



## CITY OF BEVERLY HILLS

455 North Rexford Drive  
Beverly Hills, CA 90210  
Video Teleconference

### The Beverly Hills City Council Liaison / Finance & Audit Committee

#### SPECIAL MEETING HIGHLIGHTS

Friday, July 23, 2021  
10:00 AM

#### MEETING CALLED TO ORDER

Date / Time: July 23, 2021 / 10:00 AM

**IN ATTENDANCE:** Mayor Robert Wunderlich, City Councilmember Dr. Julian Gold, City Manager George Chavez, Director of Finance Jeff Muir, Deputy City Manager Gabriella Yap, Assistant Director of Finance Tatiana Szerwinski, Dennis Yu (PARS), Rachel Sanders (PARS), Anne Wimmer (HighMark Capital)

#### 1) PUBLIC COMMENT

Members of the public were given the opportunity to directly address the Committee on any item listed on the agenda.

None.

#### 2) PROVIDE AN UPDATE TO THE TEMPORARY CITY OF BEVERLY HILLS SECTION 115 TRUST INVESTMENT COMMITTEE TO REVIEW THE PORTFOLIO STRUCTURE, HOLDINGS AND PERFORMANCE.

- Jeff Muir, Director of Finance, provided a brief background regarding the City's establishment of the Section 115 trust and funding of the trust for both pension and other post-employment benefits (OPEB) liabilities.
- Dennis Yu of PARS, Rachel Sanders of PARS, and Anne Wimmer of HighMark Capital, provided updates on the portfolio structure, holdings, and performance of the trust.
  - The Pension account balance as of June 30, 2021 is \$22.8 million and is invested in the custom conservative (active) account.
  - The OPEB account balance as of June 30, 2021 is \$79.6 million and is invested in the custom-moderately conservative (active) account.
- Dennis presented a brief background of the Section 115 trust for funding the City's Pension Trust Account, with benefits including:
  - Maintain Local Control Over Assets
  - Ability to Stabilize Pension Rate
  - Rainy Day Fund
  - Diversified Investing
- Rachel presented a brief overview of the OPEB Trust Account, with benefits including:
  - Potential greater return



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- Improvement of Discount Rate
- GASB 75
- Improve Credit Ratings
- Anne discussed portfolio diversification and performance and that for both accounts the performance exceeded benchmarks (rates of return of 9.99% inception to date for OPEB vs benchmark of 8.69% [gross of fees], and 6.58% inception to date for the pension account vs. benchmark of 6.01% [gross of fees]).
  - Performance was provided gross of fees and in the future will be provided both gross and net of fees (fees are approximately .27% for both investment management and administration fees).
- Tatiana Szerwinski, Assistant Director of Finance, asked the Committee if they had recommendations for change to the investment strategy and the Audit and Finance Committee members recommended maintaining the current investment strategy for both pension and OPEB accounts (conservative and moderately conservative respectively).

#### **3) DISCUSS RECOMMENDATIONS AND OBTAIN DIRECTION FOR THE PERMANENT CITY OF BEVERLY HILLS SECTION 115 TRUST INVESTMENT COMMITTEE AND ESTABLISHING THE CITY OF BEVERLY HILLS EMPLOYER SPONSORED RETIREMENT PLAN COMMITTEE.**

Jeff Muir, Director of Finance, discussed how the temporary Section 115 Trust Investment Committee is comprised of the two members of the Audit and Finance Committee, the City Treasurer, City Manager, and Director of Finance and recommended that this become the permanent committee to be brought forward to the full City Council for approval by way of resolution. The Audit Committee members concurred with this recommendation.

Jeff Muir also discussed the recommendation of developing a second committee for responsibility of monitoring the City's employer sponsored retirement plans and working with the City's consultant to ensure low fees and suitable plan offerings. The committee would consist of the City Manager, Director of Finance, and Director of Human Resources. The Audit and Finance Committee agreed with this recommendation and asked that this topic be brought back in the future to discuss further options with the City's consultant for possible inclusion of bargaining group members or regular reporting to them of plan options.

#### **4) ADJOURNMENT:**

Date / Time: July 23, 2021 / 10:56 AM