



**MINUTES**  
**Meeting No. 039**  
**Police and Fire Retirement System Investment Committee**  
**November 18, 2019**

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, November 18, 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 10:10 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 and McCullough Williams III.

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

Committee Members Excused: Woodrow Tyler

Staff Excused: None

Visitors Present: John Naglick, City of Detroit Chief Deputy Financial Officer and Police and Fire Retirement System Ex-Officio Trustee and Christine Ferretti (Detroit News).

**Approval of Minutes**

None

**Approval of Agenda**

**Motion #01:** Joseph Bogdahn moved to approve the agenda dated **Monday November 18, 2019**. McCullough Williams III supported. The motion passed unanimously.

**Future Agenda Items:**

- Approval of 2020 Calendar

**Presentation/Discussion:**

**Gabriel, Roeder, Smith and Company**

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

- **GASB 67/68 Component I**
- **GASB 67/68 Component II**

*Presentation materials were provided*

**Motion #02:** Joseph Bogdahn moved to accept and approve the GASB 67/68 Component I and II Accounting and Financial Reporting for Pensions for the year ending June 30, 2019. Robert Smith supported. The motion passed unanimously.

**Presentation/Discussion:**

**Plante Moran**

Representatives Michelle Watterworth, Ali Hijazi and Spencer Tawas discussed the following with the Committee:

- Draft of the Audited Financial Statements
- Letter to the Board of Trustees and Investment Committee dated November 18, 2019
  - Audit Findings and Auditor's Recommendation

*Presentation materials were provided*

**Motion #03:** Jeffery Pegg moved to accept and approve Plante Moran Audit Report. Joseph Bogdahn supported. The motion passed unanimously.

**Personnel Discussion**

Special Legal Counsel, Sean Gallagher (Gallagher Law) discussed the following with the Committee:

- Memorandum Regarding Fiduciary Responsibility
- Committee Authority to Engage Professional Support

**Re: Entering Into Closed Session**

**Motion #04:** Joseph Bogdahn moved to enter into Closed Session for the purpose of discussing Attorney-Client privilege and personnel issues. Robert Skandalaris supported.

A Roll Call Vote was taken as follows:

Yeas – Bogdahn, Skandalaris, Williams and Chairperson Smith - 4

Nays – Gnatek, Orzech, Pegg and Trozak - 2

**The Committee entered into Closed Session at 11:55 a.m.**

**Re: Open Session**

**Motion #05:** Joseph Bogdahn moved to come out of Closed Session. Robert Skandalaris supported. The motion passed unanimously.

***The Committee returned to Open Session at 12:35 p.m.***

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

**Presentation/Discussion:**

**Wilshire**

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

- Third Quarter 2019 Investment Performance Asset Allocation Analysis
- Capital Markets Review

***Presentation materials were provided***

**Motion #06:** Joseph Bogdahn moved to accept and approve the recommendation of Wilshire Asset Allocation Alternative Policy 2. McCullough Williams III supported. The motion passed unanimously.

- Includes a 4.5% allocation to Short-Duration High Yield
- 
- 60%/40% mix of U.S. and Non-U.S. Equity
- 
- >>10-Yr Expected Return: 6.34%
- >>Expected Risk: 10.52%

### **CHIEF INVESTMENT OFFICER'S REPORT**

Chief Investment Officer, Ryan Bigelow, provided the following updates:

- Investment Policy Statement

### **Investment Policy Statement**

**Motion #07:** Robert Skandalaris moved to approve the edits discussed regarding the Investment Policy Statement. Joseph Bogdahn supported.

Yeas – Bogdahn, Gnatek, Orzech, Skandalaris, Trozak, Williams and Chairperson Smith – 5 ½

Nays – Pegg - ½

- ***McCullough Williams left the meeting at 1:30 p.m.***

### **LEGAL REPORT**

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

- Investment Committee Appointment/Re-Appointment of Independent Members
- Compliance and Special Reporting
- Special Reporting Certification
- Deputy Chief Investment Officer Compensation
- State Contribution Agreement

**Motion #08:** Matthew Gnatek moved to approve the recommendation of Legal Counsel to send the letter dated November 18, 2019 to State Treasurer, Rachel Eubanks regarding Plan of Adjustment, State Contribution Agreement and Component I and II. Jeffery Pegg supported.

**Motion #09:** Robert Skandalaris moved to approve a Special Meeting (Teleconference) on Tuesday, December 17<sup>th</sup> at 9:00 am. Public Notice will be posted regarding the special meeting Matthew Gnatek supported. . The motion passed unanimously.

**Public/Member Comments**

None

**IC Member Comments**

- Jeffery Pegg had questions regarding the CEM Benchmark and the total fund return net of fees.

**ADJOURNMENT**

***Jeffrey Pegg moved to adjourn meeting #39; Greg Trozak supported.***

There being no further business before the Investment Committee, the meeting was adjourned at 2:20 p.m. The Investment Committee's next meeting is scheduled for **Tuesday, December 17<sup>th</sup>, 2019**, at 9:00 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