

RESOLUTION NO. 12-62

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, PROVIDING FOR THE PICK UP UNDER INTERNAL REVENUE CODE SECTION 414(H)(2) OF EMPLOYEE CONTRIBUTIONS TO PERS

WHEREAS, the City of Lancaster ("City") provides retirement benefits to eligible employees under the California Public Employees' Retirement System ("PERS");

WHEREAS, amounts are deducted at various times from City employees' compensation in order to fund benefits under PERS;

WHEREAS, under section 414(h)(2) of the Internal Revenue Code (Code) and related guidance from the Internal Revenue Service, such deductions from employees' compensation qualify for pre-tax treatment only if the City takes formal action to designate the deductions, for tax purposes, as "pick-up" contributions; and

WHEREAS, the City wishes to adopt this resolution in order to ratify, consolidate, and further clarify its prior actions to, in accordance with section 414(h)(2) of the Code, designate amounts deducted from employees' compensation to fund benefits under PERS as pick-up contributions.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The following deductions from City employees' compensation are hereby designated as "employee contributions": (1) deductions for regular member contributions under PERS, (2) deductions for purchases of service credit under PERS, and (3) deductions for employer contributions under PERS.

Section 2. Although designated as employee contributions and deducted from employees' compensation, the contributions will, for tax purposes, be characterized as "picked up" by the City in accordance with section 414(h)(2) of the Code and will be treated as paid by the City in lieu of contributions by the employee.

Section 3. Employees will not have the option of choosing, directly or indirectly, to receive the contributions instead of having them paid by the City to PERS.

Section 4. The City will pay to PERS the contributions designated as employee contributions from the same source of funds as used in paying salary.

Section 5. Contributions picked up under this resolution will be tax deferred to the extent provided under the Code, Treasury Regulations, and other guidance issued thereunder.

Section 6. Each section of this Resolution is severable. Accordingly, if a court rules that any section of this Resolution is for any reason invalid, the remaining sections will remain in effect as long as the substantive effect of those sections is consistent with the intended purpose of this Resolution.

Section 7. This Resolution will be in full force and effect immediately upon its passage and approval and publication as provided by law. If this Resolution conflicts with any ordinance, resolution, motion, or order, the Resolution will prevail except as otherwise required by law.

Section 8. The City Clerk will certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

\_\_\_\_\_  
GERI K. BRYAN, CMC  
City Clerk  
City of Lancaster

\_\_\_\_\_  
R. REX PARRIS  
Mayor  
City of Lancaster

STATE OF CALIFORNIA }  
 COUNTY OF LOS ANGELES }ss  
 CITY OF LANCASTER }

CERTIFICATION OF RESOLUTION  
 CITY COUNCIL

I, \_\_\_\_\_,  
 City of Lancaster, CA do hereby certify that this is a true and correct copy of the original  
 Resolution No. 12-62, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this \_\_\_\_\_  
 day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

(seal)

RESOLUTION NO. 12- 63

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA AMENDING AND RESTATING THE CITY OF LANCASTER PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PARS) RETIREMENT ENHANCEMENT PLAN

WHEREAS, the City of Lancaster (the "City") has adopted the City of Lancaster PARS Retirement Enhancement Plan (the "Plan") effective January 1, 2001, for the benefit of eligible employees; and

WHEREAS, the City has reserved the right to amend the Plan from time to time in accordance with Section 5.3 of the Plan; and

WHEREAS, the City entered into agreements to contract with CalPERS to move from the current 2% at 55 formula to the 2.7% at 55 enhanced formula effective December 30, 2012, thereby eliminating the PARS 0.7% enhancement for existing employees effective December 30, 2012; and

WHEREAS, the City entered into agreements to contract with CalPERS to establish a second tier benefit system; and in coordination with the CalPERS second tier benefit system, the City entered into agreements to close the PARS supplemental Plan to employees hired on or after December 30, 2012.

NOW THEREFORE, BE IT RESOLVED that effective December 30, 2012, the Plan is hereby amended as follows:

Section 1. Eligibility for Benefits, Tier I and Tier IV, are hereby amended to read as follows:

Tier 1

An Employee shall be eligible to receive Retirement Benefits under Tier 1 benefits as described in Section 2.1 under this Plan if he/she:

- (a) is a full-time Miscellaneous Employee of the Employer on or after January 1, 2001;
- (b) is at least fifty-five (55) years of age;
- (c) has completed five (5) or more years of full-time continuous employment with the Employer immediately preceding the last day of employment with the Employer, and concurrently terminates employment with the Employer and retires under CalPERS under a regular service retirement prior to December 30, 2012, and remains in retired status under CalPERS;
- (d) is not receiving the 2.7% at 55 enhanced CalPERS benefit formula with the Employer; and
- (e) has applied for benefits under this Plan.

Tier 4

An Employee shall be eligible to receive Retirement Benefits under Tier 4 benefits as described in Section 2.1 under this Plan if he/she:

- (a) is the City Manager of the Employer on May 28, 2008;
- (b) is at least fifty-five (55) years of age;
- (c) has completed five (5) or more years of full-time continuous employment with the Employer immediately preceding the last day of employment with the Employer;
- (d) has terminated employment with the Employer on or after December 30, 2012;
- (e) has retired under CalPERS under a regular service retirement, and remains in retired status under CalPERS; and
- (f) has applied for benefits under this Plan.

Section 2. Retirement Benefits, Tier 4, is hereby amended to read as follows:

Tier 4

The Tier 4 benefit shall be paid in the Normal Form of Benefit and shall be an amount equal to one-twelfth of the difference between (1) and (2) described below:

- (1) Any service counted as a “service year” with a previous California public employer times the Member’s Final Pay, times two and seven-tenths percent (2.7%).
- (2) Any service counted as a “service year” with a previous California public employer, times the Member’s Final Pay, times the CalPERS Benefit Factor.

Section 3. This Amendment is hereby adopted effective as of December 30, 2012.

PASSED, APPROVED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

\_\_\_\_\_  
GERI K. BRYAN, CMC  
City Clerk  
City of Lancaster

\_\_\_\_\_  
R. REX PARRIS  
Mayor  
City of Lancaster

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    ) ss  
CITY OF LANCASTER            )

CERTIFICATION OF RESOLUTION  
CITY COUNCIL

I, \_\_\_\_\_, \_\_\_\_\_ City of Lancaster, CA, do hereby certify that this is a true and correct copy of the original Resolution No. 12-63, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

(seal)

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