BIRMINGHAM EMPLOYEES RETIREMENT BOARD AGENDA FRIDAY, JUNE 12, 2020 at 8:15 A.M. VIRTUAL MEETING

- 1) Call to order by Chairman Conti
- 2) Roll Call
- 3) Announcements
- 4) Consent Agenda

All items listed on the consent agenda are considered to be routine by the Retirement Board and will be enacted by one motion and approved by a roll call vote. There will be no separate discussion of these items unless a board member so requests, in which event the item will be removed from the general order of business and considered as the last item under new business.

- A) Approval of Retirement Board minutes of March 13, 2020.
- B) Approval of Birmingham Employees Retirement System Bills/Retirement Roll of \$1,952,720.36 for the period from March 1, 2020 through May 31, 2020.
- C) Approval of Pension Administration Expenses of \$101,438.90, for the period from January 1, 2020 to June 30, 2020.
- D) Final approval of the retirement of Phil Webb from the Police Department
- E) Resolution to receive the Summary of Assets for the period ending April 30, 2020, with a total market value of \$91,335,712.

| | 4/30/2020 | | 3/31/2020 | | 4/30/2019 | |
|--|------------|--------|------------|--------|-------------|--------|
| Apex (Fiera Capital) - SMID-Cap Growth | 5,020,347 | 5.5% | 4,262,040 | 5.0% | 11,493,236 | 11.4% |
| Bahl Gaynor - Large-Cap Growth | 9,638,038 | 10.6% | 8,627,250 | 10.1% | 6,846,153 | 6.8% |
| Bradford & Marzec - Fixed Income | 14,290,251 | 15.6% | 14,302,704 | 16.7% | 11,836,960 | 11.8% |
| Bramshill Investments - Fixed Income | 3,745,127 | 4.1% | 3,549,484 | 4.2% | 3,763,663 | 3.7% |
| C. S. McKee - Fixed Income | 3,850,614 | 4.2% | 4,068,078 | 4.8% | 2,920,733 | 2.9% |
| Cavendish Managed Futures | 3,231,656 | 3.5% | 3,218,607 | 3.8% | 5,418,854 | 5.4% |
| Gabelli - Small-Cap Value | 4,797,707 | 5.3% | 4,363,135 | 5.1% | 9,446,860 | 9.4% |
| Goldman Sachs - Alternative | 0 | 0.0% | 0 | 0.0% | 494 | 0.0% |
| Graham Absolute Return - Hedge Fund | 3,080,853 | 3.4% | 3,011,607 | 3.5% | 2,634,671 | 2.6% |
| Lazard - International Equity | 6,126,883 | 6.7% | 5,767,548 | 6.8% | 11,411,516 | 11.3% |
| Lazard - Emerging Markets | 2,528,727 | 2.8% | 2,360,655 | 2.8% | 5,745,732 | 5.7% |
| Seizert Capital - Mid Cap Value (Liquidated) | 0 | 0.0% | 0 | 0.0% | 7,527,369 | 7.5% |
| Cash (Reserved for Mid Cap Index) | 0 | 0.0% | 6,633,472 | 7.8% | 0 | 0.0% |
| Vanguard Mid-Cap ETF (VO) | 7,139,341 | 7.8% | 0 | 0.0% | 0 | 0.0% |
| Vanguard S&P 500 ETF (VOO) | 11,903,164 | 13.0% | 10,554,127 | 12.4% | 11,795,084 | 11.7% |
| Westwood Holdings - Large-Cap Value | 13,063,394 | 14.3% | 11,848,745 | 13.9% | 7,096,690 | 7.1% |
| Whitebox Multi-Strategy - Hedge Fund | 2,919,610 | 3.2% | 2,873,387 | 3.4% | 2,634,671 | 2.6% |
| Total | 91,335,712 | 100.0% | 85,440,839 | 100.0% | 100,572,686 | 100.0% |

- 5) Investments
 - A) Investment Consultant Report
- 6) Unfinished Business
 - A) Approval of Retirement Board minutes of December 13, 2019

7) New Business

- A) To concur in the recommendation of the Retirement Investment Committee and UBS Financial Services/Flagship Financial Partners team to terminate the relationship with Bahl & Gaynor; to enter into an agreement with Polen Capital Management, LLC to invest in their Polen Focus Growth strategy for the Retirement Fund; and to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retirement Board; to direct Comerica Bank to create a new large-cap growth equity fund account for the Retirement Fund to be managed by Polen Capital Management, LLC.
- B) To concur in the recommendation of the Retirement Investment Committee and the UBS Financial Services/Flagship Financial Partners team to terminate the relationship with Lazard Capital in both the developed international and emerging market strategies; to transfer those funds into the MFS International Diversification I mutual fund for the Retirement Fund; to direct Comerica Bank to create a new international account for the Retirement Fund.
- C) Resolution to approve the consent of assignment of the Birmingham Employee Retiree System contract with Tortoise Credit Strategies to R Squared BM LLC and to authorize Finance Director Mark Gerber to sign the consent of assignment on behalf of the City.
- D) Resolution to set interest rate for Accumulated Contributions-2020 at 3% based on the Retirement Board's Policy.
- E) To declare a vacancy in the office of general member of the Retirement Board effective July 1, 2020; to schedule a primary election on Friday, July 31, 2020 and a regular election on August 21, 2020, if necessary; to appoint _______, and Mark Gerber to an election committee to canvass the votes and report election results at the next regular board meeting.
- 8) Communications
 - A) Retirement Investment Committee Update
- 9) Meeting Open to the Public for Items Not on the Agenda
- 10) Adjournment

Mark Gerber, Secretary/Treasurer Employees Retirement Board

Individuals requiring accommodations, such as interpreter services, for effective participation in this meeting should contact the City Clerk's Office at (248) 530-1880 at least one day in advance of the public meeting.

Las personas que requieren alojamiento, tales como servicios de interpretación, la participación efectiva en esta reunión deben ponerse en contacto con la Oficina del Secretario Municipal al (248) 530-1880 por lo menos el día antes de la reunión pública. (Title VI of the Civil Rights Act of 1964).

MINUTES OF THE REGULAR RETIREMENT BOARD MEETING **HELD MARCH 13, 2020**

The meeting was called to order at 8:14 A.M.

PRESENT:

Matthew Bartalino, Pierre Boutros, Christopher Conti, Bruce

Johnson, Pete Kauffman, Therese Longe, Joseph Valentine, Jeffrey

Whipple

ALSO PRESENT: Mark Gerber, Finance Director/Treasurer; David Gasper, UBS;

Frank Pisano, Library Board; Ruth Rowland, Retiree Health Care

Fund Investment Committee

Chairman Conti announced that Bruce Johnson was elected to the position of General Board Member for a term to expire July 1, 2020.

01-2020

Mayor Pro Tem Longe requested that item A, Retirement Board Minutes of December 13, 2019, be pulled from the consent agenda in order to add additional detail regarding Mr. Pisano and Mayor Pro Tem Longe's comments during public comment.

Motion by Valentine: Second by Longe:

To approve the Consent Agenda, excluding item A. Retirement Board Minutes of December 13, 2019:

To approve the Birmingham Employees Retirement System Bills/Retirement Roll of \$1,942,517.55 for the period from December 1, 2019 through February 28, 2019; To approve the Pension Administration Expenses of \$127,238.27 for the period from December 24, 2019 to February 28, 2020;

To grant final approval of the retirement of Paul O'Meara from the Engineering Department;

To grant final approval of the retirement of Darlene Poprafsky from the library; To grant final approval of the retirement of Gary Gustafson from the Department of Public Services:

To receive the Summary of Assets for the period ending January 312, 2020, with a total market value of \$102,141,410.

ROLL CALL VOTE:

Bartalino:

Ayes

Boutros:

Ayes

Conti:

Ayes

Longe:

Ayes

Retirement Board Minutes March 13, 2020 Page 2

Valentine: Ayes Whipple: Ayes Johnson: Abstain

The Retirement Board Minutes of December 13, 2019, will be brought back to a subsequent meeting with corrections.

02-2020

David Gasper presented the Investment Consultant Report. Gasper stated that their firm has partnered with 2 UBS advisors with institutional and retirement experience, Matthew Lasko and Megan Smith, to help provide additional value to the plan.

Gasper stated in order for the market to rebound, three things need to occur: 1) containment efforts are starting to work; 2) get a sense of how to quantify the effects of the virus on the economy; and 3) coordination of efforts among policy makers. Once the market sees these three things occur, the market will bounce back.

Valentine suggested that the investment committee should meet more often during the market volatility to be more proactive in response to market conditions.

Gasper stated that the current sell off is based on fear not the economy. The US economy was in very good shape going into the pandemic. If the current crisis is short-lived, the market should bounce back. If it continues, the economy is likely to slide into a recession.

03-2020

Motion by Valentine: Second by Boutros:

To concur in the recommendation of the Retirement Investment Committee and Investment Consultants Steve and David Gasper to direct Comerica Bank to open a trust account in the Retirement Fund for a mid-cap index fund to be managed by Vanguard; to direct Comerica Bank to transfer funds from recently liquidated Seizert Capital's mid-cap value account into a Vanguard Mid-Cap ETF (VO) on a weekly basis as follows: transfer \$1,650,000 the first week; transfer \$1,650,000 the second week; transfer \$1,650,000 the third week; and, transfer the remaining funds the fourth week.

Ayes: 7 Nays: 0 Retirement Board Minutes March 13, 2020 Page 3

04-2020

During public comment, Frank Pisano suggested that due to the addition of new members to the Gasper Group, that instead of a RFI (Request for Information) as was suggested at the last meeting, that the Board consider a full RFP (Request for Proposal) for consulting services. He suggested that the Board interview 3 firms and possibly the Gasper Group. Chris Conti stated this process was underway and that Finance Director Gerber was searching for a firm to manage this process.

Respectfully submitted,

Thelma Golden Treasury Consultant

City of Birmingham Employees Retirement System

Bills and Retirement Roll March 1, 2020 to May 31, 2020

| Date | Name | Purpose | Amount |
|-----------|-----------------|--|------------------------|
| 3/31/2020 | Retirement Roll | March 2020 # Added: 1 # Removed: 1 | \$ 648,366.25 |
| 4/30/2020 | Retirement Roll | April 2020 # Added: 0 # Removed: 1 | \$ 652,059.43 |
| 5/31/2020 | Retirement Roll | May 2020 # Added: 0 # Removed: 1 | \$ 652,294.68 |
| | | Total | <u>\$ 1,952,720.36</u> |

000036 Payment History - Detail

Payment Date: 03/01/2020 to 03/31/2020

Page 59 of 60

Run Date/Time: 03/26/2020 06:43 AM

Account No: 001044 Account/Plan Name: CITY OF BIRMINGHAM EMPLOYEES RETIREMENT SYSTEM

Account Total

(+) MTLY BEN
(+) DISBPENT
(+) DISBPENN
(+) RETRO AM
GROSS
(-) FED TAX
(-) STATE TAX
(-) HEALTH
(-) COBRA

\$641,009.10 \$6,019.75 \$1,337.40 \$0.00 \$648,366.25 \$67,375.22 \$15,108.06 \$9,949.91 \$197.88

B 3/26/2020

Page 59 of 60 Run Date/Time: 04/20/2020 10:45 AM

Payment Date: 04/01/2020 to 04/30/2020

Account No: 001044 _ Account/Plan Name: CITY OF BIRMINGHAM EMPLOYEES RETIREMENT SYSTEM

Account Total (+) MTLY BEN

| (+) | DISBPENT |
|------|----------|
| (+) | DISBPENN |
| (+) | RETRO AM |
| (+) | ROLLOVER |
| (+) | NONTAX |
| | |
| GRO. | 55 |
| (-) | FED TAX |
| | |
| (-) | FED TAX |

\$644,702.28 }
\$6,019.75 }
\$1,337.40 }
\$1,985.60 \$49,217.33 \$22,994.88 \$726,257.24 \$66,546.49 \$15,322.30 \$10,159.91 \$362.17

Page 59 of 60 Run Date/Time: 05/14/2020 11:39 AM

Account Total

| (.) | MTLY BEN | CC44 027 F2 3 | 119/ | |
|-------|-----------|---------------|----------|-------|
| (+) | | \$644,937.53 | 204 60 V | 1 |
| (+) | DISBPENT | \$6,019.75 { | 294.68 | 3 |
| (+) | DISBPENN | \$1,337.40 | 100 | 1 20 |
| (+) | RETRO AM | \$1,985.60 | 6001 | C/30° |
| (+) | ROLLOVER | \$49,217.33 | / | -1 |
| (+) | NONTAX | \$22,994.88 | | |
| GRO. | SS | \$726,492.49 | | |
| (-) | FED TAX | \$66,546.49 | | |
| (-) | STATE TAX | \$15,322.30 | | |
| (-) | HEALTH | \$10,159.91 | | |
| (-) | COBRA | \$362.17 | | |

Pension Administration Expenses 1/01/2020 -6/30/2020

| <u>Date</u> | Name | Purpose | | <u>Amount</u> |
|-------------|----------------|--|----|---------------|
| 4/8/2020 | Bahl & Gaynor | Management Services 1/1/2020 - 3/31/2020 | | 6,470.14 |
| 4/21/2020 | Gamco | Investment Management 4/1/2020 - 6/30/2020 | \$ | 10,889.00 |
| 4/13/2020 | C.S. McKee | Investment Management Period Ending 6/30/2020 | | 2,849.35 |
| 4/10/2020 | Westwood Trust | Investment Management 1/1/2020 - 3/31/2020 | | 23,424.51 |
| 4/9/2020 | Lazard | Investment Management 4/1/2020 - 6/30/2020 | | 9,351.48 |
| 5/6/2020 | UBS | Investment Consultant 1/01/2020 - 3/31/2020 | \$ | 16,237.28 |
| 4/22/2020 | Fiera Capital | Investment Management Second Quarter | \$ | 5,860.01 |
| 4/30/2020 | Tortoise | Investment Management 1/1/2020 - 3/31/2020 | \$ | 9,209.33 |
| 4/28/2020 | Comerica Bank | Performance Measurement \$ 6,500.00 Custodial Services 1/1/20-3/31/ \$ 10,647.80 | \$ | 17,147.80 |
| | | TOTAL | \$ | 101,438.90 |

Bahl& Gaynor Investment Counsel

April 8, 2020

Mr. Mark Gerber The City of Birmingham 151 Martin Street P.O. Box 3001 Birmingham, MI 48012-3001 Acct: 1055053161 Code: bers-1 Mgr: Scott D. Rodes State Residence: MI

MANAGEMENT FEE:

The City of Birmingham Employees' Retirement System

3/31/2020 Market Value:

\$ 8,626,859.52

Quarterly Fee Based On:

\$ 8,626,860 @ 0.30% per annum

\$ 6,470.14

Quarterly Fee:

\$ 6,470.14

For the Period 1/1/2020 through 3/31/2020

If you are making a payment:

Mail payment to our lockbox address:

Bahl & Gaynor / Lockbox, P. O. Box 640688, Cincinnati, Ohio 45264-0688
For proper processing, indicate either the code or the account number on all payments.

Wire/ACH payments are available. Information provided upon request.

For address changes, questions, or concerns, please contact: Christina Lannan @ 513.618.4018 or email clannan@bahl-gaynor.com

Bahl & Gaynor Main Phone Number: 513.287.6100

101-274,000-802.0200

101-274.000-802.6200



One Corporate Center Rye, NY 10580-1422 t 914.921.5000 GABELLI.COM

April 21, 2020

Mr. Mark Gerber City of Birmingham Assistant Finance Director 151 Martin Street PO Box 3001 Birmingham, MI 48012-3001

INVOICE FOR INVESTMENT MANAGEMENT SERVICES

PERIOD UNDER MANAGEMENT: April 1 - June 30, 2020

Portfolio Values

S9502 Birmingham Employees Retirement

03/31/2020

\$4,355,895

Fee Basis

1.000% Of First \$40,000,000

\$10,889

Current Amount Due

\$10,889

S9502 Birmingham Employees Retirement System-Small Cap

April 21, 2020 20200331-154-5576-A

Current Amount Due

\$10,889

Please make checks payable to Gamco Investors, Inc.

CSM Advisors, LLC

CSM Advisors, LLC PO Box 779086 Chicago, IL 60677-9086

NEW PAYMENT ADDRESS

412 / 566-1234 866 / 691-3074 FAX Direct billing inquiries to: Kelly Lesko (klesko@csmckee.com)

4/13/2020

CSMcKee client # 90705

Invoice #

39568

Birmingham Employees' Retirement System

Jennifer Bacon

Quarterly Advisory Fee Invoice

Fee for Period Ending: 6/30/2020

Asset Value Date

Asset Value

3/31/2020

\$4,070,493.40

Amount Due

\$2,849.35

101-274,000-802,0200

BIRMINGHAM EMPLOYEES RETIREMENT SYSTEM

Account: Invoice: Invoice Date: Page 1 of 2 96-2013-01-7 5001045 April 10, 2020

Invoiced Fee Summary

Balance From Previous Invoice Payments Received Current Quarterly Fees \$16,647.22 -16,647.22 23,424.51

\$23,424.51

Total Amount Due

Detach and return portion below in the enclosed envelope.

DA

Westwood Trust 200 Crescent Court, Ste. 1200 Dallas TX 75201

Please remit payment to:

Westwood Trust Attn: Trust Accounting Group 200 Crescent Court, Ste. 1200 Dallas TX 75201 Account: 96-2013-01-7 Invoice Date:

Invoice: 5001045 April 10, 2020

Amount Due:

\$23,424.51

Amount Paid:

PAYMENT DUE 15 DAYS FROM INVOICE DATE

City of Birmingham Attn: Mark Gerber, CPA P.O. Box 3001, 151 Martin Birmingham MI 48012

200 Crescent Court, Ste. 1200 Dallas TX 75201

BIRMINGHAM EMPLOYEES RETIREMENT SYSTEM

Account: Invoice: Invoice Date: Page 2 of 2 96-2013-01-7 5001045 April 10, 2020

93,698.05

Current Quarterly Fees To 03/31/2020

Total Relationship Market Value: \$11,845,049.96

65 BP - ETFS AND MFS EXCLUDED

Based on \$14,415,085.04 in value:

First

\$14,415,085.04 @ 0.650 %

Annual Total

\$93,698.05 X 1/4

\$23,424.51

Total Current Period Fees

Amount Due for Current Period

Total Amount Due

\$23,424.51

\$23,424.51

\$23,424.51



Billing Period:

04/01/2020 - 06/30/2020

Invoice Number: 1773757 Account Number: AC9443

Date Issued:

04/09/2020

Value Date:

03/31/2020

Mr. Mark Gerber Birminham Employees Retirement System P.O. Box 3001,

Birmingham, MI 48012

For Billing Inquiries Please Call 610-576-3110

BIRMINGHAM EMPLOYEES RETIREMENT Account# 1055015319

Management Fees:

Market Value Fees

5,754,756.40 @ 0.0065 annually x 1/4

9,351.48

Total Management Fees

\$9,351.48

Current Period Due: \$9,351.48 Over 30 Days: \$0.00 Over 60 Days: \$0.00 Over 90 Days: \$0.00 **Total Amount Due:** \$9,351.48

Please detach and return bottom of statement with your payment.

| | Remit Payment: | By Mail: | By Wire: |
|--------------------|----------------|-------------------------|---|
| | | Lazard Asset Management | Citibank NA |
| | | P.O. Box 5394 | SWIFT: CITIUS33 |
| | | New York, NY | ABA: 021000089 |
| | | 10185-5394 | Account Name: Lazard Asset Management LLC |
| Invoice Number: | 1773757 | | Account #: 30938403 |
| Account Number: | AC9443 | | Please include account # and invoice # with payment |
| Current Period Due | \$9,351.48 | | |
| Total Due: | \$9,351.48 | | |

30 Rockefeller Plaza New York NY 10112



UBS Financial Services Inc. 1000 Harbor Boulevard, 6th FL. Weehawken, NJ 07086-6761

ubs.com/fs

Attn: Mark Gerber CITY OF BIRMINGHAM EMPLOYEES RETIREMENT FUND ATTN - MARK GERBER CPA 151 MARTIN STREET PO BOX 3001 BIRMINGHAM MI 48012-3001

Invoice

Date: 05/06/2020 Contract ID: 1254

Invoice No.: 20200331407C

Billing Period: 01/01/2020 to 03/31/2020 Institutional Consultant: BIRMINGHAM

Institutional Consulting

| Ending Balance: | \$16,237.28 | | |
|-------------------------------|-------------|--|--|
| Prior Balance: | \$0.00 | | |
| Credits for the period: | \$0.00 | | |
| Other Consulting Fees: | \$0.00 | | |
| Fee for AUA: \$100,470,760.00 | \$16,237.28 | | |
| Charges for the period: | \$16,237.28 | | |

(PLEASE PAY)

Please note:

Valuation of assets held outside UBS is based on information provided by you or at your direction. UBS does not verify this information. Account statements provided by your custodian are the only official record of your holdings.

Payment instructions

Full payment must be received within 30 days of the receipt of this invoice. Please reference the Invoice Number with your payment.

If paying by check, please send to:

UBS Financial Services 2301 W. Big Beaver Rd. Suite 800 Troy, MI 48084

Attention: The Gasper Financial Group

If paying by wire, please remit payment to:

UBS ABA:

026007993

UBS A/C:

101-WA-258641-000 YYM346500070

Further credit to:

CITY OF BIRMINGHAM

Client name:

EMPLOYEES RETIREMENT

FUND

Contract ID:

1254

Bank address:

UBS

600 Washington Blvd.

9th Floor

Stamford, CT 06901

If paying by Direct Debit with your UBS account, your Institutional Consultant will arrange for your account(s) to be debited.

Fees and credits for the period

Fee for Assets Under Advisement

| Account | Asset Value | Rate | Fee \$16,237.28 | |
|----------|------------------|--------|--------------------|--|
| M3 XXX39 | \$100,470,760.00 | 0.065% | | |
| Total | \$100,470,760.00 | | \$16,237.28 | |



April 22, 2020

(UBSTA 1055073997) Birmingham Employees Retirement System, City of (UBSTA 1055074004) City of Birmingham Retiree Healthcare System 151 Martin Street
Birmingham, MI 48009

Fiera Capital Inc. Second Quarter 2020 Statement of Management Fees

| | M | larket Value | Quarterly Fee |
|----------------------------------|---------------------|----------------|---------------|
| Account Values at March 31, 2020 | Account 3997 | \$4,261,828.74 | |
| | Account 4004 | \$2,109,535.45 | |
| Outstands For O 550/ | | | |
| Quarterly Fee @ .55% per annum | Account 3397 | | \$5,860.01 |
| | | | \$5,860.01 |
| Quarterly Fee @ .55% per annum | Account 4004 | | \$2,900.61 |
| | | | \$2,900.61 |
| | Total | | \$8,760.63 |
| | | | |
| | Fee Due and Payable | | \$8,760.63 |

Send a check payable to: Fiera Capital Inc. Attn: Myron Charas 10050 Innovation Drive, Suite 120 Dayton, OH 45342

Billing inquiries should be directed to:
Myron Charas
BillingFCl@fieracapital.com
mcharas@fieracapital.com
(937) 388-1437

ACH/Wire Instructions: Citi Private Bank 1 Court Square, 22nd Floor Long Island City, NY 11120 Routing #: 021000089 Acct. #: 4974013748 Account Name: Fiera Capital Inc.

101-274.000802.6200



April 30, 2020

Fixed Income Management Fee City of Birmingham Employees Retirement System xxxxxx3189

Inception Date: 09/17/2009

Billing Period

Asset Value

Beginning Ending January 1, 2020 March 31, 2020

\$14,271,749.10

Billing Summary

Management Fee Schedule:

| Market V | alue Tiers | | | | | |
|----------------------------|------------|----------|-----------------|---------|---------|------------|
| | | | | Days in | Days in | |
| From | То | Fee Rate | Value | Year | Period | Fee |
| \$ - \$ | 50,000,000 | 0.250% | \$14,271,749.10 | 360 | 90 | \$8,919.84 |
| Prorated Contributions/Wil | thdrawals | | | | | |
| January 2, 2020 | | 0.250% | \$16,829.39 | 360 | 1 | (\$0.12) |
| January 2, 2020 | | 0.250% | \$3,078.69 | 360 | 1 | (\$0.02) |
| January 16, 2020 | | 0.250% | \$16,642.64 | 360 | 15 | (\$1.73) |
| January 16, 2020 | | 0.250% | \$3,064.50 | 360 | 15 | (\$0.32) |
| January 28, 2020 | | 0.250% | (\$323,600.60) | 360 | 27 | \$60.68 |
| January 30, 2020 | | 0.250% | \$3,264.40 | 360 | 29 | (\$0.66) |
| January 30, 2020 | | 0.250% | \$17,539.09 | 360 | 29 | (\$3.53) |
| February 4, 2020 | | 0.250% | \$59,590.88 | 360 | 34 | (\$14.07) |
| February 13, 2020 | | 0.250% | \$2,994.38 | 360 | 43 | (\$0.89) |
| February 13, 2020 | | 0.250% | \$16,367.25 | 360 | 43 | (\$4.89) |
| February 25, 2020 | | 0.250% | (\$325,129.02) | 360 | 55 | \$124.18 |
| February 27, 2020 | | 0.250% | \$16,295.86 | 360 | 57 | (\$6.45) |
| February 27, 2020 | | 0.250% | \$2,994.74 | 360 | 57 | (\$1.19) |
| March 12, 2020 | | 0.250% | \$16,549.57 | 360 | 71 | (\$8.16) |
| March 12, 2020 | | 0.250% | \$3,046.69 | 360 | 71 | (\$1.50) |
| March 16, 2020 | | 0.250% | \$59,590.88 | 360 | 75 | (\$31.04) |
| March 26, 2020 | | 0.250% | (\$324,289.32) | 360 | 85 | \$191.42 |
| March 26, 2020 | | 0.250% | \$17,511.26 | 360 | 85 | (\$10.34) |
| March 26, 2020 | | 0.250% | \$3,178.99 | 360 | 85 | (\$1.88) |
| Total Management Fee | | | | | _ | \$9,209.33 |

If possible, we would greatly appreciate the use of ACH/EFT payments at this time.

ACH/EFT Instructions (PREFERRED):

Bank; Bank Address: CrossFirst Bank 4707 W. 135th St. Leawood, KS 66224

Account Name. Tortoise Credit Strategies, LEC ABA #; 101015282 Account Number: 0000000201545701

If ACH/EFT not possible, please note that our address has changed:

Checks should be made out to "Tortoise Credit Strategies, LLC" and sent to the following address:

Tortoise Credit Strategies, LLC Attn: Accounts Receivable 5100 W, 115th Place Leawood, KS 66211

101-274.000-802.0200



City of Birmingham 151 Martin, P.O. Box 3001

| Dept.#: | 1011 | Date: | 4/28/2020 |
|---------|------|-------|-----------|
| | | | 070 |

| | | Birmingham, Michigan 4248-644-1800 fax 248-6 | | 5614 | Req. #: | |
|---|--|--|-------|--------------|--------------------------------|---|
| | | | | Vendor N | Name: | Comerica Bank |
| | | | | | Address: | Attn: Trust Fee Accounting Group |
| PAYMENT | REQUISIT | ION FORM | | | | P.O. Box 67600 |
| | | | | | | Detroit, MI 48267 |
| | Quantity | <u>Units</u> | | Total | | Description: |
| Item #1. | | | \$ | 10,647.80 | | Custodial Services/Market value fees |
| | Account #: | 101-274.000-802.0300 | | | | For Period of 1/01/2020-3/31/2020 |
| | Quantity | <u>Units</u> | | <u>Total</u> | | Description: |
| Item #2. | | 101-274.000-802.0500 | \$ | 6,500.00 | | Performance Measurement |
| | Account #: | | | | | For Period of 1/01/2020-3/31/2020 |
| | Quantity | <u>Units</u> | | <u>Total</u> | | Description: |
| Item #3. | **** | | | | | |
| | Account #: | | _ | | | |
| | Quantity | <u>Units</u> | | Total | | Description: |
| Item #4. | | | | | | |
| | Account #: | | _ | | | |
| | Quantity | <u>Units</u> | | Total | | Description: |
| Item #5. | | ************************************** | | | | |
| | Account #: | | | | | |
| | | GRAND TOTAL: | \$ | 17,147.80 | | _ |
| () () (X) () () () () Other: | Hold for bil Approved to Send paym Send attact Early relea Wednesda | for payment (no purchase nent to department for ma hments with check. se. | ailin | g. | Approval (Dept. Hea Finance D | ommission, Library or Retirement Board if required): d: |
| | | | | | Group No. | |

MEMORANDUM

DATE:

March 20, 2020

TO:

Retirement Board

FROM:

Mark Gerber, Secretary-Treasurer

SUBJECT:

Phil Webb

Final Approval of Retirement

The Actuary's Report, retirement calculation worksheet and Election of Retirement Allowance Option are submitted for your review.

Mr. Webb's monthly retirement allowance is \$3,847.

Name of Applicant:

Phil Webb

Type of Retirement:

Regular

Date of Birth:

March 15, 1965

Hire Date:

December 6, 2004

Date of Retirement:

March 15, 2020

Service Time:

20 years 1 month

Classification:

Police

SUGGESTED ACTION: to grant approval of the regular retirement for Phil Webb effective March 15, 2020 with a monthly benefit of \$3,847.

| | City of Birmingham Employees | Retirement System | |
|--|---|---|--|
| | ○ Estimate ● Final | | |
| Member's Name | Phillip Webb | Emplo | yee Number1653 |
| Member's date of birth | 03/15/65 | Date of t | ermination |
| Beneficiary's date of birth | 08/27/63 | Date retireme R | nt effective 03/15/20 telationship Spouse |
| Average Final Compensation | \$89,380.30 | ccumulated Cor | |
| Annuity Withdrawal Requested: | | Intere | Principal \$57,487.44 est Credited \$14,724.77 Total \$72,212.21 |
| Type of Pension: | ○ Regular ○ Option I | Option II - w/out Pop-up | Option II - with Pap-up |
| | Option III - w/out Pop-up | Option III - with Pop-up | Option IV - w/o Pop-up |
| | Option IV - w/Pop-up | tion V - w/o Pop-up Option | V - w/Pop-up Option VI |
| Total Credited Service: | years | 1 months | |
| Division: | ○ General/Library/AFSCME | amsters/DPS General Execut | O Police Support |
| | ○ Fire Command ● Police C | nmand O Police Patrol O |) Fire OPolice Officials |
| Type of Retirement: | ○ Vojuntary ○ Deferred | Non-Duty Death | O Duty Death |
| | Non-Duty Disability | Outy Disability | ODROP |
| 03/2 | 5/20 | Mark Gerber | |
| Da | Actuary's Rep | Submitted by | |
| (a) 0.0300 | x \$89,380.30 | | ervice = \$53,851.54 |
| (b) 0.0000 | x \$89,380.30 | | ervice = \$0.00 |
| Option II - 1009 | ears Certain & Life % Survivor mber (without pop-up) | Total Withdrawal Reduction \$ 4,487.63 \$ 209.42 \$ | Net <u>Payable</u> \$ 4,278.21 |
| Potential to be Option III - 75% For life of Me Potential to be For life of Me Potential to be Option IV - 50% For life of Me Potential to be For life of Me Potential to be Option V - 25% For life of Me Potential to be Option V - 25% For life of Me Potential to be | s Survivor mber (without pop-up) peneficiary mber (with pop-up) peneficiary s Survivor mber (without pop-up) peneficiary mber (with pop-up) peneficiary Survivor mber (without pop-up) peneficiary mber (without pop-up) peneficiary mber (without pop-up) peneficiary mber (with pop-up) | | \$ 3,847.00 <i>ELECTED</i> \$ 3,847.00 |
| Before 65 After 65 Transfer from Re Retirement Bene Comments: | Annuity Withdrawal Based on | GC rate of: | 0.00% |
| calculations that administrator. Ti The GRS docume from the particip information is ne | is subject to correction. If you ar were made, or the plan provision ne plan has the right to recover nt retention policy requires destr ant's date of retirement. You me eded in the future. | s that were applied, it is your om you amounts that were p. ction of all copies of this docu I want to retain o capy of this | responsibility to contact the pla aid to you in error. Iment no later than 7 years |

| City of billingham Empi | loyees helifelliett System |
|--|---|
| | |
| Election of Retireme | |
| | Date , 20 2 0 |
| To the Retirement Board: | |
| | , have made application for retirement from an estimate of my retirement benefits, do lowance in the following manner: |
| Check option elected: | |
| REGULAR – Straight Life Allows OPTION I – 10 Years Certain & OPTION III 100% Survivor Allowance without 100% Survivor Allowance with Poption III Modified 75% Survivor Allowance Modified 75% Survivor Allowance OPTION IV Modified 50% Survivor Allowance Modified 50% Survivor Allowance OPTION V Modified 25% Survivor Allowance OPTION IV – Social Security Equation | Life Allowance ut Pop-up Pop-up ce without Pop-up ce without Pop-up ce with Pop-up |
| upon my death after retirement. | f Beneficiary iciary to receive any benefit that may be payable |
| Sara E. WEBB | Beneficiary's Social Security No. |
| 8-27-63 | wife |
| Beneficiary's date of birth | Relationship |
| I certify that the benefit elections have been e furnished for the determination of benefit amo belief. | explained to me and that all information I have bunts is correct to the best of my knowledge and |
| Member's Signature B | Seneficjary's Signature |
| Subscribed and sworn before me this 13 da My commission expires 12-16-2024 NOTARY PUBLICATION NOTARY PUBLI | Lennifer & Oach |

Updated 1/21/05

MY COMMISSION EXPIRES Dec 18, 2024
ACTING IN COUNTY OF PARL AND

BIRMINGHAM EMPLOYEES' RETIREMENT SYSTEM

BENEFIT ESTIMATE WORKSHEET

1,522.75

14,724.77

1,522.75

72,212.21

| Name: Address: City/State/Zip: SS#: | Phil Webb | J Date of I | Ridh: | 3/15/1965 | | Beneficiary's Na Relationship: | ame: | | Sara Webb Spouse | Date of Birth: | 8/27/1963 56y 6m |
|--|--------------------------------|--------------|--------------|---------------------------|-----------|-----------------------------------|--------------|-----------------|---------------------|----------------|---------------------|
| Classification: | Police | Date of t | DII (III. | 55y | | Option: | | | | | 55, 5 |
| Date of Hire: | 12/6/2004 | | | | | Annuity withdra | wal: | Yes:X | No: | | |
| Retirement date: | 3/15/2020 | 20y 1m | | | | | | 6 - D - III | D (-) | | |
| | | 1-3 | | | | Retirement Ea | rnings (Take | n from Payroll | Records) | | |
| Service Time (Taken from Re 12/6/2004 | tirement Record | ds) | | | | 12/31/2009 | 68,889.18 | 12/31/2015 | 79,342.10 | | |
| 3/15/2020 | | | 15yr 4m | | | 12/31/2010 | 71,710,78 | 12/31/2016 | 79,838.90 | | |
| Purchased 4yrs 9m | | | 4yr 9m | | | 12/31/2011 | 79,996.06 | 12/31/2017 | 90,350.48 | | |
| Turonasco Tyro om | | | ., | | | 12/31/2012 | 74,833.43 | 12/28/2018 | 91,008.86 | | |
| | | | | | | 12/31/2013 | 74,036.09 | 12/31/2019 | 84,292.59 | | |
| Total | | | 20 yr | 1m | | 12/31/2014 | 73,698.45 | 3/15/2020 | 19,861.59 | | |
| Total Service Credit | | | 20 y | 1m | • | Salary from | 3/16/2017 | to the end of t | he year | 72,977.86 | 268,140.90 |
| Formula (Copy Page from Cu | | | | | | | | | _0_ | | |
| a. Factor | | X Service | Credit = A | nnual Benefit | | 36 Highest Mor | | | FAC | | |
| 3.00% | | 20.0833 | | 53,851.54 | | 268,140.90 | / 3 | = | 89,380.30 | | |
| 004 | | X Service | Credit = A | nnual Benefit | | | | | | | |
| 0% | | 0.0000 | | 0 0 0 5 1 5 4 | | | | | | | |
| | a. + b. = Ann Divided by 12 | | nosit | \$53,851.54 \$4,487.63 | | | | | | | |
| | Divided by 12 | - Monthly De | erieni | φ4,407.03 | | | | | | | |
| Accumulated Contributions | | (Taken from | Retirement R | leport) | | | | | | | |
| | | RETIREN | MENT | | RETIREE | HEALTH CARE | Ξ | | CUMULATED | CONTRIBUTIONS | |
| | Pre-Tax | After-Tax | Interest | Total | After-Tax | Interest | Total | Pre-Tax | After-Tax | Interest | Grand Total |
| Balance at 6/30/19 | 32,685.29 | | 7,921.20 | 40,606.49 | | 5,280.82 | 27,070.90 | | | | 67,677.39 |
| Contributions 3/15/2020 | 1,807.27 | | | 1,807.27 | 1,204.80 | | 1,204.80 | 1,807.27 | 1,204.80 | | 3,012.07 |

913.65

8,834.85

0.00

913.65

43,327.41 22,994.88

Prepared by June 30 cm Date Prepared 4/3/2020

34,492.56

Pro-rated interest 3/15/2020

Total at 3/15/2020

Payroll Checked By_ Checked By____

609.10

5,889.92

4/3/1000

34,492.56

609.10

28,884.80



Employees Retirement System Review – 1st Quarter, 2020

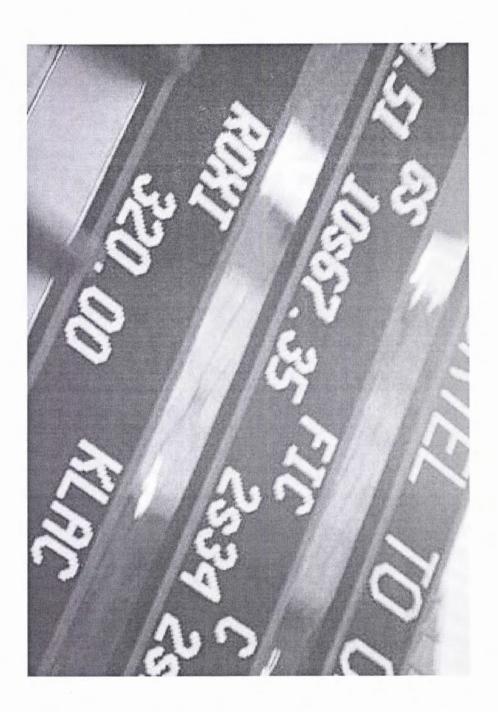
City of Birmingham

Flagship Financial Partners

UBS Financial Services Inc. 750 Washington Boulevard Stamford, CT (888) 435-6930

June 3rd, 2020







2020 started with sharp losses across asset classes

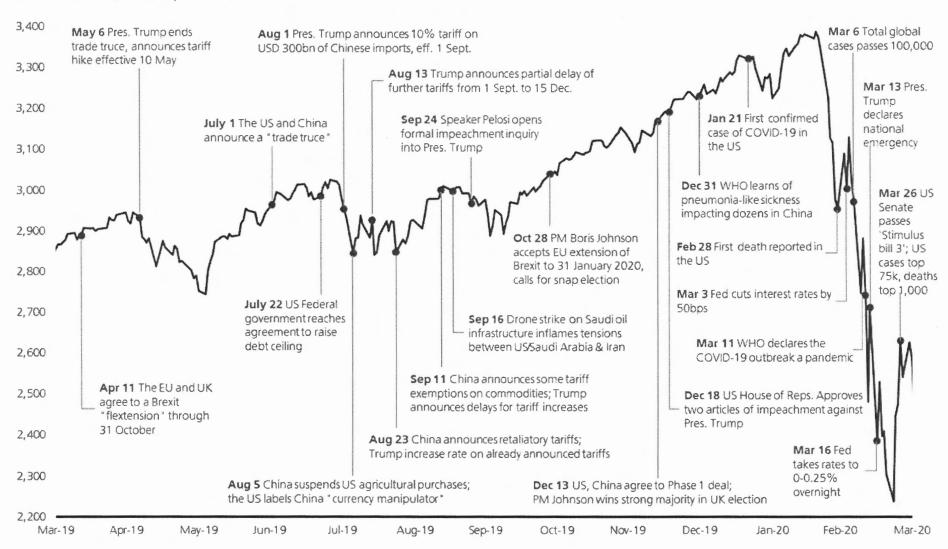
| Performance, select asset classes Asset class | 1Q 2020 | 2019 |
|---|---------|-------|
| Cash | 0.5% | 2.2% |
| US government | 8.1% | 6.8% |
| US Treasuries (long) | 22.5% | 15.1% |
| US TIPS | 1.7% | 8.4% |
| US municipals | -0.6% | 7.5% |
| US IG credit | -3.1% | 13.8% |
| US high yield | -12.7% | 14.3% |
| Int'l dev Fl | -2.7% | 5.1% |
| EM USD FI | -9.5% | 13.1% |
| EM LC FI | -7.6% | 9.5% |
| US all-cap | -20.9% | 31.0% |
| US large-cap | -20.2% | 31.4% |
| US large-cap value | -26.7% | 26.5% |
| US large-cap growth | -14.1% | 36.4% |
| US mid-cap | -27.1% | 30.5% |
| US small-cap | -30.6% | 25.5% |
| Int'l dev equity | -22.8% | 22.0% |
| Int'l dev value | -28.2% | 16.1% |
| Japan Equity | -16.8% | 19.6% |
| EM equity | -23.6% | 18.4% |
| Commodities | -23.3% | 7.7% |
| Preferreds | -8.8% | 17.7% |
| MLPs | -57.2% | 6.6% |
| US Real Estate | -27.3% | 26.0% |
| Senior loans | -13.0% | 8.6% |

Source: Bloomberg, UBS, as of 1 April 2020.



Stocks have been battered by COVID-19 concerns...

S&P 500 index level, with callouts for select news items



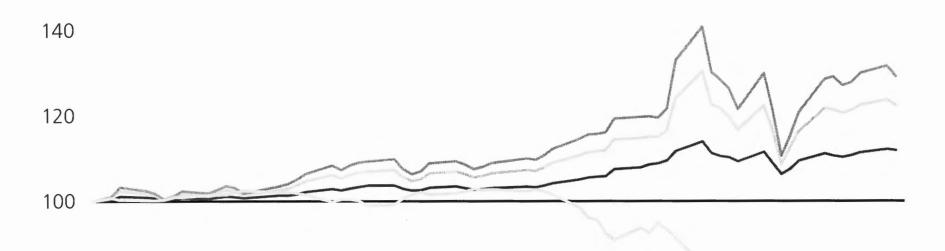




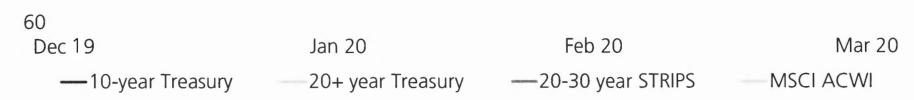
...while Treasuries have rallied...

10-year Treasuries, 20+ year Treasuries, 20-30yr STRIPS, global stocks, base 100, total return since 31 Dec. 2019

160



80



Source: Bloomberg, UBS, as of 31 March 2020



...softening the blow for diversified portfolio returns

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|-------|--------|--------|--------|---------------------------------------|-------|-------|-------|-------|--------|-------|-------|--------|-------|-------|-------|--------|-------|-------|--------|-------|--------|
| Highest return | 66.5% | 13.2% | 7.2% | 11.5% | 55.8% | 25.6% | 34.0% | 32.1% | 39.4% | 12.4% | 78.5% | 26.9% | 10.7% | 18.2% | 38.8% | 13.2% | 3.3% | 21.3% | 37.3% | 1.3% | 31.4% | 8.1% |
| | 27.0% | 11.7% | 5.3% | 9.6% | 47.3% | 20.3% | 13.5% | 26.3% | 11.2% | -2.5% | 58.2% | 18.9% | 9.0% | 17.3% | 33.1% | 9.1% | 0.9% | 17.1% | 25.0% | 0.9% | 25.5% | -0.6% |
| | 21.3% | 0.2% | 5.1% | -1.4% | 38.6% | 18.3% | 8.0% | 18.4% | 8.7% | -21.8% | 31.8% | 16.1% | 5.0% | 16.4% | 22.8% | 6.4% | 0.9% | 12.1% | 21.7% | -2.1% | 22.0% | -11.7% |
| | 20.9% | -3.0% | 2.5% | -4.2% | 29.9% | 11.4% | 6.3% | 15.5% | 7.3% | -26.2% | 28.4% | 15.1% | 1.8% | 16.3% | 11.8% | 4.9% | 0.1% | 11.2% | 14.6% | -4.2% | 18.4% | -12.7% |
| | 13.5% | -5.9% | -2.6% | -6.2% | 29.0% | 11.1% | 4.6% | 13.0% | 5.8% | -33.8% | 27.2% | 9.2% | 1.5% | 15.8% | 7.4% | 4.9% | -0.8% | 5.2% | 14.4% | -4.8% | 16.8% | -20.2% |
| | 2.4% | -7.8% | -3.6% | -15.9% | 21.9% | 10.8% | 3.5% | 11.8% | 3.4% | -37.6% | 24.8% | 7.8% | -4.2% | 11.7% | -2.6% | 2.5% | -4.4% | 1.0% | 7.5% | -11.0% | 14.3% | -22.8% |
| | -2.1% | -14.2% | -12.4% | -20.5% | 5.3% | 4.5% | 2.7% | 4.8% | 1.9% | -43.4% | 12.9% | 5.5% | -12.1% | 6.8% | -2.6% | -2.2% | -4.5% | 1.0% | 5.4% | -13.8% | 7.5% | -23.6% |
| Lowest | -2.2% | -30.8% | -21.4% | -21.7% | 2.4% | 3.5% | 2.7% | 3.5% | -1.6% | -53.3% | -2.2% | 2.4% | -18.4% | 2.0% | -2.6% | -4.9% | -14.9% | 0.2% | 2.3% | -14.6% | 6.8% | -30.6% |
| | | | | | · · · · · · · · · · · · · · · · · · · | | | | | | | | | | | | | | | | | |

US Large-cap Equities US Small-cap US High Yield US Gov Fixed Income US Municipals Moderate Diversified Portfolio EM Equities Int'l Dev Equities

Source: Bloomberg, UBS, as of 31 March 2020.

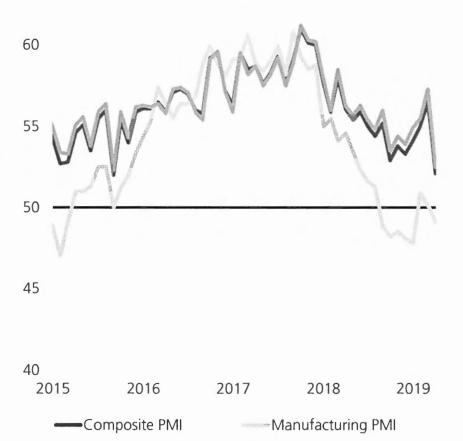
Note: The Moderate Diversified Portfolio performance calculations are a hypothetical analysis based on historical asset class returns. This backward-looking illustration assumes an investment in asset class indexes represented by the current Strategic Asset Allocation (SAA) for a moderate risk profile investor in a taxable portfolio without non-traditional assets. Performance calculations assume annual rebalancing, don't take into account any prior SAA for this investor profile, and include time periods before the SAA was created. See the latest "UBS House View: Detailed asset allocation tables" document for the detailed SAA. These calculations will not match the official published performance data, which reflect monthly rebalancing. For periods prior to 2009, this illustration assumes that the Bloomberg Barclays EM USD Aggregate Total Return Index.



1Q 2020 Economic Review

- **Economic growth** was solid during the first weeks of 2020, but the rapid spread COVID-19 prompted governments around the globe to institute a massive lockdown on economic activity. The result has been an intentional recession that has not yet begun to show up in most official data. Unlike previous recessions, the service sector will likely be the epicenter of the economic damage, since these are the areas affected by the quarantine and shelter-in-place orders. The March non-manufacturing PMI survey was taken too early to provide a full picture of the quarantine mandates' impact.
- US labor market data have not yet captured the sharp economic slowdown. The last two weeks of March jobless claims totaled 9.96 million—equivalent to the total seen in the first six months of the Global Financial Crisis. With nonfarm payroll growth falling into negative territory for the first time since 2010, the unemployment rate will rise sharply as new data come in.
- Inflation has remained subdued, with core PCE and headline PCE both registering 1.8% in February, before the virus hit. With the demand shock from shelter-inplace orders, we expect inflation to remain below the Fed's 2% target.

With the globe on lockdown due to COVID-19, the economy has entered an "intentional recession" ISM Purchasing Managers' Indices (PMIs)





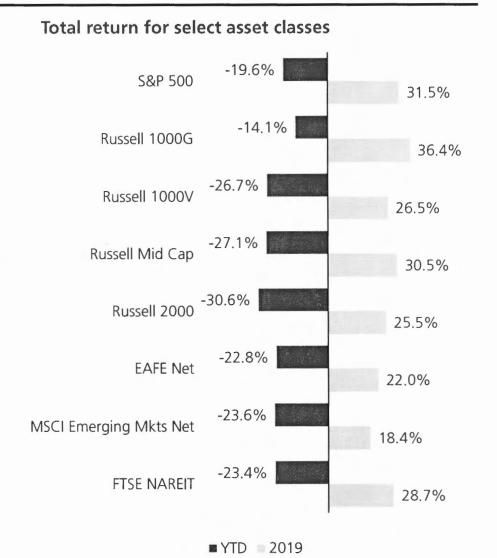
Non-manufacturing PMI



1Q 2020 Equity Review

 With the global economy entering a standstill in the first quarter, and significant uncertainty over when things will go back to normal, the first quarter saw the sharpest sell-off in history.

- After reaching an all-time high on 19 February, the S&P 500 crossed its "bear market" threshold (down more than 20%) in a record 16 trading days.
- After the S&P 500 fell as much as 35% through 23 March, stocks managed a solid three-day rally of nearly 20% toward the end of March, but this was far from enough to recoup the quarter's losses.







US Stocks, Performance by Size and Style

Annualized return, select time periods, in %

| | | 1Q 2020 | • | | | 1-year | |
|--------------|--------|-------------------|-------------|--------------|--------|-------------------|-------------|
| Large | (26.7) | (20.2) | (14.1) | Large | (17.2) | (8.0) | 0.9 |
| Mid | (31.7) | (27.1) | (20.0) | Mid | (24.1) | (18.3) | (9.4) |
| Small | (35.7) | (30.6) | (25.8) | Small | (29.6) | (24.0) | (18.6) |
| | Value | Blend | Growth | | Value | Blend | Growth |
| | | | | | | | |
| | | 3-year | | | | 5-year | |
| Large | (2.2) | 3-year 4.6 | 11.3 | Large | 1.9 | 5-year 6.2 | 10.4 |
| Large Mid | (2.2) | | 11.3 6.5 | Large Mid | 1.9 | | 10.4 5.6 |
| 1 | | 4.6 | | | | 6.2 | |

Source: Morningstar, as of 31 March 2020

Representative Indices Used in Style Grid:

Large Cap Value: Russell 1000 Value Index Large Cap Blend: Russell 1000 Index Large Cap Growth: Russell 1000 Growth Index Mid Cap Value: Russell MidCap Value Index Mid Cap Blend: Russell MidCap Index Mid Cap Growth: Russell MidCap Growth Index Small Cap Value: Russell 2000 Value Index Small Cap Blend: Russell 2000 Index Small Cap Growth: Russell 2000 Growth Index

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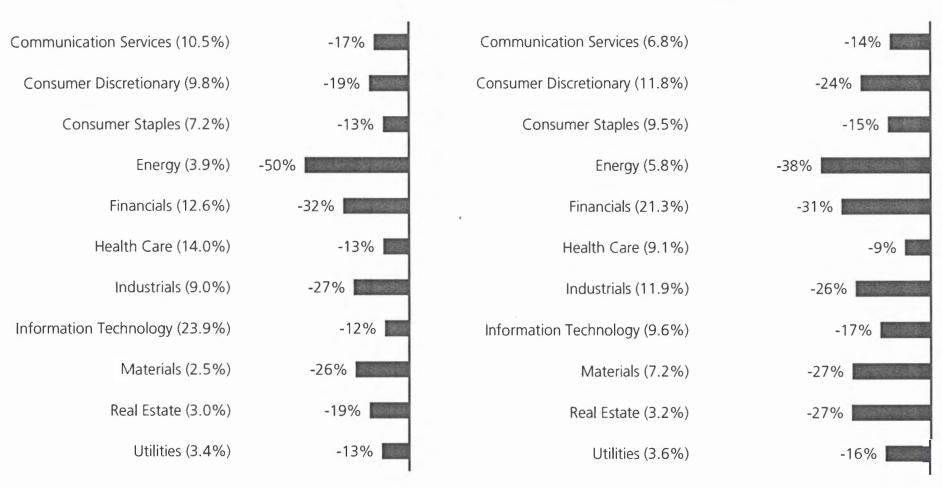


Sector Performance: S&P 500 and MSCI ACWI ex-US

Sector performance (weight), 1Q 2020



MSCI ACWI ex-US



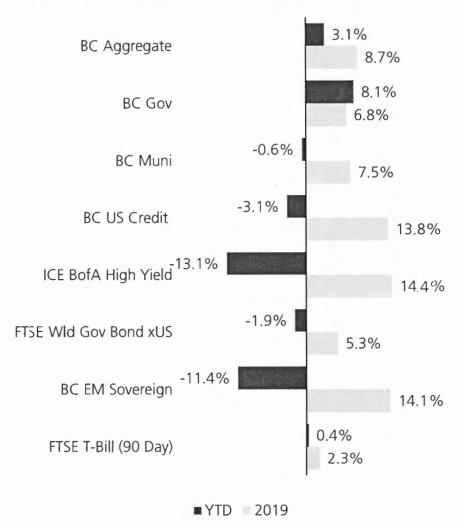
Source: FactSet, UBS, as of 31 March 2020



1Q 2020 Fixed Income Review

- •Interest rates moved sharply lower during the quarter; the 10-year Treasury yield fell from 1.92% at the end of 2019 to an all-time low of 0.5% on 9 March, closing the guarter at 0.7%.
- •Treasuries rallied sharply in a risk-off environment, while corporate bonds saw heavy losses, with credit spreads widening out to crisisera levels.
- •Municipal bonds also saw sharp losses in mid-March when illiquidity caused market dislocations, but recovered sharply following the announcement of the Federal Reserve's quantitative easing and asset repurchasing programs.

Total return for select asset classes



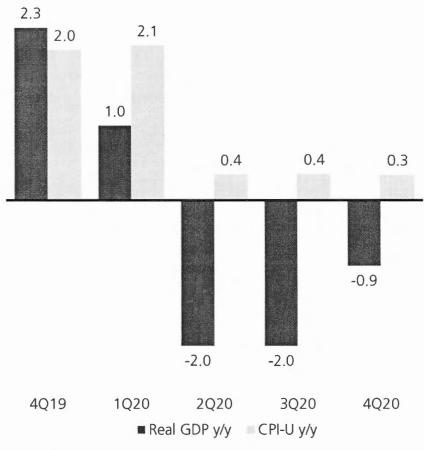
Source: Bloomberg, UBS, as of 31 March 2020



2Q 2020 Economic and Market Outlook

- Overview Global monetary policy is extraordinarily supportive, and sizable fiscal stimulus is being implemented across the globe. These have helped to calm markets temporarily, but ultimately the depth and duration of this bear market and recession will depend heavily on the extent of the virus's spread, which is something very difficult to predict. See our scenarios on the next page.
- Earnings & Valuations The S&P 500 saw roughly flat earnings per share (EPS) growth in 2019, hampered by slower economic growth and lower business spending due to trade tensions. In 2020, we expect S&P 500 EPS to fall 21% as a result of lower economic growth. In 2021, we expect EPS growth of 20% as the economy recovers. The S&P 500 now trades at 19x our 2020 EPS estimate and 15.8x our 2021 EPS estimate.
- Policymakers The Fed and other central banks have cut interest rates as low as they can go, and reinstituted quantitative easing and asset repurchasing programs at levels we haven't seen since the global financial crisis. Governments around the globe have also implemented record stimulus packages to try to stave off bankruptcies and layoffs from otherwise-healthy businesses affected by the containment efforts.

We expect a deep (but short-lived) recession US growth and inflation, with UBS forecasts, in %







Given the uncertainty, we focus on three scenarios...

| Scenario | When is the first virus peak in Europe/US? | When is a medical cure available? | When are 'suppression' restrictions lifted? | When are 'mitigation' restrictions lifted? | Economic impact |
|----------|--|--|--|--|--|
| Upside | Early-April | June – Sep, drug treatment | Early-May | Gradually until 3Q20 | Negative economic impact heavy on 2Q, recovery starting 3Q |
| Central | Mid-April | 4Q20 – 1Q21, drug treatment | Mid-May, though intermittently and regionally re-imposed through 2020 | 1Q 2021 | Negative economic impact heavy on 2Q, subdued recovery 3Q–1Q |
| Downside | May/June | 2Q21 or later, drug treatment or vaccination | June/July, though intermittently and regionally re-imposed through 2020 | In 2021 | Negative economic impact heavy on 2Q20–1Q21 |



...which help us identify opportunities amidst uncertainty.

UBS CIO central, downside, and upside year-end 2020 expectations

| | Current | Year-end 2020 forecasts, projected change | | | | | | | | |
|------------------|-----------|---|-----------------|-------------------|--|--|--|--|--|--|
| Index | (1 April) | Central scenario | Upside scenario | Downside scenario | | | | | | |
| CODEOO | 2471 | 2650 | 2900 | 2100 | | | | | | |
| S&P 500 | 2471 | (7.3%) | (17.4%) | (-15.0%) | | | | | | |
| Fura Ctava FO | 3680 | 2600 | 3050 | 1800 | | | | | | |
| Euro Stoxx 50 | 2680 | (-3.0%) | (13.8%) | (-32.8%) | | | | | | |
| NACCLENA | 0.40 | 900 | 1000 | 580 | | | | | | |
| MSCI EM | 849 | (6.1%) | (17.8%) | (-31.7%) | | | | | | |
| CNAL | 0160 | 9000 | 10000 | 6500 | | | | | | |
| SMI | 9169 | (-1.8%) | (9.1%) | (-29.1%) | | | | | | |
| LICD IC annual | 205 | 150 bps | 100 bps | 300-400 bps | | | | | | |
| USD IG spread | 305 | (-155) | (-205) | (45) | | | | | | |
| LICD LIV annual | 077 | 550 bps | 350 bps | 1,000-1,500bps | | | | | | |
| USD HY spread | 877 | (-327) | (-527) | (373) | | | | | | |
| ENA hands spress | 600 hrs | 450 bps | 280 bps | 700-800 bps | | | | | | |
| EM bonds spread | 609 bps | (-159) | (-329) | (141) | | | | | | |



Recap

- We believe market developments from here will be determined by the answers to two key questions:
 - 1. How quickly can economic activity normalize?
 - 2. How much can policy responses limit corporate bankruptcies and job losses?
- In our central scenario, new cases of COVID-19 will peak by mid-April, allowing severe restrictions to be lifted mid-May, allowing for a U-shaped recovery around the fourth quarter.
- At present, we think credit markets—particularly high-yield corporate bonds and EM sovereign bonds—are closer to pricing in a downside scenario than equities are, and should provide strong income as markets remain choppy in the coming months.
- We also see Treasury Inflation-Protected Securities (TIPS) as offering unique value, benefiting from reflation that could come from monetary and fiscal stimulus. For equity-heavy portfolios, we continue to recommend a tactical overweight to long-duration Treasuries, which can help manage drawdown risk.
- The recent sell-off does mean the end of the longest bull market in US history, but investors should not panic. Investors can protect themselves from bear market damage simply through a well-funded Liquidity strategy, because it allows us to meet our short-term cash needs without locking in the otherwise-temporary losses we see during bear markets, .



Long-Term Market View

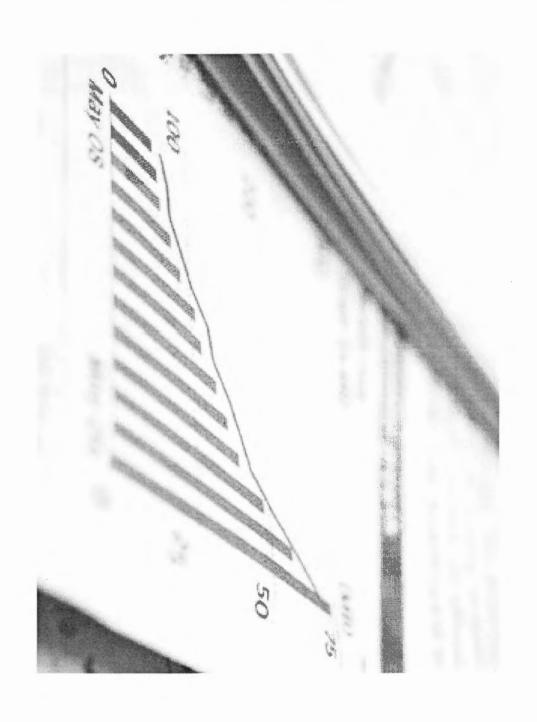
| (| Calen | dar y | ear | and I | ong- | term | retu | ırn st | atist | ics fo | or sel | ect a | sset | class | es | | | | | | | | 1999- 2020 | 1999- 2020 |
|-------------------|-------|--------|--------|--------|-------|-------|-------|--------|-------|--------|--------|-------|--------|-------|-------|-------|--------|-------|-------|--------|-------|--------|------------------|---------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | return (ann.) | std. dev. |
| Highest return | 66.5% | 13.2% | 8.4% | 11.5% | 55.8% | 25.6% | 34.0% | 32.1% | 39.4% | 12.4% | 78.5% | 26.9% | 9.0% | 18.2% | 38.8% | 13.2% | 0.9% | 21.3% | 37.3% | 0.9% | 31.4% | 8.1% | 9.0% | 20.8% |
| | 27.0% | 11.6% | 7.2% | 10.3% | 47.3% | 20.2% | 13.5% | 26.3% | 11.2% | 5.2% | 58.2% | 25.5% | 7.8% | 17.3% | 34.8% | 13.2% | 0.9% | 17.1% | 25.0% | 0.0% | 30.5% | 3.1% | 8.5% | 32.8% |
| | 21.3% | 8.2% | 5.3% | -1.4% | 40.1% | 20.2% | 12.7% | 18.4% | 8.7% | -21.8% | 40.5% | 18.9% | 5.0% | 17.3% | 33.1% | 6.4% | 0.5% | 13.8% | 21.7% | -2.1% | 25.5% | -11.7% | 7.8% | 20.9% |
| | 20.9% | 0.2% | 2.5% | -4.2% | 38,6% | 18.3% | 8.0% | 15.5% | 7.3% | -26.2% | 31.8% | 16.1% | 1.8% | 16.4% | 22.8% | 6.0% | 0.1% | 12.1% | 18.5% | -4.2% | 22.0% | -12.7% | 6.6% | 16.1% |
| | 18.2% | -3.0% | -2.6% | -6.2% | 29.9% | 11.4% | 6.3% | 15.3% | 7.0% | -33.8% | 28.4% | 15.1% | 1.5% | 16.3% | 11.8% | 4.9% | -0.8% | 11.2% | 14.6% | -4.8% | 18.4% | -20.2% | 6.0% | 10.9% |
| | 13.5% | -5.9% | -3.6% | -15.9% | 29.0% | 11.1% | 4.6% | 13.0% | 5.8% | -37.6% | 27.2% | 9.2% | -1.5% | 15.8% | 7.4% | 4.9% | -2.4% | 5.2% | 14.4% | -9.1% | 16.8% | -22.8% | 5.5% | 18.7% |
| | 2.4% | -7.8% | -5.6% | -16.2% | 21.9% | 10.8% | 2.7% | 11.8% | 5.6% | -41.5% | 24.8% | 7.8% | -4.2% | 11.7% | -2.0% | 2.5% | -4.4% | 2.6% | 7.5% | -11.0% | 14.3% | -23.6% | 4.5% | 3.5% |
| | -0.8% | -14.2% | -12.4% | -20.5% | 4.1% | 4.3% | 2.7% | 4.3% | 1.9% | -43.4% | 5.9% | 6.5% | -12.1% | 4.2% | -2.6% | -2.2% | -4.5% | 1.0% | 3.5% | -13.8% | 8.7% | -27.1% | 4.1% | 21.5% |
| Lowest return | -2.2% | -30.8% | -21.4% | -21.7% | 2.4% | 3.5% | 2.4% | 3.5% | -1.6% | -53.3% | -2.2% | 5.5% | -18.4% | 2.0% | -2.6% | -4.9% | -14.9% | 1.0% | 2.3% | -14.6% | 6.8% | -30.6% | 4.1% | 4.6% |

US Gov Moderate US Large- US Mid-cap US Small-Int'l Dev Barclays US **US High EM Equities** Fixed **Diversified** cap Equities Equities cap Equities **Equities** Agg Bond Yield Credit Portfolio Income

Source: Bloomberg, UBS, as of 31 March 2020



Note: The Moderate Diversified Portfolio performance calculations are a hypothetical analysis based on historical asset class returns. This backward-looking illustration assumes an investment in asset class indexes represented by the current Strategic Asset Allocation (SAA) for a moderate risk profile investor in a taxable portfolio without non-traditional assets. Performance calculations assume annual rebalancing, don't take into account any prior SAA for this investor profile, and include time periods before the SAA was created. See the latest "UBS House View: Detailed asset allocation tables" document for the detailed SAA. These calculations will not match the official published performance data, which reflect monthly rebalancing. For periods prior to 2009, this illustration assumes that the Bloomberg Barclays EM Local Currency Government Total Return Index.







Birmingham Employees Retirement System - Asset Allocation

As of: 3/31/2020

| Manager | Market Value | % of Portfolio | Min. | % Allocation Target | Max. | % Delta | \$ Delta |
|------------------------------------|------------------------|-------------------------|-------|------------------------|-----------|----------------|--------------|
| Equity | | | | Argon of Marchael | WARE TO S | - Project | |
| US Large Cap Equity | | | | | | | |
| Vanguard S&P 500 ETF | \$10,554,127 | 12.4% | 1 | | | | |
| Bahl & Gaynor Large Cap Growth | \$8,627,250 | 10.1% | | | | | |
| Westwood Large Cap Value | \$11,848,745 | 13.9% | | | | and the second | |
| Total US Large Cap Equity | \$31,030,122 | 36.3% | 20.0% | 34.0% | 50.0% | 2.3% | \$1,983,082 |
| US Small/Mid Cap Equity | | | | | | | |
| Vanguard Mid Cap Index ETF | \$6,625,105 | 7.8% | | | | | |
| Apex SMID Cap Growth | \$4,262,040 | 5.0% | | | | | |
| Gabelli Small Cap Value | \$4,363,135 | 5.1% | | | | | |
| Total US Small/Mid Cap Equity: | \$15,250,280 | 17.9% | 5.0% | 14.0% | 20.0% | 3.9% | \$3,289,734 |
| Non US Equity | | | | | | | |
| Lazard International Equity | \$5,767,548 | 6.8% | | | | | |
| Total International | \$5,767,548 | 6.8% | 5.0% | 8.0% | 14.0% | -1.2% | -\$1,067,050 |
| Developing Markets | | | | | | | |
| Lazard Emerging Markets | \$2,360,655 | 2.8% | | | | | |
| Total Developing Markets | \$2,360,655 | 2.8% | 2.0% | 4.0% | 6.0% | -1.2% | -\$1,056,644 |
| Total Equity: | \$54,408,605 | 63.7% | 35.0% | 60.0% | 85.0% | 3.7% | \$3,149,122 |
| Fixed Income | Villagoria (n. 1822) | Standard Company | | elenkaniky prospia | | | |
| US Fixed Income | | | | | | | |
| Bradford & Marzec Fixed Income | \$14,302,704 | 16.7% | | | | | |
| C.S. McKee Fixed Income | \$4,068,078 | 4.8% | | | | 1 | |
| Bramshill Income Performance | \$3,549,484 | 4.2% | | | | | |
| Total US Fixed Income | \$21,920,266 | 25.7% | 20.0% | 30.0% | 50.0% | -4.3% | -\$3,709,476 |
| Total Fixed Income: | \$21,920,266 | 25.7% | 20.0% | 30.0% | 60.0% | -4.3% | -\$3,709,476 |
| Alternative Investments | | i pidžķakada stru. - | | | Y 16- | | |
| Cavendish Managed Futures | \$3,218,607 | 3.8% | | | | | |
| Graham Absolute Return Hedge Fund | \$3,011,607 | 3.5% | | | | | |
| Whitebox Multi-Strategy Hedge Fund | \$2,873,387 | 3.4% | | | | | |
| Total Alternative Investments | \$9,103,601 | 10.7% | 0.0% | 10.0% | 15.0% | 0.7% | \$560,354 |
| Cash & Equivalents | e zajeko aj strekinci. | hold tike year | | What keep keling! | | A CONTRACT | 6 |
| | \$0 | | | | | | |
| Total Cash & Equivalents | \$0 | 0.0% | 0.0% | 0.0% | 20.0% | 0.0% | \$0 |
| Total Portfolio | | | | and the second | | | |
| Total Portfolio: | \$85,432,472 | 100.0% | T | 100.0% | | I | -X |

This chart is for illustrative purposes only and may not reflect current market values. Values as of the date indicated may be rounded for convenience. % of Total of portfolio is computed using the market value and the total portfolio. The values have been provided by a third party considered to be reliable. However, UBS does not warrant the accuracy of this information and is not responsible for any inaccuracies.

Please refer to the final page for important disclosures

UBS Institutional Consulting Group



Birmingham Employees Retirement System - Performance Summary

As of: 3/31/2020

| <u>Manager</u> | Q1, 2020 | 1 Year Anlz. | 3 Year Anlz. | <u>5 Year</u> Anlz. | <u>7 Year</u> <u>Anlz.</u> | 10 Year Anlz. | to Date | Inception Date |
|---|---------------------|-------------------------|---|------------------------|---------------------------------------|---------------------------------------|---------|-------------------|
| Portfolio | -15.9% | -7.9% | 1.4% | 2.1% | 4.2% | 5.5% | 6.2% | 12/1/1993 |
| Target Index* | -13.4% | -4.7% | 2.8% | 3.3% | 5.2% | 6.2% | 7.0% | |
| CPI + 3% | 0.5% | 4.6% | 5.1% | 4.9% | 4.6% | 4.8% | 5.2% | |
| 6.75% Actuarial Assumed Rate | 1.6% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | |
| Domestic Large Cap Equity | 40.69/ | 7.00/ | F 40/ | | | | | 5/4/2044 |
| Vanguard S&P 500 ETF | | -7.0% | 5.1% | - | - | - | 7.7% | 5/1/2016 |
| S&P 500 Index | | <i>-7.0%</i> | 5.1% | 7.70/ | 0.70/ | 40.50/ | 7.7% | 0.44.73.000 |
| Bahl Gaynor Large Cap Growth | | -5.0% | 7.5% | 7.7% | 9.7% | 10.5% | 11.1% | 9/1/2009 |
| Russell 1000 Growth Index | -14.1% | 0.9% | 11.3% | 10.4% | 12.9% | 13.0% | 13.6% | 7/4/2000 |
| Westwood Large Cap Value | | -10.7% | 3.1% | 5.0% | 8.1% | 8.8% | 6.6% | 7/1/2008 |
| Russell 1000 Value Index | -26.7% | -17.2% | -2.2% | 1.9% | 5.6% | 7.7% | 5.9% | |
| Domestic Small/Mid Cap Equity Vanguard Mid Cap Index ETF | | The state of the second | . A.M. 18 (19 19 19 19 19 19 19 19 19 19 19 19 19 1 | | bis. (Missing) | ran af Battaddyn. 43. | | 2/4/2020 |
| | | - | - | • | - | - | • | 3/1/2020 |
| Spliced Vanguard Mid Cap Fund Index | | | • | - | - | - | | 0/4/2047 |
| Seizert Mid Cap Value Russell Mid Cap Index | | 23.5% | - | - | - | - | 6.4% | 9/1/2017 |
| • | 7.1% | 30.5% | 3.00/ | - | 1 | - | 10.8% | 7/4/2045 |
| Apex SMID Cap Growth Russell Mid Cap Growth Index | | -14.0% | 3.8% | - | - | • | 2.4% | 7/1/2015 |
| Gabelli Small Cap Value | -20.0% | <i>-9.4%</i> | 6.5% | 3.40/ | 2.00/ | 7.40/ | 5.9% | 2/4/2000 |
| Russell 2000 Value Index | | -31.9% | -10.3% | -3.1% | 2.0% | 7.1% | 7.5% | 3/1/2000 |
| International Equity | -35.7% | -29.6% | -9.5% | -2.4% | 1.8% | 4.8% | 6.8% | 5.3869 North 18 |
| Lazard International Equity | -22.3% | -15.0% | -0.5% | 0.30/ | 3.00/ | A C 0/ | 4.30/ | 43/4/4000 |
| MSCI EAFE Index | -22.8% | | | 0.3% | 2.8% | 4.6% | 4.2% | 12/1/1999 |
| Developing Markets | -22.0% | -14.4% | -1.8% | -0.6% | 1.7% | 2.7% | 2.0% | |
| | 20.19/ | 22.49/ | 7.40/ | 2.00/ | 2.00/ | 0.70/ | 4.40/ | 42/4/2007 |
| Lazard Emerging Markets | | -22.4% | -7.4% | -3.0% | -3.0% | -0.7% | -1.1% | 12/1/2007 |
| MSCI Emerging Markets Index U.S. Fixed Income | -23.6% | -17.7% | -1.6% | -0.4% | -0.4% | 0.7% | 0.7% | |
| Bradford & Marzec Fixed Income | 2.49/ | 0.40/ | E 00/ | 2.00/ | 3.00/ | | F 00/ | 0/4/2000 |
| Barclays Aggregate Bond Index | 2.4% <i>3.1%</i> | 8.4% <i>8.9%</i> | 5.0% <i>4.8%</i> | 3.9% | 3.9% | 4.9% | 5.0% | 9/1/2009 |
| C.S. McKee Fixed Income | 1.3% | | | 3.4% | 3.2% | 3.9% | 3.9% | 0/4/2000 |
| Barclays Aggregate Bond Index | 3.1% | 7.1% <i>8.9%</i> | 4.5% | 3.3% | 3.2% | 4.0% | 4.0% | 8/1/2009 |
| Bramshill Income Performance | | -4.7% | 4.8% | 3.4% | 3.2% | 3.9% | 4.0% | 2/4/2040 |
| Barclays Aggregate Bond Index | 3.1% | 8.9% | | | • | • | -4.7% | 3/1/2019 |
| Alternative Investments | 3.1% | | • | - | _ | · · · · · · · · · · · · · · · · · · · | 8.9% | |
| Cavendish Managed Futures | 12 00/ | 10.29/ | 1.00/ | | · · · · · · · · · · · · · · · · · · · | | 1.00/ | E/4/2046 |
| | | -10.3% | -1.9% | - | • | - | -1.0% | 5/1/2016 |
| HFRI Macro: Systematic Diversified Index | -0.1% | 4.8% | 1.1% | - | - | - | 0.1% | 4/4/2045 |
| Graham Absolute Return Hedge Fund | -15.2% | - | - | - | - | - | -12.1% | 4/1/2019 |
| HFRI Macro Index | 0.1% | • | - | - | - | - | 3.1% | 41410000 |
| Whitebox Multi-Strategy Hedge Fund | -15.7% | - | - | - | • | - | -15.0% | 4/1/2019 |
| HFRI RV: Multi-Strategy Index | -4.4% | - | - | - | - | - | -2.9% | |

Please refer to the final page for important disclosures

^{*}Target Index is currently comprised of 25% S&P 500 Index, 15% Russell Mid Cap Index, 5% Russell 2000 Index, 10% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 35% Bloomberg Barclays US Aggregate Index, and 5% HFRI Macro: Systematic Diversified Index.



Birmingham Employees Retirement System - Asset Allocation

As of: 4/30/2020

| Manager | Market Value | % of Portfolio | Min. | % Allocation Target | Max. | % Delta | \$ Delta |
|------------------------------------|-----------------------------|-------------------|------------------|------------------------|-----------------|------------------|---|
| Equity | Main Company and Activities | | | | | | |
| US Large Cap Equity | | | | | | | |
| Vanguard S&P 500 ETF | \$11,903,164 | 13.0% | | | | | |
| Bahl & Gaynor Large Cap Growth | \$9,638,038 | 10.6% | | | | | |
| Westwood Large Cap Value | \$13,063,394 | 14.3% | | | | } | |
| Total US Large Cap Equity | \$34,604,596 | 37.9% | 20.0% | 34.0% | 50.0% | 3.9% | \$3,553,856 |
| US Small/Mid Cap Equity | | | | | | | |
| Vanguard Mid Cap Index ETF | \$7,129,335 | 7.8% | | | | | |
| Apex SMID Cap Growth | \$5,020,347 | 5.5% | | | | | |
| Gabelli Small Cap Value | \$4,797,707 | 5.3% | | | | | |
| Total US Small/Mid Cap Equity: | \$16,947,389 | 18.6% | 5.0% | 14.0% | 20.0% | 4.6% | \$4,161,790 |
| Non US Equity | | | | | | 4 | |
| Lazard International Equity | \$6,126,883 | 6.7% | | | | Action and Total | |
| Total International | \$6,126,883 | 6.7% | 5.0% | 8.0% | 14.0% | -1.3% | -\$1,179,173 |
| Developing Markets | | | | | | | |
| Lazard Emerging Markets | \$2,528,727 | 2.8% | | | | | |
| Total Developing Markets | \$2,528,727 | 2.8% | 2.0% | 4.0% | 6.0% | -1.2% | -\$1,124,301 |
| Total Equity: | \$60,207,595 | 65.9% | 35.0% | 60.0% | 85.0% | 5.9% | \$5,412,171 |
| Fixed Income | uni vigutakski ingelijaki. | , Elfan, ang ary | 1988 (F. 1988) | kin 1981 nga Mga | | NS: 11.73 | (2.00) (,e) |
| US Fixed Income | | | | | | | |
| Bradford & Marzec Fixed Income | \$14,290,251 | 15.6% | | | | | |
| C.S. McKee Fixed Income | \$3,850,614 | 4.2% | | | | | |
| Bramshill Income Performance | \$3,745,127 | 4.1% | | | | | |
| Total US Fixed Income | \$21,885,992 | 24.0% | 20.0% | 30.0% | 50.0% | -6.0% | -\$5,511,720 |
| Total Fixed Income: | \$21,885,992 | 24.0% | 20.0% | 30.0% | 60.0% | -6.0% | -\$5,511,720 |
| Alternative Investments | | TJSVA ADAV | GREEN WEIGH | | | | |
| Cavendish Managed Futures | \$3,231,656 | 3.5% | | | | | |
| Graham Absolute Return Hedge Fund | \$3,080,853 | 3.4% | 1 | | | | |
| Whitebox Multi-Strategy Hedge Fund | \$2,919,610 | 3.2% | | | | | |
| Total Alternative Investments | \$9,232,119 | 10.1% | 0.0% | 10.0% | 15.0% | 0.1% | \$99,548 |
| Cash & Equivalents | | | | | (1.11) jan | 21-21 W | 5 300 |
| | \$0 | | | | | | |
| Total Cash & Equivalents | \$0 | 0.0% | 0.0% | 0.0% | 20.0% | 0.0% | \$0 |
| Total Portfolio | | | \$0,52460 \$4270 | | (4) 30/(V). (d) | protesta (| . (. (. (. (. (. (. (. (. (. (|
| Total Portfolio: | \$91,325,706 | 100.0% | | 100.0% | | | |

This chart is for illustrative purposes only and may not reflect current market values. Values as of the date indicated may be rounded for convenience. % of Total of portfolio is computed using the market value and the total portfolio. The values have been provided by a third party considered to be reliable. However, UBS does not warrant the accuracy of this information and is not responsible for any inaccuracies.

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Birmingham Employees Retirement System - Performance Summary

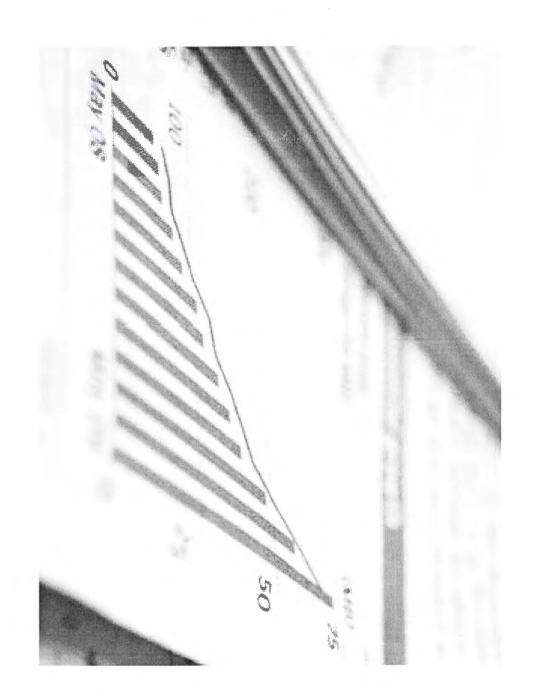
As of: 4/30/2020

| <u>Manager</u> | <u>April, 2020</u> | | YTD, 2020 | 1 Year Anlz. | 3 Year Anlz. | 5 Year Anlz. | 10 Year Anlz. | to Date | <u>Date</u> |
|--|--------------------|--------|-------------|-----------------|-----------------|-----------------|------------------|----------------|-------------|
| ortfolio | 7.6% | -9.4% | -9.6% | -3.6% | 3.5% | 3.6% | 6.1% | 6.5% | 12/1/199 |
| Target Index* | 7.8% | -6.6% | -6.7% | 0.5% | 5.0% | 4.8% | 6.9% | 7.2% | |
| CPI + 3% | 0.2% | 0.4% | 0.8% | 4.3% | 5.0% | 4.9% | 4.8% | 5.2% | |
| 6.75% Actuarial Assumed Rate | 0.5% | 1.6% | 2.2% | 6.7% | 6.7% | 6.7% | 6.7% | 6.7% | |
| Oomestic Large Cap Equity | | | | | | | | | den kinder |
| Vanguard S&P 500 ETF | 12.8% | -9.3% | -9.3% | 0.8% | 9.0% | - | - | 10.9% | 5/1/2016 |
| S&P 500 Index | 12.8% | -9.2% | -9.3% | 0.9% | 9.0% | | - | 10.9% | |
| Bahl Gaynor Large Cap Growth | 11.7% | -10.5% | -10.4% | 1.1% | 11.1% | 9.9% | 11.5% | 12.1% | 9/1/2009 |
| Russell 1000 Growth Index | 14.8% | -3.5% | -1.4% | 10.8% | 15.7% | 13.3% | 14.4% | 15.0% | |
| Westwood Large Cap Value | 10.3% | -14.9% | -15.0% | -4.8% | 5.9% | 7.1% | 9.8% | 7.4% | 7/1/2008 |
| Russell 1000 Value Index | 11.2% | -16.7% | -18.5% | -11.0% | 1.4% | 3.9% | 8.5% | 6.9% | |
| Oomestic Small/Mid Cap Equity | | | | | | | | | |
| Vanguard Mid Cap Index ETF | 14.4% | | - | - | • | | • | 14.4% | 3/1/2020 |
| Spliced Vanguard Mid Cap Fund Index | 14.4% | - | • | - | • | * | - | 14.4% | |
| Apex SMID Cap Growth | 17.8% | -6.6% | -8.9% | -2.7% | 8.5% | - | - | 5.9% | 7/1/201 |
| Russell Mid Cap Growth Index | 15.7% | -8.4% | -7.5% | 0.2% | 11.3% | - | - | 9.1% | |
| Gabelli Small Cap Value | 10.1% | -25.4% | -28.1% | -26.6% | -8.0% | -0.6% | 7.5% | 8.0% | 3/1/200 |
| Russell 2000 Value Index | 12.3% | -23.6% | -27.7% | -23.8% | -6.1% | 0.3% | 5.3% | 7.4% | |
| nternational Equity | (GM GRADE) | | A CANADA | etigaterial). | | 5-20-6 | San San | aur labres des | 200 |
| Lazard International Equity | 6.2% | -16.6% | -17.4% | -12.2% | 0.4% | 0.8% | 5.5% | 4.5% | 12/1/199 |
| MSCI EAFE Index | 6.5% | -16.1% | -17.8% | -11.3% | -0.6% | -0.2% | 3.5% | 2.3% | |
| eveloping Markets | | 2.4 | | 4.45 | | | 10年 | | |
| Lazard Emerging Markets | 7.1% | -20.2% | -25.1% | -18.7% | -5.8% | -3.0% | -0.2% | -0.5% | 12/1/200 |
| MSCI Emerging Markets Index | 9.2% | -12.5% | -16.6% | -12.0% | 0.6% | -0.1% | 1.4% | 0.0% | |
| S. Fixed Income | | | | | | | | | |
| Bradford & Marzec Fixed Income | 1.5% | 1.9% | 3.9% | 9.8% | 5.3% | 4.3% | 4.9% | 5.1% | 9/1/200 |
| Barclays Aggregate Bond Index | 1.8% | 3.0% | 5.0% | 10.8% | 5.2% | 3.8% | 4.0% | 4.0% | |
| C.S. McKee Fixed Income | 2.6% | 2.0% | 4.0% | 9.8% | 5.1% | 3.9% | 4.2% | 4.2% | 8/1/200 |
| Barclays Aggregate Bond Index | 1.8% | 3.0% | 5.0% | 10.8% | 5.2% | 3.8% | 4.0% | 4.1% | |
| Bramshill Income Performance | 5.4% | -3.2% | -2.9% | -0.5% | - | - | - | 0.5% | 3/1/201 |
| Barclays Aggregate Bond Index | 1.8% | 3.0% | 5.0% | 10.8% | | - | - | 10.0% | |
| Iternative Investments | | | eving Grand | | | etronigo, : | | 鐵線 | |
| Cavendish Managed Futures | 0.4% | -12.3% | -12.4% | -11.0% | -1.5% | - | | -0.9% | 5/1/201 |
| HFRI Macro: Systematic Diversified Index | -0.3% | -1.3% | -0.7% | 2.3% | 0.8% | - | | -0.1% | |
| Graham Absolute Return Hedge Fund | 2.3% | -13.2% | -13.3% | -10.1% | | - | _ | -10,1% | 4/1/201 |
| HFRI Macro Index | 0.5% | -1.0% | -0.9% | 2.1% | | - | | 2.1% | |
| Whitebox Multi-Strategy Hedge Fund | 1.6% | -15.5% | -14.4% | -13.6% | | _ | _ | -13.6% | 4/1/201 |
| HFRI RV: Multi-Strategy Index | 2.5% | -4.6% | -4.1% | -2.6% | | | | -2.6% | |

Please refer to the final page for important disclosures

UBS Institutional Consulting Group

^{*}Target Index is currently comprised of 25% S&P 500 Index, 15% Russell Mid Cap Index, 5% Russell 2000 Index, 10% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 35% Bloomberg Barclays US Aggregate Index, and 5% HFRI Macro: Systematic Diversified Index.





Investment Monitoring Methodology

IPS Investment Criteria:

- 1. Manager tenure greater than or equal to 3 years
- 2. *3 year performance greater than benchmark / + 3 year R² is greater than 95%
- 3. 3 year performance greater than 50% of peers
- 4. 3 year Sharpe Ratio greater than 50% of peers
- 5. *3 year Sortino Ratio greater than 50% of peers / +3 year Tracking Error less than 90% of its peers
- 6. *5 year performance greater than benchmark / +5 year R² is greater than 95%
- 7. 5 year performance greater than 50% of peers
- 8. 5 year Sharpe Ratio greater than 50% of peers
- 9. *5 year Sortino Ratio greater than 50% of peers / +5 year Tracking Error less than 90% of its peers
- 10. Expense Ratio less than 50% of peers
- 11. Investment Style is consistent with the fund's objectives.
- *IPS Investment Criteria used for actively managed investment options / +IPS Criteria used for passively managed index investment options.

Performance Statistic Definitions:

- <u>Sharpe Ratio</u> Measures an investment's reward per unit of risk. It is calculated by taking the investment's average monthly return in excess of the Treasury bill return (presumed risk free rate of return) and dividing by the monthly standard deviation of excess returns.
- <u>Sortino Ratio</u> Quantifies an investment's reward per unit of downside risk. It is calculated similar to the Sharpe Ratio, except that it uses the monthly standard deviation of excess returns in negative markets in the denominator of the formula.
- R^2 Assesses the correlation between an investment's return with that of its benchmark index. R^2 values range from 0 to 100 and a high R^2 (greater than 95) implies that the investment returns are in-line with the movements of the benchmark index more than 95% of the time.
- <u>Tracking Error</u> Evaluates the consistency of returns by measuring the standard deviation of the difference between the returns of the investment option and those of the benchmark index. Tracking Error should be lower than 90% of the peer group.

Watch Methodology:

Passed IPS Screen: An investment is in good standing if it passes at least 7 of the 11 Watchlist criteria.

Informal Watch: An investment will be placed on Informal Watch if it fails 5 of the 11 Watchlist criteria. An investment may be on Informal Watch for a total of 4 consecutive quarters, after which it must meet 7 of the 11 Watchlist criteria or be placed under Formal Watch.

Formal Watch: An investment will be placed on Formal Watch if it fails 6 or more of the Watchlist criteria. An investment may be on Formal Watch for 3 consecutive quarters, after which the Investment Advisor will take one of three steps as outlined in the IPS.



This illustration is for informational purposes only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The alerts and watch list criteria provided are based on the criteria from your Investment Policy Statement and are being provided to assist retirement plan fiduciaries in evaluating investment options offered in their retirement plan. A number of different factors should be considered when choosing to add, remove or maintain retirement plan investment options.



Passed IPS Screen



Informal Watch



Formal Watch

Birmingham Employees Retirement System 1st Quarter, 2020 Review (3.31.20)

| Category | Investment Option | Plan Assets (3.31.20) | % of Assets | Plan Entry | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Previous Quarter Status | Quart Statu |
|------------------------------|--|--------------------------|----------------|---------------|---|---|---|----------|---|-----|-----|-----|----------|----------|----|-------------------------------|----------------|
| Large Blend | Vanguard S&P 500 ETF (VOO) | \$10,554,127 | 12.4% | May-16 | * | 1 | ~ | 4 | × | - | V | 4 | × | 1 | 1 | | C. |
| Large Growth | Bahl & Gaynor Large Cap Growth | \$8,627,250 | 10.1% | Sep-09 | * | × | × | K | × | × | ж | × | × | × | 1 | | FV |
| Large Value | Westwood Large Cap Value | \$11,848,745 | 13.9% | Jul-08 | 1 | 4 | 1 | 1 | 1 | 1 | 1 | 4 | 4 | 1 | 1 | | |
| Mid Cap Blend | Vanguard Mid Cap Index ETF (VO) | \$6,625,105 | 7.8% | Mar-20 | 1 | 1 | 4 | V | 1 | ~ | 1 | 1 | 1 | 4 | 1 | • | |
| Mid Cap Value | Seizert Mid Cap Value | \$0 | 0.0% | Sep-17 | 1 | × | x | × | ж | × | ж | ж | ж | 4 | 4 | FW | FV |
| Mid Cap Growth | Apex SMID Cap Growth | \$4,262,040 | 5.0% | Jul-15 | 4 | × | × | ж | × | × | × | × | × | × | 4 | FW | FV |
| Small Value | Gabelli Small Cap Value | \$4,363,135 | 5.1% | Mar-00 | 1 | 1 | 5 | 4 | × | 4 | 1 | 1 | 1 | × | 1 | | |
| Foreign Large Blend | Lazard International Equity | \$5,767,548 | 6.8% | Dec-99 | 4 | 4 | 1 | 1 | 1 | × | ж | × | ж | × | 4 | FW | |
| Diversified Emerging Markets | Lazard Emerging Markets Equity (LZEMX) | \$2,360,655 | 2.8% | Dec-07 | 1 | × | ж | × | ж | × | ж | × | × | 4 | 1 | FW | FV |
| Intermediate Core Bond | Bradford & Marzec Fixed Income | \$14,302,704 | 16.7% | Sep-09 | 4 | 1 | 4 | 1 | 4 | ~ | 1 | 4 | 1 | * | 1 | | |
| Intermediate Core Bond | C.S. McKee Fixed Income | \$4,068,078 | 4.8% | Aug-09 | 4 | ж | 1 | ý | × | 4 | 1 | 4 | V | × | 1 | 0 | • |
| Nontraditional Bond | Bramshill Income Performance (BRMSX) | \$3,549,484 | 4.2% | Mar-19 | / | K | k | K | × | N/A | N/A | N/A | N/A | × | 4 | | |
| | | | 2.00/ | 1.4.46 | 1 | | | | | | | | | | | | |

| Alternative Investments | Cavendish Managed Futures | \$3,218,607 | 3.8% | May-16 |
|-------------------------|------------------------------------|-------------|------|--------|
| Alternative Investments | Graham Absolute Return Hedge Fund | \$3,011,607 | 3.5% | Apr-19 |
| Alternative Investments | Whitebox Multi-Strategy Hedge Fund | \$2,873,387 | 3.4% | Apr-19 |
| Cash | Cash | \$0 | 0.0% | Dec-93 |

Total Plan Assets:

\$85,432,472

100%

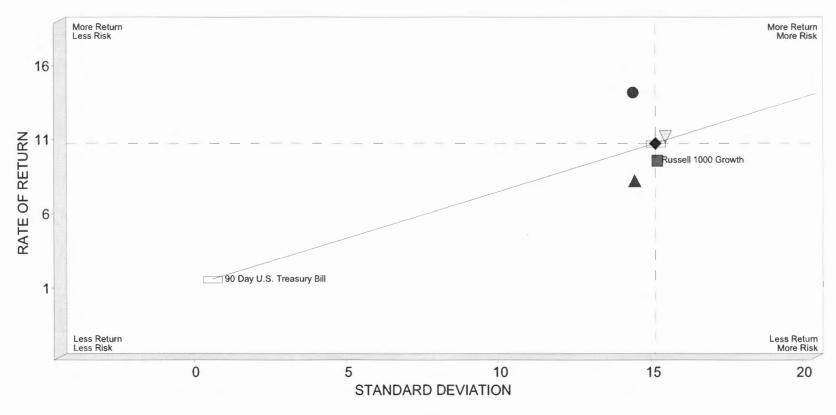


This illustration is for informational purposes only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. A number of different factors should be considered when choosing to add, remove or maintain retirement plan investment options.



TOTAL RISK REWARD CAPITAL MARKET LINE ANALYSIS - GROSS RETURNS 5 YEAR PERIOD





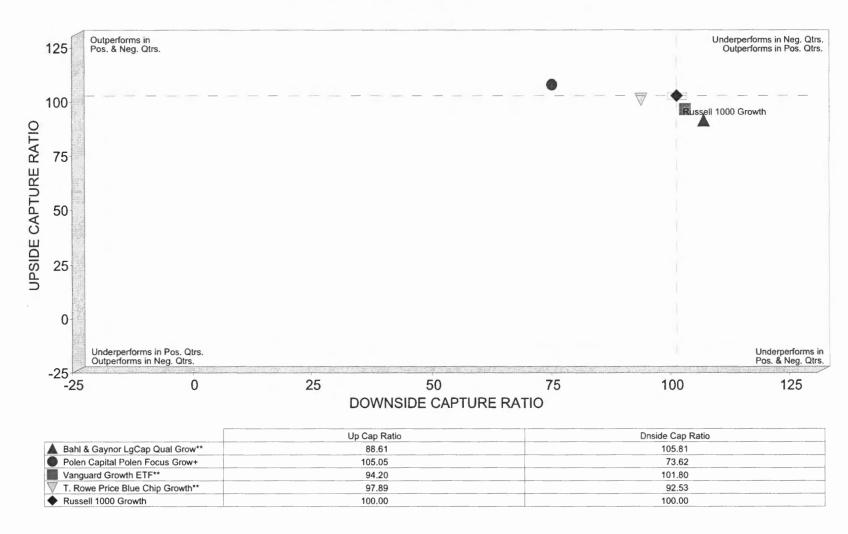
| | ROR | Std Dev Pop | Alpha | Beta | R-Squared |
|----------------------------------|-------|-------------|-------|------|-----------|
| Bahl & Gaynor LgCap Qual Grow** | 7.79 | 14.25 | -1.28 | 0.88 | 0.85 |
| Polen Capital Polen Focus Grow+ | 13.82 | 14.18 | 4.03 | 0.91 | 0.91 |
| Vanguard Growth ETF** | 9.17 | 14.96 | -1.08 | 1.00 | 0.99 |
| T. Rowe Price Blue Chip Growth** | 10.74 | 15.25 | 0.67 | 0.97 | 0.90 |
| Russell 1000 Growth | 10.36 | 14.92 | 0.00 | 1.00 | 1.00 |

RISK BENCHMARK USED FOR THIS ANALYSIS: RUSSELL 1000 GROWTH

** THIS INVESTMENT OR STRATEGY IS REVIEWED BY UBS. SEE "IMPORTANT INFORMATION" SECTION FOR ADDITIONAL INFORMATION. + THIS INVESTMENT OR STRATEGY IS NOT AVAILABLE THROUGH UBS. SEE "IMPORTANT INFORMATION" SECTION FOR ADDITIONAL INFORMATION.



MARKET CAPTURE ANALYSIS GROSS RETURNS 5 YEAR PERIOD MARCH 31, 2015 TO MARCH 31, 2020

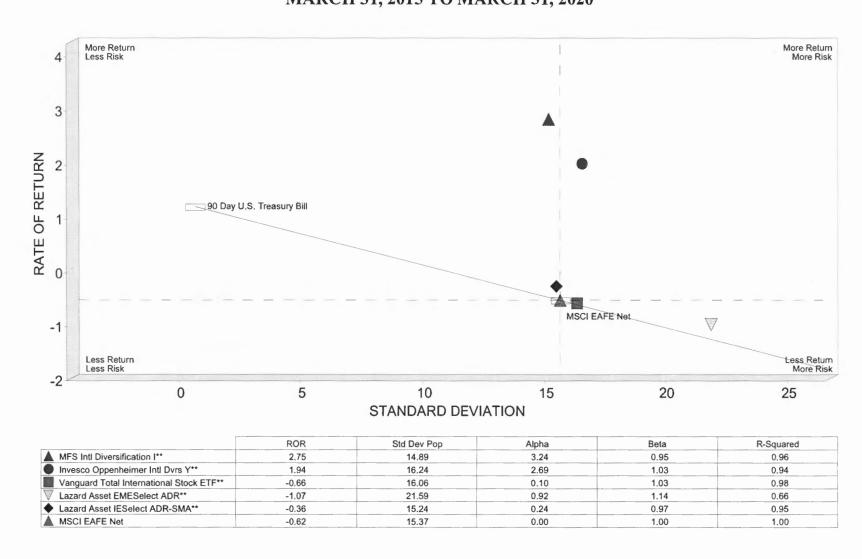


RISK BENCHMARK USED FOR THIS ANALYSIS: RUSSELL 1000 GROWTH

** THIS INVESTMENT OR STRATEGY IS REVIEWED BY UBS. SEE "IMPORTANT INFORMATION" SECTION FOR ADDITIONAL INFORMATION. + THIS INVESTMENT OR STRATEGY IS NOT AVAILABLE THROUGH UBS. SEE "IMPORTANT INFORMATION" SECTION FOR ADDITIONAL INFORMATION.



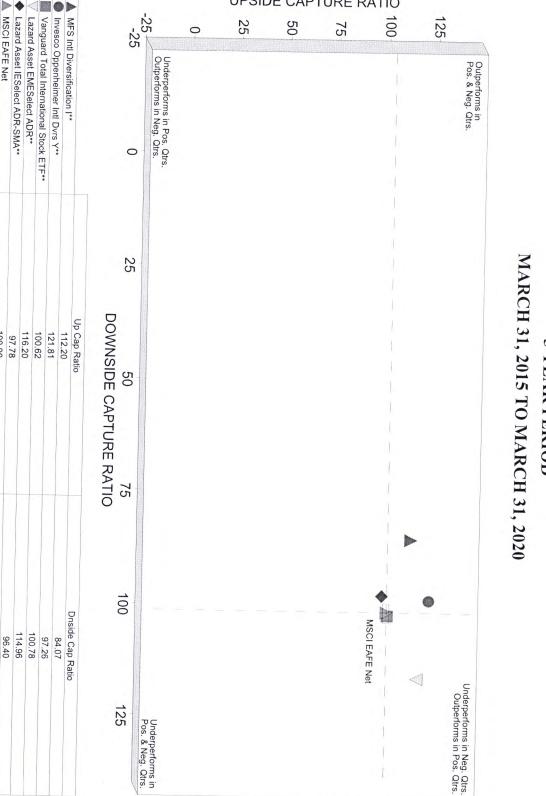
TOTAL RISK REWARD CAPITAL MARKET LINE ANALYSIS - GROSS RETURNS 5 YEAR PERIOD MARCH 31, 2015 TO MARCH 31, 2020



RISK BENCHMARK USED FOR THIS ANALYSIS: MSCI EAFE NET



MARKET CAPTURE ANALYSIS **GROSS RETURNS** 5 YEAR PERIOD



UPSIDE CAPTURE RATIO

75

50

25

0

100

125

MSCI EAFE Net

100.00

100.00

-25+ -25

Underperforms in Pos. & Neg. Qtrs.

MINUTES OF THE REGULAR RETIREMENT BOARD MEETING HELD DECEMBER 13, 2019

The meeting was called to order at 8:1 A.M.

PRESENT:

Matthew Bartalino, Christopher Conti, Pete Kauffman, Therese

Longe, Paul O'Meara, Joseph Valentine, Jeffrey Whipple

ABSENT.

Pierre Boutros

ALSO PRESENT: Mark Gerber, Finance Director/Treasurer; Steve and David Gasper, UBS; Frank Pisano, Library Board; Ruth Rowland, Retiree Health Care Fund Investment Committee; Rich Koch and Mark Buis, Gabriel

Roeder

22-2019

Chris Conti announced that Pierre Boutros was appointed as the new Commission Member of the Retirement Board.

23-2019

Motion by Valentine: Second by O'Meara:

To approve the Consent Agenda:

To approve the Retirement Board minutes of September 13, 2019;

To approve the Birmingham Employees Retirement System Bills/Retirement Roll of \$1,949,481.41 for the period from September 1 through November 30, 2019;

To approve the Pension Administration Expenses of \$144,814.26 for the period from September 12, 2019 to November 4, 2019;

To receive the Summary of Assets for the period ending October 31, 2019, with a total market value of \$99,910,605.

ROLL CALL VOTE:

Bartalino:

Ave

Boutros:

Absent

Conti: Longe:

Ave

O'Meara:

Ave Aye

Valentine:

Aye

Whipple:

Aye

24-2019

Steve Gasper reviewed the November 25, 2019 Investment Consultant Report and Comerica Bank's Composite Performance Review for periods ending September 30, 2019 that were distributed at the meeting. The report includes recommendations to increase the allocation to fixed income; reduce the allocation to small-cap, mid-cap, and international equities; and increase the allocation to large cap equities.

David Gasper provided an update on Bahl & Gaynor, Westwood Holdings, Apex Capital, and Seizert Capital. Bahl & Gaynor's performance has been good; they provide good downside protection for the portfolio. Westwood's performance has been good; they are excellent stock selectors. Apex's performance has been down, but, as of September 30, 2019, their performance has been excellent. Seizert has made a change in ownership and has had poor performance. The Retirement Investment Committee has expressed a desire for the Gaspers to do a search for a replacement in the mid-cap area.

25-2019

Motion by Valentine: Second by Conti:

To concur in the recommendation of the Retirement Investment Committee to agree and consent to the assignment of C. S. McKee's Advisory Agreement to CSM Advisors, LLC; to appoint CSM Advisors, LLC as an investment manager for the Birmingham Employees Retirement Fund; and the authorize Mark Gerber to sign the Consent to Assignment.

Ayes: 6 Nays: 0

Absent: 1 (Boutros)

26-2019

Motion by Bartalino: Second by Conti:

To concur in the recommendation of Investment Consultant Steve Gasper and the Retirement Investment Committee to recommend portfolio allocation changes for the Retirement Fund; to direct Comerica Bank to reduce the allocation in the small-mid cap growth equity account managed by Apex Capital by \$5,000,000; to direct Comerica Bank to reduce the allocation in the small-cap value equity account managed by Gabelli Asset Management by \$2,000,000; to direct Comerica Bank to reduce the allocation in the mid-cap value equity account managed by Seizert Capital Partners by \$1,000,000;

to direct Comerica Bank to reduce the allocation in the international equity account managed by Lazard Capital by \$3,000,000; to direct Comerica Bank to reduce the allocation in the emerging markets equity account managed by Lazard Capital by \$2,000,000; to direct Comerica Bank to transfer \$3,000,000 into the large-cap growth equity account managed by Bahl & Gaynor; to direct Comerica to transfer \$5,000,000 into the large-cap value equity account managed by Westwood Holdings Group; to direct Comerica to transfer \$1,000,000 into the fixed income fund managed by Bradford & Marzec; to direct Comerica Bank to transfer \$4,000,000 into the fixed income fund managed by C.S. McKee.

Ayes: 6 Nays: 0

Absent: 1 (Boutros)

27-2019

There was discussion regarding the Retirement Investment Committee's recommendation to terminate the agreement with Seizert Capital partners and transfer those assets into a mid-cap index fund.

28-2019

Motion by Valentine: Second by Conti:

To concur in the recommendation of the Retirement Investment Committee to terminate the agreement with the active mid-cap value manager Seizert Capital partners pursuant to Section 18 of the agreement; to direct Seizert Capital Partners to cease buying, selling, or otherwise trading in any asset of the account upon receipt of a written request to do so; to direct Seizert Capital Partners to work with representatives at Comerica Bank, as necessary, to accomplish the transfer of assets.

Ayes: 6 Nays: 0

Absent: 1 (Boutros)

29-2019

Mark Gerber stated that the Retirement Investment Committee would prefer to review mid-cap index fund options with the Gaspers prior to making a recommendation to the Retirement Board

30-2019

Motion by Valentine: Second by Conti:

To concur in the recommendation of the Retirement Investment Committee to direct the Committee to schedule a special meeting to work with the Gaspers to review mid-cap index fund options and to prepare a formal recommendation for the Retirement Board.

Ayes:

6

Nays:

0

Absent:

1

30-2019

Motion by O'Meara: Second by Valentine:

To grant final approval of John Connaughton's retirement from the Fire Department.

Ayes:

6

Nays:

0

Absent:

1 (Boutros)\

31-2019

Mark Buis and Rich Koch from Gabriel Roeder were present to review the 75th Annual Actuarial Valuation of the retirement system.

The purpose of the report is to develop a recommended contribution number for the city to make for the fiscal year beginning July 1, 2020. The increase in the recommended contributions is driven mostly by the increase in the unfunded accrued liabilities. The funding level of the plan at June 30, 2019 is 84.1%, which is still above state averages.

Michigan Public Act 202 of 2017 also requires that the Board conduct a peer review or actuarial audit of the actuary every eight years. This is a third party who will review the current actuary. The Level 1 audit is for large statewide systems and requires that a second actuary reproduce all of the numbers in the valuation. The Level 2 audit requires that another actuary review the current actuarial valuation, sample data and test certain data. The Level 3 audit requires that another actuary review the valuation to make sure that the report complies with all the actuarial standards. They will also review the assumptions to make sure that they are reasonable. Gabriel Roeder would recommend the Level 3 audit for the retirement system.

32-2019

Motion by Bartalino: Second by O'Meara:

To receive the 75th Annual Actuarial Valuation of the Birmingham Employees Retirement System for the fiscal year ended June 30, 2019; to concur in the recommendation contained in the actuarial valuation to transfer \$4,354,126 from the Reserve for Employer Contributions to the Reserve for Retired Benefit Payments as of July 1, 2019.

Ayes:

6

Nays: Absent:

1 (Boutros)

33-2019

Motion by Whipple: Second by Conti:

To approve the fiduciary liability insurant policy from Cincinnati Companies for the period from January 2, 2020 through January 2, 2021 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$11,255 for the Retirement Fund.

Ayes:

6

Nays:

0

Absent:

1 (Boutros)

34-2019

Motion by O'Meara: Second by Bartalino:

To approve the 2020-2021 Pension Administration budget as submitted.

Ayes:

6

Nays:

0

Absent:

1 (Boutros)

35-2019

Motion by Whipple: Second by Valentine:

To declare a vacancy in the office of general member on the Retirement Board effective July 1, 2020; to schedule a primary election on Friday, February 7, 2020 and a regular election on March 2, 2020, if necessary; to appoint Valentine, Bartalino and Gerber to an election committee to canvass the votes and report election results at the next regular board meeting.

Ayes:

6

Nays: Absent: 0 1 (Boutros)

36-2019

During public comment, Mr. Pisano suggested that the Board undertake a RFI (Request for Information) process to review the investment consultant's performance compared to plans of similar size related to methodology, performance and fees in order for the Board to demonstrate its due diligence. Mayor Pro Tem Longe concurred with the suggestion. Mr. Valentine suggested that the Retirement Investment Committee research this and prepare a recommendation to the Retirement Board on how to proceed.

The meeting was adjourned at 9:06.

Respectfully submitted,

Thelma Golden
Treasury Consultant

DATE: June 3, 2020

TO: Birmingham Retirement Board

FROM: Mark Gerber, Finance Director/Treasurer

Thelma Golden, Treasury Consultant

SUBJECT: Retirement Investment Committee Recommendation

The Retirement Investment Committee held a regular virtual meeting on June 3, 2020, to review the performance of the fund's investment managers, the asset allocation of the fund, prospective large-cap growth equity managers, and prospective international diversified mutual funds. The UBS Financial Services/Flagship Financial Partners team and the Investment Committee are recommending the following actions:

The first recommendation is to terminate the relationship with Bahl & Gaynor for management of a large-cap growth equity fund and to transfer those funds into the Polen Focus Growth strategy managed by Polen Capital Management

The second recommendation is to terminate the relationship with Lazard in both international and emerging market strategies and to transfer those assets into the MFS International Diversification I mutual fund.

The Retirement Board is requested to take the following actions in two separate motions.

SUGGESTED ACTIONS:

1. To concur in the recommendation of the Retirement Investment Committee and UBS Financial Services/Flagship Financial Partners team to terminate the relationship with Bahl & Gaynor; to enter into an agreement with Polen Capital Management, LLC to invest in their Polen Focus Growth strategy for the Retirement Fund; and to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retirement Board; to direct Comerica Bank to create a new large-cap growth equity fund account for the Retirement Fund to be managed by Polen Capital Management, LLC.

2. To concur in the recommendation of the Retirement Investment Committee and the UBS Financial Services/Flagship Financial Partners team to terminate the relationship with Lazard Capital in both the developed international and emerging market strategies; to transfer those funds into the MFS International Diversification I mutual fund for the Retirement Fund; to direct Comerica Bank to create a new international account for the Retirement Fund.

CITY OF BIRMINGHAM RETIREMENT INVESTMENT COMMITTEE FRIDAY, JUNE 12th, 2020, 7:30 A.M. VIRTUAL MEETING APPENDIX TO AGENDA

1. Large Cap Growth Manager Review

- a. Our recommendation is to swap Bahl & Gaynor Large Cap Growth for Polen Focus Growth.
- b. Polen Capital is a high-conviction growth manager providing active investment strategies since 1979. The firm is based in south Florida and manages \$32bn in institutional and retail assets globally.
- c. Polen Focus Growth is a concentrated portfolio of approximately 20 high quality, large cap growth companies domiciled in the US. Polen believes that consistent earnings growth is the primary driver of intrinsic value and long-term stock appreciation. There is an emphasis on companies that offer above-average top-line revenue growth, strong free cash flow, low leverage, healthy margins, and competitively advantaged business models.
- d. Over the trailing 5-year period, Polen has delivered higher returns (+600bp annually) with less standard deviation relative to Bahl & Gaynor. Over the same period, Polen's up/down market capture is 105/74, compared to 89/106 for Bahl & Gaynor. This metric illustrates Polen's ability to fully participate in rising markets, while also protecting on the downside. Year-to-date, Polen is outperforming its index and the Bahl & Gaynor strategy by 100bp and 630bp, respectively.

2. International Manager Review

- a. Our recommendation is to swap Lazard International Equity and Lazard Emerging Markets strategies for the MFS International Diversification fund.
- b. MFS International Diversification is a fund-of-funds structure, offering consolidation and broad diversification across geography, style, and market capitalization in the international space. The fund-of-funds structure provides exposure to five distinct MFS international equity funds: Research International (30%), International Growth (22.5%), International Intrinsic Value (22.5%), Emerging Markets Equity (15%), and International New Discovery (10%). The fund is rebalanced quarterly according to its strategic weighting in each underlying fund.
- c. Over the trailing 5-year period, MFS International Diversification fund has significantly outperformed both Lazard strategies, while taking on less risk. MFS has a beta below one and up/down market capture of 112/84. While taking on less market risk than the index, the strategy has been able to significantly outperform in both rising and falling markets. Year-to-date, MFS is outperforming its index and both Lazard strategies by more than 300bp.

<u>MEMORANDUM</u>

DATE:

June 3, 2020

TO:

Birmingham Retirement Board

FROM:

Mark Gerber, Finance Director/Treasurer

SUBJECT:

Request for Consent to Assignment of Tortoise Credit Strategies,

LLC Contract

We have received the attached communication from Tortoise Credit Strategies, LLC that reports the anticipated sale of all of their assets to R Squared BM LLC. Attached is a request from Tortoise Credit Strategies requesting consent to assign their contract with the City of Birmingham Employee Retirement System to R Squared.

SUGGESTED ACTION:

To approve R Squared BM LLC as an investment manager for the Birmingham Employees Retirement Fund; and, to authorize Mark Gerber to sign the Consent to Assignment.



April 28, 2020

We are pleased to inform you that Tortoise and R Squared BM LLC ("R Squared") have announced the signing of a definitive agreement for R Squared (which will operate as Ducenta Squared Asset Management ("Ducenta")) to acquire the assets of Tortoise Credit Strategies, LLC ("Tortoise").

We are excited and energized by the partnership with Ducenta, and view this transaction as a positive for both our clients and employees. In our view, Ducenta's focused expertise within the fixed income markets, their solutions oriented approach with clients, and their extensive global client network, are significant pillars of strength. In addition, the long term strategic investment into the Tortoise credit platform should deepen our financial flexibility, continue to support our objectives of strong investment performance and client service and facilitate continued employee development and strategic growth initiatives. The investment process will remain unchanged, and the majority of the existing team in Los Angeles will be joining Ducenta, with the two of us becoming Co-Heads of Fixed Income. We believe this transaction is beneficial to all parties involved; the client, employees, and both the buyer and seller.

As part of this transaction, your investment management agreement with Tortoise will be assigned to R Squared, which is expected to have their registration with the SEC finalized prior to the closing of the transaction. Accordingly, pursuant to the terms of your investment management agreement, your written consent to such assignment is required, which will be effective when the transaction closes. Due to the current regulatory environment regarding COVID-19 precautions, by signing this consent you are agreeing to accept this communication electronically (despite any provision in your investment management agreement that may require an alternative form of communication). Please complete and sign the attached form and return electronically only, by June 12, 2020. If you are no longer the current authorized signer for this entity, there is an option to reassign the electronic signing of this document. Please contact Tracy DeAndrea, Client Relations Manager at (913) 702-7436 or tdeandrea@tortoiseadvisors.com for assistance with DocuSign.

Following the transaction, R Squared will be the legal entity serving as your investment adviser and will continue to manage your account according to the terms of your current Fortoise investment management agreement and investment guidelines.

If you have any questions regarding the assignment of your advisory contract as a result of the asset purchase with respect to Tortoise, or do not consent, please notify us within 45 days from your receipt of this letter (and in any event, no later than June 12, 2020) by contacting Tracy DeAndrea, Client Relations Manager at (913) 702-7436 or via email at tdeandrea@tortoiseadvisors.com.

We expect the transaction to be completed by the end of the third calendar quarter of 2020, subject to customary regulatory and closing conditions.

wax Harly

Thank you for your investment and continued support.

Sincerely,

Jeffrey Brothers

Gregory Haendel

[see next page]



I have read and understand the content above, and, by signing below, I hereby agree to the assignment of our investment management agreement. By signing, I represent that I am duly authorized and have the full authority to enter into this agreement.

| Print name of entity / account | |
|--|--|
| Print name and title of authorized signatory | |
| | |
| gnature | |

Please return a copy of this page at your earliest convenience or in any event no later than June 12, 2020, <u>electronically only</u> to Tracy DeAndrea at <u>tdeandrea@tortoisecredit.com</u>.

DATE: May 29, 2020

TO: Birmingham Retirement Board

FROM: Mark Gerber, Finance Director/Treasurer

Thelma Golden, Treasury Consultant

SUBJECT: Interest Rate for Accumulated Contributions – 2020

Chapter 2, Article VI, Section 2-242 of the Birmingham City Code provides that interest will be credited to the individual members' accounts in the Reserve for Members' Contributions. The interest will be applied to each member's account on July 1, 2020 and will be based on the balance in that account on June 30, 2019. The interest rate for 2020 should be set at this time.

The Retirement Board's policy is to base the interest rate to be applied for members' accumulated contributions on the interest rate for 30-year Treasury bonds as of the meeting prior to July 1, provided that the interest rate shall not be set below the rate of 3.00%.

The most current published rate is 1.27% for April 2020. The recommendation is to set the 2020 interest rate at 3.00%.

SUGGESTED ACTION:

To set the 2020 interest rate to be applied to members' accumulated contributions at 3.00% based on the Retirement Board's policy.

DATE: May 29, 2020

TO: Retirement Board

FROM: Mark Gerber, Secretary-Treasurer

Thelma Golden, Treasury Consultant

SUBJECT: Election to Fill Vacancy of General Member

The term for the general member of the Retirement Board expires on July 1, 2020. Bruce Johnson has expressed interest in running for reelection.

In accordance with the Retirement Board Election Policy:

Whenever a vacancy of an elected member occurs on the Retirement Board, an election must be held to fill that position for the unexpired term within 60 days of the vacancy.

The Retirement Board must declare that there is a vacancy on the Board and that an election must be held to fill it. An election committee of two (2) board members and the secretary-treasurer is selected to count the ballots.

It is recommended that the Board declare a vacancy in the office of general member, approve the following election schedule to fill the office, and appoint an election committee to canvass vote.

The following schedule is proposed for the primary election of general member of the Retirement Board:

Distribute Notice: July 2, 2020
Distribute Ballots: July 17. 2020
Primary Ballots Due: July 31, 2020

Canvassing of Votes

By Election Committee: August 3, 2020, 8:15 A.M.

Retirement Board May 29, 2020 Page 2

If no one candidate receives a clear majority of the votes cast, a regular or run-off election will be held between the 2 candidates with the most votes. The following schedule is proposed if a regular election is necessary:

Distribute Ballots:

August 7, 2020

Regular Ballots Due:

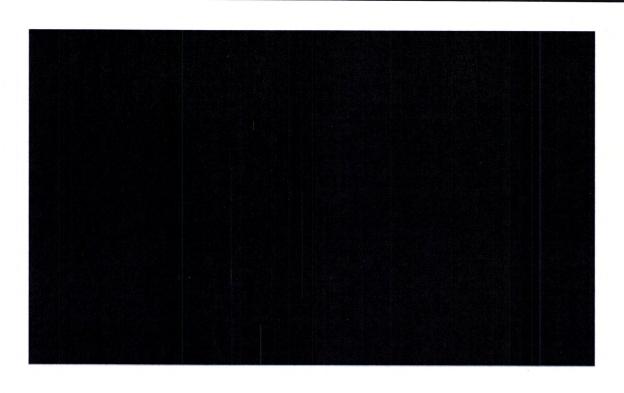
August 21, 2020

Canvassing of Votes Election Committee:

August 24, 2020, 8:15 a.m.

SUGGESTED ACTION:

| To declare a vacancy in the office of ge | neral member on the Retirement |
|--|-----------------------------------|
| Board effective July 1, 2020; to schedu | ule a primary election on Friday, |
| July 31, 2020 and a regular election or | August 21, 2020, if necessary; |
| to appoint,, | , and Mark Gerber |
| to an election committee to canvass the | votes and report election results |
| at the next regular board meeting. | |
| | |



The City of Birmingham – Retirement Investment Committee Update

June 12, 2020

City Of Birmingham Retirement And Retiree Health Plan – Financial Consultant Update

- **since 2015** Group, merged with Flagship Financial Partners. FFP has offices in Connecticut, Maine, Texas, and Florida. Note that The Gasper Group has been working selectively with FFP On March 24, 2020, the City of Birmingham's investment advisory firm, The Gasper
- duties as a financial consultant to Birmingham's Retirement and Retiree Health Care be David Gasper, Matt Lasko, Megan Smith, and Meredith Barber (see attached Bios) Plans effective immediately. Supporting the City of Birmingham in Steve's absence will On June 3, 2020, Steve Gasper announced that he would be stepping down from his
- customers (9.4%), and public/non-profit clients (0.3%) billion of assets under management mixed between retirement plans (90.3%), retail allows for enhanced support within the firm. The combined team presently has ~\$12 The combined Gasper Group and FFP has created a UBS Signature Team which

City Of Birmingham Retirement And Retiree Health Plan – RFP Update

- allocation approach remains consistent with other retirement plans periodically to ensure that Plan fees and returns are competitive and that the asset Health Care plans. An RFP is a best practice and something that should be performed Committee that the City of Birmingham execute an RFP on the Retirement and Retiree In December 2019, it was recommended to the Retirement Board by the Investment
- in 1H 2020, formally executing an RFP, and making a recommendation to the Retirement Board in the 2H of 2020 The original RFP timetable included determining which financial consultants to interview
- and conclude with a formal recommendation to the Retirement Board in the 2H of 2021. climate stabilizes, the newly proposed 2021 RFP timetable would mirror the prior 2020 plan RFP be put on hold for the remainder of 2020. Assuming, however, that the business (at the moment) in a traditional manner, the Investment Committee recommends that the This approach also allows us time to get to know the team at Flagship Financial Partners With the disruptive nature of COVID-19 on the financial markets and with doing business



Matthew Lasko, CFP®

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Backed by the global resources of UBS

With more than 150 years of wealth management experience at its core, UBS focuses on providing relevant guidance, differentiated global perspectives, diverse strategies and solutions for private, corporate and institutional clients worldwide. Drawing upon an integrated mix of investment banking and asset management businesses, we access the deep resources of our firm to deliver the trusted financial advice our clients seek today to confidently move forward.



Matt Lasko is the founding member and leader of Flagship Financial, an elite advisory team with locations in Texas, Connecticut, Maine, Florida and Michigan. A CERTIFIED FINANCIAL PLANNERTM professional and nationally recognized consultant on corporate retirement plans, Matt is strategically positioned as the architect of the team's overall strategies for both affluent families and institutional clients.

Serving multiple verticals of business, every member of the team holds themselves to high standards of service and advice, which is why Flagship Financial Partners is one of the fastest-growing teams within UBS. Additionally, Matt pioneered a successful partnering business, creating a custom retirement plan solution for hedge funds and private equity firms. This dichotomy of service presents clients with opportunities for advice.

Matt previously served as Co-chair of the UBS Senior Retirement Plan Consultant Committee and was a Principal Financial Group Elite Advisor Council member. Committed to providing relevant advice on the retirement plan market, Matt often speaks on panels and lectures on topics related to retirement and 401(k) plans.

Having graduated from Tufts University, Matt now lives in New Canaan, CT with his wife and two children. In spare time Matt enjoys traveling, marathon running/training, fly-fishing, contemporary art and theatre.

At a glance

- B.A., Tufts University
- Certified Financial PlannerTM (CFP®) professional
- Former Co-chair of the UBS Senior Retirement Plan Consultant Committee
- Former Principal Financial Group Elite Advisor Council member
- Financial Times FT 401 Retirement Advisers, 2016, 2018, 2019
- Forbes Best-In-State Wealth Advisor, 2020
- 2020 Top 100 Retirement Plan Advisors

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at **ubs.com/workingwithus**. Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP® and Certified Financial Fina



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Bringing over a decade of experience as a Senior Retirement Plan Consultant, Megan is an integral part of Flagship Financial Partners. Based in our Dallas, TX office, she works with retirement plan clients across the country, providing keen insight and strategies to a number of companies. A CFA® charterholder, Megan spearheads our team's investment manager and record keeper due diligence, portfolio construction and financial planning practices.

Megan is a graduate of the University of Texas. She lives in Dallas with her husband, Sean, and two young daughters, Charlotte and Claire. She loves UT sports, is a member of her neighborhood's book club.

At a glance

- B.B.A. in International Business, University of Texas
- CFA Charterholder
- NAPA Top Women Retirement Advisors, 2015, 2018
- NAPA Top Advisors under 40, 2018
- Institutional Consultant
- Financial Times Top Retirement Advisor, 2018
- Co-chair UBS Retirement Consulting Advisory Council
- Member, Principal Financial Group Elite Advisor Council
- Member, Prudential Financial Group Elite Advisor Council



Flagship Financial Partners

Our team

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Joe St. Onge, CFA® Senior Wealth Strategy Associate 203-602-6921 joseph.st.onge@ubs.com

Joe has been a member of Flagship Financial Partners since 2016 and serves as the team's investment analyst for its institutional clients. His primary responsibilities are investment manager search and selection and closely working with the team's institutional clients in a relationship management capacity.

He also assists the team's defined contribution and defined benefit retirement plan clients with plan design, fiduciary best practices and governance. Joe's chief goal is to help investment committees and their plan participants and/or beneficiaries achieve positive financial outcomes.

Joe attended Loyola University of Maryland, where he earned a bachelor's degree in business administration, and is a CFA® charterholder. Joe contributes to the Cystic Fibrosis Foundation and the Live4Evan Organization, which supports the families of children with congenital heart disease.

At a glance

- Bachelor of Business Administration with a concentration in marketing, Loyola University Maryland
- CFA® charterholder
- Holds FINRA Series 7 and Series 66 licenses.

Meredith Farber Financial Advisor 203-602-6939 meredith.farber@ubs.com

A financial advisor with a diverse background within the industry, Meredith has over a decade of experience and is Flagship's investment analyst.

She joined UBS in 2016 out of a desire to work more closely with clients and is committed to instilling financial confidence and providing clarity for her high net worth clients. Working in tandem with the rest of the Flagship team, she provides thoughtful analysis and advises on investment strategy and tactical positioning per the current macroeconomic landscape.

Her experience includes work within both equity and fixed-income product areas. As an investment analyst at Mirae Asset Global Investments, she covered the consumer staples sector globally. At AllianceBernstein she worked as an associate portfolio manager focusing on fixed-income portfolio management roles, handling separately managed institutional accounts and mutual funds across various fixed income strategies. She began her career at Bank of America Merrill Lynch, focusing on risk management of the firm's structured credit products trading desk.

Meredith graduated from Penn State University with a B.S. in economics from the Smeal College of Business. She holds her FINRA series 7, 63, and 65 securities licenses. Meredith is committed to UBS and to her community. She is co-chair of the firm's All Bar None chapter, covering Westchester and Fairfield counties. She also volunteers for Ali Forney Center and is a former TEAK Fellowship mentor. Meredith lives in New York and loves to travel, cook and swim.

At a glance

- B.S. in Economics, Penn State University, Smeal College of Business
- Level III CFA® candidate

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at ubs.com/workingwithus. For designation disclosures, visit ubs.com/us/en/designation-disclosures.

City of Birmingham

Employees Retirement Board

June 12, 2020 Information Only

- 1) Pension Benefit Guarantee Corporation (PBGC) Interest Rate.
- 2) Memo announcing the death of Shirley Fitzgerald.
- 3) Memo announcing the death of Robert Reese.
- 4) Memo announcing the death of Sharon Compton.
- 5) Investment Management Spreadsheet.



Weighted Average Interest Rate Table

Legend:

- Weighted Average Interest Rate = Wtd Avg
- Permissible Range = xx to xxx%
- 30 Year Treasury Securities Rate = 30-yr TSR
- 30 Year Constant Maturity Rate = 30-yr TCM

Note: The 120% weighted average figures from 2001 (PDF) may be used for IRC section 412(m) purposes for the 2002 plan year.

| Month/Year | Wtd Avg | 90 to 105% | 90 to 110% | 30-yr TSR |
|------------|---------|--------------|-------------------|-----------|
| May-20 | 2.64 | 2.38 to 2.78 | - | |
| Apr-20 | 2.70 | 2.43 to 2.83 | | 1.27 |
| Mar-20 | 2.75 | 2.47 to 2.89 | · · | 1.46 |
| Feb-20 | 2.78 | 2.50 to 2.92 | i ė s. | 1.97 |
| Jan-20 | 2.81 | 2.52 to 2.95 | - | 2.22 |
| | | | | |
| Dec-19 | 2.83 | 2.55 to 2.97 | 9- | 2.30 |
| Nov-19 | 2.85 | 2.57 to 3.00 | 19 | 2.28 |
| | | | | |

DATE:

March 18, 2020

TO:

Birmingham Retirement Board

FROM:

Mark Gerber, Secretary-Treasurer

SUBJECT

Shirley Fitzgerald

Shirley Fitzgerald passed away on January 20, 2020. She worked in the Library for over 15 years. All benefits stop.

DATE: April 22, 2020

TO: Birmingham Retirement Board

FROM: Mark Gerber, Secretary-Treasurer

SUBJECT: Robert Reese

Robert Reese passed away on April 18, 2020. He is the spouse of retiree Cindy Reese. She elected 50% Survivor Allowance Benefit with Pop-Up. Cindy will now receive Straight Life Allowance.

DATE:

May 11, 2020

TO:

Birmingham Retirement Board

FROM:

Mark Gerber, Secretary-Treasurer

SUBJECT:

Sharon Compton

Sharon Compton passed away on May 5, 2020. She was the spouse of deceased retiree Thomas Compton who worked at Department of Public Services. All benefits stop.