



City of Santa Clara

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Agenda Report

21-205

Agenda Date: 2/16/2021

REPORT TO DEFERRED COMPENSATION COMMITTEE

SUBJECT

Action to Approve Change to Lower Cost Vanguard Institutional Share Class Target Date Funds

BACKGROUND

Hyas is recommending to the Deferred Compensation Committee to approve the change moving to the lower cost Vanguard institutional share class target date funds.

DISCUSSION

Hyas is the City's independent consultant to the 457 Deferred Compensation Plan (Plan) and conducts a quarterly review of the Plan's investment options. Vanguard recently reduced the investment dollar minimum for their institutional share class of target date funds. The institutional share class of funds have a lower expense ratio than the City's current funds. If the City approves the move to the less expensive target date funds, the approximate participant savings would be \$15,000 annually based on current asset levels. If this action is approved by the Committee, Nationwide will make the change effective on April 16, 2021.

If the Committee does not approve the change to the less expensive target funds, the cost for waiting to make the change is approximately \$3,750 per quarter to the Plan participants.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no cost impact to the City with this recommended action. Switching to the lower expense institutional share class target date funds will save City participants approximately \$15,000 annually based on current asset values.

PUBLIC CONTACT

Public contact was made by posting the Deferred Compensation Committee agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1) Approve Change to the Lower Cost Vanguard Institutional Share Class Target Date Funds.

Reviewed by: Greg Bych, Risk Manager

Approved by: Aracely Azevedo, Director of Human Resources

1. Vanguard Memo