



**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 in the city call conference room 309, Royal Oak MI, Monday – April 12, 2019 at 8:00 a.m.

The meeting was called to order at 8:05 am

Attendance

PRESENT: Lee Collick- Chairperson
Bret Nelson- Vice Chairperson
Kim Gibbs- Trustee
Kyle DuBuc- Trustee

ALSO PRESENT: Julie Rudd - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer
Tom Michaud – Bd attorney with VanOverbeke Michaud and Timmony
Terry Gerlich – Investment Advisor with SEI
Lisa Genord - Administrative Assistant- Pension Technician
Jim Stalin – Police Department
Corey O’Donohue – Police Chief & Assistant City Manager
Steve Cito – Pro Tech Employees Association President

ABSENT: Don Johnson – City Manager

Public Comment- none

Board approval of the draft minutes for March 11, 2019 meeting
Moved by Bret Nelson to approve the March 11th, 2019 meeting minutes
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 4/0

EXCUSED ABSENCE:
Moved by Bret Nelson to excuse City Manager’s Don Johnson’s absence
Supported by Kim Gibbs
MOTION ADOPTED 4/0

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

Adjustments

None

Applications

Bret Nelson moved that the Board go into closed session to discuss the disability application regarding Brian Black. Kim Gibbs seconded.
Roll call vote: Lee Collick – yes, Kim Gibbs – yes, Bret Nelson – yes, Kyle DuBuc – yes.
8:07 am meeting moved into closed session
Roll call vote to move out of closed session: Lee Collick – yes, Kim Gibbs – yes, Bret Nelson – yes, Kyle DuBuc – yes
8:14 am meeting moved out of closed session

Brian Black – disability application update - police officer in the ROPOA bargaining unit. The retirement system has received a medical report and certification (provided at the meeting) from the system's medical director providing that Brian Black is not mentally or physically totally incapacitated for continued employment as a police officer and his disability does not preclude him from performing any reasonable, gainful employment, in light of the extent of the disability, either within the City or outside of the City. His disability is not permanent, and he should not be retired; determined with a medical record review and examination report dated March 22, 2019.

Moved by Lee Collick to deny Brian Black's disability pension request based on medical director's recommendation, and to receive and file the medical report and certifications from the system's medical director providing that Brian Black is not physically and totally incapacitated for continued employment in current position by the city, and does not preclude Brian Black from performing any reasonable, gainful employment, in light of the extent of the disability, either within the City or outside the City; determined with a medical record review and examination on March 22, 2019.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Jim Stalin, Corey O'Donohue and Steve Cito left at 8:20am

Retirement Benefits

Mark J. Morang- service retirement, motor department, SPVRS labor unit, 30 years and 4 months of service credit. Retirement date of January 11, 2019. Selected Regular pension - \$2,736.96 gross monthly benefit with withdrawal of contributions/interest of \$107,256.18.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$2,736.96 to Mark J. Morang and withdraw of contributions/interest of \$107,256.18.

Supported by Kyle DuBuc.

MOTION ADOPTED UNANIMOUSLY 4/0

Robert Bobowski- service retirement, inspection department, TPOAM bargaining unit, 17 years and 8 months of service credit. Retirement date of January 12, 2019. Selected Option D – 75% to surviving spouse pension - \$1,834.68 gross monthly benefit with withdrawal of contributions/interest of \$29,776.34.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$1,834.68 to Robert Bobowski and withdraw of contributions/interest of \$29,776.34.

Supported by Kyle DuBuc.

MOTION ADOPTED UNANIMOUSLY 4/0

Eric J. Lee – service retirement, motor department, SEIU bargaining unit, 22 years and 6 months of service credit. Retirement date of January 15, 2019. Selected Regular pension - \$2,183.87 gross monthly benefit with withdrawal of contributions/interest of \$60,740.60.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$2,183.87 to Eric J. Lee and withdraw of contributions/interest of \$60,740.60.

Supported by Kyle DuBuc.

MOTION ADOPTED UNANIMOUSLY 4/0

James R. Russell- of the inspection department, TPOAM bargaining unit, 19 years and 7 months of service credit (purchased 3 years of contract time). Retirement date of February 2, 2019. Selected Option D – 75% to surviving spouse pension - \$2,711.16 gross monthly benefit with withdrawal of contributions/interest of \$34,884.98.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$2,711.16 to James R. Russell and withdrawal of contributions/interest of \$34,884.98.

Supported by Kyle DuBuc.

MOTION ADOPTED UNANIMOUSLY 4/0

INVESTMENTS

SEI investment report dated April 12, 2019 presentation by Terry Gerlich (portfolio performance- March 31, 2019)

Market value/allocation of assets as of March 31, 2019 equaled \$152,553,908

Market value/allocation of assets as of April 8, 2019 equaled \$154,763,482

One-month performance (except core property) – total portfolio outperformed the benchmark: 1.01% return vs. 0.96% index.

Three-month performance – total portfolio outperformed the benchmark: 8.76% return vs. 8.49% index.

YTD performance - total portfolio outperformed the benchmark: 8.76% return vs. 8.49% index

One-year performance – total portfolio underperformed the benchmark: 3.07% return vs. 3.50% index.

Three-year performance – total portfolio outperformed the benchmark: 9.13% return vs. 8.62% index.

Inception - total portfolio outperformed the benchmark: 5.97% return vs. 5.62% index.

Investor sentiment took a 180-degree turn in the new year. Stock markets rallied around the globe through most of the first quarter, reclaiming much of the fourth quarter's losses. Government bond rates declined in the UK, Eurozone and US during the first three months of the year. The US Treasury yield-curve inversion continued to deepen over the quarter, with the yield on the 10-year Treasury ultimately falling below those Treasury's with the shortest maturities. The US Federal Reserve's change in rhetoric at the start of the year certainly has been a helpful catalyst in sparking the risk-asset rally and credit-spread narrowing. By stressing patience and data dependence, the central bank signaled that the pace of interest-rate increases will slow considerably from that of the past two years. West Texas Intermediate crude oil topped \$60 per barrel at the end of the three-month period after climbing by more than 30%. The US and China continued to negotiate the terms of trade agreement after President Donald Trump's administration waived an early-March deadline to impose tariffs in absence of a deal. One never really knows what the investment climate will be like from one year to the next. Nevertheless, the economic and financial fundamentals that have underpinned the global bull market in risk assets over the past two years remain strong. We have held a positive view of risk assets for most of this long bull market, and we continue to encourage investors to keep a longer-term focus. Until we see a more significant deterioration in the outlook, our default investment stance is to stay the course SEI reports.

The complete report is on file in finance office.

Moved by Bret Nelson to receive and file report

Supported by Kim Gibbs

MOTION ADOPTED UNANIMOUSLY 4/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated March 29, 2019

Moved by Bret Nelson to receive and file

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Settlement Report dated March 29, 2019

Moved by Bret Nelson to receive and file

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated March 29, 2019

Moved by Bret Nelson to receive and file

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd International Q1 2019 Repose Report dated March 29, 2019

Moved by Bret Nelson to receive and file

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 4/0

OTHER BUSINESS

Retirement Ordinance Section 146.25- Ordinance reads payment shall be made under form of payment SL if there is not a timely election of another form of payment. Retiree Peter Knappmann

has not selected payment option (retirement date was July 6, 2018), after numerous attempts of communication. Certified letter was sent to Peter Knappman and was returned undeliverable. Tom Michaud recommended the Board hand-deliver another letter to Peter Knappman's address requesting that he make his payment selection and state the Retirement Ordinance Section 146.25. The letter will state that Peter Knappman will have 30 days from receipt of the letter to make his payment selection, otherwise SL payment will be chosen for him, per Retirement Ordinance Section 146.25.

Moved by Lee Collick to hand-deliver letter to Peter Knappman's address as stated above.

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 4/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Monday May 6th, 2019 at city hall room 309.

Moved by Kyle DuBuc to adjourn the meeting (8:56 a.m.) and confirmed the meeting for May 6th, 2019 at 8:00 am.

Supported by Kim Gibbs

MOTION ADOPTED UNANIMOUSLY 4/0