



**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 in the city call conference room 309, Royal Oak MI, Monday – October 8, 2019 at 8:00 a.m.

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

**Attendance**

PRESENT: Lee Collick- Chairperson  
Bret Nelson- Vice Chairperson  
Kim Gibbs- Trustee  
Kyle DuBuc - Trustee

ALSO PRESENT: Julie Rudd - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer  
Lisa Genord - Administrative Assistant / Pension Technician  
Tom Michaud – Bd attorney with VanOverbeke Michaud and Timmony  
Terry Gerlich – Investment Advisor with SEI

ABSENT: David Gillam – City Attorney / Interim City Manager

**Public Comment**

None

**Board approval of the agenda for October 8, 2019 meeting**

*Moved by Kyle DuBuc to approve the October 8, 2019 meeting agenda*

*Supported by Kim Gibbs*

**MOTION ADOPTED UNANIMOUSLY 4/0**

**Board approval of the draft minutes for September 9, 2019 meeting**

*Moved by Kyle DuBuc to approve the September 9, 2019 meeting minutes*

*Supported by Kim Gibbs*

**MOTION ADOPTED UNANIMOUSLY 4/0**

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

**Adjustments**

Jeannie D. Derocher, former PSA with the police department – requests withdrawal of employee non-vested contributions and interest from the plan amounting to \$490.34. Separation from service was effective July 6, 2013.

*Moved by Lee Collick to approve the withdrawal of non-vested contributions / interest of \$490.34.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 4/0**

Tiffany N. Burgess, former PSA with the police department – requests withdrawal of employee non-vested contributions and interest from the plan amounting to \$602.02. Separation from service was effective January 3, 2014.

*Moved by Lee Collick to approve the withdrawal of non-vested contributions / interest of \$602.02.*

*Supported by Bret Nelson*  
MOTION ADOPTED UNANIMOUSLY 4/0

### **Applications**

None

### **Retirement Benefits**

Donald E. Johnson, city manager with an individual contract, 16 years and 9 months of service credit (purchased 3 years of service credit). Retirement date of July 1, 2019. Selected Option SL – Regular Straight Life - \$4,483.41 gross monthly benefit with withdrawal of contributions / interest of \$83,985.03. *Moved by Lee Collick to approve the gross monthly benefit payment of \$4,483.41 to Donald E. Johnson and withdrawal of contributions / interest of \$83,985.03.*

*Supported by Bret Nelson*  
MOTION APPROVED UNANIMOUSLY 4/0

Douglas Stark – of the fire department captain, 28 years of service credit (purchased 2 years and 2 months of ordinance credit). Retirement date of July 3, 2019. Selected Option D – 75% to surviving spouse pension - \$7,051.04 gross monthly benefit with withdrawal of contributions/interest of \$108,923.61.

*Moved by Lee Collick to approve the gross monthly benefit payment of \$7,051.04 to Douglas Stark and withdrawal of contributions / interest of \$108,923.61.*

*Supported by Bret Nelson*  
MOTION APPROVED UNANIMOUSLY 4/0

Theresa L. Sobocinski, of the DPS, TPOAM bargaining unit, 26 years and 8 months of service credit. Retirement date of July 6, 2019. Selected Option SL – Regular Straight Life - \$2,431.34 gross monthly benefit with withdrawal of contributions / interest of \$38,159.72.

*Moved by Lee Collick to approve the gross monthly benefit payment of \$2,431.34 to Theresa L. Sobocinski and withdrawal of contributions / interest of \$38,159.72.*

*Supported by Bret Nelson*  
MOTION APPROVED UNANIMOUSLY 4/0

### **INVESTMENTS**

SEI investment report dated October 8, 2019 presented by Terry Gerlich

Market value/allocation of assets as of August 31, 2019 equaled \$151,710,295.

One-month performance (except core property) – total portfolio outperformed benchmark: -1.19% return vs. -1.22% index.

Three-month performance – total portfolio outperformed the benchmark: 3.61% return vs. 3.59% index.

YTD performance - total portfolio outperformed the benchmark: 11.44% return vs. 10.96% index

One-year performance – total portfolio underperformed the benchmark: 2.75% return vs. 2.85% index.

Three-year performance – total portfolio outperformed the benchmark: 8.07% return vs. 7.49% index.

Inception - total portfolio outperformed the benchmark: 5.98% return vs. 5.61% index.

Terry reported that equity markets sold off around the globe in early August as the US-China trade war appeared to enter a new phase characterized by much broader tariffs. US stocks vacillated throughout August – confined to a total range of about three percent – and finished the month toward the high end, partially recovering from the early-month selloff. Defense sectors, including consumer staples, utilities, and real estate outperformed the broader market. Value stocks underperformed growth during the month. The Federal Open Market Committee (FOMC) did not meet in August but announced on July 31 its decisions to cut the federal-funds rate by 0.25% and conclude its balance-sheet reduction program sooner than expected. Investor's increasing concern of a possible recession drove up demand for safer assets. Bond prices increased pushing bond yields to lows not seen in more than three years. The US Treasury yield curve reached full inversion in August: The yield on the 30-year Treasury fell below the 1-month Treasury yield, settling at its lowest-ever level. U.S. investment-grade non-government fixed-income sectors trailed comparable U.S. Treasuries. Performance within asset-backed securities (ABS) and commercial mortgage-

backed securities (CMBS) was mixed given a continued emphasis on higher-quality holdings. Within emerging markets, foreign-currency bonds significantly outperformed local-currency bonds. Terry provided a fee structure comparison for alternative private equity investment options, as requested by the board at the September meeting. SEI will send additional documentation to the retirement board's attorney, Tom Michaud, for legal review.

*Moved by Lee Collick to add alternative private equity investment options and the fee structure comparison to the November 7, 2019 retirement board meeting agenda.*

*Supported by Kim Gibbs*

*MOTION ADOPTED UNANIMOUSLY 4/0*

*The complete report is on file in finance office.*

*Moved by Bret Nelson to receive and file report*

*Supported by Kim Gibbs*

*MOTION ADOPTED UNANIMOUSLY 4/0*

## **LEGAL**

None

## **OTHER BUSINESS**

Proposal to draft a disability medical re-examination policy – request to table until November.

*Moved by Kim Gibbs to table the proposal to draft a disability medical re-examination policy until the November retirement board meeting.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

Request for written policy related to transferring of pension system accounts – request to table until November.

*Moved by Kim Gibbs to table the written policy related to transferring of pension system accounts until the November retirement board meeting.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

## **NEXT MEETING AND ADJOURNMENT**

Next regular meeting is scheduled for 8:00 am Thursday, November 7, 2019 at city hall room 309.

*Moved by Lee Collick to adjourn the meeting (8:47a.m.) and confirmed the meeting for November 7, 2019 at 8:00 am.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*