

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

MINUTES  
JOINT MEETING  
JANUARY 17, 2024 – 8:11 a.m.  
233 Fulton Street East, Suite 216

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. William Butts, Mr. William Fabiano, and Mr. Drew Robbins. Absent: Ms. Donijo DeJonge.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Clayton Robinson of The Northern Trust Company, Mr. Thomas Wackerlin of Northern Trust Asset Management, and Ms. Kathleen Switala of 50 South Capital.

Mr. Ewald made the motion to excuse the absence of Ms. DeJonge. The motion was seconded by Mr. Balkema and carried.

Chairman Hawkins welcomed Mr. Drew Robbins to the Boards. Mr. Robbins is a 1<sup>st</sup> Ward Commissioner for the City of Grand Rapids and will serve as Employer Trustee on both Boards.

There were no public comments regarding agenda items.

Mr. Timkovich made the motion to approve the minutes of the Joint Meeting of December 20, 2023. The motion was seconded by Mr. Tryc and carried.

Mr. Clayton Robinson, Second Vice President and Relationship Manager, of The Northern Trust Company (NT) presented his firm's annual update to Trustees. Mr. Robinson noted that NT has \$14.2 trillion in assets under custody/administration, \$1.3 trillion in assets under management, and offices in 26 countries. He stated that NT has a strong capital position, high quality, a liquid balance sheet and superior credit ratings. Mr. Robinson commented that NT has 216 clients in the public entities and institutions space and they have 30 client servicing professionals with an average of over 18 years of management experience. They have experienced a 27% increase in servicing staff over the last 2 years. Mr. Robinson commented on the securities lending program with NT and stated that the program strives to extract the highest amount of intrinsic value from each loan, while mitigating risk for the benefit of clients. They have \$1.35 trillion in lendable assets, \$159 billion in assets on loan with 453 participating clients in 31 countries. He provided a summary of the program for both plans noting that the 2023 net revenue was \$132,435 for the General Retirement System and \$137,860 for the Police & Fire Retirement System. He commented that NT will be moving to a T+1 format and provided Trustees with an update on how that will impact securities lending. The report was received and filed by Chairman Hawkins.

Mr. Thomas Wackerlin, CFA and Client Portfolio Manager of Northern Trust Asset Management (NTAM) presented his firm's annual report to Trustees. Mr. Wackerlin commented that Northern Trust provides innovative solutions to meet client objectives. They are 19<sup>th</sup> largest in worldwide assets, 14<sup>th</sup> largest in worldwide institutional assets, 8<sup>th</sup> largest in ESG mandates, and 5<sup>th</sup> largest in indexed equity. He

provided Trustees with an update on NTAM’s organization. Northern Trust has \$1.3 trillion in assets under management, locations in 20+ countries, 24,000+ global employees, and is the world’s 19<sup>th</sup> largest asset manager. He reviewed Northern Trust’s capital market offerings and global product vehicles. Mr. Wackerlin noted that Northern Trust provides organizational commitment, industry leadership, stewardship, and expertise. They are committed to diversity, equity, and inclusion through their diverse talent and leaders, investment programs, and leadership. Northern Trust also offers sustainable investing through socially responsible portfolios. Mr. Wackerlin noted that NTAM’s index platform has grown over 40+ years by evolving alongside their clients. As of September 30, 2023, NTAM has \$665.2 billion in assets under management. He reviewed NTAM’s index equity team and global portfolio management and trading platform. They have 13 portfolio managers in Chicago, 7 portfolio managers in London, and 5 portfolio managers in Hong Kong and Melbourne. He reviewed the following returns for the period ending November 30, 2023:

	<u>3 mo.</u>	<u>YTD</u>	<u>1 yr.</u>	<u>3 yr.</u>	<u>5 yr.</u>	<u>10 yr.</u>	<u>Since Inception</u>
NT S&P 500 Index Fund	1.74%	20.81%	13.86%	9.76%	12.53%	11.86%	10.06%
S&P 500	1.74%	20.80%	13.84%	9.76%	12.51%	11.82%	10.02%

He reviewed NTAM’s performance and portfolio characteristics, including top ten holdings and sector exposure. He stated that the construction process for the portfolios considers benchmark characteristics, liquidity, risk exposures, trading, and ongoing maintenance. Mr. Wackerlin commented that NTAM seeks to fully replicate in markets where practicable and optimize where sensible, with the goal of maximizing liquidity and minimizing unnecessary costs in an effort to deliver benchmark-like risk and performance. He reviewed NTAM’s risk management process and touched on securities lending. The report was received and filed by Chairman Hawkins.

Ms. Kathleen Switala, Vice President of 50 South Capital (50 South), presented her firm’s annual update to Trustees. Ms. Switala stated that 50 South is a global alternatives firm that provides differentiated solutions and valued access to private equity, private credit, and hedge fund investment opportunities. 50 South has \$14.0 billion in assets as of 09/30/23. They have an experienced team with a 23-year history. Ms. Switala commented that 50 South’s Sponsor Backed Credit Fund III provides a compelling alternative for investors searching for higher yields without taking meaningful credit risk, through investing alongside market leading direct lending firms providing senior loans to private equity owned companies. {Mr. Fabiano arrived at 8:37 a.m.} She reviewed their portfolio construction and noted that it creates strong risk/return, and also reviewed their selection criteria for managers. She stated that 50 South has approximately 15% - 25% in U.S. Lower Middle Markets, 15% - 25% in European Middle Markets, 25% - 35% in U.S. Middle Markets, and 15% - 20% in Sponsor Backed Liquid Credit. Ms. Switala provided Trustees with statistics on the Sponsor Backed Credit Fund I such as manager statistics, loan performance, industry diversification, and quarterly cash distributions. The portfolio has ramped with compelling spreads and all-in yields, and began to distribute quarterly yields, annualizing at 14.6% net cash income in 2023 year-to-date. The report was received and filed by Chairman Hawkins.

Chairman Hawkins next addressed the Investment Consultant RFP process by providing a summary of the process thus far and stating that at the December 20, 2023 Joint Board meeting Trustees asked to have the Executive Director contact one of the recent client acquisitions by AndCo and also ask Wilshire if they would provide new Trustees with educational opportunities. Ms. Korzen did contact the organization that switched from Wilshire to AndCo and the contact at that organization stated that the transition went smoothly, AndCo has been very responsive and attentive to their needs. She also reported that Wilshire would be willing to continue to offer education to new Trustees, as they have in the past. Chairman Hawkins asked each Trustee to state his/her opinion on the RFP selection process. Following Trustee discussion, Mr. Tryc made the motion on behalf of the General Retirement System to terminate the relationship with

Wilshire and hire AndCo as investment consultant, subject to successful contract negotiations. The motion was seconded by Mr. Butts and unanimously carried. Mr. Ewald made the motion on behalf of the Police & Fire Retirement System to terminate the relationship with Wilshire and hire AndCo as investment consultant, subject to successful contract negotiations. The motion was seconded by Mr. Fabiano and unanimously carried. Trustees thanked Wilshire for their 25+ years of great service.

There were no comments on items not on the agenda.

Board approval was requested for attendance at the following conference: the MAPERS One Day Seminar to be held February 29 by Ms. Korzen. Mr. Ewald made the motion to approve attendance of the aforementioned conference per the Trustee Training, Educational Development and Due Diligence policy. The motion was seconded by Mr. Tryc and carried.

Chairman Hawkins reported that he has recently signed the contract extension with the Executive Director. He commented that in the upcoming months he will be reaching out to Trustees to establish a process for hiring the new Executive Director and determining which direction Trustees wish to have the office take, especially in light of the new investment consultant coming on board. Chairman Hawkins stated that he wants to ensure that all Trustees feel comfortable in their roles as Trustees and desires to make sure they all receive the education they need to fulfill their duties as Trustees.

Ms. Korzen commented that there should be a new Citizen Trustee appointed to replace Mr. Phillip Mitchell, prior to the February 21<sup>st</sup> board meetings.

The meeting adjourned at 9:29 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, February 21, 2024, at 8:05 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
General and Police & Fire Retirement Systems