



**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, April 22, 2022, at 8:00 a.m.

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

Attendance

PRESENT: Lee Collick - Chairperson
Kyle DuBuc - Trustee
Monica Hunt – Trustee
Paul Brake - Trustee

ALSO PRESENT: Julie Rudd – Fiscal Manager (Director of Finance – retired)
Tony DeCamp - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer (Interim Finance Director)
Lisa Genord – Financial Analyst / Pension Technician
Tom Michaud – Bd Attorney with VanOverbeke, Michaud, & Timmony
Terry Gerlich – Investment Advisor with SEI

ABSENT: Bret Nelson, Vice Chairperson

Public Comment

There were no public attendees / comments.

Board approval of the agenda for the April 22, 2022 meeting

Moved by Lee Collick to approve the agenda for the April 22, 2022 meeting.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Board approval of the draft minutes for the March 25, 2022 meeting

Moved by Lee Collick to approve the draft minutes for the March 25, 2022 meeting.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

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

Adjustments

Darren C. Duffany of the fire department, Fire bargaining unit, requests to purchase 8 months of service credit in the amount of \$28,563.

Moved by Lee Collick to approve the service purchase of 8 months by Darren C. Duffany in the amount of \$28,563.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Applications

None

Retirement Benefits

None

INVESTMENTS

SEI investment report, presented by Terry Gerlich of SEI

Market value/allocation of assets as of March 31, 2022, equaled \$172,645,511.

One-month performance (except core property) – total portfolio underperformed benchmark: 0.16% return vs. 0.40% index.

Three-month performance – total portfolio outperformed the benchmark: -4.71% return vs. -4.95% index.

YTD performance - total portfolio outperformed the benchmark: -4.71% return vs. -4.95% index

One-year performance – total portfolio outperformed the benchmark: 3.92% return vs. 2.40% index.

Three-year performance – total portfolio outperformed the benchmark: 11.07% return vs. 9.62% index.

Five-year performance – total portfolio outperformed the benchmark: 9.56% return vs. 8.56% index.

Inception - total portfolio outperformed the benchmark: 8.03% return vs. 7.23% index.

Terry reported that it was a challenging quarter for most asset classes. Fixed income markets were especially hard hit due to persistent inflation pressures and firm central bank commitments to future monetary tightening. The rapid global spread of the omicron variant in January, and Russia's invasion of Ukraine at the start of March, weighed on riskier asset classes. As a result, both 3-month and 12-month returns for many markets ended in the red with just a few exceptions, most notably commodities and U.S. large caps. Duration was negatively impacted by the dramatic shift upwards in interest rates, and credit spreads widening to varying degrees. High yield and investment-grade, being somewhat less exposed to global risks and commodities' prices, held up a bit better than emerging markets. Inflation-linked bonds were down only slightly, as compensation for high inflation offset most of the negative effects of duration. A wide range of commodities, including energy, agriculture and metals, benefitted from worsening shortages due to the war in Europe and resulting sanctions against Russia. Terry reported that the war in Ukraine, the recent uptick in COVID-19 especially the harsh lockdowns in China, and inflation with rise in interest rates, all impacted the negative returns across most asset classes. Terry also reported that core property had a great first quarter of 2022 – up 8.50%. Kyle DuBuc asked Terry that if the markets are all currently down is there a point at which the city should consider investing more capital into the city's portfolio. Terry stated that due to the current uncertainty in the market and while the Fed continues to adjust rates to slow down inflation, he did not feel that it would be prudent to add additional capital to the city's portfolio at this time.

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Core Property Fund LP – Restated Confidential Private Placement Memorandum dated April 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Structured Credit Fund, LP – Financial Statements for the year ended December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Structured Credit Segregated Portfolio – Financial Statements for the year ended December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Announcement – SEI Appoints Ryan Hicke as Next CEO – dated April 4, 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Global Private Assets V, L.P. – Statement of Capital Account for the Period Ended December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated March 25, 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated March 25, 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Settlement Report dated March 25, 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Q1 2022 Repose Report dated March 25, 2022

Moved by Lee Collick to receive and file report.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

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% to pay an estimated pension payment 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 May 20, 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 payment only since the city & bargaining units have not agreed upon a replacement rate, until retroactive calculation can be performed..

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Proposed policy statement regarding the utilization of an audio recording device during the retirement system board meetings to assist in the completion of meeting minutes.

Lee Collick asked Tom Michaud if there were any concerns with recording the meeting minutes. Tom Michaud, board attorney, stated that he recommended that the recordings are kept until the meeting minutes are approved at the following meeting, and then they should be deleted. Tom also stated that it would be appropriate for the board to approve the policy statement below.

Moved by Lee Collick to adopt the following policy statement: Meetings are recorded for Retirement Board purposes only. Any audio recordings will be used solely for purposes of preparing written minutes of Board proceedings and in no way replaces the official written record. All audio recordings will be erased upon approval of the minutes at the next regularly scheduled meeting.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Annual advisor and consultant review – In accordance with Board policy, each year compare one existing advisors/consultants is reviewed along with prospective advisors/consultants. The actuarial services are due for review.

Julie Rudd stated that the Board has a policy to annually review one of its existing advisors / consultants, and this year the actuarial services are due for review. Julie stated that in past years the board has

passed on reviewing the actuary and has utilized the services of the existing actuary, Gabriel, Roeder, & Smith (GRS) for 70+ years, so it would be a challenging undertaking to switch actuaries and would also temporarily diminish some existing efficiencies. Tom Michaud, board attorney, stated that the Board should perform some type of review such as a market evaluation with a cost / fee comparison for actuarial services. Tom Michaud also stated that in 2018 a new law was adopted requiring retirement boards to have an actuarial audit every 8 years. Tom stated that if the retirement board opted not to perform an actuarial audit every 8 years, then they would be required to change to a new actuary services provider. Lee Collick asked Tom Michaud if the city would utilize the same actuary for both the retirement and the retiree health care investment boards, and Tom stated that from a financial and administrative standpoint, it often times is prudent, however, is not a requirement.

Moved by Lee Collick to request the city's existing actuary, Gabriel, Roeder, & Smith (GRS), to provide the Board with a brief presentation on its costs & services that it provides to the retirement board.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Moved by Lee Collick to initiate a Request for Information (RFI) be conducted for actuarial services, with Gabriel, Roeder, & Smith (GRS) to be included as one of the responders.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, May 20, 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 (8:31 a.m.) and confirmed the meeting for May 20, 2022, at 8:00 am.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0