

MINUTES OF A REGULAR MEETING OF THE  
RETIREMENT INVESTMENT COMMITTEE  
SEPTEMBER 1, 2021

The meeting was called to order at 7:34 A.M.

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

ALSO PRESENT

VIA ZOOM: Thelma Golden, Treasury Consultant; Frank Pisano, Library Board;  
Dori Drayton, Jeremy Chambers and Brett Reardon, Captrust

Motion by Conti:  
Second by Aginian:

To approve the minutes of the regular virtual meeting held June 2, 2021 and the special meeting held July 20, 2021.

ROLL CALL VOTE:

Aginian: Aye  
Conti: Aye  
Gerber: Aye

Motion by Conti:  
Second by Aginian:

To schedule the 2022 regular meetings of the Retirement Investment Committee at 7:30 A.M. on March 2, June 1, August 31, and November 30, 2022.

ROLL CALL VOTE:

Aginian: Aye  
Conti: Aye  
Gerber: Aye

Captrust will provide their notes from each meeting to Thelma Golden and Mark Gerber to assist with preparation of minutes and reports.

Jeremy Chambers noted that they have provided an updated report that includes data on a small cap value index fund and additional slides of some of the other asset class sections.

Dori Drayton reviewed the Comerica June 30, 2021 Composite Report.

Chris Conti suggested that Captust provide 5-7 minutes of market information to the Investment Committee and 5 minutes or less to the Retirement Board. Do not spend a lot of time on economics.

Jeremy Chambers reviewed the Hypothetical Asset Allocations Options from their June 30, 2021 report. They will focus on existing managers and not on the hedge fund area.

In the large cap area, they would recommend replacing existing managers with the Fidelity 500 Index fund. The Fidelity Fund is much cheaper than the Vanguard Fund. They see value in having active managers in the mid cap area and suggest adding the MFS mid Cap Value and BlackRock Mid Cap Growth Equity funds to replace the Vanguard Mid Cap ETF and Fiera Capital Smid Cap growth manager. They would replace Small Cap Value manager Gabelli with the Wells Fargo Special Small Cap Value and Principal Small Cap Growth funds. In the international area, they would replace MFS Diversified International Fund with three funds, America Funds Europacific Growth, Hartford International Opportunities and Driehaus Emerging Markets Growth funds. They will focus on the hedge fund area at a later date. The additional 5% they are recommending for international would come from the large cap area.

Richard Aginian stated that, if we want to earn a 6.75% return, we would have to have some alternative investments. We will work toward liquidating the existing hedge managers.

Dori Drayton stated that they monitor the managers as to their style purity on an ongoing basis. They use mutual funds in most cases except in the hedge fund space. They are easier to become liquid. If we assume that the 6.75% rate of return will not change, we would recommend Hypo 3 or 4. They would recommend keeping the same basic asset allocation and just changing the managers. They would make the same recommendation for the Retiree Health Care Fund for now. They will work with the city and the actuary and may want to change the target asset allocation of that fund in the future.

Motion by Aginian:

Second by Conti:

To forward the following recommendation to the Retirement Board and Retiree Health Care Fund Investment Committee. To approve Captrust's recommended asset allocation in Hypo 4 and to implement this allocation over the next year.

ROLL CALL VOTE:

Aginian: Aye  
Conti: Aye  
Gerber: Aye

Motion by Conti:

Second by Aginian:

To forward the following recommendation to the Retirement Board and Retiree Health Care Fund Investment Committee.

To liquidate the large-cap equity fund, Vanguard S&P 500 ETF, the large-cap growth equity manager, Polen Focus Growth SMA, the large-cap value equity manager, Westwood Holdings, and transfer funds into the Fidelity 500 Index with an allocation of 30% of the total portfolio.

To liquidate mid-cap equity fund, Vanguard Mid-Cap ETF, and small-mid cap growth equity manager, Fiera Capital, and transfer funds into MFS Mid-Cap Value RS with an allocation of 5.75% and BlackRock Mid-Cap Growth Equity K fund with an allocation of 5.75%;

To liquidate the small-cap equity manager, Gabelli, and transfer funds into the Wells Fargo Special Small Cap Value R6 fund with an allocation of 2.25% and Principal Small Cap Growth I R6 fund with an allocation of 2.25% of the total portfolio;

To liquidate the international equity fund, MFS International Diversification R6, and transfer funds into the American Funds Europacific Growth R6 fund with an allocation of 7.50%, the Hartford International Opportunities R6 fund with an allocation of 7.50% and the Driehaus Emerging Markets Growth Institutional fund with an allocation of 4.00% of the total portfolio;

To liquidate the fixed income accounts managed by C. S. McKee, Ducenta Squared and the Bramshill Income Performance Institutional fund and transfer funds into the BlackRock Total Return K fund with an allocation of 10.00% and Metropolitan West Total Return Bd I with an allocation of 10.00% of the total portfolio.

ROLL CALL VOTE:

Aginian: Aye

Conti: Aye

Gerber: Aye

Frank Pisano complimented Captrust for the reporting that they are doing.

Mark Gerber reported that the actuary will be present at the December Retirement Board meeting to review the June 30, 2021 actuarial valuation. He noted that, at this point, the Retirement Board will meet in person but everyone else will attend virtually.

Retirement Investment Committee

September 1, 2021

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The meeting was adjourned at 9:00 A.M.

Respectfully submitted,

Thelma Golden  
Treasury Consultant