



County of Santa Cruz

SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

701 OCEAN STREET, SUITE 520

SANTA CRUZ, CA 95060

(408) 454-2 100 FAX: (408) 454-3420

TDD: (408) 454-2123

August 26, 1998

AGENDA: September 1, 1998

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95062

REVISIONS TO THE DEFERRED COMPENSATION PLAN RELATING TO ADDING AN OUTSIDE AGENCY

Dear Members of the Board:

The Deferred Compensation Commission (DCC) received a request from the Criminal Justice Council (CJC) to add their staff to the County's Deferred Compensation Plan. Their request to participate in the plan is an allowable activity within the requirements of the Internal Revenue Code, Section 457, if we amend the Plan Document.

The DCC reviewed the request and recommends that your Board approve it. The CJC, as a joint power authority of the County and the four cities, has a direct relationship to your Board. The County's Plan assets will increase and CJC pays a small administrative fee to cover all associated costs of their participation. The employees of LAFCO, Law Library and Santa Cruz Consolidated Emergency Communication Center (SCCECC) also participate in our plan.

The CJC has agreed to abide by the provisions of the Deferred Compensation Plan Document and they will continue to use the Auditor-Controller to process their payroll. The Auditor-Controller will handle their contribution the same as those of County employees and the other participating agencies.

The proposed revised Plan Document incorporates the necessary changes to comply with Section 457. The changes primarily focus on expanding the definitions to include participants other than County employees if the Board approves their participation and they agree to abide by the Plan Document provisions.

BOARD OF SUPERVISORS

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AGENDA: SEPTEMBER 1, 1998

REVISIONS TO THE DEFERRED COMPENSATION PLAN RELATING TO ADDING AN OUTSIDE AGENCY

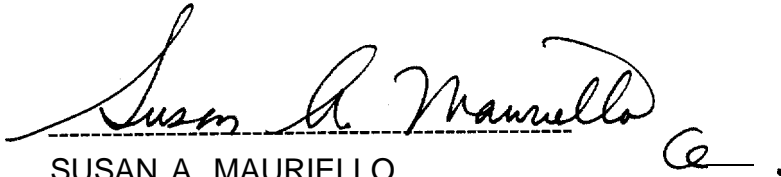
It is therefore recommended that your Board approve amendments to the Plan Document and authorize the County Administrator to execute the agreement with the Santa Cruz Criminal Justice Council from September 1, 1998 through August 31, 2003.

Very truly yours,



Madlyn Norman-Terrance,
Chair, Deferred Compensation Commission

RECOMMENDED:



SUSAN A. MAURIELLO,
County Administrative Officer

MNT/s:dc82698

cc: Deferred Compensation Advisory Commission
Auditor-Controller
Criminal Justice Council

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AGREEMENT BETWEEN THE COUNTY OF SANTA CRUZ AND THE
CRIMINAL JUSTICE COUNCIL OF SANTA CRUZ COUNTY JOINT POWERS
AUTHORITY RELATING
TO PARTICIPATION IN THE COUNTY'S DEFERRED COMPENSATION PLAN

This Agreement is entered into this 1st day of September, 1998, between the County of Santa Cruz (COUNTY) and the Criminal Justice Council of Santa Cruz County Joint Powers Authority (COUNCIL) with respect to the inclusion of COUNCIL employees as participants in the COUNTY's Deferred Compensation Plan (the Plan). The Plan is a defined contribution retirement program as described under the Internal Revenue Code Section 457.

WHEREAS, the COUNTY is a political subdivision of the State of California which has established the Plan in accordance with IRC Section 457 for the purposes of providing retirement plan benefits to employees; and

WHEREAS, the COUNCIL is a public entity formed pursuant to State law; and

WHEREAS, the COUNCIL uses the fiscal services of the COUNTY's Auditor-Controller; and

WHEREAS, the COUNTY has an existing contract with Great-West Life for the administration of its deferred compensation program and Great-West Life is willing to include Council employees in such administration; and

WHEREAS, the COUNCIL desires to provide a deferred compensation benefit to its Executive Director and other employees, and warrants by signature below that those persons are eligible to participate in an IRS 457 plan;

NOW THEREFORE, the parties agree as follows:

1. ELIGIBILITY OF COUNCIL EMPLOYEES TO PARTICIPATE IN PLAN. Subject to the provisions herein, any COUNCIL employee filling a budgeted position in permanent status, or COUNCIL employee on an authorized leave of absence from a budgeted position, may elect to become a Participant in the Plan. A COUNCIL employee participating in the Plan shall be entitled to the rights, benefits and privileges granted to a Participant by the Plan.

A. All COUNCIL employees seeking to become Participants in the Plan shall agree in writing to be bound

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by the terms, conditions and limitations imposed by the COUNTY in its administration of the Plan.,

B. Pursuant to the existing contract between County and Great-West Life, Great-West Life shall be the sole and exclusive provider of deferred compensation administrative services to COUNCIL.

2. STATUS OF PLAN DOCUMENT. The Santa Cruz County Deferred Compensation Plan Document, as adopted and periodically revised by the Santa Cruz County Board of Supervisors, shall provide the exclusive basis for the administration of the Plan for all COUNTY and COUNCIL employees, and is incorporated into this agreement by this reference.

3. REPRESENTATION. Both parties acknowledge that COUNTY does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequences will occur by reason of an employee's participation in the COUNTY's Plan.

4. INDEMNIFICATION. COUNCIL shall exonerate, indemnify, defend, and hold harmless COUNTY (which for the purposes this paragraph shall include without limitation, the officers, agents, employees and volunteers of COUNTY) from and against any and all claims, demands, losses, damages, defense costs, or liability of any kind or nature which COUNTY may sustain relating to a COUNCIL employee's participation in the Plan, including, but not limited to, a loss of principal and or interest by the participating employee or a beneficiary of a participating employee.

5. TERM. The term of this contract shall be: September 1, 1998 to August 31, 2003.

6. EARLY TERMINATION. Either party hereto may terminate this contract at any time by giving 30 days written notice to the other party.

7. ADMINISTRATIVE EXPENSES. The COUNCIL shall pay, and the COUNTY shall receive an annual administrative fee of \$50.00 per COUNCIL employee participating in the Plan. The fee shall compensate COUNTY for 'the fiscal and administrative services it provides, and shall be billed annually by the COUNTY. The fee for any particular COUNCIL employee shall be prorated. for the calendar year based upon the date that the employee becomes a Participant.

8. MODIFICATIONS. No alterations or variations of this agreement shall be valid unless made in writing and signed by

both parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

COUNTY OF SANTA CRUZ

CRIMINAL JUSTICE COUNCIL
OF SANTA CRUZ COUNTY
JOINT POWERS AUTHORITY

By: _____
SUSAN A. MAURIELLO
County Administrative Officer

By: STEVEN R. BELATTI

Approved as to form:

John M. Scott
Assistant County Counsel

DEFERRED COMPENSATION PLAN DOCUMENT9/98

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DEFERRED CO-MPENSATION PLAN DOCUMENT

1. NAME:

The name of the Plan, is County of Santa Cruz, State of California Deferred Compensation Plan hereinafter referred to as the "Plan".

2. PURPOSE:

The primary purpose of the Plan is to attract and retain personnel by permitting them to enter into agreements with the County of Santa Cruz which will provide future payments in lieu of current income upon death, disability, retirement, or other termination of employment. The County of Santa Cruz does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequences will occur by reason of participation in this Plan. The employee desiring to participate in the Plan should consult his or her own attorney or other financial advisor regarding the tax or other consequences of participation in this Plan. The Plan is intended to qualify as an eligible State Deferred Compensation Plan within the meaning of Section 457 of the Internal Revenue Code of 1986, as amended, hereinafter referred to as the "Code". To the maximum extent permitted by federal and/or state law, a domestic partner relationship acknowledged by the County of Santa Cruz shall be treated as spousal relationship under the terms of this Plan. The Employer hereby establishes the Deferred Compensation Plan on the terms and conditions set forth herein.

3. PARTICIPATION:

- A. Any eligible employee may elect to become a Participant in the Plan and defer payment of part of his/her Compensation by completing and submitting to the Advisory Commission a written Participation Agreement, and other related documents.
- B. Compensation shall be deferred to any calendar month only if a Participation Agreement providing for such deferral has been entered into and is effective before the beginning of such calendar month. With respect to a new Employee, however, compensation may be deferred for the calendar month during which the Participant first becomes an Employee if a Participation Agreement providing for such deferral is entered into on or before the first day on which the Participant becomes an Employee. A Participant Agreement shall remain in full force and effect from month to month unless revoked or superseded by a new Participant Agreement.

- C. The Participant Agreement may provide for one or more investment options and shall state the amount of compensation to be deferred pursuant to the Plan, which shall not exceed the amounts provided in Section 4 below. A Participant must agree to defer an amount not less than \$10.00 per payroll period for each option selected.
- D. Additional Participant Agreements providing for deferral of additional Compensation not yet earned may be executed prior to the beginning of any month to become effective during such subsequent month. Prior Participation Agreements may not be revoked or modified except as elsewhere provided herein.
- E. A Participant may revoke the Participation Agreement by filing with the Advisory Commission an executed written notice of revocation. In the event a revocation has been filed, no further Compensation shall be deferred hereunder commencing as of the beginning of the first month that commences at least thirty (30) days after such notice is delivered to the Advisory Commission, and continues until the Employee executes and delivers a new Participation Agreement in accordance with Section 4. No amounts shall be payable to an employee upon revocation of his/her Participation Agreement unless otherwise due pursuant to Section 7.

4. DEFERRAL OF COMPENSATION:

- A. While a Participant Agreement of an Employee is in effect, the Employer shall not pay the Employee his or her full Compensation but shall defer payment of such part of the Compensation as is specified by the Employee in the Participation Agreement.
- B. Except as provided in Section 5, the maximum amount that may be deferred under the Plan for any taxable year of a Participant shall not exceed the lesser of:
 - (1) \$7500, or such greater dollar amount allowed under the cost-of-living adjustment in accordance with Section 457 of the Internal Revenue Code for calendar years beginning after December 31, 1996, or
 - (2) 33 1/3% of the Participant's Includible Compensation for the taxable year (absent any other tax exempt deferrals, this amount will be equal to 25% of gross income)
- C. The Participant acknowledges the right of the Advisory Commission or the Administrator to disallow contributions under the Plan in excess of the limitations stated above.

5. CATCH-UP PROVISION:

For any one or more of a Participant's last three (3) taxable years ending before such Participant attains Normal Retirement Age, the maximum amount that may be deferred under the Plan shall be the lessor of (a) fifteen thousand dollars (\$15,000) or (b) that amount eligible for deferral under a State Deferred Compensation Plan, but not actually deferred by the Participant during the period beginning January 1, 1979. In no event may the amount of deferred compensation for the prior taxable year can be taken into account only if such taxable year began after December 31, 1978, the Participant was eligible to participate in the Plan during all or a portion of such taxable year, and the amount of compensation deferred under the Plan during such taxable year was subject to a ceiling established under Section 457 of the Code and Section 1.457-2(e)(1) of the regulations thereunder. A prior taxable year includes a taxable year in which the Participant was eligible to participate in an eligible plan sponsored by a different entity.

If an individual is a Participant in more than one eligible State Deferred Compensation Plan established pursuant to Section 457 of the Code, the amount of compensation deferred under this plan when added to the compensation under all such other plans, may not exceed the maximum amounts as stated above.

In order to initiate the catch-up provision, the participant must complete the appropriate forms as designated by the Advisory Commission.

6. ADMINISTRATION OF THE PLAN:

- A. The plan shall be administered by an Advisory Commission or its designee, and it shall represent the County as the sole authority to enforce the Plan and shall be responsible for the operation of the Plan in accordance with its terms, and shall determine all the questions arising out of the administration, interpretation, and application of the Plan. Determination of the Advisory Commission shall be conclusive and binding on all persons. No member of the Advisory Commission shall be entitled to vote on decisions personal to his or her own participation in the Plan.
- B. The Advisory Commission shall have authority and power to adopt the rules and regulations of administration. of the Plan, and to interpret, amend, alter and revoke any rules and regulations so adopted.
- C. On executing the Participation Agreement, the Employee shall

designate his investment objectives prospectively only. The Employer may invest amounts of deferred compensation in mutual fund share, or interest deposits with a savings and loan company or banking institutions, or investments with a stockbroker, or life insurance and/or fixed/variable annuity contract with an insurance company, or other financial institution as may be allowed by 26 U.S.C., Section 457, whichever, in the Employer's sole judgment, will best achieve the Plan's objectives. An individual account will be maintained for each Participant, to which shall be credited an amount equal to the Deferred Compensation of the Participant, and earnings, gains or losses applicable thereto. The individual account shall reflect the amount and value of the investments or other property obtained by the Employer through the investment of the Participant's Deferred Compensation. The Employee's investment designations are intended to be an expression of mere investment preferences and do not obligate the Employer to follow the Employee's designations. The Employer shall not be held responsible for any investment results, either gains or losses. Each Participant shall receive periodic reports showing the then current value of his or her individual account.

- D. All amounts of compensation deferred under this Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries.

Plan assets shall be set aside in one or more annuity contracts described in Internal Revenue Code Section 401 (f). No trustee or custodian is appointed with respect to the plan assets held in one or more annuity contracts meeting the requirements of Internal Revenue Code Section 401 (f). Rather the Employer, as owner of the annuity contract, shall be the deemed trustee for purposes of Internal Revenue Code Section 457 (g).

7. DISTRIBUTION:

A. Distribution of Benefits:

- (1) A distribution event shall mean attainment of age 70 and ½, retirement, termination of employment disability or death.
- (2) Commencement of Distribution. Distribution of the Participant's individual account shall begin sixty (60) days after the distribution event, unless the Participant makes an election to postpone payment pursuant to subsection 7.A(3), or is granted an extension of time by

the Commission to make an election pursuant to subsection 7.A. (4). A participant who is an eligible employee when he or she reaches age 70 ½ is not required to receive a distribution by the date described in Paragraph 3, below. Rather, such a Participant must begin receiving benefits by April 1 of the year following the calendar year in which he or she actually retires.

(3) Election to Postpone Distribution. Following a distribution event, but prior to the expiration of the sixty (60) day period described in subsection 7.A.(2), a Participant may irrevocably elect to defer the payment of his or her benefits to a date certain in the future, but in no event later than April 1 of the year following the calendar year in which he or she reaches age 70 and ½, or retires, whichever is later. The election must be in writing on a form approved by the Advisory Commission. A Participant may make a one-time deferral of the elected distribution date to a later date, but not later than April 1 of the calendar year following the calendar year the Participant attains age 70 and ½. Such a deferral must be made prior to the commencement of distribution.

(4) Extension due to Hardship. The Advisory Commission may grant a Participant one or more extensions of time of up to ninety (90) days each to make the election provided by subsection 7.A.(3), if the Participant can demonstrate that it would cause an undue hardship to make the required election within the sixty day period set forth in subsection 7.A.(3). Any extension granted must conclude no later than sixty (60) days following the end of the calendar year in which the distribution event occurs.

(5) Selecting Mode of Distribution. The Participant may irrevocably select a mode of distribution from the payment methods described in subsection 7.B. below, at any time up to thirty (30) days prior to the date on which the payments are first payable to the Participant. If the Participant fails to select a mode of distribution, the balance of the Participant's individual account shall be distributed in a single lump sum payment, in periodic installments as set by the Advisory Commission, or by any other method at the sole discretion of the Advisory Commission.

(6) Minimum Distribution at Age 70 and ½. Participants receiving distribution must reassess the distribution amount for the year they attain age 70 ½ to assure that distribution meets Internal Revenue Code provisions. Participants must select between the single life

expectancy or joint life expectancy with the primary beneficiary calculation methods prior to when required distribution must commence.

B. Mode of distribution: The amount credited to a Participant's book account shall be distributed any one or more of the following methods:

1. In equal, consecutive payments, on either a monthly, quarterly, semi-annual or annual basis, over a period of years from the date distribution begins, not to exceed the Participant's life expectancy on such date, or the joint life expectancy of Participant and his/her spouse. Life expectancy shall be actuarially determined by the Plan Administrator based on the date the initial distribution shall begin. The Participant may elect a partial lump sum payment in addition to the periodic payments provided by this section.
2. In monthly installments under an annuity payout option over the life expectancy of the Participant, or Participant and his/her spouse with or without a period certain provision.
3. A lump sum payment.
4. No payment option may be selected by a Participant or Beneficiary under this section unless it satisfies the requirements of Sections 401(a)(9), and 457(d)(2) of the Internal Revenue Code of 1986, including that payments be substantially non-increasing and that payments commencing before the death of the Participant shall satisfy the incidental death benefit requirements of Section 401 (a)(9)(G). For more information on this provision, consult the plan administrator.
5. If the Participant dies before payments have commenced, the value of the Participant's individual account shall be payable to the Beneficiary commencing not later than December 31 of the calendar year following the year of the death of the Participant, unless the Beneficiary elects within sixty (60) days of the Participant's death, a different fixed or determinable benefit commencement date allowable under the Internal Revenue Code. If the Beneficiary is a trust, corporation, firm or estate, all benefits must be paid out on or before December 31 of the fifth year following the year in which the Participant died. If the Beneficiary is an individual other than the

Participant's surviving spouse, the Beneficiary may commence receiving benefits no later than December 31 of the year following the year of the Participant's death, so long as the benefit option selected results in payments being made over a period not exceeding the lesser of (1) fifteen years, or (2) the Beneficiary's life or life expectancy. If the Beneficiary is the Participant's surviving spouse, such spouse may elect to delay the commencement of benefits until December 31 of the year in which the Participant would have attained age 70 and $\frac{1}{2}$. Any benefit option elected by such surviving spouse must be payable over a term not exceeding the spouse's life or life expectancy.

If the Beneficiary does not elect a method and date for commencement of benefits with sixty (60) days of the death of the Participant, benefits will commence by December 31 of the calendar year following the year of death of the Participant. Benefits will be payable in sixty (60) equal monthly installments. If the Beneficiary is the surviving spouse, benefits will commence by December 31 of the year the Participant would have attained age 70 and $\frac{1}{2}$ and will be payable over such spouse's life or life expectancy. A shorter period may be applied as determined by the Advisory Commission.

6. If a Participant dies after payments have commenced, his/her Beneficiary shall be entitled to the remaining payments, if any, determined by the settlement option agreed to in writing by the Beneficiary and the Commission, provided however, that the method of distribution to the Beneficiary must be at least as rapid as under the method of distribution in effect on the date of the Participant's death.

- C. **Emergency Withdrawals:** If a Participant is faced with an unforeseeable emergency, the Participant may apply to the Advisory Commission for withdrawal of funds from the Plan. Such withdrawals shall be permitted, at the Advisory Commission discretion, only in circumstances of an unforeseeable emergency. The Participant shall apply to the Advisory Commission on a form approved by that Commission and shall submit information found necessary by the Commission to make its decision.

An unforeseeable emergency is severe financial hardship to the Participant resulting from a sudden and unexpected illness or

accident of the Participant, the Participant's spouse, or of a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved by:

- (1) Reimbursement or compensation by insurance or otherwise,
- (2) Liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- (3) Cessation of deferrals under the Plan.

Withdrawals of amounts due to an unforeseeable emergency shall only be permitted to the extent reasonably needed to satisfy the emergency need.

- D. **De Minimis Distributions:** A Participant may withdraw the entire balance, upon written request on the prescribed form, of his or her de minimis account so long as at least twenty-four months have passed since the most recent contribution and no previous de minimis distribution has occurred. Participants who leave employment shall receive the entire balance of their de minimis accounts. The latter provision shall not apply to persons who have recurring seasonal employment with the County.

8. PLAN TO PLAN TRANSFERS:

- A. The Employer shall accept funds from other eligible State Deferred Compensation Plans established pursuant to Section 457 of the Code to be transferred and added to the Participant's book account within the Plan provided that all the following conditions exist:

- (1) The funds so transferred were deferred by the Participant from Compensation while employed by an employer operating an eligible State Deferred Compensation Plan established pursuant to Section 457 of the Code, and;
- (2) The funds so transferred are from a plan that provides that if the Participant separates from service in order to accept employment with

another eligible Plan, payout will not commence upon separation from service, regardless of any other provision of the plan, and amounts previously deferred will automatically be transferred.

(3) The funds are placed in an option currently provided by the Plan Administrator.

- B. The Employer shall transfer funds deferred by a former Participant to another eligible Plan of which the former Participant has become a Participant if the plan receiving such amounts provides for the acceptance of the amounts, and the Participant will agree in writing to release the County of Santa Cruz from any and all contractual obligations under this Plan upon completion of the transfer of funds to the new Employer.

9. EMPLOYER PARTICIPATION:

Notwithstanding any other provisions of this Plan, the Employer may make additional deposits in the Deferred Compensation Fund as additional compensation for the services to be rendered by the Employee to the Employer during any employment period, provided:

- A. The Employee has elected to have such additional compensation deferred, invested, and distributed, pursuant to this Plan, prior to the employment period in which the compensation will be earned; and
- B. That such additional deposits shall not exceed the maximum deferral permitted by Sections 4 and 5 of the Plan.

10. MISCELLANEOUS:

- A. It is a condition of this Plan and each employee by participating herein expressly agrees, that he or she shall look solely to the general assets of the employer for the payment of any benefit to which he or she is entitled under the Plan.
- B. This Plan shall be construed, administered and enforced according to the laws of the State of California.
- C. Each participant shall have the right to designate beneficiaries to receive any benefit to which said participant may be entitled in the event of his or her death prior to the complete distribution of benefits. If no such designation is in effect on a participant's death, his or her beneficiary shall be his or her estate.

- D. This Plan is intended to qualify as an eligible State Deferred Compensation Plan under Section 457 of the Code, and shall be interpreted and administered in a manner consistent with such qualification. The Employer reserves the right to amend the Plan to the extent that may be necessary to conform the Plan to the requirements of Section 457 of the Code and any other applicable regulations or ruling, including amendments that are retroactive to the effective date of the Plan. In the event that the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with Section 457 of the Code, the Employer shall correct such administration within the period provided in Section 457 of the Code. The Employer reserves the right to take such action and do such things as are required to make the Plan, as administered, consistent with Section 457 of the Code.
- E. The Employer shall retain the right to approve or disapprove such a Participants' investment requests. Any action by the Employer in investing funds, or approving of any such investment of funds, shall not be considered to be either an endorsement or guarantee of any investment, nor shall it be considered to attest to the financial soundness or the suitability of any investment for the purpose of meeting future obligations as provided in Section 7.
- F. A Participant may not assign, transfer, sell, hypothecate, or otherwise dispose of any or all of his or her investment account or any right which he or she may have under this Plan, and any attempt to do so shall be void.

11. NON-ASSIGNABILITY CLAUSE:

It is agreed that neither a Participant nor a beneficiary, nor any other designee, shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and non-transferable, and in the event of any attempted assignment or transfer, the Employer shall have no further liability hereunder nor shall any payments be transferable by operation of law in event of bankruptcy or insolvency, except to the extent otherwise provided by law, notwithstanding the above clause.

12. AMENDMENT OR TERMINATION OF PLAN:

The Employer may, at any time, terminate this Plan for all Participants. Upon such

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termination, each Participant in the Plan will be deemed to have revoked his Participation Agreement as of the date of such termination.

The Employer may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the rights of the Participants or their beneficiaries to the receipt of payment of benefits, to the extent of any compensation deferred at the time of the amendment as adjusted for income attributable to such Deferred Compensation prior to and subsequent to the amendment.

13. **DEFINITIONS:**

For the purpose of this Plan, certain words or phrases used herein will have the following meanings:

- A. "Administrator" shall mean the party appointed by the Employer to administer a Plan.
- B. "Advisory Commission" shall mean the Deferred Compensation Advisory Commission as established by Santa Cruz County Code Chapter 2.88.
- C. "Beneficiary" shall mean the person or persons designated by the Participant to receive the death benefits under this Plan, or if no such persons has been designated or no designated person survives the Participant, the Participant's estate.
- D. "Compensation" shall mean the salary or wages for actual services performed which would be paid by the Employer to or for the benefit of an Employee if he/she were not a Participant in the Plan.
- E. "De Minimus Account" is one whose total balance is \$3,500.00 or less.
- F. "Deferred Compensation" shall mean the amount of Compensation which the Participant and the Employer mutually agree shall be deferred in accordance with the provisions of the Plan.
- G. "Disability" means the inability of a Participant to engage in his or her usual occupation by reason of a medically determinable physical or mental impairment as determined by the Employer on the basis of advice from a physician or physicians.
- H. "Eligible Employee" shall mean any officer, elected official or employee filling a budgeted position with Employer, or who is on an authorized leave of absence without pay from a budgeted position.

- I. "Employer" shall mean County of Santa Cruz, State of California.
- J. "Includible Compensation" shall mean Compensation received from the Employer that is attributable to services performed for the Employer and that is includible in the Participant's gross income for the taxable year. Accordingly, a Participant's Includible Compensation for a taxable year does not include any amount payable by the Employer that is excludable from the Participant's gross income, including but not limited to Section 457, Section 403(b), Section 414(h), or Section 911 of the Code. A Participant's Includible Compensation for a taxable year is determined without regard to any community property laws.
- K. "Normal Retirement Age". In general, "Normal Retirement Age" for most employees will be age 55, however, the Normal Retirement Age for certain safety employees will be age 50. Specifically, Normal Retirement Age shall mean as to each Participant, the age designated by the Participant within the range of ages ending with 70 ½ and beginning not earlier than the earliest age at which the Participant has the right to retire under the retirement plan of the Employer and receive benefits without actuarial or similar reduction for early retirement. For a participant who continues in the service of the Employer after age 70 ½, normal retirement age shall be the age at which the participant separates from service with the Employer.
- L. "Participant" shall mean an Employee who has elected to participate in the Plan.
- M. "Participation Agreement" shall mean the agreement executed and filed by an eligible employee with the Employer, pursuant to Section 3, in which the employee elects to become a Participant in the Plan.
- N. "Termination of Employment" shall mean the severance of the Participant's employment with the Employer.
- O. "Related Entities" shall mean those entities whose participation in this Plan has been approved by the Santa Cruz County Board of Supervisors after recommendation of the Commission. The Commission shall apply the following criteria in processing requests to join in the Plan: (1) Payroll for the related entity is handled by Employer's Auditor-Controller. (2) The employees of the related entity are participating in no other deferred compensation plan. (3) The related entity must enter into a written agreement to be bound by the Plan's terms and to indemnify Employer.