

Memorandum

TO: VEBA ADVISORY COMMITTEE

FROM: Emily Hendon
Benefits Manager

SUBJECT: SEE BELOW

DATE: August 27, 2021

Approved



Date August 27, 2021

SUBJECT: AMENDMENT TO AGREEMENT WITH TOTAL ADMINISTRATIVE SERVICES CORPORATION FOR RECORDKEEPING AND ADMINISTRATIVE SERVICES FOR THE VEBA PLANS

RECOMMENDATION

Approval to negotiate and execute an amendment to the agreement between the City of San José and Total Administrative Services Corporation (TASC) for recordkeeping and administrative services for the VEBA plans to correct the total number of one-year option terms from four (4) to five (5) in alignment with the agreement's current expiration date of October 31, 2023.

OUTCOME

Approval of the recommendation will result in correcting the discrepancy in the agreement to align the total number of one-year option terms with the current expiration date of October 31, 2023, as explained below.

BACKGROUND

Following a competitive procurement in 2016, the City entered into an agreement with TASC to provide recordkeeping and administrative services to City employees and retirees effective November 1, 2017. The initial term of the agreement was through October 31, 2018 and provides four (4) one-year options to renew, which would result in an expiration date of October 31, 2022. The agreement, however, states it will expire on October 31, 2023. Upon review of the original RFP, there appears to be an error in the drafting of the agreement whereby it should have stated that it had five (5) one-year options to renew for a maximum term of seventy-two (72) months, which coincides with the correct expiration date of October 31, 2023 and matches the intended expiration date per the Request for Proposal.

ANALYSIS

Staff recently discovered a discrepancy between the number of options to renew in the agreement and the stated expiration date in the agreement. In order to correct the discrepancy, Staff would need to amend the agreement to correct the number of options terms to align with the October 31, 2023 expiration date.

In addition, if the agreement were to expire after four (4) one-year option to renew terms, i.e., on October 31, 2022, an RFP for recordkeeping and administrative services for the VEBA plans would need to be issued in the fall of 2021. Due to the similarity of the services and retirement-related plan offerings by the City, and the potential for cost savings, Staff intends to issue one RFP for record keeping and administrative services for the following retirement-related plans in the Spring of 2022: Voluntary 457 Deferred Compensation Plan, PTC plan, 401(a) Defined Contribution Plan for Unit 99 Employees, and the VEBA plans. Thus, the proposed amendment to correct the discrepancy in the agreement also ensures the alignment of the RFP for the VEBA plans with the other City plans rather than having to conduct a standalone RFP for the VEBA plans in the fall of 2021.

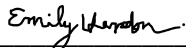
EVALUATION AND FOLLOW-UP

Following approval by the VAC, Staff, with the assistance of the City Attorney's Office, will prepare and execute the amendment to correct number of options to coincide with the October 31, 2023 expiration of the agreement.

In the spring of 2022 with the investment consultant's assistance, Staff will begin coordination of a full RFP for all related plans, including the VEBA plans. This will allow for the time needed to implement any potential changes to a new vendor and administrative platform. Staff will solicit representatives from the VAC in March of 2022 to participate in the RFP evaluation process.

COST SUMMARY/IMPLICATIONS

This recommendation will not result in any additional cost to the City's VEBA program beyond the fees already being paid by participants as provided in the agreement. As is currently the case, all of the plan's administrative expenses are reimbursed by the provider from the fees paid by the VEBA participants.



EMILY HENDON