



**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 virtually via Zoom, on Tuesday, April 14, 2020 at 8:00 a.m.

The meeting was called to order at 8:14 a.m.

Attendance

PRESENT: Lee Collick- Chairperson
Bret Nelson- Vice Chairperson
Kim Gibbs- Trustee
Kyle DuBuc – Trustee (8:25 am)
David Gillam – Trustee

ALSO PRESENT: Julie Rudd - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer
Lisa Genord - Administrative Assistant / Pension Technician
Tom Michaud – Bd attorney with VanOverbeke Michaud and Timmony
Terry Gerlich (via phone) – Investment Advisor with SEI

Public Comment

Members of the public were able to participate in the meeting electronically by providing public comment on any city-related matter, whether on the agenda or not, by leaving a recorded comment at 248-246-3411 between the hours of 7:00 and 8:00p.m. on Monday, April 13, 2020. Recorded comments would have been played for the retirement board during the public comment portion of the agenda. There were no public comments.

Board approval of the agenda for the April 14, 2020 meeting

*Moved by Bret Nelson to approve the meeting agenda for April 14, 2020
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 4/0*

Board approval of the draft minutes for the March 11, 2020 meeting

*Moved by Bret Nelson to approve the draft minutes for March 11, 2020
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 4/0*

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

Adjustments

None

Applications

None

Retirement Benefits

Todd Blair, of the DPS, SEIU bargaining unit, 20 years of service credit. Retirement date of February 1, 2020. Selected Option D 75% to surviving spouse - \$1,861.84 gross monthly benefit with withdrawal of contributions / interest of \$52,948.59.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$1,861.84 to Todd Blair and withdrawal of contributions / interest of \$52,948.59.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Jeffrey Pierce, of the DPS, SPVRS bargaining unit, 34 years and 2 months of service credit. Retirement date of February 1, 2020. Selected Option D 75% to surviving spouse - \$5,130.25 gross monthly benefit with withdrawal of contributions / interest of \$120,394.48.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$5,130.25 to Jeffrey Pierce and withdrawal of contributions / interest of \$120,394.48.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Gregory Rassel, of the DPS, EXECDH bargaining unit, 25 years and 3 months (purchased 3 years) of service credit. Retirement date of February 1, 2020. Selected Option D 75% to surviving spouse - \$5,787.13 gross monthly benefit with withdrawal of contributions / interest of \$97,507.10.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$5,787.13 to Gregory Rassel and withdrawal of contributions / interest of \$97,507.10.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Hugh Larkin, of the Fire department, Fire bargaining unit, 26 years and 1 month of service credit. Retirement date of January 20, 2020. Selected Option D 75% to surviving spouse - \$6,728.20 gross monthly benefit with withdrawal of contributions / interest of \$98,787.63

Moved by Bret Nelson to approve the gross monthly benefit payment of \$6,728.20 to Hugh Larkin and withdrawal of contributions / interest of \$98,787.63.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Lewis Jacques, of the DPS department, SEIU bargaining unit, 31 years and 2 months of service credit. Retirement date of January 18, 2020. Selected Option D 75% to surviving spouse - \$3,887.14 gross monthly benefit with withdrawal of contributions / interest of \$101,542.73

Moved by Bret Nelson to approve the gross monthly benefit payment of \$3,887.14 to Lewis Jacques and withdrawal of contributions / interest of \$101,542.73.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Re Blair, Pierce, Rassel, Larkins and Lewis – The actuary GRS notified the system after the March payments and annuity withdrawals were performed for these five retirees indicating that an incorrect PBGC rate was used. GRS provided correct monthly amounts and corrected taxable/nontaxable amounts for each of the five retirees. This amounted to small overpayments totaling \$111.59. In addition the taxable rollover amounts were \$159.95 higher than the correct amount and the portion deemed to be taxed already was underpaid by \$159.95 netting to zero.

GRS apologized and waived the service charges for the calculations. The retirees will be notified of the slight reduction in their monthly benefits and the slight overpayment to rollover and underpayment of their direct payment (amount calculated to be taxed already)

Moved by Bret Nelson to forgive the total overpayment of \$111.59 (divided amongst all five retirees).

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Matthew J. Callahan, of the Engineering department, ADMDH bargaining unit, 24 years of service credit. Retirement date of February 20, 2020. Selected Option D 75% to surviving spouse - \$5,206.98 gross monthly benefit with withdrawal of contributions / interest of \$92,343.91.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$5,206.98 to Matthew J. Callahan and withdrawal of contributions / interest of \$92,343.91.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Robert W. Johnson, of the DPS department, SEIU bargaining unit, 31 years and 7 months of service credit. Retirement date of February 1, 2020. Selected Option D 75% to surviving spouse - \$3,498.25 gross monthly benefit with withdrawal of contributions / interest of \$92,784.72.

Moved by Bret Nelson to approve the gross monthly benefit payment of \$3,498.25 to Robert W. Johnson and withdrawal of contributions / interest of \$92,784.72.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Kyle DuBuc joined the meeting at 8:25 a.m.

INVESTMENTS

SEI investment report dated April 14, 2020 presented by Terry Gerlich

Market value/allocation of assets as of March 31, 2020 equaled \$134,833,076.

One-month performance (except core property) – total portfolio underperformed benchmark: -9.96% return vs. -9.71% index.

Three-month performance – total portfolio underperformed the benchmark: -14.20% return vs. -14.18% index.

YTD performance - total portfolio underperformed the benchmark: -14.20% return vs. -14.18% index

One-year performance – total portfolio underperformed the benchmark: -6.05% return vs. -5.97% index.

Three-year performance – total portfolio outperformed the benchmark: 2.68% return vs. 2.49% index.

Five-year performance – total portfolio outperformed the benchmark: 3.43% return vs. 3.22% index.

Inception - total portfolio outperformed the benchmark: 3.61% return vs. 3.34% index.

Terry reported that the global pandemic caused by a novel coronavirus resulted in a brutal quarter for all financial assets outside of cash and risk-free sovereign debt, and even high-quality sovereign debt stumbled at points due to severe market dislocations. Equities fell dramatically, bringing year-over-year gains well into negative territory. U.S. small caps were especially hard hit, driven in part by concerns about higher average debt loads. A sharply stronger dollar was an additional headwind for many non-U.S. equities. Riskier fixed income classes fared poorly. Interest rates fell dramatically on concerns about suddenly slower growth and a rising risk of deflation, boosting Treasury's (especially longer-dated issues). Credit spreads widened significantly, ending the quarter at roughly twice their 10-year trailing averages. The sharply stronger dollar and an oil price war between Saudi Arabia and Russia compounded the shock of sudden, sharp recession on the commodities, pushing prices significantly lower. Terry reported that SEI partially rebalanced the city's portfolio on March 23rd and the portfolio has behaved as expected during this type of event.

The complete report is on file in the finance office.

Moved by Bret Nelson to receive and file reports

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated March 27, 2020

Moved by Kyle DuBuc to receive and file report

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Settlement Report dated March 27, 2020

Moved by Kyle DuBuc to receive and file report

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated March 27, 2020

Moved by Kyle DuBuc to receive and file report

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Gellar Rudman & Dowd Q1 2020 Repose Report

Moved by Kyle DuBuc to receive and file report

Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

Tom Michaud of VanOverbeke, Michaud and Timmony, P.C. briefly reviewed the three legal memos below and stated that his office felt that it was important for the retirement boards to conduct business and meetings as usual, and as best as they can during the COVID-19 pandemic health crisis. Mr. Michaud's office will continue to update the board with all federal and state legislature changes that may impact the retirement boards and his office is available for legal counsel as needed. Dave Gillam stated that Governor Whitmer's Executive Order 2020-15 (COVID-19) regarding the Open Meetings Act and allowance of remote / virtual public meetings is set to expire on April 15, 2020, so we should know this week if the order is revised or extended.

VanOverbeke, Michaud & Timmony, P.C. 4-1-2020 Memo re: CARES Act
Moved by Kyle DuBuc to receive and file
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

VanOverbeke, Michaud & Timmony, P.C. 4-6-2020 Memo re: FOIA Requests During State of Emergency
Moved by Kyle DuBuc to receive and file
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

VanOverbeke, Michaud & Timmony, P.C. 3-24-2020 Memo re: Remote Public Meetings – COVID 19
Moved by Kyle DuBuc to receive and file
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

OTHER BUSINESS

FY 2020-2021 training budget request – follow-up from March meeting
The training budget is split between the retirement board and health care board and will remain that way. Julie Rudd advised that the FY 2019 -2020 budget for the retirement board training was \$1,250 and requested that the board members advise which conference(s) they may want to attend. Tom Michaud stated that due to the COVID-19 pandemic health crisis, the spring 2020 MAPERS conference was cancelled, but the fall 2020 MAPERS conference was still scheduled for September as of now.
Moved by Lee Collick to approve the retirement board training budget for the FY 2020 – 2021 at \$1250.
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, May 8, 2020 at city hall room 309.
Moved by Lee Collick to adjourn the meeting (8:50 a.m.) and confirmed the meeting for May 8, 2020 at 8:00 am.
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0