



MINUTES
Meeting No. 001
Meeting of the Police & Fire Retirement System
Investment Committee
January 16, 2015

A meeting of the Investment Committee of the Police & Fire Retirement System of the City of Detroit was held on Friday, January 16, 2015 at the Retirement System's office at One Detroit Center, 500 Woodward Suite 3000; Detroit, Michigan. Ryan Bigelow called the meeting to order at 9:00 a.m. A quorum was present.

ROLL CALL:

Attendance was taken by the Recording Secretary with the following Committee Members present: Mr. Robert Smith, Mr. McCullough Williams III, Mr. Joseph Bogdahn, Mr. Louis Sinagra, Mr. Michael Simon, Ms. Rebecca S. Sorensen and Mr. Woodrow S. Tyler.

Others Present: Cynthia Thomas (*Executive Director*), David Cetlinski (*Assistant Executive Director*), Ryan Bigelow (*Chief Investment Officer*), Ronald King and Joseph E. Turner, Jr. - (*Special Legal/General Counsel – Clark Hill, PLC.*). William G. Bensusan, Jr., J.M. Ruscetti and Nicholas F. Sefchok - (*Investment Consultants – Wilshire*). Oscar W. King, III - (*Kelley Cawthorne – Lobbyist for the Police & Fire Retirement System*).

Visitors Present: Steven Howell (*Dickinson Wright PLLC*).

Absent: Sean Neary.

RECORDING MINUTES:

The Police & Fire Investment Committee agreed to Audio record the meetings.

ELECTION OF OFFICERS:

Motion #15-01-01: Rebecca Sorensen moved to elect Robert Smith as the Chair for the Investment Committee. Michael Simon seconded. Motion passed.

Motion #15-01-02: Rebecca Sorensen moved to elect McCullough Williams III as the Vice Chair for the Investment Committee. Michael Simon seconded. Motion passed.

APPROVAL OF AGENDA

Motion #15-01-03: Michael Simon moved to approve the Agenda as presented. Rebecca Sorensen seconded. Motion passed.

AGENDA ITEMS:

Rules of Procedure – Public/Member Participation

Through the Chair, any member or participant who wishes to make a comment or a statement will be given a time limit of three (3) minutes for discussion at the end of the meeting. The Committee must first establish a Rules of Procedure process, therefore, the Committee will review this issue and consider it for adoption at a later date.

Meeting Schedule

The Committee members reviewed their calendars and agreed to establish the following regular meeting schedule which shall be published and posted in accordance with the Open Meetings Act:

2015 MEETING SCHEDULE

<u>DATE</u>	<u>TIME</u>
FEBRUARY 16, 2015	10:00 A.M.
MARCH 10, 2015	10:00 A.M.
APRIL 24, 2015	10:00 A.M.
MAY 18, 2015	10:00 A.M.
JUNE 22, 2015	10:00 A.M.
JULY 13, 2015	10:00 A.M.
SEPTEMBER 14, 2015	10:00 A.M.
NOVEMBER 16, 2015	10:00 A.M.

ANY CANCELLATIONS/CHANGES WILL BE POSTED ACCORDINGLY.

Staffing (RSCD) Administrative Overview

Re: Fiduciary Liability Coverage

The Chief Investment Officer Ryan Bigelow informed the IC Committee that each individual member is covered through the Fiduciary Insurance Policy for the Police & Fire Retirement System of the City of Detroit.

Legal/Fiduciary Review

Special Counsel Ronald King provided a Legal Handbook to the Committee with copies of the applicable Committee Governance provisions, state statutes, Chapter 9 Bankruptcy Pension Adjustments and Implementation of the Police & Fire Retirement System Board Governance policies. General Counsel provided an overview of the “Fiduciary Responsibility” materials in the Legal Handbook.

General Counsel Joseph Turner gave an overview of the applicable laws and establishment of the operations and responsibilities of the Investment Committee regarding investments under the Michigan Public Employee Retirement System Investment Act (“PERSIA”) and Public Act 314 of 1965, (as amended).

Income Stabilization Program

Steven Howell, of Dickinson Wright, representing the State of Michigan, gave an overview of the Income Stabilization Fund (“ISF”) Program which is intended to assist eligible retirees that may fall below the poverty level as a result of the bankruptcy adjustments.

PRESENTATION:

Re: Wilshire Associates

Mr. Bill Bensur, JM Ruscetti and Nick Sefchok, of Wilshire Associates, Investment Consultants for the Police and Fire Retirement System of the City of Detroit, presented and reviewed with the Investment Committee a meeting materials booklet which included an Asset Allocation Update, Investment Structure and Manager Research, a Rebalancing Discussion and a Hedge Funds and Investment Manager Search Report.

~Concludes Presentation~

- ***RECESSED for BREAK at 10:55 a.m.***
- ***RECONVENED at 11:15 a.m.***

Re: FOIA Coordinator

Motion #15-01-04: Joseph Bogdahn moved to appoint David Cetlinski as the FOIA Coordinator for the Police & Fire Investment Committee. McCullough Williams III seconded. Motion passed.

- **Mark Diaz** joined the Committee Meeting at 11:25 a.m.
- **Michael Simon** left the Committee Meeting at 11:30 a.m.
- **RECESSED for LUNCH at 12:05 p.m.**
- **RECONVENED at 12:35 p.m.**
- **Joseph Turner, General Counsel, left the Committee Meeting at 12:35 p.m. and Special Legal Counsel Ronald King, returned in his stead.**

Re: “Promised Benefits”/Discussion

This policy will be revisited.

Chief Investment Officer’s Report

The Chief Investment Officer wanted the Investment Committee to review the Investment Policy and establish what role the Chief Investment Officer has in working for the Investment Committee.

The Investment Committee requested that the Chief Investment Officer and Special Legal Counsel make a recommendation that specified the role and limits of authority of the Chief Investment Officer.

A copy of the Chief Investment Officer’s current job description was requested and will be provided to the Investment Committee.

- **Michael Simon** rejoined the Committee Meeting at 1:25 p.m.
- **RECESSED for BREAK at 2:20 p.m.**
- **RECONVENED at 2:35 p.m.**

The following managers and their portfolios were discussed with the IC:

- American Realty Advisors (ARA)
- Book Cadillac
- Rivers Casino
- Valstone

- Harvest Fund Advisors (MLP Mandate)
- Walker & Dunlop
- Jefferson Property

ACTION ITEMS:

Re: Investment Policy

After reviewing the Investment Policy, some edits were made and policy changes identified with more analysis likely to be required.

Through the Chair, the approval of adopting the Investment Policy will be revisited at a later meeting of the IC and may be adopted.

Re: State Contribution

Motion #15-01-05: McCullough Williams III moved to approve the State Contribution Funds of \$100 million stay in cash until the next scheduled meeting. Mark Diaz seconded. Motion passed.

Yeas: Diaz, Simon, Sinagra, Smith, Sorensen, Tyler, Williams – 7

Nays: Bogdahn - 1

- **Joseph Bogdahn** left the IC Meeting for the day at 4:00 p.m.

Re: American Realty Advisors

Motion #15-01-06: Rebecca Sorensen moved to request authorization of the Police and Fire Retirement System of the City of Detroit to market and sell the American Express Center office building and data center building in Phoenix, Az. Woodrow Tyler seconded. Motion passed.

Re: Valstone Partners

Motion #15-01-07: Rebecca Sorensen moved to grant approval of the extension of Valstone Fund III for an additional One (1) Year. Michael Simon seconded. Motion passed.

Re: Harvest Fund Advisors

Motion #15-01-08: Michael Simon moved to grant approval of the Chief Investment Officer, Ryan Bigelow, to delegate administrative matters regarding said fund going forward and to report back to the Investment Committee at the next scheduled meeting. Louis Sinagra seconded. Motion passed.

Re: 7860-7870 E. Jefferson

Motion #15-01-09: Mark Diaz moved to approve the sale of the Jefferson property and extension of the due diligence period as presented and approved by the Police and Fire Retirement System Board of Trustees. Woodrow Tyler seconded. Motion passed.

Re: Excused Absence

Motion #15-01-10: Mark Diaz moved to approve the Excused Absence of Sean Neary. McCullough Williams III seconded. Motion passed.

Re: Interim General Counsel

Motion #15-01-11: Michael Simon moved to approve Ronald King, of Clark Hill, as Interim General Counsel for the Investment Committee. Mark Diaz seconded. Motion passed.

ADJOURNMENT

There being no further business before the Investment Committee, **Chairman Smith** adjourned the meeting at 4:45 p.m. The Investment Committee's next meeting is scheduled for **Monday, February 16, 2015** at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



DAVID CETLINSKI
ASSISTANT EXECUTIVE DIRECTOR

Recording Secretary: Rita Coats