

MEETING NO. 4145  
JOURNAL OF PROCEEDINGS  
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM  
OF THE CITY OF DETROIT  
HELD WEDNESDAY, **JANUARY 27, 2016**

10:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM  
ONE DETROIT CENTER, 500 WOODWARD; SUITE 3000  
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Wendell Anthony	Trustee
Scott Benson	Ex-Officio Trustee/City Council Member
Lori Cetlinski	Trustee
Tasha L. Cowan	Trustee
Lou Hatty	Trustee/Chairman
Eric Higgs	Ex-Officio Trustee/Deputy CFO
Felicia Johnson	Trustee
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee
Thomas Sheehan	Trustee/Vice-Chairman

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Deborah A. Wilkerson	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Michael VanOverbeke	General Counsel
Reginald O'Neal	Medical Director
Rita Coats	Recording Secretary

CHAIRMAN

**LOU HATTY**

The Board's Recording Secretary took a verbal Roll Call at 10:10 a.m. and Chairman Hatty called the meeting to order.

Present at Roll Call: Lori Cetlinski, Tasha L. Cowan, Lou Hatty, June Nickleberry and Thomas Sheehan.

**Re: Service Retirement(s)**

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

**RESOLVED**, that the application(s) for **SERVICE RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Deborah L. Pyszk-Atkinson – Office Support Spec – Water & Sewerage
SERVICE CREDIT	29-01
EFFECTIVE DATE	01-12-16

NAME, TITLE, DEPARTMENT	Richard Belloni – Apparatus Emergency Mechanic – General Services
SERVICE CREDIT	29-10
EFFECTIVE DATE	01-13-16

NAME, TITLE, DEPARTMENT	Raymond Bentley – Elec Instr Ctrl Tech – Water & Sewerage
SERVICE CREDIT	27-06
EFFECTIVE DATE	01-13-16

NAME, TITLE, DEPARTMENT	Clemon Beverly – Team Leader – Water & Sewerage
SERVICE CREDIT	30-06
EFFECTIVE DATE	01-15-16

NAME, TITLE, DEPARTMENT	Tracy Brack – Plant Technician – Water & Sewerage
SERVICE CREDIT	29-02
EFFECTIVE DATE	01-02-16

**Re: Service Retirement(s) – (Con't)**

NAME, TITLE, DEPARTMENT Tara Danforth-Brown – Exec Management  
Team – Water & Sewerage  
SERVICE CREDIT 29-06  
EFFECTIVE DATE 01-05-16

NAME, TITLE, DEPARTMENT Gladys M. Cannon – Procurement Specialist -  
Water & Sewerage  
SERVICE CREDIT 30-06  
EFFECTIVE DATE 01-08-16

NAME, TITLE, DEPARTMENT Michael P. Ermler – Water Technician – Water  
& Sewerage  
SERVICE CREDIT 17-06  
EFFECTIVE DATE 01-14-16

NAME, TITLE, DEPARTMENT Jeffrey J. Morrison –Maintenance Techn -  
Water & Sewerage  
SERVICE CREDIT 14-0  
EFFECTIVE DATE 01-02-16

NAME, TITLE, DEPARTMENT Rechanda L. Willis – Prof Admin Analyst -  
Water & Sewerage  
SERVICE CREDIT 29-06  
EFFECTIVE DATE 01-15-16

NAME, TITLE, DEPARTMENT Allen Wilson – Water Technician - Water &  
Sewerage  
SERVICE CREDIT 28-11  
EFFECTIVE DATE 01-15-16

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Early Retirement(s)**

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

**RESOLVED**, that the application(s) for **EARLY RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Wesley Brent – Maintenance Techn – Water & Sewerage
SERVICE CREDIT	25-06
EFFECTIVE DATE	01-02-16

NAME, TITLE, DEPARTMENT	Ralph Coleman - Maintenance Techn – Sewerage
SERVICE CREDIT	24-07
EFFECTIVE DATE	01-02-16

NAME, TITLE, DEPARTMENT	Kevin D. McGowen - Maintenance Techn – Sewerage
SERVICE CREDIT	25-02
EFFECTIVE DATE	01-08-16

NAME, TITLE, DEPARTMENT	Craig G. Moore, Sr. – Sr. Sewage Plant Oper - Sewerage
SERVICE CREDIT	23-07
EFFECTIVE DATE	01-02-16

NAME, TITLE, DEPARTMENT	Laneta Stewart – Maintenance Techn – Water & Sewerage
SERVICE CREDIT	23-06
EFFECTIVE DATE	01-08-16

NAME, TITLE, DEPARTMENT	Kimberly D. Toolles – Emer Svcs Deploy Opr – Police (Civilian)
SERVICE CREDIT	27-08
EFFECTIVE DATE	01-13-16

NAME, TITLE, DEPARTMENT	Trina D. Tucker – Supt Grds Maint – General Services
SERVICE CREDIT	27-05
EFFECTIVE DATE	12-19-15

NAME, TITLE, DEPARTMENT	Victoria Williams – Park Maint Sub-Gr II – Water & Sewerage
SERVICE CREDIT	23-07
EFFECTIVE DATE	01-12-16

**Re: Early Retirement(s) – (Con't)**

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Option Change**

Motion By: Trustee Sheehan – Supported By: Trustee Cetlinski

**RESOLVED**, that the application(s) for **OPTION CHANGE** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Joe M. Wilson – Asst. EMS Spvr-Gd II – Fire (Civilian)
SERVICE CREDIT	23-08
EFFECTIVE DATE	01-12-16
FROM:	Option Two – Equate Age 62
TO:	Option Two/Pop-Up – Equate Age 62

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Receipts**

The receipts which are referenced below were **Acknowledged**:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
WEEKLY RECEIPTS FOR ACKNOWLEDGEMENT			
1/18/16 - 1/22/16			
Meeting No. 4145			
January 27, 2016			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
<b>RECEIPTS</b>			
FIRST INDEPENDENCE BANK	01/19/16	Loan Deductions	56,973.74
GREAT ATLANTIC & PACIFIC TEA CO, INC	01/20/16	Class Action Proceeds	218.39
WALTON STREET REAL ESTATE FUND IV LP	01/20/16	Distribution	264,544.60
CITY OF DETROIT	01/19/16	Weekly Mandatory Pension Contribution	88,295.56
CITY OF DETROIT	01/19/16	Weekly Annuity Contribution	66,192.81
<b>TOTAL RECEIPTS</b>			<b>\$ 476,225.10</b>

**Re: Monthly Disbursements**

Motion By: Trustee Sheehan – Supported By: Trustee Nickleberry

Motion to approve the Monthly Pension Payroll.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
MONTHLY PENSION PAYROLL FOR APPROVAL			
1/27/2016			
Meeting No. 4145			
January 27, 2016			
PAYEE NAME		DESCRIPTION	AMOUNT
<b>DISBURSEMENTS</b>			
First Independence Bank		Pension Payroll - Direct Deposit	14,472,336.32
MISDU		Child Support Deductions	27,360.84
First Independence Bank		Pension Payroll - Checks	1,952,557.31
Diversified Members Credit Union		Loan Payment Deductions	629,542.67
Detroit Employee Benefit Plan		Benefit Payments - Life Insurance	4,208.23
Detroit Employee Benefit Plan-VEBA (to RHC)		Benefit Payments - Health, Eye & Dental	453,517.85
Federal Tax		Withholding	1,812,363.08
State Tax & Assoc. Fees		Withholding	296,296.56
<b>TOTAL DISBURSEMENTS</b>			<b>\$ 19,648,182.86</b>

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Fees and Expenses**

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

**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:

**Re: Fees and Expenses – (Con't)**

<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>MANAGEMENT FEES:</b>				
BlackRock Financial Management, Inc	12/28/2015	20150930-511-A	Management Fees - 3rd Qtr '15	\$44,895.03
JP MORGAN INVESTMENT MANAGEMENT INC	1/12/2016	20151231-1226-A	Management fees - 4th Qtr '15	\$78,940.36
PIEDMONT INVESTMENT ADVISORS,LLC	1/14/2016	INV11552	Management Fees - 4th Qtr '15	\$18,235.52
Subtotal				\$142,070.91
<b>LEGAL FEES:</b>				
F. LOGAN DAVIDSON, P.C.	11/4/2015	G110315	GRS PITG Holdings Corp: Request for Reimbursement of Out-of-Pocket Exp	\$1,160.00
F. LOGAN DAVIDSON, P.C.	1/19/2016	G160119	Grand Personality, Inc: Request for Reimbursement of Additional Out-of-Pock	\$3,880.00
RACINE & ASSOCIATES	1/18/2016	11920	DGRS v Gracla 11/1/15 -12/31/15	\$14,398.82
Subtotal				\$19,438.82
<b>ADMINISTRATIVE EXPENSES:</b>				
ADP, INC	1/15/2016	467228056	Check Printing Services	\$104.29
ALLEGRA	1/19/2016	92155	Office Supplies	\$683.37
EMERSON NETWORK POWER LIEBERT SERVI	1/12/2016	57209592	Computer Supplies (Batteries)	\$3,661.00
FEDEX	1/13/2016	5-265-47465	FedEx Mallings	\$14.74
FEDEX	12/30/2015	5-272-27251	FedEx Mallings	\$46.48
FEDEX	1/20/2016	5-293-12029	FedEx Mallings	\$28.14
MERCURY STORAGE	1/25/2016	16423	Maintenance	\$2,018.50
OFFICE DEPOT	1/13/2016	817573121001	Office Supplies	\$173.66
Postmaster - USPS Detroit Office	1/19/2016		Replenish Postage Account (permit) #788	\$25,000.00
QUILL CORPORATION	1/12/2016	2214052	Office Supplies	\$24.74
Staff Wages	1/18/2016		Staff Wages for 12/14/15-1/18/16	\$36,411.56
STAR INSURANCE COMPANY	1/12/2016	011216	Workers Compensation - adjustment for workers	\$21.50
TELECOMM SOLUTIONS, LLC	1/20/2016	2016-976619	Communications Package Annual Service: 3/1/16-2/28/17	\$22,153.42
THE TOWNSEND GROUP	12/31/2015	10219	Professional Services-December 2015	\$11,250.00
UHY ADVISORS MI INC	1/15/2016		Prof Accounting Svcs - 1/1/16-1/15/16, Inv # 1157868	\$27,365.62
Subtotal				\$128,957.02
<b>PAYEE</b>	<b>DATE</b>	<b>INVOICE NO</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
FELICIA JOHNSON	1/20/2016	012016	Parking 12/23/15, 1/6/16, 1/13/16	\$60.00
REGINALD E. ONEAL	1/22/2016	012216	Medical Examinations 10/20/2015 - 1/18/2016	\$360.00
THOMAS SHEEHAN	1/26/2016	012616	Retired Trustee Stipend	\$800.00
WENDELL ANTHONY	1/26/2016	012616	Trustee Stipend	\$800.00
WENDELL ANTHONY	1/26/2016	012616a	Trustee Parking (2013-2014)	\$1,860.00
Subtotal				\$3,880.00
<b>Total Disbursements for Board Approval</b>				<b>\$294,346.75</b>

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Refunds of Accumulated Contributions**

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

**RESOLVED**, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth on **List No. 7242** in the amount of **\$1,453,080.12** including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

**Re: Employee Loan Program**

Motion 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 **\$25,492.00**, including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Hatty, Nickleberry and Sheehan – 5

Nays: None

➤ *Trustee Scott Benson entered the Board Meeting at 10:12 a.m.*

**ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

There were no items for discussion at this week's meeting.

**EXECUTIVE DIRECTOR'S REPORT**

Executive Director, Cynthia A. Thomas, presented the following to the Board for discussion:

- Follow-up on Mission Statement
- Investment Committee's expenses – will provide a quarterly report

➤ *Trustee John Naglick entered the Board Meeting at 10:18 a.m.*

➤ *Trustee Wendell Anthony entered the Board Meeting at 10:25 a.m.*

➤ *Trustee Eric Higgs entered the Board Meeting at 10:25 a.m.*

➤ *Trustee Felicia Johnson entered the Board Meeting at 10:30 a.m.*



Executive Director's Report – (Con't)

Re: McLagan Survey

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

**WHEREAS**, the Board approved the retention of McLagan to perform a compensation survey regarding the Executive Director, the Assistant Executive Director, the Chief Informational Officer, the Chief Investment Officer and the Head of Accountant's position, and

**WHEREAS**, the Board has considered the recommendation of the Executive Director for a nominal cost and agrees that having such information is in the best interest of the Retirement System of the City of Detroit ("RSCD"), and

**WHEREAS**, this matter has been discussed in open session; **THEREFORE BE IT**

**RESOLVED**, that the Board approves the retention of McLagan to perform the compensation survey and such work shall be performed with oversight by RSCD senior management and the results of the benchmarking shall be reported to the Board and the Investment Committee upon completion, and be it further

**RESOLVED**, that a copy of this resolution be provided to McLagan and the Investment Committee.

Yeas: Anthony, Benson, Hatty, Higgs, Naglick and Sheehan – 6

Nays: Cowan, Johnson and Nickleberry – 3

Abstain: Cetlinski – 1

Executive Director's Report – (Con't)

Re: CEM Benchmarking Retention

Resolution Moved By: Trustee Cetlinski – Supported By: Trustee Higgs

**WHEREAS**, the Executive Director presented a proposal to the Board from CEM Benchmarking which sets forth various benchmarking objectives and tools regarding the efficiency and cost-effectiveness of the operation of the Retirement System of the City of Detroit ("RSCD"), and

**WHEREAS**, the Executive Director and senior management believe such benchmarking will assist management in streamlining operations and gauging cost effectiveness and efficiency related to the RSCD operations, and

**WHEREAS**, the Board has considered the recommendation of the Executive Director and agrees that benchmarking performance is in the best interest of the RSCD.

Following discussion of the foregoing motion, the motion failed, due to lack of support:

Yeas: Anthony, Cetlinski, Hatty, Naglick, Higgs - 5

Nays: Benson, Cowan, Johnson, Nickleberry and Sheehan - 5

Trustee Cowan was not in support of this motion because:

1. A Request for Proposal was not sent out for advertisement.
2. Other companies were not given the opportunity to submit a proposal.
3. I don't feel that this is the appropriate time to have this done.

"My focus is to keep in mind, as a Trustee, the importance of fulfilling my fiduciary responsibility to be prudent in utilizing the funds wisely and providing restoration to our retirees pension check as soon as possible."

*~Concludes Executive Director's Report~*

## **CHIEF INVESTMENT OFFICER'S REPORT**

Chief Investment Officer, Ryan Bigelow, discussed the following updates:

- Alpha Partners, LLC submitted a Letter of Resignation as Investment Manager for the General Retirement System, effective January 31, 2016.

*Trustee Wendell Anthony led a moment in prayer to the family of Napoleon Rodgers, wife of Ms. Dawna Rodgers, of Alpha Partners. Prayer was also extended to the family of Ms. Rodgers' sister, whom has taken illness.*

- Update on the sale of River Place Apartments  
Will be meeting with the Investment Committee on February 8, 2016 at 12:00 Noon, to discuss the recommendation of American Realty Advisors and Townsend to sell River Place Apartments.
- Update on MHR hedge fund  
How the Retirement System will allocate the hedge fund.
- Update on Rivers Casino: Currently, no details at this time. Still having conversations.

*~Concludes Chief Investment Officer's Report~*

## **GENERAL COUNSEL'S REPORT**

General Counsel, Michael VanOverbeke, provided a Legal Report for discussion:

- Trustee Resignation/Removal from Board Policy, adopted: 9/23/2014  
Re: Lou Hatty (Laid-Off/Termination) and Felicia Johnson (Laid-Off). To appoint an Interim Chairperson and Interim Vice-Chairperson.

Re: Interim Chairperson

Motion By: Trustee Anthony – Supported By: Trustee Naglick

Motion to approve Trustee Tasha L. Cowan as Interim Chairperson at next week's Board Meeting, February 3, 2016.

Yeas: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nays: None

GENERAL COUNSEL'S REPORT – (Con't)

- Will arrange the Director of Labor Relations, Michael Hall, to appear before the Board regarding an employee's employment status.
- Doris Person's Recoupment re: Overpayment
- Payment of deceased Keith Lambert's annuity

**EDRO:**

Re: Ireneo Valera, Jr. v. Marie E. Valera  
MaComb County Circuit Court Case No. 12-4361-DO

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

**WHEREAS**, the Board of Trustees is in receipt of a First Amended Domestic Relations Order (the "Order"), dated December 10, 2015, wherein Marie E. Valera, the Alternate Payee, is awarded certain rights to the benefits of Ireneo Valera, Jr., the Participant, and

**WHEREAS**, Mr. Valera, Jr. retired on January 25, 2010, elected the Plan's Option B form of benefit, and withdrew all of his accumulated contributions from the Annuity Savings Fund, and

**WHEREAS**, pursuant to the terms of the Order, the Alternate Payee is entitled to 48.09% of the marital portion of the Participant's accrued benefit under the Defined Benefit Plan that accrued as of December 6, 2013, 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; **THEREFORE BE IT**

**RESOLVED**, that the Board acknowledges receipt of said court order, and will pay pension benefits consistent with the order as soon as administratively feasible, 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 Ireneo Valera, Jr., the Participant; Renee K. Gucciardo, Esq., attorney for the Participant; Mila F. Krolikowski, the Alternate Payee; Jack L. Jaffee, Esq., attorney for the Alternate Payee; and the Board's Actuary.

Re: Ireneo Valera, Jr. v. Marie E. Valera – (Con't)

Yeas: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nays: None

- Received subpoena requesting retirement information re: Mr. Willie Riley
- Special Legal Counsel Marie Racine is scheduled to appear before the Board at next week's board meeting, February 3, 2016, re: Billing.
- Detroit's Foundation future: re: Omnibus transaction regarding Notification of default.
- Audited Financial Statement re: GASB 68: The Retirement System's deadline is March 1, 2016 and the City's deadline is March 31, 2016.
- Draft notice is done re: Lump Sum Payment (Death Benefit Plan)

*~Concludes General Counsel's Report~*

### **NEW BUSINESS**

Re: Investment Strategies and Portfolio Management Conference

Motion By: Trustee Anthony – Supported By: Trustee Naglick

**RESOLVED**, that the Board APPROVES the attendance of Trustee Scott Benson to attend the Investment Strategies and Portfolio Management conference, held at Wharton University of Pennsylvania on Monday, May 16 - 20, 2016, and that the Board APPROVES expenditures to attend said conference.

Yeas: Anthony, Benson, Cetlinski, Cowan, Hatty, Higgs, Johnson, Naglick, Nickleberry and Sheehan – 10

Nays: None

- ❖ *The Board RECESSED at 1:05 p.m. for LUNCH*
- ❖ *The Board RECONVENED at 1:35 p.m.*

Re: Entering Into Closed Session

Resolution Moved By: Trustee Sheehan – Supported By: Trustee Cowan

**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 enter into Closed Session for the purpose of discussing River Place Apartments negotiations which has not been publicly disseminated or available from other sources, the release of which might cause significant harm and is acknowledged by the Board of Trustees as Confidential and Privileged under MCL 38.1140(L), because discussion in Open Session would have a detrimental financial effect upon the Retirement System.

A Roll Call Vote was taken as follows:

Yeas: Anthony, Cetlinski, Cowan, Hatty, Higgs, Naglick, Nickleberry and Sheehan – 8

Nays: None

The Board entered into **Closed Session** at 1:35 p.m.

- **Trustee Johnson** rejoined the Board Meeting at 1:38 p.m.
- **Trustee Benson** rejoined the Board Meeting at 1:48 p.m.

Re: Open Session

Motion By: Trustee Sheehan – Supported By: Trustee Anthony

**RESOLVED**, that the Board come out of Closed Session.

The Board returned to **Open Session** at 1:50 p.m.

## **ADJOURNMENT**

There being no further business before the Board, **Chairman Hatty** adjourned the meeting at 1:50 p.m. The Board’s next meeting is scheduled for **Wednesday, February 3, 2016**, at 10:00 a.m. in the Retirement Systems’ Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

SIGNATURE PAGE ONLY

A handwritten signature in black ink, appearing to read "D. Wilkerson", with a long horizontal flourish extending to the right.

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DEBORAH A. WILKERSON  
ASSISTANT EXECUTIVE DIRECTOR