



May 25, 2011

David Lothspeich
Village of Long Grove
3110 Old McHenry Rd.
Long Grove, IL 60047

Dear David,

Please find enclosed the Plan Document for your Cafeteria Plan. The booklet is divided into four sections:

- Plan Resolution – This document needs to be signed to adopt the plan.
- The Plan Document – This is your main document that includes all details of the plan.
- The Summary Plan Description – The Summary Plan Description is an interpretation of the plan document for the participants.
- Forms/Misc. – This includes the highlights of the plan and copies of the enrollment and claim forms.

The Board Resolution and the Plan Documents must be signed. This original document should be retained for your records.

In addition I have included:

- A white copy of the Summary Plan Description, which must be *copied and distributed to all plan participants*.
- The separate signature pages should be signed and returned to my office.
- Census Information – This is needed to complete the annual IRS required Nondiscrimination Testing. Once you complete this please forward it to our office.
- Enrollment Forms – Each eligible employee needs to complete the enrollment form. If they waive coverage they only complete page one and if they are participating they will need to complete both pages. The third page is a change form. Once completed you will send FlexSource a copy of the enrollment forms.

I sincerely appreciate this opportunity to serve you. Please feel free to contact me with any questions.

Sincerely,


Catherine A. Meier, CFC

**RESOLUTION OF
THE BOARD OF DIRECTORS
OF
VILLAGE OF LONG GROVE
FOR THE ADOPTION OF
VILLAGE OF LONG GROVE CAFETERIA PLAN**

Whereas, the Employer has the power to implement the Plan.

On May 29, 2011 the following resolutions to implement the Village of Long Grove Cafeteria Plan were duly adopted by a majority of the Board of Directors of Village of Long Grove and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the form of Cafeteria Plan Code Section 125 with Health Savings Account under the Cafeteria Plan Code 223(d) of the Internal Revenue Code of 1986, presented to this meeting is hereby adopted and approved and that the proper Officers of the Employer are hereby authorized and directed to execute and deliver to the Plan Administrator one or more copies of the Plan.

RESOLVED, that the Plan shall have an initial short Plan Year beginning on May 30, 2011 and ending the following December 31, 2011, thereafter the Plan Year shall be for a 12 month period beginning on January 1st, and ending on December 31st of each year.

RESOLVED, that the proper Officers of the Employer shall act as soon as possible to notify employees of the Employer of the implementation of the Plan. The undersigned certifies that attached hereto as Exhibits A is a true copy of the Plan Document for Village of Long Grove Cafeteria Plan approved and adopted in the foregoing resolutions.

Secretary

Date

LIMITATION OF LEGAL LIABILITY

Village of Long Grove Cafeteria Plan CAFETERIA PLAN CODE SECTION 125

The adopting Employer of this Plan understands and agrees that FlexSource, LLC is in no way liable for the legal and tax aspects of this Plan. Full legal and tax responsibility is assumed by the undersigned Employer establishing this Plan, which acknowledges that it has reviewed the terms and conditions of the Plan with its legal and tax advisors with respect to the adoption of this Plan and the various options available under the Plan.

EXECUTED this _____ day of _____, _____.

Signature

Title

The headings of the various Articles and Sections are inserted for convenience of reference and are not to be regarded as part of this Plan or as indicating or controlling the meaning or construction of any provision.

11.10 Plan Provisions Controlling

In the event that the terms or provisions of any summary or description of this Plan are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling.

11.11 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder of the Plan shall be given effect to the maximum extent possible.

* * *

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing instrument comprising the Village of Long Grove Cafeteria Plan, Village of Long Grove has caused this Plan to be executed in its name and on its behalf, on this 29th day of May, 2011.

Employer:
Village of Long Grove

David Lothspeich
Village Manager

**Amendment to the
Village of Long Grove Cafeteria Plan**

WHEREAS, the Village of Long Grove (hereinafter referred to as the "Employer") established the Village of Long Grove Cafeteria Plan (hereinafter referred to as the "Plan").

WHEREAS, the Employer deems it desirable to amend the Plan effective May 30, 2011 pursuant to the Children's Health Insurance Program Reauthorization Act of 2009. This amendment shall apply notwithstanding any other statements in the Plan, the Summary Plan Description (SPD), or any other documents.

WHEREAS, the Employer has the authority to amend the Plan and the undersigned has the authority through resolutions adopted by the Board of Directors to execute this amendment on behalf of the Employer.

HIPAA requires group health plans to give special enrollment opportunities to certain employees, dependents, and COBRA qualified beneficiaries. The individuals who enroll pursuant to these special enrollment rights are called "special enrollees". Special enrollment is available in the following situations:

- the acquisition of a new spouse or dependent by marriage, birth, adoption, or placement for adoption
- a loss of eligibility for group health coverage, or health insurance coverage

Effective May 30, 2011

- termination of Medicaid or CHIP coverage resulting from loss of eligibility and the employee requests coverage under the plan; or
- becoming eligible for a premium assistance subsidy in the employer-provided group health plan under Medicaid or CHIP.

All of the special enrollment events will allow the employees to request enrollment within sixty (60) days of the special enrollment event.

IN WITNESS THEREOF, this amendment of the Plan is hereby executed as of this _____ day of _____, 2011.

Village of Long Grove

By: _____

Amendment to the Village of Long Grove Cafeteria Plan

On May 30, 2011 Village of Long Grove amended the Village of Long Grove Cafeteria Plan reflecting a change in tax treatment of employer-provided health benefits for children under age 27. The amendment is described below to reflect certain provisions of the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) relating to the tax exclusion for medical care reimbursement of adult children and IRS Notice 2010-38.

“Dependent” means: (a) for purposes of accident or health coverage (to the extent funded under the Premium Payment Component, and for purposes of the Health FSA Component), (1) a dependent as defined as in Code §152, Code §152, determined without regard to subsections (b)(1), (b)(1), (b)(2), (b)(2), and (d)(1)(B) (d)(1)(B) thereof, (2) any child (as defined in Code §152(f)(1)) §152(f)(1)) of the Participant who as of the end of the taxable year has not attained age 27, and (3) any child of the Participant to whom IRS Rev. Proc. 2008-48 Rev. Proc. 2008-48 applies (regarding certain children of divorced or separated parents who receive more than half of their support for the calendar year from one or both parents and are in the custody of one or both parents for more than half of the calendar year); and (b) for purposes of the DCAP Component, a Qualifying Individual. Notwithstanding the foregoing, the Health FSA Component will provide benefits in accordance with the applicable requirements of any QMCSO, even if the child does not meet the definition of “Dependent.”

IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing amendment to the Village of Long Grove Cafeteria Plan has caused this Amendment to be executed in its name and on its behalf, on this ____ day of _____ 2011.

Village of Long Grove

By: _____

Census Information

The IRS requires Nondiscrimination Testing annually. In order to complete the testing that is required, we need to obtain specific census information from the Plan Sponsor (employer).

All W-2 employees should be included on the attached census, even if they are not eligible for the Plan. Feel free to provide the same information in your own format. You do not need to use the form provided. This form just tells you the information we are looking for.

In addition to the attached census we will also need the **following information noted on the census:**

- Let us know if you have any union, leased, non-resident alien employees.
- If you have any part-time employees – How many hours do they average per week?
- If you have seasonal employees – How many months do they work per year?
- Are there any employees that are currently related to any owners? If so, who are they and what is their relationship with the owner?
- Please include a schedule of ownership.
- We will also need termination dates of any employees that terminated during the plan year.

Keep in mind that we are tracking health, dental, term life, AFLAC and disability insurance deductions on a per-pay-period basis.

We thank you for your cooperation in keeping your plan in compliance.

Cafeteria Plan Employee Census Data Gathering Worksheet

Employee Name (Last, First)	Soc. Sec. #	Date of Birth	Date of Hire	Per Pay Per Health Ins	Per Pay Per Dental Ins	Per Pay Per Life Ins	Owner %	Elig Plan	2010 Gross Compensation	2011 Projected Compensation
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										

Please provide us with census information for all your current active employees, even if they are not eligible for the plan. Feel free to use additional sheets, if needed. Please use "Y" Yes or "N" No for the "Eligible for Plan" Column. If you wish to provide us this information in a different format, please feel free to do so.

Payroll Frequency _____ **First Payroll of new Plan Year** _____

Participation and Salary Reduction Agreement

Village of Long Grove Cafeteria Plan

Plan Year: January 1st through December 31st

Participant Identification

Participant Name: _____

Social Security Number: _____ -- _____ -- _____

Agreement to Participate

Please check **one** box below. If you decline participation in the Plan, do *not* complete the Salary Reduction section. Sign and date the form in this section and return to the Benefits Coordinator.

- I elect to participate in the Cafeteria Plan. (Please complete Agreement to Participate and Salary Reduction Agreement.)
- I decline participation in the Cafeteria Plan. I understand that I may not enroll for the remainder of this Plan Year, unless I have a Change in Family Status, as defined under the Plan.

Employee's Signature

___ / ___ / ___
Date

Participation and Salary Reduction Agreement

Village of Long Grove Cafeteria Plan

Plan Year: January 1st through December 31st

Agreement to Participate

The Plan allows you to contribute your share of the cost of certain benefits on either a pre-tax or after tax basis. Please indicate your selections below. Please note that if you do not elect pre-tax salary reduction contributions at this time, you may *not* change your election to include pre-tax contributions for the remainder of this Plan Year, unless you have a Change in Family Status, as defined under the Plan. If you decline participation in the Plan, do not complete the Salary Reduction Agreement section. Sign and date the form in this section and return to the Benefits Coordinator.

Premium-type Benefits

(Contribution amount determined by premium rate. Please refer to policy information for actual amounts per pay-period)

	Pre-tax Contributions	After Tax Contributions
Group Health Insurance	\$ _____	\$ _____
Group Dental Insurance	\$ _____	\$ _____
Health Savings Account (HSA)	\$ _____	\$ _____

Salary Reduction Agreement

The Salary Reduction Agreement only applies to the contributions you have elected to make on a pre-tax basis. If you have declined participation in the Plan or will be contributing your share of the cost of all benefits on an after-tax basis, do not complete this section.

The amount of salary reduction needed to pay premiums under the insured portions of the Plan will be determined by the insurance company. This amount will be changed as necessary, if the premium charged by the insurance company changes.

I hereby authorize my employer to reduce my cash compensation as indicated above, for each pay period during the year following the date of this agreement.

I understand that this salary reduction agreement cannot be revoked or changed during the plan year, unless there is a change in my family status, (e.g. marriage, divorce, death of spouse or child, birth or adoption of child, and termination of employment of spouse) which justifies the revocation or change.

I have examined this agreement and to the best of my knowledge, it is true, correct and complete.

_____/_____/_____
Participant's Signature Date

_____/_____/_____
Agreed and accepted by the Employer's Representative Date

