

**AGENDA**  
**INTERCITY TRANSIT AUTHORITY**  
**December 7, 2011**  
**5:30 P.M.**

**CALL TO ORDER**

- 1) **APPROVAL OF AGENDA** **1 min.**
  
- 2) **INTRODUCTIONS & RECOGNITIONS -** **3 min.**
  - A. **Brian Sutherby, Inventory Assistant** (*Jon Licht*)
  
- 3) **PUBLIC COMMENT** **10 min.**

*Public Comment Note: This is the place on the agenda where the public is invited to address the Authority on any issue. The person speaking is requested to sign-in on the General Public Comment Form for submittal to the Clerk of the Board. When your name is called, step up to the podium and give your name and address for the audio record. If you are unable to utilize the podium, you will be provided a microphone at your seat. Citizens testifying are asked to limit testimony to three minutes.*
  
- 4) **APPROVAL OF CONSENT AGENDA ITEMS** **1 min.**
  - A. **Approval of Minutes:** November 2, 2011, Regular Meeting; November 16, 2011, Special Meeting.
  
  - B. **Accounts Payable:** Warrants dated November 4, 2011, numbers 85423-85542, in the amount of \$646,925.83; warrants dated November 18, 2011, numbers 85545-85656 in the amount of \$347,003.13, for a monthly total of \$993,928.96.
  
  - C. **Payroll:** October 2011 payroll in the amount of \$1,743,674.76.
  
  - D. **Schedule Special Meetings for December 19, 2011, and December 21, 2011:** Schedule December 19, 2011, as a special meeting for interviewing applicants for the Citizen Representative position, and December 21, 2011, as a special meeting for appointing the Citizen Representative and approving the Discounted Bus Pass program and conducting an Executive Session regarding labor negotiations. (*Rhodetta Seward*)
  
  - E. **Printing and Delivery of 2012 Transit Guides:** Authorize the General Manager to enter into a one-year contract with Consolidated Press Printing Company, Inc. to print and deliver 2012 Transit Guides. (*Erin Hamilton*)

- 5) **PUBLIC HEARINGS - None** **0 min.**
  
- 6) **COMMITTEE REPORTS**
  - A. **Thurston Regional Planning Council** (*Sandra Romero*) **3 min.**
  - B. **Transportation Policy Board** (*Ed Hildreth*) **10 min.**
  - C. **Urban Corridors Task Force** (*Ed Hildreth*) **3 min.**
  - D. **TRPC Sustainable Development Task Force** (*Karen Messmer*) **3 min.**
  - E. **Citizen Advisory Committee** (*Matthew Connor*) **3 min.**
  - F. **Pension Committee** (*Joe Baker*) **3 min.**
  
- 7) **NEW BUSINESS**
  - A. **Safe Routes to School Grant** (*Erin Scheel; Bob Holman*) **10 min.**
  - B. **Approval of 2011 Non-Rep Classification/Compensation Review Findings** (*Heather Stafford*) **10 min.**
  - C. **2012 Budget Adoption** (*Ben Foreman*) **10 min.**
  - D. **Contract Award - Design Services Olympia Transit Center Expansion Final Design and Construction Oversight** (*Ann Freeman-Manzanares*) **10 min.**
  - E. **Amendments to the Cafeteria Plan** (*Ben Foreman*) **10 min.**
  - F. **Citizen Representative Recruitment** (*Rhodetta Seward*) **10 min.**
  
- 8) **GENERAL MANAGER'S REPORT** **10 min.**
  
- 9) **AUTHORITY ISSUES** **10 min.**
  
- 10) **MEETING EVALUATION** **5 min.**
  
- 11) **EXECUTIVE SESSION - None**

**ADJOURNMENT**

**Minutes**  
**INTERCITY TRANSIT AUTHORITY**  
**Regular Meeting**  
**November 2, 2011**

**CALL TO ORDER**

Vice Chair Thies called the November 2, 2011, regular meeting of the Intercity Transit Authority to order at 5:30 p.m., at the administrative offices of Intercity Transit.

**Members Present:** Vice Chair and Citizen Representative Martin Thies; City of Olympia Councilmember Karen Rogers; City of Lacey Deputy Mayor Virgil Clarkson; City of Tumwater Councilmember Ed Hildreth; City of Yelm Councilmember Joe Baker; Citizen Representative Eve Johnson; Citizen Representative Karen Messmer; and Labor Representative Karen Stites.

**Members Absent:** Chair and Thurston County Commissioner Sandra Romero.

**Staff Present:** Rhodetta Seward; Dennis Bloom; Ann Freeman-Manzanares; Meg Kester; Dave Finnell; Marilyn Hemmann; and Ben Foreman.

**Others Present:** Legal Counsel Tom Bjorgen; Citizen Advisory Committee members Meta Hogan, Matthew Connor, and Faith Hagenhofer; and Recording Secretary Tom Gow.

**APPROVAL OF AGENDA**

The agenda was amended to remove consideration of the *Contract Award – Design Services – Olympia Transit Center Expansion Final Design and Construction Oversight* from the agenda.

**It was M/S/A by Deputy Mayor Clarkson and Citizen Representative Johnson to approve the agenda as amended.**

**APPROVAL OF CONSENT AGENDA ITEMS**

**It was M/S/A by Councilmember Hildreth and Deputy Mayor Clarkson to approve the consent agenda as presented.**

- A. **Approval of Minutes:** October 5, 2011, Regular Meeting; October 19, 2011, Work Session.
- B. **Accounts Payable:** Warrants dated August 12, 2011, numbers 84695-84818 in the amount of \$1,119,290.59; warrants dated August 26, 2011, numbers 84824-84943

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in the amount of \$696,501.62, for a monthly total of \$1,815,792.21. Warrants dated October 7, 2011, numbers 85171-85280 in the amount of \$279,081.67; warrants dated October 21, 2011, numbers 85283-85419 in the amount of \$477,367.84, for a monthly total of \$756,449.51.

- C. **Payroll:** September 2011 payroll in the amount of \$2,481,953.46.
- D. **Purchase of Replacement Staff Vehicle:** Authorized the General Manager, pursuant to Washington State Contract 03411, to issue a purchase order to Columbia Ford Nissan for the purchase of one Nissan Leaf in the amount of \$36,853. (Note: This purchase is tax exempt.)
- E. **Schedule a Special Meeting for November 16, 2011:** Scheduled November 16, 2011, as a special meeting, to conduct a public hearing on the draft 2012 budget.

### PUBLIC HEARINGS

#### A. 2012 - 2017 Strategic Plan

Thies opened the public hearing at 5:37 p.m.

Seward reviewed changes resulting from the Authority review at its October 18, 2011, meeting to the draft 2012-2017 Strategic Plan:

- Page 13, *What is Intercity Transit's role in providing regional mobility?*  
An additional paragraph was added stating, "The continued growth of Joint Base Lewis McChord (JBLM) and the importance of I-5 to regional travel and the economy of the region make the need for effective public transportation service between Thurston County and the central Puget Sound more than just an Intercity Transit problem. The State of Washington should play a significant role in the provision of public transportation corridor."
- Page 13, *Actions - 2012*  
An additional action was added stating, "Approach the State of Washington to provide assistance in meeting the public transportation demand in the I-5 corridor. This should include funding assistance to maintain and improve current service as a first step of a long-range plan."
- Page 13, *Actions - 2013-2017*  
An additional action was added stating, "Continue to work with the State of Washington and others to develop a long-range plan for public transportation and/or commuter rail service in the corridor."
- Page 27, *Issue: What steps should Intercity Transit take to reduce emissions and the negative environmental impacts of our operations?*

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An additional paragraph was added stating, "Intercity transit should continue to take an active role in local land use planning to encourage transit-oriented development and to ensure new development supports increased use of public transportation. Intercity Transit should continue to support the Thurston Regional Planning Council's efforts including the Sustainable Thurston County project, the Smart Corridors project, Thurston Here to There, and other projects. the Authority and staff should be involved in local jurisdiction comprehensive plan updates."

- On page 27, *Actions – 2012*

Two additional action items were added:

- Increase staff resources devoted to environmental management and sustainability efforts by creating a new staff position – Environmental and Sustainability Coordinator.
- Increase involvement in local and regional land use planning efforts and advocate for transit-oriented development and other development that encourages the use of transportation alternatives.

The agency received two public comments by email.

Thies closed the public hearing at 5:39 p.m.

### **B. Proposed New Olympia Express Monthly Passes**

Bloom reported the public hearing is to consider the creation of two monthly passes for Olympia Express service for a full fare pass of \$75 and a reduced fare pass of \$37.50. The current fare is \$2.50 per trip and the current monthly pass through One Regional Card for All (ORCA) is \$90. The proposal replaces the ORCA card because Pierce Transit's reimbursement agreement for ORCA expires at the end of the year and will not be renewed. Loss of fare revenue has been ongoing for several years with Intercity Transit sharing the loss with Pierce Transit. However, the agency received minimal reimbursement for those passengers using the ORCA card on Olympia Express service. Additionally, there is still uncertainty regarding the installation of ORCA electronic reading equipment on Olympia Express service buses with Intercity Transit continuing negotiations with staff at Pierce Transit and Sound Transit for installation of the equipment. Revenue loss prompted the agency to pursue other options. Pierce Transit ceased express service on October 3 with Intercity Transit, so Intercity Transit is now the only regional service provider between Pierce and Thurston Counties. Fare instruments play a vital role in how fares are collected and how the agency receives revenue for service.

Bloom addressed questions on the proposed monthly pass and the current rate of reimbursement from ORCA. Currently, the agency recoups less than 5% of its fare from

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ORCA fares. The concern is having many riders using the system at no cost. Based on conversations with Pierce Transit and the ORCA partnership, the equipment was to be installed on Olympia Express buses in 2009. With the monthly passes, staff anticipates generating approximately \$100,000 annually with 1,000 boardings daily.

Clarkson asked for information on current ridership passes versus single payments. Bloom said current information is based on the 2008 onboard rider survey, which is likely outdated since ridership increased when Pierce Transit stopped providing service.

Thies opened the public hearing at 5:46 p.m.

**Sue Pierce** said she lives in Lacey and commutes to Tacoma for her job, and her employer reimburses her for the bus pass. Many employers pay or partially subsidize passes for their employees. She asked the agency to create a monthly pass as the delay in installing ORCA equipment has been ongoing creating frustration for many riders. She supports the agency's proposal for creating the passes to ensure Intercity Transit receives proper reimbursement. She supports the fare rate for Olympia Express because many riders utilizing Pierce Transit or traveling beyond Tacoma will continue to use ORCA and will have to pay an additional fare for Olympia Express.

**Colin Bossay** asked whether the passes can be used for local service. Bloom affirmed passes are interchangeable for express and local service.

Thies closed the public hearing at 5:51 p.m.

Messmer asked whether it's possible for Pierce Transit to sell passes on behalf of Intercity Transit for Olympia Express. She expressed interest in learning what other agencies and organizations are pursuing beyond ORCA technology, such as cash cards and other types of fare instruments.

Johnson commented on the importance of the public understanding the ORCA card does not exist for Intercity Transit as the partnership has not fulfilled the initial agreement with the agency.

### **COMMITTEE REPORTS**

**A. Thurston Regional Planning Council.** Messmer reported the Council received a presentation on an Origin and Destination Study involving a license plate study of I-5 commuters at certain points along the I-5 corridor to collect data on travel patterns of commuters entering and leaving the I-5 corridor system. She recommended obtaining a copy of the report. Clarkson added data was collected in October 2010 during peak travel times in the morning and evening. Three cameras captured license plates at I-5 at

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Mounts Road, I-5 at 113<sup>th</sup> Avenue, and at US 101 at Mud Bay. The study is a follow-up to a similar survey conducted five years ago.

**B. Transportation Policy Board (TPB).** Hildreth reported at the September meeting, Harbour presented a white paper on high capacity transportation. The Board forwarded the Transportation Improvement Program recommendation to TRPC, which included \$3.5 million for the Olympia Transit Center, \$284,000 for bus stop enhancements, \$1.7 million for hybrid buses, \$2 million for hybrid replacement buses, and \$1 million for capital preventive maintenance.

**C. Urban Corridors Task Force.** The task force agreed to schedule one final meeting.

**D. TRPC Sustainable Development Task Force.** Messmer reported the task force received panel presentations from the North and South County Schools and Transportation Panels. Rural south county schools are facing different challenges including high costs for bus transportation. Schools are focusing on location of schools and walkability for students similar to north county schools. The prevailing theme is promoting healthy students who walk or bike to school. Within the urban area, 25% of the peak AM traffic is attributed to parents driving children to school. Efforts are underway to educate and work with students who can walk and bike to school as well as siting school facilities that are accessible to more students. Both panels addressed schools becoming more of a community facility. Several recommendations included providing more street connections, safe walking routes, and crossings to schools.

At the October 24 meeting, the panel received a presentation from the Transportation and Land Use Panel. The presentation revisited the ongoing regional discussion on the connection between transportation and land use and frustrations in the inability to attain goals for transit oriented development, urban corridors, and density. Members discussed barriers for not achieving those goals. Information on the work of the task force is available on TRPC's website.

Messmer addressed several comments from Johnson concerning the school walking bus program and the connection between the community vision for land use and the regulatory environment. Messmer reported some methods schools are using are the walking school bus programs and promotion and education for safe access to schools. The task force is examining the aspect of how economic factors and other factors contributed to the some of the inability to attain community visions for land use and transportation. The task force conversation is geared more on why the vision is not being attained with some acknowledgement that regulations may play a role.

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Clarkson added the Department of Health is actively supporting efforts by schools and the community for safe accessibility of students to schools.

**E. Citizen Advisory Committee.** Hagenhofer reported CAC minutes were provided in the Authority meeting packet.

### NEW BUSINESS

**A. CAC Attendance Policy.** Seward presented a recommendation from the Citizen Advisory Committee (CAC) to change the attendance policy within its bylaws to: *"A CAC member who is absent more than twenty-five percent of the regular monthly committee meetings during a twelve month period shall be removed from the committee."* She introduced CAC ad hoc committee members Matthew Connor and Meta Hogan.

CAC members discussed absences and discovered the existing policy could entail a member missing multiple meetings as long as excused and continue serving while four unexcused absences could lead to the removal of a member. Members agreed the issue was important and formed an ad hoc committee to review the policy and provide a recommendation. Several other policies from other committees, non-profits, and governmental agencies were reviewed. The CAC unanimously approved the recommendation from the ad hoc committee.

Clarkson questioned why the provision is applicable for a 12-month rolling period versus a fiscal period. Seward explained a rolling 12-month period is continuous and affords more flexibility for members in terms of their attendance and when they begin their term which is not based on a fiscal year.

Hildreth suggested adding "CAC" prior to "Chair" for clarity in the provision pertaining to notification of membership forfeiture.

Johnson commented members understand the importance of attendance and she doesn't believe the policy should be based on a rolling 12-month period. Rogers recommended changing "shall" within the first paragraph to "will." She asked how illness by a member is addressed. Hogan said the committee discussed health and other factors that might justify missed meetings. The committee recommended the policy because if members are not attending for whatever reason, the position could be filled by another person. Former members can also reapply.

Messmer suggested a rolling period still constitutes a 12-month period and affords more flexibility to members who may need to miss some meetings because of health. She expressed appreciation for the CAC stepping forward and addressing participation through establishment of a policy. She supported the proposal as presented.



**It was M/S by Citizen Representative Messmer and Deputy Mayor Clarkson to approve recommended policy with the amendment to change the word "shall" to "will" and add CAC in front of the word "Chair".**

Thies questioned whether the process includes an appeal mechanism for members. Hogan said that issue was addressed. Members agreed it's important to have a clear policy. Adding provisions for appeals adds another layer of determining the legitimacy of absences, which the ad hoc committee wanted to avoid.

**The motion carried unanimously.**

**B. Hawks Prairie Park-and-Ride Status Report.** Hemmann updated members on progress of the Hawks Prairie Park-and-Ride project. The project is on schedule and continues to move forward. The contractor moved pre-load fill to the second half of the site beginning in July. The compaction of the first half has leveled with monitoring continuing over the next several months to determine if there is any change in the level of compaction. The original prediction included compaction of three to four feet. Staff believes the site is achieving good compaction patterns overall from the pre-load. The pre-load phase is nearing completion, and staff is contemplating contract closeout and final reconciliation of the pre-load phase. Staff negotiated a request from KPFF to increase the "not to exceed" amount of its current contract for managing the pre-load phase.

Intercity Transit received a Washington State Regional Mobility Grant Program grant for the construction phase. Time and effort has been spent on the final details and design of the park-and-ride facility. The parking facility includes 332 parking spaces and a transit lane. Design completion is at 95%. An in-house review is scheduled on November 7, with the design submitted to all jurisdictions for comments. Final design should be completed by the end of November.

Staff is developing draft bid documents for specifications and quantities with the bid anticipated to be released in December, with an award presented to the Authority in January or February. Having the specifications and quantities affords sufficient information for staff to estimate the cost of construction, which will continue to be refined and the process moves forward. It also affords more information in terms of construction management needs by KPFF for the next phase of the project. Staff is negotiating the contract and anticipates presenting the contract for approval in December.

Staff anticipates there will be 20,000 tons of excess fill from the initial 148,000 tons of fill. Staff investigated the current construction market for disposal of excess fill. At this time, there is no demand for that quantity of fill. Consequently, staff recommends from

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a financial standpoint, including a provision within the construction contract for removal of fill.

Hemann addressed questions about the fill, which totals 650 truckloads of modified gravel barrel. Given the cost of trucking, disposal needs to be by a company located nearby otherwise the cost is too prohibitive.

Hildreth asked about the feasibility of having a coffee vendor on the lot to generate revenue. Freeman-Manzanares replied the site poses some challenges because of its location and it's important to maintain the barrier, which might pose some obstacles for vendors.

Hildreth asked if the agency has measures in place to address potential settlement of the lot over time. Hemmann explained the roadway leading to the landfill was never compacted resulting in a depression of the roadway. Staff is placing confidence in the engineers. The agency employed all measures through engineering and jurisdictional reviews to ensure proper compaction of the refuse and by employing construction methods incorporating layers of fill and cover to mitigate any potential problems.

**C. Staff Recommendation for Increases in KPFF Contract.** Hemmann requested consideration of an increase in the "not to exceed" amount of the contract for engineering and construction management services for the preload phase of the Hawks Prairie park-and-ride project. In completing the work required to finish the preload phase of the project, KPFF provided services in addition to the original scope of work. The initial plan was well scoped for constructing the park-and-ride lot. However, it's not unusual for construction projects to encounter unexpected issues. Working on a landfill is a unique construction project. Through the planning and submittal process, new issues were discovered needing to be addressed when work began on the site requiring some design changes as well as some beneficial options to pursue that required KPFF to alter some designs and provide additional services. Most of the tasks, although incurring additional costs, helped to avoid additional expense at the time and provided some savings in the next phase of the project. All work was completed under the agency's direction.

Staff monitored all expenses through this phase. As reconciliation of costs occurred, staff discovered some areas were over budget. Staff negotiated the items presented by KPFF, determined which items were allowable, and agreed to \$55,827 in additional costs.

Hemann reviewed a summary of the additional costs. Any work involving conduit required significant advance planning because once the site is sealed, the goal is to avoid digging into the surface to make any changes to the electrical system.

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### Summary of Costs:

Investigate and plan dimming of facility lights – provides savings in energy costs estimated to be \$1,500 to \$2,000 annually in savings	\$3,006
Plan for installation of electric vehicle charging stations – original scope of plan did not include vehicle charging stations	\$7,804
Coordinate lighting design and with camera system plan - advance planning for coordinating the two systems	\$3,256
Staff to monitor delivery of preload and verify tonnage – site monitoring to verify amount to satisfy audit requirements, assurance of correct access to site by trucks, and assure cleanliness of roads	\$8,738
Surveying to mark perimeter of fill and erosion control fence – not included in the original scope and was less costly than hiring a sub-consultant to complete the work	\$5,076
Surveying and legal description of easement – opportunity to add easement eliminated the need to build a retaining wall on north side of site saving \$150,000 in construction costs	\$4,052
Plans and submittal for City of Lacey grading permit	\$7,386
Additional revision of site grading plans – because site settlement was less than anticipated, additional grading revisions were necessary	\$16,059
<b>Total</b>	<b>\$55,827</b>

Hemann clarified this contract is only for the preload phase with the agency negotiating the next phase of the project. There was anticipation additional funds might be needed for some tasks as the preload phase was completed. The contract is within the budget amount for the project.

Clarkson asked whether the expenses for mobilization by a contractor are authorized for municipalities. Bjorgen advised it's an authorized expense for a project. Clarkson asked whether the agency authorizes a specific amount of retention for potential litigation at the conclusion of a contract. Hemmann explained there is retainage on the construction contract. Mobilization expenses are part of the construction contract. Payments for this phase of the contract with KPFF occurred throughout the process. The contract for the preload phase will conclude with a new contract for the construction management of the next phase issued.

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Thies acknowledged there was some awareness by the Authority there would be some unknown elements associated with building on a landfill. He asked about identifying the savings achieved by some of the additional work. Hemmann shared specific information on the savings achieved and offered to provide an estimate of savings.

**It was M/S/A by Citizen Representative Johnson and Deputy Mayor Clarkson to authorize the General Manager to approve an increase in the “not to exceed” amount in the contract with KPFF Consulting Engineer’s for the preload phase by \$55,827, for a total of \$804,859.**

**D. 2012 Training & Development Budget.** Finnell reported the 2012 training and development budget represents .4% of the total agency budget.

Since January 1, 2011, 233 employees completed 3,159 hours of training from 45 training providers. This represents a 65% increase in the number of employees trained from 2010, and a 12% increase in training hours over 2010.

The agency focused on safety training for employees to include CPR, defensive driving, bloodborne pathogens, inclement weather driving, fire safety, emergency action plan training, outdoor heat exposure, lockout/tagout spill response, back safety, forklift safety, ladder safety, and a general safety orientation. Some classes are required by state and federal law. In 2011, the agency completed 577 hours of safety training accounting for 18% of all training.

To reduce costs on travel to training, the agency emphasized the use of online training webinars. In 2011, employees completed 255 hours of online training representing a 33% increase over 2010 or 8% of all training hours. In many instances, travel costs outweigh tuition and registration costs.

The agency continues to provide high quality training in-house as well. The agency conducts security awareness training, defensive driver refresher training, harassment prevention refresher, and passenger service and safety refresher. The agency initiated three new training programs in 2011 for operators on agency sustainability, inclement weather driving, and bloodborne pathogens. CPR training was completed by a vendor at the agency.

Overall, in-house training totaled 1,258 hours, representing a 14% increase over 2010 or 40% of all training hours.

Finnell reviewed some changes in the training summary for 2012.

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Overall, the training budget increased from \$199,233 in 2011 to \$224,000 in 2012 reflecting a 13% increase. The Development Department Executive Staff reflects a 68% increase in training because the Director was accepted into the Leadership APTA (American Public Transportation Association) Program. The Grants Administrator is scheduled to receive additional training in grant administration.

Training for the Human Resources Department increased 61% reflecting only a \$3,300 increase because the department includes only 4 FTEs. The HR Director is scheduled to attend two training classes as well as training for the HR Analyst.

The Dial-A-Lift Division's training budget increased 49% and includes two conferences for the manager, which she hasn't attended since 2009.

Marketing and Communications decreased its training budget by 12%. Finnell acknowledged Kester's completion of the Leadership APTA Program.

The Executive Department's training budget decreased by 14% mainly because the APTA Annual Conference will be in Seattle.

Intercity Transit's training development continues to move at a brisk pace, and training initiatives are beginning to be noticed in the transit industry. Intercity Transit is the first agency in the state to institute an operator training bid process that guarantees operators receive important training each year. Two presentations on the initiative were provided at the 2011 Transit Trainer Showcase in Seattle, and more recently at the Washington State Transit Association (WSTA) Operations Committee meeting. Other agencies are adopting the program. Intercity Transit also presented information on how to determine state-mandated training and safety training. The agency is presenting its Growth, Opportunity, and Leadership Development (GOLD) program to the WSTA Human Resources Roundtable. The program involves succession planning and provides job shadowing and training to assist employees in advancing within the organization.

Clarkson asked how the agency accommodates non-scheduled training opportunities. Finnell said some designated training is specific while much of the training allows for some flexibility when opportunities arise.

Clarkson asked about opportunities for personal career advancement. Finnell shared information on professional development training opportunities for employees who may want to apply for different positions within the agency. Seward added the agency also provides tuition reimbursement for employees for professional development.

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**E. 2012 Draft Budget.** Foreman briefed the Authority on the proposed 2012 budget, which is anticipated to total approximately \$58 million primarily because of capital projects totaling \$26 million. An itemized list of the projects was provided.

Foreman reviewed new projects/positions totaling \$500,000:

General Wage Increase – represents 2% for non-rep employees, 2% for IM employees (subject to ATU contract negotiations)	\$163,000
Salary Survey Adjustment – based on the results of the Job Classification and Compensation Study. The study is scheduled for presentation at the November 16 meeting.	\$98,000
Short/Long Range Service Plan – last one completed in 2005/2006. Provides direction on routing and scheduling and direction on land use.	\$80,000
Environmental & Sustainability Coordinator FTE	\$75,500
Automotive Technician	\$75,500
Youth Education Program Assistant – Grant funded position	\$45,000

ISO 14001 Certification – Platinum certification for the environmental sustainability program – costs associated for auditor to review systems	\$12,000
Replace Precipitator Welding Room – filters air in welding room	\$10,000
Sustainability Committee – travel and training for committee as well as some programs	\$6,500
Increase OTC Security Hours – for Saturday beginning at 8 a.m.	\$3,153

Foreman advised the budget will be released to the public on November 3. A public hearing is scheduled on November 16 with adoption scheduled on December 7.

Hildreth asked about the line item for building security at \$110,000. Foreman said the proposal is a key lock system.

Messmer recommended scheduling a discussion on the costs and benefits of a Regional Smart Card. Bloom commented the item is a placeholder if ORCA is implemented for Olympia Express in 2012. Messmer said she would like to revisit the issue of whether the agency should pursue the ORCA program system-wide.

**F. Intercity Transit Discounted Bus Pass Program.** Seward said the request is for the continuation of the discounted bus pass program for 2012 and authorizing the General Manager to solicit applications for the program. If approved, staff will solicit applications from agencies within the community and prepare a funding

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recommendation for award. The program serves low-income Thurston County residents. The value of the passes last year totaled \$104,775 with the agencies match of \$52,387.50.

Clarkson expressed support for the program and noted some agencies exhausted their supply of passes. He encouraged the Authority to incorporate some flexibility for addressing those situations.

Hildreth referred to the limited use of passes by Behavioral Health Resources (BHR). He asked if Intercity Transit anticipates BHR to request the same number of passes in 2012. Seward indicated the agency doesn't anticipate BHR requesting the same level of passes.

Rogers said several non-profits applied after the deadline. She questioned whether the agency should anticipate an increase because more agencies are aware of the program. Seward indicated the agency doesn't anticipate as many late requests as applications will go out to those agencies identified who applied late last year, nor should there be a substantial increase in the total number of passes since BHR and DSHS may not apply for the same number of passes this next year.

Johnson questioned the impact of not allocating a specific amount to each agency and having agencies utilize the passes based on need. Seward explained the agencies apply for passes based on what they can afford based on clientele needs.

**It was M/S/A by Citizen Representative Messmer and Councilmember Rogers to approve continuation of the program in 2012 and authorize the General Manager to solicit applications for the program. If approved, applications will be solicited and a recommendation to award a specific number of passes to each applicant will be brought to the Authority.**

Seward requested the Authority allow organizations to purchase additional passes from the pool of passes that have not been utilized, as some organizations have not utilized all their allocated passes.

**The Authority agreed with the recommendation.**

### **GENERAL MANAGER'S REPORT**

The **sales tax report** reflects an increase in sales tax of 1% compared to last year.

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The Authority agreed to schedule **December 19** to conduct interviews of applicants for the Citizen Representative position. The start time will be determined based on the number of applicants received.

**Ridership** trends continue with ridership surpassing 2010 levels in five of the first eight months of the year. In September, the new ridership record over the highest ridership September on record was 367,541 representing a 9% increase for the same period last year. Ridership this year is up 4.4% over last year. Weekday productivity is up 2.5%.

Marketing's successful **transit fair** was held last month for riders, downtown commuters, and the public. Pocket-size system maps were distributed. Online trip planning and the OneBus Away tracking program were demonstrated as well as issuing Undriver Licenses. Well over 150 people attended the event.

Seven **Village Van drivers** obtained employment during the last quarter.

**Vanpool** is recruiting new customers, surpassing 400 new vanpoolers. Twenty-two new groups formed in 2011.

Three **Operator Classes** on fuel consumption training and inclement weather were completed with another class scheduled for November 3. Five more classes are scheduled before the end of the year.

Nine classes were completed in October on a **Standardized Naming Convention for Electronic Records** which Intercity Transit recently adopted. All employees using computers are now naming documents in the same manner to make it easier to find records, eliminate duplicate records, and better organize files, folders, and documents when archiving or destroying files based on the state's guidelines.

APTA is offering **monthly webinars** from November - June on "Transportation Tuesdays." Training supports members in the development of an economically sustainable financial structure for the industry that accommodates existing and future demands for growth. CEOs and board members pair for presentations. The first one is on November 8 on Sustainable financing for Public Transportation. King County Metro is presenting "Achieving Regional Consensus: Strategic Planning Reform and Building a Coalition for Sustainable Transit Financing." Hillsborough Transit of Tampa, Florida is presenting "Building Community Support for a Tax Increase to Fund Transit."

Seward is attending the **WSTA annual meeting** in Wenatchee. The agenda includes task force reports on the Governor's Task Force and Medicaid Task Force. Members are also working on the 2012 legislative agenda, budget, and dues structure. An individual from APTA is attending to discuss advocacy and messaging.



## **Intercity Transit Authority Regular Meeting**

**November 2, 2011**

**Page 15 of 16**

Hildreth asked if the agency has any statistics on the number of people who have downloaded OneBus Away. Kester acknowledged the importance of obtaining the statistics and indicated she will work on securing the data.

Rogers asked whether Intercity Transit is attending or tracking the Governor's task force. Seward advised WSTA is tracking progress and an update can be provided.

### **AUTHORITY ISSUES**

Hildreth reported the state auditor requested the City of Tumwater, during its recent audit, to document the value of City streets. He offered the agency might want to prepare for the same question for park-and-ride lots. Foreman said if the request pertains to a natural asset, the agency has the information. However, the Martin Way Park-and-Ride Lot is owned by the state. Clarkson added 25 years ago the same question was asked of the Washington State Department of Transportation.

Hildreth commented on improvements occurring along 70<sup>th</sup> Avenue and suggested the agency should consider transit amenities along the roadway and include those within the project design.

Hildreth reported on capital improvements planned for the New Market Skills Center and the lack of including any transit facilities/amenities. The center is located within Tumwater's Town Center. He suggested Intercity Transit should be included within the improvements.

Thies commented on assumptions within the Strategic Plan for revenue growth and cautioned whether the forecast should be more conservative as it should be based on the ongoing condition of the economy, current real estate market, and the political environment.

### **MEETING EVALUATION**

Messmer urged the agency to investigate and resolve the leak in the administrative office.

### **RECESS TO EXECUTIVE SESSION**

Thies recessed the meeting at 8:00 p.m. for an executive session for approximately fifteen minutes to discuss a Collective Bargaining Agreement with Amalgamated Transit Union Local 1765.

**RECONVENE & ADJOURNMENT**

Thies reconvened the regular meeting at 8:15 p.m. It was M/S/A by Councilmember Baker and Councilmember Hildreth to adjourn the meeting.

**INTERCITY TRANSIT AUTHORITY**

**ATTEST**

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**Martin Thies, Vice Chair**

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**Rhodetta Seward  
Director of Executive Services/  
Clerk to the Authority**

**Date Approved: December 7, 2011**

Prepared by Valerie L. Gow  
Recording Secretary/President  
Puget Sound Meeting Services

**Minutes**  
**INTERCITY TRANSIT AUTHORITY**  
**Special Meeting**  
**November 16, 2011**

**CALL TO ORDER**

Chair Romero called the November 16, 2011, special meeting of the Intercity Transit Authority to order at 5:31 p.m., at the administrative offices of Intercity Transit.

**Members Present:** Chair and Thurston County Commissioner Sandra Romero; City of Olympia Councilmember Karen Rogers; City of Lacey Deputy Mayor Virgil Clarkson; City of Tumwater Councilmember Ed Hildreth; Citizen Representative Martin Thies; Citizen Representative Karen Messmer; and Labor Representative Karen Stites.

**Members Excused:** City of Yelm Councilmember Joe Baker and Citizen Representative Eve Johnson.

**Staff Present:** Mike Harbour; Rhodetta Seward; Dennis Bloom; Ben Foreman; Carolyn Newsome; Ann Freeman-Manzanares; Jim Merrill; Marilyn Hemmann; Heather Stafford; and Meg Kester.

**Others Present:** Citizen Advisory Committee member Michael Van Gelder and Recording Secretary Tom Gow.

**APPROVAL OF AGENDA**

**It was M/S/A Councilmember Hildreth and Deputy Mayor Clarkson to approve the agenda as published.**

**PUBLIC HEARING - 2012 BUDGET**

Romero opened the public hearing on the 2012 Budget at 5:32 p.m.

Foreman reported the 2012 Budget totals \$32.1 million. The proposed budget was reviewed by the Authority at its last meeting. The budget document was available to the public since Thursday, November 3. The agency received three comments. One written comment was provided to the Authority.

**Mary Royal**, 3530 Martin Way #211, indicated it would be an extreme hardship for a fare increase. Many people live on social security and other aid and have already taken cuts in services and pay. She is paying more out-of-pocket and the cost of things are rising. She said she uses a four-wheel walker and is applying for Dial-A-Lift service. A third comment is from a neighbor residing at 3530 Martin Way East #223, who wrote the agency should do away with DAL, as it is the most horrendously expensive unit at

Intercity Transit, and Intercity Transit should raise fares to offset service enhancements, such as luggage racks, security cameras, guns for transit security, no smoking corridors in all transit shelters, seats, transit centers, and buses.

Romero advised the policy of the Authority is to adopt the budget at its next meeting following the public hearing. Harbour advised members to forward any comments on the budget to staff prior to the next meeting for consideration by the Authority.

Romero closed the public hearing at 5:35 p.m.

### **CITIZEN ADVISORY COMMITTEE MEETING**

VanGelder reported the CAC meets after the Authority this month; their meeting is scheduled for November 21, 2011, so he has no report.

### **PROPOSED NEW OLYMPIA EXPRESS MONTHLY PASS**

Bloom referred to the public hearing on November 2 for the proposed changes. The public process entailed several months. At the public hearing, staff provided a summary of public comments received during that period with two public comments received during the public hearing.

Staff recommends approval of the Olympia Express monthly pass and eliminating acceptance of the One Regional Card for All (ORCA) effective January 1, 2012.

Romero asked about the viability of ORCA. Bloom said the agency is still considering the possibility of using ORCA for Olympia Express service. Pierce Transit indicated it may be possible to implement later in the year. However, it has been 2 ½ years since the initial commitment.

**It was M/S/A by Citizen Representative Messmer and Deputy Mayor Clarkson to approve new Olympia Express monthly passes (Full and Reduced) and the elimination of the ORCA fare card as a "flash pass" on Olympia Express service.**

Bloom described communication efforts by the agency to inform Express riders of the change.

### **2011 NON-REP CLASSIFICATION/COMPENSATION REVIEW**

Stafford reviewed the findings of the 2011 Classification and Compensation Review for Non-represented Positions. In 2004, the Authority adopted the Decision Band Method (DBM) as the agency's classification and compensation system for non-represented

## **Intercity Transit Authority Special Meeting**

**November 16, 2011**

**Page 3 of 7**

employees. As a rule, compensation systems should be reviewed every three to four years. This review is the first in seven years for the agency's classification and compensation system.

Stafford's review included the classification system and DBM placement of jobs, a review of the compensation matrix and hierarchy of employees, and how they are classified relative to other employees in the organization.

The DBM includes six different decision levels. Types of decisions range from far-reaching agency policy decisions to those of a simpler nature. The six levels are known as decision bands and applied universally covering the entire spectrum of decisions made in an organization of any size.

Part of the review evaluated whether employees are appropriately placed in decision bands, which involved a review of all job descriptions. The agency recommends a small number of jobs either need to be re-titled and/or require a grade adjustment.

Stafford referred the Authority to information outlining the proposed changes as well as a proposed hierarchy of non-represented positions. A compensation matrix was also reviewed of different pay rates for each decision band and the organizational hierarchy to ensure pay and decision band placement are relative to others in the organization. Staff utilized the expertise of Fox-Lawson, the consultant firm that developed the system, and Marnie Slakey Consulting.

A market survey was completed including salary data of agencies of similar size, local government agencies, and some published data. The full report is available late next week.

Stafford reviewed and described information contained from a market salary analysis. Essentially, the information indicates there is a clear linear relationship between the organization and market data surveyed between responsibility and wage grade. The relationship between salary level and level of responsibility should be as close to 1.0 as possible. The market analysis verified the relationship factor of 0.9238, representing good data.

Rogers asked whether the data covers salary or total compensation. Stafford advised the analysis covers salary only.

After seven years, the system is working extremely well because the coefficient number reflects a score near 1.0. However, a slight adjustment is required to align the agency's system closer to the linear relationship to the market data. The Fox-Lawson consultant

## **Intercity Transit Authority Special Meeting**

**November 16, 2011**

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was very complimentary of the agency's system in terms of how the positions were placed in the system over the previous seven years.

Stafford reviewed a proposed 2012 Minimum/Maximum Salary Chart. The recommendation is merely an adjustment to the system to align with the methodology of creating a linear relationship between decisions band and levels of responsibility and pay.

Messmer asked about the next steps in terms of completion of the study. Stafford advised the next step is a request to the Authority in December to approve a structural adjustment, some re-titling of jobs, and some decision band adjustments.

Harbour noted the total cost for the structural adjustment and the positions represents a 1.2% increase. Part of the need was due to no increase last year and the 2% increase the prior year.

Rogers asked whether the budgetary adjustment of \$98,000 includes all compensation to include employer benefit costs. Foreman replied the adjustment includes all costs.

Hildreth asked if the Information Services Manager adjustment represents a grade increase. Harbour noted the increase represents a one step increase. Positions receiving an increase are increased to the next step within the range.

Clarkson asked whether there are similar jobs in different categories. Stafford responded that those positions with multiple incumbents who are doing the same type of work but with different products are classified together.

### **2012-2017 STRATEGIC PLAN**

Harbour referred members to a copy of a revised Chapter 6 Financial Plan based on comments from the Authority. The forecast is not as positive resulting in some adjustments. The primary change is growth in revenue in 2011 by 3% is now 0% based on the last two months. The previous model reflected a 3% growth in revenue in 2012, which has been revised to reflect 2%. The next impact is a decrease in policy reserves in 2015 at \$700,000 below the reserve. At the end of 2017, it's anticipated the decrease will be approximately \$75,000 below the reserve level for a total reserve \$9.6 million.

The forecast is conservative and some projects may not advance dependent upon the availability of matching funds. No fare increase is included over the six-year period. The forecast also maintains the 1/10<sup>th</sup> of 1% sales tax capacity. The forecast is status quo in terms of service levels with shifts rather than additional service other than DAL, which includes an additional 2,000 hours a year.

## **Intercity Transit Authority Special Meeting**

**November 16, 2011**

**Page 5 of 7**

Hildreth commented positively on the revised forecast, as he prefers to move forward conservatively. He asked how much 1/10<sup>th</sup> of 1% in sales tax generates in revenue. Harbour said in today's economy it represents \$3.5 million. Staff offered to provide information on the revenue generated with a 25 cent fare increase.

Messmer suggested it would be helpful to the public for the agency to describe and explain the changes in service whether an increase, decrease, or an adjustment. The forecast enables the agency to modify and adjust if the economy doesn't improve, such as reducing capital expenditures to ensure the agency is not put in the position of grappling with how to pay for projects.

Clarkson asked whether the agency publishes information at the end of the year on the state of the agency compared to last year. The information would be helpful to reflect on how the agency performed over the year as well as conveying information on the goals the agency hopes to achieve during the next year. Harbour said the Authority and Citizen Advisory Committee receive each March a State of Intercity Transit Report, which is also posted on the website and in other publications.

Thies recommended including a table of contents within the document, more consideration for the idea of offering local express service, and consider the potential of the new sustainability position assuming a role in transit oriented development activities. He expressed interest in the development of the job description and what the position responsibilities will entail.

Romero expressed support for the land use element within the plan. She suggested adding within that section the area between Lacey's urban growth area and Yelm where some of the land use might not be appropriate for high density development. She recommended the plan should include language addressing follow up by staff at the hearing examiner level during hearings involving large development proposals.

Clarkson referred to the Chair's prior suggestion that more emphasis should be included on the region's aging population. He questioned whether the comment was addressed adequately in the draft. Romero said the purchase of amenities for stops without shelters helps to address the need. The plan likely addresses the issue in several areas.

Harbour addressed the adoption timeline. The Strategic Plan drives the budget and on occasion the Authority adopted the Budget and the Strategic Plan concurrently.

**It was M/S/A by Citizen Representative Messmer and Deputy Mayor Clarkson to approve the 2012-2017 Strategic Plan as presented with the adjustments recommended by the Authority.**

## **MEMBER COMMENTS**

Rogers reported she's received requests for discounted fare passes from some non-profits, which do not use monthly passes but could use daily passes. She asked about offering discounts for daily passes. Harbour advised it can be problematic discounting passes beyond the monthly program. He recommended addressing the request during the January work session.

Hildreth asked whether the agency received any applications for the citizen representative position. Seward advised the agency received one application. Harbour encouraged members to contact potential applicants to apply. The deadline for applications is Friday, November 18.

Hildreth reported on his presentation to the Tumwater Chamber of Commerce Forum on Intercity Transit.

Clarkson reported on an upset citizen who spoke during a recent Lacey Council meeting on the sewer work along Ruddell Road and how City staff trespassed on his property. He also conveyed how pleased he was with Intercity Transit contacting him about the possibility of locating a shelter on his property and his willingness to dedicate his property to Intercity Transit for a bus shelter.

Clarkson reported on an earlier meeting of elected officials in Lakewood regarding Joint Base Lewis McChord and the positive comments conveyed about the agency's vanpools reducing congestion on I-5 and the potential of providing transit on base.

Rogers asked about the potential to schedule a discussion on legislative strategies.

Romero suggested reviving the agency's tradition of hosting a legislative breakfast and meeting prior to the breakfast to discuss some proposals.

Clarkson added during the same meeting earlier in the day, many elected officials were irate because they live north of SR 512 and have to contend with the same congestion on I-5 and want to see the issue resolved. However, they all agreed the likelihood of any action occurring in the foreseeable future is unlikely. Messmer added TRPC received a grant to study alternatives to reduce I-5 congestion and mentioned Intercity Transit as a partner. She asked about the status of those conversations because it might provide a more effective forum for prioritizing solutions.

Hildreth conveyed the importance of sharing how the agency directly impacts job creation. Additionally, in terms of a subcommittee, he's asked TRPC Executive Director Wyrick to meet with him, Harbour, and TRPC Senior Planner Thera Black to discuss state funding for transit.



**Intercity Transit Authority Special Meeting**

**November 16, 2011**

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Rogers reported on a meeting with Harbour and Bloom and a representative from the Olympia Downtown Association (ODA) to discuss ways to increase Dash ridership. Ridership levels recently increased somewhat. She is meeting with Department of Enterprise Services Director Joyce Turner and the ODA representative on December 2. The ODA representative shared some ideas on how the business community can secure permanent Dash parking.

Stites reported on a recent town hall meeting promoting the passage of a federal transportation bill. There is a request for a letter writing campaign of support for passage of the bill. She offered to provide more information. Harbour offered to provide an update on the bill at the next meeting.

**ADJOURNMENT**

**It was M/S/A by Deputy Mayor Clarkson and Councilmember Rogers to adjourn the meeting at 6:29 p.m.**

**INTERCITY TRANSIT AUTHORITY**

**ATTEST**

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**Sandra Romero, Chair**

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**Rhodetta Seward  
Director of Executive Services/  
Clerk to the Authority**

**Date Approved: December 7, 2011**

Prepared by Valerie L. Gow, Recording Secretary/President  
Puget Sound Meeting Services

# Intercity Transit

## Accounts Payable Check Disbursement List

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/04/2011

Thru Date: 11/04/2011

Check #	Check Date	Ref #	Name	Amount	Voided
00085423	11/4/2011	01405	ADVANCE GLASS INC	\$3,078.30	
00085424	11/4/2011	01640	ALL CITY LOCK & KEY	\$46.74	
00085425	11/4/2011	01660	ALL STAR FORD	\$4,556.07	
00085426	11/4/2011	01683	ALLENBAUGH & ASSOCIATES	\$85.00	
00085427	11/4/2011	01780	AMALGAMATED TRANSIT UNION 1765	\$12,582.07	
00085428	11/4/2011	01820	AMERICAN DRIVING RECORDS INC	\$389.72	
00085429	11/4/2011	01960	AMERICAN SEATING COMPANY	\$856.40	
00085430	11/4/2011	02380	ARAMARK UNIFORM SERVICES	\$452.68	
00085431	11/4/2011	02415	ARNETT CHERYL	\$87.00	
00085432	11/4/2011	03240	BATTERIES PLUS	\$50.00	
00085433	11/4/2011	03370	BERGKAMP EMILY	\$500.00	
00085434	11/4/2011	03380	BERGREN DIANNE	\$100.00	
00085435	11/4/2011	03680	BLUMENTHAL UNIFORMS & EQUIPMENT	\$229.76	
00085436	11/4/2011	04040	BUD CLARY CHEVROLET	\$499.04	
00085437	11/4/2011	05125	CAMPBELL BRENT	\$113.22	
00085438	11/4/2011	05220	CAPITAL ELECTRIC	\$252.11	
00085439	11/4/2011	05230	CAPITAL HEATING & COOLING	\$128.81	
00085440	11/4/2011	05283	CAPITAL MEDICAL CENTER - SPECIALTY	\$201.00	
00085441	11/4/2011	05305	CAPITOL ALARM INC	\$323.70	
00085442	11/4/2011	05460	CARQUEST AUTO PARTS-OLY	\$102.44	
00085443	11/4/2011	05740	CED	\$107.07	
00085444	11/4/2011	05945	CENTURY LINK	\$170.84	
00085445	11/4/2011	06040	CITY OF LACEY	\$1,009.88	
00085446	11/4/2011	06060	CITY OF OLYMPIA	\$1,063.25	
00085447	11/4/2011	06120	CITY OF OLYMPIA UTILITIES	\$4,013.19	
00085448	11/4/2011	06150	CITY OF YELM	\$22,000.00	
00085449	11/4/2011	07105	CRAIN'S OFFICE SUPPLY	\$951.21	
00085450	11/4/2011	07150	CROSSROADS COLLISION CENTER	\$1,324.40	
00085451	11/4/2011	07220	CUMMINS NORTHWEST INC		<input checked="" type="checkbox"/>
00085452	11/4/2011	07220	CUMMINS NORTHWEST INC	\$4,927.55	
00085453	11/4/2011	07617	DAVID M HOWE TRUSTEE	\$2,048.30	
00085454	11/4/2011	07780	DELL MARKETING LP	\$2,054.92	
00085455	11/4/2011	08720	ELECTRONIC RESOURCING INC	\$345.57	
00085456	11/4/2011	08780	EMERALD RECYCLING SERVICE	\$174.19	
00085457	11/4/2011	09205	EXTENDED RANGE WEATHER CO INC	\$275.00	
00085458	11/4/2011	09575	FASTENAL COMPANY	\$79.88	
00085459	11/4/2011	09820	FLEET-NET CORP	\$3,065.34	
00085460	11/4/2011	10120	FRANSEN KRIS	\$242.03	
00085461	11/4/2011	10290	FUSION GRAPHIX	\$347.84	
00085462	11/4/2011	10475	GALLAGHER BENEFIT SERVICES INC	\$14,479.09	
00085463	11/4/2011	10630	GFI GENFARE	\$593.46	
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00085465	11/4/2011	10660	GILLIG LLC	\$5,649.30	
00085466	11/4/2011	10820	GRAPHIC COMMUNICATIONS	\$392.28	
00085467	11/4/2011	11175	HEALTH CARE AUTHORITY	\$287,427.25	
00085468	11/4/2011	11185	HEALTHFORCE PARTNERS INC	\$55.00	
00085469	11/4/2011	11308	HOFSTETTER SHANNON	\$217.39	
00085470	11/4/2011	11422	HUNG RIGHT DOORS LLC	\$643.78	
00085471	11/4/2011	11615	INDUSTRIAL HYDRAULICS INC	\$895.94	
00085472	11/4/2011	11740	INTERCITY ADVANCED TRAVEL	\$3,331.38	
00085473	11/4/2011	11753	INTERCITY FITNESS	\$596.00	
00085474	11/4/2011	11760	INTERCITY IMPREST ACCOUNT	\$745.18	
00085475	11/4/2011	11770	INTERCITY PETTY CASH	\$335.91	
00085476	11/4/2011	11775	INTERCITY PROJECT ASSISTANCE	\$848.00	

# Intercity Transit

## Accounts Payable Check Disbursement List

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/04/2011

Thru Date: 11/04/2011

Check #	Check Date	Ref #	Name	Amount	Voided
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00085478	11/4/2011	11810	INTERSTATE BATTERY	\$1,139.88	
00085479	11/4/2011	11905	JANEK CORPORATION	\$445.67	
00085480	11/4/2011	11930	JERRYS AUTOMOTIVE TOWING	\$669.59	
00085481	11/4/2011	12560	KESTER MEG	\$216.50	
00085482	11/4/2011	12845	KNIGHT FIRE PROTECTION	\$3,223.32	
00085483	11/4/2011	12875	KPFF CONSULTING ENGINEERS INC	\$2,065.45	
00085484	11/4/2011	13240	LAB SAFETY SUPPLY INC	\$426.84	
00085485	11/4/2011	13510	LES SCHWAB (TUMWATER)	\$80.98	
00085486	11/4/2011	13555	LIBBY ENVIRONMENTAL, LLC	\$210.00	
00085487	11/4/2011	13697	LUKER CLINT	\$90.00	
00085488	11/4/2011	13770	MARNIE SLAKEY	\$2,167.50	
00085489	11/4/2011	13793	MARTIN WAY COLLISION INC.	\$162.94	
00085490	11/4/2011	13850	MASON COUNTY TRANSIT	\$1,403.00	
00085491	11/4/2011	14160	MCMASTER-CARR SUPPLY CO.	\$615.97	
00085492	11/4/2011	14590	MOHAWK MFG & SUPPLY	\$93.28	
00085493	11/4/2011	14839	MYERS TIRE SUPPLY	\$4,268.74	
00085494	11/4/2011	14900	NAPA AUTO PARTS	\$182.69	
00085495	11/4/2011	16608	PACIFIC WALK-IN CLINIC	\$80.00	
00085496	11/4/2011	16695	PATTISON WATER COMPANY	\$148.46	
00085497	11/4/2011	16751	PERKINS KATHLEEN	\$103.26	
00085498	11/4/2011	16760	PETTIT OIL COMPANY	\$6,073.93	
00085499	11/4/2011	16765	PETRO CARD	\$133,423.43	
00085500	11/4/2011	16841	PIONEER FIRE & SECURITY INC	\$376.98	
00085501	11/4/2011	17300	PUGET SOUND MEETING SERVICES	\$786.20	
00085502	11/4/2011	17505	RAINIER DODGE INC	\$103.48	
00085503	11/4/2011	17525	RAMCO ENGINEERING INC	\$170.94	
00085504	11/4/2011	17530	RAYTHEON PROFESSIONAL SERVICES LLC	\$5,160.00	
00085505	11/4/2011	17560	RE AUTO ELECTRIC INC	\$1,152.05	
00085506	11/4/2011	17730	ROBINSON ROB	\$65.00	
00085507	11/4/2011	17900	SCHETKY NW SALES INC	\$429.65	
00085508	11/4/2011	18035	SEWARD RHODETTA	\$224.94	
00085509	11/4/2011	18085	SIEMENS ENTERPRISE COMMUNICATIONS IN	\$271.75	
00085510	11/4/2011	18210	SME SOLUTIONS, LLC	\$106.34	
00085511	11/4/2011	18395	SOUTH SOUND PHYSICAL & HAND THERAPY	\$240.00	
00085512	11/4/2011	18470	SPORTWORKS NORTHWEST INC	\$224.53	
00085513	11/4/2011	18473	SPRAGUE	\$91.30	
00085514	11/4/2011	18510	SRG PARTNERSHIP	\$25,104.19	
00085515	11/4/2011	18637	STEVENS CYNTHIA	\$65.00	
00085516	11/4/2011	18643	STOCKARD, JESSE	\$200.00	
00085517	11/4/2011	18705	SUNBELT RENTALS	\$409.11	
00085518	11/4/2011	18720	SUPER BEE WHEEL ALIGNMENT	\$101.04	
00085519	11/4/2011	18801	TAGS AWARDS & SPECIALTIES	\$8.97	
00085520	11/4/2011	18815	TALEO CORPORATION	\$1,359.84	
00085521	11/4/2011	18940	TENNANT COMPANY	\$633.64	
00085522	11/4/2011	18990	THERMO KING NORTHWEST	\$459.73	
00085523	11/4/2011	21930	TIRES INC	\$13,769.91	
00085524	11/4/2011	21950	TITUS-WILL CHEVROLET	\$689.07	
00085525	11/4/2011	22010	TOYOTA OF OLYMPIA	\$99.74	
00085526	11/4/2011	22100	TRANSIT SOLUTIONS, LLC	\$5,762.55	
00085527	11/4/2011	23400	U S BANK CORPORATE PAYMENT SYSTEMS	\$17,197.72	
00085528	11/4/2011	23405	U S BANK or CORPORATE PAYMENT SYSTEM		<input checked="" type="checkbox"/>
00085529	11/4/2011	23405	U S BANK or CORPORATE PAYMENT SYSTEM	\$9,759.18	
00085530	11/4/2011	23480	U S DEPT OF EDUCATION	\$202.34	

**Intercity Transit**  
**Accounts Payable Check Disbursement List**

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/04/2011

Thru Date: 11/04/2011

Check #	Check Date	Ref #	Name	Amount	Voided
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00085533	11/4/2011	23790	VENTILATION POWER INC	\$1,659.41	
00085534	11/4/2011	24000	W W GRAINGER INC	\$724.25	
00085535	11/4/2011	24030	WA ST AUDITORS OFFICE	\$5,810.20	
00085536	11/4/2011	24215	WA ST DEPT OF L & I	\$334.00	
00085537	11/4/2011	24740	WA ST EMPLOYMENT SECURITY DEPARTME	\$3,052.00	
00085538	11/4/2011	24750	WA ST GET PROGRAM	\$347.50	
00085539	11/4/2011	25380	WASHINGTON GARDENS	\$314.65	
00085540	11/4/2011	25670	WAXIE SANITARY SUPPLY	\$945.11	
00085541	11/4/2011	26720	ZEP MANUFACTURING CO	\$1,791.59	
00085542	11/4/2011	26730	ZEPP MEL	\$100.00	
			<b>Total:</b>	<b>\$646,925.83</b>	

# Intercity Transit

## Accounts Payable Check Disbursement List

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/18/2011

Thru Date: 11/18/2011

Check #	Check Date	Ref #	Name	Amount	Voided
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00085547	11/18/2011	01660	ALL STAR FORD	\$141.10	
00085548	11/18/2011	01780	AMALGAMATED TRANSIT UNION 1765	\$179.00	
00085549	11/18/2011	01805	AMB TOOLS AND EQUIPMENT CO INC	\$98.26	
00085550	11/18/2011	01895	AMERICAN PETROLEUM ENVIRONMENTAL S	\$100.00	
00085551	11/18/2011	02060	AMERISAFE	\$33.16	
00085552	11/18/2011	02380	ARAMARK UNIFORM SERVICES	\$1,047.56	
00085553	11/18/2011	02480	ASE SUPPLY INC	\$68.98	
00085554	11/18/2011	02760	ATLAS SUPPLY CO	\$73.41	
00085555	11/18/2011	03350	BERNIE'S CUSTOM PAINT, INC.	\$1,160.05	
00085556	11/18/2011	03560	BJORGEN BAUER PLLC	\$2,640.00	
00085557	11/18/2011	03680	BLUMENTHAL UNIFORMS & EQUIPMENT	\$954.32	
00085558	11/18/2011	03940	BROWN & BALSLEY SIGN COMPANY	\$193.71	
00085559	11/18/2011	04040	BUD CLARY CHEVROLET	\$499.04	
00085560	11/18/2011	04105	BUILDERS EXCHANGE OF WASHINGTON INC	\$121.75	
00085561	11/18/2011	04260	BUSINESS EXAMINER	\$795.00	
00085562	11/18/2011	05283	CAPITAL MEDICAL CENTER - SPECIALTY	\$420.00	
00085563	11/18/2011	05340	CAPITOL COURIER SERVICE	\$340.30	
00085564	11/18/2011	05380	CARDINAL HEALTH MEDICAL PRODUCTS/SE	\$1,819.75	
00085565	11/18/2011	05460	CARQUEST AUTO PARTS-OLY	\$261.07	
00085566	11/18/2011	05680	CCH INCORPORATED	\$284.80	
00085567	11/18/2011	05720	CDW GOVERNMENT INC	\$485.67	
00085568	11/18/2011	05740	CED	\$138.53	
00085569	11/18/2011	05940	CENTURY LINK	\$3,254.05	
00085570	11/18/2011	06440	COASTAL BUSINESS SERVICES GROUP INC	\$7,570.00	
00085571	11/18/2011	06470	COASTWIDE LABORATORIES - DIV OF STAP	\$59.74	
00085572	11/18/2011	06603	COMCAST	\$750.00	
00085573	11/18/2011	06607	COMDATA	\$46,901.63	
00085574	11/18/2011	06610	COMMERCIAL BRAKE & CLUTCH	\$241.99	
00085575	11/18/2011	06945	COREY CANAPARY & GALANIS	\$1,375.00	
00085576	11/18/2011	07105	CRAIN'S OFFICE SUPPLY	\$920.20	
00085577	11/18/2011	07120	CREATIVE OFFICE THE	\$81.53	
00085578	11/18/2011	07150	CROSSROADS COLLISION CENTER	\$3,012.51	
00085579	11/18/2011	07220	CUMMINS NORTHWEST INC	\$2,786.64	
00085580	11/18/2011	07240	CURTIS LUMBER COMPANY	\$69.57	
00085581	11/18/2011	07520	DAILY JOURNAL OF COMMERCE	\$88.00	
00085582	11/18/2011	07620	DAVIS WRIGHT TREMAINE LLP	\$645.00	
00085583	11/18/2011	07660	DAYTECH LIMITED	\$4,650.00	
00085584	11/18/2011	07905	DEX MEDIA WEST	\$5,072.33	
00085585	11/18/2011	08430	DUDEK DAVID	\$70.00	
00085586	11/18/2011	08680	EHRLICH'S OFFICE PRODUCTS	\$294.10	
00085587	11/18/2011	08780	EMERALD RECYCLING SERVICE	\$257.88	
00085588	11/18/2011	09005	ESRI INC	\$8,750.35	
00085589	11/18/2011	09120	EXCEL SUPPLY COMPANY	\$173.49	
00085590	11/18/2011	09180	EXPRESS SERVICES INC	\$270.00	
00085591	11/18/2011	09575	FASTENAL COMPANY	\$264.74	
00085592	11/18/2011	09605	FEDERAL EXPRESS CORP	\$9.10	
00085593	11/18/2011	10660	GILLIG LLC		<input checked="" type="checkbox"/>
00085594	11/18/2011	10660	GILLIG LLC	\$8,126.15	
00085595	11/18/2011	10758	GORDON THOMAS HONEYWELL GOV AFFAIR	\$6,068.07	
00085596	11/18/2011	10820	GRAPHIC COMMUNICATIONS	\$144.57	
00085597	11/18/2011	11060	HARLEQUIN PRODUCTIONS	\$1,264.50	
00085598	11/18/2011	11185	HEALTHFORCE PARTNERS INC	\$35.00	

# Intercity Transit

## Accounts Payable Check Disbursement List

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/18/2011

Thru Date: 11/18/2011

Check #	Check Date	Ref #	Name	Amount	Voided
00085599	11/18/2011	11215	HEIMAT LLC / MADRONA MORTGAGE	\$3,092.00	
00085600	11/18/2011	11250	HERGUTH LABORATORIES INC.	\$181.39	
00085601	11/18/2011	11308	HOFSTETTER SHANNON	\$434.78	
00085602	11/18/2011	11310	HOGAN MFG INC	\$129.12	
00085603	11/18/2011	11422	HUNG RIGHT DOORS LLC	\$1,087.00	
00085604	11/18/2011	11523	IKON OFFICE SOLUTIONS	\$627.69	
00085605	11/18/2011	11525	IKON OFFICE SOLUTIONS	\$1,253.35	
00085606	11/18/2011	11535	ILIUM ASSOCIATES INC	\$1,408.50	
00085607	11/18/2011	11615	INDUSTRIAL HYDRAULICS INC	\$147.29	
00085608	11/18/2011	11690	INNOVAGING	\$695.00	
00085609	11/18/2011	11703	INSTEP MARKETING INC	\$6,879.86	
00085610	11/18/2011	11810	INTERSTATE BATTERY	\$1,352.82	
00085611	11/18/2011	11905	JANEK CORPORATION	\$1,744.64	
00085612	11/18/2011	11930	JERRYS AUTOMOTIVE TOWING	\$476.11	
00085613	11/18/2011	12665	KGY INC	\$750.00	
00085614	11/18/2011	12725	KINGSIII EMERGENCY COMM	\$213.15	
00085615	11/18/2011	12875	KPFF CONSULTING ENGINEERS INC	\$49,447.05	
00085616	11/18/2011	13140	L G ISAACSON CO INC	\$167.85	
00085617	11/18/2011	13345	LAFROMBOISE COMMUNICATIONS INC	\$109.98	
00085618	11/18/2011	13485	LEMAY MOBILE SHREDDING	\$38.90	
00085619	11/18/2011	13505	LETTER PUBLICATIONS INC	\$674.00	
00085620	11/18/2011	13510	LES SCHWAB (TUMWATER)	\$273.12	
00085621	11/18/2011	13545	LEWIS COUNTY CHEMICAL	\$833.67	
00085622	11/18/2011	13661	LOOMIS	\$330.78	
00085623	11/18/2011	13750	MAILBOX OF OLYMPIA	\$700.00	
00085624	11/18/2011	14160	MCMaster-CARR SUPPLY CO.	\$484.85	
00085625	11/18/2011	14590	MOHAWK MFG & SUPPLY	\$69.46	
00085626	11/18/2011	14610	MOORE WALLACE	\$69.03	
00085627	11/18/2011	14900	NAPA AUTO PARTS	\$457.54	
00085628	11/18/2011	15385	OFFICE DEPOT	\$675.99	
00085629	11/18/2011	15430	OFFICE OF MINORITY AND WOMEN BUSINES	\$100.00	
00085630	11/18/2011	15545	OLYMPIA COPY & PRINTING	\$558.61	
00085631	11/18/2011	15700	OLYMPIAN THE	\$2,329.93	
00085632	11/18/2011	16490	PACIFIC DISPOSAL INC	\$713.30	
00085633	11/18/2011	16595	PACIFIC POWER PRODUCTS	\$509.52	
00085634	11/18/2011	16608	PACIFIC WALK-IN CLINIC	\$240.00	
00085635	11/18/2011	16765	PETRO CARD	\$98,497.90	
00085636	11/18/2011	16841	PIONEER FIRE & SECURITY INC	\$450.00	
00085637	11/18/2011	17290	PUGET SOUND ENERGY	\$18,930.07	
00085638	11/18/2011	17392	QUALITY PARKING LOT SERVICES LLC	\$902.21	
00085639	11/18/2011	17505	RAINIER DODGE INC	\$110.96	
00085640	11/18/2011	17900	SCHETKY NW SALES INC	\$410.34	
00085641	11/18/2011	17970	SEATTLE MEDIUM	\$216.00	
00085642	11/18/2011	18040	SHAIRULLA AFZAL	\$135.86	
00085643	11/18/2011	18068	SHINING EXAMPLE INC	\$303.33	
00085644	11/18/2011	18075	SIEGEL OIL COMPANY	\$159.42	
00085645	11/18/2011	18145	SIX ROBBLEES INC	\$31.13	
00085646	11/18/2011	18210	SME SOLUTIONS, LLC	\$35.93	
00085647	11/18/2011	18330	SOUND LANDSCAPE PROFESSIONALS	\$3,424.05	
00085648	11/18/2011	18470	SPORTWORKS NORTHWEST INC	\$121.59	
00085649	11/18/2011	18510	SRG PARTNERSHIP	\$154.44	
00085650	11/18/2011	18620	STERICYCLE INC	\$83.13	
00085651	11/18/2011	18705	SUNBELT RENTALS	\$401.84	
00085652	11/18/2011	18720	SUPER BEE WHEEL ALIGNMENT	\$101.04	

**Intercity Transit**  
**Accounts Payable Check Disbursement List**

Checking Account #: 0040007203

ACCOUNTS PAYABLE WARRANTS

From Date: 11/18/2011

Thru Date: 11/18/2011

Check #	Check Date	Ref #	Name	Amount	Voided
00085653	11/18/2011	18735	SUPERIOR IMAGING GROUP	\$857.39	
00085654	11/18/2011	18767	TACOMA SCREW PRODUCTS	\$145.01	
00085655	11/18/2011	18801	TAGS AWARDS & SPECIALTIES	\$88.63	
00085656	11/18/2011	18925	TENINO INDEPENDENT	\$10.36	
00085657	11/18/2011	18940	TENNANT COMPANY	\$284.84	
00085658	11/18/2011	18970	TETRA TECH INC	\$2,845.16	
00085659	11/18/2011	18990	THERMO KING NORTHWEST	\$6,567.51	
00085660	11/18/2011	21830	THURSTON COUNTY SOLID WASTE	\$15.00	
00085661	11/18/2011	21910	THYSSENKRUPP ELEVATOR	\$739.20	
00085662	11/18/2011	21950	TITUS-WILL CHEVROLET	\$1,273.38	
00085663	11/18/2011	22420	TUMWATER PRINTING	\$1,293.53	
00085664	11/18/2011	23480	U S DEPT OF EDUCATION	\$206.50	
00085665	11/18/2011	23620	UNITED PARCEL SERVICE	\$175.55	
00085666	11/18/2011	23713	UNIVERSITY SPORTS PUBLICATIONS CO INC	\$750.00	
00085667	11/18/2011	23808	VERINT VIDEO SOLUTIONS INC	\$748.00	
00085668	11/18/2011	23820	VERIZON WIRELESS	\$1,447.48	
00085669	11/18/2011	24000	W W GRAINGER INC	\$1,013.83	
00085670	11/18/2011	24030	WA ST AUDITORS OFFICE	\$41.80	
00085671	11/18/2011	24040	WA ST CONSOLIDATED TECHNOLOGY SERVI	\$141.71	
00085672	11/18/2011	24100	WA ST DEPT OF ECOLOGY 1	\$1,090.00	
00085673	11/18/2011	24140	WA ST DEPT OF ENTERPRISE SERVICES	\$581.52	
00085674	11/18/2011	24215	WA ST DEPT OF L & I	\$331.39	
00085675	11/18/2011	24750	WA ST GET PROGRAM	\$347.50	
00085676	11/18/2011	25220	WASHINGTON ARCHIVES MANAGEMENT	\$258.09	
00085677	11/18/2011	25275	WASHINGTON ASSOC OF PUBLIC RECORDS	\$75.00	
00085678	11/18/2011	25320	WASHINGTON CENTER FOR PERFORMING A	\$1,200.00	
00085679	11/18/2011	25560	WASHINGTON STATE TRANSIT ASSOCIATION	\$395.00	
00085680	11/18/2011	25670	WAXIE SANITARY SUPPLY	\$826.35	
00085681	11/18/2011	25980	WIECHERT ERIC	\$100.00	
00085682	11/18/2011	26040	WILLIAMS OIL FILTER SERVICE	\$723.69	
00085683	11/18/2011	26280	WRIGHT COMMUNICATIONS INC	\$360.00	
00085684	11/18/2011	26560	YELM CHAMBER OF COMMERCE	\$325.00	
00085685	11/18/2011	26720	ZEP MANUFACTURING CO	\$150.84	
00085686	11/18/2011	26800	ZUMAR INDUSTRIES INC	\$345.94	
<b>Total:</b>				<b>\$347,003.13</b>	





**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 4-D**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Rhodetta Seward (705-5856)

**SUBJECT:** Special Meeting

- 
- 1) **The Issue:** Whether to schedule special meetings for Monday, December 19, 2011, and Wednesday, December 21, 2011.
- 
- 2) **Recommended Action:** Schedule a special meeting for Monday, December 19, 2011, for the single purpose of conducting interviews for the Citizen Representative position, and a special meeting for Wednesday, December 21, 2011, to appoint a person to the Citizen Representative position, to approve the Discounted Bus Pass Program, to conduct an Executive Session to discuss the status of labor negotiations, and there will be two presentations.
- 
- 3) **Policy Analysis:** When needed, the Authority can schedule special meetings if the public is notified at least 24-hours in advance of the meeting.
- 
- 4) **Background:** After reviewing their schedules, a date that appears to work for all Authority members for interviewing the applicants for the Citizen Representative position is Monday, December 19, 2011. The Citizen Advisory Committee canceled their regular meeting, opening up the Intercity Transit boardroom for the meeting. After the interviews are completed, action will be needed to appoint the new member, which will take place at the meeting on the 21<sup>st</sup>. Since action is required, this needs to be a special meeting. At this same meeting, action is needed on the Discounted Bus Pass Program. Applications will be reviewed and a recommendation from staff regarding the grant awards will be made December 21.
- 
- 5) **Alternatives:**
- A. Schedule a special meeting for Monday, December 19, 2011, for the single purpose of conducting interviews for the Citizen Representative position, and a special meeting for Wednesday, December 21, 2011, to appoint a person to the Citizen Representative position, to approve the Discounted Bus Pass Program, to conduct an Executive Session to discuss the status of labor negotiations, and there will be two presentations.

- B. Delay the meetings until January 2012. The Authority would meet with one less board member, and the Discounted Bus Pass Program would have a delayed beginning, impacting the agencies depending on the passes for their clients. This would impact clients getting to medical appoints, work and employment.

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6) **Budget Notes:** N/A

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7) **Goal Reference:** N/A

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8) **References:** N/A

**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 4-E**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Erin Hamilton, 705-5837

**SUBJECT:** Printing and Delivery of 2012 Transit Guides

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1) **The Issue:** Authorization of contract award for the printing and delivery of the 2012 Transit Guide.

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2) **Recommended Action:** Authorize the General Manager to enter into a one-year contract with Consolidated Press Printing Company, Inc. to print and deliver 2012 Transit Guides.

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3) **Policy Analysis:** Procurement policy states the Authority must approve any expenditure over \$25,000.

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4) **Background:** Staff issued a Request for Bids for the printing and delivery of the 2012 Transit Guides on October 18, 2011.

Seven responsive bids were received by the bid submittal deadline of November 8. As the exact quantity of Transit Guides required throughout 2012 is demand-driven and difficult to project, bids were secured and evaluated on a price per unit basis.

The lowest cost, responsive and responsible bidder is Consolidated Press Printing Company, Inc. Staff reviewed all bid documents and conducted reference checks on this bidder and found everything to be in order.

Staff recommends the award of a contract for printing and delivery of 2012 Transit Guides to Consolidated Press Printing Company, Inc.

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5) **Alternatives:**

A. Authorize the General Manager to enter into a one-year contract with Consolidated Press Printing Company, Inc. to print and deliver 2012 Transit Guides.

B. Defer Action. A decision to delay may impact our ability to provide bus schedule books for the February service change.

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6) **Budget Notes:** The pending 2012 budget includes funds reserved for the printing and delivery of the Transit Guides. Depending upon the number of service changes and additional printings required, staff estimates expenditures between \$35,000 to \$45,000.

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7) **Goal References:** Goal 2: *"Provide outstanding customer service."*

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8) **References:** N/A.

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**MINUTES  
INTERCITY TRANSIT  
CITIZEN ADVISORY COMMITTEE  
November 21, 2011**

**CALL TO ORDER**

Chair Stephen Abernathy called the November 21, 2011, meeting of the Citizen Advisory Committee (CAC) to order at 5:33 p.m. at the administrative offices of Intercity Transit.

Members Present: Gerald Abernathy; Steve Abernathy; Matthew Connor; Valerie Elliott; Sreenath Gangula; Jill Geyen; Roberta Gray; Meta Hogan; Julie Hustoft; Don Melnick; Carl See; and Michael Van Gelder.

**Excused:** Wilfred Collins, Faith Hagenhofer, Joan O'Connell, and Kahlil Sibree.

**Unexcused:** Catherine Golding, Charles Richardson, and Rob Workman.

**Staff Present:** Mike Harbour, Rhodetta Seward, Ben Foreman, Ann Freeman-Manzanares, Marilyn Hemmann, and Shannie Jenkins.

**APPROVAL OF AGENDA**

**It was M/S/A by Gray and Melnick to approve the agenda.**

**INTRODUCTIONS**

A. Board member, Ed Hildreth, City of Tumwater Councilmember, was introduced.

**MEETING ATTENDANCE**

A. **December 7, 2011, Regular ITA Meeting** - Matthew Connor.

B. **December 21, 2011, Special Meeting-** Jill Geyen.

**APPROVAL OF MINUTES - October 17, 2011, Minutes**

**It was M/S/A by G. Abernathy and Gray to approve the minutes of October 17, 2011, as presented.**

## NEW BUSINESS

**A. 2012 Draft Budget** – Foreman gave a brief overview on the 2012 Draft Budget. The draft budget was presented to the Authority on November 2 and available to the public on November 3. The proposed 2012 budget is \$58.7 million. Foreman referred to a handout with a breakdown of new projects, 2012 capital projects, and 2011 roll-over projects. The amount designated for new projects is \$552,653 million and are as follows:

1. General wage increase	\$163,000
2. Salary survey adjustments	98,000
3. Short/long range service plan	80,000
4. Environmental & Sustainability Coordinator	75,500
5. Automotive Technician	58,000
6. Youth Education Assistant	45,000
7. ISO14001 certification	12,000
8. Replace the welding room precipitator	10,000
9. Sustainability committee (new committee)	6,500
10. Increase the hours of security at the OTC	3,153

Amounts for new positions include benefits, training, equipment, and all aspects for a new position. Non-represented staff and mechanics are at a 2% placeholder, subject to Authority approval. The last compensation/classification study conducted was in 2004. These are usually performed every three - four years; however, we have not completed one for seven years. This adjustment is for non-represented employees.

Foreman noted some of the highlighted items under Capital Projects. These cover 90% of the Capital Projects:

1. Seven hybrid buses	\$4,900,000
2. 46 Vanpool Vehicles	1,288,000
3. 11 Dial-A-Lift Vans	1,147,287
4. Olympia Transit Center Expansion	4,341,700
5. Hawks Prairie Park & Ride	4,321,115
6. Pattison Expansion	300,000

Elliott asked the time period of grant covering the Youth Assistant Program. Foreman noted it is for a two year period. Elliott asked if the proposed federal budget cuts across the board will impact these programs. Foreman responded money for these projects are already obligated. Freeman-Manzanares reported we just received a grant in the amount of \$1.5 million for new hybrid vehicles. G. Abernathy asked about the Replace

## CAC MEETING MINUTES

November 21, 2011

Page 3 of 6

Aging Equipment project. This is to replace IS equipment such as printers, servers, and switches. Melnick asked what type of electric vehicle is being considered. Hemmann responded we are purchasing at the Nissan Leaf. Van Gelder asked about the Security Camera Consultant. Foreman reported we have several different camera systems, and they do not talk to each other. We hope to have all cameras on a single system to be more efficient. See asked if budget restrictions will impact Pattison construction. Harbour responded it depends on further funds; however, we will continue to look for more federal funding.

A public hearing on the draft budget was held on November 16. The budget will go before the Authority for approval on December 7, 2011.

**Major Capital Projects – Status Report – Freeman-Manzanares and Hemmann** presented updated information on:

**B. Hawks Prairie Park and Ride** - Hemmann reported we received the WSDOT Regional Mobility grant to build the park-and-ride in Hawks Prairie. At this time, the 148 thousand tons of compaction is on the second half of the site and will continue for another three months. The work on the facility design is 90% complete; we anticipate a review for final approval in December. We are presently negotiating a contract with an engineering firm and anticipate awarding the bid out for construction in February 2012. The project is on schedule, and we expect the park-and-ride to be open in the fall of 2012. Gray asked what services will be provided from the park-and-ride. Harbour responded at this point it will be used primarily for vanpool and rideshare, and we hope to have express service in the future.

**C. Pattison Street Remodel and Expansion** - Freeman-Manzanares reported we completed our master plan for the Pattison expansion in June 2010, and looked at growth projections through 2035. Design work for Phase 1 is 30% complete, focusing on developing the north portion of the vacant lot. We are looking at expanding the maintenance capacity with separate fueling and wash centers and increase maintenance bays. Value Engineering provides a third party look at the design, function and performance to increase value of the project. Staff will meet with the design team in the first quarter of 2012 to look at what came out of the Value Engineering exercise. We anticipate recommending contract award for the final design the first quarter of 2012, and estimating the final design to take about 12 months, then construction is dependent upon federal funding.

**D. Olympia Transit Center** - The design work is almost at 30% design point. We are looking at building a two and a half story facility to accommodate Greyhound,

## CAC MEETING MINUTES

November 21, 2011

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increase passenger amenities, a covered waiting area, bike parking, additional bus space, and house Intercity Transit staff. Staff will recommend contract award for the final design at the December 7 Authority meeting. Value Engineering is anticipated to take place in February or March of 2012. We will have a discussion as to whether or not whether or not to include public art at the January Authority meeting.

Van Gelder asked if we considered sharing maintenance and parking with other public entities. Freeman-Manzanares responded projecting out through 2035 is quite a project trying to figure out how many vehicles and the type of work we will have with vanpools. Melnick asked how we will heat and cool the facilities. Freeman-Manzanares commented we are looking at achieving at least LEED Silver in sustainability. One thing missing at this time is the mechanic portion in design. Gangula asked if dollars automatically trigger a project. Freeman-Manzanares responded we work on a project-to-project basis. One of our cost saving strategies is hoping to achieve at least a 10% savings in adding items from phase two into phase one, such as developing the Vanpool Service Center. We are still playing with ideas to achieve greater value.

**E. CAC Attendance Policy Update** - Seward provided an update on the status of the CAC bylaws and attendance policy. The Authority reviewed the changes and adopted the policy and bylaws. The attendance now reads, *"A CAC member who is absent more than twenty-five percent of the regular monthly committee meetings during a twelve month period will be removed from the committee. A notification of membership forfeiture will automatically be sent to the respective member by the Chair of the Citizen Advisory Committee when the fourth absence in a 12-month period occurs"*. The Authority requested two wording changes. The new policy will go into effect at the next CAC meeting. Seward thanked Connor and Hogan for attending the Authority meeting to answer questions.

Seward presented two sample documents of meeting attendance reports. The intent is for members to know where they are with attendance each month. All members will start with a clean slate going forward. At next month's meeting, all members will have zero absences. When three absences occur, names will be highlighted and members will be on "the bubble." The report will show a 12-month period.

Gray suggested if a meeting is changed and an absence is excused, the wording should be something other than "excused." Some suggestions were "non chargeable" or "not applicable." Seward noted for record keeping, the absence needs to remain on the list; she will come up with a better word for the list. She reminded members again, there will no longer be "excused" absences. A member is just absent and it counts against



## CAC MEETING MINUTES

November 21, 2011

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them except when staff has to change the meeting date. This has rarely happened, and typically is only when the CAC and ITA conduct their joint meeting once each year.

Abernathy reiterated the role of the Chair is to notify members when they are on the bubble or off the Committee. Hogan responded the list gives committee members a chance to check up on other members to make sure we have a quorum. Gray asked about member replacement in the spring, and if we have a process to fill spots in the interim. Seward responded we usually have a list but do not at this time. A recruitment can be conducted outside the May timeframe, if warranted. Seward again reiterated four absences in a twelve month period is very lenient flexible.

Hogan noted a discrepancy in the bylaws. The attendance category states "the third Monday of the month" and the meeting schedule category states "January and February meetings will be held on the second Monday of the month."

Elliott reported she has a personal conflict with the meeting date in January. Gray moved to change all standard meetings to say the third Monday of each month, and staff can choose to reschedule. Van Gelder responded some people have long weekends when holidays occur on Mondays, and would like it to stay with the current wording. Elliott seconded the motion. See feels it is not a good policy to meet on days of public recognition such as Martin Luther King's birthday or President's Day, and stated we should not schedule a business meeting on those days. Hogan expressed concern with taking out current policy language and changing the wording, it would allow five absences. Seward clarified when staff is responsible for changing a meeting, members would not be penalized for an absence.

Chair Abernathy asked for a show of hands of those supporting changing the meetings to every third Monday. One in favor; five opposed; motion failed.

**It was M/S/A by Gray and Hogan to clean up the bylaws by eliminating just the single phrase "(the third Monday of the month)" in the new policy under attendance.**

### CONSUMER ISSUES:

1. Hustoft requested Route 62 start an hour earlier on the weekends.
2. Geyen asked if not having holiday service on all recognized holidays is still in effect. She feels it is important to offer at a Sunday level service on these holidays. Van Gelder asked if the recent market survey had any comments regarding this issue. Harbour commented there are three holidays a year we do not operate service, and this may be a good time to start this discussion if we are

## CAC MEETING MINUTES

November 21, 2011

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interested in bringing back a modified schedule for holidays. Harbour will talk to the Planning Department and bring information back to the committee.

3. Hustoft asked when Route 68 will be back on its regular service. Harbour responded this will be determined when construction is complete.
4. Melnick asked when the bus will get pulled from Panorama City. Staff will talk to Planning. Melnick suggested contacting Panorama City to let them know when this happens.
5. See asked if Route 68 is late in the morning, past Tumwater Safeway, due to construction. Van Gelder also rides this route and reported the trips from 7:00 to 8:30 a.m. are late and are due to the Yelm Highway construction.
6. Elliott requests receiving an updated list of CAC members' personal information. Seward will update list and get it out to members.
7. Seward reported all 280 series Dial-A-Lift vans are replaced and off the road.
8. Seward extended an invitation to CAC members the December 9 Holiday Banquet starting at 10:00 a.m. The program will be at noon, and food will be served until 4:30.

### NEXT MEETING

**It was M/S/A by Gray and Melnick to cancel the December 19 meeting. The CAC will then meet on January 9, 2012.**

### REPORTS

**A. November 2, 2011, Regular Meeting** - highlights of the Authority meeting was provided in packets.

**B. November 16, 2011, Special Meeting** - Van Gelder provided a brief report on the highlights of the special meeting.

### ADJOURNMENT

**It was M/S/A by Elliott and Van Gelder to adjourn the meeting at 6:53 p.m.**

Prepared by Shannie Jenkins, Executive/HR Assistant

**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 7-A**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Erin Scheel, Youth Education Specialist, 705-5839  
Bob Holman, Grants Program Administrator, 705-5885

**SUBJECT:** Safe Routes to School Grant for Intercity Transit Educational Activities via the City of Olympia from the Washington State Department of Transportation

- 
- 1) **The Issue:** Consideration of a sub-recipient agreement between Intercity Transit, the City of Olympia, the Olympia School District and Thurston Regional Planning Council awarding a two-year, \$25,950 educational encouragement grant under a \$58,700 Washington State Department of Transportation (WSDOT) Safe Routes to School grant received by the City of Olympia.
- 
- 2) **Recommended Action:** Authorize the General Manager to enter into a contract with the City of Olympia for the use of \$25,900 for educational activities related to alternative transportation over two years. This \$25,950 is part of the \$58,700 Safe Routes to School award to the City of Olympia.
- 
- 3) **Policy Analysis:** The procurement policy states the Authority must approve any expenditure over \$25,000.
- 
- 4) **Background:** The City of Olympia was recently awarded \$58,700 from WSDOT for a Safe Routes to School grant involving Garfield Elementary and supported by the Olympia School District, Intercity Transit and the Thurston Regional Planning Council. The purpose of this grant is to establish transportation related education, encouragement, engineering and enforcement activities at Garfield Elementary School, located on a busy and congested corridor on Olympia's west side.
- Intercity Transit will be a sub-recipient and use the funds to enhance its Smart Moves Youth Education efforts in the community. Funding will support Intercity Transit staff time and materials for classroom presentations, bike safety workshops, walking school bus coordination, and student, teacher and parent trainings. The City of Olympia/OSD/and TRPC will implement other components of the grant, to include school speed flashing beacons and associated

safety signage, installation of bike racks on school grounds and development of a Neighborhood Safe Walk Route Map.

Intercity Transit's Smart Moves youth education program encourages youth to walk, bicycle, and use the bus. This encouragement is key to reducing vehicles and related harmful emission and safety concerns at school sites, while introducing and continuing alternative mode use (instead of SOV use). This activity is also intended to support the creation of life-long habits that support personal and environmental health which is consistent with Intercity Transit's Mission and our Environmental and Sustainability Policy.

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5) **Alternatives:**

- A. Authorize the General Manager to enter into a contract with the City of Olympia for the use of \$25,900 for educational activities related to alternative transportation over two years. This \$25,950 is part of the \$58,700 Safe Routes to School award to the City of Olympia.
- B. Reject the grant.

- 
- 6) **Budget Notes:** The budget for Intercity Transit's expenditure of \$25,950 in grant funds will be included in the Marketing & Communications division budget for youth education for the next two years (2012 and 2013). These funds will help support a temporary project assistant for the agency's youth education program.

- 
- 7) **Goal Reference:** Goal #4: *"Provide responsive transportation options."*

- 
- 8) **References:** Interlocal Agreement between the City of Olympia, the Olympia School District, Intercity Transit, and Thurston Regional Planning Council for Safe Routes to School Grant, Garfield Elementary School.

When recorded return to:  
City of Olympia  
PO Box 1967  
Olympia, WA 98507-1967

**INTERLOCAL AGREEMENT  
BETWEEN  
THE CITY OF OLYMPIA, THE OLYMPIA SCHOOL DISTRICT, INTERCITY  
TRANSIT, AND THURSTON REGIONAL PLANNING COUNCIL  
FOR  
SAFE ROUTES TO SCHOOL GRANT, GARFIELD ELEMENTARY SCHOOL**

**Whereas**, the City of Olympia, the Olympia School District, Intercity Transit, and Thurston Regional Planning Council are interested in reducing car trips to schools and increasing the percentage of kids walking and biking to school.

**Whereas**, the City of Olympia, the Olympia School District, Intercity Transit, and Thurston Regional Planning Council, along with other partners, secured *Safe Routes to School* grant funds to develop programs at Garfield Elementary School to encourage students to walk and bike to school.

**Whereas**, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

**Whereas**, pursuant to RCW 39.34.080, each party is authorized to contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform: provided, that such contract shall be authorized by the governing body of each party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Olympia (OLYMPIA), the Olympia School District (DISTRICT) Intercity Transit (IT), and Thurston Regional Planning Council (TRPC) agree as follows:

**I. Purpose/Objective**

OLYMPIA and the DISTRICT, IT, and TRPC agree to partner and complete requirements for the Washington State Department of Transportation (WSDOT) 2010 Safe Routes to School, Safe Walking Routes grant program at Garfield Elementary School.

## II. Lead agency status

OLYMPIA is the lead agency and will collaborate with the DISTRICT, IT, and TRPC. As Lead Agency, OLYMPIA will administer the grant.

## III. City of Olympia Responsibilities

OLYMPIA's responsibilities shall be as more specifically outlined in the attached WSDOT 2010 Safe Routes to School Grant Application Form attached as *Exhibit A* and shall generally include the following:

- A. Provide financial administration of the grant, including submitting pay requests and receiving and distributing payments.
- B. Prepare and submit quarterly progress reports to WSDOT.

## IV. District, IT, and TRPC Responsibilities

The DISTRICT's, IT's, and TRPC's responsibilities shall be as more specifically outlined in the attached WSDOT 2010 Safe Routes to School Grant Application Form attached as *Exhibit A* and shall generally include the following:

- A. Fulfill all requirements of the recipient in the 2010 Safe Routes to School, Safe Walking Routes grant application for Garfield Elementary School.
- B. Submit invoice vouchers and supportive documentation for payment to OLYMPIA.

## V. Method of Payment

- A. The DISTRICT, IT, and TRPC will each invoice OLYMPIA quarterly.
- B. Upon completion of the work set forth in the invoice, payment will be made by OLYMPIA within thirty (30) days of receipt of an invoice from the DISTRICT, IT, and TRPC upon completion of work.

## VI. Maximum Amount

- A. The maximum amount for the Garfield Elementary, Safe Walking Routes grant is not to exceed \$58,700.
- B. See Exhibit B for an estimate of the breakdown of amounts eligible for reimbursement to each agency, according to their responsibilities. The Contract Administrators have the authority to agree on an adjustment of these amounts

between agencies, so long as the total amount does not exceed the amount allowed under the grant and any such adjustment complies with the grant in all other respects.

**VII. Indemnification & Insurance**

The DISTRICT, IT, TRPC and OLYMPIA each agree to defend, indemnify and hold each of the other parties, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with that entity's respective performance of its responsibilities under the Agreement, except to the extent such injuries and damages are caused by the negligence of the other parties.

**VIII. Joint Board**

This Agreement creates no Joint Board and no separate legal entity.

**IX. Duration of Agreement**

This Agreement shall be effective until September 15, 2013 unless otherwise terminated in the manner described under the termination section of this Agreement.

**X. Termination of Agreement**

This Agreement may be terminated upon sixty (60) days notice to the other party using the method of notice provided for in this Agreement.

**XI. Entire Agreement**

This Agreement sets forth all terms and conditions agreed upon by OLYMPIA and the DISTRICT, INTERCITY TRANSIT, and TRPC, and supersedes any and all prior agreements oral or otherwise with respect to the subject matter addressed herein.

**XII. Recording**

Prior to its entry into force, this Agreement shall be filed with the Thurston County Auditor's Office or posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

**XIII. Contract Administrators/Notice**

The contract administrator for each agency is listed below. Any notice required under this Agreement shall be to the contract administrator at the address listed below and shall

become effective three days following the date of deposit in the United States Postal Service.

CITY OF OLYMPIA

Attn: Kerry Tarullo, Associate Planner  
PO Box 1967  
Olympia, WA 98507-1967

OLYMPIA SCHOOL DISTRICT

Attn: Timothy Byrne, Supervisor of Capitol Planning and Construction  
Knox Administrative Center  
1113 Legion Way SE  
Olympia, WA 98501

INTERCITY TRANSIT

Attn: Erin Scheel, Youth Education Specialist  
PO Box 659  
Olympia, WA 98507-0659

THURSTON REGIONAL PLANNING COUNCIL

Attn: Jared Burbidge, Assistant Director  
2424 Heritage Court SW, Suite A  
Olympia, WA 98502

**XIII. Interpretation and Venue**

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties hereby agree that venue for enforcement of this agreement shall be the Superior Court of Thurston County.

**XIV. Effective Date**

This Agreement shall take effect on the date of the last authorizing signature affixed hereto.



**CITY OF OLYMPIA**

**OLYMPIA SCHOOL DISTRICT**

\_\_\_\_\_  
Doug Mah, Mayor

Date:

Approved as to form:



\_\_\_\_\_  
Annaliese Harksen  
Assistant City Attorney

**INTERCITY TRANSIT**

\_\_\_\_\_  
Mike Harbour, General Manager

Date:

Approved as to form:

\_\_\_\_\_  
Thomas R. Bjorgen, Principal Attorney



\_\_\_\_\_  
Timothy Byrne, Supervisor of Capital  
Planning and Construction

Date:

Approved as to form:

\_\_\_\_\_  
Andrew Greene, Perkins Coie  
Attorney

**TRPC**

\_\_\_\_\_  
Lon Wyrick, Executive Director

Date:

Approved as to form:

\_\_\_\_\_  
Jared Burbidge, Assistant Director

**2010 Safe Routes to School  
Grant Application Form**



**Washington State  
Department of Transportation**

**Project Title and Location: Garfield Elementary School, Safe Walking Routes**

**School(s) Name and Address: Garfield Elementary, Olympia School District, Olympia, WA**

**Number of children that live with-in two miles of the school: 343**

**Number of children that get to the target school(s) by:**

Walking: 44 Biking: 9 School Bus: 57 Family Vehicle: 97 Carpool: 14 Transit: 2 Other 5  
(Use the Safe Routes to School Student In-Class Travel Talley to collect this information.)

**Date Student In-Class Travel Talley was conducted: 4/30/10 and 5/3/10 Grades targeted: 1-5**

**Lead Agency and Project Manager**

**Lead Agency Name: City of Olympia**  
**Project Manager: Randy Wesselman**  
**Title: Transportation Engineering and Planning  
Manager**  
**Address: 924 7<sup>th</sup> Ave, SE, Suite A**  
**Olympia, WA 98501**  
**Phone: 360-753-8477**  
**Fax: 360-709-2797**  
**E-mail: rwesselm@ci.olympia.wa.us**

**Grant Request and Total Project Cost:**

Engineering/Infrastructure	\$ 24,750
Education/Encouragement	\$ 32,550
Enforcement	\$ 1,400
<b>Total Request</b>	<b>\$ 58,700</b>
Match/In-kind	\$ 0
<b>Total Project Cost</b>	<b>\$ 58,700</b>

**State Legislative District #: 22**

**Project Description** (Use one sentence to summarize each element of the project.)

**Engineering:** Install school speed limit zone flashing beacons at the intersection of Harrison Ave. and Perry St., ultimately reducing traffic speeds around the most heavily used crosswalk by students traveling to Garfield Elementary School. Installation of additional bicycle parking, accommodating 30 more bicycle parking spaces on school grounds, making it more convenient for students to bike to school.

**Education/Encouragement:** This element will include training a staff PE teacher in the League of American Bicyclist's bicycle education curriculum, supplying the school with a fleet of bicycles for one PE class, and integrating bicycle education into the PE curriculum. Development of a safe walking routes map and a formal Walking School Bus with a paid para-educator walking guard will be implemented. A local child development counselor will offer personal safety workshops for parents. Weekly and quarterly encouragement events will increase participation in walking and biking to school, with safety equipment incentives for participation, and classroom awards when milestones are reached.

**Enforcement:** This element will include a Pace Car program where parents and students sign pledges to drive the speed limit at all times, ultimately slowing traffic in the Garfield neighborhood. The program will also call on the City's volunteer speed watch program. The Olympia Police Department will assist with the Neighborhood Speed Watch Program and additional patrol when needed.

**Recent Progress** (Describe any efforts or portions of the project that have been completed or are underway)

Although Garfield Elementary School has not had the benefit of a walk/bike education program yet, a Walk n' Roll program has been implemented at three other schools in the district. These programs have parent participation, as well as great results with increased walking and biking to school (car drop off decreased from an average of 47% at the beginning of the year to 17% on end of year Walking and Wheeling Wednesday event days). Since Walk n' Roll began in 2008, a Walk n' Roll Parent Steering Committee was developed for parents from all three schools. Parents of children at Garfield have already been identified to serve on this committee. The steering committee is interested in pooling resources and ideas in order to help identify ways to sustain and build the program.

EXHIBIT A

**PROJECT SCHEDULE AND COST SUMMARY SECTION**

**Safe Routes to School Project Planned Milestones and Target Dates**

Fall/Winter 2011-2012:

- Walk n' Roll outreach begins
- The Walking School Bus begins
- Walking and Wheeling Wednesdays begins
- The Pace Car Campaign launches
- Development of a school routes map begins
- The school participates in International Walk to School Day in October
- Undriver's Licenses are issued to interested families at family events
- Engineering improvement work begins: installation of school speed zone flashing beacons, installation of bicycle racks

Spring 2012:

- Bike to School Month and Day in May
- Students in after school programs participate in bike education
- "Safety without Fear" parent education class are held
- Guest speaker Willie Weir speaks at school assembly
- Students in after school classes conduct Speed Audits and create PSA's encouraging adults to pledge to be "Pace Cars"

Fall/Winter 2012-2013 :

- Back to School Orientation will include Pace Car pledges, bike, walk and transit information, and the Undriver's License station
- Garfield participates in International Walk to School Day in October
- Education and encouragement activities continue

Spring 2013 :

- Bike to School Month and Day in May
- Students in after school programs participate in bike education
- "Safety without Fear" parent education class are held
- Guest speaker speaks at school bike assembly
- Students in after school classes conduct Speed Audits to create PSA's encouraging adults to pledge to be "Pace Cars"

Project Element	Scheduled	Amount
Education/Encouragement	9/11 – 6/13	\$ 32,550
Enforcement	9/11 – 6/13	\$ 1,400
Project Definition (agreement signed)	8/11	\$ 300
Begin PE	8/11 – 9/11	\$ 5000
Environmental Docs Approved	9/11 – 10/11	\$ 0
ROW Complete (certification)	NA	\$ 0
Contract Advertised	10/11	\$ 19,450
Open to Public (operationally complete)	12/11	\$ 0

Project Cost Summary	Dollars in thousands	Percent of total	2011-13 Cash Flow (expenditures billed to WSDOT):
Note applicable costs			
<b>Engineering:</b>			<u>Date Planned</u>
Preliminary Engineering	\$ 5,000	9%	9/11 \$ 11,000
Right-of-Way	\$ 0	0%	12/11 \$ 23,750
Construction	\$ 19,750	34%	3/12 \$ 4,000
Operations/Services	\$ 0	0%	6/12 \$ 4,000
			9/12 \$ 4,000
Education/Encouragement Program	\$ 32,550	55%	12/12 \$ 4,000
			3/13 \$ 4,000
Enforcement Program	\$ 1,400	2%	6/13 \$ 3,950
			<b>Total 09-13 \$ 58,700</b>
<b>Total Grant Request:</b>	<b>\$ 58,700</b>	<b>0%</b>	<i>Est. Re-appropriation</i> \$ 0
			<i>Future Biennium</i> \$ 0
			<b>TOTAL \$ 58,700</b>

EXHIBIT A

<b>Target Location Details Section</b>													
<b>Type of School (Check schools that apply):</b> Kindergarten <input checked="" type="checkbox"/> Primary School <input checked="" type="checkbox"/> Middle School _____ High School _____													
<b>Current Conditions. Describe the current conditions (e.g., existing roadway conditions, speed, risk factors).</b>  Harrison Avenue at Perry Street is the most frequently used school crossing for students traveling south of Garfield Elementary School. Characterized by high-traffic volumes and vehicles that travel above the 25 MPH speed limit, this street crossing is a barrier for children walking to and from the school. There are school speed limit zone signs of 20 MPH "When Children Are Present" on the approaches to the Perry Street intersection. Driver attention to, and compliance with the 20 MPH school speed limit zone needs to be enhanced.  Ninety-eight percent of Garfield Elementary students live within a close proximity (1.3 miles) to the school and have a high potential to increase walking trips to school. School speed limit zone flashing beacons will enhance driver attention to the reduced 20 MPH speed limit. Reduced vehicle speeds and increased attention to the school speed limit zone will promote a safe walking route and increase school walking trips.													
<b>Distance from project site to target school. (Please check):</b> Less than ¼ mile <input checked="" type="checkbox"/> ¼ to 1 mile _____ 1 to 2 miles _____ Comments:	<b>Posted Travel Speed at project site location. (Please check):</b> 40 mph and above _____ 30-35 mph _____ 25 mph <input checked="" type="checkbox"/> 20 mph _____ Operating speed (85 <sup>th</sup> percentile): 32 MPH												
<b>Distance from project site to vehicle/bike or vehicle/pedestrian crash location - 2007 to present. (Please indicate number of crashes):</b> Less than ¼ mile <input checked="" type="checkbox"/> ¼ to 1 mile _____ 1 to 2 miles _____ Comments: 2 - Vehicle/Bicycle Crashes	<b>Current crossing accommodations between project site and school. (Please indicate number for all that apply):</b> None: _____ Marked crosswalks _____ Marked crosswalk plus traffic calming: _____ Crossing guard or student safety patrol: <u>1</u> Stop sign or traffic signal: <u>1</u> Comments: At intersection of Harrison Ave & Perry St.												
<b>Number of travel lanes at project site location (Please check):</b> 4 or more lanes (w/ two way left turn lane) _____ 4 lanes <input checked="" type="checkbox"/> 2 or 3 lanes _____ Comments: Harrison Avenue is an Arterial Street	<b>Existing traffic volumes at project site location. (Please check):</b> Greater than 15,000 ADT <input checked="" type="checkbox"/> 10,000 to 15,000 ADT _____ 5,000 to 10,000 ADT _____ Less than 5,000 ADT _____ Comments: Harrison Avenue has an ADT of 18,500												
<b>Horizontal and/or vertical stopping sight distance from project site: (AASHTO green book or Design Manual)</b> <table style="width: 100%; border: none;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: center;"><u>Required</u></th> <th style="text-align: center;"><u>Actual</u></th> </tr> </thead> <tbody> <tr> <td>Doesn't meet minimum stopping distance requirements</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Meets desirable to minimum stopping distance requirements</td> <td style="text-align: center;"><u>155</u></td> <td style="text-align: center;"><u>More than 200</u></td> </tr> <tr> <td>Not applicable, no crossing improvement included in project:</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> Comments:			<u>Required</u>	<u>Actual</u>	Doesn't meet minimum stopping distance requirements	_____	_____	Meets desirable to minimum stopping distance requirements	<u>155</u>	<u>More than 200</u>	Not applicable, no crossing improvement included in project:	_____	_____
	<u>Required</u>	<u>Actual</u>											
Doesn't meet minimum stopping distance requirements	_____	_____											
Meets desirable to minimum stopping distance requirements	<u>155</u>	<u>More than 200</u>											
Not applicable, no crossing improvement included in project:	_____	_____											

## EXHIBIT A

**Project Detail:** Describe the proposed work for each of the following project elements: Engineering, Education, Encouragement, and Enforcement.

### Engineering

- **School speed limit zone flashing beacons** and associated signing are proposed for the intersection of Harrison Avenue at Perry Street to serve students walking and biking to Garfield Elementary School. Two beacon systems are proposed on Harrison Avenue; one at the western approach and one the eastern approach to the Perry Street intersection.  
School speed limit zone flashing beacons increase roadway safety near schools, by informing motorists that a school zone speed limit is in effect. These beacons can enhance the safety of students walking and biking to and from school, and crossing streets in the vicinity of the school. Driver awareness can increase roadway safety near the school, which has the potential to encourage additional students to walk and bike instead of being driven to school.
- **Bicycle racks** will be installed on school grounds, increasing bicycle parking by 30 spaces, making it more convenient for students to bike to school.

### Education

- **PE Bicycle Education**—A Garfield PE teacher will train with the League of American Bicyclists to become a certified bicycle education instructor. The teacher will incorporate the League's youth bicycle education curriculum into their 5<sup>th</sup> grade PE class. A fleet of bicycles and helmets for one full PE class will be provided for the school to use as a part of their PE equipment. The bicycles and curriculum can be used beyond the life of this grant.
- **Bicycle Education** – Garfield Elementary participates in Intercity Transit and the Olympia School District's Annual Bike to School Day. Garfield will expand Bike to School Day to Bike Month during May. Bike Month incorporates bicycle education, encouragement, and advocacy. Bicycle skills courses will be held after school twice a year. Intercity Transit will work with parent volunteers to teach bicycle skills using League of American Bicyclists youth curriculum, and will provide free bike tune-ups and discounted helmets through Safe Kids Thurston County.
- **Walking School Bus**—A para-educator will help set up and administer a formal Walking School Bus. As part of the implementation, school staff will survey parents in the area to develop the walking school bus route. The walking school bus program will rely upon a paid staff member from the school for the first year. This individual will walk a specific route and pick up students along the way before and after school each day. The goal is to make the walking school bus program sustainable through parent volunteers once it is up and running and expand it to other routes serving Garfield. Intercity Transit will support the Walking School Bus with in-class curriculum and activities.
- **School Routes Map**—TRPC will work with the Garfield school community and other stakeholders to map existing walking facilities, transportation infrastructure, location of crossing guards, and work with stakeholders to identify appropriate routes within the school's service area boundaries. TRPC will produce copies of a double sided 8.5 x 14 inch full color map which will include traffic safety tips for pedestrians, cyclists, and motorists. The map will also be available in a digital format that can be posted on the school's website or emailed to parents upon request.
- **Classroom Learning** - Intercity Transit's Smart Moves Youth Education Program will work with classes using math and science curricula developed by Livable Streets Education. Students will conduct speeding audits using a speed gun, and will monitor air quality in front of the school by measuring particulate matter in emissions (via car exhaust on note cards coated with petroleum jelly). After analyzing how emissions and speeding traffic impact their freedom, health, community, and safety, students will create Public Service Announcements to contribute to the anti-idling and anti-speeding campaign.
- **Monthly Walk and Roll Newsletter**—The newsletter reminds parents of the program goals and why it is in their children's interest to participate. The month's events, assemblies, contests, and prizes are highlighted as well as safety tips and ideas for every student to participate.
- **"Safety Without Fear" Parent Workshop with Parent Educator, Candyce Lund Bollinger** - This workshop guides parents in finding proactive ways to combat their fears of allowing their children to bike and walk, rather than forbidding outside play.

### Encouragement

- **Walking and Wheeling Wednesdays** will keep momentum up all year with monthly special activities as a way to address different topics. These events will be announced through a monthly newsletter as well as in the school

## EXHIBIT A

lunch calendar. Both will include walk and bike safety tips.

- **International Walk to School Day and Bike to School Day** will be celebrated with assemblies, skits, and special incentives.
- **Special guest speaker Willie Weir** will speak about the personal and environmental benefits of cycling. His 45-60 minute program includes elements on being smart (wearing a helmet), safe (following the rules of the road), and seen (wearing bright clothing, reflectors, etc.). Willie is a professional actor and world-wide adventure cyclist, and his programs are educational and entertaining.
- **Undriver's License** – At several all-school parent nights, families will have the opportunity to brainstorm ways to leave the car at home, and will have their ideas and picture taken for their License to "Un-drive." The license looks like a drivers' license, but instead lists the student or parent's commitment to walk, bike, take transit, etc. This booth can be set up at Back to School Orientation Night, a BBQ, etc.
- **Bike/Ped Safety Equipment Incentives** – Safety equipment incentives will be given out at certain events or milestones as encouragement tools while educating students on how to be safe.
- **Monthly classroom surveys** will track changes in student mode choice.
- **The Golden Sneaker Award** will be awarded every month to the class that has the highest level of participation in walking and biking to school, or has made a special contribution to advocacy or education about walking and biking.

### Enforcement

- **A 'Pace Car' program** asks parents and students to sign pledges stating they will drive the speed limit and turn off their engines if idling over 30 seconds. Students will be asked to become "Pace Car Deputies." Deputies pledge to encourage their parents and other drivers to remember the Pace Car pledge and to monitor the speed in vehicles in which they are passengers. This program will ultimately slow traffic in the Garfield neighborhood, increasing the safety of walkers and bicyclists.
- **The flashing beacons** described in the engineering section will enhance the ability to enforce the 20 MPH school speed limit zone on Harrison Ave.
- **The City's volunteer speed watch program** will also be called upon. City of Olympia Police Department will assist with the Neighborhood Speed Watch program and additional patrol when needed.

### Sustainability

- This program will serve as a model for subsequent, similar programs in Thurston County. The families at these schools have already shown interest in active commuting as demonstrated by the number of events and activities they already engage in. By developing a full service program in schools, we are building an ethic and creating a social norm around walking and biking. This program will educate students and parents on the walking and biking resources available to them, ultimately helping them help themselves. We believe this program will spur further requests for funding for similar programs at other area schools or to continue expanding the existing program.

**Implementation and Partnerships.** Discuss the factors that ensure this project is ready to proceed including partnerships.

The following partners are ready to proceed with this program and project:

- **Olympia School District** has been a partner in the Walk n' Roll project from start up in 2008 and continues to be directly involved – Including with this proposal for expansion of safety improvements and program to Garfield.
- **Garfield Principal** - The Garfield principal is committed to work with partners and parents to begin work as soon as the grant allows.
- **Parents** - Two parents have agreed to join the Walk n' Roll Parent Steering Committee which includes parents from three other schools.
- **The City of Olympia Public Works Department** has been directly involved in identification of safety improvements and costs.
- **Intercity Transit Youth Program Coordinator** is committed to implementing educational and encouragement elements of this program.
- **The Thurston Regional Planning Council** will continue to form partnerships to implement the Healthy Kids – Safe Streets Action Plan. The plan identifies strategies, programs and policies that will help achieve the goal of "building a generation of safe and healthy walkers, bicycle and bus riders."

EXHIBIT A

The demonstration projects for 2008-2010 have shown how well the existing partnership has worked and the results that a robust program can produce. In addition, these partners are key players in taking action to overcome the barriers identified through the Healthy Kids – Safe Streets Action Plan discussion and process that began in 2009.

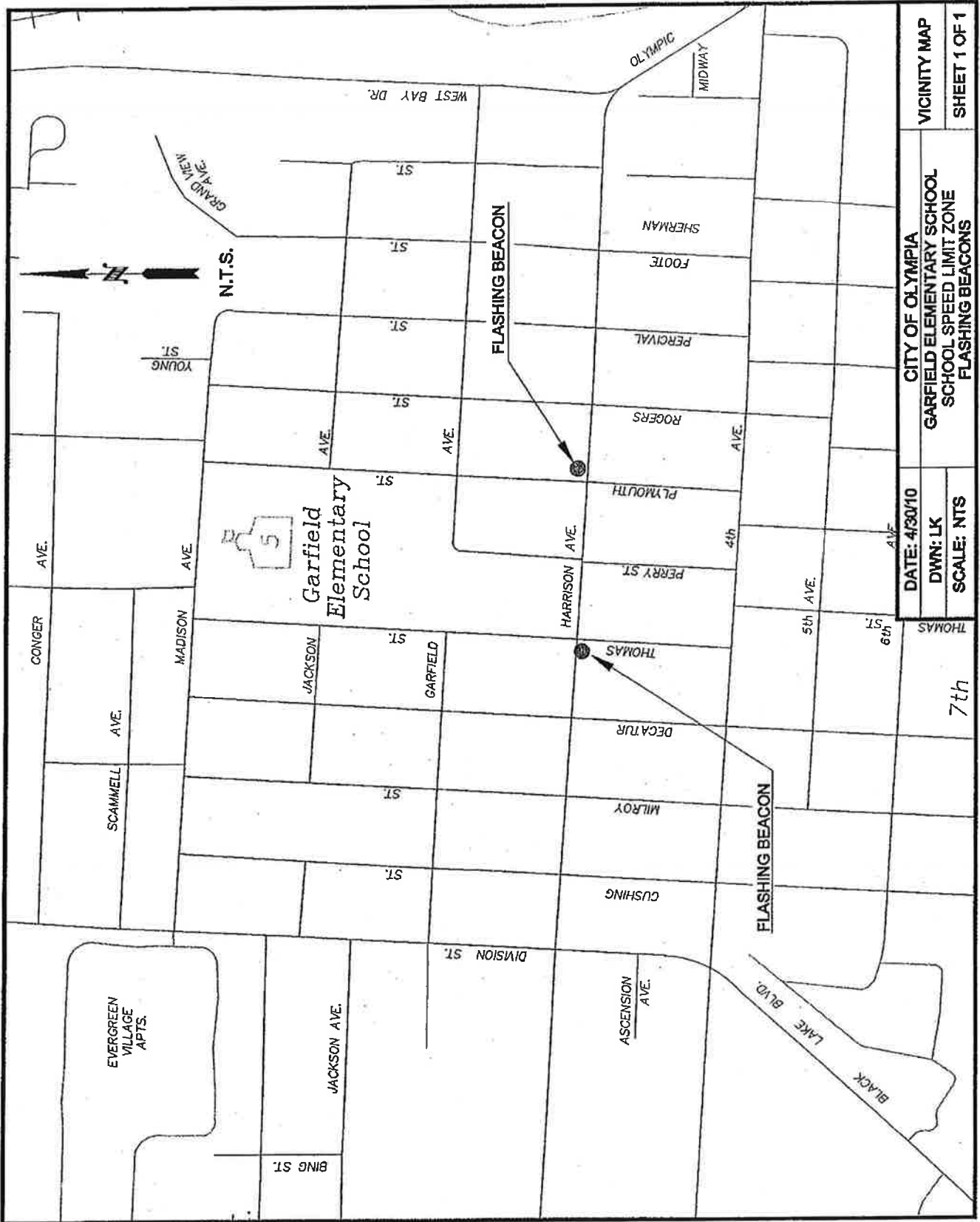
<b>APPLICATION CONCURRENCE/PROJECT PARTNERS</b>	
<b>School Principal/School District Official</b>	
Agency: Olympia School District School Principal: Bob Hodges Contact Name: Peter Rex Title: Director of Communications and Community Relations Address: 1113 Legion Way SE, Olympia, WA 98501 Email: <a href="mailto:prex@osd.wednet.edu">prex@osd.wednet.edu</a> Phone: 360-596-6104	Date  5/3/10
<b>Transportation/Public Works Department – Infrastructure Approving Authority</b>	
Agency: City of Olympia Contact Name: Fran Eide Title: City Engineer Address: PO Box 1967, Olympia, WA 98507-1967 Email: <a href="mailto:feide@ci.olympia.wa.us">feide@ci.olympia.wa.us</a> Phone: 360-753-8422	Date  5/3/10
<b>Local Law Enforcement Official</b>	
Agency Contact Name: Title: Address: Email: Phone:	Date
<b>Other Key Partner</b>	
Agency/Organization: Intercity Transit Contact Name: Erin Scheel Title: Youth Education Specialist Address: 526 Pattison SE, Olympia, WA 98507 Email: <a href="mailto:escheel@intercitytransit.com">escheel@intercitytransit.com</a> Phone: 360-705-5839	Date  5/3/10
Agency/Organization: Thurston Regional Planning Council Contact Name: Kathy McCormick Title: Senior Planner Address: 2424 Heritage Court SW, Suite A Olympia, WA 98502 Email: <a href="mailto:mccormk@trpc.org">mccormk@trpc.org</a> Phone: 360-956-7575	

EXHIBIT A

WSDOT Region Administrator (if project is on a State Route)	
WSDOT Region: Region Administrator: Address: Email: Phone:	Date



EXHIBIT A



7th

THOMAS ST

6th ST

5th AVE

4th AVE

CUSHING

MILROY

DECATUR

THOMAS

HARRISON AVE

PERRY ST

ROGERS

PERCIVAL

FOOTE

SHERMAN

MIDWAY

OLYMPIC

DIVISION ST

ASCENSION AVE

JACKSON AVE

BING ST

JACKSON ST

GARFIELD ST

ST

ST

ST

ST

ST

ST

MADISON AVE

SCAMMELL AVE

CONGER AVE



Garfield Elementary School

N.T.S.

YOUNG ST

GRAND AVE

WEST BAY DR.

BLACK LAKE BLVD.

FLASHING BEACON

FLASHING BEACON

## EXHIBIT B

### GARFIELD ELEMENTARY AGENCY RESPONSIBILITIES & DETAILED COST ASSESSMENT FOR TWO YEAR GRANT PROGRAM

#### Cost breakdown by program element:

Engineering/Infrastructure	\$24,750
Education /encouragement	\$32,550
Enforcement	\$1,400
<b>Total project cost</b>	<b>\$58,700</b>

#### General cost breakdown by agency:

##### *City of Olympia*

Engineering – school zone flashing beacons:	\$22,000
<b>General amount for reimbursement:</b>	<b>\$22,000</b>

##### *Olympia School District*

Bicycle racks:	\$2,750
PE Teacher training:	\$1,500
Bicycle fleet:	\$4,500
<b>General amount for reimbursement:</b>	<b>\$8,750</b>

##### *Thurston Regional Planning Council*

Safe Walk Routes Map:	\$2,000
<b>General amount for reimbursement:</b>	<b>\$2,000</b>

##### *Intercity Transit*

Pace Car – Enforcement	\$1,400
Undriver's License Station	\$2,000
Safety without Fear Workshop – Candyce Bolinger:	\$300
Urban Cycling Training for Parent Volunteers:	\$600
Encouragement and Safety Incentives:	\$3,520
Willie Weir Guest Speaker:	\$1,200
Staff time:	\$16,930
<b>General amount for reimbursement:</b>	<b>\$25,950</b>

**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 7-B**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Heather Stafford, 705-5861

**SUBJECT:** Approval of 2011 Non-Rep Classification/Compensation Review Findings

---

1) **The Issue:** Whether to approve staff recommendations based on the results of the 2011 Non-Represented Employee Classification and Compensation Review.

---

2) **Recommended Action:**

- Approve the market/salary structure adjustment to the current/2011 Non-Represented Employee Salary Chart,
- Approve the updated job descriptions, and
- Approve the Decision Band Method (DBM) matrix adjustments, all effective January 1, 2012.

---

3) **Policy Analysis:** The Intercity Transit Authority must approve changes to our compensation and classification system.

---

4) **Background:** This Review project began in June 2011 and is a follow-up to the 2004 Fox-Lawson compensation study. In 2004, the study resulted in our current non-represented employee classification system, compensation matrix, and organizational hierarchy.

The current classification/compensation plan (CCP) system, the Decision Band Method (DBM), for non-represented employees at Intercity Transit was adopted in 2004. A classification/compensation system should be reviewed, verified, and updated, as appropriate, every three to four years. The Intercity Transit DBM system has not been verified and/or updated since its implementation in 2004. Fox-Lawson, the firm which has proprietary rights over the Decision Band Method (DBM), was engaged again for this current Review. Marnie Slakey Consulting was also utilized during this review. This was not a “start over” for the classification/compensation system; rather, an opportunity to verify and, if found necessary, update the system.

This 2011 CCP Review included the following:

- A review of the current classification and salary structure to ensure employees are being paid consistent with their relative duties and responsibilities since the initial study was completed in 2004. This included updating all non-rep position job descriptions.

- A review and verification of alignment with the appropriate external job markets to assure Intercity Transit maintains competitive parity to attract and retain qualified and competent professional, managerial, technical, administrative, and craft/trade personnel.
- Recommended adjustments, if appropriate, and verification of internal equity and alignment within the non-represented employee group.

The Review was completed October 2011. A market salary survey was conducted as well. The findings were brought to the Board for review on November 16, 2011.

The results of the Review indicate a few small modifications to some positions (updated descriptions and/or matrix placement) and a slight salary structure adjustment are needed. The market data findings were Intercity Transit non-represented employee wages are approximately 1% below the market midpoint of salary ranges. The proposed market adjustment is weighted toward the lower end of the salary structure with higher level positions receiving small or no adjustments.

- 
- 5) **Alternatives:**
- A. Approve the staff recommendation: approving the market/salary structure adjustment to the current/2011 Non-Represented Employee Salary Chart; the updated job descriptions, and the Decision Band Method (DBM) matrix adjustments, all effective January 1, 2012.
  - B. Approve the realignment of selected positions.
  - C. Approve market adjustment to salary ranges.
  - D. Maintain current 2011 salary structure and make no market adjustment.

Selection of Alternatives B, C or D would result in some job descriptions not accurately reflecting the work being performed, misalignment within the DBM structure, and wages that are not competitive within the local and comparable transit agency market.

- 
- 6) **Budget Notes.** The financial impact to implement the market and salary structure adjustments effective January 1, 2012 is \$98,000. Additional minor cost increases will occur in later years as employees whose positions were upgraded move through the new salary range.

- 
- 7) **Goal Reference:** This item meets Goal 2: *"Providing outstanding customer service that retains and increases ridership."*

- 
- 8) **References:** Attachments include a list of title changes and grade adjustments; a new 2012 DBM hierarchy chart for independent employees; and a new 2012 minimum/maximum salary chart.

## **Intercity 2011 Non-Represented Classification and Compensation Review**

### ***Title Changes:***

ADA Coordinator to ADA Eligibility Coordinator  
Human Resources Assistant to Human Resources Specialist  
Procurement Manager to Procurement and Capital Projects Manager  
Human Resources Analyst to Senior Human Resources Analyst  
Vanpool Supervisor to Vanpool Manager  
Information Systems Analyst to Network Systems Analyst  
Lead IS Analyst to Network Systems Lead Analyst

### ***Grade Adjustments:***

HR Assistant (Human Resources Specialist) from B21 to B22  
Planning Systems Coordinator from B23 to C41  
Inventory Supervisor from C41 to C42  
HR Analyst (Senior HR Analyst) from C42 to C43  
Vanpool Supervisor (Manager) from C43 to C44  
Facilities Manager from C44 to C45  
Fixed Route Manager from C44 to C45  
Information Systems Manager from C45 to D61  
Procurement Manager (Procurement and Capital Projects Manager) from C45 to D61

## 2012 Non-Represented Employee DBM Hierarchy

- A12 Administration Assistant  
Facilities Specialist
- A13 Inventory Assistant  
Village Vans Assistant
- B21 Development Assistant  
Executive Assistant  
Maintenance Assistant  
Operations Assistant  
Execu/HR Assistant  
Commuter Services Assistant  
Bicycle Commuter Contest Assistant
- B22 Accounting Specialist  
**\*\*Human Resources Specialist**  
Facilities Technician  
Inventory Specialist  
Operations Scheduling Coordinator  
Travel Training Coordinator  
Youth Education Specialist
- B23 Vanpool Coordinator  
Information Systems Technician
- C41 **ADA Eligibility Coordinator**  
Customer Services Supervisor  
**Network Systems Analyst**  
Operations Supervisor  
**\*\*Planning Systems Coordinator**  
Scheduler  
Training Coordinator
- C42 Grants Program Administrator  
Human Resources Analyst  
Marketing and Communications Coordinator  
Senior Planner  
**Network Systems Lead Analyst**  
Maintenance Supervisor  
Procurement Coordinator  
**\*\*Inventory Supervisor**

C43	<b>**Senior Human Resources Analyst</b> Village Vans Supervisor
C44/C5	<b>**Vanpool Manager</b>
C45/C5	**Facilities Manager **Fixed Route Manager DAL Manager Finance Manager
D61	Marketing & Communications Manager Planning Manager <b>**Procurement and Capital Projects Manager</b> **Information Systems Manager
E81	Development Director Executive Services Director Finance & Administration Director Human Resources Director Maintenance Director Operations Director
F101	General Manager

---

Job titles **bolded** indicate a title change

\*\*Job titles double asterisks indicate a grade change

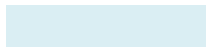
### 2012 Minimum/Maximum Salary Chart

		Current Min	2012 Min		Current Max	2012 Max	% Difference
A12		35,131	36,385		47,424	49,119	3.6%
A13		37,586	38,589		50,731	52,095	2.7%
B21		39,666	40,801		53,539	55,081	2.9%
B22		42,099	43,006		56,846	58,058	2.1%
B23		44,138	45,211		59,571	61,035	2.5%
C41		53,290	54,043		71,947	72,958	1.4%
C42		55,661	56,248		75,150	75,935	1.0%
C43		56,971	58,453		76,898	78,912	2.6%
C44/C51		59,821	60,665		80,787	81,898	1.4%
C45/C52		63,419	63,419		85,613	85,616	0.0%
D61		66,352	67,286		89,565	90,836	1.4%
E81		80,434	80,528		108,576	108,713	0.1%
F101					125,445*		n/a

\*The General Manager salary (F101) is set by the Authority and does not have an established minimum or maximum. The salary shown is the General Manager's current salary. The position does not receive step increases.



## 2012 Minimum/Maximum Salary Chart



**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 7-C**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority  
**FROM:** Ben Foreman (705-5813)  
**SUBJECT:** 2012 Budget Adoption

---

1) **The Issue:** Whether to adopt the 2012 Budget.

---

2) **Recommended Action:** Adopt Resolution 04-2011 establishing the 2012 Budget of \$58,738,600.

---

3) **Policy Analysis:** It is the policy of the Intercity Transit Authority to adopt the annual budget. The 2012 draft budget documents rest heavily on the Strategic Plan that the Authority adopted on November 16, 2011. The Strategic Plan states the Authority's policies regarding service levels, fare levels, and capital projects.

---

4) **Background:** The 2012 draft budget has been available to the public since Thursday, November 3, 2011. A public hearing was held on Wednesday, November 16, 2011.

- The proposed operating budget for 2011 is \$32,574,800. The capital and major projects budget is proposed at \$26,163,800.

Total budget for 2012 is \$58,738,800.

---

5) **Alternatives:**

- A. Adopt Resolution 04-2011, establishing the 2012 Budget of \$58,738,600.
- B. Direct staff to revise the proposed 2012 budget and adopt the budget, as revised.
- C. Direct staff to revise the proposed 2012 budget and bring the revised budget back to the Authority at a special meeting on December 21, 2011.

---

6) **Budget Notes:** The 2012 Budget sets the budget for the coming year.

---

7) **Goal Reference:** The annual budget directs how we address all agency goals.

---

8) **References:** Resolution 04-2011; the Draft 2012 Budget (2012 Discussion Guides), was previously distributed to the Authority.

---

**INTERCITY TRANSIT  
RESOLUTION NO. 04-2011  
ADOPTION OF THE 2012 BUDGET**

A **RESOLUTION** adopting the budget for Intercity Transit for the year 2012 and authorizing appropriations thereunder.

**WHEREAS**, the Governing Authority of Intercity Transit did hold pursuant to law, a duly advertised public hearing on the preliminary budget; and

**WHEREAS**, the Governing Authority did hold a public meeting this day for the purpose of fixing the final budget for the calendar year 2012; and

**WHEREAS**, at said public meeting, the 2012 final budget was approved.

**NOW THEREFORE, BE IT RESOLVED** by the Intercity Transit Authority that the following budget for Intercity Transit for the year 2012 is hereby adopted:

**ESTIMATED RESOURCES**

Beginning Estimated Cash Balance	\$	20,418,400
Estimated Revenues		48,293,100
<hr/>		
<b>TOTAL ESTIMATED RESOURCES</b>	<b>\$</b>	<b>68,711,500</b>

**ESTIMATED UTILIZATION OF RESOURCES**

Total Operating and Capital Expenses	\$	58,738,600
Estimated Ending Cash Balance		9,972,900
<hr/>		
<b>TOTAL ESTIMATED UTILIZATION OF RESOURCES</b>	<b>\$</b>	<b>68,711,500</b>

**ADOPTED:** This 7th day of December, 2011.

**INTERCITY TRANSIT AUTHORITY**

\_\_\_\_\_  
**Sandra Romero, Chair**

**ATTEST:**

\_\_\_\_\_  
**Rhodetta Seward  
Executive Services Director/  
Clerk of the Board**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Thomas R. Bjorgen  
Legal Counsel**

**INTERCITY TRANSIT AUTHORITY  
AGENDA ITEM NO. 7-D  
MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Ann Freeman-Manzanares, 705-5838

**SUBJECT:** Contract Award - Design Services  
Olympia Transit Center Expansion  
Final Design and Construction Oversight

---

1) **The Issue:** Consideration of award for architectural and engineering services for final design and construction oversight of the Olympia Transit Center site expansion.

---

2) **Recommended Action:** Authorize the General Manager to execute a contract with SRG Partnership in an amount not to exceed \$556,551.

---

3) **Policy Analysis:** The procurement policy states the Authority must approve any expenditure over \$25,000.

---

4) **Background:** Intercity Transit is currently under contract with SRG Partnership for the preliminary design of the Olympia Transit Center expansion project. The original solicitation for services included the option to contract for subsequent phases of the project. This proposed contract will address final design through construction oversight services. It is inclusive of their participation in value engineering and constructability exercises, plan and specification development, permitting, bid phase, construction and project close-out. This contract also includes geotechnical/environmental work associated with testing and monitoring subsurface water contamination. This work, valued at approximately \$42,000, was not part of our preliminary project cost estimate. The work will be phased and expended dependent upon monitoring results and based on direction from the Department of Ecology.

In addition, the Washington State Department of Archaeology and Historic Preservation (DAHP) identified the possibility of archaeological resources below grade, so we need to conduct an archaeological survey. Staff will procure these services and provide a later update regarding cost and the results of this evaluation.

This final phase of design work is anticipated to be complete within 12 months.

- 5) **Alternatives:**
- A. Authorize the General Manager to execute a contract with SRG Partnership in an amount not to exceed \$556,551.
  - B. Defer action. Deferring action will delay the start of final design and the construction of the facility.

- 
- 6) **Budget Notes:** Preliminary project cost estimates for final design through construction is \$7,896,000. This project is funded through federal earmarks in the amount of \$2,575,500 and a Surface Transportation Program (STP) grant in the amount of \$1,252,490. The remainder of the required funding is local dollars programmed in our strategic plan and in the proposed 2012 budget.

Thus far, two required environmental actions, listed in greater detail under the background section, were not considered as part of the preliminary budget estimate. Staff will report on the budgetary impact when work is underway and actual costs are identified.

- 
- 7) **Goal Reference:** Goal #2: *"Provide outstanding customer service,"* Goal #3: *"Maintain a safe and secure operating system,"* Goal #4: *"Provide responsive transportation options,"* and Goal #5: *"Align best practices and support agency sustainable technologies and activities."*

- 
- 8) **References:** N/A
-

**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 7-E**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Ben Foreman, 705-5813, bforeman@intercitytransit.com

**SUBJECT:** Amendments to the Cafeteria Plan

- 
- 1) **The Issue:** Intercity Transit's cafeteria plan (IRS Sec.125 plan) was initiated in 2003 and contained a provision for health care premiums paid by the employees called a premium only plan provision, also known as a POP provision. Essentially this allows an employee to pay their portion of health care insurance premiums using untaxed earnings. Intercity Transit partners with the State of Washington to provide healthcare insurance for our employees through the Washington State Public Employees Benefit Board (PEBB). For 2012, the Public Employees Benefits Board added a high deductible healthcare plan option that includes a Health Savings Account (HSA) feature that was not contemplated in our original cafeteria plan documents. By adopting Resolution 05-2011, Intercity will allow its employees to avail themselves of this new HSA healthcare option and maintain the ability of staff to use untaxed earnings for this benefit.
- 
- 2) **Recommended Action:** Adopt Resolution 05-2011, amending the Cafeteria Plan.
- 
- 3) **Policy Analysis:** Any changes to the cafeteria plan must be formally adopted by the Authority.
- 
- 4) **Background:** The state is struggling to contain all costs during this economic downturn and decided to offer a Consumer Directed Health Plan (CDHP) with a Health Savings Account (HSA) option to its healthcare program as one way to contain employer healthcare costs. The CDHP option is a high deductible plan. The monthly premium the employee pays is significantly less than the other plan options offered by PEBB. The CDHP also places, using employer funds, \$700 for an individual or \$1,400 for a family of two or more, annually into an account earmarked for the specific employee in which the employee can accumulate funds for future qualifying medical out-of-pocket expenses. Amounts from the employer contribution are tax free to the employee. However, by adopting this resolution, the employees will be able to contribute additional funds (\$2,400 individual/\$4,850 family) on a pretax basis into their respective HSA accounts. If the resolution is not adopted employees may still make the same level of

contributions to their HSA accounts, but they will have to use earnings subject to federal taxes which is less advantageous for the employee.

---

**5) Alternatives:**

- A) Adopt Resolution Number 05-2011, amending the cafeteria plan.
  - B) Do not make changes to the cafeteria plan.
- 

**6) Budget Notes:** Adoption of this resolution has no impact on the 2012 budget.

---

**7) Goal Reference:** N/A

---

**8) References:** Resolution Number 05-2011; Cafeteria Plan, effective January 1, 2012; Cafeteria Plan Comparing the HAS Changes.

---

**INTERCITY TRANSIT  
RESOLUTION 05-2011  
AMENDING THE INTERCITY TRANSIT CAFETERIA PLAN**

**WHEREAS**, management has recommended to the Transit Authority (the "Board") of Intercity Transit (the "Employer") that the Intercity Transit Cafeteria Plan (the "Plan") be amended to make a health savings account benefit available to Plan participants who are covered by a high-deductible health plan; and

**WHEREAS**, management has recommended to the Board that the Plan be amended and restated to incorporate previously adopted amendments and to make other administrative changes; and

**WHEREAS**, the Board upon study has determined that these changes should be approved and implemented.

**NOW, THEREFORE, BE IT RESOLVED**, that the amended and restated Plan in substantially the form attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby adopted as of January 1, 2012.

**Adopted the 7<sup>th</sup> day of December, 2011.**

**INTERCITY TRANSIT AUTHORITY**

**ATTEST**

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**Sandra Romero**  
Chair

---

**Rhodetta Seward**  
Director of Executive Services/  
Clerk of the Authority

**APPROVED AS TO FORM**

---

**Thomas R. Bjorgen**  
Legal Counsel



**INTERCITY TRANSIT  
CAFETERIA PLAN**

**As Amended and Restated Effective January 1, 2012**

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## INTERCITY TRANSIT

### CAFETERIA PLAN

#### INTRODUCTION

Intercity Transit, a political subdivision of the State of Washington (the “Company”), hereby amends and restates the Intercity Transit Cafeteria Plan (the “Plan”) effective January 1, 2012. The Plan was originally established effective May 1, 2003. The Plan’s purpose is to reward Employees by providing benefits for those Employees who shall qualify hereunder and their dependents and beneficiaries. The concept of this Plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires and needs.

The Plan provisions apply only to Employees in the Company’s employment on or after January 1, 2012, who meet the participation requirements of Article II. The Plan includes only those Benefits and Related Plans that are specifically incorporated in this document as part of the Plan’s array of choices. Administrative practices that result in a coordinated process of electing Plan Benefits and other benefits do not make such other benefits part of this Plan.

Payment of the costs of the Benefits described in this Plan comes from the Participant through Employee Contributions generated by elective pay reduction (or, after-tax contributions to the limited extent specified herein). The mechanism of payment and the choices provided under this Plan enable Participants to receive Benefits under Related Plans. However, Related Plans and any insurance contracts or other funding vehicles pertaining to them remain separate from this Plan.

#### DEFINITIONS

“**Administrator**” means the individual(s) or corporation appointed by the Company to carry out the administration of the Plan. In the event the Administrator has not been appointed, or resigns from a prior appointment, the Company shall be deemed to be the Administrator.

“**Benefit**” means any of the optional benefit choices available to a Participant under this Plan or Related Plan as outlined in Section 5.1.

“**Benefit Cost**” means the maximum amount of reimbursement elected by the Participant under the Spending Account or the cost of another type of Benefit as determined by the Company and communicated to Participants from time to time. The Benefit Cost of the coverage shall be determined as of a date specified by the Company.

“**Code**” means the Internal Revenue Code of 1986, as amended or replaced from time to time.

“**Company**” means Intercity Transit, a political subdivision of the State of Washington, or any successor sponsor of the Plan.

**“Compensation”** means the cash remuneration received by the Participant from the Company during a Plan Year prior to any reductions pursuant to an election made on a form provided by the Administer which provides for Employee Contributions authorized hereunder. Compensation shall include overtime, commissions and bonuses.

**“Contribution Period”** means a pay period in which Employee Contributions are taken from an Employee’s pay.

**“Coverage Category”** means the category based on the number of persons a Participant chooses to cover under the Group Health Plan, Dental Plan, or Vision Plan from the available categories of Employee only, Employee plus spouse or plus one or more children, and Employee plus children and spouse.

**“Dental Plan”** means the dental plan sponsored by the Company, which may include choices among various options communicated to Employees from time to time.

**“Dependent”** means any individual who qualifies as a dependent under an Insurance Contract or under Code Section 152 (as modified by Code Section 105(b)).

**“Effective Date”** of the Plan means January 1, 2012, the effective date of the amendment and restatement of this Plan, except as otherwise specifically provided herein. The Plan was originally adopted effective May 1, 2003.

**“Eligible Employee”** means any Employee who has satisfied the provisions of Section 2.1.

**“Employee”** means any person who is employed by the Company.

**“Employee Contributions”** means the contributions which a Participant has elected and, except as otherwise provided herein, makes in conjunction with a reduction in Compensation, to pay for the Benefits the Employee has chosen under the Plan, as set forth in Section 4.1.

**“Group Health Plan”** means a health care plan sponsored by the Company, which may include choices among various options communicated to Employees from time to time.

**“Group Life Insurance Plan”** means the group life insurance plan sponsored by the Company to provide life insurance for Employees.

**“Health Care Reform Law”** means the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, and regulations promulgated thereunder.

**“Highly Compensated Employee”** means an Employee described in Code Section 414(q) and the Treasury regulations there under.

**“Key Employee”** means an Employee described in Code Section 416(i)(1) and the Treasury regulations there under.

**“LTD Plan”** means a long-term disability plan sponsored by the Company to provide Benefits to certain disabled Employees during a period of disability that may continue after these Employees are no longer eligible to receive sick leave or other payments from a plan or program to which the Company contributes.

**“Open Enrollment Period”** means the period immediately preceding the beginning of each Plan Year established by the Administrator, during which Employees may choose Benefits for the following Plan Year, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee’s initial Open Enrollment Period shall be determined pursuant to Section 3.1.

**“Participant”** means any Eligible Employee who satisfied the requirements for participation pursuant to Article II and has not for any reason become ineligible to participate further in the Plan.

**“Period of Coverage”** means the period for which a Participant by affirmative selection or default has irrevocably elected (unless a change in status or, if applicable, a plan status change occurs) to be covered by one or more Benefits described in this Plan. Unless otherwise specified, the Period of Coverage with respect to any Participant or Benefit shall be the Plan Year, or that portion of the Plan Year during which the Plan is effective with respect to the Participant or Benefit.

**“Plan”** means this instrument, including all amendments thereto.

**“Plan Year”** means the calendar year. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant’s date of entry and ending on the last day of such Plan Year.

**“Related Plan”** means any one of the underlying plans providing Benefits that Participants may choose under this Plan.

**“Spouse”** means the legally married husband or wife of a Participant, unless legally separated by court decree.

**“Spending Account”** means the Dependent Care Spending Account established under this Plan.

**“Vision Plan”** means a vision care plan sponsored by the Company, which may include choices among various options, communicated to Employees.

## **PARTICIPATION**

### **ELIGIBILITY**

Any Eligible Employee shall be eligible to participate hereunder as on the date he satisfies the eligibility conditions for the Company’s Group Health Plan (including minimum service and

any full-time employee requirements), the provisions of which are specifically incorporated herein by reference. However, any Eligible Employee who was a Participant in the Plan on the effective date of this amended and restated Plan shall continue to be eligible to participate in the Plan.

### **EFFECTIVE DATE OF PARTICIPATION**

An Eligible Employee shall become a Participant effective as of the first day on which the Employee becomes eligible to participate under Section 2.1.

### **EMPLOYEE CONTRIBUTIONS**

Where a Benefit selection requires Employee Contributions pursuant to Section 3.1, the Employee Contributions and any related reduction in Compensation shall take effect as of the first full Contribution Period that begins when such Benefit coverage begins.

### **RELATED PLAN PROVISIONS**

Nothing in this Plan shall permit an Employee to participate in a Related Plan for which he or she is not eligible. An election under this Plan to be covered under a Related Plan is subject to the satisfaction of any separate eligibility requirements of the Related Plan. Nothing in this section shall require a Participant's reduction in Compensation to occur or a contribution to any Related Plan to take place before the normal time for such action under the Related Plan.

### **TERMINATION OF PARTICIPATION**

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

~~(a)~~ —

(a) His termination of employment, subject to the provisions of Section 2.6; or

~~(b)~~ —

(b) His death, subject to the provisions of Section 2.7; or

~~(c)~~ —

(c) The termination of this Plan, subject to the provisions of Section ~~9.4~~10.4; or

~~(d)~~ —

(d) Ceasing to be an Eligible Employee.

### **TERMINATION OF EMPLOYMENT**

If a Participant's employment with the Company is terminated for any reason other than death, his participation in the Plan shall be governed in accordance with the following:



~~(a)~~

(e) With regard to Benefits which are insured, the Participant's participation in the Plan shall cease, but coverage under any insurance contract for which Benefit Costs have already been paid shall continue for the period for which Benefit Costs are paid.

~~(b)~~

(f) With regard to the Dependent Care Reimbursement Program, the Participant's participation in the Plan shall cease and no further Employee Contributions shall be made. However, such Participant may submit claims for employment related Dependent Care Expense reimbursements during the eligible period and within the 90 day period immediately following the end of the Plan Year in which such termination occurs, based on the level of his Dependent Care Spending Account as of his date of termination.

With regard to the Health Savings Account (HSA), a Participant who terminates employment shall remain entitled to reimbursement of Medical Expenses in accordance with the terms of the account agreement with the HSA provider. "Medical Expenses" means any expense for medical care within the meaning of the term "medical care" or "medical expense" as defined in Code Sections 105(b) and 213 and the rulings and Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining his tax liability under the Code.

(g) Notwithstanding the above, if a Participant terminates employment during a Contribution Period, the Employee Contribution election will be canceled. If the Participant recommences employment as an Eligible Employee during the Plan Year or during a subsequent Plan Year, the rehired Participant shall be treated as a new Employee, who can make new elections in accordance with the rules of the Plan.

## **DEATH**

If a Participant dies, his participation in the Plan shall cease. However, such Participant's beneficiaries, or the representative of his estate, may submit claims incurred prior to death for the remainder of the Plan Year. A Participant may designate a specific beneficiary for this purpose. If no such beneficiary is specified, the Administrator may designate the Participant's Spouse, one of his Dependents or a representative of his estate.

## **PARTICIPANT ELECTIONS**

### **APPLICATION TO PARTICIPATE**

An Employee who is eligible to participate in this Plan shall, during the applicable Enrollment Period, complete such application to participate and election of Benefits form as the Administrator shall furnish to the Employee. The elections made on such form shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 3.4 hereof.

An Eligible Employee may elect in writing on a form provided by the Administer to reduce his or her compensation by an amount equal to the Participant's dependent's premiums otherwise payable by the Participant for the Benefits elected and to have the Company apply the amount of the salary reduction to pay such premiums.

Participants who at any time have signed a form authorizing payroll deductions to pay such premiums shall be deemed to have authorized a reduction from compensation to pay such premiums on a pre-tax basis. To reject the application of the salary reduction to the payment of premiums and to pay premiums instead with after-tax dollars, a Participant must sign a form electing to not participate in the Cafeteria Plan before-tax premium payment option. Once such an election occurs, a Participant may elect again to apply his salary reduction to the payment of premiums by executing an Employee election form only during the Enrollment period effective as of the following January 1.

### **ELECTION OF BENEFIT COVERAGE**

Each Participant may designate on a form provided by the Company the various Benefit options described in Article V which the Employee selects, subject to any restrictions or limitations specified in this Plan, communicated to the Employee, or in the Related Plan under which the Benefit is provided. Such designation shall be made by allocating the Employee Contributions to the Benefit options selected. Allocations of Employee Contributions shall comply with any restrictions on their use that may be specified in this Plan or communicated to the Employee. If an Employee fails to make an election, coverage will be assigned as set forth in Section 3.4. Absent a change in status, the selection and designation shall be irrevocable and shall remain in effect for the entire Period of Coverage.

### **SUBSEQUENT ANNUAL ELECTIONS**

During the Open Enrollment Period prior to each subsequent Plan Year, each Participant may elect the Benefit options he wishes to select. Any such election shall be effective for any Benefit Costs incurred during the Plan Year which follows the end of the Open Enrollment Period. With regard to subsequent annual elections, the following shall apply:

~~(a)~~ —

(h) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Open Enrollment Period;

~~(b)~~ —

(i) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Open Enrollment Period that he does not want to participate in the Plan for the next Plan Year;

~~(e)~~ —

(j) An Employee who elects not to participate for the Plan Year following the Open Enrollment Period will have to wait until the next Open Enrollment Period before again electing to participate in the Plan unless permitted under Section 3.5.

### **FAILURE TO ELECT**

Any Participant who fails to complete a Benefit election form pursuant to Section 3.2 or 3.3 by the end of the applicable Open Enrollment Period shall be treated in the following manner:

~~(a)~~ —

(k) With regard to the Dependent Care Spending Account Benefit and Health Savings Account available under the Plan, such Participant shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Employee Contributions shall therefore be authorized or made for the subsequent Plan Year for such Benefits.

~~(b)~~ —

(l) With regard to the other Benefits, such Participant shall be deemed to have elected to participate in the Plan for the upcoming Plan Year based on the default coverage provided. Employee Contributions shall automatically continue to be authorized for the subsequent Plan Year for such Benefits unless the Participant elects in writing, during the Open Enrollment Period, not to participate in the other Benefits.

### **CHANGES OF ELECTION**

A Participant's Benefit election will be irrevocable for the balance of the Plan Year, except in certain situations described in this Section ~~3.5.3.5~~; provided, however, that this Section 3.5 shall not apply to elections with regard to a Health Savings Account, which may be made, revoked, or changed at any time. Any of the following elections and revocations shall be made pursuant to procedures adopted by the Plan Administrator and shall be effective no sooner than the first day of the payroll period coincident with or immediately following the date the Participant files a new election with the Plan Administrator. An election change can be funded through pre-tax salary reduction only on a prospective basis, except for the retroactive enrollment right under Code Section 9801(f), which applies in the case of an election made within sixty (60) days of a birth, adoption, or placement for adoption. A Participant otherwise entitled to make a new election under this Section 3.5 must do so within thirty (30) days of the event. The circumstances under which a Participant may make a mid-year change of election vary with the type of benefit at issue, and as follows:

**Change in Status.** A Participant may change an election during the Plan Year if a Change in Status has occurred and the requested election change is consistent with the Change in Status. The following events are "Changes in Status" for the purposes of Section 3.5: (i) legal marital status change, including marriage, death of spouse, divorce, legal separation, or annulment; (ii) change in number of Dependents, including through birth, adoption, placement for adoption, or death of a Dependent; (iii) termination or commencement of employment by the Participant, spouse, or Dependent; (iv) a reduction or increase in hours of employment by the Participant, spouse, or Dependent, including a switch between part-time and full-time, a strike or

lockout, or commencement or return from an unpaid leave of absence; (v) a Dependent's satisfying or ceasing to satisfy the eligibility requirements for coverage due to attainment of age, student status, or any similar circumstance as provided in the Group Health Plan under which the Participant receives coverage; and (vi) a change in place of residence or work of the Participant, spouse, or Dependent.

Effective January 1, 2011, a Change in Status includes a change in the number of Dependents because the Company permits children under age 26 to participate in the Company's medical plans. A Participant may elect to enroll such newly eligible dependent in such coverage as permitted by Treasury Regulations.

An election change will be consistent with the Change in Status where the change affects the Group Health Plan or group life insurance only if the change is on account of and corresponds with a Change in Status that affects eligibility for coverage, including a change that results in an increase or decrease in the number of an Employee's family members or Dependents. An election change with respect to any other Benefit will be consistent with the Change in Status if it is on account of and corresponds with a Change in Status that affects eligibility for coverage. An election change also satisfies the requirement if it is on account of and corresponds with a change in status that affects Dependent care expenses under Article VI.

**Continuation Coverage.** If a Participant, or his or her spouse or Dependent becomes eligible for continuation coverage, as a result of a qualifying event, the Participant may continue to participate under this Plan and elect to reduce his or her Compensation in order to participate in the Group Health Plan.

**Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Enrollment Rights.** A Participant may revoke an election with respect to the Group Health Plan and make a new election that corresponds with the Participant's special enrollment rights granted the Participant under Code Section 9801(f), whether or not the change in election is otherwise permitted under this Plan.

**FMLA Leave.** A Participant who takes Family and Medical Leave Act of 1993 ("FMLA") leave may revoke an existing election of the Group Health Plan and make such other election for the remaining portion of the Plan Year as may be provided for under the FMLA and applicable regulations.

**Judgments, Decrees and Orders.** If a judgment, decree or order (an "Order") resulting from a divorce, legal separation, annulment, or change in legal custody requires accident or health coverage for a Participant's child or for a foster child who is a Dependent of the Participant, a Participant may change his or her election of Group Health Plan coverage to: (A) provide coverage for the child (provided that the Order requires the Participant to provide coverage for the child under the Participant's Plan), or (B) cancel coverage for the child if the Order requires the spouse, former spouse, or other individual to provide coverage for the child, and that coverage is, in fact, provided.

**Medicare and Medicaid.** If a Participant, spouse or Dependent who is enrolled in a Group Health Plan becomes entitled to Medicare or Medicaid (other than coverage consisting

solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), the Participant may make a prospective election change under this Plan to cancel or reduce coverage for that Participant, spouse or Dependent under the Group Health Plan. In addition, if a Participant, spouse, or Dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, the Participant may make a prospective election to commence or increase coverage for that Participant, spouse, or Dependent under the Group Health Plan.

**Cost Changes with Automatic Increases/Decreases.** A change in the cost of a Related Plan during the course of a Plan Year that is not deemed to be significant will automatically trigger a prospective increase or decrease in affected Participants' elections to have amounts deducted from their salary or wages. The Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance, whether increases in costs are significant or not, based on all the surrounding facts and circumstances.

**Significant Cost Changes.** A Participant may prospectively change a premium payment election for a Related Plan in the event of a significant cost change. The Administrator (in its sole discretion) will decide, in accordance with prevailing IRS guidance, whether a cost increase is significant and whether substitute coverage constitutes "similar coverage," based on all the surrounding facts and circumstances.

If the amount charged to a Participant by a dependent care provider significantly changes during the Plan Year, the Participant may make a new election on a prospective basis to the Employee's Dependent Care Spending Account Plan to reflect the change in the dependent care provider's pay. Such an election change is permitted only if the cost change is imposed by a dependent care provider who is not a relative of the employee, as described in Code Section 152(a)(1)-(8).

**Significant Coverage Curtailment.** If a Related Plan is significantly curtailed, an affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect to receive on a prospective basis coverage under another benefit package option providing similar coverage. A Related Plan is deemed "significantly curtailed" only if there is an overall reduction in coverage so as to constitute reduced coverage to Participants generally. The Plan Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance, whether a curtailment is "significant" and whether substituted coverage is "similar," based upon all the surrounding facts and circumstances.

If a Participant has a significant curtailment of coverage under the Employee's Dependent Care Spending Account Plan, then that Participant may make a new election on a prospective basis under the Dependent Care Spending Account Plan.

**Significant Coverage Change with Loss of Coverage.** If a Related Plan is significantly curtailed to the extent that it constitutes a loss of coverage, then the affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect to either receive on a prospective basis coverage under another benefit package option providing similar coverage or to drop coverage if no similar benefit package option is available. For purposes of this Plan, a "loss of coverage" means a complete loss of coverage under the benefit package option or other coverage option (including the elimination of a benefits package option, an HMO ceasing to

be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation). In addition, the Plan Administrator may, in its discretion, treat the following as a loss of coverage:

(i) ~~(i)~~—A substantial decrease in the medical care providers available under the option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO);

(ii) ~~(ii)~~—A reduction in the benefits of a specific type of medical condition or treatment with respect to which the Employee or the Employee's spouse or Dependent is currently in a course of treatment; or

(iii) ~~(iii)~~—Any other similar fundamental loss of coverage.

**Addition or Improvement of a Benefit Package Option.** If during a Plan Year a new benefit package option or other coverage option is added, or an existing benefit package option or other coverage option is significantly improved, an affected Participant (whether or not he or she has previously made an election under this Plan or previously elected the benefit package option) may elect to revoke a prior election under this Plan and, in lieu thereof, make an election on a prospective basis for coverage under the new or improved benefit package option. The Plan Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance whether a benefit package option or other coverage option is added or significantly improved based upon all the surrounding facts and circumstances.

**Other Changes.** Under this Plan, a Participant may make an election on a prospective basis which is on account of and corresponds with changes in a cafeteria plan of another employer or a group health plan sponsored by a governmental or educational institution as permitted under regulations prescribed by the Secretary of the Treasury.

**Election Rights Upon Reemployment.** Upon termination of employment and reemployment and becoming eligible hereunder, a Participant may make new elections under this Plan.

## CONTRIBUTIONS TO THE PLAN

### PROCEDURES FOR EMPLOYEE CONTRIBUTIONS

Benefits under the Plan shall be financed by Employee Contributions sufficient to support Benefits that a Participant has elected hereunder. Employee Contributions are made on a pro rata basis for each Contribution Period. The Participant shall determine the amount of Employee Contributions on an election form prescribed by the Company and file it with the Administrator prior to the beginning of such Plan Year, or for a newly hired or other newly Eligible Employee, within the time limits specified in Section 2.2.

Employee Contributions for new Eligible Employees are effective with the first full Contribution Period that begins when such Benefit coverage begins and are irrevocable for such

Plan Year. However, a Participant may revoke a Benefit election or Employee Contribution after the Plan Year has commenced and make a new election with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change in status and such other permitted events as determined under Section 3.5 of the Plan and consistent with the rules and regulations of the Department of Treasury.

## **APPLICATION OF CONTRIBUTIONS**

As soon as reasonably practical after each payroll period, the Company shall apply the Employee Contributions to provide the Benefits elected by the affected Participants. Any contributions made or withheld for the Dependent Care Spending Account shall be credited to such account. [Employee Contributions withheld for a Health Savings Account will be forwarded within a reasonable time to the institution at which the Participant established the account.](#)

## **PERIODIC CONTRIBUTIONS**

Notwithstanding the requirement provided above and in other Articles of this Plan that Employee Contributions be contributed to the Plan by the Company on behalf of an Employee on a level and pro rata basis for each payroll period, the Company and Administrator may implement a procedure in which Employee Contributions are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period.

## **BENEFITS**

### **BENEFIT OPTIONS**

The following Benefits are offered under the Plan and may be paid on a pre-tax basis if the Participant so elects.

A Participant may select among the following Benefits for each Plan Year:

Group Health Plan Benefit options, as determined under Section 5.3;

Dental Plan Benefit options, as determined under Section 5.4;

Vision Plan Benefit options, as determined under Section 5.5;

Group Life Insurance Plan options, as determined under Section 5.6;

LTD Plan Benefit options, as determined under Section 5.7; ~~and~~

Dependent Care Spending Account Benefits, as described in Section ~~5.8~~[5.8](#); ~~and~~

[\(m\) Effective January 1, 2012, a Health Savings Account Benefit, as determined under Section 5.9, and such Benefit may be paid for on a pre-tax basis if the Participant so elects.](#)

Each of the above Benefits is available only to an Eligible Employee who is eligible to participate in the Related Plan that provides the Benefit. The Compensation of a Participant shall

not be reduced to finance a particular Benefit prior to the time the Employee is eligible to select such Benefit under the Plan.

Except in the case of Benefits that are payable directly to the Participant by the Company, as determined under each Related Plan for which Benefits are selected by the Participant, the Company is responsible only for paying the cost of coverage. The Benefits are to be provided by the Company, the insurance company, or the other responsible party specified in the Related Plan selected by the Participant. The terms of each such Related Plan are incorporated into this Plan by reference to the extent necessary to make determinations under this Plan.

Effective for calendar years beginning January 1, 2014, a “qualified health plan” offered through an “Exchange” as established under Health Care Reform Law shall not be a qualified benefit under this Plan; provided, that the foregoing shall not apply to an employee if the Company is a qualified employer under such law offering the employee the opportunity to enroll through such an Exchange in a qualified health plan in a group market.

### **BENEFIT COSTS**

For purposes of the operation of this Plan, the Benefits made available under this Article shall, if their Benefit Cost per contribution Period is not specifically indicated, be considered to have a cost per Contribution Period equal to the annual Benefit Cost of the Benefit divided by the number of Contribution Periods in a year, rounded to the nearest penny.

### **GROUP HEALTH PLAN BENEFITS**

Each Participant may elect to be covered under a group health plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such group health plan shall be determined there from.

Effective March 30, 2010, in accordance with Code Sections 105(b) and 106, notwithstanding the Plan’s definition of Dependent, the Plan shall exclude from an employee’s gross income: (i) amounts received by an Employee for medical care (as defined in Code Section 213) of, and (ii) employer-provided coverage under an accident or health plan for, an Employee’s child (within the meaning of Code Section 152(f)(1)) who has not attained age 27 as of the end of the calendar year.

The following restrictions shall apply to the selection of Benefits described in Section 5.1(a):

A Participant and any dependents which the Participant elects to cover under the Group Health Plan must all be covered under the same Group Health Plan option. A Participant will not be permitted to change a Group Health Plan option within the current Period of Coverage except as provided under the rules of Section 3.5.

The conditions and consequences of coverage by a Group Health Plan option shall be provided to Employees prior to each Period of Coverage to which they apply. The Company shall, with the Employee Contributions allocated, pay all Benefit Costs or membership fees for the Participant and dependents if the Participant so elects, up to the amount necessary to provide the



coverage elected by the Participant. The selected Group Health Plan shall provide for any Benefits that are due under it to the Participant or dependents.

#### **DENTAL PLAN BENEFITS**

Each Participant may elect to be covered under a dental plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such dental plan shall be determined there from.

The Participant and any dependents which the Participant elects to cover under the Dental Plan must all be covered under the same option.

#### **VISION PLAN BENEFITS**

Each Participant may elect to be covered under a vision plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such vision plan shall be determined therefrom.

The Participant and any dependents which the Participant elects to cover under the Vision Plan must all be covered under the same option.

#### **GROUP LIFE INSURANCE PLAN**

Participants who select a Benefit described in Section 5.1(d) shall receive the Group Life Insurance Plan Benefit coverage under the option selected from among the options provided to Employees. Participants may select whatever option they wish, subject to any minimum or maximum amounts and other limitations or restrictions (including, if applicable, proof of insurability) with respect to the Benefit selected. The income tax exclusion for the coverage chosen is subject to any limits that may be specified in applicable state or federal law.

#### **LTD PLAN BENEFITS**

As provided in and subject to the specific rules of the LTD Plan, LTD Plan Benefits are provided during certain periods of disability. The basic LTD Plan coverage that may be elected under this Plan is subject to the information provided by the Company that describes such coverage, as amended from time to time.

#### **DEPENDENT CARE SPENDING ACCOUNT BENEFIT**

Each Participant may elect coverage under the Dependent Care Spending Account Plan option, in which case Article VI shall apply.

### **[1.2 HEALTH SAVINGS ACCOUNT](#)**

[Each Participant who is enrolled in the Company's High Deductible Health Plan \(or covered by another High Deductible Health Plan\), and who is not covered by any disqualifying non-High Deductible Health Plan, may elect to contribution to a Health Savings Account, in which](#)

case Article VII shall apply. A High Deductible Health Plan means a health plan intended to qualify under Code Section 223(e)(2).

**1.3    ~~5.9~~ NONDISCRIMINATION REQUIREMENTS**

~~(a)~~ —

**(a)**    It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125.

~~(b)~~ —

**(b)**    It is the intent of this Plan not to provide qualified benefits as defined under Code Section 125 to Key Employees in amounts that exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the preceding sentence, qualified benefits shall not include benefits which (without regard to this paragraph) are includible in gross income.

~~(c)~~ —

**(c)**    If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reduce contributions or non-taxable Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reduce contributions or non-taxable Benefits, it shall be done in the following manner. First, the non-taxable Benefits of the affected Participant (either an employee who is highly compensated or a Key Employee, whichever is applicable) who has the highest amount of non-taxable Benefits for the Plan Year shall have his non-taxable benefits reduced until the discrimination tests set forth in this Section are satisfied or until the amount of his non-taxable Benefits equals the non-taxable Benefits of the affected Participant who has the second highest amount of non-taxable Benefits. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. With respect to any affected Participant who has had Benefits reduced pursuant to this Section, the reduction shall be made from Dependent Care Spending Account Plan Benefits, and once all these Benefits are expended, proportionately among insured Benefits. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.

**DEPENDENT CARE SPENDING ACCOUNT PLAN**

**ESTABLISHMENT OF THE PLAN**

This Dependent Care Spending Account Plan is intended to qualify as a plan under Code Section 129 and shall be interpreted in a manner consistent with such Code Section. Participants who elect to participate in this program may submit claims for the reimbursement of

Employment-Related Dependent Care Expenses. All amounts reimbursed under this Dependent Care Spending Account Plan shall be paid from amounts allocated to the Participant's Dependent Care Spending Account.

## DEFINITIONS

For the purposes of this Article and the Plan the terms below shall have the following meaning:

~~(a)~~ —

(d) **“Dependent Care Spending Account”** means the account established for a Participant pursuant to this Article to which part of Employee Contributions may be allocated and from which Employment-Related Dependent Care Expenses of the Participant may be reimbursed.

~~(b)~~ —

(e) **“Dependent Care Spending Account Plan”** means the plan of benefits contained in this Article, which provides for the reimbursement of eligible expenses for the care of the Qualifying Dependents of Participants.

~~(c)~~ —

(f) **“Earned Income”** means earned income as defined under Code Section 32(c)(2), but excluding such amounts paid or incurred by the Company for dependent care assistance to the Participant.

~~(d)~~ —

(g) **“Employment-Related Dependent Care Expenses”** means the amounts paid for expenses of a Participant for those services which if paid by the Participant would be considered employment related expenses under Code Section 21(b)(2). Generally, they shall include expenses for household services or for the care of a Qualifying Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Dependents with respect to such Participant. The determination of whether an amount qualifies as an Employment-Related Dependent Care Expense shall be made subject to the following rules:

~~(1)~~ —

(1) If such amounts are paid for expenses incurred outside the Participant's household, they shall constitute Employment-Related Dependent Care Expenses only if incurred for a Qualifying Dependent as defined in Section ~~7.26.2~~(f)(1) (or deemed to be, as described in Section ~~7.26.2~~(f)(1) pursuant to Section ~~7.26.2~~(f)(3)), or for a Qualifying Dependent as defined in Section ~~7.26.2~~(f)(2) (or deemed to be, as described in Section ~~7.26.2~~(f)(2) pursuant to Section ~~7.26.2~~(f)(3)) who regularly spends at least 8 hours per day in the Participant's household;

~~(2)~~

(2) If the expense is incurred outside the Participant's home at a facility that provides care for a fee, payment, or grant for more than 6 individuals who do not regularly reside at the facility, the facility must comply with all applicable state and local laws and regulations, including licensing requirements, if any; and

~~(3)~~

(3) Employment-Related Dependent Care Expenses of a Participant shall not include amounts paid or incurred to a child of such Participant who is under the age of 19 or to an individual who is a dependent of such Participant or such Participant's Spouse.

~~(e)~~

(h) **“Highly Compensated Employee”** means an Employee who is a highly compensated employee within the meaning of Code Section 414(q) and the Treasury Regulations there under.

~~(f)~~

(i) **“Qualifying Dependent”** means, for Dependent Care Reimbursement Program purposes,

~~(1)~~

(1) a Dependent of a Participant who is under the age of 13, with respect to whom the Participant is entitled to an exemption under Code Section 151(c);

~~(2)~~

(2) a Dependent or the Spouse of a Participant who is physically or mentally incapable of caring for himself or herself; or

~~(3)~~

(3) a child that is deemed to be a Qualifying Dependent described in paragraph (1) or (2) above, whichever is appropriate, pursuant to Code Section 21(e)(5).

~~(g)~~

(j) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Dependent Care Spending Account Plan.

## **DEPENDENT CARE SPENDING ACCOUNTS**

The Administrator shall establish a Dependent Care Spending Account for each Participant who elects to apply Employee Contributions to Dependent Care Spending Account Plan benefits.

## **INCREASES IN DEPENDENT CARE SPENDING ACCOUNTS**

A Participant's Dependent Care Spending Account shall be increased each pay period by the portion of Employee Contributions that he has elected to apply toward his Dependent Care Spending Account pursuant to elections made under Article III hereof.

## **DECREASES IN DEPENDENT CARE SPENDING ACCOUNTS**

A Participant's Dependent Care Spending Account shall be reduced by the amount of any Employment-Related Dependent Care Expense reimbursements paid or incurred on behalf of a Participant pursuant to Section 6.6 hereof.

## **ALLOWABLE DEPENDENT CARE ASSISTANCE REIMBURSEMENT**

Subject to limitations contained in Section 6.9 of this Plan, and to the extent of the amount contained in the Participant's Dependent Care Spending Account, a Participant who incurs Employment-Related Dependent Care Expenses shall be entitled to receive from the Company full reimbursement for the entire amount of such expenses incurred during the Plan Year or portion thereof during which he is a Participant.

## **STATEMENT OF BENEFITS**

The Company (or the claims administrator) shall furnish to each Employee who is a Participant and received benefits under Section 6.6 or under Article VI during the prior calendar year, a statement of all such benefits paid to or on behalf of such Participant during the calendar year.

## **FORFEITURES**

The amount in a Participant's Dependent Care Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.11 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason.

## **LIMITATION ON PAYMENTS**

Notwithstanding any provision contained in this Article to the contrary, amounts paid from a Participant's Dependent Care Spending Account in or on account of any taxable year of the Participant shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or \$5,000 (\$2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)).

## **NONDISCRIMINATION REQUIREMENTS**

~~(a)~~ —

(k) It is the intent of this Dependent Care Spending Account Plan that contributions or benefits not discriminate in favor of Highly Compensated Employees or their Dependents, as prohibited by Code Section 129(d).

~~(b)~~

(l) It is the intent of this Dependent Care Spending Account Plan that not more than 25 percent of the amounts paid by the Company for dependent care assistance during the Plan Year will be provided for the class of individuals who are shareholders or owners (or their Spouses or Dependents), each of whom (on any day of the Plan Year) owns more than 5 percent of the stock or of the capital or profits interest in the Company.

~~(e)~~

(m) If the Administrator deems it necessary to avoid discrimination or possible taxation to Highly Compensated Employees defined under Section ~~7.2~~6.2(e) or to principal shareholders or owners as set forth in this Section, it may, but shall not be required to, reject any elections or reduce contributions or non-taxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Dependent Care Spending Account by the Highly Compensated Employee that elected to contribute the highest amount to such account for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section are satisfied, or until the amount designated for the account equals the amount designated for the account of the Highly Compensated Employee who has elected the second highest contribution to the Dependent Care Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.

## **DEPENDENT CARE SPENDING ACCOUNT PLAN CLAIMS**

The Administrator shall direct the payment of all such Dependent Care Assistance claims to the Participant upon the presentation to the Administrator of documentation of such expenses in a form satisfactory to the Administrator. However, in the Administrator's discretion, payments may be made directly to the service provider. In its discretion in administering the Plan, the Administrator may utilize forms and require documentation of costs as may be necessary to verify the claims submitted. At a minimum, the form shall include a statement from an independent third party as proof that the expense has been incurred and the amount of such expense, and including the taxpayer identification number of the service provider (social security number if an individual). In addition, the Administrator may require that each Participant who desires to receive reimbursement under this Plan for Employment-Related Dependent Care Expenses submit a statement which may contain some or all of the following information:

~~(a)~~

(n) The Dependent or Dependents for whom the services were performed;

~~(b)~~ —

(o) The nature of the services performed for the Participants, the cost of which he wishes reimbursement;

~~(e)~~ —

(p) The relationship, if any, of the person performing the services to the Participant;

~~(d)~~ —

(q) If the services are being performed by a child of the Participant, the age of the child;

~~(e)~~ —

(r) A statement as to where the services were performed;

~~(f)~~ —

(s) If any of the services were performed outside the home, a statement as to whether the Dependent for whom such services were performed spends at least 8 hours a day in the Participant's household;

~~(g)~~ —

(t) If the services were being performed in a day care center, a statement

~~(1)~~ —

(1) that the day care center complies with all applicable laws and regulations of the state of residence,

~~(2)~~ —

(2) that the day care center provides care for more than 6 individuals (other than individuals residing at the center), and

~~(3)~~ —

(3) of the amount of fee paid to the provider.

~~(h)~~ —

(u) If the Participant is married, a statement containing the following:

~~(1)~~ —

(1) the Spouse's salary or wages if he or she is employed, or

~~(2)~~

(2) if the Participant's Spouse is not employed, that

~~(i)~~

(i) he or she is incapacitated, or

~~(ii)~~

(ii) he or she is a full-time student attending an educational institution and the months during the year which he or she attended such institution.

~~(i)~~

(v) If a Participant fails to submit a claim within the 90 day period immediately following the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator.

## ARTICLE II HEALTH SAVINGS ACCOUNT

### 2.1 HSA BENEFITS

An Eligible Employee may elect to participate in a Health Savings Account (HSA) by electing to pay contributions on a pre-tax salary reduction basis to the Employee's HSA established and maintained outside the Plan by a trustee/custodian to which the Employer can forward contributions to be deposited. Such election may be increased, decreased or revoked prospectively at any time during the Plan Year, effective no later than the first day of the next calendar month following the date that the election change was filed.

### 2.2 CONTRIBUTIONS FOR COST OF COVERAGE FOR HSA; MAXIMUM LIMITS

The annual contribution for a Participant's HSA (the "HSA Contribution") is equal to the annual benefit amount elected by the Participant, provided that in no event shall the amount elected exceed the lesser of:

(a) The statutory maximum amount for such contributions applicable to the Participant's High Deductible Health Plan coverage option (i.e., \$3,100 for single coverage and \$6,250 for family coverage for 2012, as indexed for inflation) for the calendar year in which the HSA Contribution is made; or

(b) the annual deductible under the High Deductible Health Plan coverage elected by the Participant.



An additional catch-up HSA Contribution (\$1,000 in 2012 and thereafter as determined by statute) may be made for Participants who are age 55 or older.

In addition, the maximum annual HSA Contribution shall be pro-rated for the number of months in which the Participant is a covered by a High Deductible Health Plan.

The Company may make Company contributions to the HSA on behalf of Participants in an amount and in a manner to be determined by the Board of Directors of the Company in its sole discretion. Any such Company contributions shall be treated as being made through a cafeteria plan for purposes of the applicable comparability regulations.

### **2.3 RECORDING CONTRIBUTIONS FOR HSA**

The HSA trustee/custodian, not the Company, will establish and maintain the HSA. The HSA trustee/custodian will be chosen by the Participant, not by the Company. The Company may, however, limit the number of HSA providers to whom it will forward contributions that the Employee makes via pre-tax salary reductions, without endorsing any particular HSA provider. The Administrator will maintain records to keep track of HSA contributions an Employee makes via pre-tax salary reductions, but it will not create a separate fund or otherwise segregate assets for this purpose. The Company has no authority or control over the funds deposited in a HSA.

### **2.4 TRUST/CUSTODIAL AGREEMENT; HSA NOT INTENDED TO BE AN ERISA PLAN**

HSA benefits under this Plan consist solely of the ability to make contributions to the HSA on a pre-tax salary reduction basis. Terms and conditions of coverage and benefits (e.g., eligible medical expenses, claims procedures, etc.) will be provide by and are set forth in the HSA, not this Plan. The terms and conditions of each Participant’s HSA trust or custodial account are described in the HSA trust or custodial agreement that is provided by the applicable trustee/custodian to each selecting Participant and are not a part of this Plan.

The HSA is not an employer-sponsored employee benefits plan. It is a savings account that is established and maintained by an HSA trustee/custodian outside this Plan to be used primarily for reimbursement of “qualified eligible medical expenses” as set forth in Code § 223(d)(2). The Employer has no authority or control over the funds deposited in a HSA. Even though this Plan may allow pre-tax salary reduction Employee Contributions and Company contributions to an HSA, the HSA is not intended to be an ERISA benefit plan sponsored or maintained by the Company.

## **ARTICLE III~~ARTICLE VII~~ BENEFITS AND RIGHTS**

### **3.1 ~~7.1~~ CLAIM FOR BENEFITS**

**Claims for Benefits from Related Plans.** All claims for a non-cash Benefit under this Plan shall be submitted to the selected insurance carrier or other administrator of the Related Plan providing the Benefit in accordance with the procedures prescribed by such plan and any resulting dispute over Benefits shall be subject to the terms of such plan.

**Disputes Concerning this Plan.** All disputes concerning eligibility to participate in this Plan or the making of Employee Contributions shall be initiated in accordance with the procedures set forth hereunder. If a Participant believes he or she is entitled to a Benefit under this Plan or a Related Plan to which this claims procedure applies, then the Participant may file a claim by writing a letter to the Administrator explaining the Participant's position.

**Notice of Denial of Claim.** If a claim under this Plan is wholly or partially denied, the Administrator shall within a reasonable period of time, but no later than 90 days after receipt of the claim, notify the claimant of the denial. If special circumstances justify extending the period up to an additional 90 days, the claimant shall be given written notice of this extension within the initial 90-day period and such notice shall set forth the special circumstances and the date a decision is expected. A notice of denial:

shall be written in a manner calculated to be understood by the claimant;  
and

shall contain (i) the specific reasons for denial of the claim, (ii) specific reference to the Plan provisions on which the denial is based, (iii) a description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation why such material or information is necessary, and (iv) an explanation of the Plan's claim review procedures.

**Appeals Procedure.** If a Participant's claim is denied, the Participant may appeal the decision directly to the Plan Administrator. The appeal should set forth why the claim should not have been denied. In addition, the Participant should include any information, questions or comments he thinks are appropriate to substantiate his position that the claim should not have been denied.

The Plan Administrator will respond to the appeal by mail within 90 days of the date of receiving the appeal. If the Plan Administrator needs more than 90 days to review the Participant's appeal, it must provide the notice of delay within 90 days of receiving the Participant's appeal. The notice of delay will state the reasons for delay. If the appeal is denied by the Plan Administrator, no additional appeals will be considered unless such appeals are accompanied by additional supporting information.

### 3.2     ~~7.2~~ **CONFLICTS BETWEEN CLAIMANTS**

If at any time before the payment of a Benefit to a Participant or beneficiary the Administrator is notified of the existence of possible conflicting claims of more than one claimant to all or a portion of the Benefit under circumstances where there is no dispute that the benefit is payable to someone by the Plan, the Administrator may direct the withholding of the Benefit until the conflict in claims has been resolved by agreement between the claimants, by a final judicial determination of the person or persons entitled thereto, or by any other procedure reasonably calculated to protect the Plan from making Benefit payments more than once. If, in any case involving conflicting claims, there is also a dispute between one or more claimants and the Plan with respect to the Benefit payable there under, the Administrator may process the claim to resolve such dispute and the resulting decisions may be appealed in conformity with the appeals procedure

of this section to the point where any dispute between claimant or claimants and the Plan is resolved.

### 3.3 ~~7.3~~ NOTICE OF ADDRESS

Each person entitled to benefits under any portion of this Plan must file with the Administrator, in writing, the person's post office address and each change of post office address. Any communication, statement, or notice addressed to such a person at the latest reported post office address will be binding upon the person for all purposes of the Plan and neither the Company nor the Administrator shall be obligated to search for or ascertain the person's whereabouts.

### 3.4 ~~7.4~~ CONFIDENTIALITY

Any information provided by a Participant or Beneficiary to the Company or the Administrator shall be treated as confidential and not disclosed to others without the Participant's consent, except as may otherwise be required by law.

### 3.5 ~~7.5~~ EXAMINATION OF RECORDS

The Administrator will make available to each Participant such of its records under the Plan as pertains to such Participant, for examination at reasonable times during normal business hours.

### 3.6 ~~7.6~~ APPLICATION OF BENEFIT PLAN SURPLUS

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall first be used to defray any administrative costs and experience losses and thereafter be retained by the Company.

## ARTICLE IV ~~ARTICLE VIII~~ ADMINISTRATION

### 4.1 ~~8.1~~ PLAN ADMINISTRATION

The Administrator appointed by the Company shall administer the Plan and exercise the authority, powers and discretion conferred by the Plan. The Administrator shall have such other powers and authority necessary or proper for the administration of the Plan as shall be determined from time to time by the Company, subject to applicable requirements of law.

The Administrator may adopt such rules and regulations for the administration of the Plan which are consistent with the terms of the Plan as it shall consider advisable in its sole discretion

and shall have full power and authority to enforce, construe, interpret, and administer the Plan. All interpretations under the Plan and all determinations of fact made in good faith by the Administrator shall be binding on the Participants, their dependents, and all other persons interested.

The Administrator may delegate to any agent, attorney, accountant, or other person selected by it, any power or duty vested in, imposed upon, or granted to it by the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations there under.

#### 4.2    ~~8.2~~ **RECORDS**

The Administrator shall keep a record of all its proceedings with respect to the Plan and shall keep, or cause to be kept, all such books, accounts, records or other data as may be necessary or advisable in its judgment for the administration of the Plan and properly to reflect the affairs of the Plan. The Administrator may, but is not required to, rely upon all records of the Company and may likewise treat such records as conclusive with respect to all Employees, Participants, and any other persons, except as otherwise provided by law.

#### 4.3    ~~8.3~~ **PAYMENT OF EXPENSES**

The expenses incurred by the Company and the Administrator in the performance of their duties under the Plan, and all other proper charges, expenses and disbursements of the Plan (except those attributable to the administration of an underlying plan by an insurer or HMO) shall be paid by the Company. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

#### 4.4    ~~8.4~~ **INSURANCE CONTROL CLAUSE**

In the event of a conflict between the terms of this Plan and the terms of an insurance contract of an independent third party insurer whose product is then being used in conjunction with this Plan, the terms of the insurance contract shall control as to those Participants receiving coverage under such insurance contract. For this purpose, the insurance contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

#### 4.5    ~~8.5~~ **LIABILITY OF OFFICERS, DIRECTORS AND ADMINISTRATORS**

To the extent permitted by law, the Company, the Administrator, and any claims review committee, together with their respective employees, members, directors and agents, shall be entitled to rely upon all tables, valuations, certificates and reports furnished by any duly appointed actuary and/or accountant, and upon all opinions given by any duly appointed legal counsel and/or physician. To the extent permitted by law, the Company, the Administrator, and any claims review committee, together with their respective employees, members, directors and agents, shall be fully

protected against any liability in respect of any action taken in good faith in reliance upon any such tables, valuations, certificates, reports or opinions. Except as may be required by law, no employee, member, officer or director of the Company, Administrator, or claims review committee shall be personally liable by virtue of any instrument executed by the individual or on the individual's behalf or for any mistake of judgment made by the individual or any other party, or for the neglect, omission, or wrongdoing of any other party, or for any loss, unless resulting from the individual's own gross negligence or willful misconduct. No person shall be liable for any breach of fiduciary responsibility resulting from the act or omission of any other fiduciary or any person to whom fiduciary responsibilities have been allocated or delegated, except as specifically provided by law. No action or responsibility shall be deemed to be fiduciary action or responsibility except to the extent specifically required by law.

#### 4.6 ~~8.6~~ INDEMNIFICATION

To the extent permitted by law, the Company shall indemnify the members of the Board of Directors of the Company and any Company employee or former employee to whom any fiduciary responsibility for the Plan is or was delegated, against all liabilities, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Company) incurred by any such person as a result of any act, or omission to act, in connection with the performance of duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the gross negligence or willful misconduct of any such person. The foregoing right of indemnification shall be in addition to any other right to which any such person may be entitled as a matter of law or otherwise.

#### 4.7 ~~8.7~~ UNIFORM ADMINISTRATION

Any discretionary acts taken under the Plan by or on behalf of the Administrator shall be uniform in their nature and shall be applicable to all Participants and beneficiaries similarly situated, and no discretionary act shall be taken which is discriminatory under the provisions of the Code. All rules and decisions made by or on behalf of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances.

#### 4.8 ~~8.8~~ TAX WITHHOLDING

The Company may withhold, or require the withholding from any payment which it is required to make of, any federal, state or local taxes required by law to be withheld with respect to such payment and such sum as the Company may reasonably estimate is necessary to cover any taxes for which the Company may be liable and which may be assessed with regard to such payment.

### ARTICLE V ~~ARTICLE IX~~ AMENDMENT OR TERMINATION OF PLAN

#### 5.1 ~~9.1~~ AMENDMENT OR TERMINATION OF THE PLAN

The Company expects the Plan to be permanent, but since future conditions cannot be anticipated or foreseen, the Plan may be amended, restated or terminated by the Company at any time and for any reason. The Company expressly reserves the right to modify the Plan to provide

any Benefits prescribed by law, or to minimize the adverse impact on costs imposed by law, tax or regulatory authority. The Company also reserves the right to increase the cost of Benefits to Employees.

**5.2 ~~9.2~~ RESTRICTIONS ON AMENDMENTS**

Except as may be required by the Internal Revenue Service or other governmental authority, no amendment shall be made at any time, the effect of which would be to divest any person retroactively of enforceable rights obtained under the Plan or to cause any contributions to the Plan to be used for or diverted to purposes other than providing Benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan.

**5.3 ~~9.3~~ RETROACTIVE AMENDMENTS**

Notwithstanding any provision of this Article to the contrary, the Plan may be amended prospectively or, if necessary, retroactively to make the Plan conform to any applicable provision of the Code or any other relevant statute and to any applicable regulation under any such statute.

**5.4 ~~9.4~~ TERMINATION**

No further additions shall be made to the Dependent Care Spending Account, but all payments from such fund shall continue to be made according to the elections in effect until the end of the Plan Year in which the Plan termination occurs (and for a reasonable period of time thereafter, if required for the filing of claims). Any amounts remaining in any such fund or account as of the end of the Plan Year in which Plan termination occurs shall be forfeited and deposited in the benefit plan surplus after the expiration of the filing period.

**ARTICLE VI~~ARTICLE X~~  
MISCELLANEOUS**

**6.1 ~~10.1~~ PLAN INTERPRETATION**

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section ~~10.12:~~11.12.

**6.2 ~~10.2~~ GENDER AND NUMBER**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

**6.3 ~~10.3~~ WRITTEN DOCUMENT**

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.

**6.4    ~~10.4~~ EXCLUSIVE BENEFIT**

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan.

**6.5    ~~10.5~~ PARTICIPANT'S RIGHTS**

This Plan shall not be deemed to constitute an employment contract between the Company and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan. No employee or any other person shall have any right to or interest in the Plan other than as specifically provided in the Plan.

**6.6    ~~10.6~~ ACTION BY THE COMPANY**

Whenever the Company under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

**6.7    ~~10.7~~ COMPANY'S PROTECTIVE CLAUSES**

Upon the failure of either the Participant or the Company to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant's Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Company or the Participant as a result of the Participant's claim.

The Company's liability to the Participant shall only extend to and shall be limited to any payment actually received by the Company from the insurer. In the event that the full insurance Benefit contemplated is not promptly received by the Company within a reasonable time after submission of a claim, then the Company shall notify the Participant of such facts and the Company shall no longer have any legal obligation whatsoever (except to execute any document called for by a settlement reached by the Participant). The Participant shall be free to settle, compromise or refuse to pursue the claim as the Participant, in his sole discretion, shall see fit.

The Company shall not be responsible for the validity of any insurance contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any insurance contract. Once insurance is applied for or obtained, the Company shall not be liable for any loss which may result from the failure to pay Benefit Costs to the extent premium notices are not received by the Company.

**6.8    ~~10.8~~ NO GUARANTEE OF TAX CONSEQUENCES**

Neither the Administrator nor the Company makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or

state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Company if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

#### 6.9 ~~10.9~~ INDEMNIFICATION OF THE COMPANY BY PARTICIPANTS

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Company for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

#### 6.10 ~~10.10~~ FUNDING

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but may instead be considered general assets of the Company. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Company or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Company from which any payment under the Plan may be made.

#### 6.11 ~~10.11~~ GOVERNING LAW

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they might be amended from time to time). In no event shall the Company guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the State of Washington. Claims for Benefits and claims relating to the management and administration of Related Plans shall be decided under the rules of Related Plans and not hereunder.

#### 6.12 ~~10.12~~ SEVERABILITY

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

#### 6.13 ~~10.13~~ CAPTIONS

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.



#### **6.14 ~~10.14~~ CONTINUATION OF COVERAGE**

Notwithstanding anything in the Plan to the contrary, in the event any Group Health Plan under this Plan becomes unavailable because of a qualifying event as defined therein, each Participant will be entitled to continuation of coverage rights as described in the plan.

#### **6.15 ~~10.15~~ FAMILY AND MEDICAL LEAVE ACT OF 1993**

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the FMLA and regulations there under, this Plan shall be operated in accordance with Treasury Regulation Section 1.125-3. Without limiting the foregoing, if a Participant goes on a qualifying unpaid leave under FMLA, to the extent required by the FMLA, the Company will continue to maintain the Participant's Group Health Plan on the same terms and conditions as though such Participant were an active Employee. If the Participant opts to continue coverage, the Participant may (a) pay his or her share of the premium for the Group Health Plan with after-tax dollars while on leave (or pre-tax dollars to the extent he or she receives Compensation during the leave), or (b) the Participant may be given the option to pre-pay all or a portion of his or her share of the premium or contribution for the expected duration of the leave on a pre-tax salary reduction basis out of pre-leave compensation by making a special election to that effect prior to the date such Compensation would normally be available (provided, however, that pre-tax dollars may not be utilized to fund coverage during the next Plan Year), or (c) via other arrangements agreed upon between the Participant and the Administrator (e.g., the Administrator may fund coverage during the leave and withhold amounts upon the Participant's return). Upon return from such leave, the Participant will be permitted to re-enter the Plan on the same basis the Participant was participating in the Plan prior to leave, or as otherwise required by the FMLA.

#### **6.16 ~~10.16~~ GENERAL RESTRICTIONS AGAINST ALIENATION**

Except as provided in any Related Plan, the interest of any Participant or beneficiary under this Plan shall not in any event be subject to sale, assignment, or transfer, and each Participant is hereby prohibited from anticipating, encumbering, assigning, or in any manner alienating the interest hereunder and is without power to do so. However, this provision shall not restrict the power or authority of the Administrator, in accordance with the applicable provisions of the Plan, to disburse funds to the legally appointed guardian, executor, administrator, or personal representative of any Participant or beneficiary. If any person attempts to take any action contrary to this section, such action shall be void and the Company, the Administrator, and all Participants and all Participants and beneficiaries may disregard such action and are not in any manner bound thereby, and they shall suffer no liability for any such disregard thereof. If the Administrator is notified that any Participant or beneficiary has been adjudicated bankrupt or has purported to anticipate, sell, transfer, assign or encumber any Plan distribution or payment, voluntarily or involuntarily, the Administrator shall hold or apply such distribution or payment or any part thereof to or for the benefit of such Participant or beneficiary in such manner as the Administrator finds appropriate.

#### 6.17 ~~10.17~~ INCOMPETENCY

Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the date on which the Administrator receives a written notice, in a form and manner acceptable to the Administrator, that such person is incompetent or a minor, and that a guardian or other person legally vested with the care of the person or estate has been appointed. However, if the Administrator finds that any person to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness, accident, or other incapacity or incompetency, or is a minor, any payment due (unless a prior claim therefore was made by a duly appointed legal representative) may be paid to the spouse, a child, a parent or a brother or sister, or to any person or institution legally entitled to payment. To the extent permitted by law, any such payment so made shall be a complete discharge of liability therefore under the Plan.

If a guardian of the estate of any person receiving or claiming benefits under the Plan shall be appointed by a court of competent jurisdiction, benefit payments may be made to such guardian provided that proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Administrator. To the extent permitted by law, any such payment so made shall be a complete discharge of any liability under the Plan.

#### 6.18 ~~10.18~~ MISSING PERSONS

If, within seven years after any amount becomes payable hereunder to a Participant, the same has not been claimed, provided due and proper care has been exercised by the Administrator in attempting to make such payment, the amount shall revert to the Plan and shall be treated as a forfeiture.

#### 6.19 ~~10.19~~ COURT PROCEEDINGS

In the case of any court proceeding involving the Plan, only the Company shall be a necessary or proper party to the proceeding, and no Company employee shall be entitled to any notice of process with respect to the proceeding. Any final judgment entered in any such proceeding shall be conclusive upon the Company, the Administrator, the Participants and all other persons.

#### 6.20 ~~10.20~~ RECEIPT OF RELEASE

Any payment to any Participant or beneficiary (or to any estate, guardian, personal representative or other eligible person as the case may be) according to the provisions of the Plan shall, to the extent of the payment, be in full satisfaction of all claims against Administrator and the Company, and the Administrator may (but need not) require such Participant or beneficiary (or such other eligible person), as a condition precedent to such payment, to execute a receipt and release to such effect.

#### 6.21 ~~10.21~~ COUNTERPARTS

This Plan may be executed in any number of identical counterparts, each of which shall be considered an original. All the counterparts shall constitute but one and the same instrument and

may be introduced into evidence or used for any other purpose without the production of any other counterparts.

**6.22 ~~10.22~~SERVICE OF LEGAL PROCESS**

The Company and the Administrator are designated agents of the Plan for the purpose of receiving service of summons, subpoena or other legal process.

IN WITNESS WHEREOF, this Plan document is hereby executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

INTERCITY TRANSIT

By \_\_\_\_\_

Its \_\_\_\_\_

Document comparison by Workshare Compare on Monday, November 28, 2011  
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Document 2 ID	interwovenSite://DWTDOCS/DWT/18603985/2
Description	#18603985v2<DWT> - Cafeteria Plan (effective Jan 1 2012)
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Deletions	203
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	349

**EXHIBIT "A"**  
**INTERCITY TRANSIT**  
**CAFETERIA PLAN**

**As Amended and Restated Effective January 1, 2012**

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## INTERCITY TRANSIT

### CAFETERIA PLAN

#### INTRODUCTION

Intercity Transit, a political subdivision of the State of Washington (the “Company”), hereby amends and restates the Intercity Transit Cafeteria Plan (the “Plan”) effective January 1, 2012. The Plan was originally established effective May 1, 2003. The Plan’s purpose is to reward Employees by providing benefits for those Employees who shall qualify hereunder and their dependents and beneficiaries. The concept of this Plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires and needs.

The Plan provisions apply only to Employees in the Company’s employment on or after January 1, 2012, who meet the participation requirements of Article II. The Plan includes only those Benefits and Related Plans that are specifically incorporated in this document as part of the Plan’s array of choices. Administrative practices that result in a coordinated process of electing Plan Benefits and other benefits do not make such other benefits part of this Plan.

Payment of the costs of the Benefits described in this Plan comes from the Participant through Employee Contributions generated by elective pay reduction (or, after-tax contributions to the limited extent specified herein). The mechanism of payment and the choices provided under this Plan enable Participants to receive Benefits under Related Plans. However, Related Plans and any insurance contracts or other funding vehicles pertaining to them remain separate from this Plan.

#### ARTICLE I DEFINITIONS

**1.1 “Administrator”** means the individual(s) or corporation appointed by the Company to carry out the administration of the Plan. In the event the Administrator has not been appointed, or resigns from a prior appointment, the Company shall be deemed to be the Administrator.

**1.2 “Benefit”** means any of the optional benefit choices available to a Participant under this Plan or Related Plan as outlined in Section 5.1.

**1.3 “Benefit Cost”** means the maximum amount of reimbursement elected by the Participant under the Spending Account or the cost of another type of Benefit as determined by the Company and communicated to Participants from time to time. The Benefit Cost of the coverage shall be determined as of a date specified by the Company.

**1.4 “Code”** means the Internal Revenue Code of 1986, as amended or replaced from time to time.

**1.5 “Company”** means Intercity Transit, a political subdivision of the State of Washington, or any successor sponsor of the Plan.

**1.6 “Compensation”** means the cash remuneration received by the Participant from the Company during a Plan Year prior to any reductions pursuant to an election made on a form provided by the Administer which provides for Employee Contributions authorized hereunder. Compensation shall include overtime, commissions and bonuses.

**1.7 “Contribution Period”** means a pay period in which Employee Contributions are taken from an Employee’s pay.

**1.8 “Coverage Category”** means the category based on the number of persons a Participant chooses to cover under the Group Health Plan, Dental Plan, or Vision Plan from the available categories of Employee only, Employee plus spouse or plus one or more children, and Employee plus children and spouse.

**1.9 “Dental Plan”** means the dental plan sponsored by the Company, which may include choices among various options communicated to Employees from time to time.

**1.10 “Dependent”** means any individual who qualifies as a dependent under an Insurance Contract or under Code Section 152 (as modified by Code Section 105(b)).

**1.11 “Effective Date”** of the Plan means January 1, 2012, the effective date of the amendment and restatement of this Plan, except as otherwise specifically provided herein. The Plan was originally adopted effective May 1, 2003.

**1.12 “Eligible Employee”** means any Employee who has satisfied the provisions of Section 2.1.

**1.13 “Employee”** means any person who is employed by the Company.

**1.14 “Employee Contributions”** means the contributions which a Participant has elected and, except as otherwise provided herein, makes in conjunction with a reduction in Compensation, to pay for the Benefits the Employee has chosen under the Plan, as set forth in Section 4.1.

**1.15 “Group Health Plan”** means a health care plan sponsored by the Company, which may include choices among various options communicated to Employees from time to time.

**1.16 “Group Life Insurance Plan”** means the group life insurance plan sponsored by the Company to provide life insurance for Employees.

**1.17 “Health Care Reform Law”** means the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, and regulations promulgated thereunder.

**1.18 “Highly Compensated Employee”** means an Employee described in Code Section 414(q) and the Treasury regulations there under.

**1.19 “Key Employee”** means an Employee described in Code Section 416(i)(1) and the Treasury regulations there under.

**1.20 “LTD Plan”** means a long-term disability plan sponsored by the Company to provide Benefits to certain disabled Employees during a period of disability that may continue after these Employees are no longer eligible to receive sick leave or other payments from a plan or program to which the Company contributes.

**1.21 “Open Enrollment Period”** means the period immediately preceding the beginning of each Plan Year established by the Administrator, during which Employees may choose Benefits for the following Plan Year, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee’s initial Open Enrollment Period shall be determined pursuant to Section 3.1.

**1.22 “Participant”** means any Eligible Employee who satisfied the requirements for participation pursuant to Article II and has not for any reason become ineligible to participate further in the Plan.

**1.23 “Period of Coverage”** means the period for which a Participant by affirmative selection or default has irrevocably elected (unless a change in status or, if applicable, a plan status change occurs) to be covered by one or more Benefits described in this Plan. Unless otherwise specified, the Period of Coverage with respect to any Participant or Benefit shall be the Plan Year, or that portion of the Plan Year during which the Plan is effective with respect to the Participant or Benefit.

**1.24 “Plan”** means this instrument, including all amendments thereto.

**1.25 “Plan Year”** means the calendar year. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant’s date of entry and ending on the last day of such Plan Year.

**1.26 “Related Plan”** means any one of the underlying plans providing Benefits that Participants may choose under this Plan.

**1.27 “Spouse”** means the legally married husband or wife of a Participant, unless legally separated by court decree.

**1.28 “Spending Account”** means the Dependent Care Spending Account established under this Plan.

**1.29 “Vision Plan”** means a vision care plan sponsored by the Company, which may include choices among various options, communicated to Employees.

## **ARTICLE II PARTICIPATION**

### **2.1 ELIGIBILITY**

Any Eligible Employee shall be eligible to participate hereunder as on the date he satisfies the eligibility conditions for the Company's Group Health Plan (including minimum service and any full-time employee requirements), the provisions of which are specifically incorporated herein by reference. However, any Eligible Employee who was a Participant in the Plan on the effective date of this amended and restated Plan shall continue to be eligible to participate in the Plan.

### **2.2 EFFECTIVE DATE OF PARTICIPATION**

An Eligible Employee shall become a Participant effective as of the first day on which the Employee becomes eligible to participate under Section 2.1.

### **2.3 EMPLOYEE CONTRIBUTIONS**

Where a Benefit selection requires Employee Contributions pursuant to Section 3.1, the Employee Contributions and any related reduction in Compensation shall take effect as of the first full Contribution Period that begins when such Benefit coverage begins.

### **2.4 RELATED PLAN PROVISIONS**

Nothing in this Plan shall permit an Employee to participate in a Related Plan for which he or she is not eligible. An election under this Plan to be covered under a Related Plan is subject to the satisfaction of any separate eligibility requirements of the Related Plan. Nothing in this section shall require a Participant's reduction in Compensation to occur or a contribution to any Related Plan to take place before the normal time for such action under the Related Plan.

### **2.5 TERMINATION OF PARTICIPATION**

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

- (a) His termination of employment, subject to the provisions of Section 2.6;
- or
- (b) His death, subject to the provisions of Section 2.7; or
- (c) The termination of this Plan, subject to the provisions of Section 10.4; or
- (d) Ceasing to be an Eligible Employee.

## **2.6 TERMINATION OF EMPLOYMENT**

If a Participant's employment with the Company is terminated for any reason other than death, his participation in the Plan shall be governed in accordance with the following:

(a) With regard to Benefits which are insured, the Participant's participation in the Plan shall cease, but coverage under any insurance contract for which Benefit Costs have already been paid shall continue for the period for which Benefit Costs are paid.

(b) With regard to the Dependent Care Reimbursement Program, the Participant's participation in the Plan shall cease and no further Employee Contributions shall be made. However, such Participant may submit claims for employment related Dependent Care Expense reimbursements during the eligible period and within the 90 day period immediately following the end of the Plan Year in which such termination occurs, based on the level of his Dependent Care Spending Account as of his date of termination.

(c) With regard to the Health Savings Account (HSA), a Participant who terminates employment shall remain entitled to reimbursement of Medical Expenses in accordance with the terms of the account agreement with the HSA provider. "Medical Expenses" means any expense for medical care within the meaning of the term "medical care" or "medical expense" as defined in Code Sections 105(b) and 213 and the rulings and Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining his tax liability under the Code.

(d) Notwithstanding the above, if a Participant terminates employment during a Contribution Period, the Employee Contribution election will be canceled. If the Participant recommences employment as an Eligible Employee during the Plan Year or during a subsequent Plan Year, the rehired Participant shall be treated as a new Employee, who can make new elections in accordance with the rules of the Plan.

## **2.7 DEATH**

If a Participant dies, his participation in the Plan shall cease. However, such Participant's beneficiaries, or the representative of his estate, may submit claims incurred prior to death for the remainder of the Plan Year. A Participant may designate a specific beneficiary for this purpose. If no such beneficiary is specified, the Administrator may designate the Participant's Spouse, one of his Dependents or a representative of his estate.

## **ARTICLE III PARTICIPANT ELECTIONS**

### **3.1 APPLICATION TO PARTICIPATE**

An Employee who is eligible to participate in this Plan shall, during the applicable Enrollment Period, complete such application to participate and election of Benefits form as the Administrator shall furnish to the Employee. The elections made on such form shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 3.4 hereof.

An Eligible Employee may elect in writing on a form provided by the Administer to reduce his or her compensation by an amount equal to the Participant's dependent's premiums otherwise payable by the Participant for the Benefits elected and to have the Company apply the amount of the salary reduction to pay such premiums.

Participants who at any time have signed a form authorizing payroll deductions to pay such premiums shall be deemed to have authorized a reduction from compensation to pay such premiums on a pre-tax basis. To reject the application of the salary reduction to the payment of premiums and to pay premiums instead with after-tax dollars, a Participant must sign a form electing to not participate in the Cafeteria Plan before-tax premium payment option. Once such an election occurs, a Participant may elect again to apply his salary reduction to the payment of premiums by executing an Employee election form only during the Enrollment period effective as of the following January 1.

### **3.2 ELECTION OF BENEFIT COVERAGE**

Each Participant may designate on a form provided by the Company the various Benefit options described in Article V which the Employee selects, subject to any restrictions or limitations specified in this Plan, communicated to the Employee, or in the Related Plan under which the Benefit is provided. Such designation shall be made by allocating the Employee Contributions to the Benefit options selected. Allocations of Employee Contributions shall comply with any restrictions on their use that may be specified in this Plan or communicated to the Employee. If an Employee fails to make an election, coverage will be assigned as set forth in Section 3.4. Absent a change in status, the selection and designation shall be irrevocable and shall remain in effect for the entire Period of Coverage.

### **3.3 SUBSEQUENT ANNUAL ELECTIONS**

During the Open Enrollment Period prior to each subsequent Plan Year, each Participant may elect the Benefit options he wishes to select. Any such election shall be effective for any Benefit Costs incurred during the Plan Year which follows the end of the Open Enrollment Period. With regard to subsequent annual elections, the following shall apply:

- (a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Open Enrollment Period;
- (b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Open Enrollment Period that he does not want to participate in the Plan for the next Plan Year;
- (c) An Employee who elects not to participate for the Plan Year following the Open Enrollment Period will have to wait until the next Open Enrollment Period before again electing to participate in the Plan unless permitted under Section 3.5.

### 3.4 FAILURE TO ELECT

Any Participant who fails to complete a Benefit election form pursuant to Section 3.2 or 3.3 by the end of the applicable Open Enrollment Period shall be treated in the following manner:

(a) With regard to the Dependent Care Spending Account Benefit and Health Savings Account available under the Plan, such Participant shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Employee Contributions shall therefore be authorized or made for the subsequent Plan Year for such Benefits.

(b) With regard to the other Benefits, such Participant shall be deemed to have elected to participate in the Plan for the upcoming Plan Year based on the default coverage provided. Employee Contributions shall automatically continue to be authorized for the subsequent Plan Year for such Benefits unless the Participant elects in writing, during the Open Enrollment Period, not to participate in the other Benefits.

### 3.5 CHANGES OF ELECTION

A Participant's Benefit election will be irrevocable for the balance of the Plan Year, except in certain situations described in this Section 3.5; provided, however, that this Section 3.5 shall not apply to elections with regard to a Health Savings Account, which may be made, revoked, or changed at any time. Any of the following elections and revocations shall be made pursuant to procedures adopted by the Plan Administrator and shall be effective no sooner than the first day of the payroll period coincident with or immediately following the date the Participant files a new election with the Plan Administrator. An election change can be funded through pre-tax salary reduction only on a prospective basis, except for the retroactive enrollment right under Code Section 9801(f), which applies in the case of an election made within sixty (60) days of a birth, adoption, or placement for adoption. A Participant otherwise entitled to make a new election under this Section 3.5 must do so within thirty (30) days of the event. The circumstances under which a Participant may make a mid-year change of election vary with the type of benefit at issue, and as follows:

(a) **Change in Status.** A Participant may change an election during the Plan Year if a Change in Status has occurred and the requested election change is consistent with the Change in Status. The following events are "Changes in Status" for the purposes of Section 3.5: (i) legal marital status change, including marriage, death of spouse, divorce, legal separation, or annulment; (ii) change in number of Dependents, including through birth, adoption, placement for adoption, or death of a Dependent; (iii) termination or commencement of employment by the Participant, spouse, or Dependent; (iv) a reduction or increase in hours of employment by the Participant, spouse, or Dependent, including a switch between part-time and full-time, a strike or lockout, or commencement or return from an unpaid leave of absence; (v) a Dependent's satisfying or ceasing to satisfy the eligibility requirements for coverage due to attainment of age, student status, or any similar circumstance as provided in the Group Health Plan under which the Participant receives coverage; and (vi) a change in place of residence or work of the Participant, spouse, or Dependent.

Effective January 1, 2011, a Change in Status includes a change in the number of Dependents because the Company permits children under age 26 to participate in the Company's medical plans. A Participant may elect to enroll such newly eligible dependent in such coverage as permitted by Treasury Regulations.

An election change will be consistent with the Change in Status where the change affects the Group Health Plan or group life insurance only if the change is on account of and corresponds with a Change in Status that affects eligibility for coverage, including a change that results in an increase or decrease in the number of an Employee's family members or Dependents. An election change with respect to any other Benefit will be consistent with the Change in Status if it is on account of and corresponds with a Change in Status that affects eligibility for coverage. An election change also satisfies the requirement if it is on account of and corresponds with a change in status that affects Dependent care expenses under Article VI.

**(b) Continuation Coverage.** If a Participant, or his or her spouse or Dependent becomes eligible for continuation coverage, as a result of a qualifying event, the Participant may continue to participate under this Plan and elect to reduce his or her Compensation in order to participate in the Group Health Plan.

**(c) Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Enrollment Rights.** A Participant may revoke an election with respect to the Group Health Plan and make a new election that corresponds with the Participant's special enrollment rights granted the Participant under Code Section 9801(f), whether or not the change in election is otherwise permitted under this Plan.

**(d) FMLA Leave.** A Participant who takes Family and Medical Leave Act of 1993 ("FMLA") leave may revoke an existing election of the Group Health Plan and make such other election for the remaining portion of the Plan Year as may be provided for under the FMLA and applicable regulations.

**(e) Judgments, Decrees and Orders.** If a judgment, decree or order (an "Order") resulting from a divorce, legal separation, annulment, or change in legal custody requires accident or health coverage for a Participant's child or for a foster child who is a Dependent of the Participant, a Participant may change his or her election of Group Health Plan coverage to: (A) provide coverage for the child (provided that the Order requires the Participant to provide coverage for the child under the Participant's Plan), or (B) cancel coverage for the child if the Order requires the spouse, former spouse, or other individual to provide coverage for the child, and that coverage is, in fact, provided.

**(f) Medicare and Medicaid.** If a Participant, spouse or Dependent who is enrolled in a Group Health Plan becomes entitled to Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), the Participant may make a prospective election change under this Plan to cancel or reduce coverage for that Participant, spouse or Dependent under the Group Health Plan. In addition, if a Participant, spouse, or Dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, the Participant may make a prospective election to



commence or increase coverage for that Participant, spouse, or Dependent under the Group Health Plan.

**(g) Cost Changes with Automatic Increases/Decreases.** A change in the cost of a Related Plan during the course of a Plan Year that is not deemed to be significant will automatically trigger a prospective increase or decrease in affected Participants' elections to have amounts deducted from their salary or wages. The Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance, whether increases in costs are significant or not, based on all the surrounding facts and circumstances.

**(h) Significant Cost Changes.** A Participant may prospectively change a premium payment election for a Related Plan in the event of a significant cost change. The Administrator (in its sole discretion) will decide, in accordance with prevailing IRS guidance, whether a cost increase is significant and whether substitute coverage constitutes "similar coverage," based on all the surrounding facts and circumstances.

If the amount charged to a Participant by a dependent care provider significantly changes during the Plan Year, the Participant may make a new election on a prospective basis to the Employee's Dependent Care Spending Account Plan to reflect the change in the dependent care provider's pay. Such an election change is permitted only if the cost change is imposed by a dependent care provider who is not a relative of the employee, as described in Code Section 152(a)(1)-(8).

**(i) Significant Coverage Curtailment.** If a Related Plan is significantly curtailed, an affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect to receive on a prospective basis coverage under another benefit package option providing similar coverage. A Related Plan is deemed "significantly curtailed" only if there is an overall reduction in coverage so as to constitute reduced coverage to Participants generally. The Plan Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance, whether a curtailment is "significant" and whether substituted coverage is "similar," based upon all the surrounding facts and circumstances.

If a Participant has a significant curtailment of coverage under the Employee's Dependent Care Spending Account Plan, then that Participant may make a new election on a prospective basis under the Dependent Care Spending Account Plan.

**(j) Significant Coverage Change with Loss of Coverage.** If a Related Plan is significantly curtailed to the extent that it constitutes a loss of coverage, then the affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect to either receive on a prospective basis coverage under another benefit package option providing similar coverage or to drop coverage if no similar benefit package option is available. For purposes of this Plan, a "loss of coverage" means a complete loss of coverage under the benefit package option or other coverage option (including the elimination of a benefits package option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation). In addition, the Plan Administrator may, in its discretion, treat the following as a loss of coverage:

(i) A substantial decrease in the medical care providers available under the option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO);

(ii) A reduction in the benefits of a specific type of medical condition or treatment with respect to which the Employee or the Employee's spouse or Dependent is currently in a course of treatment; or

(iii) Any other similar fundamental loss of coverage.

**(k) Addition or Improvement of a Benefit Package Option.** If during a Plan Year a new benefit package option or other coverage option is added, or an existing benefit package option or other coverage option is significantly improved, an affected Participant (whether or not he or she has previously made an election under this Plan or previously elected the benefit package option) may elect to revoke a prior election under this Plan and, in lieu thereof, make an election on a prospective basis for coverage under the new or improved benefit package option. The Plan Administrator (in its sole discretion) will decide in accordance with prevailing IRS guidance whether a benefit package option or other coverage option is added or significantly improved based upon all the surrounding facts and circumstances.

**(l) Other Changes.** Under this Plan, a Participant may make an election on a prospective basis which is on account of and corresponds with changes in a cafeteria plan of another employer or a group health plan sponsored by a governmental or educational institution as permitted under regulations prescribed by the Secretary of the Treasury.

**(m) Election Rights Upon Reemployment.** Upon termination of employment and reemployment and becoming eligible hereunder, a Participant may make new elections under this Plan.

#### **ARTICLE IV CONTRIBUTIONS TO THE PLAN**

##### **4.1 PROCEDURES FOR EMPLOYEE CONTRIBUTIONS**

Benefits under the Plan shall be financed by Employee Contributions sufficient to support Benefits that a Participant has elected hereunder. Employee Contributions are made on a pro rata basis for each Contribution Period. The Participant shall determine the amount of Employee Contributions on an election form prescribed by the Company and file it with the Administrator prior to the beginning of such Plan Year, or for a newly hired or other newly Eligible Employee, within the time limits specified in Section 2.2.

Employee Contributions for new Eligible Employees are effective with the first full Contribution Period that begins when such Benefit coverage begins and are irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or Employee Contribution after the Plan Year has commenced and make a new election with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change

in status and such other permitted events as determined under Section 3.5 of the Plan and consistent with the rules and regulations of the Department of Treasury.

#### **4.2 APPLICATION OF CONTRIBUTIONS**

As soon as reasonably practical after each payroll period, the Company shall apply the Employee Contributions to provide the Benefits elected by the affected Participants. Any contributions made or withheld for the Dependent Care Spending Account shall be credited to such account. Employee Contributions withheld for a Health Savings Account will be forwarded within a reasonable time to the institution at which the Participant established the account.

#### **4.3 PERIODIC CONTRIBUTIONS**

Notwithstanding the requirement provided above and in other Articles of this Plan that Employee Contributions be contributed to the Plan by the Company on behalf of an Employee on a level and pro rata basis for each payroll period, the Company and Administrator may implement a procedure in which Employee Contributions are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period.

### **ARTICLE V BENEFITS**

#### **5.1 BENEFIT OPTIONS**

The following Benefits are offered under the Plan and may be paid on a pre-tax basis if the Participant so elects.

A Participant may select among the following Benefits for each Plan Year:

- (a) Group Health Plan Benefit options, as determined under Section 5.3;
- (b) Dental Plan Benefit options, as determined under Section 5.4;
- (c) Vision Plan Benefit options, as determined under Section 5.5;
- (d) Group Life Insurance Plan options, as determined under Section 5.6;
- (e) LTD Plan Benefit options, as determined under Section 5.7;
- (f) Dependent Care Spending Account Benefits, as described in Section 5.8;

and

(g) Effective January 1, 2012, a Health Savings Account Benefit, as determined under Section 5.9, and such Benefit may be paid for on a pre-tax basis if the Participant so elects.

Each of the above Benefits is available only to an Eligible Employee who is eligible to participate in the Related Plan that provides the Benefit. The Compensation of a Participant shall

not be reduced to finance a particular Benefit prior to the time the Employee is eligible to select such Benefit under the Plan.

Except in the case of Benefits that are payable directly to the Participant by the Company, as determined under each Related Plan for which Benefits are selected by the Participant, the Company is responsible only for paying the cost of coverage. The Benefits are to be provided by the Company, the insurance company, or the other responsible party specified in the Related Plan selected by the Participant. The terms of each such Related Plan are incorporated into this Plan by reference to the extent necessary to make determinations under this Plan.

Effective for calendar years beginning January 1, 2014, a “qualified health plan” offered through an “Exchange” as established under Health Care Reform Law shall not be a qualified benefit under this Plan; provided, that the foregoing shall not apply to an employee if the Company is a qualified employer under such law offering the employee the opportunity to enroll through such an Exchange in a qualified health plan in a group market.

## **5.2 BENEFIT COSTS**

For purposes of the operation of this Plan, the Benefits made available under this Article shall, if their Benefit Cost per contribution Period is not specifically indicated, be considered to have a cost per Contribution Period equal to the annual Benefit Cost of the Benefit divided by the number of Contribution Periods in a year, rounded to the nearest penny.

## **5.3 GROUP HEALTH PLAN BENEFITS**

Each Participant may elect to be covered under a group health plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such group health plan shall be determined there from.

Effective March 30, 2010, in accordance with Code Sections 105(b) and 106, notwithstanding the Plan’s definition of Dependent, the Plan shall exclude from an employee’s gross income: (i) amounts received by an Employee for medical care (as defined in Code Section 213) of, and (ii) employer-provided coverage under an accident or health plan for, an Employee’s child (within the meaning of Code Section 152(f)(1)) who has not attained age 27 as of the end of the calendar year.

The following restrictions shall apply to the selection of Benefits described in Section 5.1(a):

(a) A Participant and any dependents which the Participant elects to cover under the Group Health Plan must all be covered under the same Group Health Plan option. A Participant will not be permitted to change a Group Health Plan option within the current Period of Coverage except as provided under the rules of Section 3.5.

The conditions and consequences of coverage by a Group Health Plan option shall be provided to Employees prior to each Period of Coverage to which they apply. The Company shall, with the Employee Contributions allocated, pay all Benefit Costs or membership fees for the Participant and dependents if the Participant so elects, up to the amount necessary to provide

the coverage elected by the Participant. The selected Group Health Plan shall provide for any Benefits that are due under it to the Participant or dependents.

#### **5.4 DENTAL PLAN BENEFITS**

Each Participant may elect to be covered under a dental plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such dental plan shall be determined there from.

The Participant and any dependents which the Participant elects to cover under the Dental Plan must all be covered under the same option.

#### **5.5 VISION PLAN BENEFITS**

Each Participant may elect to be covered under a vision plan maintained by the Company for Participants, his or her spouse, and his or her dependents. The rights and conditions with respect to the benefits payable from such vision plan shall be determined therefrom.

The Participant and any dependents which the Participant elects to cover under the Vision Plan must all be covered under the same option.

#### **5.6 GROUP LIFE INSURANCE PLAN**

Participants who select a Benefit described in Section 5.1(d) shall receive the Group Life Insurance Plan Benefit coverage under the option selected from among the options provided to Employees. Participants may select whatever option they wish, subject to any minimum or maximum amounts and other limitations or restrictions (including, if applicable, proof of insurability) with respect to the Benefit selected. The income tax exclusion for the coverage chosen is subject to any limits that may be specified in applicable state or federal law.

#### **5.7 LTD PLAN BENEFITS**

As provided in and subject to the specific rules of the LTD Plan, LTD Plan Benefits are provided during certain periods of disability. The basic LTD Plan coverage that may be elected under this Plan is subject to the information provided by the Company that describes such coverage, as amended from time to time.

#### **5.8 DEPENDENT CARE SPENDING ACCOUNT BENEFIT**

Each Participant may elect coverage under the Dependent Care Spending Account Plan option, in which case Article VI shall apply.

#### **5.9 HEALTH SAVINGS ACCOUNT**

Each Participant who is enrolled in the Company's High Deductible Health Plan (or covered by another High Deductible Health Plan), and who is not covered by any disqualifying non-High Deductible Health Plan, may elect to contribution to a Health Savings Account, in

which case Article VII shall apply. A High Deductible Health Plan means a health plan intended to qualify under Code Section 223(e)(2).

#### **5.10 NONDISCRIMINATION REQUIREMENTS**

(a) It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125.

(b) It is the intent of this Plan not to provide qualified benefits as defined under Code Section 125 to Key Employees in amounts that exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the preceding sentence, qualified benefits shall not include benefits which (without regard to this paragraph) are includible in gross income.

(c) If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reduce contributions or non-taxable Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reduce contributions or non-taxable Benefits, it shall be done in the following manner. First, the non-taxable Benefits of the affected Participant (either an employee who is highly compensated or a Key Employee, whichever is applicable) who has the highest amount of non-taxable Benefits for the Plan Year shall have his non-taxable benefits reduced until the discrimination tests set forth in this Section are satisfied or until the amount of his non-taxable Benefits equals the non-taxable Benefits of the affected Participant who has the second highest amount of non-taxable Benefits. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. With respect to any affected Participant who has had Benefits reduced pursuant to this Section, the reduction shall be made from Dependent Care Spending Account Plan Benefits, and once all these Benefits are expended, proportionately among insured Benefits. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.

### **ARTICLE VI DEPENDENT CARE SPENDING ACCOUNT PLAN**

#### **6.1 ESTABLISHMENT OF THE PLAN**

This Dependent Care Spending Account Plan is intended to qualify as a plan under Code Section 129 and shall be interpreted in a manner consistent with such Code Section. Participants who elect to participate in this program may submit claims for the reimbursement of Employment-Related Dependent Care Expenses. All amounts reimbursed under this Dependent Care Spending Account Plan shall be paid from amounts allocated to the Participant's Dependent Care Spending Account.

## 6.2 DEFINITIONS

For the purposes of this Article and the Plan the terms below shall have the following meaning:

(a) **“Dependent Care Spending Account”** means the account established for a Participant pursuant to this Article to which part of Employee Contributions may be allocated and from which Employment-Related Dependent Care Expenses of the Participant may be reimbursed.

(b) **“Dependent Care Spending Account Plan”** means the plan of benefits contained in this Article, which provides for the reimbursement of eligible expenses for the care of the Qualifying Dependents of Participants.

(c) **“Earned Income”** means earned income as defined under Code Section 32(c)(2), but excluding such amounts paid or incurred by the Company for dependent care assistance to the Participant.

(d) **“Employment-Related Dependent Care Expenses”** means the amounts paid for expenses of a Participant for those services which if paid by the Participant would be considered employment related expenses under Code Section 21(b)(2). Generally, they shall include expenses for household services or for the care of a Qualifying Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Dependents with respect to such Participant. The determination of whether an amount qualifies as an Employment-Related Dependent Care Expense shall be made subject to the following rules:

(1) If such amounts are paid for expenses incurred outside the Participant’s household, they shall constitute Employment-Related Dependent Care Expenses only if incurred for a Qualifying Dependent as defined in Section 6.2(f)(1) (or deemed to be, as described in Section 6.2(f)(1) pursuant to Section 6.2(f)(3)), or for a Qualifying Dependent as defined in Section 6.2(f)(2) (or deemed to be, as described in Section 6.2(f)(2) pursuant to Section 6.2(f)(3)) who regularly spends at least 8 hours per day in the Participant’s household;

(2) If the expense is incurred outside the Participant’s home at a facility that provides care for a fee, payment, or grant for more than 6 individuals who do not regularly reside at the facility, the facility must comply with all applicable state and local laws and regulations, including licensing requirements, if any; and

(3) Employment-Related Dependent Care Expenses of a Participant shall not include amounts paid or incurred to a child of such Participant who is under the age of 19 or to an individual who is a dependent of such Participant or such Participant’s Spouse.

(e) **“Highly Compensated Employee”** means an Employee who is a highly compensated employee within the meaning of Code Section 414(q) and the Treasury Regulations there under.

(f) **“Qualifying Dependent”** means, for Dependent Care Reimbursement Program purposes,

(1) a Dependent of a Participant who is under the age of 13, with respect to whom the Participant is entitled to an exemption under Code Section 151(c);

(2) a Dependent or the Spouse of a Participant who is physically or mentally incapable of caring for himself or herself; or

(3) a child that is deemed to be a Qualifying Dependent described in paragraph (1) or (2) above, whichever is appropriate, pursuant to Code Section 21(e)(5).

(g) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Dependent Care Spending Account Plan.

### **6.3 DEPENDENT CARE SPENDING ACCOUNTS**

The Administrator shall establish a Dependent Care Spending Account for each Participant who elects to apply Employee Contributions to Dependent Care Spending Account Plan benefits.

### **6.4 INCREASES IN DEPENDENT CARE SPENDING ACCOUNTS**

A Participant’s Dependent Care Spending Account shall be increased each pay period by the portion of Employee Contributions that he has elected to apply toward his Dependent Care Spending Account pursuant to elections made under Article III hereof.

### **6.5 DECREASES IN DEPENDENT CARE SPENDING ACCOUNTS**

A Participant’s Dependent Care Spending Account shall be reduced by the amount of any Employment-Related Dependent Care Expense reimbursements paid or incurred on behalf of a Participant pursuant to Section 6.6 hereof.

### **6.6 ALLOWABLE DEPENDENT CARE ASSISTANCE REIMBURSEMENT**

Subject to limitations contained in Section 6.9 of this Plan, and to the extent of the amount contained in the Participant’s Dependent Care Spending Account, a Participant who incurs Employment-Related Dependent Care Expenses shall be entitled to receive from the Company full reimbursement for the entire amount of such expenses incurred during the Plan Year or portion thereof during which he is a Participant.

### **6.7 STATEMENT OF BENEFITS**

The Company (or the claims administrator) shall furnish to each Employee who is a Participant and received benefits under Section 6.6 or under Article VI during the prior calendar year, a statement of all such benefits paid to or on behalf of such Participant during the calendar year.



## **6.8 FORFEITURES**

The amount in a Participant's Dependent Care Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.11 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason.

## **6.9 LIMITATION ON PAYMENTS**

Notwithstanding any provision contained in this Article to the contrary, amounts paid from a Participant's Dependent Care Spending Account in or on account of any taxable year of the Participant shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or \$5,000 (\$2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)).

## **6.10 NONDISCRIMINATION REQUIREMENTS**

(a) It is the intent of this Dependent Care Spending Account Plan that contributions or benefits not discriminate in favor of Highly Compensated Employees or their Dependents, as prohibited by Code Section 129(d).

(b) It is the intent of this Dependent Care Spending Account Plan that not more than 25 percent of the amounts paid by the Company for dependent care assistance during the Plan Year will be provided for the class of individuals who are shareholders or owners (or their Spouses or Dependents), each of whom (on any day of the Plan Year) owns more than 5 percent of the stock or of the capital or profits interest in the Company.

(c) If the Administrator deems it necessary to avoid discrimination or possible taxation to Highly Compensated Employees defined under Section 6.2(e) or to principal shareholders or owners as set forth in this Section, it may, but shall not be required to, reject any elections or reduce contributions or non-taxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Dependent Care Spending Account by the Highly Compensated Employee that elected to contribute the highest amount to such account for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section are satisfied, or until the amount designated for the account equals the amount designated for the account of the Highly Compensated Employee who has elected the second highest contribution to the Dependent Care Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.

## **6.11 DEPENDENT CARE SPENDING ACCOUNT PLAN CLAIMS**

The Administrator shall direct the payment of all such Dependent Care Assistance claims to the Participant upon the presentation to the Administrator of documentation of such expenses in a form satisfactory to the Administrator. However, in the Administrator's discretion, payments

may be made directly to the service provider. In its discretion in administering the Plan, the Administrator may utilize forms and require documentation of costs as may be necessary to verify the claims submitted. At a minimum, the form shall include a statement from an independent third party as proof that the expense has been incurred and the amount of such expense, and including the taxpayer identification number of the service provider (social security number if an individual). In addition, the Administrator may require that each Participant who desires to receive reimbursement under this Plan for Employment-Related Dependent Care Expenses submit a statement which may contain some or all of the following information:

- (a) The Dependent or Dependents for whom the services were performed;
- (b) The nature of the services performed for the Participants, the cost of which he wishes reimbursement;
- (c) The relationship, if any, of the person performing the services to the Participant;
- (d) If the services are being performed by a child of the Participant, the age of the child;
- (e) A statement as to where the services were performed;
- (f) If any of the services were performed outside the home, a statement as to whether the Dependent for whom such services were performed spends at least 8 hours a day in the Participant's household;
- (g) If the services were being performed in a day care center, a statement
  - (1) that the day care center complies with all applicable laws and regulations of the state of residence,
  - (2) that the day care center provides care for more than 6 individuals (other than individuals residing at the center), and
  - (3) of the amount of fee paid to the provider.
- (h) If the Participant is married, a statement containing the following:
  - (1) the Spouse's salary or wages if he or she is employed, or
  - (2) if the Participant's Spouse is not employed, that
    - (i) he or she is incapacitated, or
    - (ii) he or she is a full-time student attending an educational institution and the months during the year which he or she attended such institution.

(i) If a Participant fails to submit a claim within the 90 day period immediately following the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator.

## **ARTICLE VII HEALTH SAVINGS ACCOUNT**

### **7.1 HSA BENEFITS**

An Eligible Employee may elect to participate in a Health Savings Account (HSA) by electing to pay contributions on a pre-tax salary reduction basis to the Employee's HSA established and maintained outside the Plan by a trustee/custodian to which the Employer can forward contributions to be deposited. Such election may be increased, decreased or revoked prospectively at any time during the Plan Year, effective no later than the first day of the next calendar month following the date that the election change was filed.

### **7.2 CONTRIBUTIONS FOR COST OF COVERAGE FOR HSA; MAXIMUM LIMITS**

The annual contribution for a Participant's HSA (the "HSA Contribution") is equal to the annual benefit amount elected by the Participant, provided that in no event shall the amount elected exceed the lesser of:

(a) The statutory maximum amount for such contributions applicable to the Participant's High Deductible Health Plan coverage option (i.e., \$3,100 for single coverage and \$6,250 for family coverage for 2012, as indexed for inflation) for the calendar year in which the HSA Contribution is made; or

(b) The annual deductible under the High Deductible Health Plan coverage elected by the Participant.

An additional catch-up HSA Contribution (\$1,000 in 2012 and thereafter as determined by statute) may be made for Participants who are age 55 or older.

In addition, the maximum annual HSA Contribution shall be pro-rated for the number of months in which the Participant is covered by a High Deductible Health Plan.

The Company may make Company contributions to the HSA on behalf of Participants in an amount and in a manner to be determined by the Board of Directors of the Company in its sole discretion. Any such Company contributions shall be treated as being made through a cafeteria plan for purposes of the applicable comparability regulations.

### **7.3 RECORDING CONTRIBUTIONS FOR HSA**

The HSA trustee/custodian, not the Company, will establish and maintain the HSA. The HSA trustee/custodian will be chosen by the Participant, not by the Company. The Company may, however, limit the number of HSA providers to whom it will forward contributions that the Employee makes via pre-tax salary reductions, without endorsing any particular HSA provider.

The Administrator will maintain records to keep track of HSA contributions an Employee makes via pre-tax salary reductions, but it will not create a separate fund or otherwise segregate assets for this purpose. The Company has no authority or control over the funds deposited in a HSA.

#### **7.4 TRUST/CUSTODIAL AGREEMENT; HSA NOT INTENDED TO BE AN ERISA PLAN**

HSA benefits under this Plan consist solely of the ability to make contributions to the HSA on a pre-tax salary reduction basis. Terms and conditions of coverage and benefits (e.g., eligible medical expenses, claims procedures, etc.) will be provide by and are set forth in the HSA, not this Plan. The terms and conditions of each Participant’s HSA trust or custodial account are described in the HSA trust or custodial agreement that is provided by the applicable trustee/custodian to each selecting Participant and are not a part of this Plan.

The HSA is not an employer-sponsored employee benefits plan. It is a savings account that is established and maintained by an HSA trustee/custodian outside this Plan to be used primarily for reimbursement of “qualified eligible medical expenses” as set forth in Code § 223(d)(2). The Employer has no authority or control over the funds deposited in a HSA. Even though this Plan may allow pre-tax salary reduction Employee Contributions and Company contributions to an HSA, the HSA is not intended to be an ERISA benefit plan sponsored or maintained by the Company.

### **ARTICLE VIII BENEFITS AND RIGHTS**

#### **8.1 CLAIM FOR BENEFITS**

(a) **Claims for Benefits from Related Plans.** All claims for a non-cash Benefit under this Plan shall be submitted to the selected insurance carrier or other administrator of the Related Plan providing the Benefit in accordance with the procedures prescribed by such plan and any resulting dispute over Benefits shall be subject to the terms of such plan.

(b) **Disputes Concerning this Plan.** All disputes concerning eligibility to participate in this Plan or the making of Employee Contributions shall be initiated in accordance with the procedures set forth hereunder. If a Participant believes he or she is entitled to a Benefit under this Plan or a Related Plan to which this claims procedure applies, then the Participant may file a claim by writing a letter to the Administrator explaining the Participant’s position.

(c) **Notice of Denial of Claim.** If a claim under this Plan is wholly or partially denied, the Administrator shall within a reasonable period of time, but no later than 90 days after receipt of the claim, notify the claimant of the denial. If special circumstances justify extending the period up to an additional 90 days, the claimant shall be given written notice of this extension within the initial 90-day period and such notice shall set forth the special circumstances and the date a decision is expected. A notice of denial:

(1) shall be written in a manner calculated to be understood by the claimant; and

(2) shall contain (i) the specific reasons for denial of the claim, (ii) specific reference to the Plan provisions on which the denial is based, (iii) a description of any additional material or information necessary for the claimant to perfect the claim, along with an explanation why such material or information is necessary, and (iv) an explanation of the Plan's claim review procedures.

**(d) Appeals Procedure.** If a Participant's claim is denied, the Participant may appeal the decision directly to the Plan Administrator. The appeal should set forth why the claim should not have been denied. In addition, the Participant should include any information, questions or comments he thinks are appropriate to substantiate his position that the claim should not have been denied.

The Plan Administrator will respond to the appeal by mail within 90 days of the date of receiving the appeal. If the Plan Administrator needs more than 90 days to review the Participant's appeal, it must provide the notice of delay within 90 days of receiving the Participant's appeal. The notice of delay will state the reasons for delay. If the appeal is denied by the Plan Administrator, no additional appeals will be considered unless such appeals are accompanied by additional supporting information.

## **8.2 CONFLICTS BETWEEN CLAIMANTS**

If at any time before the payment of a Benefit to a Participant or beneficiary the Administrator is notified of the existence of possible conflicting claims of more than one claimant to all or a portion of the Benefit under circumstances where there is no dispute that the benefit is payable to someone by the Plan, the Administrator may direct the withholding of the Benefit until the conflict in claims has been resolved by agreement between the claimants, by a final judicial determination of the person or persons entitled thereto, or by any other procedure reasonably calculated to protect the Plan from making Benefit payments more than once. If, in any case involving conflicting claims, there is also a dispute between one or more claimants and the Plan with respect to the Benefit payable there under, the Administrator may process the claim to resolve such dispute and the resulting decisions may be appealed in conformity with the appeals procedure of this section to the point where any dispute between claimant or claimants and the Plan is resolved.

## **8.3 NOTICE OF ADDRESS**

Each person entitled to benefits under any portion of this Plan must file with the Administrator, in writing, the person's post office address and each change of post office address. Any communication, statement, or notice addressed to such a person at the latest reported post office address will be binding upon the person for all purposes of the Plan and neither the Company nor the Administrator shall be obligated to search for or ascertain the person's whereabouts.

## **8.4 CONFIDENTIALITY**

Any information provided by a Participant or Beneficiary to the Company or the Administrator shall be treated as confidential and not disclosed to others without the Participant's consent, except as may otherwise be required by law.

## **8.5 EXAMINATION OF RECORDS**

The Administrator will make available to each Participant such of its records under the Plan as pertains to such Participant, for examination at reasonable times during normal business hours.

## **8.6 APPLICATION OF BENEFIT PLAN SURPLUS**

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall first be used to defray any administrative costs and experience losses and thereafter be retained by the Company.

# **ARTICLE IX ADMINISTRATION**

## **9.1 PLAN ADMINISTRATION**

The Administrator appointed by the Company shall administer the Plan and exercise the authority, powers and discretion conferred by the Plan. The Administrator shall have such other powers and authority necessary or proper for the administration of the Plan as shall be determined from time to time by the Company, subject to applicable requirements of law.

The Administrator may adopt such rules and regulations for the administration of the Plan which are consistent with the terms of the Plan as it shall consider advisable in its sole discretion and shall have full power and authority to enforce, construe, interpret, and administer the Plan. All interpretations under the Plan and all determinations of fact made in good faith by the Administrator shall be binding on the Participants, their dependents, and all other persons interested.

The Administrator may delegate to any agent, attorney, accountant, or other person selected by it, any power or duty vested in, imposed upon, or granted to it by the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations there under.

## **9.2 RECORDS**

The Administrator shall keep a record of all its proceedings with respect to the Plan and shall keep, or cause to be kept, all such books, accounts, records or other data as may be

necessary or advisable in its judgment for the administration of the Plan and properly to reflect the affairs of the Plan. The Administrator may, but is not required to, rely upon all records of the Company and may likewise treat such records as conclusive with respect to all Employees, Participants, and any other persons, except as otherwise provided by law.

### **9.3 PAYMENT OF EXPENSES**

The expenses incurred by the Company and the Administrator in the performance of their duties under the Plan, and all other proper charges, expenses and disbursements of the Plan (except those attributable to the administration of an underlying plan by an insurer or HMO) shall be paid by the Company. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

### **9.4 INSURANCE CONTROL CLAUSE**

In the event of a conflict between the terms of this Plan and the terms of an insurance contract of an independent third party insurer whose product is then being used in conjunction with this Plan, the terms of the insurance contract shall control as to those Participants receiving coverage under such insurance contract. For this purpose, the insurance contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

### **9.5 LIABILITY OF OFFICERS, DIRECTORS AND ADMINISTRATORS**

To the extent permitted by law, the Company, the Administrator, and any claims review committee, together with their respective employees, members, directors and agents, shall be entitled to rely upon all tables, valuations, certificates and reports furnished by any duly appointed actuary and/or accountant, and upon all opinions given by any duly appointed legal counsel and/or physician. To the extent permitted by law, the Company, the Administrator, and any claims review committee, together with their respective employees, members, directors and agents, shall be fully protected against any liability in respect of any action taken in good faith in reliance upon any such tables, valuations, certificates, reports or opinions. Except as may be required by law, no employee, member, officer or director of the Company, Administrator, or claims review committee shall be personally liable by virtue of any instrument executed by the individual or on the individual's behalf or for any mistake of judgment made by the individual or any other party, or for the neglect, omission, or wrongdoing of any other party, or for any loss, unless resulting from the individual's own gross negligence or willful misconduct. No person shall be liable for any breach of fiduciary responsibility resulting from the act or omission of any other fiduciary or any person to whom fiduciary responsibilities have been allocated or delegated, except as specifically provided by law. No action or responsibility shall be deemed to be fiduciary action or responsibility except to the extent specifically required by law.

### **9.6 INDEMNIFICATION**

To the extent permitted by law, the Company shall indemnify the members of the Board of Directors of the Company and any Company employee or former employee to whom any

fiduciary responsibility for the Plan is or was delegated, against all liabilities, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Company) incurred by any such person as a result of any act, or omission to act, in connection with the performance of duties, responsibilities and obligations under the Plan, other than such liabilities, costs and expenses as may result from the gross negligence or willful misconduct of any such person. The foregoing right of indemnification shall be in addition to any other right to which any such person may be entitled as a matter of law or otherwise.

#### **9.7 UNIFORM ADMINISTRATION**

Any discretionary acts taken under the Plan by or on behalf of the Administrator shall be uniform in their nature and shall be applicable to all Participants and beneficiaries similarly situated, and no discretionary act shall be taken which is discriminatory under the provisions of the Code. All rules and decisions made by or on behalf of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances.

#### **9.8 TAX WITHHOLDING**

The Company may withhold, or require the withholding from any payment which it is required to make of, any federal, state or local taxes required bylaw to be withheld with respect to such payment and such sum as the Company may reasonably estimate is necessary to cover any taxes for which the Company may be liable and which may be assessed with regard to such payment.

### **ARTICLE X AMENDMENT OR TERMINATION OF PLAN**

#### **10.1 AMENDMENT OR TERMINATION OF THE PLAN**

The Company expects the Plan to be permanent, but since future conditions cannot be anticipated or foreseen, the Plan may be amended, restated or terminated by the Company at any time and for any reason. The Company expressly reserves the right to modify the Plan to provide any Benefits prescribed by law, or to minimize the adverse impact on costs imposed by law, tax or regulatory authority. The Company also reserves the right to increase the cost of Benefits to Employees.

#### **10.2 RESTRICTIONS ON AMENDMENTS**

Except as may be required by the Internal Revenue Service or other governmental authority, no amendment shall be made at any time, the effect of which would be to divest any person retroactively of enforceable rights obtained under the Plan or to cause any contributions to the Plan to be used for or diverted to purposes other than providing Benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan.



### **10.3 RETROACTIVE AMENDMENTS**

Notwithstanding any provision of this Article to the contrary, the Plan may be amended prospectively or, if necessary, retroactively to make the Plan conform to any applicable provision of the Code or any other relevant statute and to any applicable regulation under any such statute.

### **10.4 TERMINATION**

No further additions shall be made to the Dependent Care Spending Account, but all payments from such fund shall continue to be made according to the elections in effect until the end of the Plan Year in which the Plan termination occurs (and for a reasonable period of time thereafter, if required for the filing of claims). Any amounts remaining in any such fund or account as of the end of the Plan Year in which Plan termination occurs shall be forfeited and deposited in the benefit plan surplus after the expiration of the filing period.

## **ARTICLE XI MISCELLANEOUS**

### **11.1 PLAN INTERPRETATION**

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 11.12.

### **11.2 GENDER AND NUMBER**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

### **11.3 WRITTEN DOCUMENT**

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.

### **11.4 EXCLUSIVE BENEFIT**

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan.

### **11.5 PARTICIPANT'S RIGHTS**

This Plan shall not be deemed to constitute an employment contract between the Company and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any

Participant or Employee the right to be retained in the service of the Company or to interfere with the right of the Company to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan. No employee or any other person shall have any right to or interest in the Plan other than as specifically provided in the Plan.

#### **11.6 ACTION BY THE COMPANY**

Whenever the Company under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

#### **11.7 COMPANY'S PROTECTIVE CLAUSES**

(a) Upon the failure of either the Participant or the Company to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant's Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Company or the Participant as a result of the Participant's claim.

(b) The Company's liability to the Participant shall only extend to and shall be limited to any payment actually received by the Company from the insurer. In the event that the full insurance Benefit contemplated is not promptly received by the Company within a reasonable time after submission of a claim, then the Company shall notify the Participant of such facts and the Company shall no longer have any legal obligation whatsoever (except to execute any document called for by a settlement reached by the Participant). The Participant shall be free to settle, compromise or refuse to pursue the claim as the Participant, in his sole discretion, shall see fit.

(c) The Company shall not be responsible for the validity of any insurance contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any insurance contract. Once insurance is applied for or obtained, the Company shall not be liable for any loss which may result from the failure to pay Benefit Costs to the extent premium notices are not received by the Company.

#### **11.8 NO GUARANTEE OF TAX CONSEQUENCES**

Neither the Administrator nor the Company makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Company if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

## **11.9 INDEMNIFICATION OF THE COMPANY BY PARTICIPANTS**

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Company for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

## **11.10 FUNDING**

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but may instead be considered general assets of the Company. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Company or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Company from which any payment under the Plan may be made.

## **11.11 GOVERNING LAW**

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they might be amended from time to time). In no event shall the Company guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the State of Washington. Claims for Benefits and claims relating to the management and administration of Related Plans shall be decided under the rules of Related Plans and not hereunder.

## **11.12 SEVERABILITY**

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

## **11.13 CAPTIONS**

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

#### **11.14 CONTINUATION OF COVERAGE**

Notwithstanding anything in the Plan to the contrary, in the event any Group Health Plan under this Plan becomes unavailable because of a qualifying event as defined therein, each Participant will be entitled to continuation of coverage rights as described in the plan.

#### **11.15 FAMILY AND MEDICAL LEAVE ACT OF 1993**

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the FMLA and regulations there under, this Plan shall be operated in accordance with Treasury Regulation Section 1.125-3. Without limiting the foregoing, if a Participant goes on a qualifying unpaid leave under FMLA, to the extent required by the FMLA, the Company will continue to maintain the Participant's Group Health Plan on the same terms and conditions as though such Participant were an active Employee. If the Participant opts to continue coverage, the Participant may (a) pay his or her share of the premium for the Group Health Plan with after-tax dollars while on leave (or pre-tax dollars to the extent he or she receives Compensation during the leave), or (b) the Participant may be given the option to pre-pay all or a portion of his or her share of the premium or contribution for the expected duration of the leave on a pre-tax salary reduction basis out of pre-leave compensation by making a special election to that effect prior to the date such Compensation would normally be available (provided, however, that pre-tax dollars may not be utilized to fund coverage during the next Plan Year), or (c) via other arrangements agreed upon between the Participant and the Administrator (e.g., the Administrator may fund coverage during the leave and withhold amounts upon the Participant's return). Upon return from such leave, the Participant will be permitted to re-enter the Plan on the same basis the Participant was participating in the Plan prior to leave, or as otherwise required by the FMLA.

#### **11.16 GENERAL RESTRICTIONS AGAINST ALIENATION**

Except as provided in any Related Plan, the interest of any Participant or beneficiary under this Plan shall not in any event be subject to sale, assignment, or transfer, and each Participant is hereby prohibited from anticipating, encumbering, assigning, or in any manner alienating the interest hereunder and is without power to do so. However, this provision shall not restrict the power or authority of the Administrator, in accordance with the applicable provisions of the Plan, to disburse funds to the legally appointed guardian, executor, administrator, or personal representative of any Participant or beneficiary. If any person attempts to take any action contrary to this section, such action shall be void and the Company, the Administrator, and all Participants and all Participants and beneficiaries may disregard such action and are not in any manner bound thereby, and they shall suffer no liability for any such disregard thereof. If the Administrator is notified that any Participant or beneficiary has been adjudicated bankrupt or has purported to anticipate, sell, transfer, assign or encumber any Plan distribution or payment, voluntarily or involuntarily, the Administrator shall hold or apply such distribution or payment or any part thereof to or for the benefit of such Participant or beneficiary in such manner as the Administrator finds appropriate.

### **11.17 INCOMPETENCY**

Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the date on which the Administrator receives a written notice, in a form and manner acceptable to the Administrator, that such person is incompetent or a minor, and that a guardian or other person legally vested with the care of the person or estate has been appointed. However, if the Administrator finds that any person to whom a benefit is payable under the Plan is unable to care for his or her affairs because of illness, accident, or other incapacity or incompetency, or is a minor, any payment due (unless a prior claim therefore was made by a duly appointed legal representative) may be paid to the spouse, a child, a parent or a brother or sister, or to any person or institution legally entitled to payment. To the extent permitted by law, any such payment so made shall be a complete discharge of liability therefore under the Plan.

If a guardian of the estate of any person receiving or claiming benefits under the Plan shall be appointed by a court of competent jurisdiction, benefit payments may be made to such guardian provided that proper proof of appointment and continuing qualification is furnished in a form and manner acceptable to the Administrator. To the extent permitted by law, any such payment so made shall be a complete discharge of any liability under the Plan.

### **11.18 MISSING PERSONS**

If, within seven years after any amount becomes payable hereunder to a Participant, the same has not been claimed, provided due and proper care has been exercised by the Administrator in attempting to make such payment, the amount shall revert to the Plan and shall be treated as a forfeiture.

### **11.19 COURT PROCEEDINGS**

In the case of any court proceeding involving the Plan, only the Company shall be a necessary or proper party to the proceeding, and no Company employee shall be entitled to any notice of process with respect to the proceeding. Any final judgment entered in any such proceeding shall be conclusive upon the Company, the Administrator, the Participants and all other persons.

### **11.20 RECEIPT OF RELEASE**

Any payment to any Participant or beneficiary (or to any estate, guardian, personal representative or other eligible person as the case may be) according to the provisions of the Plan shall, to the extent of the payment, be in full satisfaction of all claims against Administrator and the Company, and the Administrator may (but need not) require such Participant or beneficiary (or such other eligible person), as a condition precedent to such payment, to execute a receipt and release to such effect.

### **11.21 COUNTERPARTS**

This Plan may be executed in any number of identical counterparts, each of which shall be considered an original. All the counterparts shall constitute but one and the same instrument

and may be introduced into evidence or used for any other purpose without the production of any other counterparts.

**11.22 SERVICE OF LEGAL PROCESS**

The Company and the Administrator are designated agents of the Plan for the purpose of receiving service of summons, subpoena or other legal process.

IN WITNESS WHEREOF, this Plan document is hereby executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

INTERCITY TRANSIT

By \_\_\_\_\_

Its \_\_\_\_\_

**INTERCITY TRANSIT AUTHORITY**  
**AGENDA ITEM NO. 7-F**  
**MEETING DATE: December 7, 2011**

**FOR:** Intercity Transit Authority

**FROM:** Rhodetta Seward, 705-5856

**SUBJECT:** Citizen Representative Recruitment

- 
- 1) **The Issue:** Consider applicants and determine number to interview.
- 
- 2) **Recommended Action:** Direct staff to schedule interviews for December 19, 2011, with the applicants selected by the Authority.
- 
- 3) **Policy Analysis:** The Authority, per their bylaws, Article IV, Section 4.3 Selection - Citizen Representatives, "shall be appointed by a majority vote of the Authority for a term of three calendar years" . . . ." Upon a vacancy in a position by death, resignation or other cause, a new member will be appointed for the unexpired portion of the term, upon a majority vote of the Authority. Upon the expiration of either a partial term or the first full term of a citizen representative position, the Authority may, by a majority vote, reappoint the citizen representative for a full three-year term, provided that a citizen representative shall not be appointed to more than three consecutive full three-year terms.
- 
- 4) **Background:** Citizen Representative Eve Johnson tendered her resignation from the Intercity Transit Authority effective December 31, 2011, at which time her term ends.

The Authority directed staff to conduct a recruitment process. A process was completed and a deadline of November 18, 2011, for applications was set. Six applications were received by the deadline. Copies of all applicants' letters of interest and resumes are included in the Authority members' packets for their review.

The Authority will discuss the applicants and direct staff to schedule interviews. A draft set of questions will be sent to Authority members prior to the December 7<sup>th</sup> meeting for review and edit.

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- 5) **Alternatives:**
- A. Direct staff to schedule interview for December 19, with the applicants selected by the Authority.
  - B. Direct staff to continue the recruitment with the goal of soliciting additional applicants from the public. Appointment would be delayed until at least February 2012.
- 
- 6) **Budget Notes:** If the Authority were to consider a 2<sup>nd</sup> recruitment, the cost would be approximately \$1800 for additional display ads, graphic design, and mailings.
- 
- 7) **Goal References:** The annual appointment of a citizen representative is required per the bylaws of the Intercity Transit Authority. This supports all goals of the agency.
- 
- 8) **References:** Copies of letters of interest and resumes distributed to Authority members.