



MINUTES
Meeting No. 046
Police and Fire Retirement System Investment Committee
May 13, 2020

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Wednesday, May 13, 2020** at the Retirement System's Office at Ally Detroit Center, 500 Woodward Ave., Suite 3000; Detroit, Michigan. In conformance with Executive Order 2020-15, the meeting was held electronically, and members of the Committee and the public participated by telephonic and electronic means. Robert Smith, Chairperson, called the meeting to order at 9:05 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, Gregory Trozak, Woodrow Tyler.

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

Committee Members Excused: None

Staff Excused: None

Approval of Minutes

Motion #01: Joseph Bogdahn moved to approve the Minutes of Meeting No. **045**, held on **Monday, April 20, 2020**. Matthew Gnatek supported.

Yeas – Bogdahn, Gnatek, Orzech, Pegg, Trozak, Tyler, and Chairperson Smith – 5

Nays – None

Approval of Agenda

Motion #02: Matthew Gnatek moved to approve the agenda dated **Wednesday, May 13, 2020, as amended**. Joseph Bogdahn supported. The motion passed unanimously.

Public Comment

None

Investment Committee Topic:

- McCullough Williams joined the meeting at 9:11 a.m.
- Annual Actuarial Valuation

Motion #3: Jeff Pegg moved to approve the Annual Actuarial Valuation of Components I and II. Matthew Gnatek supported. The motion passed unanimously.

- May Certification
 - Option #1 Certification stating compliance with the Plan of Adjustment
 - Option #2 Non-Compliance with the applicable Pension Governance Term
 - Denial of Certification

Motion #4: Matthew Gnatek moved to approve Option #1 Certification stating compliance with the Plan of Adjustment. Gregory Trozak supported. The motion failed.

Jeff Pegg moved to amend the draft certification to include language which was submitted to the Committee by General Counsel Ron King.

Yeas –Gnatek, Pegg, Trozak – 1 1/2

Nays – Bogdahn, Orzech, Skandalaris, Tyler, Williams, Chairperson Smith – 5 1/2

Motion #5: Gregory Trozak moved to approve Option #2 Non- Compliance with the applicable Pension Governance Term. Matthew Gnatek supported. The motion passed.

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

Nays — Bogdahn – 1

Presentation/Discussion:

Wilshire Consulting

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

- TALF Program Overview
- Historical Spreads
- Investment Risk
- Investment Performance
- Private Equity/Discretionary Advisor

Motion #6: McCullough Williams moved to approve the Wilshire Presentation. George Orzech supported. The motion passed unanimously.

Motion #7: Joseph Bogdahn moved to extend the contract of Hamilton Lane for one additional year. McCullough Williams supported. The motion passed unanimously.

Legal Request for Proposal for General Counsel for the Investment Committee

- Robert Skandalaris left the meeting at 10:38 a.m.

One proposal was received by the deadline. The Rivenoak Law Group.

- Jeff Pegg asked about the Pension requirement.
- George Orzech asked, if another firm had applied and didn't have all the requirements, what would have been done.
- Matthew Gnatek asked Assistant Executive Kelly Tapper did she prepare the original Request for Proposal?
- Matthew Gnatek asked what the time frame for the Request for Proposal response was.
- Jeff Pegg asked what the modifications from the original Request for Proposal were
- Ron King will review the contract.
- Jeff Pegg asked if the salary will be flat or and hourly rate. It will start out as a flat rate and as work increases it can go to hourly.

Motion #8: Joseph Bogdahn moved to engage in contract negotiations with the Rivenoak Law Group for General Counsel for the Investment Committee. McCullough Williams supported. The motion passed with one dissenting vote.

Yeas – Bogdahn, Gnatek, Orzech, Trozak, Tyler, and Chairperson Smith – 4.5

Nays – Pegg – 0.5

Wilshire Presentation(con't)

- Liquidity
- High Yield
- Credit Manager
- Penn Capital

Chuck Ramey addressed the Committee. He asked everyone to approach the litigation on a calm and unemotional basis. Get it done.

KJK Associates Contract

Motion #9: Jeff Pegg moved to terminate the KJK Contract and not proceed with the new previous Contract. George Orzech supported. The motion passed unanimously.

Motion #10: Chairperson Robert Smith instructed General Counsel to develop a Request for Proposal to outsource Investment Services for the Committee's consideration at the next meeting. The Request for Proposal will be to look for an outside entity to replace the internal staff beginning January 1, 2021. Joseph Bogdahn supported. The motion passed unanimously.

The RFP is to hire a firm to replace the work done by in house investment staff.

Motion #10: Joseph Bogdahn moved to enter into Closed Session for the purpose of discussing litigation between the Police and Fire Retirement System and the Police and Fire Investment Committee. Robert Skandalaris supported.

A Roll Call Vote was taken as follows:

Yeas – Bogdahn, Gnatek, Orzech, Pegg, Skandalaris, Trozak, Tyler, Williams and Chairperson Smith – 7

Nays – None

The Committee entered into Closed Session at 11:29 a.m.

Re: Open Session

The Committee returned to Open Session at 2:20 p.m.

- **No action was taken in closed session**

ADJOURNMENT

McCullough Williams moved to adjourn meeting #46; Matthew Gnatek supported.

There being no further business before the Investment Committee, the meeting was adjourned at 2:25 p.m. The Investment Committee's next meeting is scheduled for **Monday, June 15th, 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