



STAFF REPORT

DATE: June 8, 2020

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: APPROVE SELECTION OF NATIONWIDE FOR THE RECORDKEEPING ADMINISTRATION AND INVESTMENT SERVICES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT 457(B) AND 401(A) PLANS AND AUTHORIZE THE GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Adopting the attached Resolution will establish Nationwide as the selected vendor for recordkeeping administration and investment services for the 457(b) and 401(a) Plans and authorize the General Manager/CEO to negotiate and sign an agreement between Nationwide and Sacramento Regional Transit District (SacRT) for recordkeeping administration and investment services.

FISCAL IMPACT

There are no costs to SacRT. The recordkeeping administration and investment costs will be paid by the participants in the plan(s), The average fee charged to participants will be reduced from .17% to .04%, annually.

DISCUSSION

MassMutual/Hartford have served as the recordkeeper for SacRT's 457(b) Deferred Compensation Plan for over 34 years, and more recently, the 401(a) Plan. Based on the existing fee structure, limited capabilities of the existing platform and the limited ability for administrative services, SacRT began the Request for Proposals (RFP) process with the goal of reducing costs for SacRT's employees and improve efficiencies in administration of the plans.

SacRT has sponsored a 457(b) Deferred Compensation Plan since July 1986 and a 401(a) Plan since August 28, 2017. SacRT initially used The Hartford as the recordkeeper for the 457(b) Plan from July 1986 until January 2013. On January 1, 2013, MassMutual acquired The Hartford's retirement plan business and became the recordkeeper for SacRT's Plans. The approximate total assets under both Plans was \$56 million as of the date the RFP was released. Those assets are spread over 1,100 active and retired participant accounts. The Retirement Services unit of the Finance

Department issued an RFP for recordkeeping administration and investment services for SacRT's 457(b) and 401(a) Plans. The primary goals of the RFP were to reduce participant fees, enhance participant retirement outcomes, offer effective onsite education, provide robust on-line and mobile transactions, and offer the most appropriate investment menu.

The RFP was developed, released and managed by the Hyas Group, SacRT's investment consultant, with support from SacRT Procurement and Retirement Services staff. Eight national vendors responded to the RFP, and the scoring and evaluation of vendor responses was performed by an RFP Evaluation Committee. The eight proposers included Nationwide, AIG, Empower, ICMA-RC, Lincoln, Mass Mutual, Prudential, and Voya. The Committee consisted of 8 SacRT employees, including representatives from all five recognized bargaining groups, Retirement Services and Finance staff. The evaluation process resulted in the RFP Evaluation Committee recommending the selection of Nationwide to replace the incumbent, MassMutual, in the provision of recordkeeping administration and investment services with an anticipated transition date of September 1, 2020. All committee members agreed that Nationwide's proposal offered very competitive fees, participant focused services and technology to support participants and SacRT.

Under the proposal presented by Nationwide, the fees charged to participants will be reduced, participants will enjoy more dedicated service days for one-on-one meetings/calls or educational sessions, and participants and SacRT will benefit from Nationwide's technology solutions.

Staff recommends that the Board authorize the selection of Nationwide as SacRT's recordkeeping administration and investment services for the 457(b) and 401(a) Plans and authorize the General Manager/CEO to negotiate and execute an agreement.

RESOLUTION NO. 20-06-0038

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 8, 2020

APPROVE SELECTION OF NATIONWIDE FOR THE RECORDKEEPING ADMINISTRATION AND INVESTMENT SERVICES FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT 457(B) AND 401(A) PLANS AND AUTHORIZE THE GENERAL MANAGER/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby approves the selection of Nationwide and authorizes the General Manager/CEO to negotiate and execute a contract between Nationwide and Sacramento Regional Transit District whereby Nationwide will provide recordkeeping administration and investment services for SacRT's 457(b) Deferred Compensation Plan and 401(a) Retirement Plan programs.

THAT, the General Manager/CEO is hereby authorized and directed to negotiate and execute said agreement and any and all other agreements, forms, applications, or other documents necessary to effectuate the transfer of SacRT's existing 457(b) Deferred Compensation Plan and 401(a) Retirement Plan from the existing recordkeeper to Nationwide.

STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary