



ADMINISTRATIVE REGULATION

Office of the City Manager

Number	314
Responsible Department	City Treasurer's Office
Established/Effective Date	June 2016
Latest Revision Date	October 31, 2023
Next Review & Reauthorization Date	October 31, 2025

SUBJECT: City of Huntington Beach 401(a) and 457 Deferred Compensation Plans

- 1. Purpose:** The City of Huntington Beach ("the City") maintains the City of Huntington Beach 401(a) and 457 Deferred Compensation Plans for the benefit of its eligible employees. The Investment Policy Statement ("IPS") establishes the policies and objectives for the City of Huntington Beach Deferred Compensation Plans. It outlines and prescribes a prudent and acceptable investment philosophy and sets out the investment management procedures that are designed to assist the Plan fiduciary, the City and the Deferred Compensation Plan Committee (the "Committee") appointed by the City in the discharge of the fiduciary duties.

The IPS also aids the Deferred Compensation Committee in prudent investment decision-making and provides a basis for evaluating investment performance on a periodic basis. While Plan participants are ultimately responsible for their own investment decisions, the Committee shall endeavor to provide a broad range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance and retirement goals.
- 2. Authority:** Sections 401 and 311 of the Huntington Beach City Charter. California Constitution, Government Code Section 53213.5 and Section 404c of the Employee Retirement Income Security Act ("ERISA")
- 3. Application:** All City departments, officials and employees.
- 4. Policy:** Please refer to the Investment Policy Statement – City of Huntington Beach Deferred Compensation 457 and 401(a) Plans (**Attachment 1**), which was established and adopted by the Committee on August 18, 2021.

Employees may easily access this information via [SurfNet – Human Resources – Quick Links – Deferred Compensation Plans](#).
- 5. Responsibilities:**

The parties listed below shall discharge their respective responsibilities in accordance with all applicable fiduciary standards of Article XVI, §17 of the California Constitution, Government Code Section 53213.5 and Section 404(a) of ERISA as follows:



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- 1) For the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan;
- 2) 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 of like aims;
- 3) In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of the State of California Constitution, Government Code and ERISA.

6.1 Deferred Compensation Plan Committee: The members of the Committee have been appointed by the City Council to act as the "Investment Fiduciary" and include the following members by title:

- City Treasurer
- Chief Financial Officer
- Human Resources Director

The Committee, as the primary Investment Fiduciary, is responsible for investment and management of Plan Assets, and the selection of services related to those functions.

The Committee shall be responsible for the Plan level investment selection process, as set forth in the Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee positive investment results.

6.2 Trustee: The Trustee of the Plan is a nondiscretionary or "directed" Trustee and is charged with the responsibility of safekeeping the securities, collection and disbursement of the Plan assets, and periodic accounting statements.

6.3 Record Keeper: The Record Keeper's responsibilities include administrative functions such as: maintaining participant records, administering participant directions, reporting to the plan sponsor, reporting to participants, and allocating contributions, as more fully described in the Services Agreement with the Record Keeper.

6.4 Investment Consultant: The Investment Consultant (also referred as Investment Manager in the Investment Policy Statement) is a fiduciary of the Plan and has been engaged by the Deferred Compensation Plan Committee to manage the selection, monitoring, and removal of the investment options in the Plan. The Investment Consultant shall manage the Plan level investment selection process, as set forth in the Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee investment results.



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7. Procedures:

- 7.1 Periodic Review and Update of the Policy Statement: The Committee shall review the Policy at least every two year to meet the needs of the City and be in compliance of any applicable laws and regulations.
- 7.2 Committee Review of Investment Performance Reports: Upon receipt of the Investment Performance Report ("Report") by the Committee, copies will be provided to each of the Committee members to review and comment. While it is anticipated that the Committee will meet on a regular basis to discuss the Report, the Committee members may alternatively confer through individual conversations, conference calls, and other forums.
- 7.3 Monitoring Plan Administrative Fees: Costs of record-keeping Plan investments and (where applicable) the proper use of investment-generated fees (and related revenue) to offset Plan record-keeping costs, will be reviewed on a periodic basis.

The fiduciaries of the Plan shall monitor the fees charged to the Plan and the participants, in accordance with all applicable fiduciary standards. This accounting and monitoring of fees shall be done at least annually, and will generally commence with a request for all fee disclosure from the retirement plan vendor. Disclosures provided will be reviewed and benchmarked by the Committee. A third party consultant may provide assistance with the fee disclosure review and benchmarking process. If such disclosure cannot be obtained from the vendor, the Committee may request that a third party consultant research and provide the most accurate disclosure of fees, benchmarked against other vendors for same services.

In the event fees are determined to be above average or not deemed reasonable for the services provided, the Committee shall attempt to negotiate with the Plan's current service provider or evaluate alternate vendors.

Attachments:

1. [Investment Policy Statement](#) – City of Huntington Beach Deferred Compensation 457 and 401(a) Plans
2. [Deferred Compensation Agreement Form](#)

Distribution:

All employees may access the Administrative Regulations via the [SurfNet](#) or City website: www.huntingtonbeachca.gov/AR



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Alisa Backstrom, City Treasurer
Initiating Department

Approved as to Form
Michael Gates, City Attorney

Eric G. Parra
Interim City Manager

Review Schedule

REVIEW DATE	DEPT. HEAD INITIAL	CITY MANAGER SIGNATURE