

Butte County Deferred Compensation Program

Bylaws

July 26, 2016
County of Butte
Prepared by the Butte County Deferred Compensation Committee

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BUTTE COUNTY
HUMAN RESOURCES

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I. Introduction

The purpose of the County of Butte Deferred Compensation Committee Bylaws is to serve as a guide for process for the County of Butte Deferred Compensation Committee (the "Committee") members and others. It is intended to assist the Committee in meeting its fiduciary obligations by effectively constructing, supervising, and evaluating the Deferred Compensation Program.

These bylaws are an outline of the Committee's general policies and are intended to supersede any earlier bylaws effective with the date this document is executed.

II. The Deferred Compensation Program

On February 24, 1981, the County of Butte (the "County") established a program whereby County employees could voluntarily authorize deferral of a portion of their wages to be invested in an approved deferred compensation plan authorized by the County Board of Supervisors (the "Board") and regulated by applicable state and federal law. The Deferred Compensation Program is intended to conform to the authority set forth in Section 53212-53214 of the Government Code of the State of California. To oversee this program, the Board established the Committee.

On August 20, 1991, the Board adopted the County of Butte Deferred Compensation Plan (the "Regular Plan") and the County of Butte Deferred Compensation Plan for Part-Time, Seasonal, and Temporary Employees (the "Part-Time Plan").

The purpose of the Regular Plan is to provide deferred compensation for full-time and/or permanent County employees who elect to participate in the program. The Regular Plan is established pursuant to Sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of section 457 of the Internal Revenue Code.

The purpose of the Part-Time Plan is to provide a substitute for Social Security contributions for part-time, seasonal and/or otherwise temporary County employees. Participation in this plan is required as a condition of employment. The Part-Time Plan is established pursuant to Sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457 of the federal Internal Revenue Code.

III. Committee Purpose and Responsibilities

The Board has given the Committee the authority to establish rules and processes consistent with fiduciary laws and regulations, County policy and best practices. The Committee has the authority to monitor the investment line-up of the Deferred Compensation Program, make any investment changes, approve and amend the investment policy statement, and other administrative tasks such as designating administrative authority for processing hardship withdrawals. The Board retains responsibility for general oversight of the Committee's management of the Deferred Compensation Program and retains specific authority over determining or amending deferred compensation plan documents as to benefit and/or contribution levels.

The Committee may form sub-committees to review and research particular matters and make recommendations to the Committee for decision. These sub-committees may include alternate designees and will abide by the same rules as the Committee.

In accordance with fiduciary responsibility assigned under state law, decisions made by both the Board and the Committee will be made for the sole interest of the participants and beneficiaries of the Deferred Compensation Program.

IV. **Committee Composition**

The Committee shall consist of five (5) members and will include:

- Auditor-Controller (or his/her designated alternate);
- Human Resources Director (or his/her designated alternate);
- Treasurer-Tax Collector (or his/her designated alternate); and
- Two employee members nominated by mutual agreement of the recognized employee organizations in the County.

The Auditor-Controller, Human Resources Director, and Treasurer-Tax Collector will serve on the committee as long as they hold their identified position. Upon the appointment, election, and/or employment of a successor Department Head in any such position, the successor shall immediately and automatically replace the prior position holder as a Committee member. If any Department Head designates an alternate, the alternate will serve until the Department Head terminates their appointment on the Committee.

Upon appointment, each Committee member shall have all the rights, powers, privileges, liabilities, and duties established by the Board. Department Head alternates will have equal voting rights when asked to attend a meeting on behalf of their designating Committee member.

Department Head alternates and/or nominated employees who serve on the Committee may resign at any time upon giving written notice to the Committee.

V. **Officers**

The officers shall include a Chair, Vice-Chair, and Secretary elected during the first scheduled meeting of the calendar year from among the serving Committee members. All members will have equal voting status and a member's alternate will also have equal voting status when specifically acting on behalf of their designating Committee member. All formal documentation, executed on behalf of the Committee, will require the signatures of the Chair or in his/her absence, the Vice-Chair and the Human Resources Director or his/her designee to be valid. A member's alternate may sign Committee documents when specifically acting on behalf of their designating Committee member.

VI. **Care and Diligence**

Each member of the Committee is a fiduciary to the Deferred Compensation Program. The Committee and its members shall act with the care, skill, and diligence, under the circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that actions taken are in accordance with all applicable state and federal laws governing the conduct of fiduciaries. Committee members shall incur no liability for any action taken pursuant to a direction, request or approval given by the Board which is contemplated by, and in conformity with, the terms of the Deferred Compensation Program.

The County shall indemnify and reimburse, to the fullest extent permitted by law, members of the Committee and other employees and former employees acting for and on behalf of the Program for any and all expenses, liabilities, or losses arising out of any act or omission relating to

membership on the Committee or for the management and administration of the Program, except in instances of fraud, corruption, or actual malice.

No fiduciary shall be liable for any action taken or not taken with respect to the Deferred Compensation Program, except for his or her own acts or omissions to act and except as otherwise provided in herein.

The County and each officer and employee thereof, the Committee and each member thereof, and any other person to whom the County or Committee delegates (or the Program assigns) any duty with respect to the Deferred Compensation Program, may rely and shall be fully protected when acting in good faith upon the advice of counsel, who may be counsel for the County, upon the records of a Third Party Administrator, Trustee, and Investment Manager, the County Treasurer-Tax Collector, the County Auditor-Controller, the Human Resources Director or upon any certificate, statement or other representation made by or any information furnished by an employee, a participant, a beneficiary, or the trustee concerning any fact required to be determined under any of the provisions of the Deferred Compensation Program.

VII. Meetings

Regular meetings shall be held quarterly and/or as called by the Chair or, in his/her absence, the Vice-Chair. Any scheduled meeting may be cancelled or rescheduled by the Chair or, in his/her absence, the Vice-Chair.

- A. The Committee may invite various service providers, staff members, consultants, or other guests as desired.
- B. All meetings and Committee action shall be called, noticed, held, conducted and documented in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq.).
- C. Any Committee member wishing to place an item on the Agenda for a meeting must submit the item to the Chair at least three (3) calendar days prior to the distribution of the Agenda.
- D. The Agenda for regular meetings will be posted in an area freely accessible to members of the public outside the Board's Chambers and the Human Resources Office seventy-two (72) hours in advance of the meeting.
- E. The Order of Business shall be at the discretion of the Chair but will include approval of the minutes of the previous meeting, unfinished business, new business and adjournment. The Chair shall preside at all Committee meetings. When the Chair is unavailable, the Vice-Chair shall serve as Chairperson.
- F. The Chair shall be entitled to vote on all questions and shall not be required to relinquish the chair in order to participate in discussions.
- G. A majority of the Committee members shall constitute a quorum. Decisions will require three or more affirmative votes by the members participating at the meeting. The Chair may make arrangements to resolve voting deadlocks. The agreement or disagreement of any member may be by means of any form of written or oral communication.
- H. Minutes shall be taken at the direction of the Chair and distributed within ten (10) calendar days after the date of each meeting. A permanent file of all meeting minutes shall be maintained.
- I. A Committee member shall not vote on any question relating exclusively to the individual member or his/her relatives; in the determination of any such question, the decision of a majority of the remaining members of the Committee shall govern.

- J. Communications and requests to the Committee shall be made in writing addressed to the Chair and the substance of such requests and the action of the Committee thereon shall be noted in the minutes.
- K. The limit for public comments will be three (3) minutes per individual.
- L. The Chair, if in his/her judgment, determines there is an insufficient number of matters to be discussed, may cancel any of the regular quarterly meetings. This may not exceed two (2) meetings in a row.

VIII. Payment of Incurred Expenditures

No Committee member who is an employee of the County shall receive any compensation or fee for Committee service. Members will, however, be reimbursed for any necessary expenditures incurred in the execution of their duties as a Committee member.

- A. The Committee will provide a budget request to the Human Resources Department by February 1st of each year. The budget request may include such expenditures as outside legal counsel services, consultant services, contracted audit services, insurance requirements, training and education sessions, associated travel, funding for support staff, maintenance of Committee files, and any other operating expenditure deemed appropriate in the discharge of fiduciary responsibilities. The Human Resources Department will be responsible for entering the request in the County's budget system and submitting the request with the Human Resources Department's Budget Request as part of the County's regular budget process. The Chief Administrative Officer will be responsible for making budget recommendations to the Board and all requested items may or may not be included in that recommendation.
- B. The Committee will work to ensure all Deferred Compensation Program expenses are reasonable.

IX. Service Provider Contracts

The Committee, with approval from the Board, may contract with one or more third party administrators, investment funds, record keepers, investment advisors, and/or investment consultants. Such service providers must comply with the guidelines established in these Bylaws, governing documents, and the Butte County Deferred Compensation Program Investment Policy Statement.

Prior to the expiration of the term of an existing contract with a service provider for the Deferred Compensation Program, the Committee shall determine whether to renegotiate an extension of the contract with the current provider, or whether to solicit bids from other providers pursuant to a formal Request for Proposal ("RFP"). If either the Committee and/or the Board determines to renegotiate an extension of the contract with a current provider, this recommendation shall be taken to the Board for approval. If the Committee, with the approval of the Board, decides to issue an RFP for a new provider and negotiate a new contract for provider services, this process shall allow adequate time for the set up and transfer of all account services.

X. Operational Amendments

These bylaws may be amended by the following procedure:

- A. Written notice of any proposed amendment shall be submitted to all members of the Committee at least seven (7) calendar days prior to any regular or special meeting of the Committee.

- B. Written notice need not be required if the proposed amendment is submitted to the Committee at a regular meeting prior to the meeting at which the amendment is considered.

Such by-law amendments shall be presented to the Board for approval.

XI. **Monitoring, Compliance and Audit**

- A. Review, at least annually, budgeted and actual expenditures incurred by or on behalf of the Deferred Compensation Program.
- B. Arrange for and review an annual Deferred Compensation Program audit, if funding is available.
- C. Assure that the responsibilities, assigned by the Investment Policy Statement and the governing plan documents, have been adhered to.
- D. Cause all Deferred Compensation Program documents to be maintained and updated in conformance with applicable laws and regulations and ensure that the Regular Plan and the Part-Time Plan are operated in compliance with all applicable laws and regulations.
- E. Assess from time to time the effectiveness of the plans and the record keeper(s) in delivering benefits to participants and beneficiaries at a reasonable cost to the participants and the County.
- F. Periodically provide status reports to the Board, as appropriate, including any recommendations for change.

XII. **Proxies**

Any proxy statements received from investment funds or publicly owned corporations will be delivered to the Human Resources Director. These proxies will be reviewed and researched and a recommendation will be made to the Committee to vote the proxy or not. Should the Committee decide to vote the proxy, the Chair or, in his/her absence, the Vice-Chair will be the signing authority. Detailed records of the voting of proxies and related actions will be maintained in the program files. The Chair will make a report as to how proxies were voted at the quarterly meetings.

XIII. **Adoption & Signature**

The Butte County Deferred Compensation Program Bylaws are hereby adopted and effective on this the 26th day of July, 2016, by the following votes:

AYES: Supervisor Wahl, Kirk, Lambert, Teeter and Chair Connelly

NOES: None

ABSENT: None

NOT VOTING: None



BILL CONNELLY, Chair

Butte County Board of Supervisors

ATTEST:

Paul Hahn

Chief Administrative Officer
and Clerk of the Board of Supervisors

