

**DEFINED CONTRIBUTION PLANS
COMMITTEE**

Jason Bader
Stacy Hussey
Aaron Donato
Janice Conerly-Coleman
Roxanne Dilley
Mick Boyd
Murray Levison

COMMITTEE STAFF

Samantha Wallace, Committee Secretary
Jeffrey Massey, Senior Deputy City Attorney
Kristina Byrd, Staff

Meeting Agenda
**Defined Contribution Plans
Committee**

City Hall, Historic Hearing Room 915 I Street

Published by the
Department of Human Resources
(916) 808-5731

Wednesday, April 3, 2019
10:00 a.m.

NOTICE TO THE PUBLIC

You are welcomed and encouraged to participate in this meeting. Public comment is taken on items listed on the agenda when they are called. Public Comment on items not listed on the agenda will be heard as noted on the agenda. Comments on controversial items may be limited and large groups are encouraged to select 3-5 speakers to represent the opinion of the group.

Notice to Lobbyists: When addressing the legislative bodies you must identify yourself as a lobbyist and announce the client/business/organization you are representing.
(City Code 2.15.160).

Speaker slips are available on the City's Website and from staff and should be completed and submitted to the Committee Clerk.

Government Code 54950 (The Brown Act) requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. The City posts Agendas at City Hall as well as offsite meeting locations. The order and estimated time for Agenda items are listed for reference and may be taken in any order deemed appropriate by the legislative body. The Agenda provides a general description and staff Recommendation; however, the legislative bodies may take action other than what is recommended. Full staff reports are available for public review, including all attachments and exhibits on the City's website. "To Be Delivered" and "Supplemental" reports will be published as they are received. Hard copies are available at the Department of Human Resources and all written material received is available at the meeting for public review.

Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Department of Human Resources at (916) 808-7657 at least 48 hours prior to the meeting.

General Conduct for the Public Attending Defined Contribution Plans Committee Meetings

- Members of the public attending Defined Contribution Plans Committee Meetings shall observe the same rules and decorum applicable to the Members and staff as noted in Chapters 3 and 4 of Council Rules of Procedure.
- Stamping of feet, whistles, yells or shouting, physically threatening conduct, and/or similar demonstrations are unacceptable public behavior and will be prohibited by the Sergeant-at-Arms.
- Lobbyists must identify themselves and the client(s), business or organization they represent before speaking to the Committee.
- Members of the public wishing to provide documents to the Committee shall comply with Rule 7 D of the Council Rules of Procedure.

Members of the Public Addressing the Defined Contribution Plans Committee

Purpose of Public Comment. The City provides opportunities for the public to address the Committee as a whole in order to listen to the public's opinions regarding non-agendized matters within the subject matter jurisdiction of the City during Regular meetings and regarding items on the Agenda at all other meetings.

- Public comments should not be addressed to individual Members nor to City officials, but rather to the Committee as a whole regarding City business.
- While the public may speak their opinions on City business, personal attacks on Members and City officials, use of swear words, and signs or displays of disrespect for individuals are discouraged as they impede good communication with the Committee.
- Consistent with the Brown Act, the public comment periods on the Agenda are not intended to be "Question and Answer" periods or conversations with the Committee and City officials. The limited circumstances under which Members may respond to public comments are set out in Rule 8 D 2 of the Council Rules of Procedure.
- Members of the public with questions concerning Consent Calendar items may contact the staff person on the report prior to the meeting to reduce the need for discussion of Consent Calendar items and to better respond to the public's questions.

Speaker Time Limits.

In the interest of facilitating the Committee's conduct of the business of the City, the following time limits apply to members of the public (speakers) who wish to address the Committee during the meeting.

- **Matters not on the Agenda.** Two (2) minutes per speaker.
- **Consent Calendar Items.** The Consent Calendar is considered a single item, and speakers are therefore subject to the two (2) minute time limit for the entire Consent Calendar. Consent Calendar items can be pulled at a member's request. Such pulled Consent Calendar items will be considered individually and up to two (2) minutes of public comment per speaker on those items will be permitted.
- **Discussion Calendar Items.** Two (2) minutes per speaker.

Time Limits per Meeting: In addition to the above time limits per item, the total amount of time any one individual may address the Board at any meeting is eight (8) minutes.

- Each speaker shall limit his/her remarks to the specified time allotment.
- The Presiding Officer shall consistently utilize the timing system which provides speakers with notice of their remaining time to complete their comments. A countdown display of the allotted time will appear and will flash red at the end of the allotted time.
- In the further interest of time, speakers may be asked to limit their comments to new materials and not repeat what a prior speaker said. Organized groups may choose a single spokesperson who may speak for the group but with no increase in time.
- Speakers shall not concede any part of their allotted time to another speaker.
 - The Presiding Officer may further limit the time allotted for public comments per speaker or in total for the orderly conduct of the meeting and such limits shall be fairly applied

AGENDA

Wednesday, April 3, 2019

10:00 a.m.

915 I Street, City Hall, Historic Hearing Room

Open Session

Roll Call

Public Comments – Matters Not on the Agenda

Consent Calendar Estimated time: 5 minutes

All items listed under Consent Calendar are considered and acted upon by one Motion. Anyone may request an item be removed for separate consideration.

1. Defined Contribution Plans Committee Minutes

Location: Citywide

Recommendation: Approve Committee minutes for March 14, 2019

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Discussion Calendar Estimated time: 1 hour 30 minutes

Discussion Calendar items include an oral presentation including those recommending “receive and file.”

2. Ralph M. Brown Act

Location: Citywide

Recommendation: Receive and file.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

3. Amendment to the Defined Contribution Plans Bylaws

Location: Citywide

Recommendation: Pass a motion recommending the Defined Contribution Plans Bylaws be amended to require committee members be a participant with an account balance in one of the City’s defined contribution plans.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

4. Investment Advisory Consultant Services Request for Proposals

Location: Citywide

Recommendation: Discuss and provide direction on 1) the draft scope of services, 2) the draft list of questions to bidders to include in the Request for Proposals, and 3) proposed process for review and rating of qualified bidders.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

5. Presentation from Nationwide Retirement Solutions on 457(b) 2018 Plan Performance, Customer Satisfaction Survey, and Performance Guarantees

Location: Citywide

Recommendation: Review and Comment

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

6. Defined Contribution Plans Administrative Fees

Location: Citywide

Recommendation: Review and comment.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

7. Visiting Other Defined Contribution Plan Committees

Location: Citywide

Recommendation: Pass a motion establishing an ad-hoc committee to visit similar defined contribution plans committees of other public agencies for educational purposes.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Member Comments-Ideas, Questions and Meeting/Conference Reports

Adjournment



**DEFINED CONTRIBUTION PLANS
COMMITTEE**

Jason Bader
Stacy Hussey
Aaron Donato
Janice Conerly-Coleman
Roxanne Dilley
Mick Boyd
Murray Levison

COMMITTEE STAFF

Samantha Wallace, Committee Secretary
Jeffrey Massey, Senior Deputy City Attorney
Luby Mitrovich, Staff

Meeting Minutes
**Defined Contribution Plans
Committee**

City Hall, Historic Hearing Room 915 I Street

Published by the
Department of Human Resources
(916) 808-5731

**Thursday, March 14, 2019
2:00 p.m.**

NOTICE TO THE PUBLIC

Open Session 2:00 p.m.

Roll Call

Present: Jason Bader, Stacy Hussey, Shelley Banks-Robinson, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

Absent: Aaron Donato (for Director of Human Resources or designee seat; seat filled at meeting by Shelley Banks-Robinson, Director of Human Resources)

Public Comments – Matters Not on the Agenda

None

Consent Calendar Estimated time: 5 minutes

1. Defined Contribution Plans Committee Minutes

Motion passed approving Committee minutes from January 9, 2019, meeting.

Action: Moved/Seconded Stacy Hussey/Jason Bader

Yes: Jason Bader, Stacy Hussey, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd, Murray Levison

No: None

Abstain: Shelley Banks-Robinson

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Discussion Calendar Estimated time: 1 hour 30 minutes

2. Defined Contribution Plans Administrative Fees

Comments from Nationwide Retirement Solutions representative John Steggell were heard by the committee. Committee members requested additional information to continue discussion of item at next meeting.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

3. Defined Contribution Plans Investment Advisory Consultant

Motion passed creating an ad-hoc committee with members Murray Levison, Jason Bader, and Mick Boyd to draft a Request for Proposals for an investment advisory consultant.

Action: Moved/Seconded Shelley Banks-Robinson/Roxanne Dilley

Yes: Murray Levison, Stacy Hussey, Jason Bader, Shelley Banks-Robinson, Janice Conerly-Coleman, Roxanne Dilley, Mick Boyd

No: None

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

4. General Updates from Nationwide Retirement Solutions on City's 401(a) and 457(b) plans.

Nationwide Retirement Solutions representative John Steggell provided plan updates to the committee and answered questions from committee members.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

5. Presentation from Nationwide Retirement Solutions on Roth 457 and Deemed IRA(s).

Nationwide Retirement Solutions representative John Steggell provided information to the committee and answered questions from committee members. Committee provided direction to bring back both options.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Member Comments-Ideas, Questions and Meeting/Conference Reports

Committee member comments included:

- Amend Defined Contribution Plans Committee Bylaws to state committee members must be plan participants and to bring item to April 3, 2019, meeting. (M. Levison)
- Future discussion for committee members to visit other similar committees. (M. Levison)

Adjournment

Chair Levison adjourned the meeting at 3:38 p.m.

Respectfully submitted:

Samantha Wallace, Human Resources Manager
Department of Human Resources

Approved by:

Murray Levison, Chair
Defined Contribution Plans Committee



Meeting Date: April 3, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room

915 I Street

www.CityofSacramento.org

Title: Ralph M. Brown Act

Location: Citywide

Recommendation: Receive and file.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Jeff Massey, Senior Deputy City Attorney, (916) 808-5346, Office of the City Attorney

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

1-Ralph M. Brown Act Presentation

The Brown Act Basics II:

Defined Contribution Plans Committee

Presented By:

Jeffrey Massey

Senior Deputy City Attorney

Who is Subject to the Brown Act?

- Applies to “legislative bodies” including city councils and also advisory committees created by ordinance or resolution, and a commission or task force, other than an ad hoc committee or less than a quorum advisory committees

What is a Meeting?

- Any congregation of a majority of the members at the same time and place to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the body
- “Deliberation” includes collective decision-making and also the collective acquisition and exchange of facts preliminary to the ultimate decision
- “Action taken” is a collective decision or actual vote by a majority of the members of a body
- Bylaws: Alternate members shall have all the rights and **obligations** of Primary members and shall receive and review the same materials that the Primary members receive and review.
- Bylaws: A majority of the Committee members or their designated Alternate shall constitute a quorum.



What is Not a Meeting?

- Individual contacts between a committee member and another person; or
- A majority of the members at a:
 - Open meeting of another body - for example, a properly agendized retirement hearing commission meeting
 - Members attending a League of Cities Conference
 - Social or ceremonial event

But members cannot discuss matters that are within their jurisdiction among themselves at these events!



Communication that Violates the Brown Act

A majority of members are prohibited from using a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on business within its subject matter jurisdiction outside of a noticed, agendized meeting



Serial Meetings



- A series of private meetings or “serial meetings” allow a majority to commit to a decision or engage in deliberation of public business is a violation of the open meeting requirement
- Beware of “daisy chain” contacts: A to B and B to C can lead to a collective concurrence
- Beware of “hub & spoke” contacts: one person is the hub who then feeds and receives information to and from other members



Serial Meetings in the Industrial Age

- In-Person: A series of individual meetings that lead to a collective concurrence violates the Brown Act. But, a minority can discuss a policy privately without violating the Brown Act
- Telephone: A series of individual telephone conversations that lead to a collective concurrence violates the Brown Act - physical presence of members is unnecessary to establish an informal meeting
- Letters: Similar to the telephone, a series of correspondence that lead to a collective concurrence violates the Brown Act



More Technology, More Problems



- The Internet and social media provide abundant opportunities for officials to post their unfiltered opinions, thoughts and general comments about city issues
- When these entries or articles are especially timely or controversial, they practically invite comments by interested residents and local officials
- No court has specifically ruled on the Internet or social media posts in regards to Brown Act requirements. However, the same serial meeting rules that apply to e-mail may likely apply to other digital and social online conduct such as texting, tweeting, liking, swiping, and commenting on stories and third party blogs and posts

Email

- A majority of members may not email each other to develop a collective concurrence as to action to be taken by the board. This applies to personal and work emails
- This is the case even if the e-mails are also sent to the secretary and chairperson of the agency, the e-mails are posted on the agency's Internet website, and a printed version of each e-mail is reported at the next public meeting of the board
- With the reply-all button so readily accessible, creating an “exchange of facts” is all too easy





Text Messages

- A series of cell phone text messages that lead to a collective concurrence violates the Brown Act
- Text messages sent to committee members during an open meeting are secretive because members of the public are not privy to the content of the text message
- If a group text message or a series of text messages include a majority of the board or committee members and relate to the deliberations at hand, then the board or committee has violated the Brown Act



Open Meeting Issues

- The potential to inadvertently hold a “meeting” is concerning
- Meetings must be open to the public, in a public location, with no restrictions on who may attend and where open discussion is allowed
- Fair notice must be given to the public of what will be discussed at a public meeting so the individual citizen can make an informed decision on whether or not he or she wants to attend that particular meeting
- With so much access to digital and social media, platforms that are significantly more open, transparent and accessible than city hall, it is ironic that such communication may be a violation



- Yet, the potential Brown Act pitfalls are real
- Local officials should be wary of commenting on any other official's social media content to avoid unintentionally creating a serial meeting
- Not all social media discussions are public and not everyone may be heard either. Posting their own comment may be safest, but liking, retweeting, and commentating on other official's sites and posts may be a violation of the Brown Act

Legal Challenges, Remedies, and Penalties

- Request to Cure
- Criminal Charges
- Civil Action by private party **or** District Attorney
- Invalidation
- Costs and Attorney's Fees

(Ca. Gov. Code sections 54959, 54960, 54960.1)

Questions?



Meeting Date: April 3, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room
915 I Street

www.CityofSacramento.org

Title: Amendment to the Defined Contribution Plans Bylaws

Location: Citywide

Recommendation: Pass a motion recommending the Defined Contribution Plans Bylaws be amended to require committee members be a participant with an account balance in one of the City's defined contribution plans.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

1-Description/Analysis

2-Defined Contribution Plans Bylaws (redline)

Description/Analysis

The Defined Contribution Plans Committee was established on July 31, 2018, by City Council Resolution 2018-0304. The governing documents of the committee include the Committee Bylaws, Investment Policy Statement, and Fee and Expense Policy Statement.

At the March 14, 2019, Defined Contribution Plans Committee meeting, committee members discussed that the bylaws should be amended to state that Committee members must be participants on one of the City's defined contribution plans with an account balance. Article Seven of the bylaws states: "Amendments to the Bylaws proposed by Committee members must be prepared in writing and submitted for consideration at a regularly noticed meeting of the Committee. Upon approval of the proposed amendment(s), the City's Human Resources Director shall recommend to the City Council the adoption of the amendment(s)."

Staff concurs members of the Committee should be participants of at least one of the City's defined contribution plans. Upon recommendation by the Committee that the bylaws should be amended, staff will work with the Director of Human Resources and the City Attorney's Office to take the amended bylaws to City Council for approval.

CITY OF SACRAMENTO

DEFINED CONTRIBUTION PLANS COMMITTEE

COMMITTEE BYLAWS

Committee Mission Statement

It is the mission of the Committee to fulfill its responsibilities with respect to the Plans solely in the interest of the participants and beneficiaries. The Committee members are to perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Article One: Purpose

These Bylaws, as approved by City Council Resolution No. _____, set forth the rights, powers, responsibilities, and obligations of the Defined Contribution Plans Committee (the "Committee") for the City of Sacramento's 457 Deferred Compensation Plan, 401 (a) Defined Contribution Plans, and Health Reimbursement Accounts ("HRA").

Article Two: Roles and Responsibilities

The Committee has been delegated the responsibilities outlined below consistent with, and in accordance with, the terms as outlined in the respective Plan Documents.

The responsibilities of the Committee shall be:

- Develop an Investment Policy Statement for the Plans, and recommend approval of that statement by the City Council;
- Annual review of the Investment Policy Statement for the Plans, including an assessment of the available asset classes;
- Annual review of the Fee and Expense Policy Statement for the Plans;
- Annual review of Summary Plan Descriptions;
- Selection of investments options, monitoring of the performance of investments options; and termination, replacement and addition of investment options offered under the Plans;
- Evaluation and voting of prescribed investment option proxies as required;
- Evaluation, recommendation, and monitoring of third parties that provide services to the Plans;
- Review of potential amendments to the Plans, and make recommendations to the City Council;
- Ensure the service provider(s) to the Plans are providing appropriate education and

- other services to plan participants;
- Stay apprised of industry standards and best practices to discharge their functions as Committee members; and
- Maintain all necessary records for the administration of the Plans.

Article Three: Membership

The Committee will be comprised of representatives from each of the following groups:

1. City Manager or his/her designee;
2. City Treasurer or his/her designee;
3. Director of Human Resources or his/her designee;
4. Representative on behalf of Exempt employees;
5. Representative on behalf of non-Exempt employees;
6. Representative on behalf of Public Safety employees;
7. Representative on behalf of City Retirees who is a current member of the Sacramento Retired City Employees Association (SRCEA).

All Primary members and Alternate members must be a participant with an account balance in one of the City's defined contribution plans.

Each group shall select one person to serve as Primary member and one person to serve as Alternate member. Each group shall determine how long each representative shall serve and how often each representative shall be replaced, except as described in these Bylaws.

A Primary member is expected to attend all meetings and is afforded one vote. An Alternate member may attend and participate in all meetings, but an Alternate member may not vote when the Primary member is present. An Alternate member may not attend a closed session when the Primary member is present. Alternate members shall have all the rights and obligations of Primary members and shall receive and review the same materials that the Primary members receive and review.

The Primary member, or the Alternate member if the Primary member is not in attendance, may attend Committee meetings during their regular work hours without using leave balances.

The officers shall include a Chairperson and Vice-Chairperson elected from among Primary members during the first scheduled meeting of the calendar year.

The Chairperson shall:

1. Preside at the Committee meeting;
2. Preserve order and decorum in the meeting;
3. Observe and enforce all rules adopted by the Committee; and
4. Sign all documents adopted by the Committee and such other documents whose execution requires a signature on behalf of the Committee.

The Vice-Chairperson shall serve as the interim Chairperson in the absence of the Chairperson.

The Director of Human Resources will provide a City employee who shall keep and distribute the Plan's records and Committee meeting minutes.

Subcommittees: The Committee may form subcommittees and/or advisory committees to review and research particular matters and make recommendations to the Committee for decision.

Article Four: Meetings and Committee Actions

Meetings: The Committee shall have regular meetings quarterly, and/or as called by the Chairperson. Any scheduled meeting may be cancelled or rescheduled.

- a. The Committee may invite various service providers, staff members, consultants, or guests as desired.
- b. All meetings and Committee action shall be called, noticed, held, conducted, and documented in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950 et seq.). All Primary and Alternate members shall participate in Brown Act training provided by the City.
- c. Any Committee member wishing to place an item on the agenda for a meeting must submit the item to the Chairperson at least five (5) calendar days prior to the publication of the agenda.
- d. The agenda of each regular meeting will be posted in accordance with City policy.
- e. The Order of Business shall be at the discretion of the Chairperson, but will include calling the meeting to order, approval of meeting minutes, consideration of Agenda items, and meeting adjournment.
- f. A majority of the Committee members or their designated Alternate shall constitute a quorum. An affirmative vote by a simple majority of the members who are present is required to approve a resolution or a motion. A tie vote will fail to carry a resolution or a motion.
- g. Minutes of each meeting shall be taken, and a draft copy of the minutes shall be distributed to members of the Committee by the Director of Human Resources or his/her designee within ten (10) calendar days after the date of each meeting. Meeting minutes shall be retained in accordance with the City's Records Retention policy.

- h. The limit for public comments will be one (1) minute per individual, unless the Chairperson elects to extend or shorten the time for any meeting.

Attendance Requirements: Primary members are expected to attend all Committee meetings. If a Primary member misses three consecutive Committee meetings, that member's attendance will be reviewed, and the Committee may petition the individual, group or groups responsible for selection of that member for a replacement.

Member Misconduct: A Committee member may be removed from the Committee upon a vote of five (5) members of the Committee at a regularly noticed meeting at which such removal is shown on the agenda if the member's conduct is determined to be detrimental to the mission of the Committee and/or the Plans.

Allocation and Delegation of Responsibility: The Committee may review and research particular matters and make recommendations to the Committee for decision.

Relationship to Other Entities: The Committee shall keep the City Council apprised of Committee activities with respect to the Plans; make recommendations to the City Council regarding amendments to the Plans; make recommendations to the City Council regarding suggested changes to the trustee for a Plan; and advise and counsel the appropriate City Departments on policy issues related to the Plans.

Article Five: Expenditures and Expenses

Members will serve without compensation. The Committee must recommend approval for any expenditures paid from the Plans. Committee members may be reimbursed for all reasonable and proper expenses incurred in performing their duties as Committee members if authorized by the Committee and in accordance with City policy.

Article Six: Indemnification

The City of Sacramento shall indemnify, defend and hold harmless the members of the Committee ("Indemnitees") to the extent required by law, from and against any and all liabilities, demands, claims, losses, costs and expenses, including reasonable attorney's fees, arising out of, relating to, or resulting from any action, inaction or conduct as an Indemnitee; provided, however, that (i) the City of Sacramento shall have the sole discretion whether to indemnify, defend or hold harmless any Indemnitee if the Indemnitee's actions, inactions or conduct arise out of, relate to, or result from the Indemnitee's gross negligence, bad faith, willful misconduct, or a willful violation of law, including, without limitation, a breach of fiduciary duty; and (ii) an Indemnitee shall, within seventy-two (72) hours, notify the City Clerk and City Attorney of any litigation involving any of the Plans, shall cooperate in the defense of any such lawsuit, and shall give the City sole and exclusive authority to act on his or her behalf in the event of any such litigation or other claim or demand arising out of, relating to, or resulting from his or her action, inaction or conduct as an Indemnitee.

Article Seven: Amendment of Bylaws

Amendments to the Bylaws proposed by Committee members must be prepared in writing and submitted for consideration at a regularly noticed meeting of the Committee. Upon approval of the proposed amendment(s), the City's Human Resources Director shall recommend to the City Council the adoption of the amendment(s).



Meeting Date: April 3, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room

915 I Street

www.CityofSacramento.org

Title: Investment Advisory Consultant Services

Location: Citywide

Recommendation: Discuss and provide direction on 1) the scope of services, 2) the draft list of questions to bidders to include in the Request for Proposals, and 3) proposed process for review and rating of qualified bidders.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

1-Description/Analysis

2-Questions to include with Request for Proposals document

Description/Analysis

Issue Detail: The City currently contracts with Nationwide Retirement Solutions and ICMA-RC to administer the City's 401(a), 457(b), and Retiree Health Savings accounts. At the January 9, 2019, Committee meeting, a motion was passed directing staff to draft a Request for Proposals (RFP) for the services of an investment advisory consultant for the City's defined contribution plans. At the April 3, 2019, meeting, the Committee formed an ad-hoc committee to work on the scope of services for the RFP.

The ad-hoc committee met on March 26, 2019 and reviewed the draft scope of services and discussed including questions within the RFP for response by bidders. The draft questions are included as Attachment 2 and also include possible questions to ask during interviews of responsive bidders.

Staff recommends the Committee review and provide direction on the proposed scope of services, the draft questions to include in the RFP, and the method by which the Committee will review and examine responsive bidders to the RFP. Examples of the type of discussion for the Committee to have surrounding the RFP process include: 1) should review and rating of the bids be done by all Committee members or 2) should the Committee form an ad-hoc committee to complete the review and bring forth recommendations to the entire Committee.

The following is the proposed scope of services:

1. Provide advice regarding plan design and compliance with applicable federal and state laws.
2. Conduct analyses and make recommendations with regard to investment plan performance, participant costs, plan/investment management, fund selection, plan design, and the format and content of information submitted by service providers.
3. Monitor fund performance and recommend changes to the portfolio of funds within the plans.
4. Negotiate fees with service providers and recommend opportunities to negotiate fees with fund managers.
5. Monitor and report on the performance of plan service providers in accordance with contractual terms and industry best practices.
6. Review DCPC governing documents and recommend revisions.
7. Assist with the preparation of documents for the procurement of third-party services.
8. Provide regulatory and technical guidance.
9. Provide information and advice on proposed legislation and regulations that could affect the plans and participants.
10. Recommend relevant education and training sources and materials for the DCPC and participants.
11. Recommend marketing and other strategies to increase the number of participants and the amount under investment.
12. Prepare and present information to the Defined Contribution Plans Committee (DCPC) at quarterly meetings.
13. Prepare an annual report for the City Council.

Policy Considerations: In accordance with City policy AP-4102, a Request for Proposals is required for the City to obtain the services of an Investment Advisory Consultant.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: In accordance with City policy AP-4102, a Request for Proposals is required for the City to obtain the services of an Investment Advisory Consultant.

Financial Considerations: The cost for a consultant is to be funded by 401(a) and 457(b) plan participants via an administrative allowance account.

Local Business Enterprise (LBE): None.

Questions to Include in RFP

1. Provide a list of your 10 largest local government clients in terms of total dollars invested as of 12/31/18. For each client, list the following:
 - a. How long you have been under contract with the client;
 - b. Which company is the record-keeper;
 - c. Which products (e.g., 457, 401a, 401k, IRA, RHSA, etc.) are offered to their employees;
 - d. Whether each product is offered on a mandatory, voluntary, or combination basis;
 - e. Total dollars invested for each product as of 12/31/18;
 - f. Number of participants who are invested in each product, as well as the total number of unique participants, as of 12/31/18; and
 - g. Whether the products have been growing in terms of number of participants and average dollar amount invested, and whether the amounts invested and transferred in exceed the amounts withdrawn and transferred out.
2. Answer the same questions as in item 1 above, except use the list of your 5 largest local government clients that use Nationwide as their record-keeper.
3. According to the National Institute on Retirement Security, two-thirds of Millennials have nothing saved for retirement. How can we encourage and/or incentivize our Millennial employees to participate in our defined contribution plans?
4. Provide examples of the most impactful advice you have given to your clients. What prevented your client from taking the action described in your advice before your advice was given?
5. Based on what you have learned about the City of Sacramento's defined contribution plans, what do you believe is the greatest opportunity for a) reducing participant expenses; b) increasing the percentage of employees who contribute; c) increasing the dollar amount contributed by employees; and d) reducing the number of transfers out by participants who longer work here?
6. How do you measure the quality of the advice you provide to your clients? For example, if you recommend that a client switch out a fund, do you look back one and three years later and report to the client whether the switch was successful in reduced fees and increased earnings? Provide copies of several reports back to your clients that analyze the results of your advice. Or, if you have not created any such reports, describe how we will evaluate the extent and quality of your services and advice?
7. Attachment A *[to be created]* is a list of the 20 funds that have the highest dollar amount invested by City of Sacramento participants combined across all products. Would you recommend the replacement of any of these funds? Why or why not?

8. In your experience, what are the greatest challenges facing a new oversight committee like the one that was just formed at the City of Sacramento? What are the greatest challenges facing a long-standing oversight committee? What recommendations would you provide to reduce those challenges?
9. In your experience, what are the greatest challenges facing a plan administrator that has chosen not to hire an investment advisory firm like yours?
10. What should be the focus of the City's oversight committee in terms of obtaining the best value from Nationwide for our participants: keeping fund expenses low; increasing the number of active participants; increasing the amount of money invested; increasing the number of investment options for participants; reducing the amount of money withdrawn; increasing the educational offerings available to participants; or something else?
11. Provide a list of the five most innovative recommendations you have submitted to your clients over the last five years; describe how the recommendations were received; explain whether the recommendations were accepted and why or why not; and describe what happened since making the recommendations regardless of whether they were implemented.
12. What are the three most important characteristics that differentiate your firm from all the other firms that we could hire?

Interview Questions for Responsive Bidders

1. Given how few record-keepers there are working in the public sector and how often you interact with them during client meetings and at conferences, how are you able to maintain your independence and be able to provide your clients with necessary criticism of record-keepers?
2. Over the last five years, what percent of your clients have you lost? What were their reasons?
3. When working with an oversight committee, do you require that all communications be directed through the primary client contact or do you encourage communications with committee members?
4. In your experience, what percent of the funds in a client's lineup are changed each calendar year as a result of poor results and/or high fees? Do you find that clients are reluctant to make changes to funds to avoid disruption to their participants, and does this result in lower earnings for their participants?

5. Should we continue to offer a limited number of investment opportunities to our current and former employees (exclusive of brokerage accounts), or should we seek to provide the largest number of opportunities? In other words, what's the benefit of a small list, and what's the harm of a large list?
6. During the term of our contract, will we have to ask you whether you can lower your fees and/or provide additional services for the same cost, or will you let us know when you are willing to take these actions? Do you have "most favored nations" clauses in your existing contracts with local government clients, and how often have you had to implement the clause for your local government clients?

DRAFT



Meeting Date: April 3, 2019

Report Type: Informational

Defined Contribution Plans Committee

Historic City Hall, Hearing Room

915 I Street

www.CityofSacramento.org

Title: Presentation from Nationwide Retirement Solutions on 457(b) 2018 Plan Performance, Customer Satisfaction Survey, and Performance Guarantees

Location: Citywide

Recommendation: Review and comment.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

- 1-Description/Analysis
- 2-Nationwide 457(b) Plan Review as of December 31, 2018
- 3-Nationwide 457(b) Retirement Plan Research
- 4-457(b) Scope of Services

Description/Analysis

Issue Detail: Nationwide Retirement Solutions is the provider of the City's 401(a) and 457(b) plans. It is customary for plan providers to present plan information to a plan advisory committee. Representatives from Nationwide will present information on the plan performance for the period ending December 31, 2018, results of their customer satisfaction survey, and review of the performance guarantees in the 457(b) Plan Scope of Services.

The performance guarantees outlined in the 457(b) Plan Scope of Services are applied to both the 401(a) plans and the 457(b). The transition of the City's 401(a) and 457(b) plans from ICMA-RC to Nationwide began in December 2016. Since the transition is complete and it is now two years later, staff and Nationwide believe the performance guarantees and individual meeting metrics should be re-evaluated at this time. Nationwide will propose during the meeting their recommendations for revisions to the performance guarantees.

Policy Considerations: None.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: Defined contribution plan providers should be keeping the Committee informed of plan information and responding to informational requests from the Committee.

Financial Considerations: None.

Local Business Enterprise (LBE): None.



Gauging Success

PLAN REVIEW
Sacramento 457, CA

As of December 31, 2018



WELCOME

Our goal is to help you objectively evaluate your plan's performance and how it performed against other plans like yours. Since Nationwide Retirement Solutions is one of the largest 457 providers in the industry we are in the unique position of being able to compare your plan to many others.

By comparing the current year information to previous years, you can see how your plan is performing, where your educational efforts are working, and what areas offer opportunities for additional improvement.

The "Peer Group" comparisons used in this report are based on NRS cases, within your state, with assets of:

\$100 million - \$1 billion

Table of Contents

3	Executive Summary
4	Plan Participation
5	Plan Assets
6	Plan Contributions
7-8	Summary
9-21	Appendix

Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA. The information they provide is for educational purposes only and is not legal, tax or investment advice.

Nationwide, the Nationwide N and Eagle, and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company.

Nationwide Retirement Solutions, Inc. and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties, the International Association of Fire Fighters-Financial Corporation and the National Association of Police Organizations. More information about the endorsement relationships may be found online at www.nrsforu.com.

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EXECUTIVE SUMMARY

Plan Contribution Limits for 2018

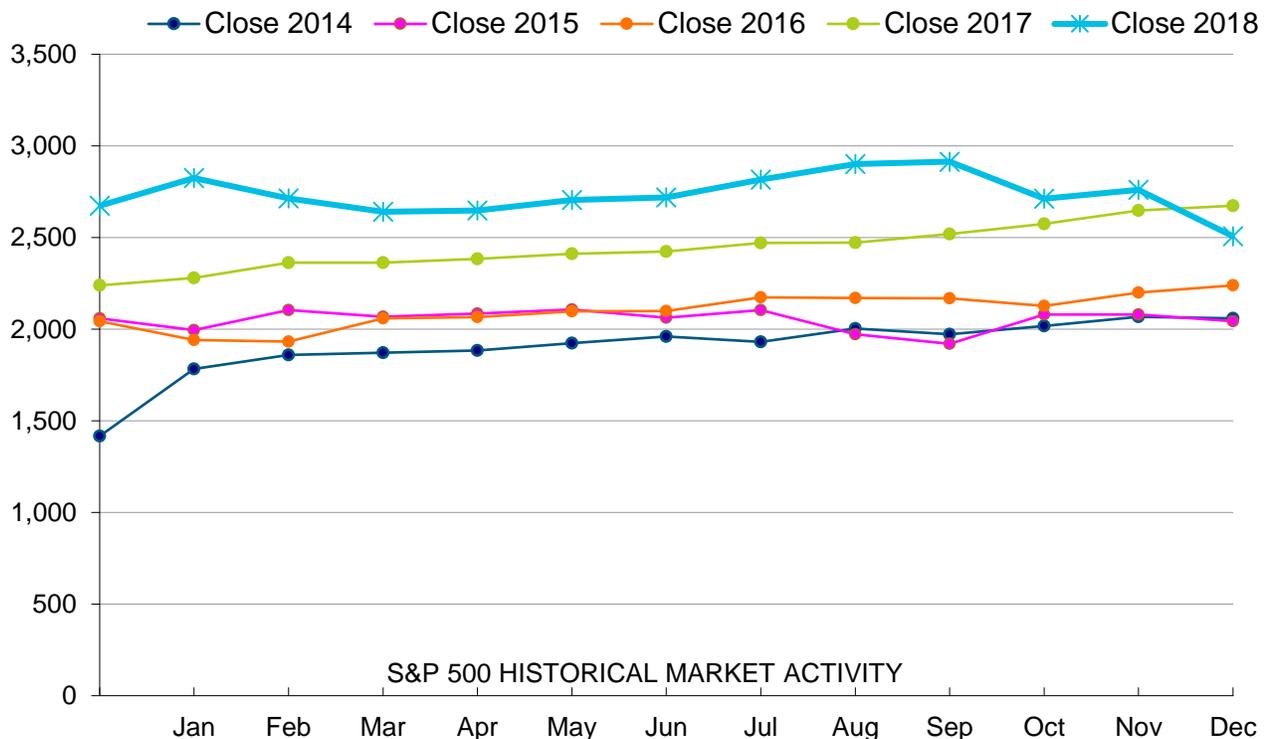
Regular Limit:	\$18,500
50+ Catch-Up:	\$24,500
3-Year Catch-Up:	\$37,000

Quick Plan Facts

	Actual as of 12/31/18	% Chng from 1 year ago
Total Participant Count	4,471	4.0%
Total New Enrollments YTD Count	366	-47.9%
Total Plan Assets (millions)	\$365.61	-5.5%
Total Deferrals YTD (millions)	\$16.59	13.0%
Total Rollovers-In YTD (millions)	\$1.90	-59.1%
ProAccount Assets (millions)	\$84.50	19.3%
ProAccount Participant Count	1,332	24.5%

Market Activity

S&P 500 CHANGE YTD: -6.2%



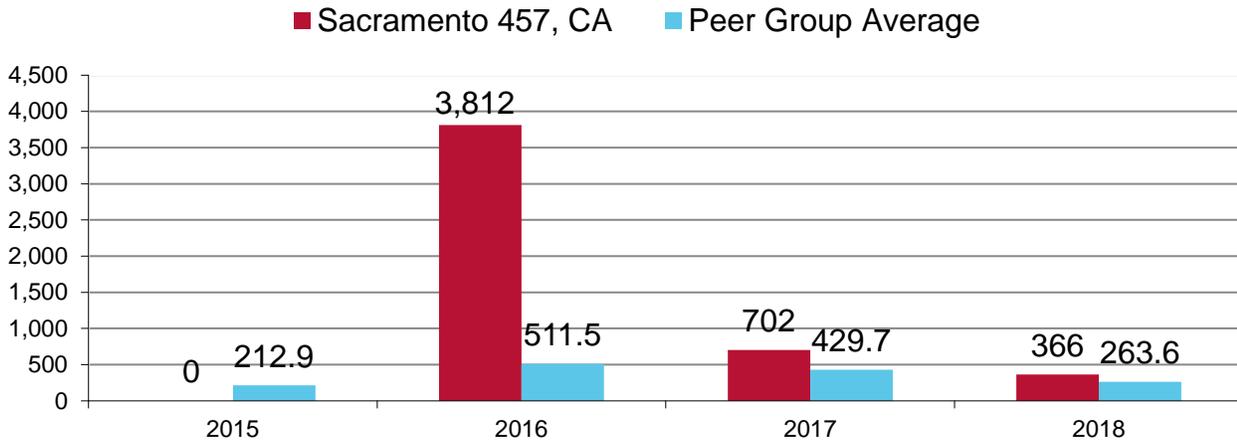
The 500 companies included in this index are selected by the S&P Index committee; a few of the mitigating factors are market size, industry representation and liquidity. This index is designed to be an overall indication of the United States stock market. The 500 securities represent approximately 75% of the total market value of all U.S. stocks.

PLAN PARTICIPATION

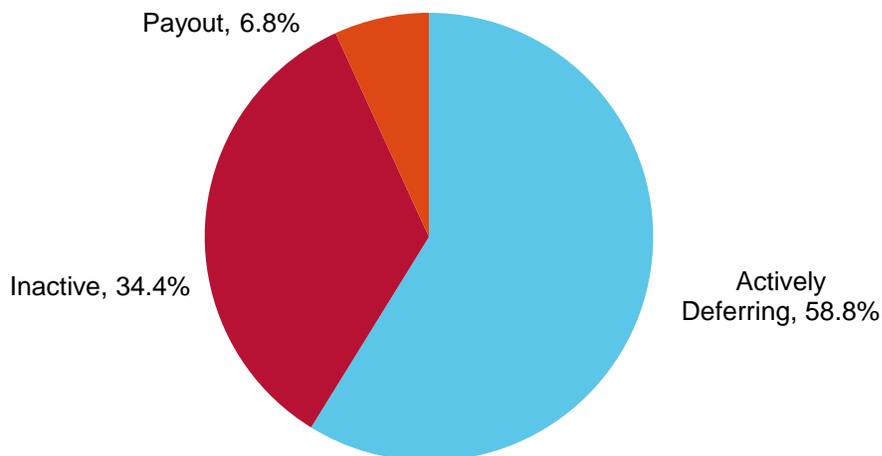
Participant Status	12/31/15	12/31/16	12/31/17	12/31/18	% Chng from 1 year ago
# of Participants Actively Deferring	0	2,399	2,532	2,629	3.8%
# of Inactive Participants*	0	1,412	1,538	1,536	-0.1%
# of Participants in Payout	0	1	230	306	33.0%
Total Participants	0	3,812	4,300	4,471	4.0%

* Inactive participants are those with a balance, not deferring and not in payout

New Participant Count



Total Participants as of 12/31/18

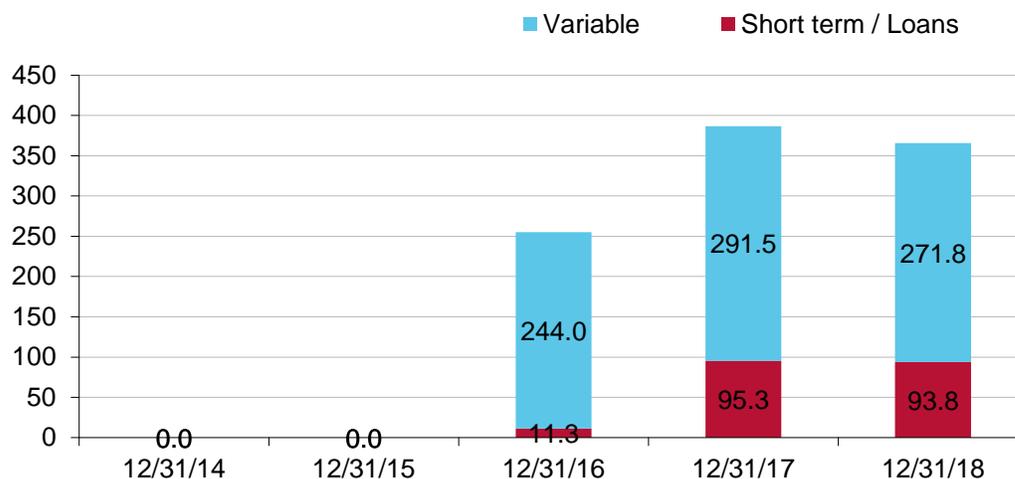


PLAN ASSETS

Total Plan Assets (Millions)

12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	% Chng from 1 year ago
\$0.0	\$0.0	\$255.3	\$386.8	\$365.6	-5.5%

Plan Assets Summary (Millions)



Plan Assets by Investment Class (Millions)

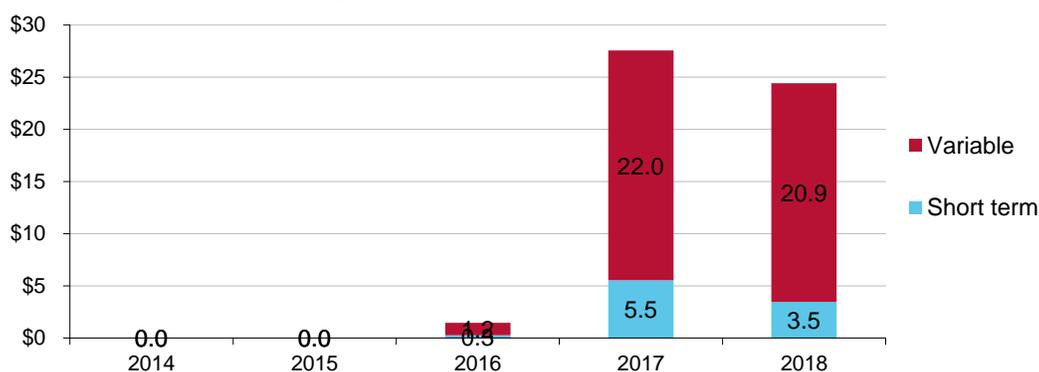
Investment Class	12/31/16	12/31/17	12/31/18	% of Total
Asset Allocation	\$63.42	\$57.30	\$50.82	13.9%
International	\$14.42	\$34.12	\$33.30	9.1%
Small Cap	\$15.92	\$20.10	\$19.74	5.4%
Mid Cap	\$23.30	\$29.89	\$28.82	7.9%
Large Cap	\$103.92	\$116.60	\$104.04	28.5%
Balanced	\$0.00	\$0.00	\$0.00	0.0%
Bonds	\$13.93	\$25.12	\$28.20	7.7%
Short term	\$4.05	\$88.40	\$87.40	23.9%
SDO	\$2.08	\$0.95	\$1.17	0.3%
Specialty	\$7.01	\$7.42	\$5.72	1.6%
Loan	\$7.27	\$6.90	\$6.40	1.8%
Total	\$255.31	\$386.80	\$365.61	100.0%

PLAN CONTRIBUTIONS

Total Contributions by Year (Millions)

	2014	2015	2016	2017	2018	% Chng from 1 year ago
Deferrals	\$0.0	\$0.0	\$1.0	\$14.7	\$16.6	13.0%
Rollovers-In	\$0.0	\$0.0	\$0.1	\$4.6	\$1.9	-59.1%
Other	\$0.0	\$0.0	\$0.3	\$8.2	\$5.9	-27.9%
Total	\$0.0	\$0.0	\$1.4	\$27.6	\$24.4	-11.4%

Plan Contributions Summary (Millions)



Plan Contributions by Investment Class (Thousands)

Investment Class	2016	2017	2018	% Total
Asset Allocation	\$480.94	\$6,527.26	\$5,850.42	24.0%
International	\$89.25	\$2,610.22	\$3,419.60	14.0%
Small Cap	\$64.60	\$1,307.64	\$1,391.66	5.7%
Mid Cap	\$97.74	\$2,525.64	\$2,235.41	9.2%
Large Cap	\$338.83	\$6,674.88	\$6,068.88	24.8%
Balanced	\$0.00	\$0.00	\$0.00	0.0%
Bonds	\$55.66	\$1,649.67	\$1,561.91	6.4%
Short term	\$281.62	\$5,540.56	\$3,482.07	14.3%
SDO	\$0.00	\$0.00	\$0.00	0.0%
Specialty	\$36.30	\$724.31	\$414.41	1.7%
Loan	\$0.00	\$0.00	\$0.00	0.0%
Total	\$1,444.94	\$27,560.18	\$24,424.37	100.0%

IN SUMMARY

This report contains valuable information and insights about your plan. Now it is time to take action! Here are some suggestions to get you started:

1. Identify your top three areas of focus.
2. Consider which of the following suggestions would work best for your plan:

- Educational Workshops for your employees
- Additional 1-on-1 meetings with your Representative
- Benefit Fairs
- Open Enrollment
- Employer communication options
(e.g. emails, staff meetings...)
- Other _____

3. Discuss your plan with your Nationwide Representative.

We look forward to working with you to bring even greater value to your employees through deferred compensation.

YOUR PROVEN PARTNER

When you're one of the leaders in the industry, you're called to a higher standard. Nationwide's position as an industry leader stems from nearly 40 years in service to public sector retirement plan administrators like you.

Over the years, we have maintained our industry leadership position by being one of the top providers of record-keeping, sales and marketing services to public sector retirement plans in terms of number of clients served and range of assets under management. Here's why:

- Our average client tenure is 19 years
- We partner with more than 7,700 clients * and have a 99% plan retention rate
- We provide education and service to more than 1.7 million participants *
- We manage over \$89 billion in assets *
- We have been featured in the top 10 most trusted companies for privacy by TRUSTe and Ponemon Institute *for the past nine years.*
- We offer recordkeeping, administration and investment products for:
 - 457(b) Deferred compensation plans serving city, county, special district and state employees
 - 401(a) and grandfathered 401(k) Defined employer-contribution plans serving city, county, special district and state employees
 - PEHP® Tax-free investment plan for post-employment health care expenses

Most importantly, *we are proud to serve you and your plan* through our representatives in the field and in our home office.

What does all this mean to you? Our tenure, our legacy, our service and our people make us uniquely qualified to handle your retirement plan needs. This **Gauging Success** report is just one of the ways that we work with you to understand both your needs as an administrator and your employees' needs for planning for their retirement.

*As of 12/31/18

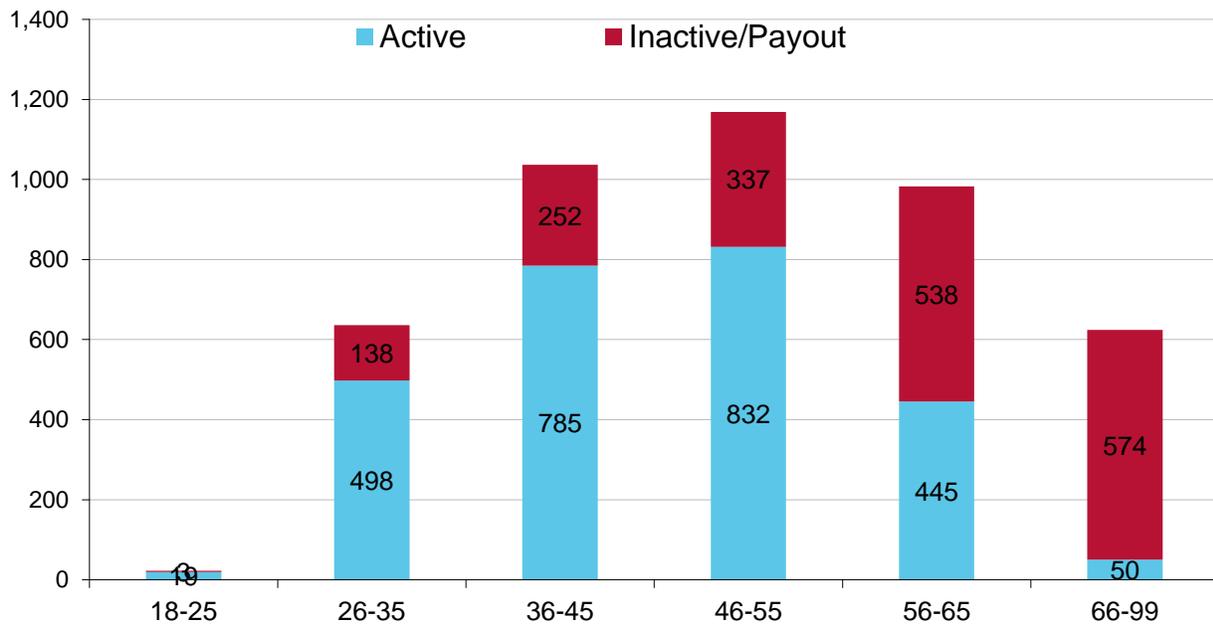
APPENDIX

PLAN PARTICIPATION

Participant Counts by Age as of 12/31/18

Age Group	Total Participant Count	Male Participant Count	Female Participant Count	Actively Def Participant Count	Inactive / Payout Count
18-25	22	19	3	19	3
26-35	636	501	135	498	138
36-45	1,037	740	297	785	252
46-55	1,169	825	344	832	337
56-65	983	656	327	445	538
66-99	624	414	210	50	574
Total	4,471	3,155	1,316	2,629	1,842

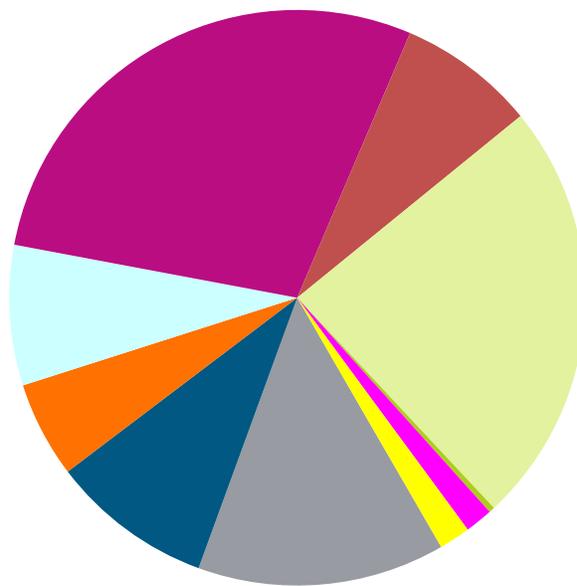
Participant Counts by Age as of 12/31/18



PLAN ASSETS

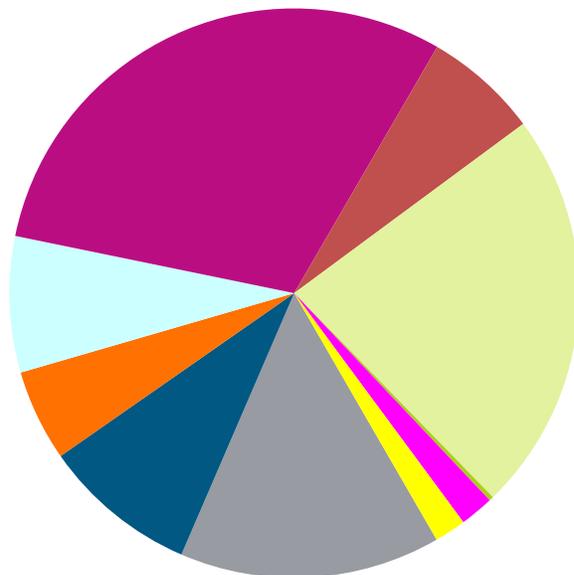
The use of asset allocation does not guarantee returns or insulate you from potential losses.

Sacramento 457, CA Asset Allocation as of 12/31/18



Asset Allocation	13.9%
International	9.1%
Small Cap	5.4%
Mid Cap	7.9%
Large Cap	28.5%
Balanced	0.0%
Bonds	7.7%
Short term	23.9%
SDO	0.3%
Specialty	1.6%
Loan	1.8%

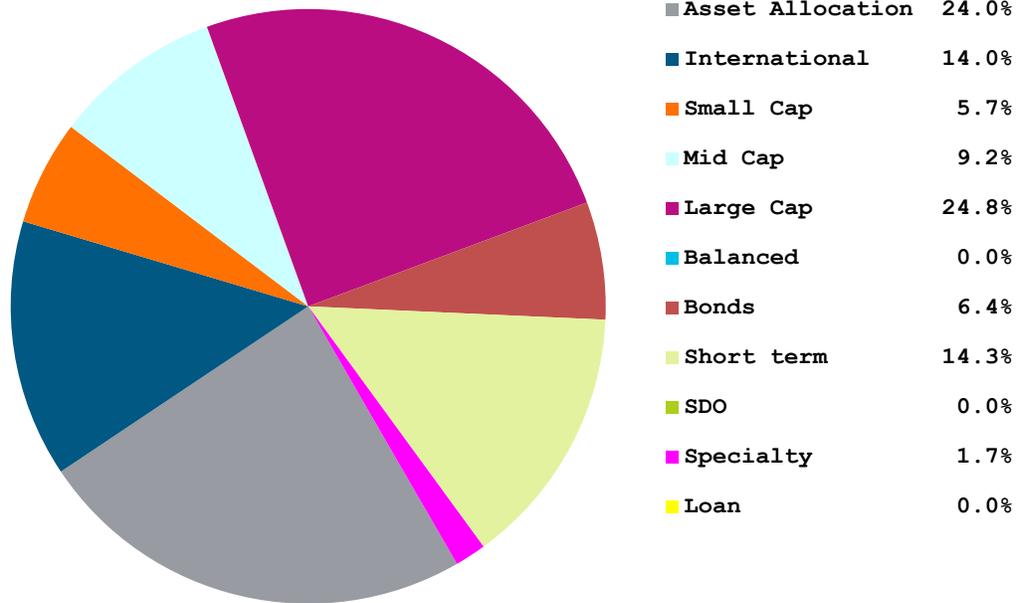
Sacramento 457, CA Asset Allocation as of 12/31/17



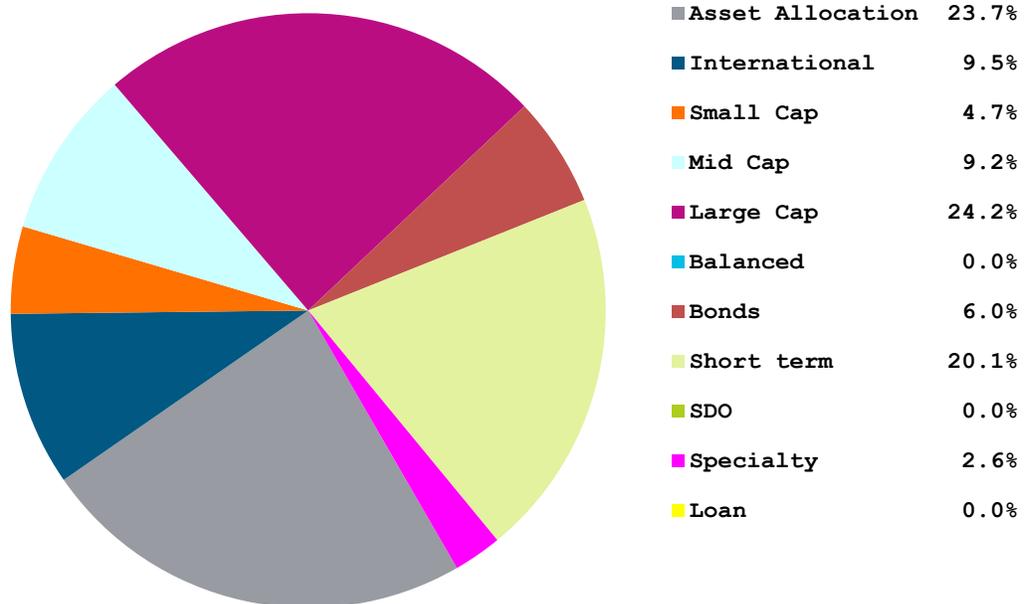
Asset Allocation	14.8%
International	8.8%
Small Cap	5.2%
Mid Cap	7.7%
Large Cap	30.1%
Balanced	0.0%
Bonds	6.5%
Short term	22.9%
SDO	0.2%
Specialty	1.9%
Loan	1.8%

PLAN CONTRIBUTIONS

Sacramento 457, CA Contribution Allocation 2018



Sacramento 457, CA Contribution Allocation 2017



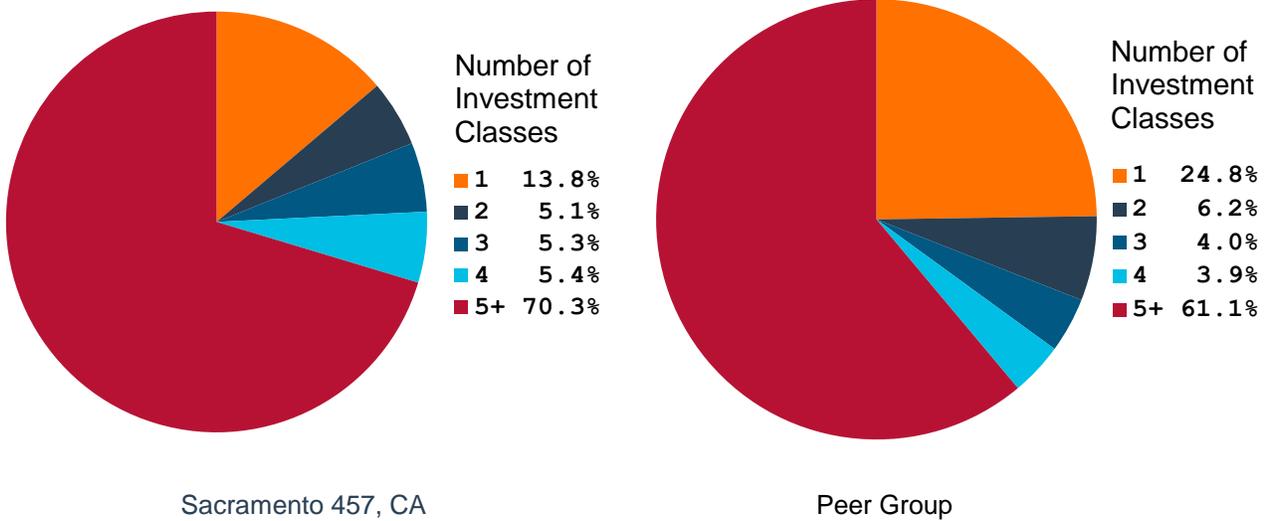
PEER COMPARISONS

Your Peer Group is NRS cases, within your state, with assets of \$100 million - \$1 billion. The peer group consists of 13 NRS cases.

	Sacramento 457, CA	Peer Group	Recommended
Average # of asset classes	4.8	3.9	5.0
Average annualized deferrals	\$5,848	\$5,894	
Average assets	\$81,773	\$68,810	

Asset Allocation Summary as of 12/31/18

percentage of participants by number of investment classes

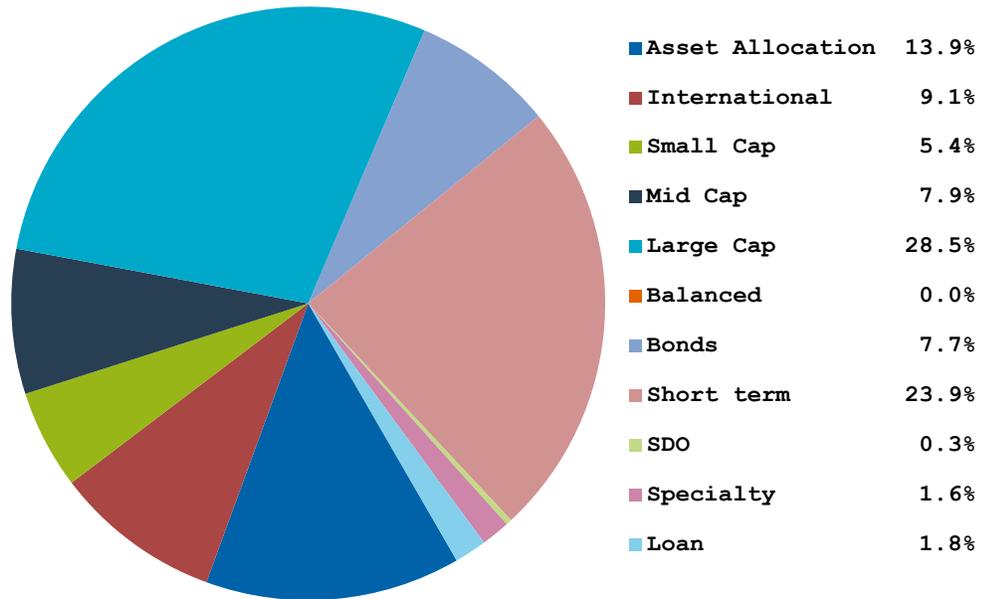


Average Account Balance and Annualized Deferrals by Age Group as of 12/31/18

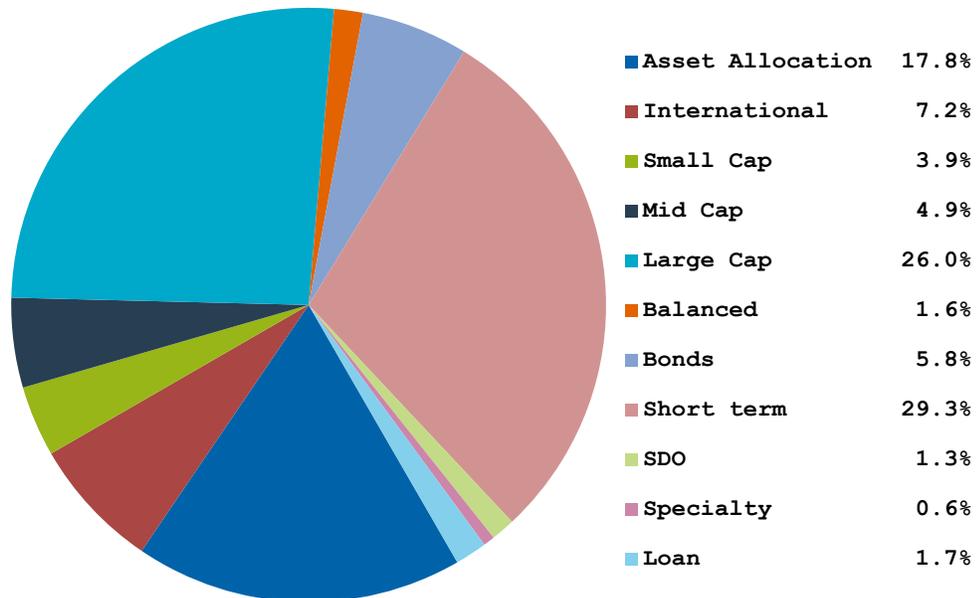
Age Group	Account Balance		Annualized Deferrals	
	Sacramento 457, CA	Peer Group	Sacramento 457, CA	Peer Group
18-25	\$7,033	\$4,569	\$2,215	\$2,629
26-35	\$7,948	\$10,541	\$3,970	\$3,721
36-45	\$46,426	\$34,014	\$5,625	\$4,820
46-55	\$102,403	\$71,314	\$6,686	\$6,443
56-65	\$121,339	\$103,124	\$6,816	\$8,092
66-99	\$117,414	\$116,406	\$6,875	\$10,046

PEER COMPARISONS

Sacramento 457, CA Asset Allocation as of 12/31/18

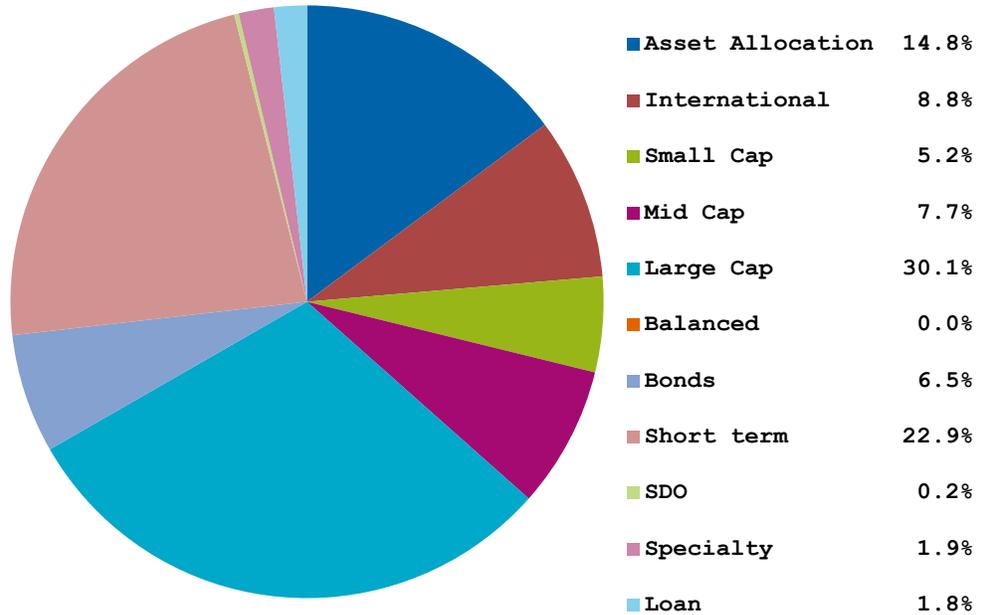


Peer Group Asset Allocation as of 12/31/18

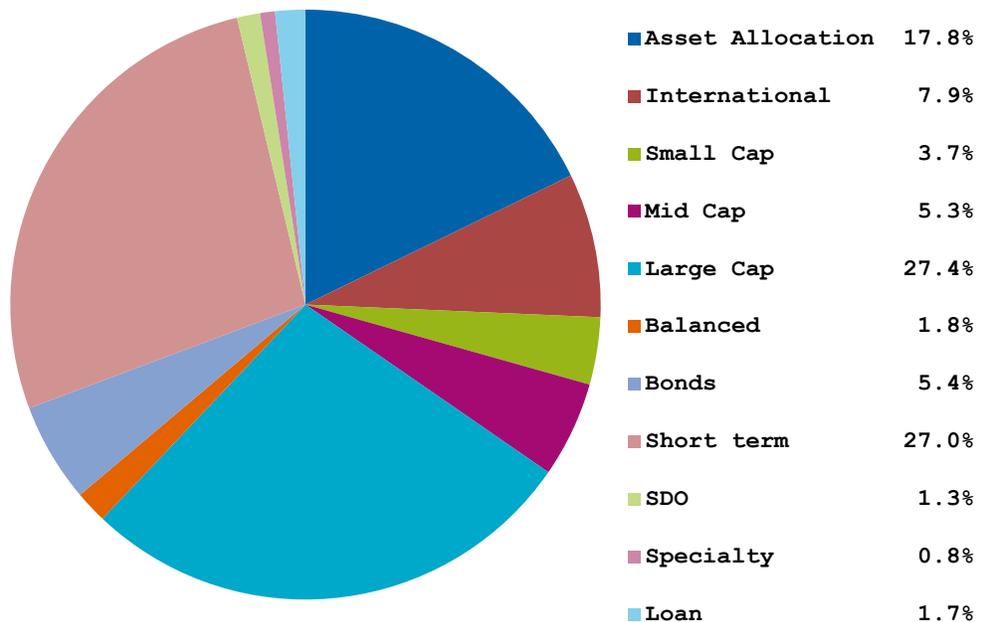


PEER COMPARISONS

Sacramento 457, CA Asset Allocation as of 12/31/17

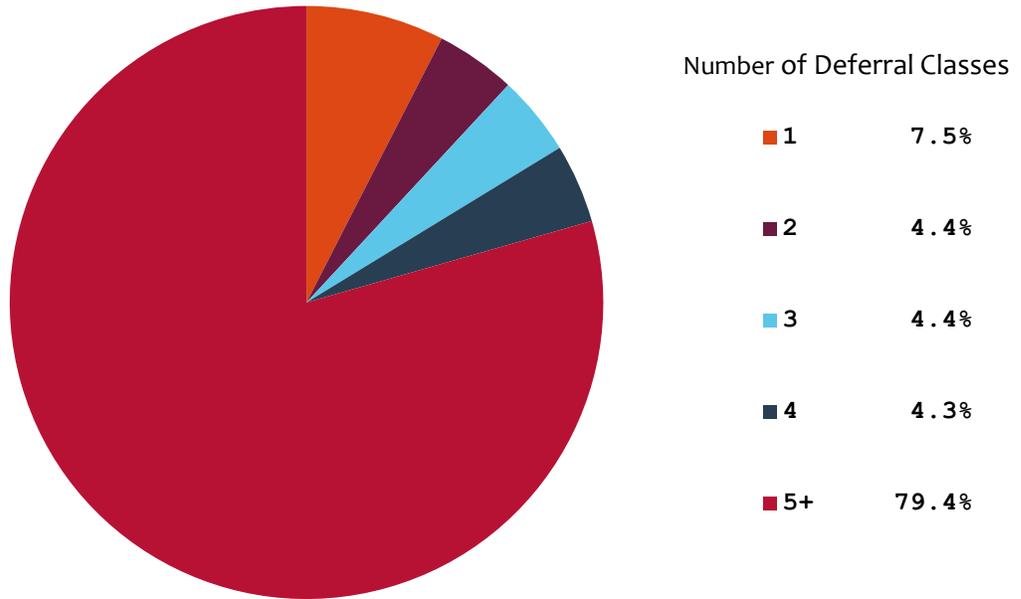


Peer Group Asset Allocation as of 12/31/17

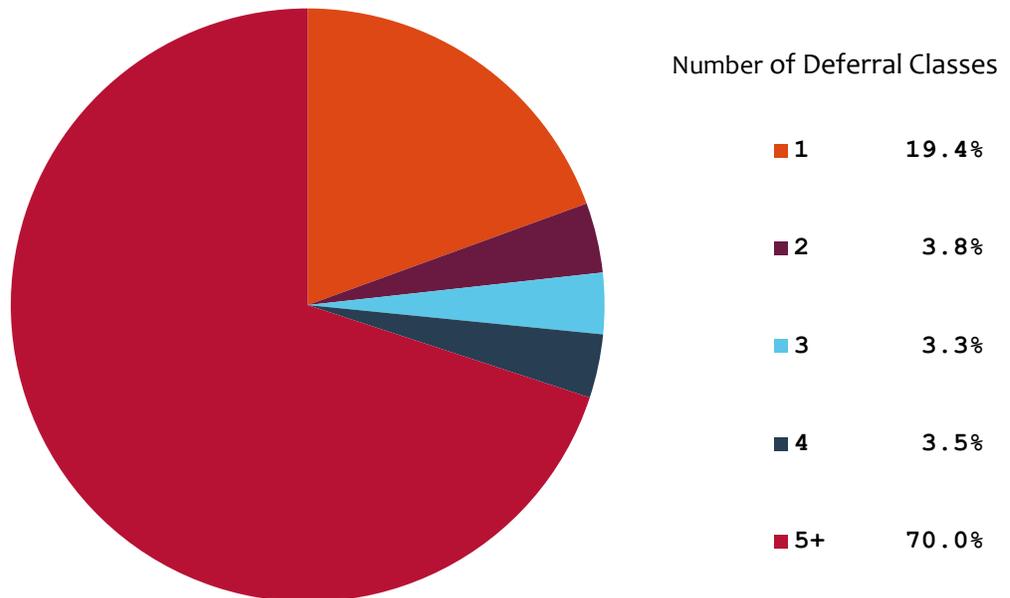


PEER COMPARISONS

Deferral allocation summary: percentage of participants by number of deferral investment classes
Sacramento 457, CA 2018

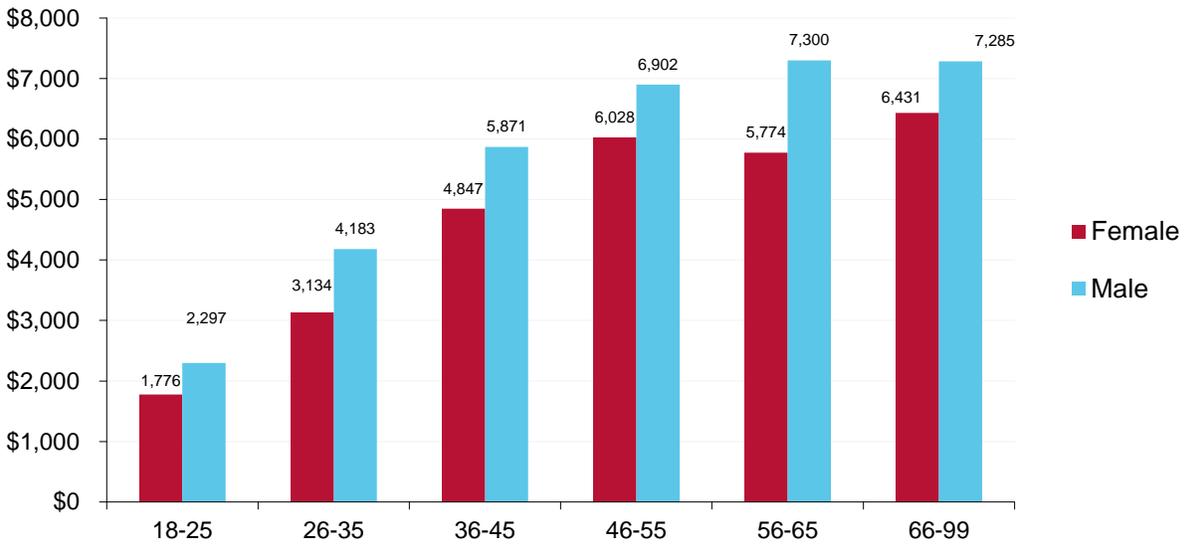


Peer Group 2018

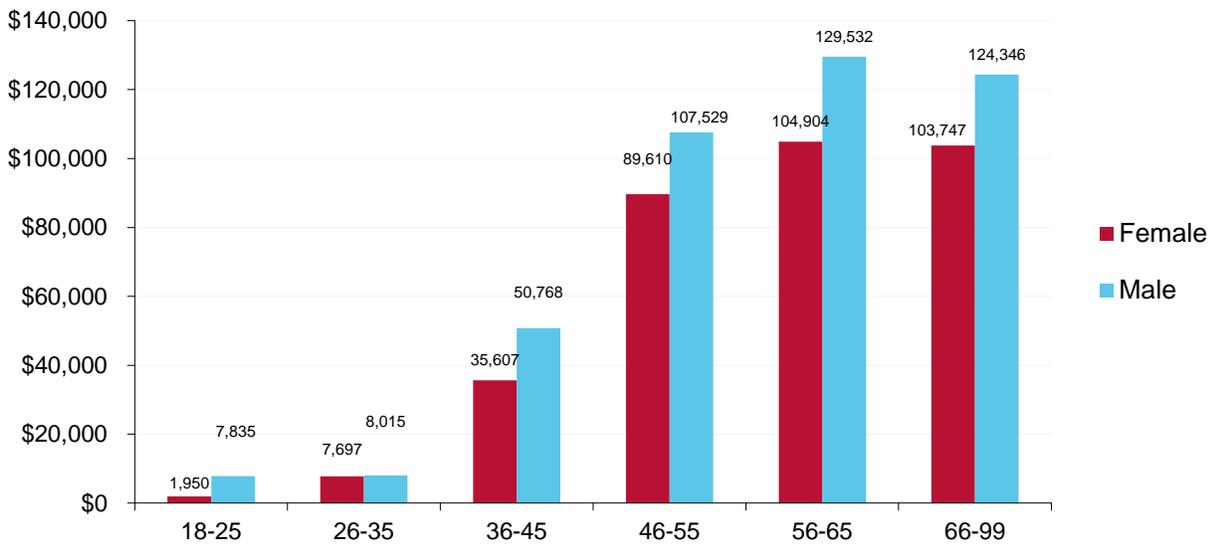


PARTICIPANT DEMOGRAPHICS

Male/Female Average Deferrals by Age

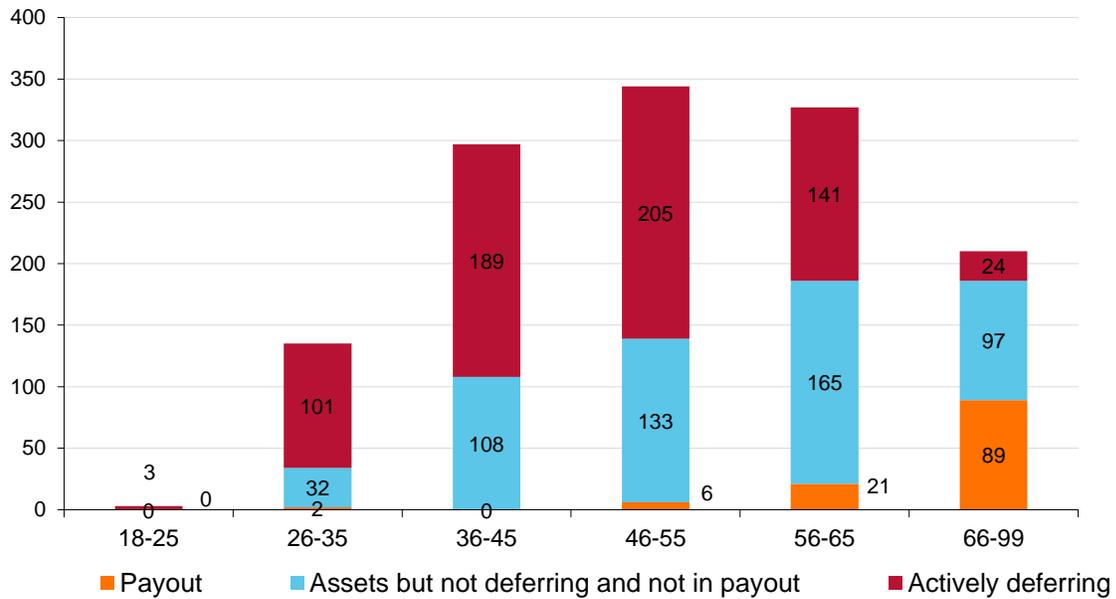


Male/Female Average Account Balance by Age as of 12/31/18

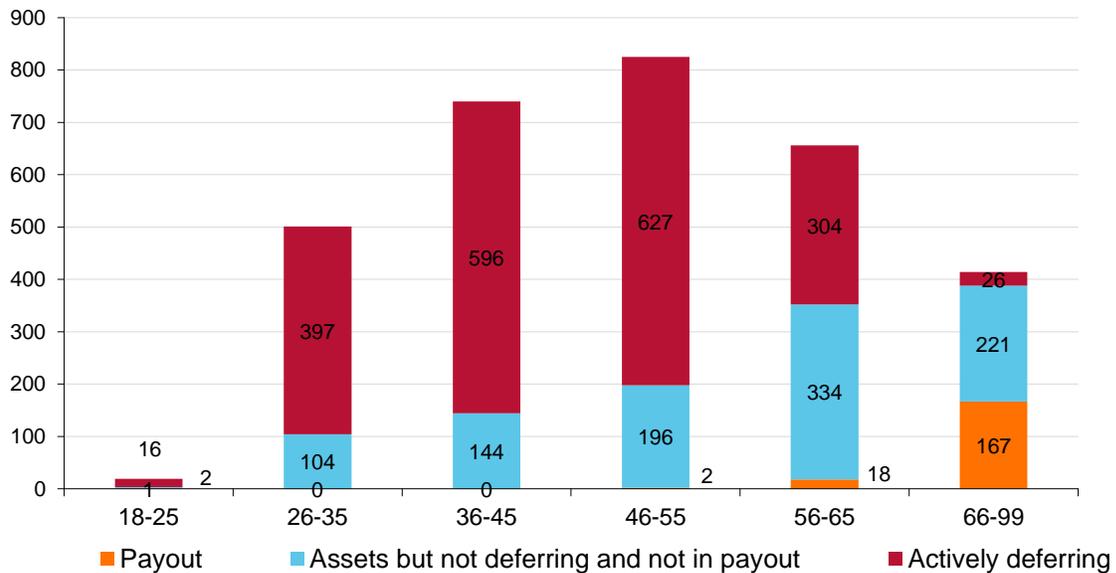


PARTICIPANT DEMOGRAPHICS

Female Participant Count by Age and Status as of 12/31/18



Male Participant Count by Age and Status as of 12/31/18



PLAN ASSETS

as of 12/31/18

Fund	Asset Value	% of Assets	Count / % of Participants	
Asset Allocation				
American Century Investments One Choice 2020 Portfolio - Class R6	7,497,604.15	2.1%	112	2.5%
American Century Investments One Choice 2025 Portfolio - Class R6	7,775,864.03	2.1%	151	3.4%
American Century Investments One Choice 2030 Portfolio - Class R6	10,660,446.59	2.9%	210	4.7%
American Century Investments One Choice 2035 Portfolio - Class R6	6,535,189.40	1.8%	194	4.3%
American Century Investments One Choice 2040 Portfolio - Class R6	6,197,353.28	1.7%	238	5.3%
American Century Investments One Choice 2045 Portfolio - Class R6	1,278,655.40	0.3%	190	4.2%
American Century Investments One Choice 2050 Portfolio - Class R6	806,679.99	0.2%	169	3.8%
American Century Investments One Choice 2055 Portfolio - Class R6	429,833.79	0.1%	114	2.5%
American Century Investments One Choice 2060 Portfolio - Class R6	331,027.02	0.1%	52	1.2%
American Century Investments One Choice In Retirement Portfolio - Class R6	9,132,060.81	2.5%	193	4.3%
BlackRock Global Allocation Fund - Institutional Class	173,640.16	0.0%	23	0.5%
Sub-Total Asset Allocation	50,818,354.62	13.9%		
Bonds				
Columbia High Yield Bond Fund Class R5	6,459,387.49	1.8%	1,500	33.5%
Goldman Sachs Global Income Fund - Institutional Class	315,319.29	0.1%	26	0.6%
PGIM Total Return Bond Fund - Class Z	16,858,779.67	4.6%	1,637	36.6%
PIMCO Income Fund: Institutional Class	4,561,617.25	1.2%	642	14.4%
Sub-Total Bonds	28,195,103.70	7.7%		
International				
iShares MSCI EAFE International Index Fund - Institutional Shares	10,613,278.54	2.9%	1,648	36.9%
Nationwide Baird International Equities Fund - R6 Class	1,495,743.69	0.4%	238	5.3%
Oppenheimer Developing Markets I	7,446,672.35	2.0%	1,457	32.6%
Oppenheimer International Growth I	13,747,055.41	3.8%	1,639	36.7%
Sub-Total International	33,302,749.99	9.1%		
Large Cap				
Fidelity Contrafund K6	41,457,107.51	11.3%	2,158	48.3%
Goldman Sachs Large Cap Growth Insights Fund - Institutional Class	14,493,968.15	4.0%	1,782	39.9%
MFS Value Fund - Class R6	19,119,627.80	5.2%	1,891	42.3%

Please consider the funds' investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Read the prospectus carefully before investing. Prospectuses may be obtained from your plan's website or by calling your plan's toll-free customer service phone number.

The use of diversification and asset allocation as part of an overall investment strategy does not assure a profit or protect against loss in a declining market.

Asset allocation funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the asset allocation fund itself, you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

PLAN ASSETS

as of 12/31/18

Fund	Asset Value	% of Assets	Count / % of Participants	
Vanguard 500 Index Fund - Admiral Shares	28,964,734.81	7.9%	2,062	46.1%
<u>Sub-Total Large Cap</u>	104,035,438.27	28.5%		
Loan				
Loan Outstanding Principal Balance	6,404,644.80	1.8%	593	13.3%
<u>Sub-Total Loan</u>	6,404,644.80	1.8%		
Mid Cap				
American Century Mid Cap Value Fund - Class R6	8,885,635.82	2.4%	1,655	37.0%
MFS Mid Cap Growth Fund - Class R6	13,465,796.02	3.7%	483	10.8%
Vanguard Mid-Cap Index Fund - Admiral Shares	6,467,053.86	1.8%	1,534	34.3%
<u>Sub-Total Mid Cap</u>	28,818,485.70	7.9%		
SDO				
Schwab Personal Choice Retirement Account	1,168,291.51	0.3%	22	0.5%
<u>Sub-Total SDO</u>	1,168,291.51	0.3%		
Short Term Investments				
Nationwide Fixed Fund	87,404,133.05	23.9%	2,505	56.0%
<u>Sub-Total Short Term Investments</u>	87,404,133.05	23.9%		
Small Cap				
JPMorgan Small Cap Equity R5	12,916,690.62	3.5%	1,849	41.4%
Oppenheimer Discovery Fund - Class I	4,791,288.87	1.3%	1,372	30.7%
Vanguard(R) Small-Cap Value Index Fund - Institutional Shares	2,032,506.57	0.6%	151	3.4%
<u>Sub-Total Small Cap</u>	19,740,486.06	5.4%		
Specialty				
TIAA-CREF Real Estate Securities Fund - Institutional Class	5,717,428.38	1.6%	1,635	36.6%
<u>Sub-Total Specialty</u>	5,717,428.38	1.6%		

Please consider the funds' investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Read the prospectus carefully before investing. Prospectuses may be obtained from your plan's website or by calling your plan's toll-free customer service phone number.

The use of diversification and asset allocation as part of an overall investment strategy does not assure a profit or protect against loss in a declining market.

Asset allocation funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the asset allocation fund itself, you are indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

PLAN ASSETS

as of 12/31/18

Fund

Asset Value % of Assets Count / % of Participants

Total

365,605,116.08

Please consider the funds' investment objectives, risks, and charges and expenses carefully before investing. The prospectus contains this and other important information about the investment company. Read the prospectus carefully before investing. Prospectuses may be obtained from your plan's website or by calling your plan's toll-free customer service phone number.

The use of diversification and asset allocation as part of an overall investment strategy does not assure a profit or protect against loss in a declining market.

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CITY OF SACRAMENTO

457 Retirement Plan Research

Prepared for Nationwide

November 2018



Background & Methodology



Background & Objectives

Nationwide administers a 457 Deferred Compensation Plan for City of Sacramento employees and retirees to monitor awareness & perceptions of services offered to plan participants.

This research measures:

1. Overall satisfaction with and perceived value of the services provided
2. Participant awareness & usage of various service touchpoints

The results of this research will be used to prioritize efforts to improve the customer experience and boost satisfaction with the plan's service offerings.

Methodology

- An online survey was fielded in September 2018
- In total, 277 interviews were completed

Participants

- Sample was provided by Nationwide
- Respondents were required to be current employees or retirees of the City of Sacramento

This Report

- Results with a base size less than 15 are not reported (unless otherwise noted)
- Statistical comparisons will be conducted in future surveys to assess performance trends

Summary of Key Metrics

Mean scores, 5-point scale



4.0

Overall Satisfaction



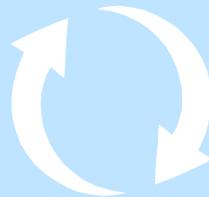
3.8

Overall Quality of the Plan



4.1

Likelihood to Recommend



3.9

Likelihood to Remain in Plan After Retirement



3.6

Likelihood to Increase Contributions in Next 12 Months



Detailed Findings

Key Metrics

Overall Plan Satisfaction and Quality

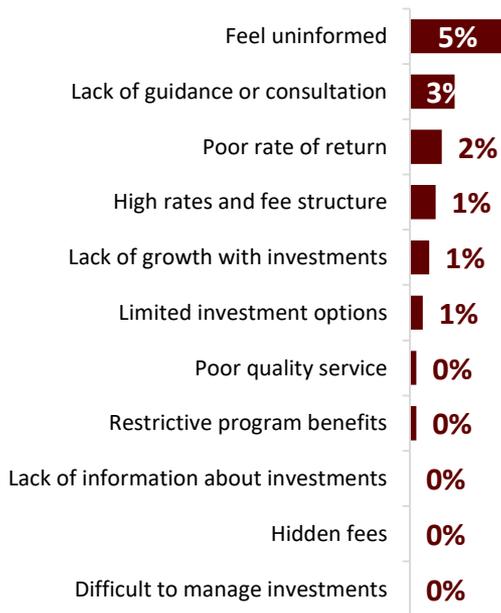
Participants overall are satisfied with their service from Nationwide. Good quality service, helpful customer service and convenience of making account changes are the largest drivers of satisfaction.

Overall Satisfaction



■ Not At All Satisfied
 ■ Not Very Satisfied
 ■ Somewhat Satisfied
 ■ Very Satisfied
 ■ Extremely Satisfied

Reasons for Dissatisfaction (Not At All to Somewhat Satisfied)



Reasons for Satisfaction (Very to Extremely Satisfied)



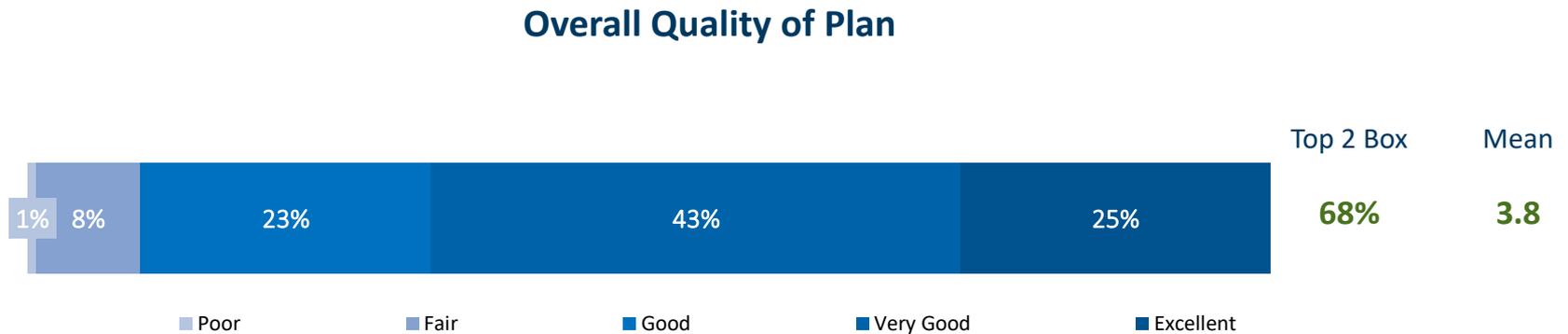
Base: Total (n=277)

Q1. Please think overall about all of the service you receive from Nationwide. Which one of the following statements best describes your level of satisfaction?

Q1b. What is the primary reason for choosing [RATING] as your rating?

Overall Quality of Plan and Services

The majority find the quality of their retirement plan very good or excellent.



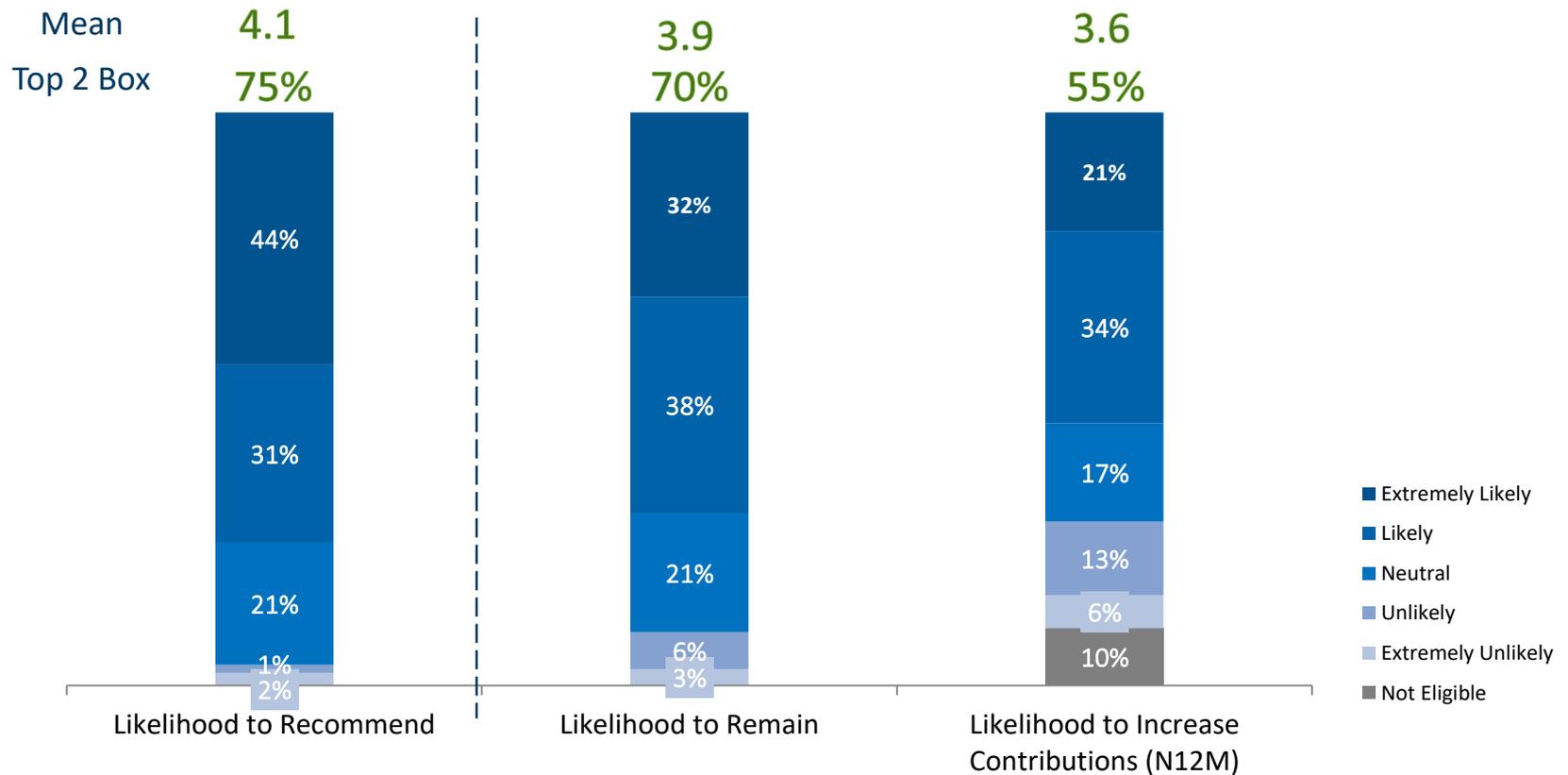
Base: Total (n=277)

Q2. All things considered, how would you rate the overall quality of City of Sacramento's plan and the services it offers you?

Plan Recommendations and Contributions

Plan participants are highly likely to recommend the plan to others and to remain with it after retirement. Despite high engagement with the plan, participants are less likely to increase their contributions in the next 12 months.

Recommendations, Remain, and Contributions



Base: Total (n=277) Q3. How likely are you to recommend City of Sacramento's plan to a new employee?
 Base: Current Employees (n=140) Q4. How likely are you to remain in City of Sacramento's plan after retirement? Q5. In the next 12 months, how likely are you to increase the amount you contribute to City of Sacramento's plan?



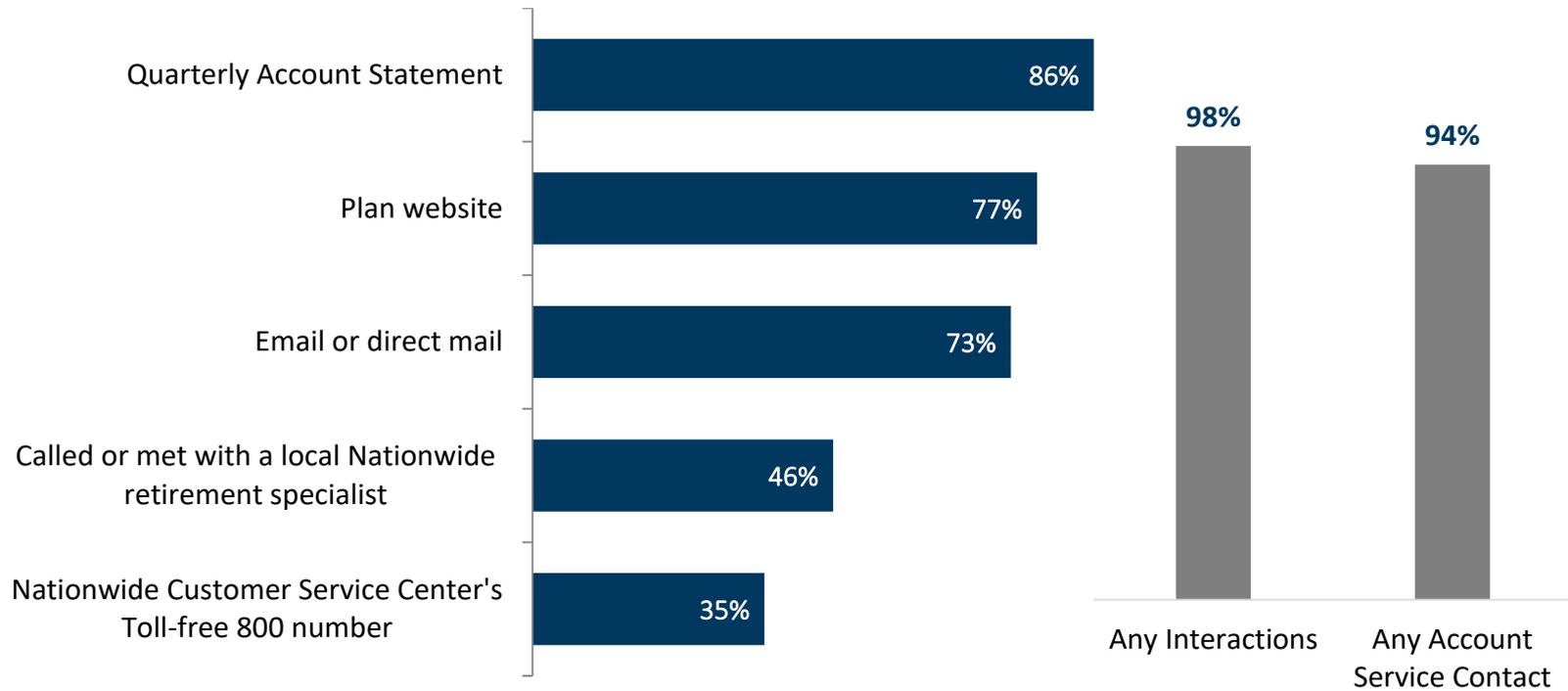
Detailed Findings

Plan Interaction

Plan Interactions

Most participants have reviewed the quarterly account statement, logged onto the website, and reviewed an email or direct mail regarding their plan in the past 12 months.

Interactions with Plan Components
(%Selected P12M)

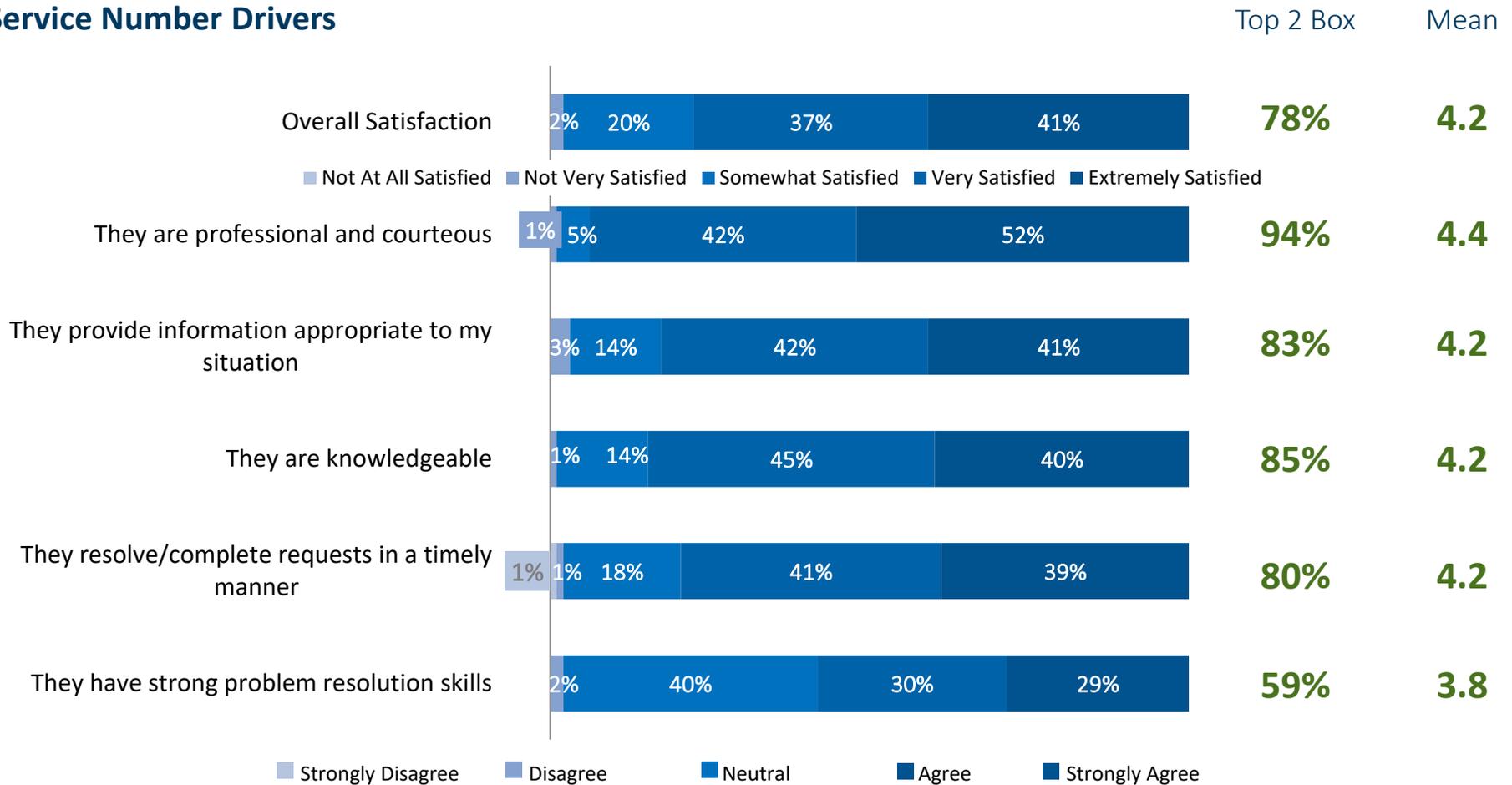


Base: Total (n=277)
Q6. Which of the following have you done in the past 12 months?

Service Number Satisfaction

Nearly all participants are satisfied with the professionalism and courteousness of the Call Center. However, there is an opportunity to improve satisfaction with problem resolution.

Service Number Drivers

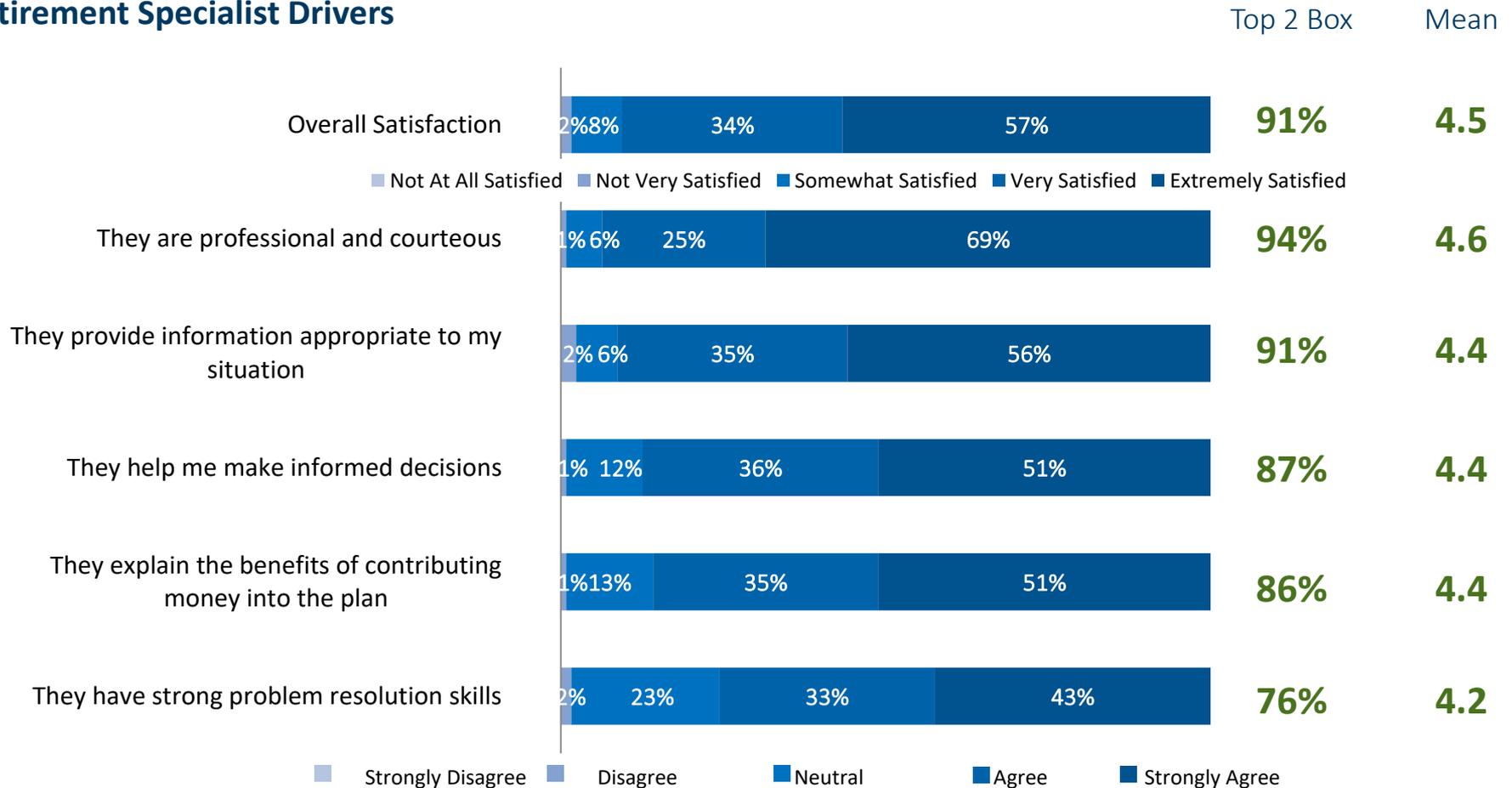


Base: Those who have called the Nationwide Customer Service Center (n=98)
 Q7. Overall, how satisfied you are with the Representatives of the Nationwide Customer Service Center's toll-free 800 number? Q8. Please rate how much you agree or disagree with the following statements about the Representatives of the Nationwide Customer Service Center's toll-free 800 number.

Local Nationwide Retirement Specialist Satisfaction

Participants are more satisfied overall with Nationwide’s retirement specialists, finding them to be courteous and professional. Problem resolution skills are an opportunity area for Specialists.

Retirement Specialist Drivers

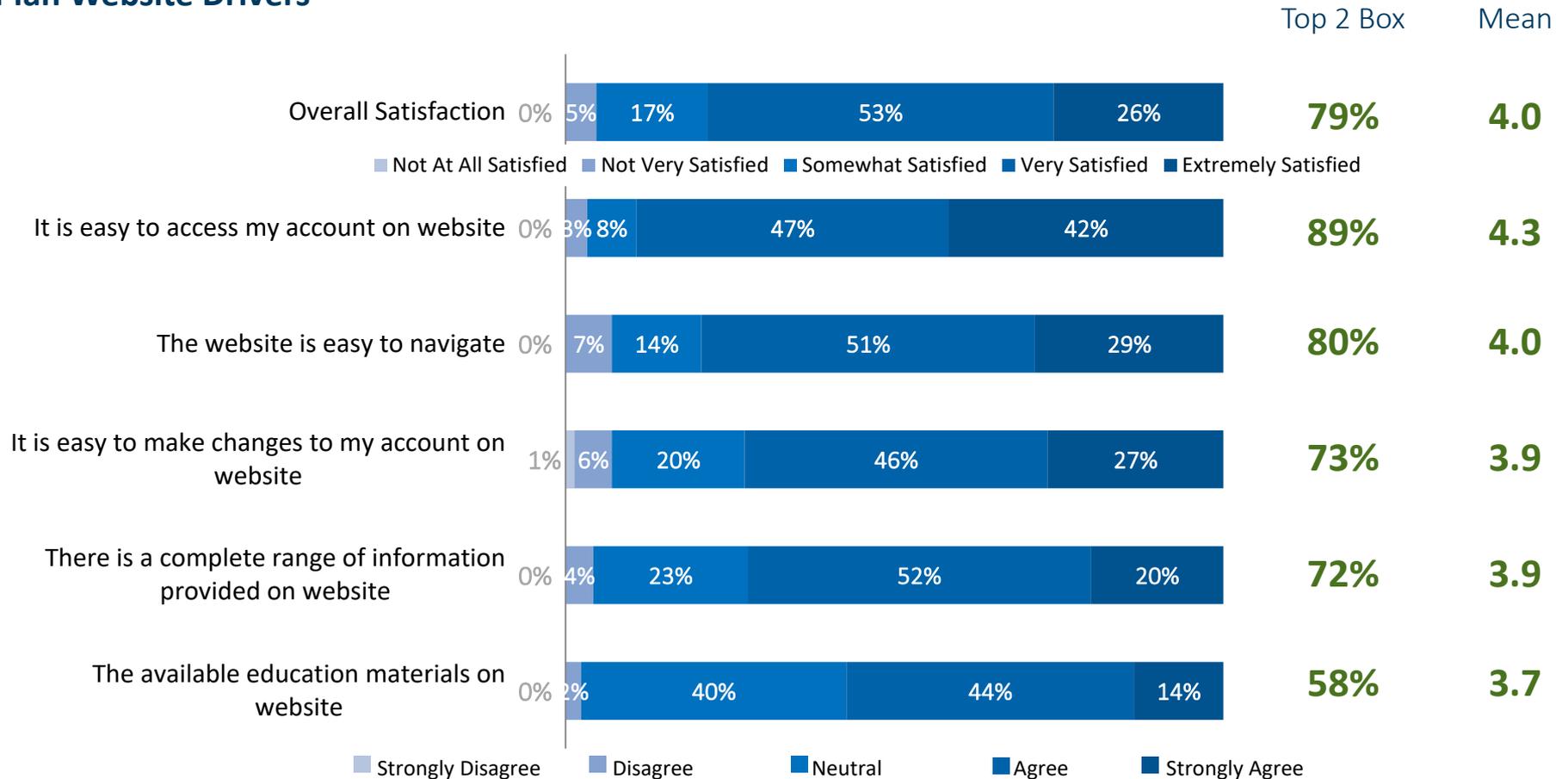


Base: Those who have contacted a local Nationwide retirement specialist (n=127)
 Q9. How satisfied are you overall with the Local City of Sacramento Nationwide retirement specialist? Q10. Please rate how much you agree or disagree with the following statements about the Local City of Sacramento Nationwide retirement specialist.

Plan Website Satisfaction

Participants are satisfied with the ease of accessing their account on the plan’s website, but noted the availability of educational materials online as an area in need of improvement.

Plan Website Drivers



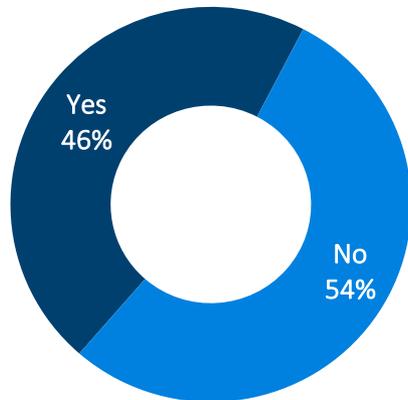
Base: Those who have logged onto the plan website (n=213)
 Q11. How satisfied are you overall with the City of Sacramento’s plan website? Q12. Please rate how much you agree or disagree with the following statements about the City of Sacramento’s plan website.

Retirement Planning Tools Usage

Less than half of participants are making use of the retirement planning tools. However, among tool users, most are either very satisfied or extremely satisfied with the feature.

Have Used Any Retirement Planning Tools on the Plan Website (P12M)

Among Those Who Have Logged Onto the Plan Website



Overall Satisfaction – Retirement Planning Tools

Among Those Who Have Used Retirement Planning Tools

Mean
Top 2 Box

4.0
75%



- Extremely Satisfied
- Very Satisfied
- Somewhat Satisfied
- Not Very Satisfied
- Not At All Satisfied

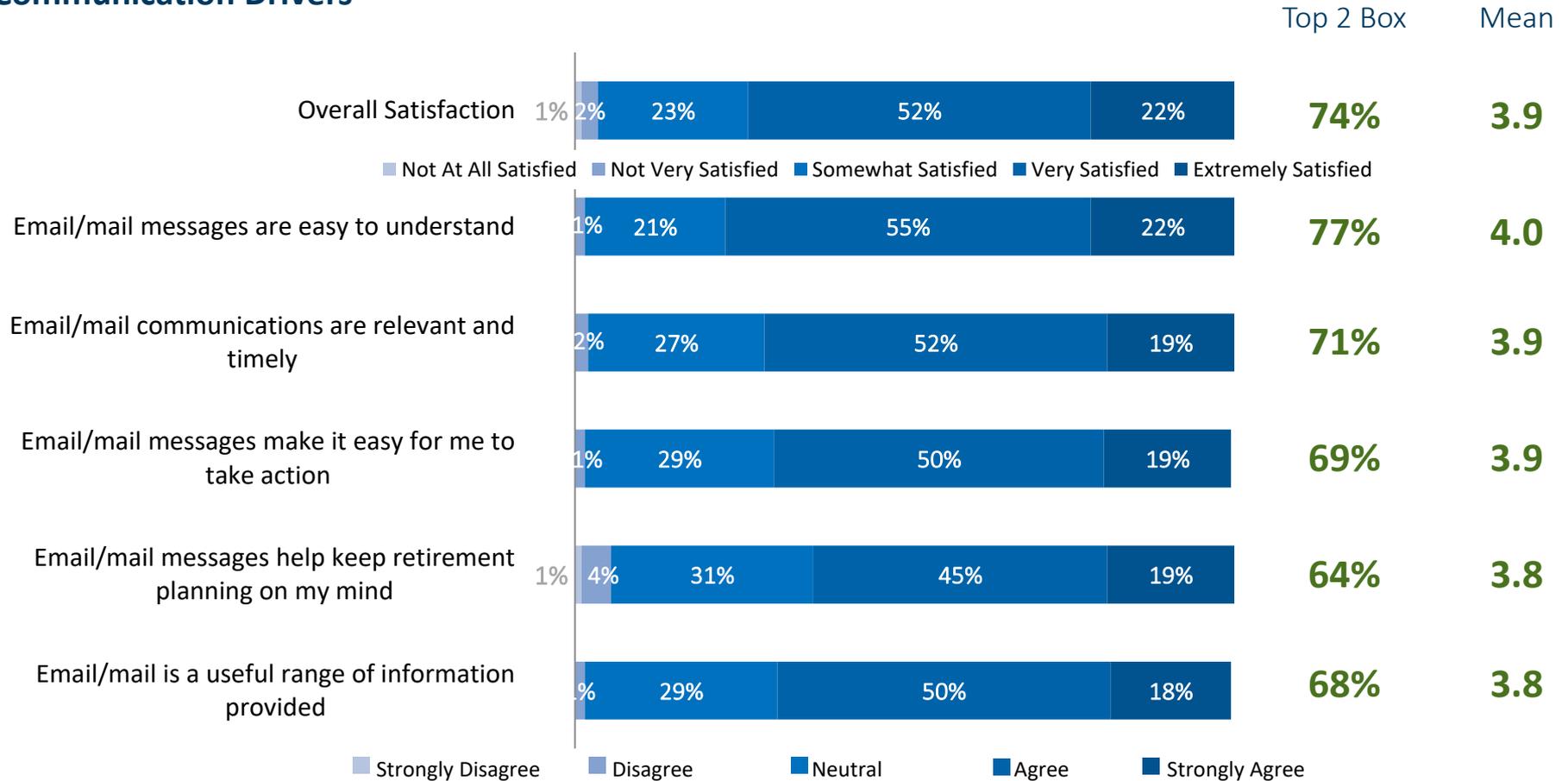
Base: Those who have logged onto the plan website (n=213)

Q13a. Have you used any retirement planning tools on the City of Sacramento plan website in the past 12 months? Q13b. Overall, how satisfied are you with retirement planning tools offered on City of Sacramento's plan website?

Email/Direct Mail Satisfaction

Most participants are satisfied with the email or direct mail they have received reviewing their plan, finding these communications to be easy to understand.

Communication Drivers

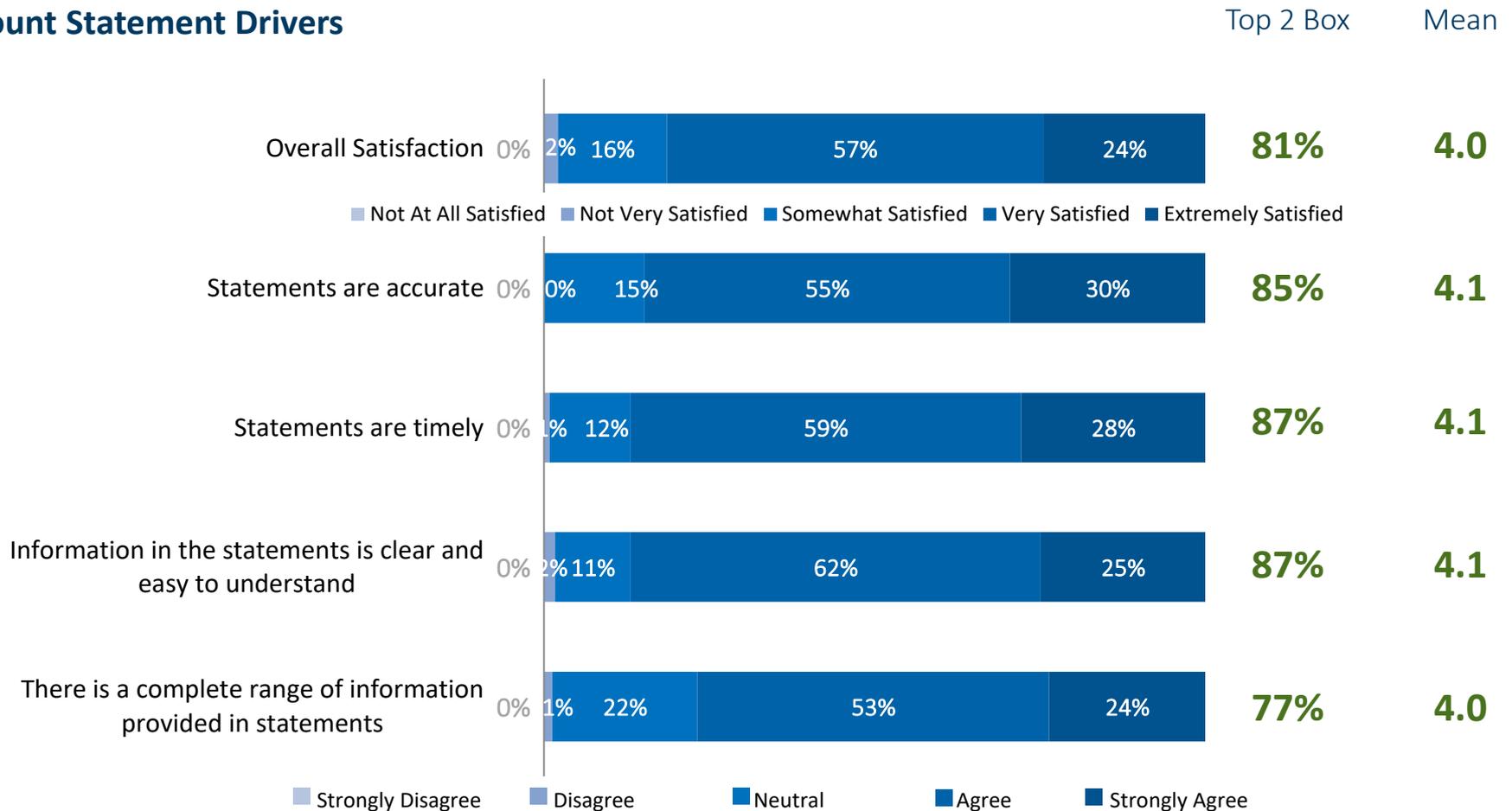


Base: Those who have reviewed an email or direct mail regarding plan (n=202)
 Q14. How satisfied are you overall with the City of Sacramento's Email or Mail Communication you receive? Q15. Please rate how much you agree or disagree with the following statements about the City of Sacramento's Email or Mail Communication.

Quarterly Account Statements Satisfaction

Participants who have reviewed their Quarterly Account Statements are satisfied overall, but voiced that the range of information provided in the statements warrants some improvement.

Account Statement Drivers



Base: Those who have reviewed Quarterly Account Statements (n=237)
 Q16. How satisfied are you overall with the Quarterly Account Statements? Q17. Please rate how much you agree or disagree with the following statements about the Quarterly Account Statements.

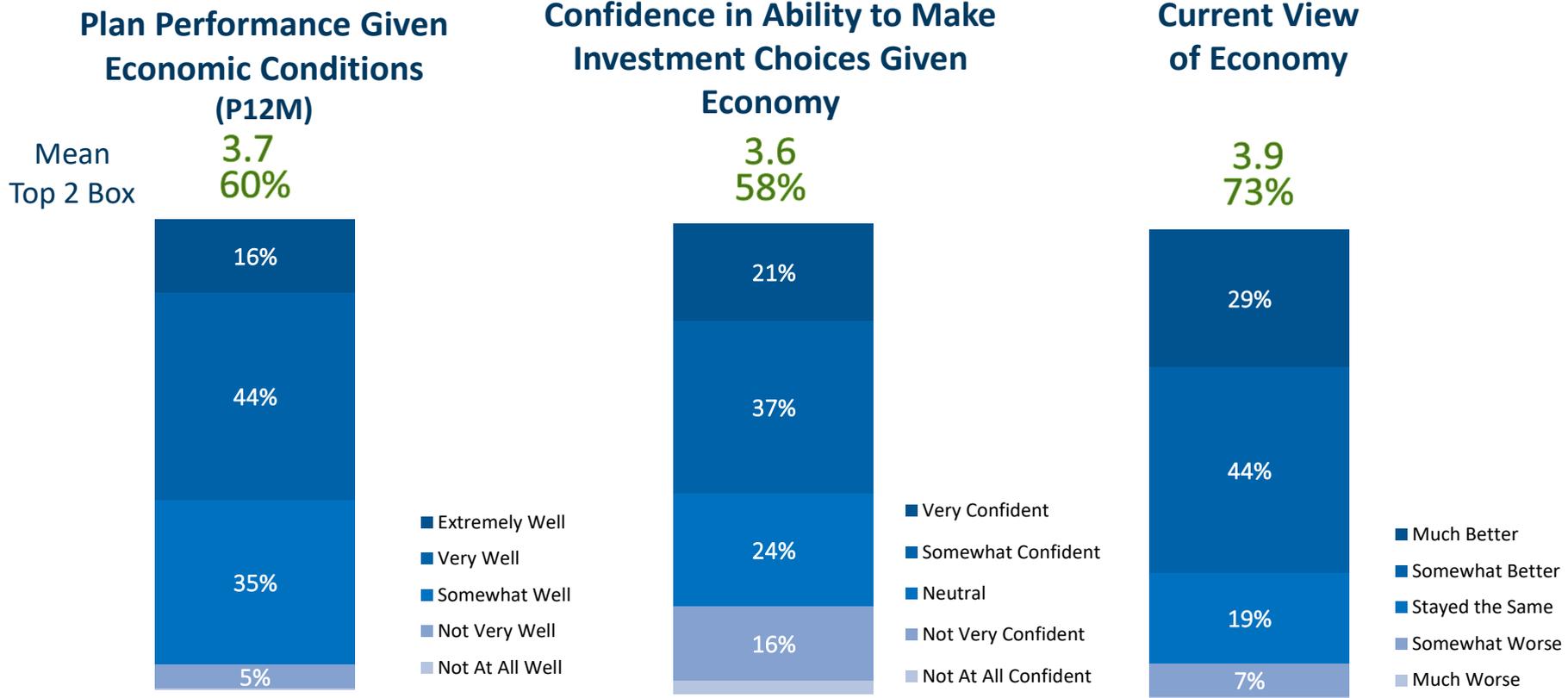


Detailed Findings

Economic Outlook

Economic Outlook

Customers do not feel overly satisfied in their plan's performance, or overly confident in their investment choices and the economy.

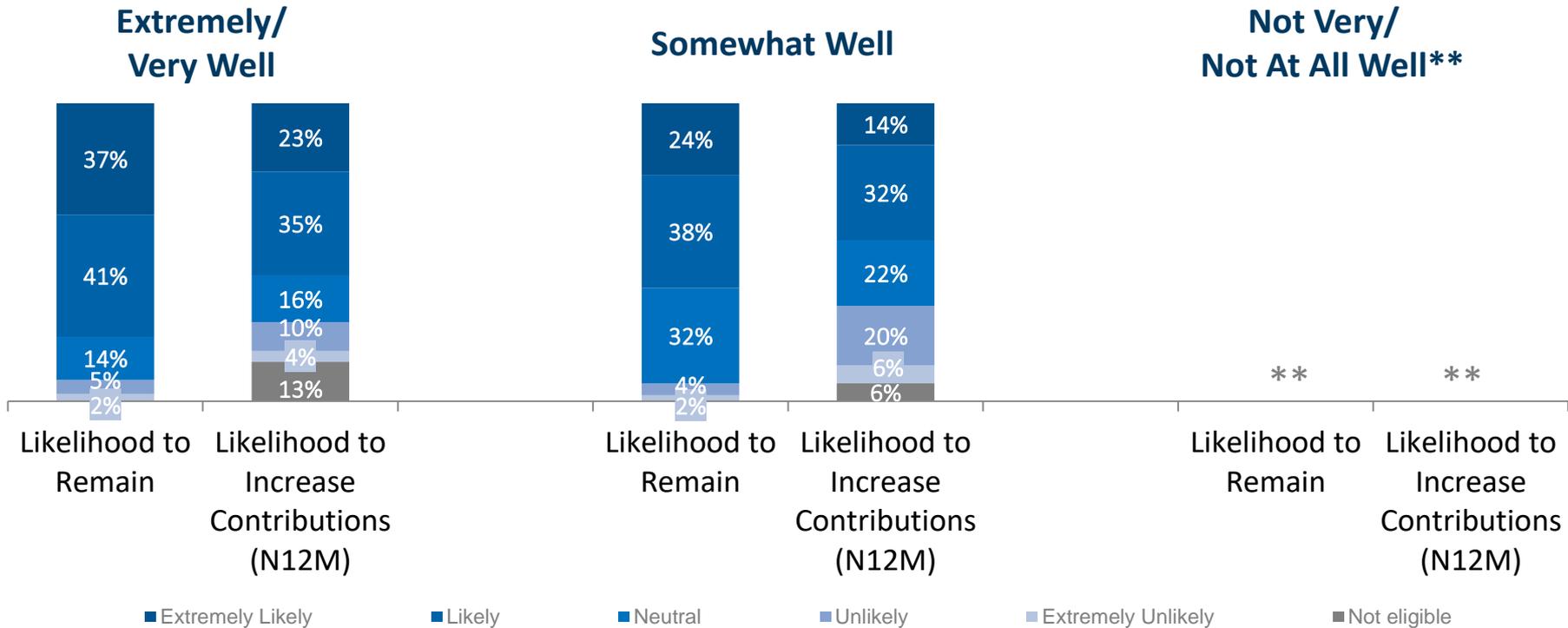


Base: Total (n=277)
 Q18. Given the economy's performance over the past 12 months, how well would you say that your plan has performed? Q19. How confident are you in your ability to make investment choices for your plan in a variety of economic conditions? Q20. Please think about the economy overall in the past 12 months. All things considered, which one of the following statements best describes your view of the economy?

Future Plan Actions

Participants with better performing plans are more likely to stay in that plan after they retire, with over half noting they plan to increase their contributions in the next 12 months.

Among Participants Who Believe Plan Has Performed...



Base: Current Employees who think the plan has performed extremely/very well (n=83), somewhat well (n=50), and not very/not at all well (n=7**) Q4. How likely are you to remain in City of Sacramento's plan after retirement? Q5. In the next 12 months, how likely are you to increase the amount you contribute to City of Sacramento's plan? Q18. Given the economy's performance over the past 12 months, how well would you say that your plan has performed?
 **Base below n=15, not shown



Detailed Findings

Improvements and Feedback

Improvements

Participants mention high fee structures, improving the ease to withdraw money, and logging in to the website as potential improvements. Education of employees and support is also mentioned.

Highly Satisfied with Plan Service (%Very/Extremely Satisfied)

*"I would love to see nationwide manage an **health savings account**, we don't have an HSA established."*

*"**More timely communication** between retiree and rep, just prior to receiving first disbursement."*

*"Offer **more plans, offer ETFs/mutual funds. More offerings to choose from** make it **easier to change my plan** to provide the returns I need with the security I need as I get older and get closer to having to use the funds in my plan."*

*"Provide **daily account balances and percent changes** for each account fund."*

Dissatisfied with Plan Service (%Not Very/At All Satisfied)

*"**More outreach and communication** especially with customers who no longer work for the City Of Sacramento."*

*"My biggest issue is that I pay for Nationwide to manage my account and yet **I have other employees managing their own account** have having someone other than Nationwide advising on managing their account doing much better returns on there investment than I am."*

*"it would be helpful to have **our prior loan information** from before conversion available in some form on your site."*

Base: Total (n=87)
Q21. If you could recommend one change or improvement to City of Sacramento's Deferred Compensation Plan, what would it be?

Additional Feedback

*“Please give **more advanced notice of available appointments** with rep so employees have time to schedule accordingly.”*

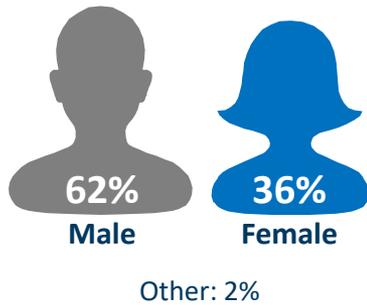
*“There are many target date funds available, but would like **more non-target date mutual fund options**”*

*“**Increase the contributions limit** such that an employee can make there plan in less than a full year without seeing the account rep”*

Appendix

Demographics

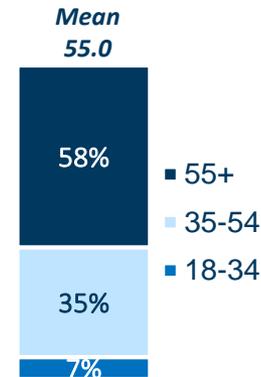
Gender



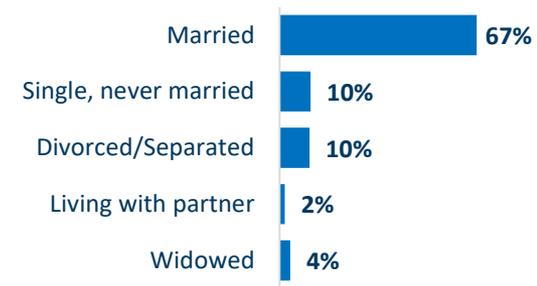
Employment Status

Retired	43%
Currently Working	51%
Working but no longer employed by partner	6%

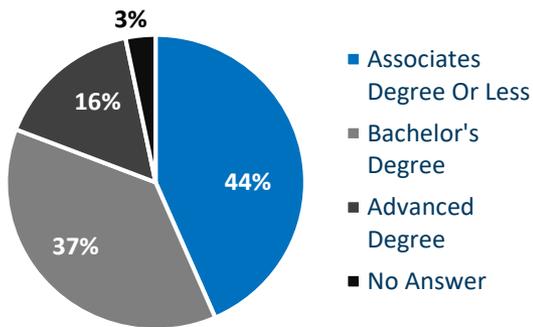
Age



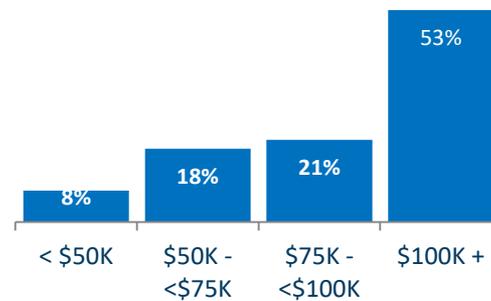
Marital Status



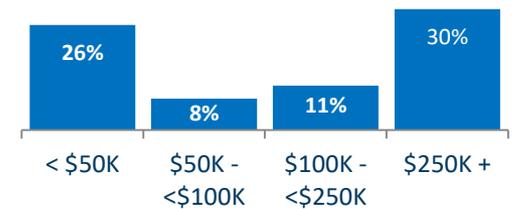
Education



Income



Household Wealth Excluding Real Estate and Retirement Plans



Base: Total (n=277)

D1. Which of the following is the highest level of education you have completed? D2. Are you...? D3. What is your age? D4. Which one of the following best describes your current marital status?

D5. Please indicate which of the following categories best represents your yearly household income before taxes: D6. Which category best represents the current value of your total household savings and investments, excluding the value of real estate or any businesses that you own or the value of any workplace retirement plans, such as 457(b) deferred compensation?

Thank You.

ATTACHMENT 2 TO EXHIBIT A

457(b) PLAN SCOPE OF SERVICES

For purposes of this Attachment only, CITY shall be identified as “Plan Sponsor,” and CONTRACTOR shall be identified as “Nationwide.”

Plan Sponsor, pursuant to and in compliance with the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”), established and sponsors a Section 457(b) Plan (hereinafter the “Plan”);

1. GENERALLY

Nationwide will provide non-discretionary recordkeeping and administrative services (hereinafter referred to as “Administrative Services”) for the Plan as set forth in this Attachment.

2. APPOINTMENTS AND RESPONSIBILITIES

Plan Sponsor:

Plan Sponsor is responsible for maintaining the Plan and for maintaining the tax-qualified status of the Plan. Plan Sponsor represents and warrants that the Plan will be properly adopted and established in accordance with any applicable state or local laws or regulations governing the Plan Sponsor’s ability to sponsor the Plan. Plan Sponsor warrants that the Plan was established, and will be maintained, by Plan Sponsor in accordance with the relevant provisions of Section 457(b) of the Code. Plan Sponsor further acknowledges and agrees the Plan Sponsor is an eligible governmental employer as defined by Section 457(e)(1)(A) of the Code.

Plan Sponsor appoints Nationwide to act as the Plan Sponsor’s provider of Administrative Services for the Plan. Any duties or services not specifically described herein as being provided by Nationwide are the responsibility of the Plan Sponsor, unless specifically delegated to Nationwide in the Plan document.

Nationwide:

Nationwide will serve Plan Sponsor, in a non-fiduciary capacity, as the provider of Administrative Services for the Plan Sponsor with respect to the Plan. Nationwide does not exercise any discretionary control or authority over the Plan or the assets of the Plan, and this Agreement does not require Nationwide to do so. Nationwide agrees to perform all Administrative Services for the Plan Sponsor with respect to the Plan as described in this Agreement. This Agreement does not require, nor shall this Agreement be construed as requiring, Nationwide to provide investment, legal, or tax advice to the Plan Sponsor or to the participants of the Plan.

Nationwide will fully disclose any soft dollar payments, revenue sharing agreements, investment rebates or indirect compensation through investment managers, third parties or vendor relationships that it receives.

3. INVESTMENT OPTIONS

Nationwide agrees to accept contributions to the Plan for investment in the investment options selected for the Plan by the Plan Sponsor or other responsible plan fiduciary in its sole discretion and agreed to by Nationwide.

Plan Sponsor agrees to include the following investment option in the Plan's investment line-up during the entire term of this Agreement:

- Nationwide Fixed Annuity

Plan Sponsor agrees to accept the terms and conditions of the annuity contracts, mutual funds, and any other investment products that the Plan Sponsor has selected for the Plan after being provided with a copy of same.

The Plan Sponsor acknowledges that Nationwide and its affiliates receive payments in connection with the sale and servicing of investments allocated to participant Plan accounts ("Investment Option Payments"). The Investment Option Payments include mutual fund payments as described in detail at www.cityofsacretplan.com, and other payments received from investment option providers. The Plan Sponsor directs Nationwide to credit all Investment Option Payments to participant accounts on a pro-rata basis based on each participant's total assets held in all Plan investment options that generated the Investment Option Payments. All Investment Option Payments will be credited on a quarterly basis. Nationwide will report to each Plan participant that receives such a credit the amount of all such credits.

4. ADMINISTRATION SERVICES

A. PLAN DOCUMENTS

- 1) Nationwide will provide the Plan Sponsor with an Adoption Agreement and Plan Document which has been designed to comply with the requirements of Section 457(b) of the Code. The Adoption Agreement and Plan Document will be prepared by Nationwide at the direction of the Plan Sponsor and with the understanding that it will be reviewed by the Plan Sponsor and the Plan Sponsor's tax and legal advisors prior to execution. Nationwide does not provide tax or legal advice. Plan Sponsor agrees to provide Nationwide with executed copies of the Adoption Agreement and any other related Plan documentation as requested by Nationwide.
- 2) When directed by the Plan Sponsor, or at such other times as it may determine, Nationwide will prepare and provide draft Plan amendments for review and approval by the Plan Sponsor. Such Plan amendments may include changes required to keep the Plan Document in compliance with the Code as the result of changes in federal law that affect the Plan. The Plan Sponsor will remain responsible for the accuracy and timely adoption of any Plan amendments. The Plan Sponsor is responsible for properly executing and retaining such documents and agrees to provide Nationwide with executed copies of same.
- 3) Nationwide will prepare the Adoption Agreement for review by the Plan Sponsor utilizing information and representations provided by the Plan Sponsor, which

information and representations may include Plan provisions found in the prior Plan documents not prepared by Nationwide.

Plan Sponsor acknowledges that:

- a) The accuracy and completeness of the information and representations in the Adoption Agreement prepared by Nationwide, which determine the Plan's provisions used by Nationwide to administer the Plan, are the sole responsibility of the Plan Sponsor.
- b) Nationwide does not review prior Plan documents to ensure that all required amendments or restatements were properly and timely made, or that any of the prior Plan provisions are in compliance with applicable laws and regulations. The restatement of the Plan Sponsor's Plan onto a Nationwide specimen Plan document does not retroactively correct any Plan documentary or operational errors that may have occurred prior to the date Administrative Services are provided by Nationwide.

B. PARTICIPANT ENROLLMENT AND COMMUNICATION/EDUCATION SERVICES

Nationwide agrees to establish an account for each Plan participant, beneficiary and alternate payee (for purposes of this Agreement only, hereinafter referred to as "participants"). For each such account, Nationwide will record and maintain the following information, provided Nationwide is provided with same:

- (a) name;
- (b) Social Security number;
- (c) mailing address;
- (d) date of birth;
- (e) current investment allocation direction;
- (f) contributions allocated and invested;
- (g) investment transfers;
- (h) benefit payments;
- (i) current account balance;
- (j) transaction history since funding under the Agreement;
- (k) contributions since funding under the Agreement;
- (l) e-mail address;
- (m) beneficiary designation;
- (n) benefit tax withholding information; and
- (o) such other information as agreed upon by the Plan Sponsor and Nationwide.

Nationwide will post and credit the amounts transmitted by the Plan Sponsor to the accounts of Plan participants in accordance with the latest instructions from participants or the Plan Sponsor (as applicable) on file with Nationwide, which instructions can include direction via electronic sources such as the website or the interactive voice response system.

The Plan Sponsor agrees to allow and facilitate the periodic distribution of materials to Plan participants at the time and in the manner determined by the Plan Sponsor; provided however, that all reasonable expenses associated with such distribution shall be paid by Nationwide.

C. PLAN CONTRIBUTIONS

Plan Sponsor agrees to send all Plan contributions to Nationwide on a timely basis that is in compliance with all applicable legal requirements. Nationwide agrees to post funds received as contributions to the Plan in accordance with the separate funding agreements between Plan Sponsor and Nationwide or any of its affiliates when received from the Plan Sponsor in good order by Nationwide. The term “in good order,” as used in this Agreement, means the receipt of required information by Nationwide, in a form deemed reasonably acceptable to Nationwide, with respect to the processing of a request or the completion of a task by Nationwide that reasonably requires information from a third-party. More specifically, Plan contributions and contribution allocation information must meet all of the following requirements in order to be deemed to be in good order:

- 1) All records must include the correct and complete participant name, Social Security number, and the amount to be credited to the participant’s account(s);
- 2) The source of funds must be identified (e.g., 457(b) salary deferral, rollover contribution);
- 3) The Plan name and Plan number must be clearly identified;
- 4) Both the participant and/or employer allocation detail and the total contribution amount must be received, and these two totals must match each other; and
- 5) All participants receiving a contribution must have an active account in the Plan.

Funds may be sent by wire transfer, through an automated clearinghouse or by check in accordance with written instructions provided by Nationwide. Failure to follow the written instructions provided by Nationwide may result in delay of posting to participant accounts.

All contribution allocation information with respect to participant accounts will be provided to Nationwide in a mutually agreed upon format.

If Nationwide makes a determination that the contribution or allocation detail is not in good order, Nationwide shall notify the Plan Sponsor of such determination upon discovery. After such notification, the parties will continue to try to resolve the not in good order status, but if resolution is not achieved, Nationwide shall return the funds to the Plan Sponsor within thirty (30) Business Days. Nationwide will not be liable for any delay in posting if the Plan Sponsor fails to send the funds representing contribution amounts or contribution allocation information in accordance with Nationwide’s instructions to the central processing site designated by Nationwide, or for any delay in posting that results from the receipt of funds and/or contribution allocation that Nationwide determines to be not in good order.

As used in this Attachment, the term “Business Day” means each Monday through Friday during the hours the New York Stock Exchange is open for business. No transactions can be completed on any Business Day after such time as the New York Stock Exchange closes.

The Plan Sponsor shall, upon request, timely provide all information required by Nationwide to perform its services to the Plan as described in this Agreement. The Plan

Sponsor shall be responsible for ensuring that the provided information is accurate and complete. Nationwide shall be entitled to rely exclusively on the information provided by the Plan Sponsor or the Plan Sponsor's advisors, whether oral or in writing, and will have no responsibility to independently verify the accuracy of that information. The Plan Sponsor acknowledges that inaccurate and/or late information could result in tax penalties and/or participant/beneficiary legal claims. Nationwide assumes no responsibility for, and shall not have any liability for, any consequences that result from Nationwide's inability to complete its work in the ordinary course of its business due to the failure of the Plan Sponsor to provide accurate and timely information to Nationwide.

The Plan Sponsor is responsible for providing updated information regarding Plan participants requested by Nationwide that the Plan Sponsor and Nationwide mutually agree is necessary for Nationwide to perform the Administrative Services to the Plan Sponsor under this Agreement.

Plan Sponsor agrees to be responsible for all maximum deferral limit testing.

D. SERVICES WITH RESPECT TO PARTICIPANT PLAN ACCOUNTS

- 1) Nationwide will provide a secure Internet site that complies with applicable data protection and privacy laws. Using this site, participants may: (i) obtain information regarding their accounts, and (ii) conduct certain routine transactions with respect to their accounts. The Plan Sponsor authorizes Nationwide to honor instructions regarding such transactions that may be submitted by a participant using the secure Internet site. Nationwide shall implement reasonable physical and technical safeguards to protect personal information made available on its Internet site. Such safeguards shall be no less rigorous than generally accepted industry practices.
- 2) Participants will have the unlimited ability to increase (within the limitations of Section 457(b) of the Code) or decrease contributions to the Plan. All requests to increase or decrease contribution amounts will be processed by Nationwide within five (5) Business Days of receipt of the request, but cannot be effective until the later of (1) the first of the calendar month following the month in which the contribution change was requested, and (2) the date the contribution change can be processed by the Plan Sponsor given Plan Sponsor's payroll processing schedule.
- 3) Participants will have the ability to exchange existing account balances, in full or in part, and to redirect future contributions from one investment option offered by the Plan to another on any Business Day, subject to Nationwide policies and any applicable restrictions or penalties applied by the investment options.
- 4) Participants will receive consolidated quarterly statements detailing their account activity and account balances for the Plan. Each quarterly statement shall describe, in percentage and dollars, both the explicit asset fees charged to the participant for the quarter, and any other fees charged to the participant for the quarter. Participants shall be informed that they must notify Nationwide of any errors within forty-five (45) days of receipt of their statements or confirmation of their investments. Nationwide will not be liable for any errors not reported within this time frame.
- 5) Nationwide agrees to deliver account statements (by U.S. mail or electronically) to participants within fifteen (15) Business Days after the end of each calendar quarter.

This timeframe is contingent upon Nationwide receiving fund returns from the mutual fund providers within four (4) Business Days after the end of each quarter.

- 6) Nationwide agrees to provide reports to the Plan Sponsor within thirty (30) Business Days following the end of each calendar year quarterly reporting period (March 31, June 30, September 30, and December 31) summarizing the following:
 - a) All participant activity that transpired during the reporting period;
 - b) Total contributions allocated to each investment or insurance option under the Plan; and
 - c) Total withdrawals by participants. This report shall include the amount, type and date of withdrawal.
- 7) Nationwide agrees to maintain the records necessary to produce any required reports for seven (7) years from the date of such reports. Plan Sponsor agrees that all related paper and electronic records shall remain the property of Nationwide.

E. DISTRIBUTIONS

- 1) Nationwide shall make all distributions as directed by a Plan participant or the Plan Sponsor, in accordance with the Plan document. All distributions will be made pro-rata from each of the participant's investment options and money sources unless directed otherwise by the participant. Nationwide will provide all Plan participants requesting a distribution with the eligible rollover distribution notice required by section 402(f) of the Code at the time of the distribution request. Participants are responsible for selecting a form of payment from those available under the terms of the Plan and making all other elections regarding available distribution options, such as rollover elections.
- 2) Nationwide shall furnish each participant, who has received a benefit payment, tax reporting forms in the manner and time prescribed by federal and state law. Plan Sponsor shall be responsible for all tax reporting requirements for periods prior to the effective date of this Agreement, or after the termination date of this Agreement, unless otherwise agreed to in writing by the parties to this Agreement.
- 3) To the extent required by federal and state law, Nationwide will calculate and withhold from each benefit payment federal and state income taxes. Nationwide will report such withholding to the federal and state governments as required by applicable law. Plan Sponsor shall be responsible for all tax reporting requirements for periods prior to the effective date of this Agreement, or after the termination date of this Agreement, unless otherwise agreed to in writing by the parties to this Agreement.
- 4) Nationwide will provide notice and a distribution form to each participant attaining age 70½ or older in the current calendar year. The notice will inform the participant that required minimum distributions must begin no later than the April 1 of the calendar year following the later of attainment of age 70½ or retirement, and include the amount of the required minimum distribution for the current calendar year. All required minimum distributions will be made in accordance with the Plan document.

- 5) Nationwide shall administer participant and beneficiary unclaimed property funds, including but not limited to uncashed distribution checks and death claims, in accordance with Nationwide's standard unclaimed property procedures.

F. QUALIFIED DOMESTIC RELATIONS ORDERS (QDROS)

If the Plan accepts Qualified Domestic Relations Orders (hereinafter "QDROs"), the Plan Sponsor directs Nationwide to process QDROs in accordance with Nationwide's standard QDRO procedures, and the Plan Sponsor hereby approves the use of such standard QDRO procedures.

G. UNFORESEEABLE EMERGENCY WITHDRAWALS

If the Plan offers unforeseeable emergency withdrawals, the Plan Sponsor instructs Nationwide to process all unforeseeable emergency withdrawal requests received in good order, and in a manner satisfactory to Nationwide. Withdrawals will only be permitted due to an unforeseeable emergency resulting in a severe financial hardship to the participant or beneficiary that cannot be alleviated by any other means available to the participant, in accordance with Nationwide's standard unforeseeable emergency procedures. Plan Sponsor hereby approves the use of such standard unforeseeable emergency procedures to make these determinations.

H. PARTICIPANT LOANS

Plan Sponsor will provide Nationwide with the Plan Loan Procedures that governed participant loans prior to Nationwide's engagement as administrative service provider to the Plan. In the event such Loan Procedures are not made available, Nationwide will administer participant loans as directed in writing by the Plan Sponsor through separate Plan Loan Procedures effective for loans initiated prior to November 30, 2016. Any Plan loans initiated after December 7, 2016 will be governed by Plan Loan Procedures adopted by the Plan Sponsor with an effective date of December 7, 2016. As participant loans are governed by the Loan Agreement terms in place when the loan was originated, Nationwide will not be held responsible for any adverse consequences that result to the Plan or to Plan participants from its reliance on loan processing information or direction provided by the Plan Sponsor.

I. PARTICIPANT SURVEY

To measure participant satisfaction with the Plan, Nationwide will provide an annual participant satisfaction survey by contracting with a third-party vendor to conduct participant interviews using either telephonic or electronic methods of data collection and then review and analyze the survey results. The survey results are used to gauge the effectiveness of the services being provided to participants and overall quality, value and satisfaction with the Plan from the participant's perspective. The survey will also measure the success of various educational programs and services provided to participants including but not limited to:

- Local Retirement Specialists
- Customer Service Center
- Plan website
- Participant statements

Nationwide will present the results of each survey to the Plan Sponsor and will work with the Plan Sponsor to develop strategies when required to address any concerns regarding participant satisfaction with the program.

5. APPROVED SUBCONTRACTORS/ASSIGNEES

In anticipation of providing the Administrative Services described in this Agreement, Nationwide has indicated that it may elect to utilize the following entities to provide the services indicated:

- 1) Nationwide Investment Management Group – Provides basic information and information on available mutual funds
- 2) Nationwide Trust Company – Provides trust and custodial services
- 3) Nationwide Investment Advisors, LLC – Managed Account Service provider (ProAccount)
- 4) Charles Schwab - Self-Directed Brokerage Account service provider
- 5) Wilshire – Online asset allocation service provider
- 6) Merkle, Inc. – Marketing and mailing services provider

Consistent with Exhibit D, Paragraph 17 of the Agreement, the Plan Sponsor consents to, and approves, the use of these entities for the services indicated.

6. PARTICIPANT SERVICES

A. WEBSITE

Nationwide will create and maintain a customized website for and on behalf of the Plan Sponsor for the use of its participants. Participants may access the website via the internet at www.cityofsacretplan.com to review and make changes to their accounts. The website is the exclusive property of Nationwide.

The website is available twenty-four (24) hours a day, except for routine maintenance of the system.

B. INTERACTIVE VOICE RESPONSE SYSTEM

Nationwide will provide an interactive voice response (IVR) toll free telephone number, which shall be operative twenty-four (24) hours per day, seven (7) days per week, except for routine maintenance of the system.

Participants shall be able to conduct routine plan transactions and obtain account balance information through the IVR.

The Plan Sponsor authorizes Nationwide to honor participant instructions, which may be submitted using the toll-free number, either through the IVR or a live representative.

C. CUSTOMER SERVICE

Nationwide's customer service representatives will be available toll-free to answer participant questions and process applicable transactions between the hours of 5:00 a.m. and 8:00 p.m. Pacific Time each Monday through Friday, and between the hours of 6:00

a.m. and 3:00 p.m. Pacific Time each Saturday, with the exception of certain holidays as dictated by the New York Stock Exchange holiday trading schedule.

D. EMPLOYEE MEETINGS

Nationwide will provide up to 3,000 individual meetings and 150 group sessions annually through a combination of new employee orientations, workshops, group seminars, and one-on-one meetings. These meeting totals apply to both the Plan Sponsor’s 401(a) and 457(b) plans in the aggregate and are not to be applied separately.

7. **PERFORMANCE GUARANTEES**

In the event that Nationwide fails to meet any performance standard described in this section of the Agreement, financial penalties will be assessed against Nationwide according to the following schedule. All of the performance standards below are to be applied to both the 401(a) plans and the 457(b) plan of the Plan Sponsor in the aggregate and not separately.

Transition: Nationwide will commit \$20,000 in the first year dedicated to ensure a successful plan transition to Nationwide.		
Category	Description	Amount at Risk
Timeline:	16 weeks from receipt of first test files through transition day	\$5,000
Deliverables:	One business day blackout period and funds applied accurately pending successful and timely transfer of files from existing provider.	\$5,000
On-Site Meetings	20 – 30 meetings (based on Plan’s desires) focused on educating employees on the Plan’s enhancements and transition	\$10,000

Participant Outcomes: Nationwide will commit \$15,000 in the first year (\$25,000 in subsequent years) focused on participant outcomes.		
Category	Description	Amount at Risk
Annual Satisfaction Survey:	Nationwide will conduct an annual participant satisfaction survey	\$2,500 1 st year / \$5,000 annually for subsequent years
Annual Satisfaction Survey Results:	Nationwide will analyze survey results, provide executive summary and recommended actions annually.	\$2,500 1 st year / \$4,000 for subsequent years
On-Site Group Meetings	Nationwide will conduct 150 group meetings annually for	\$2,500 1 st year / \$4,000 for subsequent years

	Plan's employees. The 150 meeting count will be revisited annually with the Plan to determine appropriateness.	
Individual Meetings	Nationwide will conduct 3,000 individual meetings annually for Plan's employees. The 3,000 meeting count will be revisited annually with the Plan to determine appropriateness.	\$2,500 1 st year / \$4,000 for subsequent years
New Hire Enrollments	Nationwide will commit to enroll 50% of new hires into the 457(b) plan annually. This deliverable is contingent upon receiving new hire census data from the Plan in order to track and measure.	\$2,500 1 st year / \$4,000 for subsequent years
Total Enrollments (new hires and existing employees)	Nationwide will commit to increase new enrollments into the 457(b) plan to 185 annually. The 185 enrollment threshold is based on historic Plan data provided by the Plan and will be revisited annually with the Plan based on hiring trends within the City.	\$2,500 1 st year / \$4,000 for subsequent years

Service Level Agreements: Nationwide will commit \$15,000 in the first year (\$25,000 in subsequent years) focused on delivering excellent customer support and service.

Category	Description	Amount at Risk
Participant Services	Nationwide will answer 75% of participant calls to the service center within 20 seconds annually.	\$2,500 1 st year / \$5,000 for subsequent years
Plan Sponsor Services	Managing Director, Program Director and/or Relationship Consultant will respond to Plan Sponsor calls and return calls within one business day.	\$2,500 1 st year / \$4,000 for subsequent years
Participant Statements Online	Nationwide will post quarterly participant statements to the website within 15 business days of the quarter end date.	Up to \$2,500 1 st year (\$625 a quarter) / \$4,000 for subsequent years (\$1,000 a quarter) paid annually
Participant Statements Mail	Nationwide will mail quarterly participant statements (not	Up to \$2,500 1 st year (\$625 a quarter) / \$4,000 for

	enrolled in e-Delivery) within 15 business days of the quarter end date.	subsequent years (\$1,000 a quarter) paid annually
Plan Sponsor Statements - Online	Nationwide will post quarterly Plan Sponsor statements to the website within 30 business days of the quarter end date.	Up to \$2,500 1 st year (\$625 a quarter) / \$4,000 for subsequent years (\$1,000 a quarter) paid annually
Plan Reports	Nationwide will provide quarterly reports to the Plan within 45 business days of the quarter end date.	Up to \$2,500 1 st year (\$625 a quarter) / \$4,000 for subsequent years (\$1,000 a quarter) paid annually

8. CONFIDENTIALITY

Nationwide agrees to maintain all information obtained from or related to all Plan participants as confidential. The Plan Sponsor and Nationwide agree that Nationwide, its officers, employees, brokers, registered representatives, affiliates, vendors and professional advisors (such as attorneys, accountants and actuaries) may use and disclose Plan and participant information only to enable or assist it in the performance of its duties hereunder and with other Plan-related activities, and the Plan Sponsor expressly authorizes Nationwide to disclose Plan and participant information to its agents and/or broker of record on file with Nationwide for those purposes. Nationwide expressly agrees that information obtained regarding Plan participants will not be utilized by Nationwide or any of its affiliates, subsidiaries, vendors or agents for the purpose of marketing any product to the Plan participants without the express written consent of the Plan Sponsor. Notwithstanding anything to the contrary contained herein, it is expressly understood that Nationwide retains the right to use any and all information in its possession in connection with its defense and/or prosecution of any litigation which may arise in connection with this Agreement, the investment arrangement funding the Plan, or the Plan; provided, however, in no event will Nationwide release any information to any person or entity except as permitted by applicable law.

This Section 8 will survive the termination for any reason of this Agreement.

9. AUTHORIZED PERSONS

The Plan Sponsor will furnish a list to Nationwide (and from time to time whenever there are changes therein) of the individuals authorized to transmit instruction to Nationwide concerning the Plan and/or assets in the account, and written direction regarding the form of such instructions.

10. COMPLIANCE WITH LAWS

Both the Plan Sponsor and Nationwide agree to comply, in their respective roles under this Agreement, in all material respects with all applicable federal laws and regulations as they affect the Plan and the administration thereof. Nothing contained herein shall be construed to prohibit either party from performing any act or not performing any act as either may be required by statute, court decision, or other authority having jurisdiction thereof.



Meeting Date: April 3, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room
915 I Street

www.CityofSacramento.org

Title: Defined Contribution Plans Administrative Fees

Location: Citywide

Recommendation: Review and comment.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

1-Description/Analysis

Description/Analysis

Issue Detail: The City's 401(a) and 457(b) plans charge an administrative fee by Nationwide Retirement Solutions (Nationwide) of 3.0 basis points. Basis points are paid by plan participants. The Defined Contribution Plans Committee has expressed interest in the City obtaining the services of an investment advisory and plan consultant to provide guidance and advisement on the City's defined contribution plans. The current 3.0 basis points paid by participants does not provide any revenue to pay for such services. To date, discussions of potential options include:

- Increasing the basis points paid by plan participants
- Charging a flat rate to each participant
- Employee vesting periods for the City's 401(a) plans.

At the March 14, 2019, Committee meeting, the Committee received additional information from Nationwide about plan participation. The committee requested additional data for their review and consideration. There was also a discussion and recommendation that the committee put forth two recommended options for the Department of Human Resources and Labor Relations to present to the City's Recognized Employee Organizations. An increase in basis points or the addition of a flat fee would affect all plan participants in the 401(a) and 457(b) plans. The City would first need to negotiate Letters of Understanding with all recognized employee organizations to proceed with adding any type of fee to the plans for an administrative allowance account.

At the time of the writing of this report, staff is still waiting on Nationwide to provide the additional data requested by the Committee during their March 14, 2019, meeting. The data will be forwarded upon receipt and made publicly available at the Committee meeting. However, the Committee is encouraged to review Nationwide's 457(b) 2018 Plan Performance Report included in the agenda packet.

As of December 31, 2018, the City's 457(b) plan currently had 4,471 participants. The following chart illustrates examples of the result of an increase in basis points or the addition of a flat fee.

Amount invested	Fees at current 3 basis points			Overall impact of adding 1.5 basis points	Impact to participant to add 1.5 basis points	Proposed Annual Admin Fee	Impact to participant to add \$20 annual fee
	1 basis pt	3 basis points on holdings	4.5 basis points on holdings	1.5 basis pts	\$20 flat fee for 4,471 participants	\$20 flat fee	
	0.00010	0.00030	0.00045		\$ 20.00	\$ 20.00	
\$ 1,000		\$ 0.30	\$ 0.45	\$ 0.15	\$ 20.00	\$ 20.00	
\$ 5,000		\$ 1.50	\$ 2.25	\$ 0.75	\$ 20.00	\$ 20.00	
\$ 20,000		\$ 6.00	\$ 9.00	\$ 3.00	\$ 20.00	\$ 20.00	
\$ 50,000		\$ 15.00	\$ 22.50	\$ 7.50	\$ 20.00	\$ 20.00	
\$ 100,000		\$ 30.00	\$ 45.00	\$ 15.00	\$ 20.00	\$ 20.00	
\$ 133,300		\$ 39.99	\$ 59.99	\$ 20.00	\$ 20.00	\$ 20.00	
\$ 150,000		\$ 45.00	\$ 67.50	\$ 22.50	\$ 20.00	\$ 20.00	
\$ 250,000		\$ 75.00	\$ 112.50	\$ 37.50	\$ 20.00	\$ 20.00	
\$ 500,000		\$ 150.00	\$ 225.00	\$ 75.00	\$ 20.00	\$ 20.00	
\$ 1,000,000		\$ 300.00	\$ 450.00	\$ 150.00	\$ 20.00	\$ 20.00	
\$ 466,666,660		\$ 140,000.00	\$ 210,000.00	\$ 70,000.00	\$ 89,420.00	\$ 89,420.00	
\$ 500,000,000		\$ 150,000.00	\$ 225,000.00	\$ 75,000.00	\$ 89,420.00	\$ 89,420.00	

Policy Considerations: None.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: There is no funding source available to pay for defined contribution plan oversight or plan consultant services.

Financial Considerations: Basis points or an administrative fee are paid by plan participants and not the City.

Local Business Enterprise (LBE): None.



Meeting Date: April 3, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room

915 I Street

www.CityofSacramento.org

Title: Visiting Other Defined Contribution Plan Committees

Location: Citywide

Recommendation: Pass a motion establishing an ad-hoc committee to visit similar defined contribution plans committees of other public agencies for educational purposes.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

1-Description/Analysis

Description/Analysis

At the March 14, 2019, committee meeting, Chair Levison requested an item be placed on a future agenda to allow discussion regarding members visiting other defined contribution plan committees for educational purposes.

If committee members desire to participate in this type of activity, an ad-hoc committee should be formed and identify the members who will participate.