



**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, June 10, 2022, at 8:00 a.m.

The meeting was called to order at 8:02 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)
Lisa Genord – Financial Analyst / Pension Technician
Terry Gerlich – Investment Advisor with SEI (via conference call)

NOT PRESENT: Tony DeCamp - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer (Interim Finance Director)

Public Comment

There were no public attendees / comments.

Board approval of the agenda for the June 10, 2022 meeting

Moved by Lee Collick to approve the agenda for the June 10, 2022 meeting.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Board approval of the draft minutes for the May 20, 2022 meeting

Moved by Lee Collick to approve the draft minutes for the May 20, 2022 meeting.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

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

Adjustments

None

Applications

Zachary D. Nottle, of the police department, ROPOA bargaining unit, 25 years (purchased 1 year of contract time and 1 year and 3 months of ordinance time) of service credit. Eligible based on years of service. Requested retirement date of June 20, 2022 – retirement application previously approved as part of the May 20, 2022 retirement board meeting amended agenda. Zachary D. Nottle 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 in

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 Zachary D. Nottle.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Michael W. Frazier, of the police department, ADMDH bargaining unit, 25 years of service credit. Requested retirement date of June 30, 2022. Eligible based on years of service/age. Michael W. Frazier 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 in 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 retirement application and estimated pension payment for Michael W. Frazier.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Steven W. Teichow, of the police department, ROCOA bargaining unit, 25 years and 5 months (purchased 3 years of contract time) of service credit. Requested retirement date of June 25, 2022. Eligible based on years of service/age. Steven W. Teichow 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 in 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 retirement application and estimated pension payment for Steven W. Teichow.

Supported by Paul Brake

MOTION ADOPTED UNANIMOUSLY 4/0

Retirement Benefits

None

Bret Nelson arrived at 8:04am

INVESTMENTS

SEI investment report, presented by Terry Gerlich of SEI

Market value/allocation of assets as of May 31, 2022, equaled \$163,380,628.

One-month performance (except core property) – total portfolio outperformed benchmark: 0.66% return vs. 0.27% index.

Three-month performance – total portfolio outperformed the benchmark: -4.60% return vs. -5.18% index.

YTD performance - total portfolio outperformed the benchmark: -9.24% return vs. -10.24% index

One-year performance – total portfolio outperformed the benchmark: -5.27% return vs. -7.19% index.

Three-year performance – total portfolio outperformed the benchmark: 9.68% return vs. 8.00% index.

Five-year performance – total portfolio outperformed the benchmark: 7.92% return vs. 6.78% index.

Inception - total portfolio outperformed the benchmark: 7.14% return vs. 6.25% index.

Terry reported global equities were practically unchanged in May – masking a decline through the first half of the month and a powerful recovery rally toward the end. Among major equity markets, Hong Kong stocks led with a strong gain. UK, Japan and Mainland China equities also performed quite well in May. Meanwhile, European stocks were modestly positive and U.S. stocks were modestly negative. Emerging-market equities performed in line with developed markets during the month. U.S. equities decreased by -0.15% in May (as represented by the Russell 1000 Index). Within U.S. equities, energy and utilities companies registered strong returns. Meanwhile, consumer staples and consumer discretionary companies underperformed other sectors. Small-cap stocks beat large-cap stocks and value stocks outperformed growth stocks. Shorter- and longer-term U.S. Treasury rates increased, while rates for maturities from 2-to-10 years declined. The Federal Open Market Committee increased the federal funds rate by 0.50% - to a range between 0.75% and 1% - the first hike of its size since 2000. Terry reported that later today, inflation numbers will be published, which will drive the direction of the market in the short-term. Terry also reported that international equities rebounded in the May, which was a source strength in the city's portfolio.

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

SEI Structured Credit Fund Newsletter – April 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

SEI Private Equity Newsletter –1Q 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

None

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 July 22, 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

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, July 22, 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 (8:13 a.m.) and confirmed the meeting for July 22, 2022, at 8:00 am.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0