



**GENERAL RETIREMENT SYSTEM OF
THE CITY OF DETROIT
COMPONENT I and
COMPONENT II**

SUMMARY ANNUAL REPORT

For the Fiscal Year Ended

June 30, 2015

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ALLY DETROIT CENTER

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INTRODUCTORY SECTION

LETTER FROM THE EXECUTIVE DIRECTOR AND CHAIRPERSON

Active and Retired Members and Interested Individuals:

We are pleased to submit the annual report for Component I and Component II of the General Retirement System of the City of Detroit for the fiscal year ended June 30, 2015.

The General Retirement System of the City of Detroit (“System”) consists of defined pension plans and defined contribution plans for the non-uniformed employees of the City of Detroit, comprised of Component I and Component II. These plans are memorialized in a document entitled *The Combined Plan for the General Retirement System of the City of Detroit* (“Plan of Adjustment”), effective July 1, 2014, as amended and restated December 8, 2014. The System exists to pay benefits to its members.

In the fiscal year 2014-2015 there were significant changes to the retirement plans of the General Retirement System.

As a part of the Plan of Adjustment, the original defined benefit plan, now known as Component II or the Legacy Plan, was frozen on June 30, 2014. All Component II benefits were frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the General Retirement System as of June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Benefits resulting from the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a “Claw-back”.

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit for benefits earned on and after July 1, 2014. Active members employed with the City on and after July 1, 2014 will earn service credit that entitles them to receive benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force under the Component I plan will remain unchanged through June 30, 2023.

Accounting System and Reports

The financial statements of the System are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are subject to external review. The financial statements have been audited by the independent accounting firm of Plante & Moran, PLLC. The 2015 financial statements contain more detailed information and is available for review on the System’s web site: www.rscd.org. Copies of the report can also be obtained by a written request to the System’s office.

Funding and Reserves

The funds of the System consist of contributions and earnings that are accumulated by the System in order to fund current and future benefit obligations to the retirees and their beneficiaries. Contribution requirements for both Component plans are detailed in the actuarial and statistical sections of this report. Continuous improvement in the funding of the System is a primary objective of the Board of Trustees

Investments

The System invests available funds in order to maximize income. The primary objective of the System’s investment policies are to ensure that the System meets their obligation to provide retirement benefits. The System’s portfolio of investments is diversified to provide the highest possible total return on assets with the least exposure to risk.

Closing

The Board of Trustees and the Retirement System staff continually strive to provide the members of the System with quality customer service. The Board and staff welcome your suggestions regarding the System and encourage you to inform us how we might better serve you.

Respectfully Submitted

Thomas Sheehan

Thomas Sheehan
Chairperson
Board of Trustees

Cynthia A. Thomas

Cynthia A. Thomas
Executive Director

INTRODUCTORY SECTION

SUMMARY OF COMPONENT I PROVISIONS (Hybrid Plan)

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit to earn pension benefits on and after July 1, 2014. Active members employed with the City on and after July 1, 2014 will earn service credit that entitles them to receive future benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force will remain unchanged through June 30, 2023.

Funding requirements of Component I are:

- Mandatory Member Contributions of 4% of base pay
- City Contributions of 5% of employee base pay, not including overtime

Voluntary Employee Contributions – Employees may make voluntary contributions of 3%, 5% or 7% of annual compensation at the election of the member. Each year, accounts are credited with earnings at a rate equal to the net investment rate of return of Retirement System Assets for the second plan year immediately preceding the plan year in which earnings are to be credited. The earnings rate may not be less than 0% and may not exceed 5.25%.

Average Final Compensation

The average of the compensation received during the 10 consecutive years of credited service (including prior service) immediately preceding the date of the members last termination with the City. If the member has less than ten years of credited service (including prior service), the average final compensation is the average of the compensation received during all years of credited service.

Normal Retirement

Normal Retirement Age – The normal retirement age is 62. For individuals who were active employees and who had 10 or more years of vesting service as of June 30, 2014, the normal retirement age, solely for purposes of Component I, is reduced as follows:

<u>Age as of July 1, 2014</u>	<u>Normal Retirement Age</u>
52 years or younger	62 years
53 years	61 years and 9 months
54 years	61 years and 6 months
55 years	61 years and 3 months
56 years	61 years
57 years	60 years and 9 months
58 years	60 years and 6 months
59 years	60 years and 3 months
60 years	60 years
61 years	60 years

Normal Retirement Amount – 1.5% times average final compensation times credited service (after June 30, 2014) measured to the nearest month.

Early Retirement

Eligibility – Age 55 with 30 or more years of credited service plus prior service.

Early Retirement Amount – The same as normal retirement but actuarially **reduced**.

Deferred Retirement (Vested Benefits)

Eligibility – 10 years of vesting service.

Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination, payable at age 62.

INTRODUCTORY SECTION

SUMMARY OF COMPONENT II PROVISIONS (Legacy Plan)

Component II (Legacy Plan), the original defined benefit plan, was frozen on June 30, 2014 because of the Plan of Adjustment that was created during the bankruptcy process. All Component II benefits were frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the General Retirement System on June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Certain benefits provided by the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a “Claw-back”.

Employer contribution requirements for the fiscal years 2015 to 2023 were set according to the Plan of Adjustment. Beginning with Fiscal Year 2024, employer contributions will be actuarially determined.

Benefits are payable after separation from service, determined by the eligibility conditions of the plan as it existed on June 30, 2014 as detailed below:

Normal Retirement

Eligibility – Any age (minimum age 55 for non-EMS members hired after 1995) with 30 years of service (25 for EMS members), or age 60 with 10 years of service, or age 65 with 8 years of service.

Annual Amount

- **EMS Members** - Sum of a) a basic pension of \$12 for each of the first 10 years of service, plus b) a pension equal to 2.0% of average final compensation (“AFC”) multiplied by years of service. Maximum benefit is 90% of AFC
- **Other Members** – Sum of a) a basic pension of \$12 for each of the first 10 years of service, plus b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years. Future benefit accruals for certain active members (depending on bargaining unit) were reduced to 1.5% of final average compensation per year of service

Calculation of Average Final Compensation (AFC)

- Pre July 1, 1992 – Highest 5 consecutive years out of the last 10, excluding longevity
- July 1, 1992 to June 30, 1998 – Highest 5 consecutive years out of the last 10, excluding longevity
- July 1, 1999 to June 30, 2014 – A one-time election to add the 25% of the value of the member’s unused sick leave to the earnings used in computing AFC

Early Retirement

- Eligibility – Any age with 25 or more years of service (minimum age 55 for members hired after 1995)
- Early Retirement Amount – The same as normal retirement but actuarially **reduced**

Deferred Retirement (Vested Benefits)

- Eligibility – Hired prior to 7-1-80, age 40 with 8 years of service **or** hired on or after 7-1-80, any age, with 10 years of service
- Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination
- Eligible to collect based on the individual Union Contract at time of separation

INVESTMENT SECTION

The State of Michigan charges the Board of Trustees under the Public Employee Retirement System Investment Act with the responsibility of investing the Retirement System's portfolio in a prudent manner. Specifically, the Public Employee Retirement System Investment Act requires the Board of Trustees and the other investment fiduciaries to discharge their duties solely in the interest of participants and beneficiaries and to act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The law also requires the Board of Trustees to prepare and maintain written objectives, policies, and strategies with clearly defined accountability and responsibility for implementing and executing the System's investments as well as monitor the investments of the System's assets with regard to the limitations of the law. The Act permits assets to be invested in a mix of fixed income, securities, real estate or other instruments in accordance with the percentages as detailed in the Act.

The Retirement System's portfolio distribution is continually monitored to ensure that it complies with the State of Michigan Public Employee Retirement System Investment Act. A summary of the System's asset allocation policy is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Global Equity	43%
Global Multi-Sector Fixed	6%
Long Duration Fixed	2%
Absolute Return Fixed	4%
Private Equity	8%
Real Estate	10%
Hedge Funds	5%
GAA/Risk Parity/Real Estate (liquid)	21%
Cash	1%

Historical Asset Class Performance By Calendar Year, As of 12/31/14 (Gross of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total GRS Plan	5.1%	11.3%	8.0%
Domestic Equity	11.0%	20.1%	15.1%
International Developed Equity	-1.7%	10.6%	4.2%
International Emerging Market Equity	0.4%	7.1%	7.1%
Fixed Income	0.8%	4.5%	4.4%
Global Asset Allocation	5.1%	8.9%	8.8%
Alternatives	-0.4%	11.4%	11.4%
Private Equity	7.5%	11.6%	4.3%
Real Estate	11.5%	7.6%	5.4%

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System's website: www.rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2014
Pension Plan's Fiscal Year Ending Date	June 30, 2015
Single Discount Rate	7.61%
Long-term Expected Rate of Return	7.61%
Net Pension Liability	\$4,490,923
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	A member is credited with one month of Credited Service for each calendar month in which the individual performs 140 hours or more of service for the employer as an employee. Credited Service is recorded from the later of July 1, 2014 or the date of hire, whichever is later.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2023 are set by the Plan of Adjustment at 5% of pay. The amortization period and method after 2023 has not yet been established by the Board.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 7.61 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

<u>1% Decrease 6.61%</u>	<u>Current Discount Rate 7.61%</u>	<u>1% Increase 8.61%</u>
\$7,551,424	\$4,490,924	\$1,940,584

Membership by the Numbers

<u>Type</u>	<u>Number of Members</u>
Retirees and Beneficiaries	-
Inactive, Non-retired Member	-
Active Members	<u>4,881</u>
Total	<u><u>4,881</u></u>

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	N/A	\$8,811,369	N/A	\$180,069,852	4.33%

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment as follows:

- 5% of compensation commencing July 1, 2014 and ending June 30, 2023

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System's website: rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2014
Pension Plan's Fiscal Year Ending Date	June 30, 2015
Single Discount Rate	7.61%
Long-term Expected Rate of Return	7.61%
Net Pension Liability	\$826,388,827
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	Service accruals stopped as of June 30, 2014 - Due to the freezing of the plan, pay was not assumed to increase in the future and no inflation assumption was utilized.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2013 are set by the Plan of Adjustment. The amortization period and method after 2023 has not yet been established by the Board.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 7.61 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

<u>1% Decrease 6.61%</u>	<u>Current Discount Rate 7.61%</u>	<u>1% Increase 8.61%</u>
\$1,087,645,854	\$826,388,828	\$605,720,872

Membership by the Numbers

<u>Type</u>	<u>Number of Members</u>
Retirees and Beneficiaries	12,026
Inactive, Non-retired Member	2,728
Active Members	4,881
Total	<u>19,635</u>

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$80,627,791	\$25,126,131	\$55,501,660	\$238,669,871	11.53%
2015	N/A	\$189,282,094	N/A	\$188,210,536	N/A

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment as follows:

Fiscal Year	For DWSD Liabilities		For Other Liabilities					Total
	DWSD	Transfers*	Unlimited Tax General Obligation	State of Michigan	Foundation for Detroit's Future	Other	*Transfers from DWSD	
2015	\$65,400,000	(\$22,500,000)	\$4,400,000	\$98,800,000	\$5,000,000	\$14,600,000	\$22,500,000	\$188,200,000
2016	45,400,000	(2,500,000)	4,000,000	-	5,000,000	22,500,000	2,500,000	76,900,000
2017	45,400,000	(2,500,000)	4,000,000	-	5,000,000	22,500,000	2,500,000	76,900,000
2018	45,400,000	(2,500,000)	3,900,000	-	5,000,000	22,500,000	2,500,000	76,800,000
2019	45,400,000	(2,500,000)	3,700,000	-	5,000,000	22,500,000	2,500,000	76,600,000
2020	45,400,000	(2,500,000)	3,700,000	-	5,000,000	2,500,000	2,500,000	56,600,000
2021	45,400,000	(2,500,000)	3,600,000	-	5,000,000	2,500,000	2,500,000	56,500,000
2022	45,400,000	(2,500,000)	2,300,000	-	5,000,000	2,500,000	2,500,000	55,200,000
2023	45,400,000	(2,500,000)	2,000,000	-	5,000,000	2,500,000	2,500,000	54,900,000
Total	\$428,600,000	(\$42,500,000)	\$31,600,000	\$98,800,000	\$45,000,000	\$114,600,000	\$42,500,000	\$718,600,000

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

FINANCIAL SECTION
STATEMENT OF FIDUCIARY NET POSITON
COMPONENT I

	<u>2015</u>
Assets	
Cash and Cash Equivalents	\$ 50,797,728
Investments - At Fair Value	13,191,495
Receivables	<u>3,598</u>
 Total Assets	 <u>\$ 63,992,821</u>
 Liabilities	
Due to Detroit Water and Sewerage Department	29,300,000
Due to Legacy Plan	14,514,334
Other Liabilities and Other	<u>81,589</u>
 Total Liabilities	 <u>43,895,923</u>
 Net Position - Restricted for Pensions	 <u>\$ 20,096,898</u>

FINANCIAL SECTION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
COMPONENT I

	<u>2015</u>
Additions	
Investment Income	
Interest	\$ 20,690
Contributions:	
Employer	8,811,369
Employee	<u>12,757,032</u>
Total Additions	21,589,091
Deductions	
Retirees' Pension and Annuity Benefits	10,603
General and Administrative Expenses	<u>1,481,590</u>
Total Deductions	1,492,193
Net Increase in Net Position Held in Trust	20,096,898
Net Position Restricted for Pensions - Beginning of Year	<u>-</u>
Net Position Restricted for Pensions - End of Year	<u><u>\$ 20,096,898</u></u>

FINANCIAL SECTION

STATEMENT OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT I

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 19,318,576
Interest	695,469
Assumption Changes	(1,202,108)
Voluntary Employee Contributions	<u>5,775,885</u>
Net Change in Total Pension Liability	<u>24,587,822</u>
Total Pension Liability- Beginning of Year	<u>-</u>
Total Pension Liability- End of Year	<u><u>\$ 24,587,822</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 8,811,369
Contributions - Employee	6,970,544
Net Investment Income	20,690
Administrative Expenses	(1,481,590)
Voluntary Contributions	<u>5,775,885</u>
Net Change in Plan Fiduciary Net Position	<u>20,096,898</u>
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>
Plan Fiduciary Net Position - End of Year	<u><u>\$ 20,096,898</u></u>
Net Pension Liability	<u><u>\$ 4,490,924</u></u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	81.74%
Covered Employee Payroll	\$ 180,069,852
Net Pension Liability as a Percent of Covered Employee Payroll	2.50%

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT I

Special Legal Fees - Bankruptcy Litigation	\$ 404,555
IT Contractual Services	264,248
General Counsel	184,132
Actuarial	177,243
Wages - Retirement System Employees	147,456
Wages and Benefits- City of Detroit Employees	119,349
Restructuring Fees	91,285
Insurance Premium	32,757
Other Legal Fees	22,313
Miscellaneous	11,020
Repair & Maintenance - Software	4,799
Computer Supplies, Equipment & Service	4,200
Printing	2,892
Media Consulting	1,811
Imaging	1,752
Repair & Maintenance - Telephone	1,544
Repair & Maintenance - Office Equipment	1,487
Trustee Stipends	1,336
Parking Expense	1,303
Storage	1,114
Repair & Maintenance - Office Equipment	912
Travel	729
Subscription Fees	691
Trustee Election Expense	500
Office Equipment & Furniture	413
Postage and Mailing	381
Repair & Maintenance - Hardware	330
Training	306
Office Supplies	225
Trustee Expenses	223
Computer Supplies	148
Internet Service Provider	138
	<hr/>
Total General and Administrative Expenditures	<u>\$ 1,481,590</u>

FINANCIAL SECTION
STATEMENT OF FIDUCIARY NET POSITION
COMPONENT II

	Defined Benefit Plan <u>2015</u>	Income Stabilization Fund <u>2015*</u>	<u>Total</u>	Defined Benefit Plan <u>2014</u>
Assets				
Cash and Cash Equivalents	\$ 8,062,041	\$ 1,596,695	\$ 9,658,736	\$ 25,742,786
Investments - At Fair Value	1,964,477,247	-	1,964,477,247	1,997,292,361
Accrued Investment Income	2,695,631	-	2,695,631	3,220,916
Receivables From Investment Sales	18,153,918	-	18,153,918	13,646,430
ASF Recoupment Receivable	108,307,459	-	108,307,459	-
Due From Other Funds	14,514,334	-	14,514,334	-
Other Accounts Receivable	2,526,219	-	2,526,219	47,647
Notes Receivable from Participants	8,226,990	-	8,226,990	9,649,208
Cash Collateral Securities Lending	96,957,131	-	96,957,131	30,949,483
Restricted Assets	32,500,000	-	32,500,000	-
Capital Assets	1,330,740	-	1,330,740	1,333,145
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,257,751,710</u>	<u>\$ 1,596,695</u>	<u>\$ 2,259,348,405</u>	<u>\$ 2,081,881,976</u>
Liabilities				
Payables for Investment Purchases	24,516,982	-	24,516,982	15,593,379
Claims Payable to Retirees and Beneficiaries	977,559	-	977,559	11,692,026
Amounts Due Brokers Under Securities Lending Arrangements	96,518,699	-	96,518,699	35,241,386
Due to City of Detroit	852,413	-	852,413	1,156,317
Other Liabilities	3,607,846	-	3,607,846	2,990,989
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>126,473,499</u>	<u>-</u>	<u>126,473,499</u>	<u>66,674,097</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position - Restricted for Pensions	<u>\$ 2,131,278,211</u>	<u>\$ 1,596,695</u>	<u>\$ 2,132,874,906</u>	<u>\$ 2,015,207,879</u>

* The Income Stabilization Fund was created as a part of the Eight Amended Plan for the Adjustment of Debts of the City of Detroit and was not present in 2014

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	COMPONENT II			
	Defined Benefit Plan 2015	Income Stabilization Fund 2015*	Total	Defined Benefit Plan 2014
Additions				
Investment Income				
Interest and Dividends	\$ 24,823,984	\$ -	\$ 24,823,984	\$ 21,065,114
Net Appreciation in Fair Value of Investments	78,421,363	37,312	78,458,675	269,067,717
Less Investment Expense	(11,017,368)	-	(11,017,368)	(8,947,895)
Net Investment Income	92,227,979	37,312	92,265,291	281,184,936
Securities Lending Income				
Interest and Dividend	288,204	-	288,204	161,964
Net Unrealized gain on collateralized securities	538,795	-	538,795	838,430
Net Securities Lending Income	826,999	-	826,999	1,000,394
Contributions:				
Employer	85,482,095	1,864,326	87,346,421	25,126,131
Employee	609,073		609,073	10,241,761
State and Foundations	103,800,000	-	103,800,000	-
Total Contributions	189,891,168	1,864,326	191,755,494	35,367,892
ASF Recoupment	132,529,998	-	132,529,998	-
Other Income	5,690,000	-	5,690,000	7,604,277
Total Additions - Net	421,166,144	1,901,638	423,067,782	325,157,499
Deductions				
Retirees' Pension and Annuity Benefits	253,217,949	304,943	253,522,892	253,683,194
Member Refunds and Withdrawals	44,321,041	-	44,321,041	144,050,613
General and Administrative Expenses	7,442,152	-	7,442,152	11,131,076
Depreciation Expense	114,670	-	114,670	106,691
Total Deductions	305,095,812	304,943	305,400,755	408,971,574
Net Increase in Net Position Held in Trust	116,070,332	1,596,695	117,667,027	(83,814,075)
Net Position Restricted for Pensions - Beginning of Year	2,015,207,879	-	2,015,207,879	2,099,021,954

FINANCIAL SECTION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT II

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ -	\$ 32,736,019
Interest	263,007,329	242,611,073
Changes in Benefit Terms	(732,535,007)	(113,311,571)
Difference Between Expected and Actual Experience	24,644,530	-
Assumption Changes	(101,559,893)	(271,190,194)
Benefit Payments, including refunds	(297,538,991)	(397,733,807)
Net Change in Total Pension Liability	<u>(843,982,032)</u>	<u>(506,888,480)</u>
Total Pension Liability- Beginning of Year	<u>3,801,649,071</u>	<u>4,308,537,551</u>
Total Pension Liability- End of Year	<u>\$ 2,957,667,039</u>	<u>\$ 3,801,649,071</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 85,482,095	\$ 25,126,131
Contributions - State and Foundation	103,800,000	-
Contributions - Employee	609,073	10,241,761
Net Investment Income	93,054,981	289,789,607
Administrative Expenses	(4,617,194)	(11,237,767)
Benefit Payments, including refunds	(297,538,991)	(397,733,807)
Other additions - Includes ASF Recoupment	135,280,369	-
Net Change in Plan Fiduciary Net Position	<u>116,070,333</u>	<u>(83,814,075)</u>
Plan Fiduciary Net Position - Beginning of Year	<u>2,015,207,879</u>	<u>2,099,021,954</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 2,131,278,212</u>	<u>\$ 2,015,207,879</u>
Net Pension Liability	<u>\$ 826,388,827</u>	<u>\$ 1,786,441,192</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	72.06%	53.01%
Covered Employee Payroll	\$ 188,210,536	\$ 238,669,871
Net Pension Liability as a Percent of Covered Employee Payroll	439.10%	837.56%

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT II

Restructuring Fees	\$ 1,734,409
Special Legal Fees - Bankruptcy Litigation	943,963
General Counsel	847,264
Wages and Benefits - City of Detroit Employees	817,625
Insurance Premium	622,382
Wages - Retirement System Employees	441,321
IT Contractual Fees	433,198
Auditor Fees	329,818
Actuarial	265,865
Media Consulting	179,330
ADP Fees	103,863
Repair & Maintenance - Software	91,178
Computer Supplies, Equipment & Service	79,792
Travel	72,125
Bank Service Charges	67,738
Printing	54,945
Other Legal Fees	52,063
Postage and Mailing	37,767
Imaging	33,287
Repair & Maintenance - Telephone	29,335
Trustee Stipends	25,391
Parking Expense	24,752
Storage	21,157
Carrier Audit/EBP Expense	19,182
Repair & Maintenance - Office Equipment	45,591
Medical/Disability Exams	16,056
Office Equipment & Furniture	13,341
Subscription Fees	13,122
Office Supplies	11,042
Trustee Election Expense	9,496
Internet Service Provider	6,762
Repair & Maintenance - Hardware	6,277
Trustee Expenses	4,244
Computer Supplies	2,805
Training	2,754
Other Expenses	<u>(17,085)</u>
Total General and Administrative Expenditures	<u>\$ 7,442,152</u>

FINANCIAL SECTION

BUDGET

COMPONENT I AND COMPONENT II

Salaries - Full Time	\$	838,836
Salaries - Overtime		50,000
Employee Benefits - Pension		44,442
Employee Benefits - Hospitalization		152,880
Employee Benefits - Hospitalization		228,787
Employee Benefits - FICA		67,996
Employee Benefits-Unemployment		26,754
Worker's Comp.		43,820
Employee Benefits-Miscellaneous		1,245
Retirement Sick Leave		12,444
Other Computer-Supplies		1,956
Life Insurance		1,689
Eye Care Active		2,222
Eye Care Retired		1,689
Income Protection		11,377
Dental - Active		11,377
Dental - Retired		133,462
Actuarial		462,107
Medical - Other		50,000
Investment Consultant Fees		14,288,296
Contract Services-Other Misc.		1,565,839
Office Supplies		7,488
Repairs & Maintenance - Equip.		408,750
Printing		55,000
Rental - Building		186,094
Telecommunications		27,520
Purchased Computer. Services		209,582
Travel and Education		120,000
Office equipment		13,000
Total	\$	<u>19,024,649</u>

OTHER INFORMATION SECTION

SERVICE PROVIDERS

COMPONENT I AND COMPONENT II

300 North Capital, LLC
500 Webward, LLC
Accuity
Accusoft Pegasus
ADP
Aegon USA Investment Management, LLC
Allegra
Alpha Partners, LLC
Ambassador Capital Management
American Arbitration Association
Arnold & Porter, LLP
Aronson & Johnson & Ortiz
Asysco
Bassett & Bassett
Brandywine Global Investment Management
Canon Solutions America, Inc.
Cintas Corporation
Clark Hill, PLC
Comcast
Commercial Carpet Care
Complete Quality Installation
Computer Support Technology
Core Technology Corporation
Couzens, Lansky, Fealk, Ellis, PC
Crain's Detroit Business
Datawatch
Detroit Legal News
Direct TV
Electronic Security Systems, Inc.
Emerson Network Power Liebert Services
Energy Opportunities Capital Management
F. Logan Davidson, PC
Fedex
Forms Trac Enterprises, Inc.
Fred Pryor Seminars
Gabriel, Roeder, Smith & Co.
GFG Asset Management
Graphic Sciences, Inc.
Green Meadows Landscape, Inc.
Greenhill & Co, LLC
Guggenheim Partners
Harland Technology Service
Hartford Insurance
Hudson & Muma, Inc.
IDM Computer Solutions, Inc.
Inland Press
Interior Environments
International Foundation of Employee Benefits
Iron Mountain Records Management, Inc.
Klausner & Kaufman
Lanier Parking Solutions

Laser Substrates, Inc.
Lawrence P. Walker, PC
Liberty Mutual
MAPERS
Melissa Data Corp.
Mercury Storage
Money-Media, Inc.
Moore Diversified Services, Inc.
MSCI, Inc.
NCPERS
Neopost
NEPC, LLC
Nickel & Saph, Inc.
Office Depot
One Detroit Center
Open Text
Peernet, Inc.
Pension Benefit Information
Pension Real Estate Association
Pepper Hamilton, LLP
Pillsbury, Winthrop, Shaw, Pittman, LLP
Plante & Moran
Preferred Data Systems, LLC
Prudential
Quill Corporation
Racine & Associates
Reams Asset Management
Reginald E. O'Neal
Reliable Office Supplies
Ricoh
Rochester Center for Behavioral Medicine
Russell Investments
Seizert Capital Partners
Smith Brothers Electric, Inc.
SMZ
Staples
Star Insurance Company
Stout Risius Ross, Inc.
Tape4backup.com
Telecomm Solutions, LLC
Telesystems
The Hartford
The Townsend Group
Union Heritage Capital Management
Universal System Technologies, Inc.
VanOverbeke, Michaud & Timmony, PC
Verizon Wireless
Wall Street Journal
Winzip Computing, LLC
Wycom Systems, Inc
Xerox

OTHER INFORMATION SECTION

TRAVEL SUMMARY REPORT

COMPONENT I AND COMPONENT II

Travel Summary July 01, 2014 - June 30, 2015															
NAME	REASON/CONFERENCE	LOCATION	Dates	COST									HOTEL	LEASE AGENT	AUTO TYPE
				REGISTRATION	TRANSPORTATION & RELATED COSTS	LODGING	VEHICLE RENTAL	MEALS	MISC	TOTAL					
Benson, Scott	Educational - International Investing	San Francisco, CA	7/27-7/31/14	\$ 3,375	\$ 845	\$ 1,205	-	\$ 375	\$ 75	\$ 5,875	Omni	-	-		
Benson, Scott	Educational - IFEBP Conference	Boston, MA	10/10-10/15/14	\$ 2,075	\$ 510	\$ 1,940	-	\$ 450	\$ 90	\$ 5,065	Liberty Hotel	-	-		
Benson, Scott	Educational - Portfolio Concepts and Management	Philadelphia, PA	4/27-4/30/15	\$ 4,695	\$ 1,024	\$ 781	-	\$ 320	\$ 75	\$ 6,895	Sheraton	-	-		
Benson, Scott	Educational NASP Annual Conference	Chicago, IL	6/14-6/17/15	\$ 850	\$ 204	\$ 1,393	-	\$ 300	\$ 60	\$ 2,807	Drake	-	-		
Bigelow, Ryan	Investment Due Diligence - Hedge Fund	New York, NY	12/11-12/14/14	\$ -	\$ 243	\$ 630	-	\$ 150	\$ 30	\$ 1,052	The Roger	-	-		
Bigelow, Ryan	Investment Due Diligence - Rivers Casino	Pittsburgh, PA	12/16/2014	\$ -	\$ 24	\$ -	-	\$ 32	\$ 8	\$ 64	-	-	-		
Bigelow, Ryan	Investment Due Diligence - Chicago	Chicago, IL	1/27/2015	\$ -	\$ 265	\$ -	-	\$ 38	\$ 8	\$ 310	-	-	-		
Bigelow, Ryan	Investment Due Diligence - Huron, Ohio	Huron, OH	3/13/2015	\$ -	\$ 72	\$ -	-	\$ 32	\$ 8	\$ 112	-	-	-		
Bigelow, Ryan	Investment Due Diligence - Walton Street	Chicago, IL	3/15-3/16/15	\$ -	\$ 164	\$ -	-	\$ 75	\$ 15	\$ 254	-	-	-		
Cowan, Tasha	Educational - IFEBP Conference	Boston, MA	10/11-10/16/14	\$ 1,315	\$ 462	\$ 1,524	-	\$ 450	\$ 90	\$ 3,841	Sheraton	-	-		
Cowan, Tasha	Educational-Klausner Annual Conference	Fort Lauderdale, FL	3/14-3/19/15	\$ -	\$ 482	\$ 1,082	-	\$ 384	\$ 90	\$ 2,038	Hyatt	-	-		
Cetlinski, Lori	Educational-Ares EIF Annual Meeting	Palm Beach, FL	5/15-5/21/15	\$ -	\$ 577	\$ 271	\$ 344	\$ 384	\$ 90	\$ 1,666	PGA National	Budget	Equinox		
Felicia, Johnson	Educational - IFEBP Conference	Boston, MA	10/10-10/16/14	\$ 2,075	\$ 384	\$ 1,957	-	\$ 525	\$ 105	\$ 5,046	Sheraton	-	-		
Felicia, Johnson	Educational-Klausner Annual Conference	Fort Lauderdale, FL	3/14-3/19/15	\$ -	\$ 459	\$ 1,082	-	\$ 384	\$ 90	\$ 2,015	Hyatt	-	-		
Felicia, Johnson	Educational - Portfolio Concepts and Management	Philadelphia, PA	4/26-5/1/15	\$ 4,695	\$ 1,336	\$ 999	-	\$ 384	\$ 90	\$ 7,504	Sheraton	-	-		
Nickleberry, Armel	Educational - IFEBP Conference	Boston, MA	10/10-10/15/14	\$ 2,075	\$ 423	\$ 1,207	\$ 225	\$ 450	\$ 90	\$ 4,471	Holiday Inn	Alamo	Impala		
Nickleberry, Armel	Educational-Klausner Annual Conference	Fort Lauderdale, FL	3/15-3/19/15	\$ -	\$ 334	\$ 972	-	\$ 320	\$ 75	\$ 1,701	Hyatt	-	-		
Nickleberry, Armel	Educational - NCPERS Annual Conference	New Orleans, LA	5/3-5/7/15	\$ 1,000	\$ 128	\$ 1,303	-	\$ 320	\$ 75	\$ 2,826	Hilton	-	-		
Sheehan, Thomas	Educational-IMI Global Markets Forum	Quebec, Canada	7/6-7/8/14	\$ -	\$ 779	\$ -	-	\$ 270	\$ 45	\$ 1,094	Embassy Suites	-	-		
Thomas, Cynthia	Bankruptcy Circuit Court	Cincinnati, OH	7/30/2014	\$ -	\$ 12	\$ 243	\$ 170	\$ 128	\$ 30	\$ 583	Hyatt	Alamo	Spark		
Thomas, Cynthia	Educational-Klausner Annual Conference	Fort Lauderdale, FL	3/14-3/18/15	\$ -	\$ 449	\$ 1,037	\$ 181	\$ 320	\$ 75	\$ 2,062	Hyatt	Alamo	Accent		
Total				\$ 22,155	\$ 9,178	\$ 17,626	\$ 920	\$ 6,091	\$ 1,313	\$ 57,282					