

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

MINUTES
JOINT MEETING
JUNE 18, 2025 – 8:34 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. William Butts, Ms. Donijo DeJonge, and Mr. William Fabiano. Absent: Mr. Drew Robbins and Ms. Holly Jackson.

Also present: Ms. Lisa Balkema, Acting Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Mr. Mark Roman and Mr. Steve McMillan of Grosvenor Capital Management, Mr. Patrick Wilson of CenterSquare Investment Management, Mr. Clayton Robinson of the Northern Trust Company, Mr. Brian Green and Mr. Mike Holycross of Mariner, and Ms. Peggy Korzen.

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

There were no public comments regarding agenda items.

Mr. Butts made the motion to approve the minutes of the Joint Meeting of May 21, 2025. The motion was seconded by Mr. Timkovich and carried.

Mr. Mark Roman, Managing Director, Client Group and Mr. Steve McMillan, Managing Director, Credit Investments, of Grosvenor Capital Management (GCM), presented their firm’s annual update to Trustees. Mr. Roman noted that GCM has \$82.0 billion in assets under management, of which, \$23.0 billion is in absolute return strategies. He noted that GCM began investing in 1971, they have 552 employees and 186 investment professionals. Mr. McMillan commented that Liberation Day tariff announcements were worse than anticipated, causing a severe market sell-off. The S&P recovered in the aftermath of the 90-day tariff pause, but the index is still near flat year-to-date. While most of the reciprocal tariffs have been paused, the 10% baseline tariff rate has come into effect and there is still uncertainty around future expectations. Inflation is still above the 2% target. As far as geopolitical concerns, there is a risk of a long-term trade war between the U.S. and China, and Europe faces rising costs and instability from shifting tariffs and trade tensions. Mr. McMillan stated that the U.S. economy is still strong, but consumer sentiment has turned negative and corporate spreads remain tight. Asset backed markets remain attractive, especially for residential credit, which is supported by strong technicals due to supply/demand dynamics. Credit fundamentals continue to remain robust, however, GCM remains cautious around geopolitical uncertainty and market volatility. He noted that the GCM Opportunistic Credit Fund V, Ltd. (OCFV) is an evergreen specialized fund that provides a single point-of-entry to an evolving set of differentiated opportunistic credit investments. He reviewed their target objectives and constraints. Mr. McMillan reviewed the portfolio construction, strategy attribution, and historical net performance. He commented that uncertainty has fallen from mid-April highs but remains elevated as investors are closely monitoring trade talks between the U.S. and China. In the residential real estate credit arena, mortgage rates remain elevated, significantly impacting affordability and locking in potential home sellers. In the commercial real estate credit arena, the market backdrop has improved, but there is still a significant refinancing need over the coming years. He provided the following returns for the period ending April 30, 2025:

	GCM Opp. <u>CF V</u>	Credit Suisse <u>High Yield Index</u>	Credit Suisse <u>Lev. Loan Index</u>
2016 (2 months)	1.6%	2.0%	1.5%
2017	5.8%	7.0%	4.3%
2018	2.4%	-2.4%	1.1%

2019	8.5%	14.0%	8.2%
2020	0.9%	5.5%	2.8%
2021	9.7%	5.5%	5.4%
2022	0.4%	-10.6%	-1.1%
2023	7.6%	13.6%	13.0%
2024	8.6%	7.9%	9.0%
2025 (YTD 4 mo.)	1.1%	0.7%	0.5%

Since 11/2016:

Cumulative Return	56.7%	49.2%	53.8%
Annualized Return	5.4%	4.8%	5.2%

The report was received and filed by Chairman Hawkins.

Mr. Patrick Wilson, CFA and Portfolio Manager of CenterSquare Investment Management (CS) presented his firm's annual report to Trustees. Mr. Wilson provided Trustees with an overview of CS and noted that CS has \$14 billion in assets under management as of March 31, 2025. CS has 38 years of experience in investing in real estate, and they have more than 100 professionals. CS has 35+ employee owners and over 150 institutional relationships as well as a diversified client base. Mr. Wilson reviewed their people, organization, and process. He reviewed the strategy positioning for both portfolios. Investment returns as of 05/31/25 for the General and Police & Fire Retirement Systems' portfolios were reported as follows:

	<u>YTD 2024</u>	<u>Trailing 12 Months</u>	<u>Since Inception*</u>
General Retirement System	0.22%	14.16%	5.01%
Police & Fire Retirement System	0.20%	14.15%	5.01%
FTSE NAREIT Equity REITs Index	0.29%	12.35%	3.85%

*Inception date – September 30, 2019

Mr. Wilson provided Trustees an overview on the state of the U.S. economy, commenting that the labor market showed resilience in the first quarter with non-farm payrolls posting moderate yet steady jobs gain. The 10-year Treasury yield fell 36 basis points in the first quarter, closing the quarter at 4.21%. Both REIT capital raising activity and national CMBS activity have shown consistent improvement from the 2022-2023 lows. Mortgage rates decreased from a high of 6.9% at the end of the fourth quarter 2024 to 6.7% by the end of the first quarter 2025. The Trump administration unveiled a universal 10% tariff rate combine with targeted reciprocal tariffs, a move that proved incendiary to the financial markets. He reviewed current market conditions, confidence, uncertainty and volatility. He noted that inflation trends and the outlook for the economy are worsening. There has been a radical shift in trade policy and there are early signs of softening in certain areas of the economy. Mr. Wilson commented that credit markets showed further signs of loosening in the first quarter, with CMBS issuances continuing to rise. REIT IPO activity started the year strong with an \$810 million Self-Storage IPO, following on the momentum established by 3 REIT IPOs in 2024. Mr. Wilson stated that interest rates have proven extremely volatile so far this year and inflation has continued to improve to start the year; however, following "Liberation Day" there are heightened concerns that inflation could pick up again. He commented that there was a 15% jump in oil prices in January; however, with fears of a global slowdown in OPEC production, oil prices have dropped to levels not seen since 2021. He stated that occupancy, rental rates, and leasing volumes continued to remain healthy across most property types with senior housing, open-air shopping centers, and apartments leading the way. In the first quarter of 2025, U.S. REITs outperformed broader equities and low-cyclical sectors won. Mr. Wilson provided a review of the relative performance of REITs v. major indices. He commented on real estate fundamentals, earnings growth, and valuation metrics as of April 11, 2025. He noted that CS expects that REITs could generate 8-13% annual total returns in the medium-term and there are favorable valuations. He provided Trustees with an overview on CS' thoughts on industrial, office, residential, retail, data centers and towers, hotel, and healthcare sectors. He stated that CS screens favorably v. the index across all environmental, social, and governance category scores. The report was received and filed by Chairman Hawkins.

Ms. Balkema next addressed the renewal quotes for the Fiduciary Liability insurance policies for the period 07/01/25 – 07/01/26 from Euclid/Hudson. The policies would renew with the same terms and the premiums would be

\$16,224 for the Police & Fire Retirement System and \$17,338 for the General Retirement System. Mr. Ewald made the motion on behalf of the Police & Fire Retirement System to renew the Euclid policy as outlined in the proposal for the period 07/01/25 – 07/01/26 for \$16,224. The motion was seconded by Mr. Fabiano and carried. Mr. Tryc made the motion on behalf of the General Retirement System to renew the Euclid policy as outlined in the proposal for the period 07/01/25 – 07/01/26 for \$17,338. The motion was seconded by Mr. Butts and carried. Ms. Balkema also noted that the Commercial policy listed a renewal amount of \$954.00 for the period 07/01/25 - 07/01/26, up from the current rate of \$816.00. She stated that the policy auto-renews, and that the price increase was due to an inflation guard and the personal property increase from \$100,500 to \$105,525. It was also recommended to continue the umbrella policy at the same cost of \$635.00, which provides an additional \$1 million in liability coverage. Mr. Ewald made the motion on behalf of the Police & Fire Retirement System to renew the Travelers Commercial policy and Umbrella policy as outlined in the proposal for the period 07/01/25 – 07/01/26 for \$1,589.00. The motion was seconded by Mr. Fabiano and carried. Mr. Tryc made the motion on behalf of the General Retirement System to renew the Travelers Commercial policy and Umbrella policy as outlined in the proposal for the period 07/01/25 – 07/01/26 for \$1,589.00. The motion was seconded by Mr. Butts and carried.

Mr. Clayton Robinson of The Northern Trust Company (NT) provided Trustees with a proposal outlining NT's fee renewal quote for October 1, 2025 – September 30, 2028. He noted that the Retirement Systems have been clients of NT since 2001 and thanked Trustees for the business. He stated that the flat fee for custody for both plans has been \$65,000 since 2010. Since 2010, plan assets have increased over \$350 million and the number of accounts under custody has grown from 20 to 36. Mr. Robinson commented that NT's costs have risen as well but with no offset to the plans for these costs. NT is proposing a flat custody fee of \$100,000 for year 1, \$110,000 for year 2, and \$120,000 for year 3. These fees would be split evenly between both plans. He stated that the fee proposal is fair due to the asset size and complexity of the plans. Mr. Robinson noted that if the plans did not have a fixed flat fee, the standard fees would be approximately \$90,000 higher based upon the assets. Trustees noted that they will discuss further whether to accept the proposal or issue an RFP. Mr. Robinson noted that if an RFP is issued, NT will likely not be the lowest quoted firm, but NT does not strive to be the lowest in terms of fees so that they can focus on delivering quality services to clients. Chairman Hawkins thanked Mr. Robinson for the presentation. Ms. Balkema asked Mr. Robinson to provide additional information on the increases/decreases in benefit payment fees; he agreed. Mr. Butts asked to review the quotes that were received the last time an RFP was issued for Custody and Benefit Payment services; Ms. Balkema will obtain this data and provide the information to Chairman Hawkins and Trustees.

Ms. Balkema next addressed the current lease with the Masonic Center Building by noting that base rent for the Retirement Systems office space is adjusted annually by the current CPI, which is 2.4%. Starting July 1, 2025, the new monthly rent will be \$2,853.19. Ms. Balkema noted that the current lease with the Masonic Center will be up for renewal on July 1, 2028.

Ms. Korzen next discussed the topic of the Executive Director search. She commented that Mr. Niemeyer at CPS provided the committee with his results from the initial screening of the 6 qualified applicants. The committee and Mr. Niemeyer will be meeting on June 23rd to discuss the report and decide which candidates to interview. Ms. DeJonge asked who will be conducting the interviews; Chairman Hawkins stated his desire to provide the full Boards with the resumes from those selected to be interviewed to weigh in on those individuals.

Ms. Korzen next addressed the 2025 server and workstation proposal. She stated that Mr. Steinebach of Quixotic Computing provided a proposal for replacing the current server in the Retirement Systems office and the workstation for Ms. Balkema. It has been 5 years since the server was last replaced and each year one workstation is replaced in the Retirement Systems office. The proposal outlines costs of \$5,411.13 for the server and \$1,109.99 for the workstation (including labor). Ms. Korzen stated that Retirement Systems has a government account with Dell and the quote for the workstation was approximately \$70-\$80 less than Mr. Steinebach's quote. She has not yet received the server quote, but will keep Trustees apprised. Following Trustee discussion, Mr. Tryc made the motion to approve the replacement of the server and workstation as outlined in Mr. Steinebach's report and to obtain the lower equipment cost if possible through the government account with Dell. The motion was seconded by Mr. Ewald and carried.

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

Board approval was requested for attendance at the following conferences: the Baird Advisors conference to be held September 7 - 8 by Chairman Hawkins, Mr. Tryc, and Mr. Ewald, and the Fall MAPERS Conference to be held

September 14 - 16 by Chairman Hawkins, Ms. DeJonge, Mr. Ewald, Mr. Fabiano, Mr. Timkovich, Mr. Butts, Ms. Korzen and Ms. Williams. Mr. Ewald asked if the Retirement Systems would be covering the costs of the hotel in Grand Rapids as other locations are covered. Chairman Hawkins stated that this would seem appropriate to ensure that Trustees and staff are on site to attend all of the functions and network with other attendees. Mr. Butts made the motion on behalf of the General Retirement System to approve attendance of the aforementioned conferences by Trustees and staff per the Trustee Training, Educational Development and Due Diligence policy. The motion was seconded by Ms. DeJonge and carried. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to approve attendance of the aforementioned conferences by Trustees and staff per the Trustee Training, Educational Development and Due Diligence policy. The motion was seconded by Mr. Fabiano and carried. Chairman Hawkins commented that he, Mr. Tryc and Mr. Ewald will be conducting a due diligence visit to Great Lakes Advisors, LLC on July 16 – 17. They will also conduct visits to Northern Trust, 50 South Capital, and Adams Street Partners. He asked Trustees to let Ms. Balkema know which managers they would like to visit over the next 12 months for a due diligence visit and she will coordinate the visits with Mariner and the respective managers.

The meeting adjourned at 9:49 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, August 20, 2025, at 8:05 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

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