

*City of Grand Rapids General Retirement System*

***SUMMARY ANNUAL REPORT TO MEMBERS  
DECEMBER 31, 2021***

Dear Retirement System Members and Retirants:

The Retirement System, which is managed by the Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die.

The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of Michigan Public Act 314 of 1965, as amended, the City of Grand Rapids Retirement Ordinance, and the Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available online at [www.grpensions.org](http://www.grpensions.org) and in our office at 233 E. Fulton, Suite 216, Grand Rapids, MI.

Respectfully submitted,

***Board of Trustees  
City of Grand Rapids General Retirement System***

### Board of Trustees

- Michael Hawkins – Chairman
- David J. Tryc – Vice Chairman
- Martin P. Timkovich – Member Trustee
- William D. Butts – Member Trustee
- Phillip Mitchell – Citizen Trustee
- Donijo DeJonge – Citizen Trustee
- Nathaniel Moody – Employer Trustee

### Retirement System Service Providers

- Gabriel Roeder Smith and Company – Actuary
- Thomas Michaud, of VanOverbeke, Michaud & Timmony, P.C. – Legal Advisor
- Rehmann Robson – Auditor
- The Northern Trust Company – Custodial Bank
- Wilshire Associates, Inc. – Investment Consultant

### Investment Managers

- 50 South Capital Advisors – Private Credit
- Aberdeen Asset Management – Private Equity
- Adams Street Partners – Private Equity
- Baird Advisors – Core Fixed Income
- BlackRock Institutional Trust Company – Low Volatility
- Brown Brothers Harriman – Treasury Inflation Protected Securities
- CenterSquare Investment Management – Real Estate
- Grosvenor Capital Management – Private Credit
- Harding Loevner – American Depository Receipts
- Harvest Fund Advisors – Master Limited Partnerships
- Neuberger Berman – International Equity
- Northern Trust Asset Management – Passive Core Equity
- PIMCO – Enhanced Index Equity
- Wellington Management Company – Core/Growth Equity & Commodities
- Western Asset Management – Core Plus Fixed Income

**Statement of Fiduciary Net Position as of June 30, 2019, June 30, 2020, and June 30, 2021**

	2019	2020	2021	Change From Prior Year	
				In Dollars	As %
<b>Assets</b>					
Cash and money market funds	\$ 8,663,699	\$ 5,321,810	\$ 6,214,203	\$ 892,393	16.8%
Stocks, equity mutual funds and partnerships	207,130,070	195,681,564	254,257,243	58,575,679	29.9%
Fixed Income	131,927,054	124,263,778	124,248,758	(15,020)	0.0%
Real estate	21,050,928	18,575,394	25,745,529	7,170,135	38.6%
Private equity partnerships	21,983,865	23,092,944	33,940,404	10,847,460	47.0%
Private credit partnerships	10,497,285	18,019,106	21,090,846	3,071,740	17.0%
Commodities	17,619,387	16,385,738	23,266,203	6,880,465	42.0%
Securities lending collateral	20,754,055	29,595,696	35,256,291	5,660,595	19.1%
<b>Total cash and investments</b>	<b>439,626,343</b>	<b>430,936,030</b>	<b>524,019,477</b>	<b>93,083,447</b>	<b>21.6%</b>
Receivables	2,883,036	3,647,897	2,200,627	(1,447,270)	-39.7%
<b>Total Assets</b>	<b>442,509,379</b>	<b>434,583,927</b>	<b>526,220,104</b>	<b>91,636,177</b>	<b>21.1%</b>
<b>Liabilities</b>					
Administrative expenses and investment management fees payable	361,880	376,905	437,531	60,626	16.1%
Pending trades - purchases	2,178,392	1,202,735	821,980	(380,755)	-31.7%
Amounts due broker under securities lending agreement	20,754,055	29,595,696	35,256,291	5,660,595	19.1%
<b>Total Liabilities</b>	<b>23,294,327</b>	<b>31,175,336</b>	<b>36,515,802</b>	<b>5,340,466</b>	<b>17.1%</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 419,215,052</b>	<b>\$ 403,408,591</b>	<b>\$ 489,704,302</b>	<b>\$ 86,295,711</b>	<b>21.4%</b>

**Statement of Changes in Fiduciary Net Position as of June 30, 2019, June 30, 2020, and June 30, 2021**

	2019	2020	2021	Change From Prior Year	
				In Dollars	As %
<b>Additions</b>					
Contributions	\$ 15,598,225	\$ 13,920,831	# \$ 13,807,691	\$ (113,140)	-0.8%
Net investment income	21,292,586	5,339,161	107,791,299	102,452,138	1918.9%
Securities lending	78,911	101,235	85,224	(16,011)	-15.8%
<b>Total Additions</b>	<b>36,969,722</b>	<b>19,361,227</b>	<b>121,684,214</b>	<b>102,322,987</b>	<b>528.5%</b>
<b>Deductions</b>					
Benefits	34,058,491	34,562,300	34,830,364	268,064	0.8%
Administrative expense	596,090	605,388	558,139	(47,249)	-7.8%
<b>Total Deductions</b>	<b>34,654,581</b>	<b>35,167,688</b>	<b>35,388,503</b>	<b>220,815</b>	<b>0.6%</b>
<b>Net Increase (Decrease)</b>	<b>2,315,141</b>	<b>(15,806,461)</b>	<b>86,295,711</b>	<b>102,102,172</b>	<b>646.0%</b>
<b>Net Position Restricted for Pension Benefits, beginning of year</b>	<b>416,899,911</b>	<b>419,215,052</b>	<b>403,408,591</b>	<b>(15,806,461)</b>	<b>-3.8%</b>
<b>Net Position Restricted for Pension Benefits, end of year</b>	<b>\$ 419,215,052</b>	<b>\$ 403,408,591</b>	<b>\$ 489,704,302</b>	<b>\$ 86,295,711</b>	<b>21.4%</b>

**Funded Status as of June 30, 2020 and June 30, 2021**

	<u>2020</u>	<u>2021</u>
• Actuarial accrued liabilities	\$557,599,165	\$563,551,840
• Applied Assets	\$426,996,313	\$445,684,135
• % Funded	76.6%	79.1%

**System Investment Performance as of 12/31/21 (Net of Fees)**

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>7-Years</u>	<u>10-Years</u>
Total Fund Return	18.27%	15.61%	10.70%	8.20%	9.65%

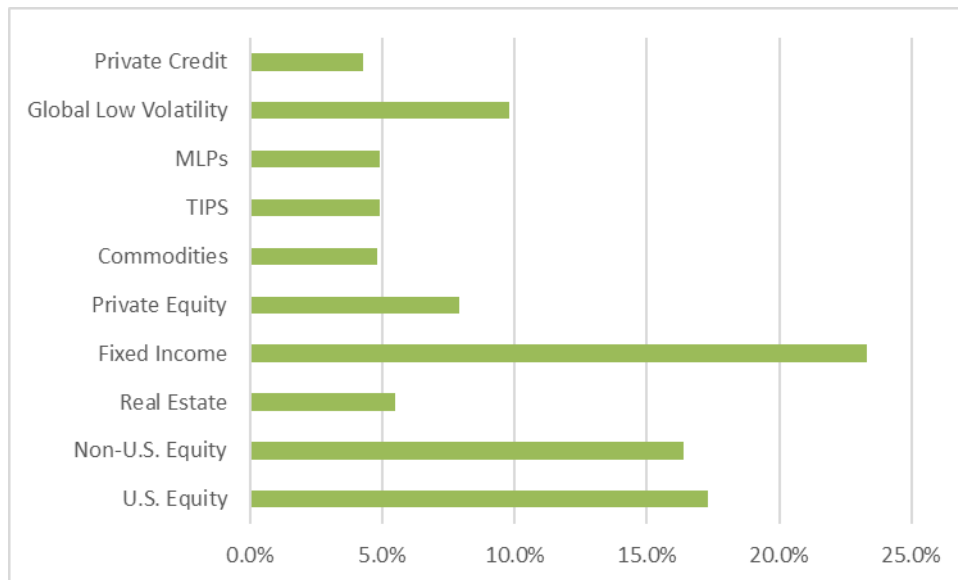
System Revenues and Expenditures as of June 30, 2021

**June 30, 2021**

1.	Balance – Beginning of Year	\$403,408,591
2.	Revenues:	
a.	Employee Contributions	\$2,523,078
b.	Employer Contributions	\$11,284,613
c.	Investment Income	<u>\$108,932,502</u>
d.	Total Revenues	\$122,740,193
3.	Expenditures:	
a.	Benefit Payments	\$34,810,191
b.	Supplemental Pension Distribution	\$0
c.	Refund of Member Contributions	\$20,173
d.	Expenses	<u>\$1,614,118</u>
e.	Total Expenditures	\$36,444,482
4.	Balance – End of Year	\$489,704,302

The Board of Trustees has confirmed that the General Retirement System provides for the payment of the required employer contribution and the employer contributions shown above represent the required employer contribution for the year covered. The System had \$0.00 of “soft dollar” expenses.

Investments as of December 31, 2021



System Itemized Budget as of June 30, 2021

**BUDGET - GENERAL RETIREMENT SYSTEM**  
**July 1, 2020 - June 30, 2021**

<u>Expense</u>	<u>Actual YTD</u> <u>through 06/30/21</u>	<u>FYE 06/30/21</u> <u>Budgeted</u> <u>Expense</u>	<u>Variance</u> <u>to Budgeted</u> <u>Expense</u>	<u>Expended by</u> <u>06/30/20</u>	<u>Variance</u> <u>to 06/30/20</u>
<b>Professional Services</b>					
- Actuarial	37,135.00	\$50,000.00	(12,865.00)	\$65,980.00	(28,845.00)
- Audit*	16,400.00	16,400.00	0.00	15,900.00	500.00
- Consultant	112,500.00	121,450.00	(8,950.00)	112,500.00	0.00
- Custodial**	62,287.58	65,000.00	(2,712.42)	29,557.98	32,729.60
- Investment Management	962,689.88	1,281,250.00	(318,560.12)	976,683.73	(13,993.85)
- Legal Services	5,770.90	9,000.00	(3,229.10)	5,832.00	(61.10)
<b>Insurance</b>					
- Business Owners	1,161.50	650.00	511.50	559.50	602.00
- Fiduciary Liability	0.00	15,600.00	(15,600.00)	15,938.00	(15,938.00)
- Life & Disability	723.54	723.54	0.00	723.54	0.00
- Workers Compensation	1,072.50	1,050.00	22.50	1,008.00	64.50
<b>Due Diligence &amp; Education</b>					
- Due Diligence	0.00	8,000.00	(8,000.00)	1,200.49	(1,200.49)
- Conference	600.01	24,000.00	(23,399.99)	2,812.88	(2,212.87)
- Other Education	0.00	4,000.00	(4,000.00)	1,930.40	(1,930.40)
<b>Administration</b>					
- Accufund Consultant	2,073.75	1,200.00	873.75	948.75	1,125.00
- Medical Evaluations	1,575.00	10,000.00	(8,425.00)	4,050.00	(2,475.00)
- Meetings	404.57	600.00	(195.43)	396.88	7.69
- Occupancy Rental	14,393.12	14,333.40	59.72	14,333.40	59.72
- Office Supplies	12,368.72	19,475.00	(7,106.28)	13,268.35	(899.63)
- Memberships	535.00	650.00	(115.00)	535.00	0.00
- Salaries & Wages	262,598.51	320,000.00	(57,401.49)	251,464.69	11,133.82
<b>Total Expenses</b>	<b>\$1,494,289.58</b>	<b>1,963,381.94</b>	<b>(\$469,092.36)</b>	<b>\$1,515,623.59</b>	<b>(\$21,334.01)</b>

\*Additional fees possible due to to GASB 67 advising.

\*\*Custody fees shown above are before offset from Securities Lending Income. Total income for FYE 06/30/21 was \$85,223.72.

**Disclaimer:** The data above is a summary of expenses compared to arbitrarily selected "targets." These "targets" are not intended to be goals or budget objectives, just simple comparisons. Many of the figures are contractual or uncontrollable, such as asset manager fees (based on market values),

occupancy (based on rental agreement) and Medical Evaluations (the number of which is purely based on the number of disability retirement applications). The use of this document is intended to monitor expenses, not judge the System's performance.

The System's total aggregate cost for professional training and education, including travel costs, authorized by Michigan Public Act 314 for a fiscal year shall not exceed \$150,000 or an amount equal to the total number of system board members multiplied by \$12,000, whichever is less. Beginning January 1, 2013, the Department of Treasury shall adjust the dollar amounts for these costs by an amount determined by the State Treasurer at the end of the immediately preceding calendar year to reflect the cumulative annual percentage change in the Consumer Price Index.

Actuarial Valuation Information as of June 30, 2021

• Active Members:	387
• Number of Retirees/Beneficiaries:	1,180
• Average Annual Retirement Allowance:	\$29,822
• Total Annual Retirement Allowance:	\$35,189,856
• Valuation Payroll:	\$27,657,053
• Employer's Normal Cost as % of Valuation Payroll:	6.72%
• Employer's Contribution Rate beginning 7/1/22:	46.19%
• Weighted Average of Member Contributions:	7.75%
• Actuarial Assumed Rate of Investment Return:	7.00%
• Actuarial Assumed Rate of Long-Term Wage Inflation:	3.00% - 8.00%, plus up to 4.00% depending on service
• Smoothing Method Utilized:	5-Year Smoothed Market
• Amortization Method Utilized:	Level Dollar, Closed
• Amortization Period Remaining:	25.5 Years
• Actuarial Cost Method Utilized:	Individual Entry Age
• System Membership Status:	Closed
• Actuarial Assumed Rate of Health Care Inflation:	N/A