

RESOLUTION NO. SCV-74

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
FOR THE IMPLEMENTATION OF THE PROVISIONS OF SECTION 414(h)(2)
OF THE INTERNAL REVENUE CODE TO
TAX DEFER EMPLOYEE RETIREMENT CONTRIBUTIONS TO CALPERS**

WHEREAS, the Board of Directors of Santa Clarita Valley Water Agency ("Agency") 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 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 Agency employees who are members of CalPERS; and

WHEREAS, Internal Revenue Service Revenue Ruling 2006-43 requires an employer take contemporaneous action evidencing an intent to establish a proper pick-up under IRC Section 414(h)(2).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Santa Clarita Valley Water Agency as follows:

Section 1. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

Section 2. Employer Pick Up of Regular Employee Contributions.

(a) Pursuant to IRC Section 414(h)(2), the Board of Directors hereby elects to implement an employer pick-up pursuant to this Resolution, of employee retirement contributions on behalf of Agency employees who are members of CalPERS. "Employee retirement contributions" shall mean both those contributions paid by salary reduction and credited to individual employee's account as normal member contributions and normal member contributions paid directly by an employer pursuant to Government Code Section 20691 as employer paid member contributions. This provision will apply to all employees of the Agency that are members of CalPERS.

(b) Picked up contributions, although designated as employee contributions to CalPERS, will be picked up on a pre-tax basis, whether paid pursuant to salary reduction or directly by the Agency pursuant to Government Code Section 20691, in lieu of employee contributions so that such contributions are treated as employer contributions.

(c) Employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Agency to CalPERS.

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

(e) Amounts picked up by the Agency shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by CalPERS. This treatment shall apply to all employees of the Agency.

(f) 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 of Directors hereby declares that it would have passed 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.

Section 3. The effective date of this Resolution shall be January 1, 2019.

The foregoing resolution of the Board of Directors of Santa Clarita Valley Water Agency was duly introduced, passed and adopted at a regular meeting thereof held on the 4th day of December, 2018.


Directors Atkins, Campbell, E. Colley, K. Colley, Cooper, Efstathiou, Gladbach, Gutzeit, Kelly

AYES: Martin, Mortensen and Plambeck.

NOES: None.

ABSTENTIONS: None.

ABSENT: Directors DiPrimio and McMillan


William Cooper, President

ATTEST:



Agency Secretary

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on December 4, 2018, the foregoing Resolution No. SCV-74 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

Dated: December 4, 2018





Secretary