



**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 the City Commission Chambers on Friday, July 22, 2022, at 8:00 a.m.

The meeting was called to order at 8:07 a.m.

Attendance

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

ALSO PRESENT: Lisa Genord – Financial Analyst / Pension Technician
Terry Gerlich – Investment Advisor with SEI (via conference call)
Tom Michaud – Board Attorney with VanOverbeke, Michaud, & Timmony, P.C.

ATTENDED VIA CONFERENCE CALL:
Debra Peck Lichtenberg – Director of Finance
Paul Brake – Trustee

Public Comment

There were no public attendees / comments.

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

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

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Board approval of the draft minutes for the June 10, 2022 meeting

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

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

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

Adjustments

None

Applications

None

Retirement Benefits

Karen C. Benton, former PSA of the police department, ROPOA bargaining unit, 15 years and 6 months of service credit. Deferred retirement date of November 8, 2021. Selected Regular Straight Life - \$1,352.42 gross monthly benefit with withdrawal of contributions / interest of \$20,462.83.

Moved by Lee Collick to approve the gross monthly benefit payment of \$1,352.42 to Karen C. Benton and withdrawal of contributions / interest of \$20,462.83.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Craig A. Strauss, of the fire department, Local 431 bargaining unit, 26 years and 8 months (purchased 3 years contract time) of service credit. Retirement date of July 17, 2021. Selected Option D 75% to surviving spouse - \$6,699.43 gross monthly benefit with withdrawal of contributions / interest of \$91,143.18.

Moved by Lee Collick to approve the gross monthly benefit payment of \$6,699.43 to Craig A. Strauss and withdrawal of contributions / interest of \$91,143.18.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

James R. Wern III of the police department, ROPOA bargaining unit, 25 years (purchased 1 year & 6.5 months of ordinance time and 1 year, 5 months and 22 days of contract time) of service credit. Retirement date of August 31, 2021. Selected Option D 75% to surviving spouse - \$5,099.70 gross monthly benefit with withdrawal of contributions / interest of \$76,134.42.

Moved by Lee Collick to approve the gross monthly benefit payment of \$5,099.70 to James R. Wern III and withdrawal of contributions / interest of \$76,134.42.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

INVESTMENTS

SEI investment report, presented by Terry Gerlich of SEI

Market value/allocation of assets as of June 30, 2022, equaled \$151,672,535.

One-month performance (except core property) – total portfolio underperformed benchmark: -6.46% return vs. -6.09% index.

Three-month performance – total portfolio outperformed the benchmark: -10.90% return vs. -11.32% index.

YTD performance - total portfolio outperformed the benchmark: -15.10% return vs. -15.71% index

One-year performance – total portfolio outperformed the benchmark: -12.14% return vs. -13.61% index.

Three-year performance – total portfolio outperformed the benchmark: 5.73% return vs. 4.22% index.

Five-year performance – total portfolio outperformed the benchmark: 6.36% return vs. 5.35% index.

Inception - total portfolio outperformed the benchmark: 6.13% return vs. 5.31% index.

Terry reported that it was a difficult quarter for financial assets with public market returns essentially negative across the board, many by double digits. Risk aversion was driven by worries that tighter monetary policy, waning financial support and ongoing COVID- and war-induced shortages could lead to low or negative growth against a backdrop of stubbornly high inflation. U.S. equities were the laggards in the second quarter, and, as a group, developed markets outside the U.S. trailed emerging markets. Both developments were notable changes of COVID-era trends. Interest rates rose significantly for a second straight quarter due to a reacceleration of inflation and central bankers' promises to respond forcefully. Emerging market debt had another difficult quarter, while high yield finally succumbed to growing credit worries. Investment-grade credit declined but fared better than riskier areas. While energy-related commodities were up again in the face of tighter western sanctions against Russia, most other areas, including agricultural goods and industrial metals, retreated. Terry reported that June was a very tough month and really no place to hide as all investment categories were down. Terry also reported July has rallied back somewhat, but that the market continues to be volatile. Terry also reported that the bond market's yield curve is now slightly inverted which is typically indicative of a future recession, and that it is likely that the Fed will raise interest rates another 75 basis points to slow the economy / inflation. Terry does not recommend any changes in the city's portfolio at this time.

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Global Private Assets V, L.P. – Capital Call Letter dated June 22, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Global Private Assets V, L.P. – Statement of Capital Account For Period Ended March 31, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

SEI Core Property Fund, LP – Audited Financial Statements as of and for the year ended December 31, 2021

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

LEGAL

Tom Michaud, board attorney, advised the board that the State of Michigan recently adopted the fiscal year 2023 budget, which included \$750 million allocated toward municipal pension systems. Tom advised the board that this allocation is geared towards shoring up significantly underfunded retirement (under 60%) and health care systems (under 40%) and that the details are yet to be determined through the State Treasury department. Tom also reported that there are still ongoing discussions at the state level regarding tax breaks for public pension retirees and he hopes to have more clarity from the State in the next couple months.

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated May 27, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated June 24, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated May 27, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated June 24, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Settlement Report dated May 27, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Settlement Report dated June 24, 2022

Moved by Lee Collick to receive and file report.

Supported by Bret Nelson

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 Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Robbins Geller Rudman & Dowd Portfolio Q1 2022 Repose Report dated June 24, 2022

Moved by Lee Collick to receive and file report.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 4/0

OTHER

MAPERS 2022 Fall Conference 9/17 – 9/20/2022 – Preliminary Agenda & Registration Form. Debra Peck Lichtenberg, Finance Director, stated that she will be attending the MAPERS 2022 Fall Conference. Trustees were advised to contact Lisa Genord, Pension Technician, if they intend on attending the conference.

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 August 19, 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 4/0

Fiduciary Liability Insurance Coverage Quotations – Euclid Specialty and Ullico. Debra Peck Lichtenberg, Finance Director, stated that each year the retirement system administration solicits quotes for fiduciary liability insurance coverage for both the retirement board and retiree health care board trustees and administrative staff. Debbie reported that the city received two quotes this year – one from our current carrier, Euclid Specialty, and the second from Ullico. Debbie stated the quotation from Ullico was the lower of the two. Lee Collick asked if there was any benefit to staying with Euclid Specialty vs. switching to Ullico and asked if cost should be the deciding factor. Tom Michaud, board attorney, stated that he is familiar with both underwriters (Euclid & Ullico), and that there are not many providers of this type of fiduciary liability coverage therefore, cost should be the deciding factor.

Moved by Lee Collick to switch the fiduciary liability insurance coverage from Euclid Specialty to Ullico
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 4/0

Annual advisor and consultant review for actuarial services. RFI for actuarial services completed on July 12, 2022. Debbie stated that there were 3 respondents to the RFI for actuarial services and related fee structures, one of which was our current actuary, Gabriel, Roeder, Smith & Co. (GRS). Debbie reported that GRS came in with the lowest quote for services which was also a reduction from our current fees.

Moved by Lee Collick to continue to utilize Gabriel, Roeder, Smith & Co. (GRS) for the retirement system's actuarial services.
Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 4/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Friday, August 19, 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 (8:30 a.m.) and confirmed the meeting for August 19, 2022, at 8:00 am.

Supported by Bret Nelson
MOTION ADOPTED UNANIMOUSLY 4/0