



MINUTES
Meeting No. 41
Meeting of the General Retirement System Investment Committee
July 15, 2019

A meeting of the Investment Committee of the General Retirement System of the City of Detroit was held on **Monday, July 15, 2019**, at the Retirement System's office at Ally Detroit Center, 500 Woodward Avenue, Suite 3000, Detroit, Michigan. Kerrie L. Vanden Bosch, Chairperson, called the meeting to order at 12:02 a.m. A quorum was present.

ROLL CALL:

Attendance was taken by the Committee's Recording Secretary with the following Committee Members present: Kerrie L. Vanden Bosch (Chairperson), Kenneth Whipple (Vice Chairperson), Doris Ewing (Secretary), Nick Khouri, June Nickleberry, Thomas Sheehan and David Sowerby.

Staff Present: Kevin Kenneally (Deputy Chief Investment Officer), David Cetlinski (Executive Director), Gail A. Oxendine (Assistant Executive Director) and Kristi Grden (Investment Analyst).

Committee Members Excused: None

Staff Excused: Ryan Bigelow (Chief Investment Officer) and Michael VanOverbeke (General Counsel)

Visitors Present: John Naglick; (City of Detroit Chief Deputy Financial Officer and General Retirement System Ex-Officio Trustee) via telephone

Chairperson Vanden Bosch officially welcomed new Committee member Nick Khouri to his first in-person meeting.

APPROVAL OF MINUTES

Motion #19-41-01: Thomas Sheehan moved to approve the Minutes of **Meeting No. 40, held on Monday, May 06, 2019**, as prepared by the Committees' Recording Secretary. David Sowerby supported. The motion passed unanimously.

APPROVAL OF AGENDA

Motion #19-41-02: Thomas Sheehan moved to approve the amended agenda dated Monday, July 15, 2019 with the addition of “GASB Methodology approval” under the Deputy Chief Investment Officer’s report. June Nickleberry supported. The motion passed unanimously.

Presentation/Discussion:

Scott Dickinson of Republic Underwriters, Daniel Aronowitz and Michael Saa of Euclid Specialty Managers discussed the following with the Committee:

- Fiduciary Liability Coverage Discussion

Presentation materials were provided

Motion #19-41-03: Thomas Sheehan moved to eliminate the top ten million dollars in coverage of fiduciary liability insurance immediately (\$10,000,000.00) and request updated pricing for the bottom fifteen million dollars (\$15,000,000.00) to be discussed at a later Committee meeting. Kenneth Whipple supported. The motion passed unanimously.

- *Committee member Sheehan requested information detailing the pricing differential for both General City and Police and Fire Retirement System policies.*
- *Chairperson Vanden Bosch requested to see quote options on the \$10 to \$15 million difference*

Discussion:

Sub-committee Review

Policy and Procedure Committee: Kerrie Vanden Bosch, June Nickleberry and Doris Ewing; this sub-committee will review the Service Provider policy between now and the next meeting and will have recommended changes by the next Committee meeting.

Funding Policy Committee has been disbanded and attended currently by the General City Board of Trustees. The Board will invite Investment Committee members to attend when meetings/discussions are had.

Legal Consultant Review

Motion #19-41-04: June Nickleberry moved to retain General Counsel Michael VanOverbeke of VanOverbeke, Michaud and Timmony, P.C. until which time the Committee reviews the legal service provider again (within five years). Kenneth Whipple supported. The motion passed unanimously.

Presentation/Discussion:

Chief Accounting Officer Ramzee Jackson, discussed the following with the Committee:

- Progress on addressing audit findings

Presentation/Discussion:

Representatives Kristin Finney-Cooke, Kevin Leonard and Kim Kaczor from the System's Investment Consulting firm, NEPC, discussed the following with the Committee:

Mr. Leonard introduced Managing Partner Mike Manning to the Committee.

- Capital Market update
- May Flash Performance
- Opportunity Credit Pacing
- International Equity
- Core Fixed Income

Presentation materials were provided

NEPC will come back before the Committee at a later meeting with a recommendation to change the Asset Allocation to a dedicated safe haven fixed income and the rebalancing of the traditional portfolio.

- ***Committee member Nick Khouri excused himself from the Boardroom at 2:09 p.m.***
- ***The Committee recessed for a brief break at 2:11 p.m. and resumed at 2:17 p.m.***
- ***Committee member Nick Khouri re-joined the meeting via telephone at 2:20 p.m.***

Presentation/Discussion:

Representatives Steve Burns and Greg Kurtz from the System's Real Estate Consulting firm, Townsend Group, discussed the following with the Committee:

- Role of Real Estate in Investment Portfolio
- Risk and Return Profile
- Accessing Real Estate
- Portfolio Construction
- Due Diligence Process

Presentation materials were provided

Deputy-Chief Investment Officer's Report

Deputy-Chief Investment Officer, Kevin Kenneally, provided the following updates and discussion items for approval:

- Funding/Rebalancing update
- CEM Benchmarking Investment Study
- GASB Long Term Return Methodology approval

Motion #19-41-05: June Nickleberry moved to approve the GASB Long Term Return Methodology as presented and recommended by Chief Investment Officer Ryan Bigelow and Investment Staff. Doris Ewing supported. The motion passed unanimously.

Motion #19-41-06: Thomas Sheehan moved to proceed with the recommendation of the Deputy Chief Investment Officer with respect to updating the CEM Investment Benchmarking study; and ask the Police and Fire Retirement System IC to share in the study. If PFRS declines, the General Investment Committee will move forward with the study. Kenneth Whipple supported. The motion passed unanimously

-Concludes DCIO's report-

Legal Report

Francis Judd, for General Counsel, provided the following informational item:

- Semi-Annual Compliance Report will be ready for Committee review at the next meeting.

Public/Member Comments

Kathleen Colin, President of NASP Detroit addressed the Committee regarding the following upcoming events:

- NASP Detroit annual golf outing: 13th Annual Raymond Welborne Memorial Golf Classic; Friday July 26th, 2019 at the Links at Gateway Golf Club in Romulus
- Pre-golf Pairing Party: “Cigars and Cognac” will be held on July 25th at 6 p.m. at Central Kitchen in Detroit

Old Business/New Business

- None

Thomas Sheehan moved to adjourn meeting #41. David Sowerby supported.

ADJOURNMENT

There being no further business before the Investment Committee, **Chairperson Vanden Bosch** adjourned the meeting at 3:13 p.m. The Investment Committee’s next meeting is scheduled for **Monday, September 16th, 2019**, at 12:00 p.m. in the Retirement Systems’ Conference Room, 500 Woodward Avenue, Suite 3000, Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

RYAN BIGELOW
CHIEF INVESTMENT OFFICER

Recording Secretary: TaKneisha Johnson