

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

MINUTES  
JOINT MEETING  
JUNE 20, 2018 – 8:10 a.m.  
233 East Fulton

The meeting was called to order by Chairman Hawkins. Other members present: Mr. David Tryc, Mr. Craig VanderWall, Mr. Martin Timkovich, Mr. Thomas VanderPloeg, Mr. Philip Balkema, Mr. Phillip Mitchell, and Ms. Donijo DeJonge. Absent: Mr. William Butts.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Mr. Robert Morgan and Mr. Chris Bires of 50 South Capital Advisors, Mr. Mac Nickey of Northern Trust Asset Management, Mr. John Kyles of Portfolio Advisors, Mr. Thomas Rowland and Mr. Mark Roman of Grosvenor Capital Management, and Mr. Alex Ford and Mr. John Patterson (via telephone) of Wilshire Associates, Inc.

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

There were no public comments regarding agenda items.

Mr. Balkema made the motion to approve the minutes of the Joint Meeting of May 9, 2018. The motion was seconded by Mr. Tryc and carried.

Mr. Alex Ford next noted that Wilshire conducted an asset liability study earlier this year and as part of that study, Wilshire recommended implementing an exposure to Private Credit.

The following Private Credit manager representatives were interviewed:

8:15 – 9:00	50 South Capital Advisors, Chicago, IL Mr. Robert Morgan, Senior Vice President and Managing Director Mr. Chris Bires, Director of Product Strategy and Investor Relations
9:12 – 9:56	Portfolio Advisors, Darien, CT Mr. John Kyles, Managing Director
9:59 – 10:47	Grosvenor Capital Management, Chicago, IL Mr. Thomas Rowland, CFA, CAIA, Managing Director Mr. Mark Roman, Director, Business Development {Ms. DeJonge left the meeting at 10:18 a.m.}

After conclusion of the interview process, Mr. Ford commented that 50 South has an attractive fee structure and good exposure in the asset class. They employ good risk controls in their product and the managers they have chosen have a proven track record. There is also no interest rate risk as they have a floating rate environment. Mr. Ford stated that Portfolio Advisors focuses on secondaries whereas 50

South focuses on direct lending. He stated that Portfolio Advisors is more private equity-like in terms of the investments that they are making; however, the lockup timeframe is not the same. Mr. Patterson commented that this is a different strategy than what he has seen in the marketplace and it does have a bit of an overlap with a private equity portfolio, but also offers more diversification. Mr. Ford stated that Grosvenor has a very diversified approach in their product; this diversification will be beneficial as the landscape continues to change. They also have experienced low volatility. Their fee is reasonable considering what the product can deliver. Mr. Ford stated that Wilshire recommends that Trustees consider hiring at least two of the three candidates to ensure diversification in the portfolios. He noted that Wilshire views Grosvenor as being the anchor for this exposure and either one or both of the other two firms as satellites to this exposure to help buffer the yields upward. Mr. Patterson indicated that there would be a fee break with 50 South; he will have to inquire as to whether or not there would be one with Grosvenor; however, he noted that due to Wilshire's past experience with Grosvenor, they do try to negotiate the best fees with their underlying managers. Following Trustee discussion, Mr. VanderWall made the motion on behalf of the Police & Fire Retirement System to conduct due diligence visits to 50 South Capital Advisors and Grosvenor Capital Management. The motion was seconded by Mr. VanderPloeg and carried. Mr. Tryc made the motion on behalf of the General Retirement System to conduct due diligence visits to 50 South Capital Advisors and Grosvenor Capital Management. The motion was seconded by Mr. Mitchell and carried.

Ms. Korzen next addressed the renewal quote for the Fiduciary Liability insurance policy for the Retirement Systems for the period 07/01/18 – 07/01/19 from Euclid Specialty. The premium for the policy, if renewed with the same terms, would remain the same at \$14,858 for the Police & Fire Retirement System and \$15,214 for the General Retirement System. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to renew the Euclid policy with non-indemnifiable public entity coverage as outlined in the proposal for the period 07/01/18 – 07/01/19 for \$14,858. The motion was seconded by Mr. VanderPloeg and carried. Mr. Tryc made the motion on behalf of the General Retirement System to renew the Euclid policy with non-indemnifiable public entity coverage as outlined in the proposal for the period 07/01/18 – 07/01/19 for \$15,214. The motion was seconded by Mr. Timkovich and carried. Ms. Korzen commented that the Business Owner's policy is also up for renewal 07/01/18, but she has not yet seen the renewal quote; the present policy is \$637 however, she spoke with the insurance carrier and they indicated that the policy should increase by approximately 2%. Mr. VanderWall made the motion to approve the Business Owner's policy for the period 07/01/18 – 06/30/19. The motion was seconded by Mr. VanderPloeg and carried.

The Executive Director next addressed the current lease with the Masonic Center Building by noting that the current lease expires June 30, 2018. She and Chairman Hawkins recently met with the representative from the Masonic Center and she and Mr. Michaud have reviewed the proposed lease agreement. The proposed lease is similar to leases that the Retirement Systems have had with the Masonic Center in the past. She and Chairman Hawkins negotiated new carpeting, paint, and the removal of the existing wallpaper. The proposed lease is for 5 years; the current total monthly rent is \$2,291.66; they are proposing a 2.4% increase (there has not been an increase in over 8 years) with a CPI escalator built in for each subsequent July 1 during the term of the new lease. There were a few items that the Masonic Center was standing firm on and Ms. Korzen reviewed them with Mr. Michaud; none of the items were detrimental to the Retirement Systems. Ms. Korzen recommended approval of the lease with the Masonic Center. Mr. Balkema made the motion to approve the lease with the Masonic Center for the next five years as outlined in their proposed lease agreement. The motion was seconded by Mr. Timkovich and carried.

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

Mr. VanderPloeg commented that he and Mr. Tryc recently had a conversation with a representative from AF&T, which is a securities litigation monitoring firm that specializes in anti-trust monitoring. He proposed having a representative from their firm make a presentation to Trustees to learn more about this topic. The firm is based in New York. Mr. Michaud commented that they work with other law firms with respect to securities litigation monitoring and offered to coordinate the presentation if Trustees wish to hear more about this topic. The Retirement Systems presently have two firms performing securities litigation monitoring and an additional firm may not be beneficial. Following Trustee discussion, it was decided not to pursue working with a third monitoring firm at this time.

Ms. Korzen noted that the contract with Neuberger Berman (NB) for the CIT account is ready to be finalized and she will work with NB to coordinate a date to transfer the assets from the existing fund to the CIT; she will also work with Wilshire Associates to ascertain the appropriate transfer amounts. She noted that there was no formal motion made previously to invest in the CIT. Mr. VanderWall made the motion on behalf of the Police & Fire Retirement System to move the assets in the present Neuberger Berman account to the CIT as outlined in the contract that has been reviewed by Mr. Michaud, and authorize Ms. Korzen and Chairman Hawkins to sign the contract. The motion was seconded by Mr. Mitchell and carried. Mr. Tryc made the motion on behalf of the General Retirement System to move the assets in the present Neuberger Berman account to the CIT as outlined in the contract that has been reviewed by Mr. Michaud, and authorize Ms. Korzen and Chairman Hawkins to sign the contract. The motion was seconded by Mr. Timkovich and carried.

The meeting adjourned at 11:24 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, August 15, 2018, at 8:05 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
General and Police & Fire Retirement Systems