such costs are incurred during the period of twelve (12) months after "You" first learn of such "Security Breach":

1. forensic professional fees and expenses to determine the cause and extent of such "Security Breach" and terminate the "Security Breach";

2. "Breach Response Counsel" fees and expenses to: determine whether "You" or a third party are obligated under applicable "Privacy Regulations" to notify applicable regulatory agencies or individuals affected or reasonably believed to be affected by such "Security Breach"; effect compliance with any applicable "Privacy Regulations"; draft the text of privacy notifications to individuals affected or reasonably believed to be affected by such "Security Breach"; notify law enforcement; and, coordinate the investigation of such "Security Breach";

3. costs to notify individuals affected or reasonably believed to be affected by such "Security Breach", including printing costs, publishing costs, postage expenses, call center costs or costs of notification via phone or e-mail, including "voluntary notification" where "You" or a third party have no legal obligation to provide notification, but wish to do so to protect "Your" or a third party's brand and reputation, and the costs to notify regulators if required to do so;

4. "Credit Monitoring Expenses";

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5. identity theft restoration costs;

6. public relations expenses;

7. the cost of a PCI Forensic Investigator (PFI) fees/expenses and a second forensic investigator to shadow the PFI following a “Security Breach"; and

8. reasonable and necessary fees for a mandatory audit by a Qualified Security Assessor (QSA) to show “You” are PCI Data Security Standards compliant following a “Security Breach".

9. the reasonable and necessary costs, not to exceed the sublimit of liability stated in ITEM 3.III.E. of the Declarations and implemented by the members of the "Breach Response Team" identified as Post Breach Response service providers, of the following: (1) the revision of an incident response plan; (2) the completion of a network security audit; (3) an information security risk assessment; or (4) the implementation of a security awareness training program;

“Breach Response Costs” do not include “Your” overhead expenses or any salaries, wages, fees, or benefits of “Your” “Employees”.

“Breach Response Counsel” means counsel approved in the Breach Response Team Endorsement and counsel as appointed by “Us”.

“Breach Response Team” means the vendors approved in the Breach Response Team Endorsement and vendors approved by “Us”.

“Business Income Loss” means:

1. “Earnings Loss”;

2. “Expenses Loss”; and/or

3. The reasonable and necessary costs "You" incur to retain an Independent Consultant to determine the amount of "Your" "Business Income Loss", not to exceed the sublimit stated in ITEM 3.III.F. of the Declarations. This sublimit of liability is part of, and not in addition to, the sublimit of liability stated in ITEM 3.II.G.1. of the Declarations.

The most “We” will pay for “Business Income Loss” that “You” sustain resulting directly from a “Network Disruption” involving an “Outsourced Provider” “Computer System” (as defined in part 2. of the Definition of "Network Disruption") is the sublimit stated in ITEM 3.III.G. of the Declarations. This sublimit of liability is part of, and not in addition to, the sublimit of liability stated in ITEM 3.II.G.1. of the Declarations.

“Business Income Loss” does not include:

1) any contractual penalties;

2) any costs or expenses incurred to update, upgrade, replace, restore or otherwise improve any “Computer System” to a level beyond that which existed prior to a “Network Disruption”;

3.) any costs or expenses incurred to identify, remove or remediate computer program errors or vulnerabilities, or costs to update, upgrade, replace, restore, maintain or otherwise improve any “Computer System”;

4) any legal costs or expenses or other amounts arising out of liability to any third (3rd) party;

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5) any amounts incurred as a result of unfavorable business conditions; or

6) any other consequential amounts, loss or damage.

“Claim” means:

1. A written demand received by “You” for money or services, including the service of a civil suit or institution of arbitration proceedings;

2. Initiation of a civil suit against “You” seeking injunctive relief;

3. A written notice of an alleged "Privacy Wrongful Act" or "Security Wrongful Act" from a third party.

4. Solely with respect to Coverage B., a “Regulatory Claim” made against “You”; or

5. Solely with respect to Coverage H., written notice to "You" of a “PCI DSS Assessment”.

Multiple “Claims” arising from the same or a series of related or repeated “Wrongful Acts”, acts, errors, or omissions or from any continuing “Wrongful Acts”, acts, errors or omissions shall be considered a single “Claim” for the purposes of this Policy, irrespective of the number of claimants or “You” involved therein. All such related “Claims” shall be deemed to have been first made at the time the earliest such “Claim” was made or deemed made under Section IX.A.

“Claims Expenses” means:

1. reasonable and necessary fees charged in the defense or settlement of a “Claim” by an attorney whom “We” designate or whom “You” designate with “Our” prior written consent, such consent not to be unreasonably withheld; and

2. all other legal costs and expenses resulting from the investigation, adjustment, defense and appeal of a “Claim”, if incurred by “Us” or by “You” with “Our” prior written consent; however, “Claims Expenses” do not include “Your” overhead expenses or any salaries, wages, fees, or benefits of “Your” “Employees” for any time spent in cooperating in the defense or investigation of any “Claim” or circumstance that might lead to a “Claim”.

3. Notwithstanding the foregoing, "Claims Expenses" includes Court Attendance Costs, defined as reasonable sums necessarily incurred by "You" with "Our" prior written agreement, not to exceed the sublimit of liability stated in ITEM 3.III.A. of the Declarations, to attend court or any tribunal, arbitration, adjudication, mediation or other hearing in connection with any "Claim" for which "You" are entitled to a defense under this Policy.

“Computer System” means electronic, wireless, web or similar systems (including all hardware and software) used to process data or information in an analog, digital, electronic or wireless format, including computer programs, electronic data, operating systems, and components thereof, including but not limited to laptops, personal digital assistants, cellular phones, media storage and peripheral devices, including the internet of things (IoT) devices, media libraries, associated input and output devices, networking identity equipment, and electronic backup equipment. With respect to Coverage G only, “Computer System” means a “Computer System” over which “You” have direct operational control or that is under the direct operational control of a “Service Provider” used to process, maintain or store “Your” “Digital Assets”.

“Consumer Redress Funds” means any sums of money “You” are legally required to deposit in a fund for the payment of consumers due to a settlement of, or an adverse judgment in, a “Regulatory Claim”.

“Control Group” means the board members, executive officers, Chief Technology Officer, Chief Information Officer, Risk Manager and General Counsel or their functional equivalents of “Your Organization”. This does not include any administrative staff who work in the offices of these named positions.

"Corporate Identity Theft Loss" means monetary or other financial asset loss as a result of the fraudulent use of "Your" electronic identity, including the establishment of credit in "Your" name, the electronic signing of any contract, or the creation of any website designed to impersonate "You". The most “We” will pay for any “Corporate Identity Theft Loss” is the sublimit of liability stated in ITEM 3.II.I.5. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

“Credit Monitoring Expenses” means the reasonable and necessary expense of providing free credit report services, identity theft protection services, credit monitoring services, credit freezes, healthcare fraud monitoring services, fraud alerts or call center services for customers, third parties and employees affected or reasonably believed to be affected by a “Security Breach”. However, “We” shall not be obligated to pay for more than twelve (12) months from the date of enrollment in such services, unless there is a statute, rule, regulation, court ruling or requirement by a regulator requiring otherwise, or in the opinion of “Breach Response Counsel”, offering more than twelve (12) months will justifiably reduce “Your” potential liability, “Damages” or “Loss”.

“Cyber-Extortion Expenses” means the reasonable and necessary expenses “You” incur with “Our” approval in evaluating and responding to a “Cyber-Extortion Threat”. However, “Cyber-Extortion Expenses” do not include “Your” overhead expenses or any salaries, wages, fees, or benefits of “Your” “Employees”.

“Cyber-Extortion Payment” means any sum paid to or at the direction of any third (3rd) party, including sums paid via bitcoin or other crypto currencies, that “You” reasonably believe to be responsible for a “Cyber-Extortion Threat”; provided that:

1. “You” obtain “Our” written consent prior to making such “Cyber-Extortion Payment”;

2. “You” make such “Cyber-Extortion Payment” to terminate the “Cyber-Extortion Threat”; and

3. the “Cyber-Extortion Payment” does not exceed the amounts “We” reasonably believe would have been incurred had such “Cyber-Extortion Payment” not been made.

“Cyber-Extortion Threat” means a credible threat or connected series of threats made, or actions taken, by someone other than a member of the “Control Group”:

1. to introduce “Malicious Code” into “Your” “Computer System”;

2. to interrupt “Your” “Computer System” or interrupt access to “Your” “Computer System”, such as through a “Denial of Service Attack”;

3. to corrupt, damage or destroy “Your” “Computer System”; or

4. to disseminate, divulge, or improperly utilize any “Private Information” on “Your” “Computer Systems” taken as a result of a “Network Disruption”.

“Damages” means:

1. Solely with respect to Coverages A, D, or E, a monetary judgment, award or settlement, including:

a. Pre-judgment interest;

b. Post-judgment interest that accrues after entry of the judgment or award and before “We” have paid, offered to pay or deposited in court that part of the judgment or award within the applicable Limits of Liability;

c. subject to this Policy’s terms, conditions, and exclusions, punitive or exemplary “Damages” (where insurable by the applicable law that most favors coverage for such “Damages”);

d. liquidated damages, contractual service credits or contractual penalties but not exceeding those “You” would have been liable for in the absence of such contract;

2. Solely with respect to Coverage B, “Regulatory Fines” and “Consumer Redress Funds”; and

3. Solely with respect to Coverage H, a "PCI DSS Assessment" or a settlement of a "PCI DSS Assessment".

“Damages” shall not include or mean:

1) “Your” future profits, restitution, or disgorgement of profits; or “Your” cost to comply with any order granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;

2) “Your” return or offset of fees, charges, royalties, or commissions for goods or services already provided or contracted to be provided;

3) fines or penalties of any nature, except those that are part of “Regulatory Fines” and “Consumer Redress Funds” as identified above, or sought in a “PCI DSS Assessment”;

4) any amount “You” are not financially or legally obligated to pay;

5) any donations or contributions to any charitable organization;

6) charge backs, interchange fees, discount fees or prospective services fees sought, awarded or agreed to as part of a settlement in a “PCI DSS Assessment”; or

7) matters that may be deemed uninsurable under law. “We” shall apply the most favorable state law to “You” in determining insurability.

“Denial of Service Attack” means unauthorized attacks or deliberate overloading of bandwidth connections and/or web servers by means of the sending of substantial quantities of repeat or irrelevant communication or data with the intent of blocking access to “Your” “Computer System” through the “Internet” by third (3rd) parties.

“Digital Assets” means any electronic data, including personally identifiable, non-public information, or computer software over which “You” have direct control or for which such control has been contractually assigned by “Your Organization” to a “Service Provider”. “Digital Assets” do not include computer hardware of any kind.

"Direct Financial Loss" means "Your” monetary or other financial asset loss as a result of a “Funds Transfer Fraud” under Coverage I. The most “We” will pay for any “Direct Financial Loss” arising from

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a “Funds Transfer Fraud” is the sublimit of liability stated in ITEM 3.II.I.7. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

“Earnings Loss” means the difference between the revenue that “Your Organization” would have earned, based on reasonable projections and the variable costs that would have been incurred, but which “Your Organization” would have saved as a result of not earning that revenue.

“Employee” means any individual in “Your Organization’s” service, including any part-time, seasonal, and temporary employee, who is compensated by salary, wages, fees or commissions, or unpaid intern or volunteer over whom “You” have the right to direct and control, but excluding any partner or director of “Your Organization”.

“Event” means a:

1. “Security Breach”;
2. “Cyber-Extortion Threat”;
3. “Security Compromise”;
4. “Network Disruption;
5. "Phishing Event";
6. "Services Fraud Event";
7. “Telephone Hacking Event”; or
8. "Funds Transfer Fraud".

Multiple “Events” arising from the same or a series of related or repeated “Events”, acts, errors, or omissions, or from any continuing “Events”, acts, errors, or omissions shall be considered a single “Event” for the purposes of this Policy. All such related “Events” shall be deemed to have first occurred at the time the earliest such “Event” first occurred or commenced.

“Expenses Loss” means the additional expenses “Your Organization” incurred to minimize the suspension of business and to continue operations that are over and above the expenses that “Your Organization” reasonably and necessarily would have incurred to conduct “Your” business had no “Network Disruption” occurred. These additional expenses do not include any " “Restoration Costs” or any actual, reasonable and necessary expenses “You” incur in response to a “Network Disruption” in order to prevent, minimize or mitigate any further damage to “Your” “Digital Assets”, or preserve critical evidence of any wrongdoing.

“Extended Reporting Period” means the period of time after the end of the “Policy Period” for reporting “Claims” as provided in Section VIII. of this Policy.

"Funds Transfer Fraud" means any of the following acts, carried out by means other than through the intentional misleading of a person by means of a dishonest misrepresentation of a material fact contained or conveyed within an electronic or telephonic communication(s) and relied upon by a person believing it to be genuine:

1. any unauthorized electronic funds transfer;
2. theft of “Your” money or other financial assets from "Your" bank by electronic means;

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3. theft of money or other financial assets from “Your” corporate credit cards by electronic means; or

4. any fraudulent manipulation of electronic documentation while stored on “Your” ”Computer System”.

"HIPAA Corrective Action Plan Costs" means reasonable and necessary costs "You" incur with "Our" prior written approval, not to exceed the sublimit of liability stated in ITEM 3.III.D. of the Declarations, to meet any of the requirements specified within a HIPAA corrective action plan as the direct result of a “Regulatory Claim” otherwise covered by this "Policy".

“Intranet” means a private computer network inside a company or organization that uses the same kinds of software found on the “Internet”, but only for internal use.

“Internet” means the worldwide public network of computer networks which enables the transmission of electronic data between different users, commonly referred to as the “Internet”, including a private communications network existing within a shared or public network platform.

“Loss” means a:

1. “Business Income Loss”;

2. “Breach Response Costs”;

3. “Reputation Business Income Loss”;

4. “Restoration Costs”;

5. "System Integrity Restoration Loss";

6. “Cyber-Extortion Payments” and “Cyber-Extortion Expenses”;

7. "Phishing Loss";

8. "Services Fraud Loss"';

9. "Reward Fund Loss";

10. "Personal Financial Loss";

11. "Corporate Identity Theft Loss";

12. "Telephone Hacking Loss"; or

13. "Direct Financial Loss".

“Malicious Code” means any unauthorized and corrupting or harmful computer code, including but not limited to computer viruses, spyware, Trojan horses, worms, logic bombs, and mutations of any of the proceeding.

“Media Content” means data, digital code, images, graphics, sounds, text or any other similar material regardless of the method or medium of communication of such content or the purpose of the communication.

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"Merchant Services Agreement" means any written agreement between “You” and a card association (including MasterCard, VISA, Discover, American Express or JCB), which allows “You” to accept payment by credit, debit or prepaid card.

“Multimedia Wrongful Act” means any of the following acts committed in the ordinary course of “Your Organization’s” business in gathering, communicating, reproducing, publishing, disseminating, displaying, releasing, transmitting or disclosing “Media Content” via any “Computer System” that “You” own or operate or is operated on “Your” behalf by a third (3rd) party, including any web-based social media authorized or operated by “Your Organization” or any “Internet” or “Intranet” website, or via any non-electronic media:

1. defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;

2. invasion of or interference with the right to privacy or publicity;

3. false arrest, detention or imprisonment or malicious prosecution;

4. infringement of any right to private occupancy, including trespass, trespass as a result of cookie use, wrongful entry, eviction or eavesdropping;

5. infringement of copyright, domain name, trade dress, title or slogan, or the dilution or infringement of trademark, service mark, service name or trade name;

6. plagiarism, piracy or misappropriation of ideas;

7. improper deep linking; or

8. other conduct causing liability regarding any” Media Content” for which “You” are responsible;

provided always that any “Multimedia Wrongful Act” was committed or alleged to have been committed by “You”, or any person for whom or entity for which “You” are legally responsible, including an independent contractor or outsourcing organization.

“Network Disruption” means any of the following incidents:

1. an unplanned failure, interruption or degradation of the operation of “Your” “Computer System” or the denial, restriction or hindrance of access to or use of “Your” “Computer System" or “Your” “Digital Assets” by any party who is otherwise authorized to have access; and

2. with respect to Coverage G.1 only, "Network Disruption" also means an unplanned failure, interruption or degradation of the operation of an “Outsourced Provider” “Computer System”; or the denial, restriction or hindrance of access to or use of an “Outsourced Provider” “Computer System” by any party who is otherwise authorized to have access.

Solely with respect to Coverage G.1.:

3. the voluntary and intentional shutdown of "Computer Systems" by "You" but only to the extent necessary to mitigate the "Loss" resulting from a situation described in Section V. Definitions, “Security Compromise” 1. or 2.; or

4. the intentional shutdown of "Computer Systems" by "You" as expressly required by any federal, state, local or foreign governmental entity in such entity’s regulatory or official

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capacity resulting from a situation described in Section V. Definitions, “Security Compromise” 1. or 2.

More than one such incident that results from the same or related underlying facts, circumstances, situations, transactions or “Security Compromises” shall be considered a single “Network Disruption” which first occurs on the date of the earliest of such events.

“Outsourced Provider” means any provider, other than a “Service Provider”, that “You” do not own, operate, or control, that performs services, other than IT services, for “You” pursuant to a written contract. An “Outsourced Provider” does not include any provider of “Telecommunications Services” including “Internet” access to “You”.

“PCI DSS Assessment(s)” means amounts legally owed by "You" to "Your" acquiring bank or a card association (MasterCard, VISA, Discover, American Express or JCB) for monetary fines, penalties, reimbursements, fraud recoveries or assessments, due to "Your" actual or alleged non-compliance with PCI Data Security Standards further to the terms of a "Merchant Services Agreement".

“PCI Data Security Standards” (known as PCI DSS) means the published data security standard in effect now or as hereafter amended that all merchants and processors must follow when storing, processing and transmitting cardholder data.

“PCI DSS Wrongful Act” means “Your” actual or alleged non-compliance with “PCI Data Security Standards”.

“Period of Restoration” means the time period from the commencement of a "Network Disruption" to the earlier of the following dates:

1. the date "Your" "Computer System", "Outsourced Provider" "Computer System" or "Your" "Digital Assets" are restored to the condition and functionality that existed immediately prior to the "Network Disruption;" or

2. the date "Your" "Computer System", "Outsourced Provider" "Computer System" or "Your" "Digital Assets" with reasonable diligence, could have been restored to the condition and functionality that existed immediately prior to the "Network Disruption."

"Personal Financial Loss" means monetary or other financial asset loss as a result of:

1. theft of money or other financial assets from a personal bank account of the senior executive officer; or

2. identity theft of the senior executive officer.

The most “We” will pay for any “Personal Financial Loss” is the sublimit of liability stated in ITEM 3.II.I.4. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

“Phishing Event” means the impersonation of “You” by a third party via email or other electronic communications.

“Phishing Loss” means an unpaid account receivable held by "You", or an inability to collect funds owed to "You" by a third party, caused by a "Phishing Event". The most “We” will pay for any “Phishing Loss” is the sublimit of liability stated in ITEM 3.II.I.1. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

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“Policy Period” means the period of time beginning on the date stated in ITEM 2 of the Declarations and ending on the earlier of the expiration date stated in ITEM 2 of the Declarations or the effective date of the cancellation of the Policy. If "You" become an insured under the Policy, the "Policy Period" begins on the date "You" become an insured.

“Privacy Breach” means a common law breach of confidence, infringement, or violation of any rights to privacy, including but not limited to breach of “Your” privacy statement, breach of a person’s right of publicity, wrongful collection, false light, intrusion upon a person’s seclusion, public disclosure of “Private Information”, or misappropriation of a person’s picture or name for commercial gain.

“Privacy Regulations” means any federal, state, local or foreign statute or regulation requiring “You” to limit or control the collection, use of, or access to, “Private Information” in “Your” possession or under “Your” control, or obligating “You” to inform customers of the “Unauthorized Access” or disclosure of such personally identifiable, non-public information, including but not limited to the following statutes and regulations:

1. the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191), including Title II requiring protection of confidentiality and security of electronic protected health information, and as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), any rules and regulations promulgated thereunder as they currently exist and as amended, and any related state medical privacy laws as they currently exist and as amended;

2. the Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder as they currently exist and as amended;

3. Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a), but solely with respect to alleged unfair or deceptive acts or practices in or affecting commerce;

4. federal, state or local privacy protection regulations or laws, such as the California Database Protection Act of 2003 (previously called SB 1386), as they currently exist now or may be amended, associated with the control and use of, or limiting “Unauthorized Access” to, personal information, including but not limited to requirements to post privacy policies, adopt specific privacy controls, or inform customers of breaches of security that has or may impact their personal information;

5. federal, state or local data breach regulations or laws, as they currently exist now or in the future, imposing liability for failure to take reasonable care to guard against “Unauthorized Access” to credit or debit account information that is in “Your” possession or under “Your” control;

6. identity theft red flags under the Fair and Accurate Credit Transactions Act of 2003;

7. federal and state consumer credit reporting laws, such as the Federal Fair Credit Reporting Act (FCRA) and the California Consumer Credit Reporting Agencies Act (CCCRAA);

8. the Children’s Online Privacy Protection Act of 1998; and

9. privacy protection regulations or laws adopted by countries outside of the United States, such as the General Data Protection Regulation (Regulation (EU) 2016/679 (GDPR) and the Canadian Personal Information Protection and Electronic Documents Act (PIPEDA), as they currently exist now or may be amended, associated with the collection, control and use of, or limiting “Unauthorized Access” to, personal information.

"Privacy Wrongful Act" means any "Privacy Breach" or breach of "Privacy Regulations" actually or allegedly committed by "You" or by any person or entity for which "You" are legally responsible, including an independent contractor or outsourcing organization.

"Private Information" means any:

1. proprietary or confidential information owned by a third party or "You";

2. information that can be used to determine, distinguish or trace an individual's identity, either alone or when combined with other information that is linked or linkable to a specific individual;

3. information concerning an individual that would be considered personal data or sensitive personal data within the meaning of the General Data Protection Regulation (Regulation (EU) 2016/679 (GDPR) and any amendments thereto; or

4. "Your" corporate confidential information that relates to "Your" organization's business operations, activities and procedures.

"Property Damage" means physical injury to or destruction of any tangible property, including the loss of use thereof. Electronic data is not considered tangible property.

"QSA Audit" is an audit required by PCI Security Standards Council and conducted by a Qualified Security Assessor employed by a qualified QSA auditor.

"Regulatory Claim" means:

1. any request for information, civil investigative demand or formal investigation of "You" by an administrative or regulatory agency or similar governmental body concerning a "Privacy Breach" or possible breach of "Privacy Regulations"; or

2. any administrative or civil proceeding against "You" by an administrative or regulatory agency, supervisory authority, authorized data protection authority or similar governmental body for a breach of "Privacy Regulations".

"Regulatory Fines" means fines, penalties, or sanctions awarded for a violation of any "Privacy Regulation".

"Reputation Business Income Loss" means:

1. "Earnings Loss" and/or

2. "Expenses Loss";

solely due to the loss of current or future customers during a 12 month period following a notification to "Us" in accordance with Section IX.A of a "Security Breach" or "Network Disruption" and where such customer loss arises directly from a "Security Breach" or "Network Disruption".

"Reputation Business Income Loss" does not include or mean:

1. any contractual penalties;

2. any costs or expenses incurred to update, upgrade, replace, restore or otherwise improve any "Computer System" to a level beyond that which existed prior to a "Network Disruption";

3. any costs or expenses incurred to identify, remove or remediate computer program errors or vulnerabilities, or costs to update, upgrade, replace, restore, maintain or otherwise improve any “Computer System”;

4. any legal costs, expenses or other amounts arising out of liability to any third party;

5. any amounts incurred as a result of unfavorable business conditions; or

6. any other consequential amounts, loss or damage.

“Restoration Costs” means the actual, reasonable and necessary costs, including the additional cost of employing temporary staff or paying overtime costs to employees, that “You” incur to replace, restore, or re-create “Your” “Digital Assets” to the level or condition at which they existed immediately prior to sustaining any alteration, destruction, damage or loss thereof, resulting from a "Security Compromise". If such “Digital Assets” cannot be replaced, restored or re-created, then “Restoration Costs” will be limited to the actual, reasonable and necessary costs “You” incur to reach this determination.

“Restoration Costs” also means the actual, reasonable and necessary costs to install a more secure and efficient version of "Your" affected "Computer System", provided that the maximum amount "We" will pay is twenty-five percent (25%) more than the cost that would have been incurred to replace the original model(s) or license(s) that existed prior to the "Security Compromise" (and subject to the maximum sublimit as stated in ITEM 3.III.H. of the Declarations). Under no circumstances will "We" pay the cost of acquiring or installing "Computer Systems" which did not form a part of "Your" "Computer Systems" immediately prior to the incident which gave rise to the "Loss".

“Restoration Costs” do not include:

1. "Systems Integrity Restoration Loss";

2. the economic or market value of any “Digital Assets”, including trade secrets.

“Retroactive Date” means the date specified in ITEM 7. of the Declarations.

"Reward Fund Loss" any amount offered and paid by "You" for information that leads to the arrest and conviction of any individual(s) committing or trying to commit any illegal act associated with an "Event". The most “We” will pay for any “Reward Fund Loss” is the sublimit of liability stated in ITEM 3.II.I.3. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

“Security Breach” means the actual or reasonably suspected:

1. loss or disclosure of “Private Information” in “Your” care, custody or control, including such information stored on paper or on a “Computer System” operated by “You” or on “Your” behalf; or

2. “Theft of Data”, “Unauthorized Access” to or “Unauthorized Use” of “Private Information” in “Your” care, custody or control, including such information stored on paper or on a “Computer System” operated by “You” or on “Your” behalf;

that results in or may result in the compromise of the privacy or confidentiality of “Private Information”.

More than one “Security Breach” arising from the same or a series of continuous, repeated or related acts, errors, or omissions shall be considered a single “Security Breach”, which shall be deemed to have first occurred at the time of the first such “Security Breach”.

“Security Compromise” means the actual or reasonably suspected:

1. “Unauthorized Access” or “Unauthorized Use” of “Your” “Computer System” or “Your” “Digital Assets”;

2. unauthorized transmission of computer code into “Your” “Computer System” that causes loss or damage to “Your” “Digital Assets”; or

3. “Denial of Service Attack” on “Your” “Computer System” that causes loss or damage to “Your” “Digital Assets”.

“Security Wrongful Act” means any act, error, or omission committed by “You” or a person or entity for which “You” are legally responsible, including an independent contractor or outsourcing organization, in the conduct of “Computer Systems” security and the protection of the security and confidentiality of “Private Information”, that results in:

1. the inability of a third (3rd) party, who is authorized to do so, to gain access to “Your” “Computer Systems”;

2. the failure to prevent or hinder “Unauthorized Access” to or “Unauthorized Use” of a “Computer System” operated by “You” or on “Your” behalf, the failure to prevent physical theft of hardware or firmware “You” control, the failure to prevent people or processes security failures, or the failure to prevent false communications designed to trick the user into surrendering “Private Information” (such as phishing, pharming or vishing), any of which results in:

    a. The alteration, copying, corruption, destruction or deletion of, or damage to, electronic data on a “Computer System” operated by “You” or on “Your” behalf;

    b. Unauthorized disclosure of “Private Information”;

    c. “Theft of Data” (including identity theft); or

    d. Denial of service attacks against “Internet” sites or “Computer Systems” of a third (3rd) party; or

3. the failure to prevent transmission of “Malicious Code” from a “Computer System” operated by “You” or on “Your” behalf to a third (3rd) party’s “Computer System”.

"Services Fraud Event" means the unauthorized use of or access to "Your" "Computer System" by a third party which results in increased service charges to "You", including: the unauthorized use of "Your" "Computer System" by a third party to mine cryptocurrency or any other digital or electronic currency; the fraudulent or unauthorized use of Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS), Network-as-a-Service (NaaS), or IP Telephony.

"Services Fraud Loss" means monetary or other financial asset loss as a result of a "Services Fraud Event", provided: (1) the service provider charges "You" via a periodic billing statement pursuant to a written contract that was executed before the “Services Fraud Event” occurred; (2) the service provider charges "You" a fee that scales with the rate of use of such services; and (3) the "Services Fraud Event" began on or after the “Retroactive Date”. The most “We” will pay for any “Services

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Fraud Loss" is the sublimit of liability stated in ITEM 3.II.I.2. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

"Service Provider" means any third (3rd) party that is responsible for the processing, maintenance, protection or storage of "Digital Assets" pursuant to a written contract directly with "Your Organization". A "Service Provider" does not include any provider of telecommunications services, including "Internet" access, to "You".

"Subsidiary" means any corporation of which more than fifty percent (50%) of the outstanding securities representing the present right to vote for the election of such corporation's directors are owned by the "Named Insured" directly or indirectly, if such corporation was so owned on the inception date of this Policy; or

1. becomes so owned after the inception date of this Policy, provided the revenues of the newly acquired corporation do not exceed twenty-five percent (25%) of "Your Organization's" annual revenues as set forth in its most recent audited financial statement; or

2. becomes so owned after the inception date of this Policy, provided that if the revenues of the newly acquired corporation exceed twenty-five percent 25%) of "Your Organization's" annual revenues as set forth in its most recent audited financial statement, the provisions of Section IX. I. must be fulfilled.

"Systems Integrity Restoration Loss" means the reasonable and necessary costs "You" incur, with our prior written consent, to restore or replace that part of "Your" "Computer System" directly impacted by a "Security Compromise". "System Integrity Restoration Loss" does not include "Restoration Costs". The most "We" will pay for any "Systems Integrity Restoration Loss" is the sublimit of liability stated in ITEM 3.II.G.4. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage G and not in addition.

"Telecommunications Services" means telephone, fax, broadband, or other data transmission services that "Your Organization" purchases from third parties.

"Telephone Hacking Event" means a third party's intentional, unauthorized and fraudulent use of "Your" "Telecommunications Services" that results in unauthorized calls or unauthorized use of "Your" bandwidth.

"Telephone Hacking Loss" means "Your" monetary or other financial asset loss as a result of a "Telephone Hacking Event". The most "We" will pay for any "Telephone Hacking Loss" is the sublimit of liability stated in ITEM 3.II.I.6. of the Declarations. Such sublimit is part of the Limit of Liability in Coverage I and not in addition.

"Theft Of Data" means the unauthorized taking, misuse or disclosure of information on including but not limited to charge, debit, or credit information, banking, financial and investment services account information, proprietary information, and "Private Information".

"Unauthorized Access" means the gaining of access to a "Computer System" by an unauthorized person or an authorized person in an unauthorized manner.

"Unauthorized Use" means the use of a "Computer System" by an unauthorized person or an authorized person in an unauthorized manner.

"Waiting Period" means the time period specified in ITEM 11. of the Declarations.

"We", "Us" or "Our" means the underwriters providing this insurance.

"Wrongful Act" means a "Privacy Wrongful Act", "Security Wrongful Act", "Multimedia Wrongful Act", or "PCI DSS Wrongful Act".

"You" or "Your" or "Yours" means:

1. the entity named in ITEM 1. of the Declarations ("Named Insured") and its "Subsidiaries" (together "Your Organization");

2. any present or future director, officer, or trustee of "Your Organization", but only with respect to the performance of his or her duties as such on behalf of "Your Organization";

3. any present or future "Employee" of "Your Organization" but only with respect to work done while acting within the scope of his or her employment and related to the conduct of "Your Organization's" business;

4. in the event that the "Named Insured" is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, or owner thereof, but only while acting within the scope of his or her duties as such;

5. any person who previously qualified as "You" under 2, 3, or 4 above prior to the termination of the required relationship with "Your Organization", but only with respect to the performance of his or her duties as such on behalf of "Your Organization";

6. the estate, heirs, executors, administrators, assigns and legal representatives of any of "You" in the event of "Your" death, incapacity, insolvency or bankruptcy, but only to the extent that "You" would otherwise be provided coverage under this insurance;

7. any agent or independent contractor, including any distributor, licensee or sub-licensee, but only while acting on "Your" behalf, at "Your" direction, and under "Your" control; and

8. any third (3rd) party entity (including a HIPAA Covered Entity) required by contract to be named as an insured under this Policy, but only in respect of sums which they become legally obligated to pay (including liability for claimants' costs and expenses) as a result of a "Claim" arising solely out of an act, error or omission committed by "You", provided that:

   a) "You" contracted in writing to indemnify the third (3rd) party for such a "Claim" prior to it first being made against them; and

   b) had the "Claim" been made against "You", then "You" would be entitled to indemnity under this Policy.

   As a condition to "Our" indemnification of any third (3rd) party they shall prove to "Our" satisfaction that the "Claim" arose solely out of a "Wrongful Act", act, error or omission committed by "You"; and where a third (3rd) party is indemnified as an additional insured as a result, it is understood and agreed that any "Claim" made by that third (3rd) party against "You" shall be treated by "Us" as if they were a third (3rd) party, not an additional insured.

VI. LIMITS OF LIABILITY

Limits of Liability for Damages and Claims Expenses

A. The amount stated in the Policy as stated in ITEM 3.I of the Declarations (herein the "Policy Aggregate Limit") is the most "We" will pay in the aggregate under this Policy, under all Coverages combined, for:

1. all “Damages”; and

2. all “Claims Expenses**”**.

regardless of the number of “Claims”, “Events”, “Wrongful Acts”, acts, errors, or omissions, insured persons, insured entities or claimants involved, or Coverages triggered.

B. For any Coverage purchased as indicated in ITEM 3.II of the Declarations, any Per Single “Claim”, Per Single “Event” or Aggregate Per Coverage “Sublimit(s) of Liability” shall be part of, and not in addition to, the “Policy Aggregate Limit”, unless otherwise specified.

C. If any single “Claim”, single “Event”, or single “Event” combined with a single “Claim” directly arising therefrom (“Combined Matter”) is covered under more than one Coverage, the highest applicable Per Single “Claim” or Per Single “Event” “Sublimit of Liability” shall be the most “We” shall pay as to such single “Claim”, single “Event” or “Combined Matter”, and such single “Claim”, single “Event” or “Combined Matter” shall be subject to the highest applicable retention, unless otherwise specified.

D. Any Aggregate Per Coverage “Sublimit of Liability” as stated in ITEM 3.II of the Declarations shall be the most “We” will pay in the aggregate for any given Coverage, for:

1. all “Damages”; and
2. all “Claims Expenses**”.**

regardless of the number of “Claims”, “Events”, “Wrongful Acts”, acts, errors, or omissions, insured persons, insured entities or claimants to which such given Coverage applies.

Limits of Liability for Loss(es)

E. The amount stated in the Policy as stated in ITEM 3.I of the Declarations (herein the “Each Event Aggregate Limit”) is the most “We” will pay in the aggregate under this Policy for all "Loss" arising out of a single "Event".

F. Any Aggregate Per Coverage “Sublimit of Liability” as stated in ITEM 3.II of the Declarations shall be the most “We” will pay in the aggregate for any given Coverage under this Policy for all "Loss" arising out of a single "Event".

VII. RETENTIONS

The retention for each Coverage is stated in ITEM 4 of the Declarations. The applicable retention shall be first applied to “Damages”, “Claims Expenses” and “Loss” covered by this Policy and “You” shall make direct payments within the retention to appropriate other parties designated by “Us”. “We” shall be liable only for the amounts in excess of the retention, not to exceed the applicable “Sublimit(s) of Liability” or “Policy Aggregate Limit”. Each single “Claim”, single “Event” or “Combined Matter” shall be deemed to be one single potentially covered matter, and only one retention shall apply thereto. Where multiple Coverages potentially apply to a single “Claim”, single “Event” or “Combined Matter”; only one retention shall apply and this shall be the highest retention applicable to such Coverages.

Except as otherwise provided, the amount set forth in ITEM 4 of the Declarations (the "Aggregate Retention Amount") is the most "You" will pay for all retentions combined under this Policy regardless of the number of "Claims", "Events", or "Wrongful Acts". Upon payment of the "Aggregate Retention Amount" by "You" the applicable retentions shall be waived.

No retention is applicable to “Breach Response Counsel” fees and expenses.

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With respect to Coverage G. 1, once the "Period of Restoration" has exceeded the "Waiting Period", the retention stated in ITEM 4 of the Declarations shall be applied against the "Business Income Loss" computed from the commencement of the "Network Disruption".

At "Our" sole and absolute discretion, "We" may pay all or part of the applicable retention, in which case "You" agree to repay "Us" immediately after "We" notify "You" of the payment; and such payment or repayment of any amount within the retention shall be first applied to "Damages", "Claims Expenses" and "Loss" covered by this Policy.

VIII. EXTENDED REPORTING PERIOD

A. Basic "Extended Reporting Period": In the event of cancellation or non-renewal of this Policy by "You" or "Us", an "Extended Reporting Period" of sixty (60) days immediately following such cancellation or non-renewal shall be automatically granted hereunder at no additional premium. Such "Extended Reporting Period" shall cover "Claims" first made and reported to "Us" during such sixty (60) day "Extended Reporting Period" but only in respect of any act, error, or omission committed prior to the date of cancellation or non-renewal, and subject to all other terms, conditions, and exclusions of this Policy. No "Claim" in such sixty (60) day extended reported period shall be covered under this Policy if "You" are entitled to indemnity under any other insurance or would have been entitled to indemnity under such insurance but for the exhaustion thereof.

B. Optional "Extended Reporting Period": In the event of cancellation or non-renewal of this Policy by "You" or "Us", "You" shall have the right, upon payment in full and not proportionally or otherwise in part to have issued an endorsement providing an optional "Extended Reporting Period" after the end of the "Policy Period" as follows.

Extended Reporting Period	Extended Reporting Period Premium
12 Months	100% of the Annual Policy Premium
24 Months	150% of the Annual Policy Premium
36 Months	200% of the Annual Policy Premium

C.

1. Such optional "Extended Reporting Period" shall cover "Claims" made and reported to "Us" during this optional "Extended Reporting Period", but only in respect of any "Claim" arising out of any act, error, or omission committed prior to the date of cancellation or non-renewal, and subject to all other terms, conditions, and exclusions of the Policy.

2. In order for "You" to invoke the optional "Extended Reporting Period", the payment of additional premium as stated in this provision must be paid to "Us" within sixty (60) days after the end of the "Policy Period".

3. At the commencement of the optional "Extended Reporting Period", the entire premium shall be deemed fully earned, and in the event "You" terminate the optional "Extended Reporting Period" for whatever reason prior to its natural expiration, "We" will not be liable to return any premium paid for the optional "Extended Reporting Period".

D. Terms and conditions of basic and optional "Extended Reporting Period":

1. At renewal of this Policy, "Our" quotation of different premium, retention or limit of indemnity or changes in policy language shall not constitute non-renewal by "Us" for the purposes of granting the optional "Extended Reporting Period".
2. The right to the "Extended Reporting Period" shall not be available to "You" where "We" cancel or non-renew due to non-payment of premium.
3. The limit of liability for the "Extended Reporting Period" shall be part of, and not in addition to, the limit of liability for the "Policy Period".

4. All notices and premium payments with respect to the "Extended Reporting Period" shall be directed to "Us" through the entity named in the Policy.

IX. TERMS AND CONDITIONS

A. NOTICE OF CLAIM OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. If any "Claim" is made against "You" during the "Policy Period" (or an "Extended Reporting Period", if applicable), or an "Event" first occurs during the "Policy Period", then as soon as practicable after a member of the "Control Group" becomes aware of such "Claim" or "Event", "You" must provide notice thereof to "Us" through the person identified in ITEM 8. in the Declarations, during the "Policy Period" (or an "Extended Reporting Period", if applicable), including every demand, notice, summons or other process "You" or "Your" representative receive.

2. If during the "Policy Period" a member of the "Control Group" becomes aware of any situation, circumstance, "Wrongful Act", act, error or omission that might reasonably give rise to a "Claim", and if "You" give written notice to "Us" through the person identified in ITEM 8. in the Declarations, as soon as practicable during the "Policy Period", of:

   a. The specific details of the situation, circumstance, "Wrongful Act", act, error or omission that might reasonably give rise to a "Claim";

   b. The possible damage which may result or has resulted from the situation, circumstance, "Wrongful Act", act, error or omission;

   c. A description of how "You" first became aware of the situation, circumstance, "Wrongful Act", act, error or omission; and

   d. Any "Computer System" security and event logs which provide evidence of the situation, circumstance, "Wrongful Act", act, error or omission,

   then any subsequent "Claim" made against "You" arising out of such situation, circumstance, "Wrongful Act", act, error or omission which is the subject of the written notice will be deemed to have been first made at the time written notice complying with the above requirements was first given to "Us".

3. A "Claim" shall be considered to be reported to "Us" when notice is first given to "Us" through the person identified in ITEM 8. in the Declarations or when notice of a situation, circumstance, "Wrongful Act", act, error or omission which might reasonably give rise to a "Claim" is first provided in compliance with Section IX.A.2 above. An "Event" shall be considered reported to "Us" when notice is first given to "Us" through the person identified in ITEM 8. in the Declarations.

4. Whenever coverage under this Policy would be lost due to non-compliance of Section IX.A.1.'s notice requirements because of the failure to give such notice, or concealment of such failure, by one or more "You" responsible for causing the "Damage", "Loss" or other amounts potentially insured hereunder, then "We" agree that such insurance as would otherwise be afforded under this Policy shall remain available with respect to those of "You" who did not personally commit, personally participate in committing or personally acquiesce in such failure to give notice, provided that those of "You" entitled to the benefit of this provision provide notice of a "Claim" or "Event" during the "Policy Period" (or "Extended Reporting Period", if applicable), promptly after obtaining knowledge of such failure of any others of "You" to comply with Section IX.A.1.

However, such insurance as afforded by this provision shall not cover a “Claim” against “Your Organization”, or an “Event”, if a member of the “Control Group” failed to give notice as required by Section IX.A.1.if such “Claim” or “Event” arises from “Wrongful Acts”, acts, errors or omissions that were also known to another then current member of the “Control Group”.

B. ASSISTANCE AND COOPERATION

1. “You” shall cooperate with “Us” in all investigations. “You” shall execute or cause to be executed all papers and render all assistance as requested by “Us”. Part of this assistance may require “You” to provide soft copies of “Your” system security and event logs.

2. Upon “Our” request, “You” shall assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to “You” because of “Wrongful Acts”, acts, errors, or omissions with respect to which insurance is afforded under this Policy; and “You” shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

3. “You” shall not admit liability, make any payment, assume any obligation, incur any expense, enter into any settlement, stipulate to any judgment or award or dispose of any “Claim” without “Our” written consent, unless otherwise provided under Section II.

4. As soon as practicable after “You” give “Us” notice of any “Claim”, “Event”, or circumstance, “You” must also give “Us” copies of reports, photographs, investigations, pleadings and all other papers in connection therewith, including allowing “Us” to question “You” under oath at such times as may be reasonably required regarding “Your Organization’s” books, records, and any other information relating to such matters.

5. In the event of a “Privacy Breach”, “Security Breach” or other “Event”, “You” must take all reasonable steps to protect “Computer Systems” and “Private Information” from further access, disclosure, loss or damage.

C. DUTIES FOLLOWING NOTICE OF AN EVENT (applicable to Coverages C, F, G and I only).

“You” must see that the following are done if “You” send “Us” notice of an “Event” to which Coverages C, F, G or I potentially apply:

1. at “Our” request, notify the police, FBI, CERT or other applicable law enforcement authority, central reporting or investigative organization that “We” may designate, if it appears that a law may have been broken;

2. immediately take all reasonable steps and measures necessary to limit or mitigate the “Loss”;

3. send “Us” copies of every demand, notice, summons, or any other applicable information “You” receive;

4. if requested, permit “Us” to question “You” under oath at such times and places as may be reasonably required about matters relating to this insurance, including “Your” books and records;

5. send “Us” a sworn statement of “Loss” or other amounts incurred containing the information “We” request to resolve, settle or otherwise handle the “Event”. “We” will provide “You” with the necessary forms;

6. cooperate with “Us” and counsel “We” may appoint in the investigation of any “Event” covered by this Policy;

7. assist “Us” and counsel “We” may appoint in the investigation or settlement of “Loss”;

8. assist “Us” in protecting and enforcing any right of subrogation, contribution or indemnity against any person, organization or other entity that may be liable to “You”, including attending depositions, hearings and trials;

9. assist “Us” when a “Telephone Hacking Event” and/or “Funds Transfer Fraud” occurs, and

10. otherwise assist in securing and giving documentation and evidence, and obtaining the attendance of witnesses.

    A “Telephone Hacking Event” will be deemed to occur when “You” first discover that a “Telephone Hacking Event” has occurred, or “You” have a reasonable basis to know that a “Telephone Hacking Event” has occurred, including the receipt of any notice, invoice, or billing evidencing unauthorized use of “Telecommunications Services”. If any related “Telephone Hacking Events” subsequently occur, and are reported to “Us,” all such related “Telephone Hacking Events” will be considered a single “Telephone Hacking Event” and will be deemed to have occurred on the date the first of those “Telephone Hacking Events” occurred.

    “Funds Transfer Fraud” will be deemed to occur when “You” first know that a “Funds Transfer Fraud” has occurred, or “You” have a reasonable basis to know that a “Funds Transfer Fraud” has occurred, including any unauthorized electronic funds transfer; theft of “Your” money or other financial assets from "Your" bank by electronic means; theft of money or other financial assets from “Your” corporate credit cards by electronic means; or any fraudulent manipulation of electronic documentation while stored on “Your” “Computer System”. If related “Funds Transfer Fraud” events subsequently occur, and are reported to “Us,” all such related “Funds Transfer Fraud” events will be considered a single “Funds Transfer Fraud” event and will be deemed to have occurred on the date the first of those “Funds Transfer Fraud” events occurred.

    As soon as a “Telephone Hacking Event” and/or “Funds Transfer Fraud” first occurs, “You” must notify us in accordance with Section IX., TERMS AND CONDITIONS, paragraph A. NOTICE OF CLAIM OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM.

D. SUBROGATION

In the event of any payment under this Policy, “You” agree to give “Us” the right to any subrogation and recovery to the extent of “Our” payments. “You” agree to execute all papers required and will do everything that is reasonably necessary to secure these rights to enable “Us” to bring suit in “Your” name. “You” agree to fully cooperate in “Our” prosecution of that suit. “You” agree not to take any action that could impair “Our” right of subrogation without “Our” written consent, whether or not “You” have incurred any unreimbursed amounts. Any recoveries shall be applied first to subrogation expenses, second to “Damages”, “Claims Expenses” and “Loss” paid by “Us”, and third to the Retention. Any additional amounts recovered shall be paid to “You”.

E. INSPECTIONS AND SURVEYS

“We” may choose to perform inspections or surveys of “Your” operations, conduct interviews and review documents as part of “Our” underwriting, “Our” decision whether to provide continued or modified coverage, or “Our” processing of any “Claim” or “Event”. If “We” make recommendations as a result of these inspections, “You” should not assume that every possible recommendation has been made or that “Your” implementation of a recommendation will prevent a “Claim” or “Event”. “We” do not indicate by making an inspection or by providing “You” with a report that “You” are complying with or violating any laws, regulations, codes or standards.

F. OTHER INSURANCE

This insurance shall apply in excess of any other valid and collectible insurance available to "You", including any retention or deductible portion thereof, unless such other insurance is written only as specific excess insurance over this Policy. However, this insurance shall apply as primary in respect of any directors & officers, professional liability, errors & omissions, medical malpractice or professional service liability policy purchased by "You".

G. ACTION AGAINST US

No action shall lie against "Us" or "Our" representatives unless, as a condition precedent thereto: (1) there shall have been full compliance with all terms of this insurance; and (2) until the amount of "Your" obligation to pay shall have been finally determined by judgment or award against "You" after trial, regulatory proceeding, or arbitration or by written agreement between "You", the claimant, and "Us".

"Your" bankruptcy or insolvency shall not relieve "Us" of "Our" obligations hereunder.

H. ENTIRE AGREEMENT

By acceptance of the Policy, "You" agree that this Policy embodies all agreements between "You" and "Us" relating to this insurance. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or stop "Us" from asserting any right under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy signed by "Us".

I. NEW SUBSIDIARIES/CHANGES IN NAMED INSURED OR YOUR ORGANIZATION

1. During the "Policy Period", if "You" acquire another corporation whose annual revenues are more than twenty-five percent (25%) of "Your Organization's" annual revenues as set forth in its most recent audited financial statements, "You" shall give "Us" written notice of the acquisition containing full details thereof, no later than sixty (60) days after the effective date of such acquisition or creation. Coverage under this Policy for "Wrongful Acts", acts, errors, or omissions committed or allegedly committed by the newly acquired "Subsidiary" or any persons who may become insureds therewith shall be automatic for ninety (90) days after such acquisition or creation or, until the end of the 'Policy Period,' whichever is earlier; after the end of this ninety (90) day period, "We" may agree to add coverage for the newly acquired "Subsidiary" upon such terms, conditions, and limitations of coverage and such additional premium as "We", in "Our" sole discretion, may require.

2. During the "Policy Period", if the "Named Insured" consolidates or merges with or is acquired by another entity, or sells substantially all of its assets to another entity, or a receiver, conservator, trustee, liquidator, or rehabilitator, or any similar official is appointed for or with respect to the "Named Insured", then all coverage under this Policy shall continue for post-transaction "Claims" first made prior to the expiration of the "Policy Period" but only for "Wrongful Acts", acts, errors or omissions that occurred prior to the date of such consolidation, merger or appointment. Coverage under this Policy shall not continue for "Events" that first commence post-transaction but prior to the expiration of the "Policy Period", unless coverage for such "Events" is specifically agreed to by "Us" and provided by endorsement hereto.

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3. Should an entity cease to be a "Subsidiary" after the inception date of this Policy, coverage with respect to such entity and its insured persons shall continue as if it was still a "Subsidiary" until the expiration date of this Policy, but only with respect to a "Claim" that arises out of any "Wrongful Act", act, error, or omission committed prior to the date that it ceased to be a "Subsidiary".

4. All notices and premium payments made under this paragraph shall be directed to "Us" through the "Named Insured".

J. ASSIGNMENT

"Your" interest under this Policy may not be assigned to any other person or organization, whether by operation of law or otherwise, without "Our" written consent. If "You" shall die or be adjudged incompetent, such insurance shall cover "Your" legal representative as "You" would be covered under this Policy.

K. CANCELLATION AND NON-RENEWAL

This Policy may be cancelled or non-renewed by "You" at any time on request by sending a prior written notice to "Us" stating when thereafter the cancellation will be effective.

1. "We" may not cancel this Policy, except for nonpayment of Premium. If "We" cancel this Policy for non-payment of Premium, "We" will provide "You" with at least twenty (20) days advance written notice.

2. If this Policy is cancelled by "You", "We" shall refund the unearned Premium computed pro-rata. If this Policy is cancelled by "Us", the refund of paid Premium shall be computed pro-rata. Payment or tender of any unearned Premium by "Us" shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable. No Premium will be refunded where any "Claims" or circumstances have been notified under this Policy.

3. "We" may non-renew this Policy by providing "You" with at least sixty (60) days written notice before the expiration date. If the notice is given less than sixty (60) days before expiration, Coverage will remain in effect until sixty (60) days after notice is mailed. The Premium due for any period of Coverage that extends beyond the expiration date will be determined pro-rata based upon this Policy's total Premium for the expiring Policy Period.

4. Any offer to renew this Policy on terms involving a change in Retentions, Limit of Liability, Premium or other terms or conditions will not constitute a refusal to renew this Policy.

L. WORDS AND TITLES OF PARAGRAPHS

The titles of paragraphs, section, provisions, or endorsements of or to this Policy are intended solely for convenience and reference, and are not deemed in any way to limit or expand the provisions to which they relate and are not part of the Policy. Whenever the singular form of a word is used herein, the same shall include the plural when required by context.

M. NAMED INSURED AUTHORIZATION

The "Named Insured" has the right and duty to act on "Your" behalf for:

1. the giving and receiving of notice of cancellation;

2. the payment of premiums, including additional premiums;

3. the receiving of any return premiums;

4. the acceptance of any endorsements added after the effective date of coverage;

5. the payment of any retentions;

6. the receiving of any amounts paid hereunder; and

7. otherwise corresponding with “Us”.

N. REPRESENTATIONS BY YOU

By acceptance of this Policy, “You” agree that the statements contained in the “Application”, any application for coverage of which this Policy is a renewal, and any supplemental materials submitted therewith, are “Your” agreements and representations, that they shall be deemed material to the risk assumed by “Us”, and that this Policy is issued in reliance upon the truth thereof.

The misrepresentation or non-disclosure of any matter by “You” or “Your” agent in the “Application”, any application for coverage of which this Policy is a renewal, or any supplemental materials submitted therewith will render the Policy null and void and relieve “Us” from all liability under the Policy.

O. SERVICE OF SUIT CLAUSE (U.S.A.)

1. It is agreed that in the event of “Our” failure to pay any amount claimed to be due under this Policy, at “Your” request “We” will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of “Our” rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon “Our” representative, designated in the Policy, and that in any suit instituted against any one of “Us” upon this contract, “We” will abide by the final decision of such court or of any appellate court, in the event of an appeal.

2. “Our” representative designated in the Policy is authorized and directed to accept service of process on “Our” behalf in any such suit and/or upon “Your” request to give a written undertaking to “You” that they will enter a general appearance upon “Our” behalf in the event such a suit shall be instituted.

3. Pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, “We” hereby designate the Superintendent, Commissioner, or Director of Insurance or other officer specified for that purpose in the statute, or his successor in office, as “Our” true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of “You” or any beneficiary hereunder arising out of this Policy, and hereby designate “Our” representative listed in the Policy as the person to whom the said officer is authorized to mail such process or a true copy thereof.

P. CHOICE OF LAW

Any disputes involving this Policy shall be resolved applying the laws of the state identified in ITEM 10. of the Declarations.

Q. ARBITRATION

Any controversy arising out of or relating to this policy or the breach, termination or invalidity thereof shall be settled by binding arbitration in accordance with the commercial arbitration rules, but not the authority or jurisdiction, of the American Arbitration Association (herein “AAA”) then in effect. “We” and the "Named Insured" shall each appoint an arbitrator. Each arbitrator must be disinterested other than the "Named Insured" or any present or former officers or directors of the Insured. As soon as one party notifies the other of its demand for arbitration and names its arbitrator, the other party agrees to name its arbitrator within thirty (30) days of said notice. Within thirty (30) days of the naming of the second arbitrator, the two arbitrators will select a third arbitrator to be chairman of the panel, other than the "Named Insured" or any present or former officers or directors of the Insured. Should the two arbitrators not be able to agree on a choice of the third, then the Chief Judge of the chosen competent jurisdiction will make the appointment of such third arbitrator. None of the arbitrators may be current or former officers, directors, or employees of the "Named Insured" or “Us.” The three arbitrators will comprise the arbitration panel for the purposes of this Policy.

Each party to this policy will submit its case with supporting documents to the arbitration panel within thirty (30) days after appointment of the third arbitrator. However, the panel may agree to extend this period for a reasonable time. Unless extended by the consent of the parties, the majority of the three arbitrators will issue a written decision resolving the controversy before them within thirty (30) days of the time the parties are required to submit their cases and related documentation. The arbitrators’ written decision will state the facts reviewed, conclusions reached and the reasons for these conclusions. That decision will be final and binding upon the parties in any court of competent jurisdiction.

Each party will pay the fees and expenses of its arbitrator, unless otherwise agreed by the parties. The remaining costs of arbitration will be shared equally by the parties.

Arbitration will take place in a competent jurisdiction agreed to by the parties.

Any disputes involving this Policy shall be resolved applying the substantive law as designated in ITEM 10. of the Declarations.

In witness whereof, the company has caused this policy to be signed by its President and its Secretary at Oakbrook Terrace, Illinois.

PRESIDENT

SECRETARY

This is a valid Policy

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD) (U.S.A.)

94.102 (01/15)

This Endorsement, effective at 12:01 a.m. CST, on June 10, 2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

Issued by: BCS Insurance Company

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy* does not apply:

I. Under any Liability Coverage, to injury, sickness, disease, death or destruction:

(a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if:

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the ning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

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IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means:

(a) any nuclear reactor,
(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

NOTE: As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

Quotation
This is not a valid Policy

Powered by LLOYD'S

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY DIRECT (U.S.A.)

94.103 01/15

This Endorsement, effective at 12:01 a.m. CST, on June 10, 2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

Issued by: BCS Insurance Company

When attached to the Policy, (in addition to the appropriate Nuclear Incident Exclusion Clause-Liability-Direct) provides worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

All other terms and conditions of this Policy shall remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Quotation
This is not a valid Policy

Powered by LLOYD'S

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

BREACH RESPONSE TEAM ENDORSEMENT

94.805 (06/17)

The following vendors have been approved to support “You” in the event of a “Security Breach”. “You” do not require “our” prior written consent to contact these vendors:

"Breach Response Counsel":

Baker & Hostetler LLP

24/7 Breach Response hotline - **1-866-288-1705**

"Breach Response Team":

Kroll

Data Breach Hotline - **1-877-300-6816**
CyberResponse@kroll.com

Quotation
This is not a valid Policy

Powered by LLOYD'S

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

WASHINGTON AMENDATORY ENDORSEMENT

94.801 WA (07/19)

This Endorsement, effective at 12:01 a.m. CST, on 06/10/2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

This endorsement modifies insurance provided under the following:

CYBER AND PRIVACY LIABILITY POLICY

The following change are made to the policy:

I. The following is added to Section **IV. EXCLUSIONS**, paragraphs **F.1.**, **2.** and **3.**:

However, this exclusion does not apply to any "Claim", "Crisis Management Costs", "Breach Response Costs" or any other amounts arising out of or resulting from pollutants caused by smoke from a "Hostile Fire".

II. The following is added to Section **V. DEFINITIONS**:

"Hostile Fire" means a fire which becomes uncontrollable or breaks from where it was intended to be.

III. Section **VIII. EXTENDED REPORTING PERIOD**, paragraph **A.** is replaced by the following:

A. Basic "Extended Reporting Periods":

1. Limited Basic "Extended Reporting Period": If this Policy is renewed, an "Extended Reporting Period" of ten (10) days' duration shall apply to those "Claims":
   a. Which are made during the Policy Period;
   b. Which arise out of an act, error or omission committed after the Retroactive Date and before the expiration date of the Policy Period described in a. above; and
   c. For which it is not practicable for "You" to report to "Us" before the end of the Policy Period described in a. above.
2. Automatic Basic "Extended Reporting Period": In the event of cancellation or non-renewal of this Policy by "You" or "Us", an "Extended Reporting Period" of sixty (60) days immediately following such cancellation or non-renewal shall be automatically granted hereunder at no additional premium. Such "Extended Reporting Period" shall cover "Claims first made and reported to "Us" during such sixty (60) day "Extended Reporting Period" but only in respect of any act, error, or omission committed prior to the date of cancellation or non-renewal, and subject to all other terms, conditions, and exclusions of this Policy. No "Claim" in such sixty (60) day extended reported period shall be covered under this Policy if "You" are entitled to indemnity under any other insurance or would have been entitled to indemnity under such insurance but for the exhaustion thereof.

IV. Section **IX. TERMS AND CONDITIONS**, paragraph **D. SUBROGATION** is replaced by the following:

D. SUBROGATION

In the event of any payment under this Policy, "You" agree to give "Us" the right to any subrogation and recovery to the extent of "Our" payments. "You" agree to execute all papers required and will do everything that is reasonably necessary to secure these rights to enable "Us" to bring suit in "Your" name. "You" agree to fully cooperate in "Our" prosecution of that suit. "You" agree not to take any action that could impair "Our" right of subrogation without "Our" written consent whether or not "You" have incurred any unreimbursed amounts. Any recoveries shall be applied first to

Quotation
This is not a valid Policy

"You", until "You" have been completely reimbursed for all amount "You" have paid, second to subrogation expenses, third to "Damages", "Claim Expenses" and "Loss" paid by "Us", and lastly to the Retention. Any additional amounts recovered shall be paid to "You".

"Our" right of subrogation will not exceed the amount "Our" payment.

V. Section **IX. TERMS AND CONDITIONS**, paragraph **K. CANCELLATION AND NON-RENEWAL** is replaced by the following:

K. CANCELLATION AND NON-RENEWAL

1. This Policy may be cancelled by "You" at any time on request by sending a prior written notice to "Us" or "Your" insurance producer stating when thereafter the cancellation will be effective. This can be accomplished by using one of the following methods:
   a. Written notice by mail, fax or email;
   b. Surrender of the Policy; or
   c. Verbal notice.

   Upon receipt of cancellation from "You", "We" will accept and promptly cancel the Policy effective the later of:
   a. The date notice is received; or
   b. The date "You" requested cancellation.
2. "We" may not cancel this Policy, except for the following:
   a. Nonpayment of premium; or
   b. an unintentional misrepresentation, omission, concealment of fact, or incorrect statement that materially affected either "Our" acceptance of the risk or the hazard assumed.

   If "We" cancel this Policy for non-payment of premium, "We" will mail or deliver written notice, including the reason for cancellation, to "You" at least twenty (20) days before the effective date of cancellation.

   If "We" cancel this Policy for an unintentional material misrepresentation, "We" will mail or deliver written notice, including the reason for cancellation, to "You" at least forty-five (45) days before the effective date of cancellation.

   "We" will mail or deliver all notices to "You" at "Your" last mailing address known to "Us". We will also mail or deliver like notice to each mortgagee, pledge or other person shown in the Policy to have an interest in any loss which may occur hereunder and to "Your" insurance producer, if any. Proof of mailing shall be sufficient proof of notice.
3. If this Policy is cancelled by "You", "We" shall refund the unearned Premium computed pro-rata. If this Policy is cancelled by "Us", the refund of paid premium shall be computed pro-rata. Payment or tender of any unearned premium by "Us" shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.
4. "We" may non-renew this Policy by mailing or delivering to "You" written notice, including the reason for non-renewal, at least sixty (60) days before the expiration date of this Policy. If the notice is given less than sixty (60) days before expiration, Coverage will remain in effect until sixty (60) days after notice is mailed. The premium due for any period of Coverage that extends beyond the expiration date will be determined pro-rata based upon this Policy's total premium for the expiring Policy Period. "We" will mail or deliver the notice to "You" at "Your" last mailing address known to "Us". We will also mail or deliver notice to "Your" insurance producer, if any. Proof mailing shall be sufficient proof of notice.
5. Any offer to renew this Policy on terms involving a change in Retentions, Limit of Liability, premium or other terms or conditions will not constitute a refusal to renew this Policy.

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VI. Section **IX. TERMS AND CONDITIONS,** paragraph **M. NAMED INSURED AUTHORIZATION** is replaced by the following:

M. NAMED INSURED AUTHORIZATION

The "Named Insured" has the right and duty to act on "Your" behalf for:

1. the giving of notice of cancellation;
2. the payment of premiums, including additional premiums;
3. the receiving of any return premiums;
4. the acceptance of any endorsements added after the effective date of coverage;
5. the payment of any retentions;
6. the receiving of any amounts paid hereunder; and
7. otherwise corresponding with "Us".

VII. Section **IX. TERMS AND CONDITIONS**, paragraph **N. REPRESENTATIONS BY YOU** is replaced by the following:

N. REPRESENTATIONS BY YOU

By acceptance of this Policy, "You" agree that the statements contained in the "Application", any application for coverage of which this Policy is a renewal, and any supplemental materials submitted therewith, are "Your" agreements and representations and that this Policy is issued in reliance upon the truth thereof.

The intentional misrepresentation or non-disclosure of any material matter by "You" or "Your" agent in the "Application", any application for coverage of which this Policy is a renewal, or any supplemental materials submitted therewith will render the Policy null and void and relieve "Us" from all liability under the Policy if such misrepresentation or non-disclosure is made with the intent to deceive.

VIII. Section **IX. TERMS AND CONDITIONS**, paragraph **P. CHOICE OF LAW** is replaced by the following:

P. CHOICE OF LAW

Any disputes involving this Policy shall be resolved applying the laws of the state of Washington.

IX. Section **IX. TERMS AND CONDITIONS**, paragraph **Q. ARBITRATION** is replaced by the following:

Q. ARBITRATION

Any controversy arising out of or relating to this policy or the breach, termination or invalidity thereof shall be settled by non-binding arbitration in accordance with the commercial arbitration rules, but not the authority or jurisdiction, of the American Arbitration Association (herein "AAA") then in effect. "We" and the "Named Insured" shall each appoint an arbitrator. Each arbitrator must be disinterested other than the "Named Insured" or any present or former officers or directors of the Insured. As soon as one party notifies the other of its demand for arbitration and names its arbitrator, the other party agrees to name its arbitrator within thirty (30) days of said notice. Within thirty (30) days of the naming of the second arbitrator, the two arbitrators will select a third arbitrator to be chairman of the panel, other than the "Named Insured" or any present or former officers or directors of the Insured. Should the two arbitrators not be able to agree on a choice of the third, then the Chief Judge of the chosen competent jurisdiction will make the appointment of such third arbitrator. None of the arbitrators may be current or former officers, directors, or employees of the "Named Insured" or "Us." The three arbitrators will comprise the arbitration panel for the purposes of this Policy.

Each party to this policy will submit its case with supporting documents to the arbitration panel within thirty (30) days after appointment of the third arbitrator. However, the panel may agree to extend this period for a reasonable time. Unless extended by the consent of the parties, the majority of the three arbitrators will issue a written decision resolving the controversy before them within thirty (30) days of the time the parties are required to submit their cases and related documentation. The arbitrators' written decision will state the facts reviewed, conclusions reached and the reasons for these conclusions. That decision will not be binding upon the parties in any court of competent jurisdiction.

Quotation Proposal
This is not a valid Policy

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Each party will pay the fees and expenses of its arbitrator, unless otherwise agreed by the parties. The remaining costs of arbitration will be shared equally by the parties.

Arbitration will take place in a competent jurisdiction agreed to by the parties.

Any disputes involving this Policy shall be resolved applying the substantive law as designated in ITEM 10. of the Declarations.

X. The following are added to Section **IX. TERMS AND CONDITIONS**:

CONCURRENT CAUSATION

A loss may be caused by a chain of causes. If a covered cause of loss is the dominant cause of such a loss, "We" will not deny coverage on the basis that a secondary cause in that chain is not a covered cause of loss.

RENEWAL

If "We" express a willingness to renew this Policy, "We" will provide at least twenty (20) days written notice to "You" prior to the end of the Policy Period. The notice shall include the amount of any increase in premium resulting from a change in rates, and an explanation of any change in Policy provisions. We will also provide notice to "Your" insurance producer, if any.

All other terms and conditions of this Policy shall remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Quotation
This is not a valid Policy

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BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

NEW SHORT RATE CANCELLATION TABLE ENDORSEMENT (U.S.A.)

94.104 (01/15)

This Endorsement, effective at 12:01 a.m. CST, on June 10, 2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

Issued by: BCS Insurance Company

Notwithstanding anything to the contrary contained herein and in consideration of the premium for which this Insurance is written it is agreed that in the event of cancellation thereof by "You" the earned premium shall be computed as follows:

SHORT RATE CANCELLATION TABLE

A. For Polices written for one year:-

Days Policy In Force	Percent. Of One Year Premium	Days Policy In Force	Percent. Of One Year Premium
1	5	154 - 156	53
2	6	157 - 160	54
3 - 4	7	161 - 164	55
5 - 6	8	165 - 167	56
7 - 8	9	168 - 171	57
9 - 10	10	172 - 175	58
11 - 12	11	176 - 178	59
13 - 14	12	179 - 182 (6 months)	60
15 - 16	13	183 - 187	61
17 - 18	14	188 - 191	62
19 - 20	15	192 - 196	63
21 - 22	16	197 - 200	64
23 - 25	17	201 - 205	65
26 - 29	18	206 - 209	66
30 - 32 (1 month)	19	210 - 214 (7 months)	67
33 - 36	20	215 - 218	68
37 - 40	21	219 - 223	69
41 - 43	22	224 - 228	70
44 - 47	23	229 - 232	71
48 - 51	24	233 - 237	72
52 - 54	25	238 - 241	73
55 - 58	26	242 - 246 (8 months)	74
59 - 62 (2 months)	27	247 - 250	75
63 - 65	28	251 - 255	76
66 - 69	29	256 - 260	77
70 - 73	30	261 - 264	78
74 - 76	31	265 - 269	79
77 - 80	32	270 - 273 (9 months)	80
81 - 83	33	274 - 278	81
84 - 87	34	279 - 282	82

Quotation This is not a valid policy

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88 - 91	(3 months)	35	283 - 287		83
92 - 94		36	288 - 291		84
95 - 98		37	292 - 296		85
99 - 102		38	297 - 301		86
103 - 105		39	302 - 305	(10 months)	87
106 - 109		40	306 - 310		88
110 - 113		41	311 - 314		89
114 - 116		42	315 - 319		90
117 - 120		43	320 - 323		91
121 - 124	(4 months)	44	324 - 328		92
125 - 127		45	329 - 332		93
128 - 131		46	333 - 337	(11 months)	94
132 - 135		47	338 - 342		95
136 - 138		48	343 - 346		96
139 - 142		49	347 - 351		97
143 - 146		50	352 - 355		98
147 - 149		51	356 - 360		99
150 - 153	(5 months)	52	361 - 365	(12 months)	100

B. For Polices written for more or less than one year:

1. If Policy has been in force for 12 months or less, apply the standard short rate table for annual policy to the full annual premium determined as for a policy written for a term of one year.

2. If the Policy has been in force for more than 12 months:

   (a) Determine full annual premium as for a policy written for a term of one year.

   (b) Deduct such premium from the full policy premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the policy has been in force to the length of time beyond one year for which the policy was originally written.

   (c) Add premium produced in accordance with items (a) and (b) to obtain earned premium during full period policy has been in force.

All other terms and conditions of this Policy shall remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Quotation
This is not a valid Policy

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2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

Coverage for Certified Acts of Terrorism

CYBER AND PRIVACY LIABILITY POLICY

94.551 (01/15)

This Endorsement, effective at 12:01 a.m. CST, on June 10, 2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

Issued by: BCS Insurance Company

In consideration of the additional premium payment of $155, the Exclusion under this Policy for acts of "Terrorism" that are certified by the Secretary of the Treasury as "Certified Acts of Terrorism" pursuant to the federal Terrorism Risk Insurance Act is hereby deleted, subject to the following provisions and restrictions:

A. With respect to any one or more "Certified Acts of Terrorism", "We" will not pay any amounts for which "We" are not responsible under the terms of the federal Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on "Our" liability for payments for "Certified Acts of Terrorism" losses.

B. The terms and limitations of any "Terrorism" Exclusion, or the inapplicability or omission of a "Terrorism" Exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded under a Nuclear Incident Exclusion or Radioactive Contamination Exclusion.

All other terms and conditions of this Policy shall remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Quotation
This is not a valid Policy

Powered by LLOYD'S

BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

War and Terrorism Endorsement - Washington

CYBER AND PRIVACY LIABILITY POLICY

94.552 WA (01/15)

This Endorsement, effective at 12:01 a.m. CST, on June 10, 2020 forms part of:

Policy No.: RPS-Q-50176893M/1

Issued to: VEBA Trust for Public Employees of the Northwest

Issued by: BCS Insurance Company

The following changes are made to the Policy:

I. Section **IV. EXCLUSIONS**, paragraph **H.** is replaced by the following:

H. Any “strike or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder or defend against these actions; including all amounts, “Damages", or “Claim Expenses" of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to the above.

II. The following is added to Section **IV. EXCLUSIONS**:

Any act of "Terrorism". However, non-"Certified Acts of Terrorism" are excluded only if:

1. The act(s) of “Terrorism" result in industry-wide insured losses that exceed $25,000,000 for related incidents that occur within a seventy-two (72) hour period; or
2. Fifty or more persons sustain death or serious physical injury for related incidents that occur within a seventy-two (72) hour period.

For purposes of this provision, “serious physical injury" means:

a. Physical injury that involves a substantial risk of death;
b. Protracted and obvious physical disfigurement; or
c. Protracted loss of or impairment of the function of a bodily member or organ.

However, these limitations on the exclusion of non-"Certified Acts of Terrorism" do not apply if:

i. The act involves the use, release or escape of nuclear materials, or results directly or indirectly in nuclear reaction or radiation or radioactive contamination;
ii. The act is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
iii. Pathogenic or poisonous biological or chemical materials are released, and it appears that onepurpose of the "Terrorism" was to release such materials.

III. Section **V. DEFINITIONS**, paragraph **A. "Act of Terrorism"** is deleted.

Quotation This is not a valid Policy

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2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(312) 803-7384

IV. The following are added to Section **V. DEFINITIONS:**

"Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

a. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Terrorism" means:

1. Any "Certified Act of Terrorism"; and

2. Activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      1) Use or threat of force or violence; or
      2) Commission or threat of a dangerous act; or
      3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
      2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

All other terms and conditions of this Policy shall remain unchanged.

This endorsement forms a part of the Policy to which attached, effective on the inception date of the Policy unless otherwise stated herein.

Quotation This is not a valid Policy

Powered by LLOYD'S

BCS INSURANCE COMPANY
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181

Cyber Liability And Privacy Coverage Application

94.001-4 (07/19)

CERTAIN COVERAGES OFFERED ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND NOTIFIED TO US DURING THE POLICY PERIOD AS REQUIRED. CLAIM EXPENSES SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND ARE SUBJECT TO THE APPLICABLE RETENTION(S). PLEASE READ THE POLICY CAREFULLY.

"You", "Your Organization", and "Applicant" mean all corporations, organizations or other entities, including subsidiaries, proposed for this insurance.

I. GENERAL INFORMATION

Name of Applicant	VEBA Trust for Public Employees of the Northwest
Mailing Address	906 W 2nd Ave Ste 300
City	Spokane
State	Washington
ZIP Code	99201-4537
Description of Applicant's Operations	Fin. Inst. - National

II. REVENUES

Indicate the following as it relates to the Applicant's fiscal year end (FYE):	**Prior FYE**
Total Interest Income	$34,690,990

III. NETWORK SECURITY SYSTEM

1.	Do "You", or an outsourced firm, back up your data and systems at least once a week, and store these backups in an offsite location?	Yes ☒	No ☐
2.	Do "You" have anti-virus software and firewalls in place that are regularly updated (at least quarterly)?	Yes ☒	No ☐
3.	After inquiry of the "Control Group", as defined, are "You" aware of any or have any grounds for suspecting any circumstances which might give rise to a claim?	Yes ☐	No ☒
4.	Within the last 5 years, has "Your Organization" suffered any system intrusions, tampering, virus or malicious code attacks, loss of data, loss of portable media, hacking incidents, extortion attempts, or data theft, resulting in a claim in excess of $25,000 that would be covered by this insurance?	Yes ☐	No ☒

If the "Applicant" represents a Healthcare organization, Financial Institution or Legal Services (consumer) then the following question MUST be answered:

5. Do “You” have a written policy which requires that personally identifiable information stored on mobile devices (e.g. laptop computers / smartphones) and portable media (e.g. flash drives, back-up tapes) be protected by encryption? Yes ☒ No ☐

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* With respect to the information required to be disclosed in response to the questions above, the proposed insurance will not afford coverage for any claim arising from any fact, circumstance, situation, event or act about which any member of the “Control Group” of the “Applicant” had knowledge prior to the issuance of the proposed policy, nor for any person or entity who knew of such fact, circumstance, situation, event or act prior to the issuance of the proposed policy.

"Control Group" means:
The board members, executive officers, Chief Technology Officer, Chief Information Officer, Risk Manager and General Counsel or their functional equivalents of “Your Organization”. This does not include any administrative staff who work in the offices of these named positions.

REQUIRED FRAUD WARNING LANGUAGE:

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

Signature of Applicant’s Authorized Representative

Name (Printed)

Title

Date

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POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

94.553 (01/15)

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS.

UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

☒ I hereby elect to purchase terrorism coverage for a prospective premium of $155.00

☐ I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant's Signature

Insurance Company

Print Name

Policy Number

Date

Confirmation of Cyber Coverage Declination

Named Insured: VEBA Trust for Public Employees of the Northwest

Address: 906 W 2nd Ave Ste 300 , Spokane, 99201-4537

This is to confirm that one or more cyber liability insurance coverage options have been offered to the company (or organization) during this renewal period, and that the company has declined to purchase cyber liability insurance. The company's insurance representative has been advised and understands that the likelihood of coverage is remote under the company's GL, property, executive liability and other insurance policies for claims and losses that are potentially covered by cyber liability insurance.

Confirmation Signature Date

Title

AGENDA ITEM 4.1: PLAN DOCUMENT AMENDMENTS

SNAPSHOT: During the February Meeting, the Board approved all Plan Document edits presented, and authorized the Trust Chair to approve any additional non-substantive edits. Attached for the Board's information are the additional, non-substantive edits approved by the Trust Chair in mid-June.

ACTION ITEM

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care; and 6. Monitor regulatory, legislative, and compliance issues that affect HRAs and VEBAs.

BACKGROUND

During the February Meeting, Trust Counsel and Gallagher presented tracked changes to the Plan Documents. At that time, the Board approved all changes as discussed and authorized the Trust Chair to approve any further non-substantive revisions.

Since the Board Meeting, Trust Counsel and Gallagher worked together to resolve Trust Counsel's concerns relating to the Limited HRA Plan and implemented additional administrative steps to strengthen that form of coverage's compliance with applicable law. Additionally, a few other clarifying revisions were implemented and approved by the Trust Chair. These revisions included:

- Adding a definition of "Plan Summary";
- Fee and investment language clean-up to reflect daily valuation (rather than the old monthly valuation model);
- Language to clarify the intent of fixing errors, even if reported after 90 days;
- Listing the default rule for the treatment of stepchildren in the HRA survivor benefit; and
- Removal of specific thresholds to engage third-party services for the location of participants who have abandoned accounts.

For the Board's information, attached are the Plan Documents with additional edits tracked from the versions approved during the February Board Meetings.

Finally, Trust Counsel and Gallagher recently explored what should happen to an ex-spouse's account in the event the ex-spouse passes away with a balance. This issue would arise when a participant's HRA is split due to divorce and the ex-spouse becomes an account holder. Should the ex-spouse pass away, the account can continue to be used by any mutual tax-qualified dependents of the original participant and ex-spouse (specifically, adopted and biological children under the age of 26). Thereafter, any remaining funds would be transferred back to the original participant. This new Plan Document language is displayed as tracked changes and highlighted in the attached for your ease of review.

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to approve the new Plan Document language outlining how to treat an ex-spouse's account upon death as presented and discussed.

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
FOR PUBLIC EMPLOYEES IN THE NORTHWEST

STANDARD
HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

(FULL 213(d) MEDICAL BENEFITS COVERAGE)

AMENDED AND RESTATED
As of January 1, 2020

Article I.
General Provisions

1.1 Name. The name of this Plan is the VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION STANDARD HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST ("Standard HRA Plan" or "Plan"). The Trust may offer one or more HRA plans or forms of HRA plan coverage from time to time. The term "Plan" or "HRA Plan" shall refer to this Standard HRA Plan either individually or collectively with other plans or forms of plan coverage offered by the Trust as the context indicates or requires. This Plan is offered by a voluntary employees' beneficiary association under Internal Revenue Code §501(c)(9). The effective date for the Plan is October 1, 1990.

1.2 Plan Documents. This Plan document sets forth the terms and conditions for full IRC Section 213(d) medical expense coverage under the Standard HRA Plan. This Plan document, together with the Trust Agreement, the most current version of the Plan Summary, the Employer Adoption Agreement, as any of the above documents may be amended, restated, or replaced from time to time, the completed individual Participant Enrollment File~~, and the Employer Adoption Agreement, as the same may be amended, restated, or replaced from time to time,~~ shall constitute the Plan documents for HRA VEBA Standard Plan coverage. This Plan document is hereby amended and restated and replaces the prior Standard Plan document in its entirety.

1.3 Integrated, Current-Employee HRA Plan.

1.3.1 Integration. This Plan coverage is designed to be integrated with a Group Health Plan or otherwise exempt from the integration requirements under PPACA. The Trustees shall establish such rules, policies, and procedures as they deem necessary or desirable to achieve the Plan's compliance with or exemption from the Mandates and other applicable regulations promulgated or regulatory guidance issued under PPACA, including or in addition to the following:

1.3.1.1 Participant Integration. Participant Accounts shall be considered integrated under the terms of this Plan and eligible to receive contributions into this Standard HRA Plan only if, at the time such contribution is Credited, the Employer has determined that the Participant for which such Participant Account is established is (a) eligible to enroll in the Employer's Group Health Plan and (b) he or she is actually enrolled in the Employer's Group Health Plan or has certified or attested to the Employer that he or she has enrolled in another Group Health Plan. Except as specifically permitted by Section 1.3.2, Participants who are determined by their Employer not to meet the requirements of

Section 1.3.1.1 may only receive contributions under the Post-separation HRA Plan according to the terms and conditions of the Post-separation HRA Plan document.

1.3.2 Grandfathered and other Permitted Contributions. Contributions into Participant Accounts are permitted only if:

1.3.2.1 ***Grandfathered (Pre-2013)***. Such contributions were Credited prior to January 1, 2013, or

1.3.2.2 ***Grandfathered (Post 2012; Pre-2014).*** Such contributions were Credited after January 1, 2013 but before January 1, 2014, pursuant to contribution terms or methods that were approved, documented, or otherwise in effect before January 1, 2013, or as otherwise provided or permitted by applicable law; or

1.3.2.3 ***Integrated.*** Such contributions were contributed into Participant Accounts pursuant to the terms and conditions of Section 1.3.1.

1.3.2.4 ***Forfeiture Reallocations or Re-contributions.*** Such contributions were the result of forfeitures re-allocated or re-contributed as permitted by Section 5.6.

1.3.3 Dependent Integration. For any claims incurred on or after the first day of the Plan Year beginning in 2017, the extent of coverage for a Dependent of a Participant who is a current employee and is currently covered and eligible for Benefits under this Standard HRA Plan will depend on whether the Dependent is enrolled in or covered by a Group Health Plan at the time a Qualified Health Care Expense is incurred.

1.3.3.1 For a Dependent to be reimbursed for any Qualified Health Care Expense, the Dependent must be enrolled in or covered by a Group Health Plan at the time a Qualified Health Care Expense is incurred.

1.3.3.2 For a Dependent who is not enrolled in or covered by a Group Health Plan at the time a Qualified Health Care Expense is incurred, reimbursement of that expense will be limited to Excepted Benefits only, and the Participant shall have the option to seek reimbursement of the expense under the Limited HRA Plan, which is limited to Excepted Benefits only. During any period in which a Dependent is eligible pursuant to this Section for Excepted Benefits coverage under the Limited HRA Plan, the Participant or the Dependent shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Administrator by phone or in writing.

1.3.3.3 Verification of a Dependent's integration status will be based upon policies and procedures approved by the Administrator or as otherwise required by applicable law.

1.3.4 Current-Employee HRA. Coverage and eligibility for Benefits under this Standard HRA Plan is intended for any Participant who is a current Employee of the Employer who makes contributions on behalf of the Participant and who was enrolled in or covered by a Group Health Plan at the time the Employer made one or more contributions on behalf of the Participant. At the time a Participant separates from service from the Employer who has made or will continue to make contributions on behalf of the Participant, the Participant and his or her Dependents will be covered under the Post-separation HRA Plan according to the terms and conditions of the separate Post-separation HRA Plan document.

1.4 Forfeiture of Account Balance and Future Reimbursements for Premium Tax Credit Eligibility. To the extent any Participant retains a positive account balance in his or her Participant Account during any month, PPACA provides that such Participant Account will generally constitute "minimum essential coverage," as defined under IRC §5000A, and will therefore preclude the Participant from claiming or becoming entitled to an IRC §36B premium tax credit during that month to purchase coverage from a marketplace exchange established in accordance with PPACA.

1.4.1 Forfeiture Election. In order to prevent a Participant Account from precluding eligibility for an IRC §36B premium tax credit for the Participant or a Dependent, a Participant or Dependent under this Standard HRA Plan may, at any time, elect to waive and forfeit the right to Benefits for any Qualified Health Care Expenses incurred on and after the date of such election to and excluding the date on which such election is revoked by the Participant or the Dependent.

1.4.2 Application of Forfeitures. Any positive account balance that is waived and forfeited pursuant to this Section 1.4 shall be applied as provided in Section 5.6.

1.5 Election of Coverage under the Limited HRA Plan. In lieu of the election permitted under Section 1.4, in order to become potentially eligible for an IRC §36B premium tax credit, a Participant or Dependent under this Standard HRA Plan may, at any time, elect Limited HRA Coverage, the terms and conditions of which are governed by the Limited HRA Plan document. Except as specifically (a) permitted by applicable law and (b) approved by the Administrator, any election under this Section 1.5 shall be effective on and after the date of such election to and excluding the date on which such election is revoked by the Participant or the Dependent.

1.6 Interpretation of Capitalized Terms. Capitalized terms used herein and not otherwise defined in this document shall have the meanings ascribed to such terms in the other Plan documents. In the event there is a conflict in the definition ascribed to any term in two or more Plan documents, Plan forms, or other Plan materials, the definition ascribed to such term within any particular document shall apply for interpretation of that document, and if not defined therein, the meaning that shall apply for interpretation of a document shall be determined by reference first to the Trust Agreement, second to the Plan Document, third to the applicable Employer Adoption Agreement, and fourth to the applicable Participant Enrollment File.

1.7 Definitions.

"Administrator" or "Plan Administrator" means the Board of Trustees or its designee, including any Third-party Administrator acting at the direction of the Trustees.

"Beneficiary" means a deceased Participant's beneficiary who inherits the right to receive Benefits payable from the remaining balance of a Participant Account after the Participant is deceased without any surviving Dependents. A Beneficiary can inherit the right to receive Benefits either as a former Dependent, an adult child of the Participant, a beneficiary designated by the Participant, or by operation of the terms of the Plan. A Beneficiary by operation of plan terms may arise in the absence of a valid beneficiary designation, if all of the designated beneficiaries predeceased, or if the Plan is unable to locate designated beneficiaries, all in accordance with the terms and conditions of Section 5.5 and policies and procedures of the Administrator.

"Benefits" refers to reimbursements for or payments of Qualified Health Care Expenses as described in Section 5.1, as such Benefits may be limited by elections of the Participant, the terms of the Plan, or applicable law.

"Card" means the debit/credit card(s) provided by the Administrator and used by Participants for the payment of Benefits under the Plan.

"Card Program" means the procedure and system established by the Administrator utilizing Cards for the payment of Benefits.

"Claims-Eligible" with respect to any Participant means that such Participant has satisfied the conditions required to become eligible for reimbursement of Qualified Health Care Expenses under this Plan.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985 and the regulations promulgated thereunder, as amended from time to time.

"Credited" means, with respect to the timing of a contribution made to a Participant Account, the date on which the Participant who received such contribution earned or became entitled to such contribution pursuant to the terms of this Plan, applicable collective bargaining agreements, Employer policies, or other Employer actions or adoption procedures.

"Dependent" means a Participant's spouse, dependent (as defined in IRC Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, or child (who as of the end of the taxable year has not attained age 27) as determined under IRC § 105(b).

"Employee" means any individual that an Employer determines is a current or former employee of such Employer, as the term "employee" is defined by Treasury Regulation §1.501(c)(9)-2(b), except employees excluded as a result of collective bargaining agreements, agreements substantially similar to collective bargaining agreements, or as a result of an individual Employer's nondiscriminatory employer benefits policies.

"Employer" means the States of Washington, Oregon, and Idaho, or any political subdivision thereof; any local government, including any county, city, town, special purpose district within Washington, Oregon, or Idaho; or any agency or instrumentality of any of the foregoing or other entity that is sufficiently affiliated with the Employers for purposes of IRC §501(c)(9).

"Employer Account" refers to the account maintained with respect to any Employer to record its contributions which have not been allocated to Participant Accounts, and adjustments related thereto, and established for the purpose of providing benefits permitted under IRC §501(c)(9).

"Employer Adoption Agreement" means an Employer Adoption Agreement executed by an Employer and accepted by the Trust, as the same may be amended and restated or replaced from time to time.

"Excepted Benefits" means Qualified Health Care Expenses that would not be considered "minimum essential coverage" under IRC §5000A(f)(3). Excepted Benefits shall include benefits described under Treasury Reg. §54.9831-1(c)(3)(i-(iv), including expenses and premiums for coverage for any of the following, or as otherwise permitted by law:

(a) Medical care expenses substantially all of which are for the treatment of the eye or the mouth (including any organ or structure within the mouth); and

(b) Qualified long-term care services or medical care expenses incurred based on cognitive impairment or loss of functional capacity that is expected to be chronic, subject to indexed annual limits.

"Group Health Plan" or "GHP" means a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) and such term "group health plan" is defined under IRC §§9832(a) and 5000(b)(1) and Treasury Regulation 54.9831-1(a)(1).

"IRC" means the Internal Revenue Code of 1986, as amended from time to time.

"Limited HRA Coverage" is coverage that limits Benefits for various purposes as required or permitted by applicable law, including, without limitation:

(i) Eligibility for contributions to a health savings account (HSA);

(ii) To coordinate benefits for purposes of HRA coverage reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA);

(iii) To prevent preclusion of eligibility for an IRC §36B premium tax credit during any month to purchase coverage from a marketplace exchange established in accordance with PPACA;

(iv) Eligibility for limited coverage prior to separation for Participants with Post-separation Accounts; and

(v) Eligibility for limited coverage for Dependents who are not integrated with an employer-sponsored group health plan at the time a Qualified Health Care Expense is incurred.

Limited HRA Coverage will be limited to Excepted Benefits only for purposes described in clauses (iii)-(v), and in other cases required by law or to exempt Plan coverage from certain legal and regulatory mandates, including certain mandates under HIPAA, MMSEA, and/or PPACA. The terms and conditions for Limited HRA Coverage is governed by a separate Limited HRA Plan document.

"Mandates" means provisions of PPACA known as the "PHSA mandates" and found under Sections 2701-2719A of the Public Health Service Act ("PHSA"); Section 9815 of the IRC (incorporating the PHSA provisions into the IRC); and Section 715 of ERISA (incorporating the PHSA provisions into ERISA).

"Participant" means an Employee who has become eligible as a Participant as described in Article II or any other individual who becomes a Participant under the Plan as described in Section 4.4. Except as specifically provided otherwise in this Plan document with respect to a Beneficiary, the term "Participant" as used in this Plan document and in the forms and literature used for administration of this Plan shall include any surviving spouse to whom a remaining balance in a Participant Account is transferred or any other person who becomes a Beneficiary under Section 5.5.

"Participant Account" refers to the account maintained for a Participant to record his/her share of the contributions of the Employer and adjustments relating thereto and established for the purpose of the payment of Benefits.

"Plan Summary" means a written document that (1) summarizes the terms and conditions of the Plan, (2) informs participants, dependents, and other beneficiaries of Plan of their rights, benefits, and responsibilities under and with respect to the Plan, and (3) includes other information that is determined by the Administrator to be important, informational, or required by applicable law.

"Participant Effective Date" for any Participant means, as applicable, any of the following: (i) the date specified by the Employer in the Participant Enrollment File; or (ii) if no date is specified for a Participant on the Participant Enrollment File, the date on which both a contribution and the required enrollment information for such Participant have been received by the Plan; or (iii) if an Employer contribution has been received in the form of transferred assets from a former plan, the date specified by the Employer in the applicable transfer agreement on which the employee shall become a Participant; provided that, the Participant Effective Date cannot be a date prior to the Employee's original hire date with the Employer or the effective date of this Plan (or in the case of a transfer under (iii) the effective date of the former plan).

"Participant Enrollment File" means the paper enrollment form, online enrollment information, or enrollment file provided by the Employer or a Participant with the information required by the Plan Administrator in order to enroll a Participant in the Plan.

"Plan Year" is from October 1 to September 30, except the first year for this Plan with an effective date other than October 1 shall run from such effective date until the next September 30.

"PPACA" means the Patient Protection and Affordable Care Act and all rules, regulations, and regulatory guidance applicable to the Plan promulgated thereunder, as the same shall be amended from time to time.

"Qualified Health Care Expenses" means medical care expenses defined by IRC §213(d) and IRC §106(f) (for years to which IRC §106(f) applies).

"Re-employed" means, with respect to a Participant who has become Claims-Eligible upon retirement from employment or other separation from service from the Employer who last made contributions into such Participant's Participant Account, that such Participant has become re-employed with such Employer under any circumstances.

"Third-party Administrator" means one or more third-parties appointed or contracted by the Administrator from time to time to provide record-keeping, claims-payment, and/or other plan administration services to all or a portion of the Trust or this Plan.

"Trust" or "Trust Agreement" refers to the Voluntary Employees' Beneficiary Association for Public Employees in the Northwest Trust and as it may be amended, restated, or replaced from time to time.

"Trustees" refers, collectively, to the individuals serving in their capacity as the Board of Trustees in accordance with the Trust.

Article II.
Participation

2.1 In General. Subject to the limitations of this Article II, and subject to the eligibility provisions of applicable local and State law, an Employee becomes a Participant under this Plan on the Participant Effective Date.

2.2 Nondiscrimination. This Plan does not permit any condition for eligibility or benefits which would discriminate in favor of any class of Participants to the extent such discrimination is prohibited by applicable law.

2.3 Duration of Participation. Once a Participant becomes Claims-Eligible under the Plan, the Participant's active status with respect to any Participant Account shall exist for so long as there is a positive account balance in such Participant Account, and thereafter, for such period as determined under the policies and procedures of the Administrator ("Account Closure Period"), but not to exceed two (2) years. If a Participant Account remains exhausted for the Account Closure Period, the Participant's active status with respect to such Account shall terminate after such Account Closure Period in accordance with the Plan's policies and procedures. A Participant who has lost his or her active status with respect to any Participant Account may subsequently become a Participant in the Plan and Claims-Eligible as prescribed in Section 2.1. During any Account Closure Period for any Participant Account, a Participant may or may not receive statements or other plan communications with respect to such Participant Account, but will remain Claims-Eligible.

Article III.
Funding of Accounts

3.1 Contributions and Allocation of Assets. Each Employer shall contribute or transfer assets to this Plan, or designate assets to be subject to the terms of this Plan, on behalf of its eligible Employees pursuant to collective bargaining agreements, other written agreements, Employer benefits policies, and/or the terms of the Post-separation HRA, Standard HRA, or Limited HRA Plan documents, as applicable. Employer contributions, transfers, or assets designated to be subject to the terms and conditions of this Standard HRA Plan shall be specifically allocated to one or more Participant Accounts or to an Employer Account for the purpose of providing for payment of the Benefits described hereinafter or maintained in an Employer Account, as directed by the Employer. The liabilities, expenses, costs and charges associated with each particular Participant and Employer Account shall be charged against the portion of assets of the Trust held with respect to that particular Participant or Employer Account.

Article IV.
Accounts

4.1 Participant Accounts and Employer Accounts. Accounting records shall be maintained by the Third-party Administrator to reflect that portion of the Trust with respect to each Participant and with respect to each Employer (regarding its contributions which have not been allocated to Participant Accounts), and the contributions, income, losses, increases and decreases for expenses or benefit payments, transfers and adjustments attributable to each such account. The Administrator shall not be required to maintain separate investments for any account.

4.2 Receipt of Contributions or Transfers. Contributions or transfers for any Plan Year will be credited as received by the Third-party Administrator and will be allocated as directed by the Administrator consistent with Participant investment elections. If any portion of any Plan contribution is not allocable to a specific Participant Account or an Employer Account pursuant to instructions from the Employer, or if a complete Participant Enrollment File is not submitted for any amount allocated to a Participant Account, the Administrator will allocate such amount to one or more default investment options as determined by the Trustees ~~a non interest bearing account for unallocated funds~~ until such time as

further instructions are received from the Employer~~, or the Administrator may return such contribution to the Employer~~. Notwithstanding the foregoing, Plan contributions received as assets transferred from a prior qualified plan on behalf of an Employee for whom a Participant Enrollment File is not submitted will not be returned to the Employer and will be treated as directed by the Employer in writing and in accordance with the policies and procedures established by the Administrator or Third-party Administrator.

4.3 Accounting Steps. The Third-party Administrator shall adopt procedures and accounting steps to reflect changes in Plan assets and Participant Account balances, at such times and in such order as reasonably determined by the Administrator:

4.3.1 ~~FIRST, a~~Allocate and credit any Employer contribution or transfer to this Plan ~~that is made during the month~~ to a Participant Account or Employer Account. Investment earnings or losses will accrue from the date the contribution or transfer is credited to a Participant Account or Employer Account, and funds will be invested as directed by the Participant or Employer in accordance with the policies and procedures of the Administrator~~, and investment earnings or losses will accrue from the date the contribution or transfer is credited to the Participant Account or Employer Account in accordance with the policies and procedures of the Administrator~~; and

4.3.2 ~~SECOND, a~~Adjust each Participant Account and Employer Account upward or downward, by an amount equal to the net income or loss accrued on balances within the ~~under this Plan by the~~ Account; and

4.3.3 ~~THIRD, A~~sses, charge to, or deduct from each Participant Account and Employer Account all fees, payments, transfers, adjustments, or distributions made under this Plan to or for the benefit of the Participant or his Dependents~~, or the Employer,~~ as the case may be, that have not been charged previously.

4.4 Splitting Participant Account Upon Court Order or Agreement. To the extent permitted by applicable law, in the event of a Participant's divorce, a Participant Account may be split between the Participant and his or her former spouse ("Former Spouse") upon receipt of a court order or agreement acceptable to the Administrator and subject to the policies and procedures of the Administrator; provided, however, the Administrator shall have the right not to split such account if it determines, in its sole discretion, that splitting of accounts upon divorce would result in disqualification of or adverse tax consequences for the Plan or Trust. The Administrator may value, report, withhold, and pay applicable taxes or other fees and charges in accordance with this Plan Document, the Administrator's policies and procedures, and applicable law. While a Former Spouse becomes a Participant for purposes of this Plan, under applicable law, a Former Spouse may not: (1) designate a Beneficiary on his or her Participant Account; or (2) provide coverage for dependents under the Plan that do not otherwise qualify as a Dependent of the original Participant. In the event the Former Spouse passes away with a balance in his or her Participant Account, only the biological or adopted Dependent(s) of the Former Spouse and original Participant may continue to use the Former Spouse's Participant Account. Thereafter, any balance in the Former Spouse's Participant Account shall transfer to the original Participant or to the Beneficiaries of the original Participant. In the event there is no original Participant or Beneficiaries of the Participant to inherit the balance of the Former Spouse's Participant Account, such balance shall forfeit in accordance with Section 5.6 as if the Former Spouse's Participant Account was an account of the original Participant.

4.5 Use of Employer Accounts. Funds within each Employer Account are, at the direction of the Employer, either to be allocated to Participant Accounts or to be applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Administrator.

4.6 Notify the Plan of Errors within Ninety (90) Days. Participants and Employers should regularly review account information and immediately report any potential errors to the Administrator. Participants and Employers must notify the Administrator of an account error within ninety (90) days from the date the potential account error (a) is viewed by the applicable Participant or Employer online through the Plan portal or (b) appears on an account statement or other report received by the applicable Participant or Employer, whichever occurs first ("Notification Period"). Notification of any potential errors should be in writing in accordance with Section 4.6.1 below.

4.6.1. Contents of Error Notification. Written notice of any potential account error must include: (1) the name of the Employer or Participant; (2) the applicable account number; and (3) a detailed description of the error, including any applicable dollar amounts and why the Participant or Employer believes it to be an error.

4.6.2 Investigation of Error~~; Corrective Action~~. The Administrator will perform a timely investigation of any error notifications. The affected Participant(s) and/or Employer(s) will be notified regarding the results of the Plan's investigation and any corrective actions taken in accordance with the policies and procedures of the Administrator or as otherwise directed by the Trustees.

4.6.3 Corrective Action. Correction of any errors will be applied prospectively and, retroactively for any losses incurred during the Notification Period ~~defined by this Section 4.6~~, including any investment losses, if such losses are the direct result of the negligent error or omission on the part of the Plan or its representatives. Where such errors are timely reported during the Notification Period, but the error is not corrected by the Administrator until after the close of the Notification Period, losses incurred after the close of the Notification Period will also be restored through the date of correction by the Administrator. However, in the event a Participant or Employer reports an error after the close of the Notification Period, neither the Plan, nor any of its representatives shall be liable for any losses incurred by a Participant or Employer, as applicable, arising after expiration of the Notification Period.

4.7 Reliance Upon Data and Information from Participants and Employers. It is the responsibility of Participants and Employers in submitting data and information to the Plan to ensure that such data and information is correct. The Plan and its agents may rely upon any data or information submitted from a Participant or Employer as true and correct. The Plan and its agents are not responsible for any errors made by a Participant or Employer with regard to the data or information submitted to the Plan, nor are the Plan and its agents responsible for further errors that result from incorrect data or information submitted by a Participant or Employer. If a Participant or Employer discovers that information or data submitted to the Plan was incorrect, it is the responsibility of that Participant or Employer to timely notify the Plan in writing and correct the information or data.

Article V.
Qualified Health Care Expenses and Benefits under this Plan

5.1 Benefits for Qualified Health Care Expenses. Benefits under this Standard HRA Plan must be a reimbursement for medical care expenses as defined by IRC §213(d) and IRC §106(f) and excludable from income under IRC §§105 and 106, as amended from time to time, subject to the limitations, terms, and conditions below and any other limitations, terms, and conditions, under this Plan document, applicable law or as otherwise provided in policies and procedures of the Administrator. Benefits are payable for expenses incurred by the Participant or the Participant's Dependent(s), subject to the limitations under this Section, Section 1.3, and Section 5.5. Benefits shall include (but are not limited to) premiums for permitted insurance coverage, including COBRA premiums, reimbursed directly to the Participant.

5.1.1 General Limitations.

5.1.1.1 Reimbursements are limited to medical care expenses not covered by Social Security, Medicare, or any other health insurance contract or plan. Benefits may not include reimbursement for expenses that are deducted by the Participant under any section of the Internal Revenue Code, or for expenses which were incurred prior to becoming a Participant of the Plan. Reimbursement may be made for premiums due for any part of Medicare or Medicare supplement policies.

5.1.1.2 Participants who are covered by an IRC §125 healthcare flexible spending account which provides benefits covered under this Plan must exhaust benefits under the IRC §125 healthcare flexible spending account prior to filing a request for Benefits under this Plan.

5.1.1.3 For Participants who are integrated with a GHP that does not provide minimum value as defined by IRC §36B(c)(2)(C)(ii), Benefits are limited to Excepted Benefits and reimbursements for co-payments, co-insurance, deductibles, and premiums under the GHP that does not provide minimum value. Coverage under this Standard HRA Plan for Participants of an Employer that does not offer a GHP that provides minimum value shall be subject to approval by the Administrator and policies and procedures of the Administrator that may require more specific documentation for verification that reimbursements are limited as provided by this Section 5.1.1.3.

5.1.1.4 Limited HRA Coverage is available to Participants or Dependents who desire to limit their Benefits to coordinate with other benefit plans or limitations imposed or other benefits allowed under applicable law. Limited HRA Coverage shall be subject to the terms and conditions of the Limited HRA Plan document, limitations and provisions of applicable law, and rules, regulations and limitations established by the Administrator from time to time. During any period in which the Participant or any of his or her Dependents is automatically eligible for or has elected coverage under the Limited HRA Plan, the Participant or the Dependent shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Administrator by phone or in writing.

5.1.1.5 Reimbursement for any claim submitted in accordance with this Article and the Plan may not exceed the current account balance in the applicable Participant Account at the time of reimbursement.

5.1.1.6 Applicable law and regulations prohibit this HRA Plan from reimbursing premiums for individual market coverage while a current employee is covered and eligible for Benefits under this HRA Plan. While a Participant is a current employee of the Employer who made or is making contributions on behalf of the Participant, the Participant is eligible for reimbursement under this HRA Plan for the out-of-pocket portion of premiums for Excepted Benefits; premiums for Group Health Plan coverage (provided that, in the case of premiums for Group Health Plan coverage provided through the Participant's Employer, there is no pre-tax option to pay such premiums under the Employer's IRC §125 plan); and premiums for other coverage as permitted by applicable law.

5.1.2 Claims for Benefits. Participants may file claims for Benefits on or after the date they become a Participant, provided the Third-party Administrator has received a complete Participant Enrollment File, a contribution or transfer on behalf of the Participant and any additional

information that, in the discretion of the Third-party Administrator, is required or necessary for the Plan or Third-party Administrator to comply with applicable law, including without limitation, the reporting requirements under PPACA and Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA).

5.1.3 Payment of Benefits. Payment of Benefits shall be made in accordance with the rules, regulations and limitations established by the Administrator from time to time consistent with the requirements of the Internal Revenue Code and any other applicable law.

5.2 Termination of Benefits. All Benefits for any Participant will terminate as of the date such Participant permanently loses his or her status as a Participant pursuant to Section 2.3.

5.3 COBRA. Participants or Dependents have a right to continue to make contributions and/or receive Benefits under this Plan for a specified time period if such rights are lost due to certain qualifying events, as prescribed by COBRA. COBRA continuation coverage for certain qualifying events is dependent on the Plan receiving notification of qualifying events within certain time periods as prescribed by COBRA. The Plan will administer continuation of COBRA using policies and procedures required or permitted by COBRA.

5.4 Health Care Debit Cards. Participants in the HRA Plan may, subject to a procedure established by the Administrator, use the Card(s) provided by the Administrator for payment of Benefits, subject to the provisions below.

5.4.1 Each Participant, by participating in the Card Program and using the Card(s), certifies that such Card shall only be used for Benefits and that any Benefit paid with the Card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

5.4.2 The Card shall be issued upon the Participant becoming Claims-Eligible, and is valid until reissued or replaced and for so long as the Participant remains a Participant in the Plan. The dollar amount of coverage available on the Card shall be subject to policies and procedures of the Administrator. Participant shall not use the Card to pay claims in excess of the dollar amount available on the Card.

5.4.3 The Cards shall only be used for permitted Benefits.

5.4.4 Participant shall be subject to the terms and conditions of the cardholder agreement, which shall be distributed with the Card.

5.4.5 Purchases made with the Cards shall be subject to the substantiation requirements of the Administrator. The Administrator, in its sole discretion, shall adopt procedures to ensure that amounts paid with the Card qualify as eligible Benefits under the Plan. Substantiation may be accomplished in accordance with policies and procedures of the Administrator, including without limitation, by Participant's submission of a receipt from a merchant or service provider describing the service or product, the date of the purchase, and the amount. Some charges shall be considered substantiated at or after the time of the Card charge by the nature of the charge and information collected at the time of the charge. Some charges shall be considered substantiated due to their "recurring" nature, in which the expenses match expenses previously substantiated as to amount, provider, and time period. At the point of sale, the service provider or merchant can provide or make available to the Administrator information to substantiate the charge. All

charges not automatically substantiated ~~adjudicated~~ shall be conditional, pending confirmation and substantiation of additional documentation or information.

5.4.6 Participants shall maintain records to substantiate payments of Benefits made with Cards. If the Card is used to pay an expense that is not automatically substantiated ~~adjudicated~~ or otherwise independently verified without additional documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Administrator to verify that the amount was an eligible Benefit. If the Participant fails to provide information to satisfy the Administrator that amounts paid by use of the Card are eligible Benefits~~Card Services~~, the Administrator may, in its discretion, make the Plan whole by taking whatever action it deems appropriate to require the Participant to repay the amount that has not been verified, including:

(a) requesting the Participant to reimburse the Plan for the amount that has not been verified;

(b) offsetting future reimbursement of claims by the amount paid by use of the Card that has not been verified;

(c) suspending the activation on the Participant's Card; and

(d) suspending the Participant's eligibility to use the Card and participate in the Plan.

If the Administrator's correction efforts prove unsuccessful, the Participant remains indebted to the Plan for the amount of the payment that has not been verified. In that event, and consistent with its business practices, the Plan may treat the amount that has not been verified as it would any other business indebtedness. If the payment is not recovered within the timeframes specified in the policies and procedures of the Administrator, then the Plan may forgive the indebtedness, in which case the payment shall be reported as taxable income for the year in which the indebtedness is forgiven.

5.4.7 The Administrator, in its sole discretion, may adopt such other rules that it deems appropriate to govern the use of the Card to pay eligible Benefits (*e.g.*, establishing transaction limits on the Card, charging fees to use such Cards, etc.).

5.4.8 The Card is subject to cancellation upon the following: Participant's death; Participant's termination of his or her participation in the HRA Plan; Employer's termination of participation in the Plan; Participant's failure to produce proper forms and supporting documentation required for substantiation of the expense paid with the Card; or if Participant breaches any of his or her obligations under the cardholder agreement.

5.5 Benefits Available in the Event of Death.

5.5.1 Participant and Dependent Benefits. Except as limited under Section 4.4, ~~I~~if a Participant dies with a vested, positive account balance in any Participant Account (including the circumstance where vesting occurs as a result of the death of the Participant in accordance with any applicable collective bargaining agreement, Employer policy, or other statement or action of the Employer), the remaining balance shall be applied as follows:

5.5.1.1 Surviving Spouse. The remaining balance may be transferred to the deceased Participant's surviving spouse, if any, who may file claims for Benefits incurred by the Participant and any Dependents, including the surviving spouse, until such account balance is exhausted. Benefits payable to a surviving spouse shall not include Benefits for any person(s) other than the surviving spouse and Dependents (if any) of the deceased Participant.

5.5.1.2 No Surviving Spouse. If the Participant dies without a surviving spouse but with other surviving Dependents or non-Dependent children, or if the surviving spouse of the deceased Participant subsequently dies with other surviving Dependent(s) or non-Dependent children of the Participant, the executor, administrator, or other representative of the Participant's estate may file claims for any remaining eligible expenses incurred by the Participant or the surviving spouse, as applicable. After the payment of all remaining eligible expenses of the Participant or surviving spouse, as applicable, the Plan may, subject to the policies and procedures of the Administrator, divide and transfer the remaining balance in a vested Participant Account in equal amounts to individual accounts assigned to each of the Participant's surviving Dependents and non-Dependent children. In such event, the guardian(s) of any surviving Dependent(s) may file claims for eligible Benefits of the Dependent(s) and the non-Dependent children may file claims for eligible benefits until such account balance is exhausted. Furthermore, the Participant may elect, in accordance with the policies and procedures of the Administrator, to bypass any non-Dependent children in favor of a Designated Beneficiary(ies).

5.5.1.3 Treatment of Stepchildren. At the Participant's election, as the same may be made in accordance with the policies and procedures of the Administrator, a step child or the stepchildren of the Participant may be either included the same as any biological or adopted children or bypassed in the survivor benefits in the same manner as any non-Dependent children. In the event of no Participant election, any Dependent stepchildren will be included in the survivor benefits the same as biological or adopted children, and any non-Dependent stepchildren will be excluded from survivor benefits.

5.5.1.4 Spouse and Dependent Right to Disclaim. Any spouse, Dependent, or non-Dependent child of the Participant to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.1 shall:

(a) have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) no longer be eligible for coverage under the Standard HRA Plan but shall be covered by this Post-separation HRA Plan and subject to the terms and conditions of the Post-separation HRA Plan document.

5.5.2 Beneficiary Benefits. This Plan (a) is part of a medical trust that is established on behalf of State and political subdivisions of Washington Oregon, and Idaho, (b) has received a favorable ruling from the Internal Revenue Service that the trust's income is not includible in gross income by reason of the exemption from income tax provided to the Trust under IRC §501(c)(9), (c) on or before January 1, 2008, provided for reimbursements of Qualified Health Care Expenses of a deceased employee's heirs and beneficiaries, and (d) qualifies to provide Benefits to a deceased employee's beneficiaries under IRC §105(j).

5.5.2.1 General Beneficiary Terms. At any time after the death of a Participant and the Participant's spouse (if any), any vested funds then remaining in the applicable Participant Account may be transferred to one or more Beneficiaries as provided in this Section 5.5.2. A person's right to be a Beneficiary, and a Beneficiary's eligibility for Benefits from the remaining vested balance of a Participant Account, are subject to the rights and restrictions of applicable law, the terms and conditions set forth in this Section 5.5, and the policies and procedures of the Administrator, as the same may be amended from time to time. Benefits payable to Beneficiaries shall not include Benefits for the Dependents of the Beneficiary (either before or after the death of the Beneficiary). Beneficiaries determined under this Section 5.5.2 shall not be eligible for coverage under this Standard HRA Plan but shall be covered by the Post-separation HRA Plan or the Limited HRA Plan, in accordance with the terms and conditions of the Post-separation HRA Plan document or the Limited HRA Plan document, as applicable.

5.5.2.2 Benefits Remain Available for Surviving Dependents and Non-Dependent Children. To the extent all or a portion of the Participant Account of a deceased Participant has been previously transferred to or allocated among one or more qualified Dependents and non-Dependent children of the Participant:

(a) Each non-Dependent child to whom a portion of the Participant Account was transferred or allocated shall be a Beneficiary, and

(b) Each surviving Dependent to whom a portion of the Participant Account was transferred or allocated shall become a Beneficiary as of the earlier of (1) January 1 of the year after such Dependent turns the age of 26 or (2) the date on which such Dependent otherwise loses status as a qualified Dependent.

5.5.2.3 Benefits Available for Designated Beneficiaries. A Participant may designate one or more persons who may be eligible as a Beneficiary for Benefits payable from the balance remaining in the applicable Participant Account in the event: (1) there are no eligible surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2; (2) the Participant has no surviving Dependents and has elected to bypass non-Dependent children and/or step children in favor of a Designated Beneficiary(ies); or (3) as otherwise permitted by the Administrator and applicable law. In order to be effective to transfer an interest in the Benefits payable from the remaining balance of a Participant Account, a Participant's beneficiary designation must be properly made and delivered to the Plan, according to policies and procedures of the Administrator, prior to the Participant's death. A Beneficiary designated under this Section 5.5.2.3 shall be eligible as a Beneficiary only if the Participant and the Participant's spouse decease with no surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2 (except in cases where the Participant elects to bypass any non-Dependent children and/or stepchildren) or as otherwise permitted by the Administrator and applicable law. Beneficiaries under this Section 5.5.2.3 shall be allocated equal percentages in the remaining balance of the Participant Account.

5.5.2.4 Benefits Available for Certain Heirs. In the absence of (1) any Beneficiary under Section 5.5.2.2, (2) a valid Beneficiary designation under Section 5.5.2.3, and (3) the ability of the Plan to locate any Beneficiaries designated by the Participant under Section 5.5.2.3, the remaining balance under a Participant Account of a Participant or surviving spouse who decease with no surviving Dependents or non-Dependent children

of the Participant as provided under Section 5.5.1.2 may be transferred to one or more of the following persons in the order provided below, such that if there are one or more Beneficiaries at any level, persons in subsequent levels will not be eligible as Beneficiaries. To the extent there is more than one eligible Beneficiary at any level under this Section 5.5.2.4, Beneficiaries at that level shall be allocated equal percentages in the remaining balance of the Participant Account.

First level: To any grandchildren of the deceased Participant.

Second level: To any siblings of the deceased Participant who share the same two biological parents of the deceased Participant.

Third level: To any parents of the deceased Participant.

Fourth level: To any nieces and nephews of the deceased Participant.

Fifth level: To any aunts and uncles of the deceased Participant.

Sixth level: To any cousins of the deceased Participant.

5.5.2.5 Beneficiary's Right to Disclaim; Other Coverage Limitations. Any Beneficiary to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.2:

(a) shall have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) shall not be eligible for coverage under this Standard HRA Plan but shall be covered by the Post-separation HRA Plan or the Limited HRA Plan and subject to the terms and conditions of this Post-separation HRA Plan document or Limited HRA Plan document, as applicable; and

(c) shall not, and his or her Dependents shall not, have rights under COBRA.

5.5.3. Tax Reporting and Withholding on Beneficiary Benefits. A Beneficiary's eligibility for Benefits, the valuation of Plan coverage, and the reporting, withholding and/or payment (if any) of taxes applicable to such coverage shall be subject to applicable law and the rules, policies, and procedures of the Administrator.

5.5.4 Plan Document Preempts Will or Trust. To the extent permitted by applicable state law, including without limitation, Washington state statutory provisions of RCW 11.02.091, as amended, the Plan provisions under this Section 5.5 shall take precedence over the terms of a will or trust or the intestate succession laws that would otherwise govern the transfer of a Participant's interest in a Participant Account and the Benefits payable thereunder.

5.5.5 Authority of Spouse and Reliance on Death Certificate. In accordance with the Administrator's rules, policies, and procedures, and subject to applicable law, the Plan may rely

upon a copy of the official death certificate of the Participant for proof of the Participant's marital status and identification of the Participant's spouse and any other information represented on the death certificate. Should the Participant have a surviving spouse identified on the death certificate, the surviving spouse shall have the authority to file claims, handle the Participant Account, and provide further information to the Plan without further court documentation or proof of the spouse's authority in handling the Participant's estate. For purposes of handling the deceased Participant's Account, evidence of a surviving spouse represented on the Participant's death certificate shall take precedence over the terms of a will, trust, or other court documentation naming another individual as the authoritative party handling the Participant's estate.

5.5.6 Re-allocation After the Death of Another Dependent or Beneficiary. If, after the death of a Participant and the Participant's spouse, any Dependent or Beneficiary to whom a portion of the Participant Account was transferred or allocated dies, any remaining balance in the Account previously transferred or allocated to such Beneficiary shall be transferred or allocated in equal shares to any other surviving Dependents or Beneficiaries with a remaining positive Account balance.

5.5.7 Forfeiture of Remaining Balance. After the death of a Participant with no surviving Dependents or Beneficiaries, or if no surviving Dependents or potential Beneficiaries can be located by the Plan, any vested funds then remaining in the applicable Participant Account shall be forfeited and applied as provided in Section 5.6. Any vested balance that remains in an account previously transferred or allocated to a Beneficiary after the death of the Beneficiary with no other surviving Dependents or Beneficiaries as provided in Section 5.5.6, shall be forfeited and applied as provided in Section 5.6.

5.5.8 Procedure for Locating Beneficiaries. For any potential Beneficiary under this Section 5.5, the Plan may rely on (1) a certification of a personal estate representative or other legal representative of the Participant's estate acceptable under the policies or procedures of the Administrator, or (2) in the absence of a personal estate representative or other legal representative, certifications of potential Beneficiaries as to whether another potential Beneficiary remains alive and to provide any other information that may assist the Plan in locating the potential Beneficiary. If the whereabouts of a potential Beneficiary remain unknown, the Plan shall hold the transfer of the account open for at least 180 days from the date the Administrator determines the Beneficiary's whereabouts to be unknown, to allow the Beneficiary to claim his or her interest in the account. During such 180-day period, the Plan may (but shall not be obligated to) use reasonable means to locate the potential Beneficiary. If the Administrator determines after such 180-day period that there are no eligible Beneficiaries to whom the remaining balance in a Participant Account may be transferred pursuant to the terms of this Section 5.5, the Administrator may forfeit the remaining Account balance as provided in Section 5.5.7.

5.5.9 Plan Interpretation after the Death of a Participant. For purposes of interpretation of Plan terms and administration of this Plan, except as specifically provided otherwise in this Plan document, once remaining funds in a Participant Account are transferred or allocated to a Beneficiary under Section 5.5, references in this Plan document, the Post-separation HRA Plan document, the Limited HRA Plan document, and in the forms and literature used for administration of each of those Plans to the term "Participant" shall include any Beneficiary of the Participant.

5.6 Forfeiture of Participant Account Balance. In the event any funds within a Participant Account are forfeited in accordance with the terms of the Plan documents, such forfeited funds shall be transferred to a temporary forfeiture account held within the Trust on behalf of all Participants of the deceased or forfeiting Participant's Employer within the Trust, to be re-contributed as future contributions

to Participants eligible for contributions or otherwise applied, as directed by the Employer, in all cases to the fullest extent permitted by applicable law and subject to the rules, policies and procedures established by the Administrator.

Article VI.
Additional Plan Provisions

6.1 Source of Benefits. The Plan's obligation to any Participant for Benefits under the Plan, or to one or more surviving Dependents or Beneficiaries for Benefits under the Plan in the event of the Participant's death, shall be limited (in the aggregate) to the balance in such Participant's Participant Account. None of the Plan, the Trust, Trustees, or Administrator, nor any of their agents, subcontractors, representatives, officers, or employees shall be responsible for confirming or enforcing the terms of collective bargaining agreements, Employer policies, or other agreements regarding the terms of an Employee's eligibility to participate or amounts to be contributed on behalf of a Participant under this Plan.

6.2 Investment of Participant Accounts and Employer Accounts. The Trustees shall determine the options to be made available through the Trust for the investment of Participant Accounts and Employer Accounts. For each Participant Account, the Participant shall elect one or more of the investment options into which the funds in such Participant Account will be allocated. For each Employer Account, the Employer (or a qualified investment manager appointed by the Employer) shall elect one or more of the investment options into which the funds in such Employer account will be allocated. Participant and Employer Account elections shall be made and changed in accordance with procedures established by the Administrator and as may be amended from time to time. In the event no election has been made with respect to a Participant Account or Employer Account, such Account shall be invested in one or more default investment options as determined by the Trustees. Separate investments shall not be required to be maintained with respect to separate Participant Accounts or Employer Accounts. Any potential errors discovered regarding the investment elections or allocations of a Participant Account or Employer Account must be reported to the Plan in accordance with Section 4.6.

6.3 Reserved.

6.4 Claims Procedure. A person claiming benefits under the Plan, (referred to in this Section as the "Claimant") shall deliver a request for such benefit in writing to the Third-party Administrator. The Third-party Administrator shall review the Claimant's request for a Plan benefit and shall thereafter notify the Claimant of its decision as follows:

6.4.1 If the Claimant's request for benefits is approved by the Third-party Administrator, it shall notify the Claimant of such approval and distribute such benefits to the Claimant.

6.4.2 In the event the Third-party Administrator determines that a claim is questionable, the Third-party Administrator shall within thirty (30) days from the date the Claimant's request for Plan benefits was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said claim, provide the Claimant with written notice of its need for additional information. In the event special circumstances require an extension of time for reviewing the Claimant's request for benefits, the Third-party Administrator shall, prior to the expiration of the initial thirty (30) day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Third-party Administrator expects to render its decision. In no event shall such extension exceed a period of fifteen (15) days from the date of the expiration of the initial period, totaling forty-five (45) days at a maximum.

6.4.3 If the Claimant's request for benefits is denied, in whole or in part, by the Third-party Administrator, the Third-party Administrator shall notify the Claimant of such denial and shall include in such notice, set forth in a manner calculated to be understood by the Claimant, the following:

6.4.3.1 The specific reason or reasons for the denial and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable) and a statement describing the availability, upon request, of the diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.3.2 Specific reference to pertinent Plan provisions or IRS rules and regulations on which the denial is based;

6.4.3.3 A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

6.4.3.4 A description of available internal appeals processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.5 below; and

6.4.3.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.4 The Third-party Administrator shall provide written notice of a denial of a request for Benefits. In the event written notice of a denial of a request for Benefits is not received by the Claimant within forty-five (45) days of the date the written claim is submitted to the Third-party Administrator, the request shall be deemed denied as of that date.

6.4.5 Any Claimant whose request for Benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may appeal said denial of Plan benefits by submitting to the Third-party Administrator a written request for a review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than one hundred eighty (180) days from the date the Claimant received written notification of the Third-party Administrator's initial denial of the Claimant's request for Benefits or from the date the claim was deemed denied, unless the Third-party Administrator, upon the written application of the Claimant or his authorized representative, shall in its discretion agree in writing to an extension of said period.

6.4.6 During the period prescribed in paragraph 6.4.5 for filing a request for review of a denied claim, the Third-party Administrator shall permit the Claimant to review pertinent documents and submit written issues and comments concerning the Claimant's request for Benefits.

6.4.7 Upon receiving a request by a Claimant, or his authorized representative, for a review of a denied claim, the Third-party Administrator shall deliver the complete file to the Trustees, who shall consider such request promptly and shall advise the Claimant of their decision within thirty (30) days from the date on which said request for review was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said denied claim. In the event special circumstances require an extension of time for reviewing said denied claim, the Third-party Administrator shall, prior to the expiration of the initial 30-day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Trustees expect to render

their decision. In no event shall such extension exceed a period of forty-five (45) days from the date on which the Claimant's request for review was received by the Third-party Administrator. The Trustees' decision shall be furnished to the Claimant and shall:

6.4.7.1 Be written in a manner calculated to be understood by the Claimant;

6.4.7.2 Include specific reasons for the decision and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable) and a statement describing the availability, upon request, of diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.7.3 Include specific references to the pertinent Plan provisions on which the decision is based;

6.4.7.4 A description of available external review processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.9 below; and

6.7.7.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.8 The Trustees may, in their discretion, determine that a hearing is required in order to properly consider the Claimant's request for review of a denied claim. In the event the Trustees determine that such hearing is required, such determination shall, in and of itself, constitute special circumstances permitting an extension of time in which to consider the Claimant's request for review.

6.4.9 After exhausting the above claims procedures in full, any Claimant whose request for benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may file a request for an external review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than the first day of the fifth month following the date the Claimant received written notification of the Trustees' final denial of the Claimant's request for benefits or from the date the claim was deemed denied. Within five (5) business days of receiving the external review request, the Third-party Administrator must complete a preliminary review to determine if the Claimant was covered under the Plan, the Claimant provided all the information and forms necessary to process the external review, and the Claimant has exhausted the internal appeals process.

Once the review above is complete, the Third-party Administrator has one (1) business day to notify the Claimant in writing of the outcome of its review. If Claimant is not eligible for external review, the notice must include contact information for the Department of Health and Human Services Health Insurance Assistance Team (HIAT). If the Claimant's request for external review was incomplete, the notice must describe materials needed to complete the request and provide the later of 48 hours or the four- month filing period to complete the filing.

Upon satisfaction of the above requirements, the Third-party Administrator will provide that an independent review organization (IRO) will be assigned using a method of assignment that assures the independence and impartiality of the assignment process. Claimant may submit to the IRO in writing additional information to consider when conducting the external review, and the IRO must forward any additional information submitted by the Claimant to the Third-party Administrator within one (1) business day of receipt. The decision by the IRO is binding on the Plan and, as well as the Claimant, except to the extent other remedies are available under State or

Federal law. For standard external review, the IRO must provide written notice to the Third-party Administrator and the Claimant of its decisions to uphold or reverse the benefit denial within no more than forty-five (45) days.

6.4.10 The claims procedures set forth in this Article VI shall be strictly adhered to by each Participant or Dependent under this Plan, and no judicial or arbitration proceedings with respect to any claim for Plan benefits hereunder shall be commenced by any such Participant or Dependent until the proceedings set forth herein have been exhausted in full.

6.5 Health Care Debit Card Transactions are Not Claims. The presentation or use of a Card for payment at a merchant or vendor is not considered a submission of a ~~formal~~ claim under the Plan. In the event the merchant or vendor denies the transaction or the transaction is unable to be processed at the point of sale with that merchant or vendor, such denial of the transaction at the point of sale shall not be considered a denial under the Plan. If the transaction is approved at the point-of-sale, but the transaction is not electronically validated at the point of sale or later independently substantiated without further documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Third-party Administrator to verify that the amount was an eligible expense reimbursable by the Plan. Where the Third-party Administrator determines that an expense is not eligible to be paid with the Card because the Participant or Dependent has not submitted the information requested by the Third-party Administrator to substantiate the claim as an expense reimbursable under the Plan (*e.g.,* where the Card is suspended, the Plan requests reimbursement of the unsubstantiated expense and/or the Plan applies an overpayment against the applicable Participant Account and offsets against future claims), then denial of such Card payment would become a denial subject to the ~~formal~~ claims and appeals procedures under this Section 6.

6.6 Mechanics of Payment from Employer Accounts. The Employer, or its agent or authorized officer, may submit a request to the Third-party Administrator to transfer funds from the Employer's Account to be allocated to Participant Accounts or applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Third-party Administrator.

6.7 Protected Health Information. The Plan shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health (HITECH) Act, enacted as part of the American Recovery and Reinvestment Act of 2009, and the Omnibus Rule of 2013 with respect to protecting the privacy and security of Protected Health Information (PHI).

6.7.1 Plan Uses of Protected Health Information. The Plan shall adhere to procedures regarding the permitted and required uses by, and disclosures to, the Plan of PHI for plan administrative and other permitted purposes. The Plan shall:

6.7.1.1 not use or disclose PHI other than as permitted by the Plan documents or as otherwise required or permitted by law;

6.7.1.2 ensure that any agents, subcontractors or business associates to whom the plan provides PHI shall agree to the same restrictions that apply to the Plan;

6.7.1.3 not use or disclose PHI for purposes other than the minimum necessary to administer the Plan;

6.7.1.4 report to the Privacy Official any known use or disclosure that is inconsistent with permitted use and disclosures;

6.7.1.5 make PHI available to Plan participants, consider their amendments, and, upon request, provide them with an accounting of PHI disclosures in accordance with the HIPAA privacy rules;

6.7.1.6 make internal records relating to the use and disclosure of PHI available to the Department of Health and Human Services upon request; and

6.7.1.7 the Plan shall destroy PHI in accordance with its Document Retention and Destruction Policy when the Plan is no longer required to maintain PHI.

6.8 Employer Uses of Protected Health Information.

6.8.1 HIPAA Plan Amendment. Members of the workforce of an Employer may have access to the individually identifiable health information of Plan participants for administration functions of the Plan. When this health information is provided from the Plan to the Employer, it is Protected Health Information (PHI) and, if it is transmitted by or maintained in electronic media, it is Electronic PHI. The provisions of Section 6.8 shall constitute the "HIPAA Plan Amendment" required by and incorporating the provisions of 45 CFR §164.504(f)(2)(ii).

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations restrict the Employer's ability to use and disclose PHI and Electronic PHI.

The following HIPAA definitions of PHI and Electronic PHI apply to this HIPAA Plan Amendment:

"Protected Health Information (PHI)" means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or for which there is a reasonable basis to believe that the information can be used to identify the individual. Protected health information includes information of persons living or deceased and also includes Electronic PHI.

"Electronic Protected Health Information (Electronic PHI)" means Protected Health Information that is transmitted by or maintained in electronic media.

"Privacy Official" means the Vice Chairman of the Board of Trustees or such other person appointed from time to time by the Board of Trustees to serve in such capacity.

An Employer shall have access to PHI and Electronic PHI from the Plan only as permitted under this HIPAA Plan Amendment or as otherwise required or permitted by HIPAA.

6.8.2 Permitted Disclosure of Enrollment/Disenrollment Information. The Plan may disclose to an Employer information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled from the Plan.

Enrollment and disenrollment information shall include, without limitation, name, employee ID or social security number, contribution history, account balance information, age, employment status (active, retired, separated), limited account status, account preferences (e-communication, etc.) or other information necessary to determine, verify, or assist with eligibility, enrollment or disenrollment of an Employee or Participant.

The Plan and each Employer acknowledge and agree that enrollment and disenrollment information is information of the Employer and is held on behalf of the Employer by the Plan Third-party Administrator. Enrollment and disenrollment information held at any time by the Employer is held in its capacity as an Employer and is not PHI.

6.8.3 Permitted Uses and Disclosure of Summary Health Information. The Plan may disclose Summary Health Information to an Employer, provided that the Employer requests the Summary Health Information for the purpose of (1) obtaining premium bids from service providers or health plans for providing services or health coverage under the Plan; or (2) modifying, amending, or terminating the Plan.

6.8.3.1 "*Summary Health Information"* means information (1) that summarizes the claims history, claims expenses, or type of claims experienced by individuals for whom a plan sponsor has provided health benefits under the Plan; and (2) from which the information described at 45 CFR §164.514(b)(2)(i) has been deleted, except that the geographic information described in 45 CFR §164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit ZIP code.

6.8.4 Permitted and Required Uses and Disclosure of Protected Health Information for Plan Administration Purposes. Unless otherwise permitted by law, and subject to the conditions of disclosure described in Section 6.8.5 and obtaining written certification pursuant to Section 6.8.8, the Plan may disclose PHI and Electronic PHI to an Employer, provided that the Employer uses or discloses such PHI and Electronic PHI only for Plan Administration Purposes.

6.8.4.1 *"Plan Administration Purposes"* means administration functions performed by the Employer on behalf of the Plan, such as quality assurance, claims processing and appeals, auditing, and monitoring. Plan administration functions do not include functions performed by the Employer in connection with any other benefit or benefit plan of the Employer or any employment-related actions or decisions.

6.8.4.2 Enrollment and disenrollment functions performed by the Employer are performed on behalf of Employees, Plan Participants and Dependents, and are not Plan administration functions.

6.8.4.3 Notwithstanding any provisions of this Plan to the contrary, in no event shall an Employer be permitted to use or disclose PHI or Electronic PHI in a manner that is inconsistent with 45 CFR §164.504(f).

6.8.5 Conditions of Disclosure for Plan Administration Purposes. Each Employer agrees that with respect to any PHI it receives pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) disclosed to it by the Plan, such Employer shall:

6.8.5.1 not use or further disclose the PHI other than as permitted or required by the Plan or as required by law;

6.8.5.2 ensure that any agent, including a subcontractor, to whom it provides PHI received from the Plan agrees to the same restrictions and conditions that apply to the Employer with respect to PHI;

6.8.5.3 not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

6.8.5.4 report to the Plan any use or disclosure of the PHI of which it becomes aware that is inconsistent with the uses or disclosures provided for;

6.8.5.5 make available PHI to comply with HIPAA's right to access in accordance with 45 CFR §164.524;

6.8.5.6 make available PHI for amendment, and incorporate any amendments to PHI, in accordance with 45 CFR §164.526;

6.8.5.7 make available the information required to provide an accounting of disclosures in accordance with 45 CFR §164.528;

6.8.5.8 make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with HIPAA's privacy requirements;

6.8.5.9 if feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

6.8.5.10 ensure that adequate separation (*i.e.*, the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii), is established.

6.8.6 Additional Requirements. Each Employer further agrees that if it creates, receives, maintains, or transmits any Electronic PHI pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) on behalf of the Plan or in connection with a Plan Administration Purpose, it will:

a. implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that it creates, receives, maintains, or transmits on behalf of the Plan;

b. ensure that the adequate separation (*i.e.*, the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii) is supported by reasonable and appropriate security measures;

c. ensure that any agent, including a subcontractor, to whom it provides Electronic PHI agrees to implement reasonable and appropriate security measures to protect the information; and

d. report to the Plan any security incident of which it becomes aware, as follows: Employer will report to the Plan, with such frequency and as soon as feasible, the aggregate number of unsuccessful, unauthorized attempts to access, use, disclose, modify, or destroy Electronic PHI or to interfere with systems operations in an information system containing Electronic PHI; in addition, Employer will report to the Plan as soon as feasible any successful unauthorized access, use, disclosure, modification, or destruction of Electronic PHI or interference with systems operations in an information system containing Electronic PHI.

6.8.7 Adequate Separation Between Plan and Employer and Between Employees Who Perform Plan Administration Functions and Employees Who Do Not Have Plan Administration Functions. Any Employer that receives any PHI pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) from the Plan shall allow access to the PHI to only those employees or classes of employees identified on the Employer's HIPAA Compliance Certificate required by this HIPAA Plan Amendment. No other persons shall have access to PHI. These specified employees (or classes of employees) shall only have access to and use of PHI to the extent necessary to perform the Plan administration functions that the Employer performs for the Plan. In the event that a specified employee does not comply with the provisions of this HIPAA Plan Amendment, the employee shall be subject to disciplinary action by the Employer for non-compliance pursuant to the Employer's employee discipline and termination procedures.

6.8.7.1 The Employer shall ensure that the provisions of this HIPAA Plan Amendment are supported by reasonable and appropriate security measures to the extent that the persons designated above create, receive, maintain, or transmit Electronic PHI on behalf of the Plan.

6.8.8 Certification of Employer. The Plan shall disclose PHI (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508) to an Employer only upon the receipt of the Plan's HIPAA Compliance Certificate from the Employer acknowledging that the Plan has been amended to incorporate the provisions of 45 CFR §164.504(f)(2)(ii), and that the Employer agrees to the conditions of disclosure set forth in Section 6.8.5 and all other conditions and requirements of this HIPAA Plan Amendment.

6.9 <u>Qualified Medical Child Support Orders and National Medical Support Notices</u>. The Plan shall comply with all applicable rules and laws relating to Qualified Medical Child Support Orders

("QMCSO") and National Medical Support Notices ("NMSN"). In the event a QMCSO or NMSN is received by the Plan, the Plan will follow the policies and procedures for determining and administering such order or notice as the same may be adopted or revised from time to time by the Administrator.

Article VII.
Administrator

7.1 Rights & Duties. The Trustees shall enforce this Plan in accordance with its terms and shall be charged with its general administration. In its capacity as the Administrator, the Board of Trustees may delegate administrative duties to the Third-party Administrator or other service providers or designees. Any Third-party Administrator and other service providers engaged by the Administrator shall exercise its delegated duties in a uniform, nondiscriminatory manner and shall have all necessary power and discretion to accomplish those purposes at the direction of the Administrator, including but not limited to the power:

7.1.1 To determine all questions relating to the eligibility of Employees to participate.

7.1.2 To determine entitlement to Benefits under the provisions of Article VI.

7.1.3 To compute and certify to the Administrator the amount and kind of benefits payable to the Participants and their Dependents.

7.1.4 To maintain all the necessary records for the administration of this Plan other than those maintained by the Employer.

7.1.5 To prepare and file or distribute all reports and notices required by law.

7.1.6 To authorize all the disbursements from the Trust.

7.1.7 To facilitate the investment elections made by Participants and Employer in a manner consistent with the objectives of the Plan and authorized by the Trust.

7.1.8 To make and publish such rules for the regulation of this Plan that are not inconsistent with the terms hereof.

7.1.9 To inform the Administrator with respect to the investment of Participant and Employer Accounts.

7.1.10 To assume and perform each and every duty and responsibility of the Administrator specified in the Plan documents or otherwise in accordance with applicable law to the extent so delegated in writing by the Administrator.

7.2 Information. To enable the Third-party Administrator to perform its functions, the Employer shall supply it with full and timely information on all matters relating to Employer contributions on behalf of a Participant and Participant entitlement to benefits. The Employer shall also supply the Third-party Administrator with full and timely information on all matters relating to Employer contributions to an Employer Account. The Third-party Administrator shall maintain such information and advise the Administrator of such other information as may be pertinent to the administration of the Trust.

The Third-party Administrator shall have neither the right nor the obligation to interpret the provisions of any collective bargaining agreement, Employer policy, or other statement or action for the purpose of performing its duties under the Plan or the Trust, and the Third-party Administrator shall have

the right to rely on information provided by the Employer pursuant to this Section with respect to Employee eligibility and other applicable information contained in any collective bargaining agreement, Employer policy, or other statement or action.

7.2.1 The Trust shall provide to each Participant, information necessary to use their Participant Account and receive reimbursement of Benefits. The information will include a summary of the Plan, including claim procedures and instructions on how to acquire plan forms. The Trust shall also communicate within a reasonable amount of time after receipt of the contribution or transfer an acknowledgement to the Participant with a Participant Account or the Employer with an Employer Account, whichever is applicable, acknowledging establishment of the Participant Account or Employer Account; confirmation of the amount received; a summary of the Plan and information on filing claims with copies of the necessary forms, if applicable; and a toll-free contact telephone number for error corrections or questions.

7.2.2 The Trust shall provide a written statement prepared upon a Participant's or Employer's request, and at least semi-annually for each Participant and Employer, which shall include the following information: Participant's or Employer's name and address, whichever is applicable; Participant Account number; contributions; total Account value at statement date; interest earned or other shared gain or loss; payout and disbursement activities, ending/forward balance; toll-free contact telephone number for error corrections or questions on reading the statement.

7.2.3 The Trust shall provide a monthly unaudited report to the Administrator including the following: income statement, balance sheet, year to date budget, number of Participant Accounts, and other such reports which are permitted by law, or as the Administrator and/or Employers request and agreed to by the Third-party Administrator.

7.3 Compensation, Expenses, and Governmental Fees, Taxes and Assessments. Consultant and investment manager expenses for the Plan may be paid by reasonable reductions of investment earnings and/or assessments from the Participants' Accounts as determined by the Administrator from time to time. Additionally, all other necessary Plan expenses, including but not limited to: legal, benefits staff, Third-party Administrator, auditing, printing, postage, mail service, plan administration software or technology, Trustee, bank, consultant fees, and, to the extent permitted by applicable law, all governmental fees, taxes, and assessments applicable to the Trust, the Plan, the Trustees, or Participants, may be paid through a reduction of investment earnings and/or reasonable fees and assessments from Participant Accounts as determined by the Administrator from time to time.

7.4 Consultants, ~~Advisors & Investment~~ Managers, Third-party Administrators, Lawyers & Accountants. Reasonable expenses to administer the Plan may be paid by assessments from the Participants' Accounts as determined by the Administrator from time to time, which may be made by adjustments to investment earnings/losses or by a deduction from account balances. Plan expenses can include but are not limited to: services for legal, benefits staff, third-party administrator, auditing, printing, postage, mail, plan administration software or technology, trustee, banking, plan or trust consulting, investment management, database search, and, to the extent permitted by applicable law, all governmental fees, taxes, and assessments.~~The Administrator may employ such consultants, advisors, investment managers, Third-party Administrators, and other service providers as it reasonably deems necessary or useful in carrying out its duties hereunder, all of which shall be considered expenses of administering the Plan.~~

7.5 Liability Limitation. The Employer, the Administrator and the Third-party Administrator shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets

of the Plan and Trust. The Trustees shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets of the Plan and Trust if the Trustees in appointing and monitoring such manager acted with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person would use in the conduct of an enterprise of a like character and with like aims.

7.6 Notices & Directions. The address for delivery of all communications shall be:

HRA VEBA Trust
c/o Gallagher Benefit Services, Inc.
906 W 2nd Avenue, Suite 400
Spokane, WA 99201-4537
(509) 838-5571 Telephone
(509) 838-5613 Fax
Charile_Isaacs@ajg.com

7.7 Funding Policy & Procedures. The Administrator shall formulate policies, practices, and procedures to carry out the funding of the Plan, which shall be consistent with the Plan objectives and in accordance with applicable law.

Article VIII.
Amendment & Termination

8.1 Permanency. It is the expectation of the Employers and Trustees that this Plan, and the payment of Benefits hereunder, will be continued indefinitely, but continuance of this Plan or contributions to this Plan is not assumed as a contractual obligation of the Employers or the Trustees. This Plan may be amended or terminated only as provided in this Article.

8.2 Exclusive Benefit Rule. It shall be impossible for any part of the funds in Participant Accounts under this Plan to be used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Dependents, and to defray the reasonable expenses of administering the Trust and this Plan.

8.3 Amendments.

8.3.1 The Trustees shall have the right to amend this Plan from time to time, and to amend or cancel any such amendments.

8.3.2 Such amendments shall be as set forth in an instrument in writing executed by the Trustees. Any amendment may be current, retroactive, or prospective, in each case as provided therein and provided, however, that such amendment must comply with Article III of the Trust Agreement.

8.4 Discontinuance of Contributions. Each Employer shall have the right to discontinue contributions without prior notice by delivering written notice of termination to the Trustees.

8.5 Termination of Plan. The Trustees shall have the right to terminate this Plan without prior notice unless required by law by delivering written notice of termination to the Employers and Participants. In case of termination, the Trustees shall also notify the Employers and Participants of the Trustees' decision with regard to disposition of the assets, based on the following options, each of which shall be subject to any losses on or other contractual adjustments applicable to invested assets that may accrue or become due as a result of such disposition:

8.5.1 A direct in-kind transfer of assets to a substantially similar IRC §501(c)(9) trust;

8.5.2 A series of installment payments over a set period or time of the assets from the Trust attributable to this Plan to another IRC §501(c)(9) trust; or

8.5.3 An immediate cash payment to another IRC §501(c)(9) trust or another program providing benefits permitted by IRC §501(c)(9); or

8.5.4 Any other method permitted by IRC §501(c)(9).

In any event, the Employers and the Trustees shall work to prevent adverse consequences to Participants and other Employers contributing to the Trust as a result of any Employer's decision or action with respect to these options. An Employer whose Employer Account or whose Employees' Participant Accounts are to be transferred from the Trust agrees to pay the Trust all reasonable costs resulting from the disposition or transfer of the assets that are to be transferred.

Article IX.
Miscellaneous

9.1 Conflicting Provisions. This Plan, the Trust, the Employer Adoption Agreement, and the Participant Enrollment File are all parts of a single, integrated employee benefit plan and shall be construed together. In the event of any conflict between the terms of this Plan and the Participant Enrollment File, the Employer Adoption Agreement and the terms of the Trust, such conflict shall be resolved first by reference to the Trust Agreement, then the Plan Document, then the Employer Adoption Agreement, and then the Participant Enrollment File.

9.2 Applicable Law; Severability. Except as may be required by §514 of the Employee Retirement Income Security Act of 1974 ("ERISA"), this Plan shall be construed, administered, and governed under the laws of the State of Washington. If any provision of this Plan shall be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.3 Gender & Number. Words used in the masculine shall apply to the feminine where applicable, and when the context requires, the plural shall be read as the singular and singular as the plural.

9.4 Headings. Headings used in this Plan are inserted for convenience of reference only, and any conflict between such headings and the text shall be resolved in favor of the text.

9.5 Forfeiture of Unclaimed Participant Accounts. In an effort to preserve Participant Accounts from becoming unclaimed or forfeited, the Administrator may implement policies and procedures and engage third-party services to locate Participants. ~~In each instance for which a Participant (1) has combined account balances greater than $250 and (2) for a period of at least six months has met the conditions set forth under Sections 9.5.1 – 9.5.3 below and has otherwise been unreachable by the Plan, the Administrator may engage third-party services to locate the Participant. Reasonable fees and expenses incurred by the Administrator in its effort to locate a Participant under the foregoing circumstances may be charged against one Participant Account up to an amount not to exceed the lower of $100 or 20% of the combined account balances.~~ Notwithstanding the above, the account balance in a Participant Account shall be forfeited and applied as provided in Section 5.6 if (a) within the Unclaimed Account Forfeiture Period (defined below) at least two communications from the Plan to the Participant have been returned as undeliverable or, in accordance with the policies and procedures of the Plan, the Plan Administrator has determined that the Participant is not locatable; and (b) during the entire Unclaimed Account Forfeiture

Period, the following conditions exist:

9.5.1 Such Participant Account has a positive account balance and is claims-eligible;

9.5.2 No contributions to or withdrawals from the Participant Account have occurred; and

9.5.3 No communications or other expressions of interest have been received by the Third-party Administrator from or on behalf of the Participant of such Participant Account.

For purposes of this Section 9.5, the "Unclaimed Account Forfeiture Period" shall be a continuous period that is equal to thirty (30) days less than the shorter of (i) the statutory period for forfeiture under the applicable State unclaimed property statute for such Participant Account or (ii) three years.

9.6 Limitation on Rights. Neither the establishment of this Plan, nor any modification or amendment thereof, nor the payment of any Benefits, nor the issuance of any insurance contracts shall be construed as giving any Participant, or any person whomsoever, any legal or equitable right against the Trustees, the State of Washington, its agencies, officers, employees, and institutions of higher education, or the Employers or Administrator or Third-party Administrator or any of their agents or employees, nor any right to the assets of the Plan, except as expressly provided herein.

9.7 Assignment. The interest of any Participant or Employer in any assets held on his or its behalf by the Trustee shall not be subject to assignment or alienation, either by voluntary or involuntary act of the Participant or the Employer or by operation of law, and shall not be subject to assignment, attachment, execution, garnishment, or any other legal or equitable process, except to the extent required by law.

9.8 Counterparts. This Plan may be adopted in an original and any number of counterparts, each of which shall be deemed to be an original of one and the same instrument.

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IN WITNESS WHEREOF, Doug Detling, Chairman of the Board of Trustees, being duly authorized, on this _____ day of _____, 2020 signed this Plan Document.

By: _____
Douglas Detling, Chairman

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

FOR PUBLIC EMPLOYEES IN THE NORTHWEST

POST-SEPARATION

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

Amended and Restated as of January 1, 2020

Article I.
General Provisions

1.1 Name. The name of this Plan is the VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION POST-SEPARATION HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST ("Post-separation HRA Plan" or "Plan"). The Trust may offer one or more HRA plans or forms of HRA plan coverage from time to time. The term "Plan" or "HRA Plan" shall refer to this Post-separation HRA Plan either individually or collectively with other plans or forms of plan coverage offered by the Trust as the context indicates or requires. This Plan is offered by a voluntary employees' beneficiary association under Internal Revenue Code §501(c)(9). The effective date for the Plan is July 1, 2013.

1.2 Plan Documents. This Plan document, together with the Trust Agreement, the most current version of the Plan Summary, the Employer Adoption Agreement, as any of the above documents may be amended, restated, or replaced from time to time, and the completed individual Participant Enrollment File, ~~and the Employer Adoption Agreement as the same may be amended, restated, or replaced from time to time,~~ shall constitute the Plan documents for Post-separation HRA Plan coverage. This Plan document is hereby amended and restated and replaces the prior Post-separation HRA Plan document in its entirety.

1.3 Post-separation and Retiree Plan. This Plan is a post-separation and retiree plan only. This Plan coverage is intended for any Participant who is a former Employee of the Employer who made or is making contributions on behalf of the Participant (or his or her Dependents and Beneficiaries according to the terms and conditions of the Plan). At the time a Participant separates from service from the Employer who has made or will continue to make contributions on behalf of the Participant, the Participant will be covered under this Post-separation HRA Plan. Payment or reimbursement of Benefits under this Plan shall be limited to expenses incurred only after a Participant has retired from employment or otherwise separated from service with his or her Employer and has otherwise met all other conditions for eligibility to become and remain a Participant hereunder and file claims for Benefits as set forth in any applicable collective bargaining agreement, Employer policy, or other statement or action of the Employer. This Plan coverage is exempt from certain provisions of PPACA known as the Mandates as a plan that covers less than two current employees.

1.4 Forfeiture of Account Balance and Future Reimbursements for Premium Tax Credit Eligibility. To the extent any Claims-Eligible Participant under this Post-separation HRA Plan retains a positive account balance in his or her Participant Account during any month, PPACA provides that such Participant Account will generally constitute minimum essential coverage, as defined under IRC §5000A, and will therefore preclude the Participant from claiming or becoming entitled to an IRC §36B premium

tax credit during that month to purchase coverage from a marketplace exchange established in accordance with PPACA.

1.4.1 Forfeiture Election. In order to prevent the Participant Account from precluding eligibility for an IRC §36B premium tax credit, a Claims-Eligible Participant or Dependent under this Post-separation HRA Plan may, at any time, elect to waive and forfeit the right to Benefits for any Qualified Health Care Expenses incurred on and after the date of such election to and excluding the date on which such election is revoked by the Participant or the Dependent.

1.4.2 Application of Forfeitures. Any positive account balance that is waived and forfeited pursuant to this Section 1.4 shall be applied as provided in Section 5.6.

1.5 Election of Limited Coverage. In lieu of the election permitted under Section 1.4, in order to become potentially eligible for an IRC §36B premium tax credit, a Claims-eligible Participant or Dependent under this Plan may, at any time, elect Limited HRA Coverage, the terms and conditions of which are governed by the Limited HRA Plan document. Except as specifically (a) permitted by applicable law and (b) approved by the Administrator, any election under this Section 1.5 shall be effective on and after the date of such election to and excluding the date on which such election is revoked by the Participant or the Dependent.

1.6 Interpretation of Capitalized Terms. Capitalized terms used herein and not otherwise defined in this document, shall have the meanings ascribed to such terms in the other Plan documents. In the event there is a conflict in the definition ascribed to any term in two or more Plan documents, Plan forms, or other Plan materials, the definition ascribed to such term within any particular document shall apply for interpretation of that document, and if not defined therein, the meaning that shall apply for interpretation of a document shall be determined by reference first to the Trust Agreement, second to the Plan Document, third to the applicable Employer Adoption Agreement, and fourth to the applicable Participant Enrollment File.

1.7 Definitions.

"Administrator" or "Plan Administrator" means the Board of Trustees or its designee, including any Third-party Administrator acting at the direction of the Trustees.

"Beneficiary" means a deceased Participant's beneficiary who inherits the right to receive Benefits payable from the remaining balance of a Participant Account after the Participant is deceased without any surviving Dependents. A Beneficiary can inherit the right to receive Benefits either as a former Dependent, an adult child of the Participant, a beneficiary designated by the Participant, or by operation of the terms of the Plan. A Beneficiary by operation of plan terms may arise in the absence of a valid beneficiary designation, if all of the designated beneficiaries predeceased, or if the Plan is unable to locate designated beneficiaries, all in accordance with the terms and conditions of Section 5.5 and policies and procedures of the Administrator.

"Benefits" refers to reimbursements for or payments of Qualified Health Care Expenses as described in Section 5.1, as such Benefits may be limited by elections of the Participant, the terms of the Plan, or applicable law.

"Card" means the debit/credit card(s) provided by the Administrator and used by Participants for the payment of Benefits under the Plan.

"Card Program" means the procedure and system established by the Administrator utilizing Cards for the payment of Benefits.

"Claims-Eligible" with respect to any Participant means that such Participant has satisfied the conditions required to become eligible for reimbursement of Qualified Health Care Expenses under this Plan.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985 and the regulations promulgated thereunder, as amended from time to time.

"Credited" means, with respect to the timing of a contribution made to a Participant Account, the date on which the Participant who received such contribution earned or became entitled to such contribution pursuant to the terms of this Plan, applicable collective bargaining agreements, Employer policies, or other Employer actions or adoption procedures.

"Dependent" means a Participant's spouse, dependent (as defined in IRC Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof), or child (who as of the end of the taxable year has not attained age 27) as determined under IRC § 105(b).

"Employee" means any individual that an Employer determines is a current or former employee of such Employer, as the term "employee" is defined by Treasury Regulation §1.501(c)(9)-2(b), except employees excluded as a result of collective bargaining agreements, agreements substantially similar to collective bargaining agreements, or as a result of an individual Employer's nondiscriminatory employer benefits policies.

"Employer" means the States of Washington, Oregon, and Idaho, or any political subdivision thereof; any local government, including any county, city, town, special purpose district within Washington, Oregon, or Idaho; or any agency or instrumentality of any of the foregoing or other entity that is sufficiently affiliated with the Employers for purposes of IRC §501(c)(9).

"Employer Account" refers to the account maintained with respect to any Employer to record its contributions which have not been allocated to Participant Accounts, and adjustments related thereto, and established for the purpose of providing benefits permitted under IRC §501(c)(9).

"Employer Adoption Agreement" means an Employer Adoption Agreement executed by an Employer and accepted by the Trust, as the same may be amended and restated or replaced from time to time.

"Excepted Benefits" means Qualified Health Care Expenses that would not be considered "minimum essential coverage" under IRC §5000A(f)(3). Excepted Benefits shall include benefits described under Treasury Reg. §54.9831-1(c)(3)(i)-(iv), including expenses and premiums for coverage for any of the following, or as otherwise permitted by law:

(a) Medical care expenses substantially all of which are for the treatment of the eye or the mouth (including any organ or structure within the mouth); and

(b) Qualified long-term care services or medical care expenses incurred based on cognitive impairment or loss of functional capacity that is expected to be chronic, subject to indexed annual limits.

"Group Health Plan" or "GHP" means a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) and such term "group health plan" is defined under IRC §§9832(a) and 5000(b)(1) and Treasury Regulation 54.9831-1(a)(1).

"IRC" means the Internal Revenue Code of 1986, as amended from time to time.

"Limited HRA Coverage" is coverage that limits Benefits for various purposes as required or permitted by applicable law, including, without limitation:

(i) Eligibility for contributions to a health savings account (HSA);

(ii) To coordinate benefits for purposes of HRA coverage reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA);

(iii) To prevent preclusion of eligibility for an IRC §36B premium tax credit during any month to purchase coverage from a marketplace exchange established in accordance with PPACA;

(iv) Eligibility for limited coverage prior to separation for Participants with Post-separation Accounts; and

(v) Eligibility for limited coverage for Dependents who are not integrated with an employer-sponsored group health plan at the time a Qualified Health Care Expense is incurred.

Limited HRA Coverage will be limited to Excepted Benefits only for purposes described in clauses (iii)-(v), and in other cases required by law or to exempt Plan coverage from certain legal and regulatory mandates, including certain mandates under HIPAA, MMSEA, and/or PPACA. The terms and conditions for Limited HRA Coverage is governed by a separate Limited HRA Plan document.

"Mandates" means provisions of PPACA known as the "PHSA mandates" and found under Sections 2701-2719A of the Public Health Service Act ("PHSA"); Section 9815 of the IRC (incorporating the PHSA provisions into the IRC); and Section 715 of ERISA (incorporating the PHSA provisions into ERISA).

"Participant" means an Employee who has become eligible as a Participant as described in Article II or any other individual who becomes a Participant under the Plan as described in Section 4.4. Except as specifically provided otherwise in this Plan document with respect to a Beneficiary, the term "Participant" as used in this Plan document and in the forms and literature used for administration of this Plan shall include any surviving spouse to whom a remaining balance in a Participant Account is transferred or any other person who becomes a Beneficiary under Section 5.5.

"Participant Account" refers to the account maintained for a Participant to record his/her share of the contributions of the Employer and adjustments relating thereto and established for the purpose of the payment of Benefits.

"Participant Effective Date" for any Participant means, as applicable, any of the following: (i) the date specified by the Employer in the Participant Enrollment File or (ii) if no date is specified for a Participant on the Participant Enrollment File, the date on which both a contribution and the required enrollment information for such Participant have been received by the Plan or (iii) if an Employer contribution has been received in the form of transferred assets from a former plan, the date specified by the Employer in the applicable transfer agreement on which the employee shall become a Participant; provided that, the Participant Effective Date cannot be a date prior to the Employee's original hire date with the Employer or the effective date of this Plan (or in the case of a transfer under (iii) the effective date of the former plan).

"Participant Enrollment File" means the paper enrollment form, online enrollment information, or enrollment file provided by the Employer or a Participant with the information required by the Plan Administrator in order to enroll a Participant in the Plan.

"Plan Summary" means a written document that (1) summarizes the terms and conditions of the Plan, (2) informs participants, dependents, and other beneficiaries of Plan of their rights, benefits, and responsibilities under and with respect to the Plan, and (3) includes other information that is determined by the Administrator to be important, informational, or required by applicable law.

"Plan Year" is from October 1 to September 30, except the first year for this Plan with an effective date other than October 1 shall run from such effective date until the next September 30.

"PPACA" means the Patient Protection and Affordable Care Act and all rules, regulations, and regulatory guidance applicable to the Plan promulgated thereunder, as the same shall be amended from time to time.

"Qualified Health Care Expenses" means medical care expenses defined by IRC §213(d) and IRC §106(f) (for years to which IRC §106(f) applies).

"Re-employed" means, with respect to a Participant who has become Claims-Eligible upon retirement from employment or other separation from service from the Employer who last made contributions into such Participant's Participant Account, that such Participant has become re-employed with such Employer under any circumstances.

"Third-party Administrator" means one or more third-parties appointed or contracted by the Administrator from time to time to provide record-keeping, claims-payment and/or other plan administration services to all or a portion of the Trust or this Plan.

"Trust" or "Trust Agreement" refers to the Voluntary Employees' Beneficiary Association for Public Employees in the Northwest Trust and as it may be amended, restated, or replaced from time to time.

"Trustees" refers, collectively, to the individuals serving in their capacity as the Board of Trustees in accordance with the Trust.

Article II.
Participation and Claims-Eligibility

2.1 Eligibility as a Participant. Subject to the limitations of this Article II, and subject to the eligibility provisions of applicable local and State law:

2.1.1 An Employee for whom an Employer has made contributions to this Post-separation HRA Plan is eligible to become a Participant (and the Dependents of such Participant become eligible for coverage) under the Plan on the Participant Effective Date, provided that, such Employee shall not be "Claims-Eligible" under this Plan except as provided in Section 2.2.1 or Section 2.2.2 hereof.

2.1.2 An Employee for whom an Employer has made contributions to the Standard HRA Plan becomes covered as a Participant under this Post-separation HRA Plan on the date such Employee retires or otherwise separates from service from that Employer.

2.1.3 Except with respect to a surviving spouse who is also a Participant under the same Employer of the deceased Participant, a surviving spouse or Beneficiary of any deceased Participant is covered under this Plan as if such surviving spouse or Beneficiary were a Participant who has separated from service from the applicable Employer; provided, however, that such surviving spouse or Beneficiary shall not be subject to the rehire restriction limitations under Section 2.3 and shall not have the right to add Dependents or further designate beneficiaries.

2.2 Claims-Eligibility.

2.2.1 Depending on the Employer's Plan design or elections, a Participant described in Section 2.1.1 may become "Claims-Eligible" under this Post-separation HRA Plan, and eligible for full Benefits under Article V, only upon the Participant's retirement from employment or other separation from service with the Employer and upon satisfaction of any other eligibility provisions of Employer policies and applicable collective bargaining agreements and the Employer Adoption Agreement or other Employer action or adoption procedure accepted by the Administrator.

2.2.2 Depending on the Employer's Plan design or elections, a Participant described in Section 2.1.1 may become "Claims-Eligible" under the Limited HRA Plan, and eligible only for reimbursement of Excepted Benefits on the Participant Effective Date. In such case, the Participant and his or her Dependents shall become Claims-Eligible under this Post-separation HRA Plan for full Benefits under Article V, only upon the Participant's retirement from employment or other separation from service with the Employer and upon satisfaction of any other eligibility provisions of Employer policies and applicable collective bargaining agreements and the Employer Adoption Agreement or other Employer action or adoption procedure accepted by the Administrator. During any period in which the Participant and his or her Dependents are eligible pursuant to this Section for Excepted Benefits coverage under the Limited HRA Plan, the Participant shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Third-party Administrator ~~HRA Service Manager or other Plan Representative~~ by phone or in writing.

2.2.3 A Participant described in Section 2.1.2 is "Claims-Eligible" based upon the claims-eligibility date for such Participant under the Standard HRA Plan.

2.3 Rehire Restriction on Claims-Eligibility.

2.3.1 If, after a Participant becomes Claims-Eligible for full Benefits under this Post-separation HRA Plan as described in Section 2.2.1 or Section 2.2.2, such Participant subsequently becomes Re-employed by the same Employer, then, during any period that the Participant is Re-employed, the Participant shall not be covered or eligible for Benefits under this Post-separation HRA Plan, but shall be eligible for Benefits as follows:

2.3.1.1 To the extent there is a remaining balance attributable to contributions originally made to the Standard HRA Plan by an Employer on behalf of the Participant who is covered under this Post-separation HRA Plan pursuant to Section 2.1.2, the Participant shall be covered and eligible for Benefits under and according to the terms and conditions of the Standard HRA Plan.

2.3.1.2 To the extent there is a remaining balance attributable to contributions originally made to this Post-separation HRA Plan, then during the period of Re-employment the Participant shall be covered and eligible for Excepted Benefits under the Limited HRA Plan according to the terms and conditions of the Limited HRA Plan document.

2.4 Nondiscrimination. This Plan does not permit any condition for eligibility or benefits which would discriminate in favor of any class of Participants to the extent such discrimination is prohibited by applicable law.

2.5 Duration of Participation. Once a Participant becomes Claims-Eligible under the Plan, the Participant's active status with respect to any Participant Account shall exist for so long as there is a positive account balance in such Participant Account, and thereafter, for such period as determined under the policies and procedures of the Administrator ("Account Closure Period"), but not to exceed two (2) years. If a Participant Account remains exhausted for the Account Closure Period, the Participant's active status with respect to such Account shall terminate after such Account Closure Period in accordance with the Plan's policies and procedures. A Participant who has lost his or her active status with respect to any Participant Account may subsequently become a Participant in the Plan and Claims-Eligible as prescribed in Section 2.2. During any Account Closure Period for any Participant Account, a Participant may or may not receive statements or other plan communications with respect to such Participant Account, but will remain Claims-Eligible.

Article III.
Funding or Allocation of Benefits

3.1 Contributions and Allocation of Assets. Each Employer shall contribute or transfer assets to this Plan, or designate assets to be subject to the terms of this Plan, on behalf of its eligible Employees pursuant to collective bargaining agreements, other written agreements, Employer benefits policies, and/or the terms of this Post-separation HRA, the Standard HRA, or the Limited HRA Plan, as applicable. Employer contributions, transfers, or assets designated to be subject to the terms and conditions of this Post-separation HRA Plan shall be specifically allocated to one or more Participant Accounts or to an Employer Account for the purpose of providing for payment of the Benefits described hereinafter or maintained in an Employer Account, as directed by the Employer. The liabilities, expenses, costs and charges associated with each particular Participant and Employer Account shall be charged against the assets of the portion of Trust held with respect to that particular Participant or Employer Account.

Article IV.
Accounts

4.1 Participant Accounts and Employer Accounts. Accounting records shall be maintained by the Third-party Administrator to reflect that portion of the Trust with respect to each Participant and with respect to each Employer (regarding its contributions which have not been allocated to Participant Accounts), and the contributions, income, losses, increases and decreases for expenses or benefit payments, transfers and adjustments attributable to each such account. The Administrator shall not be required to maintain separate investments for any account.

4.2 Receipt of Contributions or Transfers. Contributions or transfers for any Plan Year will be credited as received by the Third-party Administrator and will be allocated as directed by the Administrator consistent with Participant investment elections. If any portion of any Plan contribution is not allocable to a specific Participant Account or an Employer Account pursuant to instructions from the Employer, or if a complete Participant Enrollment File is not submitted for any amount allocated to a Participant Account, the Administrator will allocate such amount to one or more default investment options as determined by the Trustees ~~a non-interest-bearing account for unallocated funds~~ until such time as further instructions are received from the Employer~~, or the Administrator may return such contribution to the Employer~~. Notwithstanding the foregoing, Plan contributions received as assets transferred from a prior qualified plan on behalf of an Employee for whom a Participant Enrollment File is not submitted will not be returned to the Employer and will be treated as directed by the Employer in writing and in accordance with the policies and procedures established by the Administrator or Third-party Administrator.

4.3 Accounting Steps. The Third-party Administrator shall adopt procedures and accounting steps to reflect changes in Plan assets and Participant Account balances, at such times and in such order as reasonably determined by the Administrator:

4.3.1 ~~FIRST, a~~Allocate and credit any Employer contribution or transfer to this Plan ~~that is made during the month~~ to a Participant Account or Employer Account. Investment earnings or losses will accrue from the date the contribution or transfer is credited to a Participant Account or Employer Account, and funds will be invested as directed by the Participant or Employer in accordance with the policies and procedures of the Administrator~~, and investment earnings or losses will accrue from the date the contribution or transfer is credited to the Participant Account or Employer Account in accordance with the policies and procedures of the Administrator~~; and

4.3.2 ~~SECOND, a~~Adjust each Participant Account and Employer Account upward or downward, by an amount equal to the net income or loss accrued on balances within the ~~under this Plan by the~~ Account; and

4.3.3 ~~THIRD, e~~Asses, charge to, or deduct from each Participant Account and Employer Account all fees, payments, transfers, adjustments, or distributions made under this Plan to or for the benefit of the Participant or his Dependents, ~~or the Employer,~~ as the case may be, that have not been charged previously.

4.4 Splitting Participant Account Upon Court Order or Agreement. To the extent permitted by applicable law, in the event of a Participant's divorce, a Participant Account may be split between the Participant and his or her former spouse ("Former Spouse") upon receipt of a court order or agreement acceptable to the Administrator and subject to the policies and procedures of the Administrator; provided, however, the Administrator shall have the right not to split such account if it determines, in its sole discretion, that splitting of accounts upon divorce would result in disqualification of or adverse tax consequences for the Plan or Trust. The Administrator may value, report, withhold, and pay applicable taxes or other fees and charges in accordance with this Plan Document, the Administrator's policies and procedures, and applicable law. While a Former Spouse becomes a Participant for purposes of this Plan, under applicable law, a Former Spouse may not: (1) designate a Beneficiary on his or her Participant Account; or (2) provide coverage for dependents under the Plan that do not otherwise qualify as a Dependent of the original Participant. In the event the Former Spouse passes away with a balance in his or her Participant Account, only the biological or adopted Dependent(s) of the Former Spouse and original Participant may continue to use the Former Spouse's Participant Account. Thereafter, any balance in the Former Spouse's Participant Account shall transfer to the original Participant or to the Beneficiaries of the original Participant. In the event there is no original Participant or Beneficiaries of the Participant to inherit

the balance of the Former Spouse's Participant Account, such balance shall forfeit in accordance with Section 5.6 as if the Former Spouse's Participant Account was an account of the original Participant.

4.5 Use of Employer Accounts. Funds within each Employer Account are, at the direction of the Employer, either to be allocated to Participant Accounts or to be applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Administrator.

4.6 Notify the Plan of Errors within Ninety (90) Days. Participants and Employers should regularly review account information and immediately report any potential errors to the Administrator. Participants and Employers must notify the Administrator of an account error within ninety (90) days from the date the potential account error (a) is viewed by the applicable Participant or Employer online through the Plan portal or (b) appears on an account statement or other report received by the applicable Participant or Employer, whichever occurs first ("Notification Period"). Notification of any potential errors should be in writing in accordance with Section 4.6.1 below.

4.6.1. Contents of Error Notification. Written notice of any potential account error must include: (1) the name of the Employer or Participant; (2) the applicable account number; and (3) a detailed description of the error, including any applicable dollar amounts and why the Participant or Employer believes it to be an error.

4.6.2 Investigation of Error~~; Corrective Action~~. The Administrator will perform a timely investigation of any error notifications. The affected Participant(s) and/or Employer(s) will be notified regarding the results of the Plan's investigation and any corrective actions taken in accordance with the policies and procedures of the Administrator or as directed by the Trustees.

4.6.3 Corrective Action. Correction of any errors will be applied prospectively and, retroactively for any losses incurred during the Notification Period~~ defined by this Section 4.6~~, including any investment losses, if such losses are the direct result of the negligent error or omission on the part of the Plan or its representatives. Where such errors are timely reported during the Notification Period, but the error is not corrected by the Administrator until after the close of the Notification Period, losses incurred after the close of the Notification Period will also be restored through the date of correction by the Administrator. However, in the event a Participant or Employer reports an error after the close of the Notification Period, neither the Plan, nor any of its representatives shall be liable for any losses incurred by a Participant or Employer, as applicable, arising after expiration of the Notification Period.

4.7 Reliance Upon Data and Information from Participants and Employers. It is the responsibility of Participants and Employers in submitting data and information to the Plan to ensure that such data and information is correct. The Plan and its agents may rely upon any data or information submitted from a Participant or Employer as true and correct. The Plan and its agents are not responsible for any errors made by a Participant or Employer with regard to the data or information submitted to the Plan, nor are the Plan and its agents responsible for further errors that result from incorrect data or information submitted by a Participant or Employer. If a Participant or Employer discovers that information or data submitted to the Plan was incorrect, it is the responsibility of that Participant or Employer to timely notify the Plan in writing and correct the information or data.

Article V.
Qualified Health Care Expenses and Benefits under this Plan

5.1 Benefits for Qualified Health Care Expenses. Benefits under this Post-separation HRA Plan must be a reimbursement for medical care expenses as defined by IRC §213(d) and IRC §106(f) and excludable from income under IRC §§105 and 106, as amended from time to time, subject to the limitations, terms, and conditions below and any other limitations, terms, and conditions, under this Plan document, applicable law or as otherwise provided in policies and procedures of the Administrator. Benefits are payable for expenses incurred by the Participant or the Participant's Dependent(s), subject to the limitations under this this Plan document, including without limitation, this Section, Section 1.3, and Section 5.5. Benefits shall include (but are not limited to) premiums for permitted insurance coverage, including COBRA premiums, reimbursed directly to the Participant.

5.1.1 General Limitations.

5.1.1.1 Reimbursements are limited to medical care expenses not covered by Social Security, Medicare, or any other health insurance contract or plan. Benefits may not include reimbursement for expenses that are deducted by the Participant under any section of the Internal Revenue Code, or for expenses which were incurred prior to becoming a Participant of the Plan. Reimbursement may be made for premiums due for any part of Medicare or Medicare supplement policies.

5.1.1.2 Participants who are covered by an IRC §125 healthcare flexible spending account which provides benefits covered under this Plan must exhaust benefits under the IRC §125 healthcare flexible spending account prior to filing a request for Benefits under this Plan.

5.1.1.3 Limited HRA Coverage is available to Participants or Dependents who desire to limit their Benefits to coordinate with other benefit plans or limitations or other benefits allowed under applicable law. Limited HRA Coverage shall be subject to the terms and conditions of the Limited HRA Plan document, limitations and provisions of applicable law, and rules, regulations and limitations established by the Administrator from time to time. During any period in which the Participant or any of his or her Dependents is automatically eligible for or has elected coverage under the Limited HRA Plan, the Participant or the Dependent shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Administrator by phone or in writing.

5.1.1.4 Reimbursement for any claim submitted in accordance with this Article and the Plan may not exceed the current account balance in the applicable Participant Account at the time of reimbursement.

5.1.1.5 Except as otherwise provided under Section 2.2, benefits under this Post-separation HRA Plan are not permitted for any Qualified Health Care Expenses incurred prior to the date a Participant becomes Claims-Eligible and retired or otherwise separated from service from the Employer who made contributions on behalf of the Participant or for Qualified Health Care Expenses incurred during any period that a Participant is Re-employed with the Employer who made contributions on behalf of such Participant.

5.1.2 Claims for Benefits. Subject to the terms and conditions of this Post-separation HRA Plan, Participants may file claims for Benefits on or after the date they become Claims-Eligible, provided the Third-party Administrator has received a complete Participant Enrollment

File, a contribution or transfer on behalf of the Participant, and any additional information that, in the discretion of the Third-party Administrator, is required or necessary for the Plan or Third-party Administrator to comply with applicable law, including without limitation, the reporting requirements under PPACA and Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA).

5.1.3 Payment of Benefits. Payment of Benefits shall be made in accordance with the policies and procedures and other rules, regulations and limitations established by the Administrator from time to time consistent with the requirements of the Internal Revenue Code and any other applicable law.

5.2 Termination of Benefits. All Benefits for any Participant will terminate as of the date such Participant permanently loses his or her status as a Participant pursuant to Section 2.5.

5.3 COBRA. Participants or Dependents have a right to continue to make contributions and/or receive Benefits under this Plan for a specified time period if such rights are lost due to certain qualifying events, as prescribed by COBRA. COBRA continuation coverage for certain qualifying events is dependent on the Plan receiving notification of qualifying events within certain time periods as prescribed by COBRA. The Plan will administer continuation of COBRA using policies and procedures required or permitted by COBRA.

5.4 Health Care Debit Cards. Participants in the HRA Plan may, subject to a procedure established by the Administrator, use the Card(s) provided by the Administrator for payment of Benefits, subject to the provisions below.

5.4.1 Each Participant, by participating in the Card Program and using the Card(s), certifies that such Card shall only be used for Benefits and that any Benefit paid with the Card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

5.4.2 The Card shall be issued upon the Participant becoming Claims-Eligible, and is valid until reissued or replaced and for so long as the Participant remains a Participant in the Plan. The dollar amount of coverage available on the Card shall be subject to policies and procedures of the Administrator. Participant shall not use the Card to pay claims in excess of the dollar amount available on the Card.

5.4.3 The Cards shall only be used for permitted Benefits.

5.4.4 Participant shall be subject to the terms and conditions of the cardholder agreement, which shall be distributed with the Card.

5.4.5 Purchases made with the Cards shall be subject to the substantiation requirements of the Administrator. The Administrator, in its sole discretion, shall adopt procedures to ensure that amounts paid with the Card qualify as eligible Benefits under the Plan. Substantiation may be accomplished in accordance with policies and procedures of the Administrator, including without limitation, by Participant's submission of a receipt from a merchant or service provider describing the service or product, the date of the purchase, and the amount. Some charges shall be considered substantiated at or after the time of the Card charge by the nature of the charge and information collected at the time of the charge. Some charges shall be considered substantiated due to their "recurring" nature, in which the expenses match expenses previously substantiated as to amount, provider, and time period. At the point of sale, the service provider or merchant

can provide or make available to the Administrator information to substantiate the charge. All charges not automatically substantiated~~adjudicated~~ shall be conditional, pending confirmation and substantiation of additional documentation or information.

5.4.6 Participants shall maintain records to substantiate payments of Benefits made with Cards. If the Card is used to pay an expense that is not automatically substantiated~~adjudicated~~ or otherwise independently verified without additional documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Administrator to verify that the amount was an eligible Benefit. If the Participant fails to provide information to satisfy the Administrator that amounts paid by use of the Card are eligible Benefits ~~Card Services~~, the Administrator may, in its discretion, make the Plan whole by taking whatever action it deems appropriate to require the Participant to repay the amount that has not been verified, including:

(a) requesting the Participant to reimburse the Plan for the amount that has not been verified;

(b) offsetting future reimbursement of claims by the amount paid by use of the Card that has not been verified;

(c) suspending the activation on the Participant's Card; and

(d) suspending the Participant's eligibility to use the Card and participate in the Plan.

If the Administrator's correction efforts prove unsuccessful, the Participant remains indebted to the Plan for the amount of the payment that has not been verified. In that event, and consistent with its business practices, the Plan may treat the amount that has not been verified as it would any other business indebtedness. If the payment is not recovered within the timeframes specified in the policies and procedures of the Administrator, then the Plan may forgive the indebtedness, in which case the payment shall be reported as taxable income for the year in which the indebtedness is forgiven.

5.4.7 The Administrator, in its sole discretion, may adopt such other rules that it deems appropriate to govern the use of the Card to pay eligible Benefits (*e.g.*, establishing transaction limits on the Card, charging fees to use such Cards, etc.).

5.4.8 The Card is subject to cancellation upon the following: Participant's death; Participant's termination of his or her participation in the HRA Plan; Employer's termination of participation in the Plan; Participant's failure to produce proper forms and supporting documentation required for substantiation of the expense paid with the Card; or if Participant breaches any of his or her obligations under the cardholder agreement.

5.5 Benefits Available in the Event of Death.

5.5.1 Participant and Dependent Benefits. Except as limited under Section 4.4, i~~I~~f a Participant dies with a vested, positive account balance in any Participant Account (including the circumstance where vesting occurs as a result of the death of the Participant in accordance with any applicable collective bargaining agreement, Employer policy, or other statement or action of the Employer), the remaining balance shall be applied as follows:

5.5.1.1 Surviving Spouse. The remaining balance may be transferred to the deceased Participant's surviving spouse, if any, who may file claims for Benefits incurred by the Participant and any Dependents, including the surviving spouse, until such account balance is exhausted. Benefits payable to a surviving spouse shall not include Benefits for any person(s) other than the surviving spouse and Dependents (if any) of the deceased Participant.

5.5.1.2 No Surviving Spouse. If the Participant dies without a surviving spouse but with other surviving Dependents or non-Dependent children, or if the surviving spouse of the deceased Participant subsequently dies with other surviving Dependent(s) or non-Dependent children of the Participant, the executor, administrator, or other representative of the Participant's estate may file claims for any remaining eligible expenses incurred by the Participant or the surviving spouse, as applicable. After the payment of all remaining eligible expenses of the Participant or surviving spouse, as applicable, the Plan may, subject to the policies and procedures of the Administrator, divide and transfer the remaining balance in a vested Participant Account in equal amounts to individual accounts assigned to each of the Participant's surviving Dependents and non-Dependent children. In such event, the guardian(s) of any surviving Dependent(s) may file claims for eligible Benefits of the Dependent(s) and the non-Dependent children may file claims for eligible benefits until such account balance is exhausted. Furthermore, the Participant may elect, in accordance with the policies and procedures of the Administrator, to bypass any non-Dependent children in favor of a Designated Beneficiary(ies).

5.5.1.3 Treatment of Stepchildren. At the Participant's election, as the same may be made in accordance with the policies and procedures of the Administrator, a step child or the stepchildren of the Participant may be either included the same as any biological or adopted children, or bypassed in the survivor benefits in the same manner as any non-Dependent children. In the event of no Participant election, any Dependent stepchildren will be included in the survivor benefits the same as biological or adopted children, and any non-Dependent stepchildren will be excluded from survivor benefits.

5.5.1.3 Spouse and Dependent Right to Disclaim. Any spouse, Dependent, or non-Dependent child of the Participant to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.1 shall:

(a) have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) no longer be eligible for coverage under the Standard HRA Plan but shall be covered by this Post-separation HRA Plan and subject to the terms and conditions of this Post-separation HRA Plan document.

5.5.2 Beneficiary Benefits. This Plan (a) is part of a medical trust that is established on behalf of State and political subdivisions of Washington, (b) has received a favorable ruling from the Internal Revenue Service that the trust's income is not includible in gross income by reason of the exemption from income tax provided to the Trust under IRC §501(c)(9), (c) on or before January 1, 2008, provided for reimbursements of Qualified Health Care Expenses of a deceased

employee's heirs and beneficiaries, and (d) qualifies to provide Benefits to a deceased employee's beneficiaries under IRC §105(j).

5.5.2.1 General Beneficiary Terms. At any time after the death of a Participant and the Participant's spouse (if any), any vested funds then remaining in the applicable Participant Account may be transferred to one or more Beneficiaries as provided in this Section 5.5.2. A person's right to be a Beneficiary, and a Beneficiary's eligibility for Benefits from the remaining vested balance of a Participant Account, are subject to the rights and restrictions of applicable law, the terms and conditions set forth in this Section 5.5, and the policies and procedures of the Administrator, as the same may be amended from time to time. Benefits payable to Beneficiaries shall not include Benefits for the Dependents of the Beneficiary (either before or after the death of the Beneficiary). Beneficiaries determined under this Section 5.5.2 shall not be eligible for coverage under the Standard HRA Plan but shall be covered by this Post-separation HRA Plan or the Limited HRA Plan, in accordance with the terms and conditions of this Post-separation HRA Plan document or the Limited HRA Plan document, as applicable.

5.5.2.2 Benefits Remain Available for Surviving Dependents and Non-Dependent Children. To the extent all or a portion of the Participant Account of a deceased Participant has been previously transferred to or allocated among one or more qualified Dependents and non-Dependent children of the Participant:

(a) Each non-Dependent child to whom a portion of the Participant Account was transferred or allocated shall be a Beneficiary, and

(b) Each surviving Dependent to whom a portion of the Participant Account was transferred or allocated shall become a Beneficiary as of the earlier of (1) January 1 of the year after such Dependent turns the age of 26 or (2) the date on which such Dependent otherwise loses status as a qualified Dependent.

5.5.2.3 Benefits Available for Designated Beneficiaries. A Participant may designate one or more persons who may be eligible as a Beneficiary for Benefits payable from the balance remaining in the applicable Participant Account in the event: (1) there are no eligible surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2; (2) the Participant has no surviving Dependents and has elected to bypass non-Dependent children and/or stepchildren in favor of a Designated Beneficiary(ies); or (3) as otherwise permitted by the Administrator and applicable law. In order to be effective to transfer an interest in the Benefits payable from the remaining balance of a Participant Account, a Participant's beneficiary designation must be properly made and delivered to the Plan, according to policies and procedures of the Administrator, prior to the Participant's death. A Beneficiary designated under this Section 5.5.2.3 shall be eligible as a Beneficiary only if the Participant and the Participant's spouse decease with no surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2 (except in cases where the Participant elects to bypass any non-Dependent children and/or stepchildren) or as otherwise permitted by the Administrator and applicable law. Beneficiaries under this Section 5.5.2.3 shall be allocated equal percentages in the remaining balance of the Participant Account.

5.5.2.4 Benefits Available for Certain Heirs. In the absence of (1) any Beneficiary under Section 5.5.2.2, (2) a valid Beneficiary designation under Section 5.5.2.3, and (3) the ability of the Plan to locate any Beneficiaries designated by the Participant under

Section 5.5.2.3, the remaining balance under a Participant Account of a Participant or surviving spouse who decease with no surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2 may be transferred to one or more of the following persons in the order provided below, such that if there are one or more Beneficiaries at any level, persons in subsequent levels will not be eligible as Beneficiaries. To the extent there is more than one eligible Beneficiary at any level under this Section 5.5.2.4, Beneficiaries at that level shall be allocated equal percentages in the remaining balance of the Participant Account.

First level: To any grandchildren of the deceased Participant.

Second level: To any siblings of the deceased Participant who share the same two biological parents of the deceased Participant.

Third level: To any parents of the deceased Participant.

Fourth level: To any nieces and nephews of the deceased Participant.

Fifth level: To any aunts and uncles of the deceased Participant.

Sixth level: To any cousins of the deceased Participant.

5.5.2.5 Beneficiary's Right to Disclaim; Other Coverage Limitations. Any Beneficiary to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.2:

(a) shall have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) shall not be eligible for coverage under the Standard HRA Plan but shall be covered by this Post-separation HRA Plan or the Limited HRA Plan and subject to the terms and conditions of this Post-separation HRA Plan document or the Limited HRA Plan document, as applicable; and

(c) shall not, and his or her Dependents shall not, have rights under COBRA.

5.5.3. Tax Reporting and Withholding on Beneficiary Benefits. A Beneficiary's eligibility for Benefits, the valuation of Plan coverage, and the reporting, withholding and/or payment (if any) of taxes applicable to such coverage shall be subject to applicable law and the rules, policies, and procedures of the Administrator.

5.5.4 Plan Document Preempts Will or Trust. To the extent permitted by applicable state law, including without limitation, Washington state statutory provisions of RCW 11.02.091, as amended, the Plan provisions under this Section 5.5 shall take precedence over the terms of a will or trust or the intestate succession laws that would otherwise govern the transfer of a Participant's interest in a Participant Account and the Benefits payable thereunder.

5.5.5 Authority of Spouse and Reliance on Death Certificate. In accordance with the Administrator's rules, policies, and procedures, and subject to applicable law, the Plan may rely upon a copy of the official death certificate of the Participant for proof of the Participant's marital status and identification of the Participant's spouse and any other information represented on the death certificate. Should the Participant have a surviving spouse identified on the death certificate, the surviving spouse shall have the authority to file claims, handle the Participant Account, and provide further information to the Plan without further court documentation or proof of the spouse's authority in handling the Participant's estate. For purposes of handling the deceased Participant's Account, evidence of a surviving spouse represented on the Participant's death certificate shall take precedence over the terms of a will, trust, or other court documentation naming another individual as the authoritative party handling the Participant's estate.

5.5.6 Re-allocation After the Death of Another Dependent or Beneficiary. If, after the death of a Participant and the Participant's spouse, any Dependent or Beneficiary to whom a portion of the Participant Account was transferred or allocated dies, any remaining balance in the Account previously transferred or allocated to such Beneficiary shall be transferred or allocated in equal shares to any other surviving Dependents or Beneficiaries with a remaining positive Account balance.

5.5.7 Forfeiture of Remaining Balance. After the death of a Participant with no surviving Dependents or Beneficiaries, or if no surviving Dependents or potential Beneficiaries can be located by the Plan, any vested funds then remaining in the applicable Participant Account shall be forfeited and applied as provided in Section 5.6. Any vested balance that remains in an account previously transferred or allocated to a Beneficiary after the death of the Beneficiary with no other surviving Dependents or Beneficiaries as provided in Section 5.5.6, shall be forfeited and applied as provided in Section 5.6.

5.5.8 Procedure for Locating Beneficiaries. For any potential Beneficiary under this Section 5.5, the Plan may rely on (1) a certification of a personal estate representative or other legal representative of the Participant's estate acceptable under the policies or procedures of the Administrator, or (2) in the absence of a personal estate representative or other legal representative, certifications of potential Beneficiaries as to whether another potential Beneficiary remains alive and to provide any other information that may assist the Plan in locating the potential Beneficiary. If the whereabouts of a potential Beneficiary remain unknown, the Plan shall hold the transfer of the account open for at least 180 days from the date the Administrator determines the Beneficiary's whereabouts to be unknown, to allow the Beneficiary to claim his or her interest in the account. During such 180-day period, the Plan may (but shall not be obligated to) use reasonable means to locate the potential Beneficiary. If the Administrator determines after such 180-day period that there are no eligible Beneficiaries to whom the remaining balance in a Participant Account may be transferred pursuant to the terms of this Section 5.5, the Administrator may forfeit the remaining Account balance as provided in Section 5.5.7.

5.5.9 Plan Interpretation after the Death of a Participant. For purposes of interpretation of Plan terms and administration of this Plan, except as specifically provided otherwise in this Plan document, once remaining funds in a Participant Account are transferred or allocated to a Beneficiary under Section 5.5, references in this Plan document, the Post-separation HRA Plan document, the Limited HRA Plan document, and in the forms and literature used for administration of each of those Plans to the term "Participant" shall include any Beneficiary of the Participant.

5.6 Forfeiture of Participant Account Balance. In the event any funds within a Participant Account are forfeited in accordance with the terms of the Plan documents, such forfeited funds shall be

transferred to a temporary forfeiture account held within the Trust on behalf of all Participants of the deceased or forfeiting Participant's Employer within the Trust, to be re-contributed as future contributions to Participants eligible for contributions or otherwise applied, as directed by the Employer, in all cases to the fullest extent permitted by applicable law and subject to the rules, policies and procedures established by the Administrator.

Article VI.
Additional Plan Provisions

6.1 Source of Benefits. The Plan's obligation to any Participant for Benefits under the Plan, or to one or more surviving Dependents for Benefits under the Plan in the event of the Participant's death, shall be limited (in the aggregate) to the balance in such Participant's Participant Account. None of the Plan, the Trust, Trustees, or Administrator, nor any of their agents, subcontractors, representatives, officers, or employees shall be responsible for confirming or enforcing the terms of collective bargaining agreements, Employer policies, or other agreements regarding the terms of an Employees' eligibility to participate or amounts to be contributed on behalf of a Participant under this Plan.

6.2 Investment of Participant Accounts and Employer Accounts. The Trustees shall determine the options to be made available through the Trust for the investment of Participant Accounts and Employer Accounts. For each Participant Account, the Participant shall elect one or more of the investment options into which the funds in such Participant Account will be allocated. For each Employer Account, the Employer (or a qualified investment manager appointed by the Employer) shall elect one or more of the investment options into which the funds in such Employer account will be allocated. Participant and Employer Account elections shall be made and changed in accordance with procedures established by the Trustees and as may be amended from time to time. In the event no election has been made with respect to a Participant Account or Employer Account, such Account shall be invested in one or more default investment options as determined by the Trustees. Separate investments shall not be required to be maintained with respect to separate Participant Accounts or Employer Accounts. Any potential errors discovered regarding the investment elections or allocations of a Participant Account or Employer Account must be reported to the Plan in accordance with Section 4.6.

6.3 Reserved.

6.4 Claims Procedure. A person claiming benefits under the Plan, (referred to in this Section as the "Claimant") shall deliver a request for such benefit in writing to the Third-party Administrator. The Third-party Administrator shall review the Claimant's request for a Plan benefit and shall thereafter notify the Claimant of its decision as follows:

6.4.1 If the Claimant's request for benefits is approved by the Third-party Administrator, it shall notify the Claimant of such approval and distribute such benefits to the Claimant.

6.4.2 In the event the Third-party Administrator determines that a claim is questionable, the Third-party Administrator shall within thirty (30) days from the date the Claimant's request for Plan benefits was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said claim, provide the Claimant with written notice of its need for additional information. In the event special circumstances require an extension of time for reviewing the Claimant's request for benefits, the Third-party Administrator shall, prior to the expiration of the initial thirty (30) day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Third-party Administrator expects to render its decision. In no event shall such extension exceed a period of fifteen (15) days from the date of the expiration of the initial period,

totaling forty-five (45) days at a maximum.

6.4.3 If the Claimant's request for benefits is denied, in whole or in part, by the Third-party Administrator, the Third-party Administrator shall notify the Claimant of such denial and shall include in such notice, set forth in a manner calculated to be understood by the Claimant, the following:

6.4.3.1 The specific reason or reasons for the denial and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable), and a statement describing the availability, upon request, of the diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.3.2 Specific reference to pertinent Plan provisions or IRS rules and regulations on which the denial is based;

6.4.3.3 A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

6.4.3.4 A description of available internal appeals processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.5 below; and

6.4.3.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.4 The Third-party Administrator shall provide written notice of a denial of a request for Benefits. In the event written notice of a denial of a request for Benefits is not received by the Claimant within forty-five (45) days of the date the written claim is submitted to the Third-party Administrator, the request shall be deemed denied as of the date on which the Third-party Administrator's time period for rendering its decision expires.

6.4.5 Any Claimant whose request for Benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may appeal said denial of Plan benefits by submitting to the Third-party Administrator a written request for a review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than one hundred eighty (180) days from the date the Claimant received written notification of the Third-party Administrator's initial denial of the Claimant's request for Benefits or from the date the claim was deemed denied, unless the Third-party Administrator, upon the written application of the Claimant or his authorized representative, shall in its discretion agree in writing to an extension of said period.

6.4.6 During the period prescribed in paragraph 6.4.5 for filing a request for review of a denied claim, the Third-party Administrator shall permit the Claimant to review pertinent documents and submit written issues and comments concerning the Claimant's request for Benefits.

6.4.7 Upon receiving a request by a Claimant, or his authorized representative, for a review of a denied claim, the Third-party Administrator shall deliver the complete file to the Trustees, who shall consider such request promptly and shall advise the Claimant of their decision within thirty (30) days from the date on which said request for review was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said denied claim. In the event special circumstances require an extension of time for reviewing said

denied claim, the Third-party Administrator shall, prior to the expiration of the initial 30-day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Trustees expect to render their decision. In no event shall such extension exceed a period of forty-five (45) days from the date on which the Claimant's request for review was received by the Third-party Administrator. The Trustees' decision shall be furnished to the Claimant and shall:

6.4.7.1 Be written in a manner calculated to be understood by the Claimant;

6.4.7.2 Include specific reasons for their decision and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable) and a statement describing the availability, upon request, of diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.7.3 Include specific references to the pertinent Plan provisions or IRS rules on which the decision is based;

6.4.7.4 A description of available external review processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.9 below; and

6.7.7.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.8 The Trustees may, in their discretion, determine that a hearing is required in order to properly consider the Claimant's request for review of a denied claim. In the event the Trustees determine that such hearing is required, such determination shall, in and of itself, constitute special circumstances permitting an extension of time in which to consider the Claimant's request for review.

6.4.9 After exhausting the above claims procedures in full, any Claimant whose request for benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may file a request for an external review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than the first day of the fifth month following the date the Claimant received written notification of the Trustees' final denial of the Claimant's request for benefits or from the date the claim was deemed denied. Within five (5) business days of receiving the external review request, the Third-party Administrator must complete a preliminary review to determine if the Claimant was covered under the Plan, the Claimant provided all the information and forms necessary to process the external review, and the Claimant has exhausted the internal appeals process.

Once the review above is complete, the Third-party Administrator has one (1) business day to notify the Claimant in writing of the outcome of its review. If Claimant is not eligible for external review, the notice must include contact information for the Department of Health and Human Services Health Insurance Assistance Team (HIAT). If the Claimant's request for external review was incomplete, the notice must describe materials needed to complete the request and provide the later of 48 hours or the four- month filing period to complete the filing.

Upon satisfaction of the above requirements, the Third-party Administrator will provide that an independent review organization (IRO) will be assigned using a method of assignment that assures the independence and impartiality of the assignment process. Claimant may submit to the IRO in writing additional information to consider when conducting the external review, and the

IRO must forward any additional information submitted by the Claimant to the Third-party Administrator within one (1) business day of receipt. The decision by the IRO is binding on the Plan and, as well as the Claimant, except to the extent other remedies are available under State or Federal law. For standard external review, the IRO must provide written notice to the Third-party Administrator and the Claimant of its decisions to uphold or reverse the benefit denial within no more than forty-five (45) days.

6.4.10 The claims procedures set forth in this Article VI shall be strictly adhered to by each Claimant under this Plan, and no judicial or arbitration proceedings with respect to any claim for Plan benefits hereunder shall be commenced by any such Claimant until the proceedings set forth herein have been exhausted in full.

6.5 Mechanics of Payment from Employer Accounts. The Employer, or its agent or authorized officer, may submit a request to the Third-party Administrator to transfer funds from the Employer's Account to be allocated to Participant Accounts or applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Third-party Administrator.

6.6 Health Care Debit Card Transactions are Not Claims. The presentation or use of a Card for payment at a merchant or vendor is not considered a submission of a ~~formal~~ claim under the Plan. In the event the merchant or vendor denies the transaction or the transaction is unable to be processed at the point of sale with that merchant or vendor, such denial of the transaction at the point of sale shall not be considered a denial under the Plan. If the transaction is approved at the point-of-sale, but the transaction is not electronically validated at the point of sale or later independently substantiated without further documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Third-party Administrator to verify that the amount was an eligible expense reimbursable by the Plan. Where the Third-party Administrator determines that an expense is not eligible to be paid with the Card because the Participant or Dependent has not submitted the information requested by the Third-party Administrator to substantiate the claim as an expense reimbursable under the Plan (*e.g.,* where the Card is suspended, the Plan requests reimbursement of the unsubstantiated expense and/or the Plan applies an overpayment against the applicable Participant Account and offsets against future claims), then denial of such Card payment would become a denial subject to the ~~formal~~ claims and appeals procedures under this Section 6.

6.7 Protected Health Information. The Plan shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health (HITECH) Act, enacted as part of the American Recovery and Reinvestment Act of 2009, and the Omnibus Rule of 2013 with respect to protecting the privacy and security of Protected Health Information (PHI).

6.7.1 Plan Uses of Protected Health Information. The Plan shall adhere to procedures regarding the permitted and required uses by, and disclosures to, the Plan of PHI for plan administrative and other permitted purposes. The Plan shall:

6.7.1.1 not use or disclose PHI other than as permitted by the Plan documents or as otherwise required or permitted by law;

6.7.1.2 ensure that any agents, subcontractors or business associates to whom the plan provides PHI shall agree to the same restrictions that apply to the Plan;

6.7.1.3 not use or disclose PHI for purposes other than the minimum necessary to administer the Plan;

6.7.1.4 report to the Privacy Official any known use or disclosure that is inconsistent with permitted use and disclosures;

6.7.1.5 make PHI available to Plan participants, consider their amendments, and, upon request, provide them with an accounting of PHI disclosures in accordance with the HIPAA privacy rules;

6.7.1.6 make internal records relating to the use and disclosure of PHI available to the Department of Health and Human Services upon request; and

6.7.1.7 the Plan shall destroy PHI in accordance with its Document Retention and Destruction Policy when the Plan is no longer required to maintain PHI.

6.8 Employer Uses of Protected Health Information.

6.8.1 HIPAA Plan Amendment. Members of the workforce of an Employer may have access to the individually identifiable health information of Participants for administration functions of the Plan. When this health information is provided from the Plan to the Employer, it is Protected Health Information (PHI) and, if it is transmitted by or maintained in electronic media, it is Electronic PHI. The provisions of Section 6.8 shall constitute the "HIPAA Plan Amendment" required by and incorporating the provisions of 45 CFR §164.504(f)(2)(ii).

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations restrict the Employer's ability to use and disclose PHI and Electronic PHI.

The following HIPAA definitions of PHI and Electronic PHI apply to this HIPAA Plan Amendment:

"Protected Health Information (PHI)" means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or for which there is a reasonable basis to believe that the information can be used to identify the individual. Protected health information includes information of persons living or deceased and also includes Electronic PHI.

"Electronic Protected Health Information (Electronic PHI)" means Protected Health Information that is transmitted by or maintained in electronic media.

"Privacy Official" means the Vice Chairman of the Board of Trustees or such other person appointed from time to time by the Board of Trustees to serve in such capacity.

An Employer shall have access to PHI and Electronic PHI from the Plan only as permitted under this HIPAA Plan Amendment or as otherwise required or permitted by HIPAA.

6.8.2 Permitted Disclosure of Enrollment/Disenrollment Information. The Plan may disclose to an Employer, information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled from the Plan.

Enrollment and disenrollment information shall include, without limitation, name, employee ID or social security number, contribution history, account balance information, age, employment status (active, retired, separated), limited account status, account preferences (e-communication, etc.) or other information necessary to determine, verify, or assist with eligibility, enrollment or disenrollment of an Employee or Participant.

The Plan and each Employer acknowledge and agree that enrollment and disenrollment information is information of the Employer and is held on behalf of the Employer by the Plan Third-party Administrator. Enrollment and disenrollment information held at any time by the Employer is held in its capacity as an Employer and is not PHI.

6.8.3 Permitted Uses and Disclosure of Summary Health Information. The Plan may disclose Summary Health Information to an Employer, provided that the Employer requests the Summary Health Information for the purpose of (1) obtaining premium bids from service providers or health plans for providing services or health coverage under the Plan; or (2) modifying, amending, or terminating the Plan.

6.8.3.1 "*Summary Health Information"* means information (1) that summarizes the claims history, claims expenses, or type of claims experienced by individuals for whom a plan sponsor has provided health benefits under the Plan; and (2) from which the information described at 45 CFR §164.514(b)(2)(i) has been deleted, except that the geographic information described in 45 CFR §164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit ZIP code.

6.8.4 Permitted and Required Uses and Disclosure of Protected Health Information for Plan Administration Purposes. Unless otherwise permitted by law, and subject to the conditions of disclosure described in Section 6.8.5 and obtaining written certification pursuant to Section 6.8.8, the Plan may disclose PHI and Electronic PHI to an Employer, provided that the Employer uses or discloses such PHI and Electronic PHI only for Plan Administration Purposes.

6.8.4.1 *"Plan Administration Purposes"* means administration functions performed by the Employer on behalf of the Plan, such as quality assurance, claims processing and appeals, auditing, and monitoring. Plan administration functions do not include functions performed by the Employer in connection with any other benefit or benefit plan of the Employer or any employment-related actions or decisions.

6.8.4.2 Enrollment and disenrollment functions performed by the Employer are performed on behalf of Employees, Participants and Dependents, and are not Plan administration functions.

6.8.4.3 Notwithstanding any provisions of this Plan to the contrary, in no event shall an Employer be permitted to use or disclose PHI or Electronic PHI in a manner that is inconsistent with 45 CFR §164.504(f).

6.8.5 Conditions of Disclosure for Plan Administration Purposes. Each Employer agrees that with respect to any PHI it receives pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) disclosed to it by the Plan, such Employer shall:

6.8.5.1 not use or further disclose the PHI other than as permitted or required by the Plan or as required by law;

6.8.5.2 ensure that any agent, including a subcontractor, to whom it provides PHI received from the Plan agrees to the same restrictions and conditions that apply to the Employer with respect to PHI;

6.8.5.3 not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

6.8.5.4 report to the Plan any use or disclosure of the PHI of which it becomes aware that is inconsistent with the uses or disclosures provided for;

6.8.5.5 make available PHI to comply with HIPAA's right to access in accordance with 45 CFR §164.524;

6.8.5.6 make available PHI for amendment, and incorporate any amendments to PHI, in accordance with 45 CFR §164.526;

6.8.5.7 make available the information required to provide an accounting of disclosures in accordance with 45 CFR §164.528;

6.8.5.8 make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with HIPAA's privacy requirements;

6.8.5.9 if feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

6.8.5.10 ensure that adequate separation (i.e., the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii), is established.

6.8.6 Additional Requirements. Each Employer further agrees that if it creates, receives, maintains, or transmits any Electronic PHI pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which

are not subject to these restrictions) on behalf of the Plan or in connection with a Plan Administration Purpose, it will:

a. implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that it creates, receives, maintains, or transmits on behalf of the Plan;

b. ensure that the adequate separation (*i.e.*, the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii) is supported by reasonable and appropriate security measures;

c. ensure that any agent, including a subcontractor, to whom it provides Electronic PHI agrees to implement reasonable and appropriate security measures to protect the information; and

d. report to the Plan any security incident of which it becomes aware, as follows: Employer will report to the Plan, with such frequency and as soon as feasible, the aggregate number of unsuccessful, unauthorized attempts to access, use, disclose, modify, or destroy Electronic PHI or to interfere with systems operations in an information system containing Electronic PHI; in addition, Employer will report to the Plan as soon as feasible any successful unauthorized access, use, disclosure, modification, or destruction of Electronic PHI or interference with systems operations in an information system containing Electronic PHI.

6.8.7 Adequate Separation Between Plan and Employer and Between Employees Who Perform Plan Administration Functions and Employees Who Do Not Have Plan Administration Functions. Any Employer that receives any PHI pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) from the Plan shall allow access to the PHI to only those employees or classes of employees identified on the Employer's HIPAA Compliance Certificate required by this HIPAA Plan Amendment. No other persons shall have access to PHI. These specified employees (or classes of employees) shall only have access to and use of PHI to the extent necessary to perform the Plan administration functions that the Employer performs for the Plan. In the event that a specified employee does not comply with the provisions of this HIPAA Plan Amendment, the employee shall be subject to disciplinary action by the Employer for non-compliance pursuant to the Employer's employee discipline and termination procedures.

6.8.7.1 The Employer shall ensure that the provisions of this HIPAA Plan Amendment are supported by reasonable and appropriate security measures to the extent that the persons designated above create, receive, maintain, or transmit Electronic PHI on behalf of the Plan.

6.8.8 Certification of Employer. The Plan shall disclose PHI (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508) to an

Employer only upon the receipt of the Plan's HIPAA Compliance Certificate from the Employer acknowledging that the Plan has been drafted to incorporate the provisions of 45 CFR §164.504(f)(2)(ii), and that the Employer agrees to the conditions of disclosure set forth in Section 6.8.5 and all other conditions and requirements of this HIPAA Plan Amendment.

6.9 Qualified Medical Child Support Orders and National Medical Support Notices. The Plan shall comply with all applicable rules and laws relating to Qualified Medical Child Support Orders ("QMCSO") and National Medical Support Notices ("NMSN"). In the event a QMCSO or NMSN is received by the Plan, the Plan will follow the policies and procedures for determining and administering such order or notice as the same may be adopted or revised from time to time by the Administrator.

Article VII.
Administrator

7.1 Rights & Duties. The Trustees shall enforce this Plan in accordance with its terms and shall be charged with its general administration. In its capacity as the Administrator, the Board of Trustees may delegate administrative duties to the Third-party Administrator or other service providers or designees. Any Third-party Administrator and other service providers engaged by the Administrator shall exercise its delegated duties in a uniform, nondiscriminatory manner and shall have all necessary power and discretion to accomplish those purposes at the direction of the Administrator, including but not limited to the power:

7.1.1 To determine all questions relating to the eligibility of Employees to participate.

7.1.2 To determine entitlement to Benefits under the provisions of Article VI.

7.1.3 To compute and certify to the Administrator the amount and kind of benefits payable to the Participants and their Dependents.

7.1.4 To maintain all the necessary records for the administration of this Plan other than those maintained by the Employer.

7.1.5 To prepare and file or distribute all reports and notices required by law.

7.1.6 To authorize all the disbursements from the Trust.

7.1.7 To facilitate the investment elections made by Participants and Employer in a manner consistent with the objectives of the Plan and authorized by the Trust.

7.1.8 To make and publish such rules for the regulation of this Plan that are not inconsistent with the terms hereof.

7.1.9 To inform the Administrator with respect to the investment of Participant and Employer Accounts.

7.1.10 To assume and perform each and every duty and responsibility of the Administrator specified in the Plan documents or otherwise in accordance with applicable law to the extent so delegated in writing by the Administrator.

7.2 Information. To enable the Third-party Administrator to perform its functions, the Employer shall supply it with full and timely information on all matters relating to Employer contributions on behalf of Participants and Participant entitlement to benefits. The Employer shall also supply the Third-

party Administrator with full and timely information on all matters relating to Employer contributions to an Employer Account. The Third-party Administrator shall maintain such information and advise the Administrator of such other information as may be pertinent to the administration of the Trust.

The Third-party Administrator shall have neither the right nor the obligation to interpret the provisions of any collective bargaining agreement, Employer policy, or other statement or action for the purpose of performing its duties under the Plan or the Trust, and the Third-party Administrator shall have the right to rely on information provided by the Employer pursuant to this Section with respect to Employee eligibility and other applicable information contained in any collective bargaining agreement, Employer policy, or other statement or action.

7.2.1 The Trust shall provide to each Participant, information necessary to use their Participant Account and receive reimbursement of Benefits. The information will include a summary of the Plan, including claim procedures and instructions on how to acquire plan forms. The Trust shall also communicate within a reasonable amount of time after receipt of the contribution or transfer an acknowledgement to the Participant with a Participant Account or the Employer with an Employer Account, whichever is applicable, acknowledging establishment of the Participant Account or Employer Account; confirmation of the amount received; a summary of the Plan and information on filing claims with copies of the necessary forms, if applicable; and a toll-free contact telephone number for error corrections or questions.

7.2.2 The Trust shall provide a written statement prepared upon a Participant's or Employer's request, and at least semi-annually for each Participant and Employer, which shall include the following information: Participant's or Employer's name and address, whichever is applicable; Participant Account number; contributions; total Account value at statement date; interest earned or other shared gain or loss; payout and disbursement activities, ending/forward balance; toll-free contact telephone number for error corrections or questions on reading the statement.

7.2.3 The Trust shall provide a monthly unaudited report to the Administrator including the following: income statement, balance sheet, year to date budget, number of Participant Accounts, and other such reports which are permitted by law, or as the Administrator and/or Employers request and agreed to by the Third-party Administrator.

7.3 Compensation, Expenses, and Governmental Fees, Taxes and Assessments. Consultant and investment manager expenses for the Plan may be paid by reasonable reductions of investment earnings and/or assessments from the Participants' Accounts as determined by the Administrator from time to time. Additionally, all other necessary Plan expenses, including but not limited to: legal, benefits staff, Third-party Administrator, auditing, printing, postage, mail service, plan administration software or technology, Trustee, bank, consultant fees, and, to the extent permitted by applicable law, all governmental fees, taxes, and assessments applicable to the Trust, the Plan, the Trustees, or Participants, may be paid through a reduction of investment earnings and/or reasonable fees and assessments from Participant Accounts as determined by the Administrator from time to time.

7.4 Consultants, ~~Advisors &~~Investment Managers, Third-party Administrators, Lawyers & Accountants. Reasonable expenses to administer the Plan may be paid by assessments from the Participants' Accounts as determined by the Administrator from time to time, which may be made by adjustments to investment earnings/losses or by a deduction from account balances. Plan expenses can include but are not limited to: services for legal, benefits staff, third-party administrator, auditing, printing, postage, mail, plan administration software or technology, trustee, banking, plan or trust consulting, investment management, database search, and, to the extent permitted by applicable law, all governmental

fees, taxes, and assessments.~~The Administrator may employ such consultants, advisors, investment managers, Third-party Administrators, and other service providers as it reasonably deems necessary or useful in carrying out its duties hereunder, all of which shall be considered expenses of administering the Plan.~~

7.5 Liability Limitation. The Employer, the Administrator and the Third-party Administrator shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets of the Plan and Trust. The Trustees shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets of the Plan and Trust if the Trustee in appointing and monitoring such manager acted with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person would use in the conduct of an enterprise of a like character and with like aims.

7.6 Notices & Directions. The address for delivery of all communications shall be:

HRA VEBA Trust
c/o Gallagher Benefit Services, Inc.
906 W 2nd Avenue, Suite 400
Spokane, WA 99201-4537
(509) 838-5571 Telephone
(509) 838-5613 Fax
1-800-888-8322 Toll-free
Charlie_Isaacs@ajg.com

7.7 Funding Policy & Procedures. The Administrator shall formulate policies, practices, and procedures to carry out the funding of the Plan, which shall be consistent with the Plan objectives and in accordance with applicable law.

Article VIII.
Amendment & Termination

8.1 Permanency. It is the expectation of the Employers and Trustees that this Plan, and the payment of Benefits hereunder, will be continued indefinitely, but continuance of this Plan or contributions to this Plan is not assumed as a contractual obligation of the Employers or Trustees. This Plan may be amended or terminated only as provided in this Article.

8.2 Exclusive Benefit Rule. It shall be impossible for any part of the funds in Participant Accounts under this Plan to be used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Dependents, and to defray the reasonable expenses of administering the Trust and this Plan.

8.3 Amendments.

8.3.1 The Trustees shall have the right to amend this Plan from time to time, and to amend or cancel any such amendments.

8.3.2 Such amendments shall be as set forth in an instrument in writing executed by the Trustees. Any amendment may be current, retroactive, or prospective, in each case as provided therein and provided, however, that such amendment must comply with Article III of the Trust Agreement.

8.4 Discontinuance of Contributions. Each Employer shall have the right to discontinue contributions without prior notice by delivering written notice of termination to the Trustees.

8.5 Termination of Plan. The Trustees shall have the right to terminate this Plan without prior notice unless required by law by delivering written notice of termination to the Employers and Participants. In case of termination, the Trustees shall also notify the Employers and Participants of the Trustees' decision with regard to disposition of the assets, based on the following options, each of which shall be subject to any losses on or other contractual adjustments applicable to invested assets that may accrue or become due as a result of such disposition:

8.5.1 A direct in-kind transfer of assets to a substantially similar IRC §501(c)(9) trust;

8.5.2 A series of installment payments over a set period or time of the assets from the Trust attributable to this Plan to another IRC §501(c)(9) trust; or

8.5.3 An immediate cash payment to another IRC §501(c)(9) trust or another program providing benefits permitted by IRC §501(c)(9); or

8.5.4 Any other method permitted by IRC §501(c)(9).

In any event, the Employers and the Trustees shall work to prevent adverse consequences to Participants and other Employers contributing to the Trust as a result of any Employer's decision or action with respect to these options. An Employer whose Employer Account or whose Employees' Participant Accounts are to be transferred from the Trust agrees to pay the Trust all reasonable costs resulting from the disposition or transfer of the assets that are to be transferred.

Article IX.
Miscellaneous

9.1 Conflicting Provisions. This Plan, the Trust, the Employer Adoption Agreement, and the Participant Enrollment File are all parts of a single, integrated employee benefit system and shall be construed together. In the event of any conflict between the terms of this Plan and the Participant Enrollment File, the Employer Adoption Agreement and the terms of the Trust, such conflict shall be resolved first by reference to the Trust Agreement, then the Plan Document, then the Employer Adoption Agreement, and then the Participant Enrollment File.

9.2 Applicable Law; Severability. Except as required in §514 of the Employee Retirement Income Security Act of 1974 ("ERISA"), this Plan shall be construed, administered, and governed under the laws of the State of Washington. If any provision of this Plan shall be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.3 Gender & Number. Words used in the masculine shall apply to the feminine where applicable, and vice versa, and when the context requires, the plural shall be read as the singular and singular as the plural.

9.4 Headings. Headings used in this Plan are inserted for convenience of reference only, and any conflict between such headings and the text shall be resolved in favor of the text.

9.5 Forfeiture of Unclaimed Participant Accounts. In an effort to preserve Participant Accounts from becoming unclaimed or forfeited, the Administrator may implement policies and procedures and engage third-party services to locate Participants. ~~In each instance for which a Participant (1) has combined account balances greater than $250 and (2) for a period of at least six months has met the~~

~~conditions set forth under Sections 9.5.1 – 9.5.3 below and has otherwise been unreachable by the Plan, the Administrator may engage third-party services to locate the Participant. Reasonable fees and expenses incurred by the Administrator in its effort to locate a Participant under the foregoing circumstances may be charged against one Participant Account up to an amount not to exceed the lower of $100 or 20% of the combined account balances.~~ Notwithstanding the above, the account balance in a Participant Account shall be forfeited and applied as provided in Section 5.6 if (a) within the Unclaimed Account Forfeiture Period (defined below) at least two communications from the Plan to the Participant have been returned as undeliverable or, in accordance with the policies and procedures of the Plan, the Plan Administrator has determined that the Participant is not locatable; and (b) during the entire Unclaimed Account Forfeiture Period, the following conditions exist:

9.5.1 Such Participant Account has a positive account balance and is claims-eligible;

9.5.2 No contributions to or withdrawals from the Participant Account have occurred; and

9.5.3 No communications or other expressions of interest have been received by the Third-party Administrator from or on behalf of the Participant of such Participant Account.

For purposes of this Section 9.5, the "Unclaimed Account Forfeiture Period" shall be a continuous period that is equal to thirty (30) days less than the shorter of (i) the statutory period for forfeiture under the applicable State unclaimed property statute for such Participant Account or (ii) three years.

9.6 Limitation on Rights. Neither the establishment of this Plan, nor any modification or amendment thereof, nor the payment of any Benefits, nor the issuance of any insurance contracts shall be construed as giving any Participant, or any person whomsoever, any legal or equitable right against the Trustees, the State of Washington, its agencies, officers, employees, and institutions of higher education, or the Employers or Administrator or Third-party Administrator or any of their agents or employees, nor any right to the assets of the Plan, except as expressly provided herein.

9.7 Assignment. The interest of any Participant or Employer in any assets held on his or its behalf by the Trustee shall not be subject to assignment or alienation, either by voluntary or involuntary act of the Participant or Employer or by operation of law, and shall not be subject to assignment, attachment, execution, garnishment, or any other legal or equitable process, except to the extent required by law.

9.8 Counterparts. This Plan may be adopted in an original and any number of counterparts, each of which shall be deemed to be an original of one and the same instrument.

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IN WITNESS WHEREOF, Doug Detling, Chairman of the Board of Trustees, being duly authorized, on this _____ day of _____, 2020 signed this Plan Document.

By: _____
Douglas Detling, Chairman

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
FOR PUBLIC EMPLOYEES IN THE NORTHWEST

LIMITED
HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

AMENDED AND RESTATED
As of January 1, 2020

Article I.
General Provisions

1.1 Name. The name of this Plan is the VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION STANDARD HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST ("Limited HRA Plan" or "Plan"). The Trust may offer one or more HRA plans or forms of HRA plan coverage from time to time. The term "Plan" or "HRA Plan" shall refer to this Limited HRA Plan either individually or collectively with other plans or forms of plan coverage offered by the Trust as the context indicates or requires. This Plan is offered by a voluntary employees' beneficiary association under Internal Revenue Code §501(c)(9). The effective date for the Plan is October 1, 1990.

1.2 Plan Documents. This Plan document sets for the terms and conditions for certain types of limited coverage under the Limited HRA Plan. This Plan document, together with the Trust Agreement, the most current version of the Plan Summary, the Employer Adoption Agreement, as any of the above documents may be amended, restated, or replaced from time to time, and the completed individual Participant Enrollment File~~, and the Employer Adoption Agreement, as the same may be amended, restated, or replaced from time to time~~, shall constitute the Plan documents for Limited HRA Plan coverage. This Plan document amends, restates, and replaces the prior Standard HRA Pre-Medicare Limited-Scope Plan and the Post-separation HRA Pre-Medicare Limited Scope Plan documents in their entirety.

1.3 Limited HRA Coverage/Excepted Benefits Plan. Participants and their Dependents covered under this Limited HRA Plan may be subject to or may elect or may un-elect the specific Limited HRA Coverages offered under this Limited HRA Plan in accordance with the terms and conditions of this Plan, the Integrated HRA Plan, and the Post-separation HRA Plan; policies and procedures of the Administrator; and applicable law. The Plan may add additional types of Limited HRA Plan coverages or remove Limited HRA Plan coverages as permitted or required by applicable law or as determined by the Trustees in accordance with applicable law and the terms of the Plan Documents. Claims and recordkeeping administration for this Limited HRA Plan and other Plan coverages are administered under a contract separate from claims administration for the group health plan or other benefit plans of the Employer. During any period in which the Participant or any of his or her Dependents is automatically subject to or has elected coverage under this Limited HRA Plan, the Participant or the Dependent shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Administrator by phone or in writing.

1.3.1 Limited-Scope/Excepted Benefits Coverage; Premium Tax Credit Eligibility. This Limited HRA Plan coverage is designed to be exempt from the Mandates as an HRA plan that provides only benefits that are considered Excepted Benefits as provided in 26 C.F.R. § 54.9831-1 (c)(3)(i)-(iv), and further described under Section 5.1. This Limited HRA Plan

coverage (i) does not qualify as "minimum essential coverage," as defined under IRC §5000A, (ii) will not prevent a Participant from eligibility for an IRC §36B premium tax credit, (iii) will not be reported on IRS Form 1095B as required by IRC §6055 for minimum essential coverage, and (iv) is not an "Excepted Benefit HRA" as defined in 26 C.F.R. § 54.9831-1(c)(3)(viii)..

1.3.2 Coverage for Coordination of Benefits and Section 111 Reporting. This Limited HRA Plan coverage is designed to be exempt from the Mandates as an HRA plan that provides only benefits are considered Excepted Benefits as provided in 26 C.F.R. § 54.9831-1(c)(3)(i)-(iii), and further described under IRS Notice 2015-87 Q&A-5 and Section 5.1. Excepted Benefits under this Limited HRA Plan coverage are further limited to only expenses and premiums for dental and vision in order to coordinate benefits for purposes of HRA coverage reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA). This Limited HRA Plan coverage (i) does not qualify as "minimum essential coverage," as defined under IRC §5000A, (ii) will not prevent a Participant from eligibility for an IRC §36B premium tax credit, (iii) will not be reported on IRS Form 1095B as required by IRC §6055 for minimum essential coverage, and (iv) is not an "Excepted Benefit HRA" as defined in 26 C.F.R. § 54.9831-1(c)(3)(viii).

1.3.3 HSA Eligibility Coverage. Benefits under this Limited HRA Plan coverage may be expanded beyond Excepted Benefits only under certain circumstances set forth under Section 5.1 to allow a Participant to become eligible for contributions to a health savings account or HSA. Coverage for HSA eligibility purposes under this Limited HRA Plan (i) constitutes "minimum essential coverage," as defined under IRC §5000A, subject to the Mandates (ii) may preclude a Participant from eligibility for an IRC §36B premium tax credit (iii) will be reported on IRS Form 1095B as required by IRC §6055 for minimum essential coverage, and (iv) is not an "Excepted Benefit HRA" as defined in 26 C.F.R. § 54.9831-1(c)(3)(viii).

1.4 Interpretation of Capitalized Terms. Capitalized terms used herein and not otherwise defined in this document shall have the meanings ascribed to such terms in the other Plan documents. In the event there is a conflict in the definition ascribed to any term in two or more Plan documents, Plan forms, or other Plan materials, the definition ascribed to such term within any particular document shall apply for interpretation of that document, and if not defined therein, the meaning that shall apply for interpretation of a document shall be determined by reference first to the Trust Agreement, second to the Plan Document, third to the applicable Employer Adoption Agreement, and fourth to the applicable Participant Enrollment File.

1.5 Definitions.

"Administrator" or "Plan Administrator" means the Board of Trustees or its designee, including any Third-party Administrator acting at the direction of the Trustees.

"Beneficiary" means a deceased Participant's beneficiary who inherits the right to receive Benefits payable from the remaining balance of a Participant Account after the Participant is deceased without any surviving Dependents. A Beneficiary can inherit the right to receive Benefits either as a former Dependent, an adult child of the Participant, a beneficiary designated by the Participant, or by operation of the terms of the Plan. A Beneficiary by operation of plan terms may arise in the absence of a valid beneficiary designation, if all of the designated beneficiaries predeceased, or if the Plan is unable to locate designated beneficiaries, all in accordance with the terms and conditions of Section 5.5 and policies and procedures of the Administrator.

"Benefits" refers to reimbursements for or payments of Qualified Health Care Expenses as described in Section 5.1, as such Benefits may be limited by elections of the Participant, the terms of the Plan, or applicable law.

"Card" means the debit/credit card(s) provided by the Administrator and used by Participants for the payment of Benefits under the Plan.

"Card Program" means the procedure and system established by the Administrator utilizing Cards for the payment of Benefits.

"Claims-Eligible" with respect to any Participant means that such Participant has satisfied the conditions required to become eligible for reimbursement of Qualified Health Care Expenses under this Plan.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985 and the regulations promulgated thereunder, as amended from time to time.

"Credited" means, with respect to the timing of a contribution made to a Participant Account, the date on which the Participant who received such contribution earned or became entitled to such contribution pursuant to the terms of this Plan, applicable collective bargaining agreements, Employer policies, or other Employer actions or adoption procedures.

"Dependent" means a Participant's spouse, dependent (as defined in IRC Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof), or child (who as of the end of the taxable year has not attained age 27) as determined under IRC § 105(b).

"Employee" means any individual that an Employer determines is a current or former employee of such Employer, as the term "employee" is defined by Treasury Regulation §1.501(c)(9)-2(b), except employees excluded as a result of collective bargaining agreements, agreements substantially similar to collective bargaining agreements, or as a result of an individual Employer's nondiscriminatory employer benefits policies.

"Employer" means the States of Washington, Oregon, and Idaho, or any political subdivision thereof; any local government, including any county, city, town, special purpose district within Washington, Oregon, or Idaho; or any agency or instrumentality of any of the foregoing or other entity that is sufficiently affiliated with the Employers for purposes of IRC §501(c)(9).

"Employer Account" refers to the account maintained with respect to any Employer to record its contributions which have not been allocated to Participant Accounts, and adjustments related thereto, and established for the purpose of providing benefits permitted under IRC §501(c)(9).

"Employer Adoption Agreement" means an Employer Adoption Agreement executed by an Employer and accepted by the Trust, as the same may be amended and restated or replaced from time to time.

"Excepted Benefits" means Qualified Health Care Expenses that would not be considered "minimum essential coverage" under IRC §5000A(f)(3). Excepted Benefits shall

include benefits described under Treasury Reg. §54.9831-1(c)(3)(i) - (iv), including expenses and premiums for coverage for any of the following, or as otherwise permitted by law:

(a) Medical care expenses substantially all of which are for the treatment of the eye or the mouth (including any organ or structure within the mouth); and

(b) Qualified long-term care services or medical care expenses incurred based on cognitive impairment or loss of functional capacity that is expected to be chronic, subject to indexed annual limits.

"Group Health Plan" or "GHP" means a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) and such term "group health plan" is defined under IRC §§9832(a) and 5000(b)(1) and Treasury Regulation 54.9831-1(a)(1).

"IRC" means the Internal Revenue Code of 1986, as amended from time to time.

"Mandates" means provisions of PPACA known as the "PHSA mandates" and found under Sections 2701-2719A of the Public Health Service Act ("PHSA"); Section 9815 of the IRC (incorporating the PHSA provisions into the IRC); and Section 715 of ERISA (incorporating the PHSA provisions into ERISA).

"Participant" means an Employee who has become eligible as a Participant as described in Article II or any other individual who becomes a Participant under the Plan as described in Section 4.4. Except as specifically provided otherwise in this Plan document with respect to a Beneficiary, the term "Participant" as used in this Plan document and in the forms and literature used for administration of this Plan shall include any surviving spouse to whom a remaining balance in a Participant Account is transferred or any other person who becomes a Beneficiary under Section 5.5.

"Participant Account" refers to the account maintained for a Participant to record his/her share of the contributions of the Employer and adjustments relating thereto and established for the purpose of the payment of Benefits.

"Participant Effective Date" for any Participant means, as applicable, any of the following: (i) the date specified by the Employer in the Participant Enrollment File or (ii) if no date is specified for a Participant on the Participant Enrollment File, the date on which both a contribution and the required enrollment information for such Participant have been received by the Plan or (iii) if an Employer contribution has been received in the form of transferred assets from a former plan, the date specified by the Employer in the applicable transfer agreement on which the employee shall become a Participant; provided that, the Participant Effective Date cannot be a date prior to the Employee's original hire date with the Employer or the effective date of this Plan (or in the case of a transfer under (iii) the effective date of the former plan).

"Participant Enrollment File" means the paper enrollment form, online enrollment information, or enrollment file provided by the Employer or a Participant with the information required by the Plan Administrator in order to enroll a Participant in the Plan.

"Plan Summary" means a written document that (1) summarizes the terms and conditions of the Plan, (2) informs participants, dependents, and other beneficiaries of Plan of

their rights, benefits, and responsibilities under and with respect to the Plan, and (3) includes other information that is determined by the Administrator to be important, informational, or required by applicable law.

"Plan Year" is from October 1 to September 30, except the first year for this Plan with an effective date other than October 1 shall run from such effective date until the next September 30.

"PPACA" means the Patient Protection and Affordable Care Act and all rules, regulations, and regulatory guidance applicable to the Plan promulgated thereunder, as the same shall be amended from time to time.

"Qualified Health Care Expenses" means medical care expenses defined by IRC §213(d) and IRC §106(f) (for years to which IRC §106(f) applies).

"Re-employed" means, with respect to a Participant who has become Claims-Eligible upon retirement from employment or other separation from service from the Employer who last made contributions into such Participant's Participant Account, that such Participant has become re-employed with such Employer under any circumstances.

"Third-party Administrator" means one or more third-parties appointed or contracted by the Administrator from time to time to provide record-keeping, claims-payment, and/or other plan administration services to all or a portion of the Trust or this Plan.

"Trust" or "Trust Agreement" refers to the Voluntary Employees' Beneficiary Association for Public Employees in the Northwest Trust as it may be amended, restated, or replaced from time to time.

"Trustees" refers, collectively, to the individuals serving in their capacity as the Board of Trustees in accordance with the Trust.

Article II.
Participation

2.1 In General. Subject to the limitations of this Article II, and subject to the eligibility provisions of applicable local and State law, an Employee is eligible to become a Participant (and the Dependents of such Participant become eligible for coverage) under this Limited HRA Plan on any date on or after the Participant Effective Date, that either (i) the Participant has for himself or herself or on behalf of his or her Dependents elected coverage under this Limited HRA Plan or (ii) the Participant or a Dependent fails to meet the requirements for coverage and eligibility for Benefits under the Standard HRA Plan or the Post-separation HRA Plan.

2.2 Nondiscrimination. This Plan does not permit any condition for eligibility or benefits which would discriminate in favor of any class of Participants to the extent such discrimination is prohibited by applicable law.

2.3 Duration of Participation. Once a Participant becomes Claims-Eligible under the Plan, the Participant's active status with respect to any Participant Account shall exist for so long as there is a positive account balance in such Participant Account, and thereafter, for such period as determined under the policies and procedures of the Administrator ("Account Closure Period"), but not to exceed two (2) years. If a Participant Account remains exhausted for the Account Closure Period,

the Participant's active status with respect to such Account shall terminate after such Account Closure Period in accordance with the Plan's policies and procedures. A Participant who has lost his or her active status with respect to any Participant Account may subsequently become a Participant in the Plan and Claims-Eligible as prescribed in Section 2.1. During any Account Closure Period for any Participant Account, a Participant may or may not receive statements or other plan communications with respect to such Participant Account, but will remain Claims-Eligible.

Article III.
Funding of Accounts

3.1 Contributions and Allocation of Assets. Each Employer shall contribute or transfer assets to this Plan, or designate assets to be subject to the terms of this Plan, on behalf of its eligible Employees pursuant to collective bargaining agreements, other written agreements, Employer benefits policies, and/or the terms of the Post-separation HRA, Standard HRA, or this Limited HRA Plan, as applicable. Employer contributions, transfers, or assets designated to be subject to the terms and conditions of this HRA Plan shall be specifically allocated to one or more Participant Accounts or to an Employer Account for the purpose of providing for payment of the Benefits described hereinafter or maintained in an Employer Account, as directed by the Employer. The liabilities, expenses, costs and charges associated with each particular Participant and Employer Account shall be charged against the portion of assets of the Trust held with respect to that particular Participant or Employer Account.

Article IV.
Accounts

4.1 Participant Accounts and Employer Accounts. Accounting records shall be maintained by the Third-party Administrator to reflect that portion of the Trust with respect to each Participant and with respect to each Employer (regarding its contributions which have not been allocated to Participant Accounts), and the contributions, income, losses, increases and decreases for expenses or benefit payments, transfers and adjustments attributable to each such account. The Administrator shall not be required to maintain separate investments for any account.

4.2 Receipt of Contributions or Transfers. Contributions or transfers for any Plan Year will be credited as received by the Third-party Administrator and will be allocated as directed by the Administrator consistent with Participant investment elections. If any portion of any Plan contribution is not allocable to a specific Participant Account or an Employer Account pursuant to instructions from the Employer, or if a complete Participant Enrollment File is not submitted for any amount allocated to a Participant Account, the Administrator will allocate such amount to one or more default investment options as determined by the Trustees ~~a non- interest-bearing account for unallocated funds~~ until such time as further instructions are received from the Employer~~, or the Administrator may return such contribution to the Employer~~. Notwithstanding the foregoing, Plan contributions received as assets transferred from a prior qualified plan on behalf of an Employee for whom an Participant Enrollment File is not submitted will not be returned to the Employer and will be treated as directed by the Employer in writing and in accordance with the policies and procedures established by the Administrator or Third-party Administrator.

4.3 Accounting Steps. The Third-party Administrator shall adopt procedures and accounting steps to reflect changes in Plan assets and Participant Account balances, at such times and in such order as reasonably determined by the Administrator:

4.3.1 ~~FIRST, a~~Allocate and credit any Employer contribution or transfer to this Plan ~~that is made during the month~~ to a Participant Account or Employer Account. Investment

earnings or losses will accrue from the date the contribution or transfer is credited to a Participant Account or Employer Account, and funds will be invested as directed by the Participant or Employer in accordance with the policies and procedures of the Administrator~~, and investment earnings or losses will accrue from the date the contribution or transfer is credited to the Participant Account or Employer Account in accordance with the policies and procedures of the Administrator~~; and

4.3.2 ~~SECOND, a~~Adjust each Participant Account and Employer Account upward or downward, by an amount equal to the net income or loss accrued on balances within the ~~under this Plan by the~~ Account; and

4.3.3 ~~THIRD~~Asses, charge to, or deduct from each Participant Account and Employer Account all fees, payments, transfers, adjustments, or distributions made under this Plan to or for the benefit of the Participant or his Dependents, ~~or the Employer,~~ as the case may be, that have not been charged previously.

4.4 Splitting Participant Account Upon Court Order or Agreement. To the extent permitted by applicable law, in the event of a Participant's divorce, a Participant Account may be split between the Participant and his or her former spouse ("Former Spouse") upon receipt of a court order or agreement acceptable to the Administrator and subject to the policies and procedures of the Administrator; provided, however, the Administrator shall have the right not to split such account if it determines, in its sole discretion, that splitting of accounts upon divorce would result in disqualification of or adverse tax consequences for the Plan or Trust. The Administrator may value, report, withhold, and pay applicable taxes or other fees and charges in accordance with this Plan Document, the Administrator's policies and procedures, and applicable law. While a Former Spouse becomes a Participant for purposes of this Plan, under applicable law, a Former Spouse may not: (1) designate a Beneficiary on his or her Participant Account; or (2) provide coverage for dependents under the Plan that do not otherwise qualify as a Dependent of the original Participant. In the event the Former Spouse passes away with a balance in his or her Participant Account, only the biological or adopted Dependent(s) of the Former Spouse and original Participant may continue to use the Former Spouse's Participant Account. Thereafter, any balance in the Former Spouse's Participant Account shall transfer to the original Participant or to the Beneficiaries of the original Participant. In the event there is no original Participant or Beneficiaries of the Participant to inherit the balance of the Former Spouse's Participant Account, such balance shall forfeit in accordance with Section 5.6 as if the Former Spouse's Participant Account was an account of the original Participant.

4.5 Use of Employer Accounts. Funds within each Employer Account are, at the direction of the Employer, either to be allocated to Participant Accounts or to be applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Administrator.

4.6 Notify the Plan of Errors within Ninety (90) Days. Participants and Employers should regularly review account information and immediately report any potential errors to the Administrator. Participants and Employers must notify the Administrator of an account error within ninety (90) days from the date the potential account error (a) is viewed by the applicable Participant or Employer online through the Plan portal or (b) appears on an account statement or other report received by the applicable Participant or Employer, whichever occurs first ("Notification Period"). Notification of any potential errors should be in writing in accordance with Section 4.6.1 below.

4.6.1. Contents of Error Notification. Written notice of any potential account error must include: (1) the name of the Employer or Participant; (2) the applicable account number;

and (3) a detailed description of the error, including any applicable dollar amounts and why the Participant or Employer believes it to be an error.

4.6.2 Investigation of Error~~; Corrective Action~~. The Administrator will perform a timely investigation of any error notifications. The affected Participant(s) and/or Employer(s) will be notified regarding the results of the Plan's investigation and any corrective actions taken in accordance with the policies and procedures of the Administrator or as otherwise directed by the Trustees.

4.6.3 Corrective Action. Correction of any errors will be applied prospectively and, retroactively for any losses incurred during the Notification Period ~~defined by this Section 4.6~~, including any investment losses, if such losses are the direct result of the negligent error or omission on the part of the Plan or its representatives. Where such errors are timely reported during the Notification Period, but the error is not corrected by the Administrator until after the close of the Notification Period, losses incurred after the close of the Notification Period will also be restored through the date of correction by the Administrator. However, in the event a Participant or Employer reports an error after the close of the Notification Period, neither the Plan, nor any of its representatives shall be liable for any losses incurred by a Participant or Employer, as applicable, arising after expiration of the Notification Period.

4.7 Reliance Upon Data and Information from Participants and Employers. It is the responsibility of Participants and Employers in submitting data and information to the Plan to ensure that such data and information is correct. The Plan and its agents may rely upon any data or information submitted from a Participant or Employer as true and correct. The Plan and its agents are not responsible for any errors made by a Participant or Employer with regard to the data or information submitted to the Plan, nor are the Plan and its agents responsible for further errors that result from incorrect data or information submitted by a Participant or Employer. If a Participant or Employer discovers that information or data submitted to the Plan was incorrect, it is the responsibility of that Participant or Employer to notify the Plan in writing and correct the information or data.

Article V.
Qualified Health Care Expenses and Benefits under this Plan

5.1 Benefits for Qualified Health Care Expenses. Benefits under this Limited HRA Plan must be a reimbursement for medical care expenses as defined by IRC §213(d) and IRC §106(f) and excludable from income under IRC §§105 and 106, as amended from time to time, subject to the limitations, terms, and conditions below and any other limitations, terms, and conditions, under this Plan document, applicable law, or as otherwise provided in policies and procedures of the Administrator. Benefits are payable for expenses incurred by the Participant or the Participant's Dependent(s), subject to the limitations under this Section, Section 1.3, Section 5.5. Benefits shall include Excepted Benefits expenses and premiums for qualified insurance coverage, reimbursed directly to the Participant.

5.1.1 General Limitations.

5.1.1.1 Reimbursements are limited to medical care expenses not covered by Social Security, Medicare, or any other health insurance contract or plan. Benefits may not include reimbursement for expenses that are deducted by the Participant under any section of the Internal Revenue Code, or for expenses which were incurred prior to becoming a Participant of the Plan.

5.1.1.2 Participants who are covered by an IRC §125 healthcare flexible spending account which provides benefits covered under this Plan must exhaust benefits under the IRC §125 healthcare flexible spending account prior to filing a request for Benefits under this Plan.

5.1.1.3 Reimbursement for any claim submitted in accordance with this Article and the Plan may not exceed the current account balance in the applicable Participant Account at the time of reimbursement.

5.1.2 Specific Limited HRA Coverage Limitations. Participants covered under this Limited HRA Plan may be subject to or may elect or may un-elect any of the specific Limited HRA Plan coverages offered under this Limited HRA Plan in accordance with the terms and conditions of the Plan, policies and procedures of the Administrator, and applicable law. The Plan may add additional types of Limited HRA coverage or remove one or more types of Limited HRA Plan coverage as permitted or required by applicable law or as determined by the Trustees in accordance with applicable law and the terms of the Plan Documents. During any period in which the Participant or any of his or her Dependents is automatically subject to or has elected coverage under this Limited HRA Plan, the Participant shall have the right to decline or revoke coverage under the Limited HRA Plan by notifying the Administrator by phone or in writing.

5.1.2.1 Limited-Scope/Excepted Benefits Coverage. Coverage for Participants and their Dependents under this Plan is based upon either (i) ineligibility for coverage under the Standard HRA Plan or Post-separation HRA Plan or (ii) an Employer's Plan design or election to provide Limited HRA Coverage for current employees who have an account under the Post-separation HRA Plan or (iii) an election of Limited HRA Coverage for those Participants eligible for coverage under the Standard HRA Plan or Post-separation HRA Plan in order for the Participant or a Dependent to become eligible for the premium tax credit under IRC §36B.

5.1.2.2 Coverage for Coordination of Benefits and Coverage to Prevent Section 111 Reporting. Participants or Dependents who are covered under this Limited HRA Plan shall be eligible for Excepted Benefits other than reimbursement for expenses and qualified premiums for long-term care if their coverage under this Plan is modified based upon an election of Limited HRA coverage in order to coordinate benefits for purposes of HRA coverage reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA).

5.1.2.3 Coverage for HSA Eligibility. Participants who are enrolled in or covered by a health savings account (HSA) and eligible for coverage under the Standard HRA Plan or Post-separation HRA Plan may elect this Limited HRA Plan coverage in order to become eligible for contributions to an HSA. For Participants who elect this Limited HRA Plan coverage for HSA-eligibility purposes, Benefits under this Plan shall include only Excepted Benefits plus reimbursement for preventive care expenses and qualifying premiums for a high-deductible health plan under IRC §223(c)(2) (A)..

5.1.2 Claims for Benefits. Participants may file claims for Benefits on or after the date they become a Participant, provided the Third-party Administrator has received a complete Participant Enrollment File, a contribution or transfer on behalf of the Participant and any

additional information that, in the discretion of the Third-party Administrator, is required or necessary for the Plan or Third-party Administrator to comply with applicable law, including without limitation, the reporting requirements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA).

5.1.3 Payment of Benefits. Payment of Benefits shall be made in accordance with the rules, regulations and limitations established by the Administrator from time to time consistent with the requirements of the Internal Revenue Code and any other applicable law.

5.2 Termination of Benefits. All Benefits for any Participant will terminate as of the date such Participant permanently loses his or her status as a Participant pursuant to Section 2.3.

5.3 COBRA. Participants or Dependents have a right to continue to make contributions and/or receive Benefits under this Plan for a specified time period if such rights are lost due to certain qualifying events, as prescribed by COBRA. COBRA continuation coverage for certain qualifying events is dependent on the Plan receiving notification of qualifying events within certain time periods as prescribed by COBRA. The Plan will administer continuation of COBRA using policies and procedures required or permitted by COBRA.

5.4 Health Care Debit Cards. Participants in the HRA Plan may, subject to a procedure established by the Administrator, use the Card(s) provided by the Administrator for payment of Benefits, subject to the provisions below.

5.4.1 Each Participant, by participating in the Card Program and using the Card(s), certifies that such Card shall only be used for Benefits and that any Benefit paid with the Card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

5.4.2 The Card shall be issued upon the Participant becoming Claims-Eligible, and is valid until reissued or replaced and for so long as the Participant remains a Participant in the Plan. The dollar amount of coverage available on the Card shall be subject to policies and procedures of the Administrator. Participant shall not use the Card to pay claims in excess of the dollar amount available on the Card.

5.4.3 The Cards shall only be used for permitted Benefits.

5.4.4 Participant shall be subject to the terms and conditions of the cardholder agreement, which shall be distributed with the Card.

5.4.5 Purchases made with the Cards shall be subject to the substantiation requirements of the Administrator. The Administrator, in its sole discretion, shall adopt procedures to ensure that amounts paid with the Card qualify as eligible Benefits under the Plan. Substantiation may be accomplished in accordance with policies and procedures of the Administrator, including without limitation, by Participant's submission of a receipt from a merchant or service provider describing the service or product, the date of the purchase, and the amount. Some charges shall be considered substantiated at or after the time of the Card charge by the nature of the charge and information collected at the time of the charge. Some charges shall be considered substantiated due to their "recurring" nature, in which the expenses match expenses previously substantiated as to amount, provider, and time period. At the point of sale, the service provider or merchant can provide or make available to the Administrator information to substantiate the charge. All charges not automatically

substantiated ~~adjudicated~~ shall be conditional, pending confirmation and substantiation of additional documentation or information.

5.4.6 Participants shall maintain records to substantiate payments of Benefits made with Cards. If the Card is used to pay an expense that is not automatically ~~adjudicated~~ substantiated or otherwise independently verified without additional documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Administrator to verify that the amount was an eligible Benefit. If the Participant fails to provide information to satisfy the Administrator that amounts paid by use of the Card are eligible ~~Card Services~~Benefits, the Administrator may, in its discretion, make the Plan whole by taking whatever action it deems appropriate to require the Participant to repay the amount that has not been verified, including:

(a) requesting the Participant to reimburse the Plan for the amount that has not been verified;

(b) offsetting future reimbursement of claims by the amount paid by use of the Card that has not been verified;

(c) suspending the activation on the Participant's Card; and

(d) suspending the Participant's eligibility to use the Card and participate in the Plan.

If the Administrator's correction efforts prove unsuccessful, the Participant remains indebted to the Plan for the amount of the payment that has not been verified. In that event, and consistent with its business practices, the Plan may treat the amount that has not been verified as it would any other business indebtedness. If the payment is not recovered within the timeframes specified in the policies and procedures of the Administrator, then the Plan may forgive the indebtedness, in which case the payment shall be reported as taxable income for the year in which the indebtedness is forgiven.

5.4.7 The Administrator, in its sole discretion, may adopt such other rules that it deems appropriate to govern the use of the Card to pay eligible Benefits (*e.g.*, establishing transaction limits on the Card, charging fees to use such Cards, etc.).

5.4.8 The Card is subject to cancellation upon the following: Participant's death; Participant's termination of his or her participation in the HRA Plan; Employer's termination of participation in the Plan; Participant's failure to produce proper forms and supporting documentation required for substantiation of the expense paid with the Card; or if Participant breaches any of his or her obligations under the cardholder agreement.

5.5 Benefits Available in the Event of Death.

5.5.1 Participant and Dependent Benefits. Except as limited under Section 4.4, ~~i~~If a Participant dies with a vested, positive account balance in any Participant Account (including the circumstance where vesting occurs as a result of the death of the Participant in accordance with any applicable collective bargaining agreement, Employer policy, or other statement or action of the Employer), the remaining balance shall be applied as follows:

5.5.1.1 Surviving Spouse. The remaining balance may be transferred to the deceased Participant's surviving spouse, if any, who may file claims for Benefits incurred by the Participant and any Dependents, including the surviving spouse, until such account balance is exhausted. Benefits payable to a surviving spouse shall not include Benefits for any person(s) other than the surviving spouse and Dependents (if any) of the deceased Participant.

5.5.1.2 No Surviving Spouse. If the Participant dies without a surviving spouse but with other surviving Dependents or non-Dependent children, or if the surviving spouse of the deceased Participant subsequently dies with other surviving Dependent(s) or non-Dependent children of the Participant, the executor, administrator, or other representative of the Participant's estate may file claims for any remaining eligible expenses incurred by the Participant or the surviving spouse, as applicable. After the payment of all remaining eligible expenses of the Participant or surviving spouse, as applicable, the Plan may, subject to the policies and procedures of the Administrator, divide and transfer the remaining balance in a vested Participant Account in equal amounts to individual accounts assigned to each of the Participant's surviving Dependents and non-Dependent children. In such event, the guardian(s) of any surviving Dependent(s) may file claims for eligible Benefits of the Dependent(s) and the non-Dependent children may file claims for eligible benefits until such account balance is exhausted. Furthermore, the Participant may elect, in accordance with the policies and procedures of the Administrator, to bypass any non-Dependent children in favor of a Designated Beneficiary(ies).

5.5.1.3 Treatment of Stepchildren. At the Participant's election, as the same may be made in accordance with the policies and procedures of the Administrator, a step child or the stepchildren of the Participant may be either included the same as any biological or adopted children, or bypassed in the survivor benefits in the same manner as any non-Dependent children. In the event of no Participant election, any Dependent stepchildren will be included in the survivor benefits the same as biological or adopted children, and any non-Dependent stepchildren will be excluded from survivor benefits.

5.5.1.4 Spouse and Dependent Right to Disclaim; Other Coverage Limitations. Any spouse, Dependent, or non-Dependent child of the Participant to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.1 shall:

(a) have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) no longer be eligible for coverage under the Standard HRA Plan but shall be covered by this Post-separation HRA Plan and subject to the terms and conditions of the Post-separation HRA Plan document.

5.5.2 Beneficiary Benefits. This Plan (a) is part of a medical trust that is established on behalf of State and political subdivisions of Washington, Oregon, and Idaho, (b) has received a favorable ruling from the Internal Revenue Service that the trust's income is not includible in gross income by reason of the exemption from income tax provided to the Trust

under IRC §501(c)(9), (c) on or before January 1, 2008, provided for reimbursements of Qualified Health Care Expenses of a deceased employee's heirs and beneficiaries, and (d) qualifies to provide Benefits to a deceased employee's beneficiaries under IRC §105(j).

5.5.2.1 General Beneficiary Terms. At any time after the death of a Participant and the Participant's spouse (if any), any vested funds then remaining in the applicable Participant Account may be transferred to one or more Beneficiaries as provided in this Section 5.5.2. A person's right to be a Beneficiary, and a Beneficiary's eligibility for Benefits from the remaining vested balance of a Participant Account, are subject to the rights and restrictions of applicable law, the terms and conditions set forth in this Section 5.5, and the policies and procedures of the Administrator, as the same may be amended from time to time. Benefits payable to Beneficiaries shall not include Benefits for the Dependents of the Beneficiary (either before or after the death of the Beneficiary). Beneficiaries determined under this Section 5.5.2 shall not be eligible for coverage under the Standard HRA Plan but shall be covered by the Post-separation HRA Plan or this Limited HRA Plan, in accordance with the terms and conditions of the Post-separation HRA Plan document or this Limited HRA Plan document, as applicable.

5.5.2.2 Benefits Remain Available for Surviving Dependents and Non-Dependent Children. To the extent all or a portion of the Participant Account of a deceased Participant has been previously transferred to or allocated among one or more qualified Dependents and non-Dependent children of the Participant:

(a) Each non-Dependent child to whom a portion of the Participant Account was transferred or allocated shall be a Beneficiary, and

(b) Each surviving Dependent to whom a portion of the Participant Account was transferred or allocated shall become a Beneficiary as of the earlier of (1) January 1 of the year after such Dependent turns the age of 26 or (2) the date on which such Dependent otherwise loses status as a qualified Dependent.

5.5.2.3 Benefits Available for Designated Beneficiaries. A Participant may designate one or more persons who may be eligible as a Beneficiary for Benefits payable from the balance remaining in the applicable Participant Account in the event: (1) there are no eligible surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2; (2) the Participant has no surviving Dependents and has elected to bypass non-Dependent children and/or stepchildren in favor of a Designated Beneficiary(ies); or (3) as otherwise permitted by the Administrator and applicable law. In order to be effective to transfer an interest in the Benefits payable from the remaining balance of a Participant Account, a Participant's beneficiary designation must be properly made and delivered to the Plan, according to policies and procedures of the Administrator, prior to the Participant's death. A Beneficiary designated under this Section 5.5.2.3 shall be eligible as a Beneficiary only if the Participant and the Participant's spouse decease with no surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2 (except in cases where the Participant elects to bypass any non-Dependent children and/or stepchildren) or as otherwise permitted by the Administrator and applicable law. Beneficiaries under this Section 5.5.2.3 shall be allocated equal percentages in the remaining balance of the Participant Account.

5.5.2.4 Benefits Available for Certain Heirs. In the absence of (1) any Beneficiary under Section 5.5.2.2, (2) a valid Beneficiary designation under Section 5.5.2.3, and (3) the ability of the Plan to locate any Beneficiaries designated by the Participant under Section 5.5.2.3, the remaining balance under a Participant Account of a Participant or surviving spouse who decease with no surviving Dependents or non-Dependent children of the Participant as provided under Section 5.5.1.2 may be transferred to one or more of the following persons in the order provided below, such that if there are one or more Beneficiaries at any level, persons in subsequent levels will not be eligible as Beneficiaries. To the extent there is more than one eligible Beneficiary at any level under this Section 5.5.2.4, Beneficiaries at that level shall be allocated equal percentages in the remaining balance of the Participant Account.

First level: To any grandchildren of the deceased Participant.

Second level: To any siblings of the deceased Participant who share the same two biological parents of the deceased Participant.

Third level: To any parents of the deceased Participant.

Fourth level: To any nieces and nephews of the deceased Participant.

Fifth level: To any aunts and uncles of the deceased Participant.

Sixth level: To any cousins of the deceased Participant.

5.5.2.5 Beneficiary's Right to Disclaim; Other Coverage Limitations. Any Beneficiary to whom all or a portion of the Participant Account balance is transferred pursuant to this Section 5.5.2:

(a) shall have the right to disclaim his or her right to continued Benefits under the Plan as permitted by applicable state law, including without limitation, the Washington state statutory provisions of RCW 11.86.021, as amended, concerning disclaimer of interests and in accordance with the policies and procedures of the Administrator; and

(b) shall not be eligible for coverage under the Standard HRA Plan but shall be covered by but shall be covered by the Post-separation HRA Plan or this Limited HRA Plan, in accordance with the terms and conditions of the Post-separation HRA Plan document or this Limited HRA Plan document, as applicable; and

(c) shall not, and his or her Dependents shall not, have rights under COBRA.

5.5.3. Tax Reporting and Withholding on Beneficiary Benefits. A Beneficiary's eligibility for Benefits, the valuation of Plan coverage, and the reporting, withholding and/or payment (if any) of taxes applicable to such coverage shall be subject to applicable law and the rules, policies, and procedures of the Administrator.

5.5.4 Plan Document Preempts Will or Trust. To the extent permitted by applicable state law, including without limitation, Washington state statutory provisions of RCW 11.02.091, as amended, the Plan provisions under this Section 5.5 shall take precedence over the terms of a will or trust or the intestate succession laws that would otherwise govern the transfer of a Participant's interest in a Participant Account and the Benefits payable thereunder.

5.5.5 Authority of Spouse and Reliance on Death Certificate. In accordance with the Administrator's rules, policies, and procedures, and subject to applicable law, the Plan may rely upon a copy of the official death certificate of the Participant for proof of the Participant's marital status and identification of the Participant's spouse and any other information represented on the death certificate. Should the Participant have a surviving spouse identified on the death certificate, the surviving spouse shall have the authority to file claims, handle the Participant Account, and provide further information to the Plan without further court documentation or proof of the spouse's authority in handling the Participant's estate. For purposes of handling the deceased Participant's Account, evidence of a surviving spouse represented on the Participant's death certificate shall take precedence over the terms of a will, trust, or other court documentation naming another individual as the authoritative party handling the Participant's estate.

5.5.6 Re-allocation After the Death of Another Dependent or Beneficiary. If, after the death of a Participant and the Participant's spouse, any Dependent or Beneficiary to whom a portion of the Participant Account was transferred or allocated dies, any remaining balance in the Account previously transferred or allocated to such Beneficiary shall be transferred or allocated in equal shares to any other surviving Dependents or Beneficiaries with a remaining positive Account balance.

5.5.7 Forfeiture of Remaining Balance. After the death of a Participant with no surviving Dependents or Beneficiaries, or if no surviving Dependents or potential Beneficiaries can be located by the Plan, any vested funds then remaining in the applicable Participant Account shall be forfeited and applied as provided in Section 5.6. Any vested balance that remains in an account previously transferred or allocated to a Beneficiary after the death of the Beneficiary with no other surviving Dependents or Beneficiaries as provided in Section 5.5.6, shall be forfeited and applied as provided in Section 5.6.

5.5.8 Procedure for Locating Beneficiaries. For any potential Beneficiary under this Section 5.5, the Plan may rely on (1) a certification of a personal estate representative or other legal representative of the Participant's estate acceptable under the policies or procedures of the Administrator, or (2) in the absence of a personal estate representative or other legal representative, certifications of potential Beneficiaries as to whether another potential Beneficiary remains alive and to provide any other information that may assist the Plan in locating the potential Beneficiary. If the whereabouts of a potential Beneficiary remain unknown, the Plan shall hold the transfer of the account open for at least 180 days from the date the Administrator determines the Beneficiary's whereabouts to be unknown, to allow the Beneficiary to claim his or her interest in the account. During such 180-day period, the Plan may (but shall not be obligated to) use reasonable means to locate the potential Beneficiary. If the Administrator determines after such 180-day period that there are no eligible Beneficiaries to whom the remaining balance in a Participant Account may be transferred pursuant to the terms of this Section 5.5, the Administrator may forfeit the remaining Account balance as provided in Section 5.5.7.

5.5.9 Plan Interpretation after the Death of a Participant. For purposes of interpretation of Plan terms and administration of this Plan, except as specifically provided otherwise in this Plan document, once remaining funds in a Participant Account are transferred or allocated to a Beneficiary under Section 5.5, references in this Plan document, the Post-separation HRA Plan document, the Limited HRA Plan document, and in the forms and literature used for administration of each of those Plans to the term "Participant" shall include any Beneficiary of the Participant.

5.6 Forfeiture of Participant Account Balance. In the event any funds within a Participant Account are forfeited in accordance with the terms of the Plan documents, such forfeited funds shall be transferred to a temporary forfeiture account held within the Trust on behalf of all Participants of the deceased or forfeiting Participant's Employer within the Trust, to be re-contributed as future contributions to Participants eligible for contributions or otherwise applied, as directed by the Employer, in all cases to the fullest extent permitted by applicable law and subject to the rules, policies and procedures established by the Administrator.

Article VI.
Additional Plan Provisions

6.1 Source of Benefits. The Plan's obligation to any Participant for Benefits under the Plan, or to one or more surviving Dependents for Benefits under the Plan in the event of the Participant's death, shall be limited (in the aggregate) to the balance in such Participant's Participant Account. None of the Plan, the Trust, Trustees, or Administrator, nor any of their agents, subcontractors, representatives, officers, or employees shall be responsible for confirming or enforcing the terms of collective bargaining agreements, Employer policies, or other agreements regarding the terms of an Employee's eligibility to participate or amounts to be contributed on behalf of a Participant under this Plan.

6.2 Investment of Participant Accounts and Employer Accounts. The Trustees shall determine the options to be made available through the Trust for the investment of Participant Accounts and Employer Accounts. For each Participant Account, the Participant shall elect one or more of the investment options into which the funds in such Participant Account will be allocated. For each Employer Account, the Employer (or a qualified investment manager appointed by the Employer) shall elect one or more of the investment options into which the funds in such Employer account will be allocated. Participant and Employer Account elections shall be made and changed in accordance with procedures established by the Administrator and as may be amended from time to time. In the event no election has been made with respect to a Participant Account or Employer Account, such Account shall be invested in one or more default investment options as determined by the Trustees. Separate investments shall not be required to be maintained with respect to separate Participant Accounts or Employer Accounts. Any potential errors discovered regarding the investments of a Participant Account or Employer Account must be reported to the Plan in accordance with Section 4.6.

6.3 Mechanics of Payment from Participant Accounts. The Participant, or other person authorized pursuant to a court order or other legal authorization (or in the event of the Participant's death, the deceased Participant's surviving Dependents or their legal guardian, in accordance with the rules, policies, and procedures of the Trust), may submit a request for Benefits to the Third-party Administrator for the Trust.

6.4 Claims Procedure. A person claiming benefits under the Plan, (referred to in this Section as the "Claimant") shall deliver a request for such benefit in writing to the Third-party

Administrator. The Third-party Administrator shall review the Claimant's request for a Plan benefit and shall thereafter notify the Claimant of its decision as follows:

6.4.1 If the Claimant's request for benefits is approved by the Third-party Administrator, it shall notify the Claimant of such approval and distribute such benefits to the Claimant.

6.4.2 In the event the Third-party Administrator determines that a claim is questionable, the Third-party Administrator shall within thirty (30) days from the date the Claimant's request for Plan benefits was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said claim, provide the Claimant with written notice of its need for additional information. In the event special circumstances require an extension of time for reviewing the Claimant's request for benefits, the Third-party Administrator shall, prior to the expiration of the initial thirty (30) day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Third-party Administrator expects to render its decision. In no event shall such extension exceed a period of fifteen (15) days from the date of the expiration of the initial period, totaling forty-five (45) days at a maximum.

6.4.3 If the Claimant's request for benefits is denied, in whole or in part, by the Third-party Administrator, the Third-party Administrator shall notify the Claimant of such denial and shall include in such notice, set forth in a manner calculated to be understood by the Claimant, the following:

6.4.3.1 The specific reason or reasons for the denial and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable) and a statement describing the availability, upon request, of the diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.3.2 Specific reference to pertinent Plan provisions or IRS rules and regulations on which the denial is based;

6.4.3.3 A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

6.4.3.4 A description of available internal appeals processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.5 below; and

6.4.3.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.4 The Third-party Administrator shall provide written notice of a denial of a request for Benefits. In the event written notice of a denial of a request for Benefits is not received by the Claimant within forty-five (45) days of the date the written claim is submitted to the Third-party Administrator, the request shall be deemed denied as of that date.

6.4.5 Any Claimant whose request for Benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may appeal said denial of

Plan benefits by submitting to the Third-party Administrator a written request for a review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than one hundred eighty (180) days from the date the Claimant received written notification of the Third-party Administrator's initial denial of the Claimant's request for Benefits or from the date the claim was deemed denied, unless the Third-party Administrator, upon the written application of the Claimant or his authorized representative, shall in its discretion agree in writing to an extension of said period.

6.4.6 During the period prescribed in paragraph 6.4.5 for filing a request for review of a denied claim, the Third-party Administrator shall permit the Claimant to review pertinent documents and submit written issues and comments concerning the Claimant's request for Benefits.

6.4.7 Upon receiving a request by a Claimant, or his authorized representative, for a review of a denied claim, the Third-party Administrator shall deliver the complete file to the Trustees, who shall consider such request promptly and shall advise the Claimant of their decision within thirty (30) days from the date on which said request for review was received by the Third-party Administrator, unless special circumstances require an extension of time for reviewing said denied claim. In the event special circumstances require an extension of time for reviewing said denied claim, the Third-party Administrator shall, prior to the expiration of the initial 30-day period referred to above, provide the Claimant with written notice of the extension and of the special circumstances which require such extension and of the date by which the Trustees expect to render their decision. In no event shall such extension exceed a period of forty-five (45) days from the date on which the Claimant's request for review was received by the Third-party Administrator. The Trustees' decision shall be furnished to the Claimant and shall:

6.4.7.1 Be written in a manner calculated to be understood by the Claimant;

6.4.7.2 Include specific reasons for the decision and sufficient information to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable) and a statement describing the availability, upon request, of diagnosis code, the treatment code, and the corresponding meanings of these codes;

6.4.7.3 Include specific references to the pertinent Plan provisions on which the decision is based;

6.4.7.4 A description of available external review processes, including information regarding how to initiate an appeal pursuant to paragraph 6.4.9 below; and

6.7.7.5 The availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman.

6.4.8 The Trustees may, in their discretion, determine that a hearing is required in order to properly consider the Claimant's request for review of a denied claim. In the event the Trustees determine that such hearing is required, such determination shall, in and of itself, constitute special circumstances permitting an extension of time in which to consider the Claimant's request for review.

6.4.9 After exhausting the above claims procedures in full, any Claimant whose request for benefits has been denied or deemed denied, in whole or in part, or such Claimant's authorized representative, may file a request for an external review of such denied claim. Any such request for review must be delivered to the Third-party Administrator no later than the first day of the fifth month following the date the Claimant received written notification of the Trustees' final denial of the Claimant's request for benefits or from the date the claim was deemed denied. Within five (5) business days of receiving the external review request, the Third-party Administrator must complete a preliminary review to determine if the Claimant was covered under the Plan, the Claimant provided all the information and forms necessary to process the external review, and the Claimant has exhausted the internal appeals process.

Once the review above is complete, the Third-party Administrator has one (1) business day to notify the Claimant in writing of the outcome of its review. If Claimant is not eligible for external review, the notice must include contact information for the Department of Health and Human Services Health Insurance Assistance Team (HIAT). If the Claimant's request for external review was incomplete, the notice must describe materials needed to complete the request and provide the later of 48 hours or the four- month filing period to complete the filing.

Upon satisfaction of the above requirements, the Third-party Administrator will provide that an independent review organization (IRO) will be assigned using a method of assignment that assures the independence and impartiality of the assignment process. Claimant may submit to the IRO in writing additional information to consider when conducting the external review, and the IRO must forward any additional information submitted by the Claimant to the Third-party Administrator within one (1) business day of receipt. The decision by the IRO is binding on the Plan and, as well as the Claimant, except to the extent other remedies are available under State or Federal law. For standard external review, the IRO must provide written notice to the Third-party Administrator and the Claimant of its decisions to uphold or reverse the benefit denial within no more than forty-five (45) days.

6.4.10 The claims procedures set forth in this Article VI shall be strictly adhered to by each Claimant under this Plan, and no judicial or arbitration proceedings with respect to any claim for Plan benefits hereunder shall be commenced by any such Claimant until the proceedings set forth herein have been exhausted in full.

6.5 Mechanics of Payment from Employer Accounts. The Employer, or its agent or authorized officer, may submit a request to the Third-party Administrator to transfer funds from the Employer's Account to be allocated to Participant Accounts or applied in any manner permitted by IRC §501(c)(9) and the Plan and Trust and in accordance with the rules, policies and procedures established by the Third-party Administrator.

6.6 Health Care Debit Card Transactions are Not Claims. The presentation or use of a Card for payment at a merchant or vendor is not considered a submission of a ~~formal~~ claim under the Plan. In the event the merchant or vendor denies the transaction or the transaction is unable to be processed at the point of sale with that merchant or vendor, such denial of the transaction at the point of sale shall not be considered a denial under the Plan. If the transaction is approved at the point-of-sale, but the transaction is not electronically validated at the point of sale or later independently substantiated without further documentation, the Participant must submit such itemized bills, receipts, or other information requested by the Third-party Administrator to verify that the amount was an eligible expense reimbursable by the Plan. Where the Third-party Administrator determines that an expense is not eligible to be paid with the Card because the Participant or Dependent has not submitted the information requested by the Third-party Administrator to substantiate the claim as an expense

reimbursable under the Plan (*e.g.,* where the Card is suspended, the Plan requests reimbursement of the unsubstantiated expense and/or the Plan applies an overpayment against the applicable Participant Account and offsets against future claims), then denial of such Card payment would become a denial subject to the ~~formal~~ claims and appeals procedures under this Section 6.

6.7 Protected Health Information. The Plan shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health (HITECH) Act, enacted as part of the American Recovery and Reinvestment Act of 2009, and the Omnibus Rule of 2013 with respect to protecting the privacy and security of Protected Health Information (PHI).

6.7.1 Plan Uses of Protected Health Information. The Plan shall adhere to procedures regarding the permitted and required uses by, and disclosures to, the Plan of PHI for plan administrative and other permitted purposes. The Plan shall:

6.7.1.1 not use or disclose PHI other than as permitted by the Plan documents or as otherwise required or permitted by law;

6.7.1.2 ensure that any agents, subcontractors or business associates to whom the plan provides PHI shall agree to the same restrictions that apply to the Plan;

6.7.1.3 not use or disclose PHI for purposes other than the minimum necessary to administer the Plan;

6.7.1.4 report to the Privacy Official any known use or disclosure that is inconsistent with permitted use and disclosures;

6.7.1.5 make PHI available to Plan participants, consider their amendments, and, upon request, provide them with an accounting of PHI disclosures in accordance with the HIPAA privacy rules;

6.7.1.6 make internal records relating to the use and disclosure of PHI available to the Department of Health and Human Services upon request; and

6.7.1.7 the Plan shall destroy PHI in accordance with its Document Retention and Destruction Policy when the Plan is no longer required to maintain PHI.

6.8 Employer Uses of Protected Health Information.

6.8.1 HIPAA Plan Amendment. Members of the workforce of an Employer may have access to the individually identifiable health information of Participants for administration functions of the Plan. When this health information is provided from the Plan to the Employer, it is Protected Health Information (PHI) and, if it is transmitted by or maintained in electronic media, it is Electronic PHI. The provisions of Section 6.8 shall constitute the "HIPAA Plan Amendment" required by and incorporating the provisions of 45 CFR §164.504(f)(2)(ii).

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations restrict the Employer's ability to use and disclose PHI and Electronic PHI.

The following HIPAA definitions of PHI and Electronic PHI apply to this HIPAA Plan Amendment:

"Protected Health Information (PHI)" means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or for which there is a reasonable basis to believe that the information can be used to identify the individual. Protected health information includes information of persons living or deceased and also includes Electronic PHI.

"Electronic Protected Health Information (Electronic PHI)" means Protected Health Information that is transmitted by or maintained in electronic media.

"Privacy Official" means the Vice Chairman of the Board of Trustees or such other person appointed from time to time by the Board of Trustees to serve in such capacity.

An Employer shall have access to PHI and Electronic PHI from the Plan only as permitted under this HIPAA Plan Amendment or as otherwise required or permitted by HIPAA.

6.8.2 Permitted Disclosure of Enrollment/Disenrollment Information. The Plan may disclose to an Employer information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled from the Plan.

Enrollment and disenrollment information shall include, without limitation, name, employee ID or social security number, contribution history, account balance information, age, employment status (active, retired, separated), limited account status, account preferences (e-communication, etc.) or other information necessary to determine, verify, or assist with eligibility, enrollment or disenrollment of an Employee or Participant.

The Plan and each Employer acknowledge and agree that enrollment and disenrollment information is information of the Employer and is held on behalf of the Employer by the Plan Third-party Administrator. Enrollment and disenrollment information held at any time by the Employer is held in its capacity as an Employer and is not PHI.

6.8.3 Permitted Uses and Disclosure of Summary Health Information. The Plan may disclose Summary Health Information to an Employer, provided that the Employer requests the Summary Health Information for the purpose of (1) obtaining premium bids from service providers or health plans for providing services or health coverage under the Plan; or (2) modifying, amending, or terminating the Plan.

6.8.3.1 "*Summary Health Information"* means information (1) that summarizes the claims history, claims expenses, or type of claims experienced by individuals for whom a plan sponsor has provided health benefits under the Plan; and (2) from which the information described at 45 CFR §164.514(b)(2)(i) has been deleted, except that the geographic information described in 45 CFR §164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit ZIP code.

6.8.4 Permitted and Required Uses and Disclosure of Protected Health Information for Plan Administration Purposes. Unless otherwise permitted by law, and subject to the conditions of disclosure described in Section 6.8.5 and obtaining written

certification pursuant to Section 6.8.8, the Plan may disclose PHI and Electronic PHI to an Employer, provided that the Employer uses or discloses such PHI and Electronic PHI only for Plan Administration Purposes.

6.8.4.1 *"Plan Administration Purposes"* means administration functions performed by the Employer on behalf of the Plan, such as quality assurance, claims processing and appeals, auditing, and monitoring. Plan administration functions do not include functions performed by the Employer in connection with any other benefit or benefit plan of the Employer or any employment-related actions or decisions.

6.8.4.2 Enrollment and disenrollment functions performed by the Employer are performed on behalf of Employees, Participants and Dependents, and are not Plan administration functions.

6.8.4.3 Notwithstanding any provisions of this Plan to the contrary, in no event shall an Employer be permitted to use or disclose PHI or Electronic PHI in a manner that is inconsistent with 45 CFR §164.504(f).

6.8.5 Conditions of Disclosure for Plan Administration Purposes. Each Employer agrees that with respect to any PHI it receives pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) disclosed to it by the Plan, such Employer shall:

6.8.5.1 not use or further disclose the PHI other than as permitted or required by the Plan or as required by law;

6.8.5.2 ensure that any agent, including a subcontractor, to whom it provides PHI received from the Plan agrees to the same restrictions and conditions that apply to the Employer with respect to PHI;

6.8.5.3 not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

6.8.5.4 report to the Plan any use or disclosure of the PHI of which it becomes aware that is inconsistent with the uses or disclosures provided for;

6.8.5.5 make available PHI to comply with HIPAA's right to access in accordance with 45 CFR §164.524;

6.8.5.6 make available PHI for amendment, and incorporate any amendments to PHI, in accordance with 45 CFR §164.526;

6.8.5.7 make available the information required to provide an accounting of disclosures in accordance with 45 CFR §164.528;

6.8.5.8 make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and

Human Services for purposes of determining compliance by the Plan with HIPAA's privacy requirements;

6.8.5.9 if feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

6.8.5.10ensure that adequate separation (i.e., the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii), is established.

6.8.6 Additional Requirements. Each Employer further agrees that if it creates, receives, maintains, or transmits any Electronic PHI pursuant to this HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) on behalf of the Plan or in connection with a Plan Administration Purpose, it will:

a. implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that it creates, receives, maintains, or transmits on behalf of the Plan;

b. ensure that the adequate separation (*i.e.*, the firewall) between employees of the Employer who need the information for Plan Administration Purposes and employees of the Employer who do not need the information for Plan Administration Purposes or who do not perform Plan administration functions on behalf of the Employer, required by 45 CFR §504(f)(2)(iii) is supported by reasonable and appropriate security measures;

c. ensure that any agent, including a subcontractor, to whom it provides Electronic PHI agrees to implement reasonable and appropriate security measures to protect the information; and

d. report to the Plan any security incident of which it becomes aware, as follows: Employer will report to the Plan, with such frequency and as soon as feasible, the aggregate number of unsuccessful, unauthorized attempts to access, use, disclose, modify, or destroy Electronic PHI or to interfere with systems operations in an information system containing Electronic PHI; in addition, Employer will report to the Plan as soon as feasible any successful unauthorized access, use, disclosure, modification, or destruction of Electronic PHI or interference with systems operations in an information system containing Electronic PHI.

6.8.7 Adequate Separation Between Plan and Employer and Between Employees Who Perform Plan Administration Functions and Employees Who Do Not Have Plan Administration Functions. Any Employer that receives any PHI pursuant to this

HIPAA Plan Amendment and its HIPAA Compliance Certificate delivered pursuant to Section 6.8.8 below (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508, which are not subject to these restrictions) from the Plan shall allow access to the PHI to only those employees or classes of employees identified on the Employer's HIPAA Compliance Certificate required by this HIPAA Plan Amendment. No other persons shall have access to PHI. These specified employees (or classes of employees) shall only have access to and use of PHI to the extent necessary to perform the Plan administration functions that the Employer performs for the Plan. In the event that a specified employee does not comply with the provisions of this HIPAA Plan Amendment, the employee shall be subject to disciplinary action by the Employer for non-compliance pursuant to the Employer's employee discipline and termination procedures.

6.8.7.1 The Employer shall ensure that the provisions of this HIPAA Plan Amendment are supported by reasonable and appropriate security measures to the extent that the persons designated above create, receive, maintain, or transmit Electronic PHI on behalf of the Plan.

6.8.8 Certification of Employer. The Plan shall disclose PHI (other than enrollment/disenrollment information and Summary Health Information, and information disclosed pursuant to a signed authorization that complies with the requirements of 45 CFR §164.508) to an Employer only upon the receipt of the Plan's HIPAA Compliance Certificate from the Employer acknowledging that the Plan has been amended to incorporate the provisions of 45 CFR §164.504(f)(2)(ii), and that the Employer agrees to the conditions of disclosure set forth in Section 6.8.5 and all other conditions and requirements of this HIPAA Plan Amendment.

6.9 Qualified Medical Child Support Orders and National Medical Support Notices. The Plan shall comply with all applicable rules and laws relating to Qualified Medical Child Support Orders ("QMCSO") and National Medical Support Notices ("NMSN"). In the event a QMCSO or NMSN is received by the Plan, the Plan will follow the policies and procedures for determining and administering such order or notice as the same may be adopted or revised from time to time by the Administrator.

Article VII.
Administrator

7.1 Rights & Duties. The Trustees shall enforce this Plan in accordance with its terms and shall be charged with its general administration. In its capacity as the Administrator, the Board of Trustees may delegate administrative duties to the Third-party Administrator or other service providers or designees. Any Third-party Administrator and other service providers engaged by the Administrator shall exercise its delegated duties in a uniform, nondiscriminatory manner and shall have all necessary power and discretion to accomplish those purposes at the direction of the Administrator, including but not limited to the power:

7.1.1 To determine all questions relating to the eligibility of Employees to participate.

7.1.2 To determine entitlement to Benefits under the provisions of Article VI.

7.1.3 To compute and certify to the Administrator the amount and kind of benefits payable to the Participants and their Dependents.

7.1.4 To maintain all the necessary records for the administration of this Plan other than those maintained by the Employer.

7.1.5 To prepare and file or distribute all reports and notices required by law.

7.1.6 To authorize all the disbursements from the Trust.

7.1.7 To facilitate the investment elections made by Participants and Employer in a manner consistent with the objectives of the Plan and authorized by the Trust.

7.1.8 To make and publish such rules for the regulation of this Plan that are not inconsistent with the terms hereof.

7.1.9 To inform the Administrator with respect to the investment of Participant and Employer Accounts.

7.1.10 To assume and perform each and every duty and responsibility of the Administrator specified in the Plan documents or otherwise in accordance with applicable law to the extent so delegated in writing by the Administrator.

7.2 Information. To enable the Third-party Administrator to perform its functions, the Employer shall supply it with full and timely information on all matters relating to Employer contributions on behalf of Participants and Participant entitlement to benefits. The Employer shall also supply the Third-party Administrator with full and timely information on all matters relating to Employer contributions to an Employer Account. The Third-party Administrator shall maintain such information and advise the Administrator of such other information as may be pertinent to the administration of the Trust.

The Third-party Administrator shall have neither the right nor the obligation to interpret the provisions of any collective bargaining agreement, Employer policy, or other statement or action for the purpose of performing its duties under the Plan or the Trust, and the Third-party Administrator shall have the right to rely on information provided by the Employer pursuant to this Section with respect to Employee eligibility and other applicable information contained in any collective bargaining agreement, Employer policy, or other statement or action.

7.2.1 The Trust shall provide to each Participant, information necessary to use their Participant Account and receive reimbursement of Benefits. The information will include a summary of the Plan, including claim procedures and instructions on how to acquire plan forms. The Trust shall also communicate within a reasonable amount of time after receipt of the contribution or transfer an acknowledgement to the Participant with a Participant Account or the Employer with an Employer Account, whichever is applicable, acknowledging establishment of the Participant Account or Employer Account; confirmation of the amount received; a summary of the Plan and information on filing claims with copies of the necessary forms, if applicable; and a toll-free contact telephone number for error corrections or questions.

7.2.2 The Trust shall provide a written statement prepared upon a Participant's or Employer's request, and at least semi-annually for each Participant and Employer, which shall include the following information: Participant's or Employer's name and address, whichever

is applicable; Participant Account number; contributions; total Account value at statement date; interest earned or other shared gain or loss; payout and disbursement activities, ending/forward balance; toll-free contact telephone number for error corrections or questions on reading the statement.

7.2.3 The Trust shall provide a monthly unaudited report to the Administrator including the following: income statement, balance sheet, year to date budget, number of Participant Accounts, and other such reports which are permitted by law, or as the Administrator and/or Employers request and agreed to by the Third-party Administrator.

7.3 Compensation, Expenses, and Governmental Fees, Taxes and Assessments. Consultant and investment manager expenses for the Plan may be paid by reasonable reductions of investment earnings and/or assessments from the Participants' Accounts as determined by the Administrator from time to time. Additionally, all other necessary Plan expenses, including but not limited to: legal, benefits staff, Third-party Administrator, auditing, printing, postage, mail service, plan administration software or technology, Trustee, bank, consultant fees, and, to the extent permitted by applicable law, all governmental fees, taxes, and assessments applicable to the Trust, the Plan, the Trustees, or Participants, may be paid through a reduction of investment earnings and/or reasonable fees and assessments from Participant Accounts as determined by the Administrator from time to time.

7.4 Consultants, ~~Advisors, and~~Investment Managers, Third-party Administrators, Lawyers & Accountants. Reasonable expenses to administer the Plan may be paid by assessments from the Participants' Accounts as determined by the Administrator from time to time, which may be made by adjustments to investment earnings/losses or by a deduction from account balances. Plan expenses can include but are not limited to: services for legal, benefits staff, third-party administrator, auditing, printing, postage, mail, plan administration software or technology, trustee, banking, plan or trust consulting, investment management, database search, and, to the extent permitted by applicable law, all governmental fees, taxes, and assessments.~~The Administrator may employ such consultants, advisors, investment managers, Third-party Administrators, and other service providers as it reasonably deems necessary or useful in carrying out its duties hereunder, the cost of which shall be considered expenses of administering the Plan.~~

7.5 Liability Limitation. The Employer, the Administrator and the Third-party Administrator shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets of the Plan and Trust. The Trustees shall not be liable for the acts or omissions to act of any investment manager appointed to manage the assets of the Plan and Trust if the Trustee in appointing and monitoring such manager acted with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person would use in the conduct of an enterprise of a like character and with like aims.

7.6 Notices & Directions. The address for delivery of all communications shall be:

HRA VEBA Trust
c/o Gallagher Benefit Services, Inc.
906 W 2nd Avenue, Suite 400
Spokane, WA 99201-4537
(509) 838-5571 Telephone
(509) 838-5613 Fax
Charlie_Isaacs@ajg.com

7.7 Funding Policy & Procedures. The Administrator shall formulate policies, practices, and procedures to carry out the funding of the Plan, which shall be consistent with the Plan objectives and in accordance with applicable law.

Article VIII.
Amendment & Termination

8.1 Permanency. It is the expectation of the Employers and Trustees that this Plan, and the payment of Benefits hereunder, will be continued indefinitely, but continuance of this Plan or contributions to this Plan is not assumed as a contractual obligation of the Employers or the Trustees. This Plan may be amended or terminated only as provided in this Article.

8.2 Exclusive Benefit Rule. It shall be impossible for any part of the funds in Participant Accounts under this Plan to be used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Dependents, and to defray the reasonable expenses of administering the Trust and this Plan.

8.3 Amendments.

8.3.1 The Trustees shall have the right to amend this Plan from time to time, and to amend or cancel any such amendments.

8.3.2 Such amendments shall be as set forth in an instrument in writing executed by the Trustees. Any amendment may be current, retroactive, or prospective, in each case as provided therein and provided, however, that such amendment must comply with Article III of the Trust Agreement.

8.4 Discontinuance of Contributions. Each Employer shall have the right to discontinue contributions without prior notice by delivering written notice of termination to the Trustees.

8.5 Termination of Plan. The Trustees shall have the right to terminate this Plan without prior notice unless required by law by delivering written notice of termination to the Employers and Participants. In case of termination, the Trustees shall also notify the Employers and Participants of the Trustees' decision with regard to disposition of the assets, based on the following options, each of which shall be subject to any losses on or other contractual adjustments applicable to invested assets that may accrue or become due as a result of such disposition:

8.5.1 A direct in-kind transfer of assets to a substantially similar IRC §501(c)(9) trust;

8.5.2 A series of installment payments over a set period or time of the assets from the Trust attributable to this Plan to another IRC §501(c)(9) trust; or

8.5.3 An immediate cash payment to another IRC §501(c)(9) trust or another program providing benefits permitted by IRC §501(c)(9); or

8.5.4 Any other method permitted by IRC §501(c)(9).

In any event, the Employers and the Trustees shall work to prevent adverse consequences to Participants and other Employers contributing to the Trust as a result of any Employer's decision or action with respect to these options. An Employer whose Employer Account or whose Employees'

Participant Accounts are to be transferred from the Trust agrees to pay the Trust all reasonable costs resulting from the disposition or transfer of the assets that are to be transferred.

Article IX.
Miscellaneous

9.1 Conflicting Provisions. This Plan, the Trust, the Employer Adoption Agreement, and the Participant Enrollment File are all parts of a single, integrated employee benefit plan and shall be construed together. In the event of any conflict between the terms of this Plan and the Participant Enrollment File, the Employer Adoption Agreement and the terms of the Trust, such conflict shall be resolved first by reference to the Trust Agreement, then the Plan Document, then the Employer Adoption Agreement, and then the Participant Enrollment File.

9.2 Applicable Law; Severability. Except as may be required by §514 of the Employee Retirement Income Security Act of 1974 ("ERISA"), this Plan shall be construed, administered, and governed under the laws of the State of Washington. If any provision of this Plan shall be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.3 Gender & Number. Words used in the masculine shall apply to the feminine where applicable, and when the context requires, the plural shall be read as the singular and singular as the plural.

9.4 Headings. Headings used in this Plan are inserted for convenience of reference only, and any conflict between such headings and the text shall be resolved in favor of the text.

9.5 Forfeiture of Unclaimed Participant Accounts. In an effort to preserve Participant Accounts from becoming unclaimed or forfeited, the Administrator may implement policies and procedures and engage third-party services to locate Participants. ~~In each instance for which a Participant (1) has combined account balances greater than $250 and (2) for a period of at least six months has met the conditions set forth under Sections 9.5.1 – 9.5.3 below and has otherwise been unreachable by the Plan, the Administrator may engage third-party services to locate the Participant. Reasonable fees and expenses incurred by the Administrator in its effort to locate a Participant under the foregoing circumstances may be charged against one Participant Account up to an amount not to exceed the lower of $100 or 20% of the combined account balances.~~ Notwithstanding the above, the account balance in a Participant Account shall be forfeited and applied as provided in Section 5.6 if (a) within the Unclaimed Account Forfeiture Period (defined below) at least two communications from the Plan to the Participant have been returned as undeliverable or, in accordance with the policies and procedures of the Plan, the Plan Administrator has determined that the Participant is not locatable; and (b) during the entire Unclaimed Account Forfeiture Period, the following conditions exist:

9.5.1 Such Participant Account has a positive account balance and is claims-eligible;

9.5.2 No contributions to or withdrawals from the Participant Account have occurred; and

9.5.3 No communications or other expressions of interest have been received by the Third-party Administrator from or on behalf of the Participant of such Participant Account.

For purposes of this Section 9.5, the "Unclaimed Account Forfeiture Period" shall be a continuous period that is equal to thirty (30) days less than the shorter of (i) the statutory period for forfeiture under the applicable State unclaimed property statute for such Participant Account or (ii)

three years.

9.6 Limitation on Rights. Neither the establishment of this Plan, nor any modification or amendment thereof, nor the payment of any Benefits, nor the issuance of any insurance contracts shall be construed as giving any Participant, or any person whomsoever, any legal or equitable right against the Trustees, the State of Washington, its agencies, officers, employees, and institutions of higher education, or the Employers or Administrator or Third-party Administrator or any of their agents or employees, nor any right to the assets of the Plan, except as expressly provided herein.

9.7 Assignment. The interest of any Participant or Employer in any assets held on his or its behalf by the Trustee shall not be subject to assignment or alienation, either by voluntary or involuntary act of the Participant or the Employer or by operation of law, and shall not be subject to assignment, attachment, execution, garnishment, or any other legal or equitable process, except to the extent required by law.

9.8 Counterparts. This Plan may be adopted in an original and any number of counterparts, each of which shall be deemed to be an original of one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Doug Detling, Chairman of the Board of Trustees, being duly authorized, on this _____ day of _____, 2020 signed this Plan Document.

By: _____
Douglas Detling, Chairman

AGENDA ITEM 4.2: MONTHLY RETAINER PROPOSAL

SNAPSHOT: At this time, Trust Counsel would like to propose different retainer options for the Trust's consideration.

ACTION ITEM

RELEVANT GOAL(S): 7. Monitor Trust service providers.

BACKGROUND

Attached for the Board's consideration and discussion with Trust Counsel is a Memorandum from Katten regarding a Proposed New Retainer Relationship.

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to approve implementation of the new retainer Option [insert number] as presented and discussed with respect to the engagement and retention of Katten as Trust Counsel.

Katten

Memorandum

To: Board of Trustees of VEBA Trust For Public Employees in the Northwest

From: Russell E. Greenblatt
Kate Saracene

Date: May 27, 2020

Subject: Proposed New Retainer Relationship

Our retainer relationship with the Trust was last revised October, 2007. At that time, the retainer was set at $2,500/month. The retainer amount has not been changed in the intervening 12+ years.

In addition, services not covered by the monthly retainer were to be billed at 90% of the then-current standard billing rate of the attorney rendering the service. Though our firm's standard hourly rates have increased almost every year, we have almost never increased the rate charged to the Trust to reflect those annual rate increases. For example, Russ's current standard hourly rate (charged to most other clients) is $890 but the Trust is charged only $575/hour (65% of standard). Similarly, Kate's current standard hourly rate is $860 but the Trust is charged $544/hour (63% of standard).

In light of the fact that our charges to the Trust have remained virtually unchanged for over 12 years, we are proposing changes to be effective July 1, 2020. We are offering the Trust three alternative billing arrangements:

OPTION 1

- Retainer amount remains unchanged at $2,500/month.
- Retainer covers ONLY participation in every trustee meeting by one attorney. (As has been true for the past several years we may choose to have a second or third attorney also participate, in person or via phone, but will not charge for the additional attorney time.)
- Attorney assistance before each board meeting to identify legal issues/topics to cover at meeting and review legal agenda items is included in the retainer.
- ANY other legal work (including reviewing draft tax returns, financial statements, trustee representation letters, etc.; emails, calls, etc. with Gallagher, CPA, OneBridge, etc. concerning any matters) would be billed at 90% of the then-current standard rate of the attorney(s) rendering the service.

OPTION 2

- Retainer amount is increased to $5,000/month.
- Retainer covers services similar to what are currently covered: (i) participation in every Trust meeting by one attorney (and has been true for the past several years we may choose to have a second or third attorney participate in person or via phone at our own expense); (ii) attorney assistance before each board meeting to identify legal issues/topics to cover at the meeting and review legal agenda items, and also review draft minutes of board meetings; (iii) review draft tax returns, draft financial statements and draft trustee representation letters; also correspondence with Gallagher, CPA, OneBridge, etc. with regard to routine issues that arise such as new/unique contribution methods, employee groups, employers, transfers into or out of the Trust, etc. concerning issues such as discrimination under the Internal Revenue Code ("IRC"), constructive receipt taxability to employees, VEBA qualification under IRC section 501(c)(9), basic tax and HRA matters, HIPAA, COBRA, ACA, and other issues arising under Federal tax law or Federal employee benefits law.
- ANY substantive follow-up legal work required or desired by the Trust on matters such as those referred to in the immediately preceding bullet point, or with regard to legislation/regulations (proposed or enacted), litigation, contracts, governmental submissions, audits, claim denials, plan document amendments, etc. would be billed at 90% of the then-current standard hourly rate of the attorney(s) rendering the service.

OPTION 3

- No retainer charge.
- If and when the Trust requests our assistance on a matter, all time incurred by firm attorney(s) would be billed at 90% of that person(s) then-current standard hourly rate. That would include whatever time if any is necessary for the attorney(s) to be brought up-to-speed on the relevant facts, issues, etc.

If you would like to discuss these 3 options or any alternatives, please contact either of us.

Thank you for the opportunity to have served you these many years. It has been a pleasure.

Russ and Kate

June 17, 2020

Board of Trustees of VEBA Trust for Public Employees in the Northwest
906 West Second Avenue – Suite 400
Spokane, WA 99201

Re: Waiver of Conflicts

Dear Board of Trustees:

Katten Muchin Rosenman LLP ("Katten") has been requested to continue to represent the Board of Trustees of VEBA Trust for Public Employees in the Northwest (the "Trust") in connection with federal tax, certain employee benefits and VEBA matters. In addition, it has come to our attention that we will be asked to advise the Trust with respect to matters adverse to one of its current vendors, OneBridge Benefits ("the OneBridge Matter").

Katten has represented and continues to represent OneBridge Benefits ("OneBridge") on unrelated matters**.** Katten is not representing OneBridge in connection with the OneBridge Matter or in any matters substantially related to the OneBridge Matter, and we have determined that our representation of OneBridge on unrelated matters will not affect our ability to provide diligent and competent representation to the Trust. Therefore, we would appreciate your signature at the bottom of this letter acknowledging your waiver, on behalf of the Trust, of any actual or potential conflict arising out of Katten's representation of the Trust with respect to the OneBridge Matter and Katten's representation of OneBridge as described above.

In the unlikely event that litigation were to arise between the Trust and OneBridge in connection with the OneBridge Matter, Katten will not represent either party in such litigation.

It is understood that the consent in this letter is granted on the condition that during the pendency of Katten's representation of the Trust with regard to the OneBridge Matter, (a) Steve Mindy will not represent the Trust in this OneBridge Matter, and (b) Katten will establish an "information wall" to prevent Steve Mindy from participating in any communication related to the OneBridge Matter with Katten attorneys who work on the OneBridge Matter and from having access to any document related to the OneBridge Matter. The "information wall" as defined above does not include paralegals or secretaries. Upon completion of the OneBridge Matter, the "information wall" and all other restrictions described here will no longer be enforced. The removal of the "information wall" will not, of course, affect our ethical obligations of confidentiality under applicable rules of professional responsibility.

Please sign and return this letter to confirm your understanding and consent to the foregoing.

Sincerely,

Russell E. Greenblatt

REG:tlcl144770244

ACCEPTED AND AGREED TO:

By:_____

VEBA TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

Date Signed: _____

AGENDA ITEM 4.3: COVID-19 AND OTHER REGULATORY UPDATES

SNAPSHOT: The COVID-19 pandemic led to a variety of regulatory changes impacting benefit plans such as health reimbursement arrangements. Additionally, Trust Counsel has been monitoring an influx in cybersecurity litigation.

RELEVANT GOAL(S): 6. Monitor regulatory, legislative, and compliance issues that affect HRAs and VEBAs.

BACKGROUND

The regulatory Agencies have been busy during the COVID-19 pandemic with implementing a variety of temporary rules or changes that impact health reimbursement arrangements. Mostly, the agencies have been concerned with ensuring participant flexibility due to job losses and other life changes (day care and school closures, medical needs changing, etc.). While the below guidance is optional for governmental plans, such plans are encouraged by the regulators to extend these rules. The following is a high-level summary of the changes implemented to-date.

1. Expanded definition of "medical expenses" to include menstrual care products and remove the prescription requirement for over-the-counter drugs and medicines.

2. Several participant deadlines tolled from March 1, 2020 until 60 days after the end of the National Emergency period for the following:
    a. COBRA election period;
    b. Deadline and grace period to make COBRA premium payments;
    c. COBRA qualifying event notification deadline; and
    d. Deadline to file benefit claims or appeals.

3. An employee benefit and the responsible plan fiduciary will not be in violation of applicable legal requirements for failure to timely furnish any required notice, disclosure, or document that must be furnished between March 1, 2020 and the National Emergency period, if the plan and responsible fiduciary act in good faith and furnish the notice, disclosure, or document as soon as administratively practicable under the circumstances. Good faith acts include use of electronic alternative means of communicating with plan participants and beneficiaries who the plan fiduciary reasonably believes have effective access to electronic means of communication, including email, text messages, and continuous access websites.

It is anticipated that the influx of activity in Congress and the Agencies related to employee benefits will continue for the duration of the pandemic.

Additionally, at this time, Trust Counsel would like to make the Board aware of a flurry of cybersecurity-related cases evolving in the retirement plan space. While the Trust has been very proactive in preventing and protecting itself from cybersecurity threats, this is certainly an evolving area of litigation.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

AGENDA ITEM 5.1: INVESTMENT PORTFOLIO REVIEW

SNAPSHOT: Hyas Group's **March 31, 2020 Performance Report** is enclosed for the Board's review.

RELEVANT GOAL(S): 5. Provide Trustee education and training; and 7. Monitor Trust service providers.

BACKGROUND

Hyas Group's **March 31, 2020 Performance Report** (copy attached) includes the following:

- Market Overview
- Plan Review
- Investment Performance Review
- Plan Fee/Revenue Review
- Fund Attributions

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

HRA VEBA TRUST

Employees in the Northwest

March 31, 2020 Performance Report

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Section 1 Market Overview

Section 2 Plan Review

Section 3 Investment Performance Review

Section 4 Plan Fee/Revenue Review

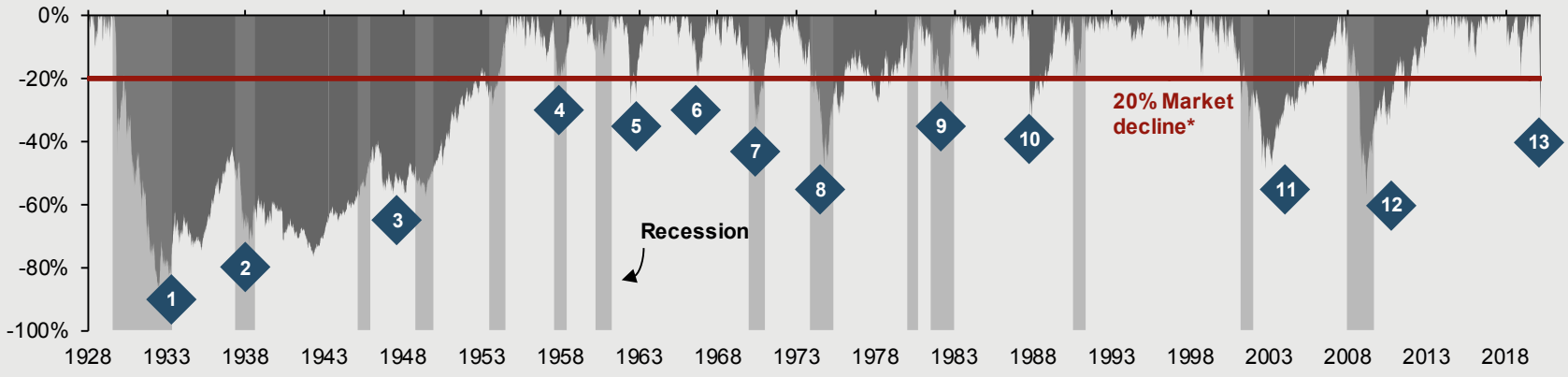
Section 5 Fund Attributions

Section 1

CORONAVIRUS – MANAGING EVENT RISK

The communication around the Coronavirus has been extensive and the uncertainty surrounding this event has created elevated levels of market volatility. Market corrections and periods of high volatility are not historically uncommon, but they can still be unsettling. We would like to highlight that major market corrections (Bear Markets), defined as equity market declines of 20.0% or greater, have been a relatively frequent occurrence in modern times. The following chart provides an extensive history of these corrections and corresponding equity market reactions.

U.S. recessions and S&P 500 composite declines from all-time highs



Characteristics of bull and bear markets

	Market correction	Bear Market: Market peak	Bear Market: Bear return*	Bear Market: Duration (months)*	Macro environment: Recession	Macro environment: Commodity Spike	Macro environment: Aggressive Fed	Macro environment: Extreme Valuation	Bull markets: Bull begin date	Bull markets: Bull return	Bull markets: Duration (months)
1	Crash of 1929 - Excessive leverage, irrational exuberance	Sep 1929	-86%	32	◆			◆	Jul 1926	152%	37
2	1937 Fed Tightening - Premature policy tightening	Mar 1937	-60%	61	◆		◆		Mar 1935	129%	23
3	Post WWII Crash - Post-war demobilization, recession fears	May 1946	-30%	36	◆			◆	Apr 1942	158%	49
4	Eisenhower Recession - Worldwide recession	Aug 1956	-22%	14	◆		◆	◆	Jun 1949	267%	85
5	Flash Crash of 1962 - Flash crash, Cuban Missile Crisis	Dec 1961	-28%	6				◆	Oct 1960	39%	13
6	1966 Financial Crisis - Credit crunch	Feb 1966	-22%	7			◆	◆	Oct 1962	76%	39
7	Tech Crash of 1970 - Economic overheating, civil unrest	Nov 1968	-36%	17	◆	◆	◆		Oct 1966	48%	25
8	Stagflation - OPEC oil embargo	Jan 1973	-48%	20	◆	◆			May 1970	74%	31
9	Volcker Tightening - Whip Inflation Now	Nov 1980	-27%	20	◆	◆	◆		Mar 1978	62%	32
10	1987 Crash - Program trading, overheating markets	Aug 1987	-34%	3				◆	Aug 1982	229%	60
11	Tech Bubble - Extreme valuations, .com boom/bust	Mar 2000	-49%	30	◆			◆	Oct 1990	417%	113
12	Global Financial Crisis - Leverage/housing, Lehman collapse	Oct 2007	-57%	17	◆	◆	◆		Oct 2002	101%	60
13	Global Slowdown - COVID-19, oil price war	Feb 2020	-24%	1	◆				Mar 2009	401%	132
	Averages	-	**-42%**	**22**					-	**166%**	**54**

The specific catalyst or event leading to market corrections varies significantly as evidenced in the table above, but the market impact has been relatively short in duration. The chart indicates that even in the sharpest corrections equity markets tend to recover quickly. In many cases, corrections are followed by what are often referred to as "V-shaped" rallies that take less than a year to recoup losses. The vast majority of corrections were reversed between one and three years. In fact, in modern history, we have only seen one Bear Market that extended longer than three years. Certainly, there have been periods of losses, but over the long term the market has trended upward.

These events reaffirm why it is important for investors to properly align their investment horizon with the level of risk in their portfolios. Those with long term investment horizons should avoid getting overly reactive to short term market events. Investors with shorter investment horizons should be invested in diversified portfolios designed to minimize the impact of these events. Professionally managed target date funds are designed to specifically address this issue of matching investor horizons with portfolio diversification and appropriate risk management.

GLOBAL ECONOMIC LANDSCAPE

- During 1Q20 the global economy faced a shock unprecedented in modern economic history. A viral outbreak (COVID-19) that initiated in China spread swiftly across the globe bringing substantial loss of life and commerce. Global governments were forced to shut down large sections of their economies with billions of people directed to stay home to fight the spread of the virus. Economic visibility had largely disappeared by the end of the quarter, leaving any near-term forecasts without merit.

- Monetary and fiscal policy makers in the US took decisive and unprecedented actions in an attempt to provide liquidity to financial markets and place a floor under the economy. The Federal Reserve (Fed) dropped short-term rates by 1.50% to zero and announced they would purchase unlimited amounts of Treasury Bonds and Agency Mortgage-Backed Securities. Lawmakers in Washington passed a stimulus package of spending and tax breaks that totaled over $2 trillion, or roughly 10% of GDP.

- Monetary and fiscal reactions to COVID-19 were global in scope. In addition to unprecedented developed market stimulus, 20 out of 26 countries in the MSCI Emerging Market Index cut interest rates during the quarter. Total annualized stimulus, estimated at $7 trillion at quarter-end, is on the way to $12 trillion.

- Economic data is just beginning to show the effects of a nationally mandated shutdown of all non-essential business. Initial jobless claims for the week of March 21st jumped to 3.3 million. For perspective, this was over four times the previous record high of 695,000 in 1982. The subsequent weekly jobless claims number dwarfed that brief record, coming in at 6.6 million. The St. Louis Fed estimates a Q2 unemployment rate of over 32% with total unemployed at 53 million all less than three months after the US economy was operating at historic low unemployment.

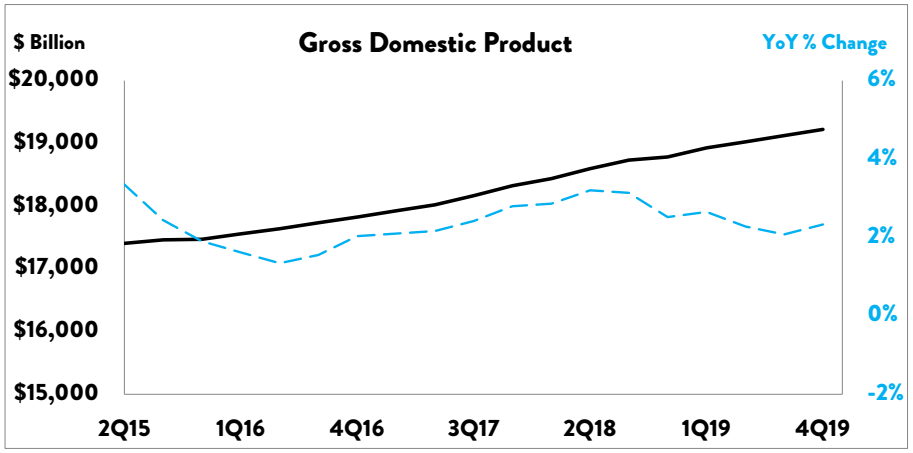
GLOBAL FINANCIAL MARKETS

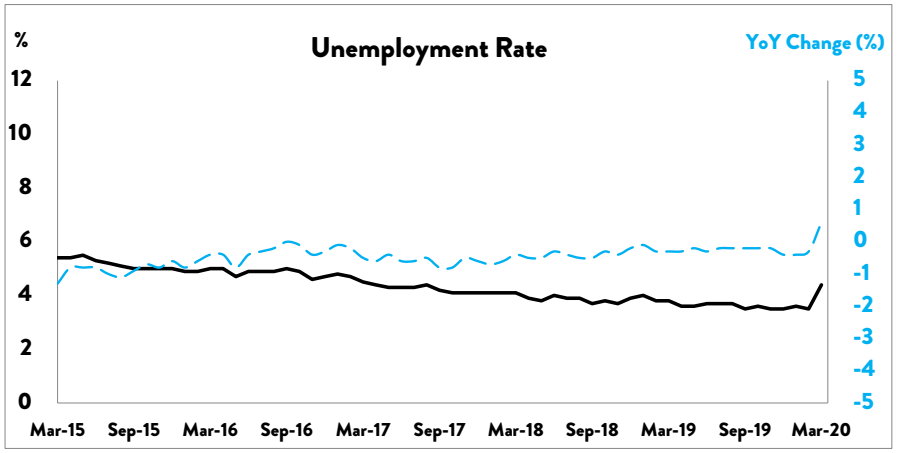
› Disruptions in the US Treasury markets forced the Fed to commit to unlimited purchases. In the last two weeks of March, the Fed purchased over $630 billion in Treasury securities and another $300 billion in repo operations. To put this into perspective, the Fed purchased more securities in the last two weeks of March than the entirety of the QE2 program in the great recession. The sudden rush for liquidity pushed yields down across the full length of the yield curve. At a brief point in time, the entire Treasury curve traded at yields below 1%.

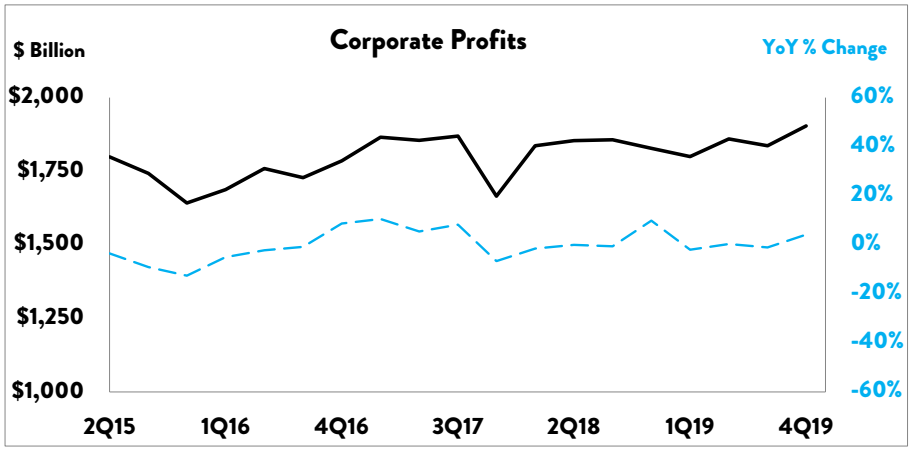
› Domestic equity markets fell as much as 30% from their February highs and volatility soared to near all-time highs. The S&P 500 Index rose or fell at least 4% in eight consecutive sessions, the longest streak in history. The average country return in the MSCI Emerging Market Index declined just over 30% with seven countries seeing peak-to-trough declines greater than 50% for the quarter.

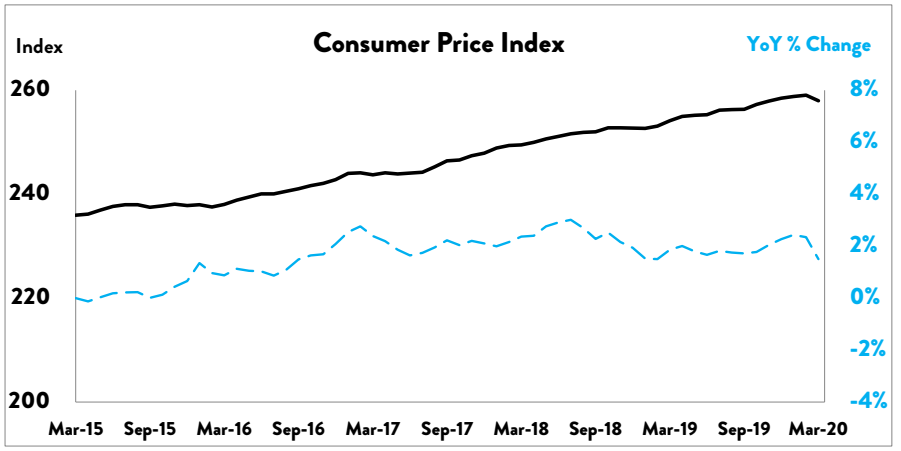
› Crude oil prices collapsed from over $60 per barrel at the beginning of the year to $20 by the end of the first quarter. Oil prices were caught in the perfect storm of collapsing global demand and higher supply. Unprecedented global restrictions, including stay-at-home orders and social distancing, led to sharp declines in usage during the quarter. At the same time, OPEC members failed to reach agreements on production limits. Saudi Arabia responded by ramping up production to near maximum capacity. The sharp decline in prices places extreme pressure on the US shale oil producers who were already going through significant balance sheet restructuring.

1Q2020 Economic Data









Key: ——— **Economic Series** - - - **Year-Over-Year Change**

Labor Market Statistics (Monthly)

Category	Recent	5-Yr High	5-Yr Low	5-Yr Avg.	Date
Jobs Added/Lost Monthly	-701,000	351,000	-701,000	189,850	Mar-20
Unemployment Rate	4.4%	5.5%	3.5%	4.3%	Mar-20
Median Unemployment Length (Weeks)	7.3	13.5	6.6	10.0	Mar-20
Average Hourly Earnings	$28.62	$28.62	$24.88	$26.60	Mar-20

Source: Federal Reserve Bank of St. Louis and Bureau of Labor Statistics

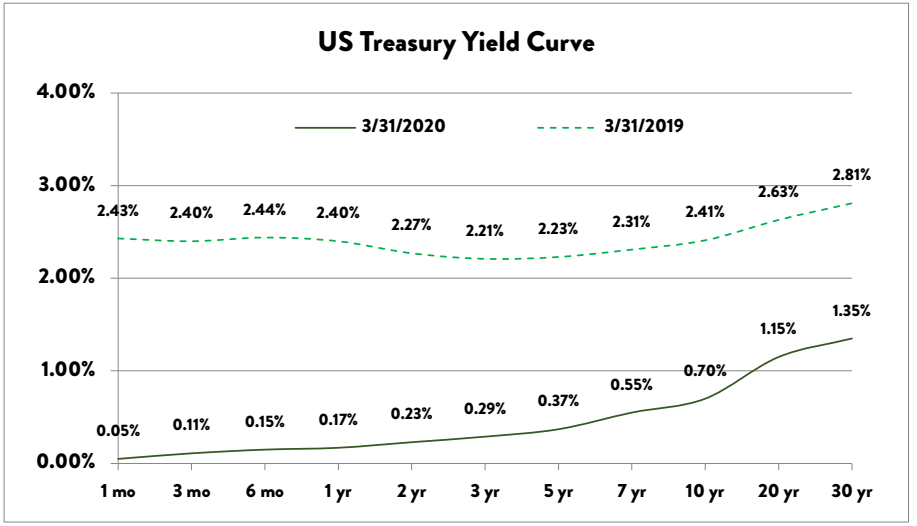
Other Prices and Indexes (Monthly)

Category	Recent	5-Yr High	5-Yr Low	% Off Peak	Date
Gas: Price per Gallon	$2.20	$2.88	$1.79	-23.7%	Mar-20
Spot Oil	$29.21	$70.98	$29.21	-58.8%	Mar-20
Case-Shiller Home Price Index	220.8	220.8	176.4	25.2%*	Jan-20
Medical Care CPI	514.3	514.3	445.9	15.3%*	Mar-20

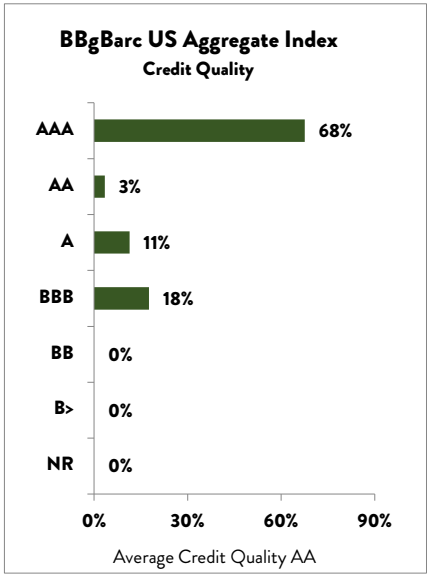
**% Off Low*

1Q2020 Bond Market Data

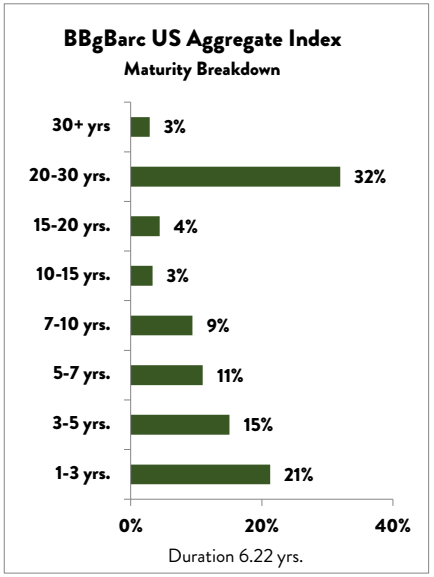
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
90-Day T-Bill	0.64%	0.64%	2.34%	1.75%	1.12%	0.60%
BBgBarc US Aggregate	3.15%	3.15%	8.93%	4.82%	3.36%	3.88%
BBgBarc Short US Treasury	0.84%	0.84%	2.64%	1.96%	1.32%	0.74%
BBgBarc Int. US Treasury	5.25%	5.25%	9.02%	4.15%	2.78%	2.86%
BBgBarc Long US Treasury	20.90%	20.90%	32.64%	13.41%	7.33%	8.96%
BBgBarc US TIPS	1.69%	1.69%	6.85%	3.46%	2.67%	3.48%
BBgBarc US Credit	-3.14%	-3.14%	5.10%	4.19%	3.28%	4.75%
BBgBarc US Mortgage-Backed	2.82%	2.82%	7.03%	4.04%	2.94%	3.28%
BBgBarc US Asset-Backed	-0.21%	-0.21%	2.79%	2.35%	1.99%	2.47%
BBgBarc US 20-Yr Municipal	-0.49%	-0.49%	5.07%	5.19%	4.09%	5.25%
BBgBarc US High Yield	-12.68%	-12.68%	-6.94%	0.77%	2.78%	5.64%
BBgBarc Global	-0.33%	-0.33%	4.20%	3.55%	2.64%	2.47%
BBgBarc International	-2.68%	-2.68%	0.74%	2.57%	2.04%	1.39%
BBgBarc Emerging Market	-9.48%	-9.48%	-2.89%	1.51%	3.28%	5.09%



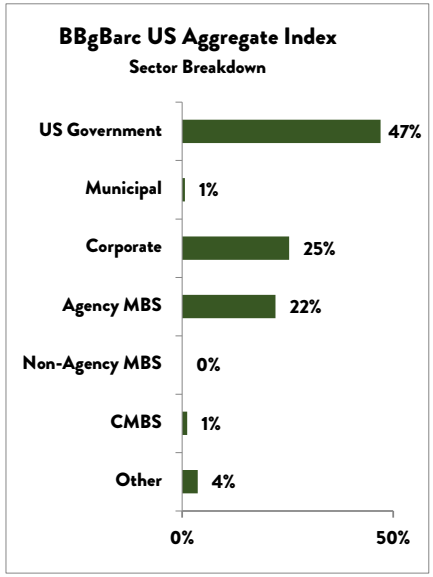
Source: Department of US Treasury



Source: Morningstar



Source: Morningstar



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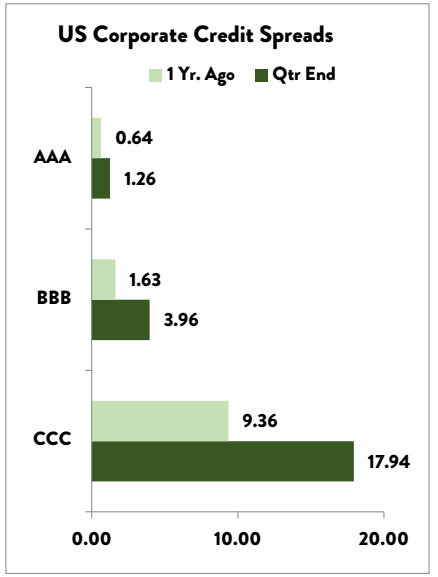


Source: Federal Reserve / Bank of America

1Q2020 US Equity Market Data

Sectors Weights/Returns (ranked by quarter performance)

S&P 500 Index

Wgt.	Sector	QTR	YTD	1 yr.
25%	Information Technology	-11.93%	-11.93%	10.43%
15%	Health Care	-12.67%	-12.67%	-1.01%
8%	Consumer Staples	-12.74%	-12.74%	-0.59%
4%	Utilities	-13.50%	-13.50%	-1.40%
11%	Communication Services	-16.95%	-16.95%	-3.32%
3%	Real Estate	-19.21%	-19.21%	-11.32%
10%	Consumer Discretionary	-19.29%	-19.29%	-10.77%
2%	Materials	-26.14%	-26.14%	-16.57%
8%	Industrials	-27.05%	-27.05%	-19.47%
11%	Financials	-31.92%	-31.92%	-17.15%
3%	Energy	-50.45%	-50.45%	-52.42%

S&P Midcap 400 Index

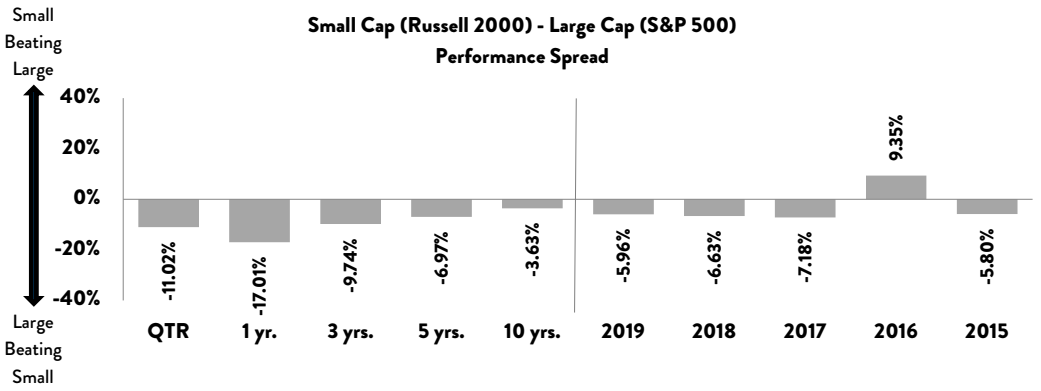
Wgt.	Sector	QTR	YTD	1 yr.
12%	Health Care	-14.35%	-14.35%	-7.25%
4%	Consumer Staples	-18.15%	-18.15%	-16.56%
5%	Utilities	-20.64%	-20.64%	-17.85%
17%	Information Technology	-25.15%	-25.15%	-11.81%
2%	Communication Services	-27.67%	-27.67%	-27.61%
16%	Industrials	-29.43%	-29.43%	-18.68%
6%	Materials	-31.73%	-31.73%	-28.37%
16%	Financials	-33.11%	-33.11%	-23.78%
10%	Real Estate	-33.15%	-33.15%	-27.75%
12%	Consumer Discretionary	-38.08%	-38.08%	-29.26%
1%	Energy	-69.76%	-69.76%	-77.90%

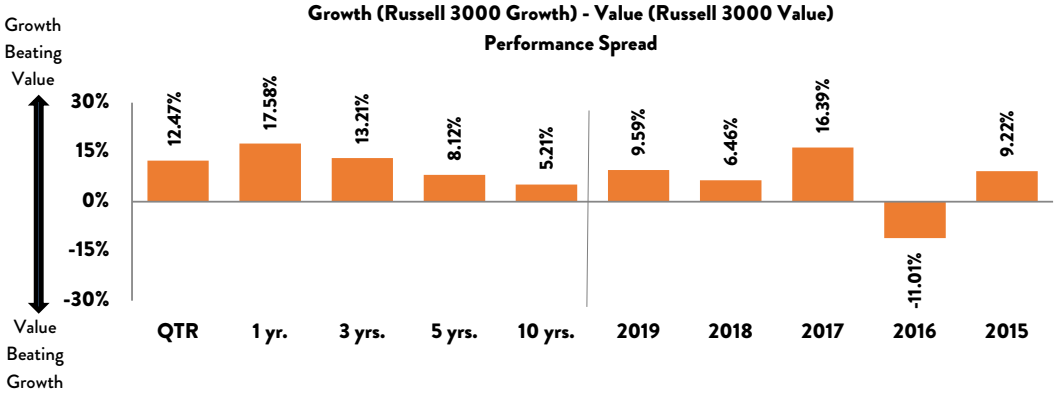
S&P Smallcap 600 Index

Wgt.	Sector	QTR	YTD	1 yr.
3%	Communication Services	-8.10%	-8.10%	-14.97%
3%	Utilities	-9.53%	-9.53%	2.01%
14%	Health Care	-19.89%	-19.89%	-10.17%
4%	Consumer Staples	-21.07%	-21.07%	-14.59%
15%	Information Technology	-26.04%	-26.04%	-11.22%
18%	Industrials	-32.71%	-32.71%	-22.52%
8%	Real Estate	-33.98%	-33.98%	-28.07%
17%	Financials	-34.82%	-34.82%	-26.05%
5%	Materials	-35.43%	-35.43%	-34.50%
11%	Consumer Discretionary	-43.53%	-43.53%	-39.71%
2%	Energy	-70.67%	-70.67%	-79.62%

Index Performance Data

				Annualized		
Index	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
S&P 500	-19.60%	-19.60%	-6.98%	5.10%	6.73%	10.53%
Russell 1000 Value	-26.73%	-26.73%	-17.17%	-2.18%	1.90%	7.67%
Russell 1000 Growth	-14.10%	-14.10%	0.91%	11.32%	10.36%	12.97%
Russell Mid Cap	-27.07%	-27.07%	-18.31%	-0.81%	1.85%	8.77%
Russell Mid Cap Value	-31.71%	-31.71%	-24.13%	-5.97%	-0.76%	7.22%
Russell Mid Cap Growth	-20.04%	-20.04%	-9.45%	6.53%	5.61%	10.89%
Russell 2000	-30.61%	-30.61%	-23.99%	-4.64%	-0.25%	6.90%
Russell 2000 Value	-35.66%	-35.66%	-29.64%	-9.51%	-2.42%	4.79%
Russell 2000 Growth	-25.76%	-25.76%	-18.58%	0.10%	1.70%	8.89%
Russell 3000	-20.90%	-20.90%	-9.13%	4.00%	5.77%	10.15%
DJ US Select REIT	-28.52%	-28.52%	-23.96%	-4.28%	-1.42%	6.88%





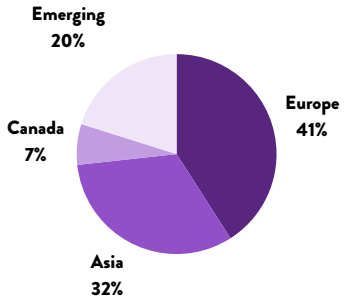
1Q2020 International Market Data

Index Performance Data (net)

Index (US$)	QTR	YTD	1 yr.	3 yrs.	5 yrs.	10 yrs.
MSCI ACWI ex-US	**-23.36%**	**-23.36%**	**-15.57%**	**-1.96%**	**-0.64%**	**2.05%**
MSCI EAFE	**-22.83%**	**-22.83%**	**-14.38%**	**-1.82%**	**-0.62%**	**2.72%**
Europe	**-24.33%**	**-24.33%**	**-15.50%**	**-2.34%**	**-1.31%**	**2.46%**
United Kingdom	-28.81%	-28.81%	-22.98%	-4.85%	-3.34%	1.60%
Germany	-27.00%	-27.00%	-17.54%	-6.84%	-3.99%	2.19%
France	-27.55%	-27.55%	-17.73%	-1.57%	0.47%	2.07%
Pacific	**-20.30%**	**-20.30%**	**-12.42%**	**-0.85%**	**0.77%**	**3.31%**
Japan	-16.79%	-16.79%	-6.69%	0.95%	1.82%	3.83%
Hong Kong	-17.33%	-17.33%	-21.07%	0.32%	1.90%	5.83%
Australia	-33.25%	-33.25%	-26.34%	-7.93%	-3.36%	0.44%
Canada	**-27.53%**	**-27.53%**	**-19.92%**	**-4.67%**	**-2.24%**	**-0.27%**
MSCI EM	**-23.60%**	**-23.60%**	**-17.69%**	**-1.62%**	**-0.37%**	**0.68%**
MSCI EM Latin America	**-45.62%**	**-45.62%**	**-40.77%**	**-12.98%**	**-5.90%**	**-6.67%**
MSCI EM Asia	**-18.09%**	**-18.09%**	**-12.10%**	**1.32%**	**1.42%**	**3.53%**
MSCI EM Eur/Mid East	**-31.01%**	**-31.01%**	**-22.58%**	**-4.76%**	**-2.05%**	**-4.26%**
MSCI ACWI Value ex-US	**-28.55%**	**-28.55%**	**-23.68%**	**-6.48%**	**-3.50%**	**0.10%**
MSCI ACWI Growth ex-US	**-18.25%**	**-18.25%**	**-7.31%**	**2.53%**	**2.10%**	**3.91%**
MSCI ACWI Sm Cap ex-US	**-29.01%**	**-29.01%**	**-21.18%**	**-4.89%**	**-0.81%**	**2.79%**

Regional Exposure

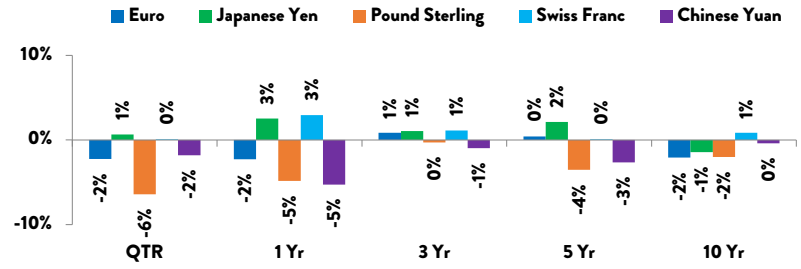
MSCI ACWI ex-USA



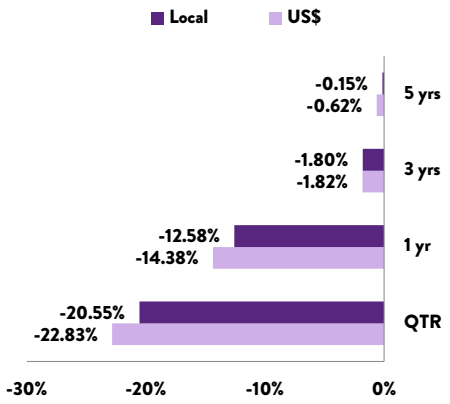
Top 10 Countries (MSCI AC World ex-USA)

Japan	17%
China	11%
UK	10%
Switzerland	7%
France	7%
Canada	6%
Germany	6%
Australia	4%
Taiwan	3%
South Korea	3%

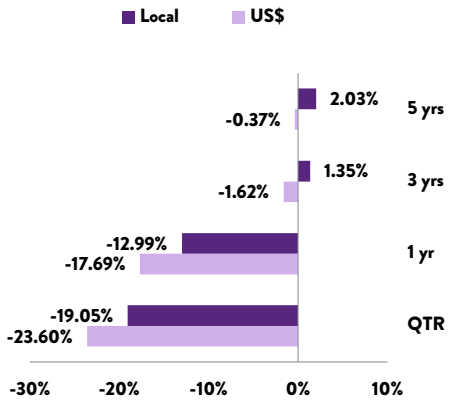
Foreign Currency v. US$ Returns



MSCI EAFE Index Return

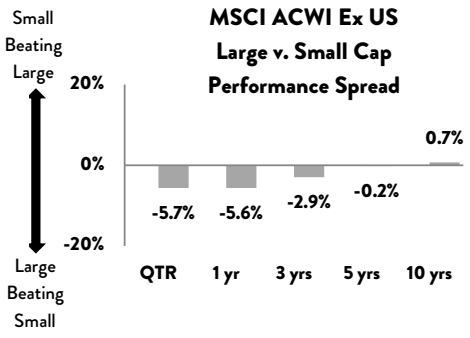


MSCI Emerging Index Return

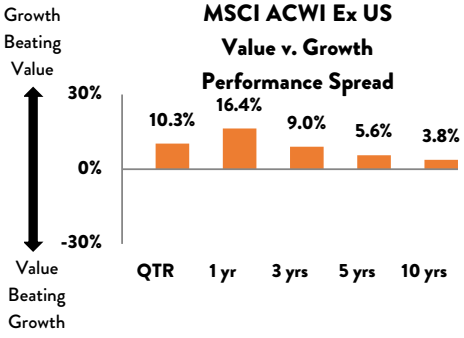


Exchange Rates	QTR	4Q19	3Q19	2Q19	1Q19	4Q18
Japanese Yen	107.53	108.67	108.11	107.84	110.68	109.70
Euro	0.91	0.89	0.92	0.88	0.89	0.87
British Pound	0.80	0.75	0.81	0.79	0.77	0.78
Swiss Franc	0.96	0.97	1.00	0.98	1.00	0.98
Chinese Yuan	7.08	6.96	7.15	6.87	6.71	6.88

MSCI ACWI Ex US Large v. Small Cap Performance Spread



MSCI ACWI Ex US Value v. Growth Performance Spread



Historical Market Returns

Ranked by Performance

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	1Q20
Emerging Markets 25.55%	Emerging Markets 34.00%	Emerging Markets 32.14%	Emerging Markets 39.42%	US Bonds 5.24%	Emerging Markets 78.51%	Small Cap 26.85%	Core Real Estate 14.96%	Emerging Markets 18.22%	Small Cap 38.82%	Large Cap 13.68%	Core Real Estate 13.95%	Small Cap 21.30%	Emerging Markets 37.28%	Core Real Estate 7.36%	Large Cap 31.49%	US Bonds 3.15%
Intl 20.91%	Commod. 21.36%	Intl 26.65%	Intl 16.65%	Global Bonds 4.79%	High Yield 58.21%	Mid Cap 25.48%	TIPS 13.56%	Mid Cap 17.28%	Mid Cap 34.76%	Mid Cap 13.21%	Large Cap 1.38%	High Yield 17.12%	Intl 27.19%	Cash 1.69%	Mid Cap 30.54%	TIPS 1.69%
Mid Cap 20.22%	Core Real Estate 20.15%	Small Cap 18.37%	Commod. 16.23%	Cash 1.39%	Intl 41.45%	Emerging Markets 18.88%	US Bonds 7.84%	Intl 16.83%	Large Cap 32.39%	Core Real Estate 11.44%	US Bonds 0.55%	Mid Cap 13.79%	Large Cap 21.83%	US Bonds 0.01%	Small Cap 25.52%	Core Real Estate 0.75%
Small Cap 18.33%	Intl 16.62%	Large Cap 15.79%	Core Real Estate 14.84%	TIPS -2.35%	Mid Cap 40.48%	Commod. 16.83%	Global Bonds 5.64%	Small Cap 16.35%	Intl 15.29%	US Bonds 5.97%	Cash 0.03%	Large Cap 11.95%	Mid Cap 18.52%	Global Bonds -1.20%	Intl 21.51%	Cash 0.64%
Global Balanced 12.18%	Mid Cap 12.65%	Core Real Estate 15.27%	TIPS 11.64%	Core Real Estate -10.70%	Small Cap 27.17%	Core Real Estate 15.26%	High Yield 4.98%	Large Cap 16.00%	Global Balanced 14.46%	Small Cap 4.89%	TIPS -1.43%	Commod. 11.76	Global Balanced 15.87%	TIPS -1.26%	Global Balanced 18.86%	Global Bonds -0.33%
Core Real Estate 12.00%	Large Cap 4.91%	Mid Cap 15.26%	Global Bonds 9.48%	Global Balanced -24.51%	Large Cap 26.46%	High Yield 15.12%	Large Cap 2.11%	High Yield 15.81%	Core Real Estate 12.95%	TIPS 3.64%	Global Balanced -1.45%	Emerging Markets 11.18%	Small Cap 14.65%	High Yield -2.08%	Emerging Markets 18.42%	High Yield -12.68%
High Yield 11.13%	Small Cap 4.55%	Global Balanced 14.53%	Global Balanced 9.07%	High Yield -26.16%	Global Balanced 20.49%	Large Cap 15.06%	Cash 0.06%	Global Balanced 11.06%	High Yield 7.44%	Global Balanced 3.17%	Mid Cap -2.43%	Core Real Estate 7.76%	High Yield 7.50%	Large Cap -4.38%	High Yield 14.32%	Global Balanced -12.71%
Large Cap 10.88%	Global Balanced 4.16%	High Yield 11.85%	US Bonds 6.97%	Small Cap -33.79%	Commod. 18.91%	Intl 11.15%	Global Balanced -0.97%	Core Real Estate 9.76%	Cash 0.07%	High Yield 2.45%	Global Bonds -3.15%	Global Balanced 5.38%	Global Bonds 7.39%	Global Balanced -5.30%	US Bonds 8.72%	Large Cap -19.60%
Global Bonds 9.27%	Cash 3.25%	Global Bonds 6.64%	Mid Cap 5.60%	Commod. -35.65%	TIPS 11.41%	Global Balanced 9.40%	Mid Cap -1.55%	TIPS 6.98%	US Bonds -2.02%	Global Bonds 0.59%	Small Cap -4.41%	TIPS 4.68%	Core Real Estate 6.66%	Mid Cap -9.06%	TIPS 8.43%	Commod. -23.29%
Commod. 9.15%	TIPS 2.84%	Cash 4.85%	Large Cap 5.49%	Large Cap -37.00%	Global Bonds 6.93%	US Bonds 6.54%	Small Cap -4.18%	Global Bonds 4.32%	Global Bonds -2.60%	Cash 0.04%	High Yield -4.46%	Intl 4.50%	US Bonds 3.54%	Small Cap -11.01%	Commod. 7.69%	Intl -23.36%
TIPS 8.46%	High Yield 2.74%	US Bonds 4.33%	Cash 4.44%	Mid Cap -41.46%	US Bonds 5.93%	TIPS 6.31%	Commod. -13.32%	US Bonds 4.21%	Emerging Markets -2.60%	Emerging Markets -2.18%	Intl -5.66%	US Bonds 2.65%	TIPS 3.01%	Commod. -11.25%	Global Bonds 6.84%	Emerging Markets -23.60%
US Bonds 4.34%	US Bonds 2.43%	Commod. 2.07%	High Yield 1.87%	Intl -45.53%	Cash 0.16%	Global Bonds 5.54%	Intl -13.71%	Cash 0.08%	TIPS -8.61%	Intl -3.86%	Emerging Markets -14.90%	Global Bonds 2.09%	Commod. 1.70%	Intl -14.20%	Core Real Estate 4.41%	Mid Cap -27.07%
Cash 1.44%	Global Bonds -4.49%	TIPS 0.41%	Small Cap -1.57%	Emerging Markets -53.33%	Core Real Estate -30.40%	Cash 0.15%	Emerging Markets -18.42%	Commod. -1.06%	Commod. -9.52%	Commod. -17.00%	Commod. -24.60%	Cash 0.25%	Cash 0.71%	Emerging Markets -14.58%	Cash 2.30%	Small Cap -30.61%

Global Balanced is composed of 60% MSCI World Stock Index, 35% BBgBarc Global Aggregate Bond Index, and 5% US 90-Day T-Bills.

Section 2

HRA VEBA TRUST

Employees in the Northwest

TRUST ASSET ALLOCATION

First Quarter 2020

Fixed Income	Ticker	Assets	%
HRA VEBA Stable Value	-	$123,219,002	21.8%
Metropolitan West Total Return Bond Plan	MWTSX	$9,481,643	1.7%
	Total	**$132,700,645**	**23.4%**

Large Cap	Ticker	Assets	%
Vanguard Institutional Index Instl	VINIX	$76,736,234	13.6%
	Total	**$76,736,234**	**13.6%**

Mid Cap	Ticker	Assets	%
Carillon Scout Mid Cap R6	CSMUX	$7,751,421	1.4%
	Total	**$7,751,421**	**1.4%**

Small Cap	Ticker	Assets	%
Champlain Small Company Instl	CIPNX	$7,484,555	1.3%
	Total	**$7,484,555**	**1.3%**

International	Ticker	Assets	%
American Funds EuroPacific Growth R6	RERGX	$4,859,975	0.9%
	Total	**$4,859,975**	**0.9%**

Asset Allocation	Ticker	Assets	%
Vanguard Balanced Index I	VBAIX	$63,826,112	11.3%
Vanguard LifeStrategy Income Inv	VASIX	$89,574,145	15.8%
Vanguard LifeStrategy Cons Gr Inv	VSCGX	$75,254,948	13.3%
Vanguard LifeStrategy Mod Gr Inv	VSMGX	$40,770,721	7.2%
Vanguard LifeStrategy Growth Inv	VASGX	$67,057,780	11.8%
	Total	**$336,483,706**	**59.4%**

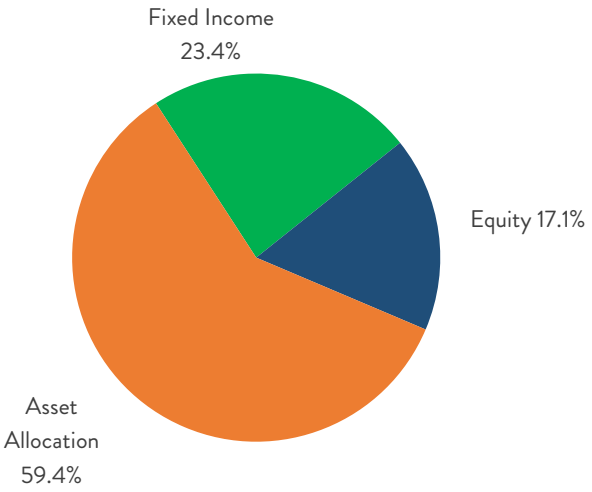
TOTAL TRUST ASSETS **$566,016,536**

HRA VEBA TRUST

Employees in the Northwest

TRUST ASSET ALLOCATION

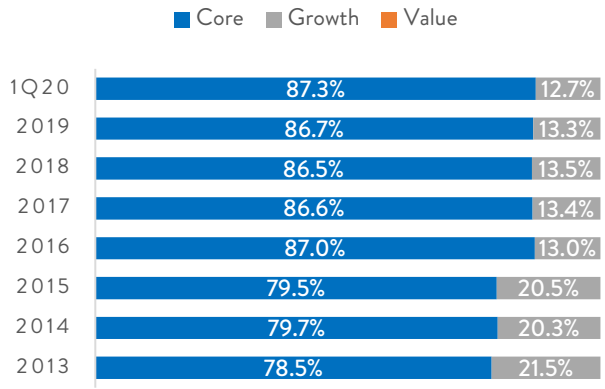
First Quarter 2020



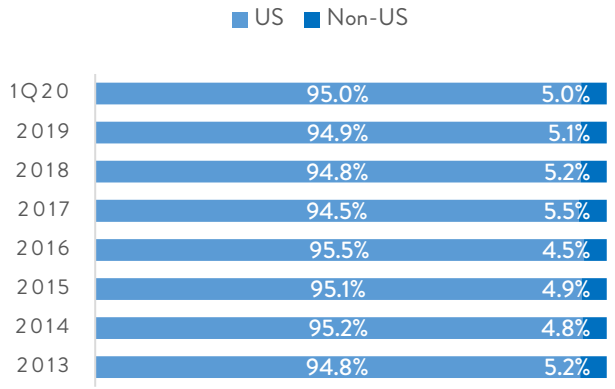
HISTORICAL TRUST ALLOCATION

Asset Class	1Q20	2019	2018	2017	2016	2015	2014	2013
Fixed Income	23.4%	19.4%	19.1%	17.2%	19.6%	20.8%	21.4%	23.8%
Large Cap	13.6%	15.8%	15.4%	16.6%	16.0%	16.2%	17.2%	17.3%
Mid Cap	1.4%	1.8%	1.9%	2.0%	1.7%	1.6%	1.7%	1.7%
Small Cap	1.3%	1.7%	1.7%	1.7%	1.7%	1.6%	1.7%	1.9%
International	0.9%	1.0%	1.0%	1.2%	0.9%	1.0%	1.0%	1.2%
Asset Allocation	59.4%	60.3%	60.9%	61.3%	60.1%	58.8%	57.0%	54.0%

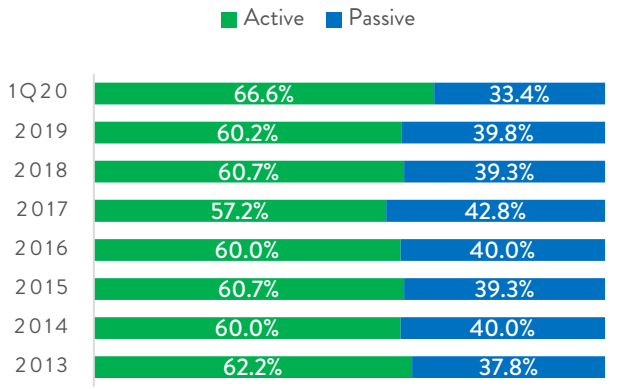
EQUITY STYLE*



BY EQUITY REGION*



ACTIVE V PASSIVE**



*Excludes Fixed Income and Asset Allocation assets

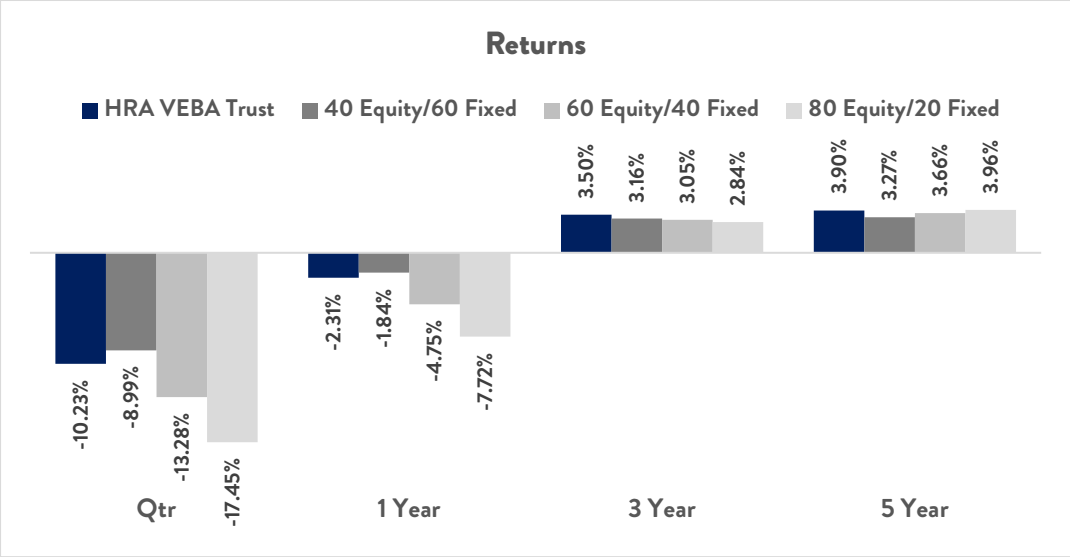
**Excludes Asset Allocation assets

TRUST LEVEL CASH FLOWS

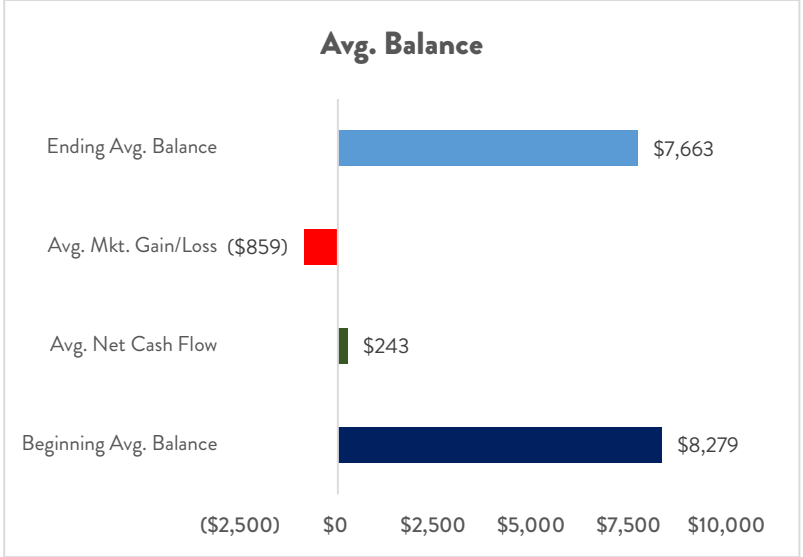
	Beginning Value	Net Cash Flow	Market Gain/Loss	Ending Value
Fixed Income	$118,610,070	$13,269,232	$821,342	$132,700,645
Large Cap	$96,551,809	($820,319)	($18,995,257)	$76,736,234
Mid Cap	$11,150,307	($601,941)	($2,796,945)	$7,751,421
Small Cap	$10,157,982	($177,548)	($2,495,879)	$7,484,555
International	$6,307,687	($10,177)	($1,437,535)	$4,859,975
Asset Allocation	$368,740,769	$6,286,065	($38,543,128)	$336,483,706
Total	$611,518,625	$17,945,313	($63,447,402)	$566,016,536

HISTORICAL TRUST CASH FLOWS

	Beginning Value	Net Cash Flow	Market Gain/Loss	Ending Value
1Q20	$611,518,625	$17,945,313	($63,447,402)	$566,016,536
YTD	$611,518,625	$17,945,313	($63,447,402)	$566,016,536
2019	$485,945,531	$39,067,088	$86,506,007	$611,518,625
2018	$465,730,499	$35,198,031	($14,982,999)	$485,945,531
2017	$398,215,112	$17,548,361	$49,967,026	$465,730,499
2016	$357,293,760	$15,351,569	$25,569,783	$398,215,112



Equity Indices: Russell 3000, MSCI ACWI ex USA; Fixed Indices: US Treasury 3 Mo T-Bill, BBgBarc Global Aggregate Bond (rebalanced quarterly)



Only active participants are included in the average.

Section 3

Key: Ⓟ Pass / ● Fail	Investment Policy Status			
	Performance Factors	Qualitative Factors	On-Watch Date Initiated	Notes
HRA VEBA Stable Value	Ⓟ	Ⓟ	-	
Metropolitan West Total Return Bond Plan	Ⓟ	Ⓟ	-	
Vanguard Institutional Index Instl	Ⓟ	Ⓟ	-	
Carillon Scout Mid Cap R6	Ⓟ	Ⓟ	-	
Champlain Small Company Instl	Ⓟ	Ⓟ	-	
American Funds EuroPacific Growth R6	●	Ⓟ	-	Trailing Benchmark and Peer Group for 5 year period.
Vanguard Balanced Index I	Ⓟ	Ⓟ	-	
Vanguard LifeStrategy Income Inv	Ⓟ	Ⓟ	-	
Vanguard LifeStrategy Cons Gr Inv	Ⓟ	Ⓟ	-	
Vanguard LifeStrategy Mod Gr Inv	Ⓟ	Ⓟ	-	
Vanguard LifeStrategy Growth Inv	Ⓟ	Ⓟ	-	

				Annualized								
	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
HRA VEBA Stable Value	**0.55**	**0.55**	**2.33**	**2.03**	**1.81**	**1.63**	**2.34**	**1.92**	**1.64**	**1.52**	**1.42**	**1.56**
5 Yr Constant Maturity US Treasury Yield	0.29	0.29	1.63	2.14	1.90	1.63	1.96	2.75	1.91	1.44	1.53	1.64
US 90 Day T-Bill	0.64	0.64	2.34	1.75	1.12	0.60	2.30	1.69	0.71	0.25	0.03	0.04
+/- Index	0.26	0.26	0.70	(0.11)	(0.09)	0.00	0.39	(0.83)	(0.27)	0.08	(0.11)	(0.08)
US Stable Value	29	29	27	34	36	61	30	43	39	40	40	25

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Metropolitan West Total Return Bond Plan	**2.26**	**2.26**	**8.29**	**4.71**	**3.29**	**4.79**	**9.23**	**0.29**	**3.49**	**2.56**	**0.25**	**6.16**
BBgBarc Capital US Aggregate Bond Index	3.15	3.15	8.93	4.82	3.36	3.88	8.72	0.01	3.54	2.65	0.55	5.97
+/- Index	(0.89)	(0.89)	(0.64)	(0.11)	(0.07)	0.91	0.51	0.27	(0.05)	(0.09)	(0.30)	0.19
US Fund Intermediate Core-Plus Bond	9	9	4	6	8	9	53	17	78	83	31	27

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard Institutional Index Instl	**-19.60**	**-19.60**	**-7.00**	**5.08**	**6.70**	**10.50**	**31.46**	**-4.42**	**21.79**	**11.93**	**1.37**	**13.65**
S&P 500 Index	-19.60	-19.60	-6.98	5.10	6.73	10.53	31.49	-4.38	21.83	11.96	1.38	13.69
+/- Index	0.00	0.00	(0.02)	(0.02)	(0.03)	(0.03)	(0.02)	(0.04)	(0.04)	(0.03)	(0.01)	(0.04)
US Fund Large Blend	33	33	26	19	12	7	24	27	29	27	20	18

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Carillon Scout Mid Cap R6	**-25.18**	**-25.18**	**-21.10**	**-1.26**	**2.77**	**8.78**	**20.84**	**-9.71**	**24.04**	**18.31**	**1.41**	**4.09**
Russell Mid Cap Index	-27.07	-27.07	-18.31	-0.81	1.85	8.77	30.54	-9.06	18.52	13.80	-2.44	13.22
+/- Index	1.89	1.89	(2.79)	(0.45)	0.92	0.01	(9.70)	(0.65)	5.52	4.51	3.85	(9.13)
US Fund Mid-Cap Blend	20	20	50	25	11	10	88	30	3	23	7	86

				Annualized								
	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Champlain Small Company Instl	**-24.40**	**-24.40**	**-17.67**	**-0.11**	**4.60**	**9.63**	**25.35**	**-2.97**	**10.81**	**28.22**	**-1.21**	**4.07**
Russell 2000 Index	-30.61	-30.61	-23.99	-4.64	-0.25	6.90	25.52	-11.01	14.65	21.31	-4.41	4.89
Russell 2000 Growth Index	-25.76	-25.76	-18.58	0.10	1.70	8.89	28.48	-9.31	22.17	11.32	-1.38	5.60
+/- Index	6.21	6.21	6.32	4.53	4.85	2.73	(0.18)	8.04	(3.83)	6.92	3.20	(0.82)
US Fund Small Blend	**2**	**2**	**4**	**1**	**1**	**1**	**38**	**2**	**66**	**10**	**11**	**53**

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
American Funds EuroPacific Growth R6	**-22.43**	**-22.43**	**-12.70**	**0.28**	**0.91**	**3.97**	**27.40**	**-14.91**	**31.17**	**1.01**	**-0.48**	**-2.29**
MSCI ACWI Ex-USA Growth (Net) Index	-18.25	-18.25	-7.31	2.53	2.10	3.91	27.34	-14.43	32.01	0.12	-1.25	-2.65
MSCI ACWI Ex-USA (Net) Index	-23.36	-23.36	-15.57	-1.96	-0.64	2.05	21.51	-14.20	27.19	4.50	-5.66	-3.87
+/- Index	(4.18)	(4.18)	(5.39)	(2.25)	(1.19)	0.06	0.06	(0.48)	(0.84)	0.89	0.77	0.36
US Fund Foreign Large Growth	**87**	**87**	**85**	**69**	**57**	**59**	**59**	**58**	**44**	**20**	**66**	**27**

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard Balanced Index I	**-11.59**	**-11.59**	**-1.73**	**4.71**	**5.07**	**7.90**	**21.79**	**-2.82**	**13.86**	**8.81**	**0.52**	**10.00**
Vanguard Balanced Composite Index	-11.09	-11.09	-1.11	4.95	5.28	8.09	21.87	-2.80	13.93	8.89	0.76	10.06
+/- Index	(0.50)	(0.50)	(0.62)	(0.24)	(0.21)	(0.19)	(0.08)	(0.02)	(0.07)	(0.08)	(0.24)	(0.06)
US Fund Allocation--50% to 70% Equity	**17**	**17**	**12**	**9**	**8**	**7**	**18**	**11**	**43**	**21**	**12**	**9**

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard LifeStrategy Income Inv	**-3.01**	**-3.01**	**3.63**	**4.15**	**3.42**	**4.59**	**12.05**	**-1.05**	**6.98**	**4.58**	**0.22**	**6.76**
Vanguard LifeStrategy Income Index	-2.63	-2.63	4.19	4.44	3.68	4.81	12.26	-0.98	7.15	4.79	0.47	6.84
+/- Index	(0.38)	(0.38)	(0.56)	(0.29)	(0.26)	(0.22)	(0.21)	(0.07)	(0.17)	(0.21)	(0.25)	(0.08)
US Fund Allocation--15% to 30% Equity	**11**	**11**	**7**	**4**	**5**	**25**	**35**	**11**	**49**	**65**	**8**	**4**

*The LifeStrategy funds may demonstrate longer-term tracking error due to the fact that prior to 2011 they applied some active amangement in the strategy. The funds moved to an all passive strategy in late 2011 and tracking error has been minor since this change.

				Annualized								
	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard LifeStrategy Cons Gr Inv	**-8.00**	**-8.00**	**-0.30**	**3.59**	**3.49**	**5.39**	**15.68**	**-2.95**	**10.92**	**5.96**	**-0.17**	**6.95**
Vanguard LifeStrategy Conservative Growth Index	-7.52	-7.52	0.40	3.95	3.78	5.59	15.94	-2.88	11.11	6.11	-0.14	7.12
+/- Index	(0.48)	(0.48)	(0.70)	(0.36)	(0.29)	(0.20)	(0.26)	(0.07)	(0.19)	(0.15)	(0.03)	(0.17)
US Fund Allocation--30% to 50% Equity	**17**	**17**	**15**	**7**	**7**	**17**	**36**	**14**	**30**	**54**	**12**	**9**

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard LifeStrategy Mod Gr Inv	**-12.89**	**-12.89**	**-4.28**	**2.92**	**3.46**	**6.20**	**19.37**	**-4.91**	**15.04**	**7.13**	**-0.57**	**7.07**
Vanguard LifeStrategy Moderate Growth Index	-12.36	-12.36	-3.50	3.34	3.77	6.50	19.67	-4.81	15.19	7.37	-0.39	7.35
+/- Index	(0.53)	(0.53)	(0.78)	(0.42)	(0.31)	(0.30)	(0.30)	(0.10)	(0.15)	(0.24)	(0.18)	(0.28)
US Fund Allocation--50% to 70% Equity	**32**	**32**	**30**	**31**	**30**	**39**	**53**	**39**	**26**	**42**	**32**	**38**

	QTR	YTD	1Yr	3Yr	5Yr	10Yr	2019	2018	2017	2016	2015	2014
Vanguard LifeStrategy Growth Inv	**-17.60**	**-17.60**	**-8.22**	**2.17**	**3.33**	**6.78**	**23.13**	**-6.90**	**19.21**	**8.33**	**-1.17**	**7.18**
Vanguard LifeStrategy Growth Index	-17.12	-17.12	-7.49	2.60	3.66	7.09	23.46	-6.78	19.39	8.56	-0.94	7.54
+/- Index	(0.48)	(0.48)	(0.73)	(0.43)	(0.33)	(0.31)	(0.33)	(0.12)	(0.18)	(0.23)	(0.23)	(0.36)
US Fund Allocation--70% to 85% Equity	**30**	**30**	**23**	**23**	**18**	**20**	**32**	**34**	**20**	**34**	**30**	**20**

*The LifeStrategy funds may demonstrate longer-term tracking error due to the fact that prior to 2011 they applied some active amangement in the strategy. The funds moved to an all passive strategy in late 2011 and tracking error has been minor since this change.

Section 4

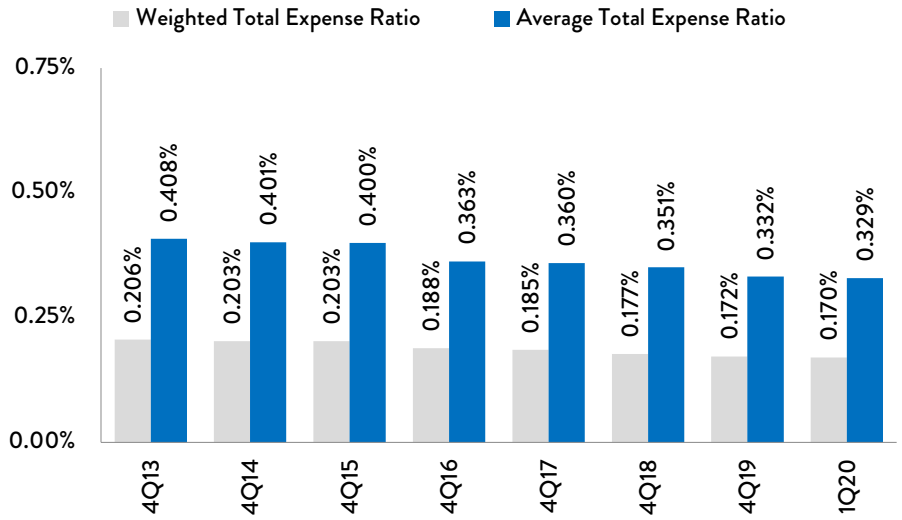
HRA VEBA TRUST

Employees in the Northwest

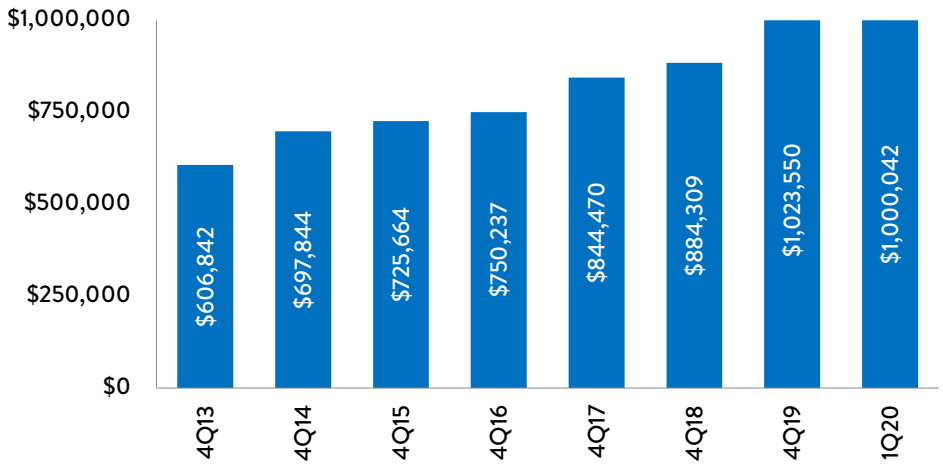
TRUST FEE ANALYSIS

First Quarter 2020

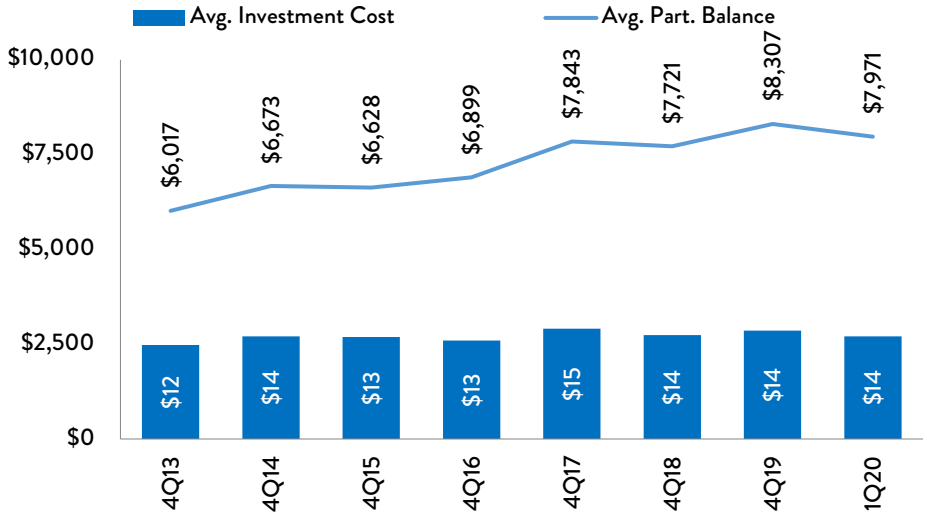
Annualized Investment Costs (%)



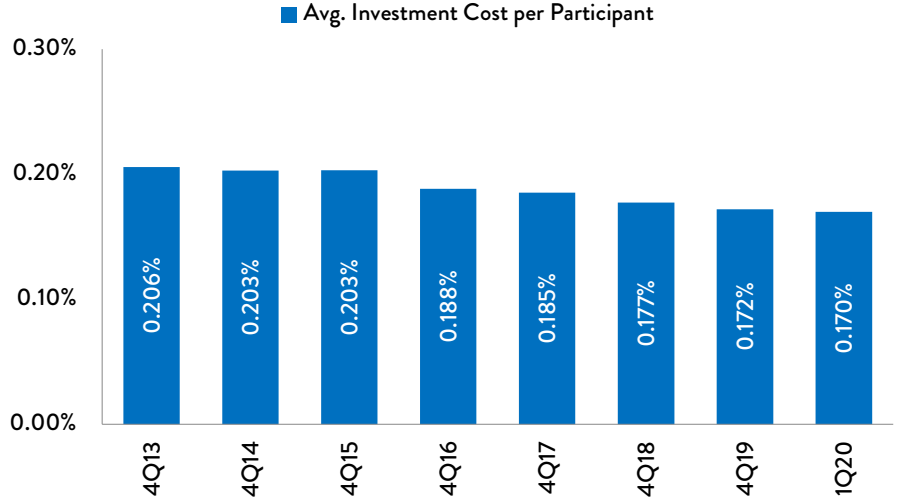
Annualized Investment Costs ($)



Average Participant Balance & Investment Costs ($)



Annualized Investment Cost Summary (as a % of total assets)



HRA VEBA TRUST

Employees in the Northwest

TRUST FEE ANALYSIS

First Quarter 2020

Fund	Ticker	Quarter Average Assets	Expense Ratio	Est. Annual Invest. Cost
HRA VEBA Stable Value	-	$116,400,166	0.30%	$345,813
Metropolitan West Total Return Bond Plan	MWTSX	$9,255,192	0.37%	$34,244
Vanguard Institutional Index Instl	VINIX	$86,644,021	0.04%	$30,325
Carillon Scout Mid Cap R6	CSMUX	$9,450,864	0.88%	$83,168
Champlain Small Company Instl	CIPNX	$8,821,269	0.99%	$87,331
American Funds EuroPacific Growth R6	RERGX	$5,583,831	0.49%	$27,361
Vanguard Balanced Index I	VBAIX	$68,964,786	0.06%	$41,379
Vanguard LifeStrategy Income Inv	VASIX	$89,040,677	0.11%	$97,945
Vanguard LifeStrategy Cons Gr Inv	VSCGX	$78,302,532	0.12%	$93,963
Vanguard LifeStrategy Mod Gr Inv	VSMGX	$43,126,904	0.13%	$56,065
Vanguard LifeStrategy Growth Inv	VASGX	$73,177,338	0.14%	$102,448
TOTAL		$588,767,581		$1,000,042

Weighted Expense Ratio:	0.17%
Average Expense Ratio:	0.33%

Total Number of Participants:	73,862
Average Participant Balance:	$7,971
Average Participant Investment Cost:	$14

Section 5

HRA VEBA TRUST

Employees in the Northwest

HRA VEBA STABLE VALUE (GS)

First Quarter 2020

Portfolio Characteristics	3/31/2020
Average Credit Quality	AA-/Aa2
Net Spot Yield	2.16%
Portfolio Duration	2.39 yrs
Management Fees	0.15%
Wrap Fees	0.14%
3-Month Cash Flow	$12,937,893

Portfolio Guidelines	Min/Max
Cash	0%-35%
GIC	0%-40%
Wrapped Fixed	0%-100%
Wrapped Broad Market	0%-100%
Duration	2.00 yrs-3.50 yrs

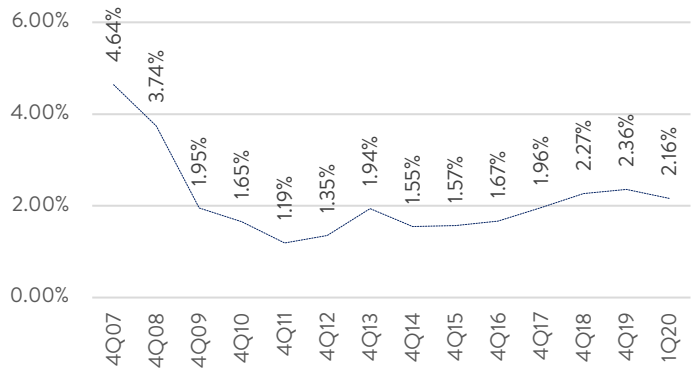
Period	Book Value	M/B Ratio
1Q19	$92,303,380	100.3%
2Q19	$99,159,982	101.4%
3Q19	$105,788,501	101.6%
4Q19	$109,631,451	101.5%
1Q20	$123,232,997	101.5%

Sector Breakdowns	3/31/2020
US Treasury	41%
Agency	1%
Investment Grade Corporate	35%
Cash	10%
Mortgage-Backed Security	4%
ABS	6%
Non-Corp. Credit	2%

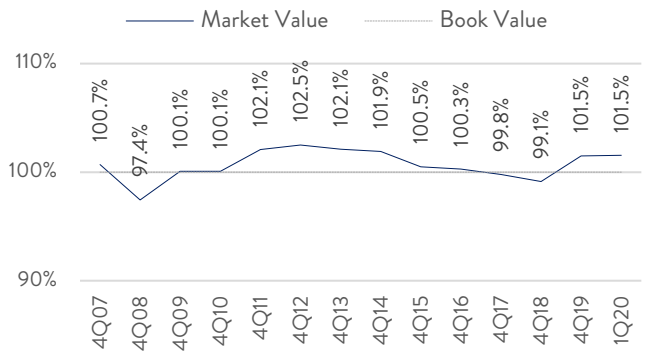
Credit Quality	3/31/2020
AAA	65%
AA	3%
A	19%
BBB	14%
<BBB	0%
NR	0%

Manager Allocation	3/31/2020
Goldman Sachs Govt MM Fund	10%
Collateral Account	0%
RGA Wrapped Bond	45%
State Street Wrapped Bond	45%

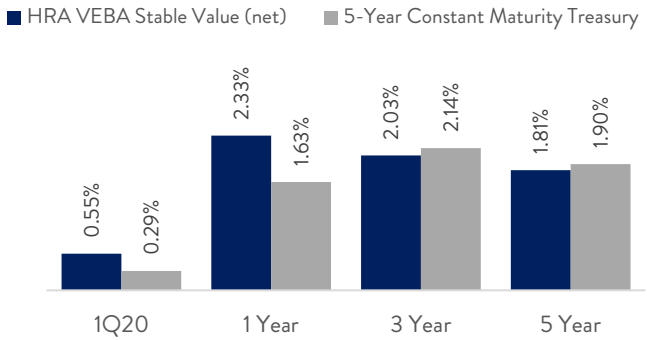
Historical Annualized Net Yield



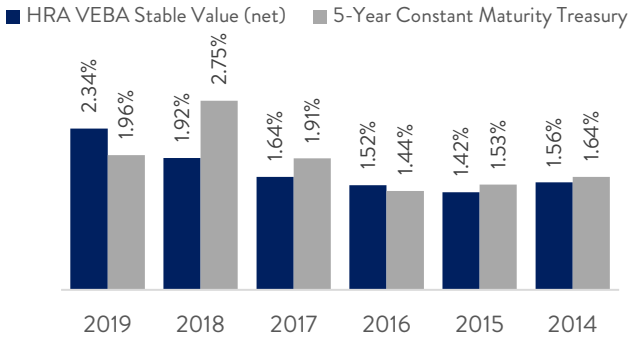
Market to Book



Annualized Performance



Annual Performance



American Funds Europacific Growth R6 (USD)

Morningstar Analyst Rating™ Gold 09-18-2019

Overall Morningstar Rating™ ★★★ 420 US Fund Foreign Large Growth

Standard Index MSCI ACWI Ex USA NR USD

Category Index MSCI ACWI Ex USA Growth NR USD

Morningstar Cat US Fund Foreign Large Growth

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	1.03	-2.82	-0.84	-12.59	-14.91
2019	13.20	3.87	-1.59	10.09	27.40
2020	-22.43	—	—	—	-15.43

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-7.60	2.15	2.11	5.02	7.48
Std 03-31-2020	-12.70	—	0.91	3.97	6.69
Total Return	-7.60	2.15	2.11	5.02	7.48
+/- Std Index	3.91	2.40	2.28	2.13	—
+/- Cat Index	-5.22	-2.24	-0.81	0.17	—
% Rank Cat	79	65	55	57	
No. in Cat	468	420	348	249	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 04-30-20	1.18	1.18

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-4225 or visit www.americanfunds.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.41
12b1 Expense %	NA
Net Expense Ratio %	**0.49**
Gross Expense Ratio %	**0.49**

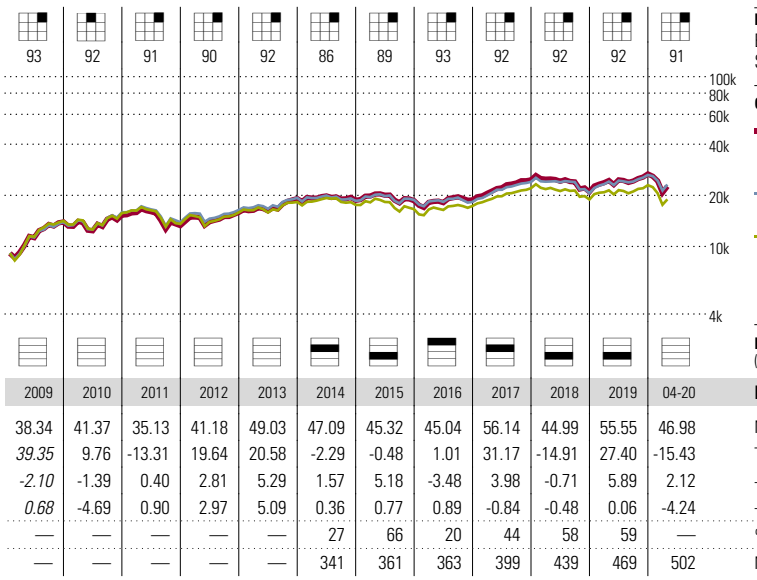
Risk and Return Profile

	3 Yr 420 funds	5 Yr 348 funds	10 Yr 249 funds
Morningstar Rating™	2★	3★	3★
Morningstar Risk	+Avg	Avg	Avg
Morningstar Return	Avg	Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	16.32	14.72	15.09
Mean	2.15	2.11	5.02
Sharpe Ratio	0.11	0.14	0.36

MPT Statistics	Standard Index	Best Fit Index MSCI ACWI Ex USA NR USD
Alpha	2.48	2.48
Beta	1.02	1.02
R-Squared	97.10	97.10

12-Month Yield	1.61%
Potential Cap Gains Exp	32.93%



Investment Style
Equity
Stocks %

Growth of $10,000
- American Funds Europacific Growth R6 22,596
- Category Average 23,145
- Standard Index 18,936

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
38.34	41.37	35.13	41.18	49.03	47.09	45.32	45.04	56.14	44.99	55.55	46.98	NAV/Price
39.35	9.76	-13.31	19.64	20.58	-2.29	-0.48	1.01	31.17	-14.91	27.40	-15.43	Total Return %
-2.10	-1.39	0.40	2.81	5.29	1.57	5.18	-3.48	3.98	-0.71	5.89	2.12	+/- Standard Index
0.68	-4.69	0.90	2.97	5.09	0.36	0.77	0.89	-0.84	-0.48	0.06	-4.24	+/- Category Index
—	—	—	—	—	27	66	20	44	58	59	—	% Rank Cat
—	—	—	—	—	341	361	363	399	439	469	502	No. of Funds in Cat

Portfolio Analysis 03-31-2020

Asset Allocation %	Net %	Long %	Short %
Cash	9.23	9.23	0.00
US Stocks	0.93	0.93	0.00
Non-US Stocks	89.74	89.74	0.00
Bonds	0.09	0.09	0.00
Other/Not Clsfd	0.01	0.01	0.00
Total	100.00	100.00	0.00

Equity Style

Value / Blend / Growth; Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	17.7	1.25	0.82
P/C Ratio TTM	10.8	1.33	0.78
P/B Ratio TTM	2.0	1.44	0.72
Geo Avg Mkt Cap $mil	39604	1.23	0.92

Fixed-Income Style

Ltd / Mod / Ext; High / Mid / Low

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	2.38
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	9.5	1.02
Greater Europe	43.7	1.00
Greater Asia	46.8	1.00

Share Chg since 12-2019	Share Amount	Holdings : 346 Total Stocks , 2 Total Fixed-Income, 35% Turnover Ratio	Net Assets %
⊕	378 mil	AIA Group Ltd	2.61
⊖	12 mil	ASML Holding NV	2.39
⊖	189 mil	Reliance Industries Ltd	2.13
⊕	39 mil	Daiichi Sankyo Co Ltd	2.08
⊖	6 mil	Nintendo Co Ltd	1.78
⊖	195 mil	HDFC Bank Ltd	1.68
⊖	6 mil	Keyence Corp	1.57
⊕	4 mil	MercadoLibre Inc	1.54
⊕	5 mil	LVMH Moet Hennessy Louis Vuitton SE	1.52
⊖	30 mil	Airbus SE	1.52
⊖	10 mil	Alibaba Group Holding Ltd ADR	1.42
⊖	192 mil	Taiwan Semiconductor Manufacturing	1.32
⊖	70 mil	Alibaba Group Holding Ltd Ordinary	1.26
	95 mil	Kotak Mahindra Bank Ltd	1.24
⊕	33 mil	Tencent Holdings Ltd	1.23

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**38.2**	**0.97**
Basic Materials	5.9	0.81
Consumer Cyclical	14.7	1.43
Financial Services	16.2	0.87
Real Estate	1.4	0.45
Sensitive	**35.8**	**1.00**
Communication Services	7.8	0.91
Energy	4.3	0.80
Industrials	8.9	0.79
Technology	14.9	1.40
Defensive	**26.0**	**1.04**
Consumer Defensive	6.7	0.64
Healthcare	15.6	1.42
Utilities	3.7	1.05

Operations

Family:	American Funds	Ticker:	RERGX	Incept:	05-01-2009
Manager:	Multiple	ISIN:	US2987068218	Type:	MF
Tenure:	18.9 Years	Minimum Initial Purchase:	$250	Total Assets:	$147,618.71 mil
Objective:	Foreign Stock	Min Auto Investment Plan:	$50		
Base Currency:	USD	Purchase Constraints:	A		

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MORNINGSTAR®

Carillon Scout Mid Cap R-6 (USD)

Morningstar Quantitative Rating™
Gold Q
04-30-2020

Overall Morningstar Rating™
☆☆☆☆☆
370 US Fund Mid-Cap Blend

Standard Index
S&P 500 TR USD

Category Index
Russell Mid Cap TR USD

Morningstar Cat
US Fund Mid-Cap Blend

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.63	2.28	6.78	-16.80	-9.71
2019	14.58	1.16	-0.65	4.94	20.84
2020	-25.18	—	—	—	-14.81

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-13.07	—	—	—	-2.19
Std 03-31-2020	-21.10	—	—	—	-7.50
Total Return	-13.07	*2.76*	*5.91*	*9.64*	-2.19
+/- Std Index	-13.94	*-6.28*	*-3.21*	*-2.06*	—
+/- Cat Index	-3.07	*-0.70*	*1.10*	*-0.20*	—
% Rank Cat	48	*19*	*7*	*11*	
No. in Cat	407	370	292	217	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield	—	—

Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-4184 or visit www.eagleasset.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

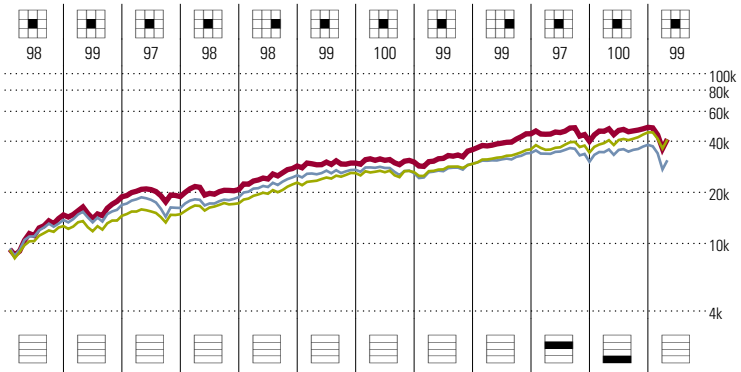
Management Fees %	0.74
12b1 Expense %	0.00
Net Expense Ratio %	**0.88**
Gross Expense Ratio %	**0.88**

Risk and Return Profile

	3 Yr *370 funds*	5 Yr *292 funds*	10 Yr *217 funds*
Morningstar Rating™	4☆	5☆	5☆
Morningstar Risk	*-Avg*	*-Avg*	*-Avg*
Morningstar Return	*+Avg*	*High*	*+Avg*

	3 Yr	5 Yr	10 Yr
Standard Deviation	*19.45*	*16.52*	*15.65*
Mean	*2.76*	*5.91*	*9.64*
Sharpe Ratio	*0.15*	*0.36*	*0.63*

MPT Statistics	Standard Index	Best Fit Index
Alpha	*-6.48*	—
Beta	*1.12*	—
R-Squared	*94.07*	—
12-Month Yield		—
Potential Cap Gains Exp		—



Investment Style
Equity
Stocks %

Growth of $10,000
- Carillon Scout Mid Cap R-6 41,139
- Category Average 30,903
- Standard Index 40,914

Performance Quartile
(within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
—	—	—	—	—	—	—	—	19.01	15.84	18.98	16.17	NAV/Price
47.16	*27.89*	*0.32*	*9.89*	*37.68*	*4.09*	*1.41*	*18.31*	*24.04*	-9.71	20.84	-14.81	Total Return %
20.69	*12.83*	*-1.79*	*-6.11*	*5.29*	*-9.60*	*0.03*	*6.35*	*2.21*	-5.32	-10.64	-5.51	+/- Standard Index
6.68	*2.42*	*1.87*	*-7.39*	*2.92*	*-9.12*	*3.85*	*4.51*	*5.52*	-0.65	-9.70	1.79	+/- Category Index
—	—	—	—	—	—	—	—	—	38	88	—	% Rank Cat
—	—	—	—	—	—	—	—	—	464	404	425	No. of Funds in Cat

Portfolio Analysis 03-31-2020

Asset Allocation %	Net %	Long %	Short %
Cash	0.67	0.67	0.00
US Stocks	96.80	96.80	0.00
Non-US Stocks	2.53	2.53	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
	■	

(Large / Mid / Small)

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	13.8	0.70	0.84
P/C Ratio TTM	8.8	0.68	0.82
P/B Ratio TTM	1.8	0.61	0.95
Geo Avg Mkt Cap $mil	10165	0.08	1.36

Fixed-Income Style

Ltd	Mod	Ext

(High / Mod / Low)

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	98.7	1.00
Greater Europe	0.5	0.46
Greater Asia	0.8	16.83

Share Chg since 12-2019	Share Amount	Holdings : 152 Total Stocks , 0 Total Fixed-Income, 170% Turnover Ratio	Net Assets %
⊖	491,275	WEC Energy Group Inc	2.18
⊕	384,450	Mid-America Apartment Communities	2.00
⊕	450,900	Lear Corp	1.85
⊖	344,475	Skyworks Solutions Inc	1.55
⊕	367,266	ONE Gas Inc	1.55
⊖	195,150	Dollar General Corp	1.48
⊖	3 mil	AGNC Investment Corp	1.46
⊕	109,549	W.W. Grainger Inc	1.37
✲	329,850	Prologis Inc	1.34
⊖	213,725	FTI Consulting Inc	1.29
⊕	252,974	Atmos Energy Corp	1.26
✲	714,400	D.R. Horton Inc	1.22
⊖	413,050	CMS Energy Corp	1.22
⊖	4 mil	Zynga Inc Class A	1.21
✲	409,050	CrowdStrike Holdings Inc Class A	1.15

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**40.4**	**1.40**
Basic Materials	6.4	3.04
Consumer Cyclical	13.9	1.36
Financial Services	10.9	0.80
Real Estate	9.2	3.16
Sensitive	**40.2**	**0.90**
Communication Services	3.0	0.28
Energy	1.5	0.48
Industrials	17.3	2.06
Technology	18.4	0.83
Defensive	**19.4**	**0.73**
Consumer Defensive	4.1	0.53
Healthcare	7.8	0.50
Utilities	7.5	2.31

Operations

Family:	Carillon Family of Funds	Base Currency:	USD	Purchase Constraints:	A
Manager:	Multiple	Ticker:	CSMUX	Incept:	11-20-2017
Tenure:	13.6 Years	ISIN:	US14214M8495	Type:	MF
Objective:	Growth	Minimum Initial Purchase:	$0	Total Assets:	$2,402.95 mil

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MORNINGSTAR®

Champlain Small Company Institutional (USD)

Morningstar Analyst Rating™	Overall Morningstar Rating™	Standard Index	Category Index	Morningstar Cat
Gold 10-04-2019	★★★ 581 US Fund Small Growth	S&P 500 TR USD	Russell 2000 Growth TR USD	US Fund Small Growth

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	1.95	11.44	6.08	-19.49	-2.97
2019	15.11	3.46	-1.28	6.62	25.35
2020	-24.40	—	—	—	-14.06

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-10.42	3.74	—	—	7.00
Std 03-31-2020	-17.67	—	—	—	3.40
Total Return	-10.42	3.74	*7.75*	*10.69*	7.00
+/- Std Index	-11.29	-5.30	*-1.38*	*-1.00*	—
+/- Cat Index	-1.21	-0.47	*2.55*	*0.74*	—
% Rank Cat	61	62	*29*	*42*	
No. in Cat	636	581	500	381	

	Subsidized	Unsubsidized
7-day Yield 05-28-20	0.00	—
30-day SEC Yield	—	—

Performance Disclosure

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The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

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Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

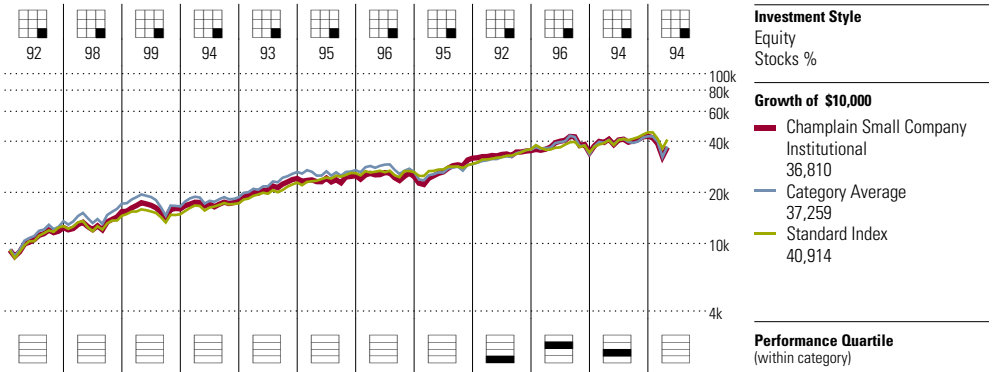
Management Fees %	0.81
12b1 Expense %	NA
Net Expense Ratio %	**0.99**
Gross Expense Ratio %	**0.98**

Risk and Return Profile

	3 Yr 581 funds	5 Yr *500 funds*	10 Yr *381 funds*
Morningstar Rating™	3★	4☆	4☆
Morningstar Risk	Low	*-Avg*	*Low*
Morningstar Return	Avg	*+Avg*	*Avg*

	3 Yr	5 Yr	10 Yr
Standard Deviation	19.96	*17.91*	*16.28*
Mean	3.74	*7.75*	*10.69*
Sharpe Ratio	0.20	*0.44*	*0.67*

MPT Statistics	Standard Index	Best Fit Index Russell 2000 TR USD
Alpha	-5.22	3.87
Beta	1.10	0.86
R-Squared	85.25	96.40
12-Month Yield		—
Potential Cap Gains Exp		35.37%



Investment Style
Equity
Stocks %

Growth of $10,000
- Champlain Small Company Institutional 36,810
- Category Average 37,259
- Standard Index 40,914

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
—	—	—	—	—	—	—	19.78	19.98	17.08	19.84	17.05	NAV/Price
23.86	*24.30*	*3.88*	*10.66*	*36.21*	*4.07*	*-1.21*	*28.22*	10.81	-2.97	25.35	-14.06	Total Return %
-2.60	*9.23*	*1.77*	*-5.34*	*3.82*	*-9.61*	*-2.60*	*16.26*	-11.02	1.41	-6.14	-4.77	+/- Standard Index
-10.60	*-4.79*	*6.79*	*-3.93*	*-7.09*	*-1.53*	*0.17*	*16.91*	-11.35	6.34	-3.14	0.65	+/- Category Index
—	—	—	—	—	—	—	—	96	30	63	—	% Rank Cat
—	—	—	—	—	—	—	—	684	676	640	653	No. of Funds in Cat

Portfolio Analysis 01-31-2020

Asset Allocation %	Net %	Long %	Short %
Cash	6.36	6.36	0.00
US Stocks	92.14	92.14	0.00
Non-US Stocks	1.50	1.50	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
			Large
			Mid
		■	Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	24.0	1.22	0.91
P/C Ratio TTM	17.7	1.36	0.94
P/B Ratio TTM	2.8	0.94	0.75
Geo Avg Mkt Cap $mil	2693	0.02	0.67

Fixed-Income Style

Ltd	Mod	Ext
			High
			Mod
			Low

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	100.0	1.01
Greater Europe	0.0	0.00
Greater Asia	0.0	0.00

Share Chg since 10-2019	Share Amount	Holdings : 66 Total Stocks , 70 Total Fixed-Income, 30% Turnover Ratio	Net Assets %
	500,000	John Bean Technologies Corp	2.76
⊕	1 mil	Integra Lifesciences Holdings Corp	2.74
⊕	635,000	Q2 Holdings Inc	2.71
⊖	400,000	MSA Safety Inc	2.65
⊕	3 mil	Pure Storage Inc A	2.61
⊕	4 mil	Hostess Brands Inc Class A	2.43
	780,000	Sensient Technologies Corp	2.28
⊕	700,000	Argo Group International Holdings	2.25
⊕	290,000	Lancaster Colony Corp	2.19
	3 mil	Welbilt Inc	2.17
⊕	660,000	UMB Financial Corp	2.14
⊕	3 mil	Yext Inc	2.14
⊖	425,000	Conmed Corp	2.11
	690,000	Catalent Inc	2.06
	665,000	Barnes Group Inc	2.05

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**25.9**	**0.90**
Basic Materials	5.6	2.68
Consumer Cyclical	5.2	0.51
Financial Services	15.1	1.11
Real Estate	0.0	0.00
Sensitive	**38.2**	**0.86**
Communication Services	2.0	0.18
Energy	0.0	0.00
Industrials	17.1	2.04
Technology	19.1	0.86
Defensive	**35.9**	**1.35**
Consumer Defensive	14.3	1.85
Healthcare	21.5	1.39
Utilities	0.0	0.00

Operations

Family:	Champlain Funds	Base Currency:	USD	Purchase Constraints:	C
Manager:	Multiple	Ticker:	CIPNX	Incept:	08-31-2016
Tenure:	15.5 Years	ISIN:	US00766Y1901	Type:	MF
Objective:	Small Company	Minimum Initial Purchase:	$1 mil	Total Assets:	$1,966.99 mil

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MORNINGSTAR®

Metropolitan West Total Return Bd Plan (USD)

Morningstar Analyst Rating™	Overall Morningstar Rating™	Standard Index	Category Index	Morningstar Cat
Silver 12-04-2019	★★★★★ 533 US Fund Intermediate Core-Plus Bond	BBgBarc US Agg Bond TR USD	BBgBarc US Universal TR USD	US Fund Intermediate Core-Plus Bond

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-1.30	-0.01	0.12	1.49	0.29
2019	3.15	3.27	2.26	0.28	9.23
2020	2.26	—	—	—	4.69

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	10.80	5.30	3.82	—	4.47
Std 03-31-2020	8.29	—	3.29	—	4.23
Total Return	10.80	5.30	3.82	*4.81*	4.47
+/- Std Index	-0.04	0.12	0.03	*0.85*	—
+/- Cat Index	1.65	0.52	0.04	*0.67*	—
% Rank Cat	5	5	13	*12*	
No. in Cat	606	533	449	333	

	Subsidized	Unsubsidized
7-day Yield 05-28-20	2.12	—
30-day SEC Yield 04-30-20	2.36	2.98

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-241-4671 or visit www.mwamllc.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

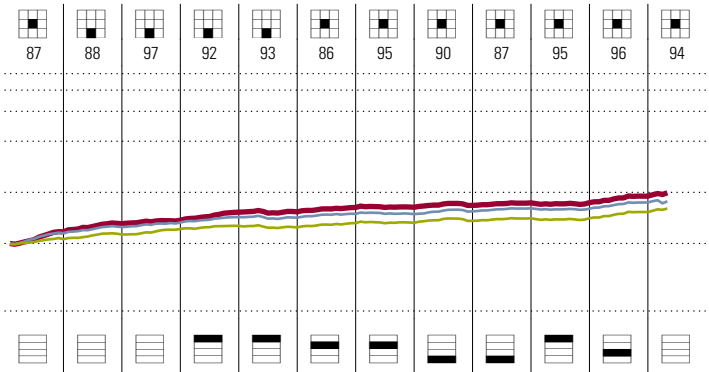
Management Fees %	0.35
12b1 Expense %	NA
Net Expense Ratio %	**0.37**
Gross Expense Ratio %	**0.37**

Risk and Return Profile

	3 Yr 533 funds	5 Yr 449 funds	10 Yr *333 funds*
Morningstar Rating™	5★	5★	5☆
Morningstar Risk	-Avg	-Avg	*-Avg*
Morningstar Return	High	+Avg	*+Avg*

	3 Yr	5 Yr	10 Yr
Standard Deviation	3.43	3.12	*2.95*
Mean	5.30	3.82	*4.81*
Sharpe Ratio	1.03	0.86	*1.41*

MPT Statistics	Standard Index	Best Fit Index BBgBarc US Agg Bond TR USD
Alpha	0.04	0.04
Beta	1.03	1.03
R-Squared	96.80	96.80
12-Month Yield		2.50%
Potential Cap Gains Exp		-2.48%



Investment Style
Fixed-Income
Bond %

Growth of $10,000
- Metropolitan West Total Return Bd Plan 19,882
- Category Average 17,698
- Standard Index 16,064

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
—	—	9.79	10.27	9.94	10.28	10.00	9.91	10.03	9.78	10.29	10.69	NAV/Price
17.08	*11.53*	*4.92*	11.54	0.45	6.16	0.25	2.56	3.49	0.29	9.23	4.69	Total Return %
11.15	*4.99*	*-2.92*	7.33	2.47	0.19	-0.30	-0.09	-0.05	0.27	0.51	-0.29	+/- Standard Index
8.48	*4.36*	*-2.48*	6.01	1.79	0.60	-0.18	-1.35	-0.60	0.54	-0.06	1.36	+/- Category Index
—	—	—	7	17	27	31	83	78	17	53	—	% Rank Cat
—	—	—	467	500	510	528	561	597	617	613	620	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	3.31	5.23	1.91
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	96.15	96.35	0.19
Other/Not Clsfd	0.53	0.54	0.00
Total	100.00	102.11	2.11

Equity Style

Value	Blend	Growth

(Large / Mid / Small)

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap $mil	—	—	—

Fixed-Income Style

Ltd	Mod	Ext

(High / Mid / Low)

Avg Eff Maturity	7.47
Avg Eff Duration	5.32
Avg Wtd Coupon	3.11
Avg Wtd Price	104.49

Credit Quality Breakdown 03-31-2020	Bond %
AAA	62.52
AA	2.94
A	9.04
BBB	19.35
BB	2.60
B	0.84
Below B	2.71
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

Share Chg since 03-2020	Share Amount	Holdings : 1 Total Stocks , 1,959 Total Fixed-Income, 255% Turnover Ratio	Net Assets %
⊕	5,816 mil	United States Treasury Notes 0.5%	7.12
✲	2,880 mil	Federal National Mortgage Associat	3.69
⊖	1,897 mil	Federal National Mortgage Associat	2.40
⊖	1,832 mil	Federal National Mortgage Associat	2.35
✲	1,669 mil	Federal National Mortgage Associat	2.12
⊖	1,108 mil	United States Treasury Bonds 0.25%	1.50
⊖	1,024 mil	United States Treasury Bonds 2%	1.47
✲	1,063 mil	Federal National Mortgage Associat	1.34
⊕	954 mil	United States Treasury Notes 0.25%	1.24
✲	839 mil	United States Treasury Notes 0.38%	1.02
⊕	589 mil	United States Treasury Bonds 2.38%	0.91
⊕	690 mil	United States Treasury Notes 0.12%	0.86
⊖	648 mil	Federal Home Loan Mortgage Corpora	0.85
	637 mil	Government National Mortgage Assoc	0.82
⊖	590 mil	Fnma Pass-Thru I 3.5%	0.77

Sector Weightings	Stocks %	Rel Std Index
Cyclical	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
Sensitive	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
Defensive	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

Operations

Family:	Metropolitan West Funds	Base Currency:	USD	Purchase Constraints:	A
Manager:	Multiple	Ticker:	MWTSX	Incept:	07-29-2011
Tenure:	23.2 Years	ISIN:	US5929057645	Type:	MF
Objective:	Corporate Bond - General	Minimum Initial Purchase:	$25 mil	Total Assets:	$83,391.09 mil

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MORNINGSTAR®

Vanguard Balanced Index I (USD)

Morningstar Analyst Rating™
Silver
12-04-2019

Overall Morningstar Rating™
★★★★★
643 US Fund Allocation--50% to 70% Equity

Standard Index
Morningstar Mod Tgt Risk TR USD

Category Index
Morningstar Mod Tgt Risk TR USD

Morningstar Cat
US Fund Allocation--50% to 70% Equity

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.87	2.28	4.26	-8.06	-2.82
2019	9.57	3.74	1.68	5.39	21.79
2020	-11.59	—	—	—	-4.04

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	4.21	7.27	6.78	8.60	6.34
Std 03-31-2020	-1.73	—	5.07	7.90	5.92
Total Return	4.21	7.27	6.78	8.60	6.34
+/- Std Index	4.50	2.63	2.19	2.15	—
+/- Cat Index	4.50	2.63	2.19	2.15	—
% Rank Cat	10	9	8	8	
No. in Cat	687	643	561	413	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-28-20	2.04	2.07

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-809-8102 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

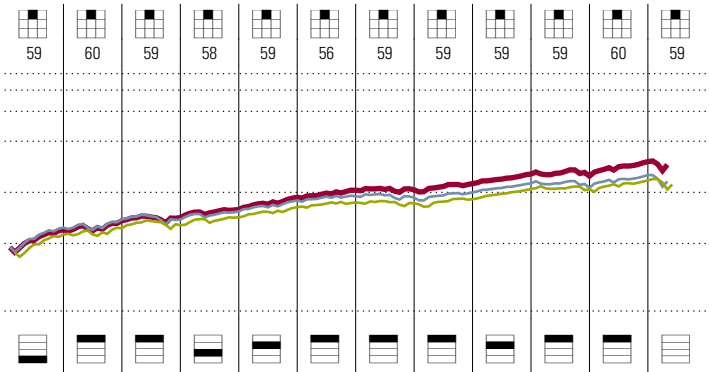
Management Fees %	0.06
12b1 Expense %	NA
Net Expense Ratio %	**0.06**
Gross Expense Ratio %	**0.06**

Risk and Return Profile

	3 Yr 643 funds	5 Yr 561 funds	10 Yr 413 funds
Morningstar Rating™	5★	5★	5★
Morningstar Risk	-Avg	-Avg	Low
Morningstar Return	High	High	High

	3 Yr	5 Yr	10 Yr
Standard Deviation	10.52	9.18	8.48
Mean	7.27	6.78	8.60
Sharpe Ratio	0.56	0.64	0.94

MPT Statistics	Standard Index	Best Fit Index Russell 3000 TR USD
Alpha	2.44	1.35
Beta	1.03	0.60
R-Squared	96.38	98.45
12-Month Yield		2.16%
Potential Cap Gains Exp		34.25%



Investment Style
Equity
Stocks %

Growth of $10,000
Vanguard Balanced Index I 29,113
Category Average 23,196
Standard Index 22,248

Performance Quartile
(within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
19.35	21.38	21.78	23.76	27.52	29.68	29.22	31.12	34.72	33.00	39.24	37.35	NAV/Price
20.18	13.34	4.31	11.51	18.11	10.00	0.52	8.81	13.86	-2.82	21.79	-4.04	Total Return %
-1.60	1.01	3.72	-0.54	3.80	5.11	2.31	0.24	-0.80	1.94	2.77	3.17	+/- Standard Index
-1.60	1.01	3.72	-0.54	3.80	5.11	2.31	0.24	-0.80	1.94	2.77	3.17	+/- Category Index
76	24	6	61	37	9	12	21	43	11	18	—	% Rank Cat
1177	1074	963	936	877	866	940	810	810	775	697	705	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	2.48	2.48	0.00
US Stocks	58.66	58.66	0.00
Non-US Stocks	0.66	0.66	0.00
Bonds	37.90	37.90	0.00
Other/Not Clsfd	0.30	0.30	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	19.2	1.25	1.08
P/C Ratio TTM	12.5	1.34	1.12
P/B Ratio TTM	2.8	1.65	1.23
Geo Avg Mkt Cap $mil	76510	2.39	1.05

Fixed-Income Style

Ltd	Mod	Ext
	■	

High / Mid / Low

Avg Eff Maturity	8.10
Avg Eff Duration	6.18
Avg Wtd Coupon	3.01
Avg Wtd Price	110.51

Credit Quality Breakdown 03-31-2020	Bond %
AAA	67.78
AA	3.29
A	11.08
BBB	17.85
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	99.0	1.64
Greater Europe	0.9	0.05
Greater Asia	0.1	0.01

Share Chg since 03-2020	Share Amount	Holdings : 3,083 Total Stocks , 9,825 Total Fixed-Income, 37% Turnover Ratio	Net Assets %
⊖	7 mil	Microsoft Corp	2.87
⊖	4 mil	Apple Inc	2.46
⊖	375,896	Amazon.com Inc	2.19
⊖	2 mil	Facebook Inc A	1.03
⊖	267,776	Alphabet Inc Class C	0.85
⊖	2 mil	Johnson & Johnson	0.83
⊖	259,526	Alphabet Inc A	0.82
⊖	311 mil	United States Treasury Notes 0.5%	0.74
⊖	2 mil	Berkshire Hathaway Inc B	0.71
⊕	280 mil	United States Treasury Notes 0.5%	0.66
⊖	2 mil	Visa Inc Class A	0.64
⊖	2 mil	Procter & Gamble Co	0.62
⊖	3 mil	JPMorgan Chase & Co	0.60
⊖	844,749	UnitedHealth Group Inc	0.58
⊖	240 mil	United States Treasury Notes 0.38%	0.57

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**30.3**	**0.81**
Basic Materials	2.3	0.49
Consumer Cyclical	10.6	1.10
Financial Services	13.5	0.87
Real Estate	3.9	0.53
Sensitive	**43.7**	**1.19**
Communication Services	10.0	1.39
Energy	2.8	0.67
Industrials	9.0	0.82
Technology	21.8	1.53
Defensive	**26.0**	**1.00**
Consumer Defensive	7.1	0.81
Healthcare	15.7	1.21
Utilities	3.2	0.75

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Multiple	Ticker:	VBAIX	Incept:	12-01-2000
Tenure:	7.3 Years	ISIN:	US9219313098	Type:	MF
Objective:	Balanced	Minimum Initial Purchase:	$5 mil	Total Assets:	$42,169.55 mil

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MORNINGSTAR®

Vanguard Institutional Index I (USD)

Morningstar Analyst Rating™ Gold 03-06-2020

Overall Morningstar Rating™ ★★★★★ 1,231 US Fund Large Blend

Standard Index S&P 500 TR USD

Category Index Russell 1000 TR USD

Morningstar Cat US Fund Large Blend

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.77	3.42	7.70	-13.53	-4.42
2019	13.65	4.30	1.69	9.06	31.46
2020	-19.60	—	—	—	-9.29

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	0.84	9.02	9.10	11.67	9.60
Std 03-31-2020	-7.00	—	6.70	10.50	9.18
Total Return	0.84	9.02	9.10	11.67	9.60
+/- Std Index	-0.02	-0.03	-0.03	-0.03	—
+/- Cat Index	0.76	0.34	0.36	0.10	—
% Rank Cat	21	16	11	7	
No. in Cat	1379	1231	1052	797	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-27-20	2.25	2.28

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-809-8102 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.03
12b1 Expense %	NA
Net Expense Ratio %	**0.04**
Gross Expense Ratio %	**0.04**

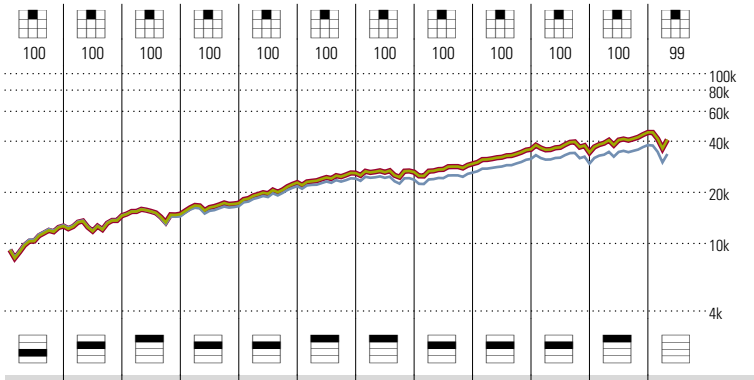
Risk and Return Profile

	3 Yr 1231 funds	5 Yr 1052 funds	10 Yr 797 funds
Morningstar Rating™	4★	4★	5★
Morningstar Risk	Avg	Avg	Avg
Morningstar Return	+Avg	+Avg	High

	3 Yr	5 Yr	10 Yr
Standard Deviation	16.79	14.70	13.82
Mean	9.02	9.10	11.67
Sharpe Ratio	0.50	0.59	0.83

MPT Statistics	Standard Index	Best Fit Index S&P 500 TR USD
Alpha	-0.03	-0.03
Beta	1.00	1.00
R-Squared	100.00	100.00

12-Month Yield	2.03%
Potential Cap Gains Exp	43.75%



Investment Style
Equity
Stocks %

Growth of $10,000
- Vanguard Institutional Index I 40,866
- Category Average 33,637
- Standard Index 40,914

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
101.98	115.01	115.04	130.52	169.28	188.67	186.62	203.83	243.46	227.55	290.23	260.08	NAV/Price
26.63	15.05	2.09	15.98	32.35	13.65	1.37	11.93	21.79	-4.42	31.46	-9.29	Total Return %
0.17	-0.02	-0.02	-0.02	-0.04	-0.04	-0.01	-0.03	-0.04	-0.04	-0.02	0.00	+/- Standard Index
-1.80	-1.05	0.59	-0.44	-0.76	0.41	0.45	-0.12	0.10	0.36	0.04	0.39	+/- Category Index
52	29	17	35	42	18	20	27	29	27	24	—	% Rank Cat
2027	2010	1786	1686	1559	1568	1606	1409	1396	1402	1387	1433	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	0.68	0.68	0.00
US Stocks	98.14	98.14	0.00
Non-US Stocks	1.17	1.17	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	19.7	1.00	1.03
P/C Ratio TTM	13.0	1.00	0.97
P/B Ratio TTM	3.0	1.00	0.92
Geo Avg Mkt Cap $mil	126856	1.00	0.72

Fixed-Income Style

Ltd	Mod	Ext

High / Mid / Low

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	98.8	1.00
Greater Europe	1.1	1.00
Greater Asia	0.0	1.00

Share Chg since 03-2020	Share Amount	Holdings : 505 Total Stocks , 1 Total Fixed-Income, 4% Turnover Ratio	Net Assets %
⊕	68 mil	Microsoft Corp	5.63
⊕	37 mil	Apple Inc	5.05
⊕	4 mil	Amazon.com Inc	4.24
⊕	21 mil	Facebook Inc A	2.03
⊕	3 mil	Alphabet Inc A	1.66
⊖	3 mil	Alphabet Inc Class C	1.66
⊕	23 mil	Johnson & Johnson	1.63
⊕	17 mil	Berkshire Hathaway Inc B	1.51
⊕	15 mil	Visa Inc Class A	1.26
⊕	22 mil	Procter & Gamble Co	1.21
⊖	26 mil	JPMorgan Chase & Co	1.15
⊕	8 mil	UnitedHealth Group Inc	1.14
⊕	39 mil	Intel Corp	1.07
⊕	8 mil	Mastercard Inc A	1.01
⊕	10 mil	The Home Depot Inc	0.99

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**28.8**	**1.00**
Basic Materials	2.2	1.03
Consumer Cyclical	10.3	1.00
Financial Services	13.5	0.99
Real Estate	2.9	1.00
Sensitive	**44.7**	**1.00**
Communication Services	10.9	1.00
Energy	3.0	1.00
Industrials	8.4	1.00
Technology	22.4	1.00
Defensive	**26.5**	**1.00**
Consumer Defensive	7.7	1.00
Healthcare	15.5	1.00
Utilities	3.3	1.00

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Multiple	Ticker:	VINIX	Incept:	07-31-1990
Tenure:	19.4 Years	ISIN:	US9220401007	Type:	MF
Objective:	Growth and Income	Minimum Initial Purchase:	$5 mil	Total Assets:	$214,927.21 mil

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MORNINGSTAR®

Vanguard LifeStrategy Cnsrv Gr Inv (USD)

Morningstar Analyst Rating™ Gold 02-27-2020

Overall Morningstar Rating™ ★★★★★ 512 US Fund Allocation--30% to 50% Equity

Standard Index Morningstar Mod Tgt Risk TR USD

Category Index Morningstar Mod Con Tgt Risk TR USD

Morningstar Cat US Fund Allocation--30% to 50% Equity

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.65	0.51	1.69	-4.42	-2.95
2019	6.75	3.20	1.65	3.30	15.68
2020	-8.00	—	—	—	-3.03

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	3.67	5.07	4.50	5.81	6.72
Std 03-31-2020	-0.30	—	3.49	5.39	6.52
Total Return	3.67	5.07	4.50	5.81	6.72
+/- Std Index	3.97	0.43	-0.10	-0.63	—
+/- Cat Index	0.48	0.16	0.04	0.26	—
% Rank Cat	13	8	7	20	
No. in Cat	552	512	418	272	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-28-20	2.13	2.31

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.00
12b1 Expense %	NA
Net Expense Ratio %	**0.12**
Gross Expense Ratio %	**0.12**

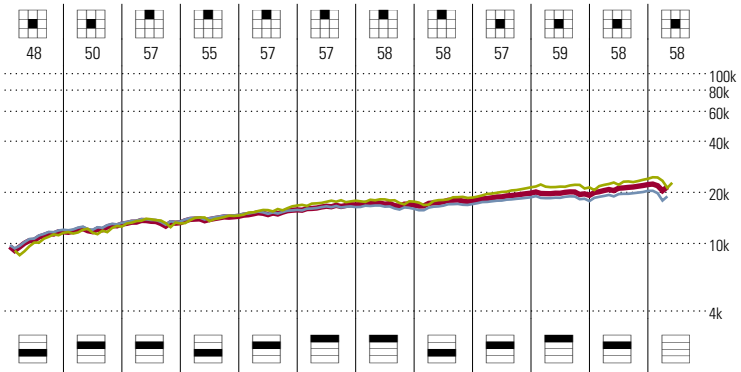
Risk and Return Profile

	3 Yr 512 funds	5 Yr 418 funds	10 Yr 272 funds
Morningstar Rating™	5★	5★	4★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	6.96	6.20	5.93
Mean	5.07	4.50	5.81
Sharpe Ratio	0.50	0.56	0.88

MPT Statistics	Standard Index	Best Fit Index Morningstar Lifetime Mod 2015 TR USD
Alpha	1.21	0.23
Beta	0.68	0.91
R-Squared	96.46	99.37

12-Month Yield	2.65%
Potential Cap Gains Exp	22.02%



Investment Style
Fixed-Income
Bond %

Growth of $10,000
- Vanguard LifeStrategy Cnsrv Gr Inv 21,540
- Category Average 18,931
- Standard Index 22,769

Performance Quartile (within category)

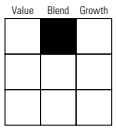
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
15.12	16.36	16.22	16.97	18.05	18.44	17.84	18.45	19.96	18.67	21.03	20.30	NAV/Price
17.06	11.14	1.76	9.19	9.08	6.95	-0.17	5.96	10.92	-2.95	15.68	-3.03	Total Return %
-4.72	-1.19	1.17	-2.85	-5.23	2.07	1.62	-2.61	-3.74	1.80	-3.34	4.18	+/- Standard Index
1.75	1.49	-0.84	-0.47	0.25	2.66	0.86	-0.70	0.06	-0.09	0.43	0.14	+/- Category Index
75	32	48	57	33	9	12	54	30	14	36	—	% Rank Cat
628	656	618	715	722	724	848	515	518	541	562	556	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	2.37	2.37	0.00
US Stocks	23.68	23.68	0.00
Non-US Stocks	16.08	16.08	0.00
Bonds	57.53	57.79	0.26
Other/Not Clsfd	0.34	0.34	0.00
Total	100.00	100.26	0.26

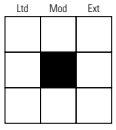
Share Chg since 03-2020	Share Amount	Holdings : 9,704 Total Stocks , 16,231 Total Fixed-Income, 9% Turnover Ratio	Net Assets %
⊕	367 mil	Vanguard Total Bond Market II Idx	41.58
⊖	34 mil	Vanguard Total Stock Mkt Idx Inv	24.08
⊕	154 mil	Vanguard Total Intl Bd Idx Investor	17.51
⊖	112 mil	Vanguard Total Intl Stock Index Inv	16.25

Equity Style



Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	16.6	1.08	0.93
P/C Ratio TTM	10.3	1.09	0.88
P/B Ratio TTM	1.9	1.13	0.84
Geo Avg Mkt Cap $mil	46803	1.46	0.57

Fixed-Income Style



Avg Eff Maturity	8.65
Avg Eff Duration	6.82
Avg Wtd Coupon	2.75
Avg Wtd Price	107.78

Credit Quality Breakdown 03-31-2020	Bond %
AAA	53.33
AA	10.28
A	15.51
BBB	20.88
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	63.0	1.04
Greater Europe	18.1	0.96
Greater Asia	18.9	0.91

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**33.9**	**0.91**
Basic Materials	4.3	0.90
Consumer Cyclical	10.2	1.06
Financial Services	15.5	0.99
Real Estate	4.0	0.53
Sensitive	**40.3**	**1.10**
Communication Services	9.2	1.27
Energy	3.5	0.82
Industrials	10.4	0.95
Technology	17.2	1.21
Defensive	**25.8**	**0.99**
Consumer Defensive	8.5	0.97
Healthcare	13.7	1.06
Utilities	3.5	0.84

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Management Team	Ticker:	VSCGX	Incept:	09-30-1994
Tenure:	25.7 Years	ISIN:	US9219093054	Type:	MF
Objective:	Asset Allocation	Minimum Initial Purchase:	$3,000	Total Assets:	$10,092.30 mil

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MORNINGSTAR®

Vanguard LifeStrategy Growth Inv (USD)

Morningstar Analyst Rating™ Gold 02-27-2020

Overall Morningstar Rating™ ★★★★ 309 US Fund Allocation--70% to 85% Equity

Standard Index Morningstar Mod Tgt Risk TR USD

Category Index Morningstar Mod Agg Tgt Risk TR USD

Morningstar Cat US Fund Allocation--70% to 85% Equity

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.56	0.87	3.53	-10.35	-6.90
2019	10.55	3.45	0.56	7.07	23.13
2020	-17.60	—	—	—	-9.99

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-2.47	4.76	4.89	7.58	7.62
Std 03-31-2020	-8.22	—	3.33	6.78	7.28
Total Return	-2.47	4.76	4.89	7.58	7.62
+/- Std Index	-2.17	0.12	0.30	1.13	—
+/- Cat Index	1.47	0.47	0.26	0.39	—
% Rank Cat	21	22	18	19	
No. in Cat	332	309	277	194	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-28-20	2.36	2.58

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.00
12b1 Expense %	NA
Net Expense Ratio %	**0.14**
Gross Expense Ratio %	**0.14**

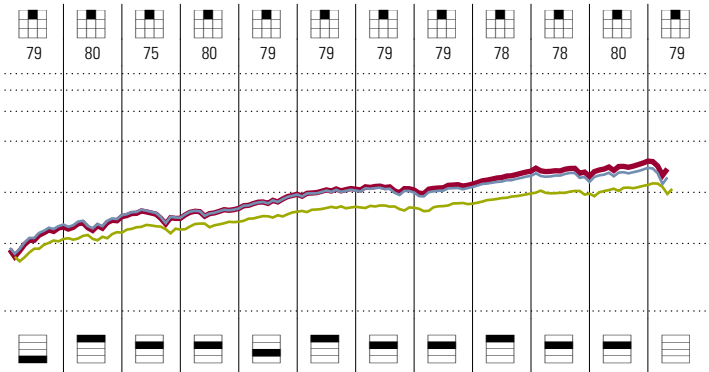
Risk and Return Profile

	3 Yr 309 funds	5 Yr 277 funds	10 Yr 194 funds
Morningstar Rating™	4★	4★	4★
Morningstar Risk	-Avg	Avg	-Avg
Morningstar Return	+Avg	+Avg	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	13.29	11.71	11.44
Mean	4.76	4.89	7.58
Sharpe Ratio	0.29	0.37	0.64

MPT Statistics	Standard Index	Best Fit Index Morningstar Mod Agg Tgt Risk TR USD
Alpha	-0.57	0.46
Beta	1.32	0.99
R-Squared	99.45	99.68

12-Month Yield	2.58%
Potential Cap Gains Exp	37.18%



Investment Style
Equity
Stocks %

Growth of $10,000
- Vanguard LifeStrategy Growth Inv 27,497
- Category Average 24,471
- Standard Index 20,950

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
19.56	22.06	21.10	23.30	27.62	28.81	27.26	28.87	33.67	30.06	36.14	32.53	NAV/Price
24.99	15.06	-2.28	14.38	21.20	7.18	-1.17	8.33	19.21	-6.90	23.13	-9.99	Total Return %
3.22	2.73	-2.87	2.33	6.89	2.29	0.62	-0.24	4.55	-2.14	4.10	-2.78	+/- Standard Index
-2.56	0.14	-0.35	0.04	1.02	2.20	1.23	-1.88	0.32	-0.16	0.18	1.33	+/- Category Index
80	22	34	37	53	20	30	34	20	34	32	—	% Rank Cat
229	230	363	398	404	415	434	406	349	359	334	337	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	1.84	1.84	0.00
US Stocks	47.57	47.57	0.00
Non-US Stocks	31.70	31.70	0.00
Bonds	18.75	18.83	0.09
Other/Not Clsfd	0.14	0.14	0.00
Total	100.00	100.09	0.09

Share Chg since 03-2020	Share Amount	Holdings : 10,275 Total Stocks , 14,895 Total Fixed-Income, 6% Turnover Ratio	Net Assets %
⊖	100 mil	Vanguard Total Stock Mkt Idx Inv	48.39
⊕	324 mil	Vanguard Total Intl Stock Index Inv	32.02
⊕	177 mil	Vanguard Total Bond Market II Idx	13.70
⊕	71 mil	Vanguard Total Intl Bd Idx Investor	5.51

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	16.7	1.08	0.93
P/C Ratio TTM	10.3	1.10	0.92
P/B Ratio TTM	1.9	1.14	0.84
Geo Avg Mkt Cap $mil	47071	1.47	0.84

Fixed-Income Style

Ltd	Mod	Ext
	■	

High / Mid / Low

Avg Eff Maturity	8.62
Avg Eff Duration	6.79
Avg Wtd Coupon	2.76
Avg Wtd Price	—

Credit Quality Breakdown 03-31-2020	Bond %
AAA	53.97
AA	9.98
A	15.31
BBB	20.74
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	63.4	1.05
Greater Europe	17.9	0.95
Greater Asia	18.7	0.90

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**33.9**	**0.91**
Basic Materials	4.2	0.89
Consumer Cyclical	10.2	1.06
Financial Services	15.5	0.99
Real Estate	4.0	0.54
Sensitive	**40.3**	**1.10**
Communication Services	9.2	1.28
Energy	3.5	0.82
Industrials	10.4	0.95
Technology	17.3	1.21
Defensive	**25.8**	**0.99**
Consumer Defensive	8.5	0.97
Healthcare	13.7	1.06
Utilities	3.5	0.84

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Management Team	Ticker:	VASGX	Incept:	09-30-1994
Tenure:	25.7 Years	ISIN:	US9219095034	Type:	MF
Objective:	Asset Allocation	Minimum Initial Purchase:	$3,000	Total Assets:	$14,740.81 mil

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MORNINGSTAR®

Vanguard LifeStrategy Income Inv (USD)

Morningstar Analyst Rating™ Gold 02-27-2020

Overall Morningstar Rating™ ★★★★★ 181 US Fund Allocation--15% to 30% Equity

Standard Index Morningstar Mod Tgt Risk TR USD

Category Index Morningstar Con Tgt Risk TR USD

Morningstar Cat US Fund Allocation--15% to 30% Equity

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.77	0.30	0.81	-1.38	-1.05
2019	4.87	3.06	2.16	1.48	12.05
2020	-3.01	—	—	—	0.40

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	6.52	5.05	4.14	4.82	6.17
Std 03-31-2020	3.63	—	3.42	4.59	6.05
Total Return	6.52	5.05	4.14	4.82	6.17
+/- Std Index	6.82	0.42	-0.46	-1.62	—
+/- Cat Index	0.89	0.46	0.33	0.53	—
% Rank Cat	6	4	5	25	
No. in Cat	197	181	156	94	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-28-20	2.01	2.17

Performance Disclosure

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The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

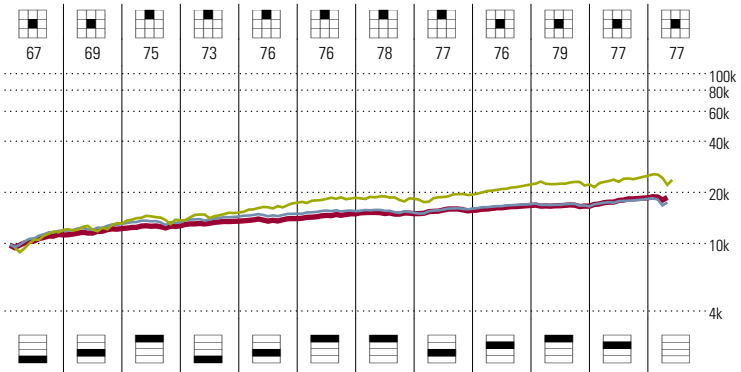
Management Fees %	0.00
12b1 Expense %	NA
Net Expense Ratio %	**0.11**
Gross Expense Ratio %	**0.11**

Risk and Return Profile

	3 Yr 181 funds	5 Yr 156 funds	10 Yr 94 funds
Morningstar Rating™	5★	5★	4★
Morningstar Risk	Low	-Avg	-Avg
Morningstar Return	High	High	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	4.26	3.92	3.60
Mean	5.05	4.14	4.82
Sharpe Ratio	0.78	0.76	1.16

MPT Statistics	Standard Index	Best Fit Index Morningstar Con Tgt Risk TR USD
Alpha	2.10	0.42
Beta	0.36	1.01
R-Squared	73.96	97.03
12-Month Yield		2.70%
Potential Cap Gains Exp		10.41%



Investment Style
Fixed-Income
Bond %

Growth of $10,000
- Vanguard LifeStrategy Income Inv 18,648
- Category Average 17,430
- Standard Index 23,695

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
13.27	14.06	14.14	14.21	14.32	14.91	14.57	14.90	15.56	14.87	16.21	16.20	NAV/Price
12.08	9.22	3.77	6.54	3.40	6.76	0.22	4.58	6.98	-1.05	12.05	0.40	Total Return %
-9.69	-3.11	3.18	-5.50	-10.91	1.87	2.01	-3.99	-7.68	3.70	-6.98	7.61	+/- Standard Index
2.52	2.15	-0.60	-0.81	0.42	3.38	1.14	-0.09	-0.02	0.14	0.83	0.33	+/- Category Index
88	54	15	78	68	4	8	65	49	11	35	—	% Rank Cat
119	121	139	170	201	207	229	206	201	200	199	200	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	2.38	2.38	0.00
US Stocks	12.01	12.01	0.00
Non-US Stocks	8.05	8.05	0.00
Bonds	77.10	77.46	0.35
Other/Not Clsfd	0.45	0.45	0.00
Total	100.00	100.35	0.35

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	16.7	1.08	0.92
P/C Ratio TTM	10.3	1.10	0.95
P/B Ratio TTM	1.9	1.14	0.94
Geo Avg Mkt Cap $mil	46987	1.47	0.99

Fixed-Income Style

Ltd	Mod	Ext
	■	

High / Mid / Low

Avg Eff Maturity	8.65
Avg Eff Duration	6.82
Avg Wtd Coupon	2.75
Avg Wtd Price	107.78

Credit Quality Breakdown 03-31-2020	Bond %
AAA	53.26
AA	10.31
A	15.53
BBB	20.90
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	63.3	1.05
Greater Europe	18.0	0.96
Greater Asia	18.7	0.91

Share Chg since 03-2020	Share Amount	Holdings : 8,559 Total Stocks , 16,581 Total Fixed-Income, 6% Turnover Ratio	Net Assets %
⊕	243 mil	Vanguard Total Bond Market II Idx	55.64
⊕	103 mil	Vanguard Total Intl Bd Idx Investor	23.59
⊖	9 mil	Vanguard Total Stock Mkt Idx Inv	12.22
⊖	28 mil	Vanguard Total Intl Stock Index Inv	8.13

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**33.9**	**0.91**
Basic Materials	4.3	0.89
Consumer Cyclical	10.2	1.06
Financial Services	15.5	0.99
Real Estate	4.0	0.53
Sensitive	**40.3**	**1.10**
Communication Services	9.2	1.28
Energy	3.5	0.82
Industrials	10.4	0.95
Technology	17.3	1.21
Defensive	**25.8**	**0.99**
Consumer Defensive	8.5	0.97
Healthcare	13.7	1.06
Utilities	3.5	0.84

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Management Team	Ticker:	VASIX	Incept:	09-30-1994
Tenure:	25.7 Years	ISIN:	US9219092064	Type:	MF
Objective:	Asset Allocation	Minimum Initial Purchase:	$3,000	Total Assets:	$4,992.88 mil

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MORNINGSTAR®

Vanguard LifeStrategy Moderate Gr Inv (USD)

Morningstar Analyst Rating™ Gold 02-27-2020

Overall Morningstar Rating™ ★★★★ 643 US Fund Allocation--50% to 70% Equity

Standard Index Morningstar Mod Tgt Risk TR USD

Category Index Morningstar Mod Tgt Risk TR USD

Morningstar Cat US Fund Allocation--50% to 70% Equity

Performance 04-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.59	0.67	2.64	-7.42	-4.91
2019	8.63	3.34	1.13	5.15	19.37
2020	-12.89	—	—	—	-6.51

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	0.60	4.96	4.75	6.81	7.31
Std 03-31-2020	-4.28	—	3.46	6.20	7.04
Total Return	0.60	4.96	4.75	6.81	7.31
+/- Std Index	0.90	0.32	0.16	0.36	—
+/- Cat Index	0.90	0.32	0.16	0.36	—
% Rank Cat	30	31	32	40	
No. in Cat	687	643	561	413	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield 05-28-20	2.25	2.44

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

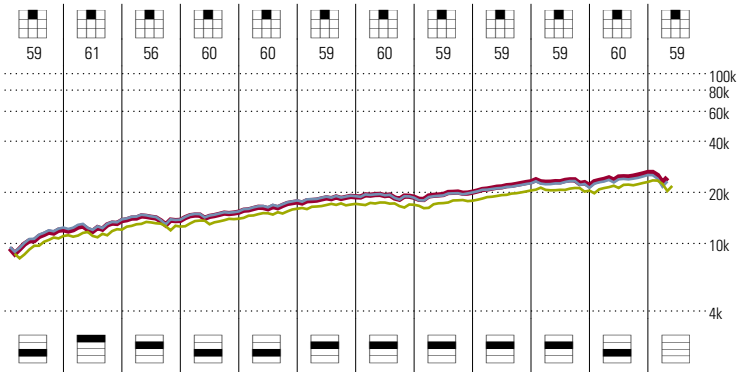
Management Fees %	0.00
12b1 Expense %	NA
Net Expense Ratio %	**0.13**
Gross Expense Ratio %	**0.13**

Risk and Return Profile

	3 Yr 643 funds	5 Yr 561 funds	10 Yr 413 funds
Morningstar Rating™	4★	4★	3★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	+Avg	+Avg	Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	10.08	8.90	8.59
Mean	4.96	4.75	6.81
Sharpe Ratio	0.36	0.44	0.74

MPT Statistics	Standard Index	Best Fit Index Morningstar Lifetime Mod 2030 TR USD
Alpha	0.30	0.14
Beta	1.00	0.90
R-Squared	99.56	99.70
12-Month Yield		2.62%
Potential Cap Gains Exp		30.38%



Investment Style
Equity
Stocks %

Growth of $10,000
- Vanguard LifeStrategy Moderate Gr Inv 24,474
- Category Average 23,196
- Standard Index 21,812

Performance Quartile (within category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-20	History
17.69	19.57	19.16	20.55	23.11	24.08	23.06	24.15	27.14	24.80	28.86	26.98	NAV/Price
20.33	13.31	0.26	11.76	15.04	7.07	-0.57	7.13	15.04	-4.91	19.37	-6.51	Total Return %
-1.44	0.98	-0.33	-0.28	0.74	2.18	1.22	-1.44	0.39	-0.15	0.34	0.69	+/- Standard Index
-1.44	0.98	-0.33	-0.28	0.74	2.18	1.22	-1.44	0.39	-0.15	0.34	0.69	+/- Category Index
74	24	45	56	68	38	32	42	26	39	53	—	% Rank Cat
1177	1074	963	936	877	866	940	810	810	775	697	705	No. of Funds in Cat

Portfolio Analysis 04-30-2020

Asset Allocation %	Net %	Long %	Short %
Cash	2.16	2.16	0.00
US Stocks	35.50	35.50	0.00
Non-US Stocks	23.97	23.97	0.00
Bonds	38.13	38.30	0.18
Other/Not Clsfd	0.24	0.24	0.00
Total	100.00	100.18	0.18

Share Chg since 03-2020	Share Amount	Holdings : 10,080 Total Stocks , 15,809 Total Fixed-Income, 9% Turnover Ratio	Net Assets %
⊖	83 mil	Vanguard Total Stock Mkt Idx Inv	36.10
⊕	396 mil	Vanguard Total Bond Market II Idx	27.67
⊖	272 mil	Vanguard Total Intl Stock Index Inv	24.21
⊕	163 mil	Vanguard Total Intl Bd Idx Investor	11.47

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	16.6	1.08	0.93
P/C Ratio TTM	10.3	1.10	0.92
P/B Ratio TTM	1.9	1.13	0.85
Geo Avg Mkt Cap $mil	46883	1.47	0.64

Fixed-Income Style

Ltd	Mod	Ext
	■	

High / Mid / Low

Avg Eff Maturity	8.64
Avg Eff Duration	6.81
Avg Wtd Coupon	2.76
Avg Wtd Price	107.79

Credit Quality Breakdown 03-31-2020	Bond %
AAA	53.50
AA	10.20
A	15.46
BBB	20.84
BB	0.00
B	0.00
Below B	0.00
NR	0.00

Regional Exposure	Stocks %	Rel Std Index
Americas	63.2	1.04
Greater Europe	18.0	0.96
Greater Asia	18.8	0.91

Sector Weightings	Stocks %	Rel Std Index
Cyclical	**33.9**	**0.91**
Basic Materials	4.3	0.90
Consumer Cyclical	10.2	1.06
Financial Services	15.5	0.99
Real Estate	4.0	0.53
Sensitive	**40.3**	**1.10**
Communication Services	9.2	1.28
Energy	3.5	0.82
Industrials	10.4	0.95
Technology	17.2	1.21
Defensive	**25.8**	**0.99**
Consumer Defensive	8.5	0.97
Healthcare	13.7	1.06
Utilities	3.5	0.84

Operations

Family:	Vanguard	Base Currency:	USD	Purchase Constraints:	—
Manager:	Management Team	Ticker:	VSMGX	Incept:	09-30-1994
Tenure:	25.7 Years	ISIN:	US9219094045	Type:	MF
Objective:	Asset Allocation	Minimum Initial Purchase:	$3,000	Total Assets:	$16,347.20 mil

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MORNINGSTAR®

AGENDA ITEM 5.2: NEW PRE-MIXED PORTFOLIO UPDATE

SNAPSHOT: The new pre-mixed portfolios are set for implementation in early August.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care.

BACKGROUND

Teams from Hyas Group, OneBridge, Gallagher, and Washington Trust Bank are working toward an 8/12/2020 effective date for the new pre-mixed portfolios. The original target was set for the week of 8/3/2020 but was extended due to further analysis of statement mail timing. The 8/12/2020 date will provide participants with more advance notice.

The custom pre-mixed portfolios, designed and monitored by Hyas Group, will replace the current Vanguard LifeStategy funds. The new portfolios will have the same risk levels and investment objectives as the funds being replaced but will use a combination of Fidelity stock and bond index funds at an even lower cost compared to Vanguard.

Updated plan literature and communication is underway. A portion of the necessary system functionality to accommodate and administer the new pre-mixes has been completed. A few remaining open development items are underway and on track for completion by the end of July.

ACTION ITEM

YES (NO)

SAMPLE MOTION

None.

AGENDA ITEM 5.3: ALTERNATIVE INVESTMENT INQUIRIES

SNAPSHOT: Hyas Group could conduct a manager search of socially-focused investment fund options. Historically, the Board's focus has been on offering an investment lineup that, as its top priorities, is fiduciarily sound and produces investment risk and return that are in the best interest of all participants.

RELEVANT GOAL(S): 1. Provide best-in-class service and a high level of personalized care.

BACKGROUND

From time to time (every couple of years or so), the Board may receive a request from a participant or an employer to consider adding one or more environmentally- or socially-focused fund options. Most recently, in April 2020, Gallagher received a request from an Oregon participant who wants to avoid funds that invest in fossil fuels.

There are a myriad of funds available in the marketplace that apply various types of social screens, including fossil fuels, firearms, gambling, alcohol, tobacco, and religious-related values.

Hyas Group could conduct a manager search and present alternative, socially-focused investment fund options that may be of interest. However, the Board has discussed this topic on occasion over the years and has not made any adjustments to the Trust's investment policy in order to accommodate socially-focused investment products. Attempting to meet the many religious, political, and philosophical views of all participants would not be feasible. Opening up to this would likely mean the Board would have to give due consideration to all requests.

The focus of the Board has been to make available a fund lineup that is fiduciarily sound. That is not to say socially-focused options could or should not be used, but those social bents would have to be second to the requirement that the investment produce investment risk and return metrics that are in the best interest of all participants.

ACTION ITEM

YES (NO)

SAMPLE MOTIONS

None.

HYAS GROUP

SOCIALLY RESPONSIBLE FUNDS

JUNE 2020

WHAT ARE SOCIALLY RESPONSIBLE FUNDS?

Responsible investing is a broad term incorporating several types of investment strategies, most commonly including environmental, social, and governance (ESG) investing, socially responsible investing (SRI), and impact investing. ESG investing generally incorporates a broad, factors-based approach linking company aspects such as governance (e.g. company leadership, executive pay, internal controls, etc.), shareholder rights, or environmental practices to investment potential. SRI more narrowly turns to avoiding companies with exposure to controversial products and practices such as alcohol, tobacco, firearms, and gaming. Lastly, impact investing focuses on companies that are expected to provide a benefit to the environment or society (e.g. renewable energy, healthcare, housing projects, etc.). These strategies are not mutually exclusive and often overlap in practice as they serve a common goal.

INVESTMENT STRATEGIES

The types of investable strategies that fall in this category are broad in both function and form. Investment guidelines may be vast, targeting broad investments with screens covering the gambit of environmental, social, and/or governance factors. Alternatively, they can be narrow and limit the investable universe by targeting only specific concerns such as fossil fuels, religious values, or renewable energy for example. Opportunities exist in equities, fixed income, and balanced products to meet these goals. Performance and expense data as of March 31, 2020 for investment strategies from several asset classes can be found in the below table.

PERFORMANCE AND EXPENSE (%)

FUND	TICKER	EXP	1Q20	1 YR	3 YR	5 YR	10 YR
ACTIVE US EQUITY: PARNASSUS CORE EQ I	PRILX	0.63	-16.8	-3.9	6.8	7.2	10.5
PASSIVE US EQUITY: FIDELITY US SUST INDEX	FITLX	0.11	-18.5	-5.6	-	-	-
BENCHMARK: S&P 500	-	-	-19.6	-7.0	5.1	6.7	10.5
GLOBAL EQUITY: AB SUST GLBL THEMATIC ADV	ATEYX	1.02	-15.8	-4.2	6.4	6.4	6.5
BENCHMARK: MSCI ACWI	-	-	-21.4	-11.3	1.5	2.8	5.9
US FIXED INCOME: PARNASSUS FIXED INC I	PFPLX	0.45	3.4	8.9	4.8	3.5	3.4
BENCHMARK: BBGBARC US AGG BOND	-	-	3.1	8.9	4.8	3.4	3.9
BALANCED: CALVERT BALANCED R6	CBARX	0.64	-12.5	-1.6	4.5	3.9	6.8
BENCHMARK: DOW JONES MODERATE PORT	-	-	-15.1	-7.4	1.7	2.7	5.6

RECOMMENDATION

Socially responsible investments can provide a competitive alternative to similar non-socially conscious investment strategies from a risk and return standpoint. It can be difficult to pinpoint a particular social goal that fits an entire participant population – though a broader approach may also be welcomed as it can broaden the investable universe. In practice these investments generally have lower allocations relative to other investment options when offered in retirement plan lineups. Due to their limited use by participants and narrowed investment universe, Hyas Group is not currently recommending the addition of a socially responsible fund to the core investment lineup.

AGENDA ITEM 6.1: CPA SERVICES RFP

SNAPSHOT: To increase independence in the Trust's annual audit, the Board may want to use two separate CPA firms for the preparation of financial statements and the audit of such financial statements. As directed, Gallagher has obtained proposals from reputable CPA firms regarding these services.

ACTION ITEM

RELEVANT GOAL(S): 7. Monitor Trust service providers.

BACKGROUND

As previously discussed, there may be an advantage to hiring an independent firm to prepare the Trust's financial statements for audit by another firm, such as Schoedel & Schoedel. This would result in one CPA firm preparing the financial statements, and a different firm auditing them.

As directed by the Board, Gallagher conducted an RFP for CPA services. Gallagher extended the RFP to reputable CPA firms that had already undergone some background and due diligence reviews with Gallagher. The following firms submitted proposals for the Board's consideration:

1. Schoedel & Schoedel;
2. CliftonLarsonAllen; and
3. Moss Adams (audit services only).

Each firm's proposal is attached for the Board's review. To help with this review, Gallagher has prepared and enclosed (1) a summary of each proposal and (2) a summary of the feedback received from the CPA firms' references.

For cost comparison considerations, when Schoedel & Schoedel was engaged to perform both the financial statement preparation and audit services last year, the cost to the Trust was $33,500.

Based on Gallagher's discussions with and review of these CPA firms and the proposals provided, the Board may want to consider engaging CliftonLarsonAllen for preparation of the Trust's annual financials and Schoedel & Schoedel for the audit of such financials. Schoedel & Schoedel would also be engaged to complete the annual Form 990 return. The total annual cost for this arrangement would be $31,575 if CliftonLarsonAllen were engaged on a one-year basis. If the Board decides to engage CliftonLarsonAllen for three years, the overall price would drop to $31,050.

As part of its proposal for preparation of financial statements, CliftonLarsonAllen recommends moving away from presentation of financials in the non-profit model. Instead, the firm recommends using a benefit plan model that may offer the Trustees a more meaningful review of the Trust's financial position. CliftonLarsonAllen is also recommending the Board consider presentation that follows the GASB rules rather than FASB. Lisa Cushman from CliftonLarsonAllen is available to discuss these recommendations and answer any questions.

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to approve the engagement of CliftonLarsonAllen for the preparation of the Trust's financial statements as presented and discussed and the engagement of Schoedel & Schoedel for the audit services of such financial statements as presented and discussed.

CPA Proposals Overview

Metric/Service	Schoedel & Schoedel		CliftonLarsonAllen		Moss Adams	
	Financial Statements	Audit	Financial Statements	Audit	Financial Statements	Audit
High-level Notes	Recommends preparing financial statements, based on history					
Fees						
Services	$20,000 (includes $2,000 for Form 990)	$23,000 (plus $1,750 for Form 990)	$6,825 (1-Yr Engagement) $6,300 (3-Yr Engagement)	$22,890* (1-Yr Engagement) $21,000* (3-Yr Engagement) *Includes 990 fee of ($1,800 for 1-yr or $1,500 for 3-yr)	N/A	$66,000 (includes Form 990)
Travel for Board Meetings	• $50 per hour for actual travel time • Direct costs (mileage, airfare, lodging, meals) • Meeting attendance billed at standard hourly rate with minimum charge of one hour (currently $250 per hour)		Do not anticipate incurring reimbursable travel expenses. If travel required for a Board Meeting, CLA will attempt to minimize the cost and combine with other client travel.			• Direct travel expenses billed as incurred • Travel time billed at ½ standard rates
Fee for Conference Calls	Yes. Meeting attendance billed at standard hourly rate with minimum charge of one hour (currently $250 per hour)		Included in above-proposed fees.			No charge
Other Fees?	Fee estimate based on anticipated cooperation of all service providers. If significant time necessary, Schoedel to discuss with Board and arrive at new estimate before additional costs incurred.		Fees based on assumption of no major difficulties; if any encountered, will discuss up-front with Board in advance.			Chart of additional fees on pg. 41 (*e.g.,* progress billing, cost overruns, minor research and consultation, etc.)

	Schoedel & Schoedel	CliftonLarsonAllen	Moss Adams
Firm Experience & Qualifications			
Year Established	1954	2012 (with predecessor established over 60 years ago)	1913
No. Clients	1,900	3,045	25,000
No. Trust & VEBA Clients	150 Trusts (10+ VEBAs)	5,399 Non-profits Nationwide Approx. 200 health and welfare audits (many with VEBA components)	70 health and welfare plans (majority are VEBAs)
Governmental Clients	40	Serves a large number of federal, state, and local government-sponsored plans	Over 270 entities
Firm Size & Structure	• 10 CPAs on staff • 11 other employees (including 5 CPA candidates and 2 accounting specialists)	• 2,500+ CPAs on staff • 3,500+ non-CPA staff Local office: 42 employees, 24 of which are CPAs	• 1,290 CPAs on staff • 3,400+ non-CPA staff (including 350 partners)
Primary Contacts	• Scott Opperud, CPA and Partner • Nancy Canelo, CPA and Audit Manager	• Lisa Cushman, CPA, Signing Director • Tristan Seehorn, Senior • Jaclyne Hawley, CPA, MBA, Signing Director • Ann Swindell, CPA, Principal	• Mark McMahon, CPA, Partner • Joy Timple, CPA, Senior Manager • Ryan Strausbaugh, CPA, Manager • Jane Coleman, CPA, Senior Manager • Patty Mayer, CPA, Director
License revocations, censures, lawsuits	None	• No license revocations • Professional ethics and regulatory inquiries, and litigations issues may arise from time to time	• No license revocations or censures • Lawsuits may arise, but nothing that would impact the Trust
Client Terminations	Two clients due to competitive bidding	Will not disclose as a matter of Confidentiality Agreements. No clients left due to unresolved auditing, accounting, or poor service reasons.	Will not disclose as a matter of Confidentiality Agreements. No records maintained regarding why client terminated.

	Schoedel & Schoedel		CliftonLarsonAllen	Moss Adams
Quality Control & HIPAA Compliance				
Quality Control Procedures	• Layers of internal review • Drafts sent to Gallagher for review & comment		• Quality control document • AICPA-prescribed quality control standards • Hiring decisions and professional development programs • Annual internal inspection program • Strict adherence to AICPA's rules of professional conduct	• Centralized quality control • Engagement partners and client service teams only one level removed from technical and quality control professionals
	Quality control review	Extra layer of partner-level review		
Communication w/ Service Providers	Pre-engagement, engagement, and post-engagement communications with		Communicate early and develop a plan for communication that meets all parties' requirements and expectations	• Strong emphasis on communication with applicable parties; this will be a part of the planning phase and continue throughout the audit • Strive to create two-way communication • Communication includes best practices
		Additional contact with legal counsel and Plan Administrator		
Communication w/ Other CPA	Resource to Other CPA, detailed work papers, and available for explanations	Obtain documents from Other CPA; coordinate on open questions and issues	Will work with Other CPA to meet their needs and the needs of the Trust and its service providers.	Included in the planning process with the goal of reducing repetitive work and reductant requests for information.
Willing to Execute BAA	Yes		Yes	Yes
Breach in Last 5 Years?	No		None for Spokane Office	No

Feedback from CPA Firm References

Contact	Feedback
Schoedel & Schoedel	
Betsy Johnson, *Vigilant Manufacturers Trust*	**What does the firm do well?** • Pretty much everything; she really enjoys working with Schoedel. • They are extremely flexible. • They used to file a trust return and recently went through the process to file a 990 instead. She has been working with them closely this year. It has been going really well. • The pricing is great! They are starting small trusts this year and Schoedel was willing to take a "haircut" for the first year on those. The fees are reasonable. • They do not call or whine if the project takes longer; they just get the job done. **What do you wish the firm would do different?** • They do not have a high tech phone system. During the COVID-19 there was no one available to answer the phone and it doesn't roll into voicemail, but everyone has given her their home phone numbers. **Have you ever had any concerns with the firm's services or timeliness on deliverables?** • No! They identified a filing that her company had not been doing, which was good for them. It was the annual M-1 filing; they were not completely current. Schoedel charged only a minimal fee to get it done. **Do you recommend this firm?** • Yes!
CliftonLarsonAllen	
Mike Clements, *Timber Product Manufacturers Trust*	Mike was short on time, but gave a quick reference. Overall they are great, very professional, and on top of everything. He typically works with them on audits and they are excellent. He used to perform audits for a previous company he worked for, so he is aware of how it works and would highly recommended the firm.
Mary Prince, *Avista*	**What does the firm do well?** • They have utilized CLA for over 20 years. CLA is very good at the benefit plan audits. • Mary started out in the internal audit department at Avista where they were doing the work themselves. She assisted in hiring CLA. They are very pleased with their services. **What do you wish the firm would do different?** • She cannot say she wishes for anything different. **Have you ever had any concerns with the firm's services or timeliness on deliverables?** • No, they have always been very timely. **Do you recommend this firm?** • Yes, absolutely. She would have no problem recommending them.

Moss Adams	
Annemieke Tomey, *Gallagher Benefit Services* *(McGregor Office in San Diego)*	**What does the firm do well?** • They are very proactive. • They have worked with Moss Adams on several of the Trust funds for a long time (over ten+ years). • They have a good relationship with the partners and managers; very little turnover of staff. • They stay on top of deadlines on an annual basis. • When it is time to start the audit they do not have to reach out to them, Moss Adams is on top of it. **What do you wish the firm would do different, anything?** • Cannot really think of anything. **Have you ever had any concerns with the firm's services or timeliness on deliverables?** • No. If Moss cannot make a deadline, they will let the company know in advance to able to react as needed. **Do you recommend this firm?** • Yes. They have had a long term good relationship would highly recommend them.
Michael Stone, *Helix Electric, Inc. VEBA*	**What does the firm do well?** • Moss Adams performs their annual audit every year. They are a $750 million dollar company. In his opinion, they do it well. **What do you wish the firm would do different, anything?** • No, they are pretty onboard with what the company needs and they understand their business. • They are also very cost effective compared to other firms. **Have you ever had any concerns with the firm's services or timeliness on deliverables?** • From time to time he may need to push a little, but he is a pretty forceful guy. **Do you recommend this firm?** • Yes

SCHOEDEL & SCHOEDEL
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

DARCY A. SKJOTHAUG, C.P.A.

SCOTT A. OPPERUD, C.P.A.

U.S. BANK BUILDING
422 W. RIVERSIDE, STE. 1420
SPOKANE, WA 99201-0395
PH 509•747•2158
FAX 509•458•2723
www.schoedel.com

HRA VEBA TRUST PROPOSAL

May 22, 2020

Attn: Britt Afdem
Gallagher Benefit Services, Inc.
906 West 2nd Ave., Suite 400
Spokane, WA 99201

We are pleased to respond to your request for information regarding our firm's proposal for financial statement and Form 990 preparation for the HRA VEBA Trust. Additionally, we are also responding to the proposal regarding conducting the audit of the HRA VEBA Trust. The general information regarding our firm is the same for both engagements. If there is information specific to either the preparation engagement or audit engagement, it will be clarified in the body of this proposal.

We believe we would best serve the Trust by being the preparing accounting firm. Our experience in preparing prior financial statements of the Trust would facilitate a more efficient engagement. As the preparing accountants, we could be of great assistance to the auditors. However, if in your opinion, we could best serve the Trust in the role as auditor, we are qualified, capable and willing to serve in that capacity.

Firm Experience and Qualifications:

1. Describe your firm's qualifications and experience including:
   a. The name of your firm and the year it was established: *Schoedel & Schoedel, CPAs, PLLC, established in 1954.*
   b. Number of clients: *Our firm provides services to a wide range of clients, numbering about 1,900.*
   c. Number of Trust clients: *Our firm provides services for over 150 Trust clients, of which more than ten are VEBAs.*
   d. Your level of familiarity with tax-exempt entities and the associated tax returns: *Our firm is very familiar with tax-exempt entities and the filing of associated tax returns. We file over 150 tax-exempt tax returns on an annual basis.*
   e. Level of familiarity with VEBA Trusts in particular and the filing of IRS Form 990 on behalf of VEBA Trust: *We file approximately 8 Form 990s for VEBA Trusts on an annual basis.*
   f. Number of governmental employer clients: *Our clients include approximately 40 governmental employers.*

2. Describe the firm's size and structure: *Our firm is classified as a professional limited liability company. We are 50% female owned.*
   a. How many CPAs are part of the firm: *We presently have 10 CPAs on staff.*
   b. How many other employees are part of your firm: *We have 11 other employees in our firm, including 5 CPA candidates and 2 accounting specialists.*
   c. Size of branch etc. that will be responsible for the proposed services: *We will have 2 CPAs and 1 CPA candidate on the team, if we are performing the preparation services. If we perform the audit services, an additional CPA with overall review abilities will be added to the team.*

3. Identify who will be primarily responsible for the work to be conducted, including brief resumes: *Scott Opperud, CPA, (partner in charge of this engagement), approximately 30 years of public accounting experience, with a specialty in audits of non-profit entities and trusts, including employee benefit plans.*
   Nancy Danelo, CPA, Senior Audit Manager (in charge of this engagement), over 40 years of public accounting experience, with the last 10 being primarily in the non-profit and trust arena.

4. Our firm is a member of the AICPA. A copy of our most recent "peer review" report is attached to this proposal.

5. Neither our firm nor any employees of our firm have had a professional license revoked.

6. Our firm has not been fined or censured by any regulatory body within the last five years.

7. Our firm has not been named as a defendant in a lawsuit within the last five years.

8. Has your firm been terminated by any employee benefit trust clients in the last three years? If so briefly describe the circumstances. *We have been terminated as auditor by two employee benefit trust clients. This was solely due as a result of a competitive bidding process.*

9. Please describe what your scope of services or process would entail if your firm was engaged to:
   a. Prepare the Trust's financial statements: *Our firm would prepare the financial statements, including the statement of financial position, statement of activities, and statement of cash flows, as well as the note disclosures to the financial statements in accordance with United States accounting standards. We would communicate with OneBridge Benefits and obtain supporting documentation regarding the services they perform related to the financial statements. We would communicate with other parties (principally the holder of the life insurance policies) to ascertain that the records include all assets and liabilities for which the Trust is responsible. We would obtain information to adequately record the Trust's IBNR for the period. We would be available to the auditor to respond to questions during the engagement.*
   b. Perform the Trust's annual audit: *We would utilize the financial statements prepared by the other accounting firm as a starting point for our audit. We would perform a risk assessment of the accounts to determine those that would require higher levels of inquiry or testing. We*

would confirm with banks and investment holders regarding the value and existence of assets held by them on behalf of the Trust. We would inquire of the third party administrator and a sample of the Trustees regarding any potential fraudulent activity within the Trust. We would review the latest SOC I report and determine the effectiveness of internal controls over the record-keeper's system. Utilizing this information, we would send confirmations to a selected group of Employers regarding their contributions to the Trust. Additionally, we would drill down to the participant level a sample of contributions in order to determine that the system is continuing to operate as specified by the record-keeper. We would also review a sample of the benefits paid to participants to determine the viability of the claim, as well as the appropriate deduction from the participant account. Utilizing the risk assessment denoted above, we would determine the level of testing required in the statement of activities, including, but not limited to eligibility and claims administration fees, employer education and service consultant fees, custodial fees and customer care center fees. We would confer with the preparer of the financial statements regarding questions that might arise.

c. Complete the Trust's Form 990: *We would utilize the final financial statements to prepare the Form 990. We would need to communicate with OneBridge Benefits regarding a list of the employers participating in the plan, as well as certain other specific information.*

Quality Control and HIPAA Compliance

1. Describe your firm's quality control procedures for ensuring accuracy of your work and implementing comments by the Trust's other service providers with which you will coordinate: *Our firm has layers of review for both financial statement preparation and preparation of the Form 990. Drafts will be sent to the Gallagher and we will respond to their comments. For audit services, we add an extra partner level of review as well as a quality control review prior to financial statements being finalized and issued.*

2. Describe communication procedures with the plan record-keeper and others to ensure the final work product incorporates relevant and important feedback: *We anticipate having pre-engagement, engagement and post-engagement communications with both the record-keeper and consultant if we are doing the financial statement and Form 990 preparation. If we are performing the audit, we expect to have additional contact with legal counsel and the plan administrator.*

3. Describe communications with the second CPA firm:
   a. *If we are preparing the financial statements and the Form 990 – we believe our communication with the audit firm will be to act as a resource for detailed information regarding specific accounts for which they might have a question. Additionally, we believe that we will be able to provide detailed workpapers which can be utilized by the audit firm in the completion of their audit. We will be available to provide explanations, if we have the information, on specific issues prior to the auditor going to other parties. We will provide financial statements including disclosures to the audit firm after receiving comments from the consultant. Additionally, we believe that communication will be required regarding completion of the audit and subsequent filing of the Form 990.*

b. *If we are the audit firm – we will obtain from the preparing firm copies of the financial statements, as well as supporting documentation for the items within the financial statements. These would be utilized by us as initial workpapers, which would then be expanded upon to include required audit procedures. If we have difficulty obtaining information from others, we will ask the firm preparing the financial statements to intercede on our behalf. If we have difficulty understanding something within the financial statements, we will first go to the preparing accounting firm to ascertain if they have more specific knowledge.*

4. If our firm is engaged to perform the audit, we would be able to begin our work prior to the completion of the final financial statements. However, the amount of work we could perform would be limited to planning and certain testing and confirmations. Some procedures would require finalized financial statements.

5. Proposed timeline: As it relates to the timeline for either the preparation or the audit of the financial statements, based on our experience with this client, we anticipate a requirement for a high degree of cooperation and coordination between the two accounting firms. When OneBridge provides the financial statement package for the HRA VEBA Trust, typically around the middle of October, this package should be provided to both accounting firms. For the preparing firm, this signals the beginning of the work on the preparation of the financial statements. For the auditing firm, this package will be utilized for planning purposes.

   Timeline Specific to the Preparing Firm

   By the end of October, we will provide the audit firm with a net asset reconciliation. Balance reconciliation and support, utilizing information from OneBridge and other service providers, will continue through November.

   By the end of November we would expect to receive a reconciled investment roll forward schedule, as well as a copy of the finalized investment statements. This information would be utilized in the support of investments earnings, realized and unrealized gains, and any potential timing differences between preliminary and finalized investment information. Analysis of the investments would also be done to determine that the fair value of the investments are presented in accordance with U.S. generally accepted accounting principles.

   By December 15th we expect to provide the auditing firm a trial balance. This trial balance would be fully adjusted except for the claims payable and claims incurred but not reported entries.

   At the beginning of January, we would expect to receive the December lag study from OneBridge. This study is used to estimate the claims payable and claims incurred but not reported. This would be the final piece of information required from OneBridge to complete the preparation of the financial statements. Within a week of receiving the December lag study, we will be able to provide the auditing firm with a fully adjusted trial balance.

Assuming all goes according to the schedule outlined, we should be able to send the service providers drafts of the financial statements and Form 990 by mid-January for their initial review. We would expect to have comments returned from the service providers within a week. Revisions as necessary will be made. The service providers will be asked to approve the revised financial statements, which will then be provided to the auditing firm.

Timeline Specific to the Auditing Firm

If we are the auditing firm, we would expect ongoing communication with the preparing firm, as to the status of the engagement. We would expect to receive the financial statement package from OneBridge in the middle of October in order to perform initial audit planning, as well as their most recent SOC I report. We would then request the employer contribution and benefit distributions paid listings to be sent to us the first week of November. We would expect that the bank and investment statements would be provided to us by mid-November.

In early December we will contact selected Trustees to discuss Trust activities and audit related issues. Also in December, we will request a legal representation letter from the Trust's attorney. All of this will be done after we receive the financial statement package, but prior to receiving the financial statements from the preparing firm.

We expect to receive by December 16th a trial balance that would be fully adjusted except for the claims payable and claims incurred but not reported entries. At this time we would request various supporting documentation from the preparing accountants and other service providers.

We also expect to receive the draft financial statements along with the other service providers, in mid-January.

We expect to receive the finalized financial statements and Form 990 by the end of January, and we will be able to issue our audit report in time for the February Board of Trustees meeting.

6. Our firm's policies and procedures as it relates to maintaining the privacy and security of protected health information and personally identifiable information is attached to this proposal.

7. We are willing to execute a Business Associate Agreement.

8. In the last five years, we have no known privacy or security breaches.

Fees

1. Fees for preparing the Trust's financial statements. *Our fees are based on providing the services as outlined in our sample financial statement preparation engagement letter and would be $18,000. This is based upon timely and complete cooperation by the outside entities with whom we would be working, Gallagher Benefit Services, Inc., OneBridge Benefits, and Washington Trust Bank. Preparation of the IRS Form 990 would be an additional $2,000.*

2. *Fees for the auditing services, as outlined in our sample audit engagement letter would be $23,000. This is based upon timely and complete cooperation by the outside entities with whom we would be working: Gallagher Benefit Services, Inc., OneBridge Benefits, Washington Trust Bank, and the outside accounting firm preparing the financial statements.*

3. Will you charge for travel for attending the Board meeting? *Yes, our firm would charge for travel for attending Board meetings. Travel would be billed at $50 per hour for actual travel time, plus direct costs such as mileage or airfare, lodging and meals. Meeting attendance will be billed at the standard hourly rate of the individual attending the meeting (currently anticipated at $250 per hour), with a minimum charge of one hour.*

4. Will you charge for attending Board meetings via conference call? *Yes, our firm would charge for attending Board meeting via conference call. Meeting attendance will be billed at the standard hourly rate of the individual attending the meeting, with a minimum charge of one hour.*

5. Describe other fees not included above. *The fee estimate is based on anticipated cooperation from the personnel of third party administrators and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.*

Insurance

Insurance coverages, as outlined, are held by our firm. Copies, as requested, are attached.

References

Company Name:	HRA VEBA Trust
Contact Name:	Britt Afdem
	Gallagher Benefit Services, Inc.
Contact Phone number:	(509) 822-3624
E-mail address:	britt_afdem@ajg.com

Company Name:	VEBA Trust
Contact Name:	Britt Afdem
	Gallagher Benefit Services, Inc.
Contact Phone number:	(509) 822-3624
E-mail address:	britt_afdem@ajg.com

Company Name:	Vigilant Group Benefits Trust, Vigilant Manufacturers Trust
Contact Name:	Betsy Johnson, CPA, Controller
	Vigilant
Contact Phone number:	(503) 620-1710
E-mail address:	BetsyJ@vigilant.org

SCHOEDEL & SCHOEDEL, Certified Public Accountants PLLC is excited about this opportunity to propose our service to you, and is prepared to provide the service and expertise which you expect from your service providers. We appreciate this opportunity to submit information about our firm, engagement approach and the proposed fees. We look forward to serving the HRA VEBA Trust.

We believe we would best serve the Trust by being the preparing accounting firm. Our experience in preparing prior financial statements of the Trust would facilitate a more efficient engagement. As the preparing accountants, we could be of great assistance to the auditors. However, if in your opinion, we could best serve the Trust in the role as auditor, we are qualified, capable and willing to serve in that capacity.

We are available at your convenience to discuss any aspect of the proposal as well as any other questions you may have.

Very truly yours,

SCHOEDEL & SCHOEDEL,
Certified Public Accountants, PLLC
Scott Opperud, CPA, Partner

WATSON COON RYAN
CERTIFIED PUBLIC ACCOUNTANTS

9250 EAST COSTILLA AVENUE, SUITE 450
GREENWOOD VILLAGE, COLORADO 80112
303-792-3020 (O) | 303-232-7237 (F)
WWW.WCRCPA.COM

Report on the Firm's System of Quality Control

July 30, 2019

To the Members of
Schoedel & Schoedel CPAs PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Schoedel & Schoedel CPAs PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans and an audit of a broker-dealers.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Schoedel & Schoedel CPAs PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2018 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail.* Schoedel & Schoedel CPAs PLLC has received a peer review rating of *pass.*

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

VEBA Trust
HRA VEBA Trust
VEBA – Indiana
VEBA - HealthSecure

Procedures Followed with Confidential Information

1. Before any information is transmitted to our firm, we sign both HIPAA and confidentiality agreements.

2. We receive information regarding contributions submitted by employers while performing the audit. This information comes to us via our secure portal. It is saved in our audit engagement file electronically. These files are dual password protected. The auditor must log on to the computer using a password, and then log into our audit engagement software, using a password.

3. We receive information on benefit payments, in general, through our secure portal. This information is saved in our audit engagement file electronically. These files are dual password protected. The auditor must log on to the computer using a password, and then log into our audit engagement software, using a password.

4. We also receive information on specific benefit payments in order to complete the required testing for rendering our audit opinion. This information is received through our secure portal and saved, temporarily, in our password-protected system. Once the audit procedures have been reviewed by all required individuals at our firm, and the audit report accepted by the Board of Trustees of the respective Trusts, these documents are deleted from our system. Because audit procedures must be able to be recreated, a note is placed in the file that in order to recreate the audit procedures performed in the audit of benefit payments, the documents utilized would need to be requested from the source.

5. If any of the above information is printed and utilized during the performance of audit procedures, it is shredded after the audit procedures are completed.

VEBA Trust
HRA VEBA Trust
VEBA – Indiana
VEBA - HealthSecure

Cybersecurity Programs

In order to provide audit services to the Trusts, we are required to review PII and PHI as referenced above. This information is sent to us, via secure portal. See memo entitled "Procedures Followed with Confidential Information."

In addition to the security over the information after it is received by our auditors, we have the following security and cybersecurity programs in place:

- CCH Secure Portal with a two-step verification program
- Citrix ShareFile which automatically encrypts information
- Our network provider has firewall for internet service
- Barracuda Email Security is utilized for each user
- Retired equipment (such as computers, servers and copiers) have their hard drives removed and physically destroyed
- Our physical offices are locked before and after business hours with a deadbolt.
- We are located in a bank building that has a security system in place that will only allow entry into the building after hours with a security card. Also, during regular business hours, there are security guards that patrol all levels of the building.

GREAT AMERICAN INSURANCE GROUP

301 E. Fourth Street, Cincinnati, OH 45202

DECLARATIONS
for
ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

THIS IS BOTH A CLAIMS MADE AND REPORTED INSURANCE POLICY.

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY APPLIES TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD. UNLESS THIS POLICY IS OTHERWISE ENDORSED CLAIM EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. PLEASE READ THIS POLICY CAREFULLY.

Insurance is afforded by the company indicated below: (A capital stock corporation)
☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: ACP3675035-19 Renewal of: ACP3675035-18

Program Administrator: Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062

Item 1. **Named Insured:** Schoedel & Schoedel CPAs PLLC

Item 2. **Address:** 422 W. Riverside Ave #1420

City, State, Zip Code: Spokane, WA 99201

Attn:

Item 3. **Policy Period:** From 09/16/2019 *(Month, Day, Year)* To 09/16/2020 *(Month, Day, Year)*
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:**

A. $ 1,000,000 Each **Claim**

B. $ 1,000,000 Policy Aggregate

C. $ 1,000,000 Initial **Claim Expense** Aggregate Limit

Item 5. **Deductible** (Inclusive of **Claim Expenses**): $ 25,000 Each **Claim**

Item 6. **Premium:** $10,475.00

Item 7. **Retroactive Date** (if applicable): Unlimited

Item 8. **Forms, Notices and Endorsements attached:**

D44100 (12/17) D44300 WA (09/13) IL7324 (08/12)

Authorized Representative

TRAVELERS

ERISA FIDELITY COVERAGE
WITH INFLATION GUARD FOR EMPLOYEE BENEFIT PLANS
DECLARATIONS

POLICY NO. 106725574

Travelers Casualty and Surety Company of America
Hartford, Connecticut
(A Stock Insurance Company, herein called the Company)

ITEM 1	Name and Address of the entity sponsoring the Insured Plan(s): **SCHOEDEL & SCHOEDEL, CPA'S, PLLC** **422 W. RIVERSIDE, STE. 1420** **SPOKANE, WA 99201-0305**
ITEM 2	Insured Plan(s): Any and all **Employee Benefit Plans** that are sponsored by any entity set forth in **ITEM 1** or its **Subsidiaries** and which are in existence or are hereinafter created or acquired by any such entity set forth in ITEM 1. or its **Subsidiaries** during the **Policy Period**.
ITEM 3	Policy Period: Effective from 12:01 a.m. on **August 03, 2017** to: (check one) ☐ 12:01 a.m. on ; or ☒ the effective date of the cancellation or termination of this **Policy.**
ITEM 4	Limit of Insurance: **$300,000.00** . (This amount is the summation of the Limits of Insurance for each **Insured** as of the **Policy** effective date and as more fully set forth in section III. LIMIT OF INSURANCE with Inflation Guard.)
ITEM 5	Deductible Amount: Not Applicable.
ITEM 6	Endorsements forming part of this **Policy** when issued: **EFP-18030 02-14, Washington Cancellation or Termination Endorsement**
ITEM 7	Cancellation of prior insurance: By acceptance of this **Policy**, the entity sponsoring the Insured Plans gives the Company notice canceling prior Policy or Bond Number **104283566** issued by the Company. This cancellation is effective at the date and time this **Policy** becomes effective.
ITEM 8	**ALL NOTICES OF CLAIM OR LOSS MUST BE SENT TO THE COMPANY BY EMAIL, FACSIMILE, OR MAIL AS SET FORTH BELOW:** Email: BSIclaims@travelers.com FAX: 888.460.6622 Travelers Bond & Specialty Insurance Claim 385 Washington Street Mail Code 9275-NB03F St. Paul, MN 55102

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THE DECLARATIONS, THE APPLICATION, THE ERISA FIDELITY COVERAGE, AND ANY ENDORSEMENTS ATTACHED THERETO, CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE COMPANY AND THE ENTITY SPONSORING THE INSURED PLANS.

_____
Countersigned By

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its authorized officers.

Executive Vice President

Corporate Secretary

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SCHOEDEL & SCHOEDEL
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

DARCY A. SKJOTHAUG, C.P.A.

SCOTT A. OPPERUD, C.P.A.

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www.schoedel.com

AUDIT ENGAGEMENT LETTER

Mr. Doug Detling, Chairman of the Board of Trustees
The HRA VEBA Trust for Public Employees in the Northwest
C/O Mark Wilkerson
Gallagher Benefit Services, Inc.
906 W. Second Avenue, Suite 400
Spokane, WA 99201-4537

We are pleased to confirm our understanding of the services we are to provide for the HRA VEBA Trust for Public Employees in the Northwest (the Trust) for the year ended September 30, 2020.

AUDIT SERVICES

We will audit the financial statements of the HRA VEBA Trust for Public Employees in the Northwest which comprise the statement of financial position of the Trust as of September 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (the financial statements).

AUDIT OBJECTIVE

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Trust's financial statements. Our report will be addressed to the Board of Trustees of the Trust. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

AUDIT PROCEDURES

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of investments and certain other assets and liabilities by correspondence with financial institutions and other third parties. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, that are attributable to the Trust or to acts by management or employees acting on behalf of the Trust.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any other violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Trust and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

In addition, we will perform certain procedures directed at considering the Trust's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting Trust qualifications or compliance with IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

MANAGEMENT RESPONSIBILITIES

You are responsible for establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining fair value measurements; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Trust from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Trust involving (1) Trust management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Trust complies with applicable laws and regulations.

You are responsible for the financial statements and accompanying information as well as all representations contained therein. Additionally, you agree to assume all management responsibilities for the nonattest services we

provide, which include the services described above. You will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements, applicable supplementary information, and related notes and disclosures prior to their issuance, and have accepted responsibility for them. Further, you agree to oversee the services we provide by designating an individual, preferably from senior management, with suitable skill, knowledge, and/or experience to oversee any nonattest accounting services we provide; evaluate the adequacy and results of the services; and accept responsibility for them.

ENGAGEMENT ADMINISTRATION, FEES, AND OTHER

The audit documentation for this engagement is the property of SCHOEDEL & SCHOEDEL, Certified Public Accountants, PLLC (Schoedel & Schoedel) and constitutes confidential information. However, we may be requested to make certain audit documentation available to certain government agencies pursuant to authority given by law. If requested, access to such audit documentation will be provided under the supervision of Schoedel & Schoedel's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to various governmental agencies. The agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Scott Opperud, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for the services we provide in regards to the year ended September 30, 2020, will not exceed $23,000. The fee estimate is based upon anticipated cooperation from all parties from whom we will need to obtain information and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. The aforementioned total fee includes out-of-pocket costs such as report production, typing, postage, etc., but does not include out-of-pocket travel costs. Our invoices for these fees are payable upon presentation.

We appreciate the opportunity to be of service to the HRA VEBA Trust for Public Employees in the Northwest and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

SCHOEDEL & SCHOEDEL,
Certified Public Accountants, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the HRA VEBA Trust for Public Employees in the Northwest.

_____

Mr. Doug Detling, Chairman of the Board of Trustees
of the HRA VEBA Trust

_____

Date

SCHOEDEL & SCHOEDEL
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

DARCY A. SKJOTHAUG, C.P.A.

SCOTT A. OPPERUD, C.P.A.

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ACCOUNTING SERVICES ENGAGEMENT LETTER

Mr. Doug Detling, Chairman of the Board of Trustees
The VEBA Trust for Public Employees in the Northwest
C/O Mark Wilkerson
Gallagher Benefit Services, Inc.
906 W. Second Avenue, Suite 400
Spokane, WA 99201-4537

We are pleased to confirm our understanding of the services we are to provide for the HRA VEBA Trust for Public Employees in the Northwest (the Trust) for the year ended September 30, 2020.

You have requested that we prepare the annual financial statements of the Trust, which comprise the statement of financial position, as of September 30, 2020, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and perform a compilation engagement with respect to those financial statements.

Our Responsibilities

The objective of our engagement is to:

1) Prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you, and
2) Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
2) The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
4) The prevention and detection of fraud.
5) To ensure that the Plan complies with the laws and regulations applicable to its activities.
6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7) To provide us with:
   - Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   - Additional information that we may request from you for the purpose of the compilation engagement.
   - Unrestricted access to persons within the Trust of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, or provide any

assurance on them. There may be circumstances in which the report differs from the expected form and content. If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

You agree to include our accountant's compilation report in any document containing financial statements that indicates we have performed a compilation engagement on such financial statements and, prior to the inclusion of the report, to obtain our permission to do so.

Other Services

In addition, we will prepare the Trust's form 990, including required schedules, for the year ended September 30, 2020. We will perform the services in accordance with Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. We will advise management with regard to the preparation of the Form 990, but management is responsible for all decisions.

As you know, your returns are subject to examination by the Internal Revenue Service. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items reported on a tax return. Any proposed adjustments by the examining agent are subject to certain rights of appeal. If an examination occurs, we will represent you if you so desire; however, these additional services are not included herein.

You have the final responsibility for the tax returns and, therefore, should review the returns carefully before signing and filing.

We have no discretionary authority or control in making decisions regarding operation or administration of the Trust, and are not a fiduciary in regards to the Trust in the performance of our services. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. You have the ultimate discretion in regard to any choices to be made concerning the Trust. However, we will advise you in resolving questions when the tax law is unclear, or when conflicts exist between taxing authorities' interpretations of the law and other supportable positions.

ENGAGEMENT ADMINISTRATION, FEES, AND OTHER

Scott Opperud, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for the services we provide in regards to the preparation of the financial statements for the year ended September 30, 2020 to be $18,000. We estimate that our fees for the services we provide in regards to the preparation of the Form 990 for the year ended September 30, 2020 to be $2,000. The fee estimate is based upon anticipated cooperation from all parties from whom we will need to obtain information and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. The aforementioned total fee includes out-of-pocket costs such as report production, typing, postage, etc., but does not include out-of-pocket travel costs. Travel would be billed at $50 per hour for actual travel time, plus direct costs such as mileage or airfare, lodging and meals. Meeting attendance will be billed at the standard hourly rate of

the individual attending the meeting (currently anticipated at $250 per hour), with a minimum charge of one hour. Our invoices for these fees are payable upon presentation.

We appreciate the opportunity to be of service to the HRA VEBA Trust for Public Employees in the Northwest and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

SCHOEDEL & SCHOEDEL,
Certified Public Accountants, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the HRA VEBA Trust for Public Employees in the Northwest.

_____

Mr. Doug Detling, Chairman of the Board of Trustees
of the HRA VEBA Trust

_____

Date

TRUSTEE REPRESENTATION LETTER

February 6, 2020

SCHOEDEL & SCHOEDEL,
Certified Public Accountants, PLLC
422 W. Riverside Avenue, Suite 1420
Spokane, WA 99201

This representation letter is provided in connection with your audits of the financial statements of the HRA VEBA Trust (the Trust), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 6, 2020, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 24, 2019 and signed June 28, 2019, including our responsibility for the preparation and fair presentation of the financial statements, which include the note disclosures.

2) The financial statements, referred to above, are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) No events have occurred subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

9) You have proposed adjusting journal entries that have been posted to the Plan's accounts. A list of the proposed adjusting journal entries is attached to the representation letter. We are in agreement with those adjustments.

10) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.

11) We are not aware of any breaches of fiduciary responsibilities, nonexempt transactions, loans or leases in default, or events that may jeopardize the tax status of the Trust that must be disclosed in the financial statements under U.S. GAAP.

12) Significant estimates and material concentrations in operations have been properly disclosed in accordance with U.S. GAAP.

13) Financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

14) There are no guarantees, whether written or oral, under which the Plan is contingently liable, which should be recorded or disclosed in accordance with U.S. GAAP.

Information Provided

1) We have provided you with:
   a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   b. All minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
   c. Additional information that you have requested from us for the purpose of the audit.
   d. Unrestricted access to persons from whom you determined it necessary to obtain audit evidence.
   e. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

2) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4) We have no knowledge of any fraud or suspected fraud that affects the Plan and involves:
   a. Management,
   b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

5) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

6) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations (including IRS regulations) whose effects should be considered when preparing financial statements.

7) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

8) We are not aware of any ongoing or upcoming examinations by regulatory agencies.

9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.

10) We have disclosed to you the identity of the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.

11) The Plan has satisfactory title to all owned assets, which are recorded at fair value, and there are no liens, encumbrances, or security interests requiring disclosure in the financial statements.

12) We have no:
    a. Plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
    b. Intentions to terminate the Plan and related Trust.

13) There have been no amendments to the Plan Document subsequent to the amendments and restatements adopted effective January 1, 2017.

14) There have been no amendments to the Trust Agreement subsequent to the amendment effective on July 1, 2017.

15) The Trust has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16) The methods and significant assumptions used to estimate fair values of financial instruments, including nonreadily marketable securities, are as follows: Mutual funds are valued at quoted market prices in active markets, which are derived by the fair values of the underlying assets and liabilities of the specific funds. Fixed income obligations are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Treasury notes are valued at the closing price reported in active markets in which the individual securities are traded. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

17) The methods and significant assumptions used to determine the contract value of the fully benefit-responsive guaranteed investment contract is as follows:

In regards to synthetic guaranteed investment contracts, the underlying investments are owned by the Trust. A wrap contract, typically from and insurance company or other financial institution, is purchased by the Trust. The wrap issuer is obligated to provide an interest rate not less than zero. The wrap contract typically provides that administrative fees related to the maintenance of the wrapper contract and realized and unrealized gains and losses related to the underlying assets are not reflected immediately in the assets of the Trust, but rather are amortized, usually over the time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate. The wrap issuer guarantees that all qualified withdrawals will occur at contract value. Contract value is the amount the Trust would receive if it were to initiate permitted transactions under the terms of its contract. Contract value is considered the relevant measure of value.

18) We have made all required filings of the Plan and Trust documents with the appropriate agencies.

19) The Plan and the trust established under the Plan are qualified under the appropriate sections of the Internal Revenue Code. The Trust obtained its tax determination letter on March 14, 2000. In the letter, the Internal Revenue Service stated that the Trust, as then designed, was in compliance with the applicable requirements of the Internal Revenue code (IRC). The Trust has been amended since receiving these letter, and copies of the amendments were sent to the Internal Revenue Service on May 15, 2014. The Trust received notice from the Internal Revenue Service on September 12, 2014 that it had received the information provided by the Trust, and the Trust's file had been updated. We believe that the Trust and related Plan are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, we believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date, and we intend to continue them as a qualified plan and trust.

20) The Trustees do not have a right to require any contribution to be made to this Trust. The Trustees do not have a duty to determine that the amounts contributed to the Trust comply with the various programs of the employers which allow for contribution. The employers have the duty to ensure that all contributions to the Trust comply with the various programs of the employers which allow for contribution. To enable the third-party administrator to perform its functions, the employers retain responsibility for supplying it with full and timely information on all matters relating to employer contributions with respect to participants, the employee's eligibility to participate in the Trust and related plan, the employee's termination of employment, and information relative to the employee's vesting percentage and eligibility to receive benefits.

To the best of our knowledge and belief, no events have occurred subsequent to the date of the Trust's financial statements and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

_____

Trustee Signature

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

September 30, 2019 and 2018

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
TRUST FOR PUBLIC EMPLOYEES
IN THE NORTHWEST

AUDITED FINANCIAL STATEMENTS
September 30, 2019 and 2018

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SCHOEDEL & SCHOEDEL
CERTIFIED PUBLIC ACCOUNTANTS, PLLC

DARCY A. SKJOTHAUG, C.P.A.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Voluntary Employees' Beneficiary Association Trust
for Public Employees in the Northwest

Report on the Financial Statements

We have audited the accompanying financial statements of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (the Trust), a tax-exempt organization, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Trust's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of September 30, 2019 and 2018, and activities and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Schoedel & Schoedel CPA, PLLC

Spokane, Washington
February 6, 2020

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
TRUST FOR PUBLIC EMPLOYEES
IN THE NORTHWEST

STATEMENTS OF FINANCIAL POSITION
As of September 30, 2019 and 2018

	2019	2018
ASSETS:		
Cash and cash equivalents	$ 2,500,964	$ 1,899,888
Prepaid expenses	1,880	22,786
Investments:		
Short-term investment fund, at fair value	6,045,561	10,374,677
Synthetic guaranteed investment contracts, at contract value	99,705,202	68,570,125
Mutual funds, at fair value	473,405,470	433,304,461
	$ 581,659,077	$ 514,171,937
LIABILITIES:		
Accounts payable and accrued expenses	$ 696,674	$ 678,721
Deferred contributions	1,177,385	1,302,163
Benefits payable	400,000	465,000
Claims incurred but not reported	9,000,000	8,300,000
Total liabilities	11,274,059	10,745,884
NET ASSETS AVAILABLE FOR BENEFITS, with donor restrictions	570,385,018	503,426,053
	$ 581,659,077	$ 514,171,937

The accompanying notes are an integral part of these financial statements.

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
TRUST FOR PUBLIC EMPLOYEES
IN THE NORTHWEST

STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

	Participant Accounts	Administration	Total
REVENUES:			
Contributions, net	$ 113,086,335	$ -	$ 113,086,335
Net investment income	26,441,506	582	26,442,088
Miscellaneous income	-	95	95
Total revenues	139,527,841	677	139,528,518
EXPENSES:			
Benefits paid to or for participants	66,249,324	-	66,249,324
Accounting and audit fees	-	33,348	33,348
Asset based fees	6,150,044	(6,150,044)	-
Bank charges	-	12,528	12,528
Client service fees	-	2,453,921	2,453,921
Consulting fees	-	1,441,192	1,441,192
Custodian fees	-	136,705	136,705
Customer care center	-	377,265	377,265
Debit card administration, net	-	159,693	159,693
Eligibility and claims administration	-	279,909	279,909
Insurance and bonding	-	20,906	20,906
Investment consultant	-	31,400	31,400
Legal fees	-	38,503	38,503
Mail, fulfillment and scanning services	-	93,653	93,653
Miscellaneous expense	-	1,149	1,149
Monthly and debit card account fees	751,043	(751,043)	-
Patient-centered outcomes research institute fee	155,494	-	155,494
Postage, printing, supplies and mailing services	-	98,580	98,580
Software administration	-	842,284	842,284
Stable value management fees	-	127,455	127,455
Trustee meetings	-	15,578	15,578
Website maintenance and programming costs	-	666	666
Total expenses	73,305,905	(736,352)	72,569,553
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	66,221,936	737,029	66,958,965
NET ASSETS AVAILABLE FOR BENEFITS, with donor restrictions:			
Beginning of the year	503,315,873	110,180	503,426,053
End of the year	$ 569,537,809	$ 847,209	$ 570,385,018

The accompanying notes are an integral part of these financial statements.

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
TRUST FOR PUBLIC EMPLOYEES
IN THE NORTHWEST

STATEMENT OF ACTIVITIES
For the year ended September 30, 2018

	Participant Accounts	Administration	Total
REVENUES:			
Contributions, net	$ 96,826,216	$ -	$ 96,826,216
Net investment income	34,686,691	4,299	34,690,990
Miscellaneous income	-	37	37
Total revenues	131,512,907	4,336	131,517,243
EXPENSES:			
Benefits paid to or for participants	57,072,121	-	57,072,121
Accounting and audit fees	-	32,572	32,572
Asset based fees	5,180,908	(5,180,908)	-
Bank charges	-	16,921	16,921
Client service fees	-	2,363,538	2,363,538
Consulting fees	-	1,388,109	1,388,109
Custodian fees	-	125,961	125,961
Customer care center	-	340,626	340,626
Debit card administration, net	-	188,531	188,531
Eligibility and claims administration	-	252,669	252,669
HIPAA risk assessment	-	4,242	4,242
Insurance and bonding	-	20,874	20,874
Investment consultant	-	31,200	31,200
Legal fees	-	30,403	30,403
Mail, fulfillment and scanning services	-	94,815	94,815
Miscellaneous expense	-	2,655	2,655
Monthly and debit card account fees	722,363	(722,363)	-
Patient-centered outcomes research institute fee	136,834	-	136,834
Postage, printing, supplies and mailing services	-	95,365	95,365
Software administration	-	807,158	807,158
Stable value management fees	-	84,885	84,885
Trustee meetings	-	18,471	18,471
Website maintenance and programming costs	-	321	321
Total expenses	63,112,226	(3,955)	63,108,271
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	68,400,681	8,291	68,408,972
NET ASSETS AVAILABLE FOR BENEFITS, with donor restrictions:			
Beginning of the year	435,615,671	101,889	435,717,560
Transfers to other plans	(700,479)	-	(700,479)
End of the year	$ 503,315,873	$ 110,180	$ 503,426,053

The accompanying notes are an integral part of these financial statements.

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TRUST FOR PUBLIC EMPLOYEES
IN THE NORTHWEST

STATEMENTS OF CASH FLOWS
For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	$ 66,958,965	$ 68,408,972
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Investment earnings reinvested	(17,269,657)	(12,053,933)
Realized investment losses (gains)	(9,128,562)	(6,306,774)
Unrealized investment losses (gains)	(43,869)	(16,827,715)
Change in:		
Prepaid expenses	20,906	119
Accounts payable and accrued expenses	17,953	93,026
Deferred contributions	(124,778)	140,134
Benefits payable and claims incurred but not reported	635,000	(1,305,000)
Net cash flows provided by operating activities	41,065,958	32,148,829
CASH FLOWS USED BY INVESTING ACTIVITIES:		
Proceeds from the sale and redemption of investments	99,545,981	71,334,952
Purchases of investments	(140,010,863)	(102,553,779)
Net cash flows used by investing activities	(40,464,882)	(31,218,827)
CASH FLOWS USED BY FINANCING ACTIVITIES:		
Transfers to other plans	-	(700,479)
NET CHANGE IN CASH AND CASH EQUIVALENTS	601,076	229,523
CASH AND CASH EQUIVALENTS:		
Beginning of the year	1,899,888	1,670,365
End of the year	$ 2,500,964	$ 1,899,888

The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF THE TRUST AND PLAN:

The Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (HRA VEBA Trust or the Trust) was formed on October 1, 1990 to administer the Voluntary Employees' Beneficiary Association's one or more health and welfare benefit plans for Public Employees in the Northwest. Participants should refer to the Plan documents, summaries and other descriptive plan literature for a complete description of the provisions of the HRA Plans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The summary of significant accounting policies of the Trust is presented to assist in understanding the Trust's financial statements. The financial statements and notes are representations of the Board of Trustees, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Basis of Presentation - The financial statements of the Trust are prepared using the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board of Trustees to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents - For purposes of the cash flow statement, the Trust considers investments which are not subject to withdrawal restrictions and can be converted to cash on short notice and are used in the operating activities of the Trust, specifically cash in demand accounts at financial institutions, to be cash equivalents. The Trust does not consider investments in short-term investment funds (money market accounts and equivalents) used in the investing activities of the Trust to be cash equivalents.

Synthetic Guaranteed Investment Contract Valuation - For the portion of the Trust's net assets available for benefits related to fully benefit-responsive investment contracts (synthetic guaranteed investment contracts), the relevant measurement is contract value. Contract value is the amount the Trust would receive if it were to initiate permitted transactions under the terms of its contracts.

Mutual Fund Valuation - In general, mutual funds are required to be reported at fair value. For a further discussion of fair value measurements, see Note 9.

Benefits Payable and Claims Incurred But Not Reported - Trust obligations for benefits payable and claims incurred but not reported as of the end of the trust year are estimated by management

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

based on prior claims experience and claims reported after year-end which pertain to claims actually incurred prior to such date.

Valuation of Other Financial Instruments - The Trust recognizes other financial instruments at historical cost, which approximates fair value, due to the short maturities of those instruments.

Revenue Recognition - The Trust recognizes revenue in the form of contributions as received from an eligible employer with respect to its employees or on behalf of the employer itself. The Board of Trustees does not have a right to require any contribution to be made to this Plan. The Board of Trustees does not have a duty to determine that the amounts contributed to the Plan comply with the various programs of the employers which allow for contribution. The employers have the duty to ensure that all contributions to this Plan comply with the various programs of the employers which allow for contribution.

Investment Income Recognition - Investment transactions are recorded on a trade-date basis. Acquisition costs are included in the cost of investments purchased, and sales are recorded net of selling expenses. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are determined by the average cost method. Gains, losses, and income on investments are reported as revenues in the Statements of Activities.

Net Asset Restrictions - All net assets are designated to provide benefits and related administrative support.

Recent Accounting Standard Updates - Accounting Standards Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this ASU are intended to improve financial statement presentation for not-for-profit organizations. Topics within ASU 2016-014 include net asset classification, information about liquidity and availability of resources, expense presentation, and statement of cash flow presentation.

ASU 2016-014 requires net assets to be classified as either with donor restrictions or without donor restrictions in addition to more detailed disclosure regarding specific restrictions and Executive Board designations, as applicable. All net assets of the Trust are with donor restrictions.

ASU 2016-014 requires disclosure improving the financial statement user's ability to assess the not-for-profit's available financial resources and liquidity. Disclosure is required of both quantitative and qualitative information about the availability of resources and how the not-for-profit manages its liquid available resources to meet its cash needs for general expenditures within one year of the date of the statement of financial position. See Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In order to make information about expenses more comparable and useful, ASU 2016-014 requires all not-for-profits to provide information about operating expenses by both nature and function. This requirement is not a change for this organization since all expenditures provide benefits and related administrative support.

NOTE 3 - LIQUIDITY AND AVAILABILITY:

As of September 30, 2019 and 2018, the Trust had liquid assets of approximately $475,000,000 and $435,000,000, respectively, which consists of cash and cash equivalents and mutual funds. However, the availability of assets for purposes other than to provide benefits for participants are limited. The Trust had net administration funds available of $847,209 and $110,180, at September 30, 2019 and 2018, respectively. The Trust receives funds to pay expenses on a monthly basis by withholding amounts from participant accounts on a per participant per month basis and/or on an asset based fee basis. These funds are then utilized to pay the expenses of the Trust. Due to the nature of the methodology of paying for Trust's administrative expenses, the Trustees do not believe that, at the present time, it is required to have a large amount of liquid assets available for general and administrative expenses.

The organization manages liquidity needed for operations primarily by monitoring monthly cash inflows and outflows.

NOTE 4 - INCOME TAX STATUS:

The Trust established to hold the assets of the Plan is qualified pursuant to Section 501(c)(9) of the Internal Revenue Code (IRC) as a tax-exempt organization. The Trust obtained its most recent favorable determination letter from the Internal Revenue Service (IRS) dated March 14, 2000, in which the IRS stated that the Trust, as then designed, was in compliance with the applicable requirements of the IRC. The trust agreement and plan document have subsequently been amended. In a letter dated September 12, 2014, the Trust received notice from the Internal Revenue Service that the Trust's files with the Service had been updated. The Board of Trustees believes the Trust and related Plans are designed and have been operated through September 30, 2019 in accordance with applicable provisions of the IRC.

NOTE 5 - RISKS AND UNCERTAINTIES:

In determining the fair value of financial instruments, the Board of Trustees uses a variety of methods and assumptions that are based on market conditions and risks existing at the date of the Statement of Financial Position. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

NOTE 5 - RISKS AND UNCERTAINTIES (Continued):

The U.S. Federal Deposit Insurance Corporation (FDIC) provides coverage up to $250,000 per depositor per ownership category on deposit accounts at FDIC-insured institutions. As of September 30, 2019, insured accounts totaled $2,500,965.

The Trust `maintains money market accounts which are not insured by the FDIC. The investments are collateralized by government backed securities. As of September 30, 2019, the Trust's investment in these accounts totaled $6,376,033.

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Financial Position.

A portion of the Trust's investments included collateralized mortgage obligations, commercial mortgage-backed securities, residential mortgage-backed securities and asset-backed securities. These investments may have exposure to the issuers' overall financial capacity to pay financial obligations. As of September 30, 2019, the Trust has no designated reserves for the contract issuers' creditworthiness.

The Trust invests in contracts with insurance companies and other financial institutions in accordance with the provisions of its Investment Policy Statement. Although the Trust attempts to enter into contracts with a diversified group of issuers, there are a limited number of issuers meeting the Trust's investment policy requirements regarding issuer credit ratings.

NOTE 6 - SYNTHETIC GUARANTEED INVESTMENT CONTRACTS:

Synthetic guaranteed investment contracts (synthetic GICs) are agreements with high quality insurance companies and other financial institutions which are designed to help preserve principal and provide a stable crediting rate. These contracts provide that trust-initiated withdrawals permitted under a participating plan will be paid at contract value. In the event of forced liquidation, a contract may be subject to a market valuation adjustment which could result in less than the contract value being received by the Trust. The Board of Trustees does not believe that any events which would limit the Trust's ability to transact at contract value are probable of occurring. Wrap agreements permit the Trust or issuer to terminate upon notice at market value, and provide for automatic termination of the contract if the contract value or the market value of the contract equals zero.

In a synthetic GIC structure the underlying assets are owned by the Trust. The Trust then purchases a wrap contract, typically from an insurance company or other financial institution. The underlying assets generally consist of a portfolio of bonds and/or other fixed income securities that are maintained separately from the wrap issuer's general assets, usually by a third

NOTE 6 - SYNTHETIC GUARANTEED INVESTMENT CONTRACTS (Continued):

party custodian. The wrap issuer is obligated to provide an interest rate not less than zero. The wrap contract typically provides that administrative fees related to the maintenance of the wrap contract and realized and unrealized gains and losses related to the underlying assets are not reflected immediately in the assets of the Trust, but rather are amortized, usually over the time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate. The wrap issuer guarantees that all qualified withdrawals will occur at contract value. See Note 7.

All synthetic GICs held by the Trust are deemed to be fully benefit-responsive investment contracts. As described in Note 2, contract value is the relevant measurement attribute for these investment contracts.

NOTE 7 - INVESTMENTS INCLUDED IN THE SYNTHETIC GUARANTEED INVESTMENT CONTRACTS:

The following is a schedule, as of September 30, 2019, of the Trust's investments included in the synthetic guaranteed investment contract by type.

	Issuer Rating* S&P/ Moody's (unaudited)	Investments at Fair Value	Wrapped Contracts at Fair Value	Adjustment to Contract Value	Contract Value
Wrapped Portfolio:					
Short-term Investment Fund	AAA/Aaa	$ 330,472			
Residential Mortgage Backed Securities	Agcy/Agcy	1,324,897			
Corporate Investment Grade Bonds	BBB-/Ba1 to AAA/Aa3	39,022,232			
Treasury Notes	Govt/Govt	41,879,972			
Agency Securities	Agcy/Agcy	2,109,424			
Non-Corporate Credit Securities	AAA/Aaa	3,832,697			
Collateralized Mortgage Obligations	Agcy/Agcy	4,553,485			
Asset Backed Securities	NR/NR to AAA/Aaa	8,356,156			
Wrap Agreements:					
RGA, 2.56%	AA-/Aa2				
State Street Bank & Trust Company, 2.56%	AA-/Aa2		$ -		
TOTAL WRAPPED PORTFOLIO		$ 101,409,335	$ -	$ (1,704,133)	$ 99,705,202

The following is a schedule, as of September 30, 2018, of the Trust's investments included in the synthetic guaranteed investment contract by type.

NOTE 7 - INVESTMENTS INCLUDED IN THE SYNTHETIC GUARANTEED INVESTMENT CONTRACTS (Continued):

	Issuer Rating* S&P/ Moody's (unaudited)	Investments at Fair Value	Wrapped Contracts at Fair Value	Adjustment to Contract Value	Contract Value
Wrapped Portfolio:					
Short-term Investment Fund	AAA/Aaa	$ 311,401			
Residential Mortgage Backed Securities	Agcy/Agcy	1,893,939			
Corporate Investment Grade Bonds	Baa3/BBB- to A1/AA+	26,868,721			
Treasury Notes	Govt/Govt	18,539,494			
Agency Securities	Agcy/Agcy	3,294,295			
Non-Corporate Credit Securities	Aaa/AAA	5,166,164			
Collateralized Mortgage Obligations	Agcy/Agcy	4,919,586			
Asset Backed Securities	NR/NR to Aaa/AAA	6,466,742			
Wrap Agreements:					
RGA, 2.25%	Aa2/AA-				
State Street Bank & Trust Company, 2.22%	Aa2/AA-		$ -		
TOTAL WRAPPED PORTFOLIO		$ 67,460,342	$ -	$ 1,109,783	$ 68,570,125

* The Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's") ratings as of September 30, 2019 and 2018 are current assessments of the contract issuer's overall financial capacity (its creditworthiness) to pay its financial obligations. Ratings shown for security-backed contracts are assessed on the issuer of the contract wrap and not the underlying securities.

NOTE 8 - SCHEDULE OF MUTUAL FUNDS:

The following is a schedule, as of September 30, 2019 and 2018, of the Trust's investments in mutual funds, at fair market value.

	2019	2018
Champlain Small Company Institutional Fund	$ 9,807,617	$ 10,181,984
American EuroPacific Growth Fund	5,736,247	5,787,930
Vanguard Balanced Index Fund	70,554,812	68,058,035
Carillon Scout Mid Cap Equity Portfolio	10,700,571	-
Scout Mid Cap Equity Portfolio	-	11,382,790
Vanguard Institutional Index Fund	88,795,875	86,783,934
Vanguard Conservative Growth Fund	78,332,139	67,328,274
Vanguard Growth Fund	72,456,600	66,305,732
Vanguard Income Fund	86,488,473	75,743,703
Vanguard Moderate Growth Fund	41,725,206	33,985,185
Metropolitan West Total Return Fund	8,807,930	7,746,894
	$ 473,405,470	$ 433,304,461

NOTE 9 - FAIR VALUE MEASUREMENTS:

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instruments, including estimates of timing, amount of expected future cash flows and credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 inputs to the valuation methodology include the following: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

Cash equivalents, short-term investment funds and amounts due to brokers - Because of the nature of these assets and liabilities, carrying amounts approximate fair values. Fair values of cash equivalents may be determined using public quotations, when available.

NOTE 9 - FAIR VALUE MEASUREMENTS (Continued):

Mutual funds - Valued at quoted market prices in active markets, which are derived by the fair values of the underlying assets and liabilities of the specific fund.

Fixed income obligations - Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Treasury notes - Valued at the closing price reported in active markets in which the individual securities are traded.

As of September 30, 2019, the following financial assets of the Trust were measured at fair value on a recurring basis consistent with the fair value hierarchy provisions:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 6,045,561	$ -	$ -	$ 6,045,561
Mutual funds	473,405,470	-	-	473,405,470
	$ 479,451,031	$ -	$ -	$ 479,451,031

As of September 30, 2019, the following financial assets, comprised of the assets underlying the synthetic guaranteed investment contracts of the Trust, were measured at fair value on a recurring basis consistent with the fair value hierarchy provisions:

	Level 1	Level 2	Level 3	Total
Securities underlying synthetic investment contracts:				
Fixed income obligations:				
Agency securities	$ -	$ 2,109,424	$ -	$ 2,109,424
Corporate investment grade bond obligations	-	39,022,232	-	39,022,232
Non-corporate credit sec.	-	3,832,697	-	3,832,697
Residential mortgage-backed securities	-	1,324,897	-	1,324,897
Collateralized mortgage obligations	-	4,553,485	-	4,553,485
Asset-backed securities	-	8,356,156	-	8,356,156
Treasury notes	41,879,972	-	-	41,879,972
Short-term investment funds	330,472	-	-	330,472
	$ 42,210,444	$ 59,198,891	$ -	$ 101,409,335

As of September 30, 2018, the following financial assets of the Trust were measured at fair value on a recurring basis consistent with the fair value hierarchy provisions:

NOTE 9 - FAIR VALUE MEASUREMENTS (Continued):

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 10,374,677	$ -	$ -	$ 10,374,677
Mutual funds	433,304,461	-	-	433,304,461
	$ 443,679,138	$ -	$ -	$ 443,679,138

As of September 30, 2018, the following financial assets, comprised of the assets underlying the synthetic guaranteed investment contract of the Trust, were measured at fair value on a recurring basis consistent with the fair value hierarchy provisions:

	Level 1	Level 2	Level 3	Total
Securities underlying synthetic investment contracts:				
Fixed income obligations:				
Agency securities	$ -	$ 3,294,295	$ -	$ 3,294,295
Corporate investment grade bond obligations	-	26,868,721	-	26,868,721
Non-corporate credit sec.	-	5,166,164	-	5,166,164
Residential mortgage-backed securities	-	1,893,939	-	1,893,939
Collateralized mortgage obligations	-	4,919,586	-	4,919,586
Asset-backed securities	-	6,466,742	-	6,466,742
Treasury notes	18,539,494	-	-	18,539,494
Short-term investment funds	311,401	-	-	311,401
	$ 18,850,895	$ 48,609,447	$ -	$ 67,460,342

NOTE 10 - NET INVESTMENT INCOME:

For the years ended September 30, 2019 and 2018, net investment income consisted of the following:

	2019	2018
Short-term investment fund dividends	$ 144,265	$ 95,285
Earnings from fully benefit-responsive contracts:		
Synthetic guaranteed investment contracts	2,113,952	1,445,916
Mutual fund dividends and capital gain distributions	15,222,972	10,334,598
Realized gains from mutual funds, net	9,190,861	6,058,513
Unrealized gains from mutual funds, net	(229,962)	16,756,678
	$ 26,442,088	$ 34,690,990

NOTE 10 - NET INVESTMENT INCOME (Continued):

For the years ended September 30, 2019 and 2018, earnings from synthetic guaranteed investment contracts consisted of:

	2019	2018
Interest and dividends from underlying investments	$ 1,902,420	$ 1,394,927
Realized gains (losses)	(62,299)	(248,261)
Unrealized gains (losses)	1,995,508	(1,187,251)
Net increase (decrease) in contract value adjustment	(1,721,677)	1,486,501
	$ 2,113,952	$ 1,445,916

NOTE 11 - FIDUCIARY LIABILITY INSURANCE AND FIDELITY BONDING:

As of September 30, 2019, the Trust was covered by fiduciary liability insurance and fidelity bonding from Travelers Casualty & Surety Company providing $5,000,000 and $500,000 of coverage, respectively.

NOTE 12 - PARTICIPANT FUND ALLOCATIONS:

As of September 30, 2019 and 2018, the participant accounts of the Trust are attributed to the investment fund options as follows:

	2019	2018
Stable Value Fund	$ 105,726,352	$ 78,927,477
Balanced Fund	70,554,812	68,058,035
Large Cap Equity Fund	88,795,875	86,783,934
Total Return Bond Fund	8,807,930	7,746,894
Mid Cap Equity Fund	10,700,571	11,382,790
Small Cap Equity Fund	9,807,617	10,181,984
International Equity Fund	5,736,247	5,787,930
Lifestyle Income Fund	86,040,170	75,743,703
Lifestyle Conservative Growth Fund	77,932,630	67,328,274
Lifestyle Moderate Growth Fund	41,725,206	33,985,185
Lifestyle Growth Fund	72,456,600	66,305,732
Benefits payable	(400,000)	(465,000)
Claims incurred but not reported	(9,000,000)	(8,300,000)
Unallocated	653,799	(151,065)
	$ 569,537,809	$ 503,315,873

NOTE 13 - ADDITIONAL INFORMATION REQUIRED BY THE STATEMENTS OF CASH FLOWS:

During each of the years ended September 30, 2019 and 2018, there were no income taxes paid or received, no interest paid, and there were no non-cash investing or financing activities.

NOTE 14 - FINANCIAL STATEMENT PRESENTATION:

Certain balances in the financial statements as of and for the year ended September 30, 2018 have been reclassified to conform to the presentation of the financial statements as of and for the year ended September 30, 2019. These reclassifications had no effect on net assets.

NOTE 15 - SUBSEQUENT EVENTS:

The Board of Trustees has evaluated events subsequent from September 30, 2019 through February 6, 2020 (the date the financial statements were available to be issued) and has identified no events that, if disclosed, would influence the readers' opinion concerning these financial statements.

Create Opportunities

May 22, 2020

Proposal to provide professional services to:

Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest

Prepared by:
Lisa Cushman, CPA, Signing Director
lisa.cushman@CLAconnect.com
Direct 509-363-6343

CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

CliftonLarsonAllen LLP
601 West Riverside, Suite 700
Spokane, WA 99201-0622
509-363-6300 | fax 509-363-6350
CLAconnect.com

May 22, 2020

Britt Afdem
Gallagher Benefit Services, Inc.
906 West 2nd Ave, Suite 400
Spokane, WA 99201

Dear Ms. Afdem:

Thank you for inviting us to propose on the professional services for the Voluntary Employees' Benefit Association Trust for Public Employees in the Northwest (the Trust). We are excited about this opportunity to provide services for the Trust. The enclosed proposal responds to your request for professional full-scope audit and/or preparation and tax services for the Trust for the year ending September 30, 2020. We are confident our resources, knowledge, and service strength will demonstrate that we are highly qualified to serve you.

You can depend on CLA (CliftonLarsonAllen LLP) for several advantages:

- ***Specialized services***. Our professionals are immersed in employee benefit plan compliance. Your selected service team members are not just accounting practitioners; they have significant experience, training, and knowledge of employee benefit plans and their reporting and compliance issues.

- ***Credibility, reputation, and resources of a leading professional services firm*** without sacrificing the small-firm touch. Employee benefit plans are vital to our country's work force and at CLA we have a long standing, deep commitment to these plans and their sponsors. In fact, CLA is ***the leading provider*** of employee benefit plan audits in the country (according to the Department of Labor).

- ***Professionals personally and deeply invested in your success.*** CLA has established itself as a place where the best and brightest come to build the careers they want. Our people provide advice by applying their entire depth of experience—as well as their full potential—to their work with clients. Their passion towards their work is evident in our service delivery.

We are excited to work with you and welcome the chance to present our proposal to the entire management team and Board of Trustees. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP

Lisa Cushman

Lisa Cushman, CPA
Signing Director
509-363-6343
lisa.cushman@CLAconnect.com

A member of Nexia International

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Firm Experience and Qualifications

1. Overview

a. Firm History

Established on January 2, 2012, CLA (CliftonLarsonAllen LLP) continues the legacy of quality, service, and experience that each Clifton Gunderson LLP and LarsonAllen LLP has built for more than 60 years. The joint firm is unique in the industry due to its deep industry specialization, seamless integrated capabilities, primary focus on privately held businesses and their owners as well as governmental and nonprofit organizations, and career-building strategy. The Spokane, WA office is built on the foundation of LeMaster & Daniels PLLC (established in 1908), which merged with LarsonAllen LLP in 2010. We continue to hold true to the values and culture that have made the individual practices successful in the past.

b. Number of Clients

As a firm, we currently audit approximately 3,045 employee benefit plan audits that are comprised of participant levels of 120 to more than 5.1 million participants. Plan asset balances range from $1 million (and less) to more than $500 billion in total assets. Our employee benefit plan practice includes a full range of plan types.

Plan Type	# of Plans	Percent
Defined Contribution Plans	2,020	66%
Defined Benefit Plans	344	11%
403 (b) Plans	309	10%
ESOP Plans	99	3%
Health & Welfare Plans	198	7%
Other EBP	75	3%
Total Employee Benefit Plan Audits	**3,045**	**100%**

From our Spokane office, we currently audit over 70 employee benefit plans that are comprised of participant levels of 120 to more than 10,000 participants. Plan asset balances range from $1 million (and less) to more than $500 billion in total assets.

c. Number of Trust Clients, Number of VEBA Clients

locally, out of the Spokane office we perform 13 health and welfare related audits. Many of the health and welfare plans we serve have VEBA components. Furthermore, CLA provides audit services to over 180 multiple employer and multiemployer benefit plans. In addition to health and welfare audits, we provide benefits consulting and compliance, Form 5500 and Form 990 preparation, and various other services to many more health and welfare related organizations.

In addition to our benefit plan experience, we also have extensive nonprofit industry experience.

CPA Firm Ranking of Nonprofits Served Nationwide**

Firm	# Served
CLA	5,399
PWC	4,087
E&Y	2,940
RSM	2,702
BKD	2,247
BDO	1,872
Wipfli	1,690
Eide Bailly	1,677
Deloitte	1,668
Baker Tilly Virchow Krause	1,610

*** The list is based on a database of approximately 400,000 nonprofit filed Forms 990 (filers with annual revenue greater than $200,000) which is maintained by CauseIQ. The database does not include 990N, 990EZ, 990PF and other nonprofits that do not need to file such as religious organizations therefore the numbers listed above do not include all nonprofits served by CLA.*

d. Tax-Exempt Industry Related Experience

Employee benefit plan audits can be the target of scrutiny by the DOL and the Internal Revenue Service (IRS). It is essential that you receive your audit services from a professional service firm that is experienced in the unique regulatory requirements of an employee benefit plan. CLA provides you exactly that.

3,045
audit clients

You will benefit from a firm that understands your risks as an employee benefit plan sponsor. The key risks facing you are fulfilling your fiduciary responsibilities in a constantly evolving landscape, maintaining a proper level of funding in the plan that balances the needs of the contributing employer with the benefits to be provided to participants, and determining if the design of the plan is in line with the needs of participants and the employer. Our professionals will assist you in addressing these risks and in identifying opportunities to identify ways to assist in your fiduciary responsibilities.

1,050
tax clients

Nationally, we have 50 principals and audit more than 3,045 plans across the country and provide compliance and consulting services for hundreds more. Our team of professionals uses practices and procedures to assist in the appropriate recognition of plan financial statements and our services are provided in a timely, efficient manner, with a reasonable fee structure. As a firm with more than 60 years of experience, we possess a comprehensive understanding of your challenges and are able to respond promptly and effectively to help meet them.

620
plan administration clients

In addition to traditional assurance, accounting, and tax services, our depth of specialized consulting services includes but is not limited to:

- ERISA and non-ERISA audits (single, multiple, and multiemployer), including audits of plans with 11-K filings
- Public company plan audits (11k)
- Assist management in improving plan operations and staying abreast of current industry developments
- Non-qualified retirement plan and welfare plan consulting and compliance
- Health care plan consulting
- Retirement plan design, compliance, and consulting
- Health reform advisory
- Custom retirement plan design
- Third party administrator services and record keeping
- Assistance in the resolution of plan operation failures
- Benchmarking analysis
- Audit and tax services for Association health plans
- Training and education for plan participants

Plan Taxation

CLA prepares more 990s than any other professional services firm in the United States based on data obtained from CauseIQ. We share what we've learned from our experiences with our tax-exempt clients to keep them aware of potential tax issues. We will share these perspectives and insights with you throughout the year, not just at tax filing time. With CLA, the Trust will get a firm that:

- Has extensive experience in preparing 990, 990-T, and state tax returns, including the required schedules
- Has working knowledge of the tax-exempt community's accounting and tax needs
- Is diligent in meeting deadlines to avoid late filing and other tax penalties

In addition to our deep 990 expertise, we also have vast other tax related expertise, such as:

- Satisfy the annual reporting requirements of the IRS and DOL
- Tax preparation, review and compliance (Forms 5500, 5330, 8955-SSA, and 990)
- Voluntary employee benefit plan associations
- Tax Reform affecting plan sponsors

Department of Labor

CLA's employee benefit plan services group has extensive experience with the DOL. We have an excellent working relationship with the DOL and we are able to leverage this relationship for the benefit of our clients. A number of our clients have been subjected to a DOL investigation over the years. We were instrumental in securing positive results for our clients and guiding them through the process.

In May 2015, the DOL issued a report titled "Assessing the Quality of Employee Benefit Plan Audits". In that [illegible] employee benefit plan audits contained major deficiencies which would lead to rejection of a Form 5500 filing. Furthermore, the DOL found that the subset of multiemployer plans audited in this study had a 76% failure rate.

In 2019, the DOL performed their review of CLA's employee benefit plan audit practice. During this review, the DOL selected eight plans total to review. The DOL commended us for our continued emphasis on staffing employee benefit plan engagements with individuals who have industry knowledge and experience. This came through in the inspection results which were very positive.

We understand the employee benefit plan field—from a financial, operational, and strategic standpoint. Working with us means you'll be working with people who have chosen employee benefit plans to be an important part of their career path.

e. Familiarity with VEBA Trusts and Filing Form 990 for VEBA Trusts

As noted in c. above, as a firm we serve over 180 multiple employer and multiemployer benefit plans and as noted in b. above we serve approximately 200 various health and welfare related audits. Many of the health and welfare audits we perform are also either a multiple employer or multiemployer arrangement and have a VEBA component. Locally, we perform 13 health and welfare related audits, of which 8 are multis and/or have VEBA components. In addition, out of our Seattle office we serve another 65 plans that are multis. For virtually all of our health plan clients, we also prepare their Form 990.

f. Number of Governmental Employer Clients

Nationally, CLA serves a large number of not only federal government sponsored plans, but also state and local government sponsored plans. Depending on the arrangement, type of plan, and whom sponsors the plan, most require audits performed under Government standards, which fall under separate teams within CLA that have the appropriate expertise to serve those clients effectively. For example, out of our Baltimore/DC offices we have a principal that serves only federal government health and welfare plans (i.e. Army, Air Force) and another principal that serves state and local government pension plans only (i.e. many state government sponsored pensions). In order to serve our clients with the teams that have the appropriate expertise, we utilize a team approach across the firm and pull in the team members who have the most expertise to serve those specific clients when needed.

However, the local Spokane service team proposed has extensive experience with plans similar to yours that have health and welfare VEBA components, are multiple employer plans, and reporting under FASB/GAAP standards.

2. Size and structure

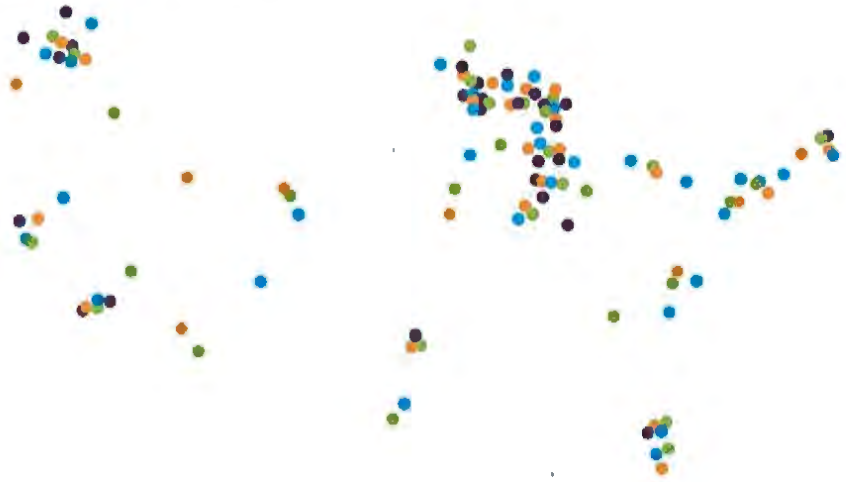
Create opportunities

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services.

More than
6,200
people

More than
120
U.S. locations

A
global
affiliation
A member of Nexia International



We promise to know you and help you

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and achieve more than you believed possible.

a. Number of CPAs

CLA employs over 2,500 CPAs.

b. Other Employees

CLA employs over 3,500 non-CPA staff.

c. Size of Local Office

The Spokane office consists of 42 employees, of which 24 are CPAs and 4 are focused on employee benefit plans 50% or more of the time and another 4 serve benefit plans seasonally. In the state of Washington, CLA employs 151 CPAs, of which over 20 are focused on employee benefit plans, some exclusively.

3. Engagement team

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

The most important resource any business has is people — the right people.

Engagement Team	Role	Years' Experience
Lisa Cushman, CPA, Signing Director	Engagement Principal and Client Relationship Lead	17+
Tristan Seehorn, Senior	Engagement In-Charge	5+
Jaclyne Hawley, CPA, MBA, Signing Director	Nonprofit Audit Technical Expertise	17+
Ann Swindell, CPA, Principal	Nonprofit Tax Technical Expertise	12+

Engagement team bios

Lisa Cushman, CPA

Lisa joined CLA in 2003 and is a signing director in the Spokane office working primarily in the employee benefit plans (EBP) group and managing the EBP practice there. In her 17 years with the firm, Lisa has performed audits of defined contribution, defined benefit, health and welfare, and employee stock ownership plans for organizations across a variety of industries, including 11-k filing plans and multi- and multiple employer plans. Lisa functions as the engagement principal on more than 70 plans and is involved in audits of many other plans.

Tristan Seehorn

benefit, defined contribution, health and welfare and 11-K plans, many of which are multiple or multiemployer plans. This type of experience requires coordinating and working closely with multiple different service providers to come together and provide an effective and timely audit for the Plan.

Jaclyne Hawley, CPA, MBA

Jaclyne is an integral part of the Spokane governmental and nonprofit practice with CliftonLarsonAllen. Since joining CLA, Jaclyne has devoted her time to our accounting and auditing practice and supervises numerous audits of various types of clients, including several nonprofits.

Ann Swindell, CPA

Ann is a principal with CLA, serving nonprofit, business, and individual clients in all areas of tax compliance, business consulting, and accounting. She has significant experience with highly complex federal and state tax returns. For more than 12 years, she has worked with nonprofit clients in the areas of building and maintaining proper governance, reporting unrelated business income, preservation of exempt and public charity status, and proper disclosure of sensitive transactions on Form 990.

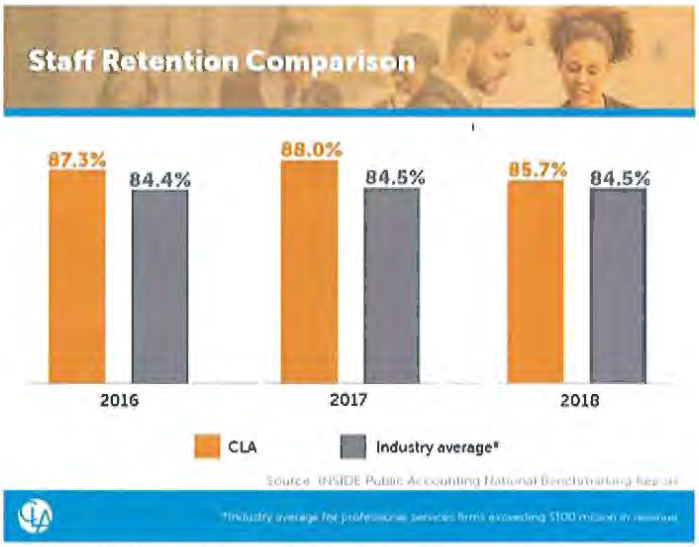
Detailed resumes are available in the Appendix of this proposal.

At CLA, we utilize a team approach. Each of the team members identified as part of the engagement team have served benefit plans and/or non-profits similar to yours, as well as provided services in a variety of other industries. We do not typically provide representative lists of clients worked on by individual team members during proposals. If you would like further references than those provided, please let us know.

Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. If and when it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have a number of qualified staff members to provide the Trust with quality service over the term of the engagement.



CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.

4. AICPA Employee Benefit Plan Audit Quality Center membership

CLA is a member of the AICPA, AICPA Employee Benefit Plan Audit Quality Center (EBPAQC), and International Foundation of Employee Benefit Plans (IFEBP), as well as other professional memberships. The AICPA EBPAQC is a national community of professional service firms that demonstrates a commitment to employee benefit audit quality and raises awareness about the importance of employee benefit plan audits. The Center provides members with best practices, guidelines, and tools that professional service firms need to perform quality benefit plan audits and better serve their clients. Doug Bertossi, the managing principal of our firm's employee benefit plan practice, is a current member of the executive committee of the AICPA Employee Benefit Audit Quality Center and Anita Baker, a principal in our group, served as chair of the Executive Committee from 2004 through 2008.

AICPA EBPAQC Member

In addition, Stacy Meyer, a principal in our Minneapolis office, is currently a member of the AICPA Employee Benefit Plan Expert Panel (Expert Panel). The Expert Panel monitors employee benefit plan industry developments, trends, and opportunities to identify and advise on reporting, attest, and assurance issues unique to employee benefit plans. Ann Joda, principal, served on the Expert Panel from 2008-2010.

Furthermore, Kelly Davis, a principal in our Phoenix office, is the chairperson of the AICPA Employee Benefits Tax Technical Resource Panel (Resource Panel) for 2015 through 2018. This Resource Panel's primary responsibility is dealing with the IRS and Congress on employee benefit plan tax matters —monitoring both legislative and regulatory activity and suggesting modifications to simplify and clarify employee benefit plan tax provisions with policymakers. The Resource Panel also develops tools and aids for AICPA members.

This leadership and industry commitment confirms that our clients are always "ahead of the curve."

In the most recent peer review report we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided below.

Cherry Bekaert
CPAs & Advisors

Report on the Firm's System of Quality Control

November 21, 2019

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP

5. Professional license to practice

No, neither our firm nor any of our employees have had their professional license revoked.

6. Professional ethics and regulatory issues

From time to time, individuals in the firm are parties to an inquiry from a regulatory or ethics body. In all cases the individual, with the firm's backing, shall cooperate in providing the information required to respond appropriately to the inquiry.

The firm and professionals within the firm presently do not have any regulatory or ethics inquiries outside the normal course of our practice.

7. Litigation disclosure

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend it vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements.

8. Lost clients

As a matter of policy, CLA does not disclose information regarding former clients as it may violate the confidentiality terms of the lost clients at issue, especially if the reason for their departure is governed by a Non-Disclosure Agreement, Confidentiality Agreement, or confidentiality terms/provisions found in the engagement terms.

From time to time, clients will leave CLA to engage another CPA firm for audit services. It is not our practice to publicly identify the clients we are engaged to serve, including discussing specific reasons organizations chose to leave our firm. In general terms, any clients who decided to engage a new public accounting firm have done so for the typical reasons – organization acquired or sold and plan sponsored changed or terminated, plan terminations, plan sponsor with new executive(s) following prior established relationships, etc.

It is important to note none of the client transitions, locally, were the result of unresolved auditing or accounting matters or due to poor client service.

9. Services approach

a. Preparation of Trust's financial statements

As detailed in b. below, we approach every, single client engagement with a commitment to excellence, being efficient and leveraging our industry focused experience to scale an engagement to our client's wants and needs. The same team that would be serving your Trust if we were performing an audit, would be preparing the Trust's financials statements, if we were engaged to perform that service.

Proposed Segmentation of the Engagement

We will conduct our preparation service utilizing the following phases:

- **Phase 1 – Planning, Expectations and Communication**
  - Includes gathering documentation from service providers
  - Meeting with plan management and plan auditor to determine timing and scope of deliverables
- **Phase 2 – Preparation of Financial Statements**
- **Phase 3 – Draft Deliverable**
  - Includes meeting with auditor to address any questions, concerns, or changes necessary

b. Performance of Trust's annual audit

Seamless assurance advantage: a different way to audit

CLA's audit approach is built on efficient and effective service, including a high level of communication with plan management. Due to the depth of our experience and the resources available to us, we are able to bring a wide spectrum of experience and insight to you.

We approach all client engagements with a commitment to enterprise excellence, which means being operationally efficient in all we do and leveraging our industry focused experience to bring impact capabilities to our clients. What does this mean for you? It means we bring a team of employee benefit plan professionals who will listen to and work with you to structure our engagement for a successful outcome.

Know the client, serve the mission.

We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your plan by working closely with your staff.

In addition to the approach to serving clients in general, as noted in a. above, we acknowledge audited financial statements give the highest degree of transparency for plan members and sponsors. An audit should extend well beyond the issuing of an opinion on the financial statements; we believe an audit can produce information which will help you better manage your plans. CLA's approach to an audit is built on efficient and effective service that includes a high level of communication with plan management.

Plan Audits – Detailed Description

Our audit will meet the guidelines stipulated in the *American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide – Audits of Employee Benefit Plan(s) – New Edition* as of January 1, 2020.

We utilize a service model that includes clear roles and responsibilities for your audit services. Our audit approach will include the following key components:

- **Smooth transition** of audit work from your current plan auditors with minimal disruption to your staff.
- **Early planning**, internal control evaluation, and selection of testing samples well in advance of fieldwork.
- Reliance on SOC 1 Reports to the greatest extent possible to provide the most efficient and effective audit testing procedures.
- **Streamlined audit approach** utilizing technology and reporting from your service providers.
- **Use of industry tailored customized audit programs** that are geared to identifying and testing significant audit areas and ferret out those compliance issues than can cause problems and that are more often overlooked.

Proposed Segmentation of the Engagement

We will conduct our audit, using an audit program tailored for the Plan(s), in the following phases:

- **Phase 1 – Planning and Internal Control**
  - Includes pre-audit planning meeting with personnel to discuss information needs and the timing and coordination of procedures
  - Selection of testing samples prior to fieldwork
  - Obtaining service provider reports access prior to fieldwork
- **Phase 2 – Testing**
- **Phase 3 – Reporting**
  - Includes pre-issuance meeting with personnel to discuss audit results and review communications

One of our audit efficiency initiatives is to rely heavily on internal controls and SOC 1 Reports, when appropriate, and to rely on such internal control testing to maximize its efficiency. This means not routinely performing detailed tests of transactions using large samples.

We seek first to identify key controls and review the accuracy of controls through SOC 1 reports and then identify possible testing through such alternative methods as observation, interviews, and performance. Also, these tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

The extent of our substantive testing will be based on results of our planning procedures and review of internal controls, including SOC 1 reports. It has been our experience that retirement plans often have a system of internal control that, with appropriately designed tests and correlation to account balances, can be used to limit the nature, timing, and extent of account balance substantiation testing.

Based on our experience, we anticipate our audit approach will include procedures for the following key areas:

- Determination of proper eligibility
- Contributions, including receivables
- Benefit payments and withdrawals
- Testing of participant data (compliance)
- Plan expenses
- Tax status

Deliverables

CLA will provide the Plan—

- Audit reports for the Plan delivered at or before the agreed upon date, providing ample time to complete and file your Form 990.
- A management letter summarizing internal control or other recommendations noted, if any, including any operational, demographic, or eligibility issues we may note.
- Written communication to those charged with governance.

Our management letter will also provide you with practical recommendations on how weaknesses can be strengthened and any potential problems avoided. We view our management letter as a vehicle for providing constructive assistance to our clients and its preparation is included in our fee estimate summarized in this proposal.

c. Tax compliance approach

Our approach to tax planning and preparation begins with understanding your current tax situation and past filings.

Process

Our tax services process is simple:

- [illegible] understand your tax situation and determine if there are any issues or opportunities.
- Keep you involved and informed to avoid errors and delays.

Deliverables

CLA will provide:

- Completed federal tax returns by an agreed-upon deadline.
- Strategies for streamlining your tax reporting process.

Benefits

You will receive the following benefits from our tax planning and preparation services:

- Ongoing assistance throughout the year, not just during the year-end procedures. This will help us recognize opportunities and resolve potential problems.
- Immediate communication of changes in tax law that may affect your operations and recommendations to address any resulting issues.
- Thorough compliance with tax obligations means you can avoid penalties and surprises.

A simple transition

We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition. In order to mitigate disruptions to you, we will execute the following transition plan as we rotate into the engagement. After notifying your former firm, we will execute a seamless transition by:

- **Working with your former firm** – CLA will work with your existing firm to gain access to critical documentation in a timely manner to expedite this process.
- **Get to know our team** – As part of our planning process, we will coordinate necessary introductions between plan personnel and CLA, as well as provide the appropriate contact information.
- **Develop the audit plan and timelines** – We will establish a mutually agreeable timetable and identify any items that will be needed for completion.

Other ways in which we can minimize the impact of transition on your management team are:

- We've budgeted excess principal and director time in the first year as experience has shown that highly experienced personnel can reduce the frustrations and burden of transition more effectively. These additional hours are not included in the fee section of this proposal as they reflect our investment in a long-term relationship.
- Our service plan includes time for additional communication and coordination as well as longer service cycles to accommodate questions or inefficiencies sometimes associated with the initial year of a new relationship.

Quality Control and HIPAA Compliance

1. Quality control procedures

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

2. Communication with other service providers

CLA will work with your administrator, plan record-keeper, consultants, and legal counsel to meet the communication expectations for all parties. As all plans, trustees, administrators, and legal counsel are different, we will make sure to communicate early in the process and develop a plan for communication that meets all parties' requirements and expectations.

3. Communication with other CPA firms

CLA works hand in hand with many other CPA firms and service providers on a wide variety of projects. CLA will

Trustees and other service providers as well.

4. Timing of annual audit

There are many components of the audit that could be completed prior to delivery of the draft financials – for example in 9. b. above, we detail our proposed audit plan, much of the Phase 1 and Phase 2 activities could be completed while your other CPA firm is preparing draft financial statements. That being said, it would be most efficient if the draft financials were ready early in Phase 1, allowing any communication between us and the other firm to resolve any questions, variances, issues, etc. and avoiding any unnecessary delays in the audit while waiting for draft financial statements to be prepared.

5. Timeline of services

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from the Board of Trustees, administrator, and management team.

An engagement such as outlined in this proposal requires the interaction of numerous individuals working within relatively narrow time frames. Our assurance and tax staff work as a team. We are in close, regular contact, keeping each other informed of our progress and any issues that arise. We emphasize communication — making sure that issues that cross disciplines are fully evaluated by the entire team.

The below timelines are based on the "Scope of Work Timeline" as detailed in your RFP. However, if the timeline changes due to award of bid work, availability of reports and information, or other matters, we can be flexible and quickly adapt to meet your needs.

Preparation of financial statements

Significant Milestones	Target Dates
Entrance/Planning meeting	November
Gather documentation from service providers	Mid-November
1st Draft financial statements	December 15
Review of draft financial statements by Trustees and Auditor	Mid-Late December
Final Draft financial statements, if necessary	January 15

Annual audit

Significant Milestones	Target Dates
Entrance/Planning meeting	November
Planning work begins, including gathering service provider data	Mid-November - December
Audit fieldwork begins, including all testing	December - January
Wrap-up and audit quality reviews	January
Issue final reports	February 1

Preparation of 990

Significant Milestones	Target Dates
Obtain final draft financial statements	December
Obtain additional information required for 990	January
Prepare draft 990, distribute for Trustee review	January
Deliver final 990 for Trustee signature	January – February

6. Client sensitive and personal information privacy policy

CLA is committed to maintaining the confidentiality, integrity and security of sensitive and personal information entrusted to us during the course of an engagement. When you provide sensitive and personal information to us, we believe that you should be aware of our policies to protect the confidentiality of that information. Confidentiality of client and firm data and information is ingrained in our acceptable use and technology standards, policies and procedures.

For the complete *CLA 2020 Client Privacy Policy Statement*, please see Appendix.

7. Business Associate Agreement

Yes, we are willing to execute a Business Associate Agreement.

8. Privacy or security breaches in last 5 years

Given the size of our firm, the different services provided, and the number of locations across the nation, we may not know of all security breaches; however, the Spokane office has not had any security breaches in the last 5 years that we know of at this time.

Fees

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added strategies. We propose to provide routine, proactive meetings — as part of our fee — that will allow us to review and discuss with you the impact of new accounting issues, as well as any other business issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up, and take full advantage of every opportunity that presents itself.

1. Preparation of financial statements

Professional Services	1-Year	3-Year
Preparation of financial statements	$ 6,500	$ 6,000
Technology and client support fee (5%)	$ 325	$ 300
Total	**$ 6,825**	**$ 6,300/year**

2. Annual audit and Form 990

Professional Services	1-Year	3-Year
Full-scope audit of the Voluntary Employees' Benefit Association Trust for Public Employees in the Northwest	$ 20,000	$ 18,500
Preparation of Form 990 *	$ 1,800	$ 1,500
Technology and client support fee (5%)	$ 1,090	$ 1,000
Total	**$ 22,890**	**$ 21,000/year**

*Form 990 fee is separate - we could prepare the 990 with either engagement.

3. Travel expenses

As our proposed service team is local, and any resources outside of the local service area, such as national office level required quality review, would be accessed remotely, we do not anticipate incurring any reimbursable travel expenses. If travel is required for a Board meeting, we will attempt to minimize the cost as much as possible and/or combine with other client travel in order to share the cost.

4. Billing for Board meetings

Board meetings via conference call are included in our fees as outlined above.

5. Other fee considerations

When estimating our fees, we assume that no major difficulties will be encountered during the audit. If we encounter unforeseen issues that require additional audit work such as: major plan compliance issues, administration issues, party-in-interest transactions, prohibited transactions, deficiencies in or lack of a Type II SOC 1 report from the record keeper and/or trustee, contribution issues, or qualification issues, fees would increase commensurate with the additional work performed. In the unlikely event that this would happen, we would notify you immediately of the change in scope of the engagement.

We have found over the years that our clients do not like fee surprises. Neither do we.

- We will be available throughout the year for routine questions at no additional charge, a welcome investment in an ongoing relationship.
- Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our Technology and Client Support Fee, and we will continue to be transparent with our fee structure.
- We based our proposal on existing professional standards. If there are any significant changes to professional standards that may affect the proposed fee for future engagements, we will discuss changes prior to each year's audits.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front. We will always be candid and fair in our fee discussion and we will avoid surprises.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our audit plan.

At CLA, it's more than just getting the job done.

Insurance

CliftonLarsonAllen LLP carries commercially reasonable amounts of general liability and malpractice (aka professional liability) insurance. If requested, the firm will provide a certificate of coverage for an amount specified by the Trust upon being engaged.

References

CLA offers its clients the best of two worlds — a firm with national employee benefit plan experience, complemented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail.

Company Name:	Rehn & Associates
Contact Name and Title:	David Kimmet, President
Contact Phone Number:	509-444-9647
Email Address:	davidk@rehnonline.com
Services Provided:	We work with Rehn on multiple mutual clients, including multiemployer health plans with VEBA components.

Company Name:	Avista Corporation
Contact Name and Title:	Mary Prince, Benefits Manager
Contact Phone Number:	509-495-4730
Email Address:	mary.prince@avistacorp.com
Services Provided:	We audit Avista's benefit plans, including a 401k, pension, and health plan, and prepare all benefit plans' tax filings, including 990s and 5500s.

Company Name:	Timber Products Manufacturers Trust
Contact Name and Title:	Mike Clements, Trustee, Chair of Audit Committee
Contact Phone Number:	208-287-4403
Services Provided:	We audit the Trust, prepare the 5500 and 990, prepare the forms required for ACA reporting, and provide general consulting as needed.

Appendix

Engagement team biographies

Lisa Cushman, CPA

CLA (CliftonLarsonAllen LLP)

Signing Director, Employee Benefit Plans
Spokane, Washington

509-363-6343
lisa.cushman@CLAconnect.com

Profile

Lisa joined CLA in 2003 and is a signing director in the Spokane office working primarily in the employee benefit plans (EBP) group and managing the EBP practice there. In her 17 years with the firm, Lisa has performed audits of defined contribution, defined benefit, health and welfare, and employee stock ownership plans for organizations across a variety of industries, including 11-k filing plans and multi- and multiple employer plans. Lisa functions as the engagement principal on more than 70 plans and is involved audits of many other plans.

Technical experience

- Prepares, assists, and trains employees in preparation of reporting and disclosure requirements applicable to employee benefit plans
- Participates in completing the firm's employee benefit plan internal inspection
- Consults on employee benefit plans regarding plan administration and operational compliance with the Employee Retirement Income Security Act of 1974 (ERISA)

Education and professional involvement

- Bachelor of arts in accounting from Eastern Washington University, Cheney, Washington
- Eastern Washington University Accounting Advisory Board Member
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Washington
- Washington Society of Certified Public Accountants
- AICPA Advanced Defined Contribution Plans Audit Certificate holder

Tristan Seehorn

CLA (CliftonLarsonAllen LLP)

Audit Senior
Spokane, Washington

Phone 509-363-6356
tristan.seehorn@CLAconnect.com

Profile

Tristan has over five years of experience on leading various employee benefit plan audits including defined benefit, defined contribution, health and welfare and 11-K plans, including multiple and multi-employer plans. This type of experience requires coordinating and working closely with multiple different service providers to come together and provide an effective and timely audit for the Plan.

Technical experience

- Employee benefit plans
- Manufacturing and distribution

Education and professional involvement

- Bachelor of Arts in Accounting from Eastern Washington University, Cheney, Washington

Jaclyne C. Hawley, CPA

CLA (CliftonLarsonAllen LLP)

Engagement Director
Spokane, Washington

Phone 509-363-6307
jaclyne.hawley@CLAconnect.com

Profile

Jaclyne is an integral part of the Spokane governmental and nonprofit practice with CliftonLarsonAllen.

Technical experience

Since joining CLA, Jaclyne has devoted her time to our accounting and auditing practice and supervises numerous audits of various types of clients, including several nonprofits. Specific nonprofit clients that she serves include Empire Health Foundation, Idaho Youth Ranch, Catholic Charities of Eastern Washington, Catholic Charities of Idaho, Goodwill Industries of the Inland Northwest, YWCA of Spokane, and YMCA of the Inland Northwest.

Education and professional involvement

- Bachelor of arts in accounting from Eastern Washington University
- Master in business administration from Gonzaga University, Spokane, Washington
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Washington
-

Civic organizations

- Former Board Member and Treasurer, Camp Fire Inland Northwest
- Treasurer, Cub Scout Pack 340

Continuing professional education

- Jaclyne has received the Continuing Professional Education requirements required by *Government Auditing Standards* over the past two years, which include courses relating to GASB Update, Accounting and Auditing Update, and Uniform Guidance.

Ann Swindell, CPA

CLA (CliftonLarsonAllen LLP)

Principal
Boise, Idaho

208-387-6441
ann.swindell@CLAconnect.com

Profile

Ann is a principal with CLA, serving nonprofit, business, and individual clients in all areas of tax compliance, business consulting, and accounting. She has significant experience with highly complex federal and state tax returns. For more than 12 years, she has worked with nonprofit clients in the areas of building and maintaining proper governance, reporting unrelated business income, preservation of exempt and public charity status, and proper disclosure of sensitive transactions on Form 990.

Education and professional involvement

- Bachelor of arts, humanities, Washington State University
- Accounting and business requirements for CPA exam, Boise State University
- American Institute of Certified Public Accountants
- Idaho Society of Certified Public Accountants
    - Federal and State Tax Committee (Present)
- Boise Young Professionals

Community involvement

• Treasurer, Boys and Girls Clubs of Ada County	Present
• Board of Directors, City Club of Boise	Present
• Board of Directors, Jazz in the Valley	1999-2005

Awards

• Accomplished Under 40 honoree, Idaho Business Review	2014
• Promising Arts Leader, Laughing Horse Arts Foundation	2005

CLA 2020 Client Privacy Policy Statement

CLA (CliftonLarsonAllen LLP)
220 South Sixth Street, Suite 300
Minneapolis, MN 55402-1436
612-376-4500 | fax 612-376-4850
CLAconnect.com

Client Sensitive and Personal Information Privacy Policy – 2020

CliftonLarsonAllen LLP (CLA) is committed to maintaining the confidentiality, integrity and security of sensitive and personal information entrusted to us during the course of an engagement. When you provide sensitive and personal information to us, we believe that you should be aware of our policies to protect the confidentiality of that information.

The following summarizes the privacy policy of CLA and its affiliates.

We collect nonpublic sensitive and personal information about you, your company and your employees solely for the purpose of furnishing professional services to you. The types of information we may collect include:

- Information we receive from you on income tax return organizers, applications, or other forms, such as your name, address, Social Security number, assets and income.
- Information about your investment history, including your transactions with us and our affiliates.
- Information you may authorize us to obtain from others, such as consumer credit and medical information.
- Information we received from you relating to your company and employees such as payroll reports and employee benefit plan information which may include employee names, addresses, social security numbers, etc.

We are required to comply with various legal and regulatory requirements regarding the protection of information you provide to us. In some cases, we may share sensitive and personal information about you, your company and your employees with other professionals who assist us in servicing your account and processing transactions you request. We will not share your sensitive and personal information with any third party without assurance that the third party also maintains a comprehensive information security program.

Additionally, IRS regulations dictate situations in which your written consent must be obtained to share information with others, including affiliates. We will only share sensitive and personal information about you, your company and your employees with third parties as required or permitted by law.

Because CLA already limits the sharing of nonpublic information as outlined above, no action is required on your part to limit such sharing.

CLA recognizes that the privacy landscape is changing rapidly. As it does, CLA develops and maintains policies and procedures that comply with your rights under these laws. Rights specific to the privacy of personal information include:

- Your right to request disclosure about our collection and use of your personal information.
- Your right to request deletion of your personal information stored in CLA systems.

Please feel free to contact us regarding any questions about the CLA privacy policy or would like to exercise any of your rights set forth within.

DOL 2017 top 10 firms list

Firm	Audits Performed	Assets	Participants
CLA	**2,506**	**$221,411,991,444**	**2,816,479**
RSM US	2,125	$169,468,245,957	2,584,013
BDO USA	1,831	$200,483,491,852	3,209,873
MOSS ADAMS	1,780	$232,376,755,754	2,617,077
BKD	1,619	$162,618,560,449	2,447,687
BAKER TILLY VIRCHOW KRAUSE	1,428	$146,049,084,833	2,346,594
PLANTE & MORAN	1,324	$281,275,682,605	3,096,380
CROWE	1,204	$267,384,971,792	3,026,604
GRANT THORNTON	1,050	$259,468,394,756	3,374,307
KPMG	985	$699,343,571,702	8,845,071

Top 10 of the Top 100 firms list (by # of audits) based off of the DOL's 2017 Form 5500 database.

SAMPLE AUDIT ENGAGEMENT LETTER

CliftonLarsonAllen LLP
601 West Riverside, Suite 700
Spokane, WA 99201-0622
509-363-6300 | fax 509-363-6350
CLAconnect.com

Tentative Report
For Discussion Purposes Only
Subject to Revision

[Date]

Board of Trustees and Management
Voluntary Employees' Beneficiary Association Trust
for Public Employees in the Northwest

Dear Board of Trustees:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest ("you," "your," or "the trust") for the year ended September 30, 2020, in connection with the plan's annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA).

Lisa Cushman is responsible for the performance of the audit engagement.

Audit services

We will audit the financial statements of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest, which comprise the statement of net assets available for benefits and of benefit obligations as of September 30, 2020, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the year then ended, and the related notes to the financial statements.

We will also evaluate and report on the presentation of the supplementary information accompanying the financial statements in relation to the financial statements as a whole. The financial statements and supplemental schedules are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA to be filed with federal Form 5500.

Form 990 services

We will prepare the trust's Form 990, including required schedules, for the year ended September 30, 2020, as provided in a separate engagement letter.

Audit objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion.

We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the plan or to acts by management or employees acting on behalf of the plan, may not be detected.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come

schedule of nonexempt transactions as required by the instructions to federal Form 5500.

In making our risk assessments, we consider internal control relevant to the plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

For Illustrative Purposes Only
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In addition, we will perform certain procedures directed at considering the plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; for establishing an accounting and financial reporting process for determining fair value measurements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the plan involving (1) plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the plan complies with applicable laws and regulations, and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the plan from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP and the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information.

For Discussion Purposes Only
Tentative Report
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You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit. During our engagement, we will request information and explanations from you regarding, among other matters, the plan's operations, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the plan's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for authorizing the predecessor auditor to allow us to review the predecessor auditor's workpapers and to respond fully to our inquiries, thereby providing us with information to assist us in planning and performing the engagement. You will be responsible for any fees billed by the predecessor auditor related to our review of their workpapers and our inquiries.

Use of financial statements

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We are available to perform additional procedures with regard to fraud detection and prevention and regulatory compliance, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

We will provide copies of our reports to the plan; however, management is responsible for distribution of the reports and the financial statements.

Preliminary Draft
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The workpapers supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to the U.S. Department of Labor for their regulatory oversight purposes. We will notify you of any such request. Access to the requested workpapers will be provided to the regulators under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

CLA will not disclose any confidential, proprietary, or privileged information of the plan to any persons without the authorization of plan management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Form 990

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Mediation

Any disagreement, controversy, or claim (Dispute) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to nonbinding mediation by written notice (Mediation Notice) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

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The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (Limitation Period) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

We estimate that our professional fees will be $[Dollar Amount]. We will also bill for expenses (including travel, other costs such as report production, word processing, postage, etc., and internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. These estimates are based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee and expense estimates. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes

services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and related fees and to reimburse us for all out-of-pocket expenditures through the date of termination.

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Draft Work Report
For Discussion Purposes Only
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Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

HIPAA Business Associate Agreement

To protect the privacy and provide for the security of any protected health information, as such is defined by the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the regulations and policy guidances thereunder (HIPAA), the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest and CLA shall enter into a HIPAA Business Associate Agreement (BAA) in the form attached hereto. If the attached HIPAA Business Associate Agreement is acceptable, please sign, date, and return it to us.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement and the BAA.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

Lisa Cushman, CPA
Signing Director
509-363-6343
lisa.cushman@CLAconnect.com

Enclosures

Tentative Report
For Discussion Purposes Only
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Response:

This letter correctly sets forth the understanding of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest.

Authorized governance signature: _____

Title: _____

Date: _____

Authorized management signature: _____

Title: _____

Date: _____

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HIPAA BUSINESS ASSOCIATE AGREEMENT

THIS HIPAA BUSINESS ASSOCIATE AGREEMENT ("Agreement") is made by and between Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (hereinafter referred to as "Client") and CliftonLarsonAllen LLP (hereinafter referred to as "CLA"). This Agreement is effective as of the date signed by Client.

RECITALS

WHEREAS, Client is a "covered entity" within the meaning of 45 CFR § 160.103;

WHEREAS, CLA provides accounting, consulting, or other services to Client and, in connection therewith, Client wishes to disclose "protected health information" within the meaning of 45 CFR § 160.103 to CLA and CLA wishes to receive protected health information and, on behalf of Client, create, maintain, or transmit protected health information (collectively, "Client's PHI");

WHEREAS, CLA is a "business associate" within the meaning of 45 CFR § 160.103;

WHEREAS, Client and CLA intend to protect the privacy and provide for the security of Client's PHI in compliance with the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act of 2009, and the regulations and policy guidance thereunder ("HIPAA Rules");

WHEREAS, the HIPAA Rules require that Client receive adequate assurances that CLA will comply with certain obligations with respect to Client's PHI and, accordingly, the parties hereto desire to enter into this Agreement for the purpose of setting forth in writing the terms and conditions for the use, disclosure, and safeguarding of Client's PHI, including provisions required by the HIPAA Rules as the same may be amended from time to time;

NOW, THEREFORE, in consideration of the foregoing recitals and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

TERMS OF AGREEMENT

1. Obligations and Activities of CLA.

a. Permitted and Required Uses and Disclosures. CLA shall not use or disclose Client's PHI except as permitted or required by this Agreement or as required by law. Specifically, CLA agrees as follows:

i. CLA may only use or disclose Client's PHI as necessary to perform the services set forth in the service agreement, if any, between Client and CLA, to perform functions, activities, or services for, or on behalf of, Client as requested by Client from time to time, or as required by law.

ii. CLA shall use or disclose only the "Minimum Necessary" amount of information, as such term is defined in the HIPAA Rules, required to conduct the authorized activities herein, except that CLA will limit disclosures to a limited data set as set forth in 45 CFR § 164.514(e)(2) as required by the HIPAA Rules.

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iii. CLA may not use or disclose Client's PHI in a manner that would violate Subpart E of 45 CFR Part 164 if done by Client, except that CLA may use or disclose Client's PHI for the proper management and administration of CLA or to carry out the legal responsibilities of CLA, provided the use or disclosures are required by law or CLA obtains reasonable assurances from the person to whom the information is disclosed that Client's PHI will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies CLA of any instances of which it is aware in which the confidentiality of Client's PHI has been breached.

iv. CLA may use Client's PHI to provide "data aggregation services" relating to the health care operations of Client within the meaning of 45 CFR § 164.501.

v. CLA shall not disclose Client's PHI in a manner that would violate any restriction thereof which has been duly communicated to CLA.

vi. Except as permitted by the HIPAA Rules, CLA shall not directly or indirectly receive remuneration in exchange for any of Client's PHI unless authorized in writing by Client.

b. Safeguards. CLA shall use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of Client's PHI other than as provided in this Agreement.

i. Administrative Safeguards. CLA shall implement all required administrative safeguards pursuant to 45 CFR § 164.308 as such are made applicable to business associates pursuant to the HIPAA Rules. Additionally, CLA shall either implement or properly document the reasons for non-implementation of all administrative safeguards of 45 CFR § 164.308 that are designated as "addressable" as such are made applicable to business associates pursuant to the HIPAA Rules.

ii. Physical Safeguards. CLA shall implement all required physical safeguards pursuant to 45 CFR § 164.310 as such are made applicable to business associates pursuant to the HIPAA Rules. Additionally, CLA shall either implement or properly document the reasons for non-implementation of all physical safeguards

applicable to business associates pursuant to the HIPAA Rules.

iii. Technical Safeguards. CLA shall implement all required technical safeguards pursuant to 45 CFR § 164.312 as such are made applicable to business associates pursuant to the HIPAA Rules. Additionally, CLA shall either implement or properly document the reasons for non-implementation of all technical safeguards of 45 CFR § 164.312 that are designated as "addressable" as such are made applicable to business associates pursuant to the HIPAA Rules.

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c. Reporting of Disclosures. CLA shall report to Client any use or disclosure of Client's PHI not provided for by this Agreement of which CLA becomes aware, including any acquisition, access, use or disclosure (i.e., "breach") of "unsecured protected health information," within the meaning of 45 CFR § 164.403, and any security incident of which CLA becomes aware. CLA shall make such report to Client without unreasonable delay and in no case later than sixty (60) calendar days following discovery of the breach. CLA's notice to Client shall include all information needed by Client to provide notice to affected individuals and otherwise satisfy the requirements of 45 CFR § 164.410.

d. CLA's Subcontractors. CLA may disclose Client's PHI to one or more subcontractors and may allow its subcontractors to create, receive, maintain, or transmit Client's PHI on behalf of CLA. CLA shall obtain satisfactory assurances from any such subcontractor that it will appropriately safeguard Client's PHI in accordance with 45 CFR § 164.314(a) and shall ensure that the subcontractor agrees in writing to the same or more stringent restrictions, conditions, and requirements that apply to CLA with respect to Client's PHI. Upon CLA contracting with a subcontractor regarding Client's PHI, CLA shall provide Client written notice of such executed agreement.

e. Satisfying Requests for Access. CLA shall make available to Client Client's PHI in a "designated record set," within the meaning of 45 CFR § 164.501, as Client may require to satisfy its obligations to respond to a request for access pursuant to 45 CFR § 164.524. If CLA receives a request for access directly from an individual or an individual's designee, CLA shall forward such request within five (5) calendar days to Client for Client to fulfill. Alternatively, if directed by Client and agreed to by CLA, CLA shall make available to the individual or the individual's designee Client's PHI in a designated record set, as necessary to satisfy the requirements of 45 CFR § 164.524. CLA shall provide such access within thirty (30) calendar days of receiving a request for access and shall confirm to Client in writing that such request has been fulfilled.

f. Satisfying Requests for Amendment. CLA shall make any amendments to Client's PHI in a designated record set, as Client may require to satisfy its obligations to respond to a request for amendment pursuant to 45 CFR § 164.526. If CLA receives a request for amendment directly from an individual or an individual's designee, CLA shall forward such request within ten (10) calendar days to Client for Client to fulfill. Alternatively, if directed by Client and agreed to by CLA, CLA shall make an amendment to Client's PHI in a designated record set, as necessary to satisfy the requirements of 45 CFR § 164.526. CLA shall make such amendment within sixty (60) calendar days of receiving a request for amendment and shall confirm to Client in writing that such request has been fulfilled.

g. Internal Practices. CLA shall make its internal practices, books and records relating to the use and disclosure of Client's PHI available to the Secretary of the United States Department of Health and Human Services or his or her designee for purposes of determining compliance with the HIPAA Rules.

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h. Accounting. CLA shall document disclosures of Client's PHI and information related to such disclosures and otherwise maintain and make available the information required to provide an accounting of disclosures to the Client as necessary to permit the Client to respond to a request for an accounting pursuant to 45 CFR § 164.528. If CLA receives a request for an accounting directly from an individual or an individual's designee, CLA shall forward such request within ten (10) calendar days to Client for Client to fulfill. Alternatively, if directed by Client and agreed to by CLA, CLA shall provide an accounting as necessary to satisfy the requirements of 45 CFR § 164.528. CLA shall satisfy such request within sixty (60) calendar days of receiving a request for an accounting and shall confirm to Client in writing that such request has been fulfilled.

i. Policies and Procedures; Documentation. CLA shall develop appropriate policies and procedures relating to its compliance with the administrative, physical, and technical safeguards set forth in Section 1.b. and shall document, retain, and update such policies and procedures as required by 45 CFR § 164.316.

j. Compliance as if Covered Entity. To the extent CLA is to carry out one or more of the obligations imposed on the Client as a "covered entity" under Subpart E of 45 CFR Part 164, CLA shall comply with the requirements of said Subpart E that apply to the Client in the performance of such obligations.

2. **Client Obligations.** Client shall provide notice to CLA of any of the following:

a. Any limitations in the notice of privacy practices of Client under 45 CFR § 164.520, as well as any changes to such limitations, to the extent that such limitation may affect CLA's use or disclosure of Client's PHI.

b. Any changes in, or revocation of, the permission by an individual to use or disclose his or her protected health information, to the extent that such changes may affect CLA's use or disclosure of Client's PHI.

c. Any restriction on the use or disclosure of protected health information that Client has agreed to or is required to abide by under 45 CFR § 164.522, to the extent that such restriction may affect CLA's use or disclosure of Client's PHI.

Client shall not request CLA to use or disclose Client's PHI in any manner that would not be permissible under the HIPAA Rules if done by Client, except that Client may request CLA to

within the meaning of 45 CFR § 164.501, as permitted by 45 CFR § 164.504(e)(2)(i)(B).

3. **Termination of Agreement**.

a. This Agreement shall terminate on the earliest to occur of an expiration or termination date, the date either party terminates the Agreement "for cause," as described in Section 3.b., the date CLA terminates as described in Section 3c., or pursuant to Section 5 upon either party's failure to negotiate or enter into an amendment to this Agreement.

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b. Termination for Cause. A breach of any provision of this Agreement by either party, as determined by the non-breaching party, shall constitute a material breach of the Agreement and shall provide grounds for termination of the Agreement for cause if the breaching party is unable to cure such breach to the other party's satisfaction within ten (10) days following written notice of such breach. The breaching party shall cooperate with the other party as necessary to mitigate the extent of any unauthorized disclosures of Client's PHI or any damages or potential damages and liability under the HIPAA Rules caused by any violation of this Agreement or other unauthorized use of Client's PHI.

c. Termination by CLA. Upon thirty (30) days' advance written notice, CLA shall have the right to terminate this Agreement if Client imposes additional restrictions or requirements regarding the use, disclosure, or maintenance of Client's PHI that CLA reasonably determines will materially affect CLA's ability to perform its responsibilities under this Agreement or will materially increase CLA's costs to perform its responsibilities under this Agreement.

4. Treatment of Client's PHI after Termination. Upon termination of this Agreement for any reason, CLA, with respect to Client's PHI, shall:

a. Retain only that portion of Client's PHI which is necessary for CLA to continue its proper management and administration or to carry out its legal responsibilities;

b. Return to Client or, if agreed to by Client, destroy remaining Client's PHI that CLA still maintains in any form and retain no copies of such Client's PHI;

c. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information to prevent use or disclosure of Client's PHI, other than as provided for in this Section, for as long as CLA retains any Client's PHI;

d. Not use or disclose Client's PHI retained by CLA other than for the purposes for which Client's PHI was retained and subject to the same conditions, as set forth in Section 2, which applied prior to termination;

e. Return to Client or, if agreed to by Client, destroy remaining Client's PHI retained by CLA when it is no longer needed by CLA for its proper management and administration or to carry out its legal responsibilities and retain no copies of such Client's PHI;

f. Obtain or ensure the destruction of any Client's PHI created, received, or maintained by any of CLA's subcontractors; and

g. Within thirty (30) calendar days after termination or expiration of this Agreement, certify in a written statement signed by a senior officer of CLA, that all Client's PHI has been returned or disposed of as required above.

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If the parties mutually agree that return or destruction is not feasible, this Agreement shall continue to apply to Client's PHI and, without limitation to the foregoing, the obligations of CLA under this Agreement shall survive the termination of this Agreement with respect to any Client's PHI retained by CLA. CLA shall limit further use and disclosure of Client's PHI to those purposes that make the return or destruction of Client's PHI infeasible.

5. **Amendment to Comply with Law**. The parties acknowledge that state and federal laws relating to electronic data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments. The parties agree to promptly enter into negotiations concerning the terms of an amendment to this Agreement embodying written assurances consistent with the HIPAA Rules or other applicable law upon the written request of either party. Either party may terminate this Agreement upon thirty (30) days' written notice in the event (i) the other party does not promptly enter into negotiations to amend this Agreement upon the request of the party giving notice or (ii) the other party fails to execute an amendment to this Agreement upon the request of the party giving notice.

6. **No Third Party Beneficiaries**. Nothing expressed or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Client, CLA, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

7. **Indemnification**. Client shall indemnify, hold harmless, and defend (with counsel of CLA's choosing) CLA, its subsidiaries, affiliates, partners, and employees from and against all claims, suits, administrative proceedings, demands, losses, damages, or penalties, including reasonable attorneys' fees, arising out of Client's misuse or improper disclosure of Client's PHI, breach of this Agreement, or violation of the HIPAA Rules or any other law or regulation.

8. **Interpretation**. This Agreement shall be interpreted as broadly as necessary to implement and comply with the HIPAA Rules. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with the HIPAA Rules. There shall be no presumption for or against either party, by reason of one of the parties causing this Agreement to be drafted, with respect to the interpretation or enforcement of this Agreement.

9. **Notices**. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to Client, to:	Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest [Street address] [City, State, Zip] Attention: [Insert Contact Name], [Insert Title]
If to CLA, to:	CliftonLarsonAllen LLP 601 West Riverside, Suite 700 Spokane, WA 99201 Attention: Lisa Cushman, Signing Director

or to such other names or addresses as Client or CLA, as the case may be, shall designate by notice to the other in the manner specified in this Section 9.

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10. Survival. The obligations contained in this Agreement which by their nature or context survive or are expressly intended to survive the expiration or termination of this Agreement will so survive and continue in full force and effect. Without limiting the generality of the foregoing, Sections 2, 4, and 7 shall survive the termination of this Agreement.

11. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties on the matters contained herein. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Agreement are superseded by this Agreement.

13. Non-Waiver. No failure or delay in exercising any right or remedy under this Agreement and no course of dealing between the parties operates as a waiver or estoppel of any right, remedy, or condition. A waiver made in writing on one occasion is effective only in that instance and only for the purpose that it is given and is not to be construed as a waiver on any future occasion.

14. Governing Law. This Agreement shall be governed, construed, and interpreted in accordance with the laws of the State of Minnesota without regard to such state's conflict of laws provisions.

IN WITNESS WHEREOF, the parties have signed this Agreement.

Voluntary Employee's Beneficiary Association Trust for Public Employees in the Northwest	**CliftonLarsonAllen LLP**
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

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SAMPLE FORM 990 PREPARATION ENGAGEMENT LETTER

CliftonLarsonAllen LLP
601 West Riverside, Suite 700
Spokane, WA 99201-0622
509-363-6300 | fax 509-363-6350
CLAconnect.com

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[Date]

Board of Trustees and Management
Voluntary Employees' Beneficiary Association Trust
for Public Employees in the Northwest

Re: September 30, 2020 Tax Exempt Returns

Dear Board of Trustees:

We are pleased that Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest ("you," "your," or "the organization") has engaged CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") to prepare the organization's federal Form 990 and applicable state filings. This letter confirms the scope, limitations, and related terms of our engagement for the year ended September 30, 2020.

Our responsibility to you

We will prepare the organization's federal Form 990 and applicable state filings in accordance with the applicable tax laws. We will use our judgment in resolving questions where the law is unclear, and where there is reasonable authority, we will resolve questions in your favor whenever possible. We will not audit or independently verify the accuracy or completeness of the information we receive from you for the preparation of the returns and filings, and our engagement cannot be relied upon to uncover errors or irregularities in the underlying information.

Your responsibilities

It is your responsibility to provide us with all of the information needed to prepare complete and accurate returns and filings. We will have no obligation to prepare the returns and filings until you have provided such information to us. We will prepare filings for the same states where the organization filed last year unless organization personnel notify us to the contrary or other information clearly indicates the need for an additional return or state filing. It is your responsibility to comply with all foreign jurisdiction filing requirements. We have no obligation to prepare returns for foreign jurisdictions.

The United States Supreme Court ruled in *South Dakota versus Wayfair* (6/21/18) that physical presence is no longer required to establish nexus for sales tax. This ruling may have broad implications, even beyond sales tax, as to where an organization is subject to tax. Please note that if the organization had a taxable presence in more than one jurisdiction, such as an employee or agent within the jurisdiction, any tangible property owned or rented within the jurisdiction, or if the organization exceeds any applicable economic nexus thresholds, the organization or related entities may be subject to state or local income, sales, use, franchise, or gross receipts tax in that jurisdiction depending upon the particular facts. It is the organization's responsibility, not CLA's, to determine if assistance is needed in deciding whether the organization or related entities may be liable for income, sales, use, franchise, or gross receipts tax, or have a filing requirement in the various state or local jurisdictions.

It is important for you to identify any ownership OR signature authority over a foreign bank account or other foreign financial assets which includes but is not limited to foreign: stocks, mutual funds, partnerships, bonds, retirement accounts, estates, trusts, annuities, swaps, and derivatives. Failure to disclose penalties can be significant, starting at $10,000 and can be upwards of 50 percent of the value of the asset. Please provide account statements if you have any foreign account ownership or signature authority. Note that these rules do not apply to foreign investments held by U.S. mutual funds. In addition, ownership in a foreign business entity (association, corporation, disregarded entity, or partnership) could trigger additional U.S. foreign informational reporting requirements. These reporting requirements require the disclosure of ownership, financial information, and related-party transactions. Failure to properly disclose ownership, related-party transactions, and the required information could trigger a penalty of up to $25,000 per filing. We cannot be held responsible if you fail to identify or provide such information to us.

For all nonattest services we may provide to you, including the preparation of the federal Form 990 and applicable state filings, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services. You are responsible to carefully review the federal Form 990 and state filings that we prepare on your behalf before signing and submitting them to tax authorities. We will advise you with regard to tax positions taken in the preparation of the federal Form 990 and state filings, but the responsibility for the federal Form 990 and state filings remains with you.

Management is responsible for authorizing the predecessor accountant to allow us to review the predecessor's workpapers and to respond fully to our inquiries, thereby providing us with information to assist us in providing tax services. You will be responsible for any fees billed by the predecessor accountant related to our review of their workpapers and our inquiries.

Tax examinations

All returns and filings are subject to potential examination by the IRS and state authorities. In the event of an examination, we will be available, at your request, to assist or represent the organization and its directors or officers. Services in connection with tax examinations are not included in our fee for preparation of the federal Form 990 and state filings. Our fee for such services will be billed to you separately, along with any direct costs.

You are responsible for retaining all documents, records, canceled checks, receipts, or other evidence in support of information and amounts reported on the federal Form 990 and state filings. These items may be necessary in the event the taxing or other authority examines or challenges your federal Form 990 and state filings. These records should be kept for at least seven years. Your copy of the federal Form 990 and state filings should be retained indefinitely.

If carryover item(s) exist (e.g., capital loss, net operating loss, tax credits, etc.), you should retain the supporting records related to the carryover item(s) until the item has either been utilized (and the statute of limitations associated with the year of utilization has expired) or the carryforward period has expired.

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In preparing the federal Form 990 and state filings, we rely on your representation that organization personnel and its directors or officers understand and have complied with these documentation requirements. The management of the organization is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the organization's financial records.

All of the records that you provide to us to prepare your federal Form 990 and state filings will be returned to you after our use. Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The working papers and files of our firm are not a substitute for the records of the organization.

Tax consulting services

This engagement letter also covers tax consulting services that may arise for which the organization seeks our consultation and advice, both written and oral, that are not the subject of a separate engagement letter. These additional services are not included in our fees for the preparation of the federal Form 990 and state filings.

We will base our tax analysis and conclusions on the facts you provide to us, and will not independently verify those facts. We will review the applicable tax law, tax regulations, and other tax authorities, all of which are subject to change. At your request, we will provide a memorandum of our conclusions. Written advice provided by us is for the organization's information and use only and is not to be provided to any third party without our express written consent.

Unless we are separately engaged to do so, we will not continuously monitor and update our advice for subsequent changes or modifications to the tax law and regulations, or to the related judicial and administrative interpretations.

Communications and confidentiality

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

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Consent to send you publications and other materials

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your federal Form 990 and state filings information. Such information includes the organization name and address as well as the business and financial information you provided to us.

By signing and dating this engagement letter, you authorize CLA to use the information that you provide to CLA during the preparation of your federal Form 990 and state filings to determine whether to offer you relevant materials. Your consent is valid until further notice. If you do not wish to authorize such use, please strike out this paragraph prior to signing the engagement letter.

Consent to use tax information for benchmarking analyses

In an effort to better serve the needs of our clients, we develop a variety of benchmark, performance indicator, and predictive analysis reports, using anonymized client data obtained from our audit, tax, and other engagements. Business and financial information that you provide to us may be combined with information from other clients and included within the aggregated data that we use in these reports. While some of these analytical reports will be published and released publicly, please be assured that the separate information that we obtain from you will remain confidential, as required by the AICPA Code of Professional Conduct.

Unless authorized by law or the client consents, we cannot use a client's tax return information for purposes other than the preparation and filing of the client's tax return. By signing and dating this engagement letter, you authorize CLA to use any and all information furnished to CLA for or in connection with the preparation of the tax returns under this engagement letter, for a period of up to six (6) years from the date of this engagement letter, in connection with CLA's preparation of the types of reports described in the foregoing paragraph. If you do not wish to authorize such use, please strike out this section prior to signing the engagement letter.

Limitations

You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly

agreement, but any recovery on any such claim shall not exceed the portion of the total fees actually paid by you to CLA that corresponds to the particular service(s) that give(s) rise to the claim (i.e., the specific service(s) that a CLA party performed in such a manner as to cause CLA to be liable to you).

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

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An action to recover on a dispute shall be commenced within the shorter of these periods (Limitation Period):

- For federal Form 990 and state filing preparation, separately within thirty-six (36) months after the date when we deliver the tax returns and filings under this agreement to you on which the dispute is based, regardless of whether any CLA party provides other services for you or relating to said returns and filings.
- For tax consulting engagements, separately within thirty-six (36) months from the date of our last billing for services on each consultation on which the dispute is based.
- For all tax return, state filing, and tax consulting engagements, within twelve (12) months from the date when you terminate this or any other engagement of our services.

The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Fees

Our fees for tax compliance services for the federal Form 990 and state filings are estimated to be $xxxxxx. This will include customary fact-finding inquiries and information gathering incident to preparation of the federal Form 990 and state filings. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. The fee estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees, plus applicable state and local taxes, are payable on presentation. . In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued the tax returns and filings. You will be obligated to compensate us for all time expended and related fees and to reimburse us for all out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

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Termination of agreement

Either party may terminate this agreement at any time by giving written notice to the other party. In that event, the provisions of this agreement shall continue to apply to all services rendered prior to termination.

Agreement

Please sign and date the enclosed copy of this letter to confirm your agreement and return it to us at your earliest convenience.

We are looking forward to working with you.

Sincerely,

CliftonLarsonAllen LLP

Lisa Cushman, CPA
Signing Director
509-363-6343
lisa.cushman@CLAconnect.com

Enclosure

Accepted on behalf of the organization:

_____
Signature

_____
Title

_____ 20
Date

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SAMPLE MANAGEMENT REPRESENTATION LETTER

[Report Date]

CliftonLarsonAllen LLP
601 West Riverside, Suite 700
Spokane, WA 99201

This representation letter is provided in connection with your audit of the financial statements of Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (the Trust), which comprise the statement of net assets available for benefits and benefit obligations as of September 30, 2020, and the related statements of changes in net assets available for benefits and changes in benefit obligations of the Trust for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of [Report Date], the following representations made to you during your audit of the financial statements as of and for the year ended September 30, 2020, and the following representations as they apply to the financial statements as of and for the year ended September 30, 2019, which were audited by other auditors.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated [insert date], for the preparation and fair presentation of the financial statements and related notes in accordance with U.S. GAAP. The notes to the financial statements include all disclosures required by laws and regulations to which the Trust is subject.

2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

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5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including transactions with parties-in-interest have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All significant plan amendments, adopted during the period or subsequent to the date of the financial statements, and their effects on benefits and net assets have been disclosed in the financial statements.

8. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the Trust's accounts, including adjusting journal entries to convert our cash basis records to the accrual basis. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

10. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

11. There are no other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, or events that may jeopardize the tax status of the Trust) that legal counsel have advised us that must be disclosed.

12. Material concentrations have been properly disclosed in accordance with U.S. GAAP.

13. The methods and significant assumptions used to estimate fair values of financial instruments are disclosed in the financial statements as follows: [Describe methods and significant assumptions used to estimate fair values of financial instruments]. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

15. We have no intentions to terminate the Trust.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

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b. Additional information that you have requested from us for the purpose of the audit.

c. Unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.

d. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

e. Complete minutes of the meetings of the Trust administrative committee, board of trustees, and committees of trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

2. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

3. All transactions have been recorded in the accounting records and are reflected in the financial statements.

4. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

5. We have no knowledge of any fraud or suspected fraud that affects the Trust and involves:

   a. Management;

   b. Employees who have significant roles in internal control; or

   c. Others when the fraud could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

7. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and

8. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

9. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

10. We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions, including transactions with parties-in-interest, of which we are aware.

Tentative Report
For Discussion Purposes Only
Subject to Revision

11. The Trust has satisfactory title to all owned assets, and there are no liens, encumbrances, or security interests requiring disclosure in the financial statements.

12. The Trust has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

13. All required filings of plan and trust documents with the appropriate agencies have been made.

14. The Trust obtained its latest determination letter on [Date], in which the Internal Revenue Service stated that the Trust, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Trust has been amended since receiving the determination letter. However, the plan administrator and the Trust's tax counsel believe that the Trust is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Trust was qualified and the related trust was tax-exempt as of the financial statement date.

15. The Plan and the trust established under the Plan is qualified under the appropriate section of the Internal Revenue Code and we intend to continue them as a qualified plan and trust. The plan sponsor sponsors has have operated the Plan and trust or insurance contract in a manner that did not jeopardize this tax status.

16. We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the Trust.

17. We have obtained the service auditor's report from our service organization [insert name of third-party administrator (TPA)]. We have reviewed such report, including the complementary user controls. We have implemented the relevant user controls, and they were in operation for the year ended [Date].

18. We agree with the findings of the payroll auditor in evaluating the employer payroll and contribution information and have adequately considered the qualifications of the payroll auditor in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the payroll auditor in respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the payroll auditor.

19. In regards to the nonattest services performed by you, we have:

    a. Made all management judgments and decisions and assumed all management responsibilities.

    b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

Tentative Report
For Discussion Purposes Only
Subject to Revision

e. Ensured that the Trust's data and records are complete and received sufficient information to oversee the services.

Signature: _____ Title: _____

Signature: _____ Title: _____

Tentative Report
For Discussion Purposes Only
Subject to Revision

SAMPLE AUDIT REPORT

CliftonLarsonAllen LLP
CLAconnect.com

For Discussion Purposes Only
Tentative Report
Subject to Revision

INDEPENDENT AUDITORS' REPORT

Plan Administrator
Voluntary Employees' Beneficiary Association Trust
for Public Employees in the Northwest
Spokane, Washington

We have audited the accompanying financial statements of Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (the Trust), which comprise the statement of net assets available for benefits and of benefit obligations as of September 30, 2020, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the [illegible] error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

A member of Nexia International

Plan Administrator
Voluntary Employees' Beneficiary Association Trust
for Public Employees in the Northwest

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Trust as of September 30, 2020, and the changes in financial status for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Spokane, Washington
[Report Date]

Tentative Report
For Discussion Purposes Only
Subject to Revision

MOSSADAMS

OPPORTUNITY RISING

PROPOSAL FOR ANNUAL AUDIT AND/OR FINANCIAL STATEMENT SERVICES FOR THE

VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

Mark McMahon, Partner

Moss Adams LLP
www.mossadams.com

MOSSADAMS

May 22, 2020

Attn: Britt Afdem

Gallagher Benefit Services, Inc.
906 West 2nd Ave.
Suite 400
Spokane, WA 99201

Dear Britt and the Board of Trustees:

Thank you for the opportunity to present this proposal to audit the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (the Trust). As you consider firms to audit the Trust's employee benefit plan, we think it's important for you to be able to choose confidently. After all, there are many independent accounting firms that perform plan audits. However, less than 1% of them truly specialize in the field, and even fewer firms have experience in auditing multiple employer Voluntary Employee Benefit Associations (VEBAs). In fact, according to statistics from the Department of Labor (DOL), the vast majority audit fewer than five plans each year.

That's why we want to draw your attention to our practice. Each year, Moss Adams performs over 1,800 employee benefit plan audits ranging in size from 100 to 100,000 participants with $100,000 to over $5 billion in assets. In addition, we audit a number of VEBAs. We're currently the third largest benefit plan audit service provider in the nation. Our expertise and experience extend to 401(k), 403(b), defined benefit, defined contribution, VEBAs, and employee stock ownership plans, and we can provide you with a comprehensive set of solutions.

Moreover, it's not just our expertise that makes us a leader in the employee benefit plan arena. As our clients will tell you, they also appreciate five other key things we consistently bring to each audit year after year:

- **A thorough yet efficient process** that aims to minimize disruptions to your staff and your operations
- **A dedicated practice** composed of experienced employee benefit plan practitioners—you'll gain access to professionals who specialize in this field
- **Personal attention** from our most senior practice members—partners will lead your plan audit and spend time on-site with your plan managers
- **Regular communication**, including the sharing of insights and best practices, throughout the year—not just during the audit
- **Timely service** in an effort to wrap up our work well in advance of filing deadlines, without surprises or fire drills

May 22, 2020

Attn: Britt Afdem

Gallagher Benefit Services, Inc.
906 West 2nd Ave.
Suite 400
Spokane, WA 99201

You'll find more detailed explanations of our services and our unique audit approach in the enclosed proposal. We believe it outlines why Moss Adams is a leader in employee benefit plan audits and why we think we'd be the best choice for the Trust. On behalf of Moss Adams, thank you for your consideration. We look forward to serving you.

Sincerely,

Mark McMahon, CPA
Partner
(858) 627-1432
mark.mcmahon@mossadams.com

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MOSSADAMS

Firm Experience and Qualifications

1. Firm's Experience and Qualifications

EMPLOYEE BENEFIT PLAN SERVICES—EXPERIENCE MATTERS

Because of your commitment to your employees and their future retirement welfare, it's vital for you to work with an auditor who has significant experience providing audit and consulting services for benefit plans. Moss Adams has a specialty group devoted to benefit plan auditing which has been in place since the enactment of the Employee Retirement Income Security Act (ERISA).

Each year, Moss Adams audits over 1,800 plans of all types firmwide. Our benefit plan clients cover a number of industries, and the plans range in size from 100 to over 100,000 participants with $100,000 to over $5 billion in assets.

Number of Plans Audited by Type*

Type of Plan	Number of Plans Audited
ALL PLANS	**1,828**
Defined contribution plans	1,446
Defined benefit plans	140
403(b) plans	128
Health and welfare plans, including VEBAs	72
Employee stock ownership plans	42

**Audits performed 11/1/18–10/31/19*

Number of Plans Audited by Size

Size of Plan	Number of Plans Audited
ALL PLANS	**1,828**
Assets greater than $1 billion	39
Assets greater than $100 million, less than $1 billion	256
Assets greater than $50 million, less than $100 million	166
Assets greater than $25 million, less than $50 million	248
Assets greater than $10 million, less than $25 million	383
Assets greater than $5 million, less than $10 million	282
Assets greater than $1 million, less than $5 million	307
Assets less than $1 million	147

Service Providers and Recordkeepers

Here's a partial list of service providers, recordkeepers, payroll providers, actuaries, and custodians we regularly work with. Moss Adams works with over 250 of these organizations. We've also worked with a variety of ERISA attorneys around the country.

Service Providers		
• ADP	• Mass Mutual	• Standard Insurance Company Retirement Plans Business Unit
• American Funds	• Mercer	• State Street Bank and Trust Company
• Ascensus	• Merrill Lynch	• T. Rowe Price
• Bank of New York Mellon	• Milliman	• TIAA
• Ceridian	• Mutual of America	• Transamerica
• Credit Union National Association (CUNA)	• Newport Group	• Ultipro
• DST Retirement Solutions	• Northern Trust Company	• USI Consulting Group
• Empower (formerly Great-West Life & Annuity Insurance Company)	• Northwest Plan Services	• Vanguard
• Fidelity	• Paychex	• Variable Annuity Life Insurance
• Gallagher	• Paycom	• Voya Financial
• John Hancock	• Paylocity	• Wells Fargo
• Kronos	• Principal Life Insurance Company	• Willis Towers Watson
• Lincoln National Financial Group-Alliance & Multi-fund	• Prudential	• Workday
	• Schwab	

The Firm's Benefit Plan Consulting Capabilities

Our team of dedicated benefit plan consulting professionals offers a wide range of benefit plan consulting services:

- Review of plan documents and operating procedures
- Review of overall plan strategy and cost structure
- Assistance with determining the "Best Plan" to sponsor
- Facilitation of requests for proposal processes
- Assessment and recommendations for benefit service providers
- Facilitation in preparation or review of Form 5500 filings and attachments
- Resolution of complex compliance issues discovered during the audit
- Assistance with prohibited transaction issues
- Preparation and filing of Form 5330
- Assistance with IRS and DOL audits
- Payroll record reviews for multi and multiple employer benefit plans

We can provide consulting services to the extent permitted by professional standards in order to maintain our firm's independence to provide services and in such a manner which doesn't constitute the practice of law.

AICPA Employee Benefit Plan Audit Quality Center Member

Moss Adams has been a member of the AICPA's Employee Benefit Plan Audit Quality Center (EBPAQC) since its inception. The EBPAQC was established to help CPAs meet the challenges of performing quality audits in this unique and complex area. The EBPAQC provides members communication of regulatory developments, guidance on best practices, and technical updates. Bertha Minnihan, one of our Employee Benefit Plan Services leaders, has served on the EBPAQC's executive committee and the AICPA Employee Benefit Plans Expert Panel.

A. FIRM BACKGROUND

Every business, managed well, has the potential for tremendous growth and durability. We know, because it's our story too.

It begins in 1913, the year President Woodrow Wilson signed the federal income tax into law. That same year, John G. McIntosh, CPA, set up a small Seattle practice to serve a booming Pacific Northwest timber industry. Through good times and bad, through two world wars and 18 US presidents, that practice steadily extended its reach—first regionally, then nationally—to serve the businesses and industries that built this country.

Today, that practice is Moss Adams LLP, one of the largest accounting, consulting, and wealth management firms in the nation, dedicated to assisting clients with growing, managing, and protecting prosperity. But our principles remain the same as they were when we opened our doors more than a century ago: Consistently hire talented people, work hard to make a difference in our communities, and empower our clients to discover and claim success.

B. NUMBER OF CLIENTS

Our firm serves approximately 25,000 clients in more than 30 different industry practices across the nation and around the world.

C. TRUST CLIENTS

Moss Adams audits more than 70 health and welfare plans a year—the majority of the plans are VEBAs.

D. TAX-EXEMPT EXPERIENCE

Moss Adams has an experienced team of professionals with expertise in tax issues related to not-for-profit organizations, including VEBAs. This expertise ranges from compliance issues, such as the IRS Form 990, to complex issues and creative plans for reorganizations and affiliate business relationships, strategic planning for revenue enhancement opportunities, and reduction of unrelated business taxable income.

Our professionals provide services to a wide spectrum of not-for-profit organizations including colleges and universities, research entities, foundations, associations, and social service and other tax-exempt organizations. Our breadth of experience has created a unique base of knowledge in addressing federal, state, and international tax issues and enables us to consult with you on:

- The tax-exempt status of the organization
- Payroll and employment tax issues, including fringe benefit, deferred compensation, Form 5500, and others
- Independent contractor versus employee determinations
- Fellowship/scholarship versus compensation tax treatment for services rendered
- Charitable giving arrangements with high net worth individuals
- Reporting issues of IRS Forms 1042-S, 1098-T, and 1099
- Third-party management agreements
- Technology transfer and associated royalty arrangements
- Private benefit of tax-exempt bond financed facilities
- Unrelated business income tax, including bookstores, sponsorships, and exclusivity agreements
- Tax issues associated with formation or operation of subsidiaries of tax-exempt entities
- Tax aspects of doing business in foreign countries
- Sales and use tax exemptions; property tax exemptions and valuations

Regardless of the tax issue you face, the Trust will have access to experienced tax professionals who'll be able to help you address any issues as they arise. And our professionals will be available to your organization at any time, not just during the audit engagement.

E. FAMILIARITY WITH VEBA TRUSTS

Our firm has extensive experience in providing both audit and tax services to VEBA trusts. One area that other VEBA trusts have found to be beneficial is our firm conducts instructional payroll record reviews of certain participating employers to educate the employer on the appropriate reporting requirements.

F. GOVERNMENT EMPLOYER CLIENTS

We recognize government organizations are accountable to many different constituencies—oversight agencies, audit committees, elected officials, taxpayers—all with different expectations and demands. That's why we commit significant personnel and resources to our Government Services Practice, building technical expertise in all areas of government.

We have several experienced partners and senior managers who lead audit engagements for over 270 government entities including state agencies; cities and counties; public colleges and universities; special purpose governments including ports, utility districts, and transit agencies; public retirement funds; and others.

As one of the 15 largest accounting firms in the nation and with the third largest audit practice of employee benefit plans, we have the depth of resources necessary to serve the Trust with firmwide professionals at our disposal. Our national PERS team serves as independent auditors to many public retirement systems, such as the following:

Public Employee Retirement Systems Audited	
• American Samoa Government Employees' Retirement Fund • Antelope Valley Hospital Medical Center Retirement Plan • City of Portland Fire and Police Disability and Retirement Fund • El Paso Firemen and Policemen's Pension Fund • Kansas Public Employees Retirement System	• New Mexico Educational Retirement Board • Public Employees Retirement Association of New Mexico • Richmond Retirement System • Salinas Valley Memorial Healthcare District Employees Pension Plan • Spokane Employees Retirement System • The City of Seattle Voluntary Deferred Compensation Plan and Trust

2. Firm's Size and Structure

A. COUNT OF CPAS

Our firm had a record of 1,290 CPAs as of April 30, 2020. CPA certification is self-reported by each professional.

B. EMPLOYEE COUNT

Our firm has more than 3,400 employees, including approximately 350 partners.

C. RESPONSIBLE TEAM AND OFFICE

The Trust's engagement will be performed primarily out of our San Diego and Spokane offices. Both offices are home to professionals serving public and private companies in a variety of industries, including employee benefit plans, construction and real estate, health care, manufacturing and distribution, not-for-profit, and technology and life sciences.

Our tax specialists are recognized as leaders in the not-for-profit, corporate, and closely held arenas. They have a long history of work in certain specialty areas, including international business formation and cross-border transaction, alternative energy tax credits, and section 382 ownership changes. We provide a variety of more specialized consulting services, including a Service Organization Control (SOC) audit, and cost segregation studies. Our full-service private client services and wealth management practice is geared towards business-owner succession services, real estate, and financial planning and wealth management.

Below is a breakdown of professionals in our San Diego and Spokane offices.

Professional Level	San Diego	Spokane
Partners	10	12
Senior Managers / Directors	13	9
Managers	13	15
Seniors	24	19
Staff	22	29
Associates	1	0
Administrative	7	7
Total	**90**	**91**

3. Persons Responsible for Conducting the Work

Working with the right team of professionals makes all the difference to your engagement. The team members we've thoughtfully selected to serve your specific needs have years of employee benefit plan audit experience. But more than that, you'll find they bring an optimistic perspective focused on helping the Trust explore and embrace emerging opportunity. Your Moss Adams team will personally engage with your team and bring a new level of energy and enterprise to your engagement.

AUDIT TEAM

Mark McMahon, CPA, *Partner*

Professional Experience

Mark provides audit, tax, and consulting services to construction, real estate, and service companies, and employee benefit plans. He advises clients on accounting methods, internal controls, and financial ratios and trends.

Mark has practiced in public accounting since 1983 and currently serves on the firm's construction industry steering committee. He also serves the community as audit committee chair for St. Paul's Senior Homes and Services. He previously served as a member of the City of San Diego's Mayor and City Council Salary Setting Committee, and has served on boards and committees of the Associated General Contractors of America and Youth Tennis San Diego. Mark is a graduate of LEAD San Diego.

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Past board member, Associated General Contractors of America

Education

- BA, business (emphasis in accounting), University of Notre Dame

Joy Timple, CPA, *Senior Manager*

Professional Experience

Joy has practiced public accounting since 2009. She specializes in providing assurance services to middle-market clients in the technology and manufacturing industries.

Joy Timple, CPA, *Senior Manager*

Joy leads audit teams during fieldwork, supervising staff and seniors and coordinating with audit teams in foreign locations and subsidiaries. She also provides derivative and interest-rate-swap guidance and assistance to various audit teams throughout the firm.

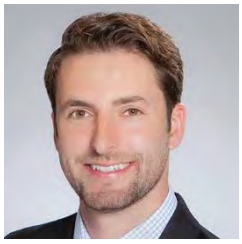
Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants

Education

- BS, accounting, San Diego State University

Ryan Strausbaugh, CPA, *Manager*



Professional Experience

Ryan has practiced public accounting since 2013. He provides accounting and assurance services to private and public companies across a variety of industries. Ryan's specific experience includes securities filings with the SEC, evaluation of new revenue recognition standard (ASC 606) implementation, and debt and equity financings.

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants

Education

- BS, accounting, California State University San Marcos, College of Business Administration

TAX TEAM

Jane Coleman, CPA, *Senior Manager*

Professional Experience

Jane has practiced public accounting since 2008. She specializes in providing tax and consulting services to not-for-profit organizations in various industries. Jane's experience includes a variety of clients in the not-for-profit industry, including universities, religious organizations, foundations, and social service organizations. Jane is also a board member for Dreams for Change.

Jane Coleman, CPA, *Senior Manager*

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants

Education

- BA, international economics and accounting, University of California, Los Angeles

Patty Mayer, CPA, *Director*

Professional Experience

Patty has practiced public accounting since 1984. She provides tax and related tax planning services with an emphasis on not-for-profit and tribal organizations. Patty works predominately with public charities, private foundations, and tribal organizations. She leads the Southern California not-for-profit tax practice and is a member of our firmwide not-for-profit tax committee.

Professional Affiliations

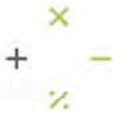
- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Board member, treasurer, and finance committee chairman, Community Health Improvement Partners
- Member, Finance Committee, San Diego Grantmakers
- Member, Professional Advisory Committee, The San Diego Foundation

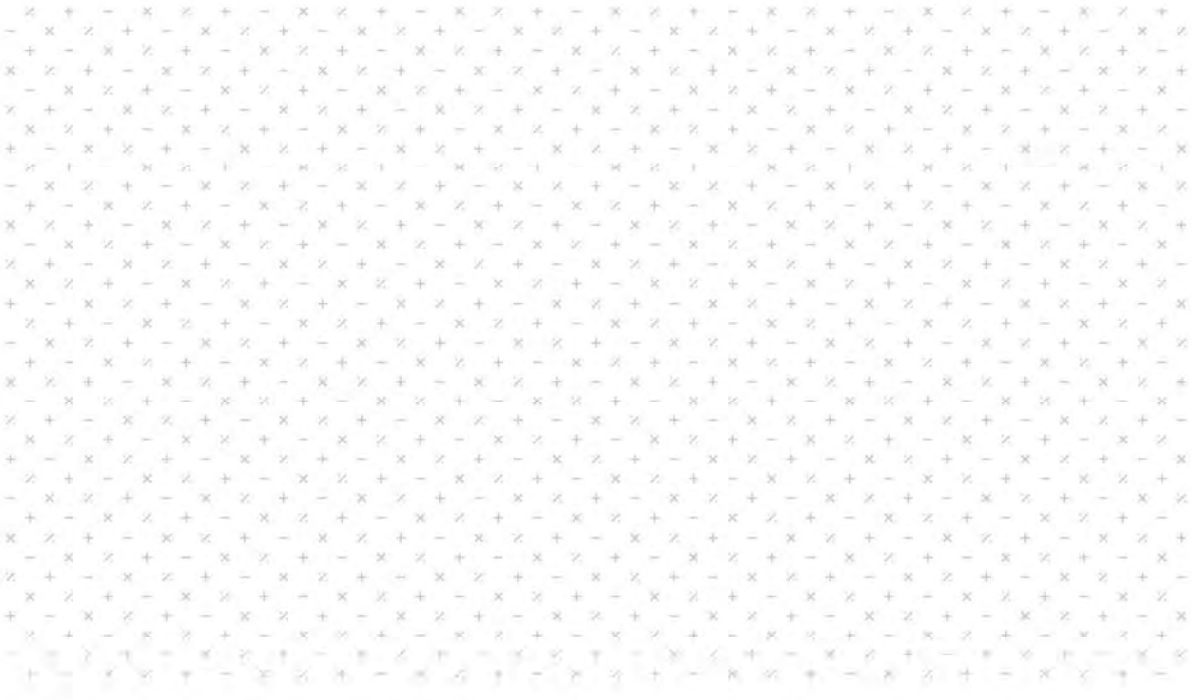
Education

- BS, accountancy, German minor, San Diego State University

4. Peer Review

Moss Adams participates in the AICPA Peer Review Program, as administered by the AICPA National Peer Review Committee. Through the peer review program, our system of quality control over the accounting and auditing practice applicable to non-SEC issuers is reviewed by another CPA firm every three years. Since the inception of the AICPA's Peer Review Program, we've always achieved a "pass" opinion. A full copy of our most recent report is provided on the following pages of this proposal.





Cherry Bekaert LLP

Report on the Firm's System of Quality Control

September 26, 2017

To the Partners of Moss Adams LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Moss Adams LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Moss Adams LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Moss Adams LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP

Peer Review Report (Cont.)

AICPA Peer Review Program
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

October 30, 2017

Christopher Schmidt
Moss Adams LLP
999 3RD AVE STE 2800
SEATTLE, WA 98104-4057 4057

Dear Christopher Schmidt:

It is my pleasure to notify you that on October 26, 2017, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is October 31, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

Michael Fawley
Chair - National PRC
nprc@aicpa.org 919-402-4503
National Peer Review Committee

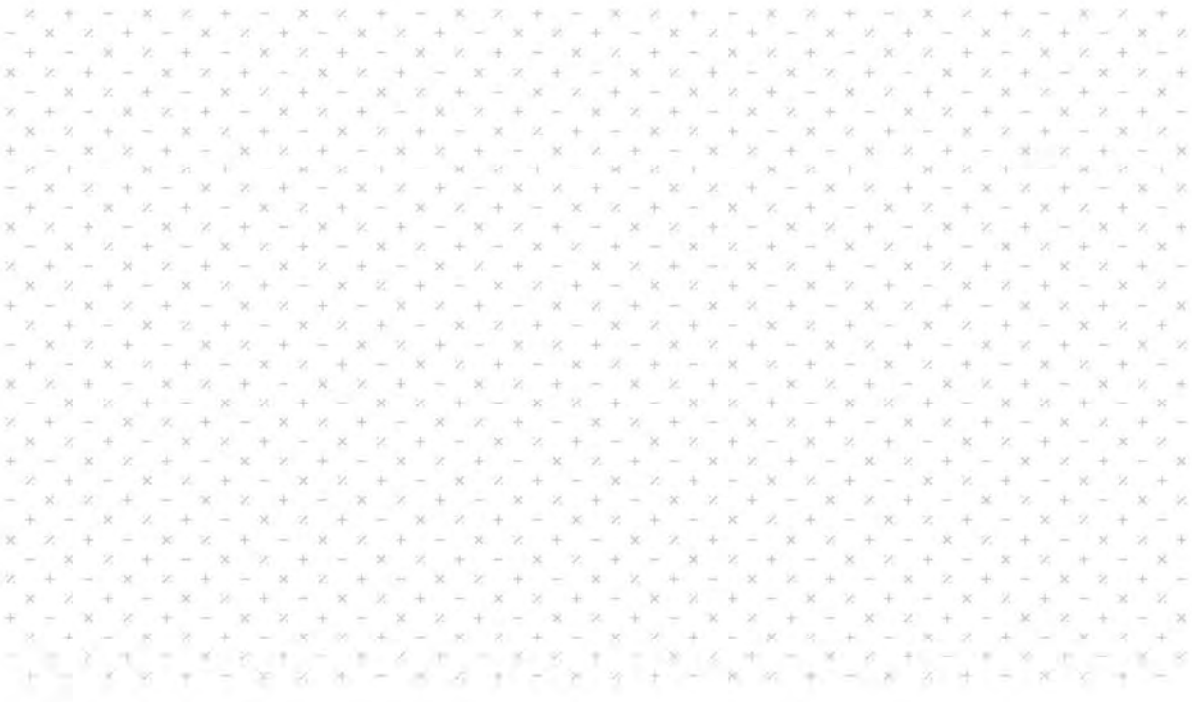
CC: Samuel Johnson, Erica Forhan

Firm Number: 900010050024 Review Number: 541558

T: 1.919.402.4502 | F: 1.919.402.4076 | nprc@aicpa.org

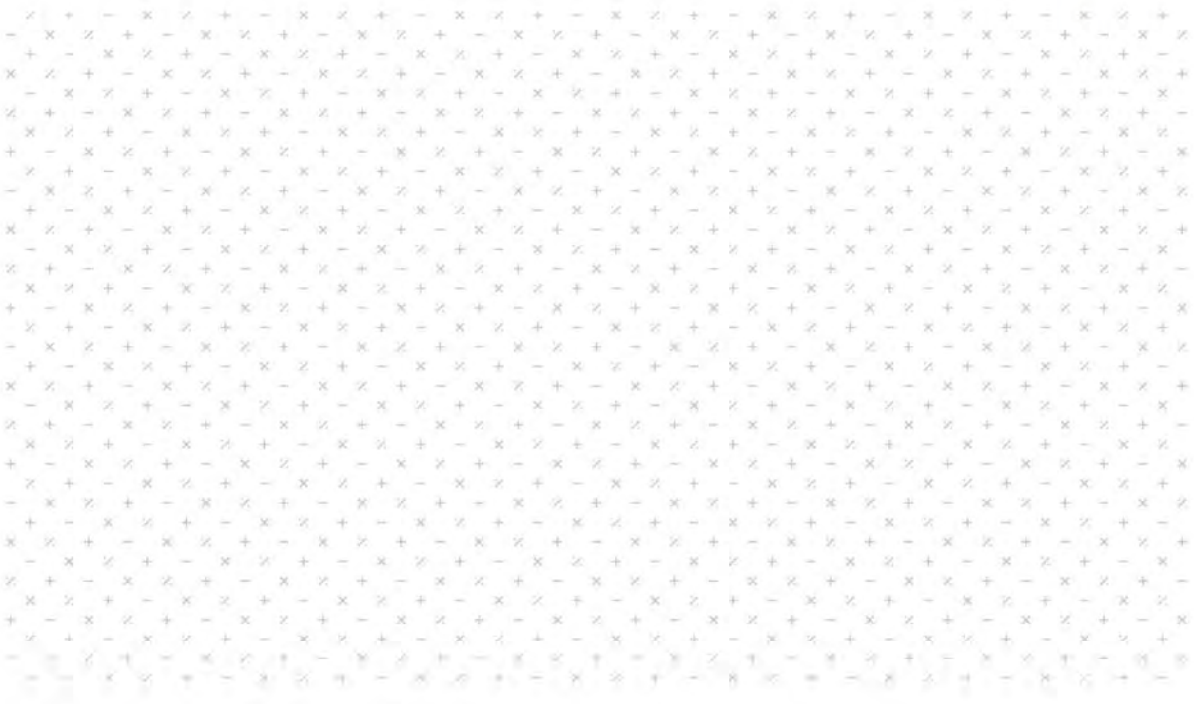
5. Professional Licenses

Moss Adams, or any of our employees, has not had a professional license revoked.



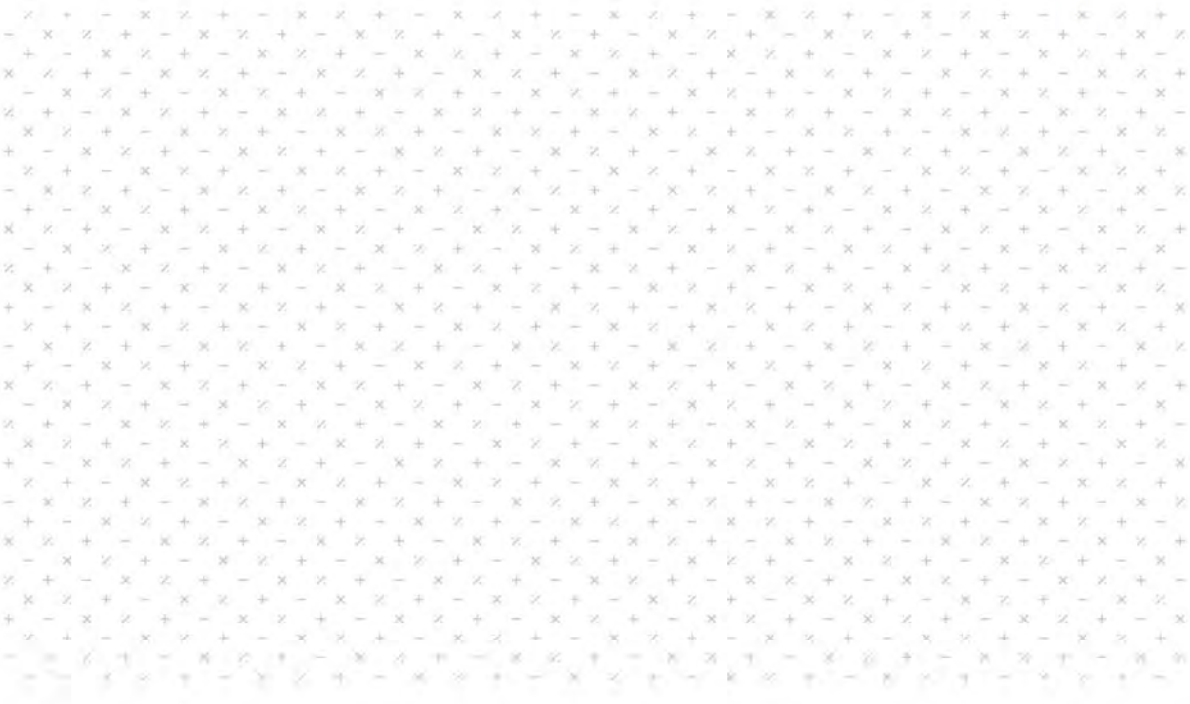
6. Fines or Censures

Moss Adams has not been fined or censured by any regulatory body within the past five years.



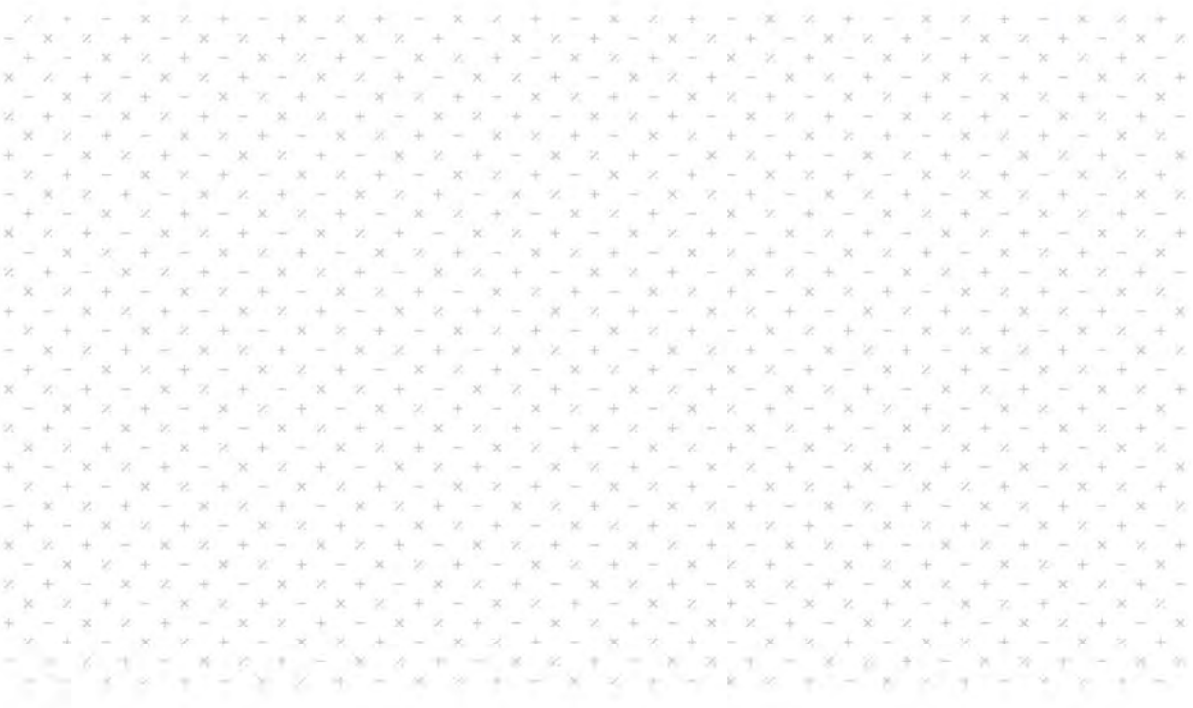
7. Lawsuits

As with any large firm, Moss Adams is occasionally involved in addressing legal and regulatory issues. However, no action, suit, proceeding, inquiry, or investigation before or by any court or federal, state, municipal, or other government authority is pending, or to our knowledge is threatened against Moss Adams, related to or which would have a material effect upon the services contemplated herein.



8. Termination

As a result of our firm's commitment to premier client service, we have a long history of excellent client retention. An important aspect of this service includes maintaining the confidentiality of our clients', and former clients', financial and business information. As a result, we avoid disclosure of client information except as necessary to provide our services. In addition, while client relationships may be terminated for a variety of reasons, including financial, project discontinuation, and change in strategy, we don't maintain records regarding such terminations.

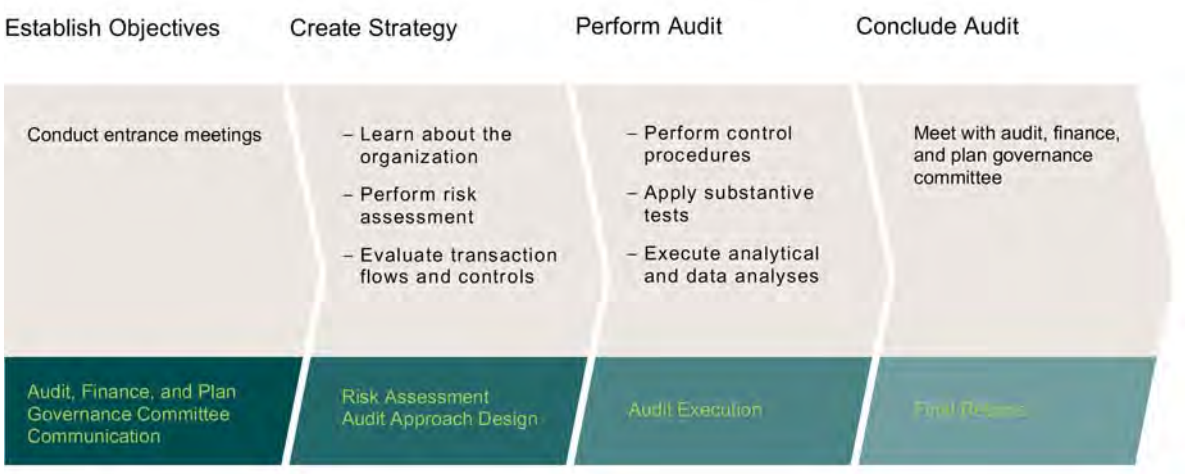


9. Scope of Services

A. PREPARATION OF THE TRUST'S FINANCIAL STATEMENTS AND TAX SERVICES

We'll audit the Trust's financial statements for the year ending June 30, 2020 and (if requested) prepare the Trust's exempt organization returns. We understand another firm will be selected to prepare the financial statements.

B. PERFORMING THE TRUST'S ANNUAL AUDIT



Because of the compliance-driven nature of the benefit plan audit, it's important we take time up front to train our staff so they understand benefit plan operations and are familiar with regulations. Our knowledge of AICPA and DOL reporting requirements helps us provide a timely audit with minimal impact on your personnel.

Communication with plan management and governing committees helps us clearly understand your concerns, and allows you to understand why we examine certain areas more than others. We'll meet with you before the start of fieldwork and throughout the year, as needed.

Moss Adams uses a risk-based approach to the audit while still being mindful of DOL "hot buttons." During the initial stages of the audit, we'll gain an understanding of your plan, perform preliminary analytic procedures, and assess internal control. Our assessment of internal control includes relevant controls performed by your service provider(s) and relevant electronic data processing systems at your organization. To the extent these controls have previously been documented, we won't need documentation in a new format. After we review internal control documentation, we'll identify significant controls and, if necessary, perform detailed tests.

Your service team will perform substantive tests of details on the material account balances and classes of transactions. The substantive tests include evaluation of assumptions used by plan management and the actuary (if applicable) to develop actuarial valuations.

Transactions subjected to both control and substantive tests may be selected using directed testing, sampling, or a combination of both. The type of audit procedures we perform depends on the nature of the account and the auditor's judgment about the risk that the account could be materially misstated.

What's Different About Employee Benefit Plan Audits?

Since employee benefit plan audits are also subject to review by the DOL, we must adhere to not only generally accepted auditing standards but also the expectations of the DOL as communicated to auditors. The DOL has certain expectations of employee benefit plan audits that go beyond the standard financial statement audit. We understand those expectations and have developed audit programs and procedures to help assess plan management's protection of assets and plan participants' benefits.

Implementation of New Standards

New Accounting Standards Updates (ASU) continue to be issued annually—we'll provide tools, guidance, sample disclosures, and feedback on how to present these disclosures in order to comply with current accounting standards. For example, investments are the largest and most critical component of plan assets. In recent years, we've assisted our clients with the implementation of the related disclosure requirements related to Fair Value Measurement (Subtopic 820-10) of the FASB Accounting Standards Codification.

During our annual planning meetings, we'll brief you on new accounting standards updates that may impact your financial statements.

C. COMPLETING THE TRUST'S FORM 990

Reviewing Your Tax Provision

- As part of the audit process, a professional with tax-exempt expertise will review your operations and activities to confirm the accuracy of the tax provision for the financial statements.
- We'll identify issues that may create a material impact on the tax provision or identify activities that may jeopardize the organization's tax-exempt status.

Preparing Your IRS Form 990

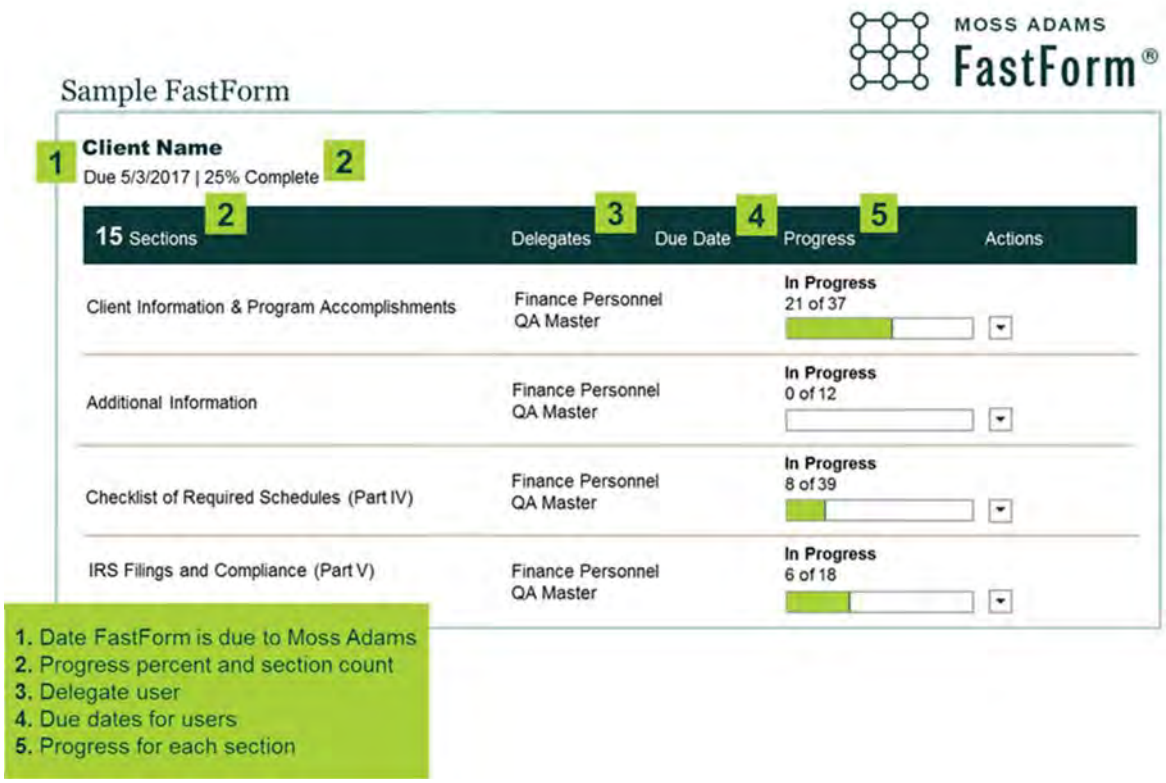
- When it's time to begin preparing Form 990, we'll submit information requests to you. Our goal is to have at least 95% of the information we need before we begin.
- Either before or after we receive the information requested, our professionals with tax-exempt expertise will meet with you to review the information, discuss any initial areas of concern, and provide new best practices based on our findings. Additionally, our clients have found it valuable for us to review and prepare returns on-site, and we're happy to do so at your request.
- Moss Adams will then prepare your return and ensure a professional with tax-exempt expertise is involved in the return review.
- We'll provide you with a draft of the return in PDF format for your review and approval.
- Once approved, a draft of the return will be provided to you for board member review and approval. Board members are encouraged to review the Form 990 prior to submission.

Moss Adams *FastForm®*

Moss Adams FastForm is an online tool we've created that enables tax-exempt organizations to gather information for their Form 990 quickly and easily. Designed with the busy financial executive in mind, FastForm is a secure application that:

- Takes you through the process using a guided, knowledge-based approach
- Saves you time and resources by eliminating sections of the form that don't apply to your organization
- Enables you to assign key areas of data-entry responsibility to your internal users
- Gives you control over your organization's financial data at every point in the process

The result? FastForm speeds up the entire process, helping you spend less time worrying about your organization's Form 990 and more time doing what you do best: advancing your mission.



MOSSADAMS

Quality Control and HIPAA Compliance

1. Quality Control Procedures

While Moss Adams has centralized quality control, our engagement partners and client service teams are only one level removed from the technical and quality control professionals in our national office. We consult as necessary with our national office on both technical and regulatory matters, many of which are voluntary consultations in an effort to draw on our firm's deep expertise and deliver the best service to our clients.

We're not held up by a long-distance consultation relationship with a national office located on the East Coast. We're headquartered on the West Coast and discussions among our professionals happen quickly.

Our national office is located in Seattle, Washington. When we do have a need to consult with this group, we're in the same time zone, and we've streamlined our process to ensure timely turnaround of consultations. We evaluate each service and advise your audit committee in our routine communications of any matters that may be classified as anything but "audit." Our service approach is designed to effectively serve the audit committee and be responsive to management. Our consultation process offers personal contact and interactive dialogue that translates to timely responses and resolutions for clients; it isn't intended to be a long or complex process.

2. Communication with Plan Service Providers

Our firm places a lot of emphasis on strong communication with your plan governance committee or board of directors, and with management, as well as other service providers such as your plan recordkeeper and administrator, consultant, and legal counsel. Such communications will be part of planning the audit and will continue throughout the engagement.

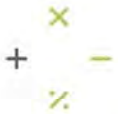
In the planning phase, we'll communicate such matters as our responsibilities with regard to the financial statement audit, independence matters, and the planned scope and timing of the audit. At the outset of the engagement, we'll strive to create two-way communication so we can hear from you about matters you consider relevant to the audit, such as strategic decisions that may significantly affect the nature, timing, and extent of audit procedures; the suspicion or the detection of fraud; or other concerns you have.

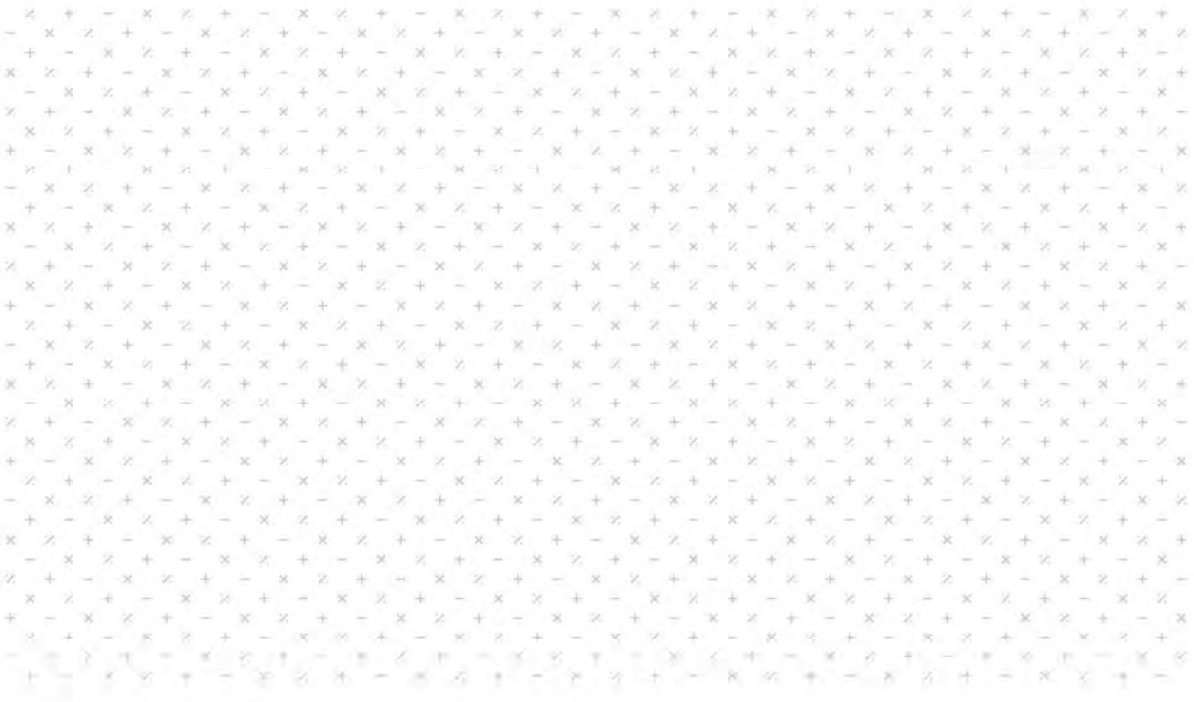
At the conclusion of the audit, we'll communicate the results of our audit and significant findings or issues from the audit. These may include our views about the qualitative aspects of your significant accounting practices, including accounting policies, estimates, and financial statement disclosures. We'll also communicate material audit adjustments and uncorrected misstatements. In addition, we're required to communicate to you all significant deficiencies and material weaknesses.

Finally, our communication typically includes best practices, exceptions encountered during testing, other deficiencies in internal control that aren't considered material weaknesses or significant deficiencies, and recommended areas of improvement.

3. Communication with Other CPA Firm

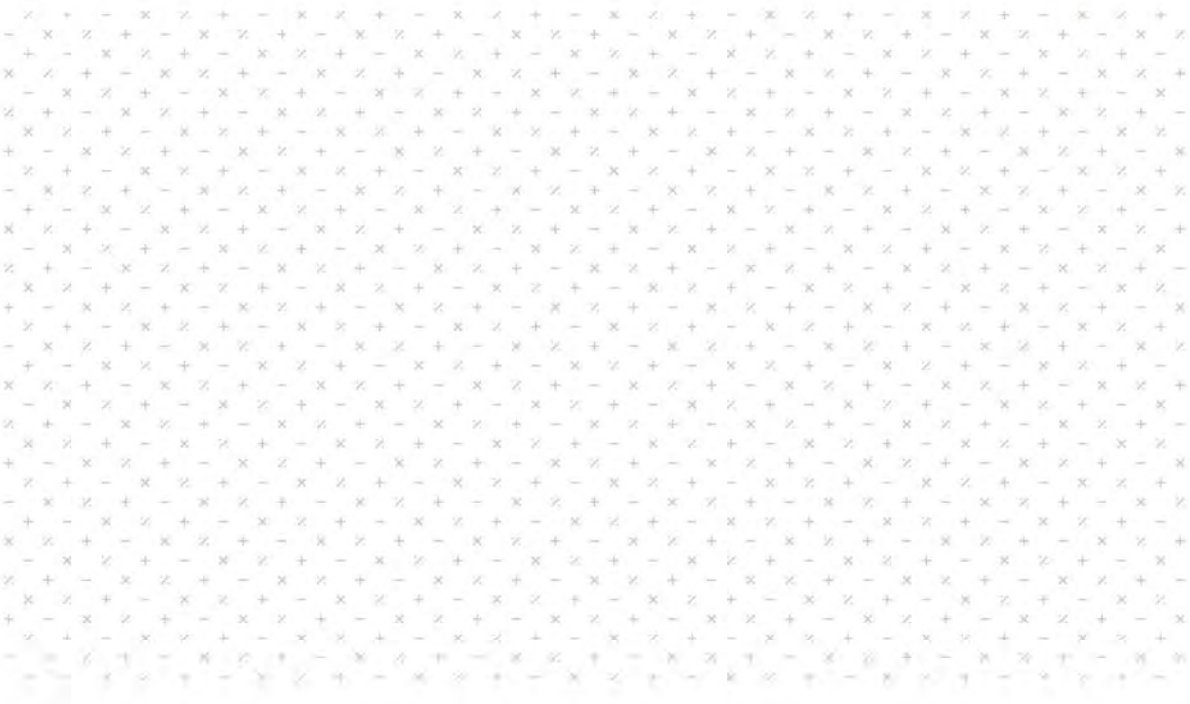
Communication between the Trust, Moss Adams, and the second CPA firm will be essential to achieving a smooth and efficient engagement. The process begins with a meeting between the Trust's second CPA firm and the Moss Adams team to discuss an approach to getting information and timing deliverables to facilitate an efficient process. Our goal is to reduce repetitive work and redundant requests for information. Once a work plan is established, it provides a road map for the client to use to manage the flow of information and keep track of each stage of the project. It also provides a clear list of deliverables and when they're expected to be received. This will help the client communicate with the auditor when planning the audit engagement or help make sure tax compliance work is received in order to meet filing deadlines.





4. Discussion of Work Timing

We anticipate beginning the transition for conducting the audit upon appointment as the Trust's auditors. Please see below for a detailed timeline. We will not be able to finalize the audit until the financial statements are complete.



5. Timeline

A. TIMEFRAME TO GET INFORMATION FROM SERVICE PROVIDERS

We'll begin the process upon appointment as the Trust's auditors.

B. AMOUNT OF TIME TO PREPARE DRAFTS

Our proposal only includes performing the annual audit.

C. TIMEFRAME TO REVISE AND FINALIZE MATERIALS

We'll complete the audit by January 15, 2021.

D. TOTAL PROJECT TIMEFRAME

The Trust would be an extremely important client to Moss Adams. We understand the importance of timely delivery, so meeting your deadlines is our top priority. Like you, we don't like last-minute fire drills before filing deadlines.

Mark McMahon has created this tentative audit timeline to give you a general idea of the major milestones we anticipate during the audit. We'll adjust our timing to what works best for you.

Service Description	Timing
Complete client acceptance procedures and present engagement letter	Upon appointment
Meet with the Trust to begin our understanding of systems, internal controls, and current-year issues	June 2020
Provide the Trust's plan administrator with a detailed list of items needed to perform the audit, including the timing of when items are needed	June 2020
Complete initial risk assessment procedures and tests of controls	July 2020
Perform detailed audit test work, provide an open item list, and discuss internal control issues	November 2020
Provide draft audit report to the plan oversight committee	December 2020
Provide final financial statement	January 202
File audited reports	January 2021
Present findings and recommendations to the plan oversight committee	As necessary throughout the engagement

Your service team will work with you and your providers to develop a detailed information request list and timeline. This high-level proposed timeline is contingent upon receiving requested items by the agreed-upon dates. Final delivery of audit reports could be earlier than the proposed dates if information is available sooner.

6. PHI and PII Policies and Procedures

At Moss Adams, we take the protection of our firm's and our client's data seriously by employing safeguards to prevent unauthorized access to our offices and our physical and electronic working papers. Our employee policies regarding the confidentiality of client information are incorporated in our employee manual and employment agreements. And above and beyond the standard key locks and electronic keycards that control access to our offices and the firewalls and passwords that control access to our networks and personal computers—all standard in many professional settings today—we use the following measures to further enhance our information security structure:

Network Security

- We operate a wide area network (WAN) based on a multiprotocol label switching (MPLS) backbone. This is a private network provided by a tier-one carrier.
- All edge equipment and servers that provide enterprise services are located at a commercial data center located outside the downtown Seattle corridor.
- The network has only a single access point to the internet.
- The internet connection is front-ended by redundant firewalls and a perimeter network (also called a DMZ).
- We run an enterprise intrusion prevention system (IPS).
- We run an enterprise antivirus and antispyware system.
- We block an extensive list of email attachments (including both files and types known to contain inappropriate content or malware) from entering our network.
- We run a comprehensive, dual-layered antispam and antivirus system to protect both incoming and outgoing email.
- Visitors (nonemployees) aren't allowed to attach their computers to our internal network.
- Remote network access is only available through a single secure entry point. Multifactor authentication is required.
- We support only strong passwords, and we force password changes every 90 days.

Desktop and Laptop Management and Security

- We operate a highly managed desktop and laptop computer environment.
- All computers that are used for client work:
    - Are part of our corporate domain.
    - Are patched via an automated patch management system.
    - Run antivirus and antispyware agents.
    - Are required to have full hard-drive encryption.
    - Have their hard drives scrubbed clean using Department of Defense–certified software when they're decommissioned.

Server Security and Management

- We have standardized build procedures.
- Server patching is performed using a patch management system.
- All production servers and network equipment (switches and routers) are located in a locked and highly secure environment.
- Only domain administrators and approved vendors can log into servers or alter server configurations.
- Network and file and folder access privileges are tightly controlled based on user title and role.

Security Policies

- All new employees undergo a comprehensive background check.
- All users must conform to a set of comprehensive end-user technology policies.
- We take our security audits and vulnerability assessments seriously and address all sensitive issues.

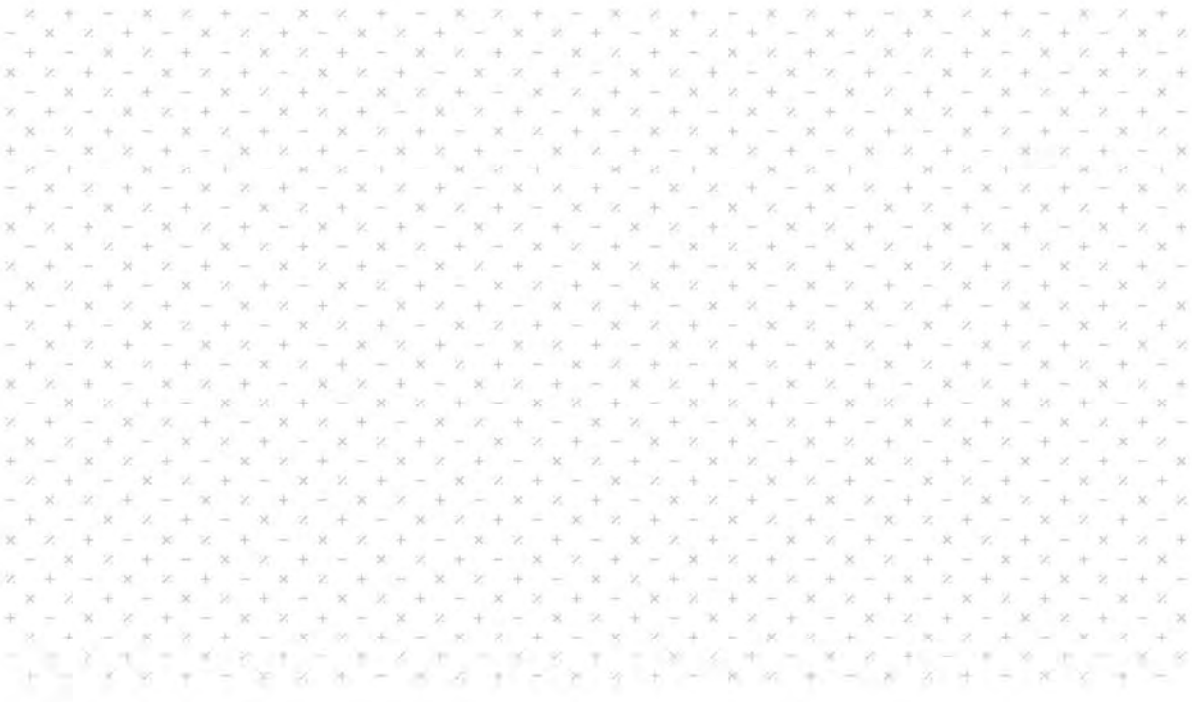
Secure Client Portal

The Moss Adams Client Portal is a web-based mechanism that provides an easy yet secure means of temporarily storing sensitive documents for two-way transfer with our clients. The system—called ShareFile Enterprise, from Citrix—resides on Moss Adams servers located at our data center. ShareFile uses AES encryption to secure the transmission and storage of documents. Security highlights include the following:

- Built-in, end-to-end encrypted transfer and storage
- Encrypted transfer over 256-bit SSL/TLS connection
- Data stored at rest in the portal with AES 256-bit encryption using FIPS 140-2 validated AES encryption (the US federal and Canadian government encryption standard) to secure the transmission of documents

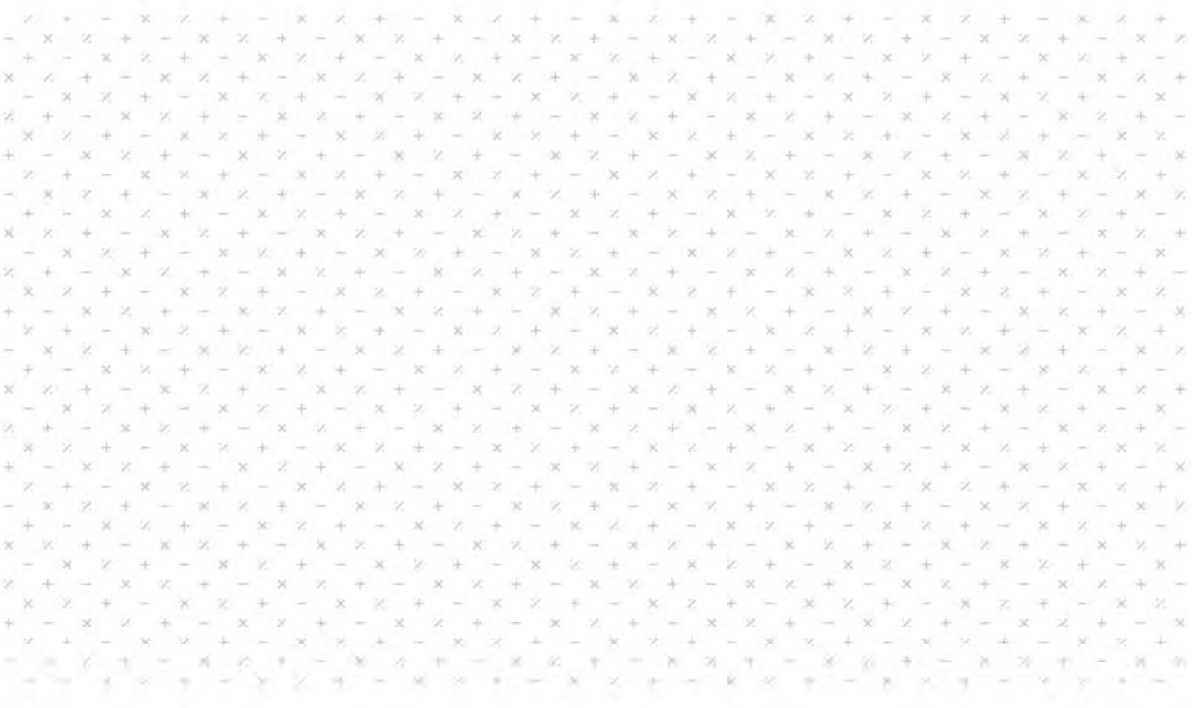
7. Business Associate Agreement

Moss Adams is willing to execute a Business Associate Agreement.



8. Privacy or Security Breaches

Moss Adams has never suffered a security breach of its systems or a corresponding data loss.



MOSSADAMS

Fees

1. Fees for Preparing the Financial Statements

For our clients, it's about more than the dollars you pay at the end of the day; it's about value. Consider both the tangible and intangible benefits of working with us. You'll get solid and timely deliverables. But more than that, the experience you'll have working with forward-thinking, benefit plan–specialized professionals who work side by side with you to explore new possibilities is where you'll see the value. Invest in your future prosperity and experience a different style of service with us.

Service Description	Estimated Fee
Audit of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest financial statements	$60,000
Preparation of Form 990	$6,000
Transition meetings, review of predecessor auditor's work papers, and getting up to speed	Included
Newsletters, seminars, and webinars	Included
Attending plan committee oversight/audit committee meetings	Included
Total	**$66,000**

Fee Details

As noted above our proposal does not include preparation of the Trust's financial statements.

The scope of work and related fee quotes are subject to our firm's client acceptance process, which: 1) verifies that the firm and the client both understand the specific services we're being asked to perform; 2) ensures the terms of the contract are acceptable to both parties and in agreement with professional audit standards; and 3) confirms we've staffed the engagement with individuals qualified with the necessary expertise to fulfill our commitments to the prospective client. In addition, we'll need to complete our inquiries of your former auditor as required by our professional audit standards. And finally, although we've performed an initial review of our independence from the Trust, we'll perform a more detailed inquiry of our partners and staff to make sure we've met applicable independence standards.

Our proposed fees are also based on a presumption that your books and records will be in good condition and your accounting and finance staff will provide reasonable and customary assistance. The estimate is also based on accounting and auditing standards that have been issued as of the date of this proposal submission, which cover a range of issues on an auditor's assessment of risk and required audit documentation. Accounting and auditing standards can and do change, so if future changes are significant enough to warrant it, we'll modify our audit approach, procedures, and scope of work. Before doing so, however, we'll negotiate any adjustment to our fees with you.

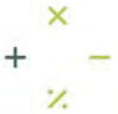
Moss Adams will include a standard 5% administrative and technology fee as part of standard expenses on all engagements. This fee covers certain costs that some firms bill separately, including tax and report processing charges, confirmation fees, filing fees, technology fees, and administrative billable time.

2. Fees for Auditing Services and 990

Fees for auditing services and the preparation of Form 990 are included on the previous page.

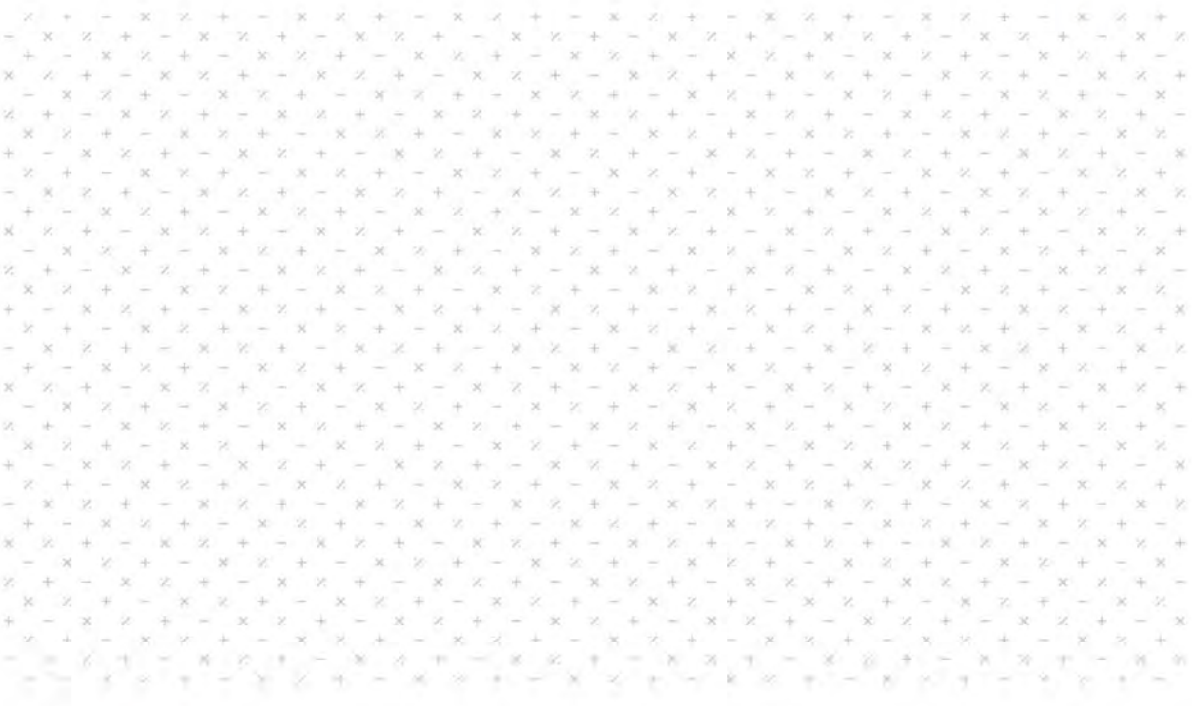
3. Travel Expenses

Our engagement letter will provide an estimate of the expenses for the services to be provided. Direct travel expenses will be billed monthly as incurred. Travel time is billed at one-half our standard rates.



4. Attending Board Meetings

Moss Adams will not charge the Trust for attending board meetings via conference call.



5. Other Fees

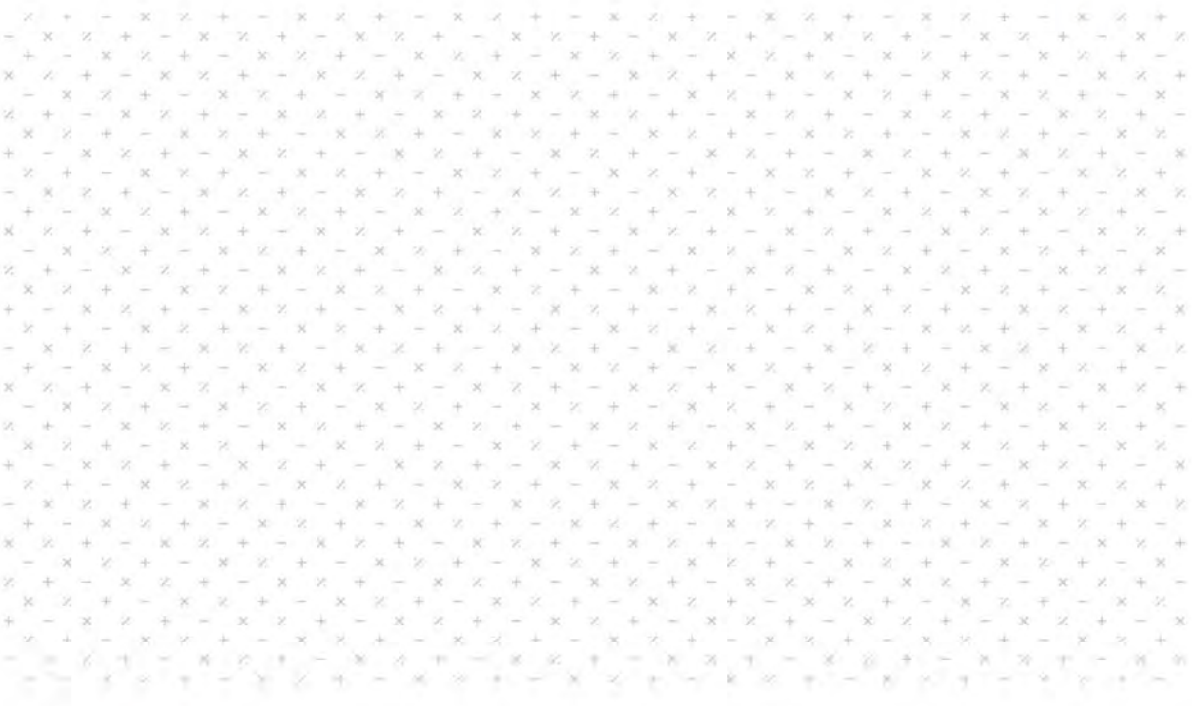
Subject	The Details
First-Year Costs	We acknowledge that changing auditors can be disruptive to your staff's routines, since a new audit team needs to spend time learning your systems. We'll absorb all costs related to the transition.
Progress Billing	Progress billings are based on hours and expenses completed at the time of billing. Bills are due upon receipt. We reserve the right to charge interest on accounts over 30 days past due.
Cost Overruns	During the course of the audit, we'll measure our progress against our planned budget. If situations arise that are significantly different than our expectations, we'll bring them to your attention immediately and discuss various options before we proceed. We'll meet weekly during the course of fieldwork with the appropriate parties to ensure there are open lines of communication between our organizations.
Future New Audit, Review, and Accounting Standards	Our fee estimate discussed herein is based on accounting and professional standards that exist and are applicable as of the date of this proposal. To the extent that future rulemaking activities require modification to our audit approach, procedures, scope of work, etc., we'll advise you of such changes and the impact on our fee proposal. If we're unable to agree on the additional fees, if any, that may be required to implement any new accounting, auditing, and review standards that are required to be adopted and applied as part of our engagement, we reserve the right to withdraw from the engagement, regardless of the stage of completion.
Routine Phone Calls and Emails	Our policy is to not charge for short telephone calls seeking miscellaneous advice unless those consultations require significant additional work or research. If a matter requires further follow-up, we'll discuss a fee estimate with you before incurring significant time.
Minor Research and Consultation	If we're requested to provide minor research or consultation service, we'll estimate the number of hours necessary to provide the requested services. We'll then provide a fee quote for your approval before commencing any work. Our fees for these services are generally at our standard billing rates.
Predecessor Auditors	Our fee estimates are based on the assumption that the predecessor auditors will provide timely access to their audit working papers for the year ending September 30, 2020. Further, it's assumed that the audit work performed by the predecessor auditor will be adequate to support beginning balances.

MOSSADAMS

Insurance

Certificate of Insurance

Moss Adams maintains insurance coverage that will satisfy the insurance requirements set for this engagement. Should Moss Adams be selected for this engagement, we'll provide all necessary third-party certificates of insurance coverage in accordance with the requirements of any finalized contract negotiated by the parties.



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
04/01/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT NAME:
PHONE (A/C. No. Ext): (312) 381-1000 **FAX (A/C. No.):** (312) 381-7007
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	Columbia Casualty Company	31127
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

INSURED
Moss Adams LLP
999 Third Avenue
Suite 2800
Seattle WA 98104 USA

COVERAGES **CERTIFICATE NUMBER:** 570079002961 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	
							MED EXP (Any one person)	
							PERSONAL & ADV INJURY	
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	
	☐ OTHER:							
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	
	☐ ANY AUTO						BODILY INJURY (Per person)	
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	
	☐ **UMBRELLA LIAB** ☐ OCCUR						EACH OCCURRENCE	
	☐ **EXCESS LIAB** ☐ CLAIMS-MADE						AGGREGATE	
	☐ DED ☐ RETENTION							
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						☐ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ N / A						E.L. EACH ACCIDENT	
	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE-EA EMPLOYEE	
							E.L. DISEASE-POLICY LIMIT	
A	Cyber Liability			652162229 Cyber	10/31/2019	10/31/2020	Limit Deductible	$1,000,000 $100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

Holder Identifier :

Certificate No : 570079002961

©1988-2015 ACORD CORPORATION. All rights reserved.

CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY) 10/29/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT NAME:
PHONE (A/C. No. Ext): (312) 381-1000
FAX (A/C. No.): (312) 381-7007
E-MAIL ADDRESS:
PRODUCER CUSTOMER ID #: 570000010349

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: The Continental Insurance Company	35289
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
Moss Adams LLP
999 Third Avenue
Suite 2800
Seattle WA 98104 USA

COVERAGES **CERTIFICATE NUMBER:** 570079003073 **REVISION NUMBER:**

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
	☐ PROPERTY CAUSES OF LOSS / DEDUCTIBLES ☐ BASIC — BUILDING ☐ BROAD — CONTENTS ☐ SPECIAL ☐ EARTHQUAKE ☐ WIND ☐ FLOOD				☐ BUILDING ☐ PERSONAL PROPERTY ☐ BUSINESS INCOME ☐ EXTRA EXPENSE ☐ RENTAL VALUE ☐ BLANKET BUILDING ☐ BLANKET PERS PROP ☐ BLANKET BLDG & PP	
	☐ INLAND MARINE CAUSES OF LOSS ☐ NAMED PERILS	TYPE OF POLICY POLICY NUMBER				
A	X CRIME TYPE OF POLICY Crime - Primary	596735561 Crime	10/31/2019	10/31/2020	X Limit	$1,000,000
	☐ BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Evidence of Insurance
-
- CA - USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Aon Risk Services Central, Inc.

Holder Identifier :

CERTIFICATE NUMBER: 570079003073

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/01/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 1-847-385-6800 Integro Insurance Brokers 111 West Campbell 4th Floor Arlington Heights, IL 60005	CONTACT NAME: John Hecht PHONE (A/C, No, Ext): 847-385-6800 FAX (A/C, No): E-MAIL ADDRESS: PSGCerts@lemme.com
	INSURER(S) AFFORDING COVERAGE — NAIC #
	INSURER A : Scottsdale Ins Co and various insurers
INSURED Moss Adams LLP 999 Third Avenue Suite 2800 Seattle, WA 98104	INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :

COVERAGES **CERTIFICATE NUMBER:** 56650797 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE	$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$
	☐ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	☐ ANY AUTO						BODILY INJURY (Per person)	$
	☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	☐ UMBRELLA LIAB ☐ OCCUR						EACH OCCURRENCE	$
	☐ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE	$
	☐ DED ☐ RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N						☐ PER STATUTE ☐ OTH-ER	
	ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Professional Liability			HWS0000084	07/01/19	07/01/20	Each Claim	1,000,000
							Aggregate	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

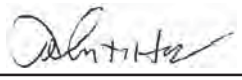
CERTIFICATE HOLDER

Parties at Interest

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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References

References

Hear for yourself the unique experience our clients have in working with our firm. We're confident they'll share stories of how we make their lives easier, help them identify and take advantage of rising opportunities, and guide them to increased prosperity.

COMPANY NAME	Ascensus
CONTACT NAME & TITLE	Chris Mastrianni *Director of Benefit Trust Services*
CONTACT PHONE NUMBER	(215) 648-8000
EMAIL ADDRESS	christopher.mastianni@ascensus.com

COMPANY NAME	Gallagher Benefit Services
CONTACT NAME & TITLE	Annemieke Tomey *Area Vice President*
CONTACT PHONE NUMBER	(619) 278-0021
EMAIL ADDRESS	atomey@mcgregorinc.com

COMPANY NAME	Helix Electric Inc. VEBA
CONTACT NAME & TITLE	Michael Stone *Chief Financial Officer*
CONTACT PHONE NUMBER	(858) 623-1210
EMAIL ADDRESS	mstone@helixelectric.com

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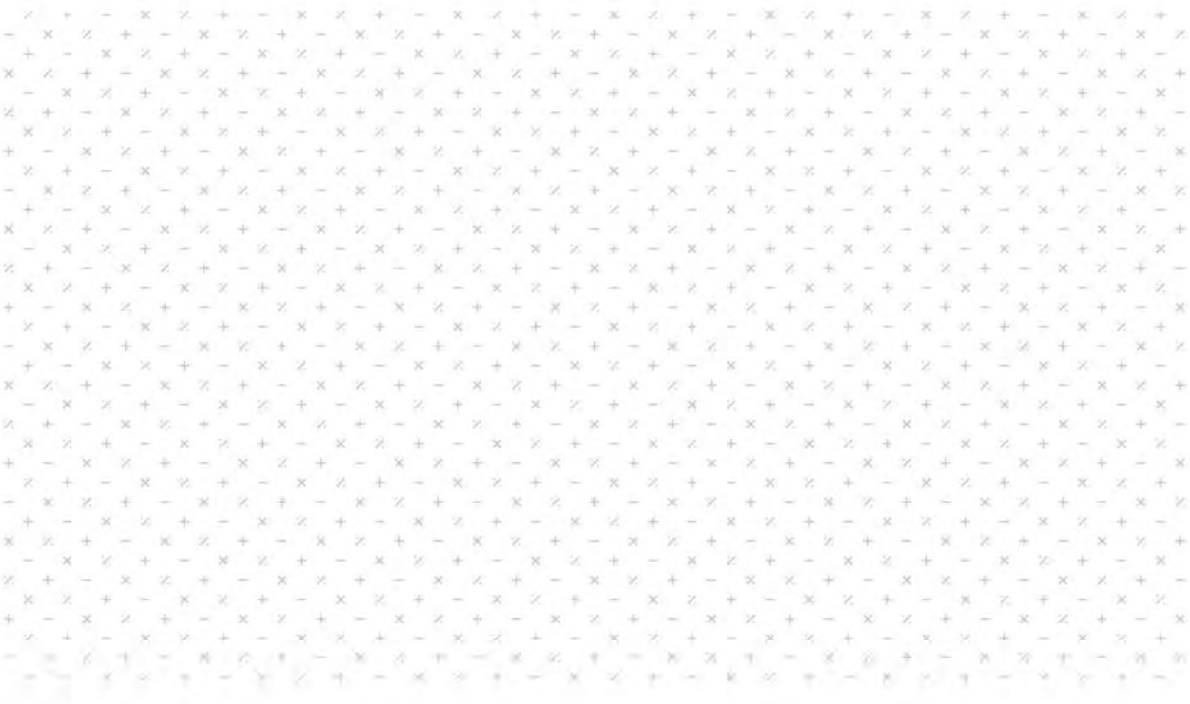
Documents to Provide

1. Sample Engagement Letter

We've included a sample of our engagement letter on the following pages.



MOSSADAMS

T (858) 627-1400
F (858) 627-1401

4747 Executive Drive
Suite 1300
San Diego, CA 92121

April 8, 2020

To the Board of Trustees
Trust Fund
Welfare Benefit Plan (Plan 502)
San Diego, CA 92108

Re: Audit and Nonattest Services

Dear:

This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to the Trust Fund Welfare Benefit Plan (Plan 502) ("you," "your," and "Plan").

Scope of Services – Audit

You have requested that we audit the financial statements of the Plan, which comprise the statement of net assets available for benefits as of 2020, and the related statement of changes in net assets available for benefits year then ended, and the related notes to the financial statements. We will also report on whether the following supplementary information, as applicable, as of and for the year ended 2020, is fairly stated, in all material respects, in relation to the financial statements as a whole:

1) Assets (Held at End of Year) and Assets (Acquired and Disposed of Within Year)
2) Loans or Fixed Income Obligations in Default or Classified as Uncollectible
3) Leases in Default or Classified as Uncollectible
4) Reportable Transactions
5) Nonexempt Transactions
6) Delinquent Participant Contributions

These financial statements and supplementary information are required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 to be included in the Form 5500 filed with the DOL. The supplementary information described above is presented for the purpose of additional analysis and is not a required part of the financial statements, but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

If you choose to engage us to prepare the Form 5500, we will issue a separate engagement letter for that nonattest service.

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Scope of Services and Limitations – Nonattest

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraph, if any. As a result, Plan management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual, preferably within senior management, who possesses skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that Christopher Mastrianni has been designated by the Plan to oversee the nonattest services and that in the opinion of the Plan is qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Mark McMahon is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin the audit fieldwork for this engagement at your offices on the agreed upon date, and the audit engagement plan calls for one (1) week of on-site procedures. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

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Fees

We estimate that our fees for the services will be. You will also be billed for expenses.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Plan's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements. Our report will be addressed to the Board of Trustees of the Plan. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended March 31, 2020.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Mark McMahon, Partner for
Moss Adams LLP

Enclosures

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Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Trust Fund Welfare Benefit Plan (Plan 502) with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature:_____

Print Name:_____

Title:_____

Date:_____

Client: #033075
v. 11/8/2019

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PROFESSIONAL SERVICES AGREEMENT
Full Scope Benefit Plan Audit

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the Plan. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Audit

The objective of our audit is the expression of an opinion on the financial statements and supplementary information. Our report on the supplementary information will include reporting on whether the supplementary information, as applicable, is fairly stated in all material respects in relation to the financial statements as a whole and in conformity with the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"). We will conduct our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). It will include tests of the accounting records of the Plan and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of certain investments, benefit obligations, and certain other assets and liabilities by correspondence with financial institutions, and other third parties. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, or misappropriation of assets, that come to our attention. We will also inform you of any noncompliance with the provisions of laws or regulations that come to our attention, unless clearly inconsequential, and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the Form 5500 instructions. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Plan and its environment, including its internal control sufficient to assess the risks of material misstatements of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control. However, if, during the audit, we become aware of any matters involving internal control or its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, we will communicate them in writing to management and those charged with governance. We will also identify if we consider any significant deficiency, or combination of significant deficiencies, to be a material weakness.

In conjunction with obtaining an understanding of the Plan's internal control, we will request reports on internal control ("System and Organization Control for Service Organizations reports") from the Plan's third party service providers. The Plan's use of service providers who do not have System and Organization Control for Service Organizations reports for the period under audit, have inadequate reports, or have control exceptions documented in their reports may impact the estimated fees of the engagement. Service providers are not required to furnish System and Organization Control for Service Organizations reports. However; our inability to obtain information regarding the Plan's processes and controls from third party providers would be considered a scope limitation and may affect our ability to provide an opinion on the financial statements. If we are unable to issue an opinion on the financial statements, we will notify you immediately.

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In addition, we will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service ("IRS") requirements for tax-exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

We may assist management in the preparation of the Plan's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of the Plan's management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility for Financial Statements

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America which includes the determination of the appropriate value of investments. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, the safeguarding of assets, and if applicable, the acceptance of the actuarial methods and assumptions used by the actuary. You are responsible for informing us about all known or suspected fraud affecting the Plan involving: (a) Plan management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators or others. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Management is also responsible for identifying and ensuring that the Plan complies with applicable laws and regulations.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

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Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Plan's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Plan's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the Plan's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Plan further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Plan's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the Plan's management.

Fees and Expenses

The Plan acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

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Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Regulatory Access to Documentation

The documents created or incorporated into our documentation for this engagement are the property of Moss Adams and constitute confidential information. However, we may also be requested to make certain engagement related documents available to the DOL pursuant to authority given to it by law or regulation. If requested and in our opinion a response is required by law, access to such engagement related documents will be provided under the supervision of Moss Adams personnel. Furthermore, upon request, we may provide photocopies of selected engagement related documents to the DOL. The DOL may intend, or decide, to distribute the photocopies of information contained therein to others, including other government agencies.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Plan records are the primary records for your operations and comprise the backup and support for the Plan's financial reports and tax returns. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Use of Third-Party Service Providers

We may use third-party service providers in serving you. In such circumstances, if we need to share confidential information with these service providers, we will require that they maintain the confidentiality of your information.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Plan. The Plan agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

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In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Plan, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Plan may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel, who are not licensed as certified public accountants, may provide services during this engagement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of California, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

If the claim or dispute cannot be settled through mediation, each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in San Diego County, state of California in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

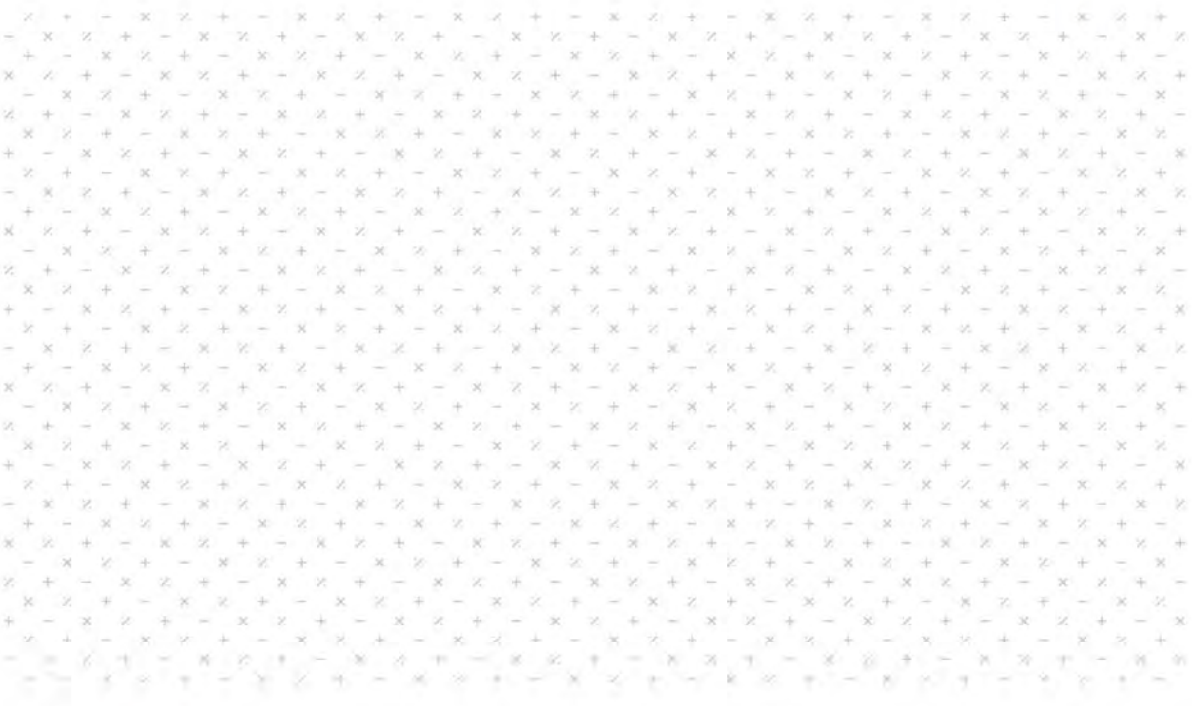
Hiring of Employees

We have a significant investment in the training and development of our accountants, and they are valued employees of Moss Adams. If you should hire one of our accountants either during the audit or within one year after the completion of this engagement, you agree to pay a personnel placement fee of 30 percent of their annual salary to compensate Moss Adams. Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

DRAFT

2. Management Representation Letter

We've included a sample management representation letter on the following pages.



Management Representation Letter for HEALTH & WELFARE Plans

Date[a]

Moss Adams LLP
Address
City, State Zip

This representation letter is provided in connection with your audit[b] of the financial statements and supplemental schedule(s) supplementary information] of [Name of Plan] (the Plan), which comprise the statement(s) of net assets available for benefits and of plan benefit obligations as of [Date(s)], and the related statement(s) of changes in net assets available for benefits and of changes in plan benefit obligations for the [Period(s)][c] then ended, and the related notes to the financial statements.

We understand that your audit made for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and whether the supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than $_____ [collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit(s).

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated [Date of Engagement Letter], including our responsibility for the preparation and fair presentation of the financial statements and footnote disclosures.

2. In regard to the nonattest services provided by you, we have:

   a. Assumed all management responsibilities.

   b. Designated [insert name] who has suitable skill, knowledge, or experience to oversee the services.

   c. Evaluated the adequacy and results of the services performed.

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d. Accepted responsibility for the results of the services.

The financial statements and supplementary information referred to above are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject, including the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP and in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related-party relationships and transactions and relationships and transactions with parties-in-interest, as defined in ERISA Section 3(14) and regulations thereunder, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP and ERISA Section 3(14) and regulations thereunder.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
OR
No events have occurred subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.

8. We believe that the effects of the uncorrected financial statement misstatements summarized in the schedule below are immaterial, both individually and in the aggregate, to the financial statements as a whole.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP; financial instruments with concentrations of credit risk have been properly recorded or disclosed in the financial statements.

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11. Guarantees, whether written or oral, under which the Plan is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

12. The supplementary information] or financial statements disclose the following, as applicable:

    a. All non-exempt party-in-interest transactions [as defined in ERISA Section 3(14) and regulations thereunder].

    b. Investments or loans in default or considered to be uncollectible.

    c. Reportable transactions [as defined in ERISA Section 103(b)(3)(H) and regulations thereunder].

13. We have evaluated the Plan's ability to continue as a going concern for the period through one year from the date of this letter, and do not believe there to be any events or other factors which would indicate the Plan will be unable to continue in existence.

Information Provided

14. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Minutes of the meetings of [Name of plan administrative committee or board of trustees] for the period from to the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. This includes minutes from the following dates: [*list dates of minutes received*].

    c. Additional information that you have requested from us for the purpose of the audit.

    d. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence.

    e. Plan instruments, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

    f. Actuarial reports prepared for the Plan and the Plan's sponsor during the year.

15. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

17. We have [no knowledge of any **OR** disclosed to you all information that we are aware of regarding]

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fraud or suspected fraud that affects the Plan and involves:

a. Management,

b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

18. We have [no knowledge of any **OR** disclosed to you all information that we are aware of regarding] allegations of fraud or suspected fraud affecting the Plan's financial statements communicated by employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators, or others.

19. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations (including ERISA, DOL, and Internal Revenue Service (IRS) regulations) whose effects should be considered when preparing financial statements.

20. [There are no other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, or events that may jeopardize the tax status) that legal counsel have advised us that must be disclosed have been properly disclosed. [We have disclosed to you **OR** There are no] litigation, claims and assessments whose effects should be considered when preparing the financial statements.]

OR

[*IF ATTORNEY CONFIRMATION IS NOT OBTAINED:* We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and the Plan has not consulted legal counsel concerning litigation, claims, or assessments.]

21. We have disclosed to you the identity of the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.

22. We have no—

a. Plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

b. Intentions to terminate the Plan.

23. Amendments to the plan instrument, if any, have been properly recorded or disclosed in the financial statements.

24. We have no knowledge of any omissions from the participants' data provided to the plan's actuary for the purpose of determining the actuarial present value of the plan's benefit obligations and the liability for claims incurred but not reported and other actuarially determined amounts in the

DRAFT

financial statements.

25. The plan administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the Plan's benefit obligations and liability for claims incurred but not reported and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any instructions, nor cause any to be given, to the Plan's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.

26. We have no knowledge of any changes in the plan provisions between the actuarial valuation date and the date of this letter. The actuarial methods and key assumptions used have been properly disclosed in the financial statements.

27. The Plan has complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28. The Plan has satisfactory title to all owned assets, which are recorded at fair value, *[State exceptions if, any]* and all liens, encumbrances or security interests requiring disclosure in the financial statements have been properly disclosed.

29. The methods and significant assumptions used to estimate fair values of financial instruments, including nonreadily marketable securities, are as follows: [*Describe methods and significant assumptions used to estimate fair values of financial instruments. Include management's representation regarding their ASC 820 assessment and the fair value hierarchy.*] The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.

30. All required filings with the appropriate agencies have been made. The trust received its tax exemption letter effective [Date]. We believe that the Plan is currently designed and being operated in compliance with [*(if tax exempt)* the applicable requirements of Internal Revenue Code (IRC) Section 501(c)9 as a Voluntary Employee Benefit Association (VEBA) in compliance with IRC Section XXX as a grantor trust]. We intend to formally amend the Plan to incorporate the following provisions under which the Plan is currently operating, that were adopted to comply with new laws or regulations. *(Summarize the content of the intended amendments.)*]

31. The Plan (and the trust established under the Plan) is qualified under the appropriate section of the [Internal Revenue Code **OR** IRC, *if defined above*] and we intend to continue them as [a qualified *(if tax exempt)* **OR** a non-qualified plan (and trust) *(if taxable)*. The plan sponsor has operated the Plan (and trust or insurance contract) in a manner that did not jeopardize this tax status and all appropriate tax forms have been filed for the trust.

32. *FOR PLANS WITH EMPLOYEE CONTRIBUTIONS:* The Plan has complied with the DOL's regulations concerning the timely remittance of participant contributions to the trust containing assets for the Plan.

33. The Plan has complied with the fidelity bonding requirements of ERISA.

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34. We have apprised you of all communications, whether written or oral, with regulatory agencies concerning the operation of the Plan.

Signature: _____

Printed Name: _____

Title: _____ Plan Administrator[d] _____

Signature: _____

Printed Name: _____

Title: _____ Trustee _____

Signature: _____

Printed Name: _____

Title: _____ CFO _____

Client: #

SEE CHECKPOINT FOR ADDITIONAL GUIDANCE ON POTENTIAL WORDING FOR OTHER SITUATIONS – PPC MANAGEMENT REPRESENTATION LETTER EBP-CL-3.1

DELETE NOTES BELOW ONCE LETTER IS DRAFTED:

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[a] The date of this letter, the date of the auditor's report, and the date disclosed in the financial statements through which management evaluated subsequent events should be the same to provide adequate documentation of management's acceptance of responsibility for the financial statements. The auditor cannot date the report before obtaining sufficient evidence, which includes (1) evidence provided by the management representation letter that management has taken responsibility for the financial statements, including evaluating subsequent events, and (2) evidence that subsequent events have been reviewed through the report date.

[b] Use “audit” if this is Moss Adams’ first year auditing the plan. Use “audits” if Moss Adams audited both the prior and current years.

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[c] According to AU-C 580, *Written Representations*, representation letters should include all periods covered by the auditor's report. An AICPA Technical Question and Answer (Q&A 8900.11) clarifies that a successor auditor does not have to obtain management representations covering the prior period financial statements when (1) the prior period financial statements were audited by a predecessor auditor, (2) the predecessor auditor's report on the prior period financial statements is not reissued, and (3) the successor auditor will not opine on the prior period's financial statements (that is, the successor auditor's report will express an opinion on the current period's financial statements and include an other-matter paragraph regarding the predecessor auditor as required by AU-C 700.55) In that case, the representations are not needed for the prior period because the successor auditor is not opining on the prior period's financial statements.

[d] The representation letter should be signed by the plan administrator or others performing the plan's management function that have responsibility for the financial statements and knowledge of the matters concerned. They would include the person equivalent to the plan's chief financial or accounting officer. If the sponsoring employer of a single-employer plan is the plan administrator, the letter would be signed by the employer personnel who are responsible for plan administration and accounting.

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3. Representative Sample Audit

A representative sample audit is attached on the following pages.

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory services offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

REPORT OF INDEPENDENT AUDITORS AND
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

.

HEALTH AND WELFARE PLAN

Date

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Report of Independent Auditors

To the Plan Administrator
Health and Welfare Plan

Report on Financial Statements

We have audited the accompanying financial statements of the. Health and Welfare Plan (the "Plan"), which comprise the statements of benefit obligations and net assets available for benefits as of December 31, 2019 and 2018, the related statement of changes in benefit obligations and net assets available for benefits for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the benefit obligations and net assets available for benefits of the Plan as of December 31, 2019 and 2018, and the changes in benefit obligations and net assets available for benefits for the year ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2019, and Schedule H, Line 4(j) – Schedule of Reportable Transactions for the year ended December 31, 2019, are presented for the purpose of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

San Diego, California
[DATE]

Health and Welfare Plan
Statements of Benefit Obligations and Net Assets Available for Benefits

	December 31, 2019	2018
BENEFIT OBLIGATIONS		
Claims incurred but not reported	$ -	
ASSETS		
Money market fund, at fair value	-	
Receivables:		
Employer contributions	-	
Employee contributions	-	
Other	-	
Total receivables	-	
Deposit	-	
NET ASSETS AVAILABLE FOR BENEFITS	-	
EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	$ -	

See accompanying notes.

Health and Welfare Plan
Statement of Changes in Benefit Obligations and Net Assets Available for Benefits

	Year Ended December 31, 2019
CHANGE IN BENEFIT OBLIGATIONS	$ -
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	
Additions	
Contributions:	
Employers	-
Employees	-
Total contributions	-
Interest income	-
Total additions	-
Deductions	
Claims paid	-
Premiums paid	-
Administrative expenses	-
Total deductions	-
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	-
CHANGE IN EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	-
NET ASSETS AVAILABLE FOR BENEFITS OVER CHANGE IN BENEFIT OBLIGATIONS	
Beginning of year	-
End of year	$ -

See accompanying notes.

Note 1 – Description of the Plan

The Health and Welfare Plan (the "Plan") is a defined-benefit health and welfare plan covering substantially all full-time employees of the "Companies").

The following brief description of the Plan is provided for general information purposes only. Reference should be made to the Summary Plan Description for a more complete description of the Plan's provisions.

General – The Plan provides medical, life insurance, dental, and prescription benefits for eligible participants and, if elected, their dependents, upon meeting qualifying criteria. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility – All employees are eligible after completing 30 days of service in which 160 hours were worked, except for apprentices who are covered by other plans.

Contributions – The Companies contribute a fixed amount per hour worked by eligible participants. The fixed amount per hour is adjusted when necessary to ensure the Companies' contributions are sufficient to enable the Plan to provide basic benefits to eligible participants and to pay administrative expenses. Participants may, at their option, contribute specified amounts to the Plan through payroll deductions to upgrade their benefits, to extend benefits to eligible dependents, and to obtain post-employment benefits pursuant to COBRA.

Plan termination – In the event the Plan terminates, the net assets of the Plan are to be allocated as prescribed by ERISA and the Internal Revenue Code.

Note 2 – Significant Accounting Policies

Method of accounting – The Plan prepares its financial statements using the accrual basis of accounting.

Money-market fund – The Plan's money-market fund is reported at estimated fair value, which approximates cost.

Use of estimates – The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Note 2 – Significant Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the statement of benefit obligations and net assets available for benefits date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of benefit obligations and net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of benefit obligations and net assets available for benefits but arose after the statement of net assets available for benefits date and before the financial statements are available to be issued.

The Plan has evaluated subsequent events through [DATE], which is the date the financial statements were available to be issued.

Note 3 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology that include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Money-market fund – The money market account is a public investment vehicle valued using $1 for the net asset value (NAV). The money market account is classified within Level 1 of the valuation hierarchy.

Note 3 – Fair Value Measurements (continued)

The valuation methods used by the Plan may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables disclose by level the fair value hierarchy of the Plan's assets at fair value as of December 31, 2019 and 2018:

	Investment Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money-market fund				
Total assets at fair value				
Money-market fund				
Total assets at fair value				

Note 4 – Concentration

Investments are maintained in a money-market fund, which at times may exceed the federally-insured deposit limits. The Plan has not experienced any losses in the account and believes it is not exposed to any significant credit risk on its money-market fund.

Note 5 – Benefit Obligations and Claims Incurred by not Reported

Premiums are generally paid in the month in which they are incurred. Consequently, there were no premiums payable at year end.

Claim payments are recorded when paid by the third-party claims processor. Amounts due to claims processors that have yet to be reimbursed by the Plan are recorded as health claims payable and claims incurred but not reported in the accompanying statement of benefit obligations and net assets available for benefits. Claims incurred but not reported include all self-insured claims for prescriptions and dental services reported for the year, through the time the financial statements are prepared, that were unpaid as of year-end. Health claims payable and claims incurred but not reported are $_____ and $117,166 at December 31, 2019 and 2018, respectively.

Note 6 – Contracts with Insurance Companies

The trust has contracts with insurance companies, whereby the insurance companies pay benefit claims submitted for eligible participants and their dependents under the terms of the policies. During the year ended December 31, 2019, the Plan incurred and paid $_____ for insurance premiums.

Note 7 – Contracts with Parties-in-Interest

Administrative manager – The Plan has entered into an administrative contract with the Companies to provide services to collect contributions, transmit payments to the insurer, claims administration, pay other administrative expenses, and to maintain participant records. Administrative fees paid to the Companies for the year ended December 31, 2019, totaled $_____.

Accounting services – The Plan engages public accounting firms to conduct the Plan's annual audit and prepare its Form 5500, at agreed-upon hourly rates. Total professional fees paid during the year ended December 31, 2019, were $_____.

Note 8 – Income Tax Status

The trust meets the requirements for qualification under Section 501(c)(9) of the Internal Revenue Code (IRC) and under Section 23701(i) of the California Revenue and Taxation Code, and therefore, is considered a tax exempt organization. Despite being exempt from most taxes, the Plan is required to pay income taxes on unrelated-business income (UBI). Although the Plan does not conduct any unrelated business activities, net investment income is considered UBI because the Plan qualifies as an exempt organization under IRC Section 501(c)(9). Accordingly, the Plan is required to pay income taxes on net investment income.

Section 501(c)(9) organizations may set aside income that would otherwise be taxable (i.e., investment income). Investment income set aside for the payment of life, sickness, accident, or other benefits and reasonable administration costs directly attributed to these payments is not taxable. The IRC limits the amount of investment income that can be set aside.

For the years ended December 31, 2019 and 2018, the Plan generated $_____ and $3,408, respectively, in investment income. This income is permitted to be set aside based on provisions of the IRC. Accordingly, the Plan had no tax liability for each of the years ended December 31, 2019 and 2018.

The Plan follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Plan does not have any entity-level uncertain tax positions. The Plan files income tax returns in the United States federal jurisdiction and various state jurisdictions.

Note 9 – Reconciliation to Form 5500

The following is a reconciliation of the net assets available for benefits between the financial statements and the Form 5500 as of December 31:

	2019	2018
Net assets available for benefits, per the financial statements	$ -	
Less: claims incurred but not reported	-	
Net assets per Form 5500	$ -	

The following is a reconciliation of the change in net assets available for benefits between the financial statements and the Form 5500 for the year ended December 31, 2019:

Change in net assets per the financial statements	$ -
Current year claims incurred but not reported	-
Prior year claims incurred but not reported	-
Net income per Form 5500	$ -

Supplementary Information Required by the Department of Labor

(a)	(b) Identity of issuer	(c) Description of investment, rate of interest and maturity date	(d) Cost	(e) Current value
			$ -	$ -

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Health and Welfare Plan
EIN
Plan #: 504
Schedule H, Line 4(j) – Schedule of Reportable Transactions
Year Ended December 31, 2019

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
Category 1 - Single Transaction in Excess of 5% of Value								
Purchases:								
Wells Fargo	Money Market							

See report of independent auditors.

AGENDA ITEM 6.2: HIPAA RISK ASSESSMENT

SNAPSHOT: Gallagher recommends the Board engage a firm to complete an updated HIPAA Risk Assessment. Apgar & Associates has prepared a proposal for the Board's consideration. Should the Board approve of the engagement, Apgar would be prepared to launch the Assessment this October.

ACTION ITEM

RELEVANT GOAL(S): 7. Monitor Trust Service Providers.

BACKGROUND

The HRA VEBA Plan is a group health plan, which is considered a "Covered Entity" under the Health Insurance Portability and Accountability Act (HIPAA). Under HIPAA's security provisions, the Plan is required to conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of electronic protected health information (PHI) held by the covered entity or its business associates. The HIPAA security rule does not specify the timing or format of an assessment. However, the Office for Civil Rights (OCR), which enforces HIPAA on behalf of the Department of Health and Human Services (HHS), has stated that for upcoming audits entities must have policies and procedures in place to perform periodic technical and non-technical evaluations of risks affecting security of electronic PHI (ePHI). This approach must be based: (1) initially upon the security rule's standards; and (2) subsequently, in response to environmental or operational changes or newly recognized risks.

The Board engaged Apgar & Associates, an Oregon-based firm, to conduct its first HIPAA Risk Assessment back in 2017. Apgar is a smaller and more nimble firm that is well-versed in HIPAA audits, with a focus mostly on healthcare privacy and security compliance solutions. The firm has capabilities ranging from compliance assessments, audits, mock OCR HIPAA audits, mitigation planning, incident response planning and development, and much more.

Since the Trust's 2017 HIPAA Risk Assessment, OneBridge has addressed all risk factors identified by Apgar. It is anticipated that much of this upcoming Assessment will be based on item #2 above regarding a review of environmental and operational changes or newly recognized risks.

Based upon the Board's previous engagement and experience with Apgar, Gallagher requested a quote from Apgar to perform an updated Risk Assessment this fall. To evaluate OneBridge's system, the Trust's service providers, and services offered to the Trust, Apgar proposes a fee of $15,000. However, because Gallagher has other clients that use this service model, the Trust would split this overall cost with three other entities and pay only $3,750 for its assessment. Should the Board approve the engagement of Apgar & Associates, the HIPAA Risk Assessment would launch in October of this year.

ACTION ITEM

YES NO

SAMPLE MOTION

I move to approve the engagement of Apgar & Associates for the Trust's 2020 HIPAA Risk Assessment.

Arthur J. Gallagher and Co., Spokane Project Proposal

MAY 20, 2020

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Arthur J. Gallagher and Co., Spokane (AJG) is interested in a risk analysis of services that it provides for a number of clients that are trusts and health plans (the clients). AJG's Spokane office manages services provided to clients. Management services are primarily provided by OneBridge Benefits, headquartered in Buffalo, NY. Large trusts run on the same platform, have the same telecommunications systems, have the same service providers, and the same plan documents. The call center for the large trusts is located in Spokane and is outsourced to AJG. A single client employs a turnkey third-party administrator service (Rehn and Associates) that provides all services, including call center and data storage and transmission.

Security Risk Analysis

Scope

The analysis will include an assessment of the security practices of AJG involving the storage, use and disclosure of protected health information (PHI) and personally identifiable information (PII). The analysis will recommend security updates as necessary that AJG can use to correct identified security risks. The analysis will additionally focus on the security programs and safeguards implemented by AJG to protect the confidentiality, integrity and availability of PHI in accordance with the final HIPAA Omnibus Rule, Washington State law and other federal laws, industry best practices and appropriate practices given business operations.

Methodology

The scope of risk analysis that the HIPAA Security Rule encompasses includes the potential risks and vulnerabilities to the confidentiality, availability, and integrity of all electronic protected health information (ePHI) that an organization creates, receives, maintains, or transmits. This includes e-PHI in all forms of electronic media or portable electronic media. Electronic media includes a single workstation as well as complex networks connected between multiple locations. Thus, an organization's risk analysis should take into account all of its ePHI, regardless of the particular medium in which it is created, received, maintained or transmitted, and regardless of the source or location of the e-PHI.

The HIPAA Privacy Rule extends the administrative, physical, and technical safeguards of the HIPAA Security Rule to non-electronic PHI. 42 CFR 164.530(c) requires covered entities to have in place "appropriate administrative, physical and technical safeguards to protect the privacy of protected health information." Additional clarification is provided by the Office for Civil Rights (OCR) in its commentary on the Interim Final Breach Notification Rule in which it notes that "…the term ''unsecured protected health information'' can include information in any form or medium, including electronic, paper, or oral form." (Federal Register, Volume 74, No. 162, Monday, August 24, 2009. "Breach Notification for Unsecured Protected Health Information", page 42748)

In completion of the risk analysis, we will examine risks and vulnerabilities to both electronic and non-electronic protected health information created, received, maintained, and transmitted by AJG. This includes an evaluation of the risks associated

with facilities used to store, use and disclose PHI and individuals or entities that have access to AJG' information.

In assessing risks for an organization, the first step is to define the scope of the effort. In this step, the boundaries of the IT system, and manual processes involving protected health information (PHI) and other sensitive data ("the system") are identified, along with the resources and the information that constitute the system (IT and manual). Characterizing a system establishes the scope of the risk analysis effort, delineates the operational authorization (or accreditation) boundaries, and provides information (e.g., hardware, software, system connectivity, facilities, critical manual and administrative processes, and responsible division or support personnel) essential to defining the risk.

Information Collection

The first step in risk analysis is the collection of system-related information, which includes:

- Hardware
- Software
- IT system interfaces (e.g., internal, and external connectivity)
- Manual interfaces
- Data and information
- Persons who support and use the IT system and manual processes
- System mission
- System and data criticality
- System and data sensitivity
- Facilities where data is stored, used, and disclosed
- Supporting systems (e.g., generators, uninterrupted power supply (UPS), virtual private networks (VPN), fire suppression systems, physical and system alarms, etc.)

Additional information related to the operational environment of the IT system and its data which will be evaluated includes:

- The functional requirements of the IT system and manual processes
- Users of the system (e.g., system users who provide technical support to the IT system, application users, both internal and external who use the IT system to perform business functions, users who maintain manual processes to exchange PHI and other sensitive data)
- System security policies governing the system (administrative, physical, and technical), organizational policies, federal and state requirements, laws, industry practices)

- IT System security architecture
- Manual process security architecture
- Current network topology (e.g., network diagram)
- Current non-electronic PHI workflow (storage, use and disclosure)
- Information storage protections and safeguards
- Flow of information pertaining to the system (e.g., IT system interfaces, system input and output flowchart; manual interfaces such as fax machines and printers)
- Technical controls used for the IT system (e.g., a built-in or add-on security product that supports identification and authentication, discretionary or mandatory access control, audit, residual information protection, encryption methods)
- Management controls used for the system
- Operational controls used for the system (e.g., personnel security, backup, contingency, and resumption and recovery operations, system maintenance, off-site storage, user account establishment and deletion procedures, controls for segregation of user functions such as privileged user access versus standard user access, manual paper flow, destruction of electronic and non-electronic data)
- Physical security environment of the system (e.g., facility security, data center policies, remote access policies, non-electronic data security)
- Environmental security implemented for the system environment (e.g., controls for humidity, water, power, pollution, temperature, chemicals, and individual based controls such as those related to remote access and workspace).

The output of this data collection process is a characterization of the system assessed that provides a good picture of the system environment, and a delineation of system boundary.

Threat and Vulnerability Pairs

A threat is the potential for a particular threat-source to successfully exercise a particular vulnerability. Vulnerability means a weakness that can be accidentally triggered or intentionally exploited.

A threat-source is defined as any circumstance or event with the potential to cause harm to an IT system and manual processes ("the system"). Common threat-sources can be natural, human, or environmental. In assessing threat-sources, it is important to consider all potential threat-sources that could cause harm to the system and its environment. For example, although the threat statement for an IT system located in a desert may not include "natural flood" because of the low likelihood of such an event occurring, environmental threats such as a bursting pipe can quickly flood a computer room and areas where non-electronic data is stored and cause damage to an organization's IT assets and resources. Humans can be threat-sources through

intentional acts, such as deliberate attacks by malicious persons or disgruntled employees, or unintentional acts, such as negligence and errors. A deliberate attack can be either (1) a malicious attempt to gain unauthorized access to an IT system (e.g., via password guessing) or non-electronic data the is stored, used and disclosed in order to compromise system and data integrity, availability, or confidentiality or (2) a benign, but nonetheless purposeful, attempt to circumvent system security. Examples of the latter type of deliberate attack is a programmer's writing of a Trojan horse program to bypass system security in order to "get the job done" or sharing passwords in a clinical area in an attempt to make patient care more efficient.

A vulnerability is a flaw or a weakness in system security procedures, design, implementation, or security controls that could be accidentally triggered, or intentionally exploited, and result in a security breach or a violation of the system's security policy.

Security Controls

Necessary security requirements stipulated for the system and collected during system characterization should be met by existing or planned security controls. Basic security standards are used to systematically evaluate and identify the vulnerabilities of the assets (personnel, hardware, software, facilities, and information), non-automated procedures, processes, and information transfers associated with a given system. Examples include:

	Security Criteria
Management Security	• Assignment of responsibilities • Continuity of support • Incident response capability • Periodic review of security controls • Personnel clearance and background investigations • Risk analysis • Security and technical training • Separation of duties • System authorization and reauthorization • System or application security plan

Physical Security	• Controls to ensure the quality of the electrical power supply • Data media access and disposal • Non-electronic data access and disposal • External data distribution and labeling • Facility protection (e.g., computer room, data center, office) • Facility security control maintenance (e.g., fire suppression systems, alarms, access controls such as access cards or keys) • Humidity control • Temperature control

	• Workstations, mobile devices, bio-medical equipment, and stand-alone personal computers
Technical Security	• Communications (e.g., dial-in, system interconnection, routers, PBX, voice mail) • Cryptography • Discretionary access control • Unique user login identification • Automated system logoff • Identification and authentication (single and multi-factor) • Intrusion detection • Object reuse • System audit

Security controls use both technical and nontechnical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (e.g., access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Nontechnical controls are management and physical controls, such as security policies, administrative procedures, and personnel, physical, and environmental security.

Likelihood and Impact

The likelihood that a potential vulnerability may be exercised depends in large part on the threat-source motivation and capability, the nature of the vulnerability and the existence and effectiveness of current controls. Likelihood can be rated as high, medium, or low.

	Likelihood Definition
High	The threat-source is highly motivated and sufficiently capable, and controls to prevent the vulnerability from being exercised are ineffective.
Medium	The threat-source is motivated and capable, but controls are in place that may impede successful exercise of the vulnerability.
Low	The threat-source lacks motivation or capability, or controls are in place to prevent, or at least significantly impede, the vulnerability from being exercised.

The next step is to determine the adverse impact resulting from a successful threat exercise of a vulnerability.

	Impact Definition
High	Exercise of the vulnerability: (1) may result in a highly costly loss of major tangible assets or resources, (2) may significantly violate, harm, or impede an organization's mission, reputation, or interest, or (3) may result in human death or serious injury.
Medium	Exercise of the vulnerability: (1) may result in a costly loss of tangible assets or resources, (2) may violate, harm, or impede an organization's mission, reputation, or interest, or (3) may result in human injury.
Low	Exercise of the vulnerability: (1) may result in a loss of some tangible assets or resources or (2) may noticeably affect an organization's mission, reputation, or interest.

The analysis will include an assessment of the physical security of AJG operations at its headquarters and at the Spokane call center that it operates on behalf of the trusts. A technical environmental review will also inform the analysis. Additional information gathered in structured interviews and from review of policies and procedures related to HIPAA will be used to form the foundation of the analysis.

Specific steps will include:

Information collection

Pertinent documentation will be reviewed including policies, procedures, practices, and user guides about, but not limited to:

1. Access control and user provisioning processes and tools
2. Privileged access accounts
3. Identity access management
4. Change control and configuration management processes
5. Data backup and recovery
6. Asset identification processes
7. Vulnerability management processes
8. Risk management processes
9. Incident handling processes
10. Disaster recovery and business continuity documentation and readiness
11. Perimeter defense strength
12. Configuration of firewalls, remote access servers, IDS, and antivirus
13. Patching processes and other change management processes
14. Awareness and training
15. Mobile device use and security
16. Equipment use and disposal
17. Media reuse and disposal
18. Encryption

Documentation will be used to assess the compliance of AJG' policies, procedures and practices with the HIPAA Security Rule, 45 CFR Chapter 164, Part C and industry best practices. Gaps identified based on paper review will be noted and used to further inform the analysis. Document review should also allow the identification of information owners, of both electronic and non-electronic data, as well as identification of workforce members with access to stored data (both PHI and PII) and how they are able to access that data.

System Characterization

System characterization will include a review any existing system inventory developed by AJG. The Analysis Team will develop additional inventory as needed around, for example facilities and/or critical work processes and will inventory data stored and storage methods.

Key staff interviews will be conducted as part of the assessments. Information technology, compliance and administration staff will be interviewed.

Output of these activities will result in the documented system characterization and asset prioritization (e.g., mission critical, important, and ancillary, etc.) report.

Risk Analysis

Outputs from the Information Collection and System Characterization phases will be used to conduct the Security Risk Analysis. Steps in the Analysis will include:

1. Identify threats
2. Identify vulnerabilities
3. Analyze security controls
4. Determine likelihood threats/vulnerabilities will impact the business based on current security controls
5. Conduct an impact analysis (e.g., what is the cost if an identified threat or vulnerability impacts the organization given existing security controls)
6. Determine residual risk (based on likelihood and impact)
7. Evaluate and document security control changes needed and document mitigation recommendations
8. Document risk analysis results

Final report

The Risk Analysis section report includes the results of the Analysis Team's review of AJG practices, policies and procedures and technical infrastructure as it relates to legal, business, and regulatory risks to operations. The report will also include specific recommendations about actions that should be taken to reach compliance with the final HIPAA Omnibus Rule, and to reduce risks and vulnerabilities. An executive summary

summarizes the current state and notes the highest priority actions. The body of the report describes the risk assessment approach, system characterization and detailed analysis of vulnerability and threat pairs. The report will address the security deficiencies and gaps noted in AJG' compliance with administrative, physical and technical safeguards required by HIPAA and Washington State laws. Also included is a matrix of vulnerability/threat pairs, recommendations, comments and scoring to facilitate the implementation of controls during the risk mitigation process. Separate reports will be presented for AJG, each of the trust client, and the single trust client using Rehn and Associates services, if that option is selected.

A preliminary report will be presented to AJG for its review within an agreed upon timeframe. The final report will be updated as needed with review results. Full AJG Spokane and client comments can be noted in the report as the management response. At AJG request, findings can also be presented to other interested executive and management groups.

Project Cost

AJG managed services:	$15,000
Turnkey provided services	$ 5,000

Reasonable costs for travel, meals, lodging, and other direct expenses for travel, if any, are not included in the quote above and shall be billed to AJG at actual cost.

AGENDA ITEM 6.3: TRUSTEE ELECTION

SNAPSHOT: Four nominations were received to fill Randy Anderson's Trustee position, which is being vacated due to his retirement.

ACTION ITEM

RELEVANT GOAL(S): None

BACKGROUND

Earlier this year, Trustee Randy Anderson announced his upcoming retirement from North Wasco County School District. Mr. Anderson has served on the Board since 2014. He is the Trust's Treasurer and serves on the Board's Finance Committee. This will be his final meeting. The Board and all of its service providers wish him a fond farewell.

Mr. Anderson's position is an employer-elected position under the Trust's **Special Purpose District** public service agency category. The Board approved an Election Timeline in March. Nominations from employers were requested in April, and four were received (listed in the order received):

1. **Hubert Wenzel**, Accountant, Vera Water and Power, Spokane Valley, WA;
2. **Joy Ramsdell**, Finance Manager, West Sound Utility District, Port Orchard, WA;
3. **Dale Hough**, Finance Director, Lacey First District Three, Lacey, WA; and
4. **Troy Christensen**, Chief Financial Officer, Madison Memorial Hospital, Rexburg, ID.

All appear to be qualified candidates. Nominations and bios for each candidate are attached for the Board's review and acceptance.

The remaining election activities will be carried out as follows:

June 29	Gallagher sends election email to all primary employer contacts within the Special Purpose District category
July 20	Deadline for employers to vote
July 22	Chair Detling notifies candidates of election results (by telephone to successful candidate; by email to unsuccessful candidates)
Aug / Sept	Gallagher sends materials to new Trustee and conducts orientation (in person if possible)
October 1-2	New Trustee's first meeting

ACTION ITEM

(YES) NO

SAMPLE MOTION

I move to accept the four nominations received to fill Randy Anderson's Trustee position.

VERA water & power

Proudly serving

April 29, 2020

Mark Wilkerson
Gallagher
906 West 2nd Avenue, Suite 400
Spokane, WA 99201

Re: Board of Trustees

Dear Mr. Wilkerson:

Vera Water and Power is a Washington State Irrigation District organized under R.C.W. 87 and is a participant in HRA VEBA. Irrigation districts are within the definition of Special Purpose Districts in the State of Washington.

I would like to nominate Mr. Hubert Wenzel, CPA, who is a member of our Accounting and Finance staff for the open HRA VEBA Board position, representing Special Purpose Districts.

Hubert has shown his dedication to our purpose many times and an eagerness to learn new aspects of our business whenever given the opportunity. He has prior experience with Boards where he has shown a willingness to give of his time and experiences to help these organizations meet their goals.

Thank you for your consideration.

Sincerely,
Vera Water and Power

Kevin M. Wells
General Manager

Proudly serving

Hubert Wenzel is the Accountant at Vera Water and Power (Vera). He earned his Bachelor of Accounting from Gonzaga University. Hubert is a licensed Certified Public Accountant in the State of Washington.

For Vera, Hubert is primarily responsible for budgeting, financial statements, payroll, and public works contract administration. He contributes to policy and procedure changes, is involved in bond issues, banking relationships, and insurance. Vera is organized formally as an irrigation district in Spokane Valley, Washington to serve water and power to approximately 11,000 customers.

Prior to joining Vera, Hubert worked for HTC America, Inc. where, among routine duties, he helped to implement new tools and policies for corporate travel. He worked with stakeholders around the global, up and down the corporate structure, to ensure an efficient and cost-effective travel system.

Hubert serves as Vice President of Springbrook National User Group (SNUG). SNUG's mission is to bring users for the Springbrook product together to provide training and a unified voice for product enhancements.

Outside work Hubert, along with his wife and daughter, are renovating their 1902 house. As time allows, they enjoy going into the mountains to hike or ski.

West Sound
UTILITY DISTRICT

May 4, 2020

HRA VEBA Board of Trustees
ATTN: Mark Wilkerson
Gallagher
906 West 2nd Ave Ste 400
Spokane, WA 99201

Dear Mr. Wilkerson,

As a participating Special District Employer in Washington State, I am writing you this letter as a recommendation and in support of nomination for one of our employees, Ms. Joy Ramsdell for consideration as a HRA VEBA Trustee.

West Sound Utility District #1 (District) is a Special Purpose District in Washington State under Title 57. Ms. Ramsdell serves as the Finance Manager for the District of which the breadth of her duties and responsibilities are considerable. I have known Ms. Ramsdell since her employ with the District in March of 2011 and recognize Ms. Ramsdell as a highly trustworthy and dependable person, as well as a highly skilled and competent professional.

Ms. Ramsdell has and continues to be involved in her community both personally and in a professional capacity. After review of the duties and responsibilities of a HRA VEBA Trustee, I believe that Ms. Ramsdell would be without question, someone I would consider electing to fill the vacant position of a HRA VEBA Trustee Board Member. I therefore respectfully submit to you the nomination of Ms. Joy Ramsdell as a qualified individual with integrity to fill the position of a member of the HRA Trustee Board.

If you should have any questions, or desire to further discuss Ms. Ramsdell's nomination to the vacant position of HRA VEBA Trustee, please feel free to contact me at (360) 874-5004.

Respectfully,

Glen R. Screws
General Manager

With over two decades of experience in the finance and accounting field and being an elected official, Joy Ramsdell offers a unique blend of leadership and knowledge.

Joy joined West Sound Utility District in March 2011 and serves as the Finance Manager, who oversees the finance and accounting operations. Some of these responsibilities include payroll and benefits, taxes, cash flow, debt management, internal control, and annual report preparation. She led West Sound Utility District successfully through the State Audits without any findings in last six years since she became the Audit Liaison.

Joy is also a commissioner of Silverdale Water District. She works with the others of the Board to review and approve the District's long-term strategies and plans, policies, organization structure, annual budget and debt finance. In addition, she also monitors the District's overall operation including rates, fees, and employee compensation as well as evaluating the management team's job performance. She is passionate about improving efficiency and financial stainability.

Joy has been actively involved in her community. She served as a member of Central Kitsap Community Council and a community member of the Central Kitsap School District Finance Committee.

Joy earned a Master of Business Administration from California State University San Marcos and received her Bachelor of Science degree in accounting. She also completed intermediate and advanced level training programs on Governmental Accounting through Washington Finance Officer Association in 2012.

Joy currently lives in Silverdale, Washington with her teenage son. She enjoys traveling, hiking, antique hunting and social dancing.

LACEY FIRE DISTRICT THREE

Service with Excellence

COMMISSIONERS
Eugene W. Dobry, Jr.
Liberty Hetzler
K. Frank Kirkbride
Robert Motzer
Sylvia Roberts
FIRE CHIEF
Steve Brooks

May 8, 2020

Mark Wilkerson
Gallagher
906 West 2nd Ave, Suite 400
Spokane, WA 99201

Dear Mr. Wilkerson

It is with the highest level of confidence that I am nominating Lacey Fire District 3's Finance Director Dale Hough for a position as Trustee as a special purpose district representative on the HRA VEBA Board of Trustees.

Mr. Hough has extensive experience in both public and private sector finance and benefits administration, including many years of leadership in special purpose districts. He has demonstrated expertise in various aspects of administration, information technology, and most recently focused his efforts directly in Finance Management. Additionally, Dale is active in several state-level organizations and has served in multiple leadership positions within those entities.

I believe you will find Dale's breadth of experience and leadership an asset to your Board of Trustees. Please do not hesitate to let me know if you have any questions regarding this nomination and thank you for your consideration.

Sincerely,

Steve Brooks, Fire Chief
(360) 528-2318
sbrooks@laceyfire.com

Biography - Dale E Hough, Finance Director Lacey Fire District 3

Dale started his career at Community Youth Services (CYS) in Olympia, WA as the non-profit's Director of Finance. He managed the finances of the organization for nearly 23 years. His responsibilities included all daily accounting, payroll, reporting, auditing and managing the NPO's budget, treasury and investment program. He was responsible for information technology and personnel management including benefits for much of his time there, as well. He successfully moved the agency from a paper based accounting system to an automated fund accounting system and then improved that to a complex ERP system. While at CYS, Dale was a charter member and active in the Washington Association of Juvenile Diversion Units.

Dale moved on to an Information technology company specializing in providing federally approved Women Infant and Children (WIC) automated case management applications. Starling Systems (Olympia, WA) was the provider of statewide WIC case management systems for the State of Washington, Kansas, New Hampshire, parts of Arizona and Puerto Rico. Dale was the Director of Administration for the firm. He managed all finance, payroll and benefits, accounting, budgeting and auditing as well as facilities management and human resources.

Feeling the need to get back to governmental or nonprofit fiscal management, in 2007, Dale took a position at the Pierce County Library System (PCLS) in Tacoma, WA as Finance Manager. He and his staff of five, processed all payroll, payables, receivables, and managed audits. Budget management was a large part of his responsibilities, so he became adept at providing meaningful reports for all managers and then training them to become self-sufficient by producing their own reports. While there, Dale managed the conversion and implementation of a new Tyler Technologies ERP called EDEN. This successful implementation also brought in a new web-based time keeping system as well as an electronic document management system. Further, he was instrumental in creating and leveraging the use of purchasing cards throughout the system, helping to streamline purchasing while generating PCard rebate revenue. Dale was part of a team who evaluated and selected an enterprise telecommunications solution. Additionally, Dale was key in rolling out a credit card payment system allowing the Library's patrons to use their credit cards to pay for library services and fees.

Dale joined the Washington Finance Officers Association in 2008. He advanced rapidly through the volunteer organization. In 2014, he was elected to the Board of Directors as the 2015 Conference Chair. Dale put together an active vibrant local conference committee, which culminated in his hosting the 2015 Tacoma WFOA Conference, of one of the most successful and largest WFOA conferences in WFOA history.

In 2017, Dale accepted the position of Finance Director of Lacey Fire District 3 (LFD3) in Lacey, WA. He also was elected to the executive board of the Washington Finance Officers Association at this time. He is currently the President Elect and will be hosting the 2020 WFOA conference again in Tacoma or perhaps virtually due to the Covid-19 pandemic.

At LFD3, Dale manages all things financial. Upon his appointment, he dove into bond issuance for a Special District, as the Fire District was just getting underway in rolling out a multi-year Capital Facilities and Equipment plan requiring UTGO bonds. The bond vote and subsequent debt issuance was successful. Additional highlights to date of Dale's accomplishments include a successful conversion and rollout of a new Finance ERP (InCode 10) for the District. He was key in implementing an employee self-service portal allowing for the District's members and employees to self-manage some of their time entry, payroll and benefit information. Dale prepares the annual State financial report and manages the annual audits. Dale is responsible for the billing and documentation aspects of Wildland Fire mobilizations. In addition, to make the purchasing and procurement process more efficient, and additionally a revenue producer, Dale formalized a purchasing card program for the district.

May 6, 2020

TO WHOM IT MAY CONCERN:

This letter is being provided as a letter of recommendation for Troy Christensen to serve as a HRA VEBA Trustee.

Troy is employed by Madison Memorial Hospital (MMH) as its Chief Financial Officer and serves as the Chairman of the Madison Memorial Health Benefit Trust (MMHBT). The Trust oversees the self-funded dental and vision insurances for MMH employees, as well as the new HRA VEBA responsibility. In this position, he oversees the fiduciary responsibility to ensure the Trust stays funded and viable for our employees and the hospital as a whole.

The MMHBT has significantly out-performed expectation, and is in a position to remain viable in the future due in large part to Troy's oversight and vision. Because of the performance of the Trust, we have been able to fund an employee HRA, increasing both fiscal responsibility and morale.

Troy has shown the same commitment and success with the overall financial wellbeing of MMH, positioning the organization for a successful future. Troy's knowledge, compassion, effective communication, and commitment will enable him to be a valuable HRA VEBA trustee.

Sincerely,

Rachel Gonzales
Chief Executive Officer

Troy grew up in small farming communities in southeast Idaho. Waking up early in the spring and summer to move irrigation sprinkler pipe, and working late into the nights in the fall to pick clods and vines from potato conveyer belts afforded Troy the opportunity to learn how to work hard. Plenty of outdoors adventures, team sports, and student government yielded a great way to grow up and a real appreciation for rural Idaho.

Not long after high school, Troy took his first airplane ride to serve a two-year service mission for his church. This was an eye-opening experience as he lived and served people in downtown Cleveland, Ohio. One added benefit of this service, was the opportunity to learn enough of the Spanish language to test out of 14 college language credits at Ricks College in Rexburg, Idaho (now BYU-Idaho). Just about mid-way through his Associates Degree, Troy met and married his wife, Tara. A year later, the couple were excited to complete their Associates Degree, but even more excited to welcome their first baby into their family.

Shortly after the arrival of their first baby, the family moved to Boise, ID to study Finance and gain a full-appreciation of the majesty that is BSU Football! This was also Troy's first opportunity to work in a healthcare related business, where he started in the mailroom at night at an insurance claims processing company. Fortunately, this opportunity evolved quickly into an internship opportunity, which involved paying FLEX Benefit claims for small employers. As he neared completion of his Bachelor's Degree in Finance, he was selected as an Accounting intern for Micron Technology. The internship became a full-time position, and he worked there for five years. During that time, Troy completed a Masters of Business Administration and three more children joined their family. The family's goal was to return home to southeast Idaho, but up until that point, experience supervising people had eluded him. An opportunity to supervise people at Albertsons corporate office shortly followed. However, working for these large companies just was not satisfying. A friend who worked in Information Technology for a hospital shared that even though he was not directly involved in patient care, he felt like he could make a positive difference in the lives of patients they served. This was intriguing to Troy. A few months later, an opportunity to work as a controller in a hospital came up, and he jumped on it. It did not take long for him to learn he had found his passion. At a meeting held by a professional organization, he met the CFO of Madison Memorial Hospital (MMH). Working for MMH would mean moving his family home. The goal to qualify for that job one day was set.

Once the goal was set, a chain of events began with the family of seven moving to Roswell, New Mexico to work as an Assistant Chief Financial Officer then as a Chief Financial Officer in Tooele, UT. His plan was to gather the best experience to help him become a candidate for MMH's CFO. Nearly seven years ago, that dream came to fruition. The years spent working for large, for-profit, hospital networks taught Troy how unique an acute, county-owned hospital like MMH really is. This organization requires creative solutions to remain competitive, while attracting and retaining talent to keep the entity healthy. Benefits are a key way to accomplish this goal. However, the traditional offerings are often too expensive for an organization whose employees range from students working the night shift to physicians working all sorts of shifts. So many people at different places in life, but with a common goal; to take care of healthcare related expenses for themselves and their families. As MMH was searching for low-cost ways to provide a benefit that would give us a competitive advantage and give staff real help recently, offering the HRA VEBA became a clear choice. The overwhelmingly positive response Troy and his team saw resulting from the initiation of their HRA VEBA last year makes him a strong advocate for the good this benefit creates for employers and employees.