



MINUTES
Meeting No. 043
Police and Fire Retirement System Investment Committee
February 10, 2020

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, February 10, 2020**, at the Retirement System's office at Ally Detroit Center, 500 Woodward Ave., Suite 3000; Detroit, Michigan. Robert Smith, Chairperson, called the meeting to order at 10:05 a.m.

A quorum was present.

ROLL CALL:

Attendance was taken by the Committee's Recording Secretary with the following Committee Members present: Robert Smith (Chairperson), Joseph Bogdahn, Matthew Gnatek, George Orzech, Jeffrey Pegg, Robert Skandalaris, Gregory Trozak, Woodrow Tyler and McCullough Williams III (Vice-Chairperson).

Staff Present: Ryan Bigelow (Chief Investment Officer), David Cetlinski (Executive Director), Kelly Tapper (Assistant Executive Director), and Valerie J.M. Brader (Interim General Counsel – Rivenoak Law Group, P.C.).

Committee Members Excused: (No absence)

Staff Excused: None

Visitors Present: Michael Berent (Police and Fire Retirement System Trustee), Ronald King (General Counsel to PFRS – Clark Hill, P.C.), Kevin Kenneally (KJK Associates, LLC) and John Naglick (City of Detroit Chief Deputy Financial Officer and Police and Fire Retirement System Ex-Officio Trustee).

Approval of Minutes

Motion #01: McCullough Williams moved to approve the minutes dated **Monday, September 19, 2019; Tuesday, December 17, 2019 and Friday, January 17, 2020.** Woodrow Tyler supported. The motion passed unanimously.

Motion #02: McCullough Williams moved to approve the minutes dated **Monday, November 18, 2019.** Robert Skandalaris supported.

Yeas – Bogdahn, Gnatek, Orzech, Pegg, Skandalaris, Trozak, Williams and Chairperson Smith – 6

Nays – None

Abstention – Woodrow Tyler – 1

Future Agenda Items:

- None
- Chairperson Robert Smith welcomed Interim General Counsel, Valerie J.M. Brader.

Legal Report

Interim General Counsel, Valerie J.M. Brader discussed the following with the Committee:

- Reviewing Minutes (Procedures, Timing)
- Recommendation for Recusal by Uniformed Members on matters regarding lawsuit brought by Police and Fire Retirement System Board against Police and Fire Investment Committee
- Closed Session Minutes
- Document Retention Policy and preservation of documents related to lawsuit
- Contract for Kevin Kenneally

Motion #03: Joseph Bogdahn moved to Table the discussion regarding the Recusal of Uniform Members. Woodrow Tyler supported. The motion passed unanimously.

Motion #04: Joseph Bogdahn moved to accept the recommendation of the Interim General Counsel that the Committee allow her to work and consult with the General City Investment Committee regarding the contract with Kevin Kenneally (KJK Associates, LLC) to make sure there isn't a concern with an overlap causing double payment. George Orzech supported. The motion passed unanimously.

- **Interim General Counsel, Valerie J.M. Brader excused herself at 11:05 a.m.**

Presentation/Discussion:

Wilshire Consulting

Representatives David Lindberg, Calvin Born and Joanna Bewick discussed the following with the Committee:

- Capital Market Update
- Performance Review Update
- 2020 Asset Allocation Return & Risk Assumptions

Presentation materials were provided

- **Interim General Counsel, Valerie J.M. Brader returned to the Boardroom at 11:45 a.m.**

Facilitation/Mediation

Motion #05 Joseph Bogdahn moved to accept the recommendation of the Interim General Counsel that the Committee gives her authority to act in her best legal judgment based on what she heard today to respond to the City by the deadline (Tuesday, February 11, 2020) regarding the request by the City of Detroit regarding its motion for facilitation Recusal of Uniformed Members. George Orzech supported.

Yeas – Bogdahn, Gnatek, Orzech, Skandalaris, Trozak, Tyler, Williams and Chairperson Smith – 6 ½

Nays – Pegg – ½

Travel Expense

Motion #06 Robert Smith moved to approve the travel of the Chief Investment Officer, Ryan Bigelow to attend the Comvest Partners Annual General Meeting, March 3-6, 2020 and conduct other due diligence activities although this may result in missing a Police and Fire Retirement System Board meeting. Joseph Bogdahn supported. The motion passed unanimously.

Motion #07 Joseph Bogdahn moved to approve reimbursement for Kevin Kenneally's travel to attend the Comvest Partners Annual General Meeting and conduct other due diligence activities March 3-6, 2020. Robert Skandalaris supported.

Yeas – Bogdahn, Skandalaris, Tyler, Williams and Chairperson Smith – 5

Nays – Gnatek, Pegg and Trozak – 1½

Abstain – Orzech – ½

Committee Member Pegg’s comment regarding his “NO” vote: “Not necessary for both to travel”.

CHIEF INVESTMENT OFFICER’S REPORT

- Annual Report
- Private Equity Portfolio

Annual Report

Motion #08 Jeffery Pegg moved to approve the Police and Fire Retirement System of the City of Detroit Component I and Component II Annual Report for the fiscal year ended June 30, 2019. Joseph Bogdahn supported. The motion passed unanimously.

Private Equity Portfolio

Motion #09 Joseph Bogdahn moved to accept the recommendation that the Committee approve \$15 million in commitments over the next 3 years to Grosvenor to create a separate account comprised of diverse-owned private equity funds. Woodrow Tyler supported.

Yeas – Bogdahn, Tyler and Chairperson Smith – 3

Nays – Orzech, Gnatek, Pegg, Skandalaris, Trozak and Williams – 4

Motion Failed

Public/Member Comments

None

Investment Committee Comments

- Jeffery Pegg inquired about the term sheet for Bodman, Hamilton Lane Capital Calls and gave an update on the Joint Personnel Committee (JPC) meeting.
- McCullough Williams discussed a report by the Knight Foundation regarding the relationship of returns and diversity of investment managers. He agreed to present more fully on this at a later meeting.
- George Orzech discussed the Chief Investment Officer having no report for the Police and Fire Retirement System Investment Committee at its last meeting. There were queries from Smith and Bogdahn about the frequency at which the Board desired such reports, and queries regarding the need for reports more than once a month.

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ADJOURNMENT

Jeffery Pegg moved to adjourn meeting #43; Joseph Bogdahn supported.

There being no further business before the Investment Committee, the meeting was adjourned at 12:53 p.m. The Investment Committee's next meeting is scheduled for **Monday, April 20th, 2020**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue, Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

RYAN BIGELOW
CHIEF INVESTMENT OFFICER

Recording Secretary: JoAnn Harrison