



## MINUTES OF THE SUPPLEMENTAL PENSION BOARD CITY OF HUNTINGTON BEACH

Thursday, March 20, 2025  
3:00 pm – 4:00 pm  
Via Zoom Teleconference

### **CALL TO ORDER**

The meeting was called to order at 3:03 pm.

### **ROLL CALL**

Present: Ms. Alisa Backstrom, City Treasurer  
Mr. Travis Hopkins, City Manager

Absent: Mr. David Cain, Interim Chief Financial Officer

Guests: Ms. Marissa Sur, City of Huntington Beach  
Ms. Joyce Zacks, City of Huntington Beach  
Mr. Darren Stewart, Benefit Financial Services Group (“BFSG”)  
Ms. Antonia Lipovac, BFSG  
Mr. Tim Banach, US Bank  
Mr. Keith Stribling, US Bank

### **PUBLIC COMMENTS**

None

### **APPROVAL OF PRIOR MEETING MINUTES**

The Board reviewed and approved the minutes from the regular meeting held on November 21, 2024, without any revisions.

### **ASSET ALLOCATION REVIEW**

BFSG reviewed the Plan’s current asset allocation and presented an analysis based on JPMorgan’s latest capital market assumptions to estimate expected returns and volatility. Two proposed scenarios resulted in similar expected returns but reduced expected volatility. One of the scenarios included the addition of Global Infrastructure as an asset class at the request of U.S. Bank. The asset class provides more exposition to value-oriented equity with higher dividends. Both scenarios suggested a meaningful increase in the Real Estate allocation. After discussion, the Board agreed to revisit the analysis at a future meeting maintaining the current cap on Real Estate. One scenario with a 4% allocation to Global Infrastructure, and one with a 5% allocation to Global Infrastructure will be reviewed. BFSG will draft updated Investment Policy Statements with both allocations so that the Board may adopt the appropriate one after review of the analysis.

### **BFSG PORTFOLIO REVIEW**

The Board received and filed the Retirement Plan Quarterly Investment Review (the “Report”) for the quarter ending December 31, 2024. BFSG provided a brief overview of economic and market conditions as they related to the performance of the Supplemental Retirement Plan (the “Plan”) investments.

As of December 31, 2024, the portfolio fell within the asset allocation ranges set forth in the Investment Policy Statement (“IPS”). During the fourth quarter, there was an increase in the portfolios cash holdings totaling 3.2% of the portfolio. Additionally, there was 40.1% allocated to fixed income, 29.7% to domestic equity, 22.7% to foreign equity, 4.3% to real estate, and 0% to commodities.

Commentary was provided regarding T. Rowe Price Instl Mid-Cap Eq Gr Fd which underperformed relative to its peers during the quarter. An underweight to Palantir and AppLovin along with an overweight to healthcare detracted from recent performance. It was also noted that the fund's long term manager is retiring in September. Two co-managers have been appointed to replace the manager.

As of December 31, 2024, the portfolio outperformed its custom passive benchmark across the 10-year period noted in the Report but trailed on a 3- and 5-year basis.

#### **U.S. BANK PORTFOLIO REVIEW**

The Board received and filed U.S. Bank's Portfolio Review for the period ending December 31, 2024. As of the end of the quarter, the portfolio value was \$68.3 million consisting of 12 securities.

Mr. Stribling reviewed the portfolio summary, highlighting the overall current yield of 2.91% made up from the current yield of 3.95% from the fixed income portion of the portfolio and the current yield of 2.02% from the equity portion of the portfolio.

An investment outlook for the first quarter of 2025 was also provided which generally reflected neutral positioning across equities, fixed income, and diversifying assets. Mr. Stribling was unaware of the expected retirement of the T. Rowe Price manager but will inquire with his team as to whether any action will be taken.

#### **ADJOURNMENT**

With no further issues to discuss the meeting was adjourned at 3:43 pm. The next meeting is scheduled for May 22, 2025.