



MINUTES
Meeting No. 054
Police and Fire Retirement System Investment Committee
December 07, 2020

A meeting of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, December 07, 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. Joseph Bogdahn, Chairperson, called the meeting to order at 10:04 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*)(Winter Haven, FL), Orim Graves (Philadelphia, PA), Jerry Mingione (Philadelphia, PA), George Orzech (West Bloomfield, MI), Robert Skandalaris (Bloomfield Hill, MI), Gregory Trozak (Macomb County, MI), and Woodrow Tyler (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 Minutes

Motion #01: Robert Skandalaris moved to approve the Minutes of Meeting No. **053**, held on **Monday, November 09, 2020, as amended**. Woodrow Tyler supported. The motion passed unanimously.

Approval of Agenda

Motion #02: Robert Skandalaris moved to approve the agenda dated **Monday, December 7, 2020, as amended**. George Orzech supported. The motion passed unanimously.

Matthew Gnatek joined the meeting at 10:05 am (Dearborn Heights, MI)

Reporting – Audit/Actuarial - Gabriel Roeder

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

GASB 67/68 Reports for Components I (Hybrid) 6/30/20

- Executive Summary
- Liability changes compared to Funding Valuation
- Changes compared to Prior Year's GASB Report

GASB 67/68 Reports for Component II (Legacy Plan) -6/30/20

- Membership Net Pension
- Total Pension Expense
- Changes in Prior Years GASB Report
- Statement of Pension Expense under GASB 68 Fiscal Year End 6/30/20
- Schedule of Required Supplementary information of the Net Pension (Multi-Year)

Jeff Pegg joined the meeting at 10:34 am (Clinton Township, MI)

Motion #03: Orim Graves moved to approve the GASB 67/68 Report. Jeff Pegg supported. The motion passed unanimously.

Presentation materials were provided

2019-2020 Audited Financial Statements – Plante Moran

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

Financial Statement Opinion

- Opinion
- Statement of Fiduciary net Position (Balance Sheet)

- Statement of changes in Fiduciary net Position (Income Statement)
- Net Position Trend
- Net Pension Liability (Asset) Trend

Communication with those charged with Governance

- Internal control related matters Identified
- Controls over Census Data
- Controls over Information

Required Communication

- Harder to value Investments
- Actuarial Assumptions

Other Recommendations

- Investment Distributions
- Unrecorded Possible Adjustments

Presentation materials were provided

Motion #4: Jeff Pegg moved to approve the Audit Report presented by Plante Moran. Woodrow Tyler supported. The motion passed unanimously.

Investment Consultant - Wilshire

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

- 2020 Asset Liability Study
- Current Asset Allocations
- Economic Factors
- Observation and Recommendations
- Initiatives for 2021-2022

Plan Status – Component I

- Projected Benefit Payments

Plan Status – Component II

- Projected Benefit Payments
- Efficient Frontier
- Modeled Policies

Simulation Output – Component I

- Box Whisker Graphs
- Distribution of Funded Status
- Distribution of Contributions

Simulation Output – Component II

- Distribution of Funded Status
- Distribution of Contributions

Asset Class Performance

- Economic Growth
- Consumer Activity
- Inflation
- U.S. Equity Market
- Actual Allocation v Policy Allocation
- Composite Performance Summary
- Total Fund Attribution
- Daily Market Report
- Performance Estimate

Presentation materials were provided

Real Estate – ORG

Representatives Ed Swartz and Thor Eriksen discussed the following with the Committee:

- Investment Policy Review
- Portfolio Performance
- Role of Real Estate

Presentation materials were provided

Investment Committee Topics –

- 2021 Meeting Schedule
- OCIO Process

Motion #5: Jeff Pegg moved to authorize a contract with North Pier Fiduciary Management to proceed with the proposed initial education phase at the fee of \$9500. Matthew Gnatek supported. The motion passed.

Yeas – Gnatek, Graves, Mingione, Orzech, Pegg, Trozak, Tyler, and Chairperson Bogdahn – 6

Nays – Skandalaris – 1

CIO Report

None

Legal Report

- Compliance Certification
- Evaluation of City's Ability to Pay
- Contractor Compliance Filings: 2021
- 2020 Term Expiration (Tyler) & Renomination of Tyler

Motion #6: George Orzech moved to authorize General Counsel to issue an RFP for a Financial Advisor re the City of Detroit's ability to pay and to bring a recommendation back at the next meeting. Jeff Pegg supported. The motion passed unanimously.

Motion #7: Robert Skandalaris moved to approve the Renomination of Woodrow Tyler. Jerry Mingione supported. The motion passed unanimously.

Public Comment

- **Louis Sinagra** addressed the Committee regarding if meeting will continue to be held telephonically.

Note: The IC has previously approved a resolution noting that even when in person meetings are again possible, a phone attendance option for the public will be offered based on past public feedback about the desirability of this option.

- **John Naglick** addressed the Committee about working on the Funding Policy.
- **Kathleen Colin** addressed the Committee of NASP 31st Annual Pension and Financial Services Conference, Dec 7 – 10, 2020.
- **Vereen** – addressed the committee about Downtown Crenshaw.

ADJOURNMENT

Joseph Bogdahn moved to adjourn meeting #54.

There being no further business before the Investment Committee, the meeting was adjourned at 2:27 p.m. The Investment Committee's next meeting is scheduled for **Monday, February 22, 2020**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue, Suite 3000; Detroit, Michigan 48226.

Minutes – PFRS IC Mtg.
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RESPECTFULLY SUBMITTED,

**VALERIE BRADER
GENERAL COUNSEL**

Recording Secretary: Marcella Brewer