

MINUTES OF A REGULAR VIRTUAL MEETING OF THE  
RETIREMENT INVESTMENT COMMITTEE  
JUNE 2, 2021

The meeting was called to order at 7:37 A.M.

PRESENT: Richard Aginian, Citizen Member (Birmingham, MI)  
Mark Gerber, Finance Director/Treasurer (Birmingham, MI)  
Christopher Conti, Retirement Board Trustee (Birmingham, MI)

ALSO PRESENT: Thelma Golden, Treasury Consultant; Frank Pisano, Library Board;  
Matt Lasko, Megan Smith, Meredith Farber, Maureen Mendoza,  
David Gasper and Austin Klinger, UBS

Motion by Conti  
Second by Aginian:

To approve the minutes of the regular virtual meeting held March 3, 2021 and the minutes of the special virtual meetings held March 23, 2021; April 13, 2021; May 19, 2021; May 20, 2021; May 21, 2021, and May 26, 2021.

ROLL CALL VOTE:

Aginian: Aye  
Conti: Aye  
Gerber: Aye

Matt Lasko, David Gasper, Meredith Farber, Maureen Mendoza, Megan Smith and Austin Klinger were present to review the investment consultant report that was distributed under separate cover and displayed on the screen.

Megan Smith reported that Flagship did a study to illustrate how much risk Birmingham would have to take in order to earn a 6.75% return on the portfolio. There would have to be a much greater allocation in alternative and international investments than is permissible under State law.

Matt Lasko made a verbal recommendation of changes in the asset allocation of the Retirement Fund in order to bring the portfolio into compliance with the Retirement Board's investment guidelines by reducing equities and increasing fixed income. Mark Gerber recommended increasing the allocation to fixed-income manager C. S. McKee by a greater percentage than Matt Lasko initially recommended as disbursements are taken from this fund.

Matt Lasko revised his previous suggestion and recommended reducing the Vanguard S&P 500 Index Fund by 1.25%, reducing the Westwood large-cap value equity fund by \$1.25%, reducing the Vanguard Mid-Cap Index Fund by 1.5%, reducing the small-cap

value fund managed by Gabelli by 1%, increasing the fixed-income fund managed by Bramshill by 2% and increasing the fixed-income fund managed by C. S. McKee by 3%.

Richard Aginian requested that he provide the Investment Committee with a written recommendation rather than a verbal one at the meeting. Matt Lasko will provide a copy of the revised recommendation after this meeting.

Motion by Conti:

Second by Aginian:

To concur in the recommendation of the investment consultants to forward a recommendation to the Retirement Board to make the following asset allocation changes in the Retirement Fund; to reduce the Vanguard S&P 500 Index Fund by 1.25%, to reduce the Westwood large-cap value equity fund by 1.25%, to reduce the Vanguard Mid-Cap Index Fund by 1.5%, to reduce the small-cap value fund managed by Gabelli by 1%, to increase the fixed-income fund managed by Bramshill by 2% and to increase the fixed-income fund managed by C. S. McKee by 3%.

ROLL CALL VOTE:

Aginian: Aye

Conti: Aye

Gerber: Aye

Matt Lasko recommended the following changes to the Retiree Health Care Fund by reducing the Vanguard S&P 500 Index Fund by 1%, reducing the Vanguard Mid-Cap Index Fund by 1% and increasing the fixed income fund managed by Bramshill by 2%.

Motion by Conti:

Second by Aginian:

To concur in the recommendation of the investment consultants to forward a recommendation to the Retiree Health Care fund Investment Committee to make the following asset allocation changes in the Retiree Health Care Fund; to reduce the Vanguard S&P 500 Index Fund by 1%; to reduce the Vanguard Mid-Cap Index Fund by 1%, and to increase the fixed income fund managed by Bramshill by 2%.

ROLL CALL VOTE:

Aginian: Aye

Conti: Aye

Gerber: Aye

There was discussion regarding de-risking the portfolio and matching duration of fixed income with liabilities.

The investment consultants left the meeting at 9:01 A.M.

Mark Gerber reported that the references for CapTrust were all positive. Captrust was able to provide signature-ready documents and responded in a timely manner to issues. Some of the actuaries at Gabriel Roeder had experience with CapTrust and had no negative comments. Felecia Ryans at Comerica Bank reported that she has worked with four of the seven consultants that were interviewed and worked well with them. She said there would be no problem switching to a new consultant. The city's legal advisor stated that we could not negotiate lower fees at this time.

Mark Gerber also indicated that the Retirement Fund is paying Comerica Bank to prepare a performance report in addition to the reports prepared by the consultants. The Committee will consider eliminating these reports to offset some fees.

Chris Conti will present a power point presentation to the Retirement Board and Retiree Health Care Fund Investment Committee at their next regular virtual meetings with the Retirement Investment Committee's recommendation to appoint Captrust Financial Advisors as the investment consultant for both funds.

The meeting was adjourned at 9:11 AM.

Respectfully submitted,

Thelma Golden  
Treasury Consultant