



Board Agenda Item 5.1

DATE: April 17, 2018

TO: Board of Supervisors

SUBMITTED BY: Supervisor Nathan Magsig

SUBJECT: Fresno County Employees' Retirement Board Letter

RECOMMENDED ACTION(S):

Authorize the Board of Supervisors to execute a letter to the Fresno County Employees' Retirement Association (FCERA) Board members regarding investment strategies.

Approval of the recommended action would authorize the execution of a letter to the FCERA Board members sharing your Board's position on investment strategies as well as the need for a RFP process which encompasses industry best practices.

ALTERNATIVE ACTION(S):

Your Board could choose not to execute the letter.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended actions.

DISCUSSION:

On March 22, 2018, a joint meeting between the Fresno County Board of Supervisors and the FCERA Board was held. At this meeting, FCERA investment strategies were presented. In the presentation, it was noted that FCERA strategies have resulted in a much lower rate of return than actuarial projections. A change in these strategies could have a major impact on the overall health of the plan.

The current consultant overseeing the investment managers performance has been under contract with FCERA for over 15 years and the Fund's actuary has been under contract for close to 10 years. The Government Finance Officers Association (GFOA) recommends that governments review their financial services contracts every five years through a competitive process. This practice is followed throughout the County as new contracts for services are typically three years with two one-year extensions. The letter asks the FCERA Board to follow this best practice when managing their contracts.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Letter to FCERA regarding investment strategies