

MEETING NO. 3207
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, AUGUST 02, 2018

09:00 A.M.
RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

MICHAEL F. BERENT	ELECTED TRUSTEE/FIRE
MARK DIAZ	ELECTED TRUSTEE/POLICE
MATTHEW GNATEK	ELECTED TRUSTEE/POLICE
ANGELA R. JAMES	EX/OFFICIO RETIRANT TRUSTEE/POLICE/MAYOR'S DESIGNEE
CHRISTA MCLELLAN	EX/OFFICIO TRUSTEE/TREASURER
MEGAN S. MOSLIMANI	EX/OFFICIO TRUSTEE/CORPORATION COUNSEL /VICE-CHARPERSON
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/CHAIRPERSON
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE
GREGORY TROZAK	ELECTED RETIRANT TRUSTEE/POLICE
STEVEN WATSON	EX/OFFICIO TRUSTEE/DIRECTOR OF FORECASTING AND ECONOMIC ANALYSIS-BUDGET DEPARTMENT/BUDGET DIRECTOR'S DESIGNEE

TRUSTEES EXCUSED

SHAWN BATTLE	EX/OFFICIO TRUSTEE/FIRE PREVENTION CHIEF/MAYOR'S DESIGNEE
BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
GEORGE ORZECH	ELECTED RETIRANT TRUSTEE/FIRE
JOHN SERDA	ELECTED TRUSTEE/POLICE

ALSO PRESENT

Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Kevin Kenneally	Investment Officer
Sean Gallagher	For General Counsel
Bruce Babiarz	Public Relations Advisor
Dr. Oscar King III	Board Lobbyist
TaKneisha Johnson	Administrative Assistant IV

STAFF EXCUSED

David Cetlinski	Executive Director
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CHAIRPERSON

JEFFREY PEGG

The Board's Administrative Assistant took a verbal Roll Call at 09:45 a.m. and Chairperson Pegg called the meeting to order; the minutes reflect that a quorum was not present when the meeting was called to order. The Trustees present understood that no formal action could be taken in the absence of a quorum. However, in the interest of beginning previously scheduled presentation the meeting was called to order

Present at Roll Call: Michael F. Berent, Matthew Gnatek, Angela James, Christa Mclellan, Gregory Trozak, Steven Watson and Chairperson Jeffrey Pegg

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts		HYBLIQUES	
RSCD-PFRS	Start Date:	7/16/2018	
	End Date:	7/27/2018	

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/20/2018	CA	Cash Entry	000768	Employee Mandatory Pension Contributions 7/20/18	R/C	266,470.01
7/23/2018	AR	Payment	000005	Employer Match April 1 to June 30, 2018	R/C	4,220,826.38
7/20/2018	CA	Cash Entry	000768	Employee Mandatory Pension Contributions 7/27/18		97,373.70
						<u>4,584,670.09</u>

Cash Receipts		LIQUID RES	
RSCD-PFRS	Start Date:	7/16/2018	
	End Date:	7/27/2018	

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/19/2018	CA	Cash Entry	000767	Loan Program 7/13/18 (\$48,441.31)	R/C	48,441.31
7/25/2018	CA	Cash Entry	000771	Loan Deduction Program 7/20/18 (\$133,011.64)	R/C	133,011.64
						<u>181,452.95</u>

Total Receipts 4,766,123.04

➤ ***The minutes of Thursday June 21st were distributed.***

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer **Ryan Bigelow**, in addition to his formal report, discussed the following with the Board:

- GASB Long Term Return
- Termination of Guggenheim
- GASB 67 and 68 Methodology

➤ ***Wilshire Consultants entered the Boardroom at 9:47 a.m.***

PRESENTATION:

Wilshire Consultants

Representatives David Lindberg, Calvin Born and Joanna Bewick discussed the following with the Board:

- May 2018 Performance report
- Summary of Investment Manager Recommendation
 - Guggenheim High yield
- Asset Allocation Analysis update
- Wilshire will return in September to present the Quarterly report.

Presentation materials were provided.

➤ ***Trustee Megan Moslimani entered the Boardroom at 09:54 a.m. and the Board gained a Quorum***

Motion by: Trustee Gnatek- Supported by Trustee Trozak, motion to follow the recommendation of the Board's Chief Investment Office and Wilshire Consultants to terminate the DPFRS relationship with Guggenheim High Yield. The Motion passed by a unanimous vote.

➤ ***Trustee Christa Mclellan excused herself from the Boardroom at 10:15 a.m. and the Board lost its Quorum***

➤ ***Levi and Korsinsky LLP entered the Boardroom at 11:40 a.m.***

Open Forum

Chairperson **Jeffrey Pegg** opened the meeting for public discussion:

Labor Attorney for the Lieutenants and Sergeants Association **Peter Sudnick** addressed the Board regarding the following:

- Reconsideration of Board action regarding Police Investigator Glenda Heath-Fisher
 - ***The Board of Trustees will opine on the matter once they regain a Quorum; and the discussion was tabled.***

PRESENTATION:

Levi and Korsinsky LLP

Representatives Nicholas I. Porritt and Nancy A. Kulesa discussed the following with the Board:

- Portfolio Monitoring and Loss Recovery Services

Presentation materials were provided.

- ***Trustee Mark Diaz entered the Boardroom at 11:17 a.m. and the Board regained its Quorum.***
- ***Trustees John Naglick and Portia Roberson entered the Boardroom at 11:18 a.m.***
- ***Trustee Christa Mclellan re-entered the Boardroom at 11:19 a.m.***

Re: Approval of August 02, 2018 Agenda

Matthew Gnatek moved to approve the agenda dated **Thursday, August 02, 2018**. Mark Diaz supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

Matthew Gnatek moved to approve the **DROP Retirements** as listed below. Angela James supported. The motion passed unanimously.

NAME-TITLE-DEPARTMENT: MARK A CARROLL- POLICE OFCR-2/20/95- POLICE
RETIREMENT TYPE-PLAN: DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE: 16 02 04 - 07 30 18

NAME-TITLE-DEPARTMENT: SCOTT M GRZENIA- POLICE OFF- POLICE
RETIREMENT TYPE-PLAN: DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE: 15 11 25 - 07 24 18

NAME-TITLE-DEPARTMENT: SHERON D JOHNSON- POLICE OFCR-2/20/95- POLICE
RETIREMENT TYPE-PLAN: DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE: 16 02 04 - 05 17 18

NAME-TITLE-DEPARTMENT: MATTHEW D LASHBROOK- POLICE OFFICER 2/20/95 - POLICE
RETIREMENT TYPE-PLAN: DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE: 16 05 19 - 06 29 18

NAME-TITLE-DEPARTMENT: KEITH R MARTIN - FIRE LIEUTENANT- FIRE
RETIREMENT TYPE-PLAN: DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE: 27 03 29 - 06 18 18

Re: Approval of HYBRID Retirement Applications

Matthew Gnatek moved to approve the **HYBRID Retirements** as listed below. Mark Diaz supported. The motion passed unanimously.

NAME-TITLE-DEPARTMENT: MICHELLE L BAKER - POLICE INVESTIGATOR - POLICE
RETIREMENT TYPE-PLAN: HYBRID SERVICE - 2014 PLAN
SERVICE CREDIT-EFFECTIVE DATE: 04 00 00 - 06 27 18

NAME-TITLE-DEPARTMENT: KEITH R MARTIN - LIEUTENANT - FIRE
RETIREMENT TYPE-PLAN: HYBRID DROP - 2014 PLAN
SERVICE CREDIT-EFFECTIVE DATE: 04 00 00 - 06 18 18

Re: Approval of Disbursements

Mark Diaz moved to approve the **Disbursement List** as outlined below. Angela James supported. The motion passed unanimously.

Disbursements

Page: 1 of 2
Date: 7/27/2018 8:09 AM

Account	Payment Method	Currency		
F RET PAY	ACH	US		
Vendor Name	Vendor Ref.	Invoice Description	Amount To Pay	
F ACCT PAY ACH US				
Vendor Name	Vendor Ref.	Invoice Description	Amount To Pay	
ATIVO CAPITAL	2104	Management Fees 2nd Qtr '18	39,121.03	
BAIRD ADVISORS	BA182Q2314	Management Fees 2nd Qtr '18	49,291.82	
CBRE CLARION SECURITIES	20180630-144-147-A	Management Fees 2nd Qtr '18	74,036.93	
Hamilton Lane Advisors, LLC (HL)	DETROIT0718	Management Fees 3rd Qtr '18	287,750.00	
LOOMIS, SAYLES & COMPANY, L.P.	192530	Management Fees 2nd Qtr '18	61,783.12	
MORGAN STANLEY INVESTMENT MGMT	20180630-7785-A	Management Fees 2nd Qtr '18	90,865.14	
Office of the Chief Financial Officer	765594	Wages & Benefits for City of Detroit Employees FY 17-18	1,381,128.44	
PARADIGM ASSET MANAGEMENT CO., LLC	2Q18	Management Fees 2nd Qtr '18	60,410.77	
PENN CAPITAL MANAGEMENT COMPANY	2Q18	Management Fees 2nd Qtr '18	52,743.56	
RHUMBLINE ADVISERS	detpol2018Q2	Management Fees 2nd Qtr '18	18,065.00	
SALIENT CAPITAL ADVISORS, LLC	2Q18	Management Fees 2nd Qtr '18	126,222.76	
SMITH GRAHAM	2Q18	Management Fees 2nd Qtr '18	19,434.00	
ULTIMATE PARKING MANAGEMENT LLC	168250	Parking - July 2018	2,882.00	
ULTIMATE PARKING MANAGEMENT LLC	169423	New Parker: Knoll, Todd, Card 00061, Eff 7/16/18	56.78	
ULTIMATE PARKING MANAGEMENT LLC	170260	Parking - August 2018	2,992.00	
Cash Account/Payment Method Total:			15 Documents	2,266,783.35
F ACCT PAY Check US				
Vendor Name	Vendor Ref.	Invoice Description	Amount To Pay	
AMERICAN ARBITRATION ASSOCIATION	12209595-96	Trustees AAA Election Services	8,444.80	
COMCAST	071718	High Speed Internet	178.18	
FEDEX	6-241-06577	FedEx Mailing	24.09	
FEDEX	6-247-65324	FedEx Mailing	24.15	
First CHOICE Coffee Services	561647	Coffee Supplies	142.28	
GREGORY TROZAK	062718	Trustee Parking	132.00	
GREGORY TROZAK	072518GT	Trustee Stipend	721.52	
F ACCT PAY Check US				
Vendor Name	Vendor Ref.	Invoice Description	Amount To Pay	
JOHN TUCKER	072518JT	Trustee Stipend	659.32	
OFFICE DEPOT	160641873001	Office Supplies	133.00	
PROVIDENCE OCCUPATIONAL HEALTH PTRS	321212	Disability Re-Exam Fee	225.00	
QUILL CORPORATION	8450201	Office Supplies	268.65	
QUILL CORPORATION	8455431	Office Supplies	20.00	
SCHAIBLE BUILDERS, INC	005883	Reception Area Window, Door and Safety Upgrades	4,920.00	
STEPSTONE GROUP REAL ESTATE LP	06301823	Management Fees 2nd Qtr '18	50,394.00	
VERIZON WIRELESS	9810312082	Wireless Billing 6/5/18-7/4/18	913.31	
Cash Account/Payment Method Total:			15 Documents	67,200.30

Re: Approval of Refunds (Accumulated Contributions)

Portia Roberson moved to approve the **Refunds/Accumulated Contributions** as outlined below. Angela James supported. The motion passed unanimously.

LIST NUMBER 3746 - \$514,867.04

LIST NUMBER 3747 - \$380,948.34

Re: Approval of the Frozen Defined Contribution Plan/ Employee Loan Program

Matthew Gnatek moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. Portia Roberson supported. The motion passed unanimously.

LIST #1 7/26/2018 – \$62,275.00

LIST #2 8/02/2018 – \$42,376.00

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

Assistant Executive Director, **Kelly Tapper**, addressed the following with the Board of Trustees:

- Member William Myles
 - The Board of Trustees directed that the System recoup from 2017, as stated in the Plan of Adjustment and create a payment plan for 2016.
- Medical Director RFP
 - The RFP's will be forwarded to the Trustees and then further direction will be given once the RFP's have been reviewed.
- Approval of NCPERS Public Safety Conference October 28th – 31st, 2018
 - Ms. Tapper has requested to attend this conference.
- The August 16th, 2018 Board Meeting will be held in the Finance Department Conference Room (C.A.Y.M.C. 2 Woodward Avenue; 12th Floor; Room 1208)
- Gabriel, Roeder, Smith and Company Trustee Education seminar will be held on Thursday August 9th, 2018 at Gabriel Roeder's offices in Southfield.
- Committee Assignments
 - Committees will be fulfilled once the vacant Board seat is filled.

Re: Approval of NCPERS 2018 Public Safety Conference

Resolution Moved By: Trustee Diaz Supported By: Trustee Gnatek

Resolved, that the Board approve the attendance of any interested Trustee, The Executive Director, The Assistant Executive Director and General Counsel at the aforementioned conference, **and BE IT Further**

Resolved, that the Board approve expenditures for any interested Trustee, the Executive Director, The Assistant Executive Director and General Counsel to attend said conference, and **BE IT FURTHER**

Resolved, that a copy of said conference brochure be provided to Retirement System Staff member Debra Tyler.

The Motion passed by a unanimous vote.

PUBLIC RELATIONS ADVISOR REPORT

Public Relations Advisor, **Bruce Babiarz**, discussed the following matters with the Board:

- Inquiry regarding 11.5 million dollar restitution that has been ordered for former Mayor Kwame Kilpatrick
- 5th Anniversary of City of Detroit Bankruptcy filing
- Book Cadillac press release
 - Discussion regarding authorization on press release
- Crain's Detroit news article regarding hotel shortages
- The Free Press is interested in having a comment from the Board regarding a Pension Divestment story

Re: Approval of GASB Long Term Rate Calculation

Resolution Moved By: Trustee Naglick – Supported By: Gnatek

RESOLVED, that the Board of Trustees approve the GASB Long Term Rate Calculation of 7.19% as well as the methodology of calculating the rate:

Yeas – Berent, Gnatek, James, Mclellan, Moslimani, Naglick, Roberson, Trozak, Watson and Chairperson Pegg - 10

Nays – None

Abstentions: Diaz- 1

LOBBYIST'S REPORT

Lobbyist, **Oscar King III**, discussed the following matters with the Board:

- The Legislature is still in recess
 - Historic Brownfield Legislation
 - Michigan Central Station Rehabilitation
 - Court ruling regarding the ban on straight ticket voting was ruled unconstitutional.

Re: Entering Into Closed Session

Resolution Moved By: Trustee Gnatek – Supported By: Trustee Diaz

WHEREAS, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

RESOLVED, that the Board enters into Closed Session for the purpose of discussing Attorney-Client Privileged matters regarding Medical re-examinations and pending litigation regarding PFRS/Gregory Davis.

A Roll Call Vote was taken as follows:

Yeas – Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Roberson, Trozak, Watson and Chairperson Pegg - 11

Nays – None

The Board entered into **Closed Session** at 12:23 p.m.

- ***Trustee Michael Berent excused himself from the Boardroom at 12:35 p.m. and returned at 12:40 p.m.***

Re: Open Session

Resolution Moved By: Trustee Diaz – Supported By: Trustee Gnatek

RESOLVED, that the Board come out of Closed Session.

The Board returned to **Open Session** at 12:41

Re: Annual Re-examinations

Resolution Moved By: Trustee Diaz Supported By: Trustee Mclellan

RESOLVED, that in accordance with the recommendation of the Medical Director, the following be CONTINUED on the Disability Retirement Payroll with **re-exams in one year**:

**Kenyetta Borden
Arthur Dudal
Eric Giles**

Yeas – Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Roberson, Trozak, Watson and Chairperson Pegg - 11

Nays – None

NEW BUSINESS/OLD BUSINESS

- The Glenda Heath-Fisher discussion will be added to the August 16th, 2018 meeting agenda
- Trustee James requested to move the Legal discussion to the September 6th, 2018 meeting
- Public Act 202 discussion
- Approval of GFOA Conference

Re: Approval of MGFOA Kalamazoo Conference September 16th, 2018-September 19th, 2018

Resolution Moved By: Trustee Diaz Supported By: Trustee Mclellan

Resolved, that the Board approve the attendance of any interested Trustee, The Executive Director, The Assistant Executive Director and General Counsel at the aforementioned conference, **and BE IT Further**

Resolved, that the Board approve expenditures for any interested Trustee, the Executive Director, The Assistant Executive Director and General Counsel to attend said conference, and **BE IT FURTHER**

Resolved, that a copy of said conference brochure be provided to Retirement System Staff member Debra Tyler.

The Motion passed by a unanimous vote.

Motion by: Trustee Diaz– Supported by Trustee Gnatek, motion to engage the law firm of Levi and Korsinsky LLP. The Motion passed by vote as follows:

Yeas – Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Roberson, Trozak and Watson - 10

Nays – Chairperson Pegg- 1

ADJOURNMENT

Chairperson Pegg adjourned the meeting at 12:51 p.m. The Board's next meeting is scheduled for **Thursday, August 16th, 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Kelly Tapper", written in black ink.

Kelly Tapper, Assistant Executive Director