

MEETING NO. 3296
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, NOVEMBER 18, 2021

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

TRUSTEES PRESENT

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

TRUSTEES EXCUSED

None

ALSO PRESENT

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

STAFF EXCUSED

None

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“Declaration of Continued Emergency Due to Covid-19 To Allow Public Meetings of Governmental Bodies To Be Held Remotely Under Public Act 228 of 2020 Extended From September 1, 2021 to December 31, 2021.”- Detroit, MI.

CHAIRPERSON

Ronald Thomas

A verbal Roll Call commenced at 9:08 a.m. and Chairperson Thomas called the meeting to order.

Present at Roll Call: Baker (Detroit, MI), Battle (Detroit, MI), Berent (Detroit, MI), Gnatek (Detroit, MI), James (Detroit, MI), Jones (Detroit, MI), McLellan (Livonia, MI), Naglick (Detroit, MI), Orzech (Clarkston, MI), Pegg (Detroit, MI), Pincheck (Northville, MI), Serda (Detroit, MI), Trozak (Macomb County, MI), Watson (Detroit, MI) and Thomas – Chairperson (Detroit, MI)

Re: Approval of November 18, 2021 Agenda

Trustee Berent moved to approve the agenda dated Thursday, November 18, 2021. Trustee Gnatek supported. The motion passed unanimously.

Re: Approval of RETIREMENT Applications

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

NAME, TITLE, DEPARTMENT	Roland C. Brown – Police Detective - Police
RETIREMENT TYPE-PLAN	Hybrid - Vested
SERVICE CREDIT-EFFECTIVE DATE	06 10 00 – 09 20 21

NAME, TITLE, DEPARTMENT	Kerry R. Byars – Police Lieutenant -Police
RETIREMENT TYPE-PLAN	Hybrid – Drop
SERVICE CREDIT-EFFECTIVE DATE	07 05 00 – 10 15 21

NAME, TITLE, DEPARTMENT	Terrence D. Childress – Fire Engine Operator - Fire
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	14 11 09 – 11 15 21

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NAME, TITLE, DEPARTMENT	Terrence D. Childress – Fire Engine Operator - Fire
RETIREMENT TYPE-PLAN	Hybrid - Service
SERVICE CREDIT-EFFECTIVE DATE	07 05 00 – 11 15 21
NAME, TITLE, DEPARTMENT	Bernadette Dunbeck – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Vested - New
SERVICE CREDIT-EFFECTIVE DATE	17 09 01 – 09 30 21
NAME, TITLE, DEPARTMENT	Alfie L. Green – Fire School Instr – CPT - Fire
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	23 03 20 – 10 27 21
NAME, TITLE, DEPARTMENT	Alfie L. Green – Fire School Instr – SU - Fire
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	07 03 00 – 10 27 21
NAME, TITLE, DEPARTMENT	Johnathan Hall – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	14 00 05 – 10 22 21
NAME, TITLE, DEPARTMENT	David L. Marshall – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	17 09 01 – 10 21 21
NAME, TITLE, DEPARTMENT	David L. Marshall – Police Sergeant – EDU - Police
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	07 04 00 – 10 21 21
NAME, TITLE, DEPARTMENT	Rhonda J. Rogers – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	12 10 05 – 10 19 21

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NAME, TITLE, DEPARTMENT James J. Stock – Fire Fighter Driver - Fire
RETIREMENT TYPE-PLAN Service - New
SERVICE CREDIT-EFFECTIVE DATE 05 09 29 – 11 11 21

NAME, TITLE, DEPARTMENT James J. Stock – Fire Engine Operator - Fire
RETIREMENT TYPE-PLAN Hybrid – Service
SERVICE CREDIT-EFFECTIVE DATE 07 05 00 – 11 11 21

NAME, TITLE, DEPARTMENT Gregory Tomassini – Police Sergeant -
Police
RETIREMENT TYPE-PLAN Drop – New
SERVICE CREDIT-EFFECTIVE DATE 17 09 01 – 11 03 21

RECEIPTS:

The Board acknowledged the following receipts:

Cash Receipts		Cash Account:	HYBLIQRES	
Company:	RSCD-PFRS	Start Date:	10/30/2021	
		End Date:	11/12/2021	

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
11/4/2021	GL	D15724		After Tax Annuity Contributions 11-5-21 (Rec'd 11/4)		14,697.05
11/4/2021	CA	Cash Entry	002167	Pretax Pension Contributions 11-5-21 (Rec'd 11/4)	R/C	310,556.24
11/5/2021	CA	Cash Entry	002168	Pretax Pension Contributions 11-5-21 (1 of 2)	R/C	117,184.86
11/5/2021	CA	Cash Entry	002169	Pretax Pension Contributions 11-5-21 (2 of 2)	R/C	9,617.57
						452,055.72

Cash Receipts		Cash Account:	LIQUID RES	
Company:	RSCD-PFRS	Start Date:	10/30/2021	
		End Date:	11/12/2021	

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
11/3/2021	CA	Cash Entry	002190	Loan Deductions 10-29-21 (\$5,225.08) (Rec'd 11/3)	R/C	5,225.08
11/10/2021	CA	Cash Entry		Loan Deductions 11-5-21	-/C	86,847.12
						92,072.20
Total Receipts						544,127.92

Re: Approval of Disbursements

Trustee Pegg moved to approve the Disbursement as outlined below including Acknowledgement of Investment Committee expenses. Trustee Gnatek supported. The motion passed unanimously.

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 Date: 11/15/2021 10:15 AM

Disbursement Report

Account	Payment Method	Currency			
LIQUID RES	WIRE	US			
Vendor Name	Invoice Number	Invoice Description	Amount To Pay		
BENEFIT STREET PARTNERS DEBT FUND IV LP	111721	Capital Call	295,649.00		
BLACKSTONE	111521	Capital Call	881,897.81		
BNY Mellon	111-2021-0038857	Management Fees - 3rd Qtr '21	54,513.22		
Bridgett Hardy	103121BH	IT Contractual Wages - October 2021	6,053.30		
CENTRE LANE CREDIT PARTNERS II LP	110321	Capital Call	326,797.00		
CHURCHILL MIDDLE MKT SR. LN FD III (USTE)	110421	Capital Call	1,083,912.93		
James R. Hollins	103121JH	IT Contractual Wages - October 2021	5,323.35		
KELSO INVESTMENT ASSOCIATES X, L.P	111521	Capital Call	321,266.00		
PriceWaterhouseCoopers (PWC) Mngmt Consult Co.	121401244	Professional Tax Service for year ended 12/31/20	2,730.00		
Raymond R. Tchou	103121RT	IT Contractual Wages - October 2021	8,927.65		
Venkat Rallapalli / Highbrow Systems, Inc.	103121VR	IT Contractual Wages - October 2021	10,142.04		
Cash Account/Payment Method Total:			11 Documents	2,797,212.30	

HUNT VEND	ACH	US			
Vendor Name	Invoice Number	Invoice Description	Amount To Pay		
500 WEBWARD LLC	1221992	Electrical Billing: 9/29/21-10/28/21 #16055070	821.09		
500 WEBWARD LLC	1221991	Electrical Billing: 9/29/21-10/28/21 #16055044	796.78		
8x8 INC.	3207325	Phone System Services	1,665.36		
ACCUSOFT PEGASUS	0001035879	Xpress Imaging Software License	4,778.00		
BLOOMBERG FINANCE LP	5606461569	Bloomberg Anywhere 10/21/21-1/20/22	3,016.25		
CLARK HILL, PLC	1144441	General Counsel Services for October 2021	26,250.00		
CLARK HILL, PLC	1144453	Gregory Davis for October 2021	21.25		
Cogent Communications, Inc.	110121	Internet Service	650.00		
Crain Communications Inc	M00062459	Classified Advertising	1,320.00		
CRESTWOOD ASSOCIATES L.L.C.	017302	Acumatica Customer Svc Help Desk (Ad Hoc)	100.00		
FEDEX	7-560-88321	Mailing	30.62		
GABRIEL, ROEDER, SMITH & CO	465814	Actuarial Services for October 2021	25,558.00		
INCOME RESEARCH + MANAGEMENT INC.	40227	Management Fees 3rd Qtr '21	42,906.75		

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IRON MOUNTAIN	202442485	Storage CDs	1,268.89
IRON MOUNTAIN	DZZN598	Records Storage	2,383.30
NORTHSTAR LIFE SERVICES	INV-0714	Servicing Fee	384.25
PLANTE & MORAN	2052738	Financial Statement Audit for 6/30/21	26,750.00
Premier Parking (fka Ultimate Parking)	192750	Parking Validation Charges - September 2021	55.00
RACINE & ASSOCIATES	12968	DPF v. Paramount 10/1/21-10/31/21	2,057.28
RICOH	5083131864	Printer Maintenance	72.89
UHY Advisors MI, Inc.	TS-2021-0134	Professional IT Services for October 2021	43,875.00
WELLS CAPITAL MANAGEMENT	13551949	Management Fees - 3rd Qtr '21	100,278.45
WELLS CAPITAL MANAGEMENT	13552180	Management Fees - 3rd Qtr '21	87,886.99
Cash Account/Payment Method Total:			23 Documents 372,921.93

HUNT VEND CHECK US

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
BAB ASSOCIATES, LLC	2021-33	Public Relations Services for September/October 202	3,100.00
First CHOICE Coffee Services	805790	Equipment Rental	30.00
First CHOICE Coffee Services	807273	Coffee Supplies	169.88
KELLEY CAWTHORNE	13088	Lobbyist Services for November 2021	6,750.00
Kelly Tapper	110821KT	Travel Reimbursement for IFEBP 67th Annual Confer	1,733.54
TRANSUNION RISK & ALT DATA SOLUTIONS INC	13712221-202110-1	TLOxp Research Services	37.50
United States Postal Service	110421	Prepayment for Neopost Postage Funds	4,000.00
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	105558180	Printer Maintenance	129.11
Cash Account/Payment Method Total:			8 Documents 15,950.03

Investment Committee Disbursement Acknowledgements

HUNT VEND ACH US

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
Crain Communications Inc	M00062589	Classified Advertising	1,560.00
Cash Account/Payment Method Total:			1 Documents 1,560.00

* Payment amount is estimated based on the effective date 11/15/2021

Re: Approval of Refunds (Accumulated Contributions)

Trustee Berent moved to approve the Refunds/Accumulated Contributions list as outlined below. Trustee Pincheck supported. The motion passed unanimously.
List number – 3918 - \$672,172.28
List number – 3919 - \$567,502.92

Re: Approval of the Defined Contribution Plan/Employee Loan Programs

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

List #1 - \$21,839.00 – 11/11/2021
List #2 - \$39,559.00 – 11/18/2021

Re: Approval of Minutes

Trustee Gnatek moved to approve the Minutes of October 21, 2021. Trustee Berent supported. The motion passed unanimously.

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

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

- Correction of Errors Policy
- Freedom of Information Act Policy
- GASB 67/68 Components I & II
- PFRS Board Meeting Schedule & Location

Re: Correction of Errors Policy

Trustee Pincheck moved to approve the Correction of Errors Policy. Trustee Pegg supported. The motion passed unanimously.

Re: Freedom of Information Act Policy

Trustee Pegg moved to approve the Freedom of Information Act Policy. Trustee Gnatek supported. The motion passed unanimously.

Re: June 30, 2021 GASB 67/68 Components I & II Report

Trustee Pegg moved to accept the June 30, 2021 GASB 67/68 Components I & II Report issued by Gabriel Roeder, Smith and Company. The report will be forwarded to the City. Trustee Pincheck supported. The motion passed unanimously.

Re: PFRS Board Meeting Schedule

Trustee Trozak moved to approve the 2022 Meeting Schedule with the amendment to cancel the January 6, 2022 and July 7, 2022 meeting. Trustee Orzech supported. The motion passed unanimously.

EXECUTIVE DIRECTOR'S REPORT

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

- Phoenix Retirees Deduction

The Board Congratulated Trustee Pegg on being elected as the Secretary for the DFFA.

The office will be closed in observance of Thanksgiving on Thursday, November 25, 2021 and Friday, November 26, 2021.

Re: Phoenix Retirees Deduction

Trustee Gnatek moved to approve the addition of the deduction code, The Phoenix of the Detroit Fire Department. Trustee Pegg supported. The motion passed unanimously.

CHIEF INVESTMENT OFFICER’S REPORT

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

- DROP Plan Participants Presentations

Public Comment

- None

LOBBYIST’S REPORT

- Legislative Log

PUBLIC RELATIONS REPORT

- Securities Litigation Fund Article
- Trustee Mallett joined the meeting at 9:57 am (Detroit, MI)

GENERAL COUNSEL’S REPORT

General Counsel Ronald King, as part of his legal report, discussed the following matters with the Board:

- Open Meetings Act
- Assets International – Unclaimed Property
- EDRO – Robert Torres

COMMITTEE REPORT

None

NEW BUSINESS/OLD BUSINESS

None

PRESENTATION – Deputy Mayor Conrad Mallett

Trustee Mallett made a presentation to the Board regarding the PFRS Funding Policy and the recommendation from the PFRS IC with respect to adoption of the Funding Policy. Trustee Mallett provided a resolution for consideration by the Board. At the conclusion of his presentation a motion was made to adopt the proposed resolution.

Motion By: Trustee Mallett – Supported By: Trustee Naglick

WHEREAS, the Police and Fire Retirement System Investment Committee (PFRS IC) on October 18, 2021 recommended a funding policy, as previously approved by the PFRS Board, which includes the following:

1. For the unfunded accrued liability measured in FY 2024, a 20-year, level dollar, layered amortization period.
2. The gains and losses of the system shall be re-amortized yearly.

WHEREAS, Sec 16.1 of the Combined Plan for the Police and Fire Retirement System contained in the City’s Bankruptcy Plan of Adjustment (POA) provides that all actions and recommendations of the Investment Committee shall be forwarded to the Board for consideration and are subject to Board approval.

WHEREAS, Sec 16.1 of the Combined Plan further provides that if the Board fails to approve or disapprove an investment management decision that has been recommended by an affirmative vote of the Investment Committee, and such failure continues for forty-five days after the date that the recommendation was made to the Board, or the Board disapproves an investment management decision within such forty-five day period but fails to provide to the Investment Committee within such forty-five day period a detailed written response outlining the reasons for such disapproval, then the Investment Committee and the chief investment officer are authorized to implement the decision.

WHEREAS, the POA used a 30-year amortization period for amortization of the Unfunded Actuarial Accrued Liability from the Component II plan beginning in Fiscal Year 2024 and the resulting City contributions using the 30-year amortization period were used in establishing the feasibility of the POA.

WHEREAS, on July 21, 2021, the City’s Office of the Chief Financial Officer (OCFO) sent to legal counsel for the PFRS IC a memo explaining the fundamental reasons why it would be improper for the PFRS IC to approve a shorter funding plan than the POA’s 30-year plan and asked that the PFRS IC hear from both Mayor Duggan and the City’s actuarial expert before the PFRS IC and PFRS Board made any decisions on the funding policy.

THEREFORE, the PFRS Board disaffirms the action taken by the PFRS IC at its October 18, 2021 meeting because the PFRS IC acted without first hearing from Mayor Duggan and the City’s OCFO actuarial expert. The PFRS Board of Trustees recognizing the fundamental

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difference between the PFRS IC and the City of Detroit's OCFO and rather than spend hundreds of thousands of dollars on legal fees the PFRS Board of Trustees directs its legal counsel to contact the City of Detroit's OCFO and agree to participate in non-binding mediation to develop a funding policy upon which both parties can agree. It is expected both parties will have available to them necessary experts. Mediation shall commence the second Monday in January 2022. The parties shall agree to complete their work and present back to the Board the final work product no later than third Thursday in April 2022.

Yeas: Baker, James, Jones, Mallett, McLellan, Naglick, Serda, Watson – 8

Nays: Battle, Berent, Gnatek, Orzech, Pegg, Pincheck, Trozak, and Chairperson Thomas – 8

The motion failed.

➤ **Trustee Mallett left the meeting at 10:56 am**

After discussion, Trustee Pegg moved to un-table the motion by Trustee Berent from October 21, 2021 acknowledging and affirming the recommendation of the PFRS IC of adopting the Funding Policy including the 20-year amortization of the unfunded accrued liability. Trustee Berent supported.

Yeas: Battle, Berent, Gnatek, Orzech, Pegg, Pincheck, Trozak, Chairperson Thomas – 8

Nays: Baker, James, Jones, McLellan, Naglick, Serda, Watson – 7

The motion passed.

Trustee Pegg moved to affirm the resolution from the PFRS Investment Committee regarding the adoption of the 20-year Funding Policy dated October 18, 2021. Trustee Berent supported.

Yeas: Battle, Berent, Gnatek, Orzech, Pegg, Pincheck, Trozak, Chairperson Thomas – 8

Nays: Baker, James, Jones, McLellan, Naglick, Serda, Watson – 7

The motion passed.

ADJOURNMENT

Trustee Gnatek moved to adjourn meeting #3296. Trustee Pegg supported.

Chairperson Thomas adjourned the meeting at 11:05 AM. The Board's next meeting is scheduled for Thursday, December 2, 2021 at 9:00 a.m. via Go to Meeting. Please see the news tab on our website for meeting login instructions.

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RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Kelly Tapper". The signature is fluid and cursive, with a large initial "K" and a long horizontal stroke extending to the right.

Kelly Tapper, Assistant Executive Director