

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office-Risk Management Div.

DeMartini

BOARD AGENDA # *B-7

Urgent

Routine

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AGENDA DATE April 20, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Stanislaus County Deferred Compensation Committee Charter and Investment Policy Statement

STAFF RECOMMENDATIONS:

1. Approve the Stanislaus County Deferred Compensation Committee Charter and Investment Policy Statement.
2. Authorize the Deferred Compensation Committee to update the Charter and the Investment Policy Statement as necessary.

FISCAL IMPACT:

The Deferred Compensation Committee Charter sets forth the rights, powers, responsibilities and obligations of the Committee. The Investment Policy Statement is intended to assist the Committee in meeting its fiduciary responsibility for effectively constructing, supervising and evaluating the investment program established for the Stanislaus County Deferred Compensation Plan. Consequently, the adoption of these policy documents have no direct fiscal impact on Stanislaus County.

BOARD ACTION AS FOLLOWS:

No. 2010-208

On motion of Supervisor O'Brien, Seconded by Supervisor DeMartini

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST:

CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of Stanislaus County Deferred Compensation Committee Charter and Investment Policy Statement

DISCUSSION:

The Stanislaus County Deferred Compensation Committee has been reviewing its Investment Policy Statement to reflect ongoing changes in the financial market and to be prepared to provide the most reliable investment opportunities with positive yields for County participants.

Much discussion has taken place by the Committee and with the Committee's consultant, Arnerich Massena. The Committee, together with its consultant, are of the opinion that the Investment Policy Statement meets current market conditions and will be used in semi-annual reviews to assure that all funds in the portfolio are monitored effectively, are performing consistently and are considered for replacement if underperformance occurs. As of March 31, 2010, Plan Assets were \$110,379,603 with 4171 participants.

In addition, the consultant discussed with the Committee the importance of having a Charter. The Committee agreed a charter would be valuable. The Charter is a governance document for the Committee setting forth the rights, powers, responsibilities and obligations of the Committee. After much discussion, review, and changes, the Committee drafted a Charter that reflects the needs of the Deferred Compensation Committee.

The Deferred Compensation Committee approved the Investment Policy Statement and the Charter at its meeting on February 24, 2010 and is recommending approval by the Board of Supervisors.

POLICY ISSUES:

This action is consistent with the Board of Supervisor's priority of promoting efficient delivery of public services.

STAFFING IMPACT:

There is no staffing impact as the Deferred Compensation Committee is currently in place and is supported by staff in the CEO-Risk Management Division.

CONTACT PERSON:

David L. Dolanar, Deputy Executive Officer. Telephone: 525-5714

**STANISLAUS COUNTY
DEFERRED COMPENSATION COMMITTEE CHARTER**

I. INTRODUCTION

This Charter sets forth the rights, powers, responsibilities, and obligations of the Stanislaus County Deferred Compensation Committee (the "Committee"). The Committee is charged under the Charter with the administration of the Stanislaus County Deferred Compensation Plan (the "Plan") established pursuant to authorization from the Board of Supervisors (the "Board").

II. MEMBERSHIP OF THE COMMITTEE

The Committee shall be comprised of five (5) voting members that shall be appointed by the Chief Executive Officer ("CEO"). Each member shall serve at the discretion of the CEO. A vacancy due to resignation, death, removal, or other cause shall be filled by the CEO as soon as reasonably possible. Committee members must be either current or retired Stanislaus County employees and must be a participant in the Plan. Members shall serve without compensation. All reasonable out-of-pocket expenses of the Committee shall be paid by the Stanislaus County in accordance with existing Stanislaus County policies unless paid from Plan assets. Any member of the Committee may be removed by the CEO at any time with or without cause. With respect to any matter brought to the Committee for a vote, each voting member shall be entitled to one vote.

III. COMMITTEE ACTION

The Committee shall appoint the Committee Chairman and Committee Vice Chairman annually and the Committee members shall appoint a Secretary who need not be a voting member of the Committee. The Secretary shall keep minutes of the Committee's proceedings and be responsible for the data, records, and documents pertaining to the Committee's administration of the Plan. The Committee shall act by a majority of its voting members in office and such action may be taken either by a vote at a meeting or in writing without a meeting. While consensus is preferred, a quorum will be a simple majority of members for all meetings and decisions will be by majority vote of the members participating at the meeting. The Chairman may make appropriate arrangements to resolve voting deadlocks. Members can participate in meetings in person, by voice or video phone or other electronic means. The Plan Administrator is authorized to execute any document or documents on behalf of the Committee. Any person is entitled to conclusively rely upon and accept any direction or document executed by the Plan Administrator as representing action by the Committee.

IV. RIGHTS AND DUTIES

The Committee shall act with the authority and discretion to control and manage the operation and administration of the Plan and shall have all powers necessary to accomplish these purposes. The responsibility and authority of the Committee shall include, but shall not be limited to, the following:

- A. To modify, amend or alter the provisions of the Plan in whole or in part.
- B. To determine all questions relating to the eligibility of employees to participate.
- C. To create and regularly review the Investment Policy Statement.
- D. Authorizing certain disbursements from the Plan.
- E. Maintaining or having maintained all necessary records for the administration of the Plan.
- F. Interpretation of the provisions of the Plan and publication of such rules and regulations that are deemed necessary and not inconsistent with the terms hereof or of the Plan.
- G. Selecting all service providers necessary or desirable for the administration of the Plan including a consultant, a third-party administrator, a trustee or trustees, a custodian, insurance companies, regulated investment companies, and other such service providers as shall be necessary or appropriate for the administration and operation of the Plan. The Committee shall establish procedures, requests for proposals, criteria for acceptance, and shall select such service providers as the Committee in its sole discretion shall determine. The Committee may enter into reasonable arrangements for the provision of services, including the payment of fees and expenses incurred including payment from Plan assets.

V. INDEMNIFICATION

The Employer shall be responsible for obtaining appropriate fiduciary liability insurance for the Committee and its members and the Committee members shall cooperate with the Employer in providing any information necessary for obtaining such insurance coverage. In addition, the Employer agrees to indemnify and hold the Committee and any Sub-Committee formed by the Committee harmless against liability incurred in the administration of the Plan(s), to the full extent permitted by law.

VI. ALLOCATION AND DELEGATION OF RESPONSIBILITY

The Committee may, by written rule or by its minutes, allocate responsibilities among Committee members and may delegate to persons other than Committee members the authority to carry out responsibilities under the Plan. In the event that a responsibility is allocated to a Committee member, no other Committee member shall be liable for any act or omission of that person except as may otherwise be required by law. If a responsibility is delegated to a person other than a Committee member, the Committee shall not be responsible or liable for any act or omission of such person in carrying out such responsibility except as may otherwise be required by law.

VII. CLAIMS PROCEDURE

Any claim for money or damages shall be presented to the Clerk of the Board of Supervisors in accordance with the requirements of the Government Claims Act (Gov. Code, § 810 et seq.).

All decisions of the Committee are appealable to the CEO; provided such appeal is in writing and clearly sets forth the reasons why the appeal ought to be granted, and is filed with Clerk of the Board of Supervisors within thirty (30) days after the date of the decision. The decision of the CEO is final.

Pursuant to Code of Civil Procedure Section 1094.6(b) and Chapter 2.88 of the Stanislaus County Code, judicial review of any final decision of the CEO may be had pursuant to Code of Civil Procedure Section 1094.5 only if the petition for writ of mandate pursuant to Code of Civil Procedure Section 1094.5 is filed not later than the ninetieth day following the date on which the decision becomes final.

VIII. PLAN INVESTMENTS

The Committee shall have the responsibility for selecting the investments to be made available under the Plan in accordance with the Investment Policy Statement. The Committee shall select one or more insurance companies and/or regulated investment companies for the investment and reinvestment of Plan assets. The Committee shall monitor the performance of investment funds selected by the Committee and offered to participants pursuant to the terms of the Plan and shall establish such procedures as the Committee shall deem necessary to carry out such monitoring responsibility. Any investment fund not meeting the criteria set forth by the Committee as determined by the Committee in its sole discretion shall be removed from the available investment funds.

IX. STANDARD OF CARE

The Committee shall discharge its duties with respect to the Plan in such a manner as to comply with applicable law and regulations including Internal Revenue Code Section 457 and regulations thereunder. All assets and income of the Plan shall be held in trust for the exclusive benefit of participants and their beneficiaries.

X. PLAN DOCUMENTS

The Plan 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 Plan, shall be on file in the permanent records of the Committee and shall be available for inspection by Plan participants during business hours. The Committee has the authority to review and update the Investment Policy Statement.

XI. AMENDMENT

This Charter may be amended by majority vote of the Committee at a meeting called for that purpose or by unanimous written consent of all members of the Committee.

APPROVED BY BOARD RESOLUTION 2010-208 on this 20th day of April, 2010.

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

April 2010

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

TABLE OF CONTENTS

	<u>Page</u>
I) INTRODUCTION	
A) Purpose and Scope of Investment Policy Statement.....	1
B) Plan Objective.....	1
C) Investment Option Menu.....	2
II) STATEMENT OF RESPONSIBILITIES	
A) Committee.....	2
B) Investment Fund Managers.....	3
C) Plan Participants.....	4
D) Investment Consultant.....	4
E) Record Keeper.....	5
F) Trustee Custodian.....	5
III) COMMITTEE PROCESS	
A) Meeting Frequency.....	5
B) Investment Fund Selection.....	6
C) Investment Fund Performance Evaluation.....	6
D) Investment Fund Termination and Watch Status.....	6
E) Quorum and Manner of Acting.....	7
IV) ASSET CLASSES.....	.8
V) ERISA 404(c) STATEMENT.....	8
VI) ADOPTION & SIGNATURE.....	10
VII) APPENDICES	
A) Description of Possible Investment Funds, Benchmarks, and Peer Groups	

Stanislaus County Deferred Compensation Plan Investment Policy Statement

I) INTRODUCTION

A) Purpose and Scope of Investment Policy Statement. The purpose of this Investment Policy Statement is to record the investment objectives and investment policies solely for the Stanislaus County Deferred Compensation Plan (the "Plan"). The Stanislaus County Deferred Compensation Investment Committee (the "Committee") administers and provides oversight of the Plan. The Plan is a salary deferral retirement plan available to eligible Stanislaus County employees who are interested in saving for retirement on a tax-deferred basis. The Plan's purpose is to provide a vehicle for and to encourage retirement savings. This Investment Policy Statement supersedes any other Investment Policy or guidelines previously adopted by the Committee. It is intended to assist the Committee in meeting its fiduciary responsibility for effectively constructing, supervising, and evaluating the investment program established for the Plan. It will do so by:

- 1) Making a clear distinction between the responsibilities of the Committee, the investment fund managers, the plan participants and beneficiaries, and other plan service providers,
- 2) Establishing a framework for the selection, monitoring, and evaluation of the Plan's investment fund managers, and
- 3) Establishing the Plan as an ERISA 404(c) Safe Harbor Plan.

Although the Employee's Retirement Income Security Act of 1974 (ERISA) does not apply to the Plan, the Committee intends to operate the plan generally in conformance with ERISA 404(c). Investment decisions made by the Committee will be made for the sole interest of the participants and beneficiaries of the Plan.

This statement is an outline of the Committee's general investment policies and is intended to supersede any earlier statement(s) of investment policies and objectives effective with the date this statement is executed. The Policy may be reviewed annually and revised anytime as necessary to ensure it adequately reflects changes related to the Plan.

The intent of this investment policy is to provide a meaningful framework for the investment selections of the Plan. The policies and practices outlined herein will not be overly restrictive given changing economic, business, and capital market conditions. The intent of these objectives is to be sufficiently specific to be meaningful, but flexible enough to be practical. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined herein.

B) Plan Objective. The plan was established to provide eligible employees an opportunity to save on a tax-deferred basis. The Plan is a tax-deferred defined contribution plan that provides for benefits based solely on the amount contributed to each participant's account, plus or minus any income, expenses, and gains or losses.

The Plan Document and Summary Plan Description for the Plan are the governing plan documents and contain the specific plan provisions and requirements for determining eligibility to make and/or receive contributions under the plan.

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

C) Investment Option Menu

1) Purpose of Investment Options

- (a) Consistent with ERISA 404(c), investment options are selected to provide participants with an opportunity to diversify their accounts across a reasonable risk and reward spectrum.
- (b) Participants may select from any combination of investment options and may change the asset allocation of their investments pursuant to the Plan provisions and guidelines set by Investment Fund Managers and/or Record Keepers.

2) Construction of the Investment Option Menu

- (a) The number and types of investment options and the investment fund managers retained to manage the investment options are subject to change based upon the Committee's ongoing review and evaluation of the investment menu offered to participants.
- (b) The Committee may add, replace, or remove investment options or funds at any time when it concludes such a change is in the best interests of plan participants and beneficiaries.
- (c) Investment options generally will not be added if, in the Committee's judgment, they are redundant or duplicative of existing options.
- (d) When selecting investment options the Committee will bear in mind the wide range of objectives of the participants.
- (e) The investment options that may be available in the Plan are described in the attached Appendix A.

II) STATEMENT OF RESPONSIBILITIES

- A) Committee.** The Committee has the responsibility as the Named Fiduciary for Management of Plan Assets.

It is the intent of the Committee to fulfill its fiduciary responsibilities with respect to the plan solely in the interest of the participants and beneficiaries. The Committee members, as fiduciaries, are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

In fulfilling its fiduciary duty, the Committee shall be responsible for:

- 1) Selecting the investment design features of the Plan. This includes establishing
 - (a) the investment policy and objectives,
 - (b) the number and types of investment alternatives available to Plan participants, and
 - (c) participant investment procedures.
- 2) Appointing, monitoring and evaluating all investment fund managers in accordance with guidelines and benchmarks established within this document.

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

- 3) Monitoring plan costs which are charged to plan assets and or paid by plan participants, including but not limited to investment management fees, custodial fees and fees paid to other plan service providers from plan assets.
- 4) Delegating, when necessary, certain tasks or various functions to Sub Committees, the Plan Administrator, and/or service providers
- 5) Complying with all laws and regulations governing the Plan.

B) Investment Fund Managers

At present, the Plan primarily utilizes mutual funds as plan investment vehicles. The Committee may utilize separately managed accounts, commingled pooled funds, mutual funds, variable annuity contracts and any other funding vehicles as it deems appropriate for use by the Plan and is consistent with governing law and regulations. These various funding vehicles are collectively and interchangeably referred to as Investment Funds, Investment Managers, Investment Fund Managers, or Funds within this Policy.

- 1) **General Responsibilities.** All registered investment advisors managing assets of the Plan shall maintain the assets of the Plan in compliance with all applicable laws and regulations. Responsibilities include, but are not limited to, the following:
 - (a) Plan assets shall be invested with the care, skill, prudence, and diligence that would be applied by a prudent professional investor, acting in like capacity and knowledgeable in the investment of retirement funds.
 - (b) All transactions undertaken on behalf of the Plan shall be for the sole interest of plan participants and beneficiaries.
 - (c) With respect to the use of mutual funds, the Committee expects assets of such funds to be invested in accordance with the applicable prospectus.
 - (d) In general, the primary responsibility of each fund is to invest assets in accordance with the mandate they have received from the Committee and/or their own prospectus or purchase agreement and declaration of trust.
 - (e) All mutual funds shall be registered Investment Companies as defined under the Investment Company Act of 1940 (Act). The Investment Companies need not be classified as "diversified" Investment Companies as defined in the Act. Funds also may be offered through a variable annuity contract.
- 2) **Information Provided to the Committee.** The Committee may from time to time request the Investment Fund Manager(s) or their representatives to meet with them to discuss the following topics, including but not limited to:
 - (a) The manager's views concerning the economy and the securities markets, with focus on the likely impact of the fund's strategies on portfolio performance.
 - (b) The effects of any changes to the investment fund's organization, investment philosophy, financial condition, or professional staff.
- 3) **Specific Duties.** The specific duties and responsibilities of each investment fund are as follows:
 - (a) Managing the Plan's assets under their supervision in accordance with their mandates or those contained within their published guidelines or prospectuses.
 - (b) Exercising full investment discretion in regards to buying, managing and selling assets held in the portfolio.

Stanislaus County Deferred Compensation Plan Investment Policy Statement

(c) Promptly voting all proxies and related actions in a manner consistent with the long-term interest and objectives of the investors. Each investment fund shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

C) Plan Participants. The Committee recognizes the retirement plan is a significant source of retirement income for plan participants and their beneficiaries. Investment, contribution, and allocation decisions shall be made solely by each plan participant subject to certain procedural and administrative guidelines and default investment procedures for automatically enrolled or other participants that do not make an investment election. The Committee shall make available through the Record Keeper investment option performance results and other educational information relating to investment concepts and the investment options. The provision of this information and service does not constitute investment advice. It is solely the responsibility of each plan participant to direct the investments in their account. Participants are responsible for the following:

- 1) Determining their contribution deferral rate above the County contribution, if any.
- 2) Selecting their investment options for both existing balances and new contributions going forward.
- 3) Monitoring their asset allocation strategy and making adjustments as personal situations change.
- 4) Electing the timing and form of distributions according to the terms of the plan.

D) Investment Consultant. The primary responsibility of the Investment Consultant is to inform and advise the Committee on various investment related issues with respect to the oversight of and potential enhancements to the Plan. Such services include:

- 1) Assisting the Committee with determining an appropriate process for constructing the structure of the investment menu.
- 2) Providing timely, accurate, and unbiased semi-annual reports evaluating return, risk and characteristics (where available) of each of the funds compared to appropriate indexes and/or peer group universes.
- 3) Apprising the Committee of changes with regard to its funds in an appropriate time frame given the significance of the information.
- 4) Conducting a fund review at the request of the Committee when, for example, noteworthy changes or significant under-performance occurs.
- 5) Assisting the Committee in the search and replacement of existing funds when a review so merits this change.

The Investment Consultant's role is to provide information and advice to the Committee. The Investment Consultant has no discretionary control or authority over the Plan and its assets. However, in its role as an advisor to the Committee the Investment Consultant acknowledges a limited fiduciary role with respect to the investment advice provided to the Committee.

The Committee shall retain the services of a qualified independent investment consultant. The Investment Consultant must be registered with either State or Federal securities regulators pursuant to the Investment Advisers Act of 1940. The Investment Consultant will provide a copy of the ADV Form Part II for the Investment Consultant and his or her company to the Committee during the annual investment performance review, and will disclose whether the Investment

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

Consultant has an ownership or other interest in any of the investment options being reviewed or recommended by the Investment Consultant. The Investment Consultant will immediately notify the Committee of any SEC or other regulatory investigations into its actions related to the type of services provided to the Committee or of any felony conviction.

E) Record Keeper. The Record Keeper has no discretionary authority over the Plan and its assets and is not a fiduciary with respect to the plan or its assets. Among other items, the Record Keeper is responsible for:

- 1) Maintaining the Plan's participant account balances in an accurate and confidential manner.
- 2) Preparation of quarterly participant statements.
- 3) Completion of the annual compliance tests as included in their service agreement.
- 4) Accurate and timely plan data and reports to the Committee as included in their service agreement.
- 5) Providing participants with electronic access to account information and transactions as contracted by the Company.
- 6) Coordination of the provision of fund prospectuses to participants as requested.
- 7) Provision of various participant communication materials as described in the service agreement and / or requested by the Committee.
- 8) Providing general investment information to plan participants regarding the procedures for making investment choices under the plan and general investment information regarding each of the investment options offered under the plan consistent with the requirements of ERISA 404(c).

F) Trustee/Custodian. The Trustee/Custodian is non-discretionary and takes direction from the Committee or its delegates. The Trustee/Custodian has fiduciary responsibility with respect to the Plan's assets under its control. The trustee/custodian is charged with the following responsibilities:

- 1) Safekeeping all securities;
- 2) Settling transactions;
- 3) Receiving contributions;
- 4) Allocating contributions among investment accounts as instructed;
- 5) Making participant distributions as instructed;
- 6) Providing periodic account statements to the Committee and other service providers as requested by the Committee;
- 7) Promptly voting all proxies and related actions in a manner consistent with the long-term interest and objectives of the investors; and
- 8) Keeping detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

III) COMMITTEE PROCESS

A) Meeting Frequency. The Committee shall meet semi-annually, or more often, as needed, to review the performance of the investment options offered in the Plan. The Committee will also review the Investment Policy on an annual basis.

Stanislaus County
Deferred Compensation Plan
Investment Policy Statement

- B) Investment Fund Selection.** Searches for investment funds should include candidates that have demonstrated success in similar strategies. In selecting an investment fund, a due-diligence process is followed, which analyzes the investment fund in terms of:
- 1) Investment performance track record and consistency of returns achieved with risks taken.
 - 2) Alignment of fund investment philosophy, process, and style with plan option objectives.
 - 3) Size and experience of professional staff.
 - 4) Tenure of investment management team.
 - 5) Competitiveness of Investment management fees.
 - 6) Compatibility with plan trading requirements.
 - 7) An assessment of the likelihood of future investment success relative to other opportunities
- C) Investment Fund Performance Evaluation.** Performance objectives will be established for each fund and/or asset class at the time the class is included. The performance review will include measuring the funds' investment performance to stated benchmarks and peer groups, as well as monitoring risk measures. The Committee will review the performance of investment funds at least semi-annually to determine if they are achieving the established objectives. The following will be evaluated:
- 1) **Quantitative Measures.**
 - (a) **Active Investment Strategies.** Funds employing active management are expected to rank above the 50th percentile of the appropriate peer group for the rolling three and five year time periods. It is also expected that the risk of each fund, as defined by standard deviation of returns, be commensurate with the appropriate market index and/or peer group. The benchmarks, peer groups and risk measures are outlined in Appendix A.
 - (b) **Passive Investment Strategies.** Passive Funds are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. Typically rolling three and five year periods will be evaluated. It is also expected that the risk of each fund, as defined by standard deviation of returns, be commensurate with the appropriate market index. The benchmarks and risk measures are outlined in Appendix A.
 - 2) **Qualitative Measures.** The funds will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision to retain an investment fund, such as personnel departures; organizational changes; or alterations in investment style, philosophy, or strategy; and adherence to stated guidelines.
 - 3) **Time Periods.** The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time-periods. Recognizing that short-term fluctuations may cause variations in a fund's performance, the Committee intends to employ investment funds with long-term investment strategies and will evaluate fund performance from a long-term perspective. Performance over market cycles of three to five years will be weighted more heavily than performance over shorter time periods, such as one year or less.
- D) Investment Fund Termination and Watch Status.** All investment funds are expected to perform according to their prescribed objectives under this policy. The Committee recognizes the long-term nature of retirement plan investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this Investment Policy will not necessitate the termination of a fund. Underperformance will provoke thoughtful consideration by the

Stanislaus County Deferred Compensation Plan Investment Policy Statement

Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee will place a fund on watch if, for two consecutive quarters, the fund's performance is below the 75th percentile of its peer group over both the three- and five-year rolling periods. A fund that is on watch will undergo a greater level of review and analysis. A fund may remain on watch status until the Committee decides to take further action. Committee actions include, but are not limited to, the following:

- Remove the fund from watch status,
- Continue the fund watch status,
- Terminate the fund and reallocate fund assets to an alternate fund or replacement fund by Committee direction.

A fund may be removed from watch status if performance exceeds median for both conditions noted above for two consecutive quarters.

Other factors contributing to placing a fund on watch are:

- Significant change in the risk profile of the portfolio as measured by the standard deviation of returns,
- Significant increase in management fees or expense ratios,
- Turnover in the management team of the portfolio,
- Significant increase or decrease of assets under management,
- Deviation from style for which the fund was selected,
- Significant organizational change, changes in ownership, mergers, etc,
- Other factors, which the Committee may determine, are important for consideration.

The Committee will endeavor to use its best judgment and information available to act in a prudent manner on behalf of the plan and its participants. **The Committee reserves the right to terminate any investment fund at any time for any reason when it determines such termination is in the best interests of the Plan and its participants and beneficiaries.**

- E) **Quorum and Manner of Acting.** A quorum will be a majority of the members of the total Committee. A quorum must be present (in person, by telephone, by video, or other electronic access) for the Committee to take action. Decisions for any action taken by the Committee will be by majority vote of the members present at the meeting.

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

IV) ASSET CLASSES

The Committee will consider the following asset classes for possible inclusion in the plan as investment choices to be made available to participants:

- **Domestic Equity Funds**
 - Capitalization – Large Cap, Mid Cap, Small Cap
 - Style – Growth, Value, or Blended styles
- **International Equity Funds**
 - Capitalization – Large Cap, Mid Cap, or Small Cap
 - Style – Growth, Value, or Blended styles
- **Bond Funds**
 - Investment Grade (Portfolio Weighted Average of A)
 - Portfolio Duration (Long-Term, Intermediate, or Short-Term)
 - Government, Corporate, or Blended
 - Domestic and/or International
- **Cash & Equivalents Funds**
 - Money Funds
 - Stable Value Funds (GIC/BIC/Synthetics)
 - Fixed or General Accounts
- **Pre-Set Asset Allocation Funds**

The Committee may decide to offer Pre-Set Asset Allocation Funds and/or balanced funds which are intended to provide an investor with an asset allocation option that they may determine is aligned with their own risk and return preferences. These asset allocation type funds are broadly diversified by asset class, issuer, issue type, and economic sector. These Pre-Set Asset Allocation Funds may be made up of funds currently offered individually as fund choices (see Appendix A). The Committee may utilize outside research in making determination of the asset allocations of the Pre-Set Asset Allocation Funds.
- **Other Asset Classes.** The Committee may also consider other asset classes or strategies.
- **Self-Directed Brokerage Accounts.** The Committee may offer self-directed brokerage accounts.

V) ERISA 404(c) STATEMENT

- A) ERISA 404(c) Safe Harbor Compliance.** It is the Committee's intent that the Plan generally comply with ERISA 404(c) guidelines. However, the plan participants will be solely responsible for the investment decisions and investment transactions that they make under this plan.

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

VI) ADOPTION & SIGNATURE:

This Investment Policy Statement is adopted by the Committee and effective on this _____ day of _____, _____.

On Behalf of the Committee by:

Name, Title

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

VII) APPENDICES

Appendix A. Description of Possible Investment Funds, Benchmarks, and Peer Groups

Asset Class / Fund	Primary Benchmark	Secondary Benchmark	Peer Group Universe
Stable Value/Fixed Accounts	Ryan Labs Blend GIC Index	T-Bills	Stable Value
Money Market	T-Bills	STIF and Cash Composites	Money Market
Government National Mortgage Association (GNMA) Bond	Barclays Capital GNMA Index	Barclays Capital Treasury 1-3 Year Index	Intermediate Government
Intermediate-Term Bond Index	Barclays Capital U.S. Aggregate Bond Index		Intermediate-Term Bond
Intermediate-Term Bond	Barclays Capital U.S. Aggregate Bond Index		Intermediate-Term Bond
Global Bond	Barclays Capital Global Aggregate Bond Index	Barclays Capital U.S. Aggregate Bond Index	World Bond
High Yield Bond	Barclays Capital High Yield Bond Index		High Yield Bond
Balanced	FTSE KLD 400 Social Index	US Balanced Index	Moderate Allocation
Pre-Set Asset Allocation Funds (target date or risk-based)	Appropriate Index	Custom Index	Appropriate Universe
Large Cap Index	S&P 500 Index		Large Cap Core/Blend
Large Cap Blend	S&P 500 Index	Russell 1000	Large Cap Core/Blend
Large Cap Growth	Russell 1000 Growth Index	S&P 500 Index	Large Growth
Large Cap Value	Russell 1000 Value Index	S&P 500 Index	Large Value
Mid Cap Index	Russell Mid Cap Index	MSCI US Mid Cap 450 Index	Mid Cap Core/Blend
Mid Cap Blend	Russell Mid Cap Index	MSCI US Mid Cap 450 Index	Mid Cap Core/Blend
Mid Cap Growth	Russell Mid Cap Growth Index	Russell Mid Cap Index	Mid Cap Growth

**Stanislaus County
Deferred Compensation Plan
Investment Policy Statement**

Asset Class / Fund	Primary Benchmark	Secondary Benchmark	Peer Group Universe
Mid Cap Value	Russell Mid Cap Value Index	Russell Mid Cap Index	Mid Cap Value
Small Cap Index	Russell 2000 Index	MSCI US Small Cap 1750 Index	Small Cap Core/Blend
Small Cap Blend	Russell 2000 Index	MSCI US Small Cap 1750 Index	Small Cap Core/Blend
Small Cap Growth	Russell 2000 Growth Index	Russell 2000 Index	Small Cap Growth
Small Cap Value	Russell 2000 Value Index	Russell 2000 Index	Small Cap Value
Foreign Large Cap Index	MSCI ACWI ex-US	MSCI EAFE Index	Foreign Large Blend
Foreign Large Cap Blend	MSCI ACWI ex-US	MSCI EAFE Index	Foreign Large Blend
Foreign Large Cap Growth	MSCI ACWI ex-US Growth	MSCI ACWI ex-US	Foreign Large Growth
Foreign Large Cap Value	MSCI ACWI ex-US Value	MSCI ACWI ex-US	Foreign Large Value
Global Equity	MSCI ACWI		World Stock
Specialty Fund	Relevant Sector Index	Relevant Sector Index	Relevant Sector