



MINUTES
Meeting No. 035
Police and Fire Retirement System Investment Committee
March 11, 2019

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, March 11, 2019**, 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 10:04 a.m.

A quorum was present.

ROLL CALL:

Attendance was taken by the Committee's Administrative Support with the following Committee Members present: Robert Smith (*Chairperson*), McCullough Williams III (*Vice Chairperson*), Joseph Bogdahn, Mark Diaz, George Orzech, Robert Skandalaris, Gregory Trozak and Woodrow Tyler.

Staff Present: David Cetlinski (*Executive Director*), Ryan Bigelow (*Chief Investment Officer*), Ronald King (*General Counsel – Clark Hill, P.C.*), Kelly Tapper (*Assistant Executive Director*), Kevin Kenneally (*Deputy Chief Investment Officer*), Kristi Grden (*Investment Analyst*).

Committee Members Excused: None absent

Staff Excused: TaKneisha Johnson, Recording Secretary

Visitors Present: Christine Ferretti, Detroit News

Chairperson Smith updated the Committee on his attendance at the Police and Fire Board meeting on February 21st, 2019 with respect to the Funding Policy discussion.

APPROVAL OF AGENDA

Motion #01: Woodrow Tyler moved to approve the agenda dated **Monday March 11, 2019**. McCullough Williams III supported. The motion passed unanimously.

APPROVAL OF MINUTES

Motion #02: McCullough Williams III moved to approve the Minutes of Meeting No. **034**, held on **Monday, January 28th, 2019** Woodrow Tyler supported. The motion passed unanimously.

FUTURE AGENDA ITEMS:

- **Monday, May 13, 2019** Committee meeting has been changed from teleconference to on-site meeting.
- **Jeffrey Pegg entered the Boardroom at 10:38 a.m.**
- **Mark Diaz excused himself from the Boardroom at 10:43 a.m.**

PRESENTATION:

Wilshire Consulting

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

- Capital Markets Review/Update
- Fourth Quarter 2018 Investment Performance
- January 2019 Monthly Performance
- Opportunistic Fixed Income Discussion
- Focus List Managers Review
- **Wilshire concluded their presentation and left the Boardroom at 12:54 p.m.**
- **The Committee recessed for lunch at 12:55 p.m. and reconvened at 1:18 p.m.**

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, Ryan Bigelow, provided the following updates and discussion items for approval:

- CEM Benchmarking Study
- Summary Annual Report approval
- RFP for Real Estate Consultant
- Service Provider review policy

Motion #03: Joseph Bogdahn moved to acknowledge and approve the Summary Annual Report as prepared by Chief Accounting Officer, Ramzee Jackson and Executive Director, David Cetlinski. Jeffrey Pegg supported. The motion passed unanimously.

Note: *The Committee will revisit the Real Estate Request for Proposal at a later date/future meeting.*

LEGAL REPORT

General Counsel, Ronald King, provided the following informational items for discussion:

- Eighth Semi-Annual Certificate of Compliance Report for PFRS
- Rendering of Annual Audited Financial Statement of the General Retirement System and the Police and Fire Retirement System
- Third Annual Certification of the Income Stabilization Fund for PFRS
- Term Sheet regarding Republic Industrial and Energy Solutions, LLC
- Correspondence from Investment Committee Chair Robert C. Smith to State

Motion #04: Jeffrey Pegg moved to acknowledge receipt of and approve the execution of the Eighth Semi-Annual Certificate of Compliance as executed by Committee Chairperson Robert Smith. George Orzech supported. The motion passed unanimously.

Entering Into Closed Session

Re: Compensation Discussion

Legal Counsel recommended the Investment Committee give consideration to enter into Closed Session pursuant to Sections 8(e) & (h) of the Open Meetings Act (“OMA”) being MCL 15.261, which is acknowledged by the Investment Committee as confidential and privileged under MCL 38.1140(I): **Compensation discussion of an employee and/or staff member and EGT Real Estate discussion.**

Motion #05: Jeffrey Pegg moved to enter into Closed Session for the purpose of discussing the Personnel/Compensation of Deputy-Chief Investment Officer. Gregory Trozak supported. The motion passed by a vote as follows:

Yeas: Bogdahn, Orzech, Pegg, Skandalaris, Trozak, Tyler, Williams
and Chairperson Smith- 6 ½

Nays: None

The Committee entered into Closed Session at 1:50 p.m.

Re: Open Session

Motion #06: Jeffrey Pegg moved to come out of Closed Session. Joseph Bogdahn supported. The motion passed unanimously.

The Committee returned to Open Session at 2:36 p.m.

Re: Compensation Discussion

After discussion in closed session, Investment Committee of the Police and Fire Retirement System of the City of Detroit (“PFRS IC”) approved a motion adjusting the compensation of the Chief Investment Officer, Ryan Bigelow, and Deputy Chief Investment Officer, Kevin Kenneally, to the median range of “salary plus bonus” for Small Public Funds as referenced on pages 4 and 5 of the December 4, 2018 Investment Staff Competitive Pay Analysis prepared by McLagan- The McLagan report was prepared at the request of the PFRS IC. Therefore, compensation will be set at \$315,000 for the Chief Investment Officer and \$224,000 for the Deputy Chief Investment Officer. The motion of the Investment Committee included making the compensation adjustments effective January 1, 2019. Also, if the Investment Committee of the General Retirement System of the City of Detroit does not approve the aforementioned adjustments or agree to share in the costs of these adjustments, the PFRS IC will cause all the expenses associated with these adjustments to be paid for out of the PFRS trust fund pursuant to its authority under the Plan of Adjustment and State Contribution Agreement.

Motion #07: Joseph Bogdahn moved to approve the “salary plus bonus” for the Chief Investment Officer and Deputy Chief Investment Officer as discussed. The motion passed by a vote as follows:

Yeas: Bogdahn, Orzech, Skandalaris, Tyler, Williams and Chairperson Smith – 5 ½

Nays: Pegg and Trozak- 1

Statement from Committee member Jeffery Pegg regarding his “No” vote:

It’s outside the alternative salary range as provided by the McLagan study. An increase of \$57,144 (30%) is too much, and for me is not warranted at this time. I also am against the recommendations to the Deputy Chief Investment Officer which resulted in an increase to the Chief Investment Officer and we are still a bankrupt city.

Statement from Committee member Gregory Trozak regarding his “No” vote:

This increase is too excessive at this time.

New/Old Business

- None

ADJOURNMENT

McCullough Williams III moved to adjourn meeting #35; Woodrow Tyler supported.

There being no further business before the Investment Committee, the meeting was adjourned at 2:41 p.m. The Investment Committee's next meeting is scheduled for **Monday, May 13th, 2019**, 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

Administrative Support: JoAnn Harrison