

GENERAL RETIREMENT SYSTEM
and
POLICE and FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
JOINT MEETING
AUGUST 20, 2025 – 8:23 a.m.
233 Fulton Street East

The meeting was called to order by Chairman Hawkins. Other members present: Mr. David Tryc, Mr. Justin Ewald, Mr. Philip Balkema, Mr. William Butts, Ms. Donijo DeJonge, and Mr. William Fabiano. Absent: Mr. Martin Timkovich, Mr. Drew Robbins, and Ms. Holly Jackson.

Also present: Ms. Peggy Korzen, Executive Director Emeritus of the Retirement Systems, Mr. Benjamin Dziengel, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards (virtually), Ms. Cheryl Cannistra and Mr. Brian Faleiro of Neuberger Berman, Mr. Charlie Groeschell, Mr. Jeffrey Simmons and Mr. Donald Smiley of Baird Advisors, Mr. Brian Green and Mr. Mike Holycross of Mariner, and Mr. Jim Anderson and Mr. Jeff Tebeau of Gabriel, Roeder, Smith and Company.

Mr. Tryc made the motion to excuse the absences of Mr. Timkovich, Mr. Robbins, and Ms. Jackson. The motion was seconded by Mr. Fabiano and carried.

There were no public comments regarding agenda items.

Mr. Balkema made the motion to approve the minutes of the Joint Meeting of June 18, 2025, and the Special Joint Meeting of July 21, 2025. The motion was seconded by Mr. Tryc and carried.

Mr. Charlie Groeschell, Founding and Managing Director and Senior Portfolio Manager, Mr. Jeffrey Simmons, Managing Director and Senior Portfolio Manager, and Mr. Donald Smiley, CFA and Vice President of Client Services, of Baird Advisors (Baird) presented their firm's annual report to Trustees. Mr. Simmons noted that Baird was founded in 1919 in Milwaukee and has total assets under management of \$174.9 billion. In 2004 Baird became employee-owned and they have 5,400 associates. He provided an overview of Baird's team as well as provided Trustees with an update on their organization. Mr. Simmons commented that Baird applies a structured, risk-controlled taxable portfolio management approach and noted that consistency is key. He stated that Baird has a two-fold approach to their investment philosophy and process: 1) structure the portfolio to achieve the return of the benchmark, and 2) add incremental value through a bottom-up, risk-controlled process. Baird seeks to consistently add 15-50 basis points of incremental return. He stated that risk control is the foundation of their investment discipline and internal research drives their investment process. Mr. Smiley commented that Baird employs a highly selective risk-controlled approach emphasizing quality in structure and collateral with respect to mortgages and asset-backed securities. He noted their risk controls for the portfolio and stated that risk control is the foundation of their investment discipline. He commented that the portfolios are positioned to benefit from spread sector outperformance, and they maintain sufficient liquidity for an uncertain environment. Mr. Simmons reviewed each plan's investment objectives and portfolio guidelines as well as portfolio characteristics as of June 30, 2025. Mr. Smiley commented that the bond market is presenting good value thus far in 2025 and interest rates are attractive while spreads remain tight. The Trump administration policy initiatives are creating a cloud of uncertainty while the Fed remains in a wait and see mode. He stated that the scale of tariffs is historic, which is a source of uncertainty, but also revenue. He stated that the yield curve is steepening in 2025, and real yields are positive. Mr. Smiley commented that corporate spreads are still near historic highs and there is a strong demand from foreign investors and annuities. He provided data on fixed income flows in 2025 and noted that continued progress on inflation is less certain as tariffs cloud the picture. The U.S. labor market is softening as AI and immigration policy cloud the outlook. He did state that despite all this, the average consumer is in pretty good shape (this varies by age, income, and wealth). He noted that wages are not keeping up with the cost of living and over 50% of U.S. debt is scheduled to mature within 3 years. He provided the following net investment return statistics for the portfolios as of June 30, 2025:

	<u>General Retirement System</u>	<u>Police & Fire Retirement System</u>	<u>Bloomberg U.S. Aggregate Index</u>
June	1.58%	1.59%	1.54%
3 Months	1.27%	1.27%	1.21%
Year-to-Date	4.15%	4.13%	4.02%
1-Year	6.42%	6.44%	6.08%
3-Year	3.12%	3.17%	2.55%
5-Year	-0.29%	-0.30%	-0.73%
7-Year	2.21%	2.21%	1.77%
10-Year	2.25%	2.25%	1.76%
<u>Since Inception</u>			
Cumulative Return	119.53%	119.56%	101.67%
Annualized Return	3.58%	3.58%	3.19%

The report was received and filed by Chairman Hawkins.

Ms. Cheryl Cannistra, Client Service Advisor and Mr. Brian Faleiro, CFA and Portfolio Specialist of Neuberger Berman (NB) presented their firm's annual report to Trustees. Ms. Cannistra provided an overview of the firm, noting that NB: has over 760 investment professionals; is 100% independently employee owned; has approximately \$538 billion in total assets under management; and a 96% retention rate. Mr. Faleiro reviewed the global equity team structure and noted that NB has an experienced team that utilizes a disciplined fundamental process to capitalize on international opportunities. NB has a multidimensional view on quality to assess both magnitude and change of each component. They focus on a universe of companies that they believe can generate returns above their cost of equity and trade at compelling valuation levels. NB utilizes an end-to-end repeatable process to enable bottom-up fundamental analysis. Mr. Faleiro reviewed NB's investment process and noted that they integrate and evaluate financial material, environmental, social and governance factors. Mr. Faleiro reviewed NB's portfolio management oversight and governance six-step continuous process. He reviewed the retirement systems' objectives and portfolio guidelines and provided the following return statistics for both portfolios for periods ending June 30, 2025:

Annualized Returns – Net of Fees

	<u>YTD</u>	<u>1 Yr.</u>	<u>3-Yr.</u>	<u>5-Yr.</u>	<u>Since Inception of the Fund 07/20/18 – 06/30/25</u>
NB World ex-U.S. Trust Class III	22.81%	20.36%	15.44%	10.64%	7.79%
MSCI AC World Ex-U.S. Index	17.90%	17.72%	13.99%	10.13%	6.50%

He reviewed sector attribution, country attribution, holdings, sector allocation, regional, country, market cap allocation, and portfolio characteristics as of June 30, 2025. Mr. Faleiro reviewed new and eliminated investments in the portfolio, year-to-date through June 30, 2025. The report was received and filed by Chairman Hawkins.

Mr. Brian Green and Mr. Mike Holycross presented the quarterly performance report to Trustees. Mr. Green commented that the U.S. Federal Reserve held policy rates steady at a range of 4.25% - 4.50% during the quarter. Growth in the U.S. labor market continued during the second quarter. Domestic equity results were broadly higher for the quarter and the dominance of growth stocks returned. All international stock indexes advanced during the quarter, and their domestic performance was boosted further by the impact of a declining U.S. dollar. He noted that fixed income markets gained during the quarter, driven primarily by their coupons and a relatively stable yield curve. The U.S. High Yield Index was the best performing U.S. fixed income index for the quarter, posting a solid 3.5% return. Weakness in the U.S. dollar during the quarter led to relative strength in international equity and fixed income markets as many major non-U.S. currencies appreciated. Tensions in the Middle East drew the ire of market participants, mainly in the energy sector, as the Israel/Iran conflict escalated further. International equity markets continued to surge in U.S. dollar terms as the U.S. dollar weakened relative to major world currencies. Mr. Holycross provided

Trustees with an extensive update on employment conditions and the U.S. equity market, non-U.S. equity market, U.S. fixed income market, and the high yield bond market. Following a review of the capital markets, the Quarterly Funds Evaluation of the investment managers of the General and Police & Fire Retirement Systems was conducted.

**SUMMARY OF INDEX RETURNS
PERIODS ENDED 06/30/25**

<u>Plan</u>	<u>QTR.</u>	<u>1 YEAR</u>	<u>3 YEARS</u>	<u>5 YEARS</u>	<u>10 YEARS</u>
General Retirement System	5.72	11.97	9.21	9.37	7.05
Policy Index	6.11	13.01	9.65	9.18	6.47
Police & Fire Retirement System	5.70	12.01	9.44	9.45	7.07
Policy Index	6.11	13.01	9.65	9.18	6.47

General Retirement System

<u>Asset Commitments as of 06/30/25:</u>		<u>Asset Allocation to Managers:</u>	
Domestic Equity	27.3%	NTAM	19.1%
Non-U.S. Equity	23.3%	PIMCO	3.7%
Fixed Income	29.2%	Wellington Management Company	4.5%
Real Estate	4.8%	Neuberger Berman	12.1%
Midstream Energy	5.6%	Harding Loevner	11.2%
Private Equity	5.7%	CenterSquare	4.8%
Private Credit	3.6%	Harvest Fund Advisors	5.6%
Cash Equivalents	0.5%	Adams Street Partners	5.3%
		HighVista	0.4%
		Grosvenor Capital	3.6%
		50 South Capital	0.0%
		Baird Advisors	14.6%
		NTAM Aggregate Bond	14.6%
		Cash Account	0.5%

Police and Fire Retirement System

<u>Asset Commitments as of 06/30/25:</u>		<u>Asset Allocation to Managers:</u>	
Domestic Equity	27.1%	NTAM	17.7%
Non-U.S. Equity	23.5%	PIMCO	4.4%
Fixed Income	29.5%	Wellington Management Company	5.0%
Real Estate	5.0%	Neuberger Berman	12.1%
Midstream Energy	5.9%	Harding Loevner	11.4%
Private Equity	5.3%	CenterSquare	5.0%
Private Credit	3.2%	Harvest Fund Advisors	5.9%
Cash Equivalents	0.6%	Adams Street Partners	5.0%
		HighVista	0.3%
		Grosvenor Capital	3.2%
		50 South Capital	0.0%
		Baird Advisors	14.8%
		NTAM Aggregate Bond	14.7%
		Cash Account	0.6%

The reports were received and filed by the Chairman.

Mr. Jim Anderson and Mr. Jeff Tebeau of Gabriel, Roeder, Smith and Company presented the 5-year Experience Study for the period July 1, 2019 – June 30, 2024 for the General Retirement System and January 1, 2020 – December 31, 2024 for the Police & Fire Retirement System. Mr. Anderson reviewed the various assumptions and recommended changes to the following assumptions: 1) retirement rates; 2) turnover rates; 3) pre- and post-retirement

mortality rates; and 4) price, wage, and interest rate assumptions for the General Retirement System. Mr. Anderson provided an overview of the components that GRS evaluated in the experience studies and their relevance to the Retirement Systems. He noted that for the General Retirement System, GRS recommends adjusting the normal retirement rate assumptions which will cause downward pressure on liabilities. He noted that GRS recommends increasing the rates of withdrawal for female members, which will put downward pressure on liabilities. They recommend no changes to the rates of disability. Mr. Anderson reviewed the mortality tables and projection scale and recent changes in this area. He noted GRS recommends utilizing the Pub-2010 amount-weighted General tables, in conjunction with the MP-2021 Projection Scale on a fully generational basis; this will slightly increase measured liabilities. He compared the selection of economic assumptions between Actuarial Standards of Practice No. 27 and Public Act 202. Based upon review of economic assumption data, GRS recommends that the System adopt the price inflation assumption of 2.40%, and a wage inflation assumption of 3.15%. GRS recommended maintaining the assumed rate of return of 6.75%. Mr. Anderson commented on the option factors for beneficiaries and noted that these are usually revised to correspond to the new assumptions adopted with an experience study. While the option factors could be revised, he recommended the option factors remain the same as the change would be nominal. Mr. Anderson reviewed the current amortization policy (the weighted average remaining period is 23.48 years, as set by the City) and recommended lowering the period for new amortization layers. He stated that reducing the period from 30 years to between 15 and 20 years would be appropriate for a closed system. He noted that under Public Act 202 the maximum allowed amortization is 14 years for fiscal year 2025 reporting. Mr. Anderson reviewed the effects of recommended changes in actuarial assumptions on the General Retirement System contribution and funded percentage as of June 30, 2024. He noted that a change in assumptions will not change the long-term cost of the plan - only the timing of contributions to support the promised benefits. Mr. Tryc made the motion to accept the recommendations as outlined in the 5-year Experience Study by Gabriel, Roeder, Smith and Company and leaving the option factors unchanged. The motion was seconded by Mr. Butts and carried. Mr. Tebeau presented the 5-year Experience Study for the period of January 1, 2020 – December 31, 2024 for the Police & Fire Retirement System. Mr. Tebeau reviewed the various assumptions and recommended changes to the following assumptions: 1) retirement rates; 2) turnover rates; 3) disability rates; 4) pre- and post-retirement mortality rates; and 5) price, wage, and interest rate assumptions. He provided an overview of the components that GRS evaluated in the experience study and their relevance to the Retirement System. GRS recommends an increase in normal retirement rate assumptions which will cause upward pressure on liabilities. Mr. Tebeau noted that GRS recommends changing from an age-based withdrawal assumption to a service-based assumption, which will put downward pressure on liabilities. They recommend decreasing rates of disability, which will put downward pressure on liabilities. Mr. Tebeau reviewed the mortality tables and projection scale and recent changes in this area. He noted GRS recommends utilizing the Pub-2010 amount-weighted Public Safety tables, in conjunction with the MP-2021 Projection Scale on a fully generational basis; this will slightly increase measured liabilities. He compared the selection of economic assumptions between Actuarial Standards of Practice No. 27 and Public Act 202. Based upon review of economic assumption data, GRS recommends that the System adopt the price inflation assumption of 2.40%, and a wage inflation assumption of 3.15%. They recommended maintaining the assumed rate of return of 6.75%. Mr. Tebeau commented on the option factors for beneficiaries and noted that while Trustees could opt to revise these to correspond to the new assumptions adopted with an experience study, he recommended no change to the option factors as the change would be nominal. Mr. Tebeau reviewed the current amortization policy (the weighted average remaining period is 23.68 years, as set by the City) and recommended no change but commented that under Public Act 202 the maximum allowed amortization is 14 years for fiscal year 2025 reporting. He commented on the effects of recommended changes in actuarial assumptions on the Retirement System contribution and funded percentage as of December 31, 2024. He noted that a change in assumptions will not change the long-term cost of the plan – only the timing of contributions to support the promised benefits. Mr. Tebeau reviewed their recommendations, and potential impacts to the Retirement System. Mr. Ewald made the motion to approve the recommendations as outlined in the 5-year Experience Study by Gabriel, Roeder, Smith and Company and leaving the option factors unchanged. The motion was seconded by Mr. Fabiano and carried.

Mr. Green and Mr. Holycross next commented that the contract with Northern Trust (NT) for custody and benefit payment services is due to expire September 30, 2025. Mr. Green stated that Mariner recently sent out a Request For Information (RFI) and received responses from 7 firms. The candidates that responded were: 1) The Northern Trust Company; 2) Fifth Third; 3) PNC; 4) Salem Trust; 5) Principal; 6) Comerica; and 7) Midwest Institutional Trust. Northern Trust provided the lowest overall fee quote. After careful review of the responses, Mariner recommended The Northern Trust Company due to costs and services provided. Mr. Tryc made the motion on behalf of the General Retirement System to approve the contract renewal with The Northern Trust Company, as outlined in

their proposal, for a period of three years. The motion was seconded by Mr. Butts and carried. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to approve the contract renewal with The Northern Trust Company, as outlined in their proposal, for a period of three years. The motion was seconded by Mr. Fabiano and carried.

Chairman Hawkins next discussed the recent due diligence visit to Great Lakes Advisors, LLC (GLA) for their intermediate fixed income product. He stated that he, Mr. Tryc, Mr. Ewald and representatives from Mariner visited GLA's office in Chicago on July 17, 2025. They met with leadership and toured their office. Chairman Hawkins stated that he was pleased with the visit. Mr. Ewald agreed and stated that he felt it was very valuable to meet the team and they were forthcoming. Mr. Tryc also stated that he felt the team is very competent and personable. Chairman Hawkins stated that contract negotiations will continue to move forward with GLA. Mr. Michaud confirmed that this process is underway.

Mr. Green next addressed the extension request from Adams Street Partners (ASP) regarding their 2010 Non-U.S. Emerging Markets Fund, L.P., 2010 U.S. Fund, L.P., and 2010 Non-U.S. Developed Markets Fund, L.P. for both plans. All 3 funds have reached the point where ASP is no longer charging a management fee. The fund extension is to allow for the remaining portfolio investments to continue to wind down. The extension would be two years, until the end of 2027. ASP still retains the opportunity to earn a share of the fund profits, so they are incentivized to maximize value in the remaining fund investments. Mr. Green noted that this is common in the industry. Mariner recommended the approval of the fund extension requests. Mr. Ewald made the motion on behalf of the Police & Fire Retirement System to extend the termination date for the 2010 Non-U.S. Emerging Markets Fund, L.P., 2010 U.S. Fund, L.P., and 2010 Non-U.S. Developed Markets Fund, L.P. to December 31, 2027, as outlined in their request. The motion was seconded by Mr. Fabiano and carried. Mr. Tryc made the motion on behalf of the General Retirement System to extend the termination date for the 2010 Non-U.S. Emerging Markets Fund, L.P., 2010 U.S. Fund, L.P., and 2010 Non-U.S. Developed Markets Fund, L.P. to December 31, 2027, as outlined in their request. The motion was seconded by Mr. Butts and carried.

There were no comments on items not on the agenda.

Chairman Hawkins welcomed Mr. Benjamin Dziengel as the new Executive Director for the Retirement Systems. Mr. Dziengel started this position on August 11, 2025. Chairman Hawkins commented that Trustees are excited to have Mr. Dziengel on board and look forward to working with him. Chairman Hawkins thanked Ms. Lisa Balkema for her work as acting Executive Director and Trustees look forward to continuing to work with her as Retirement Services Specialist.

Chairman Hawkins disclosed that a number of Trustees attended a dinner last evening with Ms. Cheryl Cannistra and Mr. Brian Faleiro of Neuberger Berman and Mr. Charlie Groeschell, Mr. Jeffrey Simmons and Mr. Donald Smiley of Baird Advisors. In addition to himself and his spouse, in attendance were Mr. & Mrs. Ewald, Mr. & Mrs. Tryc, and Mr. & Mrs. Dziengel, and Ms. Korzen.

The meeting adjourned at 10:20 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, September 17, 2025, at 8:05 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Benjamin T. Dziengel
Executive Director
General and Police & Fire Retirement Systems

08/20/25