



**MINUTES**  
**Meeting No. 43**  
**Meeting of the General Retirement System Investment Committee**  
**October 28, 2019**

A meeting of the Investment Committee of the General Retirement System of the City of Detroit was held on Monday, October 28, 2019, at the Retirement System's office at Ally Detroit Center, 500 Woodward Avenue, Suite 3000, Detroit, Michigan. Kenneth Whipple, Vice Chairperson, called the meeting to order at 12:05 P.M. A quorum was present.

**ROLL CALL:**

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

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

Visitors Present: John Naglick (City of Detroit Deputy Chief Financial Officer and General Retirement System Ex-Officio Trustee), Jermaine Brown (General Board Trustee – Elected), and Crystal Perkins (General Board Trustee – Elected).

**APPROVAL OF MINUTES**

**Motion #19-43-01:** Thomas Sheehan moved to approve the Minutes of **Meeting No. 42, held on Monday, September 16, 2019**, as prepared by the Committee's Recording Secretary. David Sowerby supported. The motion passed unanimously.

**APPROVAL OF AGENDA**

**Motion #19-43-02:** Thomas Sheehan moved to approve the agenda dated Monday, October 28 2019 as prepared by the Committee's Recording Secretary. David Sowerby supported. The motion passed unanimously.

**PRESENTATION:**

**Republic Underwriters – Scott Dickinson**

Fiduciary Liability Insurance of \$15 million coverage for December 21, 2019 through December 21, 2020 is scheduled to be renewed. Hudson Insurance Company has

agreed to quote the coverage for the entire \$15 million limit, which results in an annual savings of approximately \$300,000. The insurance is quoted to be renewed at \$301,861 renewal premium with a \$250,000 deductible.

**Motion #19-43-03:** Thomas Sheehan moved to support the renewal of the Fiduciary Liability Insurance as presented by Republic Underwriters. Ken Whipple supported. The motion passed unanimously.

### **Discussion**

The Committee discussed their views on the performance of the Investment Committee and the governance structure since the inception of the Investment Committee. Members discussed a variety of topics including, determining how the Committee could perform better; adjusting asset allocations to better reflect where opportunities are; the importance of the funding policy aligning with the Police and Fire Board's funding policy; governance with the Board not being ideal but is generally functional; working to ensure the portfolio can withstand a downturn; working faster to sell prior investments which are not giving returns; and separating those investments from more recent investments to give better information on how the Committee is performing.

- **Committee Member A. June Nickleberry entered the meeting at approximately 1:10 pm.**

### **PRESENTATION:**

#### **New England Pension Consultants (NEPC)**

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

- Liquidity Study and Report on older and more recent investments
- Northpointe is closing their organization
- Core and Short Duration High Yield Manager Searches

**Motion #19-43-04:** Thomas Sheehan moved to select Garcia Hamilton for a two-third investment of \$70mil, and Pugh Capital for a one-third investment of the same. June Nickleberry supported. Yeas – Sheehan, and Nickleberry. Nays – Ewing, Khouri, Sowerby, and Whipple. The motion was defeated.

**Motion #19-43-05:** Nick Khouri moved to select Income Research & Management for a two-third investment of \$70mil, and Garcia Hamilton for a one-third investment of the same. Doris Ewing supported. The motion passed unanimously.

- Short Duration High Yield Manager Review – discussion tabled to consider additional managers
- Private Equity – Fund to Fund Manager Search – due diligence interviews and site visits forthcoming for managers being considered (GCM Grosvenor and Muller & Monroe)
- Portfolio Performance Review

*Presentation materials were provided*

**Committee Break at 2:50 p.m.**

**Committee Reconvened at 3:00 p.m.**

**PRESENTATION:**

**Townsend Group**

Stephen Burns of the Townsend Group discussed the following matters with the Committee:

- Black Creek Industrial Fund

*Presentation materials were provided*

**Motion #19-43-06:** Nick Khouri moved to redeploy \$23.5 mil of the real estate portfolio to Black Creek Industrial Fund. June Nickleberry supported. The motion passed unanimously.

**Motion #19-43-07:** Doris Ewing moved to go into closed session regarding the Gateway Marketplace. June Nickleberry supported. The motion passed unanimously.

**Motion #19-43-08:** Nick Khouri moved to go into open session. Dave Sowerby supported. The motion passed unanimously.

**Legal Report**

Michael VanOverbeke, General Counsel, distributed the legal report and administrative calendar, and discussed the following matters with the Committee:

- Administrative Calendar
- Gateway Marketplace
- 2020 MI Treasury Uniform Assumptions
- Component I Transition Costs

**Motion #19-43-09:** Nick Khouri moved to support the formal recommendation of General \$23.5 mil of the real estate portfolio to Black Creek Industrial Fund. Dave Sowerby supported. The motion passed unanimously.

**Motion #19-43-10:** Nick Khouri moved to support the recommendation made in closed session as provided by Banyan Realty and General Counsel Michael VanOverbeke. Dave Sowerby supported. The motion passed. Yays – Ewing, Khouri, Sheehan, Sowerby and Whipple. Nays – Nickleberry.

### **Public/Member Comments**

- John Naglick, Deputy CFO and General Board Trustee, reported that the City of Detroit's Retired Protection Fund has \$175 mil; the fund's Investment Committee hired AndCo as its investment consultant; two Bond Fund managers were selected and approved by City Council.

### **ADJOURNMENT**

There being no further business before the Investment Committee, **Vice-Chairperson Whipple** adjourned the meeting at 4:03 p.m. The Investment Committee's next meeting is scheduled for **Monday, December 9, 2019**, at 12:00 p.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue, Suite 3000, Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

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RYAN BIGELOW  
CHIEF INVESTMENT OFFICER

Assistant Executive Director: Gail A. Oxendine