

MEETING NO. 3216
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD THURSDAY, OCTOBER 04, 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
CHRISTA MCLELLAN	EX/OFFICIO TRUSTEE/TREASURER
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
GEORGE ORZECH	ELECTED RETIRANT TRUSTEE/FIRE
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/CHAIRPERSON
DEAN PINCHECK	ELECTED TRUSTEE/FIRE
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

BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
MEGAN S. MOSLIMANI	EX/OFFICIO TRUSTEE/CORPORATION COUNSEL /VICE-CHARPERSON
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE
JOHN SERDA	ELECTED TRUSTEE/POLICE

ALSO PRESENT

David Cetlinski	Executive Director
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

Ryan Bigelow	Chief Investment Officer
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CHAIRPERSON

JEFFREY PEGG

A verbal Roll Call commenced at 09:10 a.m. and Chairperson Pegg called the meeting to order.

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

Re: Approval of September 20, 2018 Agenda

Matthew Gnatek moved to approve the agenda dated **Thursday, October 04, 2018** and ***Pass for the Day*** the Legal Discussion. Mark Diaz 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	Darchell C. Brown – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	16 00 26 – 09 07 18

NAME, TITLE, DEPARTMENT	Khary U. Mason - Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	16 05 19 – 09 11 18

NAME, TITLE, DEPARTMENT	Cheryl L. McCoy-Oneill - Police Sergeant - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	19 04 25 – 09 07 18

NAME, TITLE, DEPARTMENT	Linda K. Whitfield – Police Officer - Police
RETIREMENT TYPE-PLAN	Drop - New
SERVICE CREDIT-EFFECTIVE DATE	16 00 24 – 09 13 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	Gregory M. McWhorter – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Hybrid - Vested
SERVICE CREDIT-EFFECTIVE DATE	01 09 00 – 10 01 18

NAME, TITLE, DEPARTMENT	Cheryl L. McCoy-Oneill - Police Sergeant - Police
RETIREMENT TYPE-PLAN	Hybrid - Drop
SERVICE CREDIT-EFFECTIVE DATE	04 02 00 – 09 07 18

Re: Approval of RETIREMENT Applications

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

NAME, TITLE, DEPARTMENT	Gregory M. McWhorter – Police Sergeant - Police
RETIREMENT TYPE-PLAN	Vested - New
SERVICE CREDIT-EFFECTIVE DATE	22 02 11 – 10 01 18

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts HYBLIQRES
RSCD-PFRS Start Date: 9/17/2018
End Date: 10/1/2018

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
9/21/2018	CA	Cash Entry	000864	Employee Mandatory Pension Pre-tax 9/21/18	R/C	96,894.20
9/28/2018	CA	Cash Entry		Employee Mandatory Pension Pre-tax 9/28/18		266,826.56
						363,720.76

Cash Receipts LIQUID RES
RSCD-PFRS Start Date: 9/17/2018
End Date: 10/1/2018

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
9/20/2018	CA	Cash Entry	000863	Loan Deduction Program 9/14/18 (\$130,436. R/C	R/C	130,436.42
						130,436.42

Total Receipts 494,157.18

Re: Approval of Disbursements

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

Disbursements

Page: 1 of 2
Date: 10/1/2018 7:30 AM

Account	Payment Method	Currency		
F ACCT PAY	ACH	US		
Vendor Name	Invoice Number	Invoice Description		Amount To Pay
500 WEBWARD LLC	911056	Electrical Billing: 8/31/18-9/27/18, Meter #16055044		558.31
500 WEBWARD LLC	911057	Electrical Billing: 8/31/18-9/27/18, Meter #16055070		761.18
8x8 INC.	2227951	Phone System Services		1,357.27
BENEFIT STREET PARTNERS DEBT FUND	092718	Capital Call		583,992.00
COMVEST CAPITAL IV LP	092518	Capital Call		2,385,975.00
CRESTWOOD ASSOCIATES L.L.C.	INV037702	Acumatica Training & Implementation		100.00
DRA Growth and Income Fund IX, LLC	092418	Capital Call		1,665,609.00
HARDMAN JOHNSTON GLOBAL ADVISORS	DETPFRE888590618	Management Fees - 2nd Qtr '18		184,030.86
PLANTE & MORAN	1577693	GASB 68 Schedules Audit through August 28, 2018		4,095.00
PLANTE & MORAN	1577694	Financial Statement Audit for the Year-Ended June 30,		26,425.00
PUGH CAPITAL MANAGEMENT	2Q18	Management Fees - 2nd Qtr '18		50,206.32
Republic Underwriters, Inc.	84902	Fiduciary Liability Renewal Policies 2018-2019		495,653.00
ULTIMATE PARKING MANAGEMENT LLC	173145	Parking - October 2018		2,882.00
WELLS CAPITAL MANAGEMENT	11853085	Management Fees - 2nd Qtr '18		96,483.55
WELLS CAPITAL MANAGEMENT	11854678	Management Fees - 2nd Qtr '18		183,337.67
Cash Account/Payment Method Total:			15 Documents	5,681,466.16

Account	Payment Method	Currency		
F ACCT PAY	CHECK	US		
Vendor Name	Invoice Number	Invoice Description		Amount To Pay
ANGELA JAMES	090618AJ	Trustee Parking		100.00
BAB ASSOCIATES, LLC	2018-051	Media Consultant - May 2018		2,897.70
BAB ASSOCIATES, LLC	2018.051	Media Consultant - June 2018		2,697.70
CINTAS CORPORATION-300	300316294	Floor Mats		110.01
COMCAST	091718	High Speed Internet		182.83
INT'L FOUNDATION OF EMPL BENEFIT PLANS	INV-506144-Z4H7B4	2019 Annual Membership Dues		1,635.00
JOHN TUCKER	062118JT	Trustee Parking		120.00
OFFICE DEPOT	195192470001	Office Supplies		30.98
QUILL CORPORATION	1141095	Office Supplies		366.89

Account	Payment Method	Currency		
F ACCT PAY	CHECK	US		
Vendor Name	Invoice Number	Invoice Description		Amount To Pay
QUILL CORPORATION	1146395	Office Supplies		17.00
RACINE & ASSOCIATES	12373	DPF v. Paramount 8/1/18-8/31/18		3,110.11
VERIZON WIRELESS	9814022415	Wireless Billing 8/5/18-9/4/18		1,130.03
Cash Account/Payment Method Total:			12 Documents	12,398.25

* Payment amount is estimated based on the effective date 10/1/2018

****The Board of Trustees engaged in discussion regarding various items on the Disbursement list.***

Re: Approval of Refunds (Accumulated Contributions)

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

LIST NUMBER 3755 - \$434,878.94

LIST NUMBER 3756 - \$320,578.34

****The Board of Trustees engaged in discussion regarding the Accumulated Contributions.***

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 09/27/2018 – \$81,993.00

LIST #2 10/04/2018 – \$29,902.00

Re: Approval of Minutes/Journal of Proceedings No. 3212 – (09/06/2018)

George Orzech moved to approve the **Minutes/Journal of Proceedings No. 3212 (09/06/2018)**. Matthew Gnatek supported. The motion passed by vote as follows:

Yeas – Berent, Diaz, Gnatek, Naglick, Orzech, Pincheck, Watson
and Chairperson Pegg - 8

Nays – None

Abstentions: Trozak - 1

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

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

- National Association of Government Defined Contribution Administrators, Inc. or NAGDCA 2018 Conference Outline; September 23-26th, 2018, Philadelphia, PA
 - Ms. Tapper gave the Board a summary of the conference.
- ***Trustee Gnatek inquired about the feasibility for members to be able to go online to complete member based services.***
 - ***Ms. Tapper indicated that the ERP module, which is still in its initial stages, will address many services for members online.***
- ***Trustee Shawn Battle entered the Boardroom at 09:25 a.m.***
- ***Special Counsel F. Logan Davidson entered the Boardroom at 09:29 a.m.***
- ***Dr. Oscar King entered the Boardroom at 09:30 a.m.***

Re: FalconHead Discussion

Special Legal Counsel F. Logan Davidson discussed the development and history of PFRS Falconhead Holdings Corp.

Re: PFRS Falconhead Holding Corp.: 2017 Federal and State Tax Returns and 2018 Federal and State Estimated Tax Payments

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

WHEREAS, the Board is the sole shareholder of the corporation,

WHEREAS, the Board has been requested to approve the execution of the following 2017 Tax Returns by an officer of the corporation:

- (1) United States Income Tax Return,
- (2) California Income Tax Return.
- (3) New York Income Tax Return,
- (4) New Jersey Income Tax Return,
- (5) Vermont Income Tax Return,
- (6) Maryland Income Tax Return and
- (7) Michigan Income Tax Return,

**Re: PFRS Falconhead Holding Corp.: 2017 Federal and State Tax Returns and
2018 Federal and State Estimated Tax Payments- Continued**

WHEREAS, in connection with the filing of the income tax returns, the following payments must be made for the 2017 income taxes and 2018 estimated tax payments:

- (a) \$1,260,338 to the IRS for 2017 taxes;
- (b) \$100,000 to the IRS for estimated 2018 taxes;
- (c) \$300 to Vermont for estimated 2018 taxes;
- (d) \$770 to New Jersey for 2017 taxes;
- (e) \$500 to New Jersey for estimated 2018 taxes;
- (f) \$318,477 to Michigan for 2017 taxes;
- (g) \$30,000 to Michigan for estimated 2018 taxes,

WHEREAS, the Board has been requested to (i) approve the execution of the foregoing 2017 income tax returns by an officer of the corporation and (ii) authorize the payments of the foregoing 2017 tax payments and the 2018 estimated tax payments,

WHEREAS, the execution of said documents and the payments of said taxes and estimated taxes have been recommended by the Board's special legal counsel, F. Logan Davidson,

WHEREAS, the execution of said documents has been reviewed and approved as to form by the Board's legal counsel and the execution of said documents is consistent with prior action of the Board, now therefore, be it

RESOLVED, that said documents be executed by an appropriate corporate officer on behalf of the corporation, and be it further

RESOLVED, that the foregoing 2017 tax payments and the 2018 estimated tax payments are hereby approved; **subject to Legal Counsel confirmation.**

Yeas – Battle, Berent, Diaz, Gnatek, Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 10

Nays – None

Entry in Minutes

Re: PFRS Falconhead Holding Corp.: 2017 Federal and State Tax Returns

The Board of Trustees has been made aware of the execution of 2017 United States, California, New York, New Jersey, Maryland, Michigan and Vermont Income Tax Returns by an officer of the corporation.

- ***Trustee Angela James entered the Boardroom at 09:54 a.m.***

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **David Cetlinski**, addressed the following with the Board of Trustees:

- Glenda Heath-Fisher discussion/update
- Committee Selection discussion/adjustments
 - Trustees Mclellan and James stated that they will step down from the Joint Personnel Committee.
- Gabriel Roeder update/discussion

Re: Glenda Heath-Fisher Discussion

Following a detailed explanation from Executive Director David Cetlinski outlining a mechanism for addressing certain issues raised by member Glenda-Heath Fisher, Matthew Gnatek moved to approve the proposed resolution of the matter set forth by the Executive Director. Dean Pincheck supported. The motion passed unanimously.

- ***Trustee Mark Diaz excused himself from the meeting for the day at 09:59 a.m.***

INVESTMENT REPORT

Investment Officer, **Kevin Kenneally**, discussed the following matters with the Board:

- U.S. Direct Lending Fund
- Police and Fire Investment Committee is scheduled to meet on October 22nd, 2018 at 10:00 a.m.; Wilshire Consultants will be in attendance to present on the Asset Liability study

PUBLIC RELATIONS ADVISOR REPORT

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

- Discussion of articles with impact to the Pension Fund
- Public Relations Committee should meet.
- Inquiry from Free Press reporter Christine McDonald
 - FAQ Fact sheet will be created for purposes of such inquiries
- Media release is forthcoming regarding the completion of the annual audit.

➤ ***Trustee Christa Mclellan entered the Boardroom at 10:10 a.m.***

LOBBYIST'S REPORT

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

- Legislature is currently in session with the following meetings scheduled:
 - October 17th, 2018, November 7th and 8th, 2018 with a break and anticipated return sometime the week of November 19th, 2018 (after the elections) in which "Lame Duck" will occur.
- Dr. King provided descriptions of the following House Bills: 6352, 6371, and 6413 as well as Senate Bill 1079.

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
- Non-duplication of Benefits
- FOIA Request American Transparency

Re: Entering Into Closed Session

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

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 matters and Medical Director’s Report: **Police and Fire Retirement System of the City of Detroit vs. Paramount Limited, L.L.C., et al, EGT**. A Roll Call Vote was taken as follows:

Yeas – Battle, Berent, Gnatek, James, Mclellan Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 11

Nays – None

The Board entered into **Closed Session** at 10:28 a.m.

Re: Open Session

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

RESOLVED, that the Board come out of Closed Session.

The Board returned to **Open Session** at 10:44 a.m.

INITIAL DISABILITIES:

Re: Stephen Henderson

Resolution Moved By: Trustee Gnatek Supported By: Trustee Pincheck

RESOLVED, that the report of the Medical Director on the case of **Stephen Henderson** be **ACCEPTED**, and **FURTHER BE IT**

RESOLVED, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed for **Mr. Henderson** with a re-exam in one year:

Yeas – Battle, Berent, Gnatek, James, Mclellan Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 11

Nays – None

Re: Keba Rhone

Resolution Moved By: Trustee Gnatek Supported By: Trustee Pincheck

RESOLVED, that the report of the Medical Director on the case of **Keba Rhone** be **ACCEPTED**, and **FURTHER BE IT**

RESOLVED, that based on the recommendation of the Medical Director, the Board **DENY** the application for a **Duty Disability Retirement** filed for **Ms. Rhone**.

Yeas – Battle, Berent, Gnatek, James, Mclellan Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 11

Nays – None

INITIAL DISABILITIES- Continued:

Re: Lemar Thompson

Resolution Moved By: Trustee Gnatek Supported By: Trustee Pincheck

RESOLVED, that the report of the Medical Director on the case of **Lemar Thompson** be **ACCEPTED**, and **FURTHER BE IT**

RESOLVED, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed for **Mr. Thompson** with a re-exam in one year:

Yeas – Battle, Berent, Gnatek, James, Mclellan Naglick, Orzech, Pincheck, Trozak, Watson and Chairperson Pegg - 11

Nays – None

Committee Selection/Discussion:

Re: Committee Establishment/ Legal Committee

The Board of Trustees agreed to form a Policy/Legal Committee that will be tasked with dealing with the current Legal issues/concerns. This Committee will meet prior to the next Board meeting on 10/18/2018.

The following Trustees will be on the Legal Committee: Mark Diaz, Angela James, Brenda Jones, Megan Moslimani and Chairperson Pegg.

NEW BUSINESS/OLD BUSINESS

- Trustee Naglick discussed the four VEBA Trusts and medical options/coverages for Retirees as well as the MAPERS Governance Session; Brad Kelly and Peter Landers of Global Governance Advisors
 - Assistant Executive Director Kelly Tapper will reach out to the Global Governance Advisors to see if they'd like to present to the Board.
- Chairperson Pegg summarized the MAPERS (Michigan Association of Public Employee Retirement Systems) Conference that he attended September 22nd-25, 2018

ADJOURNMENT

Matthew Gnatek moved to adjourn meeting #3216. Angela James supported.

Chairperson Pegg adjourned the meeting at 10:54 a.m. The Board's next meeting is scheduled for **Thursday, October 18th, 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



Kelly Tapper, Assistant Executive Director