

MEETING NO. **3833**
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
HELD WEDNESDAY, **FEBRUARY 10, 2010**
9:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM
910 COLEMAN A. YOUNG MUNICIPAL CENTER
DETROIT, MICHIGAN 48226

PRESENT

Wendell Anthony	Trustee
David Clark	Trustee
Cedric Cook	Trustee
Susan Glaser	Trustee
Saunteel Jenkins	Ex-Officio Trustee & City Council Member
Cheryl R. Johnson	Ex-Officio Trustee & Treasurer
Sheila Kneeshaw	Trustee & Chairperson
Walter Stampor	Executive Secretary
Myron T. Terrell	Assistant Executive Secretary
Ronald Zajac	Legal Counsel
Richard Huddleston	Investment Analyst
Rita Coats	Recording Secretary (GRS)

EXCUSED

Alvin Brooks	Trustee
Ronald Gracia	Trustee & Vice-Chairman

ABSENT

None

CHAIRPERSON

SHEILA KNEESHAW

Roll Call was taken at **9:35 a.m.** and Chairperson S. Kneeshaw called the meeting to order.

Re: SERVICE RETIREMENT

By Trustee Clark – Supported by Trustee Cook

RESOLVED, that the **SERVICE RETIREMENT** applications which are outlined below be hereby APPROVED:

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

SERVICE RETIREMENTS

NAME, TITLE, DEPARTMENT	Ralph M. Barela – Env Control Inspector - DPW
SERVICE CREDIT	25-07
EFFECTIVE DATE	01-12-10

NAME, TITLE, DEPARTMENT	Gloria J. Braggs – Storekeeper – Water & Sewerage
SERVICE CREDIT	10-0
EFFECTIVE DATE	01-06-10

NAME, TITLE, DEPARTMENT	Michael A. Brown – Construction Equipment Operator - DPW
SERVICE CREDIT	30-06
EFFECTIVE DATE	12-17-09

NAME, TITLE, DEPARTMENT	Annie L. Dudley – Senior Bookkeeper - Finance
SERVICE CREDIT	26-0
EFFECTIVE DATE	12-24-09

NAME, TITLE, DEPARTMENT	Beverly Ann Nicholson-Gracia – Benefits Clerk - Finance
SERVICE CREDIT	26-10
EFFECTIVE DATE	01-06-10

SERVICE RETIREMENTS - continued

NAME, TITLE, DEPARTMENT

Hollie M. Hall – Office Assistant III –
Municipal Parking

SERVICE CREDIT

15-0

EFFECTIVE DATE

01-06-10

NAME, TITLE, DEPARTMENT

Michael Harris – Pr Data Proc Equip Op –
Information Technology Services

SERVICE CREDIT

24-02

EFFECTIVE DATE

12-29-09

NAME, TITLE, DEPARTMENT

Ralph C. Holtz – Ref Col Foreman – DPW

SERVICE CREDIT

27-08

EFFECTIVE DATE

12-22-09

NAME, TITLE, DEPARTMENT

Herbert Johnson – Service Guard-Public
Utilities – Water & Sewerage

SERVICE CREDIT

20-0

EFFECTIVE DATE

12-24-09

NAME, TITLE, DEPARTMENT

Alicia Jean Kisner – Exe Asst Mayor III –
Mayor's Office

SERVICE CREDIT

30-06

EFFECTIVE DATE

01-05-10

NAME, TITLE, DEPARTMENT

Najat Maskina – Sr. Governmental Analyst –
Water & Sewerage

SERVICE CREDIT

22-04

EFFECTIVE DATE

01-05-10

NAME, TITLE, DEPARTMENT

James E. O'Bannon – Env Control Inspector
- DPW

SERVICE CREDIT

22-05

EFFECTIVE DATE

11-17-09

NAME, TITLE, DEPARTMENT

Dennis Polisano – Plumber – General
Services

SERVICE CREDIT

19-0

EFFECTIVE DATE

12-24-09

SERVICE RETIREMENTS - continued

NAME, TITLE, DEPARTMENT	Ester Ramos – Rec Sys Spec II – Police (Civilian)
SERVICE CREDIT	35-0
EFFECTIVE DATE	01-08-10

NAME, TITLE, DEPARTMENT	Harriett Reid – Office Mgmt Assistant - Health
SERVICE CREDIT	30-06
EFFECTIVE DATE	12-24-09

NAME, TITLE, DEPARTMENT	Nancy M. Rusin – Health Reference Librarian - Health
SERVICE CREDIT	12-05
EFFECTIVE DATE	12-01-09

NAME, TITLE, DEPARTMENT	Jacqueline M. Walock – Gen Auto Body Mech - Transportation
SERVICE CREDIT	20-08
EFFECTIVE DATE	12-30-09

Re: EARLY RETIREMENT

By Trustee Clark – Supported by Trustee Cook

RESOLVED, that the **EARLY RETIREMENT** applications which are outlined below be hereby APPROVED:

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

EARLY RETIREMENTS

NAME, TITLE, DEPARTMENT	Leslie S. Bonds – Office Assistant III – Water & Sewerage
SERVICE CREDIT	25-07
EFFECTIVE DATE	12-17-09

NAME, TITLE, DEPARTMENT	Lisa M. Nix – Office Assistant III - Finance
SERVICE CREDIT	27-08
EFFECTIVE DATE	12-17-09

GENERAL RETIREMENT SYSTEM
MEETING #3833
CONFIRMATIONS

FEBRUARY 10, 2010

By Trustee Cook – Supported by Trustee Clark

RESOLVED, that the receipts and disbursements which are referenced below be CONFIRMED:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
LIST OF RECEIPTS & DISBURSEMENTS			
FOR THE PERIOD 02/01/10 THRU 02/05/10			
REMITTOR / PAYEE NAME	DATE REC'D	DESCRIPTION	AMOUNT
RECEIPTS			
Behringer Harvard REIT, Inc.	02/04/10	Distribution- 01/10	\$ 28,677.25
Jennifer Dixon	02/03/10	FOIA Reimbursement	178.26
MMA Realty Capital, LLC	02/01/10	Russell 150 Extension Fee- 02/10	41,666.67
The City of Detroit	02/05/10	Annuity Contribution	246,076.10
The Hartford	02/03/10	Refund of Overpayment	647.00
The Police & Fire Retirement System	02/05/10	Reimbursement for Milestone	1,441.12
The Police & Fire Retirement System	02/05/10	Reimbursement for Staff Wages- 01/10	11,245.70
			TOTAL RECEIPTS
			\$ 438,881.10
DISBURSEMENTS			
ADP, Inc.	02/05/10	Fees	\$ (84.64)
First Independence Bank	02/01/10	Pension Payroll (Checks)- 01/10	(2,762,447.53)
First Independence Bank	02/03/10	Annuity Refunds- List #6941	(2,450,521.77)
First Independence Bank	02/03/10	Checkwrite	(334,863.43)
First Independence Bank	02/05/10	Loan Program- Approved 02/03/10	(1,352,637.00)
Jefferson Union Solar Project (Churchill)	02/05/10	Draw #4 (1 of 2)	(42,072.97)
Jefferson Union Solar Project (Churchill)	02/05/10	Draw #4 (2 of 2)	(173,839.10)
JP Morgan Investment Management	02/05/10	Fees (Currencies)- 4th Quarter 2009	(200,000.00)
Neopost	02/02/10	Postage Replenishment	(5,000.00)
Programmers	02/04/10	Fees- 01/10	(93,114.13)
The City of Detroit	02/04/10	Repayment of Voided Check Reimbursement (Wire In Received 01/25/10)	(8,032.72)
			TOTAL DISBURSEMENTS
			(7,320,702.29)

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

REFUNDS OF ACCUMULATED CONTRIBUTIONS
LIST NO. 6943 – AMOUNT: \$2,975,121.95

By Trustee Cook – Supported by Trustee Clark

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth on List No. 6943 in the amount of **\$2,975,121.95**, including interest, be REFUNDED, pending audit by the Retirement Systems' Accounting Staff as reflected.

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

Re: Employee Loan Program

By Trustee Cook – Supported by Trustee Clark

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System in the amount of **\$1,204,404.00**, be hereby APPROVED.

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw - 5

NAYS: None

ASSISTANT EXECUTIVE SECRETARY'S REPORT

CAPITAL CALLS

Re: Syndicated Communication - \$115,730.00

By Trustee Cook – Supported by Trustee Clark

WHEREAS, the Board has been presented with a communication dated February 3, 2010 from Syndicated Communication wherein a Capital Call request is made in the amount of \$115,730.00, therefore be it

RESOLVED, that subject to final approval of all transaction documents by the Board's Legal Counsel, the Board approves said funding.

Total Capital Call Disbursements for Board Approval \$115,730.00

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

Re: Disbursements

By Trustee Cook - Supported by Trustee Clark

WHEREAS, the Board has been presented with the fees and expenses which are referenced below requesting payment for services rendered, and

WHEREAS, the Board is satisfied that the services that were requested by the Board were provided to the Board; therefore be it

RESOLVED, that subject to approval by legal counsel and subject to staff audit, the Board approves payments of said fees and expenses:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT
LIST OF INVOICES FOR BOARD APPROVAL
February 10, 2010

PAYEE	INVOICE DATE	DESCRIPTION	AMOUNT
MANAGEMENT FEES:			
Audited Fees			
Atlanta Capital	01/25/10	Management Fee 4th Qtr 2009	60,000.00
Cooke & Bieler	01/28/09	Management Fee 4th Qtr 2009	45,408.07
Globalt	01/25/10	Management Fee 4th Qtr 2009	68,160.70
BNY Mellon	01/12/10	Management Fee 4th Qtr 2009	75,335.48
Seizert Capital	01/22/10	Management Fee 4th Qtr 2009	45,595.00
Westfield	01/26/10	Management Fee 4th Qtr 2009	135,159.98
LEGAL FEES:			
Clark Hill	01/22/10	Misc.	2,983.00
Clark Hill	01/22/10	Legal services-Grand Jury MT	150.00
OTHER EXPENSES:			
Audited Fees			
ADP	01/22/10	Processing Charges thru 01/12/10 CV4	92.48
ADP	01/29/10	Processing Charges thru 01/19/10 CV4	128.41
Aspen Publisher	01/26/10	Pension Answer Booklets 2010	167.50
Forms Trac	01/31/10	General City Election 2010 Documents	264.98
Hudson & Muma	01/20/10	Travel Insurance	4,500.00
Gabriel Roeder	02/03/10	EDRO Calculations	450.00
Nickel & Saph Inc.	02/03/10	Umbrella/General Liability	1,671.87
Petty Cash	02/10/10	Petty Cash Replenishment	1,497.03
PDS	12/31/09	Computer Supplies	5,790.02

Total Invoice Disbursements for Board Approval

\$ 447,354.52

YEAS: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

NAYS: None

Re: Manilal V. Patel – Service Retirement – DPW

By Trustee Clark – Supported by Trustee Cook

WHEREAS, the Board of Trustees received notification from Mr. Patel, dated December 21, 2009, that he returned back to work effective November 5, 2009, requesting his service retirement application to be rescinded, and

WHEREAS, the Board had taken previous action on February 10, 2010 to approve Mr. Patel's application for retirement, and

WHEREAS, the Board deems it appropriate to GRANT his request to rescind his retirement application; THEREFORE BE IT

RESOLVED, that a copy of this resolution be forwarded to Mr. Patel, Human Resources and the Retirement Systems' Payroll section.

Yeas: Trustee Anthony, Clark, Cook, Jenkins and Chairperson S. Kneeshaw – 5

Nays: None

Re: Mr. William Lee – Rescind Duty Disability

Mr. Lee has been on Duty Disability since 1995 and wants to rescind his disability in order to withdraw the balance of his defined contribution plan. **Under the Direction of the Chair, it is directed that Mr. Lee be sent back to see the City's physician before a decision can be determined by the Board.**

It is also requested to have Mr. Terrell contact Mr. Lee to inform him what his options are.

- ❖ *The Board recessed for a break period at 10:20 a.m.*
- ❖ *Trustee **Johnson** joined the meeting at 10:22 a.m.*
- ❖ *The Board returned back on the record at 10:45 a.m.*

Artio Global

Representative Rebecca Kubick and Brigid Flanagan appeared before the Board to give a portfolio update.

- ❖ *Representatives from Artio Global concludes their report.*
- ❖ *The Board recessed for a break period at 11:30 a.m.*
- ❖ *Trustee **Glaser** joined the meeting at 11:35 a.m.*
- ❖ *The Board recessed for a Lunch period at 11:46 a.m. and returned back on the record at 12:45 p.m.*

NEW BUSINESS/OPEN DISCUSSION

➤ **DIRECTION OF THE CHAIR**

It is directed by the Chair to furnish the Board with a scope of services of General Counsel by February 24, 2010. Also, if General Counsel a part of staff or separate entity?

Re: Future Contractors Who Provide Goods or Personal Services

to the General Retirement System ("GRS")

By Trustee Jenkins – Supported by Trustee Johnson

WHEREAS, the Board has determined that future contractors who provide goods or personal services to the GRS should obtain tax and lien clearances from the City of Detroit prior to providing the goods or services to the GRS, and

WHEREAS, the Board has discussed this matter, therefore be it

RESOLVED, that all future contractors who provide professional services to the GRS obtain tax and lien clearances for the City of Detroit prior to providing professional services to the GRS, and further

RESOLVED, that a copy of this resolution be provided to all applicable parties.

Yeas: Trustee Anthony, Clark, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw – 6

Nays: Trustee Cook - 1

Re: Future Investment Managers and Advisers Who Provide Professional
Services to the General Retirement System ("GRS")

By Trustee Anthony – Supported by Trustee Jenkins

WHEREAS, the Board has determined that future investment managers and advisers who provide professional services to the GRS should obtain tax and item clearances from the City of Detroit prior to providing the professional services to the GRS, and

WHEREAS, the Board has discussed this matter, therefore be it

RESOLVED, that all future investment managers and advisers who provide professional services to the GRS obtain tax and lien clearances for the City of Detroit prior to providing goods or services to the GRS, and further

RESOLVED, that a copy of this resolution be provided to all applicable parties.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw – 7

Nays: None

Assistant Executive Secretary's Report – (Continues)

Re: DYKEMA - SAS Equity REIT

By Trustee Glaser – Supported by Trustee Anthony

WHEREAS, the Board of Trustees received a consent resolution of SAS Equity REIT reappointing Ray F. Mathis as a Class I Trustee, for re-election, dated January 27, 2010, to be executed on behalf of the General Retirement System, and

WHEREAS, the Board of Trustees discussed this matter, and

WHEREAS, the Board APPROVES the request; THEREFORE BE IT

RESOLVED, that the consent resolution be signed and executed, and further

RESOLVED, that a copy of this resolution be forwarded to Dykema Gossett, PLLC, Attn: Thomas S. Vaughn.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw 7

Nays: None

Re: Annuity Loan program Status – Update

The Board received an update regarding the 1973 Defined Contribution Loan Program. The program is operational and First Independence Bank compliance expert and Legal Counsel are continuing to work out forms, procedures and processes.

❖ *Trustee **Johnson** stepped away from the meeting at 1:30 p.m.*

Re: Mayfield Gentry

The Board received correspondence from Mayfield Gentry request for funding for capital improvements at River Place Apartments dated February 10, 2010 for review.

Re: Record Retention

By Trustee Clark – Supported by Trustee Glaser

WHEREAS, the Board of Trustees' recent Record Retention policy regarding Business & Educational Travel currently provides that records will be retained applicable to the fiscal year ending June 30th until the audit is completed for that fiscal year and further provided that any files that have not been reconciled shall be maintained until reconciliation, and

WHEREAS, the Board reviews all policies from time to time, and

WHEREAS, the Board deems it appropriate to modify foresaid resolution, THEREFORE
BE IT

RESOLVED, that the one-year reference in the current retention policy is hereby revised to reflect a seven-year period.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins
and Chairperson S. Kneeshaw – 6

Nays: None

Assistant Executive Secretary concludes his report.

LEGAL COUNSEL'S REPORTS/ CORRESPONDENCE

Legal Counsel, in addition to matters referred to separately in these minutes, reported regarding the status of the items reflected below and on the following pages:

Re: Eligibility for 1973 Defined Contribution Plan Loan Program

By Trustee Anthony - Supported by Trustee Jenkins

WHEREAS, the Board of Trustees adopted a resolution on December 22, 2009, which inter alia identified (111) collective bargaining associations whose members are eligible for participation in the 1973 Defined Contribution Plan Loan Program, and

WHEREAS, the Labor Relations Department has advised the Retirement System that the following collective bargaining associations have executed Memoranda of Understanding,

<u>BU</u>	<u>Description</u>	<u>Eligible?</u>
3100	Detroit Emergency Medical Services Assoc	Yes
3400	ASSOC OF DETROIT ENGINEERS	Yes
4500	Detroit Income Tax Investigators Association	Yes
4800	Detroit License Investigators Association	Yes
4060	DFFA-Civilian Apparatus	Yes
4080	DFFA Local 344 Civilian Medical	Yes
4600	APL-DPL-Library UAW Local 2200	Yes
4650	Library Skilled Trades Unit - UAW 2200	Yes
4700	Pool-Library UAW Local 2200	Yes
8220	Teamsters - Consumer Affairs	Yes
<u>0100</u>	<u>APTE</u>	<u>Yes</u>
4060	DFFA-Civilian Apparatus	Yes
4080	DFFA Local 344 Civilian Medical	Yes

Re: Eligibility for 1973 Defined Contribution Plan Loan Program –
(Continued)

RESOLVED, the members of the forgoing collective bargaining association are eligible for participation in the 1973 Defined Contribution Plan Loan Program, therefore be it

RESOLVED, that Dennis Linet prepare an updated compilation of all collective bargaining associations whose members are eligible for participation in the 1973 Defined Contribution Plan Loan Program, and further

RESOLVED, that a copy of this resolution be forwarded to First Independence Bank, Dennis Linet and the City of Detroit's Labor Relations Director.

YEAS: Trustee Anthony, Clark, Cook, Glaser, Jenkins
and Chairperson S. Kneeshaw – 6

NAYS: None

❖ Trustee **Johnson** rejoined the meeting at 2:25 p.m.

❖ Trustee **Clark** stepped out of the meeting at 2:35 p.m. and rejoined at 2:37 p.m.

Re: Acadia CLO I, Ltd. Litigation

By Trustee Anthony – Supported by Trustee Glaser

WHEREAS, the General Retirement System (“Board”) appears to have sustained losses from a \$20,000,000.00 investment in Acadia CLO I, Ltd., involving primarily Miller & Jacobs Capital, LLC and UBS AG Stamford Branch; and

WHEREAS, the Board has a fiduciary responsibility to protect the interests of the General Retirement System; and

WHEREAS, on May 14, 2008, the Board retained Floyd E. Allen & Associates, P.C. (“FEA”) as its legal counsel to review this transaction and all available files, to coordinate and discuss the transaction with the General Counsel, and to ultimately report to the Board of Trustees on its findings; and

WHEREAS, pursuant to this agreement, FEA prepared an Opinion on July 25, 2008, presenting the facts and legal authorities applicable to the transaction, and subsequently reported its findings to the Board of Trustees; and

WHEREAS, FEA subsequently prepared a revised Opinion on January 22, 2010, precipitated by recent legal developments, and reported its findings to the Board of Trustees on March 17, 2010; and

WHEREAS, in reporting its revised findings to the Board, FEA recommended that the Board resolve to approve litigation against all parties potentially responsible for the Board’s losses arising from its investment in Acadia CLO 1, Lt., with itself and The Miller Law Firm, P.C. (“Miller Firm”), was represented at the Meeting by E. Powell Miller, Esq. and Marc L. Newman, Esq., as special co-counsel in the prosecution of the matter; and

WHEREAS, FEA ADVISED THE Board of alternative fee arrangements for the legal services associated with litigation, including hourly compensation under a retainer agreement, a contingency fee agreement, and a hybrid arrangement; and

IT IS HEREBY RESOLVED that FEA and the Miller Firm are retained as special counsel to represent the Board as co-counsel and to pursue the recovery, through litigation, of all potential damages arising from the Board’s investment in Acadia CLO I, Ltd., against Miller & Jacobs Capital, LLC and UBS AG Stamford Branch, or any other potentially responsible party, and to do so on a standard contingency fee basis.

Re: Acadia CLO I, Ltd. Litigation – (Continued)

IT IS HEREBY RESOLVED that this resolution is subject to review and approval of the proposed Contingency Fee Agreement by the Board and its General Counsel.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw – 7

Nays: None

Legal Counsel concludes his report.

Re: Administrative Staff

- a) Time: Must be liquidated before September.
- b) Rotate lower management
- c) Policy on hiring people

Re: Artio Global Investors High Yield Account

By Trustee Anthony – Supported by Trustee Johnson

WHEREAS, the Board has received a letter from Artio requesting an exemption to their investment guidelines so that Artio may acquire a security issued by the nation of Ghana, and

WHEREAS, Artio has appeared before the Board on this date to discuss the high yield account and the request related to the Ghana security, and

WHEREAS, the Board has discussed this matter with staff on this date, therefore be it

RESOLVED, that the request of Artio is approved, and be it further

RESOLVED, that a copy of this resolution be sent to Artio Global Investors and NEPC, the Board's retained consultant.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw – 7

Nays: None

Re: UBS – Global Real Estate US 2010 Client Conference

By Trustee Anthony – Supported by Trustee Johnson

RESOLVED, that the Board APPROVES the attendance of all Trustees, the Executive Secretary and the Assistant Executive Secretary to attend the Global Real Estate – US 2010 Client Conference, held at the Westin Galleria; Dallas, Texas, on April 11 – 14, 2010, and be it further

RESOLVED, that the Board APPROVES expenditures for all Trustees, the Executive Secretary and the Assistant Executive Secretary to attend said Conference.

Yeas: Trustee Anthony, Clark, Cook, Glaser, Jenkins, Johnson
and Chairperson S. Kneeshaw – 7

Nays: None

ADJOURNMENT

There being no further business before the Board, **Chairperson S. Kneeshaw** adjourned the meeting at **3:35 p.m.** until **Wednesday, February 17, 2010**, at 9:00 a.m. in Room 910 of the Coleman A. Young Municipal Center, Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



MYRON T. TERRELL
ASSISTANT EXECUTIVE SECRETARY