



# Board Agenda Item 31

DATE: November 3, 2020

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Letter Agreement to Agreement No. 09-530

## RECOMMENDED ACTIONS:

1. **Approve and authorize the Chairman to execute a retroactive Letter Agreement amending Agreement No. 09-530 with Great-West Life & Annuity Insurance Company, reducing the Investment Management Fee effective June 1, 2019.**
2. **Authorize the Chair of the Deferred Compensation Management Council to execute future Letter Agreements, upon approval of County Counsel, to the extent that such Letter Agreements amend investments as set forth in Agreement No. 09-530, consistent with the authority granted by Section 8.02 of the County of Fresno 457(b) Deferred Compensation Plan Document.**

There is no increase in Net County Cost associated with the recommended actions. Approval of the first recommended action will reduce the Investment Management Fee to County of Fresno 457(b) Deferred Compensation Plan (the "Plan") participants invested in the Stable Value Fund investment option from 0.35% to 0.34%, retroactive to June 1, 2019. Approval of the second recommended action will allow the Chair of the Deferred Compensation Management Council (the "Council"), to execute future Letter Agreements to Agreement No. 09-530, but only if such Letter Agreements amend the investment guidelines related to the County of Fresno Stable Value Fund. This item is countywide.

## ALTERNATIVE ACTION(S):

There is no alternative to the first recommended action. Great-West Life & Annuity Insurance Company ("Great-West") reduced the Investment Management Fee charged to eligible Plan participants on June 1, 2019. If your Board does not approve the second recommended action, future Letter Agreements amending the investment guidelines related to the County of Fresno Stable Value Fund will be presented to your Board for approval.

## RETROACTIVE AGREEMENT:

The recommended Letter Agreement 3 to Agreement No. 09-530 with Great-West is retroactive to June 1, 2019. This is the date when Great-West made the decrease of the Investment Management Fee from 0.35% to 0.34% effective.

## FISCAL IMPACT:

There is no net County cost associated with the recommended action. The first recommended action will retroactively reduce the Investment Management Fee charged by Great-West from 0.35% to 0.34% annually. This change will result in a total savings of more than \$6,500 per year to eligible Plan participants.

DISCUSSION:

The County of Fresno has offered its employees a deferred compensation plan, as authorized by Internal Revenue Code Section 457, since 1976. The Plan allows employees to defer pre-tax and after-tax dollars into a variety of investment options in order to save for retirement. Currently, the Plan has nearly 6,800 participants with approximately \$300 million in assets.

Your Board has delegated the authority to oversee the Plan to the Council, which is comprised of the County Administrative Officer (CAO), Auditor Controller/Treasurer Tax Collector, Director of Human Resources, Retirement Administrator, one (1) Department Head appointed by the CAO and two (2) Members At Large appointed by your Board. The Council is responsible for the selection and oversight of the Plan investment options, creating policies and procedures related to the Plan, and making recommendations to your Board regarding Plan record keeping and consulting services.

On October 6, 2009, the Board approved Agreement No. 09-530 with Great-West Life & Annuity Insurance Company, effective November 19, 2009, to manage a Stable Value Fund, which provides a low-risk, interest-bearing investment option to Plan participants.

On June 3, 2020, the Human Resources Department received notice from Great-West that it had reduced fees to Plan participants who invest in the Stable Value Fund as of June 1, 2019. Since the June 3 notification, staff has worked with Great-West to clarify certain aspects of Agreement No. 09-530, as well as to provide a complete history of the various Amendments and Letter Agreements that have been previously executed.

The first recommended action will retroactively reduce the Investment Management Fee charged by Great-West from 0.35% to 0.34% annually. This change will result in a total savings of more than \$6,500 per year to eligible Plan participants.

The second recommended action will authorize the Chair of the Council to execute future Letter Agreements to Agreement No. 09-530, upon approval of County Counsel, only if such Letter Agreements amend the investment guidelines related to the County of Fresno Stable Value Fund.

REFERENCE MATERIAL:

BAI #44 - October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement No. 09-530 with Great-West Life & Annuity Ins. Co.

CAO ANALYST:

Yussel Zalapa