

MEETING NO. 3218
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, OCTOBER 18, 2018

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

TRUSTEES PRESENT

SHAWN BATTLE	EX/OFFICIO TRUSTEE/FIRE PREVENTION CHIEF/MAYOR'S DESIGNEE
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
BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
CHRISTA MCLELLAN	EX/OFFICIO TRUSTEE/TREASURER
MEGAN S. MOSLIMANI	EX/OFFICIO TRUSTEE/CORPORATION COUNSEL /VICE-CHARPERSON
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
GEORGE ORZECH	ELECTED RETIRANT TRUSTEE/FIRE
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/CHAIRPERSON
DEAN PINCHECK	ELECTED TRUSTEE/FIRE
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE
JOHN SERDA	ELECTED TRUSTEE/POLICE
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

None

ALSO PRESENT

David Cetlinski	Executive Director
Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Ronald King	General Counsel
TaKneisha Johnson	Administrative Assistant IV
Bruce Babiarz	Public Relations Advisor
Dr. Oscar King III	Board Lobbyist

STAFF EXCUSED

None

CHAIRPERSON

JEFFREY PEGG

A verbal Roll Call commenced at 09:03 a.m. and Chairperson Pegg called the meeting to order.

Present at Roll Call: Michael F. Berent, Matthew Gnatek, Christa Mclellan, George Orzech, Dean Pincheck, John Serda, Gregory Trozak, and Steven Watson.

Re: Approval of October 18, 2018 Agenda

Matthew Gnatek moved to approve the agenda dated **Thursday, October 18, 2018**. John Serda supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

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

NAME, TITLE, DEPARTMENT	Anthony R. Armstrong – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 09 10 – 09 21 18
NAME, TITLE, DEPARTMENT	Donna D. Jenkins - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	17 09 01 – 09 26 18
NAME, TITLE, DEPARTMENT	Karen E. Maxey - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 09 10 – 09 25 18
NAME, TITLE, DEPARTMENT	Lori A. Pierce - Police Lieutenant - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	20 09 11 – 09 25 18

Re: Approval of HYBRID Retirement Applications

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

NAME, TITLE, DEPARTMENT	Lori A. Pierce - Police Lieutenant - Police
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	04 03 00- 09 25 18

Re: Approval of RETIREMENT Applications

Gregory Trozak moved to approve the **RETIREMENT Applications** as listed below.
Matthew Gnatek supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Alexander Steil – (Child of Kenneth M. Steil – Deceased) – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Duty Death Child - New
SERVICE CREDIT-EFFECTIVE DATE	20 09 28 – 09 18 16

NAME, TITLE, DEPARTMENT	William Steil – (Child of Kenneth M. Steil – Deceased) – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Duty Death Child - New
SERVICE CREDIT-EFFECTIVE DATE	20 09 28 – 09 18 16

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts HYBLIQRES
RSCD-PFRS Start Date: 10/1/2018
End Date: 10/14/2018

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
10/5/2018	CA	Cash Entry	000888	Employee Mandatory Pension Pre-tax 10/5/18	R/C	97,429.83
10/12/2018	CA	Cash Entry		Employee Mandatory Pension Pre-tax 10/12/18		267,961.34
						<u>365,391.17</u>

Cash Receipts LIQUID RES
RSCD-PFRS Start Date: 10/1/2018
End Date: 10/14/2018

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
10/2/2018	CA	Cash Entry	000881	Loan Deduction Program 9/21/18 (\$44,695.51)	R/C	44,695.51
10/4/2018	CA	Cash Entry	000887	Loan Deduction Program 9/28/18(\$139,107.53)	R/C	139,107.53
						<u>183,803.04</u>

Total Receipts 549,194.21

Re: Approval of Disbursements

Matthew Gnatek moved to approve the **Disbursement List** as outlined below.
John Serda supported. The motion passed unanimously.

Page: 1 of 2
Date: 10/15/2018

Disbursements

Account	Payment Method	Currency			
HUNT VEND	ACH	US			
Vendor Name	Invoice Number	Invoice Description			Amount To Pay
CRESTWOOD ASSOCIATES L.L.C.	INV037922	Acumatica Training & Implementation			50.00
PLANTE & MORAN	1588446	Financial Statement Audit for year-ended 6/30/18			52,925.00
PROCENTIA, INC.	2290	Procentia Implementation			63,754.75
WARBURG PINCUS FINANCIAL SECTOR, LP	101818	Capital Call			850,500.00
UHY Advisors MI, Inc.	1266878	Professional Accounting Services for September 2018			19,118.75
Bridgett Hardy	093018BH	IT Contractual Wages - September 2018			5,791.48
James R. Hollins	093018JH	IT Contractual Wages - September 2018			4,978.92
Raymond R. Tchou	093018RT	IT Contractual Wages - September 2018			7,970.64
Venkat Rallapalli / Highbrow Systems, Inc.	093018VR	IT Contractual Wages - September 2018			6,551.14
Cash Account/Payment Method Total:			9 Documents		1,011,640.68
HUNT VEND	CHECK	US			
Vendor Name	Invoice Number	Invoice Description			Amount To Pay
Advantage Consulting, Inc.	082318	Initial Evaluation Fee			1,200.00
ALLEGRA	55881011	Office Supplies			337.50
ALLEGRA	55904011	Print and Mail Annuity Statements			1,854.00
AMERICAN ARBITRATION ASSOCIATION	12252081,87	Trustees AAA Election Services			1,500.00
CINTAS CORPORATION-300	300335257	Floor Mats			110.01
CREATIVE BREAKTHROUGHS INC	INV0592	Endpoint Protection, Renewal Software Maintenance			750.00
CREATIVE BREAKTHROUGHS INC	INV0600	Software Maintenance			8,900.00
DIRECTV	35122114427	Service Charges 9/23/18-10/22/18			37.62
First CHOICE Coffee Services	576498	Coffee Supplies			146.21
First CHOICE Coffee Services	576779	Equipment Rental			30.00
GABRIEL, ROEDER, SMITH & CO	442065	Actuarial Services for September 2018			10,200.00
GABRIEL, ROEDER, SMITH & CO	442201	EDRO Calculations for David Andrews			1,200.00
GABRIEL, ROEDER, SMITH & CO	442364	EDRO Calculations for Antonio Hardwell			1,200.00
GREGORY TROZAK	092018GT	Trustee Parking			125.00
GREGORY TROZAK	100518	Trustee Stipend			771.28
METCOM	105609	Business Cards			66.40
NCPEERS	9694	Membership Renewal thru 12/31/2019			750.00
PROVIDENCE OCCUPATIONAL HEALTH PARTNE	328327	Disability Initial & Re-Exam Fees			2,350.00
SHRED-IT USA	8125625823	Shredding Service Charges			49.73
VERIZON WIRELESS	9815886735	Wireless Billing 9/5/18-10/4/18			948.29
BAB ASSOCIATES, LLC	2018-087	Media Consultant - July 2018			2,300.00
BAB ASSOCIATES, LLC	2018-088	Media Consultant - August 2018			2,477.70
BAB ASSOCIATES, LLC	2018-091	Media Consultant - September 2018			2,097.70
CRAIN'S DETROIT BUSINESS	100318	Subscription			29.50
Dean Pincheck	092018DP	Trustee Parking			100.00
George Orzech	100518	Trustee Stipend			661.39
KELLEY CAWTHORNE	9526	Lobbyist Services for October 2018			7,500.00
MIKE BERENT	092018MB	Trustee Parking			232.00
Wind Point Partner IV, L.P	101118	Capital Call			148,148.00
Cash Account/Payment Method Total:			29 Documents		196,072.33

* Payment amount is estimated based on the effective date 10/15/2018

****The Board of Trustees engaged in discussion regarding various items on the Disbursement list.***

Re: Approval of Refunds (Accumulated Contributions)

Michael Berent moved to approve the **Refunds/Accumulated Contributions** as outlined below Matthew Gnatek supported. The motion passed unanimously.

LIST NUMBER 3757 - \$53,442.56

LIST NUMBER 3758 - \$348,303.55

****The Board of Trustees engaged in discussion regarding the Accumulated Contributions.***

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. Dean Pincheck supported. The motion passed unanimously.

LIST #1 10/11/2018 – \$74,459.00

LIST #2 10/18/2018 – \$51,753.00

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

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

- “Go Paperless Campaign “update
 - Police and Fire Retirement System newsletter compilation is underway. It will be available IN January 2019. Ms. Tapper welcomes topics that may be of interest to the members
 - Annuity termination statement clarification
 - Global Governance Advisors can present to the Board but it involves a cost to the System for travel time and preparation of documents.
- ***Trustee Shawn Battle entered the Boardroom at 09:15 a.m.***
- ***Dr. Oscar King entered the Boardroom at 09:18 a.m.***

Re: Request for DROP Plan Participant information

John Serda moved to approve the request of the Police Department Personnel division for all DROP plan participant information. Matthew Gnatek supported. The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **David Cetlinski**, addressed the following with the Board of Trustees:

- Main lobby front counter construction is underway
- Tuition Authorization for Chief Accounting Officer

Re: Request for Tuition Authorization

Matthew Gnatek moved to approve the request of the Chief Accounting Officer to take a Certified Treasury Professionals Course at Walsh College. Dean Pincheck supported. The motion passed unanimously.

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, **Ryan Bigelow**, discussed the following matters with the Board:

- Upcoming Police and Fire Investment Committee meeting Monday October 22nd, 2018; all Trustees are encouraged to attend.
 - Wilshire will be in attendance to discuss the Asset Liability Study; materials are available to be forwarded to the Trustees in advance of the meeting.

➤ ***Trustee John Naglick entered the Boardroom at 09:27 a.m.***

Open Forum

Chairperson Pegg opened the meeting for public discussion:

Disability Retiree Celeste Reed addressed the Board regarding the following:

- Medical Director's report on her current condition

PUBLIC RELATIONS ADVISOR REPORT

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

- The year-end FAQ Fact sheet is under preparation and will be forwarded for review
- Media Training kit and the Media Policy will be forwarded to Trustees for review and reconsideration.

LOBBYIST'S REPORT

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

- Legislature is currently in recess.
 - The House met for two days; the Senate has not met.
 - Michigan Gubernatorial Race highlights:
 - The Detroit Chamber of Commerce endorses Gretchen Whitmer; The Michigan Chamber of Commerce endorses Bill Schuette
 - Council President Jones will serve on the Senate for six weeks and Member Elect Rashida Tlaib will serve for two years.
 - Dr. King congratulated Trustee Portia Roberson on her recent appointment as President of the Detroit non-profit Focus Hope.
- ***Trustee Angela James entered the Boardroom at 09:43 a.m.***
- ***Trustee Portia Roberson entered the Boardroom at 09:44 a.m.***

GENERAL COUNSEL'S REPORT

General Counsel **Ronald King**, in addition to his formal legal report discussed the following matters with the Board:

- DPOA Contract Agreement regarding the DROP Plan
- ***Trustee Mark Diaz entered the Boardroom at 09:50 a.m.***
- William R. Rice Sr. Chapter 7 Bankruptcy Case No. 18-40646
- Non-Duplication of Benefits
- Investment related FOIA Request from Zach Cziryak of Financial News.com
- Dabish incarceration reimbursement
- ***Trustee Dean Pincheck excused himself from the Boardroom at 09:52 a.m.***

Re: Entering Into Closed Session

Resolution Moved By: Trustee Serda – Supported By: Trustee Roberson

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 the following pending litigation matters: **PFRS Falconhead Holding Corporation and Davis v. PFRS, et al.**. A Roll Call Vote was taken as follows:

Yeas – Battle, Berent, Diaz, Gnatek, James, Mclellan, Naglick, Orzech, Serda, Trozak, Watson and Chairperson Pegg - 12

Nays – None

The Board entered into **Closed Session** at 9:56 a.m.

- ***Trustee Brenda Jones entered the Boardroom at 09:58 a.m.***
- ***Trustee Dean Pincheck re-entered the Boardroom at 09:58 a.m.***
- ***Trustee John Naglick excused himself for the day at 10:05 a.m.***

Resolution Moved By: Trustee Berent – Supported By: Trustee Roberson

RESOLVED, that the Board come out of Closed Session.

The Board returned to **Open Session** at 10:08 a.m.

- ***The Board recessed for a brief break at 10:08 a.m. and reconvened at 10:20 a.m.***

Legal Discussion:

The Board of Trustees engaged in discussion regarding their current General Counsel, Ronald King.

- ***Trustee/Vice-Chairperson Megan Moslimani entered the Boardroom at 10:25 a.m.***
- ***Chairperson Pegg relinquished his seat to Vice-Chairperson Megan Moslimani as he is unable to make motions as the Chairperson.***

Re: Thirty-day termination notice of PFRS General Counsel Ronald King

Jeffrey Pegg moved to terminate the Board's General Counsel by way of Thirty-day termination notice for succession of legal services. George Orzech supported. The motion **FAILED** by vote as follows:

Yeas –Orzech and Chairperson Pegg - 2

Nays – Battle, Berent, Diaz, Gnatek, James, Jones, Mclellan, Moslimani, Pincheck, Serda, Trozak, Watson and Chairperson Pegg - 13

Re: Formation of Ad-Hoc Legal Committee

Portia Roberson moved to form an ad-hoc legal committee that would be charged with the task of addressing concerns regarding Legal that would consist of the following Trustees: Mark Diaz, Megan Moslimani, Christa Mclellan, Angela James and Steven Watson. Christa Mclellan supported. The motion passed unanimously.

Re: Creation of Legal Request for Proposal

Steven Watson moved to authorize Staff to prepare a Request for Proposal and prepare a needs assessment report; in coordination with the ad-hoc legal committee, for Board review and approval. Matthew Gnatek supported. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None

ADJOURNMENT

Matthew Gnatek moved to adjourn meeting #3218. Dean Pincheck supported.

Chairperson Pegg adjourned the meeting at 11:43 a.m. The Board's next meeting is scheduled for **Thursday, November 1st, 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



Kelly Tapper, Assistant Executive Director