

MEETING NO. 4167  
JOURNAL OF PROCEEDINGS  
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM  
OF THE CITY OF DETROIT  
HELD WEDNESDAY, **OCTOBER 19, 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

TRUSTEES EXCUSED

David Szymanski	Ex-Officio Trustee/City Treasurer
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TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Michael VanOverbeke	General Counsel
LaMonica Arrington-Cabeau	Manager II
Reginald O'Neal	Medical Director
TaKneisha Johnson	Recording Secretary

STAFF EXCUSED

Ryan Bigelow	Chief Investment Officer
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CHAIRMAN

**THOMAS SHEEHAN**

The Board's Recording Secretary took a verbal Roll Call at 10:24 a.m. and Chairman Sheehan called the meeting to order.

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

**MEDICAL DIRECTOR'S REPORT**

Re: Entering Into Closed Session

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

**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 enters into Closed Session for the purpose of discussing Attorney-Client Privileged matters regarding updates on pending litigation and legal matters and conference call with the Board's Medical Director to discuss disabilities.

A Roll Call Vote was taken as follows:

Yeas: Benson, Cetlinski, Johnson, Nickleberry, Oxendine and Sheehan – 6

Nays: None

The Board entered into **Closed Session** at 10:25 a.m.

➤ **Trustee Tasha L. Cowan** re-entered the Board Meeting at 10:28 a.m.

Re: Open Session

Motion By: Trustee Oxendine – Supported By: Trustee Nickleberry

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

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

The Board returned to **Open Session** at 10:30 a.m.

Re: Annual Re-examinations

Motion By: Trustee Cowan – Supported By: Trustee Oxendine

**RESOLVED**, that in accordance with the recommendation of the Medical Director, the following be CONTINUED on the Disability Retirement Payroll with an examination in one (1) year:

**Cortez McCruter**  
**Gail Shaffer**

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

Re: Annual Re-examinations

Motion By: Trustee Oxendine – Supported By: Trustee Nickleberry

**RESOLVED**, that in accordance with the recommendation of the Medical Director, the following be CONTINUED on the Disability Retirement Payroll with no further examinations necessary:

**Pheleshia Waller**

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

*~Concludes Medical Director's Report~*

**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	Bradford A. Barnes – Asst. Fire Dis – Fire (Civilian)
SERVICE CREDIT	29-05
EFFECTIVE DATE	09-29-16

NAME, TITLE, DEPARTMENT	Keith Crumpe – Refuse Coll Frmn - DPW
SERVICE CREDIT	27-10
EFFECTIVE DATE	09-24-16

NAME, TITLE, DEPARTMENT	Shyam Karwande – Manager II - Finance
SERVICE CREDIT	25-01
EFFECTIVE DATE	09-22-16

NAME, TITLE, DEPARTMENT	David Kaszubowski – Lib-PK Maint Fore - Library
SERVICE CREDIT	27-10
EFFECTIVE DATE	09-12-16

NAME, TITLE, DEPARTMENT	Shanetta C. Worthy – Supv Income Tax Inv. - Finance
SERVICE CREDIT	28-06
EFFECTIVE DATE	07-30-16

NAME, TITLE, DEPARTMENT	James W. Young – Street Maintenance Worker - DPW
SERVICE CREDIT	16-01
EFFECTIVE DATE	10-03-16

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

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	Johnette Esper – Telecom Operator – Police (Civilian)
SERVICE CREDIT	27-06
EFFECTIVE DATE	09-12-16

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

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	Keith Brown – Bldg Trds Wrkr Genrl – Housing
SERVICE CREDIT	05-08
EFFECTIVE DATE	10-01-15

NAME, TITLE, DEPARTMENT	Clifton Epps, Jr. – Building Attendant A – General Services
SERVICE CREDIT	20-03
EFFECTIVE DATE	10-01-16

NAME, TITLE, DEPARTMENT	Michael Fields – Plant Maint Mechanic – Water & Sewerage
SERVICE CREDIT	07-05
EFFECTIVE DATE	09-01-15

NAME, TITLE, DEPARTMENT	Cleveland M. McFarlane, Jr. – Power Plant Oper – Public Lighting
SERVICE CREDIT	20-01
EFFECTIVE DATE	10-01-16

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

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	Keith Crumpe – Refuse Coll Frmn - DPW
SERVICE CREDIT	02-03
EFFECTIVE DATE	09-24-16

NAME, TITLE, DEPARTMENT	Shyam Karwande – Manager II - Finance
SERVICE CREDIT	02-03
EFFECTIVE DATE	09-22-16

NAME, TITLE, DEPARTMENT	Deborah L. Whiting – Dep Public Health Dir - Health
SERVICE CREDIT	01-03
EFFECTIVE DATE	10-08-15

NAME, TITLE, DEPARTMENT	James W. Young – Street Maintenance Worker - DPW
SERVICE CREDIT	02-01
EFFECTIVE DATE	10-03-16

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**Re: Change of Computation from Duty/Non-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	Yolanda Carol Jackson – RCPO - DPW
SERVICE CREDIT	23-04
EFFECTIVE DATE	08-04-16

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

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	Louis J. Hatty – Legal Investigator – DPW – <b>(hybrid)</b>
SERVICE CREDIT	01-04
EFFECTIVE DATE	01-28-16
FROM:	Straight Life
TO:	Option B

NAME, TITLE, DEPARTMENT	Terrence J. Kosmowski – Vehicle Paint & Letr - Transportation
SERVICE CREDIT	28-11
EFFECTIVE DATE	03-19-16
FROM:	Option 2/Pop-Up – Equate Age 65
TO:	Option 2/Equate Age 65

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

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			
10/3/16 - 10/14/16			
October 19, 2016			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
<b>RECEIPTS</b>			
USPF II INSTITUTIONAL FUND, LP	10/03/16	Distribution	130,541.00
FIRST INDEPENDENCE BANK	10/03/16	Loan Deductions	40,904.34
UTGO	10/06/16	Interest on Stub Bonds (ISF)	50,322.17
UTGO	10/06/16	Interest on Stub Bonds (PAF)	119,357.91
AVID TECHNOLOGY, INC.	10/07/16	Class Action Proceeds	12.34
K12, INC.	10/07/16	Class Action Proceeds	109.97
NORTEL NETWORKS CORPORATION	10/07/16	Class Action Proceeds	1,436.98
POLICE & FIRE RETIREMENT SYSTEM	10/07/16	Reimburse Staff Wages	23,071.20
SPIVEY JUNCTION / BABAR	10/11/16	Payment	500.00
CLARK HILL	10/11/16	Settlement Proceeds	300.00
CLARK HILL	10/11/16	Settlement Proceeds	64.92
FIRST INDEPENDENCE BANK	10/12/16	Loan Deductions	47,902.84
SECURITIES LENDING	10/14/16	Earnings, September 2016	41,537.59
COBO CENTER	10/11/16	Pension Contributions	2,021.77
COBO CENTER	10/11/16	Annuity Contributions	1,171.30
CITY OF DETROIT	10/11/16	Weekly Mandatory Pension Contribution	88,547.38
CITY OF DETROIT	10/11/16	Weekly Annuity Contribution	64,340.46
CITY OF DETROIT	10/14/16	Weekly Mandatory Pension Contribution	198,580.06
CITY OF DETROIT	10/14/16	Weekly Annuity Contribution	125,361.90
<b>TOTAL RECEIPTS</b>			<b>\$ 936,084.13</b>

Prepared by Fort, Brie 10/14/16

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**Re: Fees and Expenses**

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

**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:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT  
LIST OF DISBURSEMENTS FOR BOARD APPROVAL  
FOR OCTOBER 19, 2016

<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<b>MANAGEMENT FEES:</b>				
EARNEST PARTNERS, LLC	10/7/2016	3Q16	Management Fees - 3rd Qtr '16	\$41,281.95
Subtotal				\$41,281.95
<b>ADMINISTRATIVE EXPENSES:</b>				
500 WEBWARD LLC	9/26/2016	21821	Maintenance - Replaced door stopper	\$3.33
500 WEBWARD LLC	9/29/2016	712710	Electrical Reading: 8/30/16-9/29/16, Meter #87249577	\$420.85
500 WEBWARD LLC	9/29/2016	712711	Electrical Reading: 8/30/16-9/29/16, Meter #93052937	\$1,071.25
500 WEBWARD LLC	9/29/2016	712709	Electrical Reading: 8/30/16-9/29/16, Meter #65750763	\$1,060.75
500 WEBWARD LLC	10/1/2016	22228	Rent - October 2016	\$21,266.93
ACCUSOFT PEGASUS	10/13/2016	101316	Software	\$4,488.00
ALLEGRA	10/14/2016	99279	Office Supplies	\$1,206.89
BASSETT & BASSETT	10/10/2016	W101016	Web Development - August 2016	\$101.25
BASSETT & BASSETT	10/10/2016	101016	Media Consultant - August 2016	\$6,847.65
FEDEX	10/12/2016	5-575-37896	FedEx Mailings	\$20.57
FEDEX	10/5/2016	5-567-19102	FedEx Mailings	\$66.02
GABRIEL, ROEDER, SMITH & CO	10/5/2016	425117	Actuarial Services for September 2016	\$12,778.00
INTERNATIONAL FOUNDATION OF EMPLOYEE	9/20/2016	INV-404375-C1B2G3	Membership Dues: 1/1/17-12/31/17	\$1,150.00
IRON MOUNTAIN	9/30/2016	201082403	Storage CDs	\$624.31
IRON MOUNTAIN RECORDS MANAGEMENT	9/30/2016	NAY0723	Records Storage	\$1,472.83
NCBERS	9/26/2016	6093	Membership Renewal thru 12/31/17	\$1,000.00
OFFICE EXPENSE FUND	10/6/2016		Replenishment	\$2,666.33
PENSION BENEFIT INFORMATION	10/4/2016	69496	Death Audit	\$150.00
PLANTE & MORAN	9/26/2016	1367537	Audit Services - For Year Ended June 30, 2015	\$13,220.00
QUILL CORPORATION	9/26/2016	9451621	Office Supplies	\$102.89
QUILL CORPORATION	9/26/2016	9470195	Office Supplies	\$48.94
QUILL CORPORATION	9/27/2016	9481578	Office Supplies	\$12.47
QUILL CORPORATION	9/28/2016	9517686	Office Supplies	\$16.49
QUILL CORPORATION	9/29/2016	9566143	Office Supplies	\$22.99
QUILL CORPORATION	9/29/2016	9569853	Office Supplies	\$24.99

**Re: Fees and Expenses (cont'd)**

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT  
LIST OF DISBURSEMENTS FOR BOARD APPROVAL  
FOR OCTOBER 19, 2016

<u>PAYEE</u>	<u>DATE</u>	<u>INVOICE NO</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
RICOH	9/12/2016	5044456595	Contract Services	\$416.40
STAFF WAGES	10/9/2016		Staff Wages for 9/26/16 - 10/9/16	\$17,430.42
STAR INSURANCE COMPANY	10/4/2016	100416	Workers Compensation - Deposit Premium	\$147.70
UHY ADVISORS MI INC	9/30/2016		Prof Accounting Svcs - 9/16/16-9/30/16, Inv # 1186376	\$40,075.00
ULTIMATE PARKING MANAGEMENT LLC	10/1/2016	141341	Monthly Parking Lease - October New Parker	\$110.00
ULTIMATE PARKING MANAGEMENT LLC	8/29/2016	140274	Monthly Parking Lease - August New Parker	\$10.64
ULTIMATE PARKING MANAGEMENT LLC	9/15/2016	140398	Monthly Parking Lease - September New Parker	\$58.66
ULTIMATE PARKING MANAGEMENT LLC	9/1/2016	140275	Monthly Parking Lease - September New Parker	\$110.00
VERIZON WIRELESS	9/25/2016	9772687273	Wireless Service: 8/26/16-9/25/16	\$323.57
XEROX	5/1/2016	084367161	Printers	\$37.05
XEROX	10/1/2016	86358838	Printers	\$17.15
Subtotal				\$128,580.32
<b>OTHER EXPENSES:</b>				
THOMAS SHEEHAN	10/18/2016	101816	Retired Trustee Stipend	\$800.00
WENDELL ANTHONY	10/18/2016	101816	Trustee Stipend	\$800.00
Subtotal				\$1,600.00
<b>Total Disbursements for Board Approval</b>				<b>\$171,462.27</b>

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**Re: Refunds of Accumulated Contributions**

Motion By: Trustee Nickleberry - Supported By: Trustee Cowan

**RESOLVED**, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth: **List No. 7280 - \$240,931.31** including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**Re: Employee Loan Program**

Motion By: Trustee Nickleberry – Supported By: Trustee Cowan

**RESOLVED**, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$42, 235.00** including interest, be hereby **APPROVED**.

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**Re: Employee Loan Program**

Motion By: Trustee Nickleberry – Supported By: Trustee Cowan

**RESOLVED**, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$27, 046.00** including interest, be hereby **APPROVED**.

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**Open Forum**

Chairperson **Thomas Sheehan** opened the meeting for public discussion:

City of Detroit Retiree **Gerald Richards** addressed the Board regarding the following:

- Previous pension/Vested pension questions Trustee Tasha L. Cowan would like the plan provisions to be given to Mr. Richards. (Plan provisions will be provided to Mr. Richards before he leaves)
  - Annuity Clawback Taxes (General Counsel will meet with Mr. Richards to discuss his concern more in depth.)
- **Trustee Wendell Anthony** joined the Board Meeting at 10:35 a.m.
- **Trustee Scott Benson excused** himself from the Board Meeting at 10:45 a.m.

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

Assistant Investment Officer, Michael Krushena, addressed the Board on the following:

- Investment Committee meeting 10/17/2016
- Asset Allocation
- Performance update
- Hedge Fund Program/Implementation
- Large Cap Growth Manager
- Public Security/Securities Litigation Policy
- Proposed recommendation for Fort Shelby Investment

*~Concludes CIO's Report~*

- **Trustee John Naglick** joined the Board Meeting at 10:51 a.m.

### **MANAGER'S REPORT**

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

- Office Fund Replenishment

Re: Office Fund Replenishment request

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

**RESOLVED**, that the Board hereby approve the replenishment of the office fund in the amount of **\$2,666.33**:

Yeas: Anthony, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, and Sheehan- 8

Nays: None

**Note: Trustee Tasha L. Cowan requests that the terminology/format of the spreadsheet be changed for ease of understanding.**

*~Concludes Manager's Report~*

### **EXECUTIVE DIRECTOR'S REPORT**

No updates to report for this week's meeting.

***DISCUSSION:***

Re: Plant Moran Statement of Changes in Fiduciary Net Position by Division packet

Statement will be approved and copies will be sent to the City of Detroit and Great Lakes Water Authority (GLWA). Trustee Johnson requested additional time to review material and bring back for further discussion at the Board's next meeting (11/2/2016).

***PRESENTATION:***

Re: First Independence Bank

Linda Becks, of First Independence Bank, appeared before the Board to give a report And answer questions regarding the annuity loan program. There will be an updated informational flyer that will go out to all members to inform them of their options regarding the annuity loan program.

*~Concludes Presentation~*

**GENERAL COUNSEL'S REPORT**

General Counsel, Michael VanOverbeke, submitted a Legal Report regarding the status of the items reflected below for discussion, in addition to matters referred to separately in these minutes:

Correction of Policy will be available at the next Board Meeting.

Third Semi-annual Compliance Report

Confidential memorandum from Clark Hill

Chapter 9 Compliance and implementation

Informational Annuity Savings Fund (ASF) Recoupment Special Class letters

**GENERAL COUNSEL'S REPORT (cont'd)**

Re: Entering Into Closed Session

Resolution Moved By: Trustee Anthony – 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 enters into Closed Session for the purpose of discussing Attorney-Client Privileged matters regarding Bankruptcy Implementation (Income Stabilization Fund (ISF)).

A Roll Call Vote was taken as follows:

Yeas: Anthony, Cetlinski, Cowan, Johnson, Naglick, Nickleberry, Oxendine, and Sheehan - 8

Nays: None

The Board entered into **Closed Session** at 11:19 a.m.

➤ **Trustee Scott Benson** re-entered the Board Meeting at 11:54 a.m.

Re: Open Session

Motion By: Trustee Anthony – Supported By: Trustee Cetlinski

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

The Board returned to **Open Session** at 11:55 a.m.

**Motion by: Trustee Nickleberry– Seconded by Trustee Oxendine,** to acknowledge receipt of the confidential memorandum from Sean P. Gallagher dated **October 18, 2016** regarding the annual certification of the Income Stabilization Fund Program (ISFP) and to further authorize execution of the first annual certification of the ISF program of the General Retirement System by The Board's Chair, Thomas Sheehan. The motion passed by a unanimous vote.

~Concludes Legal Report~

***PRESENTATION:***

Re: Banyan Realty

Lou Vogt, of Banyan Realty, addressed the Board of Trustees via tele-conference to give a report on Fort Shelby.

Re: The Fort Hotel and Shelby Residences, Detroit, Michigan

Motion By: Trustee Cowan - Supported By: Trustee Naglick

**WHEREAS**, on April 30, 2007, the Board made (i) a \$17,100,000.00 construction and permanent mortgage loan (the "Hotel Loan") to Fort Shelby Hotel, LLC ("Hotel Borrower") and (ii) a \$6,900,000.00 construction and permanent mortgage loan (the "Initial Residential Loan") to Fort Shelby Residential, LLC ("Residential Borrower"); and

**WHEREAS**, on September 17, 2008, the Board agreed to increase the Residential Loan by an additional amount of \$7,750,000.00 for a total of \$14,650,000.00 (the "Residential Loan") to fund additional costs related to the project; and

**WHEREAS**, on August 5, 2009, the Residential Borrower and the Hotel Borrower (collectively, the "Borrower") requested certain modifications to the loans, and the Board approved said requests to be effective as of May 1, 2009; and

**WHEREAS**, on August 4, 2010 the Borrower requested certain additional modifications to the loans including the approval to permit a subordinate loan from Lower Woodward for \$1,700,000 on the residential component. In connection with the Borrower's request, the Board received both an interim report dated August 24, 2010 and a final recommendation dated August 30, 2010 from its real estate advisor, Banyan Realty Advisors, LLC ("Banyan"), regarding the requested loan modifications and recommending approval in part the borrower's request and modifying other requested terms; and

**WHEREAS**, on October 19, 2010, the Borrower accepted the modifications approved by the Board with the exception that the Borrower requested the Basic Interest Rate be temporarily reduced from 8.5% to 6.5% for the period from September 1, 2010 through December 31, 2013, and then resume to the 8.5% original Basic Interest Rate which the Board approved following receipt of a recommendation from Banyan on October 20, 2010; and

**WHEREAS**, on July 25, 2012, the Board, upon recommendation from Banyan, approved a July 18, 2012 request by the Borrower that the loans be modified to permit the continuation of the pay rate at 4.5% retroactively from January 1, 2012 versus increasing to 6.5% as the documents provided albeit the provision in the loan documents for payment 100% of net cash flow; and

**WHEREAS**, on February 5, 2014, the Board approved a recommendation from Banyan to further amend the loan documents to extend the current terms of the loans through maturity of April 30, 2016 with the following changes:

1. Eliminate the minimum pay rate of 4.5% beginning with the May 1, 2014 payment;
2. Provide for re-advance of repayments under the \$700,000 deferred interest facility up to maximum of \$700,000; and
3. The Board's agreement to subordinate its mortgage to a construction lender to construct the parking garage.

**WHEREAS**, on May 3, 2016, Banyan provided a letter to the Board on the status of the efforts of the Borrower to secure refinancing of the hotel and plans for converting the apartments to condominiums. To allow time for consummation of the refinancing, Banyan recommended a ninety (90) day extension of the maturity of the loan which matured April 30, 2016. Board approved Banyan's recommendation for the extension with a new maturity date of July 29, 2016; and

**WHEREAS**, on September 23, 2016, the Borrower made a presentation to the Board along with a loan modification request to extend both the existing Hotel Loan and the Residential Loan to December 31, 2018, and to approve conversion of the apartments to condominiums. On October 19, 2016, the Board received a recommendation from Banyan to approve the borrower's loan modification request with the exception of the elimination of balances due under the revolving line, and to include a profit participation in the condominium conversion upon achieving specified sales achievements. Banyan's recommendation was previously presented and approved by GRS Investment Committee on October 17, 2016. The key provisions are:

Hotel Loan:

1. Loan extension to December 31, 2018.
2. Interest to remain at 6.5% paid current monthly.
3. Principal amortization based on 30 year term beginning February 1, 2018.
4. Elimination of interest deferral and MCP loan; with a pro rata share of revolver to remain.
5. Consummation of City HUD 108 loan restructure by December 31, 2016.
6. Elimination of Chevron and Shore Bank (Urban Partners) by December 31, 2016.

Residential Loan (Apartments):

1. Loan extension to December 31, 2018.
2. Interest at 6.5% paid current monthly.
3. Principal repayment from release price at 80% (Invest Detroit at 20%) of 90% of sales price.
4. Sales administration fee to borrower of 2%.



5. Approve filing of condominium documents subject to approval of Board General Counsel and Special Counsel.
6. Elimination of deferred interest and MCP note balance; with a pro rata share of revolver to remain.
7. Invest Detroit additional advances, if any, repaid with added \$10,000 per unit release price.
8. Profit participation equal to 25% of sales proceeds above \$24,000,000 and increased to 50% above \$25,000,000 to \$26,000,000.

**WHEREAS**, the Board has received a presentation from Banyan regarding its recommendation and has fully discussed this matter; therefore be it

**RESOLVED**, the Board hereby approves the October 19, 2016 recommendation of Banyan as modified herein and stated above, and as approved by the GRS Investment Committee, with all other terms and conditions remaining the same; and further

**RESOLVED**, that the Board's special legal counsel, F. Logan Davidson, P.C., is hereby directed to prepare the necessary modifications to the loan documents to effectuate the intent of this resolution with all related legal costs being paid by Borrower, and further

**RESOLVED**, that all modifications to the loan documents be approved as to form by the Board's special legal counsel, the Board's General Counsel and the Board prior to said documents being executed by two authorized signatories on behalf of the Board, and be it further

**RESOLVED**, that a copy of this resolution be forwarded to the Borrower c/o Mr. Richard Curto, Gateway Investment Partners; to Banyan Realty Advisors, LLC; to F. Logan Davidson, P.C.; and to the GRS Investment Committee.

Yeas: Anthony, Benson, Cetlinski, Cowan, Naglick, Nickleberry, Oxendine, and Sheehan - 8

Nays: Johnson - 1

*~Concludes Presentation~*

**Motion by: Trustee Oxendine– Seconded by Trustee Johnson,** *to acknowledge receipt and concurrence of the request for a retiree mailing list as submitted by Barbara Wise-Johnson, and upon verification on whether or not the third party administrator for the VEBA has provided said information, to allow dissemination of the information as a one-time courtesy by the General Retirement System. The motion passed by a unanimous vote.*

### **OLD/NEW BUSINESS**

Trustee **Tasha L. Cowan** had the following questions regarding Retirement Systems ITS Contracts:

- **Should the annual performance increase/decreases be more detailed?** General Counsel stated that the Joint Personnel committee is addressing this issue in the charter that they are currently working on. Trustee Cowan states that there should be consistency across the board regarding contractual employee contracts.
- **The contract further states that when terminating employees, it must be done so by gaining a majority vote by both Boards. When the Board's previous IT consultants were terminated, did Police and Fire vote for their dismissal? The General Board did not vote on this.** General Counsel stated that the contracts that Trustee Cowan was referring to were the expired contracts for the previous IT (Information Technology) Consultants. The decision not to renew the contracts was decided by the Joint Personnel Committee. Since the contracts were expired, no vote by the respective Boards was necessary.

### **ADJOURNMENT**

There being no further business before the Board, **Chairman Sheehan** adjourned the meeting at 12:54 p.m. The Board's next meeting is scheduled for **Wednesday, November 02, 2016**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

- ❖ The Board **RECONVENED** at 1:25 p.m. to approved annuity loan list from 10/12/2016:

#### **Re: Refunds of Accumulated Contributions**

Motion By: Trustee Nickleberry - Supported By: Trustee Cowan

**RESOLVED**, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth: **List No. 7279 - \$418,869.24** including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yeas: Benson, Cetlinski, Cowan, Johnson, Nickleberry, Oxendine and Sheehan – 7

Nays: None

**ADJOURNMENT**

There being no further business before the Board, **Chairman Sheehan** adjourned the meeting at 1:27 p.m. The Board's next meeting is scheduled for **Wednesday, November 02, 2016**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



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LAMONICA ARRINGTON-CABEAN  
MANAGER II