



**CITY OF ROYAL OAK RETIREMENT SYSTEM
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**

A meeting of the Retirement Board of Trustees was conducted at the City Hall building in conference room # 122 on Friday, January 21, 2022, at 8:00 a.m.

The meeting was called to order at 8:03 a.m.

Public Comment

There were no public attendees / comments.

Board approval of the agenda for the January 21, 2022 meeting

Moved by Lee Collick to approve the agenda for the January 21, 2022 meeting.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Board approval of the draft minutes for the December 17, 2021 meeting

Moved by Lee Collick to approve the draft minutes for the December 17, 2021 meeting.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Request that the Board approve Adjustments, Applications and Benefits as follows:

Adjustments

None

Applications

None

Retirement Benefits

None

INVESTMENTS

SEI investment report, presented by Terry Gerlich of SEI

Market value/allocation of assets as of December 31, 2021, equaled \$183,068,831

One-month performance (except core property) – total portfolio outperformed benchmark: 2.86% return vs. 2.46% index.

Three-month performance – total portfolio outperformed the benchmark: 4.14% return vs. 3.59% index.

YTD performance - total portfolio outperformed the benchmark: 12.53% return vs. 10.20% index

One-year performance – total portfolio outperformed the benchmark: 12.53% return vs. 10.20% index.

Three-year performance – total portfolio outperformed the benchmark: 16.07% return vs. 14.56% index.

Five-year performance – total portfolio outperformed the benchmark: 11.73% return vs. 10.66% index.

Inception - total portfolio outperformed the benchmark: 9.06% return vs. 8.27% index.

Terry reported that returns were lackluster across many asset classes in the final quarter of the year, as investors grappled with the widening spread of another COVID variant, the prospect of policy tightening by several central banks, legislative gridlock and geopolitical concerns. U.S. large cap equities were an exception and another standout quarter helped extend their full-year outperformance against everything except commodities. Other developed markets and U.S. small caps were volatile but still positive, while

emerging markets struggled yet again on worries about the Omicron variant and China's economy. Fixed income returns remained muted and were, with the exceptions of high yield and inflation-linked bonds, negative for the full year. Long duration outperformed in the quarter thanks to yield curve flattening, while high levels of inflation compensation continued to benefit inflation-linked returns. Commodities retreated slightly following a long, multi-quarter winning streak, due primarily to a sharp reversal in the energy complex in November. However, October and December returns were still broadly positive. Terry reported that there has been a rotation in leadership in the market from growth to value, and that the biggest ongoing concern for 2022 is inflation, which will drive investor sentiment. Terry also reported that it is anticipated that the FED will be tightening monetary policy in 2022. Terry stated that he does not recommend any changes to the portfolio at this time.

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

SEI Request for Consent to Amend the Agreement of Limited Partnership of SEI Core Property Fund, LP – letter dated November 1, 2021.

Moved by Lee Collick to table this discussion to the February meeting when additional documentation and Terry Gerlich's colleague are available.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

SEI Global Private Assets V, L.P. Statement of Capital Account for Period Ended September 30, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

SEI Global Private Assets V, L.P. Capital Call Letter dated December 16, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

Tom Michaud, retirement board attorney, stated that he had hoped to have an update on the Open Meeting Act (OMA) pending legislative bill as this meeting, however, the bill has not yet passed, so he anticipates having more information to share with the board at the February meeting.

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Portfolio Settlement Report dated December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Portfolio Q4 2021 Repose Report

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

OTHER

Discussion of a temporary replacement rate for the Pension Benefit Guaranty Corporation (PBGC) rate. Lee Collick confirmed that the retirement system will continue to utilize a temporary rate of 0.00% until the city and labor bargaining units agree upon a replacement rate. Monthly payments will be estimated until retroactive calculations are performed to make corrections to the monthly payment based upon the new rate.

Moved by Lee Collick to extend the previously adopted motion until the February 18, 2022 retirement board meeting: that for those that retired since July 2021, the retirement system will continue to utilize the PBGC rate that was last used in June 2021 as an estimate only since the city & bargaining units have not agreed upon a replacement rate.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Form 5572 State of Michigan Pension Report

Julie Rudd stated that the retirement system is just above the funding threshold of 60% and as reported on Form 5572 to the State of Michigan.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

City of Royal Oak retirement system summary annual report (SAR) to members for period ending June 30, 2021. After approval, this report will be sent to each department to be posted and posted on the city website.

Moved by Lee Collick to receive, file, post to city website, and distribute this report to each department.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Revenue and expenditure (audited) variance report for year-ending June 30, 2021. This report is provided in accordance with board policy that allows finance director to approve trust payments without the board's specific approval of each payment.

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, February 18, 2022 at the City Hall Building at 203 South Troy Street, in the 1st floor conference room # 122.

Moved by Lee Collick to adjourn the meeting (8:29 a.m.) and confirmed the meeting for February 18, 2022, at 8:00 am.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0