



## CITY OF ROYAL OAK RETIREE HEALTH CARE INVESTMENT BOARD MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES

A meeting of the Retiree Health Care Investment Board of Trustees was conducted at the City Hall building in conference room #122 on Friday January 20, 2023, at 9:30 a.m.

The meeting was called to order at 10:34 a.m.

### Attendance

PRESENT: Lee Collick – Chairperson  
Bret Nelson - Vice Chairperson  
Monica Hunt – Trustee  
Paul Brake – Trustee

ALSO PRESENT: Debra Peck Lichtenberg – Director of Finance  
Lisa Genord – Financial Analyst / Pension Technician  
Rebecca Chase – Accountant  
Susan Barkman – Assistant to the City Manager  
Tom Michaud – Board Attorney with VanOverbeke, Michaud, & Timmony P.C.  
Chris Kuhn – Investment Advisor with AndCo

ABSENT: Kyle DuBuc - Trustee

### Public Comment

There were no public attendees / comments.

### Board approval of the agenda for the January 20, 2023 meeting

*Moved by Lee Collick to approve the agenda for the January 20, 2023 meeting*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 4/0**

### Board approval of the draft minutes for the December 16, 2022 meeting

*Moved by Lee Collick to approve the draft minutes for the December 16, 2022 meeting*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 4/0**

### INVESTMENTS

Investment performance review presented by Chris Kuhn of AndCo.

Market value/allocation of assets as of December 31, 2022 is \$138,117,629

Current month – total portfolio outperformed the benchmark: -2.67% vs. -3.04% index.

3-month performance – total portfolio underperformed the benchmark: 6.89% vs. 7.00% index.

Year-to date performance – total portfolio outperformed the benchmark: -10.91% vs. -12.48% index.

1-year performance – total portfolio outperformed the benchmark: -10.91% vs. -12.48% index.

3-year performance – total portfolio outperformed the benchmark: 4.82% vs. 4.57% index.

5-year performance – total portfolio underperformed the benchmark: 5.33% vs. 5.44% index.

Inception – total portfolio underperformed the benchmark: 5.68% vs. 6.03% index.

Chris reported that despite December's return of -2.67%, the 4<sup>th</sup> quarter of 2022 yielded a positive return of 6.89%, with strong quarterly results from the city's domestic equity portfolio. Chris also reported that within the domestic equity portfolio, Reinhart Genesis PMV was up 1.81% for December and up 16.24% for the 4<sup>th</sup> quarter of 2022, strongly outperforming their benchmarks. Chris reported that fixed income

was flat for December, but for the 4<sup>th</sup> quarter the portfolio was up 1.97%. Chris reported that the 4<sup>th</sup> quarter 2022 preliminary estimates for the real estate funds suggest an underperformance ranging from -3.00% to -5.00%. Chris reported that Reinhart Partners announced in early January that they are selling a portion of their firm to an outside investor, Spouting Rock Asset Management, and that AndCo is still in the process of evaluating this situation relative to the city's portfolio. Chris did not recommend any rebalancing of the city's portfolio at this time.

The complete AndCo Investment Performance Review report dated December 31, 2022 is on file in Finance office.

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

PGIM Real Estate Prisa II LP– Withdrawal Letter dated December 23, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

PGIM Real Estate Prisa II LP – Distribution Letter dated December 27, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

PGIM Real Estate Quarterly Insights Newsletter 4Q 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

PGIM Real Estate Prisa II Fall 2022 Advisory Council Meeting Agenda & Minutes – November 9, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

TerraCap Partners V (Institutional), LP – Distribution Letter dated December 23, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

Seizert Capital Partners (SCP) Quarterly Report dated December 31, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

Seizert Capital Partners (SCP) 4Q2022 Directions Newsletter as of December 31, 2022

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

## **LEGAL**

Tom Michaud, retiree health care investment board attorney, provided a memorandum from his office dated January 16, 2023 regarding a legislative update on the Secure Act 2.0, which are federal legislation regulations dealing with pension and retiree health care employee benefits. The Secure Act 2.0 contains 92 provisions intended to promote additional retirement savings and ease administrative requirements through modernization of federal retirement laws. Tom stated that the purpose of the memorandum is to inform the retirement board of these limitations and significant changes, many of which apply more on an individual basis as opposed to the city retirement plan as a whole.

*Moved by Lee Collick to receive and file report.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 4/0*

## **OTHER**

City-wide review of Boards and Commissions – Discussion led Susan Barkman, Assistant to the City Manager. Susan stated that the City Commission has asked the city manager's office to review the city's non-intergovernmental Boards and Commissions, to understand the processes that support them, such as by-laws, ordinances and appointments. Susan asked the board members if they have any additional needs or issues that need to be addressed. Lee Collick reiterated a previous request to retain board members longer than two years to ensure a continuity of knowledge since the retirement boards are more technical in nature than other advisory boards. Paul Brake clarified the city commission's reappointment policy. Susan asked if there was a succession plan in place for board members. Tom Michaud stated that in the past, outgoing board members have had their potential replacement candidates attend several meetings to ensure that they understood the commitment level and responsibilities prior to accepting the position. Tom also stated that due to the technical nature of the retiree health care investment board, training and educational opportunities are strongly encouraged and available for new and existing board members through MAPERS (Michigan Association of Public Employee Retirement Systems). Debra Peck-Lichtenburg stated that all board trustee training and education is funded by the pension system. Tom Michaud stated that the composition of the retirement board is outlined in the retirement ordinance. Susan advised that board members should contact her directly if they have any future questions or concerns. Debra had a question for the board regarding the monthly meeting cycle – whether it is appropriate to continue to meet monthly or possibly revise the meeting schedule to quarterly or bi-monthly. Debra will send a separate communication to the board members and investment advisors to gather their opinions and suggestions on the meeting frequency moving forward. Tom Michaud reported that there is still pending legislation on the Open Meetings Act (OMA) regarding the potential for retirement / retiree health care investment board meetings to be attended remotely and will advise the board if / when that legislation is passed.

Revenue and expenditure variance report for audited year-ending June 30, 2022 (enclosed). This report is provided in accordance with board policy that allows the finance director to approve trust payments without the board's specific approval.

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 4/0**

## **NEXT MEETING AND ADJOURNMENT**

Next regular meeting is scheduled immediately following the retirement system board meeting at approximately 9:30 a.m. on Friday, February 17, 2023 at the City Hall Building at 203 South Troy Street, in the 1<sup>st</sup> floor conference room # 122.

*Moved by Lee Collick to adjourn the meeting (10:41 a.m.) and confirm the next meeting for Friday, February 17, 2023, immediately following retirement system board meeting at approximately 9:30 a.m.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 4/0**