

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

RULES AND ORDER OF BUSINESS
ADOPTED: May 16, 2019

**Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment (“POA”) and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.ⁱ

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Statement of Purpose

The Trustees of the PFRS, both individually and collectively, have a fiduciary duty to the plan. They must maintain the highest morals and standard of fiduciary care and loyalty to avoid erosion of the trust of PFRS members and the public at large.

In addition to the statutory obligations set forth in the Michigan Public Employee Retirement System Investment Act, 1965 PA 314, as amended, this Rules and Order of Business, in conjunction with the all of the Board's Policies, provide guidelines for PFRS Trustees in conducting themselves with the utmost integrity and accountability required of a PFRS Board Member.

**Per section 1.21 of the PFRS Combined Plan, Component I, made part of the POA and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

Definitions

“Board” or “Board of Trustees” shall mean the Board of Trustees of the Police and Fire Retirement System of the City of Detroit.

“Board member” shall mean any member of the PFRS Board Trustees.

“PFRS” shall mean the Police and Fire Retirement System of the City of Detroit.

“PFRS Staff” or “Staff” shall mean the Executive Director, the Assistant Executive Director, Chief Investment Officer, Recording Secretary, and all other employees of the PFRS as well as independent contractors who are not designated as employees.

“Service provider” shall mean any consultant, manager, advisor, custodian or other individual or entity providing professional services to the Board and/or PFRS.

General

Each member of the PFRS Board shall execute their duties and responsibilities in accordance with all applicable federal, state, local laws, including but not limited to, the Public Employee Retirement System Investment Act, 1965 PA as amended, (“Act 314”) and the Plan of Adjustment and shall discharge his or her duties solely in the best interest of the participant and the beneficiaries, acting with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims.

Each and every member of the PFRS Board shall diligently attend to the business of the PFRS and shall not leave to other Board members control over the administration of the affairs of the Board and retirement system.

Each and every member of the PFRS Board shall fully comply with the Board's Governance Policies.

Meetings

Regular meetings shall be held at least once per month. (POA, p.4) The current schedule sets regular meetings on the first and third Thursday every month. The meetings are set to start at 9:00am.

Special meetings shall be held as necessary. For Special Meetings only; in order to form and maintain a quorum (as set forth below) to conduct substantive business, the Board will allow members to participate telephonically for discussion and voting purposes.

Telephonic participation is not permitted for any closed session items in either regular or special meetings.

Closed Sessions during meetings shall require a roll call vote and a valid reason as described in the Michigan Open Meetings Act, 1976 PA 267, as amended, MCL 15.261, et. seq. (OMA). The Board Lobbyist and Public Relations Representative shall be allowed to attend Closed Sessions on an as needed basis as decided by the Board.

All cell phones and laptops need to be silenced during meetings. Persons may be asked to leave if cell phones and laptops are ringing and causing a general disruption.

A quorum is established with eight (8) members present, four (4) of whom must be elected. A majority vote of the Trustees present shall be necessary for a decision by the Trustees at any meeting of the Board. (POA, p. 5)

All Meeting notices shall be posted in the glass case, located in the lobby of the Retirement System of City of Detroit offices (500 Woodward Avenue, Suite 3000, Detroit, MI). They shall also be posted on the website, www.rscd.org. The PFRS shall follow all open meeting requirements.

Attendance

If a Trustee resigns or is removed by the other Trustees for cause, or if an elected or appointed Trustee fails to attend three (3) consecutively scheduled Board meetings without being excused for cause by the Trustees attending such meetings, the Trustee shall be considered to have resigned from the Board (POA, p. 4)

Term of Office

Fiscal year begins July 1 and ends June 30 of the following year

Term of office shall be fiscal year, not calendar year.

Elected Trustees – 3 years (POA, p. 4)

Trustee appointed by Board – 2 years (POA, p.4)

Trustees appointed by Mayor – 3 years (POA, p.4)

Oath

New Trustee must take oath of office within 10 days after appointment or election (POA, p. 4)

Order of Business

Roll Call
Excused Absences
Agenda Approval
Applications (DROP, Hybrid, Retirement)
Receipts for Acknowledgement
Disbursements
Refunds
Employee Loans
Minutes for Approval and Distribution
Reports (Asst. Executive Director, Executive Director, CIO)
Public Comment
Public Relations
Lobbyist
General Counsel
Tabled motions
Committees
Adjournment

Parliamentary Procedure

The Board has not adopted a parliamentary procedure, however in instances of the Board being not able to come to an agreement, Robert's Rules shall be referenced.

Major Board Action

At least 70% of sworn Trustees shall be present for a vote on a major Board action except in exigent circumstances. A major Board action shall be defined as a Board action which significantly impacts PFRS operations, performance, management or maintenance of PFRS, including but not limited to:

1. Approving the appointment or termination of any executive staff members or independent contractor agreement.
2. Approving the terms and/or conditions of employment of any executive staff member or independent contractor
3. Approving the engagement of any major vendor, by way of example, investment manager, broker, consultant, advisor, manager, actuary, auditor or attorney.
4. Approving the termination of any major vendor, by way of example, investment manager, broker, consultant, advisor, manager, actuary, auditor or attorney.
5. Approving or changing the Board's regular meeting calendar dates or time.
6. Approving the selection of any Board appointed trustee, by way of example, the 17th Trustee.
7. Approving an investment in, a material amendment of, or terminating a non-traditional investment (an investment other than equities or bonds).

Reconsideration

On any matter that comes before the Board for reconsideration (i.e. the Board has previously considered and acted on the matter) the Executive Director or Assistant Executive Director shall provide a memo detailing the issue to come before the Board and give all supporting documentation in advance of the meeting where reconsideration is requested.

For all items other than member benefit appeals, unless new relevant facts come to light, a motion to reconsider a vote on any question previously considered and acted on by the Board shall not be permitted after one regular meeting of the Board has occurred between the Board's prior action and the motion for reconsideration motion shall only be brought for consideration during that period if brought by motion of any Trustee of the previously prevailing side.

Public Comment

Shall be at the discretion of the Chair. However, the Trustees shall be mindful of any comments made during public comment which may impact attorney/client privilege and/or subsequent proceedings of the Board.

Powers and Duties

The Chair and Vice-Chair shall be selected at the first meeting of July annually. The Chair shall run each meeting, shall preserve order and decide on the order of questions. The Vice-Chair shall take over duties of the Chair when the Chair is unable to attend or would like to put forth his/her own motion. In the event neither the Chair or Vice-Chair are present, a Board member who has previously served as Chair may conduct the meeting (provided all other quorum requirements are met).

The Chair shall allow Board members to add a statement of position to attach to a vote. The statement must be provided to the Board Recording Secretary before the Board meeting ends.

Presentations to the Board

The Board of Trustees deems it appropriate to impose requirements upon those persons and entities submitting products, services or investment proposals to the Board of Trustees and making presentations to the Board of Trustees. No presentations shall be made to the Board of Trustees unless the presenters of the proposal certify responses to the following in writing:

1. That the presenters are aware that the Police and Fire Retirement System of the City of Detroit is subject to the Plan of Adjustment (POA). The POA can be found on the PFRS website at www.rscd.org
2. That the presenters are aware that the Police and Fire Retirement System of the City of Detroit is a governmental plan and trust under the provisions of the Internal Revenue Code and applicable law.
3. For investment products, that the Police and Fire Retirement System is subject to Public Act 314 of 1965 of the State of Michigan, as amended, being MCLA 38.1132 et seq. and that the presenters are familiar with said statute and are particularly aware of Section 13 thereof which refers to fiduciary duties. Provide a written statement that in the opinion of the presenters, the proposed investment is a suitable investment for a Public Employee Retirement System given the prudence standards imposed by Michigan Public Act 314 of 1965 as amended
4. For investment products, that although the Retirement System as a governmental plan and trust is not subject to the provisions of the Employee Retirement Income Security Act (ERISA), the board expects presenters of investment proposals to be familiar with the fiduciary requirements of ERISA and to act consistent with fiduciary requirements of ERISA in addition to fiduciary requirements of P.A. 314 of 1965, as amended.
5. For investment products, whether the presenters are or are not registered investment advisors under Federal or State law.
6. Whether the presenters, any persons or entities involved in the proposed transaction are parties to any litigation within the past ten years. If so, details regarding the litigation to be provided.
7. As outlined in P.A. 314 of 1965 provide (i) information and details indicating from whom and to whom any consulting fees, finder's fees, commissions, and/or similar payments (a "Third-Party Fee") have been paid or will be paid in the event the Board of Trustees makes the proposed products, services or investment regarding the presentation to the Board and (ii) copy of any writings, contract or agreement (and attachments thereto) between (A) presenters,

- or a related entity or any person acting on behalf of presenters, and (B) any person or entity receiving a Third-Party Fee.
8. With respect to Item 6 above, presenter is under an ongoing obligation to provide the Board (i) amendments to any existing consulting related agreements, and (ii) copies of any hereafter consulting related agreement.
 9. Complete and submit, as an attachment prior to doing business and annually thereafter, the Political Contribution Form outlined in P.A. 314 of 1965 and, if applicable, the Service Provider Disclosure form.
 10. Affirm that you have read and will adhere to the PFRS Ethics policy, which can be found on www.rscd.org

Provide a response to the items above via a notarized statement.

Minutes

Board draft meeting minutes shall be available for public inspection within 8 days after the applicable meeting, MCL 15.269(3). Approved minutes must be made available to the public within five days after the Board approval, MCL 15.269(3).

Procurement

The Executive Director is allowed to sign on all professional and non-professional service agreements under \$25,000 without doing a competitive solicitation. Purchases above \$25,000 must go to the Board unless such procurement is for emergency purposes. In the event of an emergency the Chair shall be consulted.

New service providers or investment managers must abide by the rules outlined under Presentations to the Board above.

Board Member IT Equipment

Board Member computer, laptop, tablet, phone or accessories are ordered by the PFRS. When a Board Member leaves the Board they have the option to keep their equipment. Any phone lines must be transferred by the end of the Board Member's term. The following schedule is used to determine what a Board Member must pay to keep their equipment based on the age of the equipment:

- Year 1 or less: 50% of fair market
- Year 2 or less: 25% of fair market (75% off)
- Year 3 = no charge

Public Relations/Media

All media requests should be sent to the Public Relations Representative, copying the Chair, Legal Representative, Executive Director and Assistant Executive Director. The Public Relations Representative shall keep each of the above apprised of the situation when possible. In the event that they cannot contact all parties, they are authorized to act on behalf of the System and in its best interest. They will then notify the parties listed above.

Communication with retired and active members (Code of Conduct Policy)

Board members shall be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the possible harm to a plan member that may result from any such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the PFRS plan. Board members are expected to and may provide general information to Plan members. Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to the Executive Director or appropriate designee.

Medical Re-Examination Expenses

Travel expense reimbursement for medical re-examination by the Board's Medical Director for disability retirants living more than 150 miles outside of Detroit based on www.mapquest.com or similar type website shall be made in accordance with the following guidelines.

- Airfare- allowance for airfare shall be up to the regular "coach" rate, upgrades will not be reimbursed. First class rates will not be allowed under any circumstances. Tickets/receipts must be submitted to the Retirement Systems office upon completion of travel
- Lodging- allowance for lodging shall be reimbursed for up to three nights not to exceed the rate listed on www.gsa.gov per diem rate schedule for the City of Detroit. Lodging receipts from a commercial lodging facility (hotel/motel) must be submitted to the Retirement Systems office upon completion of travel.
- Meals- allowance for meal reimbursement shall be at the rate listed on www.gsa.gov per diem rate schedule for the City of Detroit. Meal reimbursement requires an overnight stay.
- Car Rental- Car rental shall be reimbursed up to a maximum of four (4) days on an intermediate size or smaller vehicle rented from a commercial rental company. Receipt must be submitted to the Retirement Systems office upon completion of travel.
- Flat Rate Mileage- reimbursement for the use of a private vehicle shall be allowed at a flat rate for mileage at the current IRS approved rate, for any travel of more than 50 miles one way, based on a www.mapquest.com or similar type website. Mileage reimbursement shall not exceed regular "coach" round trip airfare to Detroit and shall be inclusive of all vehicle travel expenses.

Handwritten receipts (non-commercial) will not be accepted for any expense reimbursement.

ⁱ Eight Amended Plan for the Adjustment of Debts of the City of Detroit, Michigan, confirmed December 14, 2014.