

MEETING NO. 4163
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, **AUGUST 31, 2016**

10:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY 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/Vice-Chair
Olga Johnson	Trustee
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee
Gail Oxendine	Trustee
Thomas Sheehan	Trustee/Chair
David Szymanski	Ex-Officio Trustee/City Treasurer

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Ryan Bigelow	Chief Investment Officer
Michael VanOverbeke	General Counsel
LaMonica Arrington-Cabean	Manager II
Rita Coats	Administrative Assistant II

STAFF EXCUSED

None

CHAIRMAN

THOMAS SHEEHAN

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

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

Re: Service Retirement(s)

Motion By: Trustee Nickleberry - Supported By: Trustee Cetlinski

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

NAME, TITLE, DEPARTMENT	Ronald L. Barnett – Vehicle Operator I – Municipal Parking
SERVICE CREDIT	23-04
EFFECTIVE DATE	09-09-16
NAME, TITLE, DEPARTMENT	Avery McKinney – TEO - Transportation
SERVICE CREDIT	15-0
EFFECTIVE DATE	08-17-16
NAME, TITLE, DEPARTMENT	Milford E. Netterville – TEO - Transportation
SERVICE CREDIT	15-0
EFFECTIVE DATE	08-08-16
NAME, TITLE, DEPARTMENT	Kim Newby – Asst CC Commi Clerk – City Clerk
SERVICE CREDIT	25-0
EFFECTIVE DATE	08-01-16
NAME, TITLE, DEPARTMENT	Marvin J. Rysztak – Lib-Master Electrician - Library
SERVICE CREDIT	08-11
EFFECTIVE DATE	08-19-16
NAME, TITLE, DEPARTMENT	Jihad K. Slim – Sr. Asoc Cv Eng-Field - DPW
SERVICE CREDIT	21-06
EFFECTIVE DATE	09-08-16

Re: Service Retirement(s) – (con't)

NAME, TITLE, DEPARTMENT	David D. Whitaker – CC R&A Director – City Council
SERVICE CREDIT	10-06
EFFECTIVE DATE	09-06-16

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Early Retirement(s)

Motion By: Trustee Nickleberry - Supported By: Trustee Cetlinski

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

NAME, TITLE, DEPARTMENT	Charlene Hearn – Sr. Voucher Audit Clk - Finance
SERVICE CREDIT	27-06
EFFECTIVE DATE	08-18-16

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Vested Retirement(s)

Motion By: Trustee Nickleberry - Supported By: Trustee Cetlinski

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

NAME, TITLE, DEPARTMENT	Glenn A. Gibson – RCPO - DPW
SERVICE CREDIT	11-08
EFFECTIVE DATE	08-01-15

NAME, TITLE, DEPARTMENT	Yvonne Bendross-Kimble – Sr. Community Svcs Ast – Human Services
SERVICE CREDIT	11-06
EFFECTIVE DATE	09-01-16

Re: Vested Retirement(s) – (Con't)

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Hybrid Retirement(s)

Motion By: Trustee Nickleberry - Supported By: Trustee Cetlinski

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

NAME, TITLE, DEPARTMENT	Ronald L. Barnett – Vehicle Operator I – Municipal Parking
SERVICE CREDIT	02-02
EFFECTIVE DATE	09-09-16
NAME, TITLE, DEPARTMENT	Iris J. Hill – TEO - Transportation
SERVICE CREDIT	02-01
EFFECTIVE DATE	08-05-16
NAME, TITLE, DEPARTMENT	Avery McKinney – TEO - Transportation
SERVICE CREDIT	02-02
EFFECTIVE DATE	08-17-16
NAME, TITLE, DEPARTMENT	Milford E. Netterville – TEO - Transportation
SERVICE CREDIT	01-07
EFFECTIVE DATE	08-08-16
NAME, TITLE, DEPARTMENT	Kim Newby – Asst CC Commi Clerk – City Clerk
SERVICE CREDIT	01-10
EFFECTIVE DATE	08-01-16
NAME, TITLE, DEPARTMENT	Jihad K. Slim – Sr. Asoc Cv Eng-Field - DPW
SERVICE CREDIT	02-02
EFFECTIVE DATE	09-08-16
NAME, TITLE, DEPARTMENT	David D. Whitaker – CC R&A Director – City Council
SERVICE CREDIT	00-02
EFFECTIVE DATE	09-06-16

Re: Hybrid Retirement(s) – (Con't)

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Change of Computation from Duty Disability to Service Retirement(s)

Motion By: Trustee Nickleberry – Supported By: Trustee Cetlinski

RESOLVED, that the application(s) for **CHANGE OF COMPUTATION FROM DUTY/NON-DUTY DISABILITY TO SERVICE RETIREMENT** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Iris J. Hill – TEO - Transportation
SERVICE CREDIT	11-08
EFFECTIVE DATE	08-05-16

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Option Change

Motion By: Trustee Nickleberry – Supported By: Trustee Cetlinski

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

NAME, TITLE, DEPARTMENT	Terrence J. Kosmowski – Vehicle Paint./Let - Transportation
SERVICE CREDIT	28-11
EFFECTIVE DATE	03-19-16
FROM:	Two/Pop-Up – Equate Age 62
TO:	Two/Pop-Up – Equate Age 65

NAME, TITLE, DEPARTMENT	Michael J. Sinclair – Coach Service Attendant - Transportation
SERVICE CREDIT	11-02
EFFECTIVE DATE	01-01-16
FROM:	Two/Pop-Up
TO:	Straight Life – Equate Age 65

Re: Option Change – (Con't)

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, 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			
8/15/16 - 8/26/16			
August 31, 2016			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
RECEIPTS			
FIRST INDEPENDENCE BANK	08/15/16	Loan Deductions	70,900.98
SSGM COMMISSION	08/19/16	Recapture Activity for July 2016	1,387.78
CLARK HILL	08/23/16	Settlement Proceeds	240.00
CLARK HILL	08/23/16	Settlement Proceeds	64.92
ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.	08/23/16	Class Action Proceeds	38.11
MGRA-GENESIS VALUE FUND	08/17/16	201 & 237 S. Tryon Sale Proceeds	3,612,741.17
FORT SHELBY	08/19/16	Remittance	177,659.42
ICG LEASEBACK LLC	08/24/16	Sale Proceeds	30,244,947.00
FIRST INDEPENDENCE BANK	08/26/16	Loan Deductions	49,795.88
POLICE & FIRE RETIREMENT SYSTEM	08/26/16	Reimburse Staff Wages	25,815.01
FIRST INDEPENDENCE BANK	08/26/16	Loan Deductions	39,903.49
CITY OF DETROIT	08/19/16	Weekly Mandatory Pension Contribution	91,566.79
CITY OF DETROIT	08/19/16	Weekly Annuity Contribution	66,717.25
CITY OF DETROIT	08/19/16	Weekly Mandatory Pension Contribution	185,947.37
CITY OF DETROIT	08/19/16	Weekly Annuity Contribution	128,331.73
TOTAL RECEIPTS			\$ 34,696,056.90

Re: Monthly Pension Payroll

Motion By: Trustee Cetlinski – Supported By: Trustee Johnson

Motion to approve the General Retirement System’s Monthly Pension Payroll.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
MONTHLY PENSION PAYROLL FOR APPROVAL			
8/31/2016			
August 31, 2016			
PAYEE NAME		DESCRIPTION	AMOUNT
DISBURSEMENTS			
First Independence Bank		Pension Payroll - Direct Deposit	14,829,176.92
MISDU		Child Support Deductions	24,846.94
First Independence Bank		Pension Payroll - Legacy Checks	1,814,692.15
First Independence Bank		Pension Payroll - Hybrid Checks	14,675.91
Diversified Members Credit Union		Loan Payment Deductions	617,427.37
Detroit Employee Benefit Plan		Benefit Payments - Life Insurance	3,751.05
Detroit Employee Benefit Plan-VEBA (to RHC)		Benefit Payments - Health, Eye & Dental	433,601.24
Federal Tax		Withholding	1,794,238.21
State Tax & Assoc. Fees		Withholding	309,990.76
TOTAL DISBURSEMENTS			\$ 19,842,400.55

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Fees and Expenses

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

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>
MANAGEMENT FEES:				
BNY MELLON ASSET SERVICING	8/12/2016		Service Fees - 2Q16, Invoice # 517464	\$55,452.35
MONDRIAN INVESTMENT PARTNERS	5/12/2016	223018	Management Fees - 2nd Qtr '16	\$131,790.57
PZENA INVESTMENT MANAGEMENT, LLC	8/3/2016	16217-1-017	Management Fees - 2nd Qtr '16	\$58,176.84
Subtotal				\$245,419.76
ADMINISTRATIVE EXPENSES:				
ADP, INC	7/15/2016	476820183	Check Printing Services	\$8,272.03
CANON SOLUTIONS AMERICA, INC	8/12/2016	4019906133	Computer Equipment & Services	\$68.25
COMCAST	8/14/2016	081416	High-Speed Internet	\$157.17
CREATIVE BREAKTHROUGHS INC	8/4/2016	119530	IT Security Svcs	\$10.00
CREATIVE BREAKTHROUGHS INC	8/19/2016	119596	IT Security Svcs	\$4,900.00
CREATIVE BREAKTHROUGHS INC	8/12/2016	119553	IT Security Svcs	\$4,900.00
DIRECTV	8/24/2016	29313399167	Service Charges: 8/23/16-9/22/16	\$62.55
FEDEX	8/17/2016	5-515-53088	FedEx Mailings	\$32.38
FEDEX	8/10/2016	5-507-86604	FedEx Mailings	\$39.21
FEDEX	8/24/2016	5-523-83517	FedEx Mailings	\$32.61
GABRIEL, ROEDER, SMITH & CO	1/13/2016	491674	EDRO Calculations for R. Domka	\$800.00
HARLAND TECHNOLOGY SERVICE	4/7/2016	13853455b	Computer Services	\$280.50
LASER SUBSTRATES, INC	8/23/2016	110300	Certified Mail Forms	\$177.32
NEOPOST	8/3/2016	080316	Office Supplies Support	\$515.00
OFFICE DEPOT	8/23/2016	859571099001	Office Supplies	\$71.34
OFFICE DEPOT	8/24/2016	859571097001	Office Supplies	\$24.49
POSTMASTER	8/20/2016	082016	Postage	\$107.50
QUILL CORPORATION	8/24/2016	8545449	Office Supplies	\$14.99
QUILL CORPORATION	8/24/2016	8574031	Office Supplies	\$16.99
QUILL CORPORATION	7/29/2016	7812266	Office Supplies	\$122.16
QUILL CORPORATION	7/29/2016	7833389	Office Supplies	\$15.29
QUILL CORPORATION	8/1/2016	7847423	Office Supplies	\$35.98
QUILL CORPORATION	8/2/2016	7873734	Office Supplies	\$24.05
PAYEE				
QUILL CORPORATION	8/9/2016		Credit Memo	(\$6.29)
QUILL CORPORATION	8/10/2016	8132439	Office Supplies	\$6.29
QUILL CORPORATION	8/11/2016	8177575	Office Supplies	\$307.55
QUILL CORPORATION	8/23/2016	8500732	Office Supplies	\$109.90
QUILL CORPORATION	8/15/2016	8260534	Office Supplies	\$10.12
QUILL CORPORATION	8/15/2016	8250254	Office Supplies	\$15.74
SHRED-IT USA	8/4/2016	9411819606	Off-Site Regular Service	\$47.72
UHY ADVISORS MI INC	8/15/2016		Prof Accounting Svcs - 8/1/16-8/15/16, Inv # 1183113	\$39,921.87
ULTIMATE PARKING MANAGEMENT LLC	8/17/2016	139596	Monthly Parking Lease - September 2016	\$2,659.00
ULTIMATE PARKING MANAGEMENT LLC	8/17/2016	139820	Monthly Parking Lease - Auditors September 2016	\$110.00
ULTIMATE PARKING MANAGEMENT LLC	8/18/2016	139819	Monthly Parking Lease - Auditors August 2016 (Partial)	\$49.67
Subtotal				\$63,911.38
OTHER EXPENSES:				
Best Buy	8/22/2016		Laptops and carrying cases	\$4,656.71
C. Taylor	8/17/2016		Re-Exam Travel Expenses Reimbursement	\$459.53
OLGA JOHNSON	8/17/2016	081716	GRS Trustee Parking	\$25.00
REGINALD E. ONEAL	8/18/2016	081816	Medical Examinations: 7/22/16-8/1/16	\$270.00
Subtotal				\$5,411.24
Total Disbursements for Board Approval				\$314,742.38

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Refunds of Accumulated Contributions

Motion By: Trustee Cetlinski - Supported By: Trustee Nickleberry

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

List No. 7272 - \$299,435.17

List No. 7273 - \$496,358.85

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

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Employee Loan Program

Motion By: Trustee Cetlinski – Supported By: Trustee Nickleberry

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of:

08/24/2016 - \$16,091.00

08/31/2016 - \$14,110.00

including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

Re: Minutes/Journal No. 4158 – (06/17/16)

Minutes/Journal No. 4159 – (07/06/16)

Motion By: Trustee Cetlinski – Supported By: Trustee Nickleberry

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, as listed above, be hereby **APPROVED** as recorded and submitted.

Yeas: Cetlinski, Cowan, Johnson, Nickleberry, Sheehan - 5

Nays: None

MANAGER'S REPORT

The Retirement System's Manager, LaMonica Arrington-Cabeau, addressed the Board of the following:

- Status of Contract re: IT Services – Employment Agreement
Discussed the procedures on how to review contracts

~Concludes Manager's Report~

- **Trustee John Naglick and David Szymanski** joined the Board Meeting at 10:21 a.m.

PRESENTATION:

Re: UHY

Marlene Beach and John Pepperman, of UHY, appeared before the Board to discuss the following:

- Estimation on the projects and services provided
- Request to develop a cash flow statement for the Retirement System

- **Trustee Scott Benson** joined the Board Meeting at 10:30 a.m.

- **Trustee Wendell Anthony** joined the Board Meeting at 10:31 a.m.

Re: Interim Financial Statements

Motion By: Trustee Cowan – Supported By: Trustee Nickleberry

To authorize UHY to prepare interim internal financial statements on a cash basis for the Retirement System.

Yeas: Anthony, Benson, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Sheehan, Szymanski – 9

Nays: None

~Concludes UHY's Presentation~

EXECUTIVE DIRECTOR'S REPORT

No updates to report for this week's meeting.

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer, Ryan Bigelow, addressed the Board of the following:

- GASB Reports: Audit Report; Long-term - Expected Return
New Disclosure Requirements: Added footnotes to the Annual Audit Financial Statements; Liability/Methodology process

- *Trustee Gail Oxendine joined the Board Meeting at 10:40 a.m.*

Re: GASB 67/68 Methodology

Motion By: Trustee Naglick – Supported By: Trustee Cetlinski

That the Board of Trustees of the General Retirement System of the City of Detroit, in conjunction with the Retirement System's Investment Committee, approves the GASB Methodology for Long-term Investment Return Assumptions as prepared and presented by the System's Investment Staff.

Yeas: Anthony, Benson, Cetlinski, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski – 9

Nays: None

Abstain: Cowan – 1

- Summary of Black & Blue Report
- Large Cap Managers
- GM Leaseback

~Concludes Chief Investment Officer's Report~

❖ *The Board **RECESSED** for **LUNCH** at 11:35 a.m.*

❖ *The Board **RECONVENED** at 12:10 p.m.*

PRESENTATION:

Re: NEPC

Representatives of NEPC, Kristen Finney-Cooke, Kim Kaczor and Kevin Leonard, appeared before the Board to discuss the following:

- 2nd Quarter Investment Performance Analysis Report
- 1st Quarter Private Equity Review - Executive Summary

➤ ***Trustee Benson** stepped away from the Board Meeting at 12:30 p.m.*

Re: NEPC

Motion By: Trustee Oxendine – Supported By: Trustee Nickleberry

Motion to have NEPC appear before the General Retirement System Board of Trustees on a quarterly basis.

Yeas: Anthony, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski - 9

Nays: None

Re: Herndon Capital Management, LLC

Resolution Moved By: Trustee Nickleberry – Supported By: Trustee Johnson

WHEREAS, the Board of Trustees with its consultant, NEPC, reviews its list of managers regarding performance, changes in personnel, and the Board's asset allocation decisions and for other various reasons, and

WHEREAS, the Board has decided to terminate the investment management agreement with Herndon Large Cap Value, and

WHEREAS, the Board's Chief Investment Officer and Executive Director is requested to implement this resolution; **THEREFORE BE IT**

Re: Herndon Capital Management, LLC - (Con't)

RESOLVED, that the investment management agreement with Herndon is terminated as mutually agreeable with the Investment Manager, but no later than thirty (30) days from this date unless a short extension of time is approved by the Retirement System's Chief Investment Officer, and further be it

RESOLVED, that the Board's consultant, NEPC, and the Retirement System's staff take appropriate action to implement the foregoing.

Yeas: Anthony, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, Sheehan, Szymanski - 9

Nays: None

~Concludes Presentation~

- **Trustee Benson** rejoined the Board Meeting at 1:20 p.m.
- **Trustee Anthony** left the Board Meeting for the day at 1:30 p.m.

GENERAL COUNSEL'S REPORT

General Counsel, Michael VanOverbeke, submitted a proposed contract agreement between the General Retirement System of the City of Detroit through the Board of Trustees of the General Retirement System of the City of Detroit and VanOverbeke, Michaud & Timmony, P.C. for the Board to review.

Re: VanOverbeke, Michaud & Timmony, P.C. Retainer's Agreement

Motion By: Trustee Naglick – Supported By: Trustee Szymanski

To approve the Professional Services Agreement for the services of VanOverbeke, Michaud & Timmony, P.C., through its designated representative Michael J. VanOverbeke, to serve as General Counsel to the Board and Retirement System and to authorize execution of the Agreement by appropriate Board signatories with an effective date of January 1, 2016.

Yeas: Benson, Cetlinski, Cowan, Johnson, Naglick, Oxendine, Sheehan, Szymanski – 8

Nays: Nickleberry - 1

~Concludes Legal Report~

OLD/NEW BUSINESS

Re: JPC Report – (Update)

The following updates were discussed regarding the Joint Personnel Committee:

- Staff restructuring
- Salary adjustments
- Performance evaluations will be processed
- McLagan Survey was completed
- Succession Planning – re: Position of Executive Director

PRESENTATION:

Re: Gabriel Roeder Smith & Co.

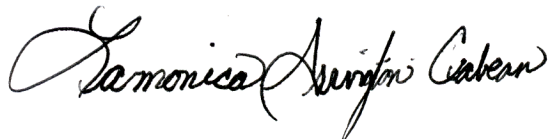
Representatives of Gabriel, Roeder, Smith & Co., Judith Kermans and Ken Alberts, appeared before the Board to discuss the General Retirement System of the City of Detroit Annual Actuarial Valuation of Component II as of June 30, 2015 (Draft) report.

~Concludes Presentation~

ADJOURNMENT

There being no further business before the Board, **Chairman Sheehan** adjourned the meeting at 3:40 p.m. The Board's next meeting is scheduled for **Wednesday, September 7, 2016**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



LAMONICA ARRINGTON-CABEAN
MANAGER II