

MEETING NO. 4189
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, **AUGUST 02, 2017**

10:00 A.M.

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

TRUSTEES PRESENT

Wendell Anthony	Trustee
Lori Cetlinski	Trustee
Tasha L. Cowan	Trustee/Chair
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee/Vice-Chair
Gail Oxendine	Trustee
Thomas Sheehan	Trustee

TRUSTEES EXCUSED

Scott Benson	Ex-Officio Trustee/City Council Member
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TRUSTEES ABSENT

None

ALSO PRESENT

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

STAFF EXCUSED

None

CHAIRPERSON

Tasha L. Cowan

The Board's Administrative Assistant took a verbal Roll Call at 10:19 a.m. and Chairperson Cowan called the meeting to order.

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

Re: Legacy Plan Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

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

NAME, TITLE, DEPARTMENT	Robert Gibson – General Auto Mechanic - Transportation
SERVICE CREDIT	28-08
EFFECTIVE DATE	07-08-17

NAME, TITLE, DEPARTMENT	Stanley J. Thompson – TEO - Transportation
SERVICE CREDIT	14-01
EFFECTIVE DATE	03-20-08

NAME, TITLE, DEPARTMENT	Fortune Vereen – Trans Emergency Dispatcher - Transportation
SERVICE CREDIT	26-05
EFFECTIVE DATE	07-02-17

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

Nays: None

Re: Legacy Plan Early Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

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

NAME, TITLE, DEPARTMENT	Shirley A. Adams – Trans Emergency Dispatcher - Transportation
SERVICE CREDIT	25-06
EFFECTIVE DATE	07-06-17

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

Nays: None

Re: Legacy Plan Vested Retirement(s)

M Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

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

NAME, TITLE, DEPARTMENT	Frederick G. Durhal – Rent Subs Aud Clerk- PH - Housing
SERVICE CREDIT	08-05
EFFECTIVE DATE	03-01-17

NAME, TITLE, DEPARTMENT	Teresa Hunter – Parking Enforcement Officer – Municipal Parking
SERVICE CREDIT	14-08
EFFECTIVE DATE	08-01-17

NAME, TITLE, DEPARTMENT	John Eric Hyde – TEO - Transportation
SERVICE CREDIT	02-10
EFFECTIVE DATE	07-01-17

NAME, TITLE, DEPARTMENT	Alvin A. Kirkland – Emer Med Tech Spec – Fire (Civilian)
SERVICE CREDIT	13-05
EFFECTIVE DATE	07-01-17

NAME, TITLE, DEPARTMENT	George Vary – Asst. Chief Landscape Arch - Recreation
SERVICE CREDIT	12-03
EFFECTIVE DATE	07-01-17

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

Nays: None

Re: Hybrid Plan Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

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

NAME, TITLE, DEPARTMENT	Robert Gibson – General Auto Mechanic - Transportation
SERVICE CREDIT	03-00
EFFECTIVE DATE	07-08-17

NAME, TITLE, DEPARTMENT	Fortune Vereen – Trans Emergency Dispatcher - Transportation
SERVICE CREDIT	03-00
EFFECTIVE DATE	07-02-17

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

Nays: None

Re: Change of Computation

Motion By: Trustee Sheehan - Supported By: Trustee Nickleberry

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

NAME, TITLE, DEPARTMENT	Steven E. Duncan – Principal Accountant - Finance
SERVICE CREDIT	18-09
EFFECTIVE DATE	07-01-17

NAME, TITLE, DEPARTMENT	Renee Pritchett – Head Clerk – Water & Sewerage
SERVICE CREDIT	21-11
EFFECTIVE DATE	06-01-17

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

Nays: None

RECEIPTS: The Board received the following receipts for Acknowledgment.

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
WEEKLY RECEIPTS FOR ACKNOWLEDGEMENT			
7/17/17 - 7/28/17			
August 2, 2017			
REMITTER NAME	DATE POSTED	DESCRIPTION	AMOUNT
RECEIPTS			
GENERAL CITY	07/19/17	Hybrid Pension Contributions - 2Q17	2,260,192.19
MESIROW ARBITRAGE FUND LTD	07/21/17	Distribution	243,000.00
POLICE & FIRE RETIREMENT SYSTEM	07/21/17	Reimburse Staff Wages	14,632.15
FORT SHELBY	07/21/17	Distribution - 1/3/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 2/1/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 3/2/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 4/4/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 5/3/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 6/1/17	177,659.42
FORT SHELBY	07/21/17	Distribution - 7/5/17	177,659.42
PRISA II	07/21/17	Distribution	255,760.30
SSGM COMMISSION	07/24/17	Recapture Activity for June 2017	908.68
MEDTRONIC INC	07/25/17	Class Action Proceeds	73.32
FIRST INDEPENDENCE BANK	07/26/17	Loan Deductions	34,948.78
FIRST INDEPENDENCE BANK	07/26/17	Loan Deductions	42,410.01
AEW PARTNERS V LP	07/27/17	Distribution	37,167.00
CITY OF DETROIT	07/17/17	Weekly Mandatory Pension Contribution	219,297.83
CITY OF DETROIT	07/17/17	Weekly Annuity Contribution	139,676.08
CITY OF DETROIT	07/21/17	Weekly Mandatory Pension Contributions	227,680.47
CITY OF DETROIT	07/21/17	Weekly Annuity Contribution	133,920.71
CITY OF DETROIT	07/28/17	Weekly Mandatory Pension Contribution	100,251.76
CITY OF DETROIT	07/28/17	Weekly Annuity Contribution	67,068.18
TOTAL RECEIPTS			\$ 5,020,603.40

Prepared by Fort, Brie 7/31/17

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Re: Monthly Pension Payroll

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

RESOLVED, that the Board **APPROVE** the following Pension Payroll:

THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT			
MONTHLY PENSION PAYROLL FOR APPROVAL			
8/2/2017			
August 2, 2017			
PAYEE NAME		DESCRIPTION	AMOUNT
DISBURSEMENTS			
First Independence Bank		Pension Payroll - Legacy Direct Deposit	14,750,202.70
MISDU		Child Support Deductions	22,097.54
First Independence Bank		Pension Payroll - Hybrid Direct Deposit	18,287.32
First Independence Bank		Pension Payroll - Hybrid Checks	12,392.56
First Independence Bank		Pension Payroll - Legacy Checks	1,661,631.39
Diversified Members Credit Union		Loan Payment Deductions	627,144.85
Detroit Employee Benefit Plan		Benefit Payments - Life Insurance	3,610.03
Detroit Employee Benefit Plan-VEBA (to RHC)		Benefit Payments - Health, Eye & Dental	421,487.02
Federal Tax		Withholding	1,772,774.37
State Tax & Assoc. Fees		Withholding	317,168.05
TOTAL DISBURSEMENTS			\$ 19,606,795.83

Prepared by Fort, Brie 7/31/17

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

Nays: None

➤ **Trustee Gail Oxendine** joined the Board Meeting at 10:20 a.m.

Re: Fees and Expenses

Resolution Moved By: Trustee Nickleberry - 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:

General Retirement System					
Company: RSCD-General					
User: awitt		Branch: LEGACY		Meeting Date: 8/2/17	
CATEGORY					
LEGAL EXPENSES					
Type	Vendor Ref.	Vendor Name	Bill Description	Due Date	To Pay
WIRE	108192	COUZENS, LANSKY, FEALK, ELLIS P.C.	Book Cadillac thru 6/30/17	8/16/2017	2,966.30
CHECK	072117	F. LOGAN DAVIDSON, P.C.	PITG Holdings Corp: Professional Services	8/20/2017	4,019.00
CHECK	12126	RACINE & ASSOCIATES	DGRS v Gracia: 5/1/17-5/30/17	7/13/2017	19,785.61
CHECK	12142	RACINE & ASSOCIATES	DGRS v Gracia: 6/1/17-6/31/17	8/10/2017	7,848.55
Category Total:				4 Documents	34,619.46
INVESTMENT EXPENSES					
Type	Vendor Ref.	Vendor Name	Bill Description	Due Date	To Pay
CHECK	2Q17	EARNEST PARTNERS, LLC	Management Fees - 2nd Qtr '17	8/30/2017	44,318.95
WIRE	Q2_2017DETROIT	Manulife Asset Management U.S., LLC	Management Fees - 2nd Qtr '17	8/17/2017	46,171.08
WIRE	71217	THL Credit Select Series - CLO Equity Fund	Capital Call	7/19/2017	2,659,469.43
CHECK	20170630-107-123-A	WESTFIELD CAPITAL MANAGEMENT	Management Fees - 2nd Qtr '17	8/23/2017	114,854.15
Category Total:				4 Documents	2,864,813.61
ADMINISTRATIVE EXPENSES					
Type	Vendor Ref.	Vendor Name	Bill Description	Due Date	To Pay
CHECK	M2046351	8x8, INC.	Phone System Services	7/1/2017	1,501.62
CHECK	511865	Advantage Laser Products, Inc	Bottom Check Paper	3/24/2017	69.39
CHECK	071917	ARMELLA JUNE NICKLEBERRY-CLARK	Trustee Parking	8/18/2017	80.00
CHECK	071717	COMCAST	High-Speed Internet	8/16/2017	239.13
WIRE	071717	ConnectPay	Staff Wages: 7/3/17-7/16/17	7/17/2017	8,838.90
CHECK	INV021827	CRESTWOOD ASSOCIATES L.L.C.	Acumatica Implementation	8/13/2017	50.00
CHECK	0002311929	Detroit Free Press	Media Relations RFP	7/31/2017	1,736.50
CHECK	070617	DORIS EWING	IC Trustee Parking	8/5/2017	20.00
CHECK	5-877-05784	FEDEX	FedEx Mailings	8/25/2017	21.44
CHECK	5-869-88174	FEDEX	FedEx Mailings	8/18/2017	21.33
CHECK	432041	GABRIEL, ROEDER, SMITH & CO	EDRO Calculations for D. Brown	8/17/2017	800.00
CHECK	INV-446937-COQ2N1	International Foundation of Employee Benefit Plans	New Job Posting	8/30/2017	120.00
CHECK	INV-446967-K6T3P6	International Foundation of Employee Benefit Plans	New Job Posting	8/30/2017	120.00
CHECK	071917	GAIL OXENDINE	Trustee Parking	8/18/2017	80.00
WIRE	071917	MIKE POWNING	Computer Consulting Services	7/19/2017	1,800.00
CHECK	2017-1357	PENSION REAL ESTATE ASSOCIATION	PREA 2017 Membership Dues	8/12/2017	330.00
CHECK	1000845	PLANET TECHNOLOGIES, INC	ShrdSvr License: 8/2017-6/2018	8/20/2017	338.14
CHECK	072617	REGINALD E. ONEAL	Medical Billing: 5/15/17, 7/11-7/19	8/25/2017	450.00
CHECK	108587	STOUT RISIUS ROSS, INC	GRS Pension Assets 2017	8/11/2017	16,120.16
CHECK	071917	THOMAS SHEEHAN	Trustee Parking	8/18/2017	80.00
Category Total:				20 Documents	32,816.61

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

Nays: None

- *Trustee June Nickleberry excused herself from the Board Meeting at 10:21 a.m.*

Re: Refunds of Accumulated Contributions

Motion By: Trustee Sheehan - Supported By: Trustee Oxendine

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

List No. 7319 - \$915,856.99

List No. 7320 - \$195,779.67

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

Yeas: Cetlinski, Cowan, Naglick, Oxendine and Sheehan – 5

Nays: None

Re: Employee Loan Program July 26, 2017

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: **\$32,558.00** including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Naglick, Oxendine and Sheehan – 5

Nays: None

Re: Employee Loan Program August 2, 2017

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: **\$27,328.00** including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Naglick, Oxendine and Sheehan – 5

Nays: None

Re: Minutes/Journal No. 4184 – (05/31/17)

Motion By: Trustee Sheehan – Supported By: Trustee Cetlinski

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting No. 4184, held on May 31, 2017, be hereby **APPROVED** as recorded and submitted.

Yeas: Cetlinski, Cowan, Naglick, Oxendine and Sheehan – 5

Nays: None

Re: Minutes/Journal No. 4187 – (07/05/17)

Motion By: Trustee Sheehan – Supported By: Trustee Cetlinski

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting No. 4187, held on July 05, 2017, be hereby **APPROVED** as recorded and submitted.

Yeas: Cetlinski, Cowan, Naglick, Oxendine and Sheehan – 5

Nays: None

- ***Trustee June Nickleberry returned to the Board Meeting at 10:28 a.m.***

Open Forum

Chairperson **Tasha L. Cowan** opened the meeting for public discussion:

City of Detroit Retiree **Cedric Cook** addressed the Board regarding the following:

- Presentation request/accommodations

Manager's Report

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

- August meeting date reminder (8/16/2017 and 8/30/2017).
- Ballots for the Active Trustee Election will be counted on Monday August 7, 2017
- The Media Consultant RFP will be posted in the Michigan Chronicle, Detroit News and Free Press as well as Crains.

~Manager's report concludes~

- ***Trustee Naglick requests to have the Interim Financial Statement on a more consistent basis.***

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **Cynthia A. Thomas** had no formal report this week but addressed the following:

- First Independence Bank amortization error follow-up
- ***Trustee Wendell Anthony joined the Board Meeting at 10:37 a.m.***

CHIEF INVESTMENT OFFICER'S REPORT

Chief Investment Officer **Ryan Bigelow** had no formal report this week but addressed the following:

- Portfolio expected rate of return

GENERAL COUNSEL'S REPORT

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

- Prequin FOIA Request
- Deferred Vested Employees
- Open Meetings Act (Provisions for closed session)
- Wayne County changes to composition of the Retirement Commission Board

PRESENTATION:

Re: Couzens, Lansky, P.C. Special Counsel

Donald A. Wagner, Bruce J. Lazar and David A. Lawrence came before the Board of Trustees to discuss the following:

- Book Cadillac Hotel Proposed Litigation

Re: Entering Into Closed Session

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

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 respect to the Book Cadillac Hotel Proposed Litigation.

A Roll Call Vote was taken as follows:

Yeas: Anthony, Cetlinski, Cowan, Naglick, Nickleberry, Oxendine and Sheehan – 7

Nays: None

The Board entered into **Closed Session** at 11:09 a.m.

Re: Open Session

Motion By: Trustee Sheehan – Supported By: Trustee Anthony

RESOLVED, that the Board come out of Closed Session.

Yeas: Anthony, Cetlinski, Cowan, Naglick, Nickleberry, Oxendine and Sheehan – 7

Nays: None

The Board returned to **Open Session** at 1:10 p.m.

- ***The Board recessed for lunch at 1:15 a.m. and resumed at 1:40 p.m.***

Motion by: Trustee Oxendine– Seconded by Trustee Cetlinski, acknowledge receipt and review of the presentation by the Board’s Special Legal Counsel: Couzens Lansky in closed session with respect to the Board’s litigation against Carpenter’s and to authorize Counsel to proceed as directed by the Board in closed session and further acknowledge that the Chief Investment Officer be designated as the Board’s representative for purposes of the scheduled settlement conference. *The motion passed by a unanimous vote.*

PRESENTATION:

Re: Banyan Realty Advisors LLC

Lois E. Vogt came before the Board of Trustees to discuss the following:

- Fort Shelby- Loan Modifications
- Gateway Hawaii Property update

Motion by: Trustee Naglick– Seconded by Trustee Cetlinski, to acknowledge receipt of the report and recommendation by the Board’s consultant: Banyan Realty Advisors dated July 24th, 2017 as revised August 2nd, 2017. Furthermore, with respect to the Fort Shelby loan modifications: to approve the terms of the loan as amended and restated in the correspondence; which is to extend the loan maturity to July 31st to allow the HUD 108 loan to remain on an interim basis, but be released at the borrowers request. Once new financing is selected, the principal amortization based on a (30) year term to begin August 1, 2018. Also, to authorize the advance of additional loan funds up to \$655,000 City of Detroit property taxes in accordance with the repayment schedule set forth in the correspondence and all other items as previously approved by the Board to remain the same. *The motion passed by a unanimous vote.*

Motion by: Trustee Sheehan– Seconded by Trustee Cetlinski, to acknowledge receipt of the correspondence by the Board's advisor: Banyan Realty Advisors with regards to the Fort Shelby loan modifications pursuant to the correspondence dated July 24th, 2017 as revised August 2nd, 2017. Furthermore, with respect to the Fort Shelby Apartments and the condo conversion that the terms as previously approved by the Board be implemented subject to the following amendments:

1. That the loan maturity be extended to July 31, 2019
2. The principal repayment will be from release of funds at eighty percent (80%) of gross sales price with those divided between "Invest Detroit" and the Board at an 80/20 or 20/80 schedule and that the first unit be released for no consideration to fund interest and renovations and reserve on seven percent (7%) from gross sales on each subsequent closing
3. Borrower must maintain reserve of minimum two months interest plus \$100,000
4. Five percent (5%) of the gross sales price of each closing to repay the incremental investment to "Invest Detroit" and a new equity investor as noted in the correspondence and approve execution of the lenders consent and record the condominium documents as approved by the Board's Special Legal Counsel Jeffrey Kraft. *The motion passed by a unanimous vote.*

➤ ***Trustee John Naglick excused himself from the Board Meeting at 2:27 p.m.***

NEW BUSINESS/OLD BUSINESS

- Trustee Anthony will not be present for the 8/16/2017 Board meeting

ADJOURNMENT

There being no further business before the Board, **Chairperson Cowan** adjourned the meeting at 2:28 p.m. The Board's next meeting is scheduled for **Wednesday, August 16, 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 cursive script, reading "Lamonica Arrington-Cabean", is written over a horizontal line. The signature is contained within a rectangular box that is open on the right side.

LAMONICA ARRINGTON-CABEAN
MANAGER II