

RESOLUTION NO. 2010-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF THE PROVISIONS OF SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE TO TAX DEFER EMPLOYEE RETIREMENT CONTRIBUTIONS TO THE LAKE ARROWHEAD COMMUNITY SERVICES 401(A) RETIREMENT PLAN

WHEREAS, the Lake Arrowhead Community Services District (the “District”) established a qualified retirement plan known as the Lake Arrowhead Community Services District Section 401(a) Retirement Plan (the “401(a) Plan”) effective as of June 8, 2010, which provides retirement benefits for the benefit of the District’s Maintenance Manager, Robert Ardis and such other employees as may be designated from time to time; and

WHEREAS, the District adopted an amendment to the 401(a) Plan which permits a participating employee to elect to contribute up to \$25,000 of his or her compensation to the 401(a) Plan each year upon the employee’s completion of a binding and irrevocable election; and

WHEREAS, under Section 414(h)(2) of the Code, employee contributions to a public employer pension plan 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 by the employer; and

WHEREAS, the Board of Directors has determined that, even though the implementation of Section 414(h)(2) is not required by law, the tax benefits of Section 414(h)(2) in reducing taxable employee gross income should be provided to employees contributing to the 401(a) Plan; 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 Section 414(h)(2) of the Code.

NOW, THEREFORE, be it resolved, determined and ordered by the Board of Directors of the Lake Arrowhead Community Services District as follows:

SECTION 1. Employer Pick Up of Employee Contributions .

(a) Pursuant to Section 414(h)(2) of the Code, the Board of Directors hereby elects to implement an employer pick-up of employee retirement contributions to the 401(a) Plan.

(b) Picked up contributions, although designated as employee contributions to the 401(a) Plan, will be picked up on a pre-tax basis by the District in lieu of employee contributions so that such contributions are treated as employer contributions.

(c) Amounts picked up by the District shall be paid from the same sources of funds as used in paying salary.

(d) Amounts picked up by the District shall be treated for all purposes, other than taxation on gross income, in the same manner and to the same extent as employee contributions made prior to the effective date of this Resolution.

SECTION 2. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

SECTION 3. The effective date of this Resolution shall be July 1, 2010.

APPROVED, SIGNED, AND ADOPTED by the Board of Directors of the Lake Arrowhead Community Services District on this 24th day of August 2010

AYES: Barkley, Ben-Hur, Goodwin, Goss, and Wagner
NOES: None
ABSTENTIONS: None
ABSENT: None

ADOPTED
AUGUST 24, 2010

Geoffrey K. Goss, President of the
Lake Arrowhead Community Services
District Board of Directors

ATTEST:

Kathleen Fankhauser, Secretary of the Lake
Arrowhead Community Services District
and of the Board of Directors

(SEAL)

CERTIFICATION

I, Kathleen Fankhauser, Board Secretary of the Lake Arrowhead Community Services District, hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of said Agency at the regular meeting of said Board held on the 24th day of August 2010, by the following vote:

AYES: **Barkley, Ben-Hur, Goodwin, Goss, and Wagner**
NOES: **None**
ABSENT: **None**
ABSTAIN: **None**

Kathleen Fankhauser, Secretary of the Lake
Arrowhead Community Services District
and of the Board of Directors

ADOPTED
AUGUST 24, 2010