

CITY OF BIRMINGHAM
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
FRIDAY, December 9, 2022
FOLLOWING

- 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 9, 2022.
- B) Approval of Retiree Health Care Fund Expenses of \$12,808.22 for the period of October 1, 2022 through December 31, 2022.
- C) Resolution to receive the Summary of Assets for the period ending October 31, 2022 with a total market value of \$41,994,143.

	<u>10/31/2022</u>		<u>9/30/2022</u>		<u>10/31/2021</u>	
C. S. McKee - Fixed Income	0	0.0%	0	0.0%	1,993	0.0%
Ducenta Squared-Fixed Income	0	0.0%	0	0.0%	117,977	0.2%
Blackrock Total Return K Fixed Income	5,122,342	12.2%	5,198,305	12.9%	6,316,882	12.3%
Metropolitan W Total Return Bond fund	5,078,351	12.1%	5,176,455	12.8%	6,305,352	12.2%
Vanguard S&P 500(VOO)	0	0.0%	0	0.0%	26,382	0.1%
Fidelity 500 Index Fund-Lrg Cap	12,007,923	28.6%	11,108,235	27.5%	15,573,443	30.2%
MFS Mid-Cap Value	2,265,029	5.4%	2,060,818	5.1%	2,870,720	5.6%
Blackrock Mid Cap Growth Equity	1,684,098	4.0%	1,619,777	4.0%	2,807,802	5.4%
Gabelli-Small Cap	0	0.0%	0	0.0%	11,730	0.0%
Allspring Special Small Cap Value Fund	980,739	2.3%	881,935	2.2%	1,108,548	2.2%
Principal Sm Cap Growth	798,479	1.9%	741,263	1.8%	1,135,341	2.2%
American Funds Europacific Growth	3,647,491	8.7%	3,475,769	8.6%	3,573,054	6.9%
Hartford International Opportunities Fund	3,590,497	8.5%	3,486,319	8.6%	3,700,535	7.2%
Driehaus Emerging Markets Growth	0	0.0%	0	0.0%	2,040,507	4.0%
Graham Absolute Return	0	0.0%	1,510,979	3.7%	1,250,410	2.4%
Whitebox Multi-Strategy Hedge Fund	1,080,238	2.6%	1,417,147	3.5%	1,311,803	2.5%
Starwood Realty Income Trust	3,094,228	7.4%	3,077,721	7.6%	2,607,600	5.1%
Cash	749,015	1.8%	602,815	1.5%	702,068	1.4%
Goldman Sachs Financial Govt Fund	1,895,713	4.5%	16,343	0.0%	80,224	0.2%
Total	41,994,143	93.7%	40,373,882	98.5%	51,542,372	100.0%

- 5) Investments
- 6) Unfinished Business
- 7) New Business
 - A) Resolution to approve the fiduciary liability insurance policy from Cincinnati Companies for the period from January 2, 2023 through January 2, 2024 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$7,723 for the Retiree Health Care Fund.
 - B) To Approve the Retiree Health Care Budget for fiscal year 2023-2024.
- 8) Meeting Open to the Public for Items Not on the Agenda.
- 9) Adjournment

Mark Gerber
Secretary/Treasurer
Employees Retirement Board

The highly transmissible COVID-19 Delta variant is spreading throughout the nation at an alarming rate. As a result, the CDC is recommending that vaccinated and unvaccinated personnel wear a facemask indoors while in public if you live or work in a substantial or high transmission area. Oakland County is currently classified as a substantial transmission area. The City has reinstated mask requirements for all employees while indoors. The mask requirement also applies to all board and commission members as well as the public attending public meetings.

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

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

**MINUTES OF THE REGULAR MEETING OF THE
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
HELD SEPTEMBER 9, 2022**

The meeting was called to order at 8:21 A.M.

PRESENT: Christopher Conti
Connie Folk
Mark Gerber
Therese Longe

ABSENT Thomas Markus

ALSO PRESENT: Thelma Golden, Treasury Consultant; Jeremy Chambers and Brett Reardon, Captrust; Frank Pisano, Library Board

09-2022

Motion by Longe:
Second by Folk:

To approve the Consent Agenda:

To approve the Retiree Health Care Fund Investment Committee meeting minutes of June 10, 2022;

To approve the Retiree Health Care Fund Expenses of \$19,954.91 for the period of April 1, 2022 through September 30, 2022;

To receive the Summary of Assets for the period ending July 21, 2022 with a total market value of \$45,079,374.

ROLL CALL VOTE:

Conti: Aye
Folk: Aye
Gerber: Aye
Longe: Aye
Markus: Absent

10-2022

Brett Reardon and Jeremy Chambers reviewed the Captrust 2nd Quarter Quarterly Review. Captrust predicts that there will be a lot of volatility for the rest of the year; but they do not expect a prolonged recession.

Fund performance at June 30, 2022 was down 10.94%; the benchmark was down 11.33%. Fund performance at July 31, 2022 was up 5.5%; the benchmark was up 5.44%. They were using 10/31/2022 as the inception date for the portfolio because that is when they began reporting on their platform. They are working with Comerica Bank to integrate historical returns into their portfolio performance reports. They have no concerns with the existing managers and feel the plan has a good mix of funds.

The redemption dates for both Graham and Whitebox will occur on September 30. Proceeds will be sent out mid-October. The Partners Group Private Fund will accept deposits November 1.

The Retirement Investment Committee asked Captrust to explore options on what to do with the proceeds until they are available for deposit into the Partners Group. Transferring the funds to existing managers would not make sense because of the short time period. Comerica's short-term fund was paying a higher rate than a T-Bill. Captrust's recommendation would be to leave the funds in Comerica's short-term fund.

11-2022

Motion by Longe:

Second by Conti:

To set the 2023 meeting dates for the Retiree Health Care Fund Investment Committee to be held immediately following the Retirement Board meetings on Friday, March 10; Friday, June 9; Friday, September 8; and Friday, December 1.

ROLL CALL VOTE:

Conti: Aye

Folk: Aye

Gerber: Aye

Longe: Aye

Markus: Absent

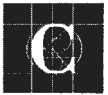
The meeting was adjourned at 8:46 A.M.

Respectfully submitted,

Thelma Golden
Treasury Consultant

Retiree Health Care Fund Expenses
10/1/2022-12/31/2022

<u>Date</u>	<u>Name</u>	<u>Purpose</u>	<u>Amount</u>
10/14/2022	Capfinancial	Consultant Fees Period 10/1/22-12/31/22	\$ 7,500.00
9/16/2022	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period 4/1/2022-6/30/2022	\$ 227.71
10/18/2022	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period 7/1/2022-9/30/2022	\$ 770.22
11/21/2022	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period 7/1/2022-9/30/2022	\$ 4,310.29
TOTAL			<u>\$ 12,808.22</u>



CAPTRUST

4208 Six Forks Road Suite 1700
Raleigh, NC 27609
ph 919.870.6822 fax 919.870.8891
toll free 800.216.0645

Invoice: LT86424
Date: 10/14/2022
Statement Period: 10/1/2022 - 12/31/2022
Customer No: 2M-CBREHLLT
PO Number:
Amount Due upon \$ 7,500.00
Receipt:

Mark Gerber
City of Birmingham, Michigan
151 Martin Street
PO Box 3001
Birmingham, MI 48012

Please remit payment to:
CAPFinancial Partners, LLC.
P.O. Box 896952
Charlotte, NC 28289-6952

ADVISORY FEES

Description	Annual Fee	Freq	Advisory Fee
City of Birmingham Retiree Health Care Fund	\$30,000.00	0.25000	\$ 7,500.00
			\$ 7,500.00

Total Net Fees Due & Payable \$ 7,500.00

In the event any payments have been received, they have been credited above. For a calculation explanation, please call our Accounts Receivable department at 1-800-216-0645. If you have already mailed your payment, please disregard this notice and accept our thanks.

TIN: 26-0058143

736.0 - 274.002 - 802.0600



City of Birmingham

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

Dept.#: 1011 Date: 9/16/2022

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>\$ 227.71</u>	<u>Custodial Services/market value fees</u>
Account #:	<u>736.0-274. 002-802.0300</u>			_____	<u>4/1/2022-6/30/2022</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: \$ 227.71

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: 10/18/2022

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>\$ 770.22</u>	<u>Custodial Services/market value fees</u>
Account #:	<u>736.0-274.002-802.0300</u>			_____	<u>7/1/2022-9/30/2022</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: \$ 770.22

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: 11/21/2022

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>\$ 4,310.29</u>	<u>Custodial Services/market value fees</u>
	Account #: <u>736.0-274.002-802.0300</u>				<u>7/1/2022-9/30/2022</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: \$ 4,310.29

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 18, 2022

TO: Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Assistant Finance Director

SUBJECT: Application for Fiduciary Liability Coverage Renewal

The quote for renewal of fiduciary liability insurance for the policy period from January 2, 2023 through January 2, 2024 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 \$19,828.

It is recommended that the Committee accept the proposal from Cincinnati Insurance Companies with an annual premium of \$19,828 for both the Retirement Fund and the Retiree Health Care Fund. The Retiree Health Care Fund's portion will be \$7,723.

SUGGESTED ACTION:

To approve the fiduciary liability insurance policy from Cincinnati Insurance Companies for the period from January 2, 2023 through January 2, 2024 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$7,723 for the Retiree Health Care Fund.

MEMORANDUM

DATE: November 9, 2022

TO: Birmingham Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Finance Director

SUBJECT: Approval of 2023-2024 Retiree Health Care Fund 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, 2022, there were 301 retired members and their eligible dependents receiving health-care benefits. The City prepares a two-year budget. The proposed Retiree Health Care Fund budget for fiscal year 2023-2024 is submitted for your review and approval.

SUGGESTED ACTION:

To approve the Retiree Health Care Fund Administration Budget for fiscal year 2023-2024 as submitted.

CITY OF BIRMINGHAM
 RETIREE HEALTH CARE ADMINISTRATIVE COSTS
 PROPOSED BUDGET 2023-2024

	Actual 2021-2022	Budget 2022-2023	Projected 2022-2023	Request 2023-2024	Planned 2024-2025	Planned 2025-2026	Notes
OTHER CONTRACTUAL SERVICES							
802.0100 AUDIT	767	2,140	2,140	2,540	2,590	2,640	1
802.0200 INVESTMENT MANAGEMENT	37,412	0	0	0	0	0	2
802.0300 INVESTMENT CUSTODIAL	23,167	26,300	21,100	21,500	21,900	22,200	
802.0400 ACTUARY	17,750	41,800	41,800	20,800	56,000	23,000	3
802.0600 INVESTMENT CONSULTANT	22,730	30,000	30,000	30,000	30,900	31,830	
957.0200 OTHER CASUALTY INSURANCE	5,670	5,750	6,030	6,330	6,650	7,000	
962.0000 MISCELLANEOUS	84	100	100	100	100	100	
OTHER CONTRACTUAL SERVICES TOTAL	<u>107,580</u>	<u>106,090</u>	<u>101,170</u>	<u>81,270</u>	<u>118,140</u>	<u>86,770</u>	
TOTAL EXPENDITURES	<u>107,580</u>	<u>106,090</u>	<u>101,170</u>	<u>81,270</u>	<u>118,140</u>	<u>86,770</u>	

Notes

1. Increase in audit costs based on re-allocation of costs based on total expenditures. In addition, the retiree health care fund has additional government accounting standards and audit procedures than other funds
2. New investments are in mutual funds which have management fees already taken out at the mutual fund level.
3. Funding valuations are conducted every 2 years. Fiscal year 2022-2023 includes \$22,000 for a valuation. Fiscal year 2024-2025 includes approximately \$24,300 for a valuation. Other costs include annual OPEB liability calculations for the audit. An additional \$10,000 has been added in 2024-2025 for an actuarial peer review as required under PA 202 of 2017.

**BIRMINGHAM RETIREE HEALTH CARE FUND
INVESTMENT FUNDS & SERVICES**

		DATE OF HIRE/ TRANSFER	ORIGINAL \$/ TRANSFER \$	MANAGEMENT FEE
FIXED INCOME	BLACKROCK TOTAL RETURN BOND K MPHQX	9/10/2021	\$4,993,694	0.38%
FIXED INCOME	METROPOLITAN WEST RETURN BOND MTXDTIX	9/10/2021	\$4,993,694	0.44%
LARGE-CAP EQUITY	FIDELITY 500 INDEX FXAIX	9/10/2021	\$14,981,081	0.02%
MID-CAP VALUE EQUITY	MFS MID-CAP VALUE R6 MVCKX	9/10/2021	\$2,871,374	0.69%
MID-CAP GROWTH EQUITY	BLACKROCK MID-CAP GROWTH EQUITY K BMGKX	9/10/2021	\$2,871,371	0.75%
SMALL-CAP VALUE EQUITY	ALLSPRING SPECIAL SMALL- CAP VALUE R6 ESPRX	9/10/2021	\$1,123,581	0.87%
SMALL-CAP GROWTH EQUITY	PRINCIPAL SMALL-CAP GROWTH I R6 PCSMX	9/10/2021	\$1,123,581	0.86%
INTERNATIONAL EQUITY	AMERICAN FUNDS EUROPACIFIC GROWTH R6 RERGX	9/10/2021 3/22/2022	\$3,745,270 915,867	0.49%
INTERNATIONAL EQUITY	HARTFORD INTERNATIONAL OPPORTUNITIES R6	9/10/2021 3/22/2022	\$3,745,270 915,867	0.71%
HEDGE FUND	WHITEBOX MULTI-STRATEGY FUND, LP	3/8/2019 10/11/2022	\$1,126,494 -354,287	1.5% MANAGEMENT 20% INCENTIVE
HEDGE FUND	GRAHAM ABSOLUTE RETURN CLASS B FUND	3/8/2019 10/21/2022	\$1,126,494 CLOSED	2% MANAGEMENT 25% INCENTIVE
PRIVATE EQUITY	PARTNERS GROUP PRIVATE EQUITY	6/10/2022		2.31% MANAGEMENT 10% PERFORMANCE FEE
REIT	STARWOOD PROPERTY TRUST SREIT	12/4/2020 3/24/2021	\$1,111,720 1,122,185	1.25% MANAGEMENT FEE 12.5% PERFORMANCE FEE, SUBJECT TO 5% ANNUAL HURDLE AND HIGH WATER MARK
CUSTODIAN PERFORMANCE MEASUREMENT	COMERICA BANK	1951		0.0475% \$500/MANAGER QUARTERLY
INVESTMENT CONSULTANT	CAPTRUST FINANCIAL ADVISORS	6/23/2021		\$60,000 ANNUALLY 3% INCREASE AFTER 3 YEARS