

RESOLUTION NO. 1002

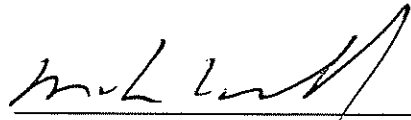
AMENDMENT TO THE DEFERRED COMPENSATION PLAN


WHEREAS, The undersigned representative of the City of Prineville (the "Employer") hereby certifies that the following resolution was duly adopted by the governing body of the Employer on October 9, 2001, and the resolution has not been modified or rescinded as of the date hereof;

THEREFORE, THE CITY OF PRINEVILLE RESOLVES, that the Amendment to the Deferred Compensation Plan (the "Plan"), which addresses the Plan's compliance with the "automatic rollover" requirements of Internal Revenue Code Section 401(a)(31)(B), is hereby approved and adopted, and the proper officer(s) of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the amendment, the same to be effective as of March 28, 2005.

The undersigned further certifies that attached hereto is a true copy of the Amendment to the Plan, approved and adopted in the foregoing resolution.

PASSED AND ADOPTED THIS 12th DAY OF APRIL, 2005.


Mike K. Wendel, Mayor


Robb Corbett, City Manager
Recorder

**MANDATORY DISTRIBUTION AMENDMENT
(Code Section 401(a)(31)(B))**

**ARTICLE I
APPLICATION OF AMENDMENT**

- 1.1 Effective Date. Unless a later effective date is specified in Article III of this Amendment, the provisions of this Amendment will apply with respect to distributions made on or after March 28, 2005.
- 1.2 Precedence. This Amendment supersedes any inconsistent provision of the Plan.

**ARTICLE II
DEFAULT PROVISION: AUTOMATIC ROLLOVER
OF AMOUNTS OVER \$1,000**

Unless the Employer otherwise elects in Article III of this Amendment, the provisions of the Plan concerning mandatory distributions of amounts not exceeding \$5,000 are amended as follows:

In the event of a mandatory distribution greater than \$1,000 that is made in accordance with the provisions of the Plan providing for an automatic distribution to a Participant without the Participant's consent, if the Participant does not elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a direct rollover (in accordance with the direct rollover provisions of the Plan) or to receive the distribution directly, then the Administrator shall pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator.

**ARTICLE III
EMPLOYER'S ALTERNATIVE ELECTIONS**

- 3.1 () **Effective Date of Plan Amendment**

This Amendment applies with respect to distributions made on or after _____, _____ (may be a date later than March 28, 2005, only if the terms of the Plan already comply with Code Section 401(a)(31)(B)).

- 3.2 () **Election to apply Article II of this Amendment to distributions of \$1,000 or less**

In lieu of the default provision in Article II of this Amendment, the provisions of the Plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, are modified as follows:

In the event of a mandatory distribution of \$1,000 or less that is made in accordance with the provisions of the Plan providing for an automatic distribution to a Participant without the Participant's consent, if the Participant does not elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a direct rollover (in accordance with the direct rollover provisions of the Plan) or to receive the distribution directly, then the Administrator shall pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator.

- 3.3 (✓) **Election to reduce or eliminate mandatory distribution provisions of Plan (may not be elected if 3.2 above is elected)**

In lieu of the default provision in Article II of this Amendment, the provisions of the Plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, are modified as follows (choose a, b, or c below):