

MEETING NO. 3266
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, AUGUST 20, 2020

9:00 A.M.
RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD AVENUE; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Michael F. Berent	Elected Trustee/Fire/Chairperson
Shawn Battle	Ex/Officio Trustee/Fire Prevention Chief/Mayoral Designee
Matthew Gnatek	Elected Trustee/Police
Angela R. James	Ex/Officio Retiree Trustee/Police/Mayoral Designee
Brenda Jones	Ex/Officio Trustee/City Council President
Christa McLellan	Ex/Officio Trustee/Treasurer
Megan S. Moslimani	Ex/Officio Trustee/Corporation Counsel
John Naglick Jr.	Ex/Officio Trustee/Finance Director
George Orzech	Elected Retiree Trustee/Fire
Jeffrey Pegg	Elected Trustee/Fire
Dean Pincheck	Elected Trustee/Fire
John Serda	Elected Trustee/Police
Ronald Thomas	Elected Trustee/Police/Vice-Chairperson
Gregory Trozak	Elected Retiree Trustee/Police
Steven Watson	Ex/Officio Trustee/Deputy Budget Director/Budget Director's Designee

TRUSTEES EXCUSED

Portia Roberson	Ex/Officio/Mayor's Designee
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ALSO PRESENT

David Cetlinski	Executive Director
Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Marcella Brewer	Recording Secretary
Ronald King	General Counsel
Bruce Babiarz	Public Relations Advisor
Dr. Oscar King III	Board Lobbyist

STAFF EXCUSED

None

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MEETING NO. 3266– THURSDAY – AUGUST 20, 2020

Meeting is being hosted electronically due to Covid-19 per Executive Order 2020-154

CHAIRPERSON

Michael Berent

A verbal Roll Call commenced at 9:05 a.m. and Chairperson Berent called the meeting to order.

Present at Roll Call: Battle, Gnatek, James, McLellan, Moslimani, Naglick, Orzech, Pegg, Pincheck, Serda, Thomas, Trozak and Watson.

Re: Approval of August 20, 2020 Agenda

Trustee Gnatek moved to approve the agenda dated Thursday, August 20, 2020. Trustee Thomas supported. The motion passed unanimously.

Re: Approval of RETIREMENT Applications

Trustee Trozak moved to approve the RETIREMENT applications as listed below. Trustee Thomas supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Joseph A. Castro – Police Officer – Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	14 00 05 – 07 03 20

NAME, TITLE, DEPARTMENT	Michele D. Donald – Police Officer – Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	14 02 07 – 06 15 20

NAME, TITLE, DEPARTMENT	Jerry Q. Franks – Police Officer – Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	14 01 00 – 06 23 20

NAME, TITLE, DEPARTMENT	Paul E. Glaza – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Vested - New
SERVICE CREDIT-EFFECTIVE DATE	18 11 09 – 07 22 20

NAME, TITLE, DEPARTMENT	Brett M. Jackson – Fire Sergeant - Fire
RETIREMENT TYPE-PLAN	Service- -- New
SERVICE CREDIT-EFFECTIVE DATE	25 10 19 – 06 26 20

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
 MEETING NO. 3266– THURSDAY – AUGUST 20, 2020

NAME, TITLE, DEPARTMENT Brett M. Jackson – Fire Sergeant - Fire
 RETIREMENT TYPE-PLAN Hybrid- -- Service
 SERVICE CREDIT-EFFECTIVE DATE 06 00 00 – 06 26 20

NAME, TITLE, DEPARTMENT Marcie Passalacqua - Police Officer – Police
 RETIREMENT TYPE-PLAN Drop - New
 SERVICE CREDIT-EFFECTIVE DATE 13 11 08 – 07 29 20

RECEIPTS:

The Board acknowledged the following receipts:

Cash Receipts Cash Account: HYBLIQRES
 Company: RSCD-PFRS Start Date: 7/28/2020
 End Date: 8/14/2020

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
7/31/2020	GL	012143		After tax annuity contributions 7-31-20		11,746.83
8/13/2020	CA	Cash Entry		Pre tax pension contributions 8-13-20	R/C	305,939.92
8/14/2020	CA	Cash Entry		Pre tax pension contributions 8-14-20	R/C	102,211.96
						419,897.71

Cash Receipts Cash Account: LIQUID RES
 Company: RSCD-PFRS Start Date: 7/28/2020
 End Date: 8/14/2020

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
8/7/2020	CA	Cash Entry	001856	Loan Deductions 7-31-20 (\$93,576.55)	R/C	93,576.55
						93,576.55

Total Receipts 513,474.26

Re: Approval of Disbursements

Trustee Gnatek moved to approve payment of the items presented on the Disbursement List and, consistent with past practice, acknowledge the Investment Committee Disbursements for payment with the exception of the invoices presented by KJK Associates LLC. Trustee Pegg supported. The motion passed.

Trustee Gnatek further moved, at the recommendation of Legal Counsel, to direct the Executive Director and staff not to pay the KJK Associates LLC invoice. Trustee Pegg supported. The motion passed.

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
 MEETING NO. 3266- THURSDAY – AUGUST 20, 2020

Page: 1 of 2
 Date: 8/17/2020 8:11 AM

Disbursement Report

Account	Payment Method	Currency
LIQ RESERV	WIRE	US

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
HL - Platinum Equity Capital Partners IV, LP	081420	Capital Call	21,604.00
HL - Platinum Equity Capital Partners IV, LP International	081420	Capital Call	19,630.00
KELSO INVESTMENT ASSOCIATES X, L.P	081720	Capital Call	909,748.00
PLATINUM EQUITY CAPITAL PARTNERS V, LP	081220 Cayman	Capital Call	1,685.00
PLATINUM EQUITY CAPITAL PARTNERS V, LP	081220	Capital Call	28,904.00
Cash Account/Payment Method Total:		5 Documents	981,571.00

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Vendor Name	Invoice Number	Invoice Description	Amount To Pay
500 WEBWARD LLC	116640	Work Orders for Office Maintenance	2,678.76
500 WEBWARD LLC	1096957	Electrical Billing:6/29/20-7/30/20	781.03
500 WEBWARD LLC	1096958	Electrical Billing:6/29/20-7/30/20	745.34
8x8 INC.	2730448	Phone System Services	2,124.10
8x8 INC.	2740749	Phone System Services	5.87
8x8 INC.	2740750	Phone System Services	2,012.50
CLARK HILL, PLC	1007929	General Counsel Services for July 2020	26,262.42
CLARK HILL, PLC	1007930	DROP Program for July 2020	1,430.97
CLARK HILL, PLC	1007931	Zawislak for July 2020	770.10
CLARK HILL, PLC	1007932	Raby for July 2020	137.70
Cogent Communications, Inc.	080120	Internet Service	525.00
Crain Communications Inc	M00056433	New Job Posting	1,430.00
CREATIVE BREAKTHROUGHS INC (CBI)	INV3805	Software Maintenance	6,800.00
CREATIVE BREAKTHROUGHS INC (CBI)	INV3794	Endpoint Protection, Renewal Software Maintenanc	733.20
GABRIEL, ROEDER, SMITH & CO	456558	Actuarial Services for July 2020	9,958.00
GLOBAL GOVERNANCE ADVISORS LLC	964	July Deliverables	938.31
HARVEST FUND ADVISORS LLC	Detroit P&F 2020 Q2	Management Fees 2nd Qtr '20	87,636.21
INCOME RESEARCH + MANAGEMENT INC.	34042	Management Fees 2nd Qtr '20	50,414.98
NORTHSTAR LIFE SERVICES	INV-0180	Servicing Fee	537.25

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MEETING NO. 3266- THURSDAY – AUGUST 20, 2020

PAYDEN & RYGEL	1612-M919	Management Fees - September 2019	6,270.00
PAYDEN & RYGEL	1612-M1019	Management Fees - October 2019	6,366.00
PAYDEN & RYGEL	1612-M1219	Management Fees - December 2019	6,523.00
PAYDEN & RYGEL	1612-M120	Management Fees - January 2020	8,134.00
PAYDEN & RYGEL	1612-M220	Management Fees - February 2020	7,968.00
PAYDEN & RYGEL	1612-M320	Management Fees - March 2020	8,728.00
PAYDEN & RYGEL	1612-M420	Management Fees - April 2020	6,990.00
QUILL CORPORATION	8966090	Office Supplies	111.72
RACINE & ASSOCIATES	12779	DPF v. Paramount 7/1/20-7/31/20	2,328.80
UHY Advisors MI, Inc.	TS-2020-0024	Professional IT Services for July 2020	42,251.25
Cash Account/Payment Method Total:		29 Documents	291,592.51

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Vendor Name	Invoice Number	Invoice Description	Amount To Pay
COMCAST	071720	High Speed Internet	202.69
EASY VERIFICATION INC	20-54222	Member Verification Requests	80.00
FEDEX	7-085-44352	Mailing	25.53
IRON MOUNTAIN	183546	Data Domain Service	1,257.17
IRON MOUNTAIN	202178920	Storage CDs	1,085.46
Iron Mountain Records Management	CVPV608	Records Storage	2,289.71
K&F ASSOCIATES (aka TAPE4BACKUP)	31391	Backup Tape Supply	497.50
KELLEY CAWTHORNE	11550	Lobbyist Services for August 2020	6,750.00
SHRED-IT USA	8180133692	Shredding Service Charges	49.73
TRANSUNION RISK & ALT DATA SOLUTIONS INC (TL 3712221-202007-1		TL0xp Research Services	25.00
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	103831576	Printer Maintenance	129.11
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	103949061	Printer Maintenance	135.56
Cash Account/Payment Method Total:		12 Documents	12,527.46

Investment Committee Disbursement Acknowledgements

HUNT VEND ACH US

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
KJK ASSOCIATES, LLC	0009	Contractor Fee for Kevin Kenneally - Jan - July 202	212,791.66
RIVENOAK LAW GROUP, P.C	12241	IC Interim General Counsel July 2020	5,375.00
Cash Account/Payment Method Total:		2 Documents	218,166.66

Payment amount is estimated based on the effective date 8/17/2020

Re: Approval of Refunds (Accumulated Contributions)

Trustee Gnatek moved to approve the Refunds/Accumulated Contributions list as outlined below. Trustee Thomas supported. The motion passed unanimously.

List number 3853 - \$ 609,026.98

List number 3854 - \$ 353,606.17

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

Trustee Pegg moved to approve the Frozen Defined Contribution Plan/Employee Loan Program as outlined below. Trustee Pincheck supported. The motion passed unanimously.

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MEETING NO. 3266– THURSDAY – AUGUST 20, 2020

List #1 - \$16,466.00 – 08/13/2020

List #2 - \$26,100.00 – 08/20/2020

Re: Approval of Minutes

Trustee Gnatek moved to approve the Minutes of July 16, 2020. Trustee Pegg supported. The motion passed unanimously.

ASSISTANT EXECUTIVE DIRECTOR’S REPORT

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

- Edward Thomas

Note: Portia Roberson will continue to be carried as an excused Trustee until the City finds a replacement.

Re: Edward Thomas: Mr. Thomas passed away unexpectedly, and the family is requesting that the PFRS should retire him and pay out benefits. General Counsel will prepare a Legal response to present to the Board at the next meeting.

EXECUTIVE DIRECTOR’S REPORT

Executive Director, David Cetlinski, had no formal report, but discussed the following with the Board of Trustees:

- The office is starting to take appointments every 30 minutes. The staff will continue to work remotely, with a few coming into the office daily.
- COLA will be on the August 1, 2020 check.
- Annuity Statements will be going out 8/27/20.

CHIEF INVESTMENT OFFICER’S REPORT

Chief Investment Officer, Ryan Bigelow, discussed the following with the Board of Trustees:

- GASB Methodology

Trustee Pegg moved to approve the GASB Methodology as presented and recommended by Chief Investment Officer Ryan Bigelow. Trustee Gnatek supported. The motion passed unanimously.

PUBLIC COMMENT

- **Louis Sinagra** addressed the Board regarding the public request to continue joining the PFRS meetings telephonically after the expiration of COVID-19 restrictions.
- **Kathleen Colin, President of NASP of Detroit** addressed the Board on the Scholarship Campaign which will end 8/24/20. The Virtual Fundraiser is approximately \$7,500 short of the \$50,000 goal.

Trustee Jones joined the meeting at 9:42 am

PUBLIC RELATIONS REPORT

- Update on newspaper media due to COVID-19. Most newspapers are being distributed electronically.

GENERAL COUNSEL’S REPORT

- General Counsel presented a memorandum regarding the role of the Board and the Investment Committee on the Funding Policy as set forth in the governing documents.

Legal Memorandum from General Counsel which sets forth various provisions governing the Board and Investment Committee with regards to the development and approval of a Funding Policy.

LOBBYIST’S REPORT

- Legislature met on education. They are currently on recess.

Re: City of Detroit Funding Policy Presentation

David Massaron, Chief Financial Officer and Tanya Stoudemire, Deputy Chief Financial Officer of the City of Detroit discussed the following with the Board of Trustees:

- Plan of Adjustment Terms
- Understated Pension Liabilities
- Fiscal Year 2021 RPF Approved Budget
- Fiscal Year 2024 “Pension Cliff”
- Pension Plans failing to meet Returns
- Process for Detroit’s Funding Policy
- Funding Policy Objectives and Goals
- Funding Policy Amortizations

- Funding Policy Recommendations

Trustee Serda left the meeting for the day at 11:00 am.

Re: Unfreezing of the Plan

Trustee Pegg moved to table the discussion of Unfreezing the Plan. Trustee Pincheck supported. The motion passed unanimously.

Hybrid Loan Program:

The Hybrid Loan can remain with the Bank or be done in-house. If the loan process remains with the Bank, the bank is requesting \$35,000 per system to upgrade new software. If it is done in-house, there is a \$283,000 software programming fee.

The discussion is tabled until there is more formal information. Executive staff to provide a memo at the next meeting.

Trustee Jones left the meeting for the day at 11:30 am

NEW BUSINESS/OLD BUSINESS

Trustee Gnatek moved to approve the Trustees participation in the NCPERS virtual conference and Opal Conference. Trustee Pegg supported. The motion passed unanimously.

COMMITTEE REPORT

None

The Board intends to enter into closed session and when closed sessions concludes adjourn the meeting with no further motions made or business discussed.

Re: Entering into Closed Session

Resolution Moved By Trustee Pincheck– Supported by Trustee Gnatek

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 entered into Closed Session for the purpose of discussing Attorney/Client privileged matters regarding the following: Discussion regarding Pending Litigation.

A Roll Call Vote was taken as follows:

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT
MEETING NO. 3266– THURSDAY – AUGUST 20, 2020

Yeas – Battle, Gnatek, James, McLellan, Moslimani, Naglick, Orzech, Pegg, Pincheck, Thomas, Trozak, Watson and Chairperson Berent – 13

Nays – None

Board entered into closed Session at 11:39 am

ADJOURNMENT

Trustee Gnatek moved to adjourn meeting #3266; Trustee Pegg supported.

Chairperson Berent adjourned the meeting at 12:13 P.M. The Board's next meeting is scheduled for Thursday, September 3, 2020 at 9:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue, Suite 3000; Detroit, Michigan 48226.

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RESPECTFULLY SUBMITTED,



Kelly Tapper, Assistant Executive Director