

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 12/20/04
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 1/11/05
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Bernice James
Treasurer-Tax Collector-Public Administrator

STAFF Bernice James
CONTACT: 568-2490

SUBJECT: Deferred Compensation Plan Documents

Recommendation(s):

That the Board of Supervisors:

Approve the attached 3 deferred compensation plan documents for the County's 457b plan, the 401a plan, and the Social Security Compliance Plan.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with action required by law or by routine business necessity and with our organizational values regarding our workforce.

Executive Summary and Discussion:

The County has established 3 distinct deferred compensation plans for its employees. Under the plans employees may defer payment of a portion of their current compensation until retirement, severance from employment, death, or other designated events. Participants may direct their deferred compensation to various investment options. Deferred compensation and gains from investments in the plan are not subject to tax until withdrawn.

The Economic Growth and Tax Relief Reconciliation Act of 2001(EGTRRA) contained many changes to governmental deferred compensation plans effective on January 1, 2002. The majority of the legislative updates to the Internal Revenue Code contains many positive changes and became effective January 1, 2002.

- A. The 457 contribution limit will mirror that of the 401(k) and 403(b) plans.
- B. The Pre-Retirement Catch-Up limit was raised to double the standard 457 contribution limit.

- C. The new Age 50+ Catch-Up provision allows individuals age 50+ to make additional contributions to the County's 457 Plan.

In addition to the change of contribution limits provided by EGTRRA, the new legislation allows the following:

- A. Rollover of funds to and from 401(k), 403(b), governmental 457 and IRA plans.
- B. Trustee to Trustee Fund transfers to allow participants to transfer funds from Deferred Compensation to the SBC Employees' Retirement System to purchase service credit.

On May 28, 2002 your Board authorized the Treasurer-Tax Collector to update the plan documents to conform to this pension reform. The Internal Revenue Service issued final regulations for implementation on July 11, 2003 and continued to issue additional rulings and interpretations. To be in compliance with the Internal Revenue Code and applicable regulations, plan documents must be adopted no later than December 31, 2005. These documents have been reviewed and approved by the County Deferred Compensation Advisory Committee and by County Counsel.

"Attachment A" is the plan document for the 457 Deferred Compensation Plan. This plan is voluntary and available to any full-time or part-time officer, employee, elected official, or contractor enrolled in the retirement system of the Employer who receives compensation. Extra help employees or independent contractors are not eligible to be a participant in this plan. All contributions are made by employees.

"Attachment B" is the plan document for the 401a Discretionary Supplemental Deferred Compensation Plan. This plan is for employees who participate as a result of a contract with the Employer. All contributions are made by the County.

"Attachment C" is the plan document for the Social Security Compliance Plan. The primary purpose of this Plan is to establish and operate a supplemental "retirement program" in lieu of payments to Social Security (FICA). This plan is for all part-time, temporary and seasonal employees of the County of Santa Barbara who are not eligible to participate in the Santa Barbara County Employees' Retirement System. Employees make a contribution of 6% of salary and a contribution of 1.5% is made the County (for a total of 7.5%).

The three plan documents are posted on the Treasurer-Tax Collector-Public Administrator website.

Mandates and Service Levels:

The attached plan documents are in compliance and required by the Economic Growth and Tax Relief Reconciliation Act of 2001(EGTRRA). They are in compliance with regulations and interpretations issued by the Internal Revenue Service.

Fiscal and Facilities Impacts:

None.

Special Instructions:

Send a copy of the minute order to the Treasurer-Tax Collector-Public Administrator Department.

Concurrence:

County Counsel

Deferred Compensation Advisory Committee (members include Auditor-Controller, Human Resources, County Administrator, Treasurer-Tax Collector, Retirement Administrator, one representative from each of the recognized employee bargaining units, one from each of the non-represented bargaining units, and one retiree)

Attachment A

**COUNTY OF SANTA BARBARA
DEFERRED COMPENSATION PLAN**

The name of this Plan is the County of Santa Barbara Deferred Compensation Plan, referred to throughout this document as the “Plan”. It was established and adopted by the County of Santa Barbara on November 23, 1981, for the sole benefit of its Employees. It has been amended from time to time. It is hereby amended and restated as of November 22, 2004.

ARTICLE I – PURPOSE

The primary purpose of this Plan is to permit Employees of the Employer to enter into an agreement which will provide for deferral of payment of a portion of their current compensation until death, retirement, severance from employment, or other event, in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986, with other applicable provisions of such Code, and in accordance with the General Statutes of the State.

It is intended that the Plan be an Eligible Deferred Compensation Plan.

The Employer does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequence will occur by reason of participation in this Plan. A Participant should consult with his or her own attorney or other representative regarding all tax or other consequences of participation in this Plan.

ARTICLE II – DEFINITIONS

For purposes of this Plan, the following words and phrases shall have the meaning set forth below, unless a different meaning is plainly required by the context:

“Administrator” means the Santa Barbara County Treasurer-Tax Collector, located at 105 E. Anapamu St., Room 109, Santa Barbara, California 93101.

“Annuity” means payouts that guarantee you either a retirement income for life or a limited defined period.

“Beneficiary” means any person designated by the Participant to receive an annuity, death benefit, or other benefit under the provisions of this Plan, by reason of such Participant's death.

“Catch-Up” allows the participant to defer more than the normal contribution through the Pre-Retirement Catch-Up or Age 50+ Catch-Up Plan.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

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“Compensation” means the total amount paid by the Employer for services rendered to the Employer for an Employee’s service during a Plan Year as expressed on the Employee’s IRS Form W-2, without deduction for any portion thereof deferred under the provisions of this Plan, Code § 403(b) and § 501(c)(18) or other provisions of the Code. Compensation shall be taken into account at its present value.

“Deferred Compensation” means that portion of an Employee's compensation which said Employee has elected to defer in accordance with the provisions of this Plan.

“Deferred Compensation Fund” means the total amount of Deferred Compensation, including interest and other amounts accrued thereon from all Participants, which amount shall be held in trust or custody exclusively for the benefit of Participants and Beneficiaries.

“Eligible Deferred Compensation Plan” means a plan that satisfies the requirements of Code Section 457(b) and the regulations thereunder.

“Employee” means any full-time or part-time officer, employee, elected official, or Contractor enrolled in Retirement System of the Employer who receives Compensation. Extra Help Employees or Independent Contractors are not eligible to be a Participant in this Plan.

“Hardship” see Unforeseeable Emergency

“Includible Compensation” means Compensation that (taking into account the provisions of Code section 457) is currently includible in gross income for federal income tax purposes. The amount of Includible Compensation is determined without regard to any community property laws.

“Investment Option” means any investment provided under one or more investment choices.

“Participant” means any Employee or former Employee, who elects to participate in this Plan or who has unpaid benefits due under the Plan. Extra Help Employees or Independent Contractors are ineligible to be a Participant.

“Participant Account” means the trust or custodial account for each Employee to which the Participant’s Deferred Compensation, together with any interest, is credited exclusively for the benefit of the Participant or Beneficiary.

“Participation Agreement” means an agreement filed by an Employee to elect or modify participation in the Plan.

“Payout Options” means a wide range of distribution options that may be taken monthly, quarterly, annually or by lump sum.

“Plan” means the deferred compensation plan for the employees of the County of Santa Barbara, California, a plan established and maintained in accordance with the provisions of Code Section 457, an Eligible Deferred Compensation Plan.

“Plan Year” means calendar year.

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“Required Distribution Date” means April 1 of the calendar year following the calendar year in which a Participant attains 70 ½ years of age and has Separated from Service.

“Service” means employment of an Employee by the Employer.

“Severance from Service” means the Participant’s retirement, permanent disability, resignation, discharge or termination from Service as provided in Regulation § 1.457-2(h)(2).

“State” means the State of California.

“Unforeseeable Emergency” means severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or a dependent as defined in Code 152(a) of Participant, loss of the Participant’s property due to a casualty, or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the Participant, to the extent for which the hardship is not relieved by (a) the receipt or payment through reimbursement or compensation by insurance or otherwise, (b) the liquidation of the Participant’s assets, to the extent the liquidation of such assets would not cause severe financial hardship, or (c) by cessation of deferrals under the Plan. See Article VI for examples.

“Other Definitions” All other terms not defined in this Article II, as now in effect or hereinafter amended, shall be interpreted as defined by the Code, applicable Federal and State statutes, and regulations, as amended from time to time.

ARTICLE III - PARTICIPATION

Any Employee may elect to become a Participant in the Plan and to defer payment of part of his compensation not yet earned by executing a written Participation Agreement and filing it with the Employer. The Employer shall defer payment of Participant compensation in the amount specified in each Participation Agreement filed with the Employer. Deferrals shall commence during the first month after the Participation Agreement is filed. Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

Participation Agreement. The Administrator shall establish a written Participation Agreement which shall contain, among other provisions, a provision whereby the Participant specifies:

- (A) that portion of his/her Compensation that has not yet been paid or made available which is to be deferred.
- (B) his/her investment election. Such election shall specify into which investments, among those investments available to receive contributions under the Plan, his or her contributions shall be invested, such election to remain in force until modified.
- (C) a Beneficiary or Beneficiaries, including one or more contingent Beneficiaries, to receive any benefits which may be payable under this Plan or on the death of the

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Participant.

- (D) that his salary, wage or other compensation is as set forth in any salary ordinance or otherwise without deductions for amounts deferred under the provisions of this plan.
- (E) that the Participant together with his heirs, successors, and assigns, holds harmless the Employer from any liability hereunder for all acts performed in good faith, including acts relating to the investment of deferred amounts and/or the Employee's investment preference hereunder.
- (F) a payment option and payment frequency if applicable.

Agreement Effective Date. The Participation Agreement will take effect during the first month after the Participation Agreement is filed.

Amendment of Participation Agreement. The Participant may revoke his election to participate and may change the amount of Compensation to be deferred, or his investment preference, by signing and filing with the Employer a written revocation or amendment, on a form approved by the Administrator. Any such revocation or amendment shall be effective prospectively only, beginning with the first pay period of the subsequent month.

Regular Contributions. The regular contribution is the amount of compensation that may be deferred by a Participant subject to the following limitations:

- (A) Calendar Year Maximum – Except for pre-retirement catch-up contributions, the maximum amount a Participant may defer during a calendar year to this and/or any other Eligible Deferred Compensation Plan shall not exceed the lesser of (i) the applicable dollar amount as set forth in Section 457(e)(15) of the Code, or (ii) 100% of the Participant's Includible Compensation.
- (B) Pay Period Minimum – The Administrator may establish in a uniform and nondiscriminatory manner a per pay period minimum amount which a Participant may defer.
- (C) Deferrals of accumulated vacation are permitted as long as the deferral does not exceed the maximum allowed in the current year and:
 - (1) the agreement to make the deferral is made prior to the beginning of the month in which the amounts would otherwise be paid or made available, and
 - (2) If the participant is an employee in the month in which the amounts would otherwise be paid or made available, or;
 - (3) In the event of accrued vacation pay that is payable before the participant has a severance from employment, the agreement to contribute the accrued balance is entered into before the amount is currently available as defined in regulations under section 401(k).

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- (D) Deferrals of amounts paid on account of severance of employment, except accumulated vacation, may not be deferred.
- (E) If a Participant participates in more than one eligible deferred compensation plan (as defined in 457(b) of the Code) other than a plan that is a qualified governmental excess benefit arrangement (as defined in 415(m)(3) of the Code), the maximum deferral under all such eligible deferred compensation plans shall not exceed the primary limitation amount described in (a) above and subject to modification by the catch-up limitation. It is the sole responsibility of each Participant who participates in more than one deferred arrangement, whether or not maintained by the Employer, to allocate the “dollar limitations”. If the dollar limitations are exceeded, the Participant must include the excess in the Participant’s gross income for the tax year(s) for which the applicable limit is exceeded.
- (F) Any excess deferral to the Section 457 Deferred Compensation Plan will be distributed to the participant, with allocable net income, as soon as administratively practicable if the Administrator determines the amount is an excess deferral in accordance with applicable IRS regulations.

Pre-Retirement Catch-Up Contributions. A Participant may defer an additional amount under this section for one or more of the last three calendar years ending before attaining the Participant's Normal or Deferred Retirement Date, hereinafter referred to as “pre-retirement catch-up.” The use of pre-retirement catch-up is subject to the following restrictions:

- (A) The maximum amount a Participant may defer each calendar year to this or any other Eligible Deferred Compensation Plan shall not exceed the lesser of these two amounts:
 - (1) twice the regular dollar limit in effect, or
 - (2) any Employer provided compensation eligible for deferral that was not deferred for any prior taxable year which began after December 31, 1980.
- (B) To use pre-retirement catch-up, a Participant must declare a retirement age, which may be any age at or after which the Participant qualified for Normal Retirement eligibility, but no later than age 70-1/2. This declaration does not compel retirement.
- (C) The pre-retirement catch-up provision may be used only once by any Participant, whether under this Plan or any other eligible Deferred Compensation Plan.
- (D) Participants may continue to make regular contributions after they are no longer eligible to use pre-retirement catch-up.

For purposes of this section, Normal Retirement Date means the date a Participant retires pursuant to the Employer's Retirement Plan without reduced benefits. Deferred Retirement Date means the date

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beyond the Normal Retirement Date designated by the Participant. Such date shall not exceed the earlier of (i) the Employer's mandatory retirement age (if applicable), or (ii) the date on which the Participant incurs a severance from employment.

A participant is eligible for the greater of the pre-retirement catch-up under this Section or the Age 50+ catch-up, if applicable.

Age 50+ Catch-Up Contributions. Effective on or after January 1, 2002, all Participants who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such contribution shall not, with respect to the year in which the contribution is made, be subject to any otherwise applicable limitation contained in Section 457 of the Code, or be taken into account in applying such limitations to other contributions or benefits under this Plan or any other plan.

A participant is eligible for the greater of the pre-retirement catch-up, if applicable, or the Age 50+ catch-up under this Section.

Employer Contributions. Nothing in this Plan prohibits the Employer from making deposits to a Participant Account as additional compensation for services rendered, subject to the Participant's regular contribution limits.

ARTICLE IV- ADMINISTRATION OF THE PLAN

Designation of Advisory Committee. The Plan shall be administered by the County Treasurer-Tax Collector with consultation from an Advisory Committee consisting of the Auditor-Controller, Human Resources, County Administrator, Treasurer-Tax Collector, Retirement Administrator, one representative from each of the recognized employee bargaining units, one from each of the non-represented bargaining units, and one retiree. The County Treasurer-Tax Collector, in consultation with the Advisory Committee, shall have authority to adopt rules and regulations for the administration of the Plan and to interpret, alter, amend or revise any rules and regulations adopted. Any action of the Advisory Committee shall be deemed as advisory to the Administrator.

Administrator's Duties. The Administrator shall enforce this Plan in accordance with its terms and shall be charged with its general administration. The Administrator shall exercise all of his or her discretion in a uniform manner and shall have all necessary power to accomplish those purposes, including, but not limited to, the powers:

- (A) to determine all questions relating to the eligibility of Employees to participate;
- (B) to certify the amount and kind of benefits payable to Participants and their Beneficiaries;
- (C) to maintain all data, records, documents and papers pertaining to the administration of the Plan;

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- (D) to prescribe such forms, and adopt such rules and regulations as are necessary to carry out the purposes of the Plan;
- (E) to authorize all disbursements from the Investment Fund;
- (F) to direct the investments to be made in a manner consistent with the investment authorized by this Plan; and
- (G) to recommend such rules for the regulation of the Plan consistent with the terms hereof.

The Administrator may contract with a financially responsible independent contractor to administer and coordinate the Plan under the direction of the Employer or to perform such services as may be mutually agreed to between the contractor and the Employer.

Investment Counsel. The Administrator may employ investment counsel to provide advice concerning categories of investment, investment guidelines and investment policy, provided, however, that the advice or recommendations of any such investment counsel shall not be binding on the Administrator, which shall make the final determination concerning investment categories, investment guidelines and policies.

Advice, Consultation and Delegation of Authority. The Administrator may employ or contract with any one or more persons or organizations to render consultation and/or advice and/or to perform services with regard to responsibilities of the Advisory Committee under the Plan. Said consultant shall be selected by the Administrator after consideration of recommendations by the Advisory Committee.

Eligible Investment Objectives. The Employer is required to invest Deferred Compensation bi-weekly as directed by the Participant. All amounts of Deferred Compensation, whether or not invested by the Employer, shall at all times be and remain as assets of the Participant. Any and all interest or other income payable on any of the Participant's investments of Deferred Compensation also shall be an asset of the Participant.

Administrative Costs. The Employer shall determine, in a manner deemed fair and equitable, the administrative costs associated with the withholding of Deferred Compensation amounts pursuant to this plan or in making investments or otherwise administering or implementing the Plan. The Employer may withhold or collect, or have withheld or collected, such costs, in such manner as s/he deems equitable either (1) from the compensation deferred pursuant to the Plan, the income produced from the compensation deferred pursuant to the Plan, the income produced from any investment, whether or not augmented, or (2) from the organization receiving such investment where required by law to collect therefrom or, if not so required, where mutually satisfactory to such

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organization and the Administrator. The Administrator may remit or direct the remission of appropriate amounts so withheld or collected to the Employer.

ARTICLE V- PLAN-TO-PLAN TRANSFERS AND ROLLOVERS

Transfers Out. Subject to the approval of the Plan Administrator, all or any portion of their account may be transferred directly to another eligible plan providing that all of the following are met:

- (A) Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; or any amount that is distributed on account of hardship; and
- (B) the Participant has severed from service with the employer, except the participant may purchase, before severance, permissive service credit in a tax-qualified, defined benefit plan under Section 401(a) and Section 414(d) of the Internal Revenue Code; and
- (C) the Participant makes an irrevocable written election to make a plan-to-plan transfer in accordance with Code Section 457(e)(17); and
- (D) the receiving plan provides for the acceptance of plan-to-plan transfers.

For purposes of this section, a participant includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are participants with regard to the interest of the spouse or former spouse.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

As it deems necessary, the Employer may require such documentation from the other plan to effect the transfer, to confirm that such plan is an Eligible Deferred Compensation Plan within the meaning of Code Section 457(b) and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under Code Section 457 and the applicable regulations.

If a transfer, occurring on or after January 1, 2002, is associated with a distributable event and the distribution is an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Direct rollover and subject to those provisions.

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Transfers In. Subject to the approval of the Plan Administrator, this may accept the direct plan-to-plan transfer from another eligible plan maintained by the Employer or another employer and credited to the Participant's Account under this Plan, if:

- (A) the transferring plan provides that such transfer can be made; and
- (B) where the transfer is from a plan of another employer, (the plan does not have to be within the State of California), the Employee has severed employment with such other employer; and
- (C) the Employee is a Participant in the Plan and has made an irrevocable written election to make a plan-to-plan transfer; and
- (D) the plan administrator for the transferring plan gives written authorization for the transfer to the Plan.

As it deems necessary, the Employer may require such documentation from the transferor plan to effect the transfer, to confirm that such plan is an eligible plan.

The Employer may refuse to accept a transfer in the form of assets other than cash, unless the Employer agrees to hold such other assets in trust under the Plan.

Any amounts transferred that have been deferred during the current calendar years will be considered deferrals subject to current calendar year deferral limitations. If a transfer is associated with a distributable event and the Employee is eligible to receive an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Rollover contribution and subject to the Rollover provisions.

Rollover to Another Plan. Subject to the approval of the Plan Administrator, the entire balance in a Participant's Account may be transferred directly to another eligible plan under Code section § 401(a), § 401(k), § 403(b), § 457, and IRA's providing that all of the following conditions are met:

- (A) The Participant has Severed from Service with the Employer;
- (B) the former Participant has become a participant in the receiving plan;
- (C) the Participant makes an irrevocable written election to make a rollover of his or her entire Participant Account balance;
- (D) the receiving plan provides for the acceptance of rollovers; and
- (E) payout will not continue after election to rollover, regardless of any other provision in this Plan, and amounts previously deferred will automatically be transferred.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

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As it deems necessary, the Employer may require such documentation from the other plan to effect the transfer, to confirm that such plan is an eligible plan and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under Code Section 457 and the applicable regulations.

Rollover From Another Plan. A Participant may make and the Plan will accept a direct or regular rollover of an Eligible Rollover Distribution, excluding after-tax participant contributions, from an eligible plan.

Upon receipt of a Rollover Contribution, the amount of any Rollover Contribution shall be credited to the contributing Participant's Defined Contribution Account in the Plan and shall be invested in accordance with the provisions of this Plan.

The Administrator may require the Employee to certify, either in writing or in any other form permitted under rules promulgated by the IRS, that the contribution qualifies as a rollover contribution under the applicable provisions of the Code. If it is later determined that all or part of a rollover contribution was ineligible to be contributed to the Plan, the Administrator shall direct that any ineligible amounts, plus earnings or losses attributable thereto (determined in a uniform and nondiscriminatory manner) be distributed from the Plan to the Employee as soon as administratively feasible.

Separate accounting shall be maintained by the Administrator for any rollover contribution not attributable to an Eligible Deferred Compensation Plan and may be distributed at any time pursuant to the Participant's request. Such distributions are not subject to the timing restrictions that apply to other amounts in the plan. Any amounts rolled over from a qualified plan, 403(b) or IRA remain subject to the 10% premature distribution penalty if distributed prior to age 59 ½ .

ARTICLE VI- DISTRIBUTION OF BENEFITS

Eligibility. Distribution may be taken under any of the following circumstances, subject further to the provisions of this Article VI:

- (A) Attainment of age 70-1/2, whether or not still employed;
- (B) Severance from employment;
- (C) Participant's death; or
- (D) On account of an unforeseeable emergency.

Distribution On or After Age 70-1/2. Regardless of the payout option the Participant chooses, the IRS requires a yearly minimum withdrawal amount after the later of age 70 ½ or retirement. In the event that the Participant or his Designated Beneficiary cannot be located within three (3) years from the date on which distribution payments must be paid, the entire Participant's Account balance shall

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be forfeited to and made part of the Deferred Compensation Fund; provided, however, that any amount so forfeited shall be reinstated retroactive to the date of such forfeiture upon the subsequent filing by the Participant or his Designated Beneficiary of an application for reinstatement of benefits payable approved by and filed in a manner satisfactory to the Advisory Committee. The payment of the benefit shall commence after the approved application is filed. No interest or other earnings shall accrue to the account of the Participant or his Designated Beneficiary on any amounts placed in the Deferred Compensation Fund from the date of forfeiture to the date payments commence.

Commencement of Distribution After Severance From Service. Upon the Participant's Severance from Service and after a continuous period ending six (6) months following Severance, the Participant's Account may be distributed to the Participant in accordance with one of the Distribution Options described herein. The Participant may elect any Distribution date, but not later than April 1 of the calendar year following the calendar year the Participant attains age 70 ½, the Required Distribution Date.

With respect to elections to receive distributions due to the Participant's Severance from Service, any pending election to commence distribution may become void if the Participant becomes re-employed with the County.

Except as otherwise allowed by law, and notwithstanding any other provision in this Plan, upon distribution of benefits to the Participant and/or Designated Beneficiary, the Employer shall cause to be withheld all applicable federal and State income taxes and any other amounts required by law.

Death of the Participant. In the event of the Participant's death, the full amount credited to the Participant's Account shall be distributed according to the following requirements:

- (A) If distribution has commenced prior to the death of the Participant, the balance of a Participant's Account shall be paid to the Beneficiary in accordance with the payment option already selected by the Participant so that the remaining distribution will be effected at least as rapidly as under the payment option used before the Participant's death.
- (B) If the distribution has not commenced prior to the death of the Participant;
 - (1) a non-spousal beneficiary must either;
 - (a) elect a distribution payable over a period not extending beyond his or her own life expectancy, commencing no later than the end of the calendar year following the calendar year in which the Participant died; or
 - (b) elect a single-sum payment by the end of the calendar year which contains the fifth anniversary of the date of death of the employee, otherwise, such single-sum payment shall be made by the end of such calendar year.

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- (2) spousal beneficiary may elect either a single-sum payment or a distribution payable over a period not exceeding his/her own life expectancy. Distribution to the spousal beneficiary must commence no later than the year the deceased Participant would have reached age 70-1/2.

Forms of Payment. Except in the event of the Participant's death, all or a portion of the amount credited to the Participant's Account shall be distributed, as instructed by the Participant, under one of the following payment options:

- (A) A lump sum withdrawal. 457 plan distributions allow for direct rollovers upon severance of employment or another triggering event to an IRA or other qualified plan at retirement;
- (B) Payments for a specified period where amounts are paid in installments not in excess of the Participant's allowable life expectancy or joint life expectancy of the Participant and his/her Beneficiary;
- (C) Annuity for a period certain of five (5) to thirty (30) years, but not in excess of the Participant's allowable life expectancy;
- (D) A life annuity;
- (E) A life annuity with period certain guaranteed, with the guarantee that if at the annuitant's death payments have not been made for the guaranteed period as elected, payments will continue to the Beneficiary. The guaranteed period to be elected may be either ten (10), fifteen (15) or twenty (20) years but may not exceed the life expectancy of the Participant and his or her Beneficiary; or
- (F) A joint and survivor annuity payable during the lifetime of the Participant and his/her Beneficiary; or
- (G) A QDRO distribution.

Minimum Distribution Requirements. Notwithstanding anything in this Plan to the contrary, distributions from this Plan shall commence and be made in accordance with Section 401(a)(9) of the Code and the regulations promulgated hereunder.

Commencement of Benefit Payout. Except as otherwise provided herein, all payments of benefits shall commence in the month designated by the Participant or Designated Beneficiary(ies) pursuant to the options described herein.

Continued Investment of Participant Account. Except as provided herein, a Participant's Account may continue to be invested until, in the Employer's sole discretion, cash is to be withdrawn for payment of benefits.

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Changes in Distributions by the Employer. Notwithstanding any other provision of this Plan, the Employer may at any time change the time or method of Distribution of benefits under the Plan. The Employer may, at its discretion, discharge in full its obligations under the Plan to any Participant, Designated Beneficiary(ies) or Beneficiary(ies) or, following the death of the Participant, distribute an amount equal to the balance of the Participant's Account to the Participant's Designated Beneficiary(ies) or Beneficiary(ies).

Cash outs. Pending issuance of enabling Treasury regulations, if a Participant upon Severance from Service does not elect to take a Distribution in Cash or direct to another plan or an IRA, the Plan Administrator may cash out the Participant's Account. In such cases, small account balances (\$1,000 or less) may be cashed out upon Severance from Service without the Employee's consent.

Distribution General. Notwithstanding any other provision(s) of the Plan, all Distributions shall be made in accordance with Code § 457(d) and § 401(a)(9) and the proposed regulations hereunder, including Reg. § 1.401(a)(9)-s. Said Distributions shall also meet the "minimum distribution incidental benefit" requirement. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under § 457 of the Internal Revenue Code.

Unforeseeable Emergency Distribution. A Participant may apply for a single sum distribution from the Participant's Account in the event of an unforeseeable emergency. For purposes of this Section, an unforeseeable emergency is defined as a severe financial hardship to a Participant resulting from extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. A severe financial hardship exists where the financial need arising from the unforeseeable emergency cannot be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of a Participant's asset, to the extent such liquidation would not itself cause a severe financial hardship, or by the cessation of deferrals under the Plan.

Distributions because of an unforeseeable emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

The circumstances that will constitute an Unforeseeable emergency will depend upon the circumstances of each case. Emergencies may occur to a participant's beneficiary on the same terms as would apply to the participant. However, the Unforeseeable Emergency may, for example, be the result of:

- (A) illness or accident of the Participant or of a Dependent of the participant if the Participant has no other means of payment;
- (B) loss of the Participant's property due to casualty,
- (C) imminent foreclosure of, or eviction from primary residence;
- (D) medical expenses, including non-refundable deductibles and prescription medicine;

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- (E) funeral expenses for a family member (family member as defined as a spouse or dependent as defined in IRS Code Section 152 (a) when no other resources are available;
- (F) the need to rebuild a home following damage to a home not otherwise covered by homeowners' insurance; or
- (G) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

Examples of what are not considered to be Unforeseeable Emergencies:

- (A) payment for an elective medical or dental procedure;
- (B) purchase of a home;
- (C) payment of educational expenses;
- (D) automobile repairs;
- (E) litigation expenses;
- (F) mortgage payments in arrears,
- (G) credit card debt, or
- (H) college expenses

The term Dependent means any of the following individuals over half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer:

- (A) A son or daughter of the taxpayer, or a descendant of either;
- (B) A stepson or stepdaughter of the taxpayer;
- (C) A brother, sister, stepbrother, or stepsister of the taxpayer;
- (D) The father or mother of the taxpayer, or an ancestor of either;
- (E) A stepfather or stepmother of the taxpayer;
- (F) A son or daughter of a brother or sister of the taxpayer;
- (G) A brother or sister of the father or mother of the taxpayer;

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- (H) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law or the taxpayer; or
- (I) An individual (other than an individual who at any time during the taxable year was the spouse determined without regard to Internal Revenue Code Section 7703, of the tax payer) who, for the taxable year of the taxpayer, has as his principal place of abode the home of the taxpayer and is a member of the taxpayer's household.

The Employer will evaluate the Participant's unforeseeable emergency request for conformity with its interpretation of the applicable Treasury regulations. The decision of the Employer concerning whether an unforeseen emergency exists shall be final.

ARTICLE VII- BENEFICIARY

Designation. Each Participant has the right, by written notice filed with the Employer, to designate one or more beneficiaries to receive any benefits payable under this Plan in the event of the Participant's death prior to the complete distribution of benefits. The Participant accepts and acknowledges that he has the burden for executing and filing, with the Employer, a proper beneficiary designation form.

The Employer shall provide the form for this purpose. It is not binding on the Employer until it is signed, filed with the Employer by the Participant, and accepted by the Employer.

If no such designation is in effect upon the Participant's death, or if no designated beneficiary survives the Participant, the beneficiary shall be the Participant's estate. If no estate executor or administrator is appointed and qualified within one hundred twenty (120) days after the Participant's death, the payment may be made first, to a surviving spouse, second, to a surviving child or children, and third, to a surviving parent or parents.

ARTICLE VIII- NON-ASSIGNABILITY

Non-Assignability. Neither the Participant nor the Participant's beneficiary, nor any other designee, shall have any right to commute, sell, assign, pledge, hypothecate, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and nontransferable.

Except to the extent otherwise provided by law, no payments shall be subject to attachment, garnishment or execution, or be transferable in the event of bankruptcy or insolvency.

Qualified Domestic Relations Orders. To the extent required under a final judgment, decree or order made pursuant to a state domestic relations law, hereinafter, referred to as a Qualified Domestic Relations Order (QDRO) in accordance with Code Section 414(p)(11), which is duly filed with the Employer, any portion of a Participant's account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of the QDRO, a

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separate account may be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections in the same manner as the Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse, or child making the investment selection. The former spouse may take an immediate payout (even if the employee/participant is still employed) and the former spouse will be taxed on the amount received. He or she may rollover the distribution to an IRA.

Any amounts set aside for a spouse, former spouse, or a child shall be paid out under one of the options available to Participants; provided that: (a) the spouse, former spouse, or child has no greater rights in the Plan than the Participant; (b) the spouse, former spouse, or child shall receive payment of any benefits hereunder prior to the date on which the Participant is eligible to receive distribution; (c) the amount paid shall not exceed the balance of the Participants Account; and (d) the amount of the Deferred Compensation credited to the Participant's Account is reduced accordingly. If the Participant's interest is distributed to the Participant in any manner at the time the spouse, former spouse, or child is awarded an interest, then the Employer shall pay such interest awarded to the Participant's spouse, former spouse, or child at the same time the participant is entitled to receive his or her benefits. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under Code Section 457.

ARTICLE IX- INVESTMENT RESPONSIBILITIES

Investment of the Deferred Amount. Amounts deferred or contributed pursuant to Article III shall be held for the exclusive benefit of Participants and their Beneficiaries in trust or under one or more Contracts. All amounts so held will be allocated to the appropriate Participant Accounts. Each Participant shall direct the investment of amounts held in his or her Participant Account under the plan. The investment of amounts segregated on behalf of an alternate payee pursuant to a qualified domestic relations order may be directed by such alternate payee to the extent provided in such order. In the absence of such direction, such amounts shall be invested in the same manner as they were immediately invested before such segregation was made on account of such order. Each Participant Account shall reflect any gains or losses of the investment option(s) in which such account is invested.

Amendment of Investment Election. A Participant may amend his statement of investment election at such times and by such manner and form as prescribed by the Administrator. Such amendment will, unless specifically stated otherwise, apply only to future amounts deferred under the Plan.

Investment Changes. A Participant may elect to transfer amounts in his or her Participation Account among and between the investment options available under trust and/or Contract at such times and by such manner and form prescribed by the Administrator, subject further to any restrictions or limitations placed on any investment by the Administrator to be uniformly applied to all Participants.

Investment Responsibility. Where a Participant exercises control over the investment of amounts credited to his/her Participation Account, the Employer and any other fiduciary of the Plan shall not be liable for any loss which results from such Participant's exercise of control.

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Statement. The Employer will cause to be issued statements periodically, such statements to include any contributions, distributions, gains and/or losses as well as the total value of each Participant Account.

ARTICLE X- EMPLOYER'S LIABILITIES

Limitation on Employer and Advisory Committee. Any action by the Employer in investing funds shall not be considered either an endorsement or guarantee of the investment, nor shall it be considered to be a test of the financial soundness or the suitability of any investment. Without limiting the foregoing, neither the Employer, the Advisory Committee, any County Officer or County employee shall be liable to any Participant, Designated Beneficiary(ies), Beneficiary(ies), heirs or to any other person for any losses resulting from any action by the Federal Government or any of its agencies, including the Internal Revenue Service and the State of California or any of its agencies, including the Franchise Tax Board, which results in the taxation of any of Participant's Compensation which has been deferred under the terms of this Plan.

Indemnity. In addition to the limitations herein, the Employer neither warrants nor represents the tax benefits and/or tax consequences of the Plan. To the extent permitted by law, the Plan shall indemnify, hold harmless and (upon request) defend the members of the Advisory Committee, the Administrators, and the Employer from and against any and all liabilities, costs and expenses incurred by such persons as a result of any good faith act or omission to act, in connection with the performance of such person's duties, responsibilities and obligations under the Plan.

ARTICLE XI- ESTABLISHMENT OF TRUST

Establishment of Trust. All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held in trust, or under one or more insurance contracts described in Section 401(f) of the Code, for the exclusive benefit of Participants and their Beneficiaries. The Trust is intended to be exempt from taxation under, and comply with, Sections 457(g) and 501(a) of the Internal Revenue Code of 1986, as amended, and regulations there under and other applicable law.

Trustee. Trustee means Employer or any individual(s) or any qualified professional entity appointed by Employer to serve as trustee of the Trust.

Trust Document. The Trust document shall consist of a separate document known as the "County of Santa Barbara Deferred Compensation Plan Trust Agreement," which, as may be amended from time to time, shall govern the administration of the Trust.

ARTICLE XII- MISCELLANEOUS

Retirement System Integration. Benefits payable by, and deductions for Employee contributions to,

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any retirement system of the Employer shall be computed without reference to amounts deferred pursuant to this Plan.

Employment. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Successors and Assigns. The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

Written Notice. Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Employer shall be sent to the designated office of the Employer, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at his last known address as it appears on the Employer's record.

Total Agreement. This Plan and the Participation Agreement, and any subsequently adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

Controlling Law. This Plan is created and shall be construed, administered and interpreted in accordance with Section 457 of the Code and the regulations hereunder and under the laws of the State of domicile of the Employer as the same shall be at the time any dispute or issue is raised. If any portion of this Plan is held illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder shall be unaffected.

Status of Participants. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Employment. Nothing in the Plan shall be construed as conferring upon any Participant any right to continue employment with the Employer.

Communications. Except as otherwise expressly provided, any notice or other communication required or permitted under this Plan shall be in writing, and if directed to the Employer, shall be sent to the Treasurer-Tax Collector's office and, if directed to a Participant or to a Beneficiary(ies), shall be sent to such Participant or Beneficiary(ies) at the last known address for such person as it appears in the Employer's records.

Paperless Administration. To the extent permitted by law, regulation or other guidance from an appropriate regulatory agency, the Administrator, Trustee, Employer or any other party may provide

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any notice or disclosure, obtain any authorization or consent, or satisfy any other obligation under this Plan through the use of media other than paper. Such alternative media may include, but is not necessarily limited to, electronic or telephonic media.

ARTICLE XIII- AMENDMENTS

Right to Amend, Modify and Terminate. The Employer may at any time modify or terminate the Plan by notifying Participants of such action. The Employer shall not have the right to reduce or affect the value of any Participant's account or any rights accrued under the Plan prior to modification or termination.

Conformation. The Employer shall amend and interpret the Plan to the extent necessary to conform to the requirements of Code Section 457 and any other applicable law, regulation or ruling, including amendments that are retroactive. In the event the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with Code Section 457, the Employer shall correct such inconsistency within the period provided in Code Section 457(b).

Amendment of the Plan. This Plan shall continue until modified by the Administrator and Deferred Compensation Advisory Committee and approved by the Board of Supervisors.

Plan Termination. In the event of the termination of the Plan, distribution of benefits shall be made to Participants and Beneficiaries as soon as administratively practicable after the termination of the plan.

Amended: November 22, 2004

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COUNTY OF SANTA BARBARA DISCRETIONARY SUPPLEMENTAL DEFERRED COMPENSATION PLAN

The name of this Plan is the County of Santa Barbara Discretionary Supplemental Deferred Compensation Plan, referred to throughout this document as the “Plan”. It was established and adopted by the County of Santa Barbara on October 1, 1999, for the sole benefit of its Eligible Employees. It is hereby amended and restated as of November 22, 2004.

ARTICLE I - PURPOSE

The primary purpose of this Plan is to establish and operate a profit sharing plan that complies with the applicable requirements under Section 401(a) of the Internal Revenue Code of 1986, as amended, and other applicable law. Eligible employees covered under the Plan receive Employer contributions that immediately vest to the employee.

There is no provision for hardship/unforeseen emergency withdrawals.

It is intended that the Plan be an Eligible Deferred Compensation Plan.

The Employer does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequence will occur by reason of participation in this Plan. A Participant should consult with his or her own attorney or other representative regarding all tax or other consequences of participation in this Plan.

ARTICLE II- DEFINITIONS

For the purposes of this Plan, certain words and phrases used herein will have the following meanings, unless a different meaning is plainly required by the context:

“Account Balance” means vested employer contributions, rollover amounts, any transferred amounts and any investment gains or losses.

“Administrator” means the Santa Barbara County Treasurer-Tax Collector, located at 105 E. Anapamu St., Room 109, Santa Barbara, California 93101.

“Annuity” means payouts that guarantee you either a retirement income for life or a limited defined period.

“Beneficiary” means any person designated by the Participant to receive an annuity, death benefit, or other benefit under the provisions of this Plan, by reason of such Participant's death.

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“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Compensation” means the total amount paid by the Employer for services rendered to the Employer for an Employee’s service during a Plan Year as expressed on the Employee’s IRS Form W-2, without deduction for any portion thereof deferred under the provisions of this Plan, Code § 403(b) and 501(c)(18) or other provisions of the Code. Compensation shall be taken into account at its present value.

“Eligible Deferred Compensation Plan” means a plan that satisfies the requirements of Code Section 401(a) and the regulations hereunder.

“Employee” means any full-time or part-time officer, employee, elected official, or contractor in the Retirement System of the Employer who receives Compensation. Extra Help Employees or Independent Contractors are not eligible to be a Participant in this Plan.

“Participant” means any Employee or former Employee, who participates in this Plan as a result of a contract with the Employer or an Employee who has unpaid benefits due under the Plan.

“Participant Account” means the trust or custodial account for each Employee to which the Participant’s Deferred Compensation, together with any interest, is credited exclusively for the benefit of the Participant or Beneficiary.

“Payout Options” means a wide range of distribution options that may be taken monthly, quarterly, annually or by lump sum.

“Plan” means this Santa Barbara County Discretionary Supplemental Deferred Compensation Plan.

“Plan Year” means calendar year.

“Required Distribution Date” means April 1 of the calendar year following the calendar year in which a Participant attains 70 ½ years of age and has separated from Service.

“Service” means employment of an Employee by the Employer.

“Severance from Service” means the Participant’s retirement, permanent disability, resignation, discharge or termination from Service as provided in Regulation § 1.457-2(h)(2).

“State” means the State of California.

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ARTICLE III – PARTICIPATION

Eligibility. Every eligible employee is eligible for membership under this Plan at the later of the first day of employment or the effective date of this Plan. Such eligibility, however, shall terminate at any time employment with the employer is terminated.

Benefit limitations. Contributions with respect to a member of this Plan may not exceed the maximum annual amounts specified under Code Section 415 for governmental plans.

The annual addition to a participating member's account for any calendar year shall not exceed the lesser of:

- (A) \$40,000, as adjusted for increases in the cost-of-living under Code section 415(d); or
- (B) 100% of the compensation or wages paid or made available to the participating member in such year.

The annual addition shall mean the sum allocated to a participating member's account for any year of contributions or forfeitures, if any, pursuant to this Plan and allocated to the member's benefit pursuant to all other defined contribution plans maintained by the employer for the calendar year, including employee contributions.

The annual addition shall not include the allocation of investment income to a participating member's account balance.

“Compensation” for purposes of this Section 7.9 shall mean compensation as defined under Code Section 415(c)(3), including salary reduction amounts under Code Sections 125, 457 and 403(b).

The Administrator shall reallocate the excess of a participating member's annual addition over the limits stated above to the accounts of the participating members in the Plan who have not exceeded the limits stated above. If the reallocation causes the limits stated above to be exceeded with respect to each participant for the calendar year, then these amounts shall be held unallocated in a suspense account and reallocated to participants' accounts in the next (or succeeding, if necessary) calendar year before the allocation of employer or employee contributions.

If the Plan terminates before the allocation of such excess, the excess shall revert to the employer, to the extent that it may not be allocated to any participant's account.

Election of Method of Distribution. Each Participant may elect distribution of benefit options and payout options as provided in Article VI.

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Consent to Terms and Conditions. Each Participant shall be deemed to have consented to all terms and conditions of the Plan.

Effect of Community Property Laws on Participant's Interest in the Plan. To the extent required under a final judgment, decree, or order made pursuant to a State domestic relations law, hereinafter referred to as a Qualified Domestic Relations Order (QDRO) in accordance with Code § 414(p)(11), which is duly filed with the Employer, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of a QDRO, a separate account may be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections in the same manner as the Participant. The former spouse may take immediate payout (even if the Employee/Participant is still employed) and the former spouse will be taxed on the amount received. He or she may rollover the distribution to an IRA.

Employee after-tax contributions. This Plan does not allow voluntary after-tax Employee contributions, except as may be attributable to transferred contributions under Article V.

ARTICLE IV- ADMINISTRATION OF THE PLAN

Designation of Advisory Committee. The Plan shall be administered by the County Treasurer-Tax Collector with consultation from an Advisory Committee consisting of the Auditor-Controller, Human Resources, County Administrator, Treasurer-Tax Collector, Retirement Administrator, one representative from each of the recognized employee bargaining units, one from each of the non-represented bargaining units, and one retiree. The County Treasurer-Tax Collector, in consultation with the Advisory Committee, shall have authority to adopt rules and regulations for the administration of the Plan and to interpret, alter, amend or revise any rules and regulations adopted. Any action of the Advisory Committee shall be deemed as advisory to the Administrator.

Administrator's Duties. The Administrator shall enforce this Plan in accordance with its terms and shall be charged with its general administration. The Administrator shall exercise all of his or her discretion in a uniform manner and shall have all necessary power to accomplish those purposes, including, but not limited to, the powers:

- (A) to determine all questions relating to the eligibility of Employees to participate;
- (B) to certify the amount and kind of benefits payable to Participants and their Beneficiaries;
- (C) to maintain all data, records, documents and papers pertaining to the administration of the Plan;

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- (D) to prescribe such forms, and adopt such rules and regulations as are necessary to carry out the purposes of the Plan;
- (E) to authorize all disbursements from the Investment Fund;
- (F) to direct the investments to be made in a manner consistent with the investment authorized by this Plan; and
- (G) to recommend such rules for the regulation of the Plan consistent with the terms hereof.

The Administrator may contract with a financially responsible independent contractor to administer and coordinate the Plan under the direction of the Employer or to perform such services as may be mutually agreed to between the contractor and the Employer.

Investment Counsel. The Administrator may employ investment counsel to provide advice concerning categories of investment, investment guidelines and investment policy, provided, however, that the advice or recommendations of any such investment counsel shall not be binding on the Administrator, which shall make the final determination concerning investment categories, investment guidelines and policies.

Advice, Consultation and Delegation of Authority. The Administrator may employ or contract with any one or more persons or organizations to render consultation and/or advice and/or to perform services with regard to responsibilities of the Advisory Committee under the Plan. Said consultant shall be selected by the Administrator after consideration of recommendations by the Advisory Committee.

Eligible Investment Objectives. The Employer is required to invest Deferred Compensation bi-weekly as directed by the Participant. All amounts of Deferred Compensation, whether or not invested by the Employer, shall at all times be and remain as assets of the Participant. Any and all interest or other income payable on any of the Participant's investments of Deferred Compensation also shall be an asset of the Participant.

Administrative Costs. The Employer shall determine, in a manner deemed fair and equitable, the administrative costs associated with the withholding of Deferred Compensation amounts pursuant to this plan or in making investments or otherwise administering or implementing the Plan. The Employer may withhold or collect, or have withheld or collected, such costs, in such manner as s/he deems equitable either (1) from the compensation deferred pursuant to the Plan, the income produced from the compensation deferred pursuant to the Plan, the income produced from any investment, whether or not augmented, or (2) from the organization receiving such investment where required by law to collect therefrom or, if not so required, where mutually satisfactory to such organization and the Administrator. The Administrator may remit or direct the remission of appropriate amounts so withheld or collected to the Employer.

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ARTICLE V- PLAN-TO-PLAN TRANSFERS AND ROLLOVERS

Transfers Out. Subject to the approval of the Plan Administrator, all or any portion of their account may be transferred directly to another eligible plan providing that all of the following are met:

- (A) Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; or any amount that is distributed on account of hardship; and
- (B) the Participant has severed from service with the employer, except the participant may purchase, before severance, permissive service credit in a tax-qualified, defined benefit plan under Section 401(a) and Section 414(d) of the Internal Revenue Code; and
- (C) the Participant makes an irrevocable written election to make a plan-to-plan transfer in accordance with Code Section 457(e)(17); and
- (D) the receiving plan provides for the acceptance of plan-to-plan transfers.

For purposes of this section, a participant includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are participants with regard to the interest of the spouse or former spouse.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

As it deems necessary, the Employer may require such documentation from the other plan to effect the transfer, to confirm that such plan is an Eligible Deferred Compensation Plan and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under the IRS Code and the applicable regulations.

If a transfer is associated with a distributable event and the distribution is an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Direct rollover and subject to those provisions.

Transfers In. Subject to the approval of the Plan Administrator, this may accept the direct plan-to-plan transfer from another eligible plan maintained by the Employer or

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another employer and credited to the Participant's Account under this Plan, if:

- (A) the transferring plan provides that such transfer can be made; and
- (B) where the transfer is from a plan of another employer, (the plan does not have to be within the State of California), the Employee has severed employment with such other employer; and
- (C) the Employee is a Participant in the Plan and has made an irrevocable written election to make a plan-to-plan transfer; and
- (D) the plan administrator for the transferring plan gives written authorization for the transfer to the Plan.

As it deems necessary, the Employer may require such documentation from the transferor plan to effect the transfer, to confirm that such plan is an eligible plan.

The Employer may refuse to accept a transfer in the form of assets other than cash, unless the Employer agrees to hold such other assets in trust under the Plan.

Any amounts transferred that have been deferred during the current calendar years will be considered deferrals subject to current calendar year deferral limitations. If a transfer is associated with a distributable event and the Employee is eligible to receive an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Rollover contribution and subject to the Rollover provisions.

Rollover to Another Plan. Subject to the approval of the Plan Administrator, the entire balance in a Participant's Account may be transferred directly to another eligible plan under Code section § 401(a), § 401(k), § 403(b), § 457, and IRA's providing that all of the following conditions are met:

- (A) The Participant has Severed from Service with the Employer;
- (B) the former Participant has become a participant in the receiving plan;
- (C) the Participant makes an irrevocable written election to make a rollover of his or her entire Participant Account balance;
- (D) the receiving plan provides for the acceptance of rollovers; and
- (E) payout will not continue after election to rollover, regardless of any other provision in this Plan, and amounts previously deferred will automatically be transferred.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

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As it deems necessary, the Employer may require such documentation from the other plan to effect the transfer, to confirm that such plan is an eligible plan and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under Code Section 457 and the applicable regulations. Rollover From Another Plan. A Participant may make and the Plan will accept a direct or regular rollover of an Eligible Rollover Distribution, excluding after-tax participant contributions, from an eligible plan.

Upon receipt of a Rollover Contribution, the amount of any Rollover Contribution shall be credited to the contributing Participant's Defined Contribution Account in the Plan and shall be invested in accordance with the provisions of this Plan.

The Administrator may require the Employee to certify, either in writing or in any other form permitted under rules promulgated by the IRS, that the contribution qualifies as a rollover contribution under the applicable provisions of the Code. If it is later determined that all or part of a rollover contribution was ineligible to be contributed to the Plan, the Administrator shall direct that any ineligible amounts, plus earnings or losses attributable thereto (determined in a uniform and nondiscriminatory manner) be distributed from the Plan to the Employee as soon as administratively feasible.

Separate accounting shall be maintained by the Administrator for any rollover contribution not attributable to an Eligible Deferred Compensation Plan and may be distributed at any time pursuant to the Participant's request. Such distributions are not subject to the timing restrictions that apply to other amounts in the plan. Any amounts rolled over from a qualified plan, 403(b) or IRA remain subject to the 10% premature distribution penalty if distributed prior to age 59 ½ .

ARTICLE VI- DISTRIBUTION OF BENEFITS

Eligibility. Distribution may be taken under any of the following circumstances, subject further to the provisions of this Article VI:

- (A) Attainment of age 70-1/2, whether or not still employed;
- (B) Severance from employment; or
- (C) Participant's death.

Distribution On or After Age 70-1/2. Regardless of the payout option the Participant chooses, the IRS requires a yearly minimum withdrawal amount after the later of age 70 ½ or retirement. In the event that the Participant or his Designated Beneficiary cannot be located within three (3) years from the date on which distribution payments must be paid, the entire Participant's Account balance shall be forfeited to and made part of the Deferred Compensation Fund; provided, however, that any amount so forfeited shall be reinstated retroactive to the date of such forfeiture upon the subsequent filing by the

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Participant or his Designated Beneficiary of an application for reinstatement of benefits payable approved by and filed in a manner satisfactory to the Advisory Committee. The payment of the benefit shall commence after the approved application is filed. No interest or other earnings shall accrue to the account of the Participant or his Designated Beneficiary on any amounts placed in the Deferred Compensation Fund from the date of forfeiture to the date payments commence.

Commencement of Distribution After Severance From Service. Upon the Participant's Severance from Service and after a continuous period ending six (6) months following Severance, the Participant's Account may be distributed to the Participant in accordance with one of the Distribution Options described herein. The Participant may elect any Distribution date, but not later than April 1 of the calendar year following the calendar year the Participant attains age 70 ½, the Required Distribution Date.

With respect to elections to receive distributions due to the Participant's Severance from Service, any pending election to commence distribution may become void if the Participant becomes re-employed with the County.

Except as otherwise allowed by law, and notwithstanding any other provision in this Plan, upon distribution of benefits to the Participant and/or Designated Beneficiary, the Employer shall cause to be withheld all applicable federal and State income taxes and any other amounts required by law.

Death of the Participant. In the event of the Participant's death, the full amount credited to the Participant's Account shall be distributed according to the following requirements:

- (A) If distribution has commenced prior to the death of the Participant, the balance of a Participant's Account shall be paid to the Beneficiary in accordance with the payment option already selected by the Participant so that the remaining distribution will be effected at least as rapidly as under the payment option used before the Participant's death.
- (B) If the distribution has not commenced prior to the death of the Participant;
 - (1) a non-spousal beneficiary must either;
 - (a) elect a distribution payable over a period not extending beyond his or her own life expectancy, commencing no later than the end of the calendar year following the calendar year in which the Participant died; or
 - (b) elect a single-sum payment by the end of the calendar year which contains the fifth anniversary of the date of death of the employee, otherwise, such single-sum payment

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- shall be made by the end of such calendar year.
- (2) spousal beneficiary may elect either a single-sum payment or a distribution payable over a period not exceeding his/her own life expectancy. Distribution to the spousal beneficiary must commence no later than the year the deceased Participant would have reached age 70-1/2.

Forms of Payment. Except in the event of the Participant's death, all or a portion of the amount credited to the Participant's Account shall be distributed, as instructed by the Participant, under one of the following payment options:

- (A) A lump sum withdrawal. Plan distributions allow for direct rollovers upon severance of employment or another triggering event to an IRA or other qualified plan at retirement;
- (B) Payments for a specified period where amounts are paid in installments not in excess of the Participant's allowable life expectancy or joint life expectancy of the Participant and his/her Beneficiary;
- (C) Annuity for a period certain of five (5) to thirty (30) years, but not in excess of the Participant's allowable life expectancy;
- (D) A life annuity;
- (E) A life annuity with period certain guaranteed, with the guarantee that if at the annuitant's death payments have not been made for the guaranteed period as elected, payments will continue to the Beneficiary. The guaranteed period to be elected may be either ten (10), fifteen (15) or twenty (20) years but may not exceed the life expectancy of the Participant and his or her Beneficiary; or
- (F) A joint and survivor annuity payable during the lifetime of the Participant and his/her Beneficiary; or
- (G) A QDRO distribution.

Minimum Distribution Requirements. Notwithstanding anything in this Plan to the contrary, distributions from this Plan shall commence and be made in accordance with Section 401(a)(9) of the Code and the regulations promulgated hereunder.

Commencement of Benefit Payout. Except as otherwise provided herein, all payments of benefits shall commence in the month designated by the Participant or Designated Beneficiary(ies) pursuant to the options described herein.

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Continued Investment of Participant Account. Except as provided herein, a Participant's Account may continue to be invested until, in the Employer's sole discretion, cash is to be withdrawn for payment of benefits.

Changes in Distributions by the Employer. Notwithstanding any other provision of this Plan, the Employer may at any time change the time or method of Distribution of benefits under the Plan. The Employer may, at its discretion, discharge in full its obligations under the Plan to any Participant, Designated Beneficiary(ies) or Beneficiary(ies) or, following the death of the Participant, distribute an amount equal to the balance of the Participant's Account to the Participant's Designated Beneficiary(ies) or Beneficiary(ies).

Cash outs. Pending issuance of enabling Treasury regulations, if a Participant upon Severance from Service does not elect to take a Distribution in Cash or direct to another plan or an IRA, the Plan Administrator may cash out the Participant's Account. In such cases, small account balances (\$1,000 or less) may be cashed out upon Severance from Service without the Employee's consent.

Distribution General. Notwithstanding any other provision(s) of the Plan, all Distributions shall be made in accordance with Code § 457(d) and § 401(a)(9) and the proposed regulations hereunder, including Reg. § 1.401(a)(9)-s. Said Distributions shall also meet the "minimum distribution incidental benefit" requirement. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under the Internal Revenue Code.

ARTICLE VII- BENEFICIARY

Designation. If your bargaining union has negotiated this benefit, you will be automatically enrolled and your beneficiary designation will be what is on record with the Retirement System. Each Participant has the right, by written notice filed with the Administrator, to change the designation to one or more beneficiaries. Beneficiaries receive any benefits payable under this Plan in the event of the Participant's death prior to the complete distribution of benefits. The Participant accepts and acknowledges that s/he has the burden for executing and filing, with the Employer, a proper beneficiary designation form if the beneficiary differs from what is on record with the Retirement System.

The Administrator shall provide the form for this purpose. It is not binding until it is signed, filed with the Administrator by the Participant, and accepted by the Administrator.

ARTICLE VIII- NON-ASSIGNABILITY

Non-Assignability. Neither the Participant nor the Participant's beneficiary, nor any other designee, shall have any right to commute, sell, assign, pledge, hypothecate, transfer, or

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otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and nontransferable.

Except to the extent otherwise provided by law, no payments shall be subject to attachment, garnishment or execution, or be transferable in the event of bankruptcy or insolvency.

Qualified Domestic Relations Orders. To the extent required under a final judgment, decree or order made pursuant to a state domestic relations law, hereinafter, referred to as a Qualified Domestic Relations Order (QDRO) in accordance with Code Section 414(p)(11), which is duly filed with the Employer, any portion of a Participant's account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of the QDRO, a separate account may be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections in the same manner as the Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse, or child making the investment selection. The former spouse may take an immediate payout (even if the employee/participant is still employed) and the former spouse will be taxed on the amount received. He or she may rollover the distribution to an IRA.

Any amounts set aside for a spouse, former spouse, or a child shall be paid out under one of the options available to Participants; provided that: (a) the spouse, former spouse, or child has no greater rights in the Plan than the Participant; (b) the spouse, former spouse, or child shall receive payment of any benefits hereunder prior to the date on which the Participant is eligible to receive distribution; (c) the amount paid shall not exceed the balance of the Participants Account; and (d) the amount of the Deferred Compensation credited to the Participant's Account is reduced accordingly. If the Participant's interest is distributed to the Participant in any manner at the time the spouse, former spouse, or child is awarded an interest, then the Employer shall pay such interest awarded to the Participant's spouse, former spouse, or child at the same time the participant is entitled to receive his or her benefits. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under IRS Code.

ARTICLE IX- INVESTMENT RESPONSIBILITIES

Investment of the Deferred Amount. Amounts deferred or contributed pursuant to Article III shall be held for the exclusive benefit of Participants and their Beneficiaries in trust or under one or more Contracts. All amounts so held will be allocated to the appropriate Participant Accounts. Each Participant may direct the investment of amounts held in his or her Participant Account under the plan. The investment of amounts segregated on behalf of an alternate payee pursuant to a qualified domestic relations order may be directed by such alternate payee to the extent provided in such order. In the absence of such direction, such amounts shall be invested in the same manner as they were immediately invested before such segregation was made on account of such order. Each Participant Account shall reflect any

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gains or losses of the investment option(s) in which such account is invested.

Amendment of Investment Election. A Participant may amend his statement of investment election at such times and by such manner and form as prescribed by the Administrator. Such amendment will, unless specifically stated otherwise, apply only to future amounts deferred under the Plan.

Investment Changes. A Participant may elect to transfer amounts in his or her Participation Account among and between the investment options available under trust and/or Contract at such times and by such manner and form prescribed by the Administrator, subject further to any restrictions or limitations placed on any investment by the Administrator to be uniformly applied to all Participants.

Investment Responsibility. Where a Participant exercises control over the investment of amounts credited to his/her Participation Account, the Employer and any other fiduciary of the Plan shall not be liable for any loss which results from such Participant's exercise of control.

Statement. The Employer will cause to be issued statements periodically, such statements to include any contributions, distributions, gains and/or losses as well as the total value of each Participant Account.

ARTICLE X- EMPLOYER'S LIABILITIES

Limitation on Employer and Advisory Committee. Any action by the Employer in investing funds shall not be considered either an endorsement or guarantee of the investment, nor shall it be considered to be a test of the financial soundness or the suitability of any investment. Without limiting the foregoing, neither the Employer, the Advisory Committee, any County Officer or County employee shall be liable to any Participant, Designated Beneficiary(ies), Beneficiary(ies), heirs or to any other person for any losses resulting from any action by the Federal Government or any of its agencies, including the Internal Revenue Service and the State of California or any of its agencies, including the Franchise Tax Board, which results in the taxation of any of Participant's Compensation which has been deferred under the terms of this Plan.

Indemnity. In addition to the limitations herein, the Employer neither warrants nor represents the tax benefits and/or tax consequences of the Plan. To the extent permitted by law, the Plan shall indemnify, hold harmless and (upon request) defend the members of the Advisory Committee, the Administrators, and the Employer from and against any and all liabilities, costs and expenses incurred by such persons as a result of any good faith act or omission to act, in connection with the performance of such person's duties, responsibilities and obligations under the Plan.

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ARTICLE XI- ESTABLISHMENT OF TRUST

Establishment of Trust. All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held in trust, or under one or more insurance contracts described in Section 401(f) of the Code, for the exclusive benefit of Participants and their Beneficiaries. The Trust is intended to be exempt from taxation under, and comply with the Internal Revenue Code, as amended, and regulations there under and other applicable law.

Trustee. Trustee means Employer or any individual(s) or any qualified professional entity appointed by Employer to serve as trustee of the Trust.

Trust Document. The Trust document shall consist of a separate document known as the "County of Santa Barbara Deferred Compensation Plan Trust Agreement," which, as may be amended from time to time, shall govern the administration of the Trust.

ARTICLE XII- MISCELLANEOUS

Retirement System Integration. Benefits payable by, and deductions for Employee contributions to, any retirement system of the Employer shall be computed without reference to amounts deferred pursuant to this Plan.

Employment. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Successors and Assigns. The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

Written Notice. Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Employer shall be sent to the designated office of the Employer, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at his last known address as it appears on the Employer's record.

Total Agreement. This Plan and the Participation Agreement, and any subsequently adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

Controlling Law. This Plan is created and shall be construed, administered and

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interpreted in accordance with the IRS Code and the regulations hereunder and under the laws of the State of domicile of the Employer as the same shall be at the time any dispute or issue is raised. If any portion of this Plan is held illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder shall be unaffected.

Status of Participants. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Employment. Nothing in the Plan shall be construed as conferring upon any Participant any right to continue employment with the Employer.

Communications. Except as otherwise expressly provided, any notice or other communication required or permitted under this Plan shall be in writing, and if directed to the Employer, shall be sent to the Treasurer-Tax Collector's office and, if directed to a Participant or to a Beneficiary(ies), shall be sent to such Participant or Beneficiary(ies) at the last known address for such person as it appears in the Employer's records.

Paperless Administration. To the extent permitted by law, regulation or other guidance from an appropriate regulatory agency, the Administrator, Trustee, Employer or any other party may provide any notice or disclosure, obtain any authorization or consent, or satisfy any other obligation under this Plan through the use of media other than paper. Such alternative media may include, but is not necessarily limited to, electronic or telephonic media.

ARTICLE XIII- AMENDMENTS

Right to Amend, Modify and Terminate. The Employer may at any time modify or terminate the Plan by notifying Participants of such action. The Employer shall not have the right to reduce or affect the value of any Participant's account or any rights accrued under the Plan prior to modification or termination.

Conformation. The Employer shall amend and interpret the Plan to the extent necessary to conform to the requirements of IRS Code and any other applicable law, regulation or ruling, including amendments that are retroactive. In the event the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with IRS Code, the Employer shall correct such inconsistency within the period provided.

Amendment of the Plan. This Plan shall continue until modified by the Administrator and Deferred Compensation Advisory Committee and approved by the Board of Supervisors.

Plan Termination. In the event of the termination of the Plan, distribution of benefits

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shall be made to Participants and Beneficiaries as soon as administratively practicable after the termination of the plan.

Amended: November 22, 2004

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COUNTY OF SANTA BARBARA SOCIAL SECURITY COMPLIANCE DEFERRED COMPENSATION PLAN

The name of this Plan is the County of Santa Barbara Social Security Compliance Plan, referred to throughout this document as the “Plan”. It was established and adopted by the County of Santa Barbara on April 6, 1993 and amended on November 12, 1998, for the sole benefit of its Eligible Employees. It is hereby amended and restated as of November 22, 2004.

ARTICLE I - PURPOSE

The primary purpose of this Plan is to establish and operate a supplemental “retirement program” in lieu of payments to Social Security (FICA) as set forth in the Omnibus Budget Reconciliation Act of 1990 ("OBRA"). In addition, this plan permits Employees of the Employer to enter into an agreement which will provide for deferral of payment of a portion of their current compensation until death, retirement, severance from employment, or other event, in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986, with other applicable provisions of such Code, and in accordance with the General Statutes of the State. There is no provision for hardship/unforeseen emergency withdrawals.

It is intended that the Plan be an Eligible Deferred Compensation Plan.

The Employer does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequence will occur by reason of participation in this Plan. A Participant should consult with his or her own attorney or other representative regarding all tax or other consequences of participation in this Plan.

ARTICLE II- DEFINITIONS

For the purposes of this Plan, certain words and phrases used herein will have the following meanings, unless a different meaning is plainly required by the context:

“Administrator” means the Santa Barbara County Treasurer-Tax Collector, located at 105 E. Anapamu St., Room 109, Santa Barbara, California 93101.

“Annuity” means payouts that guarantee you either a retirement income for life or a limited defined period.

“Beneficiary” means any person designated by the Participant to receive an annuity, death benefit, or other benefit under the provisions of this Plan, by reason of such Participant's death.

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“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Compensation” means the total amount paid by the Employer for services rendered to the Employer for an Employee’s service during a Plan Year as expressed on the Employee’s IRS Form W-2, without deduction for any portion thereof deferred under the provisions of this Plan, Code § 403(b) and 501(c)(18) or other provisions of the Code. Compensation shall be taken into account at its present value.

“Deferred Compensation” means that portion of an Employee’s Includible Compensation that the Employee has deferred pursuant to this Plan.

“Deferred Compensation Fund” means the total amount of Deferred Compensation, including interest and other amounts accrued thereon from all Participants, which amount shall be held in trust or custody exclusively for the benefit of Participants and Beneficiaries.

“Eligible Deferred Compensation Plan” means a plan that satisfies the requirements of Code Section 457(b) and the regulations hereunder.

“Eligible Employee” means all part-time, temporary and seasonal employees of the County of Santa Barbara who are not eligible to participate in the Santa Barbara County Employees’ Retirement System.

“Employee” means any person employed by the Employer, any portion of whose income is subject to withholding of federal income tax. The term “Employee” does not include independent contractors.

“Includible Compensation” means Compensation that (taking into account the provisions of Code section 457) is currently includible in gross income for federal income tax purposes. The amount of Includible Compensation is determined without regard to any community property laws.

“Participant” means any Employee or former Employee, who elects to participate in this Plan or who has unpaid benefits due under the Plan.

“Participant Account” means the trust or custodial account for each Employee to which the Participant’s Deferred Compensation, together with any interest, is credited exclusively for the benefit of the Participant or Beneficiary.

“Payout Options” means a wide range of distribution options that may be taken monthly, quarterly, annually or by lump sum.

“Plan” means this Santa Barbara County Social Security Compliance Plan.

“Plan Year” means calendar year.

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“Required Distribution Date” means April 1 of the calendar year following the calendar year in which a Participant attains 70 ½ years of age and has separated from Service.

“Service” means employment of an Employee by the Employer.

“Severance from Service” means the Participant’s retirement, permanent disability, resignation, discharge or termination from Service as provided in Regulation § 1.457-2(h)(2).

“State” means the State of California.

ARTICLE III- PARTICIPATION

Eligibility. Upon acceptance of employment with the Employer, all Eligible Employees are required to participate in the Plan and shall execute a Social Security Compliance Plan Enrollment Record prior to the first day of such Employee’s employment.

Enrollment Period. An Eligible Employee becomes a Participant in the Plan, effective on the first day of employment. (Notwithstanding the foregoing, Eligible Employees hired prior to April 26, 1993 became Participants in the Plan on April 26, 1993). All Participants shall continue to participate in the Plan during the full term of their employment as Eligible Employees with the Employer.

Amount of Deferral. An employee contribution of 6% will be deferred from each Participant’s Compensation and a County contribution of 1.5% (for a total of 7.5%) will be deferred for all Plan Years in which they are Participants in the Plan. Notwithstanding the foregoing, the amount of such deferral shall not exceed an amount derived by multiplying 7.5% times the then-applicable Social Security Wage base.

Election of Method of Distribution. Each Participant may elect distribution of benefit options and payout options as provided in Article VI.

Consent to Terms and Conditions. Each Participant shall be deemed to have consented to all terms and conditions of the Plan.

Effect of Community Property Laws on Participant’s Interest in the Plan. To the extent required under a final judgment, decree, or order made pursuant to a State domestic relations law, hereinafter referred to as a Qualified Domestic Relations Order (QDRO) in accordance with Code § 414(p)(11), which is duly filed with the Employer, any portion of a Participant’s Account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of a QDRO, a separate account may be established with respect to the spouse, former spouse, or child, and such person shall be entitled to make investment selections in the same manner as the Participant. The former spouse may take immediate payout (even if the

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Employee/Participant is still employed) and the former spouse will be taxed on the amount received. He or she may rollover the distribution to an IRA.

ARTICLE IV- ADMINISTRATION OF THE PLAN

Designation of Advisory Committee. The County Treasurer-Tax Collector shall administer the Plan with consultation from an Advisory Committee consisting of the Auditor-Controller, Human Resources, County Administrator, Treasurer-Tax Collector, Retirement Administrator, one representative from each of the recognized employee bargaining units, one from each of the non-represented bargaining units, and one retiree. The County Treasurer-Tax Collector, in consultation with the Advisory Committee, shall have authority to adopt rules and regulations for the administration of the Plan and to interpret, alter, amend or revise any rules and regulations adopted. Any action of the Advisory Committee shall be deemed as advisory to the Administrator.

Administrator's Duties. The Administrator shall enforce this Plan in accordance with its terms and shall be charged with its general administration. The Administrator shall exercise all of his or her discretion in a uniform manner and shall have all necessary power to accomplish those purposes, including, but not limited to, the powers:

1. to determine all questions relating to the eligibility of Employees to participate;
2. to certify the amount and kind of benefits payable to Participants and their Beneficiaries;
3. to maintain all data, records, documents and papers pertaining to the administration of the Plan;
4. to prescribe such forms, and adopt such rules and regulations as are necessary to carry out the purposes of the Plan;
5. to authorize all disbursements from the Investment Fund;
6. to direct the investments to be made in a manner consistent with the investment authorized by this Plan; and
7. to recommend such rules for the regulation of the Plan consistent with the terms hereof.

The Administrator may contract with a financially responsible independent contractor to administer and coordinate the Plan under the direction of the Employer or to perform such services as may be mutually agreed to between the contractor and the Employer.

Investment Counsel. The Administrator may employ investment counsel to provide advice concerning of investments, investment guidelines and investment policy, provided, however, that the advice or recommendations of any such investment counsel

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shall not be binding on the Administrator, which shall make the final determination concerning investment categories, investment guidelines and policies.

Advice, Consultation and Delegation of Authority. The Administrator may employ or contract with any one or more persons or organizations to render consultation and/or advice and/or to perform services with regard to responsibilities of the Advisory Committee under the Plan. The Administrator shall select said consultant after consideration of recommendations by the Advisory Committee.

Eligible Investment Objectives. The Employer is required to invest Deferred Compensation bi-weekly in the General Account Fund of The Hartford Life Insurance Company. All amounts of Deferred Compensation, whether or not invested by the Employer, shall at all times be and remain as assets of the Participant. Any and all interest or other income payable on any of the Participant's investments of Deferred Compensation also shall be an asset of the Participant.

Administrative Costs. The Employer shall determine, in a manner deemed fair and equitable, the administrative costs associated with the withholding of Deferred Compensation amounts pursuant to this plan or in making investments or otherwise administering or implementing the Plan. The Employer may withhold or collect, or have withheld or collected, such costs, in such manner as s/he deems equitable either (1) from the compensation deferred pursuant to the Plan, the income produced from the compensation deferred pursuant to the Plan, the income produced from any investment, whether or not augmented, or (2) from the organization receiving such investment where required by law to collect therefrom or, if not so required, where mutually satisfactory to such organization and the Administrator. The Administrator may remit or direct the remission of appropriate amounts so withheld or collected to the Employer.

ARTICLE V- PLAN-TO-PLAN TRANSFERS AND ROLLOVERS

Transfers Out. Subject to the approval of the Plan Administrator, all or any portion of their account may be transferred directly to another eligible plan providing that all of the following are met:

1. Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; or any amount that is distributed on account of hardship; and
2. the Participant has severed from service with the employer, except the participant may purchase, before severance, permissive service credit in a tax-

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qualified, defined benefit plan under Section 401(a) and Section 414(d) of the Internal Revenue Code; and

3. the Participant makes an irrevocable written election to make a plan-to-plan transfer in accordance with Code Section 457(e)(17); and
4. the receiving plan provides for the acceptance of plan-to-plan transfers.

For purposes of this section, a participant includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are participants with regard to the interest of the spouse or former spouse.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

As it deems necessary, the Employer may require such documentation from the other plan to affect the transfer, to confirm that such plan is an Eligible Deferred Compensation Plan and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under applicable regulations.

If a transfer, occurring on or after January 1, 2002, is associated with a distributable event and the distribution is an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Direct rollover and subject to those provisions.

Transfers In. Subject to the approval of the Plan Administrator, this may accept the direct plan-to-plan transfer from another eligible plan maintained by the Employer or another employer and credited to the Participant's Account under this Plan, if:

1. the transferring plan provides that such transfer can be made; and
2. where the transfer is from a plan of another employer, (the plan does not have to be within the State of California), the Employee has severed employment with such other employer; and
3. the Employee is a Participant in the Plan and has made an irrevocable written election to make a plan-to-plan transfer; and
4. the plan administrator for the transferring plan gives written authorization for the transfer to the Plan.

As it deems necessary, the Employer may require such documentation from the transferor plan to affect the transfer, to confirm that such plan is an eligible plan.

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The Employer may refuse to accept a transfer in the form of assets other than cash, unless the Employer agrees to hold such other assets in trust under the Plan.

Any amounts transferred that have been deferred during the current calendar years will be considered deferrals subject to current calendar year deferral limitations. If a transfer is associated with a distributable event and the Employee is eligible to receive an Eligible Rollover Distribution as defined Section 402(c)(4) of the Code, such transfer will be considered a Rollover contribution and subject to the Rollover provisions.

Rollover to Another Plan. Subject to the approval of the Plan Administrator, the entire balance in a Participant's Account may be transferred directly to another eligible plan under Code section § 401(a), § 401(k), § 403(b), § 457, and IRA's providing that all of the following conditions are met:

1. The Participant has Severed from Service with the Employer;
2. the former Participant has become a participant in the receiving plan;
3. the Participant makes an irrevocable written election to make a rollover of his or her entire Participant Account balance;
4. the receiving plan provides for the acceptance of rollovers; and
5. payout will not continue after election to rollover, regardless of any other provision in this Plan, and amounts previously deferred will automatically be transferred.

Upon the completion of such transfer, the Plan and Employer are discharged of any liability to the Participant to pay amounts so transferred.

As it deems necessary, the Employer may require such documentation from the other plan to affect the transfer, to confirm that such plan is an eligible plan and to assure that transfers are provided for under such plan. Such transfers shall be made only under such circumstances as are permitted under Code Section 457 and the applicable regulations.

Rollover From Another Plan. A Participant may make and the Plan will accept a direct or regular rollover of an Eligible Rollover Distribution, excluding after-tax participant contributions, from an eligible plan.

Upon receipt of a Rollover Contribution, the amount of any Rollover Contribution shall be credited to the contributing Participant's Defined Contribution Account in the Plan and shall be invested in accordance with the provisions of this Plan.

The Administrator may require the Employee to certify, either in writing or in any other form permitted under rules promulgated by the IRS, that the contribution qualifies as a rollover contribution under the applicable provisions of the Code. If it is later determined

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that all or part of a rollover contribution was ineligible to be contributed to the Plan, the Administrator shall direct that any ineligible amounts, plus earnings or losses attributable thereto (determined in a uniform and nondiscriminatory manner) be distributed from the Plan to the Employee as soon as administratively feasible.

Separate accounting shall be maintained by the Administrator for any rollover contribution not attributable to an Eligible Deferred Compensation Plan and may be distributed at any time pursuant to the Participant's request. Such distributions are not subject to the timing restrictions that apply to other amounts in the plan. Any amounts rolled over from a qualified plan, 403(b) or IRA remain subject to the 10% premature distribution penalty if distributed prior to age 59 ½ .

ARTICLE VI- DISTRIBUTION OF BENEFITS

Eligibility. Distribution may be taken under any of the following circumstances, subject further to the provisions of this Article VI:

1. Attainment of age 70-1/2, whether or not still employed;
2. Severance from employment; or
3. Participant's death.

Distribution On or After Age 70-1/2. Regardless of the payout option the Participant chooses, the IRS requires a yearly minimum withdrawal amount after the later of age 70 ½ or retirement. In the event that the Participant or his Designated Beneficiary cannot be located within three (3) years from the date on which distribution payments must be paid, the entire Participant's Account balance shall be forfeited to and made part of the Deferred Compensation Fund; provided, however, that any amount so forfeited shall be reinstated retroactive to the date of such forfeiture upon the subsequent filing by the Participant or his Designated Beneficiary of an application for reinstatement of benefits payable approved by and filed in a manner satisfactory to the Advisory Committee. The payment of the benefit shall commence after the approved application is filed. No interest or other earnings shall accrue to the account of the Participant or his Designated Beneficiary on any amounts placed in the Deferred Compensation Fund from the date of forfeiture to the date payments commence.

Commencement of Distribution After Severance From Service. Upon the Participant's Severance from Service and after a continuous period ending six (6) months following Severance, the Participant's Account may be distributed to the Participant in accordance with one of the Distribution Options described herein. The Participant may elect any Distribution date, but not later than April 1 of the calendar year following the calendar year the Participant attains age 70 ½, the Required Distribution Date.

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With respect to elections to receive distributions due to the Participant's Severance from Service, any pending election to commence distribution may become void if the Participant becomes re-employed with the County.

Except as otherwise allowed by law, and notwithstanding any other provision in this Plan, upon distribution of benefits to the Participant and/or Designated Beneficiary, the Employer shall cause to be withheld all applicable federal and State income taxes and any other amounts required by law.

Death of the Participant. In the event of the Participant's death, the full amount credited to the Participant's Account shall be distributed according to the following requirements:

1. If distribution has commenced prior to the death of the Participant, the balance of a Participant's Account shall be paid to the Beneficiary in accordance with the payment option already selected by the Participant so that the remaining distribution will be effected at least as rapidly as under the payment option used before the Participant's death.
2. If the distribution has not commenced prior to the death of the Participant;
 - a. a non-spousal beneficiary must either;
 - i. elect a distribution payable over a period not extending beyond his or her own life expectancy, commencing no later than the end of the calendar year following the calendar year in which the Participant died; or
 - ii. elect a single-sum payment by the end of the calendar year which contains the fifth anniversary of the date of death of the employee, otherwise, such single-sum payment shall be made by the end of such calendar year.
 - b. spousal beneficiary may elect either a single-sum payment or a distribution payable over a period not exceeding his/her own life expectancy. Distribution to the spousal beneficiary must commence no later than the year the deceased Participant would have reached age 70-1/2.

Forms of Payment. Except in the event of the Participant's death, all or a portion of the amount credited to the Participant's Account shall be distributed, as instructed by the Participant, under one of the following payment options:

1. A lump sum withdrawal. 457 plan distribution allows for direct rollovers upon severance of employment or another triggering event to an IRA or other qualified plan at retirement;

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2. Payments for a specified period where amounts are paid in installments not in excess of the Participant's allowable life expectancy or joint life expectancy of the Participant and his/her Beneficiary;
3. Annuity for a period certain of five (5) to thirty (30) years, but not in excess of the Participant's allowable life expectancy;
4. A life annuity;
5. A life annuity with period certain guaranteed, with the guarantee that if at the annuitant's death payments have not been made for the guaranteed period as elected, payments will continue to the Beneficiary. The guaranteed period to be elected may be either ten (10), fifteen (15) or twenty (20) years but may not exceed the life expectancy of the Participant and his or her Beneficiary;
6. A joint and survivor annuity payable during the lifetime of the Participant and his/her Beneficiary: or
7. A QDRO distribution.

Minimum Distribution Requirements. Notwithstanding anything in this Plan to the contrary, distributions from this Plan shall commence and be made in accordance with Section 401(a)(9) of the Code and the regulations promulgated hereunder.

Commencement of Benefit Payout. Except as otherwise provided herein, all payments of benefits shall commence in the month designated by the Participant or Designated Beneficiary(ies) pursuant to the options described herein.

Continued Investment of Participant Account. Except as provided herein, a Participant's Account may continue to be invested until, in the Employer's sole discretion, cash is to be withdrawn for payment of benefits.

Changes in Distributions by the Employer. Notwithstanding any other provision of this Plan, the Employer may at any time change the time or method of Distribution of benefits under the Plan. The Employer may, at its discretion, discharge in full its obligations under the Plan to any Participant, Designated Beneficiary(ies) or Beneficiary(ies) or, following the death of the Participant, distribute an amount equal to the balance of the Participant's Account to the Participant's Designated Beneficiary(ies) or Beneficiary(ies).

Cash outs. Pending issuance of enabling Treasury regulations, if a Participant upon Severance from Service does not elect to take a Distribution in Cash or direct to another plan or an IRA, the Plan Administrator may cash out the Participant's Account. In such cases, small account balances (\$1,000 or less) may be cashed out upon Severance from Service without the Employee's consent.

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Distribution General. Notwithstanding any other provision(s) of the Plan, all Distributions shall be made in accordance with Code § 457(d) and § 401(a)(9) and the proposed regulations hereunder, including Reg. § 1.401(a)(9)-s. Said Distributions shall also meet the “minimum distribution incidental benefit” requirement. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under § 457 of the Internal Revenue Code.

ARTICLE VII- BENEFICIARY

Designation. Each Participant has the right, by written notice filed with the Employer, to designate one or more beneficiaries to receive any benefits payable under this Plan in the event of the Participant's death prior to the complete distribution of benefits. The Participant accepts and acknowledges that he has the burden for executing and filing, with the Employer, a proper beneficiary designation form.

The Employer shall provide the form for this purpose. It is not binding on the Employer until it is signed, filed with the Employer by the Participant, and accepted by the Employer.

If no such designation is in effect upon the Participant's death, or if no designated beneficiary survives the Participant, the beneficiary shall be the Participant's estate. If no estate executor or administrator is appointed and qualified within one hundred twenty (120) days after the Participant's death, the payment may be made first, to a surviving spouse, second, to a surviving child or children, and third, to a surviving parent or parents.

ARTICLE VIII- NON-ASSIGNABILITY

Non-Assignability. Neither the Participant nor the Participant's beneficiary, nor any other designee, shall have any right to commute, sell, assign, pledge, hypothecate, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be non-assignable and nontransferable.

Except to the extent otherwise provided by law, no payments shall be subject to attachment, garnishment or execution, or be transferable in the event of bankruptcy or insolvency.

Qualified Domestic Relations Orders. To the extent required under a final judgment, decree or order made pursuant to a state domestic relations law, hereinafter, referred to as a Qualified Domestic Relations Order (QDRO) in accordance with Code Section 414(p)(11), which is duly filed with the Employer, any portion of a Participant's account may be paid or set aside for payment to a spouse, former spouse, or a child of the Participant. Where necessary to carry out the terms of the QDRO, a separate account may be established with respect to the spouse, former spouse, or child, and such person

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shall be entitled to make investment selections in the same manner as the Participant. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for the spouse, former spouse, or child making the investment selection. The former spouse may take an immediate payout (even if the employee/participant is still employed) and the former spouse will be taxed on the amount received. He or she may rollover the distribution to an IRA.

Any amounts set aside for a spouse, former spouse, or a child shall be paid out under one of the options available to Participants; provided that: (a) the spouse, former spouse, or child has no greater rights in the Plan than the Participant; (b) the spouse, former spouse, or child shall receive payment of any benefits hereunder prior to the date on which the Participant is eligible to receive distribution; (c) the amount paid shall not exceed the balance of the Participants Account; and (d) the amount of the Deferred Compensation credited to the Participant's Account is reduced accordingly. If the Participant's interest is distributed to the Participant in any manner at the time the spouse, former spouse, or child is awarded an interest, then the Employer shall pay such interest awarded to the Participant's spouse, former spouse, or child at the same time the participant is entitled to receive his or her benefits. Nothing in this section shall be construed to authorize any amounts to be distributed at a time or in a form that is not permitted under Code Section 457.

ARTICLE IX- INVESTMENT RESPONSIBILITIES

Investment of the Deferred Amount. Amounts deferred or contributed pursuant to Article III shall be held for the exclusive benefit of Participants and their Beneficiaries in trust or under one or more Contracts. All amounts so held will be allocated to the appropriate Participant Accounts. Each Participant Account shall reflect any gains or losses of the investment option(s) in which such account is invested.

Statement. The Employer will cause to be issued statements periodically, such statements to include any contributions, distributions, gains and/or losses as well as the total value of each Participant Account.

ARTICLE X- EMPLOYER'S LIABILITIES

Limitation on Employer and Advisory Committee. Any action by the Employer in investing funds in the General Account Fund of The Hartford Life Insurance Company, shall not be considered either an endorsement or guarantee of the investment, nor shall it be considered to be a test of the financial soundness or the suitability of any investment. Without limiting the foregoing, neither the Employer, the Advisory Committee, any County Officer or County employee shall be liable to any Participant, Designated Beneficiary(ies), Beneficiary(ies), heirs or to any other person for any losses resulting from any action by the Federal Government or any of its agencies, including the Internal Revenue Service and the State of California or any of its agencies, including the

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Franchise Tax Board, which results in the taxation of any of Participant's Compensation which has been deferred under the terms of this Plan.

Indemnity. In addition to the limitations herein, the Employer neither warrants nor represents the tax benefits and/or tax consequences of the Plan. To the extent permitted by law, the Plan shall indemnify, hold harmless and (upon request) defend the members of the Advisory Committee, the Administrators, and the Employer from and against any and all liabilities, costs and expenses incurred by such persons as a result of any good faith act or omission to act, in connection with the performance of such person's duties, responsibilities and obligations under the Plan.

ARTICLE XI- ESTABLISHMENT OF TRUST

Establishment of Trust. All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held in trust, or under one or more insurance contracts described in Section 401(f) of the Code, for the exclusive benefit of Participants and their Beneficiaries. The Trust is intended to be exempt from taxation under, and comply with, Sections 457(g) and 501(a) of the Internal Revenue Code of 1986, as amended, and regulations there under and other applicable law.

Trustee. Trustee means Employer or any individual(s) or any qualified professional entity appointed by Employer to serve as trustee of the Trust.

Trust Document. The Trust document shall consist of a separate document known as the "County of Santa Barbara Deferred Compensation Plan Trust Agreement," which, as may be amended from time to time, shall govern the administration of the Trust.

ARTICLE XII- MISCELLANEOUS

Retirement System Integration. Benefits payable by, and deductions for Employee contributions to, any retirement system of the Employer shall be computed without reference to amounts deferred pursuant to this Plan.

Employment. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Successors and Assigns. The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

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Written Notice. Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Employer shall be sent to the designated office of the Employer, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at his last known address as it appears on the Employer's record.

Total Agreement. This Plan and the Participation Agreement, and any subsequently adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

Controlling Law. This Plan is created and shall be construed, administered and interpreted in accordance with Section 457 of the Code and the regulations hereunder and under the laws of the State of domicile of the Employer as the same shall be at the time any dispute or issue is raised. If any portion of this Plan is held illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder shall be unaffected.

Status of Participants. Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

Employment. Nothing in the Plan shall be construed as conferring upon any Participant any right to continue employment with the Employer.

Communications. Except as otherwise expressly provided, any notice or other communication required or permitted under this Plan shall be in writing, and if directed to the Employer, shall be sent to the Treasurer-Tax Collector's office and, if directed to a Participant or to a Beneficiary(ies), shall be sent to such Participant or Beneficiary(ies) at the last known address for such person as it appears in the Employer's records.

Paperless Administration. To the extent permitted by law, regulation or other guidance from an appropriate regulatory agency, the Administrator, Trustee, Employer or any other party may provide any notice or disclosure, obtain any authorization or consent, or satisfy any other obligation under this Plan through the use of media other than paper. Such alternative media may include, but is not necessarily limited to, electronic or telephonic media.

ARTICLE XIII- AMENDMENTS

Right to Amend, Modify and Terminate. The Employer may at any time modify or terminate the Plan by notifying Participants of such action. The Employer shall not have the right to reduce or affect the value of any Participant's account or any rights accrued

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under the Plan prior to modification or termination.

Conformation. The Employer shall amend and interpret the Plan to the extent necessary to conform to the requirements of Code Section 457 and any other applicable law, regulation or ruling, including amendments that are retroactive. In the event the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with Code Section 457, the Employer shall correct such inconsistency within the period provided in Code Section 457(b).

Amendment of the Plan. This Plan shall continue until modified by the Administrator and Deferred Compensation Advisory Committee and approved by the Board of Supervisors.

Plan Termination. In the event of the termination of the Plan, distribution of benefits shall be made to Participants and Beneficiaries as soon as administratively practicable after the termination of the plan.

Amended: November 22, 2004