

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

MINUTES  
JOINT MEETING  
FEBRUARY 19, 2025 – 8:05 a.m.  
233 Fulton Street East, Suite 216

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

Also present: Ms. Lisa Balkema, Acting Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards (virtual), Mr. Eric Bachman, Ms. Catharine Roddy, and Mr. Bryan Tsu of PIMCO, Mr. Brian Green and Mr. Mike Holycross of Mariner, and Ms. Peggy Korzen.

Mr. Balkema made the motion to excuse the absence of Mr. Tryc. The motion was seconded by Mr. Fabiano and carried.

There were no public comments regarding agenda items.

Mr. Butts made the motion to approve the minutes of the Joint Meeting of January 15, 2025. The motion was seconded by Mr. Timkovich and carried.

Mr. Eric Bachman, CFA, Senior Vice President, and Account Manager, Ms. Catharine Roddy, Account Manager, and Mr. Bryan Tsu, Managing Director and Portfolio Manager, of Pacific Investment Management Company (PIMCO), presented their firm’s annual report to Trustees. Mr. Bachman congratulated Ms. Korzen on her retirement. Chairman Hawkins asked if there were any SEC or regulatory actions Trustees should be aware of; Mr. Tsu responded no. Mr. Bachman reviewed PIMCO’s StocksPLUS strategy and noted that it has a longstanding track record, a diverse product offering, and a broad client base. He stated that the drivers of the StocksPLUS alpha generation are: 1) top-down macro outlook; 2) bottom-up expertise; 3) quantitative rigor; 4) risk management; and 5) size and scale. Mr. Tsu reviewed how the StocksPLUS portfolio works. He provided Trustees with a market update and various statistical data on yields, spreads, currencies and commodities, and equities. The following returns were reported for the period ending December 31, 2024:

	<u>10 yrs.</u>	<u>5 yrs.</u>	<u>3 yrs.</u>	<u>1 yr.</u>	<u>6 mo.</u>	<u>3 mo.</u>	Acct. <u>Inception*</u>
StocksPLUS L.P.	12.9%	14.2%	8.2%	25.4%	8.4%	2.4%	8.1%
S&P 500	13.1%	14.5%	8.9%	25.0%	8.4%	2.4%	7.7%

\*Inception date: 09/01/00

He noted that the fund outperformed its benchmark during 2024 and that interest rate and spread sector strategies contributed to performance. Mr. Tsu commented that the StocksPLUS portfolio focuses on high quality assets, liquid sources of return and is conservatively positioned. He stated that there are compelling opportunities in fixed income markets and while yields are attractive, there is relative value across different sectors. Mr. Tsu noted that starting yields are strongly correlated with 5-year forward returns and high-quality securitized credit continues to look attractive. He reviewed PIMCO’s people, process, organization, and noted that PIMCO has \$1.95 trillion in assets under management. They have 50+ years in the industry and have clients in 50+ countries. They have 920+ investment professionals, with 3,155+ total employees and 265+ portfolio managers with an average of 17 years of experience. 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 provided Trustees with a report on what has been driving the performance of the S&P 500 Index. He noted that there

have been 7 stocks that outperformed in 2024. Mr. Holycross commented that momentum has been a major driver of the markets recently and that volatility still exists in the markets and told Trustees to be patient. Mr. Green stated that the U.S. Federal Reserve continued to loosen its policy stance during the quarter with two fed funds rate cuts totaling 0.50%, bringing the year-end rate to a range of 4.25% - 4.50%. {Mr. Robbins joined the meeting virtually at 8:48 a.m.} Growth in the U.S. labor market continued during the fourth quarter. Large-cap equity benchmarks continue to represent a heavy concentration among a limited number of stocks. Most international stocks faltered during the fourth quarter and U.S. Dollar denominated results were further exacerbated by a strengthening U.S. Dollar. Fixed Income markets traded lower during the quarter on the back of the Fed's ongoing policy actions. High-yield bonds outpaced the Bloomberg U.S. Aggregate Bond Index for the quarter, largely due to higher coupons. Global bonds fell during the quarter, with the Bloomberg Global Aggregate ex-U.S. returning -6.8% in U.S. terms. The strength in the U.S. Dollar during the quarter led to relative weakness in international markets. The AI trade that has taken shape for much of the past two years continued in 2024 with the communication services and information technology sectors each posting gains of more than 35% for the year. Ongoing military conflicts in Ukraine and the Middle East, coupled with global economic uncertainty, continue to act as headwinds for international market results, further complicated by an advancing U.S. Dollar. He noted that the results of the most recent U.S. presidential election appeared to please domestic equity markets in anticipation of the new administration supporting loosened regulations and pro-growth policies. 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 RETURNS  
PERIODS ENDED 12/31/24**

<u>Plan</u>	<u>QTR.</u>	<u>1 YEAR</u>	<u>3 YEARS</u>	<u>5 YEARS</u>	<u>10 YEARS</u>
<b>General Retirement System</b>	<b>-1.57</b>	<b>9.70</b>	<b>2.40</b>	<b>6.98</b>	<b>6.43</b>
<b>Policy Index</b>	<b>-1.29</b>	<b>10.07</b>	<b>2.88</b>	<b>6.48</b>	<b>5.77</b>
<b>Police &amp; Fire Retirement System</b>	<b>-1.53</b>	<b>10.02</b>	<b>2.55</b>	<b>7.06</b>	<b>6.46</b>
<b>Policy Index</b>	<b>-1.29</b>	<b>10.07</b>	<b>2.88</b>	<b>6.48</b>	<b>5.77</b>

**General Retirement System**

<u>Asset Commitments as of 12/31/24:</u>		<u>Asset Allocation to Managers:</u>	
Domestic Equity	24.3%	NTAM	16.0%
Non-U.S. Equity	20.8%	PIMCO	3.7%
Fixed Income	28.0%	Wellington Management Company	4.6%
Real Estate	5.0%	Neuberger Berman	10.3%
Commodities	4.7%	Harding Loevner	10.5%
Midstream Energy	5.7%	CenterSquare	5.0%
Private Equity	6.3%	Wellington Commodities	4.7%
Private Credit	4.1%	Harvest Fund Advisors	5.7%
Cash Equivalentents	1.2%	Adams Street Partners	5.8%
		HighVista	0.5%
		Grosvenor Capital	3.9%
		50 South Capital	0.2%
		Baird Advisors	13.9%
		NTAM Aggregate Bond	14.1%
		Cash Account	1.2%

**Police and Fire Retirement System**

<u>Asset Commitments as of 12/31/24:</u>		<u>Asset Allocation to Managers:</u>	
Domestic Equity	26.3%	NTAM	16.7%
Non-U.S. Equity	20.7%	PIMCO	4.3%
Fixed Income	26.5%	Wellington Management Company	5.3%
Real Estate	5.2%	Neuberger Berman	10.4%
Commodities	4.8%	Harding Loevner	10.3%
Midstream Energy	5.9%	CenterSquare	5.2%
Private Equity	5.9%	Wellington Commodities	4.8%

Private Credit	3.6%	Harvest Fund Advisors	5.9%
Cash Equivalents	1.1%	Adams Street Partners	5.4%
		HighVista	0.5%
		Grosvenor Capital	3.4%
		50 South Capital	0.2%
		Baird Advisors	13.2%
		NTAM Aggregate Bond	13.3%
		Cash Account	1.1%

Mr. Mike Holycross and Mr. Brian Green of Mariner next presented Trustees with revised Investment Policy Statements for both the General and Police & Fire Retirement Systems. Both policies reflected revised asset allocation policies showing updates for policy targets for Domestic Equity, Private Real Estate, and the elimination of the Commodities asset class. The policy also updated the investment structure for the weights (structure and total plan) for Domestic Equities, Private Real Estate, Core Fixed Income, and the elimination of the Commodities asset class. Mr. Green noted that the revised policy also updates the verbiage on the total fund objectives. Mr. Timkovich asked if given the state of the markets today, should Trustees reconsider terminating the commodities portfolios. Mr. Holycross stated Trustees would be better served by terminating the commodities portfolios and reinvesting those funds into the NTAM and PIMCO portfolios. Mr. Green stated that they could revisit the Investment Policy Statements annually if Trustees wish. Chairman Hawkins summarized the proposed changes to the Investment Policy Statements for both plans and asked Trustees if they were comfortable with these changes. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to adopt the changes presented in the proposed Investment Policy Statement. The motion was seconded by Mr. Ewald and carried. Mr. Butts made the motion on behalf of the General Retirement System to adopt the changes presented in the proposed Investment Policy Statement. The motion was seconded by Mr. Timkovich and carried.

Mr. Mike Holycross and Mr. Brian Green of Mariner next provided Trustees with a report on intermediate aggregate fixed income managers. This report is designed to evaluate suitable candidates to complement the Baird Advisors accounts. Mr. Green provided Trustees with four suitable firms: 1) Robert W. Baird & Co. – Baird Intermediate Bond Fund Institutional; 2) Great Lakes Advisors, LLC – Great Lakes Intermediate Fixed Income; 3) Loomis, Sayles & Company, LP – Loomis Sayles Intermediate Duration Fixed Income; and 4) National Investment Services of America, LLC – National Investment Services NIS Intermediate Fixed Income. All but Baird are separately managed accounts, whereas the Baird account is a mutual fund. He reviewed the management fees and minimum investment amounts for each manager. Mr. Holycross reviewed the definition and characteristics of the U.S. Intermediate bond category as well as its role within a portfolio. The index for this category is the Bloomberg Intermediate U.S. Aggregate Bond Index and their peer group is the Morningstar Category – Intermediate-Term Bond. Mr. Green compared the four candidates with various statistical data. He also provided historical data on the four firms regarding: 1) number of holdings; 2) percentage of assets in top 10 holdings; 3) average effective duration; and 4) corporate bond exposure, and commented on trailing performance and calendar year performance for each firm. He discussed rolling excess return, rolling risk, as well as the risk and reward data for each firm. Mr. Green provided Trustees with organizational information on each firm as well as points to consider. Mr. Green stated that all four candidates have investment-grade securities in their portfolios and the duration is relatively short-term. He did note that the Baird Intermediate Bond Fund would have approximately 60% overlap with the existing Baird Advisors account and that might not be prudent. Mr. Green stated that if Trustees wish, Mariner could bring in 2-3 candidates for presentations and then complete site visits. He noted that they provide presenters with a 10-page document format to follow for their presentations to keep them all consistent. Trustees agreed to have Great Lakes Advisors, LLC, Loomis Sayles & Company, LP, and National Investment Services of America, LLC come to the May 21, 2025 Joint Board meeting and make their presentations.

Chairman Hawkins next addressed the Experience Study fee quotes from Gabriel, Roeder, Smith and Company (GRS). He noted that the last experience study was through June 30, 2019 for the General Retirement System and through December 31, 2019 for the Police & Fire Retirement System. GRS has quoted a fee of \$16,500 for each retirement system, not including any necessary programming changes to the benefit computation program. Following Trustee discussion, Mr. Ewald made the motion on behalf of the Police & Fire Retirement System to approve the 5-year Experience Study as outlined in the quote. The motion was seconded by Mr. Fabiano and carried. Mr. Timkovich made the motion on behalf of the General Retirement System to approve the 5-year Experience Study as outlined in the quote. The motion was seconded by Mr. Butts and carried.

Ms. Korzen next discussed the topic of the Executive Director search. She provided Trustees with a proposal by MGT, one of the companies that the City of Grand Rapids is currently using for the Deputy Comptroller search. She commented that the company that provided information to Trustees at the January 15, 2025 Joint Board meeting, Palladian West, is an active search firm, where they actively seek out qualified individuals. MGT is a passive firm as they advertise the position to attract qualified individuals. Trustees can direct MGT as to which areas of the country to advertise the position. Mr. Balkema stated that there might be a subtle advantage in using the same company that the City uses. Ms. Korzen was unsure if the proposal included a fee break due to the City's current search. Chairman Hawkins stated maybe this fee could be negotiable. Trustees agreed that if MGT was used, the full scope would be the best option. Mr. Timkovich stated that he favors the active approach as that might be a more prudent way to find the best candidate. Trustees asked Ms. Korzen to reach out to Mr. Amidon and his associates at Palladian West for more information and references and also obtain information from one of the other firms that the City has used for executive searches. She stated she will provide Trustees with this information at the March 19, 2025 Joint Board meeting. Chairman Hawkins stated that since Trustees decided to place Ms. Balkema on acting assignment as Executive Director, they need to establish a pay rate for her. Mr. Butts made the motion to pay Ms. Balkema the annual rate of \$125,000. The motion was seconded by Mr. Timkovich and carried.

Ms. Balkema next addressed the existing Trustee Training, Educational Development and Due Diligence Policy by noting that the per diem rate for Michigan locations has been fixed at \$45 per day for approximately 10 years. The U.S. GSA per diem rates for the major cities in Michigan have increased quite a bit over the past 10 years. She proposed changing the wording in the policy to set the per diem rate for Michigan locations at the U.S. GSA rate for that location in effect at the time of travel. Mr. Michaud stated that he has reviewed the proposed change and it is in line with policies of other pension systems in Michigan. Mr. Timkovich made the motion to accept the revised Trustee Training, Educational Development and Due Diligence Policy as outlined by Ms. Balkema. The motion was seconded by Ms. Jackson and carried.

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

Ms. Balkema commented that the contract with the Northern Trust Company (NT) is due to expire September 30, 2025. She has been in contact with Mr. Clayton Robinson of NT to provide renewal information to Trustees at the June 18, 2025 Board meeting when Trustees conduct their professional services review.

Chairman Hawkins noted that he recently attended a lunch with Brookfield Capital representatives and a dinner with Mr. Craig VanderWall from Great Lakes Advisors.

The meeting adjourned at 10:07 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, March 19, 2025, at 8:05 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Lisa Balkema  
Acting Executive Director  
General and Police & Fire Retirement Systems