



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

Civic Center Conference Room B-7  
2000 Main Street  
Huntington Beach, California  
April 17, 2012

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**1. Call to Order** at 9:08 am.

**2. Roll Call:**

Present:

Board Members: Fred Wilson, City Manager; Alisa Cutchen, City Treasurer; Lori Ann Farrell

City of Huntington Beach: Paul Emery, Deputy City Manager; Joyce Zacks, Deputy City Treasurer

U.S. Bank Attendees: Derek Hanson, Steven Webb, Richard Rosenthal, Yuval Selik

**3. Public Comments:**

None

**4. Old Business:**

Lori Ann Farrell moved to approve the January 31, 2012 Minutes; seconded by Alisa Cutchen. Motion approved.

**5. New Business:**

U.S. Bank Representative Derek Hansen reviewed the fund performance for the period ending March 31, 2012. The first quarter of 2012 saw a rally in the equity markets. As previously agreed by the investment manager and the Board, the portfolio's equity exposure had been increased from 60% at year-end 2011, to 64% currently, due to a reduction in fixed income. Hence, the portfolio was better poised to take advantage of the 1Q equity rally.

For the period ending March 31, 2012, the total return of the portfolio net of fees for the past three months was 9.93%, with a 1-year return of 2.12% and return since inception (31 months) of 7.44%. The equity portion of the portfolio returned 13.51% for the first quarter of 2012, beating the S&P500 at 12.58%.

The Board moved and approved the change from the current "cash sweep" fund (Fidelity Government Portfolio) to the First American Obligations Government

Fund. The Fidelity fund was currently yielding 1.0 basis point versus 1.6 basis points for the First American fund. Additionally, the First American fund has a “floor” of 1.6 basis points, which sets this amount as the minimum that will be earned. There are no fees charged for the First American fund and no costs to make this change.

The Board also discussed the current fixed income portion of the portfolio. Currently, this portion of the portfolio (24%) is invested in the Pimco Total Return Fund. This fund returned 2.88% during the first quarter of 2012, handily surpassing the Barclays Capital Aggregate Index of 0.30%. It was decided that the fixed income portion of the portfolio would remain invested in this fund at this time.

Investment Policy Statement: The review of the investment policy statement as provided by BFSG was discussed. Due to timing issues, this discussion will resume at the next meeting.

**6. Adjournment:**

Fred Wilson moved to adjourn the meeting; seconded by Lori Ann Farrell. Motion approved at 10:00 a.m. The next meeting of the Board shall be held on July 17<sup>th</sup>, 2012 in Room B-7 on the lower level of City Hall.

Minutes submitted by:

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Alisa Cutchen, Board Member