



**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 remotely via Zoom, on Friday March 19, 2021 at approximately 8:30 a.m.

The meeting was called to order at 8:19 a.m.

**Attendance / Roll Call performed**

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- Financial Analyst / Pension Technician  
Tom Michaud – Bd attorney with VanOverbeke Michaud and Timmony  
Brian Green – AndCo Investment Advisor

**Public Comment**

Members of the public were able to participate in the meeting by joining on Zoom Webinar using Meeting ID 81065183208 & password 313525. Participation could be either online or by calling in:  
Online: <https://us02web.zoom.us/j/81065183208?pwd=eng3YkJuVHpPT2ZJUWhyamxUNGZUQT09>  
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 March 19, 2021 meeting and to move the discussion of the first item under 7) Other – Annual Advisor and consultant review - after 4) Board approval of meeting minutes**

*Moved by Lee Collick to approve the March 19, 2021 meeting amended agenda, moving the discussion of the first item under 7) Other – Annual Advisor and consultant review – after 4) Board approval of meeting minutes*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

**Board approval of the draft minutes for February 19, 2021 meeting**

*Moved by Lee Collick to approve the February 19, 2021 meeting minutes*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

**OTHER**

Annual advisor and consultant review – In accordance with Board policy, each year compare one existing advisors/consultants is reviewed along with prospective advisors/consultants. The investment advisor is due for review. The Board decided to discuss this item without the presence of the investment consultants. Paul Brake, city manager, asked how long the term of agreement / contract is for each investment advisor. Tom Michaud, board attorney, stated that either advisor can be terminated at any

time as it is an “at-will” agreement and the Board reviews each consultant / advisor once every 4 to 5 years out of due diligence. Paul Brake asked Julie Rudd if we review the rates / fees that the city is charged for the investment advisor services. Julie stated that we do review the quarterly investment advisor invoices to compare the portfolio market value to the rate charged on the invoices. Julie also stated that there is a significant difference in the fee structure between SEI and AndCo, in that SEI charges based on basis points, whereas AndCo charges a flat fee. Kyle DuBuc asked if there would be a cost savings in having one investment advisor for both the retirement and health care investment board, instead of two. Tom Michaud stated that there would not necessarily be a significant cost savings. Bret Nelson asked how the Board would compare the city’s investment advisors to others and how much time, 4 to 5 years, should a management strategy be in place to best gauge it’s performance. The Board continued to discuss this agenda item and decided to table any decision on this matter until the next meeting.

*Moved by Lee Collick to table this agenda item / decision until the next meeting.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

Brian Green rejoined the Zoom webinar meeting at 8:39am

## **INVESTMENTS**

Investment performance review as of February 28, 2021 presented by Brian Green of AndCo.

Market value/allocation of assets as of February 28, 2021 is \$145,899,323.

Current month – total portfolio outperformed the benchmark: 1.77% vs. 1.60% index.

3-month performance – total portfolio outperformed the benchmark: 5.31% vs. 4.77% index.

Year-to date performance – total portfolio outperformed the benchmark: 1.32% vs. 1.30% index.

1-year performance – total portfolio underperformed the benchmark: 20.22% vs. 22.65% index.

3-year performance – total portfolio underperformed the benchmark: 8.19% vs. 10.07% index.

Inception – total portfolio underperformed the benchmark: 7.91% vs. 9.78% index.

Brian reported that the city’s portfolio is starting to see returns from areas of the market that did not participate in good performance in 2020. Brian also reported that Seizert Capital Mid Cap and Ancora / Thelan Small-Mid Cap in the city’s equity portfolio had large gains for the quarter thus far in 2021. Brian also discussed the amended agenda item (letter below), which is to inform the Board that AndCo conducted a rebalance of the city health care portfolio and removed the Virtus Vontobel Foreign Opportunities Fund and added the Goldman Sachs GQC Partners International Opportunities Fund. Lee Collick asked Brian if his presentation review figures are net of fees and Brian stated that all numbers in his investment performance review reports includes net of fees.

The complete AndCo Investment Performance Review report dated February 28, 2021 is on file in Finance Office.

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

### **AndCo Real Estate Portfolio Review**

Brian Green of AndCo reviewed the above report in detail and explained that the city’s current real estate exposure is in the PGIM Prisa II real estate fund at 7.5% and that the target allocation for total real estate is 10%, therefore the portfolio is 2.5% underweight from the target. Brian proposed adding a four million dollar commitment (2.7% of assets) to private real estate manager TerraCap Partners Fund V. Brian stated that this fund would complement the core plus allocation with PRISA, as it focuses on Industrial, Multifamily, and Office assets in high population growth parts of the U.S., such as Florida, Georgia, North Carolina, Texas, Colorado, and Arizona. Brian also reported that if the Board approves the addition of the TerraCap Partners Fund V to the city’s portfolio, that 90% of plan assets would be liquid on a daily basis, 7.5% on a quarterly basis (PRISA II) and 2.5% would be illiquid (Terra Cap). The Board engaged in a lengthy Q & A discussion about Brian’s proposal and decided to table any decision on this matter until after the investment advisor review and / or until at least the next meeting.

*Moved by Lee Collick to table this agenda item and subsequent decision until after the investment advisor review and/or until at least the next meeting.*

*Supported by Bret Nelson*

**MOTION ADOPTED UNANIMOUSLY 5/0**

Amended Agenda Item – AndCo Letter Re: Update on Status of Trust Investments dated March 16, 2021 (distributed via email to Board Trustees and attendees on March 16, 2021 and separately from the agenda packet).

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

AndCo Retiree Health Care Investment Trust Investment Policy Statement dated March 2021. Brian Green of AndCo reviewed again with the Board the minor revisions to the Retiree Health Care Investment Trust Policy Statement and requested that the Board formally adopt the amended policy. *Moved by Lee Collick to adopt the amended Retiree Health Care Investment Trust Policy Statement dated March 2021.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

PGIM Real Estate Prisa II LP Consolidated Financial Statements dated December 31, 2020

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

PGIM Real Estate Prisa II UHC, LP Consolidated Financial Statements dated December 31, 2020

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

PGIM Real Estate Prisa II Annual Fund Review 2020

*Moved by Lee Collick to receive and file.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*

## **LEGAL**

None

## **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. The Board decided to discuss this item without the presence of the investment consultants and at the beginning of the Retiree Health Care Investment board meeting. Terry Gerlich of SEI and Brian Green of AndCo both left the Zoom webinar after the date for the April meetings were set, and Brian would rejoin the Retiree Health Care Investment Board Zoom webinar meeting once this discussion was concluded. Board consensus to table this item until the next meeting.

Retirement Health Care Investment Board Trustee Election 2021 – the election flyer is to be distributed on April 9, 2021 to the police station, all fire stations, and included as a message in the payroll electronic notice of deposit emails if possible. Julie Rudd explained that the Vice Chairperson position, currently held by Bret Nelson, will be up for re-election in May of 2021. The election details were outlined in the enclosed flyer.

## **NEXT MEETING AND ADJOURNMENT**

Next regular meeting is scheduled immediately following the retirement system board meeting at approximately 8:30 a.m. on Friday, April 16, 2021, location TBD.

*Moved by Lee Collick to adjourn the meeting (9:20 a.m.) and confirm next meeting for April 16, 2021 immediately following retirement system board meeting at approximately 8:30 a.m.*

*Supported by Bret Nelson*

*MOTION ADOPTED UNANIMOUSLY 5/0*