



**MINUTES**  
**Meeting No. 013**  
**Meeting of the General Retirement System Investment Committee**  
**FEBRUARY 8, 2016**

A meeting of the Investment Committee of the General Retirement System of the City of Detroit was held on Monday, February 8, 2016, at the Retirement System's office at One Detroit Center, 500 Woodward Suite 3000; Detroit, Michigan. Ken Whipple, Chair, called the meeting to order at 12:05 p.m. A quorum was present.

**ROLL CALL:**

Attendance was taken by the Recording Secretary with the following Committee Members present: Ken Whipple, (*Chair*), Doris Ewing (*Secretary*), June Nickleberry, Kerrie L. Vanden Bosch, Robert Rietz, Thomas Sheehan and David Sowerby, (*Vice Chair*) joined meeting at 12:17 p.m.

Others Present: Cynthia A. Thomas (*Executive Director*), Ryan Bigelow (*Chief Investment Officer*), Michael Krushena (*Investment Officer*), Michael VanOverbeke (*General Counsel – VanOverbeke, Michaud and Timmony, P.C.*). Kristin Finney-Cooke, Kevin Leonard and Kim Kaczor, (*Investment Consultants - NEPC*).

Absent: None

Visitors Present: None

**APPROVAL OF AGENDA**

**Motion #16-13-01:** Thomas Sheehan moved to approve the Agenda as presented. June Nickleberry seconded. Motion passed.

**APPROVAL OF MINUTES**

**Motion #16-13-02:** Thomas Sheehan moved to approve the Minutes of Meeting No. 010, held on Thursday, November 5, 2015; Special Meeting No. 011 held on Monday, December 14, 2015 and Special Meeting No. 012, held on Tuesday, December 15, 2015. Doris Ewing seconded. Motion passed.

❖ **Committee Member David Sowerby joined the meeting at 12:17 p.m.**

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

### **Re: McLagan**

Executive Director, Cynthia A. Thomas, presented to the Committee a proposed approach of McLagan's letter describing how the firm can assist the Retirement System of the City of Detroit evaluate pay levels for its Chief Investment Officer, Deputy Chief Investment Officer, Chief Information Officer, Chief Accounting Officer, Executive Director and Assistant Executive Director.

### **Re: CEM Benchmarking**

CEM Benchmarking provides a benchmarking analysis on administration costs and service on how effective pension system operates. A sample system Draft Report, dated May 27, 2015, was provided to the Committee for review.

❖ ***Committee Member Nickleberry stepped away from the meeting at 12:25 p.m.***

**Motion #16-13-03:** Kerrie Vanden Bosch moved to approve CEM Benchmarking and authorize services of the investment aspect only to be provided. David Sowerby seconded.

Yeas: Rietz, Sowerby, Vanden Bosch and Whipple - 4

Nays: Sheehan – 1

Abstain: Ewing - 1

The Motion passed.

### **Re: Actuarial/Audit (Update)**

The Committee was given an update on the actuarial/audit report for the fiscal year ending June 30, 2015.

Entering Into Closed Session

Re: River Place Apartments/Westin Book Cadillac

The Chief Investment Officer recommended the IC give consideration to entering into closed session pursuant to Sections 8(e) & (h) of the Open Meetings Act for the purpose of discussing potential litigation and further, the closed session will be to discuss financial or proprietary information which has not been publicly disseminated or is unavailable from other sources, the release of which might cause the investment fiduciary significant competitive harm which is acknowledged by the IC as confidential and privileged under MCL 38.1140(I).

**Motion #16-013-04:** Thomas Sheehan moved to enter into Closed Session for discussion regarding River Place Apartments' transaction and an update on the Westin Book Cadillac litigation. David Sowerby seconded.

A Roll Call vote was taken as follows:

Yeas: Ewing, Rietz, Sheehan, Sowerby, Vanden Bosch and Whipple – 6

Nays: None

The Motion passed.

**The Committee entered into Closed Session at 12:40 p.m.**

Open Session

**Motion #16-013-05:** Thomas Sheehan moved to come out of Closed Session. David Sowerby seconded. Motion passed.

**The Committee entered into Open Session at 1:40 p.m.**

**Motion #16-013-06:** Thomas Sheehan moved to approve the sale of River Place Apartments as recommended by American Realty Advisors and the Townsend Group. David Sowerby seconded. Motion passed.

❖ ***Committee Member June Nickleberry rejoined the meeting at 1:55 p.m.***

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

The Chief Investment Officer, Ryan Bigelow, provided a report for actionable items/recommendations for discussion:

### **PRESENTATIONS**

#### Lazard Asset Management

##### Re: Emerging Markets

Representative Ben Wulfsohn, Director of Research Analyst, and Anthony Dote, Managing Director, of Lazard, appeared before the Committee to discuss emerging market equity and macro-economics.

*~Concludes Lazard's Presentation~*

### **RECESS**

*The Committee recessed at 2:20 p.m. and reconvened at 2:30 p.m.*

#### NEPC

##### Re: Fixed Income Allocation

Representative Kristen Finney-Cooke and Kim Kaczor, of NEPC, appeared before the Committee, joined by Phil Nelson and Kevin Leonard (via/teleconference), to discuss the selected managers for the new fixed income target allocations to long duration treasuries, transitioning to the new fixed income allocation and to determine the most appropriate weightings for the fixed income portfolio.

Meeting materials were provided.

**Motion #16-013-07:** David Sowerby moved to maintain the recommended high yield allocation and postpone the funding of the long duration fixed income portfolio. Doris Ewing seconded. Motion passed.

A performance report will be provided on a quarterly basis.

*~Concludes NEPC's Presentation~*

Re: Alpha Partners, LLC – (Informational)

The Committee received correspondence, dated January 26, 2016, from Alpha Partners, letter of resignation to the Retirement Systems as investment manager for the Systems, effective January 31, 2016. The assets are being transferred to Rhumblin.

**LEGAL REPORT**

General Counsel, Michael VanOverbeke, provided to the Committee a copy of the Second Semi-Annual Compliance Report for the General Retirement System to the State Treasurer and a copy of the Chapter 9 Compliance and Implementation regarding the City of Detroit's Annual Report to the Foundation for Detroit's Future Pursuant to Section 2.4 of the Omnibus Transaction Agreement, dated December 22, 2015, for the year ended December 31, 2015. This Report and Notice of Default were provided and no action is required of the Committee at this time.

**Motion #16-013-08:** Thomas Sheehan moved to acknowledge receipt of the Second Semi-Annual Compliance Report to the State Treasurer for the period of July 31, 2015 through December 31, 2015, that it be forwarded to the State Treasurer on behalf of the Investment Committee. David Sowerby seconded. Motion passed.

**CHIEF INVESTMENT OFFICER'S REPORT – (CONTINUATION)**

CIO Updates

- Valstone: may be requesting another fund extension. Will report back.  
(No action)
- Hedge funds
- Investment Policy Statement: Review the changes; asset allocations, new managers and the MWBE (Minority Women Owned Business Enterprises) Policy

**FUTURE AGENDA ITEMS/DISCUSSION**

- Private Equity in the portfolio (re: flexibility)
- Newsletter – include NEPC's chart
- Joint Investment Committee meeting with PFRS IC – Monday, October 17, 2016, 12 Noon.

***PUBLIC/MEMBER COMMENTS***

- None

**ADJOURNMENT**

There being no further business before the IC, **Chairman Whipple** adjourned the meeting at 4:05 p.m. The IC's next meeting is scheduled for **Monday, April 18 2016**, at 12:00 Noon 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

Recording Secretary: Rita Coats