

RESOLUTION NO. 89-09

WHERE AS, THE CITY COUNCIL OF THE CITY OF LEXINGTON DESIRES TO ASSUME AND PAY THE CONTRIBUTIONS REQUIRED OF EMPLOYEES UNDER THE MONEY ACCUMULATION PENSION PLAN FOR EMPLOYEES OF THE CITY OF LEXINGTON, NEBRASKA.

WHEREAS, the City of Lexington, Nebraska (the "City") sponsors a Money Accumulation Pension Plan for its employees, other than police officers and firefighters, pursuant to Group Annuity Contract No. GR-918A, as amended, issued by The Travelers Insurance Company (hereinafter referred to as the "Plan");

WHEREAS, the Plan is a pension plan described in Section 401(a) of the Internal Revenue Code of 1986;

WHEREAS, the Plan requires participating employees to contribute certain sums to the Plan from his or her compensation as a condition to participating in the Plan and receiving an allocation of the City's matching contribution to the Plan; and

WHEREAS, the City has determined that it is in the best interests of the City and its employees for the City to "pick up" such employee contributions within the meaning of Section 414(h)(2) of the Internal Revenue Code of 1986.

BE IT THEREFORE RESOLVED, that effective with the first payroll period of the City which begins after the date of this Resolution, the City shall, until this Resolution is repealed or superseded, assume and pay the contributions required of participating employees under the Plan, and the contributions so picked up by the City shall be treated as employer contributions in determining federal and state income tax treatment of the amounts so picked up by the City.

FURTHER RESOLVED, that such pick up contributions by the City shall be made through a reduction in the participating employee's salary or wage as currently authorized under the terms of the Plan, and in no event shall any employee participating in the Plan be entitled, or be given an option to receive, the picked up contributions in cash or any other form of remuneration in lieu of having such contributions being directly paid into the Plan.

FURTHER RESOLVED, that, until further notice, the City shall continue to withhold federal and state income taxes on the picked up contributions until the City receives a ruling from the Internal Revenue Service that the contributions picked up by the City are not, pursuant to Section 414(h)(2) of the Internal Revenue Code, to be included in the gross income of the participating employees until distributed from the Plan.

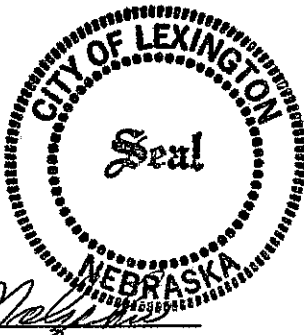
RESOLVED, that to the extent necessary or proper, this Resolution shall be deemed an amendment to the Plan, and all participating employees shall, as a condition to such participation, be deemed to have consented to the reduction of their salary or wage for direct contribution to the Plan as a pick up contribution within the meaning of Section 414(h)(2) of the Internal Revenue Code of 1986.

RESOLVED, that this Resolution and the pick up arrangement established hereunder may be repealed or modified at any time by the City.

RESOLVED, that the appropriate officers of the City shall be, and they hereby are, authorized to do all things, including the execution of the pain amendment attached hereto and any other documents which may be necessary or appropriate to carry out this Resolution, and to execute and submit a private letter ruling request to the Internal Revenue Service on the qualification of the pick up contribution arrangement under Section 414(h)(2) of the Internal Revenue Code of 1986.

PASSED AND APPROVED this 25th day of April, 1989.

CITY OF LEXINGTON



Robert L. Hawks
Mayor

ATTEST:

Gene E. Maguire
City Clerk