



**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, May 20, 2022, at 8:00 a.m.

The meeting was called to order at 8:01 a.m.

Attendance

PRESENT: Lee Collick – Chairperson
Bret Nelson, Vice Chairperson
Kyle DuBuc - Trustee
Monica Hunt – Trustee
Paul Brake - Trustee

ALSO PRESENT: Julie Rudd – Fiscal Manager (Director of Finance – retired)
Lisa Genord – Financial Analyst / Pension Technician
Tom Michaud – Bd Attorney with VanOverbeke, Michaud, & Timmony
Terry Gerlich – Investment Advisor with SEI

Public Comment

There were no public attendees / comments.

Board approval of the Amended agenda for the May 20, 2022 meeting

*Moved by Lee Collick to approve the amended agenda to add Zachary D. Nottle’s application to retire.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0*

Board approval of the draft minutes for the April 22, 2022 meeting

*Moved by Lee Collick to approve the draft minutes for the April 22, 2022 meeting.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0*

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

Adjustments

Zachary D. Nottle of the police department, ROPOA bargaining unit, requests to purchase 1 year and 3 months of service credit in the amount of \$54,420.
*Moved by Lee Collick to approve the service purchase of 1 year and 3 months by Zachary D. Nottle in the amount of \$54,420.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0*

Applications

Matthew W. Murray, of the police department, detective bargaining unit, 26 years and 10 months of service credit. Eligible based on years of service / age. Requested retirement date of May 1, 2022 – retirement application previously approved as part of the March 22, 2022 retirement board meeting agenda. Matthew W. Murray requests an estimated pension payment in accordance with the following policy:

Effective January 1, 2020, the board will allow for payment of an estimated pension payment for certain new retirees that make the election due to hardship, the estimated calculation will be calculated by taking 75% of the straight life calculation using average base wage only (base wage that will be utilized in the FAC excludes roll-ins), years of service and the applicable multiplier(s). Any under/overpayments will be paid/collected. This policy will be available to those employees with a retirement date of January 1, 2020 through August 31, 2020. At the July 10, 2020 retirement board meeting, Lee Collick motioned to continue paying estimated payments from January 1st – August 31st each year, as long as the criteria is met by the applicant. The motion was adopted unanimously 5/0.

Moved by Lee Collick to approve the estimated pension payment for Matthew W. Murray.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Jeffrey R. Hegerberg, of the fire department, fire bargaining unit, 27 years and 2 months of service credit. Requested retirement date of June 24, 2022. Eligible based on years of service / age.

Moved by Lee Collick to approve the retirement application for Jeffrey R. Hegerberg.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

AMENDED AGENDA ITEM:

Zachary D. Nottle of the police department, ROPOA bargaining unit, 25 years (purchased 1 year & 3 months of ordinance time and 1 year of contract time) of service credit. Eligible based on years of service. Requests retirement date of June 20, 2022.

Moved by Lee Collick to approve retirement application for Zachary D. Nottle, contingent upon receiving payment for service purchase, as stated under “Adjustments” on this agenda.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Retirement Benefits

None

INVESTMENTS

SEI investment report, presented by Terry Gerlich of SEI

Market value/allocation of assets as of April 30, 2022, equaled \$162,338,402.

One-month performance (except core property) – total portfolio outperformed benchmark: -5.37% return vs. -5.82% index.

Three-month performance – total portfolio outperformed the benchmark: -7.10% return vs. -7.33% index.

YTD performance - total portfolio outperformed the benchmark: -9.83% return vs. -10.48% index

One-year performance – total portfolio outperformed the benchmark: -4.65% return vs. -6.36% index.

Three-year performance – total portfolio outperformed the benchmark: 8.25% return vs. 6.69% index.

Five-year performance – total portfolio outperformed the benchmark: 8.05% return vs. 7.01% index.

Inception - total portfolio outperformed the benchmark: 7.13% return vs. 6.29% index.

Terry reported global equities posted their largest one-month decline since March 2020. Among major equity markets, the selloffs in U.K. and mainland Chinese equities were comparably shallow against the broad-based decline. Hong Kong stocks fell by a bit more, followed by European equities, while Japanese and U.S. stocks suffered steeper losses. Emerging-market equities outperformed developed markets during the month. U.S. equities retreated by 8.72% in April (as represented by the S&P 500 Index). Within U.S. equities, consumer staples companies registered strong returns. Meanwhile, telecommunications and consumer discretionary companies underperformed other sectors. Large-cap stocks beat small-cap stocks and value stocks outperformed growth stocks. Government bond rates increased across all maturities in the U.K., eurozone and U.S. Generally, longer-term rates increased by more than short-term rates. The Federal Open Market Committee did not hold a meeting in April after voting to increase the federal funds rate by 0.25% in mid-March – its first rate hike since December 2018 – and concluding new asset purchases. At its early May meeting, the central bank increased the benchmark rate by 0.50% - to a range between 0.75% and 1% - the first rate hike of its size since 2000. Terry reported that markets continue to be down by a fairly significant margin across all investment classes, with continued inflation, supply chain shortages and staffing / employment issues as several of the contributing factors. Terry stated that the city continue to “stay the course” and ride out the market volatility and does not recommend any changes to the city’s portfolio at this time.

Moved by Lee Collick to receive and file report.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

SEI – Amendment to Investment Management Agreement dated June 30, 2022
Moved by Lee Collick to receive and file report.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

SEI Core Property Fund – Additional Subscription Request executed on April 22, 2022
Moved by Lee Collick to receive and file report.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated April 29, 2022
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 April 29, 2022
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 April 29, 2022
Moved by Lee Collick to receive and file report.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Portfolio Q1 2022 Repose Report dated April 29, 2022
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% 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 June 10, 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 and bargaining units have not agreed upon a replacement rate, until retroactive calculation can be performed..

Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 5/0

Fiduciary Liability Insurance Coverage Quotation

Board consensus at the November 19, 2021 meeting that the fiduciary liability coverage process would be reviewed at the May 2022 meeting.

Julie Rudd stated that the board met with Sally Corbin from Union Services Agency (USA) in the fall of 2021 to discuss their fiduciary liability insurance coverage quotation. At that time, the board discussed the possibility of changing coverage / carriers. Julie stated that our current contract coverage ends on July 30, 2022. Tom Michaud, board attorney, suggested that the board direct city administration to solicit bids for fiduciary liability insurance coverage from other carriers. Julie stated that the Finance department can request bids from other carriers, however, there are not many that provide this specific type of

fiduciary liability insurance coverage and have had poor responses in prior years. Julie stated that the board should finalize their decision no later than the mid-July retirement board meeting to allow two weeks to bind coverage prior to July 30, 2022.

Moved by Lee Collick to request that a Request for Proposal (RFP) be conducted for fiduciary liability insurance coverage in an effort to obtain multiple responses..

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, June 10, 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 (8:28 a.m.) and confirmed the meeting for June 10, 2022, at 8:00 am.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0