

MEETING NO. 3214
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, SEPTEMBER 20, 2018

09:00 A.M.
RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

SHAWN BATTLE	EX/OFFICIO TRUSTEE/FIRE PREVENTION CHIEF/MAYOR'S DESIGNEE
MICHAEL F. BERENT	ELECTED TRUSTEE/FIRE
MARK DIAZ	ELECTED TRUSTEE/POLICE
MATTHEW GNATEK	ELECTED TRUSTEE/POLICE
ANGELA R. JAMES	EX/OFFICIO RETIRANT TRUSTEE/POLICE/MAYOR'S DESIGNEE
BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
CHRISTA MCLELLAN	EX/OFFICIO TRUSTEE/TREASURER
MEGAN S. MOSLIMANI	EX/OFFICIO TRUSTEE/CORPORATION COUNSEL /VICE-CHARPERSON
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
GEORGE ORZECH	ELECTED RETIRANT TRUSTEE/FIRE
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/CHAIRPERSON
DEAN PINCHECK	ELECTED TRUSTEE/FIRE
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE
GREGORY TROZAK	ELECTED RETIRANT TRUSTEE/POLICE
STEVEN WATSON	EX/OFFICIO TRUSTEE/DIRECTOR OF FORECASTING AND ECONOMIC ANALYSIS-BUDGET DEPARTMENT/BUDGET DIRECTOR'S DESIGNEE

TRUSTEES EXCUSED

JOHN SERDA	ELECTED TRUSTEE/POLICE
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ALSO PRESENT

Kelly Tapper	Assistant Executive Director
Kevin Kenneally	Investment Officer
Ronald King	General Counsel
TaKneisha Johnson	Administrative Assistant IV
Bruce Babiarz	Public Relations Advisor
Dr. Oscar King III	Board Lobbyist

STAFF EXCUSED

David Cetlinski	Executive Director
Ryan Bigelow	Chief Investment Officer

ACTING CHAIRPERSON

MATTHEW GNATEK

A verbal Roll Call commenced at 09:28 a.m. and Acting Chairperson Gnatek called the meeting to order.

Present at Roll Call: Shawn Battle, Michael F. Berent, Mark Diaz, Christa Mclellan, John Naglick, George Orzech, Dean Pincheck, Gregory Trozak, Steven Watson and Acting Chairperson Matthew Gnatek

Re: Approval of September 20, 2018 Agenda

Mark Diaz moved to approve the agenda dated **Thursday, September 20, 2018**. Christa Mclellan supported. The motion passed unanimously.

Re: Approval of DROP Retirement Applications

Mark Diaz moved to approve the **DROP Retirements** as listed below. Michael Berent supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Robert J. Barber – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 11 25 – 08 22 18

NAME, TITLE, DEPARTMENT	Dajuan R. Smith - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	15 11 25 – 08 06 18

NAME, TITLE, DEPARTMENT	Juan Windham – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	21 01 07 – 06 12 18

Re: Approval of HYBRID Retirement Applications

Mark Diaz moved to approve the **HYBRID Retirements** as listed below.
Michael Berent supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Chris L. Herndon – Sergeant - Fire
RETIREMENT TYPE-PLAN	Hybrid - Service
SERVICE CREDIT-EFFECTIVE DATE	04 00 00 – 07 01 18

NAME, TITLE, DEPARTMENT	Juan Windham – Police Officer - Police
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	03 11 00 – 06 12 18

- ***The Board of Trustees engaged in discussion regarding the Hybrid/Legacy retirements.***

Re: Approval of RETIREMENT Applications

Gregory Trozak moved to approve the **RETIREMENT Applications** as listed below.
Mark Diaz supported. The motion passed unanimously.

NAME, TITLE, DEPARTMENT	Javier Chapa – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Vested - New
SERVICE CREDIT-EFFECTIVE DATE	20 09 11 – 10 01 18

NAME, TITLE, DEPARTMENT	Chris L. Herndon – Fire Sergeant - Fire
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	23 03 20 – 07 01 18

NAME, TITLE, DEPARTMENT	Michael A. Reed – Police Officer - Police
RETIREMENT TYPE-PLAN	Service - New
SERVICE CREDIT-EFFECTIVE DATE	18 08 26 – 10 09 18

NAME, TITLE, DEPARTMENT	Nadeen Shukur (Fadi M. Shukur – Deceased) – Police Officer - Police
RETIREMENT TYPE-PLAN	Duty Death Widow - New
SERVICE CREDIT-EFFECTIVE DATE	01 05 00 – 08 16 18

Re: Approval of Disbursements

Mark Diaz moved to approve the **Disbursement List** as outlined below.
John Naglick supported. The motion passed unanimously.

Disbursements

Page 1 of 3
Date 9/17/2018 9:08 AM

Account	Payment Method	Currency			
F ACCT PAY	ACH	US			
Vendor Name	Invoice Numbe	Invoice Description		Amount To Pay	
500 WEBWARD LLC	62508	September 2018 Rent		24,998.49	
ADVENT CAPITAL MANAGEMENT, LLC	2Q18	Management Fees - 2nd Qtr '18		76,480.66	
American Realty Advisors (ARA)	7047	Management Fees - 2nd Qtr '18		26,000.00	
CLARK HILL, PLC	789687	CTPF Book Cadillac, LLC for May 2018		18,892.90	
CLARK HILL, PLC	796248	General Counsel Services for June 2018		18,855.75	
CLARK HILL, PLC	796252	DROP Program for June 2018		348.07	
CLARK HILL, PLC	796253	EDS for June 2018		399.50	
CLARK HILL, PLC	796254	Donald V. Watkins, et al. Litigation for June 2018		219.73	
CLARK HILL, PLC	796255	Onyx Capital Litigation for June 2018		2,909.13	
CLARK HILL, PLC	796256	Gregory Davis for June 2018		8,751.90	
CLARK HILL, PLC	796257	CTPF Book Cadillac, LLC for June 2018		12,264.65	
CLARK HILL, PLC	796258	Combined Plan for June 2018		145.35	
CLARK HILL, PLC	796259	Todd Interests, Inc. for June 2018		8.93	
CLARK HILL, PLC	803178	Donald V. Walkins, et al. Litigation for July 2018		199.75	
CLARK HILL, PLC	803179	Onyx Capital Litigation for July 2018		698.22	
CLARK HILL, PLC	803183	General Counsel Services for July 2018		24,422.00	
CLARK HILL, PLC	803185	CTPF Book Cadillac, LLC for July 2018		17,099.87	
Cogent Communications, Inc.	090118	Internet Service		1,023.00	
CREDIT SUISSE ASSET MANAGEMENT, LLC	2Q18	Management Fees - 2nd Qtr '18		37,417.50	
CRESTWOOD ASSOCIATES L.L.C.	INV036512	Acumatica Training & Implementation		100.00	
INCOME RESEARCH + MANAGEMENT INC.	24992	Management Fees - 2nd Qtr '18		48,678.10	
KENNEDY CAPITAL MANAGEMENT	2Q18	Management Fees - 2nd Qtr '18		180,965.00	
PAYDEN & RYGEL	1612-M618	Management Fees - June 2018		8,566.00	
PAYDEN & RYGEL	1612-M718	Management Fees - July 2018		9,920.00	
PIEDMONT INVESTMENT ADVISORS,LLC	INV11999	Management Fees - 2nd Qtr '18		18,752.90	
UHY Advisors MI, Inc.	1264183	Professional Accounting Services for August 2018		40,621.88	
UHY Advisors MI, Inc.	1265114	Professional IT Services for August 2018		9,993.75	
UHY Advisors MI, Inc.	1265125	Professional IT Services for August 2018		64,012.50	
WILSHIRE ASSOCIATES INCORPORATED	INV00176696	Consulting Services - 4th Qtr '18		133,360.74	
Cash Account/Payment Method Total:			29 Documents	786,106.27	

Re: Approval of Disbursements- Continued

F ACCT PAY	CHECK	US		
Vendor Name	Invoice Numbe	Invoice Description	Amount To Pay	
CHRYSALIS CONSULTING, LLC	22989	Consulting Services 8/1/18-8/31/18	3,963.75	
CREATIVE BREAKTHROUGHS INC	INV0472	Software Maintenance	10,775.00	
CREATIVE BREAKTHROUGHS INC	INV0473	Software Maintenance	1,600.00	
DEROY & DEVEREAUX	2Q18	Management Fees - 2nd Qtr '18	42,198.00	
DIRECTV	34924152557	Service Charges 8/23/18-9/22/18	37.62	
First CHOICE Coffee Services	570348	Equipment Rental	30.00	
First CHOICE Coffee Services	572345	Coffee Supplies	175.98	
GABRIEL, ROEDER, SMITH & CO	440764	EDRO Calculations for Eric Wilson	1,200.00	
GABRIEL, ROEDER, SMITH & CO	440776	EDRO Calculations for Darrell Jones	1,200.00	
GABRIEL, ROEDER, SMITH & CO	440998	EDRO Calculations for David Wright	1,200.00	
GABRIEL, ROEDER, SMITH & CO	441101	Actuarial Services for July/August 2018 & GASB 68 R	38,400.00	
IRON MOUNTAIN	141567	Data Domain Service	1,151.25	
IRON MOUNTAIN	153777	Data Domain Service	2,732.30	
IRON MOUNTAIN	201696086	Storage CDs	761.45	
Iron Mountain Records Management	AFAG795	Records Storage	1,873.14	
KELLEY CAWTHORNE	9446	Lobbyist Services for September 2018	7,500.00	
MICRO CENTER	8691181	Computer Equipment	1,329.99	
OFFICE DEPOT	195098840001	Office Supplies	9.43	
OFFICE DEPOT	195198838001	Office Supplies	37.27	
OFFICE DEPOT	195198839001	Office Supplies	21.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325635	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325636	Disability Initial Exam Fee	475.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325640	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325641	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325642	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325643	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325645	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325646	Disability Re-Exam Fee	225.00	
PROVIDENCE OCCUPATIONAL HEALTH PTNRS	325648	Disability Re-Exam Fee	225.00	
QUILL CORPORATION	9220873	Office Supplies	202.73	
QUILL CORPORATION	9640694	Office Supplies	126.00	
SHRED-IT USA	8125414883	Shredding Service Charges	49.73	
WELLS FARGO VENDOR FINANCIAL SVCS, LLC	101015482	Printer Maintenance	122.65	
XEROX	094329174	Printer Maintenance	31.88	
Cash Account/Payment Method Total:			34 Documents	119,004.17

* Payment amount is estimated based on the effective date 9/17/2018

Re: Approval of Refunds (Accumulated Contributions)

Mark Diaz moved to approve the **Refunds/Accumulated Contributions** as outlined below. Michael Berent supported. The motion passed unanimously.

LIST NUMBER 3753 - \$176,641.42

LIST NUMBER 3754 - \$639,277.41

Re: Approval of the Frozen Defined Contribution Plan/ Employee Loan Program

Mark Diaz moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. Michael Berent supported. The motion passed unanimously.

LIST #1 9/13/2018 – \$130,066.00

LIST #2 9/20/2018 – \$73,743.00

Re: Approval of Minutes/Journal of Proceedings No. 3207 – (08/02/2018)

Mark Diaz moved to approve the **Minutes/Journal of Proceedings No. 3207 (08/02/2018)**. Gregory Trozak supported. The motion passed by vote as follows:

Yeas – Battle, Berent, Diaz, Mclellan, Naglick, Trozak Watson
and Acting Chairperson Gnatek - 8

Nays – None

Abstentions: Orzech and Pincheck - 2

Re: Approval of Minutes/Journal of Proceedings No. 3209 – (08/16/2018)

Mark Diaz moved to approve the **Minutes/Journal of Proceedings No. 3209 (08/16/2018)**. Gregory Trozak supported. The motion passed by vote as follows:

Yeas – Battle, Berent, Diaz, Mclellan, Naglick, Orzech, Trozak Watson
and Acting Chairperson Gnatek - 9

Nays – None

Abstentions: Pincheck - 1

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

Assistant Executive Director, **Kelly Tapper**, addressed the following with the Board of Trustees:

- DPOA Charitable Fund Correspondence
- Securities Litigation Policy

Re: Securities Litigation Amendment

Motion By: Trustee Diaz - Supported By: Trustee Pincheck

Motion to approve the Securities Litigation Policy Amendment Recommendation; item V (E) of the Policy. The Motion passed by a unanimous vote.

- ***Chairperson Jeffrey Pegg entered the Boardroom at 09:44 a.m. and relieved Acting Chairperson Gnatek.***
- Gabriel, Roeder, Smith and Co. Actuarial and Consulting Service Fees for the Period 7/1/2018 through 6/30/2019
- Fiduciary Insurance Policy Renewal

Re: Acceptance of GRS Actuarial and Consulting Service Fees for the period of 07/01/2018 through 06/30/2019

Motion By: Trustee Diaz - Supported By: Trustee Berent

Motion to authorize payment of the Actuarial and Consulting service fee schedule for the period of 07/01/2018 through 06/30/2019 as submitted by the Board's actuary, Gabriel Roeder Smith and Company. The Motion passed by a unanimous vote.

- ***Trustee Megan Moslimani entered the Boardroom at 09:44 a.m.***

ASSISTANT EXECUTIVE DIRECTOR'S REPORT- Continued

Re: Fiduciary Liability Insurance Policy Renewal

By Trustee Naglick – Supported by Trustee Mclellan

WHEREAS, the Board of Trustees is in receipt of a letter from Republic Underwriters, Inc. regarding the insurance policy set for renewal on **October 6th, 2018**, which provides for an additional **\$25,000,000.00** of insurance coverage with with an annual premium of **\$495,653.00**

WHEREAS, the Board has discussed this matter in open session, **THEREFORE BE IT**

RESOLVED, that the Retirement System renew the fiduciary liability coverage, and further be it

RESOLVED, that the payment of **\$495,653.00** be made payable to Republic Underwriters, Inc., and further

RESOLVED, that a copy of this resolution be forwarded to Republic Underwriters, Inc.,

Yeas – Battle, Berent, Diaz, Gnatek, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Trozak Watson and Chairperson Pegg - 12

Nays – None

Re: Medical Director Selection/ Occupational Health Providers

By Trustee Gnatek – Supported by Trustee Pincheck

WHEREAS, the Board of Trustees is in receipt of a copy of an RFP (Request for Proposal) from candidates for Medical Director consistent with the needs and best practices of the Police and Fire Retirement Systems and

WHEREAS, the Board has discussed this matter in open session, **THEREFORE BE IT**

RESOLVED, that the Board of the PFRS issue said RFP, and **BE IT** further

ASSISTANT EXECUTIVE DIRECTOR'S REPORT- Continued

Re: Medical Director Selection/ Occupational Health Providers- Continued

RESOLVED, that a copy of the proposed RFP be prepared and provided to this Board for review and approval, and **BE IT FURTHER**

RESOLVED, that The Board of Trustees selects Occupational Health System and work with General Counsel for contract, and **BE IT FURTHER**

RESOLVED, that a copy of this Resolution be forwarded to the General Retirement System.

Yeas – Battle, Berent, Diaz, Gnatek, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 12

Nays – None

PUBLIC RELATIONS ADVISOR REPORT

Public Relations Advisor, **Bruce Babiarz**, discussed the following matters with the Board:

- Media Training session scheduling
- FOIA Policy regarding personal email
- Public Relations committee assignments
- Usage of personal emails

➤ ***Trustee Portia Roberson entered the Boardroom at 09:52 a.m.***

LOBBYIST'S REPORT

Lobbyist, **Oscar King III**, discussed the following matters with the Board:

- Standing report on all public acts have been provided and will continue to be provided to the Board
- Legislature will convene on September 25th, 2018 but will recess again in one week.

➤ ***Trustee Angela James entered the Boardroom at 09:57 a.m.***

GENERAL COUNSEL'S REPORT

General Counsel **Ronald King**, in addition to his formal legal report discussed the following matters with the Board:

- INDYMAC Securities Litigation
- USEC vs ONYX Capital Advisors, LLC et. al.
- City of Detroit's motion to modify confirmed Plan of Adjustment to revise DROP program for Police Officers

Re: Entering Into Closed Session

Resolution Moved By: Trustee Roberson – Supported By: Trustee James

WHEREAS, the Retirement System is subject to the limitation of the Open Meetings Act ("OMA") being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

RESOLVED, that the Board enters into Closed Session for the purpose of discussing Attorney-Client Privileged matters regarding the following pending litigation items : Environmental Geo-Technologies and Northpointe Advisors. A Roll Call Vote was taken as follows:

Yeas – Battle, Berent, Diaz, Gnatek, James, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Roberson, Trozak Watson and Chairperson Pegg - 14

Nays – None

The Board entered into **Closed Session** at 10:03 a.m.

Re: Open Session

Resolution Moved By: Trustee Gnatek – Supported By: Trustee Roberson

RESOLVED, that the Board come out of Closed Session.

The Board returned to **Open Session** at 10:14 a.m.

- ***Trustee Brenda Jones entered the Boardroom at 10:17 a.m.***

Committee Selection/Discussion:

Re: Committee Establishment

Motion By: Trustee Gnatek - Supported By: Trustee Roberson

Motion to establish four (4) standing Committees and amend/rename the Communications Committee to the Public Relations Committee. The Chairperson will also be an Ex-Officio member of each Committee. The Motion passed by a unanimous vote.

The following Committees were formed:

COMMITTEES

FINANCE – BERENT, DIAZ, JONES, NAGLICK, PEGG, ORZECH AND WATSON

JOINT PERSONNEL – **PFRS:** JAMES, MCLELLAN, NAGLICK, PEGG, ROBERSON AND SERDA

GRS: NICKLEBERRY, SHEEHAN AND HALL-WAGNER

POLICY – DIAZ, JAMES, JONES, MOSLIMANI AND PEGG

PUBLIC RELATIONS – DIAZ, GNATEK, NAGLICK, PEGG AND ROBERSON
EXECUTIVE STAFF: EXECUTIVE DIRECTOR DAVID CETLINSKI, ASSISTANT EXECUTIVE DIRECTOR KELLY TAPPER, BRUCE BABIARZ AND GENERAL COUNSEL RONALD KING

- ***The Board recessed for a brief break at 10:39 a.m. and resumed at 10:59 a.m.***

Re: Table Legal Discussion

Motion By: Trustee James - Supported By: Trustee Roberson

Motion to table the Legal Discussion and bring it back to the next meeting of October 4th, 2018. The Motion passed by a vote as follows:

Yeas – Battle, Berent, Diaz, Gnatek, James, Jones, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Roberson, Trozak and Watson - 14

Nays – Chairperson Pegg - 1

Re: Motion to Reconsider Tabling the Legal Discussion

Motion By: Trustee Orzech - Supported By: Trustee Pincheck

Motion to un-table the Legal Discussion and bring it back to the next meeting of October 18th, 2018. The Motion passed by a vote as follows:

Yeas – Battle, Berent, Diaz, Jones, Mclellan, Naglick, Orzech, Pincheck, Roberson, Trozak, Watson and Chairperson Pegg - 12

Nays – Gnatek, James and Moslimani - 3

Ethics Discussion:

Re: Rescind Original Letter to DPOA

Motion By: Trustee Mclellan - Supported By: Trustee Berent

Motion to direct the Assistant Executive Director to send letter to DPOA Charitable Fund detailing that the issue has been resolved, please spend funds as planned and if possible send a report to the Board of Trustees detailing how the funds were allocated. The Motion passed by a vote as follows:

Yeas – Battle, Berent, Gnatek, James, Jones, Mclellan, Moslimani, Naglick, Orzech, Pincheck, Roberson, Trozak, Watson and Chairperson Pegg - 14

Nays – None

Abstentions: Diaz - 1

Re: General Counsel Discussion

Motion By: Trustee Roberson - Supported By: Trustee Mclellan

Motion to open the discussion related to Legal Counsel at the 10/4/2018 Board Meeting with the understanding that, upon discussion, no action will be taken until the following Board Meeting set for 10/18/2018. The Motion passed by a unanimous vote.

NEW BUSINESS/OLD BUSINESS

None

ADJOURNMENT

Chairperson Pegg adjourned the meeting at 12:09 p.m. The Board's next meeting is scheduled for **Thursday, October 4th, 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, appearing to read "Kelly Tapper", written in black ink.

Kelly Tapper, Assistant Executive Director