

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 10

DATE: November 23, 2009

RECOMMENDATION: Adopt a Resolution adopting an amendment to and restatement of the District's Flexible Benefit Plan, and authorize staff actions.

SUMMARY: This action will adopt a Resolution updating the District's Section 125 Cafeteria Plan, also known as the Flexible Benefit Plan, and add medical reimbursement and dependent care components to implement provisions agreed to in the recent Memorandum of Understanding with the Employees Association.

CONFLICT OF INTEREST: None

BACKGROUND: The District first adopted a Flexible Benefit Plan in 1994 which authorizes the payment of an amount to each employee to purchase medical benefits. This payment, when used to purchase medical benefits, is pre-tax income unless an employee demonstrates alternate coverage and receives these payments as taxable income. Employees may purchase medical and dental benefits with the amount allotted by the District.

The District's Flexible Benefit Plan needs to be updated for several reasons. First, the District's Plan does not reflect the most recent changes made to various statutes and regulations which affect the administration of the District's Plan. Second, the recent negotiated labor contract included a new benefit, Flexible Spending Accounts, which is a feature of an agency's cafeteria plan under section 125 of the Internal Revenue Code. In addition, the District's Plan did not include a dependent care component which has also been a feature of the District's benefit plan. Third, the District desires to change the plan year from a fiscal year (ending June 30) to a calendar year (ending December 31) which associates better with the other components of the Flexible Benefit Plan.

The District's 1994 amended Plan was reviewed by Special Counsel to the Governing Board, Best Best & Krieger, LLP, who developed the revised Plan to meet statutory, regulatory, and contractual obligations.

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REASON FOR RECOMMENDATION: The Governing Board action is required to adopt the Resolution and authorize staff actions.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Eldon Heaston, Executive Director on or before November 6, 2009.

FINANCIAL DATA: This item will not require additional financial resources.

PRESENTER: Jean Bracy, Director of Administrative Services