



Board Agenda Item 29

DATE: January 21, 2020

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Administrative Services Agreement with Nationwide Retirement Solutions, Inc.

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a three (3) year agreement, with two one (1) year extensions, with Nationwide Retirement Solutions, Inc., to provide record-keeping and communication services to the County of Fresno 457(b) Deferred Compensation Plan, effective January 24, 2020, not to exceed five (5) total years, total not to exceed \$2,000,000.

Approval of the Recommended Actions will authorize Nationwide Retirement Solutions, Inc. (hereafter, "Nationwide") to provide administrative services to the County of Fresno 457(b) Deferred Compensation Plan (hereafter, the "Plan").

ALTERNATIVE ACTION(S):

Your Board may reject staff's recommendation and select a different bidder. However, this would result in higher fees to Plan participants and a costly transition process to a new provider.

FISCAL IMPACT:

There is no net County cost associated with the recommended action. All administrative costs are borne by the Plan.

DISCUSSION:

The County established the Plan as authorized by Internal Revenue Code (IRC) Section 457, in 1976. The Plan allows employees to defer pre-tax or after-tax dollars into a variety of investment options for the purpose of saving for retirement. Currently, the Plan has over 6,600 participants (this includes active and separated County employees) with over \$280 million in assets.

Your Board has delegated the authority to oversee the Plan to the Deferred Compensation Management Council (the "Council"), which is comprised of the County Administrative Officer (CAO), Auditor-Controller/Treasurer-Tax Collector, Director of Human Resources, Retirement Administrator, one (1) Department Head appointed by the CAO and two (2) Members-At-Large appointed by your Board. The Council is responsible for the selection and oversight of Plan investment options, creating policies and procedures related to the Plan, and making recommendations to your Board regarding Plan record-keeping and consulting services.

On December 9, 2014, your Board approved Agreement A-14-710 with Nationwide to provide record-keeping and communication services to the Deferred Compensation Plan. This Agreement will expire on January 24, 2020.

On April 26, 2019, the County of Fresno released Request for Proposals (RFP) #19-071, for Administrative, Recordkeeping and Participant Education Services related to the Deferred Compensation Plan. Five (5) vendors responded to the RFP: Nationwide Retirement Solutions (Nationwide), Prudential Retirement Insurance and Annuity Company (Prudential), Empower Retirement (Empower), ICMA-RC, and Massachusetts Mutual Life Insurance Company (Mass Mutual). All of the bids met the minimum qualifications and were evaluated.

With direction from County staff, Northwest Capital Management, the Plan's consultant, evaluated each bid on the following criteria: 1) Organization; 2) Recordkeeping, Administration and Education Services; 3) Transition Management; 4) Investments; 5) Trust/Custody Services; 6) Additional Services; and 7) Cost Proposal.

At its September 26, 2019 meeting, the Council unanimously voted to recommend that your Board retain Nationwide as the Deferred Compensation Plan Record-keeper upon the expiration of Agreement A-14-710 for the following reasons:

- They offer the most competitive fees of all the respondents;
- They provide a dedicated participant education representative for the County; and
- Retaining Nationwide would allow the County to avoid any potential disruption that may occur from transitioning the Plan to another provider.

In addition, staff would like to note the following exceptions to the Model County Contract:

1. Termination - Breach of Contract (Section 4.B of the proposed agreement). A mutual breach of contract is added in the event that County or Contractor fails to adopt a required State or Federal law or regulation.
2. Termination - Without Cause Section 4.C of the proposed agreement). The term is changed to 90 days from the standard 30 days, as a transition to a new vendor is a lengthy process that would be very challenging to complete within 30 days. Therefore, the County should not lose flexibility in practice.
3. Hold Harmless provision (Section 10 of the proposed agreement). Since the County will be responsible for maintaining accurate records on behalf of the benefit participants, Nationwide requested that Section 10 clarify that the County will not require indemnification in the event of an error or omission that the County "caused or significantly contributed to."

OTHER REVIEWING AGENCIES:

The Deferred Compensation Management Council unanimously agreed to recommend retaining Nationwide as the Deferred Compensation Plan record-keeper.

REFERENCE MATERIAL:

BAI #20, December 9, 2014 - Agreement A-14-710

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Nationwide Retirement Solutions, Inc.
On file with Clerk - Attachment A

CAO ANALYST:

Debbie Paolinelli