

CITY OF BIRMINGHAM
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
FRIDAY, April 8, 2022
IMMEDIATELY FOLLOWING THE RETIREMENT BOARD MEETING

- 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 December 10, 2021.
- B) Approval of the Special Retiree Health Care Fund Investment Meeting minutes from March 22, 2022.
- C) Approval of Retiree Health Care Fund Expenses of \$22,075.80 for the period of January 1, 2021 through March 31, 2022.
- D) Resolution to receive the Summary of Assets for the period ending January 31, 2022 with a total market value of \$49,640,842.

	1/31/2022		12/31/2021		1/31/2021	
Blackstone REIT(allocated but not funded)	0	0.0%	0	0.0%	1,122,164	2.5%
Bramshill Investments-Fixed Income	0	0.0%	0	0.0%	1,388,513	3.0%
C. S. McKee - Fixed Income	0	0.0%	0	0.0%	2,974,715	6.5%
Ducenta Squared-Fixed Income	14,691	0.0%	77,048	0.1%	5,9119,051	13.0%
Blackrock Total Return K Fixed Income	6,035,349	12.2%	6,310,292	12.3%	0	0.0%
Metropolitan W Total Return Bond fund	6,044,168	12.2%	6,299,673	12.3%	0	0.0%
Vanguard S&P 500(VOO)	0	0.0%	0	0.0%	6,855,968	15.0%
Polen Capital Management	0	0.0%	0	0.0%	4,664,876	10.2%
Westwood - Large-Cap Value	0	0.0%	0	0.0%	5,189,976	11.4%
Fidelity 500 Index Fund-Lrg Cap	14,969,641	30.2%	16,158,796	31.4%	0	0.0%
Vanguard Mid-Cap ETF (VO)	0	0.0%	0	0.0%	2,349,206	5.1%
MFS Mid-Cap Value	2,914,484	5.9%	3,002,437	5.8%	0	0.0%
Blackrock Mid Cap Growth Equity	2,289,836	4.6%	2,690,865	5.2%	0	0.0%
Fiera Capital-SMID Gro	0	0.0%	0	0.0%	2,383,685	5.2%
Gabelli-Small Cap	8,970	0.0%	7,691	0.0%	2,715,509	5.9%
Wells Fargo Special Sm Cap	1,086,061	2.2%	1,140,285	2.2%	0	0.0%
Principal Sm Cap Growth	940,247	1.9%	1,087,101	2.1%	0	0.0%
MFS International Diversified Fund	0	0.0%	0.0	0.0%	6,649,497	14.6%
American Funds Europacific Growth	3,336,185	6.7%	3,601,589	7.0%	0	0.0%
Hartford International Opportunities Fund	3,506,426	7.1%	3,676,091	7.2%	0	0.0%
Driehaus Emerging Markets Growth	1,901,045	3.8%	1,692,308	3.3%	0	0.0%

Graham Absolute Return	1,270,013	2.6%	1,227,288	2.4%	1,168,628	2.6%
Whitebox Multi-Strategy Hedge Fund	1,364,471	2.7%	1,323,659	2.6%	1,177,686	2.6%
Starwood Realty Income Trust	2,806,378	5.7%	2,764,361	5.4%	1,122,162	2.5%
Cash	1,147,195	2.3%	197,124	0.4%	0	0.0%
Goldman Sachs Financial Govt Fund	5,682	0.0%	153,733	0.3%	0	0.0%
Total	49,640,842	97.7%	51,410,342	99.3%	45,681,634	100.0%

5) Investments

- A) Captrust Report
- B) To concur in the recommendation of Captrust Financial Advisors and the Retirement Investment Committee to present the proposed Investment Policy Statement for the Retiree Health Care Fund to the City Commission for approval.
- C) Investment Report.

6) Unfinished Business

7) New Business

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 DECEMBER 10, 2021**

The meeting was called to order at 9:21 A.M.

PRESENT: Christopher Conti
Connie Folk
Mark Gerber
Therese Longe
Thomas Markus

ALSO PRESENT

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

21-2021

Motion by Long:
Second by Folk:

To approve the Consent Agenda:

To approve the Retiree Health Care Fund Investment Committee meeting minutes of September 10, 2021;

To approve the Retiree Health Care Fund Expenses of \$45,144,50 for the period of September 1, 2021 through December 31, 2021;

To receive the Summary of Assets for the period ending October 31, 2021 with a total market value of \$51,542,372.

ROLL CALL VOTE:

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

22-2021

Captrust reviewed the majority of the investment report at the Retirement Board that was held just prior to this meeting. They provided an update of the fund's asset allocation as of November 30, 2021 and noted that the majority of the investment

changes approved by the committee have been made or are in process. They will work with the Retirement Investment Committee to draft changes to the Retiree Health Care Fund Investment Committee's investment policy and hope to present a new investment policy at the March 2022 meeting.

23-2021

Motion by Longe:

Second by Folk:

To approve the fiduciary liability insurance policy from Cincinnati Companies for the period from January 2, 2022 through January 2, 2023 with a \$3,000,000 limit of liability and a \$10,000 deductible with a premium of \$5,670 for the Retiree Health Care Fund.

ROLL CALL VOTE:

Conti: Aye

Folk: Aye

Gerber: Aye

Longe: Aye

Markus: Aye

24-2021

Mark Gerber presented the 2022-2023 proposed budget and highlighted the changes including an increase in audit costs, the elimination of investment management fees, an increase in actuary expenses and an increase in fiduciary insurance expenses.

Motion by Markus:

Second by Longe:

To approve the Retiree Health Care Budget for the fiscal year 2022-2023.

ROLL CALL VOTE:

Conti: Aye

Folk: Aye

Gerber: Aye

Longe: Aye

Markus: Aye

The meeting was adjourned at 9:30 A.M.

Respectfully submitted,

Thelma Golden
Treasury Consultant

**MINUTES OF THE SPECIAL MEETING OF THE
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
HELD MARCH 22, 2022**

The meeting was called to order at 12:12 P.M.

PRESENT: Christopher Conti
Connie Folk
Mark Gerber
Therese Longe
Thomas Markus

PRESENT
VIA ZOOM; Thelma Golden, Treasury Consultant; Dori Drayton, Brett Reardon
and Jeremy Chambers, Captrust

The purpose of the special meeting was to reallocate international funds.

01-2022

Brett Reardon reviewed Captrust's rationale regarding their recommendation to remove any direct exposure to emerging markets. Over the past several months there have been challenges for emerging markets, most importantly the Russian invasion of the Ukraine. Emerging markets are impacted more by rising energy prices and inflation.

02-2022

Motion by Markus
Second by Longe

To concur in the recommendation of Captrust and the Retirement Investment Committee to liquidate the Driehaus Emerging Markets Growth Fund and transfer proceeds equally into the American Funds Europacific Growth Fund and the Hartford International Opportunities Fund.

ROLL CALL VOTE:

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

The meeting was adjourned at 12:18 P.M.

Retiree Health Care Fund Investment Committee
Special Meeting
March 22, 2022
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Respectfully submitted,

Thelma Golden
Treasury Consultant

Retiree Health Care Fund Expenses
1/1/2022-3/31/2022

<u>Date</u>	<u>Name</u>	<u>Purpose</u>	<u>Amount</u>
1/14/2022	Captrust	Investment Consultant 1/1/2022 - 3/31/2022	\$ 7,500.00
11/17/2021	JLA Insurance	22-23 Fiduciary Liability Policy Period of 1/2/2022-1/2/2023	\$ 5,670.00
1/25/2022	Ducenta Squared	Investment Management Period of 10/01/2021 - 10/31/2021	\$ 607.26
12/21/2021	Gabriel, Roeder, Smith and Co	June 30 Valuation Finalized, 5 yr Projection Actuary Services	\$ 2,250.00
1/28/2022	Comerica Custodial/Investment Management Services	Custodial Services/market value fees Period of 10/1/2021 - 12/31/2021	\$ 6,048.54
TOTAL			<u>\$ 22,075.80</u>



Gabriel, Roeder, Smith & Company

#1023

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

Invoice

Date	Invoice
12/21/2021	466691

Bill To:	Please Remit To:
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Attention: Mr. Mark Gerber
City of Birmingham Employees Retirement System
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 24, Pen Val 2021 0630, Project 24-102	Amount
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Finalized the June 30, 2021 valuation 9,300.00

Allocation of Unfunded Actuarial Liability and Amortization payment to 25 component units 2,500.00

5-year projection of pension and retiree health plan contributions \$4,500 3,300.00

- 2 additional scenarios - FY 2020 rate of return at 0% and 15% (2 scenarios @\$600) 50% ERS 50% RHC 1,200.00

Summary Annual Report \$2,250 \$2,250 1,500.00

Amount Due

\$17,800

101-274.000 - 802.0400 \$15,550 (Valuation + 5 YEAR PROJECTION)
736-800.000 - 802.0400 \$2,250 (5 YEAR PROJECTION)

Mark Gerber
12/29/2021



CAPTRUST

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

Invoice: LT73847
Date: 1/14/2022
Statement Period: 1/1/2022 - 3/31/2022
Customer No: 2M-CBRETHLT
PO Number:
Amount Due upon Receipt: \$ 7,500.00

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

Please remit payment to:
CapFinancial Partners, LLC.
PO Box 600071
Raleigh, NC 27675-6071

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.

736-860-000-802.0600

TIN: 26-0058143

JLA Insurance Group
5600 New King Dr., Ste. 210
Troy, MI 48098
Phone: 248-528-2400

INVOICE #: 100		Page 1
Account No. BIRMING-01	OP Lynn Gillow	Date 11/17/2021
Producer Jay Sawmiller		
Policy Term: 1/2/2022- 1/2/2023		

City of Birmingham
PO Box 3001
Birmingham, MI 48012-3001

Due Date	Tran	Policy Type	Policy #	Description	Amount
Upon Receipt	MEM	FID	EMN0416993	22-23 Fiduciary Liability Policy	\$18,715

Invoice Balance: \$18,715

Please make checks payable to:
JLA Insurance Group, Inc.

You can now pay online by check or credit card:
<https://jlains.epavpolicy.com/>

RHC - 5,670
Retiree - 13,045

RHC - 736-860.000-957.0200

Ret - 101-274.000-957.0200

January 25, 2022

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

Inception Date: 09/17/2009

	<u>Billing Period</u>	<u>Asset Value</u>
Beginning	October 1, 2021	
Ending	October 31, 2021	\$98,281.01

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%	\$98,281.01	360	30	\$20.48
Prorated Contributions/Withdrawals						
October 15, 2021		0.250%	(\$4,510,173.49)	360	14	\$438.49
October 26, 2021		0.250%	(\$854,159.20)	360	25	\$148.29
Total Management Fee						<u>\$607.26</u>

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

ACH/EFT Instructions (PREFERRED):

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: 80009244908

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

Checks should be made out to:
Ducenta Squared Asset Management

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

736-860-000-802.0200



City of Birmingham

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

Dept.#: 1011 Date: 1/28/2022

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>\$ 6,048.54</u>	<u>Custodial Services/market value fees</u>
Account #:	<u>736-860.000-802.0300</u>			<u>10/1/2021-12/31/2021</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: \$ 6,048.54

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.: _____

MEMORANDUM

DATE: March 16, 2022
TO: Retiree Health Care Fund Investment Committee
FROM: Mark Gerber, Finance Director/Treasurer
SUBJECT: Proposed Investment Policy Statement

The Retirement Investment Committee has met with Captrust Financial Advisors to review and modify Captrust's proposed Investment Policy Statement for the Retiree Health Care Fund.

Captrust believes the Investment Policy Statement should be reviewed and changed over time based on litigation in the industry and based on trends with ERISA plans. They propose a policy that has broader language that will result in a higher likelihood of compliance.

We are recommending that the Retiree Health Care Fund Investment Committee approve presenting the proposed Investment Policy Statement as modified and approved by the Retirement Investment Committee to the City Commission for approval.

SUGGESTED ACTION:

To concur in the recommendation of Captrust Financial Advisors and the Retirement Investment Committee to present the proposed Investment Policy Statement for the Retiree Health Care Fund to the City Commission for approval.

(b) The Fund described herein shall conform to all applicable sections of the Act, the collective bargaining or other agreements requiring payments to the Fund, and all statutes, ordinances, rules, regulations, arbitrators' awards and judicial decisions interpreting the foregoing provisions.

(c) 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.

Section 9.02 Diversion. The Fund shall not be used for or diverted to purposes other than to provide the benefits contemplated under the Plan for the exclusive benefit of Retirees and their Dependents, except for any administrative expenses for which the Fund is liable.

Section 9.03 Investment Limitations. The Investment Committee is required to invest the assets of the Fund in accordance with the investment policy adopted by the City Commission, and in compliance with the Public Employee Retirement System Investment Act 314 of the Public Acts of 1965 as amended.

ARTICLE X – RESERVE FUNDS

Section 10.01 Reserve for Retiree Health Benefits. There shall be a Reserve for Retiree Health Benefits. It shall be the reserve in which Employer contributions and Retiree premiums are accumulated and to which investment income is credited. It shall also be the fund from which all administrative expenses and retiree health care benefits are paid.

Section 10.02 Reserve for Participant Contributions. There shall be a Reserve for Participant Contributions. It shall be the reserve in which the contributions deducted from the compensations of Participants are accumulated with interest and from which refunds of accumulated contributions are paid.

Section 10.03 Interest on Participant Contributions. Interest on Participant accumulated contributions shall be credited at the same rate that would have been credited if such contributions had been made to the Birmingham Employees Retirement System.

Section 10.04 Refund of Accumulated Contributions.

(a) Should any Participant cease to be an employee and not be entitled to receive retiree health care benefits, the Participant shall be paid the accumulated contributions as he or she shall demand in writing on forms furnished by the Employer.

(b) Upon termination of employment for any reason, a Participant may withdraw his or her accumulated contributions, provided that in such event the Participant shall forfeit his or her rights to retiree health benefits.

(c) Upon the death of a Participant, his or her designated beneficiary may withdraw the Participants accumulated contributions, provided that in such event the designated beneficiary shall forfeit any rights he or she may have had to retiree health benefits. Beneficiary designations in the

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

		DATE OF HIRE/ TRANSFER	ORIGINAL \$/ TRANSFER \$	MANAGEMENT FEE
FIXED INCOME	BLACKROCK TOTAL RETURN K MPHQX	9/10/2021	\$4,993,694	0.38%
FIXED INCOME	METROPOLITAN WEST RETURN BD I 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	WELLS FARGO SPECIAL SMALL CAP VALUE R6 ESPRX	9/10/2021	\$1,123,581	0.87%
SMALL-CAP GROWTH EQUITY	PRINCIPAL SMALL-CAP 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	\$1,126,494	1.5% MANAGEMENT 20% INCENTIVE
HEDGE FUND	GRAHAM ABSOLUTE RETURN CLASS B FUND	3/8/2019	\$1,126,494	2% MANAGEMENT 25% INCENTIVE
REIT	STARWOOD 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