**DEFERRED COMPENSATION PLAN:**

**AMENDED AND RESTATED 457 PLAN AND TRUST/CUSTODIAL DOCUMENT**

**TABLE OF CONTENTS**

[Section 1. Name: 1](#_Toc462916703)

[Section 2. Purpose: 1](#_Toc462916704)

[Section 3. Definitions: 1](#_Toc462916705)

[3.1 “Account” 1](#_Toc462916706)

[3.2 “Administrator” or “Plan Administrator” 1](#_Toc462916707)

[3.3 “Alternate Payee Account” 1](#_Toc462916708)

[3.4 “Beneficiary” 1](#_Toc462916709)

[3.5 “Code” or “IRC” 2](#_Toc462916710)

[3.6 “Compensation” 2](#_Toc462916711)

[3.7 “County” 2](#_Toc462916712)

[3.8 “Deferred Compensation” 2](#_Toc462916713)

[3.9 “Disability” 2](#_Toc462916714)

[3.10 “Eligible Rollover Account” 2](#_Toc462916715)

[3.11 “Eligible Rollover Distribution” 2](#_Toc462916716)

[3.12 “Eligible Retirement Plan” 2](#_Toc462916717)

[3.13 “Employee” 2](#_Toc462916718)

[3.14 “Employer” 3](#_Toc462916719)

[3.15 “Employer Contribution” 3](#_Toc462916720)

[3.16 “Employment Period” 3](#_Toc462916721)

[3.17 “Includible Compensation” 3](#_Toc462916722)

[3.18 “Investment and Trust/Custodial Fund” 3](#_Toc462916723)

[3.19 “Normal Retirement Age” 3](#_Toc462916724)

[3.20 “Participant” 3](#_Toc462916725)

[3.21 “Participation Agreement” 3](#_Toc462916726)

[3.22 “PERS” 3](#_Toc462916727)

[3.23 “Plan” 4](#_Toc462916728)

[3.24 “Plan Year” 4](#_Toc462916729)

[3.25 “Severance From Employment” 4](#_Toc462916730)

[3.26 “Trust” 4](#_Toc462916731)

[3.27 “Trustee/Custodian” 4](#_Toc462916732)

[3.28 “Unforeseeable Emergency” 4](#_Toc462916733)

[3.29 “Accumulated Vacation Pay” 4](#_Toc462916734)

[Section 4. Participation in the Plan: 4](#_Toc462916735)

[4.1 Participation. 4](#_Toc462916736)

[4.2 Designation of Beneficiary. 4](#_Toc462916737)

[4.3 Modification of Deferral. 5](#_Toc462916738)

[4.4 Termination of Deferral. 5](#_Toc462916739)

[4.5 Selection of Investment Options by the Participant. 5](#_Toc462916740)

[4.6 Selection of Investment Options by the Beneficiary. 5](#_Toc462916741)

[Section 5. Amount of Deferrals: Deferral of Compensation: 6](#_Toc462916742)

[5.1 Deferral of Compensation. 6](#_Toc462916743)

[5.2 Employer Contribution. 6](#_Toc462916744)

[5.3 Limitation. 6](#_Toc462916745)

[5.4 USERRA. 7](#_Toc462916746)

[Section 6. Investment and Trust/Custodial Fund Provisions: 7](#_Toc462916747)

[6.1 Investment and Trust/Custodial Fund. 7](#_Toc462916748)

[6.2 Trust/Custodial Provisions. 7](#_Toc462916749)

[6.3 Investment Options. 8](#_Toc462916750)

[6.4 Account. 8](#_Toc462916751)

[Section 7. Plan Administration: 9](#_Toc462916752)

[7.1 Administration. 9](#_Toc462916753)

[7.2 Powers. 9](#_Toc462916754)

[7.3 Revocability of Administrative Action. 9](#_Toc462916755)

[Section 8. Distribution of Benefits: 9](#_Toc462916756)

[8.1 General Provisions. 9](#_Toc462916757)

[8.2 Mode of Payment. 10](#_Toc462916758)

[8.3 Provisions Required Pursuant to Code Section 401(a)(9). 10](#_Toc462916759)

[8.4 Payments to a Beneficiary. 10](#_Toc462916760)

[8.5 Unforeseeable Emergency Withdrawals. 12](#_Toc462916761)

[8.6 Effect of Reemployment. 12](#_Toc462916762)

[8.7 Voluntary In-Service Distributions. 12](#_Toc462916763)

[8.8 Loans. 13](#_Toc462916764)

[Section 9. Plan Transfers and Eligible Distribution Rollovers: 15](#_Toc462916765)

[9.1 Outgoing Section 457 Plan to Plan transfers through Severance From Employment. 15](#_Toc462916766)

[9.2 Outgoing Section 457 Plan to Plan transfers while Employed. 15](#_Toc462916767)

[9.3 Incoming Section 457 Plan to Plan Transfers. 15](#_Toc462916768)

[9.4 Incoming Eligible Rollover Distributions. 15](#_Toc462916769)

[9.5 Outgoing Eligible Rollover Distributions. 16](#_Toc462916770)

[9.6 Purchase of Service Credits. 16](#_Toc462916771)

[Section 10. Domestic Relations Orders: 16](#_Toc462916772)

[10.1 Receipt of Orders. 16](#_Toc462916773)

[10.2 Validity of a DRO. 16](#_Toc462916774)

[10.3 Processing of a DRO. 17](#_Toc462916775)

[10.4 Rights of An Alternate Payee. 17](#_Toc462916776)

[10.5 No Liability for Previously Distributed Amounts. 17](#_Toc462916777)

[Section 11. Nonassignability: 18](#_Toc462916778)

[Section 12. Miscellaneous: 18](#_Toc462916779)

[12.1 No Effect on Employment. 18](#_Toc462916780)

[12.2 Construction. 18](#_Toc462916781)

[Section 13. Amendment and Termination: 18](#_Toc462916782)

[13.1 Amendment and Termination. 18](#_Toc462916783)

[13.2 Interpretation. 18](#_Toc462916784)

[Section 14. Gender and Plurals: 19](#_Toc462916785)

[Section 15. Effective Date: 19](#_Toc462916786)

**DEFERRED COMPENSATION PLAN:**

**AMENDED AND RESTATED 457 PLAN AND TRUST/CUSTODIAL DOCUMENT**

The Plan consists of the provisions set forth in this document, and is applicable to each Participant who elects to participate in the Plan. The Plan is effective as to each such Participant upon the date the Participant executes a Participation Agreement with the Administrator.

# Name:

 The name of this Restated and Amended Deferred Compensation Plan and Trust/Custodial Document is the County of Napa, State of California, 457 Deferred Compensation Plan (hereinafter “Plan”). This Plan is the continuation in restated form of the Napa County 457 Deferred Compensation Plan previously established by the Board of Supervisors of the County of Napa on or about September 2, 1975 (Resolution No. 75-138), amended on or about March 24, 1998 (Resolution No. 98-035), December 18, 2001 (Resolution No. 01-160), February 19, 2002 (Resolution No. 02-028), May 14, 2002 (Resolution No. 02-095), October 1, 2002 (Resolution No. R-02-200), April 26, 2005 (Resolution No. 05-65), October 24, 2006 (Resolution No. 06-185), December 4, 2007 (Resolution No. 07-165), June 8, 2010 (Resolution No. 2010-62), March 15, 2011 (Resolution No. 2011-17) and most recently amended on May 21, 2013 (Resolution No. 2013-55).

# Purpose:

 The primary purpose of the Plan is to attract and retain personnel by permitting them to enter into agreements with the Employer that will provide for the deferral of the payment of a portion of their current Compensation until death, disability, retirement, Severance From Employment, or other events as provided herein, in accordance with the applicable provisions of State law, and Section 457 of the Internal Revenue Code and other applicable Sections of the Internal Revenue Code. Except as otherwise stated herein, this amended and restated Plan shall become effective January 1, 2016.

# Definitions:

 For the purposes of this Plan, when used and capitalized herein, the following words and phrases shall have the meanings set forth below.

## “Account”

 means the Participant account maintained for the purpose of recording Deferred Compensation, exchanges, withdrawals, and other account activity as well as any investment gains or losses allocated thereto.

## “Administrator” or “Plan Administrator”

 means the organization or organizations selected by the County to administer the Plan.

## “Alternate Payee Account”

 means an account established pursuant to Section 10.3 for the benefit of an Alternate Payee as the result of a Domestic Relations Order.

## “Beneficiary”

 means the person or persons a Participant designates to receive the Participant’s interest under the Plan after the Participant’s death. The designation may be made, revoked and/or changed only by a written instrument (in a form acceptable to the Employer) signed by the Participant and filed with the Administrator prior to the Participant’s death. In the absence of a valid designation of a Beneficiary, or if no designated Beneficiary survives the Participant, the Participant shall be deemed to have designated the Participant’s spouse as the Beneficiary if the Participant is married and the Participant’s spouse survives the Participant. If the Participant is not married, or the Participant’s spouse does not survive the Participant, the Participant shall be deemed to have designated the Participant’s estate as the Beneficiary.

## “Code” or “IRC”

 means the Internal Revenue Code of 1986, now in effect, or as hereafter amended.

## “Compensation”

 means all payments made by the Employer as remuneration for services rendered. Compensation also includes differential pay, if any is paid by the Employer, that (i) is made by the Employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in Chapter 43 of Title 38 of the United States Code) while on active duty for a period of more than 30 days; and (ii) represents all or a portion of the wages the individual would have received from the Employer if the individual had remained actively employed.

## “County”

 means the County of Napa.

## “Deferred Compensation”

 means the amount of Compensation that a Participant elects to defer into the Plan under the Participation Agreement.

## “Disability”

 means the inability of a Participant to engage in the Participant’s usual occupation by reason of a medically determinable physical or mental impairment as determined by the Employer on the basis of advice from a physician or physicians.

## “Eligible Rollover Account”

 means the separate Account maintained by the Administrator within the Plan for a Participant for amounts of Eligible Rollover Distributions.

## “Eligible Rollover Distribution”

 means an eligible rollover distribution as defined in IRC §402(c)(4), including Eligible Rollover Distributions to a surviving spouse under IRC §402(c)(9) and a non-spouse beneficiary under IRC §402(c)(11).

## “Eligible Retirement Plan”

 means an Eligible Retirement Plan as defined in IRC §402(c)(8)(B); provided however, that with respect to an Eligible Rollover Distribution to a non-spouse beneficiary, Eligible Retirement Plan means an individual retirement account described in IRC §408(a), an individual retirement annuity described in IRC §408(b), or a Roth individual retirement account described in IRC §408A established as an inherited individual retirement account on behalf of the non-spouse beneficiary to receive a direct rollover.

## “Employee”

 means any officer, employee, or elected official of the Employer, including all extra-help or temporary employees, who has been designated by the Employer as an Employee for purposes of participation in the Plan.

## “Employer”

 means the County of Napa and all of the following upon adoption of the Plan pursuant to a resolution of the authorized body thereof: (i) Napa Superior Courts, (ii) Napa County Local Agency Formation Commission, (iii) Napa County Flood Control and Water Conservation District, (iv) Children and Family First Commission, (v) In-Home Supportive Services Public Authority of Napa County, and (vi) Napa Vallejo Waste Management Authority.

## “Employer Contribution”

 means any contribution made by the Employer to the Plan.

## “Employment Period”

 means a period from January 1 through December 31 of the same year, except that the first Employment Period of an Employee hired on any date other than January 1 shall be the period beginning with the date of employment and ending on December 31 of the same year.

##  “Includible Compensation”

 means, for the purposes of the limitations on deferrals, Compensation for services performed for the Employer which is currently includible in gross income after giving effect to all provisions of the Code. The amount of Includible Compensation shall be determined without regard to any community property laws.

## “Investment and Trust/Custodial Fund”

 means a fund established by the County as a convenient method of setting aside a portion of its assets to meet its obligations under the Plan.

## “Normal Retirement Age”

 means the age specified in writing by the Participant. If the Employer has an Employer’s retirement system, the Normal Retirement Age specified by the Participant must be an age at which the Participant is eligible to retire pursuant to the Employer’s basic pension plan, by virtue of age, length of service, or both, without the consent of the Employer and with the right to receive immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. In the case of Employees participating in the PERS, the normal retirement age specified by the Participant may be 50 years of age or older. If the Employer does not have an Employer’s retirement system, a Participant may designate a Normal Retirement Age that is on or after the age of 65. In no event shall Normal Retirement Age be later than age 70 ½.

## “Participant”

 means any Employee who is or has been eligible to defer Compensation to, and retains rights to benefits under, this Plan and who participates in this Plan by executing a Participation Agreement.

## “Participation Agreement”

 means the agreement executed and filed by any Employee with the Administrator under which the Employee elects to become a Participant in the Plan.

## “PERS”

 means the California Public Employees’ Retirement System.

## “Plan”

 means the Employer’s Deferred Compensation Plan as set forth in this document and as it may be amended from time to time.

## “Plan Year”

 means the calendar year in which the Plan becomes effective, and each succeeding calendar year during the existence of this Plan.

## “Severance From Employment”

 means the severance of a Participant’s employment with the Employer, as defined by IRC §457(d)(1)(A), or on account of the Participant’s death or retirement.

## “Trust”

 means the trust established to hold the funds of the Plan. The term Trust shall include any custodial accounts in which the assets of the Plan are held as contemplated by IRC §457(g) and other applicable provisions of the Code.

## “Trustee/Custodian”

 means banks, trust companies, financial institutions, or other legally authorized entities appointed by the County to have custody of Plan assets in the Investment and Trust/Custodial Fund.

## “Unforeseeable Emergency”

 means severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s designated Beneficiary, or a dependent of the Participant (as defined in IRC §152(a)), loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

## “Accumulated Vacation Pay”

 means the payment that an Employee is entitled to under the Employer’s vacation leave program(s) which is available as additional cash compensation in lieu of leave upon an Employee’s Severance From Employment.

#  Participation in the Plan:

## Participation.

 Each Employee may elect to become a Participant in the Plan and defer payment of Compensation not yet earned by executing a written Participation Agreement and filing it with the Administrator at any time during active employment with the Employer. The Participation Agreement must provide that there is a minimum deferral of $20.00 per pay period. Compensation shall be deferred for any calendar month only if a Participation Agreement providing for such deferral has been entered into and is effective before the beginning of such month. In the case of Accumulated Vacation Pay, the requirements of the preceding sentence are deemed to be satisfied if the Participation Agreement providing for the deferral is entered into before the beginning of the month in which the amount of Accumulated Vacation Pay would otherwise be paid or made available.

## Designation of Beneficiary.

 The Participant shall have the right to file a Beneficiary election with the Employer designating the person or persons who shall receive the benefits payable under the Plan in the event of the Participant’s death. A married Participant may designate someone other than the Participant’s spouse as the Beneficiary of more than the Participant’s community property interest in the Account only if an affidavit or declaration is provided demonstrating that the spouse of the employee has consented; provided however, that the County and Plan Administrator may rely in good faith on the statements in the affidavit or declaration and has no duty to inquire into the truth of any statement in the affidavit or declaration. The form used to designate a beneficiary shall be provided by the Administrator and will have no effect until it is signed by the Participant and accepted by the Administrator prior to the Participant’s death. In the absence of a valid designation of a Beneficiary, or if no designated Beneficiary survives the Participant, the Participant shall be deemed to have designated the Participant’s spouse as the Beneficiary if the Participant is married and the Participant’s spouse survives the Participant. If the Participant is not married, or the Participant’s spouse does not survive the Participant, the Participant shall be deemed to have designated the Participant’s estate as the Beneficiary. The Participant is solely responsible for filing a proper beneficiary election with the Administrator.

## Modification of Deferral.

 A Participation Agreement shall remain in effect until it is terminated or modified. A Participant may modify an existing Participation Agreement to effect subsequent deferrals in accordance with rules established by the Employer. Such modification must be filed by the Participant with the Employer prior to the beginning of the month for which the modification is to be effective. In the case of Accumulated Vacation Pay, the requirements of the preceding sentence are deemed to be satisfied if the termination or modification of the Participation Agreement providing for the deferral is entered into before the amount is otherwise currently payable.

## Termination of Deferral.

 A Participant may terminate further deferrals of Compensation under the Plan by filing with the Administrator an executed notice of termination of the Participation Agreement. Any revocations or terminations of deferrals shall be effective prospectively only. Participant Account balances shall not be payable to an Employee upon terminating deferrals under the Plan unless such Account balances would be otherwise payable to the Participant under the Plan.

## Selection of Investment Options by the Participant.

 The Participant shall select one or more investment options in the Investment and Trust/Custodial Fund into which the Participant’s Deferred Compensation shall be allocated; provided that any amounts so allocated equal or exceed a minimum of $20.00 per pay period. The Employer shall invest, or cause to be invested, the Participant’s deferrals in accordance with such selection.

## Selection of Investment Options by the Beneficiary.

 After the death of the Participant, the Participant’s Beneficiary shall have the right to amend the Participant’s, or the Beneficiary’s own, investment specification in the procedural manner approved by the Employer.

# Amount of Deferrals: Deferral of Compensation:

## Deferral of Compensation.

 During each Employment Period in which a Participant participates in the Plan, the Employer shall defer payment of such part of the Participant’s Compensation as the Participant has specified in the Participation Agreement; provided, however, the minimum deferral shall be $20.00 per pay period.

## Employer Contribution.

 The Employer may, but is not required to, contribute to the Plan for Participants. Employer contributions shall vest at the time the contributions are made and shall apply towards the maximum annual deferral limits of the Plan

## Limitation.

 The amount of Compensation, which may be deferred by a Participant, and the amount of Employer Contributions, if any, made to a Participant’s Account are subject to the following limitations:

### Annual Limitation. Except as otherwise provided in subparagraphs b. or c. below, the maximum amount that a Participant may defer during an Employment Period, when added to the amount of any Employer Contribution for such Participant during the Employment Period, shall not exceed the lesser of (i) the maximum dollar amount under IRC §457(b)(2)(A) as adjusted for cost of living adjustments described in IRC §457(e)(15), or (ii) 100% of the Participant’s Includible Compensation as provided in IRC §457(b)(2)(B).

### “+50 Catch-Up” Deferrals. The maximum deferral amount described in subparagraph a. above and contributed under the Plan is increased for a Participant who will have attained the age of 50 (or older) during any Employment Period. The additional amount permitted to be contributed under this subparagraph is the lesser of (i) the applicable dollar amount set forth in IRC §414(v)(2)(B), or (ii) the Participant’s Compensation for the taxable year reduced by any other elective deferrals of the Participant for the taxable year. This subparagraph shall not be applicable for any taxable year in which subparagraph c. below applies.

### Traditional Catch-Up-Deferrals. For one or more of a Participant’s last 3 Employment Periods ending before the Participant attains Normal Retirement Age, the maximum amount a Participant may defer shall be the lesser of (i) twice the maximum deferral amount in effect under IRC §457(b)(2)(A), or (ii) the limitation established for the taxable year under subparagraph a. above, plus the limitation established for purposes of subparagraph a. for each of the prior taxable years beginning after December 31, 1978, during which the Participant was eligible to participate less the amount of Compensation deferred by or on behalf of the Participant under the Plan for each of such prior taxable years. This subparagraph shall not be applicable for any taxable year in which subparagraph b. above applies.

### Excess Deferrals. To the extent that a Participant’s deferrals exceed the limit applicable under subparagraph a. above (including, as applicable, subparagraph b. or c. above), the Plan shall distribute to the Participant such excess amount (adjusted for gains and losses allocable thereto for the applicable Employment Period) as soon as administratively practicable after it is determined that such excess exists.

## USERRA.

### Notwithstanding the preceding provisions of this Section, a Participant who is entitled to reemployment pursuant to the terms of the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”) may defer an additional amount under the Plan as provided for in USERRA for the years of the Participant’s service in the uniformed services (as defined by USERRA). Any such deferral will not be subject to the limits set forth above in the year in which deferred, but will be subject to the limits for the Employment Period to which such deferrals relate.

### If a Participant dies on or after January 1, 2007 while performing qualified military service (as defined in IRC §414(u)), the Beneficiary of that Participant is entitled, to the extent required by IRC §401(a)(37), to any additional benefits provided under the Plan as if the Participant had resumed employment on the date immediately before the Participant’s date of death and then terminated employment on account of death.

# Investment and Trust/Custodial Fund Provisions:

## Investment and Trust/Custodial Fund.

 The Employer shall establish an Investment and Trust/Custodial Fund for the purpose of holding Plan assets for the exclusive benefit of the Plan’s Participants or Beneficiaries. The Employer may cause funds deferred under this Plan to be commingled for investment only with funds deferred under any other approved deferred compensation plan so long as the investment directives under such Plan are substantially similar to the investment directives under this Plan and so long as adequate records are maintained to enable the identification of the portion of such funds and earnings that pertain to each Plan.

## Trust/Custodial Provisions.

### Trustees/Custodians. The Trustees/Custodians shall be the individual or individuals duly appointed and authorized by the County.

### Adoption of Investment Options. The Trustees/Custodians, or the County, shall work with the Plan Administrator to adopt various investment options for the investment of Plan assets. Additionally, the Trustees/Custodians or the County shall monitor and evaluate the appropriateness of those offerings by the Plan. The Trustees/Custodians or the County, may de-select options that are determined to be no longer appropriate. In the event options are de-selected, the Trustees/Custodians or County may move, or require Participants to move, account balances to an alternative investment option offered by the Plan. By exercising such right to select investment options or by failing to respond to notice to transfer from a de-selected option, Participants and their Beneficiaries agree that no Plan fiduciaries will be liable for any investment losses, or lost investment opportunity under the Plan.

### Designation of Fiduciaries. The Employer, Trustees/Custodians, and their designees are fiduciaries under the Plan. Each fiduciary has only those duties or responsibilities specifically assigned under the Plan or delegated in writing by another fiduciary. Each fiduciary may assume that any direction, information or action of another fiduciary is proper and need not inquire into the propriety of any such action, direction or information. Except as provided by law, no fiduciary will be responsible for the malfeasance, misfeasance or nonfeasance of any other fiduciary.

### Fiduciary Standards.

#### The Trustees/Custodians and all other fiduciaries shall discharge their duties with respect to this Plan solely in the interest of the Participants and Beneficiaries of the Plan. Such duties shall be discharged for the exclusive purpose of providing benefits to the Participants and Beneficiaries and defraying expenses of the Plan.

#### All fiduciaries shall discharge their 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 such matters would use in the conduct of an enterprise of a like character and with like aims, and as defined by applicable State law.

### Trustees/Custodians’ Powers and Duties. The Trustees/Custodians’ powers and duties shall be those defined under the Trust and applicable State law.

### Exempt Status. This Plan and Investment and Trust/Custodial Fund is intended to be exempt from taxation under IRC §501(a) and is intended to comply with IRC §457(g).

## Investment Options.

 Each Participant may allocate the balances of their Account under the Plan among the investment options provided under the Plan. A Participant may change their investment options in accordance with rules established by the County, the Plan Administrator(s) and/or the investment providers.

## Account.

 The County shall maintain an Account for each Participant to hold any Deferred Compensation or Employer Contributions, as well as any gains or losses of such funds. Each Participant’s Account shall be revalued at least quarterly to reflect the earnings, gains and losses creditable thereto or debitable therefrom in accordance with the performance of the investment options selected by the Participant. The earnings, gains and losses creditable to or debitable from an Account shall mean the actual earnings, gains and losses of each investment option, on a pro rata basis, among the Accounts of those Participants who selected that investment option.

# Plan Administration:

## Administration.

 The Plan shall be maintained by the Employer, which may implement rules and regulations for the administration of the Plan consistent with its Plan.

## Powers.

 The County, or its designee, shall have all powers to perform all duties necessary to exercise its functions including, but not limited to, the:

### Determination of Employees’ eligibility, participation, and benefits under the Plan;

### Establishment and maintenance of written records showing at any time the interest of a Participant in the Participant’s Account;

### Interpretation and construction of the provisions of the Plan;

### Direction to make disbursement of benefits under the Plan; and

### Appointment of, and delegation to, such agents, advisors, counselors and delegates, including a Plan Administrator, as may be necessary and appropriate for the administration and operation of this Plan.

## Revocability of Administrative Action.

 Any action taken by the County with respect to the rights or benefits under the Plan of any person shall be revocable by the County as to payments or distributions not theretofore made pursuant to such actions and appropriate adjustments may be made in future payments or distributions to a Participant or Beneficiary to offset any excess payment or underpayment theretofore made to such Participant or Beneficiary.

# Distribution of Benefits:

## General Provisions.

### Except for Unforeseeable Emergency withdrawals under Section 8.5, and Voluntary In-Service Distribution withdrawals under Section 8.7 or otherwise specifically allowed by the Plan, distributions from the Plan may not be made to a Participant earlier than (i) the calendar year in which the Participant attains age 70 ½; or (ii) the calendar year in which there is a Severance From Employment by the Participant. For purposes of this Section 8.1, a Participant who has been on active duty for more than 30 days will be treated as having severed employment during any period the Participant is performing uniformed services described in IRC §3401(h)(2)(A). If a Participant elects to receive a distribution from the Plan as a result of the application of this sentence, the Participant cannot defer Compensation into the Plan during the 6-month period beginning on the date of such distribution.

### All irrevocable elections of a Benefit Commencement Date by Participants or Beneficiaries made prior to January 1, 2002 and defaulted distributions (other than a defaulted distribution to an annuity option) may be voided at the election of the Participant or Beneficiary.

## Mode of Payment.

 Benefits shall be paid in accordance with the payment option elected by a Participant. Payment amount, method of payment, and settlement options are available as provided by each of the available investment options. The Participant shall elect the mode of payment based upon the options then available. A Participant who has chosen a payment option, other than a purchased annuity payment option, shall have the ability to change the payment option. An administrative charge or restriction may be applicable as determined by the Employer and Plan Administrator(s).

## Provisions Required Pursuant to Code Section 401(a)(9).

### Distribution of a Participant’s entire Account shall commence not later than April 1 following the calendar year in which the Participant attains age 70 ½ or there is a Severance From Employment by the Participant, whichever is later. Unless the form of distribution is a single lump sum payment, distributions shall be made over a period not exceeding the life expectancy of the Participant, or the joint life expectancy of the Participant and the Participant’s Beneficiary.

### Notwithstanding, the preceding subparagraph, a Participant or Beneficiary who would have been required to receive required minimum distributions under IRC §401(a)(9) for 2009 but for the enactment of IRC § 401(a)(9)(H) (“2009 RMDs”), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives of the Participant and the Participant’s designated beneficiary, or for a period of at least 10 years (“Extended 2009 RMDs”), will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, notwithstanding any other provision of the Plan, 2009 RMDs and Extended 2009 RMDs shall be treated as Eligible Rollover Distributions under Section 3.11.

## Payments to a Beneficiary.

 If the Participant dies before the benefits to which the Participant is entitled under this Plan have been paid or exhausted, then the remaining benefits payable under the Plan shall be paid to the Participant’s designated Beneficiary. The Beneficiary shall have the right to elect the time and mode of payment of such benefits, subject to the limitations set forth in this Plan. Such election as to the time of payment (distribution commencement date) shall be filed by the Beneficiary not later than 180 days following the Participant’s death. Failure to file an election as to the form of payment may result in the Administrator making a lump sum payment to the Beneficiary.

### Death After Benefit Commencement. If the Participant dies after having begun to receive payments, the remainder of any scheduled payments shall be suspended until the Beneficiary makes the required election or the 180-day election period set forth above expires. During the 180-day election period, the Beneficiary may elect to receive the balance of the Participant’s Account in a single lump sum or in another method of distribution, provided that any elected method will distribute the remaining balance at least as rapidly as under the method of distribution used prior to the Participant’s death. If a timely election is not made by the Beneficiary, the remaining Account balance shall be paid to the Beneficiary by the same payment method most recently selected by the Participant, if any. If no payment schedule exists because the payments to the Participant as of the date of death did not involve scheduled payments, a timely election is not made by the Beneficiary, and the Beneficiary is the spouse of the Participant, the Administrator shall distribute the funds over a period not extending beyond the life expectancy of the spousal Beneficiary. If the payments to the Participant as of the date of death did not involve scheduled payments and no payment schedule therefore exists, a timely election is not made by the Beneficiary, and the Beneficiary is not the spouse of the Participant, the Administrator shall distribute the funds over a period not extending beyond the life expectancy of the non-spousal Beneficiary. If the life expectancy of the Beneficiary cannot be determined, the Administrator shall make a lump sum payment to the Beneficiary not later than the last day of the calendar year in which the 180-day election period expired.

### Death Prior to Benefit Commencement. If the Participant dies before payments have begun, payments to a Beneficiary must comply with one of the following requirements:

#### If the Participant has no Beneficiary, or the Beneficiary is not a natural person, such as an estate or a trust, the entire account value will be distributed within 5 years of the Participant’s death; or

#### If the Beneficiary is not the Participant’s surviving spouse, then distribution of the Account must begin on or before December 31 of the calendar year following the Participant’s death and the entire account must be paid over a period not extending beyond the life expectancy of the Beneficiary; or

#### If the Beneficiary is the Participant’s surviving spouse, distribution of the Account may be delayed until December 31st of the calendar year in which the Participant would have attained age 70 ½, at which time the entire account must then be paid over a period not extending beyond the life expectancy of the spousal Beneficiary.

### Interpretation. This section has been drafted in accordance with Treasury Regulations issued under IRC §401(a)(9). To the extent there is a conflict between this Section and the Code, the provisions of the Code and applicable Treasury Regulations shall prevail.

## Unforeseeable Emergency Withdrawals.

 Notwithstanding any other provisions of this Plan, in the event of an Unforeseeable Emergency a Participant may request that benefits be paid to the Participant at any time. Such request shall be subject to any limitations specified by the investment carrier. Benefits to be paid shall be limited strictly to the amount necessary to meet the Unforeseeable Emergency constituting financial hardship after taking into account the extent such Unforeseeable Emergency may be relieved:

### Through reimbursement or compensation by insurance or otherwise,

### By liquidation of the Participant’s assets (to the extent such liquidation would not itself cause severe financial hardship), or

### By cessation or temporary suspension of deferrals under the Plan.

**Note:** Foreseeable personal expenditures normally budgetable, such as a down payment on a home, the purchase of an automobile, college or other educational expenses, etc., will not constitute an Unforeseeable Emergency. The decision of the Employer or its designee concerning the payments of benefits under this Section shall be final.

##  Effect of Reemployment.

 If a Participant who has a Severance From Employment again becomes an Employee, no distributions shall be made or continued to the Participant while employed. Any amounts, which the Participant was entitled to receive on prior Severance from Employment, shall be held until the Participant is again entitled to a distribution under the terms of the Plan.

## Voluntary In-Service Distributions.

 A Participant who is an active Employee of an eligible Employer shall receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:

### The total amount payable to a Participant under the Plan does not exceed $5,000 (or the dollar limit under IRC §411(a)(11), if greater);

### The Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan;

### No amount has been deferred under the Plan with respect to the Participant during the 2-year period ending on the date of the in-service distribution; and

### The Participant elects to receive the distribution.

## Loans.

### Loans. A Participant who is an Employee may apply for and receive a loan from the Participant’s Account Balance as provided in this Section 8.8. Any such loan may not be for an amount less than the minimum amount specified by the Administrator. If not specified by the Administrator, the minimum loan amount shall be $ 2,000.

### Maximum Loan Amount. No loan to a Participant hereunder may exceed the lesser of:

#### $50,000, reduced by the greater of (A) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made, or (B) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period); or

#### One-half of the value of the Participant’s vested Account Balance (as of the Valuation Date immediately preceding the date on which such loan is approved by the Administrator).

For purposes of this Section 8.8(b), any loan from any other plan maintained by a participating employer shall be treated as if it were a loan made from the Plan, and the Participant’s vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan under this Section 8.8(b) to exceed the amount that would otherwise be permitted in the absence of this paragraph.

### Terms of Loan. The terms of the loan shall:

#### Require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on an bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of IRC §414(u) or for the duration of a leave which is due to qualified military service;

#### Require that the loan be repaid within 5 years, or within 15 years, provided that the Participant certifies in writing to the Administrator that the loan is to be used to acquire any dwelling unit, which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant; and

#### Provide for interest at a rate of 1% above the Prime Rate in effect on the last day of the calendar month coincident with or next preceding the calendar month in which the Participant applied for the loan.

### Security for Loan. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant’s interest in the Plan invested in such loan.

### Default.

#### In the event that a Participant fails to make a loan payment under this Section 8.8 within 90 days after the date such payment is due, a default on the loan shall occur. In the event of such default, (A) all remaining payments on the loan shall be immediately due and payable, (B) effective as of the first day of the calendar month next following the month in which any such loan default occurs, the interest rate for such loan shall be (if higher than the rate otherwise applicable) the rate being charged on loans from the Plan that are approved by the Administrator in the month in which such default occurs, (C) no contributions shall be made on such Participant’s behalf prior to the first payroll period that follows by 12-calendar months the date of repayment in full of such loan, and (D) the Participant shall be permanently ineligible for any future loans from the Plan.

#### In the case of any default on a loan to a Participant, the Administrator shall apply the portion of the Participant’s interest in the Plan held as security for the loan in satisfaction of the loan on the date of Severance from Employment. In addition, the Administrator shall take any legal action it shall consider necessary or appropriate to enforce collection of the unpaid loan, with the costs of any legal proceeding or collection to be charged to the Account Balance of the Participant.

#### Notwithstanding anything elsewhere in the Plan to the contrary, in the event a loan is outstanding hereunder on the date of a Participant’s death, the Participant’s estate shall be the Beneficiary as to the portion of the Participant’s interest in the Plan invested in such loan (with the Beneficiary or Beneficiaries as to the remainder of the interest in the Plan to be determined in accordance with otherwise applicable provisions of the Plan).

### Repayment. The Participant shall be required, as a condition to receiving a loan, to enter into an irrevocable agreement authorizing the Employer to make payroll deductions from the Participant’s Compensation as long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trustee in payment of such loan plus interest. Repayments of a loan shall be made by payroll deduction of equal amounts (comprised of both principal and interest) from each paycheck, with the first such deduction to be made as soon as practicable after the loan funds are disbursed; provided, however, that a Participant may prepay the entire outstanding balance of the loan at any time (but may not make a partial prepayment); and provided, further, that if any payroll deductions cannot be made in full because a Participant is on an unpaid leave of absence or is no longer employed by a participating employer (that has consented to make payroll deductions for this purpose) or the Participant’s paycheck is insufficient for any other reason, the Participant shall pay directly to the Plan the full amount that would have been deducted from the Participant’s paycheck, with such payment to be made by the last business day of the calendar month in which in which the amount would have been deducted.

# Plan Transfers and Eligible Distribution Rollovers:

## Outgoing Section 457 Plan to Plan transfers through Severance From Employment.

 If a Participant terminates employment with the Employer and accepts employment with another employer which maintains an eligible deferred compensation plan (as defined in IRC §457) and the new employer’s plan accepts transfers, the Participant may transfer the Participant’s Account balance from the Plan to the plan maintained by the new employer.

## Outgoing Section 457 Plan to Plan transfers while Employed.

 If the Employer offers an eligible deferred compensation plan (as defined in IRC §457) other than the Plan, and such other plan accepts transfers, the Participant may transfer the account balance from the Plan to the other plan.

## Incoming Section 457 Plan to Plan Transfers.

 Transfers from other eligible deferred compensation plans (as defined in IRC §457) to the Plan will be accepted at the Participant’s request if such transfers are in cash or non-annuity products currently offered under the Plan. Any such transferred amount shall not be subject to the contribution limitations of Section 5.3, provided, however, that the actual amount deferred during the Employment Period under each plan, and the limitations applicable to each plan, shall be taken into account in calculating the deferral limitation for that year. For purposes of determining the limitation set forth in Section 5.3, years of eligibility to participate in the prior plan and deferrals under that plan shall be taken into account.

## Incoming Eligible Rollover Distributions.

 The Plan may receive an Eligible Rollover Distribution on behalf of a Participant from an Eligible Retirement Plan provided (i) the Eligible Rollover Distribution is made entirely in the form of U.S. dollars, and (ii) the Participant demonstrates to the Administrator’s satisfaction that the amount is a qualifying eligible rollover distribution under IRC §402(c)(4) or 403(a)(4)..

## Outgoing Eligible Rollover Distributions.

 Notwithstanding Section 8.1, a Participant may elect at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Participant, provided the Participant presents to the satisfaction of the Administrator a letter of acceptance or other written acknowledgment from the accepting plan that it is an Eligible Retirement Plan qualified to accept the Eligible Rollover Distributions.

## Purchase of Service Credits.

 Notwithstanding Section 8.1, at any time, a Participant may use all or a portion of an account balance as a direct trustee-to-trustee transfer to a retirement system to purchase permissive service credit or redeposit previously withdrawn contributions under a governmental plan (as defined in IRC §414(d)), provided that (a) the retirement system permits such a transfer, and (b) the Participant demonstrates to the Administrator’s satisfaction that the transfer is to a governmental plan (as defined in IRC §414(d)) and the transfer involves the purchase of permissive service credits (as defined in IRC §415(n)(3)(A)) or for the repayment of service credits permissible by IRC §415(k)(3).

# Domestic Relations Orders:

## Receipt of Orders.

 When the Employer, Plan Administrator, Plan or Investment and Trust/Custodial Fund receives a judgment, decree or other order entered or enforceable pursuant to local domestic relations or marital property law (“Domestic Relations Order” or “DRO”), and relating to the property rights of a Participant’s present or former spouse (“Alternate Payee”), then:

### The Administrator shall promptly notify the Participant and Alternate Payee of the receipt of the DRO, and

### Within a reasonable time, the Administrator will follow the procedures adopted by the Employer to determine the validity of the DRO. In the event the Administrator believes the DRO is acceptable, it will forward the DRO to the Employer for approval. If the DRO does not appear to be acceptable, the Administrator will forward the DRO to the Employer for a final determination and instruction to reject.

## Validity of a DRO.

 A valid DRO is a judgment, decree, order, or approval of a marital property settlement made pursuant to State domestic relations law (including community property law), relating to the property rights of a Participant and an Alternate Payee. In addition, the DRO must:

### Create or recognize the existence of the right of an Alternate Payee to all or a portion of the benefits payable with respect to a Participant under the Plan;

### Clearly specify the following information:

#### The name and last known mailing address of the Participant and Alternate Payee covered by the DRO;

#### The amount or percentage, or the manner in which the amount or percentage is to be determined, of the Participant’s benefits to be paid to the Alternate Payee;

#### The number of payments or period to which the DRO applies; and

#### The plan to which such DRO applies;

### Provide a form of payment to the Alternate Payee that is permitted under the Plan; and

### Not require the payment of benefits to an Alternate Payee which are required by a prior DRO to be paid to another Alternate Payee.

## Processing of a DRO.

 If it has been determined that a DRO applies to a Participant’s account, upon specific instruction from the Employer, the Administrator shall comply with the DRO. The Administrator may place a restrictive hold on a Participant’s account while it determines the validity of and/or processes a DRO. The Administrator shall establish a separate Account for the Alternate Payee and transfer the assigned value or benefit from the Participant’s Account into the Alternate Payee’s Account.

## Rights of An Alternate Payee.

 The Alternate Payee is entitled to receive distributions immediately upon the establishment of the Alternate Payee Account under Section 10.3, and commencement of distributions must begin no later than April 1st following the year in which the Alternate Payee attains age 70 ½, in accordance with the terms of Section 8.3. Distributions made to an Alternate Payee are reported as taxable income to the Alternate Payee. State taxes, if applicable, and Federal taxes will be withheld from any distribution on the Alternate Payee’s account based upon the tax withholding elections of the Alternate Payee. The Alternate Payee may not make any contributions to the Alternate Payee Account but is permitted to designate beneficiaries for the Alternate Payee Account and to exercise exchanges among the investment options as permitted by the Plan.

## No Liability for Previously Distributed Amounts.

 If it is determined that a DRO is valid and the Participant has begun receiving distributions from the Plan, the Alternate Payee must commence distributions within 60 days following the date the DRO is determined to be valid. The Administrator shall only process a DRO to the extent possible based upon the then current value or benefit in the Participant’s Account.

# Nonassignability:

The interest of a Participant established under the Plan, shall not be assignable in whole or in part, directly or by operation of law or otherwise, in any manner unless specifically allowed through this document.

# Miscellaneous:

## No Effect on Employment.

 Neither the establishment of the Plan nor any modification thereof, nor the establishment of an Account, nor any agreement between the Employer, Administrator and the Trustee/Custodian, 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 of employment of the Employee, or Participant be modified or in any way affected.

## Construction.

 This Plan shall be construed, administered and enforced according to the Constitution and the laws of the State of California and the Code.

# Amendment and Termination:

## Amendment and Termination.

 The County may at any time modify, amend, suspend, or terminate the Plan in whole or in part (including retroactive amendments) or cease deferring Compensation pursuant to the Plan for some or all Participants. In the event of such an action, the County shall deliver to each affected Participant a notice of such modification, amendment or termination or a notice that it shall cease deferring Compensation; provided, however, that the County shall not have the right to reduce or effect the value of any Participant’s Account or any rights accrued under the Plan prior to such modification, amendment, termination or cessation. Any Employer may terminate its participation in the Plan upon notice to the Trustee and the County.

## Interpretation.

 This Plan is intended to qualify as an eligible deferred compensation plan under IRC §457, and shall be interpreted and administered in a manner consistent with the Code. The County reserves the right to amend the Plan to the extent that it may be necessary to conform the Plan to the requirements of IRC §457 and any other applicable law, regulation or ruling, including amendments that are retroactive to the effective date of the Plan. In the event that the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with the Code, the County shall correct such administration.

# Gender and Plurals:

 Whenever used herein, the masculine gender shall include the feminine and the singular shall include the plural unless the provisions of the Plan specifically require a different construction.

# Effective Date:

 This Deferred Compensation Plan and Trust/Custodial Document shall be effective January 1, 2016.

Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 , Chairman

 Napa County Board of Supervisors

|  |  |  |
| --- | --- | --- |
| APPROVED AS TO FORMOffice of County CounselBy: Deputy County CounselDate:  | APPROVED BY THE NAPA COUNTYBOARD OF SUPERVISORSDate: Processed By:  Deputy Clerk of the Board | ATTEST: GLADYS I. COILClerk of the Board of SupervisorsBy: |