



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 21-218, **Version:** 1

- a. Approve the creation of the Monterey County Defined Contribution 401(a) Plan Administrative Committee; and,
- b. Approve and adopt the proposed bylaws of the Monterey County Defined Contribution 401(a) Plan Administrative Committee; and,
- c. Approve and authorize the Monterey County Defined Contribution 401(a) Plan Administrative Committee, acting as the Plan Sponsor or designee, to execute a non-standard agreement with Nationwide Retirement Solutions, Inc. for the provision of non-discretionary recordkeeping and administrative services for a Section 401(a) Plan for the term January 1, 2022 through March 31, 2024, including the option to extend the agreement for up to two (2) additional one (1) year periods, at the annualized compensation rate of 0.025% (2.5 basis points) of the Plan's account value held by Nationwide, and to sign future amendments to the agreement where the amendments do not significantly change the scope of work or cause an increase in the agreement rates of more than ten percent (10%); and,
- d. Approve and authorize the Monterey County Defined Contribution 401(a) Plan Administrative Committee, acting as the Plan Sponsor or designee, to execute any initial and future documents required to establish and maintain the Monterey County Defined Contribution 401(a) Plan; and,
- e. Authorize and direct the Auditor-Controller's Office to implement the Monterey County Defined Contribution 401(a) Plan contributions.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the creation of the Monterey County Defined Contribution 401(a) Plan Administrative Committee; and,
- b. Approve and adopt the proposed bylaws of the Monterey County Defined Contribution 401(a) Plan Administrative Committee; and,
- c. Approve and authorize the Monterey County Defined Contribution 401(a) Plan Administrative Committee, acting as the Plan Sponsor or designee, to execute a non-standard agreement with Nationwide Retirement Solutions, Inc. for the provision of non-discretionary recordkeeping and administrative services for a Section 401(a) Plan for the term January 1, 2022 through March 31, 2024, including the option to extend the agreement for up to two (2) additional one (1) year periods, at the annualized compensation rate of 0.025% (2.5 basis points) of the Plan's account value held by Nationwide, and to sign future amendments to the agreement where the amendments do not significantly change the scope of work or cause an increase in the agreement rates of more than ten percent (10%); and,
- d. Approve and authorize the Monterey County Defined Contribution 401(a) Plan Administrative Committee, acting as the Plan Sponsor or designee, to execute any initial and future documents required to establish and maintain the Monterey County Defined Contribution 401(a) Plan; and,
- e. Authorize and direct the Auditor-Controller's Office to implement the Monterey County Defined Contribution 401(a) Plan contributions.

SUMMARY/DISCUSSION:

On July 20th, and 27th, 2021 the Board of Supervisors approved multiyear Memorandum of Understanding

agreements with the Public Defenders Association (Unit D), Prosecutors Association (Unit E), County Counsel Employee Association (Unit G), and the Probation Association (Units M & N). As part of negotiations, these employee groups negotiated contributions to a Defined Contribution Plan for each and all employees in these employee groups effective January 2022.

This Defined Contribution Plan (commonly referred to by Internal Revenue Code (IRC) section 401(a) as a Governmental 401(a) Plan), is designed to permit the County of Monterey to make employer contributions on behalf of eligible employees of Monterey County in order to provide for themselves and their beneficiaries supplemental retirement and death benefits. The Monterey County Defined Contribution 401(a) Plan is intended to meet the requirements for an eligible governmental plan under IRC section 401(a).

The County Administrative Office and the Human Resources Department recommend the creation of the Monterey County Defined Contribution 401(a) Plan Administrative Committee to oversee the operations and administration of the Monterey County Defined Contribution 401(a) Plan (Attachment B). In consultation with the Office of the County Counsel, the Human Resources Department developed the proposed bylaws to establish the governing authority of the Monterey County Defined Contribution 401(a) Plan Administrative Committee, which will be serving as the Plan Sponsor. The initial Administrative Committee will consist of seven (7) voting members as follows:

- Director of Human Resources
- One representative from the County Administrative Office
- One representative from the Monterey County Public Defenders' Association (Unit D) (shall be Plan Participant)
- One representative from the Monterey County Prosecutors Association (Unit E) (shall be Plan Participant)
- One representative from the Monterey County Counsel Employees Association (Unit G) (shall be Plan Participant)
- One representative from each unit of the Monterey County Probation Association (Units M & N) (each shall be Plan Participants)

The committee makeup may change as new employee groups join the Monterey County Defined Contribution 401(a) Plan.

The Human Resources Department is recommending that the Board authorizes the Administrative Committee to contract with Nationwide Retirement Solutions, Inc. to provide recordkeeping and administrative services for a Section 401(a) Plan (Attachment C), including future amendments to the agreement provided the amendments do not significantly change the scope of work or cause an increase in the agreement rates of more than ten percent (10%). In addition, the Human Resources Department recommends that it authorizes the Administrative Committee to execute any initial and future documents required to establish and maintain the Monterey County Defined Contribution 401(a) Plan, and that it authorizes and directs the Auditor-Controller to implement the Plan contributions.

The Board's approval on these action items is critical to meet our contractual obligation with the employee

groups mentioned above to commence the employer contributions effective January 1, 2022.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office and County Counsel Office have reviewed and concur with the recommendations. The offices of the County Counsel and Auditor-Controller have reviewed and approved the agreement as to form and legality and fiscal provisions, respectively.

FINANCING:

Costs associated with this agreement will be funded out of participating employees' assets in the Plan. Each department will be making contributions for its participating employees. These contributions will not affect departments' budgets because contributions will come out of savings from budgeted health insurance costs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The proposed recommended actions address the Board of Supervisors' Administration Strategic Initiative. The actions demonstrate the County's commitment to meeting the Board's initiatives in recruiting, retaining, and attracting a diverse, talented workforce that supports the mission of Monterey County.

Mark a check to the related Board of Supervisors Strategic Initiatives

Economic Development

Administration

Health & Human Services

Infrastructure

Public Safety

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Attachments:

A - Resolution

B - Bylaws of the Monterey County Defined Contribution 401(a) Plan Administrative Committee

C - Agreement between County and Nationwide Retirement Solutions, Inc.

D - Monterey County Defined Contribution 401(a) Plan Documents