



**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 – February 3, 2020 at 8:00 a.m.

The meeting was called to order at 8:10 a.m.

Attendance

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

Kim Gibbs arrived at 8:15am
Kyle DuBuc arrived at 8:29am

Public Comment

None

Board approval of the agenda for the February 3, 2020 meeting

Moved by Bret Nelson to approve the meeting agenda for February 3, 2020
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 3/0

Board approval of the draft minutes for the January 6, 2020 meeting

Moved by Bret Nelson to approve the draft minutes for January 6, 2020
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 3/0

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

Adjustments

Amber McNeil, former PSA with the police department – requests withdrawal of employee non-vested contributions and interest from the plan amounting to \$3,991.28. Separation from service was effective August 13, 2019.

Moved by Bret Nelson to approve the withdrawal of non-vested contributions / interest of \$3,991.28.
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 4/0

Michael Pilcher, former officer with the police department – requests withdrawal of employee non-vested contributions and interest from the plan amounting to \$5,579.93. Separation from service was effective August 23, 2019.

Moved by Bret Nelson to approve the withdrawal of non-vested contributions / interest of \$5,579.93.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Eric J. Baroky of the police department, PCOA bargaining unit, requests to purchase 2 years, 6 months, and 8 days of service credit in the amount of \$105,389.

Moved by Bret Nelson to approve the service purchase of 2 years, 6 months, and 8 days for Eric J. Baroky in the amount of \$105,389.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Applications

Discussion related to (unsigned) Letter of Agreement related to service credit applicable to David Hendry's regular retirement. The board discussed the unsigned letter of agreement and approved the retirement application as stated below, based upon actual service credit (not including time spent on duty disability). The board will review David Hendry's letter of agreement again once it is finalized and signed.

David Hendry, of the Police department, ROPOA bargaining unit, 17 years and 9 months of service credit and 3 years of purchased contract time. Requested regular retirement date of January 5, 2020. Eligible based on years of service and age.

Moved by Bret Nelson to approve the service retirement application for David Hendry.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

Matthew J. Callahan, city engineer, ADMDH bargaining unit, 24 years of service credit. Requested regular retirement date of February 20, 2020. Eligible based on years of service and age.

Moved by Dave Gillam to approve Board approve the service retirement application for Matthew J. Callahan.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 4/0

Retirement Benefits

David Hendry, of Police Department, ROPOA bargaining unit, 17 years and 9 months of service credit and 3 years of purchased contract time (converting from a disability retirement). Retirement date of January 5, 2020. Selected Option D 75% to surviving spouse - \$2,957.33 gross monthly benefit with withdrawal of contributions / interest of \$40,701.43

Moved by Bret Nelson to approve the gross monthly benefit payment of \$2,957.33 to David Hendry and withdrawal of contributions / interest of \$40,701.43.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 4/0

INVESTMENTS

SEI investment report dated February 3, 2020 presented by Terry Gerlich

Market value/allocation of assets as of December 31, 2019 equaled \$159,034,279.

One-month performance (except core property) – total portfolio equaled benchmark: 2.46% return vs. 2.46% index.

Three-month performance – total portfolio outperformed the benchmark: 5.92% return vs. 5.89% index.

YTD performance - total portfolio outperformed the benchmark: 19.09% return vs. 18.86% index

One-year performance – total portfolio outperformed the benchmark: 19.09% return vs. 18.86% index.

Three-year performance – total portfolio outperformed the benchmark: 9.87% return vs. 9.48% index.

Five-year performance – total portfolio outperformed the benchmark: 7.14% return vs. 6.85% index.

Inception - total portfolio outperformed the benchmark: 6.96% return vs. 6.66% index.

Terry reported that equities were strong globally, as investors took comfort in a reported trade truce between the U.S. and China. A weaker U.S. dollar was a tailwind, especially for emerging markets, as

were hopes that China's numerous stimulus measures would help global growth begin to reaccelerate. Interest rates were a big story in 2019, as investor pessimism pulled bond yields substantially lower in the second and third quarters. High-quality bond returns flattened in Q4, as yields rebounded on improving economic sentiment. Receding pessimism supported further narrowing of credit spreads for high yield and emerging market bonds. There were finally signs of life in commodities and inflation-linked Treasuries in 2019. In December, oil and certain agricultural commodities were quite strong, while headline inflation surprised to the upside. Terry reported that the city's portfolio is hitting all marks, other than Dynamic Asset Allocation Fund, which SEI will move from that fund into the S&P 500 index before the next meeting.

Terry presented a 2nd report – "SEI's Comprehensive Fiduciary Management Solution", which provided an overview of the city's retirement system metrics and characteristics, as well as future portfolio considerations.

Terry also reviewed again in detail the private equity alternative investment option that has been discussed at several prior board meetings. Terry explained the fee structure, length of commitment, and expected rate of return on this investment option.

Moved by Lee Collick to commit funds to the private equity alternative investment option, subject to and approval contingent upon legal review by Tom Michaud of VanOverbeke, Michaud, & Timmony P.C.

The complete reports are on file in the finance office.

Moved by Kyle DuBuc to receive and file reports

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated December 27, 2019

Moved by Dave Gillam to receive and file report

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Settlement Report dated December 27, 2019

Moved by Dave Gillam to receive and file report

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated December 27, 2019

Moved by Dave Gillam to receive and file report

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Gellar Rudman & Dowd Q4 2019 Repose Report

Moved by Dave Gillam to receive and file report

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

OTHER BUSINESS

Review a draft disability medical re-examination policy – request to table to a future meeting.

Moved by Lee Collick to table review of a draft of the disability medical re-examination policy to a future meeting.

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

In accordance with Advisor and Consultant Review policy, the board discussed issuing an RFI for legal consultant services. The board currently retains the legal services of Tom Michaud of VanOverbeke, Michaud, & Timmony. Julie Rudd provided the board with the current annual fee structure for Tom Michaud's services and Dave Gillam stated that the fee structure is very reasonable.

Moved by Lee Collick to not issue a RFI for legal services, and to continue to retain Tom Michaud of VanOverbeke, Michaud, & Timmony.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0

MAPERS One-Day Seminar Flyer for March 6, 2020. Board members who are interested in attending will contact Julie Rudd or Lisa Genord.

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Wednesday, March 11, 2020 at city hall room 309.

Moved by Lee Collick to adjourn the meeting (9:12 a.m.) and confirmed the meeting for March 11, 2020 at 8:00 am.

Supported by Dave Gillam

MOTION ADOPTED UNANIMOUSLY 5/0