



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

Thursday, April 29, 2021  
1:35 pm – 2:20 pm  
Via Zoom Teleconference  
Civic Center, 2000 Main Street  
Huntington Beach, California 92648

### **CALL TO ORDER**

The meeting was called to order at 1:35 pm.

### **ROLL CALL**

Present: Ms. Alisa Backstrom, City Treasurer  
Mr. Dahle Bulosan, Chief Financial Officer  
Mr. Travis Hopkins, Assistant City Manager

Guests: Ms. Sunny Rief, City of Huntington Beach  
Mr. Colin Stevens, City of Huntington Beach  
Mr. Darren Stewart, Benefit Financial Services Group ("BFSG")  
Mr. Chris Rowey, BFSG  
Ms. Aksana Munoz, BFSG  
Mr. Rick Rosenthal, US Bank  
Mr. Tim Banach, US Bank

### **PUBLIC COMMENTS**

None

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

The Board unanimously approved minutes of the meeting held on January 28, 2021.

### **BFSG PORTFOLIO REVIEW**

The Board received and filed the Retirement Plan Quarterly Investment Review (the "Report") for the quarter ending March 31, 2021. BFSG provided a brief overview of economic and market conditions as they related to the performance of the Supplemental Retirement Plan (the "Plan") investments.

The allocation of the portfolio as of March 31, 2021, fell within the permissible ranges as set forth by the Investment Policy Statement ("IPS"). There were no investment changes made during the quarter.

For the quarter, the portfolio underperformed both benchmarks but outperformed both on a one-year basis. Recent performance was negatively impacted by recent market rotation into value stocks as the portfolio is built with a tilt toward growth. Over the last three years, the portfolio has slightly underperformed its Static benchmark while slightly outperforming both benchmarks over the last five years.

BFSG reviewed the current IPS allocation using JP Morgan's most recent capital market assumptions. The allocation is expected to have an average long-term return of 4.42% and a standard deviation of 9.16%.

BFSG noted one of the longest tenured fund managers on Vanguard Equity Income is planning to retire this year. This change is not concerning as the fund's primary manager remains in place.

**U.S. BANK PORTFOLIO REVIEW**

The Board received and filed the U.S. Bank's Portfolio Review for the period ending March 31, 2021. As of the end of the quarter, the \$70.7 million portfolio consisted of 57% equity, 38% fixed income, 4.5% real estate, 0.5% cash and 0% commodities.

U. S. Bank provided an overview of the portfolio which included the following areas: asset allocation, portfolio holdings, top stock holdings, custom benchmark composition, and the current quarter performance.

Mr. Rosenthal discussed performance of Nuveen Real Estate Securities, noting the fund's volatile nature and that he is planning to replace the fund with an index-based ETF. He further noted Harbor Capital Appreciation remained on the U. S. Bank internal Watch List during the quarter. There were no fund changes during the quarter. Mr. Rosenthal reviewed performance of the portfolio during the reporting quarter, noting that the market's rotation into value stocks hurt recent performance.

**ADJOURNMENT**

With no further issues to discuss the meeting was adjourned at 2:20 pm. The next meeting will be held on July 29, 2021.