



**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 remotely via Zoom Video Conference, on Friday, May 21, 2021, at 8:00 a.m.

The meeting was called to order at 8:02 a.m.

**Attendance / Roll Call:**

PRESENT: Lee Collick, attending from Royal Oak, Michigan - Chairperson  
Bret Nelson, attending from Royal Oak, Michigan - Vice Chairperson  
Kyle DuBuc, attending from Royal Oak, Michigan – Trustee  
Paul Brake, attending from Royal Oak, Michigan – Trustee  
Monica Hunt, attending from Detroit, Michigan - Trustee

ALSO PRESENT: Julie Rudd - Bd Chief Administrative Officer/ Bd Secretary/Bd Treasurer  
Lisa Genord – Financial Analyst / Pension Technician  
Tom Michaud – Bd Attorney with VanOverbeke, Michaud, & Timmony  
Terry Gerlich – Investment Advisor with SEI

**Public Comment**

Members of the public were able to participate in the meeting by joining on Zoom Webinar using Meeting ID 86104144791 & password 143695. Participation could be either online or by calling in:  
Online: <https://us02web.zoom.us/j/86104144791?pwd=YWVQcnc3N1NVb2lCNmtwYjlrS2VYQT09>  
iPhone: 1 929 205 6099 or 1 301 715 8592  
Phone: 1 929 205 6099 or 1 301 715 8592 or 1 312 626 6799 or 1 669 900 6833 or 1 253 215 8782 or 1 346 248 7799. There were no public attendees / comments.

**Board approval of the agenda for the May 21, 2021 meeting**

*Moved by Lee Collick to approve the agenda for the May 21, 2021 meeting.*

*Supported by Bret Nelson.*

**MOTION ADOPTED UNANIMOUSLY 5/0**

**Board approval of the draft minutes for the April 16, 2021 meeting**

*Moved by Lee Collick to approve the draft minutes for the April 16, 2021 meeting.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

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

**Adjustments**

None

**Applications**

Benjamin E. Clarke, of the fire department, Local 431 bargaining unit, 29 years and 11 months (purchased 3 years contract time) of service credit. Requested retirement date of June 27, 2021. Eligible based on years of service/age.

*Moved by Lee Collick to approve the retirement application for Benjamin E. Clarke.*

*Supported by Bret Nelson*  
*MOTION ADOPTED UNANIMOUSLY 5/0*

**Retirement Benefits**

None

**INVESTMENTS**

Terry presented his review of SEI's performance, as requested by the Board at the last meeting, in comparison to the investment policy guidelines and indices. Terry stated that SEI has created a well-diversified portfolio to manage risk, with investments in eleven different asset classes. Terry also reported that the city's portfolio is also well diversified by manager, with 31 public market managers and 8 real estate managers, which helps to minimize single manager risk. Terry stated that SEI has provided significant education and assistance so that the Board could for the first time invest in alternative asset classes, which are important sources of risk diversification and return. Terry stated that SEI's fiduciary model has relieved the Board of the responsibility of hiring, monitoring, and as necessary, firing individual investment managers, as well as compliance with statutory investment restrictions. Finally, Terry also reported that SEI has generated annualized returns in excess of actuarial funding requirements and relevant benchmarks.

SEI investment report dated May 21, 2021, presented by Terry Gerlich

Market value/allocation of assets as of April 30, 2021 equaled \$181,186,211.

One-month performance (except core property) – total portfolio outperformed benchmark: 3.13% return vs. 2.99% index.

Three-month performance – total portfolio outperformed the benchmark: 6.34% return vs. 5.38% index.

YTD performance - total portfolio outperformed the benchmark: 6.42% return vs. 5.35% index

One-year performance – total portfolio outperformed the benchmark: 36.51% return vs. 30.95% index.

Three-year performance – total portfolio outperformed the benchmark: 11.85% return vs. 10.98% index.

Five-year performance – total portfolio outperformed the benchmark: 11.81% return vs. 10.89% index.

Inception - total portfolio outperformed the benchmark: 9.10% return vs. 8.41% index.

Terry reported that the post-COVID reflation theme was in full bloom during the first quarter, as markets anticipated economic reopenings and additional rounds of massive U.S. fiscal easing. Bond yields rose in response, and the U.S. dollar staged a turnaround from a weakening trend. Equities continued to roll along, especially smaller U.S. companies, as the work-from-home and megacap dynamic gave up further ground to cyclical names. Non-U.S. stocks were positive but lagged on renewed COVID outbreaks and dollar strength. Rising growth and inflation expectations pushed Treasury yields sharply higher. Credit sectors managed to tread water, as spreads remained well behaved thanks to the favorable economic outlook. Dollar strength was an additional headwind to international and emerging bond returns. Stronger inflation expectations resulted in positive returns from inflation-linked bond despite higher real rates. Commodities overcame a stronger dollar, as the growth outlook buoyed expected demand. Energy led the way, and industrial (over) valuations in the equity market. Terry stated that the market is very highly valued now and has a historically higher p/e ratio. Julie asked Terry whether he felt there will be a market correction soon. Terry stated that the market is due for a correction, however, he feels that the city's portfolio is protected by diversification.

The complete report is on file in the finance office.

*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 30, 2021

*Moved by Lee Collick to receive and file*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated April 30, 2021

*Moved by Lee Collick to receive and file*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

Robbins Geller Rudman & Dowd Portfolio Settlement Report dated April 30, 2021

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

Robbins Geller Rudman & Dowd Q1 2021 Repose Report  
*Moved by Lee Collick to receive and file*  
*Supported by Bret Nelson*  
**MOTION ADOPTED UNANIMOUSLY 5/0**

## **OTHER**

Annual advisor and consultant review – In accordance with Board policy, each year one existing advisors/consultants is reviewed along with prospective advisors/consultants. The investment advisor is due for review. Lee Collick proposed to have the retirement board investment advisor prepare a presentation outlining the portfolio's performance in comparison to the investment policy guidelines and indexes and present it to the board at the next meeting. Terry Gerlich, retirement board investment advisor with SEI, presented his review of SEI's performance in comparison to the investment policy guidelines and indices, prior to his monthly market value / asset allocation review. At the conclusion of the retiree health care investment board meeting (immediately following this meeting), the board discussed Terry's presentation, stating that SEI's performance has consistently exceeded the market indices and resolved to retain Terry Gerlich with SEI as the retirement board investment advisor.

*Moved by Lee Collick to retain Terry Gerlich with SEI as the retirement board investment advisor.*  
*Supported by Bret Nelson*  
**MOTION ADOPTED UNANIMOUSLY 5/0**

Retirement Board Trustee Election 2021 – update. City Clerk determined that an election was not necessary for the police / fire representative as Bret Nelson was the only person running - his new term will expire 5/31/2025. The retirement board acknowledged Bret's new term as the police / fire representative.

## **NEXT MEETING AND ADJOURNMENT**

Next regular meeting is scheduled for 8:00 am Friday, June 11, 2021, via remote Zoom webinar.

*Moved by Lee Collick to adjourn the meeting (8:32 a.m.) and confirmed the meeting for June 11, 2021, at 8:00 am.*

*Supported by Bret Nelson*  
**MOTION ADOPTED UNANIMOUSLY 5/0**