

CITY OF BIRMINGHAM
RETIREMENT INVESTMENT COMMITTEE MEETING
WEDNESDAY, NOVEMBER 15, 2023, 7:30 AM

1. Retirement Fund - Summary of Assets

	<u>10/31/2023</u>		<u>9/30/2023</u>		<u>10/31/2022</u>	
Blackrock Total Return K - Fixed Income	9,968,413	10.9%	10,769,104	11.4%	11,198,529	12.1%
Metropolitan West Total Return K - Fixed Income	9,913,115	10.8%	10,637,076	11.3%	11,128,058	12.0%
Fidelity 500 Index Fund - Large-Cap Equity	34,192,173	37.4%	28,066,882	29.8%	27,422,085	29.5%
MFS Mid-Cap Value	3,366,825	3.7%	5,782,739	6.1%	5,812,231	6.3%
Blackrock Mid-Cap Growth Equity	3,247,666	3.5%	4,700,008	5.0%	4,198,080	4.5%
Allspring Special Small-Cap Value Fund	4,691,463	5.1%	2,183,574	2.3%	2,318,111	2.5%
Principal Small-Cap Growth Fund	-	0.0%		0.0%	1,887,314	2.0%
American Funds Europacific Growth	-	0.0%		0.0%	7,619,216	8.2%
Hartford International Opportunities Fund	-	0.0%	8,757,393	9.3%	7,987,964	8.6%
Partners Group Private Equity	6,757,769	7.4%	6,695,481	7.1%	0	0.0%
Whitebox Multi-Strategy - Hedge Fund	835,577	0.9%	1,731,407	1.8%	3,287,275	3.5%
Starwood Realty Income Trust	3,793,278	4.1%	3,858,486	4.1%	4,079,785	4.4%
Principal FDS INC - Mun Instl	4,652,975	5.1%	1,922,664	2.0%	0	0.0%
Government Natl Mtg Assn Pool	171	0.0%	179	0.0%	0	0.0%
US Treasury Bills	6,975,558	7.6%		0.0%	0	0.0%
US Treasury Notes	2,321,100	2.5%		0.0%	0	0.0%
Europac Growth FD	-	0.0%	8,686,466	9.2%	0	0.0%
AMPCO Pittsburg Corp Warrants	7,000	0.0%	8,960	0.0%	0	0.0%
Other	3,000	0.0%	3,000	0.0%	0	0.0%
Cash/Comerica Short Term Fund	809,982	0.9%	394,957	0.4%	5,941,668	6.4%
Total	<u>91,536,066</u>	100.0%	<u>94,198,376</u>	100.0%	<u>92,880,316</u>	100.0%

2. Retiree Health Care Fund - Summary of Assets

	<u>10/31/2023</u>		<u>9/30/2023</u>		<u>10/31/2022</u>	
Blackrock Total Return K - Fixed Income	4,711,595	10.8%	5,260,130	11.8%	5,122,342	12.2%
Metropolitan West Total Return K - Fixed Income	4,692,418	10.8%	5,176,725	11.6%	5,078,351	12.1%
Fidelity 500 Index Fund - Large-Cap Equity	16,338,718	37.5%	13,275,073	29.8%	12,007,923	28.6%
MFS Mid-Cap Value	1,643,322	3.8%	2,434,979	5.5%	2,265,029	5.4%
Blackrock Mid-Cap Growth Equity	1,547,513	3.5%	2,061,576	4.6%	1,684,098	4.0%
Allspring Special Small-Cap Value Fund	2,301,244	5.3%	1,045,013	2.3%	980,739	2.3%
Principal Small-Cap Growth Fund	-	0.0%	-	0.0%	798,479	1.9%
American Funds Europacific Growth	-	0.0%	-	0.0%	3,647,491	8.7%
Hartford International Opportunities Fund	-	0.0%	3,910,797	8.8%	3,590,497	8.5%
Partners Group Private Equity	2,220,177	5.1%	2,199,713	4.9%	-	0.0%
Whitebox Multi-Strategy - Hedge Fund	274,583	0.6%	568,965	1.3%	1,080,238	2.6%
Starwood Realty Income Trust	2,876,939	6.6%	2,926,935	6.6%	3,094,228	7.4%
Principal FDS INC - Mun Instl	2,239,789	5.1%	813,435	1.8%	-	0.0%
US Treasury Bills	3,299,050	7.6%	-	0.0%	-	0.0%
US Treasury Notes	1,098,360	2.5%	-	0.0%	-	0.0%
Europac Growth FD	-	0.0%	4,033,837	9.1%	-	0.0%
AMPCO Pittsburg Corp Warrants	3,250	0.0%	4,160	0.0%	-	0.0%
Cash/Gold Sach Fin Gov Fund	361,871	0.8%	825,957	1.9%	2,644,728	6.3%
Total	<u>43,608,828</u>	100.0%	<u>44,537,295</u>	100.0%	<u>41,994,143</u>	100.0%

3. Approval of minutes of the regular meeting held August 30, 2023

4. Investment Consultant Report

- A. Employee Retirement System/ Retiree Health Care f
 - 1) Economic Update & Capital Markets Overview
 - 2) September 2023 Performance Report

5. Meeting open to the public for matters not on the agenda

6. Schedule of Investment Funds/ Services

- A. Retirement Fund
- B. Retiree Health Care Fund

7. Adjourn

Retirement Investment Committee

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NOTICE: 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 A REGULAR MEETING OF THE
RETIREMENT INVESTMENT COMMITTEE
AUGUST 30, 2023

The meeting was called to order at 7:46 A.M.

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

ALSO PRESENT: Frank Pisano, Library Board; Brett Reardon and Jeremy Chambers,
Captrust

Motion by Aginian:

Second by Conti:

To approve the minutes of the regular meeting held May 31, 2023.

ROLL CALL VOTE:

Aginian: Aye.

Conti: Aye

Gerber: Aye

Jeremy Chambers and Brett Reardon reviewed Captrust's Quarterly Review for the 2nd Quarter of 2023.

The Retirement Fund's investment performance for 2nd Quarter 2023 was 4.63%. The Retiree Health Care Fund 's investment performance was 4.11%.

The Captrust team reviewed the Investment Policy Monitor (score cards) ratings for each of the managers. While some of the managers' performances have dropped, the scores are all still above what would be considered for replacement.

The Captrust team brought up an investment strategy that some of their clients were switching to or considering. The strategy is to sell off a portion of the portfolio and investment in short-term US Treasury bonds and notes using a laddering technique. Short-term US Treasury bonds and notes have risen considerably over the past year to the point that one to two year yields are around 5%. Investing in these investments would provide a guaranteed yield for a portion of the portfolio close to the assumed rate of return of 6.75%. As each one of the laddered bonds or notes matures, a decision will be made as to whether to reinvest those funds based on the current Treasury yield at the time of maturity.

Motion by Conti;

Second by Aginian:

To request that Captrust rerun an asset allocation analysis using a US Treasury bond or note ladder in order to diversify and take advantage of current market conditions. The results of the asset allocation analysis will be presented to the Retirement Board and Retiree Health Care Investment Committee Board at their meetings on September 8, 2023.

Retirement Investment Committee

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ROLL CALL VOTE:

Aginian: Aye.

Conti: Aye

Gerber: Aye

Motion by Conti;

Second by Aginian:

To schedule the 2024 regular meetings of the Retirement Investment Committee at 7:30 A.M. on February 28, June 5, September 4, and December 4.

Aginian: Aye.

Conti: Aye

Gerber: Aye

The meeting was adjourned at 8:30 A.M.

Respectfully submitted,

Mark Gerber
Secretary-Treasurer

**BIRMINGHAM EMPLOYEES RETIREMENT SYSTEM
INVESTMENT FUNDS & SERVICES**

		DATE OF HIRE/ TRANSFER	ORIGINAL \$/ TRANSFER \$	MANAGEMENT FEE
FIXED INCOME	BLACKROCK TOTAL RETURN BOND K MPHQX	9/10/2021 10/20/2023	\$ 11,643,934 \$ (600,000)	0.38%
FIXED INCOME	METROPOLITAN WEST RETURN BOND MTXDTIX	9/10/2021 10/20/2023	\$11,643,934 \$ (500,000)	0.44%
LARGE-CAP EQUITY	FIDELITY 500 INDEX FXAIX	9/10/2021 9/22/2023 10/23/2023	\$34,931,802 \$ (500,000) \$6,750,000	0.02%
MID-CAP VALUE EQUITY	MFS MID-CAP VALUE R6 MVCKX	9/10/2021 10/20/2023	\$6,695,262 \$ (2,200,000)	0.69%
MID-CAP GROWTH EQUITY	BLACKROCK MID-CAP GROWTH EQUITY K BMGKX	9/10/2021 10/20/2023	\$6,695,262 \$ (1,200,000)	0.75%
SMALL-CAP VALUE EQUITY	ALLSPRING SPECIAL SMALL-CAP VALUE R6 ESPRX	9/10/2021 10/23/2023	\$2,619,885 2,600,000	0.87%
SMALL-CAP GROWTH EQUITY	PRINCIPAL SMALL-CAP GROWTH I R6 PCSMX	9/10/2021 10/23/2023	\$2,619,885 2,900,000	0.86%
INTERNATIONAL EQUITY	AMERICAN FUNDS EUROPACIFIC GROWTH R6 REGX	9/10/2021 3/22/2022 10/20/2023	\$8,732,950 2,010,700 Closed	0.49%
INTERNATIONAL EQUITY	HARTFORD INTERNATIONAL OPPORTUNITIES R6	9/10/2021 3/22/2022 10/20/2023	\$8,732,950 2,010,700 Closed	0.71%
HEDGE FUND	WHITEBOX MULTI-STRATEGY FUND, LP	3/8/2019 10/11/2022 3/31/2023 6/30/2023 9/30/2023	\$3,428,013 (\$1,078,124) (\$834,715) (\$853,927) (\$879,849)	1.5% MANAGEMENT 20% INCENTIVE
PRIVATE EQUITY FUND	PARTNERS GROUP PRIVATE EQUITY	6/10/2022 10/21/2022 4/18/2023	\$4,506,137 \$792,800	2.31% MANAGEMENT 10% PERFORMANCE
REIT	STARWOOD PROPERTY TRUST SREIT	12/4/2020 3/24/2021	\$1,479,561 1,479,619	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

**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 10/20/2023	\$4,993,694 (\$450,000)	0.38%
FIXED INCOME	METROPOLITAN WEST RETURN BOND MTXDTIX	9/10/2021 10/20/2023	\$4,993,694 (\$375,000)	0.44%
LARGE-CAP EQUITY	FIDELITY 500 INDEX FXAIX	9/10/2021 10/20/2023	\$14,981,081 \$3,360,000	0.02%
MID-CAP VALUE EQUITY	MFS MID-CAP VALUE R6 MVCKX	9/10/2021 10/20/2023	\$2,871,374 (\$700,000)	0.69%
MID-CAP GROWTH EQUITY	BLACKROCK MID-CAP GROWTH EQUITY K BMGKX	9/10/2021 10/20/2023	\$2,871,371 (\$450,000)	0.75%
SMALL-CAP VALUE EQUITY	ALLSPRING SPECIAL SMALL- CAP VALUE R6 ESPRX	9/10/2021 10/20/2023	\$1,123,581 \$1,300,000	0.87%
SMALL-CAP GROWTH EQUITY	PRINCIPAL SMALL-CAP GROWTH I R6 PCSMX	9/10/2021 10/20/2023	\$1,123,581 \$1,500,000	0.86%
INTERNATIONAL EQUITY	AMERICAN FUNDS EUROPACIFIC GROWTH R6 RERGX	9/10/2021 3/22/2022 10/20/2023	\$3,745,270 \$915,867 Closed	0.49%
INTERNATIONAL EQUITY	HARTFORD INTERNATIONAL OPPORTUNITIES R6	9/10/2021 3/22/2022 10/20/2023	\$3,745,270 \$915,867 Closed	0.71%
HEDGE FUND	WHITEBOX MULTI-STRATEGY FUND, LP	3/8/2019 10/11/2022 3/31/2023 6/30/2023 9/30/2023	\$1,126,494 (\$354,287) (\$274,299) (\$280,613) (\$289,131)	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