



**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, January 22, 2021 at 8:00 a.m.

The meeting was called to order at 8:03 a.m.

**Attendance / Roll Call:**

**PRESENT:** Lee Collick, attending from Royal Oak, Michigan - Chairperson  
Bret Nelson, attending from Troy, Michigan - Vice Chairperson  
Kyle DuBuc, attending from Royal Oak, Michigan – Trustee  
Paul Brake, attending from Royal Oak, Michigan – Trustee  
Monica Hunt, attending from Royal Oak, Michigan - 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, & 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 87584853291 & password 543913. Participation could be either online or by calling in:  
Online: <https://us02web.zoom.us/j/87584853291?pwd=UFRFR1k5TTFBK3hJTldTWC8zOENWQT09>  
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 January 22, 2021 meeting**

*Moved by Lee Collick to approve the agenda for the January 22, 2021 meeting.*

*Supported by Bret Nelson.*

**MOTION ADOPTED UNANIMOUSLY 5/0**

**Board approval of the draft minutes for the December 18, 2020 meeting**

*Moved by Lee Collick to approve the draft minutes for December 18, 2020 meeting.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

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

**Adjustments**

Chad Adam, former officer with the police department – requested withdrawal of employee non-vested contributions and interest from the plan amounting to \$1,785.67. Separation from service was effective August 30, 2019.

*Moved by Lee Collick to approve the withdrawal of non-vested contributions / interest of \$1,785.67 to Chad Adam.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

Katelyn Smaltz, former officer with the police department – requested withdrawal of employee non-vested contributions and interest from the plan amounting to \$13,638.48. Separation from service was effective September 29, 2019.

*Moved by Lee Collick to approve the withdrawal of non-vested contributions / interest of \$13,638.48 to Katelyn Smaltz.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

### **Applications**

None

### **Retirement Benefits**

David R. Cummins, of the fire department, fire bargaining unit, 28 years and 2 months of service credit. Retirement date of October 27, 2020. Selected Option D 75% to surviving spouse - \$8,920.19 gross monthly benefit with withdrawal of contributions / interest of \$119,233.94.

*Moved by Lee Collick to approve the gross monthly benefit payment of \$8,920.19 to David R. Cummins and withdrawal of contributions / interest of \$119,233.94.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

### **INVESTMENTS**

SEI investment report dated January 22, 2021 presented by Terry Gerlich

Market value/allocation of assets as of December 31, 2020 equaled \$174,848,769.

One-month performance (except core property) – total portfolio outperformed benchmark: 4.25% return vs. 3.50% index.

Three-month performance – total portfolio outperformed the benchmark: 12.22% return vs. 11.19% index.

YTD performance - total portfolio outperformed the benchmark: 16.68% return vs. 14.78% index

One-year performance – total portfolio outperformed the benchmark: 16.68% return vs. 14.78% index.

Three-year performance – total portfolio outperformed the benchmark: 9.57% return vs. 9.07% index.

Five-year performance – total portfolio outperformed the benchmark: 10.94% return vs. 10.39% index.

Inception - total portfolio outperformed the benchmark: 8.50% return vs. 7.95% index.

Terry reported that risk assets enjoyed a very solid quarter thanks to encouraging news on the vaccine-development front. Large-cap U.S. value stocks managed to gain some ground on growth stocks in the fourth quarter, while a “junk-rally” among the most speculative stocks helped U.S. small caps set quarterly return records. The risk-on move also pushed U.S. small caps, emerging market and international developed equities into positive territory for the full year. Bond returns were modest with the exception of emerging markets debt, which was also able to reverse its full-year fortunes. Commodities performed well for the second straight quarter, thanks to strong gains in industrial metals and agricultural commodities. Precious metals and the energy complex were up slightly for the quarter, but the former produced double-digit gains for the full year (driven by forceful fiscal and monetary responses to COVID-19), while the latter produced double-digit losses given the negative impact the pandemic has had on travel and overall economic activity. Terry also reported that the biggest market concern in 2021 will be the possibility of inflation. Lee Collick asked Terry if we should be anticipating any market changes following the presidential election. Terry stated that with the new president's administration, there will be more policy changes and possibly tax increases within the next two years, but not likely in 2021.

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*

SEI Emerging Markets Equity Fund letter regarding portfolio management change

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

### **LEGAL**

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated December 31, 2020

*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 December 31, 2020  
*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 December 31, 2020  
*Moved by Lee Collick to receive and file*  
*Supported by Bret Nelson*  
**MOTION ADOPTED UNANIMOUSLY 5/0**

Robbins Geller Rudman & Dowd Q4 2020 Repose Report dated December 31, 2020  
*Moved by Lee Collick to receive and file*  
*Supported by Bret Nelson*  
**MOTION ADOPTED UNANIMOUSLY 5/0**

VanOverbeke, Michaud, & Timmony, P.C. Memo re: Michigan Public Act 254 of 2020, Open Meetings Act Amendments, dated December 30, 2020. Tom Michaud, board attorney, reported that there was a legislative amendment to the Michigan Public Act 254 of 2020, Open Meetings Act, that extended the allowance of virtual participation by retirement board trustees until March 31, 2021. Beginning April 1, 2021, retirement board trustees may only attend meetings virtually if they meet one of the following three criteria: 1) are in the military, 2) have a medical / health concern, or, 3) if a State of Emergency has been declared.

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

#### **OTHER**

Revenue and expenditure (audited) variance report for year-ending June 30, 2020 (enclosed). This report is provided in accordance with board policy that allows finance director to approve trust payments without the board's specific approval of each payment. Julie Rudd stated that this report provides details that support the audited numbers that were presented to the City Commission within the Comprehensive Annual Financial Report (CAFR).

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

Form 5572 State of Michigan pension report. Julie Rudd noted that on line 26 of Form 5572 State of Michigan pension report, that the calculated funding ratio using uniform assumptions is 61.5%, and that on line 28 the calculated all systems combined Actuarially Determined Contribution (ADC) / Governmental fund revenues is 11.7%. Julie stated if the system is less than 60% funded AND greater than 10% ADC/Governmental fund revenues, then that would trigger the state to consider the retirement system in an "underfunded status". The board discussed funding level by way of the monthly investment company performance presentations regularly. The funding level is also evaluated and presented to the board annually by the actuary, Gabriel Roeder & Smith, as well as every five years with an experience study. Lee Collick asked Tom Michaud how our system's funding level of 61.5% compared to other municipalities that he provides legal counsel for, and Tom stated the most common range is 60% - 80%.

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

City of Royal Oak retirement system summary annual report (SAR) to members for period ending June 30, 2020. Julie Rudd, with board approval, will distribute the SAR report to all department heads so that it may be displayed in all employee break rooms and on employee bulletin boards. The SAR will also

be posted on the city website. Lee Collick stated that this distribution method has worked well in the past and was agreeable to continuing with this same distribution method.

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

**NEXT MEETING AND ADJOURNMENT**

Next regular meeting is scheduled for 8:00 am Friday, February 19, 2021, via remote Zoom webinar.

*Moved by Lee Collick to adjourn the meeting (8:56 a.m.) and confirmed the meeting for February 19, 2021 at 8:00 am.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*