



RETIREMENT SYSTEM OF THE CITY OF DETROIT

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MINUTES Meeting No. 037 Police and Fire Retirement System Investment Committee July 22, 2019

A teleconference of the Investment Committee of the Police and Fire Retirement System of the City of Detroit was held on **Monday, July 22, 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 10:06 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 Woodrow Tyler.

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.*) and Kristi Grden (*Investment Analyst*).

Committee Members Excused: None

Staff Excused: None

Visitors Present: John Naglick, City of Detroit Chief Deputy Financial Officer and Police and Fire Retirement System Ex-Officio Trustee

Approval of Minutes

Motion #01: Woodrow Tyler moved to approve the Minutes of Meeting No. **036**, held on **Monday, May 13th, 2019** Jeffrey Pegg supported. The motion passed by vote as follows:

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

Nays: None

Abstentions: Gnatek- ½

- *Committee Member McCullough Williams III joined the meeting at 10:07 a.m.*

Approval of Agenda

Motion #02: Jeffrey Pegg moved to approve the agenda dated **Monday July 22, 2019**. McCullough Williams III supported. The motion passed unanimously.

Future Agenda Items:

- None

Presentation/Discussion:

Scott Dickinson, of Republic Underwriters and Daniel Aronowitz and Michael Saa from Euclid Specialty Managers discussed the following with the Committee:

- Fiduciary Liability Insurance coverage levels
 - Mr. Aronowitz will work with the Board/Committee's broker to assess the current policy and create a proposal that will be provided by the October renewal date to be discussed/voted on at that time.

Presentation materials were provided

The Presentation concluded at 10:26 a.m.

Presentation/Discussion:

Chief Accounting Officer Ramzee Jackson, discussed the following with the Committee:

- Audit Findings
- Mid-year review
- Quarterly Financial Report will be discussed at the next committee meeting after the ledger is finalized.

*Presentation materials were provided
The Presentation concluded at 10:40 a.m.*

Wilshire Consulting

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

- Capital Market update
- Performance update/review
- Non-U.S. Equity vs U.S. Equity
- Short Duration/ High yield

*Presentation materials were provided
The Presentation concluded at 11:50 a.m.*

CHIEF INVESTMENT OFFICER'S REPORT

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

- Investment Policy Statement
 - Review policy statement and approve at next Committee meeting in September
- CEM Benchmarking Investment Study
 - The report has been updated to reflect post-bankruptcy analysis
- GASB Long Term Return Methodology approval

Motion #03:

Re: GASB 67 Long Term Return Methodology: Jeffrey Pegg moved to approve the GASB Methodology as presented and recommended by Chief Investment Officer Ryan Bigelow and Investment Staff. Woodrow Tyler supported. The motion passed unanimously.

Motion #04:

Re: CEM Benchmarking: Jeffrey Pegg moved to proceed with the recommendation of the Chief Investment Officer with respect to updating the CEM Investment Benchmarking study. Gregory Trozak supported. The motion passed unanimously.

Committee member Pegg would like a list of all benchmarked items. Mr. Bigelow will provide a summary for Mr. Pegg's review.

Re: Personnel/Compensation Discussion

The Investment Committee of the Police and Fire Retirement System of the City of Detroit's ("PFRS IC") primary focus for discussion is with respect to the authority given per the Combined Plan to set compensation for the Deputy Chief Investment Officer. After discussion, the following motion(s) were made:

Motion #05: Joseph Bogdahn moved to engage Special Counsel with respect to creating a compensation package for the Deputy Chief Investment Officer that is in accordance with the motion made and passed at the Committee's May 13th, 2019 meeting and further, bring forth alternatives for the best way to implement the compensation package. The Police and Fire Investment Committee Chairperson has the authority to implement and execute the contract at its completion. Woodrow Tyler supported. The motion passed by a vote as follows:

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

Nays: Gnatek, Orzech, Pegg and Trozak - 2

Committee Member Pegg's comment regarding his "NO" vote: "This is a violation of the Plan of Adjustment; Section 14.3" as well as section 38.1133g of Public Act 314".

LEGAL REPORT

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

- PFRS Investment Committee’s May 13, 2019 Meeting Re: Compensation Discussion.
 - Update from Ronald A. King, General Counsel, outlining discussions at the May 16, 2019 PFRS Board meeting; response to May 14 2019 correspondence from PFRS IC Chair.
- Foundation for Detroit’s Future
 - Memorandum report to Foundation for Detroit’s Future from John Naglick Jr., Chief Deputy Financial Officer and Finance Director, City of Detroit re Annual Interim Reaffirmation for Period Ending: May 15, 2019 (the “Reaffirmation Period”).
- Correspondence dated June 11, 2019 from the Foundation for Detroit’s Future (“FDF”) regarding “Grand Bargain” payment conditions under the Omnibus Transaction Agreement authorizing payment to RSCD under Plan of Adjustment of \$18,675,000.00.

New/Old Business

- Trustee Pegg had questions regarding the amount of telephonic meetings that the Committee has and would like the Committee to move toward more face-to face meetings in lieu of telephonic
 - Chairperson Smith states that the Committee will revisit this concern at a future meeting
- Real Estate Consultant RFP Update

Public Comment

John Naglick Jr., Police and Fire Board Ex-Officio Trustee addressed the Committee regarding the following:

- Retiree Protection Fund Investment Advisory Committee telephonic meeting will be Wednesday July 24th, 2019

Chairperson Smith welcomed Matthew Gnatek to the Committee and requested contact information for Mr. Gnatek.

Kathleen Colin, President of NASP Detroit addressed the Committee regarding the following upcoming event:

- NASP Detroit annual golf outing: Raymond Welborne Memorial Golf Classic; Friday July 26th, 2019 at the Links at Gateway Golf Club in Romulus

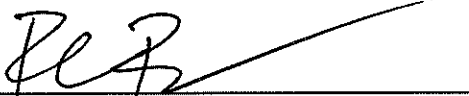
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ADJOURNMENT

Jeffrey Pegg moved to adjourn meeting #37; McCullough Williams III supported.

There being no further business before the Investment Committee, the meeting was adjourned at 12:34 p.m. The Investment Committee's next meeting is scheduled for **Monday, September 9th, 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

Recording Secretary: TaKneisha Johnson