



MINUTES
Meeting No. 44
Meeting of the General Retirement System Investment Committee
December 9, 2019

A meeting of the Investment Committee of the General Retirement System of the City of Detroit was held on **Monday, December 9, 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 12:05 p.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, Thomas Sheehan and David Sowerby.

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

Committee Members Excused: None

Staff Excused: None

Visitors Present: John Naglick; (City of Detroit Chief Deputy Financial Officer and General Retirement System Ex-Officio Trustee), Jeffery Pegg (City of Detroit Police and Fire Trustee), Jermaine Brown (City of Detroit General City Trustee) and Crystal Perkins (City of Detroit General City Trustee).

June Nickleberry joined the meeting (via telephone) at 12:20 p.m.

APPROVAL OF MINUTES

Motion #19-44-01: Thomas Sheehan moved to approve the Minutes of **Meeting No. 43, held on Monday, October 28, 2019**, as prepared by the Committees' Recording Secretary. Kenneth Whipple supported. The motion passed unanimously.

APPROVAL OF AGENDA

Motion #19-44-02: David Sowerby moved to approve the agenda dated Monday, December 9, 2019. Doris Ewing supported. The motion passed unanimously.

APPROVAL OF 2020 CALENDAR

Motion #19-44-03: Thomas Sheehan moved to approve the General Retirement System Investment Committee 2020 calendar. David Sowerby supported. The motion passed unanimously.

Presentation/Discussion:

Representatives Michelle Watterworth, Ali Hijazi and Spencer Tawa of Plante Moran discussed the following with the Committee:

- Financial Statement Audit Ending June 30, 2019

Presentation materials were provided

Motion #19-44-04:

Re: Review and Approval of the GRSD Annual Audit of Component I and II

Motion By: Nick Khouri - Supported By: June Nickleberry

WHEREAS, the Investment Committee of the General Retirement System of the City of Detroit (“Investment Committee”) serves in a fiduciary capacity and was established for the purpose of making recommendations to and approving certain actions by the Board of Trustees of the General Retirement System of the City of Detroit (GRSD), and

WHEREAS, pursuant to Section 15.2 of the Eighth Amended Plan of Adjustment (“Plan of Adjustment”), the Investment Committee shall review and approve, prior to final issuance, all annual audits and actuarial and financial reports prepared on behalf of the Retirement System, and

WHEREAS, pursuant to Exhibit I.A. 332 of the Plan of Adjustment, and in accordance with MCL Section 38.1133g(3)(f), the Investment Committee is further required to review and approve, prior to final issuance, “the annual audit and all financial reports prepared on behalf of the GRS,” and

WHEREAS, the Investment Committee is in receipt of the Independent Auditor’s Report for the year ended June 30, 2019 titled “Combined Plan for the General Retirement System of the City of Detroit Financial Report with Supplemental Information” dated November 26, 2019 as prepared by its auditor, Plante Moran, PLLC, (collectively the “GRSD Annual Audit”), and

WHEREAS, the Investment Committee has previously received and reviewed the GRSD Annual Audit and received a presentation on the audit from appropriate representatives from Plante Moran, therefore be it

RESOLVED, that the Investment Committee hereby approves the GRS Annual Audit of the General Retirement System of the City of Detroit for the fiscal year ending June 30, 2019, and be it further

RESOLVED, the Investment Committee recommends that the GRS Annual Audit be finalized and issued with a copy forwarded to the GRS Board of Trustees, and appropriate City and state representatives in accordance with the Plan of Adjustment and corresponding documents, and be it further

RESOLVED, that a copy of this resolution be maintained in the Retirement System records.

Yeas – Ewing, Khouri, Nickleberry, Sheehan, Sowerby, Whipple and Chairperson Vanden Bosch – 7

Nays – None

Presentation/Discussion:

Representatives Kenneth Alberts and David T. Kausch from Gabriel, Roeder, Smith and Co. discussed the following with the Committee:

- GASB 67 Reports for Components I & II

Presentation materials were provided

Motion #19-44-05:

Re: Review and Approval of the GASB 67 & 68 Reports for Component I and II

Motion By: Thomas Sheehan - Supported By: Nick Khouri

WHEREAS, the Investment Committee of the General Retirement System of the City of Detroit (“Investment Committee”) serves in a fiduciary capacity and was established for the purpose of making recommendations to and approving certain actions by the Board of Trustees of the General Retirement System (“GRS”), and

WHEREAS, pursuant to Section 15.2 of the Eighth Amended Plan of Adjustment (“Plan of Adjustment”), the Investment Committee shall review and approve, prior to final issuance, all financial reports prepared on behalf of the Retirement System, and

WHEREAS, pursuant to Exhibit I.A. 332 of the Plan of Adjustment, in accordance with MCL Section 38.1133g(3)(f), the Investment Committee is further required to review and approve, prior to final issuance, “the annual audit and all financial reports prepared on behalf of the GRS,” and

WHEREAS, the Investment Committee is in receipt of the Government Accounting Standards Board (“GASB”) Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component I and Component II of the General Retirement System of the City of Detroit for the fiscal year ending June 30, 2019 as prepared by the GRS actuary, Gabriel Roeder Smith & Co. and dated November 8, 2019 (collectively, the “GASB 67 & 68 Financial Reports”), and

WHEREAS, the Investment Committee has previously received and reviewed the GASB 67 & 68 Financial Reports, and has reviewed them with the actuary, therefore be it

RESOLVED, that the Investment Committee hereby approve the GASB 67 & 68 Financial Reports, and be it further

RESOLVED, the Investment Committee further recommends that the GASB 67 & 68 Financial Reports be finalized and issued with a copy provided to the GRS Board of Trustees; the GRS Actuary, Plante Moran; and appropriate city and state representatives in accordance with the Plan of Adjustment and corresponding documents, and be it further

RESOLVED, that a copy of this resolution be maintained in the Retirement System records.

Yeas – Ewing, Khouri, Nickleberry, Sheehan, Sowerby, Whipple and Chairperson Vanden Bosch – 7

Nays – None

IC Membership

Motion #19-44-06:

Re: Recommendation for the Reappointment and Continued Service of Doris Ewing

Motion By: June Nickleberry – Supported By: Kenneth Whipple

WHEREAS, the Investment Committee of the General Retirement System of the City of Detroit (“Investment Committee”) serves in a fiduciary capacity and was established for the purpose of making recommendations to and approving actions by the Board of Trustees of the General Retirement System of the City of Detroit (“GRSD Board”), and

WHEREAS, pursuant the Combined Plan Document, the Investment committee shall consist of seven (7) members; five (5) of whom are independent members pursuant to Section 1.20(1) of the Combined Plan Document, and

WHEREAS, the initial term of the Committee Member Doris Ewing, one of the initial independent Investment Committee members, is set to expire on December 31, 2019, and

WHEREAS, pursuant to Section 1.21 of the Combined Plan Document “notwithstanding any provision of this Combined Plan Document, an initial independent Investment Committee member shall not be prohibited from becoming a successor independent Investment Committee member after expiration of his or her initial term”, and

WHEREAS, pursuant to Section 1.21 of the Combined Plan Document “[s]uccessor independent Investment Committee members shall be recommended by a majority of the remaining independent Investment Committee members and shall be confirmed by the Board and the Treasurer of the State of Michigan (‘State Treasurer’), in consultation with the Foundation, pursuant to such rules and regulations as may be adopted by the Investment Committee (provided that such rules are not inconsistent with the Governance Term Sheet or the Plan of Adjustment)”, and

WHEREAS, the Investment Committee and the remaining independent Investment Committee members have considered Ms. Ewing’s qualifications and continued service to the Investment Committee, therefore be it

RESOLVED, that the Investment Committee hereby confirms the recommendation of the remaining independent Investment Committee members that Doris Ewing continue as a successor independent Investment Committee member for a full six-year term, and be it further

RESOLVED, that the remaining independent Investment Committee members recommend to the GRSD Board, the State Treasurer and the Foundation for Detroit’s Future that Ms. Ewing continue as a successor independent Investment Committee member for a full six-year term, and be it further

RESOLVED, that a copy of this resolution be forwarded to the GRSD Board, the State Treasurer and the Foundation requesting confirmation of such reappointment, and be it further

RESOLVED, that a copy of this resolution be maintained in the Investment Committee’s and the Retirement System’s records.

Yeas – Khouri, Nickleberry, Sheehan, Sowerby, Whipple and Chairperson Vanden Bosch – 6

Nays – None

Personnel Discussion

- Chairperson Vanden Bosch informed the Committee that she will be stepping down as Chair of the Committee after the end of meeting, but will continue to serve as a member of the City of Detroit General Retirement System Investment Committee until a suitable replacement is found.

Motion #19-44-07: Thomas Sheehan moved to go into closed session regarding personnel matters. David Sowerby supported. The motion passed unanimously.

➤ **The committee returned to Open Session at 2:00 p.m.**

Motion #19-44-08: Thomas Sheehan moved to acknowledge receipt of a copy of the Ninth Semi-Annual Compliance Report to the State Treasurer and direct that it be forwarded to the State Treasurer on behalf of the Investment Committee. Nick Khouri supported. The motion passed unanimously.

Motion #19-44-09: Thomas Sheehan moved to accept the recommendation of General Counsel that the Investment Committee authorize execution by the Investment Committee Chair of the form of Special Reporting Certification and delivery to the City in advance of the December 31, 2019 deadline. Nick Khouri supported. The motion passed unanimously

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:

- Capital Market Update
- Flash Performance Review
- SD High Yield

Presentation materials were provided

➤ ***Committee member Nick Khouri excused himself from the meeting at 2:35 p.m.***

Motion #19-44-10: Thomas Sheehan moved to follow the recommendation of NEPC and Investment Staff to fund an allocation of \$53 mil to Shenkman Capital as short duration high yield manager. Doris Ewing supported.

Yeas – Ewing, Nickleberry, Sheehan, Whipple and Chairperson Vanden Bosch – 5

Nays – David Sowerby - 1

NEPC will come back before the Committee at a later meeting for further discussion regarding Boyd Watterson.

Chief Investment Officer's Report

Chief Investment Officer, Ryan Bigelow, had no formal report, will give an update on Private Equity and Real Estate at the next meeting.

Legal Report

General Counsel, Michael VanOverbeke, in addition to his formal report, provided the following informational items:

- Administrative Calendar
- Recommendation for Continued Service of Doris Ewing
- Ninth Semi-Annual Compliance Report for the General Retirement System
- GRS Investment Committee Special Reporting Obligations: Annual Confirmation of Pension Certificate
- Approval of Annual Audit and GASB Statements Nos. 67 and 68

Future Agenda Items/Discussion

- Will elect Committee Members at the February meeting

Motion #19-44-11: Thomas Sheehan moved to amend the approved schedule for the February 3, 2020 meeting from teleconference to a face to face meeting. Doris Ewing supported. The motion passed unanimously.

Public/Member Comments

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

- NASP Detroit annual holiday party at Floods on Wednesday, December 11, 2019 at 5:30 p.m.

Old Business/New Business

- None

Investment Committee Comments

- None

Minutes – GRS IC Mtg.
Meeting No. 044
December 9, 2019

Kenneth Whipple moved to adjourn meeting #44. David Sowerby supported.

ADJOURNMENT

There being no further business before the Investment Committee, **Chairperson Vanden Bosch** adjourned the meeting at 3:15 p.m. The Investment Committee's next meeting is scheduled for **Monday, February 3rd, 2020**, 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: JoAnn Harrison