

**City of Santa Clara
Deferred Compensation Plan
City Manager Committee Appointment Process**

Background

The City of Santa Clara sponsors a Section 457 Deferred Compensation Plan (Plan) to assist employees in saving for their retirement. As part of the oversight of the Plan, there is a Deferred Compensation Committee that meets regularly throughout the year, typically quarterly. The Committee is responsible for making decisions on Plan administration on behalf of all Plan participants and consists of five members: the City's Finance Director (who serves by title) and four other members appointed by the City Manager.

City Manager Appointment Process

In an effort for the Committee appointment process to be objective and transparent, there is an application process to fill Committee vacancies. In the event of an opening on the Committee, the City will notify employees and a formal application process will ensue. The City Manager shall evaluate all applications for Committee membership. Generally, the City Manager will look for members who will be engaged in the plan review process and will attend meetings. An appropriate cross-representation of the employees will be a consideration in any appointment(s). Although a background in investments and/or retirement plans is desirable, it is not necessary (the Committee uses an investment consultant that lends its expertise in these matters). It is important to note that given their responsibility, Committee members are considered fiduciaries to the Plan.

Committee Member Responsibilities

Committee member duties generally consist of preparing for each meeting in advance, attending and engaging in Committee discussion and voting, as required. Representatives from the two Plan vendors (the record keeper and investment consultant) also attend the meeting and present materials on plan topics. Meeting agendas and reports are distributed in advance so that Committee members can be prepared and there are also educational opportunities to enhance Committee members subject matter knowledge. More specific responsibilities are:

- Developing and/or amending policies governing the Plan administration;
- Reviewing Plan design options and participant education strategies (and their effectiveness);
- Evaluating outside vendors such as record keepers and investment advisors;
- Reviewing investment options (performance, portfolio, fees, etc.); and
- Reviewing other Plan expenses.

As stated above, four Committee members serve at the discretion of the City Manager. Independent of the formal process stated above, the City Manager reserves the right to appoint

and/or terminate any member at any time for any reason when the City Manager determines such decision is in the best interest of the Plan and its participants and beneficiaries.

Committee Member Application Criteria

Current city employees participating in the Plan may apply to serve on the Committee when a vacancy arises. Before applying, employees should review the key criteria for committee membership:

- Must be a current City employee for more than one year and a participant in the plan;
- Must be willing to commit to preparing for and attending Committee meetings;
- Agree to become a fiduciary to the Plan;
- Agree to the nature of California open meeting law and be willing to subject discussions and decisions to the Public Records Act;
- Submit a Form 700 (Statements of Economic Interests); *not currently a formal requirement per the City's conflict of Interest code, but subject to change.*