



**CITY OF ROYAL OAK RETIREE HEALTH CARE INVESTMENT BOARD
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**

A meeting of the Retiree Health Care Investment Board of Trustees was conducted at the City Hall building in conference room # 122 on Friday April 22, 2022, at 8:30 a.m.

The meeting was called to order at 8:31 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

INVESTMENTS

Investment performance review presented by Brian Green of AndCo.

Market value/allocation of assets as of March 31, 2022, is \$152,925,147.

Current month – total portfolio underperformed the benchmark: 0.64% vs. 1.00% index.

3-month performance – total portfolio outperformed the benchmark: -3.96% vs. -4.59% index.

Year-to-date performance – total portfolio outperformed the benchmark: -3.96% vs. -4.59% index.

1-year performance – total portfolio outperformed the benchmark: 6.84% vs. 5.37% index.

3-year performance – total portfolio underperformed the benchmark: 10.84% vs. 10.93% index.

5-year performance – total portfolio underperformed the benchmark: 8.17% vs. 8.83% index.

Inception – total portfolio underperformed the benchmark: 8.17% vs. 8.83% index.

Brian reported that the city’s portfolio realized negative returns across most asset classes this past month due to ongoing market volatility as investors continue to process the prospects of higher inflation, interest rates and the impact on the housing market. Brian also reported that the Prisa II real estate

fund for the first quarter of 2022 was up 7.26%. Brian also reported that AndCo has been actively modifying the city's portfolio and is in the process of finalizing the paperwork to add the TerraCap real estate investment, which will be a solid addition to the city's portfolio. Paul Brake asked Brian about the job growth indicator, which is reported at the beginning of each month, with people starting to return to work after the "great resignation", and how AndCo utilizes this indicator to evaluate the market direction looking ahead. Brian stated that AndCo is monitoring job growth, interest rates, company earning estimates, and stated that a recession is coming as an inevitable part of the business cycle, however, AndCo feels that it is probably still 2 to 3 years out. Brian reported that he does not recommend any additional changes to the city's portfolio at this time.

The complete AndCo Investment Performance Review report dated March 31, 2022 is on file in Finance office.

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

PGIM Real Estate Prisa II Distribution Letter date March 24, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

PGIM Real Estate Prisa II LP Supplement to the Private Placement Memorandum dated March 22, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

PGIM Real Estate Prisa II LP Second Amended & Restated Agreement of Limited Partnership as of April 1, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Seizert Capital Partners (SCP) Announces GIPS Verification – April 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Seizert Capital Partners (SCP) Directions Newsletter 1Q 2022 as of March 31, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Seizert Capital Partners (SCP) Quarterly Report as of March 31, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Seizert Capital Partners (SCP) Summary of Material Changes to Form ADV Part 2A as of March 11, 2022

Moved by Lee Collick to receive and file.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

LEGAL

None

OTHER

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 retiree health care investment 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 retiree health care investment 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 immediately following the retirement system board meeting at approximately 8:30 a.m. on 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 (8:45 a.m.) and confirm the next meeting for Friday, May 20, 2022, immediately following retirement system board meeting at approximately 8:30 a.m.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0