



**POLICE AND FIRE RETIREMENT SYSTEM OF
THE CITY OF DETROIT
COMPONENT I and
COMPONENT II**

SUMMARY ANNUAL REPORT

For the Fiscal Year Ended
June 30, 2015

POLICE & FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

ALLY DETROIT CENTER

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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 Police & Fire Retirement System of the City of Detroit for the fiscal year ended June 30, 2015.

The Police & Fire Retirement System of the City of Detroit (“System”) consists of defined pension plans and defined contribution plans for the 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 Police & Fire 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 Police & Fire Retirement System, due to the City of Detroit’s bankruptcy proceedings and the resulting Plan of Adjustment.

As a part of the Plan of Adjustment and because of negotiations between the City of Detroit and the employees’ collective bargaining units, 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 also frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the Police & Fire Retirement System as of June 30, 2014. All future cost-of-living adjustments were reduced by 55%.

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 and federal law, 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

Mark Diaz

Mark Diaz
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 by negotiations between the City and Police and Fire Union Organizations for active 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 benefits in the future in Component I. Pursuant to the Plan of Adjustment and federal law, the benefit terms presently in force will remain unchanged through June 30, 2023.

Funding requirements of Component I are:

- Mandatory Member Contributions of 6% of base pay, but can increase if necessary to maintain funding levels at 100%
- The City's annual contributions for the period commencing July 1, 2014 through June 30, 2023 shall be 12.25% of the compensation of active employees.

Average Final Compensation

The average of the compensation received during the 5 consecutive years of Credited Service (including Prior Service) immediately preceding the date of the members last termination of City employment as a Police Officer or Firefighter. If the member has less than 5 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 – Determined by the respective union contract.

Normal Retirement Amount – The retirement allowance payable to a member who retires on or after the normal retirement age is 2% times average final compensation times Credited Service (after June 30, 2014) measured to the nearest month.

Deferred Retirement (Vested Benefits) – Determined by the respective union contract.

Duty Disability Retirement

Eligibility – Individual must be totally disabled for duty for reasons of illness, injury, or disease resulting from performance of duty.

Amount – For the first 24 months, the member shall receive a basic benefit equal to 50% of his/her compensation plus a supplemental benefit equal to 16.67% of final compensation. After 24 months, if the Board finds that the member is disabled from any occupation the member shall continue to receive both the 50% and the 16.67% benefit until the member would have achieved 25 years of service. The 16.67% benefit ceases at the time the member would have had 25 years of service. Duty disability benefits continue to be paid until age 65, unless the member is found not to be disabled prior to that date. At the attainment of age 65, the member's benefit is reduced to 50% basic benefit. Earned income in any year acts to reduce the disability benefit in the following year, to the extent that earned income combined with the disability benefit exceeds the compensation at the time of disability (after adjustment for the Variable Improvement factor). Amounts payable from Worker's Comp or similar programs are offset against the amount otherwise payable.

Non-Duty Disability Retirement

Eligibility – Total and permanent disability that is not duty related but that occurred while employed by the City.

Amount – If the member has less than 5 years of Credited service, accumulated contributions are refunded or, at the members option, may be payable in the form of a cash refund annuity. No other benefits are payable. Members with 5 or more years of credited service at the time of disability may receive a benefit computed as a Normal Retirement benefit, but not less than 20% of Average Final Compensation. Earned Income in any year acts to reduce the disability benefit in the following year, to the extent that earned income combined with the disability benefit (after adjustment for the Variable Improvement factor) exceeds the compensation at the time of disability. Amounts payable from Worker's Comp or similar programs are offset against the amount otherwise payable.

INTRODUCTORY SECTION

SUMMARY OF COMPONENT II PROVISIONS (Legacy Plan)

Component II (Legacy Plan) benefits are frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the Detroit Police and Fire Retirement System as it existed on June 30, 2014 and all future cost-of-living adjustments were reduced from 2.25% to 1.0125%. Component II benefits are payable after separation from service, upon meeting the eligibility conditions of the plan as it existed June 30, 2014, regardless of whether the individual is eligible to receive a Component I benefit at the time.

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

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

Normal Retirement

Eligibility – 25 years of service regardless of age. 20 years of service regardless of age for eligible DPOA and DFFA members. DFFA members must retire by age 60.

Annual Amount

Pre-1969 Members

For all members, 2.0% of AFC times the first 25 years of service, with a maximum allowance of 15/22 of a police officer's or firefighter's annual rate of compensation.

1969 Plan Members

For all members, 2.5% of AFC times the first 25 years of service plus 2.1% of AFC times each of the next 10 years of service.

Type of Average Final Compensation (AFC)

The average of the current compensation for the ranks held in each of the last five years (last three years for DPCOA, Executive members and their Fire equivalents) plus longevity. Pension benefits for nonunion employees may not be diminished due to a reduction in compensation because of fiscal emergency. AFC includes prior longevity distributions during the averaging period in accordance with the following schedule: 1% of compensation after 5 years of service, 2% after 11 years, 3% after 16 years and 4% after 21 years.

Deferred Retirement (Vested Benefits)

Eligibility – 10 years of service, age 40 with 8 years of service for LSA members.

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

Benefit Commencement –

- DPOA and Fire equivalent members hired after 6/30/85 – unreduced benefit begins at age 62
- Other members – unreduced benefit begins at the age when the members would have first been eligible for regular retirement had the member continued in City service.

Duty Disability Retirement

Eligibility – Individual must be totally disabled for duty for reasons of illness, injury, or disease resulting from performance of duty.

Amount – For the first 24 months, the member shall receive a basic benefit equal to 50% of his/her compensation plus a supplemental benefit equal to 16.67% of final compensation. After 24 months, if the Board finds that the member is disabled from any occupation the member shall continue to receive both the 50% and the 16.67% benefit until the member would have achieved 25 years of service. The 16.67% benefit ceases at the time the member would have had 25 years of service. Duty disability benefits continue to be paid until age 65, unless the member is found not to be disabled prior to that date. At the attainment of age 65, the member's benefit is reduced to 50% basic benefit. Earned income in any year acts to reduce the disability benefit in the following year, to the extent that earned income combined with the disability benefit exceeds the compensation at the time of disability (after adjustment for the Variable Improvement factor). Amounts payable from Worker's Comp or similar programs are offset against the amount otherwise payable.

Non-Duty Disability Retirement

Eligibility – Total and permanent disability that is not duty related but that occurred while employed by the City.

Amount – If the member has less than 5 years of Credited service, accumulated contributions are refunded or, at the members option, may be payable in the form of a cash refund annuity. No other benefits are payable. Members with 5 or more years of credited service at the time of disability may receive a benefit computed as a Normal Retirement benefit, but not less than 20% of Average Final Compensation. Earned Income in any year acts to reduce the disability benefit in the following year, to the extent that earned income combined with the disability benefit (after adjustment for the Variable Improvement factor) exceeds the compensation at the time of disability. Amounts payable from Worker's Comp or similar programs are offset against the amount otherwise payable.

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:

Asset Class	Target Allocation
U.S. equity	16.50%
Non U.S. equity	16.50%
Global low volatility	5.00%
Private equity	10.00%
U.S. core fixed income	13.50%
U.S. TIPA	1.00%
U.S. high yield	6.50%
Convertibles	2.00%
Private mortgages	0.00%
Opportunistic debt	5.00%
Cash	1.00%
Private real estate	10.00%
Global REITs	3.00%
MLPs	5.00%
Hedge funds	5.00%

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 PFRS Plan	7.5%	11.9%	8.2%
Domestic Equity	11.0%	19.6%	15.6%
International Equity	-2.9%	12.8%	7.1%
Fixed Income	7.0%	7.0%	7.7%
Opportunistic	15.1%	n/a	n/a
Alternatives	7.1%	7.4%	4.2%
Private Equity	8.8%	3.2%	3.8%
Real Estate	17.3%	7.0%	1.9%

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	7.47%
Long-term Expected Rate of Return	7.47%
Net Pension Liability	\$3,408,690
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	The Employer's annual contributions for the period commencing July 1, 2014 through June 30, 2023 shall be (a) 11.2% of the compensation of active employees who are members of DFFA for pay periods ending on or before November 6, 2014 and members of DPOA for pay periods ending on or before October 3, 2014 and (b) 12.25% of the compensation of active employees who are members of DPCOA, DPLSA, and DPOA for pay periods ending on or after October 3, 2014 and DFFA for pay periods ending on or after November 6, 2014.

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 7.47 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 6.47%</u>	<u>Current Discount Rate 7.47%</u>	<u>1% Increase 8.47%</u>
\$7,449,863	\$3,408,690	\$150,597

Membership by the Numbers

Type	Number of Members
Retirees and Beneficiaries	-
Inactive, Non-retired Member	-
Active Members	2,608
Total	2,608

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	\$14,606,971	N/A	\$132,566,687	11.02%

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	7.47%
Long-term Expected Rate of Return	7.47%
Net Pension Liability	\$494,745,830
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, 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 6.47%</u>	<u>Current Discount Rate 7.47%</u>	<u>1% Increase 8.47%</u>
\$870,962,204	\$494,745,830	\$178,917,674

Membership by the Numbers

<u>Type</u>	<u>Number of Members</u>
Retirees and Beneficiaries	8,395
DROP Members	625
Inactive, Non-retired Members	272
Active Members	<u>2,608</u>
Total	<u><u>11,900</u></u>

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

Schedule of Contributions

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$62,954,305	N/A	\$62,954,305	\$186,694,166	0.00%
2015	N/A	\$114,300,000	N/A	\$132,566,687	86.22%

FINANCIAL SECTION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
COMPONENT I

	<u>2015</u>
Investment Income	
Interest	\$ 21,019
Contributions:	
Employer	14,606,971
Employee	<u>7,404,705</u>
Total Additions	22,032,695
Retirees' Pension and Annuity Benefits	19,554
General and Administrative Expenses	<u>685,677</u>
Total Deductions	705,231
Net Increase in Net Position Held in Trust	21,327,464
Net Position Restricted for Pensions – Beginning of year	-
Net Position Restricted for Pensions – End of year	\$ 21,327,464

FINANCIAL SECTION

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

COMPONENT I

	2015
Total Pension Liability	
Service Cost	\$ 24,835,814
Interest	894,089
Assumption Changes	(1,008,119)
Voluntary Employee Contributions	14,370
Net Change in Total Pension Liability	<u>24,736,154</u>
Total Pension Liability- Beginning of Year	<u>-</u>
Total Pension Liability- End of Year	<u>\$ 24,736,154</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 14,606,971
Contributions - Employee	7,404,705
Net Investment Income	21,019
Administrative Expenses	(685,677)
Benefit payments, including refunds	<u>(19,554)</u>
Net Change in Plan Fiduciary Net Position	<u>21,327,464</u>
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 21,327,464</u>
Net Pension Liability	<u>\$ 3,408,690</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	86.22%
Covered Employee Payroll	\$ 121,627,871
Net Pension Liability as a Percent of Covered Employee Payroll	2.80%

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT I

Contractual Fees-Programmers	\$	256,803.36
Retirement System Employee Salaries		147,456
Wages & Benefits - COD Employees		119,349
Audit, Benefit & Annual Reports		38,561
Actuarial		37,464
Miscellaneous		30,122
Legal		28,823
Insurance Premiums		10,093
Repairs & Maintenance-Software		4,286
Public Relations		3,042
Trustee Expense-Travel/Seminars		2,193
Printing		1,182
Office Equipment		865
Computer Supplies, Equipment & Service		832
Tech Consultant		799
Telephone/Internet Service		758
Imaging		737
Postage & Mailing		581
Subscription Fees		372
Computer & Office Supplies		326
Medical/Disability Exams		317
Dues & Miscellaneous		314
Storage		278
Repairs & Maintenance-Equipment		116
Office Equipment Maintenance		10
		<hr/>
Total General And Administrative Expenses	\$	<u>685,677</u>

FINANCIAL SECTION
STATEMENT OF FIDUCIARY NET POSITION
COMPONENT II

	Defined Benefit Plan 2015	Income Stabilization Fund 2015*	Total	Defined Benefit Plan 2014
Assets				-
Cash and Cash Equivalents	\$ 7,862,010	\$ 601,196	\$ 8,463,206	\$ 52,165,913
Investments - At Fair Value	3,178,536,462	-	3,178,536,462	3,185,717,982
Accrued Investment Income	12,545,899	-	12,545,899	20,814,915
Receivables from Investment Sales	85,114,310	-	85,114,310	23,616,000
Due From Other Funds	688,078	-	688,078	-
Other Accounts Receivable	434,435	-	434,435	512,243
Notes Receivable from Participants	15,053,631	-	15,053,631	17,649,803
Cash Collateral Securities Lending	300,530,137	-	300,530,137	79,546,235
Capital Assets	1,286,517	-	1,286,517	1,288,922
Total Assets	3,602,051,479	601,196	3,602,652,675	3,381,312,013
Liabilities				
Payables for Investment Purchases	98,755,550	-	98,755,550	7,098,366
Claims Payable to Retirees and Beneficiaries	167,737	-	167,737	4,341,612
Amounts Due Brokers Under Securities Lending Arrangements	303,831,129	-	303,831,129	87,552,210
Other Liabilities	4,541,622	-	4,541,622	
Total Liabilities	407,296,038	-	407,296,038	105,108,714
	<u>\$3,194,755,441</u>	<u>\$ 601,196</u>	<u>\$3,195,356,637</u>	<u>\$3,276,203,299</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	\$ 101,494,421	\$ 5,253	\$ 101,499,674	\$ 101,041,852
Net Appreciation in Fair Value of Investments	32,851,015	-	32,851,015	477,575,447
Less Investment Expense	<u>(14,083,396)</u>	<u>-</u>	<u>(14,083,396)</u>	<u>(14,983,143)</u>
Net Investment Income	120,262,040	5,253	120,267,293	563,634,156
Securities Lending Income				
Interest and Dividends	1,649,855	-	1,649,855	498,646
Net Unrealized gain on collateralized securities	<u>824,925</u>	<u>-</u>	<u>824,925</u>	<u>2,105,876</u>
Net Securities Lending Income	2,474,780	-	2,474,780	2,604,522
Contributions:				
Employer	-	622,540	622,540	-
Employee	593,292		593,292	7,783,141
State and Foundations	<u>114,300,000</u>	<u>-</u>	<u>114,300,000</u>	<u>-</u>
Total Contributions	114,893,292	622,540	115,515,832	7,783,141
Other Income	<u>2,368,638</u>	<u>-</u>	<u>2,368,638</u>	<u>2,522,115</u>
Total Additions - Net	239,998,750	627,793	240,626,543	576,543,934
Deductions				
Retirees' Pension and Annuity Benefits	289,336,059	26,597	289,362,656	285,512,629
Member Refunds and Withdrawals	24,480,857	-	24,480,857	38,027,844
General and Administrative Expenses	7,516,022	-	7,516,022	11,266,535
Depreciation Expense	<u>114,670</u>	<u>-</u>	<u>114,670</u>	<u>106,691</u>
Total Deductions	321,447,608	26,597	321,474,205	334,913,699
Net Increase in Net Position Held in Trust	(81,448,858)	601,196	(80,847,662)	241,630,235
Net Position Restricted for Pensions - Beginning of Year	<u>3,276,223,299</u>	<u>-</u>	<u>3,276,223,299</u>	<u>3,034,593,064</u>
Net Position Restricted for Pensions - End of Year	<u>\$3,194,774,441</u>	<u>\$ 601,196</u>	<u>\$3,195,375,637</u>	<u>\$ 3,276,223,299</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

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

COMPONENT II

	2015	2014
Total Pension Liability		
Service Cost	\$ -	\$ 34,967,708
Interest	306,063,330	304,737,369
Changes in Benefit Terms	(555,898,068)	(102,236,878)
Difference between expected and actual experience	(59,621,651)	-
Assumption Changes	(95,014,469)	540,356,835
Benefit Payments, including refunds	(313,816,916)	(323,540,473)
Net Change in Total Pension Liability	<u>(718,287,774)</u>	<u>454,284,561</u>
Total Pension Liability- Beginning of Year	<u>4,407,788,045</u>	<u>3,953,503,484</u>
Total Pension Liability- End of Year	<u>\$ 3,689,500,271</u>	<u>\$ 4,407,788,045</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ -	\$ -
Contributions - State and Foundation	114,300,000	-
Contributions - Employee	593,292	7,783,141
Net Investment Income	122,736,820	568,760,793
Administrative Expenses	(7,630,692)	(11,373,226)
Benefit Payments, including refunds	(313,816,916)	(323,540,473)
Other additions - Includes ASF Recoupment	2,368,638	-
Net Change in Plan Fiduciary Net Position	<u>(81,448,858)</u>	<u>241,630,235</u>
Plan Fiduciary Net Position - Beginning of Year	<u>3,276,203,299</u>	<u>3,034,573,064</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 3,194,754,441</u>	<u>\$ 3,276,203,299</u>
Net Pension Liability	<u>\$ 494,745,830</u>	<u>\$ 1,131,584,746</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	86.59%	74.33%
Covered Employee Payroll	\$ 131,220,124	\$ 157,622,578
Net Pension Liability as a Percent of Covered Employee Payroll	377.00%	717.90%

FINANCIAL SECTION
GENERAL AND ADMINISTRATIVE EXPENDITURES
COMPONENT II

Legal	\$ 3,592,178
Wages & Benefits - City of Detroit Employees	817,625
Insurance Premiums	494,565
Retirement System Employee Salaries	447,647
Contractual Fees-Programmers	442,592
Audit, Benefit & Annual Reports	347,045
Actuarial	337,173
Miscellaneous	219,844
Public Relations	149,050
Printing	116,971
Trustee Expense-Travel/Seminars	107,469
Computer Supplies, Equipment & Service	82,347
Repairs & Maintenance - Software	81,426
Postage & Mailing	57,487
Office Equipment	42,388
Imaging	36,129
Dues & Miscellaneous	31,113
Storage	27,524
Subscription Fees	18,217
Computer & Office Supplies	15,979
Medical/Disability Exams	15,531
Tech Consultant	15,183
Telephone/Internet Service	14,397
Repairs & Maintenance - Equipment	5,662
Office Equipment Maintenance	<u>480</u>
 Total General And Administrative Expenses	 <u><u>\$ 7,516,022</u></u>

FINANCIAL SECTION

BUDGET

COMPONENT I AND II

Salaries-Full Time	\$	718,238
Salaries-Overtime		50,000
Employee Benefits-Pension		86,540
Employee Benefits- Pension UAAL		166,617
Employee Benefits- Hospitalization		132,309
Employee Benefits- Hosp. Ret.		198,002
Employee Benefits-FICA		58,847
Employee Benefits-Unemployment		23,154
Worker's Comp.		37,924
Employee Benefits- Miscellaneous		1,076
Retirement Sick Leave		10,770
Other Comp-Supplies		1,690
Life Insurance		1,460
Eye care-Active		1,460
Eye care-Retired		1,921
Income Protection		1,460
Dental-Active		9,846
Dental- Retired		9,846
Actuarial		122,350
Medical-Other		37,500
Investment Consultant Fees		13,513,243
Contract Services-Other Misc.		1,071,250
Office Supplies		18,500
Repairs and Maint.-Equip.		16,500
Printing		54,250
Rental-Building		133,996
Telecommunications		19,743
Purchased Comp. Serv.		512,500
Travel and Education		120,000
Office Equipment		13,000
TOTAL BUDGETED EXPENDITURES	\$	17,143,992

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
Ativo Capital
BAB Associates, LLC
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
Courtland Partners, LTD
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.
George Peck & Associates
GFG Asset Management
Graphic Sciences, Inc.
Gratry & Company, LLC
Green Meadows Landscape, Inc.
Greenhill & Co, LLC
Guggenheim Partners
Gurewitz and Raben, PC
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.
Kenneth R. Sasse, PLLC
Klausner & Kaufman
Lanier Parking Solutions
Laser Substrates, Inc.
Lawrence P. Walker, PC
Liberty Mutual
MAPERS
Melissa Data Corp.
Mercury Storage
Miller Howard Investments
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.
Penn Capital Management Company, Inc.
Pension Benefit Information
Pension Real Estate Association
Pepper Hamilton, LLP
Pillsbury, Winthrop, Shaw, Pittman, LLP
Plante & Moran
Preferred Data Systems, LLC
Prudential
Quantum Capital Management
Quill Corporation
Racine & Associates
Reams Asset Management
Reginald E. O'Neal
Reliable Office Supplies
Richoh
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
Wells Capital Management
Wilshire Associates Incorporated
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	LOCATION	DATES	COST							HOTEL	LEASE AGENT	AUTO TYPE
				REGISTRATION	TRANSPORTATION & RELATED COSTS	LODGING	VEHICLE RENTAL	MEALS	MISC	TOTAL			
Adams, June	Educational-IFEBP Conference	Boston, MA	10/10-10/15/15	\$ 2,075	\$ 237	\$ 2,169		\$ 450	\$ 90	\$ 5,021	Hilton	-	-
Adams, June	Client Due Diligence-Klausner Conference	Ft. Lauderdale, FL	3/14-3/18/15	-	405	866		320	75	1,666	Hyatt	-	-
Adams, June	Educational-Portfolio Concepts and Management	Philadelphia, PA	4/27-4/30/15	4,695	642	976		384	90	6,787	Sheraton	-	-
Bigelow, Ryan	Client Due Diligence - Wilshire	Pittsburgh, PA	10/28-10/30/14	-	374	-		192	45	611	-	-	-
Bigelow, Ryan	Client Due Diligence - New York	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	Client Due Diligence-Chicago, Illinois	Chicago, IL	1/27/2015	-	265	-		38	8	310	-	-	-
Bigelow, Ryan	Investment Due Diligence-Walton Street	Chicago, IL	3/15-3/16/15	-	164	-		75	15	254	-	-	-
Bigelow, Ryan	Investment Due Diligence-Sawmill Creek Resort	Huron, OH	3/13/2015	-	72	-		32	8	112	-	-	-
Cetlinski, David	Educational - NCPERS Conference	New Orleans, LA	10/26-10/30/14	650	571	808		320	75	2,424	Hyatt	-	-
Cetlinski, David	Client Due Diligence-EIF	Palm Beach, FL	5/17-5/22/15	-	615	233	344	384	90	1,666	PGA National	Budget	Equinox
Gnatek, Matthew	Education-IFEBP	Washington, D.C.	9/15-9/16/14	1,090	-	-		-	-	1,090	-	-	-
Diaz, Mark	Educational - NCPERS	New Orleans, LA	10/26-10/30/14	-	384	1,609		320	75	2,388	Hyatt	-	-
Neary, Sean	Client Due Diligence-Seminole	Clearwater, FL	4/7-4/9/15	-	700	-		320	75	1,095	-	-	-
James, Angela	Educational - Trustee Leadership Forum	Chicago, IL	8/15/2014	50	321	212		100	30	713	Crown Plaza	-	-
James, Angela	Educational - NCPERS Conference	New Orleans, LA	10/25-10/29/14	650	747	903		320	75	2,695	Westin	-	-
James, Angela	Client Due Diligence-Klausner Conference	Ft. Lauderdale, FL	3/14-3/18/15	-	508	993	329	320	75	2,225	Hyatt	Budget	Explorer
James, Angela	Client Due Diligence- Prudential	New York, NY	5/12-5/13/15	-	533	-		225	45	803	-	-	-
Jones, Brenda	Client Due Diligence-Klausner Conference	Ft. Lauderdale, FL	3/14-3/18/15	-	577	866		320	75	1,838	Hyatt	-	-
Pegg, Jeff	Educational - NCPERS Conference	New Orleans, LA	10/25-10/29/14	-	538	1,147		384	90	2,159	Hyatt	-	-
Portia, Roberson	Client Due Diligence-Klausner Conference	Ft. Lauderdale, FL	3/14-3/18/15	-	411	1,328		320	75	2,134	Hyatt	-	-
Portia, Roberson	Educational NASP 26th Annual Conference	Chicago, IL	6/15 - 6/17/16	175	446	1,847		300	60	2,828	Sheraton	-	-
Serda, John	Educational-IFEBP Conference	Boston, MA	10/10-10/15/15	2,513	544	2,454		450	90	6,052	Nine Zero	-	-
Serda, John	Client Due Diligence-Klausner Conference	Ft. Lauderdale, FL	3/14-3/18/15	-	878	649		256	60	1,843	Hyatt	-	-
Thomas, Cynthia A.	Educational-IMI - Global Market Forum	Quebec City, Canada	7/6-7/8/14	-	579	323		360	60	1,322	Fairmont	-	-
Thomas, Cynthia A.	Client Due Diligence - BNY Mellon	San Diego, CA	10/18- 10/22/14	-	647	-	138	375	75	1,235	-	Alamo	Versa
Thomas, Cynthia A.	Educational - NCPERS Conference	New Orleans, LA	10/27-10/30/14	-	537	826		256	60	1,680	Hyatt	-	-
Thomas, Cynthia A.	Deposition Kohn Swift Graf	New York, NY	5/4 - 5/6/15	-	826	1,118		225	45	2,214	Strand	-	-
Thomas, Tracy	Educational- NCPERS Conference	New Orleans, LA	5/2-5/7/15	600	916	925		256	60	2,756	Hilton	-	-
Thomas, Tracy	Educational- IFEBP Conference	San Francisco, CA	6/15-6/17/15	50	-	-		-	-	50	-	-	-
Thomas, Tracy	Educational NASP 26th Annual Conference	Chicago, IL	6/15 - 6/17/16	175	416	837		300	60	1,788	-	-	-
Total				\$ 12,723	\$ 14,120	\$ 21,719	\$ 811	\$ 7,784	\$ 1,718	\$ 58,875			