

Memorandum of Understanding

Between

Oregon City School District N. 62

And

Oregon School Employees Association

The Oregon City School District 62 ("Employer") has adopted the HRA VEBA plan offered and administered by the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (collectively the "Plan"): the **Standard HRA Plan**, which shall be integrated with the Employer's or another qualified group health plan and to which the Employer shall remit contributions on behalf of eligible employees who are enrolled in or covered by such qualified group health plan and any other contributions that may be permitted by applicable law from time to time. Employer agrees to contribute to the Plan on behalf of all employees in the Oregon City Chapter No. 14 of the Oregon School Employees Association ("Group") defined as eligible to participate in the Plan. Each eligible employee must submit a completed and signed Enrollment Form to become an eligible participant and become eligible for benefits under the Plans

Plan Year:

The first year would be December 1, 2013 through September 30, 2014. The second year (and subsequent years) would be October 1st through September 30th to match the insurance plan year.

Contribution Frequency:

Monthly contributions are to be made on or before the first of the month based on the formula below, (see Contribution Amount). Contributions will be submitted to the Third Party Administrator within five business days of the payday for that month. For example, the December 2013 contribution payment would be submitted to the Third Party Administrator within five business days of December 25, 2013.

Contribution Amount:

For the first year, divide \$250,000 by ten months, and then divide the quotient by the number of eligible employees that month. For example, if there were 350 eligible employees the contribution for each employee would be $\$25,000/350 = \71.42 .

All eligible employees will receive the same contribution amount, however, the actual amount of the monthly contribution may vary depending upon the number of eligible employees for the month. For example one month the contribution may be \$71.42 for all eligible employees, but for another month the contribution may be \$73.52 for all eligible employees.

For the second year, divide \$300,000 by twelve months, and then divide the quotient by the number of eligible employees for the month.

Eligibility:

Eligible employees are those contracted to work four (4) or more hours per day or twenty (20) hours per week. Further, employees must be covered under an OEBC medical plan through the Oregon City School District or another OEBC entity. If an employee is covered under an OEBC medical plan through an entity other than the Oregon City School District, the employee must provide proof of coverage to the Oregon City School District.

Employees not covered under an OEBC medical plan are ineligible for this HRA VEBA.

Eligibility will be determined based on the timesheets submitted for the pay period immediately preceding the contribution date. For example, use the timesheets submitted in mid-December for the December 2013 payday to determine eligibility for the December contribution.

Employees on unpaid leave for *more than half* of the pay period are not eligible for contributions for that month. Employees on unpaid leave for half of the pay period, or for less than half of the pay period remain eligible for contributions for that month.

Employees Contracted To Work Less Than 12 Months Per Year:

Employees who are contracted to work less than 12 months per year will remain eligible for contributions in the summer months. Eligibility will be based on the timesheet for the last pay period submitted. For example, if an employee is not contracted to work in July or August, his/her eligibility for contributions for July and August will be based on the time sheet submitted in June. If the employee was eligible for a contribution in June, s/he would remain eligible for contributions in July and August, and would not have to submit a timesheet for those pay periods.

New Hires:

New hires that work *less than half* of the initial pay period are not eligible for a contribution until the second month following the first day of work. For example, if an employee's first day of work were November 18, 2013 (more than half way through the pay period), s/he would not be eligible for the December 2013 contribution, but would be eligible for the January 2014 contribution.

Terminations:

Employees who terminate employment with the District will be eligible to receive contributions for the last month a time sheet was submitted. For example, if an employee terminated on March 15th (after the cutoff date for the March payroll), his/her final contribution would be the one for April, regardless of the number of days worked in the last pay period.

Exception: If an employee terminates his/her employment with the District after completing the entire work year for that position, the employee will remain eligible for contributions through the month of August.

Change in Eligibility Based on Hours Worked:

If an employee's hours were reduced to less than four (4) per day or less than twenty (20) hours per week, that employee would no longer be eligible for this HRA VEBA. Employees in this circumstance would receive a final contribution for the month following the change in hours.

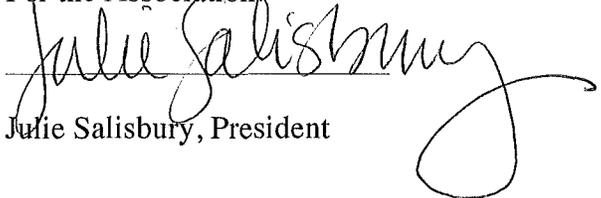
The term of this agreement shall be from December 1, 2013 to September 20, 2015.

Agreed to on this 12th day of November 2013.

For the District: /

Larry Didway, Superintendent

For the Association:


Julie Salisbury, President