

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

MINUTES
JOINT MEETING
DECEMBER 18, 2024 – 8:10 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. Martin Timkovich, Mr. Philip Balkema, Mr. Bill Butts, Ms. Donijo DeJonge, Mr. William Fabiano and Mr. Drew Robbins (virtually). Absent: Ms. Holly Jackson.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Mr. Mike Holycross and Ms. Mary Nye of Mariner, and Ms. Lisa Balkema, Retirement Services Specialist.

Mr. Ewald made the motion to excuse the absence of Ms. Holly Jackson. The motion was seconded by Mr. Tryc and carried.

There were no public comments regarding agenda items.

Mr. Fabiano made the motion to approve the minutes of the Joint Meeting of November 20, 2024. The motion was seconded by Mr. Butts and carried.

Mr. Mike Holycross and Ms. Mary Nye of Mariner presented the Asset Allocation Study to Trustees. Mr. Holycross stated that it is important to set objectives by assessing liquidity needs and current and future cash flows. It will then be necessary to determine risk level, select asset classes, construct a model portfolio, and provide asset allocation recommendations. The investment strategy should address: 1) the target return of the plan; 2) which asset classes should be considered; 3) what strategic long-term weights should be assigned to each asset class; 4) what are the appropriate allocation ranges around the strategic weight of each asset class; and 5) what are the most appropriate managers/vehicles to implement and retain for each asset class. Ms. Nye reviewed the limitations of asset allocation models and provided expected returns and standard deviations for each asset class. She commented on asset correlation data and historic capital market assumptions as well as historic trailing returns. She provided data on asset allocation policies including core plus, without core plus, moving the MLP allocation to equities, moving the commodities allocation to equities/fixed income, and moving the emerging markets allocation to value-added real estate. Mr. Holycross stated that Trustees will need to decide whether to keep the commodities allocation, seek a replacement core plus fixed income allocation or shift to a 100% investment grade allocation, how to proceed with emerging markets equities, MLPs, and value-added real estate. He commented that education is planned for emerging markets equity and value-added real estate as part of the manager search and selection process should Trustees agree to add these as included asset classes. Chairman Hawkins noted that Trustees need to decide today as to which asset classes they would like to include in the asset allocation. Mr. Timkovich asked if the Value-Added Real Estate class operates similarly to private equity; Mr. Holycross said yes and if Trustees decide to include this asset class, it would be run by individual managers. Chairman Hawkins asked if there should be any deviation yet in asset allocations between the General and Police & Fire Retirement Systems since the General Retirement System is closed; Mr. Holycross said not yet. Trustees discussed each of Mariner's suggestions regarding the asset allocation: 1) commodities – Trustees decided to eliminate this asset class; 2) switching core plus fixed income to investment grade, intermediate duration fixed income – Trustees decided yes; 3) emerging markets equity exposure – Trustees decided to not have a dedicated sleeve to this asset class; 4) MLPs – Trustees decided to keep this asset class; 5) value-added real estate – Trustees asked Mariner to model an asset allocation with the above changes and also show a policy which includes value-added real estate. Chairman Hawkins asked Mariner to revise their asset allocation based

upon the changes listed above and bring back the revised report with their recommendations at the January 2025 Board meeting. Mr. Holycross said they will do so and also include a primer on real estate.

Chairman Hawkins next discussed the topic of the Executive Director's contract extension and salary. He noted Trustees will also need to decide what the hourly rate of pay will be for Ms. Korzen should she work for the Retirement Systems after her retirement. Chairman Hawkins provided Trustees with a history of her salary since 2000 and recommended a 4% salary increase for Ms. Korzen effective 01/01/25. Following Trustee discussion, Mr. Balkema made the motion to extend the Executive Director's contract and approve a 4% salary increase for the Executive Director beginning 01/01/25. The motion was seconded by Mr. Ewald and carried. Ms. Korzen stated her last day will be February 3, 2025. Mr. Balkema made the motion to approve an hourly rate of \$73.00 for any work Ms. Korzen performs after her retirement. The motion was seconded by Mr. Butts and carried. Chairman Hawkins stated that Trustees will discuss the terms for Ms. Balkema's acting assignment as Executive Director at the January 2025 Board meeting.

There were no public comments on items not on the agenda.

Ms. Balkema commented that the Code of Conduct policy requires that Trustees and staff complete an annual disclosure statement; she provided Trustees with the form and stated that the forms are due by the January 15, 2025 Board meetings. A list of the Retirement Systems' internal accounting controls was also provided to Trustees.

Chairman Hawkins noted that he and his spouse recently attended a dinner with Craig VanderWall of Great Lakes Advisors, and a Lions football game with Mike Lucci of Bloomfield Capital.

The meeting adjourned at 9:08 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, January 15, 2025, at 8:05 a.m., 233 Fulton Street East, Suite 216, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems