

RESOLUTION NO. 02-13

RESOLUTION OF THE BOARD OF DIRECTORS OF RUNNING SPRINGS WATER DISTRICT FOR THE IMPLEMENTATION OF THE PROVISIONS OF SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE TO TAX DEFER DESIGNATED EMPLOYEE CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

WHEREAS, the Board of Directors of Running Springs Water District (District) has the authority to implement the provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) whereby any amount contributed to a public employer pension plan, which is designated as an employee contribution, may be picked up on a pre-tax basis by the public employer and excluded from an employee's gross income if the employer specifies that the contributions, although designated as employee contributions to the plan, are being paid by the employer in lieu of contributions by the employee, and the employee cannot choose to receive the amounts directly instead of having them paid into the plan; and

WHEREAS, the Board of Directors of the District (Board) has determined that even though the implementation of the provisions of IRC Section 414(h)(2) is not required by law, the tax benefit offered by IRC Section 414(h)(2) in reducing taxable employee gross income should be provided to all employees who are members of the California Public Employees' Retirement System (CalPERS); and

WHEREAS, Internal Revenue Service Revenue Ruling 2006-43 requires that the District take contemporaneous action evidencing an intent to establish a proper pick-up under IRC 414(h)(2); and

WHEREAS, concurrently with the adoption of this Resolution, the Board has adopted a resolution which CalPERS requires in order to tax-defer normal member contributions paid by employees pursuant to salary reduction but which fails to make the distinction between said contributions and employer paid member contributions paid by the District as authorized pursuant to Government Code Section 20691; and

WHEREAS, out of an abundance of caution, the Board has determined it is prudent to adopt this Resolution to distinguish between normal member contributions paid pursuant to employee salary reductions and normal member contributions paid by the District pursuant to California Government Code Section 20691;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Running Springs Water District as follows:

1. Pursuant to IRC Section 414(h)(2), the Board hereby elects to implement an employer pick-up of employee retirement contributions on behalf of all its employees who are members of CalPERS. "Employee retirement contributions" shall mean both those contributions paid by employees through salary reduction and credited to individual accounts as normal member contributions and normal

member contributions paid directly by the District as authorized pursuant to California Government Code Section 20691.

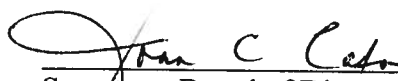
2. Picked-up contributions, although designated as employee contributions by CalPERS, will be picked up on a pre-tax basis, whether paid pursuant to salary reduction or directly by the District, as authorized pursuant to California Government Code Section 20691, in lieu of employee contributions so that such contributions are treated as employer contributions.
3. Employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the District to CalPERS.
4. Amounts picked up by the District shall be paid from the same source of funds as used in paying salary.
5. Amounts picked up by the District shall be treated for all purposes, other than taxation, in the same way that normal member contributions are treated by CalPERS.
6. If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

ADOPTED this 13th day of March, 2013.



President, Board of Directors
Running Springs Water District

ATTEST:



Secretary, Board of Directors
Running Springs Water Districts