



**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 – September 9, 2019 at 8:00 a.m.

The meeting was called to order at 8:10 am

Attendance

PRESENT: Lee Collick- Chairperson
Bret Nelson- Vice Chairperson
Kim Gibbs- Trustee
Kyle DuBuc - Trustee
David Gillam – City Attorney / Interim City Manager

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
Joseph Lakin - RO Firefighter
Richard Pearson – RO Fire Sergeant

Public Comment

None

Board approval of the agenda for September 9, 2019 meeting

Moved by Kyle DuBuc to approve the September 9, 2019 meeting agenda

Supported by Bret Nelson

MOTION ADOPTED UNANIMOUSLY 5/0

Board approval of the draft minutes for August 6, 2019 meeting

Moved by Kim Gibbs to approve the August 6, 2019 meeting minutes

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 5/0

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

Adjustments

Acceptance of a Domestic Relations Order (DRO) - Noreen B. Daly

Moved by Lee Collick to approve the following resolution

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 5/0

WHEREAS, the Board is in receipt of a Domestic Relations Order (DRO) dated July 9, 2019, wherein Mark A. Seiler, the Alternate Payee, is awarded certain rights to the benefits of Noreen B. Daly, the Participant, and

WHEREAS, the Alternate Payee is entitled to claim a portion of the Participant's retirement benefit from the Retirement System, and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as amended, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order, and will make a one-time payment to Alternate Payee Mark A. Seiler from the Defined Benefit Plan of Fifty (50%) percent of the retroactive payment that is owed to the Retirant, Noreen B. Daly between September 7, 2014 and the date of divorce of June 23, 2015.

RESOLVED, that the Board will release the balance owed to the Retirant, Noreen B. Daly for any and all retroactive payments which shall be payable as administratively feasible upon acceptance by the Board of this Domestic Relations Order (DRO)

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter.

Applications

Scott Brichta – duty disability pension application, firefighter in the fire department.

Moved by Lee Collick to acknowledge receipt of Scott Brichta's disability retirement application dated September 4, 2019 and upon receiving the fire chief's authorization/signature, proceed with the application process by sending Scott Brichta's medical records for review and Scott Brichta for examination to the retirement system's medical director.

Supported by Kyle DuBuc

MOTION ADOPTED UNANIMOUSLY 5/0

Joseph Lakin & Richard Pearson left the meeting at 8:50am

Retirement Benefits

None

INVESTMENTS

SEI investment report dated September 6, 2019 presented by Terry Gerlich

Terry reported that the market continues to be tremendously volatile, and the trade wars are still impacting the economy, specifically the manufacturing sector. Anticipation the Fed would lower the Federal Funds rate dominated both equity and fixed income markets for the month. The Federal Open Market Committee (FOMC) voted during its late July meeting to cut to the federal funds rate 0.25%, as widely anticipated, but signaled in its announcement that the cut should be interpreted as a mid-cycle adjustment rather than the beginning of an easing cycle. Developed-market stocks were mixed in July. Domestic equities were slightly positive while international and emerging markets slid amid continued signs of slowing global economic growth. Second quarter earnings reports for the companies in the S&P 500 Index appeared on track for the second consecutive quarter of declining year-over-year earnings, which hasn't happened since early 2016. However, the U.S. equity market rally continued in July, but at a much milder pace. Large cap stocks outperformed small caps, while growth stocks outpaced value. The shortest maturity U.S. Treasury rates fell in July, while short-to-intermediate term rates increased, reducing (but not eliminating) the yield curve inversion that has persisted since the spring. U.S. investment-grade non-government fixed-income sectors outperformed comparable U.S. Treasuries. Treasury Inflation-Protected Securities (TIPS) were flat while commodities declined during the month. Terry also provided comparison information on alternative private equity investment options outside of SEI. Terry will provide a fee structure comparison at the next meeting.

Market value/allocation of assets as of July 31, 2019 equaled \$154,824,633.

One-month performance (except core property) – total portfolio outperformed benchmark: 0.39% return vs. 0.35% index.

Three-month performance – total portfolio outperformed the benchmark: 1.48% return vs. 1.36% index.

YTD performance - total portfolio outperformed the benchmark: 12.78% return vs. 12.34% index

One-year performance – total portfolio underperformed the benchmark: 4.61% return vs. 4.80% index.

Three-year performance – total portfolio outperformed the benchmark: 8.71% return vs. 8.13% index.

Inception - total portfolio outperformed the benchmark: 6.36% return vs. 5.99% index.

The complete report is on file in finance office.

Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

LEGAL

Robbins Geller Rudman & Dowd Portfolio Monitoring Report dated August 30, 2019
Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd Settlement Report dated August 30, 2019
Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Geller Rudman & Dowd International Portfolio Monitoring Report dated August 30, 2019
Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Gellar Rudman & Dowd Q2 2019 Repose Report dated August 30, 2019
Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

Robbins Gellar Rudman & Dowd – “On the Record” Summer Newsletter 2019
Moved by Bret Nelson to receive and file report
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

OTHER BUSINESS

Tom Michaud, retirement board attorney with VanOverbeke, Michaud, & Timmony, P.C., discussed a recent incident that occurred with another municipal pension system. An outside source attempted to transfer money from his client's retirement bank account using fraudulent transfer documents and nearly succeeded. Tom recommended that the board create a written policy outlining the city's procedures for external money transfers relating to retirement accounts.
Moved by Lee Collick to have the administrator document the written policy to outline the city's procedures for external money transfers related to the city's retirement accounts
Supported by Kim Gibbs
MOTION ADOPTED UNANIMOUSLY 5/0

VanOverbeke, Michaud and Timmony, P.C. – Political Contribution Disclosure Form
Moved by Bret Nelson to receive and file report
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

Gabriel, Roeder, Smith & Company – Political Contribution Disclosure Form
Moved by Bret Nelson to receive and file report
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

Med Source Services Inc. – Political Contribution Disclosure Form
Moved by Bret Nelson to receive and file report
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

SEI – Compensation Disclosure Form

Moved by Bret Nelson to receive and file report
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

SEI – Political Contribution Disclosure Form
Moved by Bret Nelson to receive and file report
Supported by Dave Gillam
MOTION ADOPTED UNANIMOUSLY 5/0

NEXT MEETING AND ADJOURNMENT

Next regular meeting is scheduled for 8:00 am Tuesday, October 8, 2019 at city hall room 309.
Moved by Lee Collick to adjourn the meeting (9:20a.m.) and confirmed the meeting for October 8, 2019 at 8:00 am.
Supported by Kyle DuBuc
MOTION ADOPTED UNANIMOUSLY 5/0