

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

August 10, 2021

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Amendment to Agreement with Voya Retirement Insurance and Annuity Company for the Voluntary Retirement Plans and Retirement Medical Trust Plan

RECOMMENDATION(S)

Approve **Amendment No. 5 to Agreement No. 14-954** between San Bernardino County and Voya Retirement Insurance and Annuity Company as the provider for administration, investment, and recordkeeping services for the Voluntary Retirement Plans and the Retirement Medical Trust Plan amending the following in the plan sub-agreements:

- a. Administrative Services Agreement between San Bernardino County and Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC, for the San Bernardino County Defined Contribution Plans to reduce Voya's recordkeeping fees.
- b. Administrative Services Agreement between San Bernardino County and Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC, for the San Bernardino County Retirement Medical Trust Plan to reduce the Retirement Medical Trust plan fees.

(Presenter: Diane Rundles, Director, 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 Financial Partners, LLC, (collectively, Voya) are paid for by plan participants. The San Bernardino County Defined Contribution Plans (DC ASA) requires that Voya reimburse the County for the plans' reasonable and necessary administrative expenses.

BACKGROUND INFORMATION

Approval of this item authorizes amendments to the DC ASA and the San Bernardino County Retirement Medical Trust Plan (RMT ASA) sub-agreements of Agreement No. 14-954 (collectively referred to as Voya Contract or Administrative Services Agreements) with the current contracted service provider, Voya, for the County's 401(k) Defined Contribution, 401(a) Defined Contribution, 457(b) Deferred Compensation, Part-time/Seasonal/Temporary (PST) Deferred Compensation and the Retirement Medical Trust (RMT) plans (collectively, the Plans).

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Agreement No. 14-954 was initially approved by the Board of Supervisors (Board) on December 2, 2014 (Item No. 21). The agreement has been presented for Board approval for multiple amendments on July 23, 2019 (Item No. 19), March 10, 2020 (Item No. 33), May 19, 2020 (Item No. 50) and October 6, 2020 (Item No. 18). These four amendments reduced record-keeper/RMT plan participant fees, made adjustments to the Stabilizer contracts by reducing participant exposure to risks and restructured the County administrator fee collection process. The DC ASA encompasses all of the Plans and includes the language for the record-keeper fees and administrative fees. The RMT ASA is specific to only the RMT plan and provides additional guidance for how participants pay fees depending on whether they are an active employee and actively contributing or they are a separated employee and eligible to access the funding in the account.

The Defined Contribution (DC) Committee is an advisory committee to the Plan Administrator (Human Resources Division Chief, Employee Benefits and Services Division) and the County Board of Supervisors. The DC Committee meets regularly on a quarterly basis, or more frequently if required, to perform a variety of duties including, but not limited to, reviewing the Plans' investment performance and governance documents, receiving fiduciary trainings and discussing legislative updates. It consists of nine members from the County, associated agencies, and labor organizations including: the Auditor-Controller/Treasurer/Tax Collector, San Bernardino County Employees' Retirement Association, County Administrative Office, Human Resources, Teamsters Local 1932, Sheriff's Employees' Benefit Association and other individuals appointed by the County's Chief Executive Officer.

The Administrative Services Agreements can be amended at any time and on November 18, 2020, the DC Committee established a Request for Proposal (RFP) Ad Hoc subcommittee (Subcommittee) to begin the RFP process for Defined Contribution and RMT Plans Administrative and Recordkeeper Provider Services with an effective date of January 1, 2022. The Subcommittee worked in conjunction with the County's DC consultant, Hyas Group, LLC (Hyas), and established criteria for evaluating contract proposals from prospective bidders. On February 17, 2021, the Subcommittee presented the proposed RFP and the DC Committee unanimously approved the release of the RFP. On February 23, 2021, the Human Resources Department released RFP HRD221-HR2-4129. A total of four proposals were received and they were 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 by both the Subcommittee and Hyas, the Subcommittee recommended that Voya continue as the service provider.

On May 19, 2021, the Subcommittee presented its findings to the DC Committee and recommended awarding the contract to Voya effective January 1, 2022, along with the following terms/conditions for the remainder of the current contract, which expires December 31, 2021:

- Reduce Voya's current recordkeeping fees from 0.095% to 0.036% effective July 1, 2021. This represents a reduction of approximately 72% and an annual savings to plan participants of approximately \$869,000.
- Reduce current RMT plan fees for Claims Active (separated from the County and have reached Normal Retirement Age) participants from \$3.00/month to \$2.00/month effective July 1, 2021. This represents a reduction of approximately 33% and an annual savings to plan participants of approximately \$43,000.

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- Reduce current RMT plan fees for Non-Claims Active (actively employed or separated from the County and have not reached Normal Retirement Age) participants from \$0.45/month to \$0.40/month effective July 1, 2021. This represents a reduction of approximately 11% and an annual savings to plan participants of approximately \$7,400.

Voya is providing these fee reductions to plan participants in good faith effective July 1, 2021, six months in advance of their new contract, which will be presented to the Board of Supervisors at a later date, prior to January 1, 2022. The lower fees represent an annual approximate savings to plan participants of \$920,000.

Based on the foregoing, the DC Committee voted and unanimously recommended that the current Voya contract be amended to include the above-described terms.

PROCUREMENT

On February 23, 2021, at the direction of the DC Committee, an RFP (HRD221-HR2-4129) was released for administrative, investment, and recordkeeping services for the Plans. The RFP was made available through the County's procurement system (ePro).

After a formal procurement process, on May 19, 2021, the DC Committee unanimously recommended that the Board of Supervisors agree to enter into a new five-year contract effective January 1, 2022, with an option to extend one additional two-year term. As part of Voya's Last, Best and Final offer, they agreed to reduce the fees on their current Contract No. 14-954, effective July 1, 2021. Contract No. 14-954 is set to expire December 31, 2021.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Jolena E. Grider, Deputy County Counsel, 387-5455) on July 20, 2021; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on July 21, 2021; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on July 22, 2021; and County Finance and Administration (Robert J. Saldana, Deputy Executive Officer, 387-5423) on July 22, 2021.

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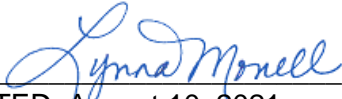
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY



DATED: August 10, 2021



cc: HR - Coughlin w/agree
Contractor - C/O HR w/agree
File - w/agree

CCM 08/12/2021