

City of Grand Rapids Police & Fire Retirement System

***SUMMARY ANNUAL REPORT TO MEMBERS
DECEMBER 31, 2024***

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 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
- Drew Robbins – Employer Trustee
- William Fabiano – Fire Member Trustee
- Holly Jackson – Citizen 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
- Mariner – Investment Consultant

Investment Managers

- 50 South Capital Advisors – Private Credit
- Adams Street Partners – Private Equity
- Baird Advisors – Core Fixed Income
- CenterSquare Investment Management – Real Estate
- Grosvenor Capital Management – Private Credit
- Harding Loevner – American Depository Receipts
- Harvest Fund Advisors – Master Limited Partnerships
- HighVista – Private Equity
- Neuberger Berman – International Equity
- Northern Trust Asset Management – Passive Core Equity
- Northern Trust Asset Management – Passive Bond Index
- PIMCO – Enhanced Index Equity
- Wellington Management Company – Core/Growth Equity & Commodities

Statement of Fiduciary Net Position as of December 31, 2022, December 31, 2023, and December 31, 2024

	2022	2023	2024	Change From Prior Year	
				In Dollars	As %
Assets					
Cash and money market funds	\$ 6,060,399	\$ 4,579,643	\$ 9,931,213	\$ 5,351,570	116.9%
Stocks, equity mutual funds and partnerships	219,624,883	247,958,299	275,891,902	\$ 27,933,603	11.3%
Fixed income	129,371,351	135,620,515	138,471,383	\$ 2,850,868	2.1%
Real estate	21,547,709	24,732,801	27,672,004	\$ 2,939,203	11.9%
Private equity partnerships	36,271,931	33,280,710	31,122,753	\$ (2,157,957)	-6.5%
Commodities	24,413,019	23,469,681	25,280,933	\$ 1,811,252	7.7%
Private credit partnerships	21,122,825	21,126,480	18,904,896	\$ (2,221,584)	-10.5%
Securities lending collateral	34,092,548	30,732,658	38,073,451	\$ 7,340,793	23.9%
Total cash and investments	492,504,665	521,500,787	565,348,535	\$ 43,847,748	8.4%
Receivables	2,400,953	3,551,468	4,409,451	\$ 857,983	24.2%
Total Assets	494,905,618	525,052,255	569,757,986	\$ 44,705,731	8.5%
Liabilities					
Administrative expenses and investment management fees payable	334,615	370,902	407,443	36,541	9.9%
Pending trades - purchases	848,334	431,301	3,049,324	\$ 2,618,023	607.0%
Amounts due broker under securities lending agreement	34,092,548	30,732,658	38,073,451	\$ 7,340,793	23.9%
Total Liabilities	35,275,497	31,534,861	41,530,218	9,995,357	31.7%
Net Position Restricted for Pension Benefits	\$ 459,630,121	\$ 493,517,394	\$ 528,227,768	\$ 34,710,374	7.0%

Statement of Changes in Fiduciary Net Position as of December 31, 2022, December 31, 2023, and December 31, 2024

	2022	2023	2024	Change From Prior Year	
				In Dollars	As %
Additions					
Contributions	\$ 19,052,148	\$ 22,429,188	\$ 24,123,030	\$ 1,693,842	7.6%
Net investment income (loss)	(63,269,289)	49,987,874	48,612,643	(1,375,231)	-2.8%
Securities lending	98,141	149,094	203,624	\$ 54,530	36.6%
Total Additions	(44,119,000)	72,566,156	72,939,297	373,141	0.5%
Deductions					
Benefits	38,940,560	38,032,984	37,596,788	\$ (436,196)	-1.1%
Administrative expense	622,188	645,899	632,135	(13,764)	-2.1%
Total Deductions	39,562,748	38,678,883	38,228,923	(449,960)	-1.2%
Net Increase (Decrease)	(83,681,748)	33,887,273	34,710,374	823,101	2.4%
Net Position Restricted for Pension Benefits, beginning of year	543,311,869	459,630,121	493,517,394	33,887,273	7.4%
Net Position Restricted for Pension Benefits, end of year	\$ 459,630,121	\$ 493,517,394	\$ 528,227,768	\$ 34,710,374	7.0%

Funded Status

	<u>2023</u>	<u>2024</u>
• Actuarial accrued liabilities	\$682,318,201	\$712,243,743
• Applied Assets	\$514,450,587	\$535,138,614
• % Funded	75.40%	75.1%

System Investment Performance as of 12/31/24 (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	10.02%	2.55%	7.06%	6.63%	6.46%

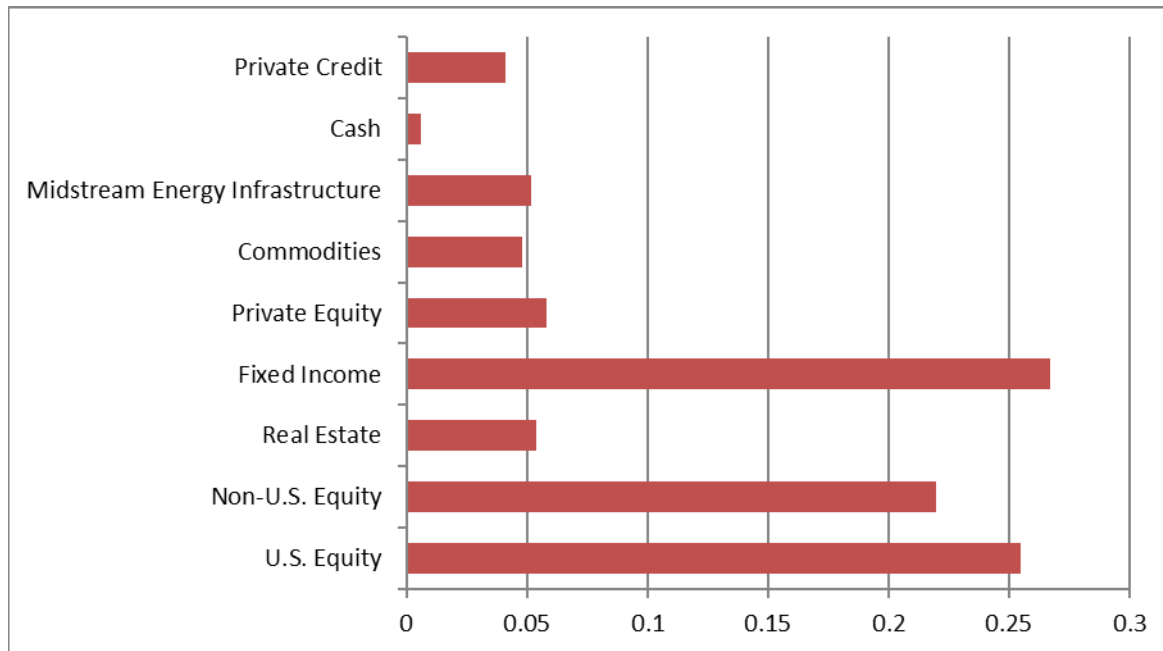
System Revenues and Expenditures

December 31, 2024

1.	Balance – Beginning of Year	\$493,517,394
2.	Revenues:	
	a. Employee Contributions	\$6,134,487
	b. Employer Contributions	\$17,988,543
	c. Investment Income	<u>\$50,125,159</u>
	d. Total Revenues	\$74,248,189
3.	Expenditures:	
	a. Benefit Payments	\$36,806,622
	b. Refund of Member Contributions	\$790,166
	c. Expenses	<u>\$1,941,027</u>
	d. Total Expenditures	\$39,537,815
4.	Balance – End of Year	\$528,227,768

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, 2024



System Itemized Budget as of December 31, 2024

BUDGET - POLICE & FIRE RETIREMENT SYSTEM
January 1, 2024 - December 31, 2024

<u>Expense</u>	<u>Actual</u> <u>YTD through</u> <u>12/31/24</u>	<u>FYE 12/31/24</u> <u>Budgeted</u> <u>Expense</u>	<u>Variance</u> <u>to Budgeted</u> <u>Expense</u>	<u>Expended by</u> <u>12/31/23</u>	<u>Variance</u> <u>to 12/31/23</u>
Professional Services					
- Actuarial	\$ 50,160.00	55,000.00	(4,840.00)	47,835.00	2,325.00
- Audit*	17,900.00	17,600.00	300.00	17,100.00	800.00
- Consultant	108,129.85	125,000.00	(16,870.15)	89,200.00	18,929.85
- Custodial**	65,720.71	67,000.00	(1,279.29)	81,707.25	(15,986.54)
- Investment Management	1,147,598.07	1,320,000.00	(172,401.93)	1,039,222.37	108,375.70
- Legal Services	8,340.80	15,000.00	(6,659.20)	8,074.90	265.90
- PBI Retiree Verif Svc	1,950.14	2,000.00	(49.86)	1,902.20	47.94
Insurance					
- Business Owners	725.50	842.00	(116.50)	805.50	(80.00)
- Fiduciary Liability	16,224.00	16,750.00	(526.00)	16,224.00	0.00
- Life & Disability	967.03	1,009.00	(41.97)	1,079.54	(112.51)
- Workers Compensation	835.00	1,200.00	(365.00)	828.00	7.00
Due Diligence & Education					
- Due Diligence	831.00	10,000.00	(9,169.00)	1,558.14	(727.14)
- Conference	11,660.99	18,000.00	(6,339.01)	4,906.91	6,754.08
- Other Education	569.58	5,000.00	(4,430.42)	284.32	285.26
Administration					
- Accufund Consultant	948.75	1,200.00	(251.25)	948.75	0.00
- Medical Evaluations	10,928.26	20,000.00	(9,071.74)	15,185.00	(4,256.74)
- Meetings	499.70	700.00	(200.30)	586.54	(86.84)
- Occupancy Rental	15,095.71	16,200.00	(1,104.29)	15,971.97	(876.26)
- Office Expenses	9,666.80	21,000.00	(11,333.20)	15,322.44	(5,655.64)
- Memberships	612.50	750.00	(137.50)	892.50	(280.00)
- Salaries & Wages	298,116.86	371,118.00	(73,001.14)	288,241.92	9,874.94
Total Expenses	\$ 1,767,481.25	\$2,085,369.00	(\$317,887.75)	\$ 1,647,877.25	\$119,604.00

*Additional fees possible due to GASB 67 advising.

**Custody fees shown above are before offset from Securities Lending Income. Total income for FYE 12/31/24 was \$203,623.73

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:	469
• Number of Retirees/Beneficiaries:	815
• Average Annual Retirement Allowance:	\$49,050
• Total Annual Retirement Allowance:	\$39,975,433
• Valuation Payroll:	\$40,895,655
• Gross-up Payroll:	\$49,490,972
• Employer's Normal Cost as % of Valuation Payroll:	20.06%
• Employer's Normal Cost as % of Gross-up Payroll:	16.58%
• Employer's Contribution Rate: (valuation payroll):	47.00%
• Employer's Contribution Rate (gross-up payroll):	38.85%
• Weighted Average of Member Contributions (valuation payroll):	13.58%
• Weighted Average of Member Contributions (gross-up payroll):	11.22%
• 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.