REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY AND RECORD OF ACTION

September 26, 2023

FROM
DIANE RUNDLES, Assistant Executive Officer, Human Resources Department

SUBJECT
Amendment to Contract with Voya Retirement Insurance and Annuity Company and Voya Institutional Trust Company for Administration, Recordkeeping and Investment Services

RECOMMENDATION(S)
Approve the following Amendments to **Contract No. 21-909**, between San Bernardino County and Voya Retirement Insurance and Annuity Company as the provider for administration, investment, and recordkeeping services for the San Bernardino County and San Bernardino County Superior Court Retirement Medical Trust Plans, adding the following sub-agreements to the contract:

1. **Amendment No. 2** to add Voluntary Employees' Beneficiary Association Custodial Agreement with Voya Institutional Trust Company, for the period of September 26, 2023 through December 31, 2026, with an option to extend for one additional two-year term.
2. **Amendment No. 3** to add Employer Services Agreement with Voya Retirement Insurance and Annuity Company, including a non-standard term, for the period of September 26, 2023 through December 31, 2026, with an option to extend for one additional two-year term.

(Presenter: Diane Rundles, Assistant Executive Officer, 387-5570)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES
Improve County Government Operations.
Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT
Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). Costs associated with recordkeeping services provided by Voya Retirement Insurance and Annuity Company and Voya Institutional Trust Company (collectively, Voya) are paid for by plan participants. The recommended action will reduce fees for all participants in the Retirement Medical Trust (RMT) plans from 0.036% to 0.03%.

BACKGROUND INFORMATION
San Bernardino County (County) created the Retirement Medical Trust (RMT) in 1998 as a Voluntary Employees' Beneficiary Association (VEBA) under Internal Revenue Section 501(c)(9). The RMT plans were created to help provide long term solutions to healthcare costs for County employees in retirement. As of June 30, 2023, the RMT plans accrued over $200 million in assets since its inception. Currently, the administration of the RMT plans falls under Voya's recordkeeping contract. Voya subsequently subcontracts administrative services of the RMT plans with a third-party administrator, Total Administrative Services Corporation (TASC).

During the most recent Administrative and Recordkeeper Provider Services Request for Proposal (RFP) that took place in 2021, the Human Resources Department (Department), in conjunction with the Defined Contribution Committee (Committee), sought solutions to enhance and streamline the administration of the RMT plans. The Committee serves in an advisory capacity to the Plan Administrator (Human Resources Division Chief, Employee Benefits and Services Division) and the Board of Supervisors (Board).

Voya's solution to streamlining the plans included bringing the administration of the plans in-house to administer it themselves. Voya will be ending their current contract with TASC and become the sole provider for administration, investment, and recordkeeping services for the RMT plans. Additionally, as part of the conversion from TASC services to the new Voya services, participants will receive a fee reduction in the annual asset-based fee from 0.036% to 0.03% as outlined in the Employer Services Agreement - Exhibit C.

Voya anticipates the process to complete this transition to take a minimum of 90 days following Board approval, occurring on or around January 1, 2024.

The Voya Employer Services Agreement contains a term that differs from the standard County contract, which requires Board approval. The non-standard term is as follows:

1. Voya does not list clients as additional insured on Cyber Liability Insurance because if the client becomes an insured themselves, it could complicate or even negate (perhaps after costly litigation) the client's ability to recover under the claim.
   - The County standard contract requires that all policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the County and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder.
   - Potential Impact: The County would not be covered by Voya's Cyber Liability policy if the County were directly responsible for the breach.

The Department recommends approval of these amendments, including the non-standard term, as it will authorize Voya to become the sole provider for administration, investment, and recordkeeping services for the RMT Plans.

PROCUREMENT

On February 23, 2021, the Department released RFP No. HRD221-HR2-4129. The RFP was made available through the County's electronic procurement system (ePro).

The County received a total of four proposals. Each proposal was evaluated on the following criteria: quality and relevance of experience, quality of systems and security, quality and experience of personnel, and value of fee estimate and rates. After review of the proposals, it was recommended that Voya continue as the service provider. The Board approved Contract No. 21-909 with Voya on December 7, 2021 (Item No. 21).

On August 23, 2022 (Item No. 28), the Board approved Amendment No. 1 to Contract No. 21-909, updating references to the appropriate benchmark, eliminating the duration cap and modifying the duration band allowing Voya to manage the holdings within the Stabilizer Fund in a more strategic manner.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Jolena E. Grider, Deputy County Counsel, 387-5455) on August 18, 2023; Purchasing (Michelle Churchill, Supervising Buyer, 387-2070) on August 18, 2023; Risk Management (Victor Tordesillas, Director, 386-8623) August 21, 2023; Finance (Abigail Grant, Administrative Analyst, 387-4603) on September 7, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on September 11, 2023.

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September 26, 2023

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr.   Seconded: Jesse Armendarez
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY Lynna Monell
DATED: September 26, 2023

cc: HR - Wakcher w/agrees
Contractor - c/o HR w/agree
File - w/agree

CCM 10/10/2023