

**MINUTES OF THE REGULAR RETIREMENT BOARD MEETING
HELD SEPTEMBER 13, 2019**

The meeting was called to order at 8:15 A.M.

PRESENT: Matthew Bartalino, Patty Bordman, Pierre Boutros, Christopher Conti, Pete Kauffman, Paul O'Meara, Joseph Valentine, Jeffrey Whipple

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

16-2019

Joseph Valentine announced that Jeffrey Whipple was elected to the position of Police Member for a term to expire July 1, 2022.

Motion by Valentine:

Second by Bartalino:

To nominate Christopher Conti as chairman of the Retirement Board.

Ayes: 7

Nays: 0

17-2019

Chairman Conti announced that Pete Kauffman was re-elected to the position of Retiree/Beneficiary Member for a term to expire July 1, 2022.

18-2019

Motion by Bartalino:

Second by Valentine:

To approve the Consent Agenda:

To approve the Retirement Board minutes of July 9, 2019;

To approve the Birmingham Employees Retirement System Bills/Retirement Roll of \$1,943,615.83 for the period from June 1, 2019 through August 31, 2019;

To approve the Pension Administration Expenses of \$150,368.17 for the period from March 1, 2019 to September 30, 2019;

To grant final approval of the regular retirement of Tobin Davis from the Department of Public Services;

To receive the Summary of Assets for the period ending July 31, 2019, with a total market value of \$100,648,041.

ROLL CALL VOTE:

Bartalino:	Aye
Bordman:	Aye
Boutros:	Aye
Conti:	Aye
O'Meara:	Aye
Valentine:	Aye
Whipple:	Aye

19-2019

Steve Gasper reviewed the September 4, 2019 Investment Consultant Report and Comerica Bank's Composite Performance Review for periods ending June 30, 2019 that were distributed at the meeting.

The one-year number was below the benchmark. So far this quarter results are positive. One thing that hurt the portfolio at fiscal yearend was that this was a really difficult period for small-cap stocks, especially value. Since then performance is coming back. Performance in international markets is improving. Performance in emerging markets is still weak but runs in five-year cycles and is due to improve. The fixed income market is probably going to be one of the toughest periods going forward. Interest rates are at the lowest levels since the 1950's. Both of the fund's fixed income managers have outperformed their benchmarks without taking great risk. The fund's managers take below average risk with the exception of Apex who is the most aggressive manager. The two new alternative managers have proven that they can generate closer to equity-like returns with the volatility of a fixed income manager.

The portfolio is over weighted in equities. We are recommending that the portfolio be rebalanced to increase the allocation in fixed income in order to comply with the investment guidelines. We are also recommending an increase in the allocation to the large-cap value equity manager Westwood who performs well on the downside and to decrease the allocation in mid, small-cap, and international managers in order to gradually reduce the risk level in the portfolio. We may recommend taking similar action at the next meeting.

20-2019

Motion by Valentine:
Second by Conti:

To concur in the recommendation of Investment Consultant Steve Gasper and the Retirement Investment Committee; to direct Comerica Bank to reduce the allocation in the small to mid-cap growth equity account managed by Apex Capital by \$1,570,244; to reduce the allocation in the small-cap value equity account managed by Gabelli Asset Management by \$981,402; to reduce the allocation in the mid-cap value equity account managed by Seizert Capital Partners by \$392,560; to reduce the allocation in the international equity account managed by Lazard Capital by \$1,570,244; to reduce the allocation in the emerging markets equity account managed by Lazard Capital by \$686,982; to transfer \$2,944,207 into the fixed income account managed by Bradford & Marzec; to transfer \$2,257,225 into the large-cap value equity account managed by Westwood Holdings Group. This will rebalance the portfolio to bring it into compliance with the Retirement Board's investment guidelines.

Ayes: 7
Nays: 0

21-2019

Motion by Boutros:
Second by Bordman:

To set the 2020 meeting dates for the regular meetings of the Retirement Board on Friday, March 13; Friday, June 12; Friday, September 11; and Friday, December 4 at 8:15 A.M. in the municipal building.

Ayes: 7
Nays: 0

The meeting was adjourned at 8:50

Respectfully submitted,

Thelma Golden
Treasury Consultant