

DRAFT By-Laws
City of Santa Clara
Deferred Compensation Committee

ARTICLE I – NAME, PURPOSE

Section 1: The name of the committee is the City of Santa Clara Deferred Compensation Committee (Committee).

Section 2: The City of Santa Clara Deferred Compensation Program (Program) offers to its employees two types of defined contribution plans: (1) a City of Santa Clara 401(a) Plan and (2) a City of Santa Clara 457(b) Plan (each a "Plan," and collectively the "Plans" or "Program"). City of Santa Clara is the Plan Sponsor and Plan Administrator for the Program.

Section 3: The Plan Administrator, acting through its City Manager, with administrative assistance from the Director of Human Resources ("Human Resources"), is responsible for the Plan administrative functions, except to the extent a third-party providers performing recordkeeping and administrative services assume those functions under contractual agreements. Human Resources is also responsible for coordinating and interacting with such third-party providers with respect to the Program.

Section 4: The City of Santa Clara City Council appointed the Committee to serve in an advisory capacity to the City Manager with respect to discretionary matters involving Program administration and investments.

ARTICLE II – MEMBERSHIP

The Committee is comprised of the following persons who are volunteers and shall be appointed to four (4) year terms by the City Manager, or as otherwise provided in these bylaws. Upon appointment, a Committee member will be a voting member and will receive training with respect to the duties and responsibilities of the Committee, including its fiduciary duties.

- The City Auditor or their designee.
- The Director of Finance or their designee.
- A representative selected by the City Manager or their designee.
- An employee recommended by the largest City Department.
- An employee recommended by the second largest City Department.

- An employee recommended by one of the smaller departments.
- An employee recommended by one of the smallest departments.

The City Manager may replace any Committee member with or without cause.

ARTICLE III – DISCRETIONARY ADMINISTRATIVE FUNCTIONS

The following will be the primary Program areas for and over which the Committee has advisory responsibility. These items are set forth as a guide with the understanding that the Committee may supplement them as appropriate by proposing policies and procedures for City Manager approval, as the Committee deems necessary or advisable in fulfilling its advisory responsibilities. In undertaking the advisory responsibilities set forth below, the Committee shall make recommendations to the City Manager.

Section 1. The Committee and individual members will perform their fiduciary duties with respect to the Program in accordance with California Constitution, Article XVI, Section 17, which includes the following advisory duties:

- Make recommendations and advise the City Manager to ensure prompt delivery of benefits and related services to the participants and their beneficiaries.
- Discharge duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, and defraying reasonable expenses of administering the Program. The Committee's duty to participants and their beneficiaries takes precedence over any other duty.
- Discharge duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Diversify investment options to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

Section 2. In addition, the Committee will:

- a. Advise the City Manager concerning the selection and satisfactory performance of the Program's trustees and other third parties retained to help in administration of the Plans, including without limitation, any accountants, record-keepers, purchasing agents, investment managers, investment consultants and legal counsel.
- b. Advise the City Manager concerning the selection and satisfactory performance of other third parties retained to provide services to the Plans' participants, including, without limitation, advice services and education for Program participants.
- c. Receive, review and evaluate periodic or special reports provided by investment managers, investment consultants, legal counsel, auditors, administrative consultants or internal

City departments with respect to matters affecting Plan investments, financing, accounting, administrative, or compliance matters.

- d. Evaluate and make recommendations concerning approval of matters necessary to satisfy the City's fiduciary obligations with respect to the Program.
- e. Have the authority to establish subcommittees composed of Committee members and to establish the duties and responsibilities it delegates to any subcommittee.
- f. Review and assess the adequacy of these Bylaws periodically and recommend any proposed changes to the City Manager for approval.
- g. Act as an appeals fiduciary to make any recommendations to the City Manager in the event of an appeal by a Program participant of a claim for benefits, except as otherwise provided pursuant to the terms of the Plans, applicable service contracts or other City delegations.
- h. Advise the City Manager concerning interpretation of the terms of the Plans after consultation with legal counsel and make recommendations to City Manager on such matters.
- i. Establish and maintain the investment policies for the Plans, subject to City Manager approval. With City Manager approval, the Committee may retain an independent investment manager with fiduciary responsibility for its investment services, including selection and monitoring of investment options according to the established policies.

Periodically, the Committee will consider the advisability of soliciting proposals from qualified Plan providers, as appropriate.

ARTICLE IV – MEETINGS

Section 1: Quarterly Meeting. The Committee will meet not less than quarterly. The Chair of the Committee will set the dates of the regular quarterly meetings, and others as needed, as well as the time and place. At least annually, the Committee's meeting agenda will include the following: (a) consideration, if applicable, of legal or other developments affecting retirement plans such as those that constitute the Program, (b) review of the expenses associated with the investment funds made available for participant-directed investment, (c) review of the continuing appropriateness of the investment options under the Plans, and (d) review and analysis of the ongoing suitability of the investment policies and any possible changes or modification to the investment policies, such as the number and types of investment funds available with respect to participant-directed investment, the Plans' investment objectives and revisions (if any) to such investment objectives.

Section 2: Special Meetings. The Chair of the Committee or the City Manager may call special meetings at any time if deemed necessary or desirable.

Section 3: *Notice and Agenda Posting.* Notice of each meeting and posting of the Agenda must comply with the Brown Act, California Government Code Section 54950 *et seq.*

Section 4: *Committee Chair and Vice-Chair Election.* Election of a new Chair and Vice-Chair or re-election of current chair to a subsequent term will occur as the first item of business at the first quarterly meeting of the Committee in the calendar year. The Chair and Vice-chair will be elected by a majority vote of the current Committee members.

Section 5: *Term.* The Chair shall serve a two (2) year term and will be eligible for re-election for one additional two (2) year term. The Vice-Chair shall serve a two (2) year term and not be eligible for re-election in the term immediately following.

Section 6: *Quorum.* A quorum of at least four of the Committee members must be present before business can be transacted or motions, made or passed, or action taken. If the Chair is not present, the Vice-Chair will act as Chair. If neither the Chair nor the Vice-Chair is present, the Committee shall vote to identify the meeting presider. After a meeting is convened, action may only be taken by a majority of the members present.

Section 7: *Recordkeeping.* The Director of Human Resources will designate a staff person to act as non-voting administrative support person to perform duties of a traditional Secretary for the Committee in support of the Chair. The Secretary will be responsible for keeping records of Committee actions, including overseeing the taking of minutes at all Committee meetings, sending out meeting announcements, posting agendas, distributing copies of minutes and the agenda to each Committee member, and assuring that appropriate records are maintained.

Section 8: *Vacancies.* When a vacancy on the Committee exists the City Manager will designate a replacement member consistent with Article II.

Section 9: *Resignation, Termination and Absences.* Resignation from the Committee must be in writing and received by the Chair and confirmed by the City Manager. Replacement committee members will be appointed as stated above in Section 8. Committee members absence from more than two (2) meetings in a calendar year are considered to have resigned from the Committee, and their membership shall be terminated effective the end of the third meeting at which they are absent. The City Manager shall appoint a replacement committee member as stated above in Section 8.

Section 10: *Conflict of Interest.* All members of the Committee are required to regularly file a Statement of Economic Interests pursuant to the Political Reform Act. This public document discloses certain designated financial interests of the Committee member and is filed with the City of Santa Clara Office of the City Clerk. All members shall also execute an acknowledgment of fiduciary responsibilities. Committee members will not be compensated for meeting attendance or any other activities related to the Committee. Committee members will be allowed to attend meetings and perform Committee activities on City time. Reasonable out-of-pocket expenses of the Committee shall be paid by the City of Santa Clara in accordance with its standard reimbursement policies unless paid from Plan assets, with City Manager approval.

ARTICLE V – PLAN DOCUMENTS

The Program shall be governed by and administered under one or more plan documents and trust agreements. These Plan documents and trust agreements, together with any other formal documents maintained for the operation and administration of the Program, shall be on file in the permanent records of the Committee and shall be available for inspection by Program participants during business hours within the Human Resources Department.

ARTICLE VI – INDEMNIFICATION

The City shall indemnify and defend individual Committee members pursuant to California Government Code Sections 825 and 995. In the absence of other coverage, the City shall indemnify and reimburse to the fullest extent permitted by law, members of the Committee and other employees and former employees acting for and on behalf of the Plan for any and all expenses, liabilities or losses arising out of any act or omission relating to membership on the Committee or for the management and administration of the Plan, except in instances of fraud, corruption, or actual malice.

ARTICLE VII – AMENDMENTS

Proposal to amend or repeal these By-laws is subject to Committee vote, and thereafter City Manager approval of amendment or repeal is required.

DATED this ____ day of _____, 2026.

CITY OF SANTA CLARA, CALIFORNIA

Approved by:

Title: City Manager