

RESOLUTION NO. 527

**A RESOLUTION AUTHORIZING THE ESTABLISHMENT
OF A MEDICAL SAVINGS ACCOUNT/VOLUNTARY EMPLOYEES'
BENEFICIARY ASSOCIATION ("MSA VEBA") PLAN**

WHEREAS, the Internal Revenue Code, Section 501(c)(9) allows for the creation of a voluntary employees' beneficiary association which is an employee sponsored, tax-exempt health and welfare trust, and

WHEREAS, such tax-exempt plans are available for public sector employees in the Northwest, and

WHEREAS, the Voluntary Employees' Beneficiary Association for Public Employees in the Northwest Trust ("the MSA VEBA Trust") offers and will administer a Plan entitled "Voluntary Employees' Beneficiary Association Medical Expense Plan for Public Employees in the Northwest as Amended and Restated November 19, 1999 ("the MSA VEBA Plan"), and

WHEREAS, the East Wenatchee Water District has determined that establishing a defined contribution medical expense reimbursement plan, which provides a tax-free defined contribution account for employees to pay for medical, dental, vision, and tax qualified long term care expenses that are not paid by any other insurance plans, is in the best interest of the District and its employees, and

WHEREAS, the District desires to establish a medical expense reimbursement plan for its employees, and

WHEREAS, the District desires to use the services of the MSA VEBA Trust to administer such MSA VEBA Plan, and

WHEREAS, such defined contribution medical expense reimbursement plan established by the District will be administered in accordance with the plan documents provided by the MSA VEBA Trust on file in the District office.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the BOARD OF COMMISSIONERS of the EAST WENATCHEE WATER DISTRICT as follows:

Section 1. Effective January 1, 2003, the City hereby elects to participate in the MSA VEBA Trust as presently constituted or hereafter amended using the MSA VEBA Trust as its plan administrator, and establishes the MSA VEBA Plan for all eligible District employees.

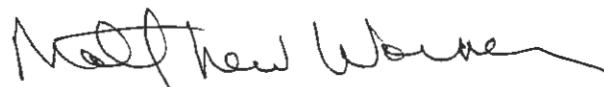
Section 2. The Plan will be funded by employer contributions.

Section 3. The District retains the right to modify or repeal this medical expense reimbursement plan at its discretion without prior notification to the District's employees.

ADOPTED, THIS 22nd day of January, 2003, by the Board of Commissioners of the East Wenatchee Water District, Douglas county, Washington at a regular meeting thereof.


Mike McCourt, President

ATTEST:


Matthew Warner, Secretary