



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

**SUMMARY ANNUAL REPORT**

For the Fiscal Year Ended

June 30, 2016

**GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT**

**ALLY DETROIT CENTER**

**500 WOODARD AVENUE, SUITE 3000**

**DETROIT, MICHIGAN 48226**

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**Web address [www.rscd.org](http://www.rscd.org)**

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Court Square Capital Partners  
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Insight Technology Capital Partners  
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TA Realty  
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The Praedium Group, LLC  
TIER REIT  
Tricadia Capital Management  
UBS  
Valstone Partners, LLC  
Walker & Dunlop Capital, LLC  
Walton Street Capital  
Wind Point Partners

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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, 2016.

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.

As a result of the bankruptcy filed by the City of Detroit and the resulting Plan of Adjustment (“POA”), in the fiscal year 2014-2015 there were significant economic and non-economic changes to the retirement plans of the General Retirement System.

In addition to the economic changes discussed below, the POA established a seven member Investment Committee to assume responsibility for the investment of the Plan's assets. The committee is comprised of two General Retirement System Trustees and five financial professionals selected by the State of Michigan Financial Review Committee and the General Retirement System Board of Trustees.

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 2015-2016 financial statements contain more detailed information and is available for review on the System’s web site: [www.rscd.org](http://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 Asset Allocation/Risk Parity	16%
Fixed Income	12%
Real Estate	10%
Private Equity	8%
Real Assets	5%
Hedge Funds	5%
Cash	1%

### Historical Asset Class Performance By Calendar Year, As of 12/31/15 (Gross of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total GRS Plan	1.6%	7.2%	7.2%
Domestic Equity	0.3%	14.4%	11.9%
International Developed Equity	-2.6%	4.2%	1.8%
International Emerging Market Equity	-12.9%	-5.6%	-0.9%
Fixed Income	-3.0%	-0.7%	3.2%
Global Asset Allocation	-3.3%	3.8%	5.3%
Alternatives	2.8%	6.1%	7.5%
Private Equity	6.7%	7.1%	8.5%
Real Estate	15.9%	11.4%	7.8%

## 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](http://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, 2015
Pension Plan's Fiscal Year Ending Date	June 30, 2016
Single Discount Rate	7.23%
Long-term Expected Rate of Return	7.23%
Net Pension Liability	\$12,945,251
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 7.23 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 6.23%</u>	<u>Current Discount Rate 7.23%</u>	<u>1% Increase 8.23%</u>
\$19,354,239	\$12,945,251	\$7,702,925

#### Membership by the Numbers as of June 30, 2015

Inactive plan members or beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not receiving benefits	212
Active Members	<u>4,981</u>
Total	<u><u>5,342</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
2016	N/A	\$9,048,831	N/A	\$185,147,364	4.89%
2015	N/A	\$8,811,369	N/A	\$180,069,852	4.89%

#### 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](http://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, 2015
Pension Plan's Fiscal Year Ending Date	June 30, 2016
Single Discount Rate	7.23%
Long-term Expected Rate of Return	7.23%
Net Pension Liability	\$991,662,497
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, 2023 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 7.23 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 6.23%</u>	<u>Current Discount Rate 7.23%</u>	<u>1% Increase 8.23%</u>
\$1,257,227,563	\$991,662,497	\$765,833,652

#### Membership by the Numbers at June 30, 2015

Inactive plan members or beneficiaries currently receiving benefits	11,884
Inactive plan members entitled to but not yet receiving benefits	2,732
Active plan members	<u>4,688</u>
Total	<u><u>19,304</u></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
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	\$72,643,307	\$25,126,131	\$47,517,176	\$238,669,871	10.50%
2013	\$62,297,432	\$26,515,782	\$35,781,650	\$213,291,083	12.40%
2012	\$64,065,214	\$65,065,214	-	\$257,992,240	24.80%
2011	\$55,138,011	\$55,138,011	-	\$303,379,482	18.20%
2010	\$37,338,960	\$37,338,960	-	\$334,343,506	11.20%
2009	\$41,395,719	\$41,395,719	-	\$357,072,833	11.60%
2008	\$43,168,448	\$43,168,448	-	\$368,470,990	11.70%
2007	\$41,444,808	\$41,444,808	-	\$361,701,481	11.50%

#### Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment. Subsequent to the POA, the DIA entered into an agreement to pay part of its contribution requirement to the General Retirement Plan in a single lump sum payment in 2016. Further, in August, 2016 the City modified all of its outstanding UTGO Stub Bonds. The current contribution schedule is as follows:

Fiscal Year	For DWSD Liabilities		Unlimited Tax General Obligation	Foundation for Detroit's Future	Other	Transfers from DWSD	Total
	DWSD	Transfers					
2017	\$45,400,000	(\$2,500,000)	\$25,110,074	\$400,000	\$22,500,000	\$2,500,000	\$93,410,074
2018	\$45,400,000	(\$2,500,000)	\$6,342,472	\$400,000	\$22,500,000	\$2,500,000	\$74,642,472
2019	\$45,400,000	(\$2,500,000)	-	\$400,000	\$22,500,000	\$2,500,000	\$68,300,000
2020	\$45,400,000	(\$2,500,000)	-	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2021	\$45,400,000	(\$2,500,000)	-	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2022	\$45,400,000	(\$2,500,000)	-	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
2023	\$45,400,000	(\$2,500,000)	-	\$400,000	\$2,500,000	\$2,500,000	\$48,300,000
<b>Total</b>	<b>\$317,800,000</b>	<b>(\$17,500,000)</b>	<b>\$31,452,546</b>	<b>\$2,800,000</b>	<b>\$77,500,000</b>	<b>\$17,500,000</b>	<b>\$429,552,546</b>

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

**FINANCIAL SECTION**  
**STATEMENT OF FIDUCIARY NET POSITON**  
**COMPONENT I**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 12,813,262	\$ 50,797,728
Investments - At Fair Value	24,825,246	13,191,495
Accrued Investment Income	16,784	-
Receivables from Investment Sales	148,558	-
Other accounts receivable	-	3,598
Cash & Investments Held as Collateral for securities lending	1,236,284	-
Restricted Assets	<u>359,834</u>	<u>-</u>
 Total Assets	 <u>\$ 39,399,968</u>	 <u>\$ 63,992,821</u>
 <b>Liabilities</b>		
Payables for Investment Purchases	159,363	-
Amounts Due Brokers Under Securities Lending Arrangements	1,225,299	-
Due to City of Detroit	454,105	29,300,000
Due to Other Funds	-	14,514,334
Other Liabilities	<u>1,307,646</u>	<u>81,589</u>
 Total Liabilities	 <u>3,146,413</u>	 <u>43,895,923</u>
 Net Position - Restricted for Pensions	 <u>\$ 36,253,555</u>	 <u>\$ 20,096,898</u>

**FINANCIAL SECTION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**COMPONENT I**

	2016	2015
Additions		
Investment Income		
Interest and Dividends	\$ 440,665	\$ 20,690
Net Appreciation in Fair Value of Investments	(396,860)	-
Less Investment Expense	(132,773)	-
Net Investment Income (Loss)	(88,968)	20,690
Securities Lending Income		
Interest and Dividends	7,650	-
Net Unrealized Gain On Collateralized Securities	4,710	-
Net Securities Lending Income	12,360	-
Contributions:		
Employer	9,048,831	8,811,369
Employee	12,559,259	12,757,032
Total Contributions	21,608,090	21,568,401
Other Income	6,586	-
Total Additions - Net	21,538,068	21,589,091
Deductions		
Retirees' Pension and Annuity Benefits	40,162	10,603
Member Refunds and Withdrawals	2,247,052	-
General and Administrative Expenses	3,094,197	1,481,590
Total Deductions	5,381,411	1,492,193
Net Increase in Net Position Held in Trust	16,156,657	20,096,898
Net Position Restricted for Pensions - Beginning of Year	20,096,898	-
Net Position Restricted for Pensions - End of Year	\$ 36,253,555	\$ 20,096,898



## FINANCIAL SECTION

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

#### COMPONENT I

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 18,302,706	\$ 19,318,576
Interest	2,495,896	695,469
Difference Between Expected And Actual Experience	2,111,447	
Assumption Changes	(1,225,597)	(1,202,108)
Voluntary Employee Contributions	5,216,480	5,775,885
Benefits Payments, Including Refunds	(2,289,948)	-
<b>Net Change in Total Pension Liability</b>	24,610,984	24,587,822
<b>Total Pension Liability- Beginning of Year</b>	24,587,822	-
<b>Total Pension Liability- End of Year</b>	<b>\$ 49,198,806</b>	<b>\$ 24,587,822</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 9,048,831	\$ 8,811,369
Contributions - Employee	7,345,516	6,970,544
Net Investment Income (Loss)	(70,025)	20,690
Administrative Expenses	(3,094,197)	(1,481,590)
Voluntary Contributions	5,216,480	5,786,488
Benefit Payments, Including Refunds of Mandatory Contributions	(1,031,059)	(10,603)
Benefit Payments, Including Refunds of Voluntary Contributions	(1,258,889)	-
<b>Net Change in Plan Fiduciary Net Position</b>	16,156,657	20,096,898
<b>Plan Fiduciary Net Position - Beginning of Year</b>	20,096,898	-
<b>Plan Fiduciary Net Position - End of Year</b>	<b>\$ 36,253,555</b>	<b>\$ 20,096,898</b>
<b>Net Pension Liability</b>	<b>\$ 12,945,251</b>	<b>\$ 4,490,924</b>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	73.69%	81.74%
<b>Covered Employee Payroll</b>	\$ 185,147,364	\$ 180,069,852
<b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	7.00%	2.50%

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT I

Wages & Benefits	\$	711,008
Professional Services		412,779
IT Contractual Fees		388,628
Legal Fees		628,385
Insurance Premiums		326,601
Audit, Benefit & Annual Reports		163,434
Computer Supplies, Equipment & Service		19,227
Rent Expense		104,805
Travel & Training		8,100
ADP Fees		53,586
Media Consulting/Public Relations		58,544
Repairs & Maintenance		34,029
Postage & Mailing		5,074
Medical and Disability Claims		29,134
Trustee Stipends		11,330
Trustee Election Expense		20,612
Trustee Expense		5,861
Carrier Audit / EBP Expense		16,061
Printing		12,397
Storage		11,819
Utilities		9,523
Dues & Subscriptions		9,122
Imaging		2,244
Office Supplies		2,837
Parking Expense		11,907
Internet Service Provider		920
Other Expenses		36,230
		<hr/>
Total General & Administrative Expenses	\$	<b>3,094,197</b>
		<hr/> <hr/>

## FINANCIAL SECTION

### STATEMENT OF FIDUCIARY NET POSITION

#### COMPONENT II

	Defined Benefit Plan 2016	Income Stabilization Fund 2016	Total	Total 2015
<b>Additions</b>				
Investment Income				
Interest and Dividends	\$ 29,131,909	\$ 25,008	\$ 29,156,917	\$ 24,823,984
Net Increase (Decrease) in Fair Value of Investments	(33,163,905)	-	(33,163,905)	78,458,675
Less Investment Expense	(9,229,284)	-	(9,229,284)	(11,017,368)
Net Investment Income (Loss)	(13,261,280)	25,008	(13,236,272)	92,265,291
Securities Lending Income				
Interest and Dividends	487,524	-	487,524	288,204
Net Unrealized Gain On Collateralized Securities	323,209	-	323,209	538,795
Net Securities Lending Income	810,733	-	810,733	826,999
Contributions:				
Employer	71,905,829	1,689,857	73,595,686	87,346,421
Employee	-	-	-	609,073
State and Foundations	32,886,828	-	32,886,828	103,800,000
Total Contributions	104,792,657	1,689,857	106,482,514	191,755,494
ASF Recoupment	4,585,453	-	4,585,453	132,529,998
Other Income	1,360,330	-	1,360,330	5,690,000
Total Additions - Net	98,287,893	1,714,865	100,002,758	423,067,782
<b>Deductions</b>				
Retirees' Pension and Annuity Benefits	242,470,451	705,006	243,175,457	253,522,892
Member Refunds and Withdrawals	49,811,728	-	49,811,728	44,321,041
General and Administrative Expenses	3,742,618	-	3,742,618	7,556,822
Total Deductions	296,024,797	705,006	296,729,803	305,400,755
Net Increase (Decrease) in Net Position Held in Trust	(197,736,904)	1,009,859	(196,727,045)	117,667,027
Net Position Restricted for Pensions - Beginning of Year	2,131,278,211	1,596,695	2,132,874,906	2,015,207,879
Net Position Restricted for Pensions - End of Year	<u>\$ 1,933,541,307</u>	<u>\$ 2,606,554</u>	<u>\$ 1,936,147,861</u>	<u>\$ 2,132,874,906</u>

## FINANCIAL SECTION

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

#### COMPONENT II

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service Cost	\$ -	\$ -	\$ 32,736,019
Interest	213,957,125	263,007,329	242,611,073
Changes in Benefit Terms	-	(732,535,007)	(113,311,571)
Difference Between Expected And Actual Experience	(44,173,106)	24,644,530	-
Assumption Changes	90,034,927	(101,559,893)	(271,190,194)
Benefit Payments, Including Refunds	(292,282,181)	(297,538,991)	(397,733,807)
<b>Net Change in Total Pension Liability</b>	<u>(32,463,235)</u>	<u>(843,982,032)</u>	<u>(506,888,480)</u>
 <b>Total Pension Liability- Beginning of Year</b>	 <u>2,957,667,039</u>	 <u>3,801,649,071</u>	 <u>4,308,537,551</u>
 <b>Total Pension Liability- End of Year</b>	 <u><b>\$ 2,925,203,804</b></u>	 <u><b>\$ 2,957,667,039</b></u>	 <u><b>\$ 3,801,649,071</b></u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 104,792,657	\$ 85,482,094	\$ 25,126,131
Contributions - State and Foundation	-	103,800,000	-
Contributions - Employee	-	609,073	10,241,761
Net Investment Income (Loss)	(12,450,547)	93,054,981	289,789,607
Administrative Expenses	(3,742,618)	(4,617,194)	(11,237,767)
Benefit Payments, including refunds	(292,282,179)	(297,538,991)	(397,733,807)
Other Additions - Includes ASF Recoupment	5,945,783	135,280,369	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(197,736,904)</u>	<u>116,070,332</u>	<u>(83,814,075)</u>
 <b>Plan Fiduciary Net Position - Beginning of Year</b>	 <u>2,131,278,211</u>	 <u>2,015,207,879</u>	 <u>2,099,021,954</u>
 <b>Plan Fiduciary Net Position - End of Year</b>	 <u><b>\$ 1,933,541,307</b></u>	 <u><b>\$ 2,131,278,211</b></u>	 <u><b>\$ 2,015,207,879</b></u>
 <b>Net Pension Liability</b>	 <u><b>\$ 991,662,497</b></u>	 <u><b>\$ 826,388,828</b></u>	 <u><b>\$ 1,786,441,192</b></u>
 <b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	 66.10%	 72.06%	 53.01%
 <b>Covered Employee Payroll</b>	 \$ 185,147,364	 \$ 188,210,536	 \$ 238,669,871
 <b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	 535.6%	 439.1%	 748.5%

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT II

Wages & Benefits	\$ 711,008
Professional Services	467,860
IT Contractual Fees	473,505
Legal Fees	391,390
Insurance Premiums	326,601
Audit, Benefit & Annual Reports	163,434
Actuarial	142,961
Computer Supplies, Equipment & Service	111,351
Rent Expense	104,805
Travel & Training	64,774
ADP Fees	46,132
Media Consulting/Public Relations	32,790
Repairs & Maintenance	32,536
Postage & Mailing	30,074
Medical and Disability Claims	28,139
Trustee Stipends	11,330
Trustee Election Expense	20,612
Trustee Expense	4,706
Carrier Audit / EBP Expense	16,061
Printing	12,146
Storage	11,237
Utilities	9,523
Dues & Subscriptions	8,997
Imaging	2,244
Office Supplies	2,292
Parking Expense	1,852
Internet Service Provider	920
Other Expenses	513,336
	<hr/>
Total General & Administrative Expenses	<b><u><u>\$3,742,618</u></u></b>

**FINANCIAL SECTION**

**BUDGET**

**COMPONENT I AND COMPONENT II**

Investment Consultant Fees	\$	6,000,000
Contract Services		1,275,000
Salaries & Benefits		1,268,797
Legal Non-Investment		500,000
Actuarial		350,000
Rental-Building		259,800
Printing		200,000
Office & Computer Equipment		125,000
Travel and Education		120,000
Repairs and Maintenance		100,000
Telecommunications		45,000
Medical		25,000
Office Supplies		17,500
		<hr/>
<b>TOTAL BUDGETED EXPENDITURES</b>	<b>\$</b>	<b>10,286,097</b>
		<hr/> <hr/>

## OTHER INFORMATION SECTION

### SERVICE PROVIDERS

#### COMPONENT I AND COMPONENT II

500 Webward, LLC  
Accuity  
Accusoft Pegasus  
ADP  
Allegra Marketing  
American Arbitration Association  
Astadia, Inc.  
BAB Associates, LLC  
Bassett & Bassett  
Bloomberg Financial  
Canon Solutions America, Inc.  
Creative Breakthroughs, Inc.  
Chrysalis Consulting  
Cintas Corporation  
Clark Hill, PLC  
Comcast  
Couzens, Lansky, Fealk, Ellis, PC  
Crain's Detroit Business  
Dalton Commercial Clearing  
Datawatch  
Direct TV  
Electronic Security Systems, Inc.  
Emerson Network Power Liebert Services  
F. Logan Davidson, PC  
Fedex  
Forbes  
Forms Trac Enterprises, Inc.  
Gabriel, Roeder, Smith & Co.  
Graphic Sciences, Inc.  
Harland Technology Service  
Hudson & Muma, Inc.

International Foundation of Employee Benefits  
Iron Mountain Records Management  
JRW Creative Ideology  
MAPERS  
Mercury Storage  
MSCI, Inc.  
Neopost  
Office Depot  
Open Text  
Peernet, Inc.  
Pepper Hamilton, LLP  
Plante & Moran  
Preferred Data Systems, LLC  
Quill Corporation  
Racine & Associates  
Reginald E. O'Neal  
Republic Underwriters  
Richoh  
Russell Investments  
Schindler Elevator Corp.  
Shred-It USA  
Star Insurance Company  
Stout Risius Ross, Inc.  
Tape4backup.com  
Telecomm Solutions, LLC  
Ultimate Parking Management  
Universal System Technologies, Inc.  
UHY, Advisors  
VanOverbeke, Michaud & Timmony, PC  
Verizon Wireless  
Xerox

**OTHER INFORMATION SECTION**

**TRAVEL SUMMARY REPORT**

**COMPONENT I AND COMPONENT II**

Travel Summary July 01, 2015 - June 30, 2016													
NAME	REASON/CONFERENCE	LOCATION	Dates	COST							HOTEL	LEASE AGENT	AUTO TYPE
				REGISTRATION	TRANSPORTATION & RELATED COSTS	LODGING	VEHICLE RENTAL	MEALS	MISC	TOTAL			
Benson, Scott	IFEBP Conference	San Diego, CA	2/17/16-2/19/16	\$ 1,390	\$ 927	\$ 544	-	\$ 225	\$ 45	\$ 3,131	Westin	-	-
Benson, Scott	Wharton Investment Strategies & Portfolio Mgt	Philadelphia, PA	5/15/16-5/20/16	\$ 9,225	\$ 611	\$ -	-	\$ 384	\$ 90	\$ 10,310	-	-	-
Bigelow, Ryan	Investment Due Diligence - Townsend Group	Cleveland, OH	1/4/16-1/5/16	\$ -	\$ 396	\$ 308	-	\$ 128	\$ 30	\$ 862	Marriott	-	-
Bigelow, Ryan	Due Diligence - Rivers Casino	San Diego, CA	5/9/16-5/13/16	\$ -	\$ 347	\$ 761	\$ 211	\$ 188	\$ 38	\$ 1,545	Fairmont	Dollar	Cruze
Arrington-Cabeau, L	Leadership Training	Chicago, IL	3/27/16-3/30/16	\$ 1,984	\$ 376	\$ 660	-	\$ 300	\$ 60	\$ 3,379	Allegro	-	-
Cowan, Tasha	NASP Conference	Atlanta, GA	6/12/16-6/16/16	\$ 150	\$ 716	\$ 1,083	-	\$ 320	\$ 75	\$ 2,344	Loews	-	-
Nickleberry, Armella	IFEBP Public Pension Trustee Training	Washington DC	1/11/16-1/12/16	\$ 1,000	\$ 569	\$ 229	\$ -	\$ 225	\$ 45	\$ 2,068	Capitol Hilton	-	-
Nickleberry, Armella	NASP Conference	Atlanta, GA	6/12/16-6/15/16	\$ 150	\$ 312	\$ 812	-	\$ 256	\$ 60	\$ 1,590	Loews	-	-
Nickleberry, Armella	Trustee Leadership Forum	Cambridge, MA	6/20/16-6/22/16	\$ 150	\$ 315	\$ 687	-	\$ 300	\$ 60	\$ 1,512	Crown Plaza	-	-
Smith, Chanda	EQ Train the Trainer	Cleveland, OH	3/29/16-3/30/16	\$ -	\$ 262	\$ 923	-	\$ 256	\$ 60	\$ 1,501	Westin	-	-
Thomas, Cynthia	Klausner Kaufman Client Conference	Fort Lauderdale, FL	3/6/16-3/9/16	\$ -	\$ 92	\$ 742	\$ 151	\$ 256	\$ 60	\$ 1,302	Hyatt	Alamo	Sonata
Wilkerson, Deborah	Leadership Training	Atlanta, GA	3/13/16-3/16/16	\$ 1,984	\$ 166	\$ 701	\$ 280	\$ 256	\$ 60	\$ 3,448	Hyatt	Enterprise	Traverse
Total				\$ 16,033	\$ 5,089	\$ 7,450	\$ 643	\$ 3,094	\$ 683	\$ 32,991			