



MINUTES
MEETING NO. 023
MEETING OF THE POLICE AND FIRE RETIREMENT SYSTEM
INVESTMENT COMMITTEE
MONDAY, NOVEMBER 13, 2017

A MEETING OF THE INVESTMENT COMMITTEE OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT WAS HELD ON **MONDAY, NOVEMBER 13, 2017** IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, 500 WOODWARD AVENUE, SUITE 3000, DETROIT, MICHIGAN 48226 |

ROLL CALL:

CHAIRMAN SMITH CALLED THE MEETING TO ORDER AT **10:05 A.M.** AND A QUORUM BEING PRESENT, ATTENDANCE WAS TAKEN BY RECORDING SECRETARY **JANET S. LENEAR**. THE FOLLOWING COMMITTEE AND STAFF MEMBERS WERE PRESENT: JOSEPH BOGDAHN, MARK DIAZ, ROBERT SKANDALARIS, CHAIRMAN ROBERT SMITH, GREGORY TROZAK, JOHN TUCKER, VICE CHAIRMAN MCCULLOUGH WILLIAMS, III, SPECIAL COUNSEL SEAN P. GALLAGHER, EXECUTIVE DIRECTOR DAVID CETLINSKI, CHIEF INVESTMENT OFFICER RYAN C. BIGELOW, INVESTMENT ANALYST KRISTI GRDEN, AND RECORDING SECRETARY JANET S. LENEAR

GUESTS PRESENT:

JOSEPH ENGLISH, POLICE AND FIRE RETIREMENT SYSTEM TRUSTEE
KATHY COLIN, PRESIDENT OF NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS

AT 10:06 A.M., COMMITTEE MEMBER **WOODROW TYLER** JOINED THE MEETING VIA TELECONFERENCE.

MOTION #1 – NOVEMBER 13, 2017: APPROVAL OF NOVEMBER 13, 2017 AGENDA

MOVED BY COMMITTEE MEMBER WILLIAMS – SECONDED BY COMMITTEE MEMBER TUCKER: TO APPROVE TODAY'S **NOVEMBER 13, 2017 AGENDA** AS PREPARED AND SUBMITTED BY THE COMMITTEE'S RECORDING SECRETARY SUBJECT TO A MATTER INVOLVING PERSONNEL BEING DISCUSSED DURING CLOSED SESSION: THE MOTION PASSED UNANIMOUSLY.

MOTION #2 – NOVEMBER 13, 2017: APPROVAL OF SEPTEMBER 25, 2017 MINUTES

MOVED BY COMMITTEE MEMBER TROZAK – SECONDED BY COMMITTEE MEMBER SKANDALARIS: THAT THE COMMITTEE'S **SEPTEMBER 25, 2017 MINUTES** BE APPROVED AS RECORDED AND SUBMITTED BY THE COMMITTEE'S RECORDING SECRETARY: THE MOTION PASSED UNANIMOUSLY.

AT 10:18 A.M., GENERAL COUNSEL **RONALD A. KING** JOINED THE MEETING VIA TELECONFERENCE.

CHIEF INVESTMENT OFFICER'S REPORT

CHIEF INVESTMENT OFFICER **RYAN C. BIGELOW** PROVIDED THE COMMITTEE WITH STATUS UPDATES REGARDING THE SYSTEM'S AUDIT; THE WESTIN BOOK CADILLAC AND STEWARD CAPITAL'S REAL ESTATE PARTNERS FUND I. HE ALSO ASKED THE COMMITTEE TO CONSIDER CONVENING ITS DECEMBER 18, 2017 MEETING AT **9:00 A.M.** AS OPPOSED TO 10:00 A.M. THE COMMITTEE AGREED TO THE REQUESTED TIME CHANGE, AND AT **CHAIRMAN SMITH'S** DIRECTION, A NOTICE REFLECTING SAID TIME CHANGE WILL BE POSTED ONLINE AND WITHIN THE OFFICES OF THE RETIREMENT SYSTEMS.

MR. BIGELOW THEN DISCUSSED VALSTONE'S OPPORTUNITY FUND IV/SENIOR HOUSING SPINOFF AND THE TGAM CHURCHILL MIDDLE MARKET SENIOR LOAN FUND.

MOTION #3 – NOVEMBER 13, 2017: VALSTONE OPPORTUNITY FUND IV/SENIOR HOUSING SPINOFF

MOVED BY COMMITTEE MEMBER BOGDahn – SECONDED BY COMMITTEE MEMBER TUCKER: THAT THE COMMITTEE APPROVE THE CONSENT AND ELECT TO ALLOCATE UP TO \$8,000,000 TO THE NEW FUND - VALSTONE OPPORTUNITY HEALTHCARE PROPERTIES, L.P. - SUBJECT TO NEGOTIATION OF ANY ADDITIONAL TERMS AND CONDITIONS; ADDITIONAL DUE DILIGENCE; AND COURTLAND'S INVESTMENT COMMITTEE'S APPROVAL OF THE NEW FUND:

AT 10:32 A.M., COMMITTEE MEMBER **SEAN P. NEARY** ENTERED THE MEETING AND TOOK HIS SEAT AT THE TABLE.

CHAIRMAN SMITH REQUESTED THAT THE FOLLOWING ROLL CALL VOTE BE TAKEN:

MOTION #3 – NOVEMBER 13, 2017: VALSTONE OPPORTUNITY FUND IV/SENIOR HOUSING SPINOFF - CONTINUED

YEAS – COMMITTEE MEMBERS BOGDAHN, DIAZ, SKANDALARIS, TROZAK, TUCKER, TYLER, WILLIAMS AND CHAIRMAN SMITH – 8

NAYS – NONE

ABSTENTIONS – COMMITTEE MEMBER NEARY – 1

MOTION #4 – NOVEMBER 13, 2017: TGAM CHURCHILL MIDDLE MARKET SENIOR LOAN FUND

MOVED BY COMMITTEE MEMBER NEARY – SECONDED BY COMMITTEE MEMBER BOGDAHN: THAT THE COMMITTEE APPROVE THE RECOMMENDATION OF STAFF AND WILSHIRE TO COMMIT \$15,000,000 TO THE TGAM CHURCHILL MIDDLE MARKET SENIOR LOAN FUND: THE MOTION PASSED UNANIMOUSLY.

~CONCLUDES CHIEF INVESTMENT OFFICER'S REPORT~

RE: 2018 MEETING SCHEDULE

THE COMMITTEE DISCUSSED AND ESTABLISHED THE COMMITTEE'S 2018 MEETING SCHEDULE:

POLICE AND FIRE INVESTMENT COMMITTEE 2018 MEETING SCHEDULE

<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>LOCATION</u>
MONDAY	JANUARY 22, 2018	10:00 A.M.	CONFERENCE ROOM - TELECONFERENCE
MONDAY	MARCH 5, 2018	10:00 A.M.	CONFERENCE ROOM
MONDAY	MAY 21, 2018	10:00 A.M.	CONFERENCE ROOM - TELECONFERENCE
MONDAY	JULY 16, 2018	10:00 A.M.	CONFERENCE ROOM - TELECONFERENCE
MONDAY	AUGUST 27, 2018	10:00 A.M.	CONFERENCE ROOM
MONDAY	OCTOBER 22, 2018	10:00 A.M.	CONFERENCE ROOM
MONDAY	DECEMBER 17, 2018	09:00 A.M.	CONFERENCE ROOM - TELECONFERENCE

***MEETING DATES/TIMES SUBJECT TO CHANGE. ANY DATE/TIME CHANGES WILL BE IMMEDIATELY AND APPROPRIATELY POSTED**

RE: 2018 MEETING SCHEDULE - CONTINUED

AT **CHAIRMAN SMITH'S** DIRECTION, A NOTICE REFLECTING THE ESTABLISHED MEETING SCHEDULE WILL BE POSTED ONLINE AND WITHIN THE OFFICES OF THE RETIREMENT SYSTEMS.

WILSHIRE ASSOCIATES

DAVID LINDBERG AND **CALVIN BORN, JR.** PROVIDED THE COMMITTEE WITH A CAPITAL MARKETS REVIEW AND 2017 3RD QUARTER EXECUTIVE SUMMARY. THE GENTLEMEN THEN PROCEEDED TO DISCUSS ASSET ALLOCATION; ACTUAL ALLOCATION VERSUS POLICY ALLOCATION; INVESTMENT AND ASSET CLASS PERFORMANCE; RISK/RETURN; PRIVATE EQUITY; U.S. EQUITY; INTERNATIONAL EQUITY; FIXED INCOME; MASTER LIMITED PARTNERSHIPS; GLOBAL REITS; HEDGE FUND INVESTING; REAL ESTATE; MANAGER PERFORMANCE; THE SYSTEM'S 2017 3RD QUARTER WATCH LIST; LIQUIDITY AND FUND RESULTS.

~CONCLUDES **WILSHIRE'S** PRESENTATION~

UHY

MARLENE BEACH PROVIDED THE COMMITTEE WITH AN ACCOUNTING/FINANCIAL STATEMENTS UPDATE AND DISCUSSED INVESTMENT MANAGER FEES; POLICIES AND PROCEDURES AND RSCD MEMBER SERVICES. SHE ALSO PROVIDED THE COMMITTEE WITH COPIES OF TWO DRAFT MANAGEMENT REPORTS; ONE DETAILING THE SYSTEM'S FIDUCIARY NET POSITION (ASSETS/LIABILITIES) AND ONE DETAILING CHANGES IN THE SYSTEM'S FIDUCIARY NET POSITION (ADDITIONS/DEDUCTIONS). SHE ALSO PROVIDED THE COMMITTEE WITH COPIES OF A BUDGET WORKSHEET WHICH DETAILED VARIOUS DEDUCTIONS AND EXPENSES.

~CONCLUDES **UHY'S** PRESENTATION~

RSCD CHIEF ACCOUNTING OFFICER-CONTROLLER INTERVIEWS

MR. CETLINSKI INFORMED THE COMMITTEE THAT FOLLOWING THE CONCLUSION OF THE JOINT PERSONNEL COMMITTEE'S RSCD CHIEF ACCOUNTING OFFICER-CONTROLLER INTERVIEW PROCESS, THE POSITION WAS OFFERED TO CANDIDATE **RAMZEE P. JACKSON**. **MR. JACKSON** ACCEPTED THE POSITION WITH A START DATE OF JANUARY 3, 2018.

LEGAL REPORT

GENERAL COUNSEL **RONALD A. KING** ASKED THE COMMITTEE TO ENTER INTO CLOSED SESSION TO DISCUSS PENDING LITIGATION RELATIVE TO THE WESTIN BOOK CADILLAC AS WELL AS PRIVILEGED INFORMATION REGARDING CHAPTER 9 COMPLIANCE.

MOTION #5 – NOVEMBER 13, 2017: ENTERING INTO CLOSED SESSION

MOVED BY COMMITTEE MEMBER DIAZ – SECONDED BY COMMITTEE MEMBER TROZAK: THAT THE COMMITTEE ENTER INTO CLOSED SESSION FOR THE PURPOSE OF DISCUSSING PENDING LITIGATION RELATIVE TO THE WESTIN BOOK CADILLAC AS WELL AS PRIVILEGED INFORMATION REGARDING CHAPTER 9 COMPLIANCE: A ROLL CALL VOTE WAS TAKEN, THE MOTION PASSED UNANIMOUSLY, THE COMMITTEE ENTERED INTO CLOSED SESSION AT **12:53 P.M.** AND GUEST **KATHY COLIN** EXCUSED HERSELF.

MOTION #6 – NOVEMBER 13, 2017: RETURNING TO OPEN SESSION

MOVED BY COMMITTEE MEMBER NEARY – SECONDED BY COMMITTEE MEMBER BOGDHAIN: THAT THE COMMITTEE RETURN TO OPEN SESSION. THE MOTION PASSED UNANIMOUSLY, THE COMMITTEE RETURNED TO OPEN SESSION AT **1:30 P.M.** AND GUEST **KATHY COLIN** RETURNED TO THE MEETING.

MOTION #7 – NOVEMBER 13, 2017: FIFTH SEMI-ANNUAL COMPLIANCE REPORT FOR PFRS

MOVED BY COMMITTEE MEMBER NEARY – SECONDED BY COMMITTEE MEMBER SKANDALARIS: THAT **CHAIRMAN SMITH** EXECUTE THE FIFTH SEMI-ANNUAL COMPLIANCE REPORT FOR THE SYSTEM PURSUANT TO PARAGRAPH 6A OF THE STATE CONTRIBUTION AGREEMENT EXECUTED IN CONNECTION WITH THE EIGHTH AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT FILED OCTOBER 22, 2014 AND CONFIRMED BY ORDER ENTERED NOVEMBER 12, 2014 (THE "PLAN"): THE MOTION PASSED UNANIMOUSLY.

LEGAL REPORT - CONTINUED

GENERAL COUNSEL **RONALD A. KING** DISCUSSED THE FOLLOWING OPEN SESSION MATTERS:

RE: FOIA/JONES

EACH COMMITTEE MEMBER WAS PRESENTED WITH A COPY OF A NOVEMBER 2, 2017 CORRESPONDENCE FROM **DAVID GILES**, DEPUTY GENERAL COUNSEL FOR SCRIPPS, TO GENERAL COUNSEL **RONALD A. KING** REGARDING WYXY-TV REPORTER **ROSS JONES'** SEPTEMBER 26, 2017 FOIA REQUEST

RE: PFRS BOARD LEGAL REPORT INDEXES

THE COMMITTEE WAS PROVIDED WITH COPIES OF THE POLICE AND FIRE BOARD'S OCTOBER 5, OCTOBER 19 AND NOVEMBER 2, 2017 LEGAL REPORT INDEXES

~CONCLUDES **LEGAL** REPORT~

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS BEFORE THE INVESTMENT COMMITTEE, CHAIRMAN **SMITH** ADJOURNED THE MEETING AT **1:37 P.M.** UNTIL **MONDAY, DECEMBER 18, 2017**, AT **09:00 A.M.**, IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS, 500 WOODWARD AVENUE, SUITE 3000, DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,



EXECUTIVE DIRECTOR

MINUTES PREPARED BY: JANET S. LENEAR, RECORDING SECRETARY

MINUTES REVIEWED BY: RYAN C. BIGELOW, CHIEF INVESTMENT OFFICER |