

MEETING NO. 3238
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, MAY 16, 2019

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 |
| Dr. Oscar King III | Board Lobbyist |
| Bruce Babiarz | Public Relations Advisor |

STAFF EXCUSED

None

CHAIRPERSON

JEFFREY PEGG

A verbal Roll Call commenced at 09:05 a.m. and Chairperson Pegg called the meeting to order.

Present at Roll Call: Michael Berent, Matthew Gnatek, Megan Moslimani, Dean Pincheck, George Orzech, John Serda and Gregory Trozak

Re: Approval of May 16, 2019 Agenda

Matthew Gnatek moved to approve the agenda dated **Thursday May 16th, 2019**. Michael Berent supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

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

| | |
|-------------------------------|---|
| NAME, TITLE, DEPARTMENT | John A. Hall, Jr. - Police Officer - Police |
| RETIREMENT TYPE-PLAN | Drop - New |
| SERVICE CREDIT-EFFECTIVE DATE | 15 06 17 – 04 23 19 |

| | |
|-------------------------------|---|
| NAME, TITLE, DEPARTMENT | Kenneth B. Hope - Police Officer - Police |
| RETIREMENT TYPE-PLAN | Drop - New |
| SERVICE CREDIT-EFFECTIVE DATE | 15 01 07 – 05 24 19 |

| | |
|-------------------------------|--|
| NAME, TITLE, DEPARTMENT | David M. Kline - Police Officer - Police |
| RETIREMENT TYPE-PLAN | Drop - New |
| SERVICE CREDIT-EFFECTIVE DATE | 15 11 25 – 04 30 19 |

| | |
|-------------------------------|--|
| NAME, TITLE, DEPARTMENT | Tara R. Lawson - Police Officer - Police |
| RETIREMENT TYPE-PLAN | Drop - New |
| SERVICE CREDIT-EFFECTIVE DATE | 15 08 07 – 04 05 19 |

Re: Approval of DROP Retirement Applications- Continued

NAME, TITLE, DEPARTMENT Felisa Russell - Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 16 05 16 – 04 24 19

NAME, TITLE, DEPARTMENT Matthew E. Singer - Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 15 01 06 – 05 24 19

NAME, TITLE, DEPARTMENT Lisa L. Walton - Police Officer - Police
RETIREMENT TYPE-PLAN Drop - New
SERVICE CREDIT-EFFECTIVE DATE 15 01 07 – 05 24 19

Re: Approval of RETIREMENT Applications

Gregory Trozak moved to approve the **RETIREMENTS** as listed below.
Michael Berent supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT Jennifer Biggers - Police Officer - Police
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 15 02 19 – 04 23 19

NAME, TITLE, DEPARTMENT Beryl Ina Curry - Police Officer - Police
RETIREMENT TYPE-PLAN Vested - New
SERVICE CREDIT-EFFECTIVE DATE 17 06 20 – 05 01 19

NAME, TITLE, DEPARTMENT Marshall L. Dennis, III – Police Officer -
Police
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 15 02 19 – 04 23 19

NAME, TITLE, DEPARTMENT Tiffany Murphy – Police Officer - Police
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 15 02 19 – 04 23 19

RECEIPTS: The Board received the following receipts for Acknowledgment:

| | |
|--------------------|-------------------------|
| Cash Receipts | Cash Account: HYBLIQRES |
| Company: RSCD-PFRS | Start Date: 4/15/2019 |
| | End Date: 5/13/2019 |

| Doc. Date | Module | Tran. Type | Doc. Nbr. | Description | R/C | Receipt |
|-----------|--------|------------|-----------|--|-----|--------------|
| 4/18/2019 | GL | | 007880 | Post tax Annuity Contributions 4-18-19 | | 5,953.33 |
| 4/24/2019 | GL | | 007974 | Post Tax Annuity Contributions 4-12-19 | | 8,229.66 |
| 4/26/2019 | GL | | 007975 | Post Tax Annuity Contributions 4-26-19 | | 6,889.19 |
| 4/26/2019 | CA | Cash Entry | 001310 | Pre tax Pension Contributions 4-26-19 | R/C | 270,652.07 |
| 5/3/2019 | AR | Payment | 000011 | Employer Match January 1 - March 31 2019 Police & Fire | R/C | 4,599,037.09 |
| 5/3/2019 | CA | Cash Entry | 001319 | Pre tax Pension Contributions 5-3-19 | R/C | 95,519.57 |
| 5/3/2019 | GL | | 008024 | Post tax Annuity Contributions 5-3-19 | | 7,704.75 |
| 5/10/2019 | | | | Post tax Annuity Contributions 5-10-19 | | 7,525.53 |
| 5/10/2019 | | | | Pre tax Pension Contributions 5-10-19 | | 268,902.95 |
| | | | | | | 5,270,414.14 |

| | |
|--------------------|--------------------------|
| Cash Receipts | Cash Account: LIQUID RES |
| Company: RSCD-PFRS | Start Date: 4/15/2019 |
| | End Date: 5/13/2019 |

| Doc. Date | Module | Tran. Type | Doc. Nbr. | Description | R/C | Receipt |
|-----------------------|--------|------------|-----------|--|-----|---------------------|
| 4/30/2019 | CA | Cash Entry | 001312 | Loan Deduction Program 4-26-19 (\$87,400.77) | R/C | 87,400.77 |
| | | | | | | 87,400.77 |
| Total Receipts | | | | | | 5,357,814.91 |

➤ ***Trustee John Naglick the Boardroom at 9:08 a.m.***

Re: Approval of Disbursements

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

Disbursement Report

Page: 1 of 2
Date: 5/10/2019 2:40 PM

| Account | Payment Method | Currency | |
|--|-----------------------|--|----------------------|
| LIQUID RES | WIRE | US | |
| Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
| MIDOCEAN PARTNERS V, LP | 052119 | Capital Call | 763,131.00 |
| VISTA EQUITY PARTNERS FUND VII, L.P | 052019 | Capital Call | 951,116.00 |
| Bridgett Hardy | 043019BH | IT Contractual Wages - April 2019 | 4,498.72 |
| James R. Hollins | 043019JH | IT Contractual Wages - April 2019 | 4,067.34 |
| Raymond R. Tchou | 043019RT | IT Contractual Wages - April 2019 | 6,514.90 |
| Venkat Rallapalli / Highbrow Systems, Inc. | 043019VR | IT Contractual Wages - April 2019 | 5,308.05 |
| Cash Account/Payment Method Total: | | 6 Documents | 1,734,636.01 |
| HUNT VEND | ACH | US | |
| Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
| 500 WEBWARD LLC | 79564 | May 2019 Rent | 24,998.49 |
| 500 WEBWARD LLC | 971364 | Electrical Billing: 3/29/19-4/29/19, Meter #16055044 | 731.41 |
| 500 WEBWARD LLC | 971365 | Electrical Billing: 3/29/19-4/29/19, Meter #16055070 | 1,477.05 |
| CLARK HILL, PLC | 869472 | General Counsel Services for March 2019 | 26,270.60 |
| Cogent Communications, Inc. | 050119 | Internet Service | 1,023.00 |
| CREATIVE BREAKTHROUGHS INC | INV1662 | Software Maintenance | 12,587.50 |
| PLANTE & MORAN | 1674374 | Progress Bill - Financial Audit for year-ended 6/30/19 | 2,750.00 |
| PLANTE & MORAN | 1681285 | GASB 68 Audit for 6/30/18 | 12,440.00 |
| UHY Advisors MI, Inc. | 1296357 | Professional IT Services for April 2019 | 10,387.50 |
| UHY Advisors MI, Inc. | 1296481 | Professional IT Services for April 2019 | 64,800.00 |
| Cash Account/Payment Method Total: | | 10 Documents | 157,465.55 |
| HUNT VEND | CHECK | US | |
| Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
| ANGELA JAMES | 042319AJ | Trustee Parking | 125.00 |
| BAB ASSOCIATES, LLC | 2019-0127 | Public Relations Services April 2019 | 3,097.70 |
| DIRECTV | 36195918537 | Service Charges 4/23/19-5/22/19 | 39.12 |
| HUNT VEND | CHECK | US | |
| Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
| FEDEX | 6-531-92573 | FedEx Mailing | 25.62 |
| FEDEX | 6-538-76671 | FedEx Mailing | 25.68 |
| First CHOICE Coffee Services | 615594 | Coffee Supplies | 172.58 |
| First CHOICE Coffee Services | 615899 | Equipment Rental | 30.00 |
| IRON MOUNTAIN | 162096 | Data Domain Service | 1,289.40 |
| IRON MOUNTAIN | 162766 | Data Domain Service | 1,350.80 |
| Iron Mountain Records Management | APUU544 | Records Storage | 1,748.19 |
| KELLEY CAWTHORNE | 10133 | Lobbyist Services for May 2019 | 7,500.00 |
| QUILL CORPORATION | 6802957 | Office Supplies | 159.91 |
| QUILL CORPORATION | 6828998 | Office Supplies | 12.00 |
| QUILL CORPORATION | 6849364 | Office Supplies | 20.00 |
| QUILL CORPORATION | 6999188 | Office Supplies | 28.50 |
| RICOH | 5056553580 | Printer Maintenance | 355.04 |
| SHRED-IT USA | 8127101848 | Shredding Service Charges | 49.73 |
| TRANSUNION RISK & ALT DATA SOLUTIONS INC | 050119 | TLOxp Research Services | 25.00 |
| WELLS FARGO VENDOR FINANCIAL SVCS, LLC | 102045685 | Printer Maintenance | 129.11 |
| XEROX | 096750762 | Printer Maintenance | 68.35 |
| Cash Account/Payment Method Total: | | 20 Documents | 16,251.73 |

* Payment amount is estimated based on the effective date 5/10/2019

Re: Approval of Refunds (Accumulated Contributions)

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

LIST NUMBER 3787 - \$411,289.61

LIST NUMBER 3788 - \$523,225.88

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. John Serda supported. The motion passed unanimously.

LIST #1 05/09/2019 – \$105,007.00

Re: Approval of Minutes/Journal of Proceedings No. 3236 – (04/18/2019)

George Orzech moved to approve the **Minutes/Journal of Proceedings No. 3236 (04/18/2019)** Michael Berent supported. The motion passed unanimously.

- ***Trustee Matthew Gnatek excused himself from the Boardroom at 9:10 a.m.***
- ***Public Relations Consultant Bruce Babiarz entered the Boardroom at 9:10 a.m.***
- ***Trustees Shawn Battle and Steven Watson entered the Boardroom at 9:11 a.m***

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

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

- Sample DROP Participation Termination Letter
- Policies for review and approval:
 - Code of Conduct; discussion commenced with emphasis on the “communication with Plan Members” section
 - Rules and Order of Business; Policies were previously reviewed and discussed by the Policy Committee.

- ***Trustee Matthew Gnatek returned to the Boardroom at 9:16 a.m.***
- ***Dr. Oscar King III entered the Boardroom at 9:25 a.m.***
- ***Trustee Angela James entered the Boardroom at 9:29 a.m.***

- List of DROP questions for VOYA has been emailed to the DROP Committee for review
- National Association of Government Defined Contribution Administrators (NAGDCA) Conference Request

Re: Policy Approval

Megan Moslimani moved to approve the **Rules and Order of Business and Code of Conduct Policies** as presented by Ms. Tapper. John Serda supported. The motion passed unanimously.

- ***Trustee Mark Diaz entered the Boardroom at 9:34 a.m.***

Re: National Association of Government Defined Contribution Administrators Conference Approval (NAGDCA)

George Orzech moved to approve the attendance by those Trustees/Staff interested to attend the **National Association of Government Defined Contribution Administrators Conference (Sunday, September 8th- Wednesday, September 11th, 2019)**. John Serda supported. The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

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

- Five Year DROP
 - Mr. Cetlinski provided further follow-up regarding the Five Year DROP
- Non-Duty Disability Income Verification discussion
- Annuity Loan interest rate discussion

PUBLIC FORUM

- None

PUBLIC RELATIONS ADVISOR REPORT

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

- Fox 2 News inquiry into properties related to the Paramount case; Mr. Babiarz drafted a statement approved by the Public Relations Committee with respect to the aforementioned inquiry

LOBBYIST'S REPORT

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

- SB 311
 - Make certain actions of emergency manager subject to review and approval of governor
- SB 314
 - Modify local government responsibility for obligations issues with the approval of an emergency manager
- Auto Insurance Bill

➤ Cory McNeely entered the Boardroom at 9:55 a.m.

PRESENTATION:

UHY Advisors

Cory McNeely of UHY Advisors presented the following:

- **Process and ERP Implementation Update**

Presentation materials were provided; presentation concluded at 10:21 a.m.

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, **Ryan Bigelow**, had no formal report, but discussed the following matters with the Board:

- Re-cap of May 13th, 2019 Police and Fire Investment Committee meeting
 - Wilshire consultants will be in attendance at the June 6th, 2019 Board meeting
 - Trustee Berent requested a fee spreadsheet
 - Fiduciary Liability coverage update; Republic Underwriters will be in attendance at the next IC meeting
 - Real Estate RFP update
- ***Trustee Christa Mclellan entered the Boardroom at 10:42 a.m.***

GENERAL COUNSEL'S REPORT

General Counsel, **Ronald King**, discussed the following matters with the Board:

- Order granting City of Detroit's second motion for Authority to modify the confirmed Plan of Adjustment to revise the DROP program for Police Officers
- ***Trustee Portia Roberson entered the Boardroom at 10:57 a.m.***
- ***Trustee Angela James excused herself from the Boardroom at 10:55 a.m. and returned at 10:59 a.m.***

Re: Entering Into Closed Session

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

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 and items subject to physician-patient privilege regarding the following: Environmental Geo-Technologies, LLC, and Memorandum from Police and Fire Investment Committee regarding Investment Staff salaries.

A Roll Call Vote was taken as follows:

Yeas – Battle, Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Roberson, Serda, Trozak, Watson and Chairperson Pegg - 15

Nays – None

The Board entered into **Closed Session** at 11:03 a.m.

The Board Public Relations Consultant and Lobbyist remained in the Boardroom per Board approval.

➤ ***Trustee Brenda Jones entered the Boardroom at 11:51 a.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 12:16 p.m.

Re: Decline Directive

Mark Diaz moved to decline the directive set forth in the May 14, 2019 correspondence from the chair of the Police and Fire Investment Committee with respect to the compensation of the Deputy-Chief Investment Officer. The May 14, 2019 correspondence set forth directions for PFRS to implement the compensation adjustments approved by the PFRS IC. Matthew Gnatek supported. The motion passed unanimously.

- ***The Board recessed for lunch break at 12:19 p.m. and resumed at 12:34 p.m.***

Re: Removal of motion from table: Selection of General Counsel

Brenda Jones moved to remove the motion from the table with respect to the selection of General Counsel. George Orzech supported. The motion passed unanimously.

Re: Selection of General Counsel: Ronald A. King; Clark Hill PLC

Portia Roberson moved to hire Ronald King of Clark Hill PLC as General Counsel to the Police and Fire Retirement System; contract to be negotiated. Christa Mclellan supported. The motion passed by Roll Call vote as follows:

Yeas – Battle, Diaz, Gnatek, James, Jones, Mclellan, Moslimani, Naglick, Roberson, Serda, Trozak, and Watson - 12

Nays – Berent, Orzech, Pincheck and Chairperson Pegg- 4

Chairperson Pegg's reasons for his "NO" vote:

- Non-responsive to RFP with regard to fee's
- Used bad judgement towards Security Litigation Funds
- Unresponsive to Staff requests
- Charging more fee's aside from the contract

Trustee Berent's reason for his "NO" vote:

Trustee Berent felt that Gallagher Law possessed the same credentials as Ronald King and would therefore be a better replacement as General Counsel.

- ***Trustee Christa Mclellan excused herself from the Boardroom at 1:23 p.m.***

NEW BUSINESS/OLD BUSINESS

- Trustee Berent provided an update on his attendance to Wharton Advance Finance Courses as well as his opposition to the Legacy Funding presentation by John Naglick
- Trustee Brenda Jones and Dean Pincheck will be excused for the month of June
- Legal Committee will meet to discuss the new legal contract; date forthcoming

Re: Selection of Special Legal Counsel

Angela James moved to add Sean Gallagher Law to the group of the Board's Special Counsel. Brenda Jones supported. The motion passed unanimously.

ADJOURNMENT

Mark Diaz moved to adjourn meeting #3238; Matthew Gnatek supported.

Chairperson Pegg adjourned the meeting at 1:25 p.m. The Board's next meeting is scheduled for **Thursday, June 6th, 2019**, 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