

*City of Grand Rapids Police & Fire Retirement System*

***SUMMARY ANNUAL REPORT TO MEMBERS  
DECEMBER 31, 2023***

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 Fulton Street East, Suite 216, Grand Rapids, MI.

Respectfully submitted,

***Board of Trustees  
City of Grand Rapids Police & Fire Retirement System***

### Board of Trustees

- Michael Hawkins – Chairman
- Justin Ewald – Vice Chairman/Police Member Trustee
- Philip A. Balkema – Citizen Trustee
- Donijo DeJonge – Citizen Trustee
- Phillip Mitchell – Citizen Trustee
- Nathaniel Moody – Employer Trustee
- William Fabiano – Fire Member 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 – Investment Consultant

### Investment Managers

- 50 South Capital Advisors – Private Credit
- 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
- HighVista Strategies – Private Equity
- 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 December 31, 2021, December 31, 2022, and December 31, 2023**

	2021	2022	2023	Change From Prior Year	
				In Dollars	As %
<b>Assets</b>					
Cash and money market funds	\$ 8,485,048	\$ 6,060,399	\$ 4,579,643	\$ (1,480,756)	-24.4%
Stocks, equity mutual funds and partnerships	263,766,596	219,624,883	247,958,299	28,333,416	12.9%
Fixed income	150,492,620	129,371,351	135,620,515	6,249,164	4.8%
Real estate	29,424,653	21,547,709	24,732,801	3,185,092	14.8%
Private equity partnerships	40,966,303	36,271,931	33,280,710	(2,991,221)	-8.2%
Commodities	26,508,365	24,413,019	23,469,681	(943,338)	-3.9%
Private credit partnerships	22,025,281	21,122,825	21,126,480	3,655	0.0%
Securities lending collateral	40,310,201	34,092,548	30,732,658	(3,359,890)	-9.9%
<b>Total cash and investments</b>	<b>581,979,067</b>	<b>492,504,665</b>	<b>521,500,787</b>	<b>28,996,122</b>	<b>5.9%</b>
Receivables	3,885,310	2,400,953	3,551,468	1,150,515	47.9%
<b>Total Assets</b>	<b>585,864,377</b>	<b>494,905,618</b>	<b>525,052,255</b>	<b>30,146,637</b>	<b>6.1%</b>
<b>Liabilities</b>					
Administrative expenses and investment management fees payable	514,190	334,615	370,902	36,287	10.8%
Pending trades - purchases	1,728,117	848,334	431,301	(417,033)	-49.2%
Amounts due broker under securities lending agreement	40,310,201	34,092,548	30,732,658	(3,359,890)	-9.9%
<b>Total Liabilities</b>	<b>42,552,508</b>	<b>35,275,497</b>	<b>31,534,861</b>	<b>(3,740,636)</b>	<b>-10.6%</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 543,311,869</b>	<b>\$ 459,630,121</b>	<b>\$ 493,517,394</b>	<b>\$ 33,887,273</b>	<b>7.4%</b>

**Statement of Changes in Fiduciary Net Position as of December 31, 2021, December 31, 2022, and December 31, 2023**

	2021	2022	2023	Change From Prior Year	
				In Dollars	As %
<b>Additions</b>					
Contributions	\$ 17,591,079	\$ 19,052,148	\$ 22,429,188	\$ 3,377,040	17.7%
Net investment income (loss)	83,604,043	(63,269,289)	49,987,874	113,257,163	179.0%
Securities lending	87,197	98,141	149,094	50,953	51.9%
<b>Total Additions</b>	<b>101,282,319</b>	<b>(44,119,000)</b>	<b>72,566,156</b>	<b>116,685,156</b>	<b>264.5%</b>
<b>Deductions</b>					
Benefits	32,923,031	38,940,560	38,032,984	(907,576)	-2.3%
Administrative expense	550,780	622,188	645,899	23,711	3.8%
<b>Total Deductions</b>	<b>33,473,811</b>	<b>39,562,748</b>	<b>38,678,883</b>	<b>(883,865)</b>	<b>-2.2%</b>
<b>Net Increase (Decrease)</b>	<b>67,808,508</b>	<b>(83,681,748)</b>	<b>33,887,273</b>	<b>117,569,021</b>	<b>140.5%</b>
<b>Net Position Restricted for Pension Benefits, beginning of year</b>	<b>475,503,361</b>	<b>543,311,869</b>	<b>459,630,121</b>	<b>(83,681,748)</b>	<b>-15.4%</b>
<b>Net Position Restricted for Pension Benefits, end of year</b>	<b>\$ 543,311,869</b>	<b>\$ 459,630,121</b>	<b>\$ 493,517,394</b>	<b>\$ 33,887,273</b>	<b>7.4%</b>

**Funded Status**

	<u>2022</u>	<u>2023</u>
• Actuarial accrued liabilities	\$657,509,007	\$682,318,201
• Applied Assets	\$492,146,234	\$514,450,587
• % Funded	74.85%	75.40%

**System Investment Performance as of 12/31/23 (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	11.13%	5.01%	8.67%	7.20%	6.23%

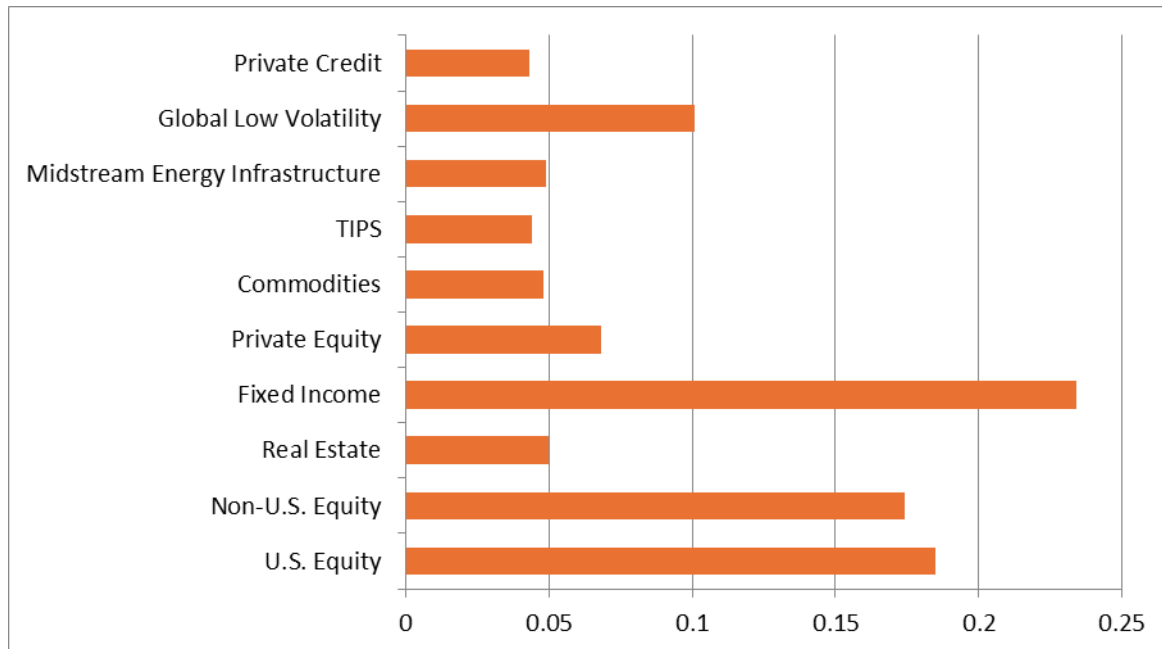
System Revenues and Expenditures

**December 31, 2023**

1.	Balance – Beginning of Year	\$459,630,121
2.	Revenues:	
	a. Employee Contributions	\$6,062,639
	b. Employer Contributions	\$16,366,549
	c. Investment Income	<u>\$51,263,372</u>
	d. Total Revenues	\$73,692,560
3.	Expenditures:	
	a. Benefit Payments	\$34,914,560
	b. Refund of Member Contributions	\$3,118,424
	c. Expenses	<u>\$1,772,303</u>
	d. Total Expenditures	\$39,805,287
4.	Balance – End of Year	\$493,517,394

The Board of Trustees has confirmed that 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, 2023



System Itemized Budget as of December 31, 2023

**BUDGET - POLICE & FIRE RETIREMENT SYSTEM**  
**January 1, 2023 - December 31, 2023**

<u>Expense</u>	<u>Actual</u> <u>YTD through</u> <u>12/31/23</u>	<u>FYE 12/31/23</u> <u>Budgeted</u> <u>Expense</u>	<u>Variance</u> <u>to Budgeted</u> <u>Expense</u>	<u>Expended by</u> <u>12/31/22</u>	<u>Variance</u> <u>to 12/31/22</u>
<b>Professional Services</b>					
- Actuarial	\$ 47,835.00	52,000.00	(4,165.00)	57,605.00	(9,770.00)
- Audit*	17,100.00	17,400.00	(300.00)	16,900.00	200.00
- Consultant	89,200.00	120,000.00	(30,800.00)	114,030.00	(24,830.00)
- Custodial**	81,707.25	62,000.00	19,707.25	116,523.94	(34,816.69)
- Investment Management	1,039,222.37	1,281,400.00	(242,177.63)	1,155,459.00	(116,236.63)
- Legal Services	8,074.90	15,000.00	(6,925.10)	6,922.10	1,152.80
- PBI Retiree Verif Svc	1,902.20	2,000.00	(97.80)	1,885.00	17.20
<b>Insurance</b>					
- Business Owners	805.50	800.00	5.50	560.00	245.50
- Fiduciary Liability	16,224.00	17,000.00	(776.00)	16,085.00	139.00
- Life & Disability	1,079.54	1,009.00	70.54	1,042.54	37.00
- Workers Compensation	828.00	1,200.00	(372.00)	893.50	(65.50)
<b>Due Diligence &amp; Education</b>					
- Due Diligence	1,558.14	7,000.00	(5,441.86)	0.00	1,558.14
- Conference	4,906.91	22,000.00	(17,093.09)	11,066.99	(6,160.08)
- Other Education	284.32	5,000.00	(4,715.68)	791.89	(507.57)
<b>Administration</b>					
- Accufund Consultant	948.75	2,000.00	(1,051.25)	948.75	0.00
- Medical Evaluations	15,185.00	18,000.00	(2,815.00)	15,437.50	(252.50)
- Meetings	586.54	600.00	(13.46)	586.23	0.31
- Occupancy Rental	15,971.97	16,090.00	(118.03)	15,427.61	544.36
- Office Expenses	15,322.44	22,000.00	(6,677.56)	23,303.55	(7,981.11)
- Memberships	892.50	750.00	142.50	287.50	605.00
- Salaries & Wages	288,241.92	362,066.00	(73,824.08)	299,317.64	(11,075.72)
<b>Total Expenses</b>	<b>\$ 1,647,877.25</b>	<b>\$ 2,025,315.00</b>	<b>(\$377,437.75)</b>	<b>\$ 1,855,073.74</b>	<b>(\$207,196.49)</b>

\*Additional fees possible due to GASB 67 advising.

\*\*Custody fees shown above are before offset from Securities Lending Income. Total income for FYE 12/31/23 was \$149,093.61.

**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 measure 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

• Active Members:	482
• Number of Retirees/Beneficiaries:	790
• Average Annual Retirement Allowance:	\$47,206
• Total Annual Retirement Allowance:	\$37,292,917
• Valuation Payroll:	\$40,647,274
• Gross-up Payroll:	\$48,451,551
• Employer's Normal Cost as % of Valuation Payroll:	20.01%
• Employer's Normal Cost as % of Gross-up Payroll:	16.79%
• Employer's Contribution Rate: (valuation payroll):	45.25%
• Employer's Contribution Rate (gross-up payroll):	37.96%
• Weighted Average of Member Contributions (valuation payroll):	12.99%
• Weighted Average of Member Contributions (gross-up payroll):	10.90%
• Actuarial Assumed Rate of Investment Return:	6.75%
• Actuarial Assumed Rate of Long-Term Wage Inflation:	3.00% - 20.00%
• Smoothing Method Utilized:	5-Year Smoothed Market
• Amortization Method Utilized:	Level Percent Closed
• Amortization Period Remaining:	Multiple periods
• Actuarial Cost Method Utilized:	Individual Entry Age
• Actuarial Assumed Rate of Health Care Inflation:	N/A
• System Membership Status:	Open – except the plan is closed to individuals hired from outside the organization to fill the position of Fire Chief, Deputy Fire Chief, Police Chief, or Deputy Police Chief