

LANE TRANSIT DISTRICT

RESOLUTION

WHEREAS, Oregon Constitution Article IX, section 10, subsection (1), requires employees of Lane Transit District (the District) who will receive a retirement benefit from the Restated Lane Transit District Salaried Employees' Retirement Plan (the Plan) to contribute to the Plan six percent of their salary or gross wage;

WHEREAS, by prior resolution the District has picked up, as provided in Internal Revenue Code Section 414(h)(2), employees' required six percent contributions to the Plan, effective December 8, 1994;

WHEREAS, the Board desires to amend the Plan to conform to Oregon Constitution Article IX, section 10, subsection (1), and to apply to the Plan as amended the Board's prior resolution picking up employees' required six percent contributions;

WHEREAS, the Board has been advised by its attorneys that it is legal under Oregon Constitution Article IX, section 10, for the District to continue picking up employees' required six percent contributions after 1994 and to continue paying a previously granted salary increase after 1994; and

WHEREAS, in reliance on such advice the Board desires to continue picking up those contributions and paying that salary increase,

NOW, THEREFORE, THE LANE TRANSIT DISTRICT BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

1. Effective December 8, 1994, for compensation earned on or after December 8, 1994 by employees who are Members of the Plan as of the time the compensation is earned, the employee contributions required by Oregon Constitution Article IX, section 10, subsection (1), although designated as employee contributions, will be paid by the District to the Plan in lieu of such contributions by the employees. Employees do not have the option of choosing to receive the contributed amounts directly, and paying the employee contribution directly, instead of having the contributed amounts paid by the District to the Plan. Such contributions are deemed to be "picked up" for purposes of Internal Revenue Code Section 414(h)(2) ("pick-up contributions").

a. Such pick-up contributions shall not relieve the employees of the obligation imposed by Oregon Constitution Article IX, section 10, subsection (1).

b. Such pick-up contributions will be made on a compensation reduction basis, so that each employee's compensation remaining after the pick-up contribution will be as reduced by the amount of the pick-up contribution.

c. Employees' reported compensation on the W-2 form for tax purposes will be reduced by the amount of such pick-up contributions.

2. The District's contributions to the Plan under this resolution shall be limited by the limitations on benefits provided in Section XVIII of the Plan and in Internal Revenue Code Section 415 and by the limitation in Internal Revenue Code Section 401(a)(17) on compensation that may be taken into account under the Plan. Any amount the District would contribute to the Plan under this resolution except for this Section 2. shall be contributed by the District to another retirement system or plan that is not subject to such requirements of the Internal Revenue Code.

3. The Plan is hereby amended to accept the contributions required by Oregon Constitution Article IX, section 10, subsection (1), and to conform to the provisions of this resolution.

4. The Trustees are directed to reflect in the document for the Plan the amendment to the Plan made by this resolution and to present such revised document to the Board.

5. If the requirement of Oregon Constitution Article IX, section 10, subsection (1), that employees contribute six percent of their salary or gross wage is determined in the opinion of counsel for the District or by a court having competent jurisdiction to be invalid as applied to any employee of the District, the above provisions of this resolution shall nevertheless apply for periods prior to such determination as if such requirement were valid.

6. After 1994 the District shall continue to pay the previously granted salary increase of six percent for employees not included in a collective bargaining unit.

12-21-94
Date

Patricia L. Hocken
Board President