



DES MOINES WATER WORKS  
Board of Water Works Trustees

Agenda Item No. III-A  
Meeting Date: October 24, 2017  
Chairperson's Signature  Yes  No

**AGENDA ITEM FORM**

**SUBJECT: Flexible Benefits Plan Restatement**

**SUMMARY:**

Des Moines Water Works first began its cafeteria plan arrangement and the medical and dependent care reimbursement plans on January 1, 1991. While there have been some minor revisions since that time, the plan document had not been updated since 2003.

The Iowa Public Employees' Retirement System (IPERS) implemented a new requirement where employers who offer elective employer contributions to a Internal Revenue Code (IRC) Section 125 plan must certify that their plan meets all IRC requirements by December 31, 2017. Because DMWW offers elective employer contributions in the form of "flex dollars" to employees, we will need to certify our plan meets all IRC requirements.

The plan document was reviewed by legal counsel and the language has been updated to be compliant with all applicable laws. This plan restatement included the addition of language on page 9 regarding ordering rules for non-elective and elective paid time off (purchased vacation time) and minor wording revisions throughout to make the document more user-friendly.

**FISCAL IMPACT:**

No impact to budget.

**RECOMMENDED ACTION:**

Approve restatement of the DMWW Flexible Benefits Plan, effective November 1, 2017.

**BOARD REQUIRED ACTION:**

Motion to approve and authorize chairperson to execute restatement of the DMWW Flexible Benefits Plan.

_____/_____ Doug Garnett (date) HR Manager	_____/_____ (date)	_____/_____ William G. Stowe (date) CEO and General Manager
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Attachments: DMWW Flexible Benefits Plan

**Des Moines Water Works  
Flexible Benefit Plan**

**Plan Document  
For the  
Cafeteria Plan Arrangement  
Medical Expense Reimbursement Plan  
Dependent Care Expense Reimbursement Plan**

**Restated November 1, 2017**

# **Flexible Benefit Plan**

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**Article I.**  
**Introduction and Establishment of Plan**

**Establishment and Effective Date:** The Des Moines Water Works hereby amends its Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan, and the Dependent Care Reimbursement Plan under the terms and conditions set forth in this document. The Plan is to be known as the Des Moines Water Works Flexible Benefit Plan. The provisions of this Plan, as amended shall be effective November 1, 2017. The Plan was originally effective January 1, 1991.

**Purpose:** The purpose of the Plan is to allow Employees to select among cash compensation and certain nontaxable benefits, namely coverage under one or more benefit programs maintained by the Employer. The benefit plans made available hereunder are provided pursuant to other plans and contracts and are incorporated herein. In the event of any inconsistency between the underlying benefit plans and policies and the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan, or the Dependent Care Reimbursement Plan, the benefit plans and policies will control.

This Cafeteria Plan Arrangement is designed to permit an Eligible Employee to pay on a pre-tax basis for his or her share of premiums under any medical plan and/or the purchase of additional vacation, and/or to contribute to an account for pre-tax reimbursement of certain Medical Care Expenses and Dependent Care Expenses.

**Legal Status:** The Cafeteria Plan Arrangement is intended to qualify as a Cafeteria Plan under Internal Revenue Code Section 125, as amended, and is to be interpreted in accordance with the requirements of that provision. The Medical Expense Reimbursement Plan is intended to qualify as a Code Section 105 Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan is intended to qualify as a Code Section 129 dependent care assistance plan. Although included within this document, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan are separate plans for purposes of administration and all reporting and nondiscrimination requirements imposed by Code Sections 105 and 129.

**No Guarantee of Tax Consequences:** Neither the Administrator nor the Planholder makes any guarantee that amounts paid for the benefit of any Participant are excludable from the Participant's income for federal or state income tax purposes, or from wages for FICA purposes.

**Notification:** Upon adoption of this Plan Document for the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan the Planholder will promptly notify all employees of its existence, eligibility requirements, and terms.

**Article II.**  
**Definition of Terms**

**ADMINISTRATOR:** The Planholder or any person or committee which may be appointed by the Planholder to supervise the administration of the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan.

**BENEFITS or BENEFIT OPTIONS:** Any of the optional benefit choices available to a Participant, including:

- Medical plans as defined by IRS including health, dental, cancer, and the employee assistance program.
- Group Life Insurance
- Group Long Term Disability
- Medical Expense Reimbursement Plan
- Dependent Care Expense Reimbursement Plan
- Purchased Vacation
- Other benefits that may become qualified under Section 125 in the future

**CAFETERIA PLAN ARRANGEMENT:** The Section 125 cafeteria plan established by this document.

**CHANGE IN STATUS:** Any events described in Article IV. of this document.

**CODE:** The Internal Revenue Code of 1986, as amended.

**DEPENDENT:** An individual who is a dependent of a Participant or former Participant in the Plan within the meaning of Section 152(a) of the Code.

**DEPENDENT CARE REIMBURSEMENT ACCOUNT:** The account established for the Participant to which part of his cash compensation reduction may be allocated and from which Qualified Dependent Care Expenses of the Participant may be reimbursed.

**EFFECTIVE DATE:** November 1, 2017 as amended. This amendment is not intended to change the Plan Year that was effective January 1, 2017.

**ELECTION PERIOD:** The period immediately preceding the beginning of each Plan Year established by the Administrator. Such period is to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee's initial Election Period shall be determined pursuant to Article IV.

**ELIGIBLE EMPLOYEE:** Any individual who is employed by the Planholder as either a full-time or part-time employee and meets the service requirements as described in Article III.

**MEDICAL EXPENSE REIMBURSEMENT ACCOUNT:** The account established for the Participant to which part of his cash compensation reduction may be allocated and from which Qualified Medical Expenses of the Participant may be reimbursed.

**PARTICIPANT(S):** An employee who meets the eligibility requirements of the Plans and who has elected to participate in in Plans in accordance with Article IV.

**PLAN(S):** The Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and/or the Dependent Care Reimbursement Plan covered by this document.

**PLAN YEAR:** The 12-consecutive month period beginning January 1 each year and ending December 31 provided that the Participant is not newly eligible and/or has a Change in Status during the plan year. Newly-eligible Participants electing participation will start at the beginning of the month following 3 months of employment during their first year, and Eligible Employees and/or current Participants who have a Change in Status as defined in the Code may have an Effective Date at the beginning of the month following the Change in Status as long as it is within 30 days of the change.

**PLANHOLDER:** The Des Moines Water Works, the employer establishing this Cafeteria Plan Arrangement, Medical Expense Reimbursement Plan, and the Dependent Care Reimbursement Plan. The Planholder may also be referred to in this document as the Company.

**PLANHOLDER’S BUSINESS ADDRESS:**

Des Moines Water Works  
2201 George Flagg Parkway  
Des Moines, IA 50321

**PLANHOLDER’S TAX ID:** 42-6004530

**QUALIFIED MEDICAL EXPENSES:** Expenses for medical care within the meaning of the term “medical care” as defined in Code Section 213(d) and the ruling and Treasury regulations thereunder and that are not otherwise used by the Participant as a deduction in determining his tax liability under the Code.

**QUALIFIED DEPENDENT CARE EXPENSES:** Non-medical expenses that enable the Participant to be gainfully employed and ensure a qualified dependent's well-being and protection. If married, the Participant’s spouse must also work, attend school full-time, or incapable of self-care. Dependent Care Expenses shall be deemed to be incurred at the time the services to which the expenses relate are rendered. These expenses are subject to the qualifications, rules, and limitations of Code Sections 21, 125, and 129 and related nondiscrimination divisions.

**Article III.  
Eligibility and Participation**

**Eligibility:** All regular full-time and part-time employees will be eligible to participate in the Plan. Part-time employees will not be eligible for group life insurance or group long-term disability insurance. Eligibility for the health insurance benefit under the Plan starts at the beginning of the month following employment. Eligibility for all other Benefits starts at the beginning of the month following 3 consecutive months of employment.

**Cessation of Participation:** Participants will cease to be participants as of the earlier of (a) the date on which the Plan terminates or (b) the date on which they cease to be an Eligible Employee.

#### **Article IV. Participant Elections**

**Election Process:** Elections under the Plans are made on benefit election forms/computer screens provided by the Administrator for making said elections, prior to the beginning of each Plan Year. All Participants and the employees expected to be eligible to participate at the beginning of each Plan Year will have access to the benefit election forms/computer screens.

Said elections are to be made in the manner described on the forms/screens provided, which must be completed and returned to the Administrator prior to each Plan Year.

Elections under the Plans for employees who become Eligible Employees during any Plan Year shall be made in the manner described on the form provided for making said elections by the Administrator, and shall be made prior to the start of the first payroll period for which salary reduction elections are effective.

**Election Irrevocable:** An election to under this Plan shall be irrevocable during the Plan Year, subject to Change in Status.

**Initial Elections:** An Eligible Employee may elect to participate in this Plan for all or the remainder of such Plan Year, provided the Eligible Employee elects to do so on or before the commencement of the Plan Year.

**Subsequent Annual Elections:** During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on benefit election form/computer screens to be provided by the Administrator, which Benefit Options he wishes to select. Any such election shall be effective for any Benefit expenses incurred during the Plan Year which follows the end of the Election Period. With regard to subsequent annual elections, the following options shall apply:

- A. A Participant or Eligible Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;

- B. A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year, or by not electing any Benefit Options;
- C. An Eligible Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan, except if there is a Change in Status.

**Failure to Elect:** Any Participant or Eligible Employee failing to complete a benefit election form/computer screen by the end of the applicable Election Period shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year.

**Change in Status:** Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if, under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control.

#### **Article V. Administration and Recordkeeping**

**Plan Administrator's Duties:** The Administrator shall supervise the administration of the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan to see that it is carried out, in accordance with its terms, for the exclusive benefit of Eligible Employees, without discrimination. The Administrator has the power and authority to administer the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan subject to their terms and to the requirements of applicable laws. The powers of the Administrator include, but are not limited to, the following:

- A. To establish and enforce such procedures and regulations necessary for the administration of the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan, or as may be required by law;
- B. To interpret and determine questions concerning the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan, including the eligibility of any employees to participate;
- C. To delegate responsibility under the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan, and to designate such other persons as may be necessary to carry out these responsibilities, with any delegation or designation set out in writing;

- D. To establish and maintain such records as are necessary to properly administer the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan and as may be necessary to meet the requirements of law;
- E. To make available to all Participants their records maintained under the Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan for examination at reasonable times. The Company agrees to indemnify and to defend to the fullest extent permitted by law any employee serving as the Administrator (including any employee or former employee who formerly served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Company) occasioned by an act or omission to act in connection with the Plan, if such act or omission is in good faith.

**Article VI.**  
**Cafeteria Plan Arrangement**

**Benefit Elections:** Participants may choose under this Plan to receive cash compensation or to have a portion of it applied by the Company toward the cost of one or more of the following options:

1. Benefits available to the Participant under the health/cancer/employee assistance plans; or
2. Benefits available to the Participant under the dental plan; or
3. Benefits available to the Participant under the disability plan; or
4. Benefits available to the Participant under the life insurance plan; or
5. Benefits available to the Participant under the Medical Reimbursement Plan; or
6. Benefits available to the Participant under the Dependent Care Reimbursement Plan; or.
7. Additional vacation available to the Participant; or
8. Other Benefits that may become qualified under Section 125 in the future.

While the election to receive one or more of the Benefits listed above may be made under this Plan, the Benefits will be provided not by this Plan but by those plans. The types and amounts of Benefits available under each option described above, the requirements for participating in such option, and the other terms and conditions of coverage and Benefits under such option areas set forth in contracts that constitute (or are incorporated by reference in) those Plans. The Benefit descriptions in such Plans and contracts, as in effect from time to time, are hereby incorporated by reference into this Plan.

**Election Process:** Participants and Eligible Employees may elect under this Plan to receive one or more of the benefits described in this Article VI. in accordance with the procedures described in Article IV.

**Contributions:** If a Participant elects a Benefit in which the cost is funded or shared by the participant, the Participant's cash compensation will be reduced, and an amount equal to the

reduction will be contributed by the Company to cover the Participant's share of the cost of such Benefit as determined by the Company. The balance of the cost of each such Benefit (if applicable) shall be paid by the Company under this Plan with non-elective Company contributions. The Planholder reserves the right to limit contributions on behalf of any Participant(s) if necessary to meet the nondiscrimination requirements of the law (including but not limited to Code Section 125) and in order to preserve the status of the Plan under Code Section 125 and related provisions.

**Change of Status:** Participants may change benefit elections during the Plan Year only as a result of a Change in Status, and the election change is consistent with a Change in Status.

**Termination of Participation:** Elections made under this Cafeteria Plan Arrangement will terminate upon the date on which an employee ceases to be a Participant or Eligible Employee, even though coverage or benefits under the Plan may continue to the extent provided in the benefit plans or by law.

**Additional Vacation Time:** Participants who elect to receive the Benefit of additional vacation time available to the Participant will be deemed to use the vacation time in the following order:

- 1) Non-elective vacation time (that is, vacation time with which the Participant has no election) is used first.
- 2) Elective vacation is used after all non-elective vacation time is used.

Participants must use all elective vacation time on or before the last day of the Plan Year. All elective vacation time that is not used on or before the last day of the Plan Year shall be forfeited, effective on the last day of the Plan Year to which the elective contributions relate.

## **Article VII. Medical Expense Reimbursement Plan**

**Establishment of Plan:** This Medical Expense Reimbursement Plan is intended to qualify as such a Plan under Code Section 105 and shall be interpreted in a manner consistent with such Code Section and the Treasury regulations thereunder.

**Benefit Election:** Participants may elect to receive medical expense reimbursement under this Plan by filing an election and compensation reduction agreement in accordance with the procedures established under the Cafeteria Plan Arrangement. An election to receive medical expense reimbursement shall be irrevocable during the Plan Year, subject to Change in Status, as provided in the Cafeteria Plan Arrangement.

**Maximum Benefit:** The maximum amount of cash compensation reductions that may be allocated to the Medical Expense Reimbursement Account for each Plan Year shall be \$2,500, as adjusted for increases in the cost of living in accordance with Code Section 125(i)(2).

**Establishment of Accounts:** The Planholder will establish and maintain on its books a Medical Expense Reimbursement Account for each Plan Year with respect to each Participant who has elected to receive medical expense reimbursement for the Plan Year.

**Crediting of Accounts:** There shall be credited to a Participant's Medical Expense Reimbursement Account for each Plan Year, as of each date compensation is paid to the Participant in such Plan Year, an amount equal to the reduction in accordance with the Participant's election and compensation reduction agreement under the Cafeteria Plan Arrangement. All amounts credited to each such Medical Expense Reimbursement Account shall be the property of the Des Moines Water Works until paid out pursuant to the claim reimbursement procedures below. The Planholder reserves the right to limit contributions on behalf of any Participant(s) if necessary to meet the nondiscrimination requirements of the law (including, but not limited to, Section 125 of the Internal Revenue Code) and in order to preserve the status of the Plan under Internal Revenue Code Section 125 and related provisions.

**Debiting of Accounts:** A Participant's Medical Expense Reimbursement Account for each Plan Year shall be debited from time to time in the amount of any claims for reimbursement for Qualified Medical Expenses incurred during such Plan Year. A Participant who has elected to receive medical expense reimbursement for a Plan Year may apply to the Planholder for reimbursement for Medical Expense Reimbursement incurred by the Participant during the Plan Year by submitting an application in writing to the Planholder, in such form as the Planholder may prescribe, setting forth:

1. the amount, date, and nature of the expense with respect to which a benefit is requested;
2. the name of the person, organization or entity to which the expense was paid; and
3. such other information as the Planholder may from time to time require. Such application shall be accompanied by bills, invoices, receipts, canceled checks or other statements showing the amounts of such expenses, together with any additional documentation which the Planholder may request.

**Reimbursements:** The Planholder shall reimburse the Participant from the Participant's Medical Expense Reimbursement Account for Qualified Medical Expenses incurred during the Plan Year for which the Participant submits documentation in accordance with the procedures above. The Planholder shall reimburse the Participant and shall not directly pay the provider of medical or health-related services.

**Remaining Account Balances:** The amount credited to a Participant's Medical Expense Reimbursement Account for any Plan Year shall be used only to reimburse the Participant for Qualified Medical Expenses incurred during such Plan Year, and only if the Participant applies for reimbursement on or before the 90th day following the close of the Plan Year. Any funds remaining at year end may be used by the Planholder to defray any following year's administrative costs. If the remaining funds at year end equal 2% or more of the total

of all monies allocated to the Medical Expense Reimbursement Account in the Plan Year, those funds will be allocated equally to all participants' accounts for the following year.

**Uniform Coverage:** The maximum amount of reimbursement from the Medical Expense Reimbursement Account must be available at all times during the Plan Year (properly adjusted for prior reimbursements for the same Plan Year). Thus, the maximum amount of reimbursement at any particular time during the Plan Year does not relate to the amount that has been contributed to the Participant's Medical Expense Reimbursement Account at any particular time prior to the end of the Plan Year.

**Termination of Participation:** In the event that a Participant ceases to be a Participant in the Plan for any reason, the Participant's compensation reduction agreement relating to medical expense reimbursement shall terminate. The Participant (or their estate) shall be entitled to reimbursement only for Qualified Medical Expenses incurred within the same Plan Year and only if the Participant (or their estate) applies for such reimbursement. No such reimbursement shall exceed the remaining balance, if any, in the Participant's Medical Expense Reimbursement Account for the Plan Year in which the expenses were incurred, and the Participant shall be prohibited from making a new benefit election for the remaining portion of the Plan Year.

### **Article VIII. Dependent Care Expense Reimbursement Plan**

**Establishment of Plan:** The Dependent Care Expense Reimbursement Plan is intended to qualify as such a Plan under Code Section 129 and shall be interpreted in a manner consistent with such Code Section.

**Benefit Election:** Participants may elect to receive dependent care expense reimbursement under this Plan by filing an election and compensation reduction agreement in accordance with the procedures established under the Cafeteria Plan Arrangement. An election to receive dependent care expense reimbursement shall be irrevocable during the Plan Year, subject to Change in Status, as provided in the Cafeteria Plan Arrangement.

**Maximum Benefit:** The maximum amount which the Participant may reserve in any Plan Year in the form of dependent care reimbursement under this Plan shall be the lesser of (a) the total Dependent Care Expenses paid by the Participant for qualifying Dependent Care Expenses during the Plan Year, (b) the amount allocated by the Participant to this benefit option, (c) the Participant's earned income for the Plan Year (after all reductions in compensation including the restriction related to dependent care), (d) the actual or deemed earned income of the Participant's spouse for the Plan Year, or (e) \$5,000 or \$2,500 in the case of a separate return file by a married individual. In the case of a spouse who is a full-time student or is physically or mentally incapable of caring for themselves, such spouse shall be deemed to have an earned income of not less than \$200 per month if there is one dependent and \$400 per month if there are two or more dependents.

**Establishment of Accounts:** The Planholder will establish and maintain on its books a Dependent Care Expense Reimbursement Account for each Plan Year with respect to each Participant who has elected to receive dependent care expense reimbursement for the Plan Year.

**Crediting of Accounts:** There shall be credited to a Participant's Dependent Care Expense Reimbursement Account for each Plan Year, as of each date compensation is paid to the Participant in such Plan Year, an amount equal to the reduction if any, to be made in such compensation in accordance with the Participant's election and compensation reduction agreement under the Cafeteria Plan Arrangement. All amounts credited to each such Dependent Care Expense Reimbursement Account shall be the property of the Des Moines Water Works until paid out pursuant to the claim reimbursement procedures below. The Planholder reserves the right to limit contributions on behalf of any Participant(s) if necessary to meet the nondiscrimination requirements of the law (including, but not limited to, Section 125 of the Internal Revenue Code) and in order to preserve the status of the Plan under Internal Revenue Code Section 125 and related provisions.

**Debiting of Accounts:** A Participant's Dependent Care Expense Reimbursement Account for each Plan Year shall be debited from time to time in the amount of any claims for reimbursement for Qualified Dependent Care Expenses incurred during such Plan Year. A Participant who has elected to receive dependent care expense reimbursement for a Plan Year may apply to the Planholder for reimbursement for Dependent Care Expense Reimbursement incurred by the Participant during the Plan Year by submitting an application in writing to the Planholder, in such form as the Planholder may prescribe, setting forth:

1. the amount, date, and nature of the expense with respect to which a benefit is requested;
2. the name of the person, organization or entity to which the expense was paid; and
3. such other information as the Planholder may from time to time require. Such application shall be accompanied by bills, invoices, receipts, canceled checks or other statements showing the amounts of such expenses, together with any additional documentation which the Planholder may request.

**Reimbursements:** The Planholder shall reimburse the Participant from the Participant's Dependent Care Expense Reimbursement Account for Qualified Dependent Care Expenses incurred during the Plan Year for which the Participant submits documentation in accordance with the procedures above. The Planholder shall reimburse the Participant and shall not directly pay the dependent care provider. No reimbursement or payment of expenses incurred during a Plan Year shall at anytime exceed the balance of the Participant's Dependent Care Reimbursement Account for the Plan Year at the time of reimbursement or payment.

**Remaining Account Balances:** The amount credited to a Participant's Dependent Care Expense Reimbursement Account for any Plan Year shall be used only to reimburse the

Participant for Qualified Dependent Care Expenses incurred during such Plan Year, and only if the Participant applies for reimbursement on or before the 90th day following the close of the Plan Year. Any funds remaining at year end may be used by the Planholder to defray any following year's administrative costs. If the remaining funds at year end equal 2% or more of the total of all monies allocated to the Dependent Care Expense Reimbursement Account in the Plan Year, those funds will be allocated equally to all Participants' accounts for the following year.

**Termination of Participation:** In the event that a Participant ceases to be a Participant in the Plan for any reason, the Participant's compensation reduction agreement relating to dependent care expense reimbursement shall terminate. The Participant (or their estate) shall be entitled to reimbursement only for Qualified Dependent Care Expenses incurred within the same Plan Year and only if the Participant (or their estate) applies for such reimbursement. No such reimbursement shall exceed the remaining balance, if any, in the Participant's Dependent Expense Reimbursement Account for the Plan Year in which the expenses were incurred.

## **Article IX. General Provisions**

**No Contract of Employment:** Nothing in this Plan Document should be construed as a contract of employment between the Planholder and Employee, or as a right of any Employee to be continued in the employment of the Planholder, or as a limitation of the right of the Planholder to discharge any of its employees, with or without cause.

**Rights and Nonassignability:** No Participant has any right to, or interest in, any assets of the Planholder, except as provided under this Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan and then only to the extent of the benefits payable under those plans. In addition, any Benefits to any Participants under this Plan shall be nonassignable and for the exclusive benefit of Participants, Spouses, Dependents and designated beneficiaries. No Benefit shall be voluntarily or involuntarily assigned, sold, or transferred.

**Amendments:** The Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan are established with the intent that they be maintained indefinitely. However, the Planholder reserves the right to amend any or all provisions of these plans. No such amendment will change the terms and conditions of payment of any Benefits to which Employees are otherwise entitled under the Plans, unless such amendment is required to comply with the federal, state or local laws or regulations. The Planholder will also have the right to amend the Plans retroactively, if necessary, to bring it into conformity with the law. In addition, the Planholder may add or delete Benefit Options to or from the Plans. All amendments will be made in writing and Employees will be promptly notified of the change.

**Applicable Laws:** The Cafeteria Plan Arrangement, the Medical Expense Reimbursement Plan and the Dependent Care Expense Reimbursement Plan are intended to meet all

applicable requirements of the Internal Revenue Code, ERISA, HIPAA, COBRA, and FMLA. In addition, the Plans will be construed, administered and enforced according to the laws of Iowa.

**Medical Child Support Orders:** The Plan Administrator shall adhere to the terms of any judgment, decree, or court order resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order) requiring health coverage for a Participant's Dependent child (including a foster child who is a Dependent of the Participant). A Participant may (1) change his or her election to provide coverage for the Dependent child (provided that the order requires the Participant to provide coverage); or (2) change his or her election to revoke coverage for the Dependent child if the order requires that another individual (including the Participant's spouse or former spouse) provide coverage under that individual's plan.

**Required Information:** Participants are required to provide to the Planholder and/or the Administrator any information, and to sign such documents, as may reasonably be required for the proper administration of the Cafeteria Plan Arrangement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Employer: Des Moines Water Works

\_\_\_\_\_  
Chairperson  
Des Moines Water Works Board of Trustees