

CITY OF BIRMINGHAM
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
FRIDAY, DECEMBER 4, 2020
FOLLOWING 8:15 A.M. RETIREMENT BOARD

- 1) Call to Order
- 2) Roll Call
- 3) Announcements
- 4) Consent Agenda

All items listed on the consent agenda are considered to be routine by the Retiree Health Care Fund Investment Committee 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 committee 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 Retiree Health Care Fund Investment Committee Meeting minutes of September 11, 2020.
- B) Approval of Retiree Health Care Fund Expenses of \$50,305.48 for the period of July 1, 2020 through September 30, 2020.
- C) Resolution to receive the Summary of Assets for the period ending October 31, 2020 with a total market value of \$40,645,216.

	10/31/2020		9/30/2020		10/31/2019	
Bahl & Gaynor - Large-Cap Growth	0	0.0%	0	0.0%	2,994,270	7.6%
Bramshill Investments-Fixed Income	1,342,818	3.3%	1,323,752	3.3%	1,283,906	3.3%
C. S. McKee - Fixed Income	2,838,409	7.0%	2,517,339	6.2%	2,711,338	6.9%
Cavendish Managed Futures	961,709	2.4%	964,327	2.4%	1,190,860	3.0%
Ducenta Squared Asset	5,723,113	14.1%	5,409,619	13.4%	5,412,760	13.7%
Fiera Capital	3,231,328	8.0%	3,211,879	8.0%	3,712,735	9.4%
Gabelli - SmCap Value	2,293,323	5.6%	2,236,499	5.5%	3,060,912	7.8%
Graham Absolute Return Hedge Fund	1,126,560	2.8%	1,128,486	2.8%	1,154,380	2.9%
Lazard - International Equity	0	0.0%	0	0.0%	3,841,904	9.8%
Lazard - Emerging Market	0	0.0%	0	0.0%	1,984,413	5.0%
MFS International Diversified Fund	4,620,763	11.4%	4,762,824	11.8%	0	0.0%
Polen Capital Management, LLC	4,253,482	10.5%	4,345,894	10.8%	0	0.0%
Seizert Capital Mid Cap (Liquidated)	0	0.0%	0	0.0%	2,708,640	6.9%
Vanguard Mid Cap ETF	3,114,867	7.7%	3,116,971	7.7%	0	0.0%
Vanguard S&P500 ETF (VOO)	6,018,406	14.8%	6,175,813	15.3%	5,485,611	13.9%
Westwood - Large-Cap Value	4,026,483	9.9%	4,084,803	10.1%	2,720,949	6.9%
Whitebox Multi-Strategy Hedge	1,093,954	2.7%	1,079,331	2.7%	1,110,476	2.8%
Total	40,645,216	100.0%	40,357,537	100.0%	39,373,155	100.0%

5) Investments

- 1) To concur in the recommendation of the Retirement Investment Committee and the Investment Consultants to enter into an agreement with Blackstone Securities Partners, L.P. to invest in the Blackstone Real Estate Income Trust (BREIT) for the Retiree Health Care Fund; to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retiree Health Care Fund Investment Committee; to direct Comerica Bank to create a new BREIT account for the Retiree HealthCare Fund to be managed by Blackstone Securities Partners, L.P.; to authorize the reinvestment of dividends.
- 2) To concur in the recommendation of the Retirement Investment Committee and the Investment Consultants to enter into an agreement with Starwood Capital, L.L.C. to manage the Starwood Real Estate Income Trust for the Retiree Health Care Fund; to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retiree Health Care Fund Investment Committee; to direct Comerica Bank to create a new SREIT account for the Retiree Health Care Fund to be managed by Starwood Capital, L.L.C; to authorize the reinvestment of dividends.
- 3) To concur in the recommendation of the Retirement Investment Committee and the Investment Consultants to reduce the Vanguard Mid-Cap Index (VO) by \$1,282,750; to reduce the allocation to Fiera Capital by \$1,496,500; to reduce the allocation to Gabelli by \$427,500, to increase the allocation to the MFS International Diversified Fund by \$1,282,750; to increase the allocation to Westwood by \$641,400; to transfer \$641,300 into the BREIT; to transfer \$641,300 into the SREIT; to transfer the funds from the account formerly managed by Cavendish equally into the SREIT and the BREIT accounts.

6) Unfinished Business

7) New Business

- A) To receive the Retiree Health Care Actuarial Valuation for the fiscal year ended June 30, 2020.
- B) Resolution to approve the fiduciary liability insurance policy from Cincinnati Insurance Companies for the period from January 2, 2021 through January 2, 2022 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$5,112 for the Retiree Health Care Fund.
- C) Resolution to receive the Retiree Health Care Fund Administration Budget for fiscal Year 2021-2022 as submitted.

8) Communications

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.

(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 VIRTUAL MEETING OF THE
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
HELD SEPTEMBER 11, 2020**

Christopher Conti called the meeting to order at 9:17 A.M.

PRESENT: Pierre Boutros, Christopher Conti, Mark Gerber, Ruth Rowland,
Joseph Valentine

ALSO PRESENT: Thelma Golden, Treasury Consultant; Investment Consultants:
David Gasper, Matt Lasko, Megan Smith, Meredith Farber and
Maureen Mendoza, UBS

09-2020

Motion by Valentine:

Second by Boutros:

To Approve the Consent Agenda:

To approve the Retiree Health Care Fund Investment Committee meeting minutes of
June 12, 2020;

To approve the Retiree Health Care fund expenses of \$35,153.05 for the period of July
31, 2020 through September 30, 2020;

To receive the Summary of Assets for the period ending July 31, 2020 with a total
market value of \$39,949,203.

ROLL CALL VOTE:

Boutros: Aye

Conti: Aye

Gerber: Aye

Rowland: Aye

Valentine: Aye

10-2020

The investment consultants report was reviewed at the September 11, 2020 Retirement
Board meeting. Investments in the Retiree Health Care Fund mirror those of the
Retirement Fund.

11-2020

Motion by Boutros:
Second by Valentine:

To concur in the recommendation of the investment consultants and the Retirement Investment Committee to revise the asset guidelines for equities in Section IV.A.3.a.1.) of the Retiree Health Care Fund's Statement of Investment Objectives and Investment Policy Guidelines to increase the single issuer maximum to 15% at market (10% at purchase) from 5% and to strike the 5% notice requirement.

ROLL CALL VOTE:

Boutros: Aye
Conti: Aye
Gerber: Aye
Rowland: Aye
Valentine: Aye

12-2020

Motion by
Second by

To concur in the recommendation of the Retirement Investment Committee and the investment consultants to liquidate the Cavendish Managed Futures Fund in the Retiree Health Care Fund.

ROLL CALL VOTE:

Boutros: Aye
Conti: Aye
Gerber: Aye
Rowland: Aye
Valentine: Aye

13-2020

Motion by Boutros:
Second by Rowland:

To set the 2021 meeting dates for the regular meetings of the Retiree Health Care Fund Investment Committee on Friday, March 12; Friday, June 11; Friday, September 10; and Friday, December 10 immediately following the 8:15 AM. Retirement Board meeting.

ROLL CALL VOTE:

Boutros:	Aye
Conti:	Aye
Gerber:	Aye
Rowland:	Aye
Valentine:	Aye

The meeting was adjourned at 9:24 A.M.

Respectfully submitted,

Thelma Golden
Treasury Consultant

Retiree Health Care Fund Expenses
7/1/2020 - 9/30/2020

<u>Date</u>	<u>Name</u>	<u>Purpose</u>	<u>Amount</u>
10/16/2020	Polen	Investment Management Period of 9/23/2020 - 12/31/2020	\$ 7,102.76
10/8/2020	C.S. McKee	Investment Management Period ending 12/31/2020	\$ 1,761.76
10/26/2020	Fiera Capital	Investment Management Fourth Quarter	\$ 4,416.33
7/10/2020	Westwood Trust	Investment Management Period Ending 9/30/2020	\$ 6,607.95
10/22/2020	Ducenta Squared	Investment Management Period of 7/01/2020 - 9/30/2020	\$ 3,449.71
10/5/2020	Gabriel, Roeder, Smith	June 30, 2020 GASB Statement #74 & #75	\$ 16,500.00
10/20/2020	UBS	Investment Consultant Period of 7/01/2020 - 9/30/2020	\$ 6,344.20
11/19/2020	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period of 7/1/2020 - 9/30/2020	\$ 2,939.54
11/30/2020	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period of 7/1/2020 - 9/30/2020	\$ 1,183.23
TOTAL			<u>\$ 50,305.48</u>



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REMITTANCE COPY

Mark Gerber
151 Martin
Birmingham, MI 48009

October 16, 2020

STATEMENT OF MANAGEMENT FEES

Initial Fee calculated for assets under management as of September 23, 2020

For the billing period from September 23, 2020 to September 30, 2020

Quarterly Fee calculated for assets under management as of September 30, 2020

For the billing period from October 1, 2020 to December 31, 2020

Custodian Account no: 1055089631
Account no: CITY0153
Account name: CITY OF BIRMINGHAM RETIREE HEALTHCARE FUND

Management Fee Calculation Detail

	Breakpoints	Annual Rate	Account Assets	Fee
Total Portfolio:				
	Balance	0.600%	\$4,181,570	\$548.41
	Balance	0.600%	\$4,345,819	\$6,554.35
Total			\$8,527,389	\$7,102.76

Please remit the total fee amount to
Polen Capital at the address
indicated below.

Payment for this invoice can be
sent via mail or wire:

By Mail:

Check payable to:
Polen Capital Management
P.O. Box 919766
Orlando, FL 32891-9766

Overnight Address:

EIS Lockbox/Cust Svc
Attn: Polen Capital Management LLC
#919766
2290 Premier Row
Orlando, FL 32809

By Wire:

SunTrust Bank
1000 Peachtree St., N.E., Atlanta, GA
ABA: 061 000 104
Account Name: Polen Capital
Management LLC
Account #: 1000214295577

SEC RULE 204.3 REQUIRES US TO OFFER IN WRITING TO DELIVER TO YOU UPON REQUEST A WRITTEN DISCLOSURE
STATEMENT CONTAINING INFORMATION CONCERNING OUR BACKGROUND AND BUSINESS PRACTICES

Keep a copy of this invoice for tax purposes.

736-860.0000-802.0200

4B



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Investment Position Detail

CITY OF BIRMINGHAM RETIREE HEALTHCARE FUND

9/30/2020

Security	Qty	Original Cost	Price	Total Value	% Total	Current Yield
EQUITY INVESTMENT						
ABBOTT LABS	2,297	235,884	108.83	249,983	5.75%	1.32%
ACCENTURE PLC IRELAND SHS CLASS A	824	190,332	225.99	186,216	4.28%	1.56%
ADOBE SYS INC	662	311,775	490.43	324,665	7.47%	
ALIGN TECHNOLOGY INC	271	83,664	327.36	88,715	2.04%	
ALPHABET INC CAP STK CL A	58	81,743	1,465.60	85,005	1.96%	
ALPHABET INC CAP STK CL C	186	262,965	1,469.60	273,346	6.29%	
AUTODESK INC	714	158,538	231.01	164,941	3.80%	
DOLLAR GEN CORP NEW	675	137,982	209.62	141,494	3.26%	0.69%
FACEBOOK INC	1,406	350,343	261.90	368,231	8.47%	
GARTNER INC	718	89,137	124.95	89,714	2.06%	
ILLUMINA INC	9	2,771	309.08	2,782	0.06%	
INTUITIVE SURGICAL INC	122	80,171	709.54	86,564	1.99%	
MASTERCARD INCORPORATED CL A	639	207,356	338.17	216,091	4.97%	0.47%
MICROSOFT CORP	1,687	338,556	210.33	354,827	8.16%	1.06%
MSCI INC	213	73,674	356.78	75,994	1.75%	0.87%
NIKE INC	784	99,305	125.54	98,423	2.26%	0.78%
PAYPAL HLDGS INC	866	157,400	197.03	170,628	3.93%	
REGENERON PHARMACEUTICALS	232	131,124	559.78	129,869	2.99%	
SALESFORCE COM INC	827	195,562	251.32	207,842	4.78%	
SERVICENOW INC	386	178,076	485.00	187,210	4.31%	
STARBUCKS CORP	1,544	128,221	85.92	132,660	3.05%	1.91%
UNITEDHEALTH GROUP INC	404	118,078	311.77	125,955	2.90%	1.60%
VISA INC	1,059	206,820	199.97	211,768	4.87%	0.60%
ZOETIS INC	1,283	204,510	165.37	212,170	4.88%	0.48%
TOTAL EQUITY INVESTMENT		4,023,988		4,185,091	96.30%	0.48%
CASH AND CASH EQUIVALENTS						
US DOLLARS	160,729	160,729	1.00	160,729	3.70%	
TOTAL CASH AND CASH EQUIVALENTS		160,729		160,729	3.70%	0.00%



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Investment Position Detail

CITY OF BIRMINGHAM RETIREE HEALTHCARE FUND

9/30/2020

Security	Qty	Original Cost	Price	Total Value	% Total	Current Yield
TOTAL MARKET VALUE		4,184,717		4,345,819	100.00%	0.47%
ACCRUED INCOME						
TOTAL PORTFOLIO				4,345,819		



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Performance History

Gross of Fees

CITY OF BIRMINGHAM RETIREE HEALTHCARE FUND

As of: 9/30/2020

Returns for the period: 1/1/2020 to 9/30/2020

RETURN TYPE:	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
GROSS			3.93%		3.93%
Russell 1000 Growth			1.99%		1.99%
S&P 500			1.46%		1.46%

CSM Advisors, LLC

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

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

10/8/2020

CSMcKee client # 90706

Invoice # 40200

City of Birmingham Retiree Health Care Fund

Mr. Mark Gerber CPA
Assistant Finance Director
Birmingham Employees' Retirement System
151 Martin Street, P.O. Box 3001
Birmingham, MI 48012

Quarterly Advisory Fee Invoice

Fee for Period Ending: 12/31/2020

Total Value Due:

Asset Value

9/30/2020

\$2,516,793.65

Gross Fee

\$1,761.76

CSM Advisors, LLC

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

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

Client Assets

90705	Birmingham Employees' Retirement System	\$2,234,978.67
90706	City of Birmingham Retiree Health Care Fund	\$2,516,793.65
		\$4,751,772.32

Fee Calculation

(fee schedule - Fixed Income New)

\$0	to	\$25,000,000	0.350%	\$16,631.20
\$25,000,000	to	\$50,000,000	0.300%	\$0.00
\$50,000,000	to	\$100,000,000	0.250%	\$0.00
\$100,000,000	to	\$1,000,000,000	0.200%	\$0.00

Annualized Fee **\$16,631.20**

Quarterly Fee **\$4,157.80**

Calculated Adjustment **(\$831.56)**

Quarterly Fee with Adjustment **\$3,326.24**

Discount Calculation

Client	Assets	% of total assets	Gross Fee	Discount	Net Fee
90706 City of Birmingham Retiree Health Care Fund	\$2,516,794	53.0%	\$2,202.19	20.0%	\$1,761.76
90705 Birmingham Employees' Retirement System	\$2,234,979	47.0%	\$1,955.61	20.0%	\$1,564.49
Quarterly Advisory Fee	\$4,751,772		\$4,157.80		\$3,326.24

736-860.000-802.0200



October 26, 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.
Fourth Quarter 2020
Statement of Management Fees**

	Market Value	Quarterly Fee
Account Values at September 30, 2020		
Account 3997	\$6,489,685.86	
Account 4004	\$3,211,877.16	
Quarterly Fee @ .55% per annum		
Account 3397		\$8,923.32
		\$8,923.32
Quarterly Fee @ .55% per annum		
Account 4004		\$4,416.33
		\$4,416.33
Total		\$13,339.65
Fee Due and Payable		\$13,339.65

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) 388-1427

ACH / Wire Instructions:
BMO Harris Bank
111 West Monroe
Chicago, IL 60603
Routing #: 071000288
Acct. #: 2553816
Bank Swift Code: HATRUS44
Account Name:
Fiera Capital Inc.

736-860.000-802.0200

756060.000-822.0200

200 Crescent Court, Ste. 1200
Dallas TX 75201



Westwood
Wealth Management®

**CITY OF BIRMINGHAM RETIREE HEALTH
CARE FUND**

Account: 41-2031-01-5
Invoice: 5001110
Invoice Date: October 09, 2020
Page 1 of 2

Invoiced Fee Summary

Balance From Previous Invoice	\$6,149.81
Payments Received	-67,299.62
Adjustments Applied	61,149.81
Current Quarterly Fees	6,607.95
Total Amount Due	\$6,607.95

Detach and return portion below in the enclosed envelope.

DA

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

Account: 41-2031-01-5 Invoice: 5001110
Invoice Date: October 09, 2020

Amount Due: \$6,607.95

Amount Paid:

Please remit payment to:

PAYMENT DUE 15 DAYS FROM INVOICE DATE

Westwood Trust
Attn: Trust Accounting Group
200 Crescent Court, Ste. 1200
Dallas TX 75201

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

DA

10000 Memorial Drive, Suite 650, Houston, Texas 77024 | 713.683.7070 | westwoodgroup.com



Westwood
Wealth Management®

**CITY OF BIRMINGHAM RETIREE HEALTH
CARE FUND**

Account:
Invoice:
Invoice Date:
Page 2 of 2

41-2031-01-5
5001110
October 09, 2020

Current Quarterly Fees To 09/30/2020

Total Relationship Market Value: \$4,084,035.10

65 BP - ETFs AND MFS EXCLUDED

Based on \$4,066,431.01 in value:

First	\$4,066,431.01	@	0.650 %		26,431.80
			Annual Total		\$26,431.80
				X	1/4
					\$6,607.95

Total Current Period Fees **\$6,607.95**

Amount Due for Current Period **\$6,607.95**

Total Amount Due **\$6,607.95**

October 22, 2020

Fixed Income Management Fee
City of Birmingham
Retiree Health Care Fund
xxxxxx3214

Inception Date: 09/17/2009

	Billing Period	Asset Value
Beginning	July 1, 2020	
Ending	September 30, 2020	\$5,409,223.24

Billing Summary

Management Fee Schedule:

Market Value Tiers

From	To	Fee Rate	Value	Days in Year	Days in Period	Fee
\$ -	\$ 50,000,000	0.250%	\$5,409,223.24	360	90	\$3,380.76
Prorated Contributions/Withdrawals						
July 2, 2020		0.250%	\$8,435.17	360	1	(\$0.06)
July 6, 2020		0.250%	(\$1.13)	360	5	\$0.00
July 16, 2020		0.250%	\$1,828.05	360	15	(\$0.19)
July 16, 2020		0.250%	\$6,351.11	360	15	(\$0.66)
July 29, 2020		0.250%	\$6,426.39	360	28	(\$1.25)
July 29, 2020		0.250%	\$1,848.22	360	28	(\$0.36)
August 13, 2020		0.250%	\$1,939.34	360	43	(\$0.58)
August 13, 2020		0.250%	\$6,757.90	360	43	(\$2.02)
August 17, 2020		0.250%	\$105,690.37	360	47	(\$34.50)
August 19, 2020		0.250%	(\$462,587.16)	360	49	\$157.41
August 27, 2020		0.250%	\$1,963.53	360	57	(\$0.78)
August 27, 2020		0.250%	\$6,765.63	360	57	(\$2.68)
August 27, 2020		0.250%	\$101,731.32	360	57	(\$40.27)
September 10, 2020		0.250%	\$1,833.98	360	71	(\$0.90)
September 10, 2020		0.250%	\$6,353.16	360	71	(\$3.13)
September 24, 2020		0.250%	\$1,836.51	360	85	(\$1.08)
September 24, 2020		0.250%	\$6,343.39	360	85	(\$3.74)

Total Management Fee

\$3,449.71

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

ACH/EFT Instructions (PREFERRED):

If ACH/EFT not possible, please note that our name and our address have changed:

Bank: First Republic Bank
Bank Address: 111 Pine Street
San Francisco, CA 94111
Account Name: R Squared BM LLC
DBA Ducenta
Squared Asset
Management
ABA #: 321 081 669
Account Number: 80008678536

Checks should be made out to:
Ducenta Squared Asset Management

Address:
555 W. 5th Street, Suite 3700 Los Angeles, CA. 90013



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

ubs.com/fs

Invoice

Date: 10/20/2020
Contract ID: 1255
Invoice No.: 20200930410A
Billing Period: 07/01/2020 to 09/30/2020
Institutional Consultant: BIRMINGHAM

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

Institutional Consulting

Charges for the period:	\$6,344.20
Fee for AUA: \$38,829,050.00	\$6,344.20
Other Consulting Fees:	\$0.00
Credits for the period:	\$0.00
Prior Balance:	\$0.00
Ending Balance:	\$6,344.20

(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
100 Crescent Ct
Suite 400
Dallas, TX 75201
Attention: The Gaspar Financial Group

If paying by wire, please remit payment to:

UBS ABA: 026007993
UBS A/C: 101-WA-258641-000
Further credit to: YYM346500070
Client name: CITY OF BIRMINGHAM
RETIREE HEALTH CARE
FUND
Contract ID: 1255
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.

736-860-000-802.0600

If you have questions about your invoice please contact your Institutional Consultant team at 1-214-220-0400

Fees and credits for the period

Fee for Assets Under Advisement

Account	Asset Value	Rate	Fee
M3 XXX38	\$38,829,050.00	0.065%	\$6,344.20
Total	\$38,829,050.00		\$6,344.20

**Gabriel, Roeder, Smith & Company**

One Towne Square
Suite 800
Southfield, Michigan 48076-3723
(248) 799-9000

Invoice

Date	Invoice
10/5/2020	457405

Bill To:	Please Remit To:
Attention: Mr Mark Gerber Birmingham City OPEB P.O. Box 3001 Birmingham, Michigan 48012	Dept. # 78009 Gabriel, Roeder, Smith & Company PO Box 78000 Detroit, Michigan 48278-0009
	Federal Tax ID 38-1691268

Client 3167, GASB 7475 2020 0630, Project 3167-009	Amount
For the June 30, 2020 GASB Statement No. 74 and 75 report for the City of Birmingham Retiree Health Plan	11,000.00
Additional calculations by component unit (3 component units)	3,000.00
Michigan Public Act 202 calculations under uniform assumptions	2,500.00
Amount Due:	\$16,500

736-860.000-802.0400

PLEASE INDICATE THE INVOICE NUMBER ON YOUR REMITTANCE. THANK YOU.



City of Birmingham

151 Martin, P.O. Box 3001
Birmingham, Michigan 48012
248-644-1800 fax 248-644-5614

Dept.#: 1011 Date: 11/19/2020

Req. #: _____ Vendor #: 979

Vendor Name: Comerica Bank

Address: Attn: Trust Fee Accounting Group

P.O. Box 67600

Detroit, MI 48267

PAYMENT REQUISITION FORM

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #1.	_____	_____	_____	<u>\$ 2,939.54</u>	<u>Custodial Services/market value fees</u>

Account #: 736-860.000-802.0300 7/1/2020-9/30/2020

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #2.	_____	_____	_____	_____	_____

Account #: _____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #3.	_____	_____	_____	_____	_____

Account #: _____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #4.	_____	_____	_____	_____	_____

Account #: _____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #5.	_____	_____	_____	_____	_____

Account #: _____

GRAND TOTAL: \$ 2,939.54

INSTRUCTIONS:

- () Hold for billing.
- () Approved for payment (no purchase order).
- () Send payment to department for mailing.
- () Send attachments with check.
- () Early release.
- () Wednesday release.

Other: _____

APPROVALS:

Date of Commission, Library or Retirement Board

Approval (if required): _____

Dept. Head: _____

Finance Dept.: _____

Group No.: _____



City of Birmingham

151 Martin, P.O. Box 3001
Birmingham, Michigan 48012
248-644-1800 fax 248-644-5614

Dept. #: 1011 Date: 11/30/2020

Req. #: _____ Vendor #: 979

Vendor Name: Comerica Bank

Address: Attn: Trust Fee Accounting Group

P.O. Box 67600

Detroit, MI 48267

PAYMENT REQUISITION FORM

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #1.	_____	_____	_____	<u>\$ 1,183.23</u>	<u>Custodial Services/market value fees</u>
Account #:	<u>736-860.000-802.0300</u>			<u>7/1/2020-9/30/2020</u>	

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #2.	_____	_____	_____	_____	_____
Account #:	_____			_____	_____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #3.	_____	_____	_____	_____	_____
Account #:	_____			_____	_____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #4.	_____	_____	_____	_____	_____
Account #:	_____			_____	_____

	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Description:</u>
Item #5.	_____	_____	_____	_____	_____
Account #:	_____			_____	_____

GRAND TOTAL: \$ 1,183.23

INSTRUCTIONS:

- () Hold for billing.
- () Approved for payment (no purchase order).
- () Send payment to department for mailing.
- () Send attachments with check.
- () Early release.
- () Wednesday release.

Other: _____

APPROVALS:

Date of Commission, Library or Retirement Board

Approval (if required): _____

Dept. Head: _____

Finance Dept.: _____

Group No.: _____

MEMORANDUM

DATE: November 24, 2020

TO: Birmingham Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Finance Director/Treasurer
Thelma Golden, Treasury Consultant

SUBJECT: Retirement Investment Committee Recommendations

The Retirement Investment Committee held a regular virtual meeting on November 24, 2020, to review the performance of the fund's investment managers, the asset allocation of the fund, and prospective alternative investment managers. The Investment Consultants and the Investment Committee are recommending the following actions:

The first recommendation is to enter into an agreement with Blackstone Securities Partners, L.P. to invest in the Blackstone Real Estate Income Trust (BREIT) and to direct Comerica Bank to create a new BREIT account for the Retiree Health Care Fund.

The second recommendation is to enter into an agreement with Starwood Capital, L.L.C. to manage the Starwood Real Estate Income Trust and to direct Comerica Bank to create a new SREIT account for the Retiree Health Care Fund.

The third recommendation is to make the following asset changes in the Retirement Fund: to reduce the Vanguard Mid-Cap Index (VO) by \$1,282,750; to reduce the allocation to Fiera Capital by \$1,496,500; to reduce the allocation to Gabelli by \$427,500; to increase the allocation to the MFS International Diversified Fund by \$1,282,750; to transfer \$641,400 into the large-cap value account managed by Westwood; to transfer \$641,300 into the BREIT; to transfer \$641,300 into the SREIT; to transfer the funds from the account formerly managed by Cavendish equally into the SREIT and the BREIT accounts.

The Retiree Health Care Fund Investment Committee is requested to take the following actions in three separate motions.

SUGGESTED ACTIONS:

1. To concur in the recommendation of the Retirement Investment Committee and the Investment Consultants to enter into an agreement with Blackstone Securities Partners, L.P. to invest in the Blackstone Real Estate Income Trust (BREIT) for the Retiree Health Care Fund; to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retiree Health Care Fund Investment Committee; to direct Comerica Bank to create a new BREIT account for the Retiree

Health Care Fund to be managed Blackstone Securities Partners, L.P.; to authorize the reinvest of dividends.

2. To concur in the recommendation of the Retirement Investment Committee and the Investment Consultants to enter into an agreement with Starwood Capital, L.L.C. to manage the Starwood Real Estate Income Trust for the Retiree Health Care Fund; to authorize Secretary-Treasurer Mark Gerber to execute the agreement on behalf of the Retiree Health Care Fund Investment Committee; to direct Comerica Bank to create a new SREIT account for the Retiree Health Care Fund to be managed by Starwood Capital, L.L.C; to authorize the reinvestment of dividends..
3. To concur in the recommendation of the Investment Committee and the Investment Consultants to reduce the Vanguard Mid-Cap Index (VO) by \$1,282,750; to reduce the allocation to Fiera Capital by \$1,496,500; to reduce the allocation to Gabelli by \$427,500; to increase the allocation to the MFS International Diversified Fund by \$1,282,750; to increase the allocation to Westwood by \$641,400; to transfer \$641,300 into the BREIT; to transfer \$641,300 into the SREIT; to transfer the funds from the account formerly managed by Cavendish equally into the SREIT and the BREIT accounts.

Birmingham Retiree Health Care Fund - Asset Allocation

As of: 11/20/2020

Manager	Market Value	% of Portfolio	% Change	% New	Min.	% Allocation Target	Max.	% Delta	\$ Delta
Equity									
US Large Cap Equity									
Vanguard S&P 500 ETF	\$6,597,798	15.4%	0.0%	15.4%					
Polen Focus Growth	\$4,567,324	10.7%	0.0%	10.7%					
Westwood Large Cap Value	\$4,026,483	9.4%	1.5%	10.9%					
Total US Large Cap Equity	\$15,191,605	35.5%	1.5%	37.0%	25.0%	37.0%	50.0%	-1.5%	-\$628,979
US Small/Mid Cap Equity									
Vanguard Mid Cap Index ETF	\$3,461,359	8.1%	-3.0%	5.1%					
Apex SMID Cap Growth	\$3,572,850	8.4%	-3.5%	4.9%					
Gabelli Small Cap Value	\$2,725,584	6.4%	-1.0%	5.4%					
Total US Small/Mid Cap Equity	\$9,759,793	22.8%	-7.5%	15.3%	10.0%	13.0%	20.0%	9.8%	\$4,201,209
Non US Equity									
MFS International Diversification	\$5,117,977	12.0%	3.0%	15.0%					
Total International	\$5,117,977	12.0%	3.0%	15.0%	5.0%	15.0%	20.0%	-3.0%	-\$1,295,773
Total Equity:	\$30,069,375	70.3%	-3.0%	67.3%	40.0%	65.0%	90.0%	5.3%	\$2,276,457
Fixed Income									
US Fixed Income									
Bradford & Marzec Fixed Income	\$5,525,485	12.9%	0.0%	12.9%					
C.S. McKee Fixed Income	\$2,611,431	6.1%	0.0%	6.1%					
Bramshill Income Performance	\$1,369,859	3.2%	0.0%	3.2%					
Total US Fixed Income	\$9,506,775	22.2%	0.0%	22.2%	20.0%	25.0%	50.0%	-2.8%	-\$1,182,809
Total Fixed Income:	\$9,506,775	22.2%	0.0%	22.2%	20.0%	25.0%	60.0%	-2.8%	-\$1,182,809
Alternative Investments									
Cavendish Managed Futures	\$961,671	2.2%	-2.2%	0.0%					
Blackstone Real Estate Income Trust (BREIT)			2.6%	2.6%					
Starwood Real Estate Income Trust (SREIT)			2.6%	2.6%					
Graham Absolute Return Hedge Fund	\$1,126,560	2.6%	0.0%	2.6%					
Whitebox Multi-Strategy Hedge Fund	\$1,093,954	2.6%	0.0%	2.6%					
Total Alternative Investments:	\$3,182,185	7.4%	3.0%	10.4%	0.0%	10.0%	15.0%	-2.6%	-\$1,093,648
Cash & Equivalents									
Total Cash & Equivalents:	\$0	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	\$0
Total Portfolio									
Total Portfolio:	\$42,758,335	100.0%	0.0%	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.

IPS does not break out specific allocation requirements for US Large Cap and US Small/Mid Cap Equities. Total fixed income maximum allocation includes a 10% allocation to international fixed income.

Please refer to the final page for important disclosures

MEMORANDUM

DATE: November 30, 2020

TO: Birmingham Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Finance Director/Treasurer

SUBJECT: June 30, 2020 Actuarial Valuation for Retiree Health Care Plan

The June 30, 2020 Actuarial Valuation for the Retiree Health Care Plan has been submitted under separate cover. Mark Buis and Rich Koch of Gabriel Roeder will be present to review the report and answer questions.

SUGGESTED ACTION:

To receive the Retiree Health Care Actuarial Valuation for the fiscal year ended June 30, 2020

City of Birmingham
Retiree Health Care Plan
32nd Actuarial Valuation Report
June 30, 2020



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	3	Funding Value of Assets
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C	1-3	Retiree Premium Rate Development
D	1-2	Summary of Benefit Provisions
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	2	Retiree Health Benefit Recipients
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November 30, 2020

City of Birmingham
Birmingham, Michigan

Submitted in this report are the results of an Actuarial Valuation of the assets and liabilities associated with the employer financed retiree health benefits provided by the City of Birmingham. The date of the valuation was June 30, 2020 effective for the fiscal years July 1, 2021 to June 30, 2022 and July 1, 2022 to June 30, 2023.

This report was prepared at the request of the City of Birmingham and is intended for use by the City of Birmingham and those designated or approved by the City. This report may be provided to parties other than the City of Birmingham only in its entirety and only with the permission of the City. GRS is not responsible for unauthorized use of this report.

The purposes of the valuation are to measure the Plan's funding progress and to determine the Actuarially Computed Employer Contributions for the fiscal years ending June 30, 2022 and June 30, 2023. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different. This report does not satisfy Governmental Accounting Standards Board (GASB) Statements No. 74 or No. 75. A report satisfying GASB Statements No. 74 and No. 75 is provided separately.

The findings in this report are based on data and other information through June 30, 2020. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

The valuation was based upon information furnished by the City of Birmingham concerning retiree health benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City of Birmingham.

This report was prepared using assumptions adopted by the Board. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. Additional information about the actuarial assumptions is included in the section of this report entitled Actuarial Cost Method and Actuarial Assumptions.

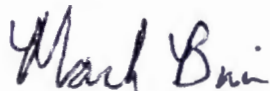
This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retiree health plans. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the City of Birmingham as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Mark Buis and Richard C. Koch Jr. are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



Mark Buis, FSA, EA, FCA, MAAA



Richard C. Koch Jr., ASA, EA, MAAA

MB/RCK:dj

C3167



EXECUTIVE SUMMARY

Executive Summary

Actuarially Computed Employer Contribution and OPEB Cost

We have calculated the Actuarially Computed Employer Contribution for the fiscal years ending June 30, 2022 and June 30, 2023, using an interest rate assumption of 6.75%. Below is a summary of the results.

Fiscal Year Ending	Actuarially Computed Employer Contribution	Estimated Claims Paid for Retirees
June 30, 2022	\$1,302,741	\$2,984,064
June 30, 2023	1,283,207	3,119,738

Liabilities and Assets – As of June 30, 2020

1. Present Value of Future Benefit Payments	\$53,505,278
2. Actuarial Accrued Liability	50,823,743
3. Plan Assets	40,277,731
4. Unfunded Actuarial Accrued Liability (2) – (3)	10,546,012
5. Funded Ratio (3)/(2)	79.2%

The Present Value of Future Benefit Payments (PVFB) is the present value of all benefits projected to be paid from the plan for past and future service to current members. The Actuarial Accrued Liability is the portion of the PVFB allocated to past service by the Plan's funding method (see the section titled "Actuarial Cost Method and Actuarial Assumptions").

SECTION A

VALUATION RESULTS

Development of the Actuarially Computed Employer Contribution for the Other Post-Employment Benefits Fiscal Year Ending June 30, 2022 and June 30, 2023

Contributions for	Development of the Actuarially Computed Employer Contribution for July 1, 2021 - June 30, 2022
Normal Cost	
Normal Retirement	\$ 318,052
Early Retirement	21,686
Termination Benefits	35,615
Death-in-Service	6,126
Disability	16,806
Total Normal Cost	\$ 398,285
Annual Active Member Contribution	91,852
Employer Normal Cost	306,433
Amortization of Unfunded Actuarial Accrued Liabilities (Amortized over 18 years)	996,308
Actuarially Computed Employer Contribution	\$ 1,302,741
Projected Payroll for the Fiscal Year Ending June 30, 2022	\$ 4,592,590
Actuarially Computed Employer Contribution as a Percentage of Projected Payroll	28.37%
Actuarially Computed Employer Contribution per Active Participant	\$ 23,947

Actuarially Computed Employer Contribution for Fiscal Year July 1, 2022 - June 30, 2023	\$ 1,283,207
Projected Payroll for the Fiscal Year Ending June 30, 2023	\$ 4,266,851
Actuarially Computed Employer Contribution as a Percentage of Projected Payroll	30.07%

The unfunded actuarial accrued liabilities were amortized as a level dollar amount over a period of 18 years for fiscal year ending June 30, 2022 and decreasing by one each year thereafter.

Determination of Unfunded Actuarial Accrued Liability as of June 30, 2020

A. Present Value of Future Benefits	
1. Retirees and Beneficiaries	\$35,720,644
2. Vested Terminated Members	1,748,131
3. Active Members	16,036,503
Total Present Value of Future Benefits	\$53,505,278
B. Present Value of Future Normal Cost	2,045,472
C. Present Value of Future Contributions from Current Active and Retired Members	636,063
D. Actuarial Accrued Liabilities (AAL)	50,823,743
E. Actuarial Value of Assets (AVA)	40,277,731
F. Unfunded Actuarial Accrued Liabilities (UAAL)	10,546,012
G. Funded Ratio (E./D.)	79.2%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

Development of Funding Value of Retiree Health Care Plan Assets June 30, 2020

	2019	2020	2021	2022	2023
A. Funding Value Beginning of Year	\$ 35,337,197	\$ 38,340,384			
B. Market Value End of Year	37,689,743	38,107,338			
C. Market Value Beginning of Year	35,337,197	37,689,743			
D. Non-Investment Net Cash Flow Member and Employer Contributions Less Benefit Payments	807,551	140,390			
E. Investment Income					
E1. Market Total: B - C - D	1,544,995	277,205			
E2. Assumed Rate (I)	6.75%	6.75%			
E3. Amount for Immediate Recognition I * (A + D / 2)	2,412,516	2,592,714			
E4. Amount for Phased-In Recognition: E1-E3	(867,521)	(2,315,509)			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 x E4	(216,880)	(578,877)			
F2. First Prior Year	0	(216,880)	\$(578,877)		
F3. Second Prior Year	0	0	(216,880)	\$(578,877)	
F4. Third Prior Year	0	0	0	(216,881)	\$(578,878)
F5. Total Recognized Investment Gain	(216,880)	(795,757)	(795,757)	(795,758)	(578,878)
G. Funding Value End of Year: A + D + E3 + F5	38,340,384	40,277,731			
H. Difference Between Market & Funding Value	(650,641)	(2,170,393)			
I. Recognized Rate of Return	6.1 %	4.7 %			
J. Market Value Rate of Return	4.3 %	0.7 %			
K. Ratio of Funding Value to Market Value	101.7 %	105.7 %			

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. The Funding Value of Assets is unbiased with respect to Market Value. At any time, it may be either greater or less than Market Value.



Sensitivity Analysis

Contributions for	Optimistic	Intermediate	Pessimistic
Total Normal Cost	\$ 339,197	\$ 398,285	\$ 472,860
Annual Active Member Contribution	91,852	91,852	91,852
Employer Normal Cost	247,345	306,433	381,008
Amortization of Unfunded Actuarial Accrued Liabilities (Amortized over 18 years)	683,061	996,308	1,789,882
Actuarially Computed Employer Contribution	\$ 930,406	\$ 1,302,741	\$ 2,170,890
Projected Payroll for the Fiscal Year Ending June 30, 2022	\$ 4,592,590	\$ 4,592,590	\$ 4,592,590
Actuarially Computed Employer Contribution as a Percentage of Projected Payroll	20.26%	28.37%	47.27%
Actuarially Computed Employer Contribution per Active Participant	\$ 17,103	\$ 23,947	\$ 39,906

Assumptions Regarding Future Health Care Inflation

Year	Pre-65			Post-65		
	A Optimistic	B Intermediate	C Pessimistic	A Optimistic	B Intermediate	C Pessimistic
1	6.50%	7.50%	8.50%	5.25%	6.25%	7.25%
2	6.25%	7.25%	8.25%	5.00%	6.00%	7.00%
3	5.75%	6.75%	7.75%	4.75%	5.75%	6.75%
4	5.50%	6.50%	7.50%	4.50%	5.50%	6.50%
5	5.00%	6.00%	7.00%	4.25%	5.25%	6.25%
6	4.75%	5.75%	6.75%	4.00%	5.00%	6.00%
7	4.25%	5.25%	6.25%	3.75%	4.75%	5.75%
8	4.00%	5.00%	6.00%	3.50%	4.50%	5.50%
9	3.50%	4.50%	5.50%	3.25%	4.25%	5.25%
10	3.25%	4.25%	5.25%	3.00%	4.00%	5.00%
11	2.75%	3.75%	4.75%	2.75%	3.75%	4.75%
12 & Over	2.50%	3.50%	4.50%	2.50%	3.50%	4.50%

Comments

Comment A: The computed contribution decreased from \$1,889,609 in the June 30, 2018 valuation to \$1,302,741 in the June 30, 2020 valuation. The primary reasons for the decrease are discussed below:

- Favorable claims experience served to lower liabilities by roughly \$3.7 million;
- Removal of the Cadillac tax loads lowered liabilities by approximately \$3.0 million; and
- A decrease in the active membership served to decrease the normal cost contribution.

Partially offsetting these factors were increases due to:

- Revising the health care trend cost rates increased liabilities by roughly \$1.6 million.

Comment B: One of the key assumptions used in any valuation of the cost of post-employment benefits is the rate of return on Plan assets. Higher assumed investment returns will result in a lower Actuarially Computed Employer Contribution. Lower returns will tend to increase the computed Actuarially Computed Employer Contribution. Based on information from the plan sponsor, we have calculated the liability and the resulting Actuarially Computed Employer Contribution using an assumed long-term rate of investment return of 6.75%.

Comment C: The plan sponsor is required by GASB to perform actuarial valuations at least every two years or more frequently if significant changes in the OPEB are made in the interim.

Comment D: Amortization Method is the policy used to fund the unfunded actuarially accrued liability. The current policy computes contribution amounts using a closed 18-year period beginning with the fiscal year ending June 30, 2022.

Comment E: The schedule on page A-4 shows that plan costs will decline somewhat if health care inflation begins to moderate more quickly (optimistic assumptions), but can increase significantly if excess health care inflation persists at a higher level for a longer period (pessimistic assumptions).

Comment F: This report does not reflect the still developing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short term. We will continue to monitor these developments and their impact on the Plan. Actual experience will be reflected in each subsequent funding valuation as experience emerges.

Comment G: The retiree health care plan is closed to new members; as a result, payments of the UAAL have been calculated as level dollar amounts.

Comment H: On December 20, 2019, the "Further Consolidated Appropriations Act of 2020," H.R. 1865, was signed into law. The Act repeals the "Cadillac tax" which was a tax provision from the Affordable Care Act (ACA). As a result, any liability/provision analysis included as part of the prior funding valuation is no longer required. In addition, no further adjustments associated with the "Cadillac tax" are required. For purposes of the City of Birmingham Retiree Health Care Plan funding valuation, the repeal of the "Cadillac tax" has an impact on plan liabilities as discussed above (in Comment A).

Comments

Comment I: Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regards to any funded status measurements presented in this report:

- The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and
- The measurement is inappropriate for assessing the need for or the amount of future employer contributions.

Comment J: This valuation reflects the implementation of a 4-year smoothed asset valuation method. Under this asset valuation method, investment gains and losses are spread over a 4-year period. Partial recognition of this year's loss was combined with the continued phase-in of investment gains and losses from prior years resulting in a net recognized asset loss for 2020. The Funding Value of Assets now exceeds the Market Value by approximately \$2,200,000 (see page A-3), which is the net amount of unrecognized prior year gains and losses to be recognized over the coming three year.

SECTION B

BENEFIT PROJECTIONS

20-Year Benefit Projection

The table in this section shows projected retiree health care payments for the current population as of the valuation date (assuming no new entrants into the plan). It takes into account assumed demographic decrements, health care inflation and retiree cost sharing arrangements (where appropriate).

Benefit Projections

Year Ending June 30,	Retiree Health Payments on Behalf of Present			
	Retirees	Employees	Inactives	Total
2021	\$2,913,805	\$ 48,149	\$ 22,110	\$2,984,064
2022	2,914,801	152,764	52,173	3,119,738
2023	2,877,793	300,856	58,640	3,237,289
2024	2,939,828	434,555	78,163	3,452,546
2025	2,953,075	570,412	87,122	3,610,609
2026	2,956,845	707,899	77,145	3,741,889
2027	2,984,479	853,453	97,126	3,935,058
2028	2,931,712	988,696	106,865	4,027,273
2029	2,815,083	1,088,952	77,663	3,981,698
2030	2,827,495	1,196,020	125,611	4,149,126
2031	2,802,762	1,312,777	136,573	4,252,112
2032	2,723,827	1,405,498	83,513	4,212,838
2033	2,686,086	1,499,045	89,399	4,274,530
2034	2,562,874	1,586,704	95,573	4,245,151
2035	2,470,718	1,661,081	54,760	4,186,559
2036	2,429,244	1,732,939	57,669	4,219,852
2037	2,355,661	1,776,514	60,505	4,192,680
2038	2,302,246	1,820,994	110,042	4,233,282
2039	2,256,494	1,886,082	171,979	4,314,555
2040	2,204,449	1,899,961	183,471	4,287,881

SECTION C

RETIREE PREMIUM RATE DEVELOPMENT

Retiree Premium Rate Development

Initial premium rates were developed separately for each class (pre-65 and post-65). The rates were calculated by using actual paid claims and exposure data for the period of July 2017 to July 2020 adjusted for catastrophic claims, plus the load for administration and stop loss fees. The self-insured medical and prescription drug data were provided by the City of Birmingham. The medical data was analyzed for the pre-65 and post-65 participants separately since Medicare is available for the post-65 participants and has a significant impact on the claim experience. Furthermore, since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

The City does not contribute for the cost of dental or vision for retirees. Therefore, no dental or vision rates were developed for this valuation.

Age graded and sex distinct premiums were utilized in this valuation. The premium developed by the preceding process is appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium to each combination. This process more accurately reflects health care costs in the retired population over the projection period. The tables below show the combined medical and prescription drug one-person monthly premiums at selected ages effective July 1, 2020 to June 30, 2021.

For Those Not Eligible for Medicare

Age	Male	Female
45	\$ 667.83	\$ 921.69
50	869.59	1,071.24
55	1,144.28	1,249.38
60	1,477.90	1,455.22

For Those Eligible for Medicare

Age	Male	Female
65	\$ 627.35	\$ 591.71
70	683.41	661.30
75	733.99	716.21

Retiree Premium Rate Development

Based on the guidance provided by GASB on issues related to Medicare Part D payments to State and Local Governments effective as of June 30, 2006, an employer should apply the measurement requirements of GASB Statement No. 45 to determine the actuarial accrued liabilities, the annual required contribution of the employer and the annual OPEB cost without reduction for Retiree Drug Subsidy (RDS) payments. Therefore, the impact of the RDS that is part of the Medicare Prescription Drug Improvement and Modernization Act of 2003 is not reflected in this report.

Health Care Trend Assumption

The health care cost trend rate is the rate of change in per capita health care claims over time as a result of factors such as medical inflation, utilization of health care services, plan design, and technological improvements. It is a crucial economic assumption that is required for measuring retiree health care benefit obligations.

While experience is often the best starting point for future costs, GRS does not rely on a group's experience in setting the near-term trend assumptions since trends vary significantly from year to year and are not credible for most groups. Therefore, professional judgment, trends from GRS' book of business and industry benchmarks (e.g., trend reports from various Pharmacy Benefit Management (PBM) organizations and national healthcare benefit consulting firms) are used in conjunction with a group's historical experience to establish the trend assumptions.

Retiree health care valuations use a health care cost trend assumption (trend vector) that changes over the years. The trend vector used in this valuation begins with a near-term trend assumption and declines over time to an ultimate trend rate. The near-term rates reflect the increases in the current cost of health care goods and services. The process of trending down to a lower ultimate trend relies on the theory that premium levels will moderate over the long-term, otherwise the healthcare sector would eventually consume the entire GDP. It is on this basis that projected premium rate increases continue to exceed wage inflation for the next twelve years, but by less each year until leveling off at an ultimate rate, assumed to be 3.50% in this valuation; see below for the trend vector used in this valuation.

Year Beginning July 1,	Medical and Prescription Drugs	
	Pre-65	Post-65
2021	7.50 %	6.25 %
2022	7.25	6.00
2023	6.75	5.75
2024	6.50	5.50
2025	6.00	5.25
2026	5.75	5.00
2027	5.25	4.75
2028	5.00	4.50
2029	4.50	4.25
2030	4.25	4.00
2031	3.75	3.75
2032 & Later	3.50	3.50

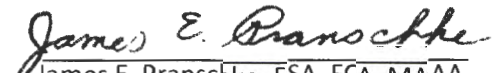
Retiree Premium Rate Development

Actuarial Disclosures

The premium rates used in this valuation were developed using proprietary Excel models which in James E. Pranschke's professional judgment provide initial projected costs which are consistent with the purposes of the valuation. We performed tests to ensure that the models, in their entirety, reasonably represent that which is intended to be modeled.

Aging factors used in the premium development models were developed based on information and data from a 2013 study commissioned by the Society of Actuaries entitled "Health Care Costs – From Birth to Death".

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates and health care cost trend rates shown above.


James E. Pranschke, FSA, FCA, MAAA

SECTION D

SUMMARY OF BENEFIT PROVISIONS

Retiree Health Care Plan

Summary of Benefits as of June 30, 2020

Health care coverage is offered by the City through the Retiree Health Program on the following basis:

- To age and service or disability retired members of the Birmingham Employees Retirement System if the member had 15 years of service at retirement (10 years of service for hires prior to July 1, 1995).
- To vested deferred members if the member had 20 years of service (15 for Library, General, General Executive, Fire Command, and Police Officials). AFSCME employees are offered coverage if they have 20 years of service or 15 years of service and are age 55.
- To spouses of retirees during the retiree's lifetime.
- To surviving spouses after the retiree's death if the spouse became a beneficiary due to an optional benefit election.
- For General Non-Organized, Library, AFSCME, and Teamsters, eligibility is for employees hired prior to January 1, 2007. For Firefighters, eligibility is for employees hired prior to July 1, 2009. For General Executive, eligibility is for employees hired prior to December 1, 2010. For Police Patrol, Police Command, Police Officials, and Police Support, eligibility is for employees hired prior to July 1, 2011.

The following premiums are charged to retirees and beneficiaries electing coverage under the program:

Status	General Divisions Monthly Premiums			
	Library	General, General Executives	Police Support	AFSCME, Teamsters
Single - below age 65	\$40.00	\$30.00	Same as Patrol	\$100.00
Single - age 65 and over	\$20.00	\$15.00	Same as Patrol	\$ 50.00
Couple - below age 65	\$80.00	\$60.00	Same as Patrol	\$200.00
Couple - age 65 and over	\$40.00	\$30.00	Same as Patrol	\$100.00

For all regular full-time and regular part-time General, AFSCME, Teamsters and Library employees hired on or after January 1, 1993 (October 31, 2003 for Library), the retiree premium will be 50% of the total.

Retiree Health Care Plan

Summary of Benefits as of June 30, 2020 (Concluded)

Public Safety Divisions Monthly Premiums

Status	Police Officials, Fire Command	Police Command Retirements Before 7/1/2015	Police Command Retirements After 7/1/2015 and Before 10/10/2016	Police Patrol Retirements Before 7/1/2015	Fire Retirements Before 7/1/2016
Single - below age 65	\$ 30.00	\$ 60.00	\$ 65.00	\$ 60.00	\$ 60.00
Single - age 65 and over	\$ 15.00	\$ 30.00	\$ 35.00	\$ 30.00	\$ 30.00
Couple - below age 65	\$ 60.00	\$120.00	\$130.00	\$120.00	\$120.00
Couple - age 65 and over	\$ 30.00	\$ 60.00	\$ 70.00	\$ 60.00	\$ 60.00

Public Safety Divisions Monthly Premiums

Status	Police Command Retirements After 10/10/2016	Police Patrol Retirements After 7/1/2015	Fire Retirements After 7/1/2016
Single - below age 65	\$ 80.00	\$ 80.00	\$100.00
Single - age 65 and over	\$ 40.00	\$ 40.00	\$ 50.00
Couple - below age 65	\$160.00	\$160.00	\$200.00
Couple - age 65 and over	\$ 80.00	\$ 80.00	\$100.00

Member contributions

All Eligible Members: 2% of pay



SECTION E

SUMMARY OF PARTICIPANT DATA

Post-Retirement Premium Coverages Members Included in June 30, 2020 Valuation

Active Members

Valuation Divisions	No.	Group Averages (Years)		
		Annual Payroll	Age	Service
General Members	38	\$2,810,765	55.4	21.3
Police Members	15	1,447,058	44.4	19.8
Fire Members	8	801,097	44.4	20.7
Total Active Members	61	\$5,058,920		

Inactive Deferred Members

Valuation Divisions	No.	Group Averages (Years)	
		Present Age	Service At Termination
General Members	7	52.3	16.2
Police Members	0		
Fire Members	0		
Total Deferred Members	7		

DROP Members

Valuation Divisions	No.	Average Age (Years)
General Members	0	56.6
Police Members	1	
Fire Members	0	
Total DROP Members	1	

Retired Members with Coverage

Valuation Divisions	No.	Average Age (Years)
General Members	91	74.3
Police Members	34	70.2
Fire Members	48	71.0
Total Retired Members	173	

Retiree Health Benefit Recipients Comparative Statement

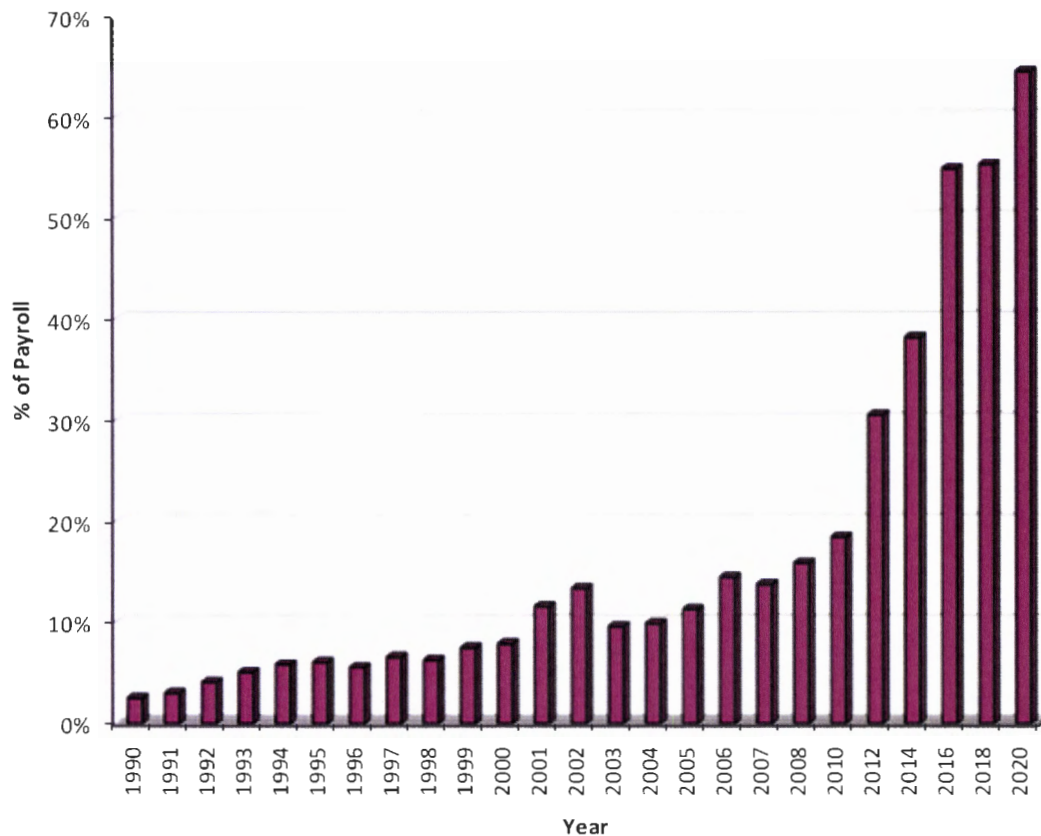
Valuation Date June 30	Number Covered	City Expenditures	City Expenditures as % of Payroll	Cost Per Person	Funded Status
1990	93	\$ 180,172	2.5 %	\$ 1,937	
1991	96	233,046	3.0 %	2,428	
1992 ¹	102	316,026	4.1 %	3,098	
1993	110	402,762	5.1 %	3,661	
1994	108	491,707	5.9 %	4,553	
1995	112	507,700	6.1 %	4,533	
1996	120	472,647	5.6 %	3,939	
1997	127	517,992	6.6 %	4,079	
1998	128	540,633	6.3 %	4,224	
1999	130	689,394	7.5 %	5,303	
2000	135	777,342	7.9 %	5,758	
2001	134	1,067,504	11.0 %	7,966	
2002	132	1,210,799	11.1 %	9,173	15.0 %
2003	134	1,058,903	9.6 %	7,902	18.0 %
2004	134	1,149,194	9.9 %	8,576	23.0 %
2005	136	1,361,646	11.3 %	10,012	26.7 %
2006	145	1,708,465	14.5 %	11,783	26.3 %
2007	145	1,600,935	13.8 %	11,041	28.3 %
2008 ²	147	1,870,747	15.9 %	12,726	25.6 %
2010	156	1,978,832	18.5 %	12,685	25.5 %
2012 ³	168	2,786,816	30.6 %	16,588	26.6 %
2014	166	3,024,248	38.2 %	18,218	41.1 %
2016	165	3,527,116	54.9 %	21,376	49.7 %
2018	169	3,099,094	52.5 %	18,338	67.9 %
2020	173	3,261,197	64.5 %	18,851	79.2 %

¹ The City began pre-funding retiree health benefits.

² Beginning with the 2008 valuation, valuations only completed every two years.

³ Plan completely closed to new hires.

Post-Retirement Health Care Coverages Historical Trend of Amounts Paid by City



Health Insurance Monthly Premium Comparative Schedule of Per Capita Costs Used in Annual Valuations

Valuation Date June 30	Single		Couple	
	Below 65	65 & Over	Below 65	65 & Over
2004	\$ 582.08	\$503.37	\$1,149.74	\$ 1,000.80
2005	507.09	500.58	1,014.18	1,001.16
2006	566.56	562.46	1,133.12	1,124.92
2007	648.92	624.41	1,297.84	1,248.82
2008 [^]	791.37	712.35	1,582.74	1,424.70
2010	862.02	626.88	1,512.26	1,100.78
2012	921.74	698.86	1,625.16	1,235.12
2014	884.22	716.36	1,569.06	1,276.54
2016	1,032.00	818.22	1,813.22	1,439.10
2018	1,019.22	829.66	1,844.22	1,512.50
2020	846.50	777.34	1,526.36	1,405.32

[^] Beginning with the 2008 valuation, valuations only completed every two years.

Summary of Current Asset Information (Market Value)

Receipts and Disbursements for Retiree Health Care

	FY 2018	FY 2019	FY 2020
Balance - July 1	\$ 32,463,600	\$ 35,337,197	\$ 37,689,743
Receipts			
Employee contributions	118,951	110,652	102,979
Employer contributions	2,962,544	3,375,479	2,902,291
Recognized investment income (net)	1,188,806	1,115,235	2,614,114
Other Revenue ⁽¹⁾	1,745,548	838,638	(1,940,592)
Total	\$ 6,015,849	\$ 5,440,004	\$ 3,678,792
Disbursements			
Return on Members' Contributions ⁽²⁾	43,158	0	0
Medical Claim Payments ⁽³⁾	1,710,441	1,765,475	2,004,795
Prescription Drug Claims ⁽⁴⁾	1,209,478	1,111,938	1,063,548
Administrative Expenses	179,175	210,045	192,854
Accrual and Expense Adjustment	0	0	0
Total	\$ 3,142,252	\$ 3,087,458	\$ 3,261,197
Balance - June 30	\$ 35,337,197	\$ 37,689,743	\$ 38,107,338
Investment income divided by mean assets	8.3%	5.2%	1.8%

⁽¹⁾ Other Revenue includes:

Excess contributions

Retired members health care deductibles

COBRA receipts and other miscellaneous receipts

Unrealized Gain/Loss on investments

Medicare Part D Retiree Drug Subsidy

⁽²⁾ Terminated employees refund of RHC contributions and interest earned.

⁽³⁾ Includes Stop/Loss reimbursements and accrued expense adjustment.

⁽⁴⁾ Includes Stop/Loss premiums.

City of Birmingham Retiree Health Care Plan
Allocation of Unfunded Liability
by Component Unit as of June 30, 2020

Component Unit	Unfunded Actuarial Liability (UAL)	Amortization Payment for UAL
Building	\$ 332,414	\$ 31,404
Clerk	94,950	8,970
DPS	1,871,129	176,770
DPS Garage	88,823	8,391
DPS Golf Course	49,154	4,644
Engineering	249,721	23,592
Finance	194,841	18,407
Fire	2,045,741	193,266
Fire/Admin	1,061,537	100,286
HR/Admin	22,912	2,165
IT	66,298	6,263
Library	300,355	28,375
Maint/Admin	20,404	1,928
Maintenance	19,902	1,880
Mgr/Admin	113,557	10,728
Museum	0	0
Parking	78,733	7,438
Planning	67,295	6,358
Police	2,782,494	262,869
Police Dispatch	222,515	21,022
Police General	321,361	30,360
Principal Shopping District	45,536	4,302
Treasury	318,094	30,051
Treasury/Assessor	70,199	6,632
Water Meter	108,047	10,207
	\$ 10,546,012	\$ 996,308

SECTION F

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

Valuation Methods

Actuarial Cost Method: Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- (ii) Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized as a level dollar amount. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date.

Actuarial Value of Assets. The valuation assets are developed using a four-year smoothing technique. The difference between the expected return on assets (using the valuation interest rate assumption) and the actual return on assets is phased-in over a four-year period.

Actuarial Assumptions Used for the Valuation

The rationale for the retirement rates, rates of merit and seniority salary increase, rates of separation from active membership, and disability rates used in this valuation is included in the five-year experience study for the period July 1, 2012 through June 30, 2017 issued March 2, 2018. All assumptions are expectations of future experience, not market measures.

The rate of investment is compounded annually net of expenses.

Investment Return	6.75%
Wage Inflation	3.25%
Price Inflation	2.50%
Spread Between Investment Return and Wage Inflation	3.50%
Spread Between Investment Return and Price Inflation	4.25%

These assumptions are used to equate the value of payments due at different points in time.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which pension benefits will be based.

Sample Ages	Salary Increase Assumptions for an Individual Member				
	Merit & Seniority		Base (Economic)	Increase Next Year	
	General	Police/Fire		General	Police/Fire
20	2.01%	1.58%	3.25%	5.26%	4.83%
25	1.64%	1.58%	3.25%	4.89%	4.83%
30	1.41%	1.37%	3.25%	4.66%	4.62%
35	1.25%	0.58%	3.25%	4.50%	3.83%
40	1.12%	0.11%	3.25%	4.37%	3.36%
45	0.88%	0.11%	3.25%	4.13%	3.36%
50	0.60%	0.11%	3.25%	3.85%	3.36%
55	0.35%	0.05%	3.25%	3.60%	3.30%
60	0.08%	0.00%	3.25%	3.33%	3.25%
Ref.	505	506			

Actuarial Assumptions Used for the Valuation (Continued)

Mortality. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of health care benefits being paid after retirement. The mortality rates utilized are based upon the RP-2014 tables, as extended, and include a margin for future mortality improvement projected using a fully generational improvement scale.

Descriptions of the tables and sample life expectancies are as follows:

- **Healthy Pre-Retirement:** The RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
- **Healthy Post-Retirement:** The RP-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
- **Disability Retirement:** The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Sample Attained Ages	Healthy Pre-Retirement		Healthy Post-Retirement		Disabled Retirement	
	Future Life		Future Life		Future Life	
	Expectancy (Years)*		Expectancy (Years)*		Expectancy (Years)*	
	Male	Female	Male	Female	Male	Female
55	29.82	35.01	28.60	31.46	21.35	25.08
60	24.99	30.03	24.05	26.74	18.30	21.53
65	20.50	25.17	19.78	22.26	15.43	18.11
70	16.42	20.45	15.85	17.99	12.68	14.74
75	12.68	15.93	12.25	14.03	10.05	11.57
80	9.31	11.68	9.08	10.50	7.66	8.82

* Based on retirements in 2020. Retirements in future years will reflect improvements in life expectancy.

Actuarial Assumptions Used for the Valuation (Continued)

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Employees Separating Within Next Year	
		General	Police/Fire
25	5 & Over	8.10%	2.70%
30		5.85%	1.65%
35		4.70%	1.05%
40		4.00%	0.60%
45		3.40%	0.36%
50		2.80%	0.33%
55		2.30%	0.30%
60		1.60%	0.30%
65		0.50%	0.30%
	Ref.	358 x 1	143 x 0.3

Rates of disability among active members.

Sample Ages	% of Active Employees Becoming Disabled Within Next Year	
	General	Police/Fire
20	0.04%	0.08%
25	0.04%	0.08%
30	0.05%	0.08%
35	0.05%	0.08%
40	0.10%	0.20%
45	0.16%	0.27%
50	0.32%	0.49%
55	0.63%	0.89%
60	1.16%	1.41%
65	1.34%	1.66%
Ref.	99	9

Actuarial Assumptions Used for the Valuation (Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	General	Teamsters	Retirement Ages	Police/Fire	Retirement Service	DROP Police/Fire
55		20%				
56		20%				
57	20%	20%	50-54	30%		
58	20%	20%	55-59	30%		
59	20%	20%				
60	20%	20%	60	30%		
61	20%	20%	61	30%		
62	25%	25%	62	30%		
63	20%	20%	63	30%		
64	15%	15%	64	30%		
65	40%	40%	65	100%	30	45%
66	25%	25%	66		31	25%
67	25%	25%	67		32	25%
68	25%	25%	68		33	25%
69	25%	25%	69		34	25%
70 - 74	25%	25%	70		35	100%
75	100%	100%				
Ref	1563	1565		1875		2308

An AFSCME, General, Library, Police Support or Teamster member was assumed to be eligible for retirement after attaining age 57 (55 for Teamsters and General Executive) with 25 or more years of service (15 for General Executive) or age 60 with 10 or more years of service (or age 60 with 7 or more years of service for General and Library). A Police Patrol, Police Command, Police Official, or Fire member was assumed to be eligible for retirement after attaining age 50 (53 for Police Officials) with 25 or more years of service or age 55 with 10 or more years of service.

Actuarial Assumptions Used for the Valuation (Concluded)

Percent of eligible members electing coverage at retirement was assumed to be 100%.

Percent of eligible members electing spousal coverage: 80% of those electing coverage at retirement were assumed to elect coverage for their spouse.

Retiree Opt Out: None assumed.

Miscellaneous and Technical Assumptions

Decrement Operation:	Disability and mortality decrements do not operate during the first five years of service. Disability also does not operate during retirement eligibility.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Timing:	Decrements of all types are assumed to occur mid-year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
Inflation for Flat-Dollar Retiree Contributions:	It was assumed that flat-dollar contributions for current and future retirees would not increase in the future.
Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.
Other Liability Adjustments:	None.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

APPENDIX

GLOSSARY

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between: (i) the actuarial present value of future plan benefits; and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarially Computed Employer Contribution. The Actuarially Computed Employer Contribution is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The Actuarially Computed Employer Contribution is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Implicit Rate Subsidy. It is common practice for employers to allow retirees to continue in the employer's group health insurance plan (which also covers active employees), often charging the retiree some portion of the premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy.

Glossary

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Postemployment Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance, dental, vision, prescription drugs, life insurance or other health care benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.



November 30, 2020

Mr. Mark Gerber, CPA
Finance Director/Treasurer
City of Birmingham
151 Martin Street
Birmingham, Michigan 48009

Re: Post-Retirement Health Coverage June 30, 2020 Valuation

Dear Mr. Gerber:

Enclosed are 15 copies of the 32nd Actuarial Valuation as of June 30, 2020 of the City of Birmingham Retiree Health Care Plan. We would be pleased to meet with you and other interested parties to review the results of the valuation.

Your comments are welcome.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Buis". The signature is fluid and cursive, written over a light blue background.

Mark Buis, FSA, EA, FCA, MAAA

MB:dj
Enclosures

cc: Electronic Copy:
Mark Gerber, City of Birmingham
Timothy St. Andrew, Plante & Moran

MEMORANDUM

DATE: November 18, 2020

TO: Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Assistant Finance Director
Thelma Golden, Treasury Consultant

SUBJECT: Application for Fiduciary Liability Coverage Renewal

The quote for renewal of fiduciary liability insurance for the policy period from January 2, 2021 through January 2, 2022 is attached for the Committee's review and approval.

The annual policy will remain the same as last year with a \$3,000,000 limit of liability and a \$10,000 deductible. The following quote to cover both the Retirement and Retiree Health Care Funds is \$17,042

It is recommended that the Committee accept the proposal from Cincinnati Insurance Companies with an annual premium of \$17,042 for both the Retirement Fund and the Retiree Health Care Fund. The Retiree Health Care Fund's portion will be \$5,112

SUGGESTED ACTION:

To approve the fiduciary liability insurance policy from Cincinnati Insurance Companies for the period from January 2, 2021 through January 2, 2022 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$5,112 for the Retiree Health Care Fund.



Mark Gerber <mgerber@bhamgov.org>

Fwd: City of Birmingham

Thelma Golden <Tgolden@bhamgov.org>
To: Mark Gerber <Mgerber@bhamgov.org>

Wed, Nov 25, 2020 at 4:28 PM

----- Forwarded message -----

From: **Debbie Douglas** <debbied@jlains.com>
Date: Wed, Nov 25, 2020 at 1:09 PM
Subject: RE: City of Birmingham
To: Thelma Golden <Tgolden@bhamgov.org>

Your Welcome! You Too!

From: Thelma Golden <Tgolden@bhamgov.org>
Sent: Wednesday, November 25, 2020 1:08 PM
To: Debbie Douglas <debbied@jlains.com>
Subject: Re: City of Birmingham

Thank you so very much for your help. Have a Happy Thanksgiving!

On Wed, Nov 25, 2020 at 12:59 PM Debbie Douglas <debbied@jlains.com> wrote:

Dear Thelma:

In accordance with our telephone Conversation, attached is your renewal Proposal. This year's premium is \$17,042.
Last year's was \$15,689.

Thank you and please advise if we may have the renewal issued.

Deborah A. Douglas for Shelli Roehl**Account Manager**

MEMORANDUM

DATE: November 18, 2020

TO: Birmingham Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Finance Director

SUBJECT: Approval of 2021-2022 Budget

The Retiree Health Care Fund was established for the purpose of providing medical and health-care benefits for the welfare of eligible retirees of the City receiving monthly benefits from the Birmingham Employees Retirement System (BERS) and the eligible dependents of such retirees.

In November 1999 the State Legislature passed enabling legislation to provide that a City Commission may establish by resolution a Health Care Fund, which allows investments in the same manner as retirement plans. On November 27, 2000 the City Commission adopted the City of Birmingham Retiree Health Care Fund Plan Document, which became effective January 1, 2001. Pursuant to Article IX, Section 9.01(c) of the Plan Document:

“A portion of net earnings may be used for payment for reasonable and necessary professional services, costs and expenses related to assisting the Investment Committee and plan administrator in the operation of the Fund. The Investment Committee shall determine what costs, fees and professional services are reasonable and necessary.”

As of October 31, 2020 there were 224 retired members and their eligible dependents receiving health-care benefits. The City prepares a one-year budget and planning budgets for the following two years. The proposed Retiree Health Care Fund budget for fiscal year 2021-2022 is submitted for your review and approval.

SUGGESTED ACTION:

To approve the Retiree Health Care Fund Administration Budget for fiscal year 2021-2022 as submitted.

CITY OF BIRMINGHAM
 RETIREE HEALTH CARE ADMINISTRATIVE COSTS
 PROPOSED BUDGET 2021-2022

	Actual 2019-2020	Budget 2020-2021	Projected 2020-2021	Request 2021-2022	Planned 2022-2023	Planned 2023-2024
OTHER CONTRACTUAL SERVICES						
802.0100 AUDIT	742	780	780	800	820	840
802.0200 INVESTMENT MANAGEMENT	125,830	144,300	141,150	147,500	151,800	155,500
802.0300 INVESTMENT CUSTODIAL	18,280	20,000	19,600	20,500	21,100	21,600
802.0400 ACTUARY	18,750	37,250	37,250	19,300	38,400	20,000
802.0600 INVESTMENT CONSULTANT	24,727	25,750	24,770	26,200	27,040	27,780
957.0200 OTHER CASUALTY INSURANCE	4,434	4,500	4,500	5,000	5,500	6,000
962.0000 MISCELLANEOUS	<u>92</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
OTHER CONTRACTUAL SERVICES TOTAL	<u>192,855</u>	<u>232,680</u>	<u>228,150</u>	<u>219,400</u>	<u>244,760</u>	<u>231,820</u>
TOTAL EXPENDITURES	<u>192,855</u>	<u>232,680</u>	<u>228,150</u>	<u>219,400</u>	<u>244,760</u>	<u>231,820</u>

BIRMINGHAM RETIREE HEALTH CARE FUND
INVESTMENT MANAGERS/CUSTODIAN/OTHER SERVICES

		DATE HIRED/ CHANGED	ORIGINAL \$/ TRANSFERS \$	DATE HIRED/ CHANGED	ORIGINAL \$/ TRANSFERS \$	MANAGEMENT FEE*	ACCOUNT
FIXED INCOME	DUCENTA SQUARED ASSET MANAGEMENT	9/3/2009 6/11/2010 12/21/2010 10/31/2011 3/8/2013	\$3,338,708 -\$549,560 -\$152,170 \$1,000,000 -\$35,504	6/12/2015 9/8/2017	-1,380,000 -1,648,000	25% ON THE FIRST \$50 MILLION	1055053214
FIXED INCOME	BRAMSHILL INVESTMENTS INCOME PERFORMANCE FUND BRMSX	3/18/2019	1,255,691			1.10%	1055086643
FIXED INCOME	C.S. MCKEE	8/25/2009 6/11/2010 12/21/2010 3/11/2011 10/31/2011 12/14/2012 3/8/2013	\$3,338,506 -\$739,825 -\$304,330 -\$590,000 \$660,000 -1,300,000 -\$355,089	6/12/2015 12/11/2015 9/8/2017	-1,656,000 1,067,020 -1,950,500	35% ON THE FIRST \$25 MILLION 30% ON THE NEXT \$25 MILLION PLUS 20% DISCOUNT	1055053198
EQUITY LARGE-CAP GROWTH	POLEN CAPITAL MANAGEMENT POLEN FOCUS GROWTH STRATEGY	6/12/2020	\$4,149,825			0.60%	1055089631
EQUITY LARGE-CAP VALUE	WESTWOOD HOLDINGS GROUP	7/9/2009 10/31/2011 12/14/2012 3/8/2013 3/4/2014 6/12/2015	\$2,352,860 -\$950,000 -\$300,000 \$417,752 -\$244,050 \$552,000	4/14/2016 9/9/2016 12/9/2016 12/13/2019	-\$700,000 -500,000 -\$520,000 \$1,600,000	0.65% ON ASSETS UP TO \$25,000,000	1055047945
EQUITY LARGE-CAP INDEX FUND	VANGUARD S&P 500 ETF (VOO)	4/14/2016 9/9/2016 12/9/2016 9/8/2017	\$1,300,000 \$1,000,000 \$1,040,000 \$360,000			0.05%	1055076280
EQUITY SMID-CAP GROWTH	FIERA CAPITAL INC.	6/20/2015 9/8/2017 12/13/2019	\$2,238 \$672,600 -\$1,300,000			.55% OF ASSETS ON LAST BUSINESS DAY OF PREVIOUS QUARTER	1055074004
EQUITY MID-CAP BLEND	VANGUARD MID-CAP ETF (VO)	4/2/2020 4/13/2020 4/16/2020 4/23/2020	\$625,000 \$625,000 \$625,000 \$581,714			0.04%	1055089132
EQUITY SMALL-CAP VALUE	GABELLI ASSET MANAGEMENT	6/15/2001 7/11/2001 3/11/2005 12/8/2005 3/10/2006 12/8/2006 5/21/2008	\$658,161 \$823 -\$266,131 \$41,895 -\$343,956 -\$24,027 25,073	6/11/2010 3/8/2013 3/4/2014 6/12/2015 9/8/2017 12/13/2019	45,250 1,148,818 -\$341,680 \$138,000 302,700 -\$400,000	1%- 1ST \$40 MILLION .5%- OVER \$40 MILLION DUE ON 1ST DAY OF QTR	1055021204
EQUITY INTERNATIONAL	MFS INTERNATIONAL DIVERSIFIED FUND - R6 SHARES (MDIXX)	6/12/2020	\$4,543,732			0.76%	1055089622
HEDGE FUND	WHITEBOX MULTI-STRATEGY FUND, LP	3/18/2019	\$1,126,494			1.5% MANAGEMENT 20% INCENTIVE	1055086661
HEDGE FUND	GRAHAM ABSOLUTE RETURN CLASS B FUND	3/18/2019	\$1,126,494			2% MANAGEMENT 25% INCENTIVE	1055086652
CUSTODIAN	COMERICA	6/15/2001				0.0475%	M00471
INVESTMENT CONSULTANT	UBS THE GASPER FINANCIAL GROUP	3/9/2007				.065% OF PLAN ASSETS ON LAST DAY OF PREVIOUS FY PD QTRLY	

Abbey Capital Managed Futures Fund liquidated 3/18/2019
Goldman Sachs Strategic Income Fund liquidated 3/18/2019
Seizert Capital Partners MCV Fund liquidated 12/13/2019
Bahl & Gaynor liquidated 6/12/2020
Lazard Capital liquidated 6/12/2020
Cavendish Liquidated 9/1/2020

Revised: 9/11/2020