

06-06

**ACTIONS TAKEN AND RESOLUTIONS ADOPTED BY CONSENT  
OF THE BOARD OF DIRECTORS OF  
Daggett County**

The undersigned, being all of the members of the Board of Directors of Daggett County (the "Employer"), hereby adopt the following Resolution by unanimous consent and direct that this Consent Resolution be entered in the minute books of the Employer.

WHEREAS, the Employer previously adopted a Code Section 125 plan; a Code Section 105 Health Flexible Spending Account ("Health FSA") and a Code Section 129 Dependent Care Spending Account ("Dependent Care FSA"), collectively referred to as the Cafeteria Plan (the "Plan"); and

WHEREAS, the Internal Revenue Service issued Notice 2005-42, which permits employers to amend the Plan to allow a grace period (the "Grace Period") not to exceed two (2) months and fifteen (15) days following the end of the Plan Year during which Plan participants may use all or a portion of their unused Health FSA and/or Dependent Care FSA salary reduction amounts from the prior year for eligible expenses incurred during the Grace Period; and

WHEREAS, effective 1/1/2008 the Employer desires to amend the Plan as set forth in the attached amendment and Summary of Material of Modifications to establish a grace period that is consistent with the requirements set forth in 2005-42; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors has hereby reviewed the attached amendment and Summary of Material Modifications and does hereby approve the adoption of the grace period as set forth therein; and

BE IT FURTHER RESOLVED, that the officers of the Employer are hereby authorized to take the steps necessary to execute this amendment.

By [Signature] Date 2/6/08

By [Signature] Date 2/6/08

By [Signature] Date 2-6-08



Duby Mikee  
County Clerk

(SEAL)

**AMENDMENT TO THE  
FLEXIBLE SPENDING ACCOUNT PLAN**

This Amendment to the Cafeteria Plan (the "Plan") is adopted by Daggett County (the "Employer"), effective as of the dates set forth herein.

**NOW, THEREFORE**, effective as set forth below, the Plan is amended as follows:

A. Effective 1/1/2008, the following provisions should be added to the end of Section 5.4 of Appendix A:

However, the Employer has the discretion to establish a Grace Period following the end of the Plan Year during which amounts unused as of the end of the Plan Year may be used to reimburse Eligible Expenses incurred during the grace period. In no event can the Grace Period exceed two (2) months and fifteen (15) days following the end of the Plan Year. If adopted, all amounts allocated to the Dependent Care Account that are not used to reimburse Eligible Expenses incurred during the Plan Year and/or the Grace Period shall be forfeited.

B. Effective 1/1/2008, the following provisions should be added to the end of Section 5.5 of Appendix B:

However, the Employer has the discretion to establish a Grace Period following the end of the Plan Year during which amounts unused as of the end of the Plan Year may be used to reimburse Eligible Medical Expenses incurred during the grace period. In no event can the grace period exceed two (2) months and fifteen (15) days following the end of the Plan Year. If adopted, all amounts allocated to the Health FSA that are not used to reimburse Eligible Medical Expenses incurred during the Plan year and/or the Grace Period shall be forfeited.

Daggett County

By: \_\_\_\_\_

Title: \_\_\_\_\_

*\_\_\_\_\_*  
*County Commission Chair*



*Duby Mikee*  
\_\_\_\_\_  
County Clerk

**SUMMARY OF MATERIAL MODIFICATIONS  
TO THE FLEXIBLE SPENDING ACCOUNT PLAN (the "Plan")**

***This document summarizes important changes to your Flexible Spending Account Plan. If you have any questions regarding the changes summarized in this Summary of Material Modifications ("SMM"), you should contact Daggett County. You should keep a copy of this SMM with your Summary Plan Description for future reference.***

Effective 1/1/2008, the Employer has established a "Grace Period" that follows the end of the Plan Year during which amounts you have allocated to the applicable spending account(s) that are unused at the end of the Plan Year may be used to reimburse eligible expenses (with respect to the applicable spending account) incurred during the grace period.

The grace period will begin on the first day of the next Plan Year and (depending on the benefit) will end up to two (2) months and fifteen (15) days later. To view the list, see Table of Benefits below.

In order to take advantage of the grace period, you must be:

- A Participant in the applicable spending account(s) on the last day of the Plan Year to which the grace period relates, or
- A Qualified Beneficiary who is receiving COBRA coverage under the Health FSA on the last day of the Plan Year to which the grace period relates.

The following additional rules will apply to the grace period:

- Eligible expenses incurred during a grace period and approved for reimbursement will be paid first from available amounts that were remaining at the end of the Plan Year to which the grace period relates and then from any amounts that are available to reimburse expenses incurred during the current Plan Year. Because Run-Out claims may be submitted after Grace Period claims, claims may be reordered to maximize reimbursement; as a result, grace claims and/or payments may be reassigned to the current plan year.

For example, assume the Plan Years are Calendar Years, then assume that \$200 remains in your Health FSA account at the end of the Previous Plan Year, and further assume that you have elected to allocate \$2400 to the Health FSA for the Current Plan Year. If you submit for reimbursement an Eligible Medical Expense of \$500 that was incurred on January 15, of Current Year, \$200 of your claim will be paid out of the unused amounts remaining in your Health FSA from the Previous Plan Year and the remaining \$300 will be paid out of amounts allocated to your Health FSA for Current Year. Let us further assume that you then submit for reimbursement a Eligible Medical Expense of \$200 that was incurred on November 10, Previous Plan Year. The amount that had been reimbursed using the \$200 from the Previous Plan Year (grace money) would then be reordered to pay the November 10, Previous Plan Year claim, and the full \$500 January

15, Current Plan Year claim would then be reordered to be reimbursed from Current Plan Year money.

- Expenses incurred during a grace period must be submitted before the end of the Run-Out Period of the previous plan year as described in this SPD. Any unused amounts from the end of a Plan Year to which the grace period relates that are not used to reimburse eligible expenses incurred either during the Plan Year to which the grace period relates or during the grace period will be forfeited if not submitted for reimbursement before the end of the previous Plan Year's Run-Out Period.
- You may not use Health FSA amounts to reimburse Dependent Care FSA Expenses (and if the Grace Period is offered under the Dependent Care FSA, Dependent Care FSA amounts may not be used to reimburse Eligible Medical Expenses).

Table of Benefits

<b>Benefit</b>	<b>Grace Adopted</b>	<b>Grace End Date</b>	<b>Grace Cap</b>	<b>Active EE Run-Out Date</b>	<b>Termed EE / Coverage Run-Out Date / Days</b>
FSA Dependent Care	Yes	03/15	Avail. Bal.	04/15	30 days
FSA Medical	Yes	03/15	Avail. Bal.	04/15	30 days