

MEETING NO. 4185
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, **JUNE 07, 2017**

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
James Chubb	Ex-Officio Trustee/Deputy-Treasurer
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee
Gail Oxendine	Trustee
Thomas Sheehan	Trustee/Chair

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

Cynthia A. Thomas	Executive Director
Lamonica Arrington-Cabean	Manager II
Ryan Bigelow	Chief Investment Officer
Michael Krushena	Assistant Chief Investment Officer
Michael VanOverbeke	General Counsel
TaKneisha Johnson	Administrative Assistant II

STAFF EXCUSED

None

CHAIRMAN

THOMAS SHEEHAN

The Board's Administrative Assistant took a verbal Roll Call at 10:12 a.m. and Chairperson Sheehan called the meeting to order.

Present at Roll Call: Lori Cetlinski, James Chubb, Tasha L. Cowan, John Naglick, Gail Oxendine and Thomas Sheehan

Re: Service Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Oxendine

NAME, TITLE, DEPARTMENT	Michael J. Jurban – Team Leader – Water & Sewerage
SERVICE CREDIT	42-01
EFFECTIVE DATE	02-01-16

NAME, TITLE, DEPARTMENT	Shirley J. Walker – Pr Development Specialist – Planning & Development
SERVICE CREDIT	27-01
EFFECTIVE DATE	01-09-17

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

Re: Hybrid Retirement(s)

Motion By: Trustee Cetlinski - Supported By: Trustee Oxendine

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

NAME, TITLE, DEPARTMENT	Michael J. Jurban – Team Leader – Water & Sewerage
SERVICE CREDIT	01-07
EFFECTIVE DATE	02-01-16

NAME, TITLE, DEPARTMENT	Shirley J. Walker – Pr Development Specialist – Planning & Development
SERVICE CREDIT	02-06
EFFECTIVE DATE	01-09-17

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

Re: Change of Computation

Motion By: Trustee Cetlinski - Supported By: Trustee Oxendine

RESOLVED, that the application(s) for **Change of Computation** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Karen D. Hairston–Boggerty – Manager II – Human Resources
SERVICE CREDIT	23-05
EFFECTIVE DATE	03-20-17

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

RECEIPTS: The Board received the following receipts for Acknowledgment.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
WEEKLY RECEIPTS FOR ACKNOWLEDGEMENT			
5/29/17 - 6/2/17			
June 7, 2017			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
RECEIPTS			
SW PELHAM FD III LP	05/30/17	Distribution	594,000.00
FIRST INDEPENDENCE BANK	05/31/17	Loan Deductions	36,157.56
HOUSTON AMERICAN ENERGY CORP	05/31/17	Class Action Proceeds	41.97
FIRST INDEPENDENCE BANK	06/02/17	Loan Deductions	46,757.20
POLICE & FIRE RETIREMENT SYSTEM	06/02/17	Reimburse Staff Wages	9,306.25
CITY OF DETROIT	06/02/17	Weekly Mandatory Pension Contribution	97,368.27
CITY OF DETROIT	06/02/17	Weekly Annuity Contribution	62,205.01
TOTAL RECEIPTS			\$ 845,836.26

Prepared by Fort, Bre 6/5/17

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Re: Fees and Expenses

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

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:

General Retirement System							
Company:		RSCD-General					
User:		awitt		Branch:	LEGACY	Meeting Date:	6/7/17
Account	Payment Method						
F ACCT PAY	Check Payment						
Investment Expenses							
Type	Vendor Ref.	Vendor Name	Bill Description	Due Date	Balance	To Pay	
BILL	80190	ABERDEEN ASSET MANAGEMENT INC.	Management Fees - 1st Qtr '17	5/12/2017	164,830.80	164,830.80	
BILL	80119	ABERDEEN ASSET MANAGEMENT INC.	Management Fees - 1st Qtr '17	5/12/2017	70,561.62	70,561.62	
BILL	1Q17 INTRL	EARNEST PARTNERS, LLC	Management Fees - 1st Qtr '17	7/6/2017	227,166.87	227,166.87	
BILL	1Q17	GRANTHAM, MAYO, VAN OTTERLOO & CO. LLC	Management Fees - 1st Qtr '17	6/2/2017	38,822.75	38,822.75	
BILL	19458	INCOME RESEARCH + MANAGEMENT INC.	Management Fees - 1st Qtr '17	5/27/2017	48,142.17	48,142.17	
BILL	20170331-501-A	MELLON CAPITAL MANAGEMENT	Management Fees - 1st Qtr '17	6/22/2017	108,680.93	108,680.93	
BILL	224998	MONDRIAN INVESTMENT PARTNERS	Management Fees - 1st Qtr '17	6/10/2017	118,812.67	118,812.67	
BILL	9M16391	NEPC, LLC	Expenses - 3rd Qtr '16	12/4/2016	2,174.99	2,174.99	
BILL	12M16391	NEPC, LLC	Expenses - 4th Qtr '16	4/18/2017	5,316.07	5,316.07	
BILL	1Q17391	NEPC, LLC	Management Fees - 1st Qtr '17	5/27/2017	137,500.00	137,500.00	
BILL	INV11726	PIEDMONT INVESTMENT ADVISORS.LLC	Management Fees - 1st Qtr '17	5/19/2017	15,154.76	15,154.76	
Cash Account/Payment Method Total:				11 Documents	937,163.63		
F ACCT PAY Check Payment							
Administrative Expenses							
Type	Vendor Ref.	Vendor Name	Bill Description	Due Date	Balance	To Pay	
BILL	769498	500 WEBWARD LLC	Electrical Billing: 3/30/17-4/27/17, Meter #16055044	5/27/2017	769.61	769.61	
BILL	769499	500 WEBWARD LLC	Electrical Billing: 3/30/17-4/27/17, Meter #16055070	5/27/2017	838.85	838.85	
BILL	33032	500 WEBWARD LLC	Office Maintenance	5/27/2017	880.11	880.11	
BILL	32825	500 WEBWARD LLC	Rent - May 2017	5/31/2017	23,150.03	23,150.03	
BILL	2017060002	ASYSO	AMT Software License Renewal	7/2/2017	16,466.89	16,466.89	
BILL	042617-2	BASSETT & BASSETT	Professional Services - March 2017	5/28/2017	1,702.75	1,702.75	
BILL	042617-1	BASSETT & BASSETT	Professional Services - March 2017	5/28/2017	2,027.25	2,027.25	
BILL	5003826603	BLOOMBERG FINANCE LP	Bloomberg Anywhere: 4/21/17-7/20/17	5/24/2017	5,557.50	5,557.50	
BILL	I00114320	Crain Communications, Inc	Investment Consulting RFP	5/30/2017	672.00	672.00	
BILL	INV019225	CRESTWOOD ASSOCIATES L.L.C.	Acumatica Training & Implementation	6/4/2017	1,100.00	1,100.00	
BILL	486308	First CHOICE Coffee Services	Equipment Rental	5/28/2017	8.62	8.62	
BILL	NWZ6870	Iron Mountain Records Management	Records Storage	5/31/2017	1,426.84	1,426.84	
BILL	117092	PLANET TECHNOLOGIES, INC	Computer Services	5/30/2017	937.50	937.50	
BILL	8122395440	SHRED-IT USA	Shredding Service Charges	6/21/2017	48.72	48.72	
BILL	11020	THE TOWNSEND GROUP	Professional Services - April 2017	5/30/2017	11,250.00	11,250.00	
BILL	9786482008	VERIZON WIRELESS	Wireless Service Charges: 4/26/17-5/25/17	6/24/2017	382.30	382.30	
BILL	98855283	WELLS FARGO VENDOR FINANCIAL SVCS, LLC	RICOH Color Copier Lease	6/29/2017	133.85	133.85	
Cash Account/Payment Method Total:				17 Documents	67,352.82		

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

Re: Refunds of Accumulated Contributions

Motion By: Trustee Oxendine - 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. 7312 - \$270,800.04

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

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

Re: Employee Loan Program

Motion By: Trustee Cowan – 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: **\$31,189.00** including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

Re: Minutes/Journal No. 4183 – (05/17/17)

Motion By: Trustee Cowan – Supported By: Trustee Chubb

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting No. 4183, held on May 17, 2017, be hereby **APPROVED** as recorded and submitted.

Yeas: Cetlinski, Chubb, Cowan, Naglick, Oxendine and Sheehan – 6

Nays: None

PRESENTATION:

Re: New England Pension Consultants

Kristin Finney-Cooke and Kim Kaczor came before the Board of Trustees to discuss the following:

- Executive Summary
- Asset Allocation Review
- CLO (Collateral Obligations)
- Private Debt
- 1Q17 Investment Performance Analysis
- 4Q16 Private Equity Report

Motion by: Trustee Cowan– Seconded by Trustee Cetlinski, to approve the new Asset Allocation Policy (i.e., “Mix A”) as recommended by the Board’s Chief Investment Officer and Investment Consultant (NEPC) and approved by the Investment Committee. *The motion passed by a unanimous vote.*

- ***Trustee Scott Benson*** joined the Board Meeting at 10:30 a.m.
- ***Trustee Wendell Anthony*** joined the Board Meeting at 10:32 a.m.

Motion by: Naglick– Seconded by Trustee Oxendine, to approve a \$15 million dollar commitment to the THL Credit Select Series – CLO Equity Fund, LP as recommended by the Chief Investment Officer and Investment Consultant (NEPC) and approved by the Investment Committee. *The motion passed by a vote as follows:*

Yeas: Anthony, Benson, Cetlinski, Chubb, Cowan, Naglick and Oxendine – 7
Nays: Sheehan - 1

- ***Trustee June Nickleberry*** joined the Board Meeting at 11:10 a.m.

Motion by: Trustee Naglick– Seconded by Trustee Chubb, to approve a \$30 million dollar commitment to Comvest Capital IV - TGAM Churchill Middle Market Senior Loan fund as well as a \$20 million dollar commitment to Permira Credit solutions III as recommended by the Chief Investment Officer and Investment Consultant (NEPC) and approved by the Investment Committee. *The motion passed by a unanimous vote.*

- ***The Board recessed for break at 11:36 a.m. and resumed at 11:45 a.m.***

PRESENTATION:

Re: UHY Advisors

Cynthia Hannafey and Corey McNeely came before the Board of Trustees to discuss the following:

- IT ERP Contract Review

Re: Procentia Inc. Contract Approval

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

WHEREAS, The General Board of Trustees of the City of Detroit (GRS) was presented with (3) agreements with Procentia, Inc. related to implementation of the Enterprise Resource Planning System being conducted by UHY, Advisors, Inc. And

WHEREAS, the three (3) documents are:

1. The RSCD Intelliplan Implementation Statement of Work;
2. The Procentia, Inc. License Agreement;
3. The Client Support Agreement, AND

WHEREAS, The documents were reviewed and approved by the RSCD (PFRS and GRS), Special Legal Counsel, the GRS and the PFRS General Counsel, UHY Advisors and discussed in open session with the Board of Trustees, THEREFORE BE IT

RESOLVED, that The Board approve the Procentia, Inc. documents and authorizes the appropriate GRS representative to execute the documents, AND BE IT FURTHER

RESOLVED, that a copy of the fully executed documents be provided to General Counsel.

Yeas: Anthony, Benson, Cetlinski, Chubb, Naglick, Nickleberry and Oxendine – 7

Nays: Cowan and Sheehan - 2

Statement by Trustee Cowan:

I am not in favor of funding millions of dollars for this project. In my opinion, this is not an appropriate time to take on this project. I believe in the future this project may be necessary. As a Trustee, I am focusing on allocating, investing and protecting the Retirement funds for our current and future retirees. Also, my aim and desire is to see monies restored back to our Retiree.

Manager's Report

Manager, **LaMonica Arrington-Cabean**, discussed the following with The Board:

- Active Employee Trustee election update: three candidates have picked up election petitions. To date, only one packet has been returned with signatures. The deadline to turn in petition/packets is today: **6/7/2017**. The candidate orientation is scheduled for **6/8/2017**.

~Manager's report concludes~

Motion by: Trustee Nickleberry– Seconded by Trustee Naglick, to approve and accept the revised Investment Policy Statement as presented by Investment Staff. *The motion passed by a unanimous vote.*

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer **Ryan Bigelow** in addition to his formal report discussed the following:

- Re: Asset Allocation: Approve 'Mix A' as presented by NEPC
- Re: Investment Policy Statement: Approve the revised Investment Policy Statement to include revised asset allocation
- Re: Opportunistic Debt – Structured Credit: Approve the recommendation of Staff and NEPC to commit \$15 million to THL Credit Select CLO Equity Fund, LP
- Re: Opportunistic Debt – Direct Lending: Approve the recommendation of Staff and NEPC to commit \$30 million to Comvest Capital IV and TCAM Churchill Middle Market Senior Loan Fund and to commit \$20 million to Permira Credit Solutions III
- Re: MMA Subordinated Debt: Accept MMA Capital Management's offer to purchase the subordinated debt pursuant to the discussion and the recommendation of Staff.
- Seminole REIT Liquidation (no action required)

The Board of Trustees discussed concern with the Asset Allocation distributed, discussed and adopted earlier in the meeting. In order to provide greater certainty and clarification the Board's consensus was to include the specific allocation in the motion.

CHIEF INVESTMENT OFFICER'S REPORT (cont'd)

Motion by: Trustee Nickleberry– Seconded by Trustee Naglick, to approve the recommendation by the Board's Chief Investment Officer or CIO and Investment Consultant in regards to adoption of the asset allocation policy as approved by the General Investment Committee as follows:

	Target Allocation	Minimum Allocation	Maximum Allocation
Total Equity	43.0%	35.0%	55.0%
Large Cap US Equities	16.0%	12.0%	22.0%
Small/Mid Cap U.S Equities	4.0%	4.0%	8.0%
Developed International Equities	14.0%	8.0%	16.0%
Small Cap International	3.0%	0.0%	4.0%
Emerging International Equities	6.0%	4.0%	10.0%
Total Fixed Income	16.0%	6.0%	23.0%
Global Multi-Sector	6.0%	4.0%	10.0%
High Yield Bonds	1.0%	0.0%	4.0%
Absolute Total Return	4.0%	2.0%	8.0%
Long Duration Treasury	0.0%	0.0%	4.0%
Credit Opportunities	5.0%	0.0%	9.0%
Alternatives	23.0%	11%	29%
Real Estate	10.0%	5.0%	12.0%
Private Equity	8.0%	4.0%	10.0%
Hedge Funds	5.0%	2.0%	7.0%
Other	17.0%	3.0%	31.0%
Global Asset Allocation	7.0%	3.0%	11.0%
Risk Parity	5.0%	0.0%	7.0%
Commodities	0.0%	0.0%	5.0%
Real Assets (Liquid)	5.0%	0.0%	8.0%
Cash	1.0%	0.0%	10.0%

The motion passed by a unanimous vote.

~CIO's report concludes~

EXECUTIVE DIRECTOR'S REPORT

Executive Director, Cynthia A. Thomas discussed the following with The Board:

- Process changes and income verification
 - *The Board of Trustees engaged in discussion regarding the aforementioned.*

~Executive Director's report concludes~

GENERAL COUNSEL'S REPORT

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

- Draft Procurement Policy
- Request of Sam Wilson
- Procentia Contract
- Steven Wojtowicz Basis Recovery
- Annuity Savings Fund Interest Rate (net) 2016
- Service Provider Review Policy (General Counsel and GRS will review and modify and send changes back to the General Investment Committee)

Re: Retirement Benefit of Sam Wilson

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

To acknowledge receipt of the legal opinion regarding Mr. Wilson's entitlement to a retirement benefit from the Retirement System's Hybrid Plan; and to acknowledge Legal Counsel's conclusions and recommendations; and to forward to Mr. Wilson and the Ombudsman a copy of legal counsel's opinion dated June 7, 2017; and to provide correspondence to Mr. Wilson which should include the amount of the mandatory employee contributions and an estimate of Mr. Wilson's benefit from the Hybrid plan

Yeas: Anthony, Benson, Cetlinski, Chubb, Cowan Naglick, Nickleberry, Oxendine and Sheehan – 9

Nays: None

GENERAL COUNSEL'S REPORT (cont'd)

RE: Establishment of an Interest Rate for the Voluntary Employee Contribution Accounts and the Annuity Savings Fund

Motion By: Trustee Cetlinski Supported By: Trustee Oxendine

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, the Combined Plan for the General Retirement System, and applicable collective bargaining agreements, and

WHEREAS, Sections 10.3 and E-17 of the Combined Plan as amended and restated effective July 1, 2014, state that the Board shall credit each Member's Voluntary Employee Contribution Account (Component I) and their Annuity Savings Fund Account (Component II) with earnings at the annual rate of return, net of expenses, on the Retirement System's assets, and

WHEREAS, Section 10.3 and E-17 shall further provide that the annual rate of return credited to the accounts of members shall be equal to the actual net investment rate of return on the assets of the Retirement System for the Second Plan Year immediately preceding the Plan Year in which earnings are credited; in no event, however, shall the earnings rate credited to a Member's account for any Plan Year be less than zero percent (0%) nor greater than five and one-quarter percent (5.25%) , and

WHEREAS, the net investment rate of return of the Retirement System for the fiscal Year ending June 30, 2016 was 1.40%, therefore be it

RESOLVED, that the Board authorizes the crediting of interest at 1.4% to the Voluntary Employee Contribution Accounts and the Annuity Savings Fund accounts for the fiscal year commencing July 1, 2017 (ending June 30, 2018), and further

RESOLVED, that a copy of this resolution be maintained in the Retirement System records, and also that a copy be provided to the Board's Actuary (Gabriel, Roeder, Smith and Co), the Retirement System's Auditor, the Accounting Division of The Retirement system and the GRS Investment Committee

Yeas: Anthony, Benson, Cetlinski, Chubb, Cowan, Naglick, Nickleberry, Oxendine and Sheehan – 9

Nays: None

~General Counsel's report concludes~

NEW BUSINESS/OLD BUSINESS

- None

ADJOURNMENT

There being no further business before the Board, **Chairperson Sheehan** adjourned the meeting at 1:14 p.m. The Board's next meeting is scheduled for **Wednesday, June 21, 2017**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, reading "Lamonica Arrington-Cabean". The signature is written in a cursive style and is positioned above a horizontal line.

LAMONICA ARRINGTON-CABEAN
MANAGER II