



MINUTES
Meeting No. 059
Police and Fire Retirement System Investment Committee
June 14, 2021

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, June 14, 2021**. In conformance with public health orders from the Director of the Michigan Department of Health and Human Services, the meeting was held electronically, and members of the Committee and the public participated by telephonic and electronic means. Joseph Bogdahn, Chairperson, called the meeting to order at 10:03 a.m.

A quorum was present.

ROLL CALL:

Attendance was taken by the Committee's Recording Secretary with the following Committee Members present Joseph Bogdahn (*Chairperson*) (*Blowing Rock, Watauga County, NC*), Matthew Gnatek (*Detroit, Wayne County, MI*), Orim Graves (*Philadelphia, Philadelphia County, PA*), Jerry Mingione (*Detroit, Wayne County, MI*) George Orzech (*West Bloomfield, Oakland County, MI*), Jeff Pegg (*Detroit, Wayne County, MI*), and Woodrow Tyler (*Dexter Township, Washtenaw County, MI*).

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

Committee Members Excused: None

Staff Excused: None

Approval of Agenda

Motion #01: Woodrow Tyler moved to approve the agenda dated **Monday, June 14, 2021, as amended.** Orim Graves supported. The motion passed unanimously.

Approval of Minutes

Motion #02: George Orzech moved to approve the Minutes of Meeting No. **058, held on Monday, April 12, 2021, as amended.** Matthew Gnatek supported. The motion passed.

Yeas –Gnatek, Graves, Mingione, Orzech, Tyler, and Chairperson Bogdahn – 5

Nays – Pegg – ½

George Trozak joined the meeting at 10:12 am

Investment Committee Topics

- Appointment of Woodrow Tyler to City Retiree Protection Trust Fund Committee

Motion #03: George Orzech moved to appoint Woodrow Tyler to the City Retiree Protection Trust fund Committee to replace Robert Smith. Gregory Trozak supported.

- Review of Legal Counsel Invoice
- General Counsel Engagement

Robert Skandalaris joined the meeting at 10:32 am

- North Pier Consulting Engagement

Motion #04: Orim Graves moved to amend the contract of North Pier Consulting Engagement. Woodrow Tyler supported. The motion passed unanimously.

Yeas –Gnatek, Graves, Mingione, Orzech, Skandalaris, Trozak, Tyler, and Chairperson Bogdahn – 6½

Nays – Pegg – ½ Violates RFP Policy

Annual Actuarial Valuations – Gabriel Roeder Smith & Company

Representatives Judith Kermans, David Kausch and Jamal Adora discussed the following with the Committee:

Comp II. – Legacy

- Purpose of the Valuation
- Executive Summary
- Plan of Adjustment Mandated Employer Contributions
- Membership
- Assets
- Actuarial Accrued Liability
- Funding Projection – 30 yr. level dollar
- Board Adopted Policy – 20 yr. level dollar
- Expected Benefit Payments

Comp. I Hybrid – 6/30/2020

- Executive Summary
- Membership
- Assets
- Actuarial Information
- Projected Funded Status

Motion #05: Jeff Pegg moved to approve the Annual Actuarial Valuation of Components I and II. Jerry Mingione supported. The motion passed unanimously

Motion #06: Jeff Pegg moved to approve 1% VPIF for Component I. Matthew Gnatek supported. The motion passed unanimously.

Funding Policy

- 20 yr. Fixed
- 20 yr. Layered
- 25 yr. Layered

Presentation materials were provided

Investment Consultant - Wilshire

Representatives David Lindberg, JoAnna Bewick and Shawn Quinn discussed the following with the Committee:

- Asset Allocation and Performance
- Current Private Credit Portfolio
- Private Credit Opportunity
- Strategy Overview
- Investment Strategies Examples
- Collateralized Loan Obligations

- Historical Performance
- Challenges
 - Risk
 - Returns
- Manager Selection and Assess Matter
- U.S. Credit Outlook - Neutral
- Europe Credit Outlook - Neutral
- U.S. Special Situation Outlook - Favorable

Private Equity

- What is Private Equity
 - Public
 - Private
- Different Characteristics
 - Venture Capital
 - Growth Equity
 - Buyout
 - Special Situations
- Private Equity Cash Flow Cycle
- How does Private Equity Create Value
 - Control
 - Alignment
 - Information Advantage
- The Benefits of Private Equity Investing
- The Private Equity Market Opportunity
- Historical Performance
- Diversification

Quarterly Performance

- Asset Allocation vs. Policy as of 3/31/21
- Composite Performance Summary
- Total Fund Attribution
- Plan Sponsor Peer Group Analysis – Multi Statistics

Presentation materials were provided

Private Equity Review – Hamilton Lane

Representative Katie Moore discussed the following with the Committee:

Private Equity Portfolio Update

- Executing on the Value Proposition

- Fundraising
- Periodic Table of Returns
- Spread of Returns
- Capital Overhang
- Time to Deploy Capital Overhang
- Contributions
- Private Markets Report Card

Benchmarking Review

- Exposure Analysis
- Pacing Scenarios
- Strategic Objectives

Presentation materials were provided

Public Comment

Louis Sinagra – Ask if there could be some clarification of the closed session discussion Bankruptcy Case No. 13 -53846 and after closed session will the committee resume afterwards.

Kathleen Colin - Informed the Board of the 15th Annual Ray Wilborn Golf Outing will be held August 13, 2021.

IC Member Comments

Ethics Policy will be discussed at the next meeting, August 9, 2021.

Joseph Bogdahn asked to be recused from any discussion, deliberations, or votes regarding the RFP for the Investment Consultant as his old firm will respond. He asks that in his absence, Robert Skandalaris will step in.

LEGAL REPORT

Re: Entering Into Closed Session

Motion #07: Robert Skandalaris moved to enter into Closed Session for the purpose of discussing Bankruptcy Filing in Case No. 13-53846. Orim Graves supported.

A Roll Call Vote was taken as follows:

Yeas –, Gnatek, Graves, Mingione, Orzech, Skandalaris, Trozak, Tyler, and Chairperson Bogdahn – 6½

Nays –Pegg – ½

Minutes – PFRS IC Mtg.
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The Committee entered into Closed Session at 2:10 p.m.

ADJOURNMENT

moved to adjourn meeting #59. supported.

There being no further business before the Investment Committee, the meeting was adjourned at p.m. The Investment Committee's next meeting is scheduled for **Monday, August 9, 2021**, at 10:00 a.m.

RESPECTFULLY SUBMITTED,

**VALERIE BRADER
GENERAL COUNSEL**

Recording Secretary: Marcella Brewer