

MEETING NO. 3234
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, MARCH 21, 2019

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
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
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
GREGORY TROZAK	ELECTED RETIRANT TRUSTEE/POLICE

ALSO PRESENT

David Cetlinski	Executive Director
Kevin Kenneally	Deputy-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

Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer

CHAIRPERSON

JEFFREY PEGG

A verbal Roll Call commenced at 09:25 a.m. and Chairperson Pegg called the meeting to order.

Present at Roll Call: Michael F. Berent, Mark Diaz, Matthew Gnatek, Christa Mclellan, George Orzech, Dean Pincheck and Steven Watson

Re: Approval of March 21, 2019 Agenda

Dean Pincheck moved to approve the agenda dated **Thursday, March 21, 2019**. Matthew Gnatek supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

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

NAME, TITLE, DEPARTMENT	Artez D. Baker – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 04 00 – 03 01 19

NAME, TITLE, DEPARTMENT	Eric D. Croxton – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	17 10 18 – 02 28 19

NAME, TITLE, DEPARTMENT	Nicholas A. Giaquinto – Police Commander - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	21 04 09 – 02 27 19

NAME, TITLE, DEPARTMENT	Tyrone Gray – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	16 02 03 – 02 18 19

NAME, TITLE, DEPARTMENT	Charles L. Gregory, Jr. – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Drop - New

SERVICE CREDIT-EFFECTIVE DATE 20 04 27 – 02 15 19

Re: Approval of DROP Retirement Applications- Continued

NAME, TITLE, DEPARTMENT Patrick G. Lane – Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 15 09 10 – 02 22 19

NAME, TITLE, DEPARTMENT Lawrence Smith – Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 15 04 00 – 03 01 19

NAME, TITLE, DEPARTMENT Kata Ante Taylor – Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 15 04 00 – 03 01 19

NAME, TITLE, DEPARTMENT James R. Thompson – Fire Sergeant - Fire
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 24 04 19 – 02 27 19

Re: Approval of HYBRID Retirement Applications

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

NAME, TITLE, DEPARTMENT Roman J. Dziadziak – Fire Engine Operator-
MFR - Fire
RETIREMENT TYPE-PLAN Hybrid - Service
SERVICE CREDIT-EFFECTIVE DATE 04 08 00 – 03 01 19

NAME, TITLE, DEPARTMENT Nicholas A. Giaquinto – Police
Commander - Police
RETIREMENT TYPE-PLAN Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE 04 08 00 – 02 27 19

NAME, TITLE, DEPARTMENT Charles L. Gregory, Jr. – Police Sergeant -
Police
RETIREMENT TYPE-PLAN Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE 04 07 00 – 02 15 19

NAME, TITLE, DEPARTMENT Johnny A. Thomas – Police Commander -
Police
RETIREMENT TYPE-PLAN Hybrid - Service

SERVICE CREDIT-EFFECTIVE DATE 04 07 00 – 02 02 19

Re: Approval of HYBRID Retirement Applications- Continued

NAME, TITLE, DEPARTMENT James R. Thompson – Fire Lieutenant - Fire
RETIREMENT TYPE-PLAN Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE 04 08 00 – 02 27 19

Re: Approval of Retirement Applications

Dean Pincheck moved to approve the **Retirements** as listed below.
George Orzech supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT Roman J. Dziadziak – Fire Engine Operator -
Fire
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 19 10 23 – 03 01 19

NAME, TITLE, DEPARTMENT Corey J. Marshall – Police Officer - Police
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 15 09 02 – 02 28 19

- ***Trustee Megan Moslimani entered the Boardroom at 9:27 a.m.***
- ***Trustee Brenda Jones entered the Boardroom at 9:28 a.m.***

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts
Company: RSCD-PFRS
Cash Account: HYBLIQRES
Start Date: 3/1/2019
End Date: 3/18/2019

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
3/1/2019	CA	Cash Entry	001204	Pre tax Pension Contributions 3-1-19	R/C	269,093.59
3/8/2019	CA	Cash Entry	001217	Pre tax Pension Contributions 3-8-19	R/C	94,766.12
						363,859.71

Cash Receipts
Company: RSCD-PFRS
Cash Account: LIQUID RES
Start Date: 3/1/2019
End Date: 3/18/2019

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
3/6/2019	CA	Cash Entry	001215	Loan Deductions 3-1-19 (\$76,742.79)	R/C	76,742.79
3/15/2019	CA	Cash Entry	001227	Loan Deduction Program 3-8-19(\$32,822.82)	R/C	32,822.82
						109,565.61

Total Receipts 473,425.32

Re: Approval of Disbursements

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

Disbursement Report

Page 1 of 2
Date 3/18/2019 7:56 AM

Account	Payment Method	Currency			
LIQUID RES	WIRE	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
ABR Chesapeake Investors V-b LP			032019	Capital Call	2,000,000.00
OWL ROCK CAPITAL CORPORATION - HAMILTON LAN			032119	Capital Call	548,407.26
VALSTONE OPPORTUNITY FUND VI AIV I, LLC			031519	Capital Call	1,260,022.91
			Cash Account/Payment Method Total:	3 Documents	3,808,430.17
HUNT VEND	ACH	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
500 WEBWARD LLC			953614	Electrical Billing: 1/31/19-2/27/19, Meter #16055044	718.49
500 WEBWARD LLC			953615	Electrical Billing: 1/31/19-2/27/19, Meter #16055070	1,954.02
8x8 INC.			2338371	Phone System Services	1,453.75
Cogent Communications, Inc.			030119	Internet Service	1,023.00
PROCENTIA			2309	Procentia Implementation	28,303.10
UHY Advisors MI, Inc.			1284139	Professional IT Services for February 2019	6,750.00
UHY Advisors MI, Inc.			1284142	Professional IT Services for February 2019	53,340.00
UHY Advisors MI, Inc.			1284520	Professional Accounting Services - Marlene Beach 1/E	875.00
			Cash Account/Payment Method Total:	8 Documents	94,317.36
HUNT VEND	CHECK	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
BAB ASSOCIATES, LLC			2019-0101	Public Relations Services February 2019	2,458.85
CINTAS CORPORATION			4015460855	Floor Mats	110.01
CINTAS CORPORATION			4017056162	Floor Mats	110.01
CREATIVE BREAKTHROUGHS INC			1155	Software Maintenance	11,900.00
CREATIVE BREAKTHROUGHS INC			1271	Software Maintenance	10,400.00
DELL MARKETING, LP			10291695849	Compellent Support Renewal	31,570.83
DELL MARKETING, LP			10291695857	Compellent Support Renewal	23,915.24
DIRECTV			35943380797	Service Charges 2/23/19-3/22/19	39.12
HUNT VEND	CHECK	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
FEDEX			6-474-05990	FedEx Mailing	25.86
FEDEX			6-481-27863	FedEx Mailing	40.14
First CHOICE Coffee Services			604752	Equipment Rental	30.00
First CHOICE Coffee Services			607192	Coffee Supplies	132.04
GABRIEL, ROEDER, SMITH & CO			445066	EDRO Calculations for Joseph Smith	1,350.00
GABRIEL, ROEDER, SMITH & CO			445241	Actuarial Services for February 2019	17,200.00
IRON MOUNTAIN			160950	Data Domain Service	1,289.40
IRON MOUNTAIN			201836526	Storage CDs	872.00
Iron Mountain Records Management			AMMN152	Records Storage	1,710.09
KELLEY CAWTHORNE			9951	Lobbyist Services for March 2019	7,500.00
LIEBERT SERVICES / VERTIV			57658227	Computer Preventative Maintenance	3,926.00
METCOM			R-15899	Business Cards	66.56
MIKE BERENT			022719MB	Trustee Parking	298.00
OFFICE DEPOT			278531199001	Office Supplies	74.97
OFFICE DEPOT			278531200001	Office Supplies	37.47
OFFICE DEPOT			278531201001	Office Supplies	8.75
QUILL CORPORATION			5529289	Office Supplies	179.26
QUILL CORPORATION			5581783	Office Supplies	3.15
Revize LLC			7841	Website Design and CMS Annual Tech Support 2/28/19	3,825.00
SHRED-IT USA			8126675139	Shredding Service Charges	49.73
VERIZON WIRELESS			9825505069	Wireless Billing 2/5/19-3/4/19	867.80
WELLS FARGO VENDOR FINANCIAL SVCS, LLC			101795951	Printer Maintenance	129.11
XEROX			096161515	Printer Maintenance	43.33
			Cash Account/Payment Method Total:	31 Documents	120,162.72

* Payment amount is estimated based on the effective date 3/18/2019

Re: Approval of Refunds (Accumulated Contributions)

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

LIST NUMBER 3779 - \$490,453.65

LIST NUMBER 3780 - \$656,344.50

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

Michael Berent moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. Mark Diaz supported. The motion passed unanimously.

LIST #1 03/14/2019 – \$99,469.00

LIST #2 03/21/2019 – \$98,001.00

Re: Approval of Minutes/Journal of Proceedings No. 3232 – (02/21/2019)

Michael Berent moved to approve the **Minutes/Journal of Proceedings No. 3232 (02/21/2019)** Brenda Jones supported. The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

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

- Reminder to complete and submit the Performance Appraisal for the Executive Director
- Pay card Approval
- Recap of March 11, 2019 Investment Committee Meeting with respect to the Compensation of Chief Investment Officer Ryan Bigelow and Deputy-Chief Investment Officer, Kevin Kenneally

Re: Pay card Recommendation

Mark Diaz moved to accept the recommendation by staff to implement the use of a pay card for use with respect to miscellaneous office purchases. Dean Pincheck supported. The motion passed unanimously.

Re: Compensation Of Investment Staff Discussion

The Board of Trustees discussed the aforementioned matter at length with respect to the compensation of the Chief Investment Officer and the Deputy-Chief Investment Officer. The following motion was the result of said discussion:

Re: Board Action/ Recommendation

Brenda Jones moved to forward notice to the Investment Committee of the Police and Fire Retirement System (“IC”) disapproving of the action taken by the IC at its 3/11/19 meeting related to the compensation adjustments for the Chief Investment Officer and the Deputy-Chief Investment Officer and direct General Counsel to proceed with action consistent with the dispute resolution process set forth in Exhibit B of the State Contribution Agreement with respect to the CIO and Deputy CIO compensation increases. Further, the Executive Director is directed to work with the City of Detroit Human Resources Department to implement a study on applicable compensation rates for the CIO and Deputy CIO classifications and update the “White Book” to determine if approved salaries can be added to the “White Book”. Dean Pincheck supported. The motion passed unanimously.

- ***Trustee John Naglick entered the Boardroom at 9:57 a.m.***
- ***Trustee Angela James entered the Boardroom at 9:58 a.m.***
- ***Trustee John Serda entered the Boardroom at 10:02 a.m.***

Open Forum

Chairperson Pegg opened the meeting for public comment/discussion:

Christopher Baumann, Daniel Salkowski and Jeffrey Hamm addressed the Board during public comment regarding the following:

- DROP Program Issues related to the implementation of the 5 year DROP participation limitation imposed on DFFA members as part of the approval of the Plan of Adjustment as part of the city’s Chapter 9 bankruptcy case.

Kathleen Colin, President of NASP Detroit, informed the Board that the National Association of Securities Professionals Pension and Financial Services Conference will be held in Detroit in 2021.

- ***Trustee Portia Roberson entered the Boardroom at 10:10 a.m.***

PRESENTATION:

Gabriel, Roeder, Smith and Company

Representatives Kenneth Alberts and David T. Kausch discussed the following with the Board:

- Approval of Annual Actuarial Valuations of Components I and II year ending June 30, 2018

Re: Acceptance and Approval of Annual Actuarial Valuation of Component I

Mark Diaz moved to approve the Annual Valuation of Component I, year ending June 30, 2018 as submitted by the Board's Actuary. Portia Roberson supported. The motion passed unanimously.

Re: Approval of 1% Cost of Living Increase (COLA)

Michael Berent moved to approve the 1 % Cost of Living increase. Mark Diaz supported. The motion passed unanimously.

Re: Acceptance and Approval of Annual Actuarial Valuation of Component II

Mark Diaz moved to approve the Annual Valuation of Component II, year ending June 30, 2018 as submitted by the Board's Actuary. John Serda supported. The motion passed unanimously.

- ***Gabriel Roeder concluded their presentation at 11:46 a.m.***

- ***The Board recessed for a break at 11:47 a.m. and resumed at 12:00 p.m.***

DEPUTY-CHIEF INVESTMENT OFFICER'S REPORT

Deputy-Chief Investment Officer, **Kevin Kenneally**, discussed the following matters with the Board:

- Mr. Kenneally delivered to the Board of Trustees a re-cap of the Police and Fire Investment Committee meeting that met on Monday March 11, 2019
- Life Assurance Fund update

PUBLIC RELATIONS ADVISOR REPORT

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

- The Annual report has been placed on the RSCD Website and provided to friendly media
- Media inquiries regarding the Romulus Property update
- FOIA request from Christine Feretti of the Detroit News regarding Compensation for the Chief Investment Officer and the Deputy- Chief Investment Officer.
 - Mr. Babiarz recommended a press release and will work on a draft statement/release to the aforementioned and will be available for review before the end of the meeting.

LOBBYIST'S REPORT

Lobbyist, **Dr. Oscar King III**, provided the Board with a legislative update as listed below:

- The Democrats in legislature are aggressively working to pass laws.
- House Bill 4330; universal Medicaid processing
- The following Bills directly affect pensioners and first responders: House Bill 4337, House Bill 4338 and 4339
- House Bill 4350 provides provisions for life insurance policies in the case of coverage expenses for policy holders facing bankruptcy.
- Five Senate Bills have been proposed within the last week in addition to the Repeal of the Michigan Financial Review commission act
- Senate Bill 223: Repeal of the Michigan Settlement Authority Act
- Senate Bill 224: Repeal of the CFO and Compliance of the Michigan Financial Review Commission
- Senate Bill 226: Modification of criteria for requirement systems
- There is currently a budget re-funding for Michigan Roads

GENERAL COUNSEL'S REPORT

General Counsel, **Ronald King**, recommended the Board consider Closed Session proceedings for his report:

Re: Entering Into Closed Session

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

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: to discuss pending litigation and real estate transactions regarding the following: Environmental Geo-Technologies, LLC, Paramount Litigation and DROP Plan discussion.

A Roll Call Vote was taken as follows:

Yeas – Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Roberson, Serda, Watson and Chairperson Pegg - 13

Nays – None

The Board entered into **Closed Session** at 12:45 p.m.

- ***Trustee Brenda Jones entered the Boardroom at 12:50 p.m.***
- ***Trustee Christa Mclellan excused herself from the Boardroom at 12:59 p.m.***
- ***Trustee Dean Pincheck excused himself from the Boardroom at 1:08 p.m.***

Re: Open Session

Matthew Gnatek moved to come out of closed session. Mark Diaz supported. The motion passed unanimously.

The Board returned to **Open Session** at 1:22 p.m.

GENERAL COUNSEL'S REPORT- Continued

Re: Environmental Geo-Technologies

Mark Diaz moved to approve the strategy with respect to Environmental Geo-Technologies consistent with the recommendation by General Counsel in Closed Session. Matthew Gnatek supported. The motion passed by vote as follows:

Yeas – Berent, Diaz, Gnatek, James, Jones, Moslimani, Naglick, Orzech, Roberson, Serda and Watson - 11

Nays – Pegg- 1

Re: Paramount- Retention of Certain Professionals

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

WHEREAS, Special Counsel, Marie Racine, previously reported to the PFRS Board regarding certain recent activities related to the Paramount matter and made certain recommendations in closed session related to the pending litigation;

WHEREAS, this matter has been discussed in open session,

NOW THEREFORE BE IT RESOLVED, that the PFRS Board authorizes Marine T. Racine, P.C. D/B/A Racine & Associates to engage in certain actions, including retention of certain professionals, as recommended and discussed in closed session;

RESOLVED, that a copy of this resolution be provided to Racine & Associates.

Yeas – Berent, Diaz, Gnatek, James, Jones, Moslimani, Naglick, Orzech, Roberson, Serda, Watson and Chairperson Pegg - 12

Nays – None

➤ ***Trustee Portia Roberson excused herself from the Boardroom at 1:25 p.m.***

NEW BUSINESS/OLD BUSINESS

- Chairperson Pegg gave the Board a re-cap of the last Policy meeting and informed the Trustees of the next Policy Committee Meeting that is scheduled for Monday April 08th, 2019 at 10:00 a.m.
- Trustee Berent requested confirmation on the Disability Earnings Offset

ADJOURNMENT

Mark Diaz moved to adjourn meeting #3234. Michael Berent supported.

Chairperson Pegg adjourned the meeting at 1:27 p.m. The Board's next meeting is scheduled for **Thursday, April 04th, 2019**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



David Cetlinski, Executive Director