

MEETING NO. 3194
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, MAY 03, 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 |
| MARK DIAZ | ELECTED TRUSTEE/POLICE |
| JOSEPH ENGLISH | ELECTED TRUSTEE/FIRE |
| MATTHEW GNATEK | ELECTED TRUSTEE/POLICE |
| ANGELA R. JAMES | EX/OFFICIO RETIRANT TRUSTEE/POLICE/MAYOR'S DESIGNEE |
| BRENDA JONES | EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT |
| MEGAN S. MOSLIMANI | EX/OFFICIO TRUSTEE/CORPORATION COUNSEL'S ALTERNATE |
| JOHN NAGLICK | EX/OFFICIO TRUSTEE/FINANCE DIRECTOR |
| SEAN P. NEARY | ELECTED TRUSTEE/FIRE |
| JEFFREY PEGG | ELECTED TRUSTEE/FIRE/VICE CHAIRMAN |
| PORTIA ROBERSON | EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE |
| JOHN SERDA | ELECTED TRUSTEE/POLICE/CHAIRPERSON |
| GREGORY TROZAK | ELECTED RETIRANT TRUSTEE/POLICE |
| JOHN G. TUCKER | ELECTED RETIRANT TRUSTEE/FIRE |
| STEVEN WATSON | EX/OFFICIO TRUSTEE/DIRECTOR OF SPECIAL PROJECTS-OFFICE OF CHIEF FINANCIAL OFFICER/BUDGET DIRECTOR'S DESIGNEE |

TRUSTEES EXCUSED

| | |
|------------------|------------------------------|
| CHRISTA MCLELLAN | EX/OFFICIO TRUSTEE/TREASURER |
|------------------|------------------------------|

TRUSTEES ABSENT

None

ALSO PRESENT

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

STAFF EXCUSED

None

CHAIRPERSON

John Serda

The Board's Administrative Assistant took a verbal Roll Call at 09:10 a.m. and Chairperson Serda called the meeting to order.

Present at Roll Call: Shawn Battle, Joseph English, Matthew Gnatek, Sean Neary, Jeffrey Pegg, Gregory Trozak, John Tucker, Steven Watson and John Serda.

Re: Approval of May 03, 2018 Agenda

Matthew Gnatek moved to approve the agenda dated Thursday, May 03, 2018 with the removal of the legal discussion. Gregory Trozak supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

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

| | |
|--------------------------------|-----------------------------------|
| NAME-TITLE-DEPARTMENT: | DARRYL D CROSS – OFFICER - POLICE |
| RETIREMENT TYPE-PLAN: | DROP - NEW |
| SERVICE CREDIT-EFFECTIVE DATE: | 16 02 04 – 04 27 18 |

| | |
|--------------------------------|-----------------------------------|
| NAME-TITLE-DEPARTMENT: | DIAZ W GRAVES – SERGEANT - POLICE |
| RETIREMENT TYPE-PLAN: | DROP – NEW |
| SERVICE CREDIT-EFFECTIVE DATE: | 19 09 12 – 04 02 18 |

| | |
|--------------------------------|--------------------------------------|
| NAME-TITLE-DEPARTMENT: | MARCUS K WILLIAMS – OFFICER - POLICE |
| RETIREMENT TYPE-PLAN: | DROP - NEW |
| SERVICE CREDIT-EFFECTIVE DATE: | 17 01 19 – 04 12 18 |

Re: Approval of HYBRID Retirement Applications

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

NAME-TITLE-DEPARTMENT: DIAZ W GRAVES – SERGEANT - POLICE
 RETIREMENT TYPE-PLAN: HYBRID DROP – 2014 PLAN
 SERVICE CREDIT-EFFECTIVE DATE: 03 09 00 – 04 02 18

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts
RSCD-PFRS
Start Date: 4/16/2018
End Date: 4/30/2018

| Doc. Date | Module | Tran. Type | Doc. Nbr. | Description | R/C | Bus. Acct. | Receipt |
|-----------|--------|------------|-----------|----------------------------------|---------|------------|--------------|
| 4/20/2018 | | | | Employee Pension Contributions | | 4/20/18 | 90,231.07 |
| 4/30/2018 | | | | Employee Pension Contributions | | 4/27/18 | 259,954.68 |
| 4/24/2018 | | | | Employer Hybrid Match for Police | Qrt End | 3/31/18 | 3,439,586.38 |
| 4/24/2018 | | | | Employer Hybrid Match for Fire | Qrt End | 3/31/18 | 1,440,423.74 |
| | | | | | | | 5,230,195.87 |

Cash Receipts
RSCD-PFRS
Start Date: 4/16/2018
End Date: 4/30/2018

| Doc. Date | Module | Tran. Type | Doc. Nbr. | Description | R/C | Bus. Acct. | Receipt |
|-----------|--------|------------|-----------|------------------------|---------|------------|------------|
| 4/19/2018 | CA | Cash Entry | 000562 | Loan Program deduction | 4/13/18 | R/C | 125,300.73 |
| 4/30/2018 | CA | Cash Entry | 000562 | Loan Program deduction | 4/13/18 | | 49,335.41 |
| | | | | | | | 130,548.39 |

Total Receipts 5,360,744.26

Re: Approval of Disbursements

Joseph English moved to approve the **Disbursement List** as outlined below Matthew Gnatek supported. The motion passed by vote as listed below:

Disbursements

Page: 1 of 3
Date: 4/30/2018 8:15 AM

| Account | Payment Method | Currency | | | |
|----------------------------------|----------------|----------|-----------------------|--|----------------------|
| F ACCT PAY | ACH | US | | | |
| Vendor Name | | | Invoice Number | Invoice Description | Amount To Pay |
| ADP, INC | | | 512495088 | Check Printing Services | 8,722.61 |
| ADVENT CAPITAL MANAGEMENT | | | 1Q18 | Management Fees - 1st Qtr '18 | 76,694.58 |
| CLARK HILL, PLC | | | 632021 | Angela Keeler for Nov 2015 | 19,489.94 |
| CLARK HILL, PLC | | | 639827 | Gregory Davis for Jan 2016 | 8,740.12 |
| CLARK HILL, PLC | | | 741923 | ICG Litigation for Oct 2017 | 875.76 |
| CLARK HILL, PLC | | | 750958 | Donald v. Watkins Litigation for Nov 2017 | 679.15 |
| CLARK HILL, PLC | | | 750959 | Onyx Capital Litigation for Nov 2017 | 200.81 |
| CLARK HILL, PLC | | | 750960 | McRae Group for Nov 2017 | 703.37 |
| CLARK HILL, PLC | | | 750961 | ICG Litigation for Nov 2017 | 225.67 |
| CLARK HILL, PLC | | | 750962 | Lyondell for Nov 2017 | 76.50 |
| CLARK HILL, PLC | | | 750965 | Gregory Davis for Nov 2017 | 3,313.30 |
| CLARK HILL, PLC | | | 750966 | North Point Advisors for Nov 2017 | 2,380.00 |
| CLARK HILL, PLC | | | 750967 | CTPF Book Cadillac for Nov 2017 | 998.75 |
| CLARK HILL, PLC | | | 750968 | Combined Plan for Nov 2017 | 184.45 |
| CLARK HILL, PLC | | | 750970 | Environmental Geo-Technologies for Nov 2017 | 239.70 |
| CLARK HILL, PLC | | | 750971 | Wolverine Pipeline Company for Nov 2017 | 1,173.85 |
| CLARK HILL, PLC | | | 758333 | Donald v. Watkins Litigation for Dec 2017 | 399.50 |
| CLARK HILL, PLC | | | 758334 | Onyx Capital Litigation for Dec 2017 | 51.00 |
| CLARK HILL, PLC | | | 758335 | ICG Litigation for Dec 2017 | 200.00 |
| CLARK HILL, PLC | | | 758336 | Investment Committee for Dec 2017 | 395.25 |
| CLARK HILL, PLC | | | 758337 | General Counsel Services for Dec 2017 | 29,021.32 |
| CLARK HILL, PLC | | | 758339 | Gregory Davis for Dec 2017 | 4,412.35 |
| CLARK HILL, PLC | | | 758340 | North Point Advisors for Dec 2017 | 9,496.13 |
| CLARK HILL, PLC | | | 758342 | CTPF Book Cadillac for Dec 2017 | 6,911.35 |
| CLARK HILL, PLC | | | 758343 | Combined Plan for Dec 2017 | 3,099.95 |
| CLARK HILL, PLC | | | 758345 | Environmental Geo-Technologies for Dec 2017 | 399.50 |
| CLARK HILL, PLC | | | 758346 | Wolverine Pipeline Company for Dec 2017 | 1,639.65 |
| Hamilton Lane Advisors, LLC (HL) | | | 042518 | Platinum Equity Capital Partners IV-Capital Call | 1,445,077.00 |
| Hamilton Lane Advisors, LLC (HL) | | | 042618.1 | MidOcean Partners V - Capital Call #1 | 840,063.00 |
| LOOMIS, SAYLES & COMPANY, L.P. | | | 189638 | Management Fees - 1st Qtr '18 | 62,811.76 |

Re: Approval of Disbursements- Continued

| Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
|--|----------------|---|---------------------|
| MONEY-MEDIA, INC. | FF-252071 | Fundfire License Renewal: 6/15/18-6/15/19 | 665.00 |
| NORTHPOINTE CAPITAL, LLC | 1Q18 | Management Fees - 1st Qtr '18 | 74,539.72 |
| NORTHPOINTE CAPITAL, LLC | 1Q18 Micro | Management Fees - 1st Qtr '18 | 34,162.78 |
| PARADIGM ASSET MANAGEMENT | 1Q18 | Management Fees - 1st Qtr '18 | 60,951.67 |
| PAYDEN & RYGEL | 1612-M218 | Management Fees - February 2018 | 13,649.00 |
| PIEDMONT INVESTMENT ADVISORS | INV11941 | Management Fees - 1st Qtr '18 | 18,797.62 |
| PUGH CAPITAL MANAGEMENT, INC. | 1Q18 | Management Fees - 1st Qtr '18 | 50,356.77 |
| SALIENT CAPITAL ADVISORS, LLC | 1Q18 | Management Fees - 1st Qtr '18 | 124,516.09 |
| SMITH GRAHAM | 1Q18 | Management Fees - 1st Qtr '18 | 19,528.00 |
| ULTIMATE PARKING MANAGEMENT | 165197 | Parking - May 2018 | 3,109.34 |
| Cash Account/Payment Method Total: 40 Documents | | | 2,928,952.31 |

| F ACCT PAY | CHECK | US | Vendor Name | Invoice Number | Invoice Description | Amount To Pay |
|--|-------|----|------------------------------|-----------------|--|------------------|
| | | | ALEX BROWN REALTY | 04112018 | Loan Servicing Fees - February 2018 | 519.04 |
| | | | COURTLAND PARTNERS, LTD. | 2594 | Management Fees - 1st Qtr '18 | 48,927.00 |
| | | | FEDEX | 6-154-00032 | FedEx Mailings | 23.92 |
| | | | First CHOICE Coffee Services | 545628 | Coffee Supplies | 174.54 |
| | | | GABRIEL, ROEDER, SMITH & CO | 438113 | EDRO Calculations for Anthony Tucker Sr. | 1,200.00 |
| | | | GREGORY TROZAK | 032218 | Trustee Parking | 140.00 |
| | | | JOHN TUCKER | 040518 | Trustee Parking | 305.90 |
| | | | OFFICE DEPOT | 124589481001 | Office supplies | 10.49 |
| | | | OFFICE DEPOT | 124589482001 | Office Depot - Office Supplies | 7.50 |
| | | | OFFICE DEPOT | 124589485001 | Office Supplies | 28.99 |
| | | | QUILL CORPORATION | 6186474 | Office Supplies | 102.32 |
| | | | QUILL CORPORATION | 6199802 | Office Supplies | 34.00 |
| | | | RACINE & ASSOCIATES | 12259 | DPF v. Paramount - 1/1/18-1/31/18 | 6,815.23 |
| | | | RACINE & ASSOCIATES | 12277 | DPF v. Paramount - 2/1/18-2/28/18 | 1,610.61 |
| | | | RACINE & ASSOCIATES | 12294 | DPF v. Paramount - 3/1/18-3/31/18 | 4,707.10 |
| | | | RHUMBLINE ADVISERS | g13mpfrsd2018Q1 | Management Fees - 1st Qtr '18 | 3,750.00 |
| | | | VERIZON WIRELESS | 9804760286 | Wireless Billing 3/5/18-4/4/18 | 950.20 |
| Cash Account/Payment Method Total: 17 Documents | | | | | | 69,306.84 |

* Payment amount is estimated based on the effective date 4/30/2018

Yeas: Battle, English, Gnatek, Neary, Trozak, Tucker, Watson
and Chairperson Serda - 8

Nays: Pegg - 1

Trustee Pegg is opposed to the disbursement list due to the amount of Clark Hill invoices that are contained within.

Re: Approval of Refunds (Accumulated Contributions)

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

LIST NUMBER 3733 - \$284,851.68

LIST NUMBER 3734 - \$293,398.49

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. Jeffrey Pegg supported. The motion passed unanimously.

LIST #1 4/26/2018 – \$90,080.00

LIST #2 5/03/2018 – \$61,988.00

Re: Approval of Minutes/Journal of Proceedings No. 3190 – (04/05/18)

Jeffrey Pegg moved to approve the **Minutes/Journal of Proceedings No. 3190 (04/05/2018)** Matthew Gnatek supported. The motion passed by vote as listed below:

Yeas: Battle, English, Gnatek, Pegg, Tucker, Watson and Chairperson Serda - 7

Nays: None

Abstentions: Neary and Trozak - 2

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

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

- Board of Trustee Election update
 - Ballots will be mailed Monday May 7, 2018
 - The following names will be on the ballot: Police Retirant Election: Lynn Brown and Gregory Trozak and Fire Retirant Election: John Tucker and George Orzech
 - Medical Director RFP is complete and has been emailed to all Trustees for review
- *Trustee John Naglick entered the Boardroom at 09:21 a.m.*
- *Trustee Meghan Moslimani entered the Boardroom at 09:28 a.m.*

Trustee Pegg requested an UHY Project update at the next Board meeting

Re: Approval of Medical Director RFP

Jeffrey Pegg moved to approve the Request for Proposal or RFP for Board Medical Director as submitted by the Assistant Executive Director. Matthew Gnatek 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:

- Mesirow is tentatively scheduled to attend the next Board meeting on Thursday May 17, 2018.
- Police and Fire Investment Committee Telephonic meeting is scheduled for Monday May 21st, 2018

PUBLIC RELATIONS ADVISOR REPORT

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

- State oversight article
- Consideration of year end publicity

LOBBYIST'S REPORT

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

- All current legislative bills are related to Administrative Functions
- Medicare work requirements as related to Police and Fire disability retirees

➤ *Trustee Portia Roberson entered the Boardroom at 09:32 a.m.*

GENERAL COUNSEL'S REPORT

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

- Chapter 9 Compliance and Special reporting requirements (Tabs II and III in the legal report)
- Approval of hourly rates (professional services agreement) (exhibit B)
This will come back before the Board at the next scheduled meeting (5/17/2018) as such time the Trustees will have had an opportunity to review the matter.
- Re-calculation of Sean Gallagher's billed time produced a credit due back to the PFRS in the amount of \$2630.00

➤ *Trustee Angela James entered the Boardroom at 09:40 a.m.*

Re: Entering Into Closed Session

Resolution Moved By: Trustee Gnatek – 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 pending litigation matters and disability Medical Exams.

A Roll Call Vote was taken as follows:

Yeas: Battle, English, Gnatek, James, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 13

Nays: None

The Board entered into **Closed Session** at 09:46 a.m.

- ***Trustee Mark Diaz joined the meeting via telephone at 09:57 a.m.***
- ***Trustee Matthew Gnatek excused himself from the Boardroom at 09:59 a.m.***
- ***Trustee Mark Diaz entered the Boardroom at 10:30 a.m.***
- ***Trustee Brenda Jones entered the Boardroom at 10:36 a.m.***

Re: Open Session

Resolution Moved By: Trustee Neary – Supported By: Trustee English

RESOLVED, that the Board come out of Closed Session.

Yeas: Battle, Diaz, English, James, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 14

Nays: None

The Board returned to **Open Session** at 11:03 a.m.

- ***The Board recessed for a brief break at 11:05 a.m. and reconvened at 11:15 a.m.***

INITIAL DISABILITIES:

Re: Ronda Reever

Resolution Moved By: Trustee Pegg Supported By: Trustee Trozak

RESOLVED, that the report of the Medical Director on the case of **Ronda Reever** be **ACCEPTED**, and **FURTHER BE IT**

RESOLVED, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed by **Ms. Reever**:

Yeas: Battle, English, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nays: None

Abstentions: Diaz and James – 2

Re: Christopher Smith

Resolution Moved By: Trustee Pegg Supported By: Trustee Trozak

RESOLVED, that the report of the Medical Director on the case of **Christopher Smith** be **ACCEPTED**, and **FURTHER BE IT**

RESOLVED, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed by **Mr. Smith**:

Yeas: Battle, English, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nays: None

Abstentions: Diaz and James – 2

Re: Pending Litigation Strategy

Mark Diaz moved to accept the litigation strategy as recommended by the Board's Chief Investment Officer and General Counsel as discussed in closed session. Jeffrey Pegg supported. The motion passed by vote as follows:

Yeas: Battle, Diaz, English, James, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 13

Nays: None

Abstentions: Jones – 1

Re: Pending Litigation / General Retirement System

Mark Diaz moved to accept General Counsel's recommendation regarding the authorization to proceed with the General Retirement System as discussed in closed session. Sean Neary supported. The motion passed by vote as follows:

Yeas: Battle, Diaz, English, James, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nays: None

Abstentions: Jones and Moslimani – 2

Re: Legal Fees

Mark Diaz moved to accept General Counsel's recommendation and direction to proceed with legal fees with outside legal counsel as discussed in closed session. Sean Neary supported. The motion passed by vote as follows:

Yeas: Battle, Diaz, English, James, Moslimani, Naglick, Neary, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nays: None

Abstentions: Jones and Pegg – 2

Presentation: Gabriel, Roeder, Smith and Company

Representatives from Gabriel, Roeder, Smith and Company Kenneth Alberts and Jamal Adora discussed the following with the Board of Trustees:

- Annual Actuarial Valuation of Component II: June 30, 2017
- **Trustee Brenda Jones** excused herself from the Boardroom at 11:53 a.m.
- **Trustee Shawn Battle** excused himself from the Boardroom at 12:09 p.m.
- **Public Relations Consultant Bruce Babiarz** excused himself from the Boardroom at 12:16 p.m.

Re: Annual Actuarial Valuation of Component II

Jeffrey Pegg moved to approve and receive the Annual Actuarial Valuation of Component II as delivered by the Board's actuary. John Naglick supported. The motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None

ADJOURNMENT

Chairperson Serda adjourned the meeting at 12:51 p.m. The Board's next meeting is scheduled for **Thursday, May 17th, 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Kelly Tapper", written in black ink.

Kelly Tapper, Assistant Executive Director