

CITY OF BIRMINGHAM
RETIREE HEALTH CARE FUND INVESTMENT COMMITTEE
FRIDAY, SEPTEMBER 8, 2023
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 June 9, 2023.
- B) Approval of Retiree Health Care Fund Expenses of \$33,570.23 for the period of July 1, 2023 through September 30, 2023.
- C) Resolution to receive the Summary of Assets for the period ending July 31, 2023 with a total market value of \$47,005,582.

	<u>7/31/2023</u>		<u>6/30/2023</u>		<u>6/30/2022</u>	
Blackrock Total Return K Fixed Income	5,457,972	11.6%	5,460,2400	11.9%	5,457,276	12.8%
Metropolitan W Total Return Bond fund	5,369,219	11.4%	5,368,0697	11.7%	5,454,088	12.8%
Fidelity 500 Index Fund-Lrg Cap	14,163,870	30.1%	13,723,135	29.9%	12,083,693	28.4%
MFS Mid-Cap Value	2,628,856	5.6%	2,549,426	5.5%	2,563,598	6.0%
Blackrock Mid Cap Growth Equity	2,237,095	4.8%	2,167,377	4.7%	1,715,979	4.0%
Allspring Special Small Cap Value Fund	1,119,122	2.4%	1,069,994	2.3%	963,012	2.3%
Principal Sm Cap Growth	907,663	1.9%	880,741	1.9%	8753,342	1.8%
American Funds Europacific Growth	4,432,037	9.4%	4,306,372	9.4%	3,451,582	8.1%
Hartford International Opportunities Fund	4,274,429	9.1%	4,157,128	9.0%	3,666,213	8.6%
Graham Absolute Return Hedge Fund	0	0.0%	07	0.0%	1,412,867	3.3%
Whitebox Multi-Strategy Hedge Fund	561,225	1.2%	839,639	1.8%	1,380,450	3.2%
Starwood Realty Income Trust	2,926,395	6.2%	2,891,264	6.3%	3,023,686	7.1%
Partners Group Private Equity	2,051,234	4.4%	2,051,234	4.5%	0	0.0%
Cash	870,307	1.9%	464,820	1.0%	674,858	1.6%
Other Assets	6,158	0.0%	6,370	0.0%	0	0.0%
Total	47,005,582	100%	45,935,809	100%	42,600,644	100.0%

- 5) Investments
 - A) Resolution to approve the recommendation of the Retirement Investment Committee to allocate a portion of the City's portfolio in US Treasury Bonds as recommended by the City's investment consultant CAPTRUST.

- 6) Unfinished Business
- 7) New Business
 - A) 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 8; Friday, June 14; Friday, September 13; and Friday, December 13.
- 8) Meeting Open to the Public for Items Not on the Agenda.
- 9) 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.

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 JUNE 9, 2023**

The meeting was called to order at 9:13 A.M.

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

ALSO PRESENT: Thelma Golden, Treasury Consultant; Jeremy Chambers and Brett Reardon, Captrust; Frank Pisano, Library Board; Mark Buis and Rich Koch, Gabriel Roeder

01-2023

Motion by Longe:
Second by Folk:

To approve the Consent Agenda:

To approve the Retiree Health Care Fund Investment Committee meeting minutes of December 9, 2022 and March 10, 2023;

To approve the Retiree Health Care Fund Expenses of \$29,262.38 for the period of January 1, 2023 through May 31, 2023;

To receive the Summary of Assets for the period ending April 30, 2023 with a total market value of \$44,925,244.

ROLL CALL VOTE:

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

02-2023

Brett Reardon and Jeremy Chambers, Captrust, stated that the Retiree Health Care Plan is managed very similar to that of the Retirement Fund. As of March 31, 2023, the fund was up 5.08%.

Tom Markus entered the meeting at 9:17 A.M.

03-2023

Mark Buis and Rich Koch, Gabriel Roeder, reviewed the 33rd Actuarial Valuation Report for the Retiree Health Care Plan that is completed every other year. The plan is 80.2% funded. They anticipate that the recommended contributions may be quite a bit higher in 2025 and 2026 if the fund does not experience better gains.

Tom Markus explained that, when he started with the city, the General Fund funded the Retiree Health Care Plan. The Retirement Fund was over funded. He suggested that contributions that would have been made to the Retirement Fund be made to the Retiree Health Care Fund. The city continues to contribute to the Retiree Health Care Plan. 70% of other Michigan plans are not even contributing to Retiree Health Care.

The city recently switched insurance carriers to Blue-Cross Blue Shield Medicare Advantage health plan. They emphasize keeping employees healthy. This should help to control health care costs.

04-2023

Motion by Markus:

Second by Folk:

To receive the 33rd Actuarial Valuation Report of the City of Birmingham Retiree Health Care Plan for the fiscal year ended June 30, 2022.

ROLL CALL VOTE:

Conti: Aye

Folk: Aye

Gerber: Aye

Longe: Aye

Markus: Aye

The meeting was adjourned at 9:37 A.M.

Respectfully submitted,

Thelma Golden
Treasury Consultant

Retiree Health Care Fund Expenses
6/1/2023-9/30/2023

<u>Date</u>	<u>Name</u>	<u>Purpose</u>	<u>Amount</u>
7/17/2023	Capfinancial	Consultant Fees Period 7/1/23-9/30/23	\$ 7,500.00
6/28/2023	Gabriel, Roeder, Smith & Co	June 30, 2022 Valuation of RH Plan	\$ 22,500.00
8/16/2023	Comerica Custodial/Investment Management Services	Custodial Services/Market Value Fees Period 4/30/22-6/30/23	\$ 3,570.23
TOTAL			<u>\$ 33,570.23</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: LT98500
Date: 7/17/2023
Statement Period: 7/1/2023 - 9/30/2023
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.
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.

736.0 - 274.002 - 802.0600



Gabriel, Roeder, Smith & Company # 1023
 One Towne Square
 Suite 800
 Southfield, Michigan 48076-3723
 (248) 799-9000

Invoice

Date	Invoice
6/28/2023	479027

Bill To:

Birmingham City OPEB
 Attention: Mr Mark Gerber
 P.O. Box 3001
 Birmingham, Michigan 48012

Please Remit To:

Dept. # 78009
 Gabriel, Roeder, Smith & Company
 PO Box 78000
 Detroit, Michigan 48278-0009

Federal Tax ID
38-1691268

Client 3167, OPEB Val 2022 0630, Project 3167-013

Amount

June 30, 2022 valuation of Retiree Health Plan	20,000.00
Allocation of Unfunded Actuarial Liability and Amortization payment to 25 component units	2,500.00

\$22,500

*736.0-274.002-902.0400
 [Signature]
 7/13/2023
 Post Date 6/30/2023*



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

Dept.#: 1011 Date: 8/16/2023

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>\$ 3,570.23</u>	<u>Custodial Services/market value fees</u>
Account #:	<u>736.0-274. 002-802.0300</u>				<u>4/30/2023-6/30/2023</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: \$ 3,570.23

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: August 30, 2023
TO: Retiree Health Care Investment Committee
FROM: Mark Gerber, Secretary-Treasurer
SUBJECT: Change in investment allocation

The Retirement Investment Committee met with CAPTRUST on August 30, 2023 to review the portfolio's performance and recommendations from CAPTRUST. During CAPTRUST's presentation, they suggested that the City may want to consider allocating a portion of its portfolio to include direct purchases of US Treasury Bonds.

US Treasury Bonds are very attractive right now in the short-term earning between 4-5% for investments with a maturity range of 3 months to 1 year. CAPTRUST anticipates that interest rates will continue to increase in the near future which will have a negative impact on our returns in the corporate bond allocation of the portfolio. By making this change, the City will be able to maintain the same approximate rate of return with a significant reduction in risk. The City's current assumed rate of return is 6.75%.

CAPTRUST will present these ideas during their presentation to the Retirement Board.

Suggested Action:

Resolution to approve the recommendation of the Retirement Investment Committee to allocate a portion of the City's portfolio to US Treasury Bonds as recommended by the City's investment consultant CAPTRUST.

MEMORANDUM

DATE: August 30, 2023

TO: Retiree Health Care Fund Investment Committee

FROM: Mark Gerber, Secretary-Treasurer

SUBJECT: Retiree Health Care Fund Investment Committee
2024 Meeting Dates

The Retiree Health Care Fund Investment Committee typically schedules its regular meetings to immediately follow the Retirement Board meetings. The Retirement Board has scheduled its regular meetings for 2024 to be held at 8:15 A.M. on March 8, June 14, September 13, and December 13. It is recommended that the committee schedule its regular meetings on those dates.

SUGGESTED ACTION:

To schedule the 2024 regular meetings for the Retiree Health Care Fund Investment Committee to be held immediately following the Retirement Board meetings on March 8, June 14, September 13, and December 13.

**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 MTXDITX	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 4/21/2023	\$1,126,494 (\$354,287) (\$274,299)	1.5% MANAGEMENT 20% INCENTIVE
PRIVATE EQUITY	PARTNERS GROUP PRIVATE EQUITY	6/10/2022 10/11/2022 4/18/2023	\$1,480,781 \$260,500	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