

MEETING NO. 4229
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD **WEDNESDAY, MARCH 06, 2019**

10:00 A.M.

RETIREMENT SYSTEMS CONFERENCE ROOM
ALLOY CENTER, 500 WOODWARD AVENUE; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Wendell Anthony	Trustee
Scott Benson	Ex-Officio Trustee/City Council Member
Lori Cetlinski	Trustee/ Vice- Chairperson
Tasha L. Cowan	Trustee
Kimberly Hall-Wagner	Trustee
June Nickleberry	Trustee/Chairperson
Crystal Perkins	Trustee
Thomas Sheehan	Trustee

TRUSTEES EXCUSED

Christa Mclellan	Ex-Officio Trustee/City Treasurer
John Naglick	Ex-Officio Trustee/Finance Director

TRUSTEES ABSENT

None

ALSO PRESENT

David Cetlinski	Executive Director
Gail A. Oxendine	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Michael VanOverbeke	General Counsel
TaKneisha Johnson	Administrative Assistant IV

STAFF EXCUSED

None

CHAIRPERSON

June Nickleberry

The Board's Administrative Assistant took a verbal Roll Call at 10:05 a.m. and Chairperson Nickleberry called the meeting to order.

Present at Roll Call: Scott Benson, Lori Cetlinski, Tasha L. Cowan, Crystal Perkins and Thomas Sheehan

Re: Legacy Plan Service Retirement(s)

Motion By: Trustee Cowan - Supported By: Trustee Sheehan

RESOLVED, that the application(s) for retirement from the **COMPONENT II (LEGACY) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Kenneth O. Miles – TEO - Transportation
SERVICE CREDIT	06-08
EFFECTIVE DATE	02-09-19

NAME, TITLE, DEPARTMENT	Anthony A. Ross – General Auto Mechanic - Transportation
SERVICE CREDIT	25-08
EFFECTIVE DATE	10-05-18

NAME, TITLE, DEPARTMENT	Jeffrey Angel A Vedula – Auditor Mgr IV - Auditor General
SERVICE CREDIT	26-09
EFFECTIVE DATE	01-29-19

NAME, TITLE, DEPARTMENT	Ronald Wohlgemuth – Building Inspector – Building & Safety
SERVICE CREDIT	11-11
EFFECTIVE DATE	02-01-19

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Legacy Plan Vested Retirement(s)

Motion By: Trustee Cowan - Supported By: Trustee Sheehan

RESOLVED, that the application(s) for **VESTED RETIREMENT** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Louis R. Antonino – TEO - Transportation
SERVICE CREDIT	19-01
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Richard D. Chambers, Jr. – Building Maint Sub-Foreman – Public Lighting
SERVICE CREDIT	10-08
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Diane E. Dew – Senior Accountant – Water & Sewerage
SERVICE CREDIT	15-00
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Mark Marsalis – Prin Const Insp – Water & Sewerage
SERVICE CREDIT	12-06
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Johnnie E. Murphy - TEO - Transportation
SERVICE CREDIT	11-06
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Shashi Relan – Senior Accountant - DPW
SERVICE CREDIT	11-11
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Floyd H. Roberson – Vehicle Operator III - DPW
SERVICE CREDIT	12-09
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	James T. Sudak – Investigator – Water & Sewerage
SERVICE CREDIT	20-11
EFFECTIVE DATE	02-01-19

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Hybrid Plan Service Retirement(s)

Motion By: Trustee Cowan - Supported By: Trustee Sheehan

RESOLVED, that the application(s) for retirement from the **COMPONENT I (HYBRID) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Jeff Croft – TEO - Transportation
SERVICE CREDIT	03-08
EFFECTIVE DATE	02-01-19

NAME, TITLE, DEPARTMENT	Angela G. McCants – Environmental Control Inspector – Building & Safety
SERVICE CREDIT	04-07
EFFECTIVE DATE	01-17-19

NAME, TITLE, DEPARTMENT	Ronald Wohlgemuth – Building Inspector – Building & Safety
SERVICE CREDIT	04-07
EFFECTIVE DATE	02-01-19

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Change of Computation(s)

Motion By: Trustee Cowan - Supported By: Trustee Sheehan

RESOLVED, that the application(s) for **CHANGE OF COMPUTATION** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Carlo Lyons – Plant Maint. Sub-Foreman - Water & Sewerage
SERVICE CREDIT	20-10
EFFECTIVE DATE	01-31-19

NAME, TITLE, DEPARTMENT	Gregory Meeks – RCPO - DPW
SERVICE CREDIT	26-00
EFFECTIVE DATE	07-01-18

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Refunds of Accumulated Contributions

Resolution Moved By: Trustee Sheehan- Supported By: Trustee Cetlinski

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth:

List No. 7402 - \$333,170.03

List No. 7403 - \$16,583.42

Including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Employee Loan Program February 27, 2019

Resolution Moved By: Trustee Sheehan- Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$31,419.00** including interest, be hereby **APPROVED**.

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Employee Loan Program March 06, 2019

Resolution Moved By: Trustee Sheehan- Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$28,673.00** including interest, be hereby **APPROVED**.

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Re: Minutes/Journal No. 4227 – (02/06/19)

Resolution Moved By: Trustee Cetlinski- Supported By: Trustee Sheehan

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting **No. 4227**, held on **February 06, 2019**, be hereby **APPROVED** as recorded and submitted.

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Resolution Moved By: Trustee Cetlinski- Supported By: Trustee Sheehan

WHEREAS, the Board has been presented with the List of Disbursements for Board Approval which is referenced below requesting payment for Fees and Expenses, and

WHEREAS, the Board has been requested to approve payment of said Fees and Expenses;
THEREFORE BE IT

RESOLVED, that subject to staff audit and approval of all Legal Fees by the Board's General Counsel, the Board **APPROVE** payment of the following Fees and Expenses:

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 Date: 3/4/2019 7:43 AM

Disbursements

Account	Payment Method	Currency			
LIQ RESERV	WIRE	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
Banyan - GRS Oasis Corp			12119	2019 Proposed Budget	80,000.00
Bridgett Hardy			022819BH	IT Contractual Wages - February 2019	4,498.72
James R. Hollins			022819JH	IT Contractual Wages - February 2019	4,005.33
Raymond R. Tchou			022819RT	IT Contractual Wages - February 2019	4,233.86
Venkat Rallapalli / Highbrow Systems, Inc.			022819VR	IT Contractual Wages - February 2019	6,083.88
Cash Account/Payment Method Total:			5 Documents		98,821.79
HUNT - VEN	ACH	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
500 WEBWARD LLC			75358	March 2019 Rent	24,998.49
8x8, INC.			2319355	Phone System Services	1,386.69
ADP, INC			530415136	Check Printing Services	597.05
American Realty Advisors (ARA)			7088	Management Fees 4th Qtr '18	10,000.00
Banyan Realty Advisors, LLC			4Q18	Advisory Fees - 4th Qtr '18	15,988.03
EDGEWOOD MANAGEMENT LLC			3991007	Management Fees 4th Qtr '18	89,094.54
Premier Parking (fka Ultimate Parking)			179740	Parking - March 2019	2,002.00
VANOVERBEKE MICHAUD & TIMMONY, P.C.			0119	General Counsel Matters for January 2019	26,096.00
VANOVERBEKE MICHAUD & TIMMONY, P.C.			1218	General Counsel Matters for December 2018	24,901.00
Cash Account/Payment Method Total:			9 Documents		195,063.80
HUNT - VEN	CHECK	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
ALLEGRA			60591011	Retiree Election Letter Mailing	1,574.53
ARMELLA JUNE NICKLEBERRY-CLARK			021119JN	Trustee Parking	50.00
CANON SOLUTIONS AMERICA, INC			402814084	Copier Maintenance	90.26
CHRYSALIS CONSULTING, LLC			24316	Consulting Services 11/1/18-11/30/18	3,515.62
COMCAST			021719	High Speed Internet (Acct #8529 10 205 0807923)	180.01
HUNT - VEN	CHECK	US			
Vendor Name			Invoice Number	Invoice Description	Amount To Pay
FEDEX			6-460-10615	FedEx Mailing	25.79
FEDEX			6-466-32956	FedEx Mailing	25.85
HANNA LAW			20184176	Shkaga v General 20184176	727.12
OFFICE DEPOT			274701124001	Office Supplies	8.39
OFFICE DEPOT			274701125001	Office Supplies	59.08
OFFICE DEPOT			274701126001	Office Supplies	21.09
POSTMASTER			022019	To Replenish the USPS Postage Account	20,000.00
QUILL CORPORATION			5100820	Office Supplies	146.27
SCHAIBLE BUILDERS, INC			005928	Plexiglass in Existing Frame	107.50
THOMAS SHEEHAN			022019TS	Trustee Parking	100.00
TRUSCOTT ROSSMAN GROUP LLC			INV-3409	Public Relations	90.00
Cash Account/Payment Method Total:			16 Documents		26,721.51

* Payment amount is estimated based on the effective date 3/4/2019

Yeas: Benson, Cetlinski, Cowan, Perkins, Sheehan and Chairperson Nickleberry– 6

Nays: None

Open Forum

Chairperson Nickleberry opened the meeting for public discussion:

Retiree and President of DAREA (Detroit Active and Retiree Employee Association) William Davis addressed the Board regarding the following:

- Active/Elected Trustee questions
 - DAREA Updates
- *Trustee Wendell Anthony entered the Boardroom at 10:23 a.m.*

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

Assistant Executive Director, **Gail A. Oxendine**, had no report.

EXECUTIVE DIRECTOR'S REPORT

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

- Detroit Public Library Retiree bonuses
- Executive Director Performance Appraisal

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer **Ryan Bigelow** discussed the following matters with the Board:

- *Trustee Kimberly Hall-Wagner entered the Boardroom at 10:34 a.m.*
- There is a General Investment Committee meeting on Monday March 25th, 2019
 - Mr. Bigelow and Mr. Kenneally will be out of the office traveling within the next week. They will attend the COMVEST Annual Conference/meeting on Thursday March 14th and 15th, 2019 as well as performing a site visit to TH Real Estate.
 - Seminole has provided an updated with respect to position changes within the company.
 - Investment Staff has a number of management meetings forthcoming
 - Advent Capital introduction

GENERAL COUNSEL'S REPORT

General Counsel Michael VanOverbeke, in addition to his formal legal report discussed the following matters with the Board:

- Appointment of Nick Khouri to the Investment Committee

GENERAL COUNSEL'S REPORT- continued

- The Board of Trustees is in receipt of the attached correspondence dated February 26, 2019 from the Investment Committee regarding the appointment of former State Treasurer, Nick Khouri, to the Investment Committee. The Investment Committee is requesting that the Board confirm Mr. Khouri's appointment to the Investment Committee.

Discussion: General Investment Committee Independent member selection discussion:

The Board of Trustees listened to audio from the February 11, 2019 General Investment Committee meeting with respect to the selection of Independent members. The Board of Trustees engaged in extensive discussion regarding the method of selection of Independent Investment Committee members.

Re: Confirmation Denial

Wendell Anthony moved to DENY the confirmation correspondence sent by General Investment Committee Chairperson Kerrie VanDenBosch with respect to the recommendation of proposed Independent committee member Nick Khouri and direct that correspondence be sent to the General Investment Committee, the Foundation for Detroit's Future and the current State Treasurer. Said correspondence will detail why the General Board of Trustees feel that Mr. Khouri is not an appropriate appointment to the General Investment Committee. Lori Cetlinski supported. The motion passed unanimously.

PRESENTATION:

Advent Capital

Representatives Tracy V. Maitland and Kelly Mueller discussed the following with the Board:

- Advent Capital Management
- Convertible Dynamics
- Benefits of Convertible Securities
- Convertible Market Opportunities
- Phoenix Strategy
- Portfolio Review

- ***The Board recessed for a brief break at 12:25 p.m. and resumed at 12:55 p.m.***

GENERAL COUNSEL'S REPORT- continued

Re: Raven Asset-Based Opportunity Fund IV

Resolution Moved By: Trustee Hall-Wagner – Supported By: Trustee Sheehan

WHEREAS, the Board of Trustees of the General Retirement System of the City of Detroit is vested with the authority and fiduciary responsibility for the administration, management, and operation of the Retirement System, and

WHEREAS, the provisions of the plan are subject to the applicable provisions of the Internal Revenue Code, applicable state law, the applicable charter and ordinance provisions of the City of Detroit and the Combined Plan for the General Retirement System, and

WHEREAS, the Investment Committee of the General Retirement System of the City of Detroit ("Investment Committee") was established in connection with the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit, and

WHEREAS, the Investment Committee serves in a fiduciary capacity and was established for the purpose of making recommendations to and approving actions by the Board of Trustees of the General Retirement System of the City of Detroit (the "Board"), and

WHEREAS, Section 15.2 of the Combined Plan provides in pertinent part that all actions and recommendations of the Investment Committee shall be forwarded to the Board for consideration and are subject to Board approval. If the Board (a) fails to approve or disapprove an Investment Management decision that has been recommended by an affirmative vote of the Investment Committee, and such failure continues for forty-five days after the date that the recommendation was made to the Board, or (b) the Board disapproves an Investment Management decision within such forty-five day period but fails to provide to the Investment Committee within such forty-five day period a detailed written response outlining the reasons for such disapproval, then the Investment Committee and the Chief Investment Officer are authorized to implement the decision, and

WHEREAS, Section 15.2 further provides in pertinent part that if the Board disapproves an Investment Committee recommendation within such forty-five day period and provides to the Investment Committee within such forty-five day period a detailed written response outlining the reasons for such disapproval, then the Investment Committee shall have forty-five days after the receipt of the Board response to either (a) withdraw the recommended Investment Management decision, or (b) request, in writing, a conference with the Board to be held within ten days, but not sooner than five business days, of the request to discuss the alternative proposal from the Board, unless a later date is agreed to in writing by the Board and the Investment Committee to discuss the disapproval as set forth in the Board's written response, and

GENERAL COUNSEL'S REPORT- continued

Re: Raven Asset-Based Opportunity Fund IV-continued

WHEREAS, the Investment Committee previously approved an asset allocation for the Retirement System's portfolio to Credit Opportunities. The Investment Consultant, NEPC, and the Chief Investment Officer made a recommendation in December, 2018 to consider an investment in the Raven Asset Based Opportunities Fund IV, managed by Raven Capital Management as part of the System's Credit Opportunities allocation. The Investment Committee members raised numerous questions and several concerns at the December meeting. These issues were addressed with the Investment Committee by NEPC with a written report at the Committee's February 11, 2019 meeting. After presentation by NEPC at the meeting, the Investment Committee resolved to approve the recommendation of Staff and NEPC to commit \$20 million to Raven Asset Based Opportunity Fund IV ("Raven Fund IV").

WHEREAS, this investment and the Investment Committee's recommendation were presented by the Chief Investment Officer to the Board of Trustees at its meeting held February 20, 2019. During review and discussion, the following concerns were raised by the Trustees:

- a. The management fee on the Raven Fund IV is 1.5% on committed capital. The firm history on earlier funds for vintage years 2012 to 2016 demonstrate a measurable difference between Commitments and Invested Capital. The 1.5% management fee is on the high end of management fees and it is not prudent to pay a management fee on a commitment that may never be called by the manager and invested.
- b. The net IRR of Raven Capital Management's earlier funds do not reflect returns consistent with the 13 – 15% IRR projected for Raven Fund IV. The Trustees understand the J-Curve expected returns for these types of investments, but they were of the opinion that some of the earlier vintage year funds should have come to greater value.
- c. The schedule of First Lien, Second Lien and Equity by calendar year (pg. 11 of the NEPC February 2019 Raven Fund IV Analysis booklet) and the Secured Vs. Unsecured investments by calendar year (pg. 12) reflect an increasing exposure to Second Lien investments and Equity, as well as, Unsecured investments which appears to suggest that Raven is taking on more and more risk within the Fund.
- d. NEPC had indicated to the Investment Committee that if the Committee decided not to move forward with Raven, NEPC had other diversifying strategies that they could bring forward for consideration.

GENERAL COUNSEL'S REPORT- continued

Re: Raven Asset-Based Opportunity Fund IV-continued

- e. There were no updated 2018 performance numbers on how the fund has recently performed. The numbers presented were only through 2017. NEPC appeared to have updated numbers at the Investment Committee meeting but nothing was provided in writing to the Committee or the Board.

WHEREAS, the Board has discussed this matter amongst the Board members and with the Chief Investment Officer, therefore be it

RESOLVED, that the Board acknowledges receipt and review of the Investment Committee's approval of the recommendation of Staff and NEPC to commit \$20 million to Raven Asset Based Opportunity Fund IV ("Raven Fund IV"), and

FURTHER RESOLVED, that the Board hereby disapproves of the Investment Committee's recommendation with respect to Raven Fund IV and directs that notification be provided to the Investment Committee of the Board's disapproval along with a detailed written response outlining the reasons for such disapproval in accordance with Section 15.2 of the Combined Plan Document,, and

FURTHER RESOLVED, that a copy of this resolution shall be provided to the GRS Investment Committee and appropriate RSCD investment staff, and

FURTHER RESOLVED, that a copy of this resolution shall be maintained in the Retirement System's records.

Yeas: Benson, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 5

Nays: Cetlinski – 1

Abstentions: Cowan - 1

- ASF Recoupment Issue
 - General Counsel has reviewed a non-disclosure and confidentiality agreement for KCC related to the Retirement System's review of the City's Bankruptcy records needed to complete a review of the ASF recoupment issue. The Retirement System's should be in receipt of those records by the end of the week.
- Domestic Relations/ Eligible Domestic Relations Order
 - Rebecca J. Poynter v. Donald D. Rzeznik; Missaukee County Circuit Court Case No. 18-9591-DO

➤ ***Trustee Wendell Anthony entered the Boardroom from lunch at 12:57 p.m.***

GENERAL COUNSEL'S REPORT- continued

RE: Rebecca J. Poynter v. Donald D. Rzeznik
Missaukee County Circuit Court Case No. 18-9591-DO

Resolution Moved By: Trustee Sheehan - Supported By: Trustee Cetlinski

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order ("EDRO"), dated February 8, 2019, wherein Rebecca J. Poynter, the Alternate Payee, is awarded certain rights to the retirement allowance of Donald D. Rzeznik, the Participant, and

WHEREAS, the Retirement System consists of both a defined benefit plan and a defined contribution (a/k/a the Annuity Savings Fund) plan, and

WHEREAS, pursuant to the EDRO, the Alternate Payee is entitled to a portion of both the Participant's defined benefit plan and defined contribution plan benefits payable from the Retirement System, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, and

WHEREAS, the Board's policy is to require that the cost for the actuary's calculations are to be borne by the parties to the domestic relations proceedings and the parties' EDRO provides that the parties are to equally share responsibility for any and all additional costs for actuarial services, and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as amended, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order, will pay pension benefits consistent with said order upon application by the Participant, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Donald D. Rzeznik, the Participant; Steven W. Paciorka, Esq., attorney for the Participant; Rebecca J. Poynter, the Alternate Payee; Roberta Eckert Chrispell, Esq., attorney for the Alternate Payee; and the Board's Actuary.

Yeas: Anthony, Benson, Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and
Chairperson Nickleberry— 8

Nays: None

GENERAL COUNSEL'S REPORT- continued

- Hubert W. Draw Jr. v. General Retirement System of the City of Detroit Wayne County Circuit Court Case No. 18-010257-CZ
- Chenelle Wright v. Charles E. Lewis, Jr. et al; Wayne County Circuit Court Case No. 17-013871-CK

Re: Stipulated Order

Thomas Sheehan moved to acknowledge receipt of the stipulated order with respect to the Chenelle Wright v Charles E. Lewis case. Lori Cetlinski supported. The motion passed unanimously.

- *Trustee Scott Benson excused himself from the Boardroom at 1:39 p.m.*

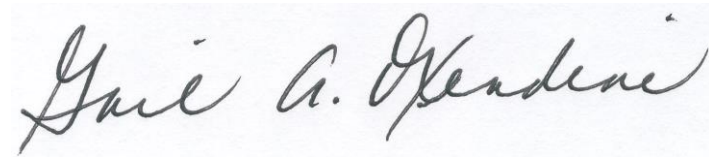
NEW BUSINESS/OLD BUSINESS

- None

Trustee Sheehan moved to adjourn meeting #4229; Trustee Hall-Wagner supported.

There being no further business before the Board, **Chairperson Nickleberry** adjourned the meeting at 1:39 p.m. The Board's next meeting is scheduled for **Wednesday, March 20th, 2019**, at 10:00 a.m. in the Retirement System's Conference Room; 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script that reads "Gail A. Oxendine". The signature is written in black ink on a light-colored background.

GAIL A. OXENDINE, ASSISTANT EXECUTIVE DIRECTOR