

PEA Committee

From: Akiyoshi, Cynthia C <cynthia.c.akiyoshi@hawaii.gov>
Sent: Monday, August 28, 2017 2:04 PM
To: PEA Committee
Subject: Deferred Compensation Plan for County Employees (PEA-39)
Attachments: Maui County_Board Response to 08.14.17 Letter_Final_w-attch.pdf

Attention: PEA Chair Sugimura,

On behalf of the Board of Trustees of the Deferred Compensation Plan, please find the attached response to your August 14, 2017 letter to Prudential Retirement.

Thank you,

Cynthia Akiyoshi
Dept. of Human Resources Development
235 S. Beretania St., #1004
Honolulu, HI 96813
Phone: 808-587-1063
Fax No.: 808-587-1107
Email: Cynthia.C.Akiyoshi@hawaii.gov

DAVID Y. IGE
GOVERNOR



BOARD OF TRUSTEES

RODERICK BECKER
WESLEY MACHIDA
KANOE MARGOL
BRIAN MOTO
JAMES NISHIMOTO
KALEHI'IKAPOLI RAPOZA
KENNETH VILLABRILLE

**STATE OF HAWAII
DEFERRED COMPENSATION PLAN**

235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

August 28, 2017

Honorable Yuki Lei K. Sugimura, Chair
Policy, Economic Development, and Agriculture Committee
County Council
County of Maui
200 S. High Street
Wailuku, HI 96793

Dear Chair Sugimura:

RE: Your August 14, 2017 Letter to Prudential Retirement Regarding the Deferred Compensation Plan for County Employees (PEA-39)

On behalf of the Board of Trustees ("Board") of the State Deferred Compensation Plan (aka Island Savings Plan or "Plan"), I am responding to your letter to Prudential Retirement dated August 14, 2017, which was forwarded to the Board. You had requested the following information:

- 1) **A copy of the master agreement between the State of Hawaii and the County of Maui as it relates to the State Deferred Compensation Plan, also known as the Island Savings Plan.**

A copy of the master agreement between the State of Hawaii and the County of Maui is attached.

- 2) **Evidence showing the agreement is in force for Maui County employees.**

Information is provided in the attached agreement.

- 3) **Provide the terms for possible termination from the plan.**

The Board has not had an opportunity to confer with legal counsel.

The Board will be informed of your proposed consideration at its upcoming meeting on August 31, 2017.

Sincerely,

Brian T. Moto

BRIAN T. MOTO
Chairperson
Board of Trustees
State Deferred Compensation Plan

Attachment
c: Board of Trustees

HANNIBAL TAVARES
Mayor
TELEPHONE 244-7855



'83 DEC -2 P2:08

OFFICE OF THE MAYOR
COUNTY OF MAUI
WAILUKU, MAUI, HAWAII 96793

PERSONNEL SERVICES
STATE OF HAWAII

November 30, 1983

Mr. James H. Takushi
Chairman, Board of Trustees
State of Hawaii Deferred
Compensation Plan
Department of Personnel Services
830 Punchbowl Street
Honolulu, Hawaii 96813

Dear Mr. Takushi:

Subject: Deferred Compensation Plan

Enclosed please find the executed Agreement relative to the Deferred Compensation Plan as requested.

The County of Maui would expect to have an opportunity in the near future to renegotiate certain parts of this Agreement in order that the rights of our employees are completely protected.

Very truly yours,

A handwritten signature in cursive script that reads "Hannibal Tavares".

HANNIBAL TAVARES
Mayor, County of Maui

Enc.

cc: James Izumi
Helen Luuwai
Corporation Counsel

A G R E E M E N T

THIS AGREEMENT is made and entered into this 30th day of November, 1983, by and between the STATE OF HAWAII, hereinafter referred to as the "State", through its BOARD OF TRUSTEES OF THE STATE OF HAWAII DEFERRED COMPENSATION PLAN, hereinafter referred to as the "Board", and the COUNTY OF MAUI, hereinafter referred to as the "County".

W I T N E S S E T H T H A T:

WHEREAS, Chapter 88E, Hawaii Revised Statutes, hereinafter referred to as "HRS", authorizes the State to establish a deferred compensation plan for the benefit of employees; and

WHEREAS, Chapter 88E, HRS, establishes the Board and empowers the Board to establish, administer, and maintain such a deferred compensation plan; and

WHEREAS, pursuant to Chapter 88E, HRS, the Board adopted the State of Hawaii Deferred Compensation Plan, hereinafter referred to as the "Plan", on November 17, 1982; and

WHEREAS, Chapter 88E, HRS, provides that the State may enter into a formal agreement with the County to extend the Plan to the employees of the County; and

WHEREAS, the County desires to have the Plan extended to its employees and has authorized its Mayor to enter into an agreement with the State to so extend the Plan;

NOW, THEREFORE, it is mutually agreed between the parties hereto as follows:

1. SCOPE OF THE AGREEMENT.

Pursuant to Chapter 88E, HRS, the State and the County agree to extend the Plan to the employees of the County. This is intended to provide them with an eligible deferred compensation plan within the meaning of Section 457 of the United States Internal Revenue Code, hereinafter referred to as the "Code". The Plan shall be administered in accordance with Chapter 88E, HRS, Title 14, Subtitle 4, Administrative Rules, hereinafter referred to as the "Rules", and applicable federal laws.

The Plan, and any future amendments thereto, are hereby incorporated into this Agreement. The words and phrases used in this Agreement shall have the meanings set forth in the Plan and the Rules, unless a different context is otherwise clearly expressed.

2. DUTIES AND RESPONSIBILITIES OF THE BOARD.

The Plan shall be administered and maintained under the direction of the Board. All participant forms and agreements necessary to the administration of the Plan shall be submitted to the Board for review and acceptance on behalf of the County.

The Board's power and authority granted to it under Chapter 88E, HRS, the Plan, and the Rules, include but are not limited to:

- A. Administration. The Board may engage the services of an administrator to handle the day-to-day administration of the Plan under its direction.
- B. Investments. The Board may invest the amounts deferred under the Plan and may enter into agreements with companies to provide investment products.
- C. Amendment or Termination; New Plan. The Board may amend or terminate the Plan or adopt a new deferred compensation plan at any time.

3. COORDINATION OF THE PLAN.

In accordance with Section 88E-2, HRS, the County hereby designates the Department of Finance of the County and its Director to locally coordinate the Plan for its employees.

4. DUTIES AND RESPONSIBILITIES OF THE COUNTY.

The County shall have all the rights, duties, and responsibilities of an employer under the Plan, including but not limited to:

- A. Promotion of the Plan. The County shall assist in scheduling group and individual presentation meetings with employees at their places of work, provide reasonable time for employees to attend these meetings, and arrange for the use of facilities to conduct these meetings.
- B. Payroll Deductions. The County shall deduct from the payroll of each participant in the Plan, at the

earliest possible date, all sums designated for deferral in the participation agreement, provided there are sufficient funds to make the deductions.

- C. Release of Funds and Data. The County shall release to the Board, or the individuals designated by the Board, all funds deferred and a listing of all deferrals, in the manner and at such times required by the Board.

5. PARTICIPATION OF COUNTY EMPLOYEES.

An employee of the County may enroll in the Plan by entering into a written participation agreement with the County. Participation in the Plan shall not be considered as an employment contract between the employee and the County nor establishing any contractual relationship with the State or the Board.

6. ASSETS OF THE EMPLOYER.

Pursuant to Chapter 88E, HRS, the amounts deferred under the Plan by an employee of the County, including income attributable to the investment of the amounts deferred, shall remain an asset of the County, unless otherwise provided by Chapter 88E, HRS, or the Plan.

7. COSTS OF THE PLAN.

Pursuant to Chapter 88E, HRS, the costs for the implementation and administration of the Plan shall be borne by the Plan and its participants, except for incidental expenses, such as the cost of payroll deductions and the routine processing of forms, which shall be borne by the County.

8. DURATION OF AGREEMENT.

This Agreement shall commence on the effective date of this Agreement and continue in full force and effect for the duration of the Plan, unless sooner terminated as hereinafter provided.

9. MODIFICATION OF AGREEMENT.

Any modification or amendment to this Agreement shall only be made by written supplemental agreements executed by the parties hereto.

10. TERMINATION OF AGREEMENT.

The State or the County may terminate this Agreement at any time by giving written notice to the other party at least sixty (60) days prior to the effective date of termination, provided the termination would not adversely affect the status of the Plan as an eligible deferred compensation plan under the Code.

11. INDEMNIFICATION.

The County shall indemnify and hold harmless the State, its officers, agents, successors, and assignees from any and all suits, actions, damages, claims, or costs including attorneys' fees, arising out of or resulting from the acts or omissions of the County, its officers, agents, or employees occurring during or in connection with the duties of the County under this Agreement, or arising out of or resulting from a breach of this Agreement by the County.

12. NOTICES.

All notices, requests, demands, or other communications provided for or required by this Agreement shall be sent to the Director of Finance of the County and to the Chairman of the Board at such addresses as each party shall designate in writing to the other.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

COUNTY OF MAUI

BOARD OF TRUSTEES OF THE
STATE OF HAWAII DEFERRED
COMPENSATION PLAN

By: *Henrietta Savare*
Its Mayor

By: *James P. Johnson*
Its Chairman

By: *Henry T. Simon*
Its Director of Finance

APPROVED AS TO FORM
AND LEGALITY

Deed Nigam
Deputy Corporation Counsel

APPROVED AS TO FORM

John J. Ruben
Deputy Attorney General