

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

458



FROM: Human Resources Department

SUBMITTAL DATE:
June 21, 2012

SUBJECT: 2012 Nationwide Retirement Solutions, Inc. Fixed Annuity Investment Fund Option under the Voluntary Employees' Beneficiary Association Post Employment Program Health Savings Plan - First Amendment Services Agreement

RECOMMENDED MOTION: That the Board of Supervisors 1) ratify and approve the First Amendment Services Agreement with Nationwide Retirement Solutions, Inc., to extend the term of the agreement from July 1, 2012 through June 30, 2013, with the option to renew for one (1) additional year (Attachment A), making available the Fixed Annuity investment fund option under the County's Voluntary Employees' Beneficiary Association Post Employment Program Health Savings Plan; 2) authorize the chairperson to sign four (4) copies of the documents; and 3) retain one (1) copy of the signed documents and return three (3) copies of the signed documents to Human Resources for distribution.

BACKGROUND: The County of Riverside's Voluntary Employees' Beneficiary Association (VEBA) Post-Employment Program (PEP) Health Savings Plan (HSP) was approved by the Board of Supervisors on November 26, 2002, and ratified on June 10, 2003.

Barbara A. Olivier

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Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

SOURCE OF FUNDS: Fund fees are charged against Fund assets.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand* 6/25/2012

Ivan M. Chand

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: *Tawny N. Lieu* DATE: 6/11/12
TAWNY N. LIEU

Departmental Concurrence

- Policy
- Consent
- Policy
- Consent

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 09/13/2011, 3.65 | **District:** All | **Agenda Number:**

ATTACHMENTS FILED

3.21

Background (continued)

The VEBA HSP is designed to provide tax-free reimbursement for IRS qualified medical expenses incurred by the participant and/or the participant's qualified dependents during the participant's retirement years. Eligible expenses are detailed in IRS Publication 502 and include such items as the purchase of post-employment health coverage (medical, dental, vision, etc.), copayments and deductibles.

On September 27, 2010, the Deferred Compensation Advisory Committee (DCAC) which was established by the Board of Supervisors on December 21, 1976, to provide investment oversight for the County's Deferred Compensation Plans, agreed to provide investment oversight for the County's VEBA HSP. On March 28, 2011, the DCAC reviewed and approved the replacement of the Goldman Sachs Financial Square Government Fund with the Nationwide Fixed Annuity Fund due to low investment returns of 0.01%.

Since November 1, 2011, participants have the option to invest funds into the VEBA HSP Nationwide Fixed Annuity Fund. Currently, sixty-five (65) percent of the plan assets are invested in the Fixed Annuity fund which has earned a 3.25% return during the first quarter (January 1 – March 31, 2012). In total there are approximately 1,655 participants in the VEBA HSP with account balances totaling an estimated \$23.1 million.

If approved, the First Amendment Service Agreement (Attachment A) extends the term of the agreement. No other changes were incorporated. There is no charge to the County for the recommended action.

Attachment A

FIRST AMENDMENT SERVICES AGREEMENT

Nationwide Fixed Annuity Fund

FIRST AMENDMENT
SERVICES AGREEMENT
BETWEEN
COUNTY OF RIVERSIDE
AND
NATIONWIDE RETIREMENT SOLUTIONS, INC.

This First Amendment to the Services Agreement is entered into and effective this first day of July 2012, between the County of Riverside, a political subdivision of the State of California ("County"), and Nationwide Retirement Solutions, Inc., a Delaware corporation ("Nationwide"), (collectively "the Parties").

RECITALS

WHEREAS, the Parties entered into the Services Agreement ("Agreement") on November 1, 2011, wherein Nationwide agreed to make units of the Fixed Annuity Contract NRC 011WA, underwritten by Nationwide Life Insurance Company, an Ohio corporation, available as an investment option under the County of Riverside Voluntary Employees' Beneficiary Post-Employment Program Health Savings Plan; and,

WHEREAS, the County and Nationwide desire to modify the Agreement;

NOW, THEREFORE, in consideration of the mutual obligations and covenants set forth herein, the County and Nationwide hereby agree to the following terms and conditions:

A. Section 2 of the Agreement is deleted in its entirety and replaced as follows:

"Period of Performance. This Agreement shall be effective as of the Effective Date and continue in effect through June 30, 2013, with the option to renew for one (1) additional year, by written amendment, unless otherwise terminated pursuant to Section 10 (Termination)."

B. All other terms and conditions of the Agreement are to remain in full force and effect.

C. Nationwide certifies that the individual signing herein has the authority to execute this First Amendment on behalf of Nationwide, and may legally bind Nationwide to the term and conditions of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to execute this Service Agreement.

ATTEST:
Clerk of the Board
Kecia Harper-Ihem

COUNTY OF RIVERSIDE:

By: _____
Deputy

By: _____
Chairman, Board of Supervisors

Date: _____


Date: _____

Approved as to form:

Pamela J. Walls
County Counsel

By:  _____
Deputy County Counsel

Nationwide Retirement Solutions,
a Delaware corporation

By:  _____

Printed Name: Kevin G. O'Brien

Title: Vice President and CFO

Date: June 13, 2012