



June 4, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

Subject: Approval of, and Authorization for, the Interim Director of Human Resources to Sign the Eighth Amendment to the Fidelity Management Trust Company Agreements that Restructures Revenue Credit Allocation.

Recommendation

It is recommended that your Board approve and authorize the Interim Director of Human Resources to sign the Letter Amendment between Fidelity Management Trust Company (Fidelity) and the County of Ventura for the 401(k) Shared Savings Plan and Section 457 Plan, with an effective date of July 1, 2024 (attached as Exhibit 1) that restructures revenue credit allocations.

Strategic Priority

As employee benefits, the 401(k) Shared Savings and the Section 457 Plans (Plans) support the County's Strategic Priority to attract, hire, develop, and retain a diverse workforce empowered to meet the needs of our customers. The restructured revenue sharing arrangement is more equitable and transparent because it ensures that revenue credits are allocated directly to participants invested in funds that generate that revenue.

Fiscal/Mandates Impact

There is no fiscal impact resulting from this action.

Discussion and Background

Fidelity serves as the recordkeeper for the Plans. Under the Plans' existing arrangement with Fidelity, there are multiple funds in the County's offering that generate revenue share. Revenue sharing typically refers to the compensation recordkeepers and service providers receive from certain investment providers or financial institutions to offset or alleviate specific fees linked with the management of investment accounts. Since 2013, these revenue credits have been used to cover Fidelity's recordkeeping fees, which include Fidelity's administration, trustee and custodian services, accounting, legal/compliance, investment consulting, participant education, and communications. To the extent that revenue credits are earned and exceed the cost necessary to cover Fidelity's fees, that revenue is distributed equally to all participants in the Plans, even if those participants are not enrolled in the funds that generate the revenue.

The Eighth Amendment to the Fidelity Management Trust Company Agreement eliminates the existing revenue sharing arrangement and replaces it with one where excess revenue generated by those funds will be allocated back to participants invested in those funds. This ensures that excess revenue credit is refunded exclusively to participants invested in funds that generate such excess revenue. The changes to the Plans' fee structure outlined above will take effect as of July 1, 2024.

Expenses for the Deferred Compensation Program have also been funded through revenue credit fees received. With the elimination of the prior revenue credit structure, a quarterly flat fee per participant — both active and retiree — will be instituted alongside the quarterly Fidelity recordkeeping fee. This flat fee rate will be determined annually by CEO Fiscal as part of the budget process, and is intended to cover all operational expenses, including salaries, benefits, services, supplies (such as consulting contracts, County Counsel billing, office supplies), and other ISF charges. This fee will be implemented beginning in FY 25-26 at an annual rate of \$50 for active employees and \$25 for retirees. Fidelity will assess the quarterly program administration fee concurrently with the quarterly recordkeeping fee. Subsequently, the program will invoice Fidelity for the Plans' administration costs.

It is recommended that your Board approve and authorize the Interim Director of Human resources to sign the Eighth Amendment to the Fidelity Management Trust Company Agreement. The Deferred Compensation Committee concurs with this recommendation. The Deferred Compensation Committee is comprised of the County Executive Officer, Treasurer-Tax Collector, Auditor-Controller, County Counsel, and Director of Human Resources (or designees).

The County Executive Office, County Counsel, and the Auditor-Controller's Office have reviewed this letter. If you have any questions regarding this item, please contact me at (805) 654-3600 or Patty Zoll, Deferred Compensation Manager, at (805) 477-7234.

Respectfully Submitted,



J. Tabin Cosio
Interim Director of Human Resources



Sevet Johnson, PsyD
County Executive Officer

Attachment: Exhibit 1 - Eighth Amendment to the Fidelity Management Trust Company Agreements

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c: Jeffery S. Burgh, Auditor-Controller
Tiffany N. North, County Counsel
Mike Pettit, Assistant County Executive Officer
Scott Powers, Interim County Chief Financial Officer
Deferred Compensation Committee