



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

**COMPONENT I and COMPONENT II**

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SUMMARY ANNUAL REPORT  
For the Fiscal Year Ended June 30, 2021



# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ALLY DETROIT CENTER

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# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

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BlackEagle Partners  
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Syncom Venture Partners  
The Lightstone Group  
The Praedium Group, LLC  
UBS  
Walton Street Capital  
Wind Point Partners

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

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# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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, 2021.

The General Retirement System of the City of Detroit (“System”) consists of defined benefit 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, the City of Detroit and the General Retirement System Board of Trustees, in consultation with the Foundation for Detroit’s Future.

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 June 30, 2021, 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.

## GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

### *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. The system's net investment gain for the year ended June 30, 2021, totaled \$457,688,443 with a rate of return of 28.3 percent.

### *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  
Chair  
Board of Trustees

*David Cetlinski*

David Cetlinski  
Executive Director

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## INTRODUCTORY SECTION

### SUMMARY OF COMPONENT I PROVISIONS (Hybrid Plan)

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.



# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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 4 consecutive years out of the last 10, including longevity
- July 1, 1998 or After – Highest 3 consecutive years out of the last 10, including 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

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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	46%
Global Fixed Income	33%
Real Estate/Real assets	13%
Diversifying strategies	8%

### Historical Asset Class Performance By Calendar Year, As of 12/31/20 (Net of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total GRS Plan	10.2%	6.4%	8.8%	8.0%
Domestic Equity	19.8%	13.7%	14.8%	
Equity	13.0%	6.2%	10.6%	
Fixed Income	10.6%	6.0%	6.4%	
Hedges Funds	13.1%	3.8%	3.8%	
Private Equity	-1.9%	-10.2%	-3.9%	
Diversifying Strategies	13.6%	NA	NA	
Real Estate	2.8%	4.6%	6.6%	
Real Assets	-22.2%			

Note: The Legacy and Hybrid rates of return are combined for this chart. The System’s Fiscal Year Ended June 30, 2021.

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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, 2020
Pension Plan's Fiscal Year Ending Date	June 30, 2021
Single Discount Rate	6.50%
Long-term Expected Rate of Return	6.50
Net Pension Liability	(\$3,777,685)
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 6.50 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:

	1% Decrease <u>5.50%</u>	Current Single <u>6.50%</u>	1% Increase <u>7.50%</u>
Net Pension Liability	<u>\$ 26,903,450</u>	<u>\$ (3,777,685)</u>	<u>\$ (28,485,188)</u>

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## ACTUARIAL & STATISTICAL SECTION

### COMPONENT I

#### Membership by the Numbers as of June 30, 2020

Inactive plan members or beneficiaries currently receiving benefits	389
Inactive plan members - Legacy Disabled Members	119
Inactive plan members entitled to but not receiving benefits	880
Active Members	<u>5,106</u>
Total Plan Members	<u>6,494</u>

#### 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	4.89%
2016	N/A	\$9,048,831	N/A	\$185,147,364	4.89%
2017	N/A	\$9,484,993	N/A	\$199,307,987	4.76%
2018	N/A	\$14,673,644	N/A	\$246,173,916	5.96%
2019	N/A	\$12,205,699	N/A	\$224,726,503	5.43%
2020	N/A	\$12,515,861	N/A	\$245,732,111	5.09%
2021	N/A	\$11,690,984	N/A	\$233,681,019	5.00%

**Note:** The Actuarial Determined Contribution does not apply at this time due to the Plan of Adjustment dictated by the bankruptcy.

#### 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.

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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, 2020
Pension Plan's Fiscal Year Ending Date	June 30, 2021
Single Discount Rate	6.50%
Long-term Expected Rate of Return	6.50%
Net Pension Liability	\$885,460,935
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.

The Actuarial Assumed rate of return is 6.75%.

#### 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 6.50 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:

	1% Decrease 5.50%	Current Single 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 1,128,013,810	\$ 885,460,935	\$ 678,357,195

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## ACTUARIAL & STATISTICAL SECTION

### COMPONENT II

#### Membership by the Numbers at June 30, 2020

Retirees and Beneficiaries	11,220
Inactive, Nonretired Members	2,728
Active plan members	2,403
Total	16,351

#### Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$72,643,307	\$25,126,131	\$47,517,176	\$238,669,871	10.53%
2015	N/A	\$189,282,094	N/A	\$188,210,536	100.57%
2016	N/A	\$104,792,657	N/A	\$185,147,364	56.60%
2017	N/A	\$ 91,238,402	N/A	\$141,454,717	64.50%
2018	N/A	\$ 68,275,000	N/A	\$149,373,313	45.71%
2019	N/A	\$ 68,275,000	N/A	\$141,646,750	48.20%
2020	N/A	\$ 48,275,000	N/A	\$149,373,313	32.32%
2021	N/A	\$ 48,275,000	N/A	N/A	N/A

**Note:** The Actuarial Determined Contribution does not apply at this time due to the Plan of Adjustment dictated by the bankruptcy.

The average annual retirement allowance from the Hybrid Plan is \$2,536.58 and the average annual allowance from the Legacy Plan is \$20,171.15.

The total annual retirement allowance paid from the Hybrid Plan is \$986,730 and the annual total allowance from the Legacy Plan is \$226,320,357.

Long-term wage inflation as of 6/30/14 is assumed at 2% for the first five years, 2.5% for the next five years and 3% thereafter.

There is no smoothing utilized due to the bankruptcy.

The Hybrid Plan's amortization period and method after 2023 have not yet been established.

The Legacy Plan's amortization method for the period subsequent to the 10 year period ending 6/30/2023 has not been established.

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## 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:

### For DWSD Liabilities

Fiscal Year	DWSD	Transfers	Foundation for Detroit's Future	Other	Transfers from DWSD	Total
2018	\$45,400,000	(\$2,500,000)	\$400,000	\$22,500,000	\$2,500,000	\$68,300,000
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>\$272,400,000</b>	<b>(\$15,000,000)</b>	<b>\$2,400,000</b>	<b>\$55,000,000</b>	<b>\$15,000,000</b>	<b>\$329,800,000</b>

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

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF FIDUCIARY NET POSITON

#### COMPONENT I

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 4,203,304	\$ 63,276,170
Investments - At Fair Value	205,179,234	85,882,169
Accrued Investment Income	201,155	88,413
Receivables from Investment Sales	363,146	184,954
Other accounts receivable	3,324,969	2,682,037
Cash & Investments Held as Collateral for securities lending	8,870,593	5,958,490
Restricted Assets	<u>1,760,384</u>	<u>1,219,936</u>
 Total Assets	 <u><u>\$ 223,902,785</u></u>	 <u><u>\$ 159,292,169</u></u>
<b>Liabilities</b>		
Accrued Expenses	852,348	737,448
Payables for Investment Purchases	407,959	109,000
Amounts Due Brokers Under Securities Lending Arrangements	8,748,621	5,885,016
Due to City of Detroit		
Other Liabilities	<u>-</u>	<u>-</u>
 Total Liabilities	 <u><u>10,008,928</u></u>	 <u><u>6,731,464</u></u>
 Net Position - Restricted for Pensions	 <u><u>\$ 213,893,857</u></u>	 <u><u>\$ 152,560,705</u></u>



# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

#### COMPONENT I

	2021	2020
<b>Additions</b>		
Investment Income		
Interest and Dividends	\$ 3,408,358	\$ 4,333,132
Net Increase (Decrease) in Fair Value of Investments	38,971,158	(5,965,876)
Less Investment Expense	(919,077)	(605,371)
Net Investment Income (Loss)	41,460,439	(2,238,115)
Securities Lending Income		
Interest and Dividends	18,556	32,805
Net Unrealized Gain On Collateralized Securities	48,497	(10,857)
Net Securities Lending Income	67,053	21,948
Contributions:		
Employer	11,690,984	12,515,861
Employee	14,517,266	15,929,752
Total Contributions	26,208,250	28,445,613
Transfer from Component II to Component I (Note 9)		1,178,130
Other Income	32,244	59,483
Total Additions - Net	67,767,986	27,467,059
<b>Deductions</b>		
Retirees' Pension and Annuity Benefits	986,730	731,280
Member Refunds and Withdrawals	4,131,674	2,898,553
General and Administrative Expenses	1,316,430	1,540,433
Total Deductions	6,434,834	5,170,266
Net Increase in Net Position Held in Trust	61,333,152	22,296,793
Net Position Restricted for Pensions - Beginning of Year	152,560,705	130,263,912
Net Position Restricted for Pensions - End of Year	\$ 213,893,857	\$ 152,560,705

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

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

#### COMPONENT I

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 25,208,118	\$ 22,532,002	\$ 20,171,596
Interest	12,218,430	10,270,622	7,531,400
Difference Between Expected And Actual Experience	(10,183,406)	(7,464,424)	7,556,858
Assumption Changes	14,453,739	6,518,200	-
Voluntary Employee Contributions	5,183,291	5,723,982	5,804,274
Benefits Payments, Including Refunds	(5,118,404)	(3,629,833)	(3,539,384)
<b>Net Change in Total Pension Liability</b>	<u>41,761,768</u>	<u>33,950,549</u>	<u>37,524,744</u>
<b>Total Pension Liability- Beginning of Year</b>	<u>168,354,404</u>	<u>134,403,855</u>	<u>96,879,111</u>
<b>Total Pension Liability- End of Year</b>	<u><b>\$ 210,116,172</b></u>	<u><b>\$ 168,354,404</b></u>	<u><b>\$ 134,403,855</b></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 11,690,984	\$ 12,515,861	\$ 12,205,699
Contributions - Employee	9,333,975	10,205,770	9,765,911
Net Investment Income (Loss)	41,527,492	(2,216,167)	3,270,862
Administrative Expenses	(1,316,430)	(1,540,433)	(1,942,064)
Voluntary Contributions	5,183,291	5,723,982	5,804,274
Benefit Payments, Including Refunds of Mandatory Contributions	(2,743,760)	(2,048,198)	(1,920,550)
Benefit Payments, Including Refunds of Voluntary Contributions	(2,374,644)	(1,581,635)	(1,618,834)
Other	32,244	1,237,613	9,066,288
<b>Net Change in Plan Fiduciary Net Position</b>	<u>61,333,152</u>	<u>22,296,793</u>	<u>34,631,586</u>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>152,560,705</u>	<u>130,263,912</u>	<u>95,632,326</u>
<b>Plan Fiduciary Net Position - End of Year</b>	<u><b>\$ 213,893,857</b></u>	<u><b>\$ 152,560,705</b></u>	<u><b>\$ 130,263,912</b></u>
<b>Net Pension Liability</b>	<u><b>\$ (3,777,685)</b></u>	<u><b>\$ 15,793,699</b></u>	<u><b>\$ 4,139,943</b></u>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	101.80%	90.62%	96.92%
<b>Covered Employee Payroll</b>	\$ 233,681,019	\$ 245,732,111	\$ 224,726,503
<b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	-1.62%	6.43%	1.84%

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT I

PROFESSIONAL SERVICES	\$	53,195
WAGES & BENEFITS		368,671
INSURANCE PREMIUMS		126,828
LEGAL FEES		125,423
IT CONTRACTUAL FEES		112,333
AUDIT		50,475
RENT EXPENSE		133,745
DUES & SUBSCRIPTIONS		976
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		13,517
REPAIR & MAINTENANCE		44,221
PAYROLL PROCESSING FEES		108,712
ACTUARIAL		65,320
TRAVEL & TRAINING		200
STORAGE		23,128
MEDIA CONSULTING/PUBLIC RELATIONS		1,140
UTILITIES		8,317
TRUSTEE EXPENSES		3,389
POSTAGE AND MAILING		13,284
TRUSTEE STIPENDS		24,005
PRINTING		2,253
IMAGING		-
TRUSTEE ELECTION EXPENSE		7,177
OFFICE SUPPLIES		2,095
MEDICAL / DISABILITY EXAMS		110
INTERNET SERVICE PROVIDER		4,462
PARKING EXPENSE		6,496
BANK SERVICE CHARGES		940
OTHER EXPENSES		14
BOARD ADMINISTRATIVE EXPENSES		-
OFFICE EQUIPMENT		16,003
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	<b>1,316,430</b>
		<hr/> <hr/>

**No soft dollar cost used.**

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF FIDUCIARY NET POSITION

#### COMPONENT II

	Defined Benefit Plan <u>2021</u>	Income Stabilization Fund <u>2021</u>	<u>Total</u>	<u>Total</u> <u>2020</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 18,515,365	\$ 257,274	\$ 18,772,639	\$ 28,750,630
Investments - At Fair Value	1,694,762,345	13,922,238	1,708,684,583	1,474,330,353
Accrued Investment Income	1,761,023	13,832	1,774,855	1,643,661
Receivables from Investment Sales	3,179,136	24,971	3,204,107	2,256,516
ASF Recoupment Receivable	97,994,122	-	97,994,122	99,368,970
Other Accounts Receivable	2,442,416	17,919	2,460,335	170,165
Notes Receivable from Participants	2,972,014	-	2,972,014	3,423,874
Cash & Investments Held as Collateral for securities lending	77,656,897	609,963	78,266,860	65,744,164
Restricted Assets	-	-	-	-
Capital Assets	<u>2,647,165</u>	<u>-</u>	<u>2,647,165</u>	<u>1,849,037</u>
<b>Total Assets</b>	<u><u>\$ 1,901,930,483</u></u>	<u><u>\$ 14,846,197</u></u>	<u><u>\$ 1,916,776,680</u></u>	<u><u>\$ 1,677,537,370</u></u>
<b>Liabilities</b>				
Accrued Expenses	2,765,946	6,007	2,771,953	2,377,292
Payables for Investment Purchases	3,571,443	28,052	3,599,495	2,071,477
Amounts Due Brokers Under Securities Lending Arrangements	76,589,106	601,575	77,190,681	64,933,464
Due to City of Detroit	354,690	-	354,690	353,573
Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>83,281,185</u>	<u>635,634</u>	<u>83,916,819</u>	<u>69,735,806</u>
<b>Net Position - Restricted for Pensions</b>	<u><u>\$ 1,818,649,298</u></u>	<u><u>\$ 14,210,563</u></u>	<u><u>\$ 1,832,859,861</u></u>	<u><u>\$ 1,607,801,564</u></u>

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

#### COMPONENT II

	Defined Benefit Plan 2021	Income Stabilization Fund 2021	Total	Total 2020
<b>Additions</b>				
Investment Income				
Interest and Dividends	\$ 34,154,617	\$ 255,386	\$ 34,410,003	\$ 60,712,255
Net Increase (Decrease) in Fair Value of Investments	381,308,190	2,848,035	384,156,225	(67,655,585)
Less Investment Expense	(8,937,713)	(67,403)	(9,005,116)	(7,472,614)
Net Investment Income (Loss)	406,525,094	3,036,018	409,561,112	(14,415,944)
Securities Lending Income				
Interest and Dividends	189,807	1,411	191,218	420,084
Net Unrealized Gain On Collateralized Securities	263,015	2,463	265,478	(119,797)
Net Securities Lending Income	452,822	3,874	456,696	300,287
Contributions:				
Employer	47,900,000	-	47,900,000	47,900,000
Employee	-	-	-	-
Foundations	375,000	-	375,000	375,000
Total Contributions	48,275,000	-	48,275,000	48,275,000
ASF Recoupment Interest	6,739,858	-	6,739,858	6,214,543
Other Income	837,019	1,280	838,299	1,830,057
Total Additions - Net	462,829,793	3,041,172	465,870,965	42,203,943
<b>Deductions</b>				
Retirees' Pension and Annuity Benefits	225,790,173	530,184	226,320,357	231,107,270
Member Refunds and Withdrawals	11,333,604	-	11,333,604	9,344,055
Transfer to Component I from Component II (Note 9)	-	-	-	1,178,130
General and Administrative Expenses	1,987,194	-	1,987,194	2,351,273
ASF recoupment write-off	1,171,513	-	1,171,513	1,710,757
Total Deductions	240,282,484	530,184	240,812,668	245,691,485
Net Increase (Decrease) in Net Position Held in Trust	222,547,309	2,510,988	225,058,297	(203,487,542)
Net Position Restricted for Pensions - Beginning of Year	1,596,101,989	11,699,575	1,607,801,564	1,811,289,106
Net Position Restricted for Pensions - End of Year	\$ 1,818,649,298	\$ 14,210,563	\$ 1,832,859,861	\$ 1,607,801,564

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

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

#### COMPONENT II

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Pension Liability</b>				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	182,140,105	192,888,245	195,489,643	192,359,745
Changes in Benefit Terms	-	-	-	-
Difference Between Expected And Actual Experience	(59,232,849)	(55,836,749)	13,596,902	34,154,327
Assumption Changes	119,876,694	67,677,535	-	(110,274,515)
Benefit Payments, Including Refunds	<u>(237,123,777)</u>	<u>(239,881,652)</u>	<u>(248,790,017)</u>	<u>(253,442,630)</u>
<b>Net Change in Total Pension Liability</b>	5,660,173	(35,152,621)	(39,703,472)	(137,203,073)
<b>Total Pension Liability- Beginning of Year</b>	<u>2,698,450,060</u>	<u>2,733,602,681</u>	<u>2,773,306,153</u>	<u>2,910,509,226</u>
<b>Total Pension Liability- End of Year</b>	<u><b>\$ 2,704,110,233</b></u>	<u><b>\$ 2,698,450,060</b></u>	<u><b>\$ 2,733,602,681</b></u>	<u><b>\$ 2,773,306,153</b></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 48,275,000	\$ 48,275,000	\$ 68,275,000	\$ 68,275,000
Contributions - State and Foundation	-	-	-	-
Contributions - Employee	-	-	-	-
Net Investment Income (Loss)	406,977,916	(14,002,111)	47,170,004	155,423,193
Administrative Expenses	(1,987,194)	(2,351,273)	(3,023,939)	(3,313,418)
Benefit Payments, including refunds	(237,123,777)	(239,881,652)	(248,790,017)	(253,442,630)
Other Additions - Includes ASF Recoupment	6,405,364	5,155,198	(5,347,863)	6,952,522
<b>Net Change in Plan Fiduciary Net Position</b>	222,547,309	(202,804,838)	(141,716,815)	(26,105,333)
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>1,596,101,989</u>	<u>1,798,906,827</u>	<u>1,940,623,642</u>	<u>1,966,728,975</u>
<b>Plan Fiduciary Net Position - End of Year</b>	<u><b>\$ 1,818,649,298</b></u>	<u><b>\$ 1,596,101,989</b></u>	<u><b>\$ 1,798,906,827</b></u>	<u><b>\$ 1,940,623,642</b></u>
<b>Net Pension Liability</b>	<u><b>\$ 885,460,935</b></u>	<u><b>\$ 1,102,348,071</b></u>	<u><b>\$ 934,695,854</b></u>	<u><b>\$ 832,682,511</b></u>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	67.25%	59.15%	65.81%	69.98%
<b>Covered Employee Payroll</b>	\$ -	\$ 149,373,313	\$ 141,646,750	\$ 149,373,313
<b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	0.00%	737.98%	659.88%	557.45%

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT II

PROFESSIONAL SERVICES	\$	79,793
WAGES & BENEFITS		553,007
INSURANCE PREMIUMS		190,242
LEGAL FEES		188,135
IT CONTRACTUAL FEES		168,499
AUDIT		75,713
RENT EXPENSE		200,618
DUES & SUBSCRIPTIONS		1,464
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		20,276
REPAIR & MAINTENANCE		66,331
PAYROLL PROCESSING FEES		163,068
ACTUARIAL		97,980
TRAVEL & TRAINING		300
STORAGE		34,692
MEDIA CONSULTING/PUBLIC RELATIONS		1,710
UTILITIES		12,475
TRUSTEE EXPENSES		5,083
POSTAGE AND MAILING		19,926
TRUSTEE STIPENDS		36,008
PRINTING		3,380
TRUSTEE ELECTION EXPENSE		10,765
OFFICE SUPPLIES		3,142
MEDICAL / DISABILITY EXAMS		165
INTERNET SERVICE PROVIDER		6,693
PARKING EXPENSE		9,748
BANK SERVICE CHARGES		1,409
OTHER EXPENSES		21
BOARD ADMINISTRATIVE EXPENSES		0
OFFICE EQUIPMENT & FURNITURE		24,004
DEPRECIATION		12,544
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	<b>1,987,193</b>
		<hr/> <hr/>

**No soft dollar cost used.**

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### BUDGET

#### COMPONENT I AND COMPONENT II

Investment Consultant Fees	\$	8,135,000
Total Budgeted Investment Consulting Fees	\$	<u>8,135,000</u>
Professional Services	\$	1,000,000
Wages & Benefits		1,398,824
Insurance Premiums		400,000
Legal Non-Investment		450,000
Contract Services		261,500
Audit, Benefit & Annual Reports		300,000
Rental-Building		350,000
Dues & Subscription		5,500
Computer Supplies, Equipment & Serv		155,000
Office Repairs and Maintenance & Software		142,500
Payroll Processing Fee		430,000
Actuarial		240,000
Travel and Education		135,000
Storage		60,000
Media Consulting/Public Relations		39,000
Utilities		26,000
Trustee Expense		35,500
Postage & Mailing		15,000
Trustee Stipends		65,000
Printing		10,000
Trustee Election Expense		17,000
Office Supplies		17,500
Medical		5,400
Internet Service Provider		16,400
Parking Expense		20,000
Bank Service Charge		5,500
Other Expense		12,000
Board Administrative Expenses		5,000
Office Equipment & Furniture		25,000
Depreciation		<u>82,500</u>
Total General & Administrative Budget	\$	<u>5,725,124</u>
<b>Total Budgeted Expenses</b>	\$	<u><u>13,860,124</u></u>



# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## OTHER INFORMATION SECTION

### SERVICE PROVIDERS

#### COMPONENT I AND COMPONENT II

500 Webward, LLC	Metasource, LLC
8x8, Inc.	Metcom
ABA Communications, Inc.	Money-Media, Inc.
Accident Fund Insurance Co. of America	MSCI, Inc.
Accusoft Pegasus	Nasdaq Corporation Solutions, LLC
ADP	NASP
Allegra Marketing	NCPERS
American Arbitration Association	NEPC, LLC
Ascension Michigan	Northstar Life Services
Asysco	Office Depot
Avalon Technologies, Inc.	Peernet, Inc.
Bloomberg Finance LP	Pension Benefit Information LLC (PBI)
Canon Solutions America, Inc.	Planet Technologies, Inc.
CDW Government	Plante & Moran
Cintas Corporation	Premier Parking (fka Ultimate Parking)
Clark Hill, PLC	Presidio Networked Solutions Group, LLC
Cogent Communications, Inc.	Procentia, Inc.
Comcast	Quadient Finance USA, Inc. (fka Neofunds by Neopost)
Crain's Detroit Business	Quadient Leasing USA, Inc. (fka MailFinance)
Creative Breakthroughs, Inc.	Qualstar Corporation
Crestwood Associates, LLC	Quill Corporation
Dell Marketing, LP	Rehmann Technology Solutions LLC (fka Trivalent)
Direct TV	Republic Underwriters
Easy Verification, Inc.	Revize LLC
F. Logan Davidson, PC	Ricoh
Fedex	Scantron
First Choice Coffee Services	Shred-It USA
Frank Russell Company	Smartsheet, Inc.
Gabriel, Roeder, Smith & Co.	Stout Risius Ross, Inc. (SRR)
Government Finance Officers Assn (GFOA)	Teamviewer Germany GmbH
Graphic Sciences, Inc.	The Hartford
Headsets.com, Inc.	The Townsend Group
Hudson & Muma, Inc.	TransUnion Risk & Alt Data Solutions, Inc. (TLOxp)
International Foundation of Employee Benefits (IFEBP)	Truscott Rossman Group LLC
Iron Mountain	UHY, Advisors
K&F Associates (fka Tape4backup.com)	Unemployment Insurance Agency (UIA)
KJK Associates, LLC	United States Postal Service
KPMG Limited	VanOverbeke, Michaud & Timmony, PC
Laforce, Inc. (fka Electronic Security Systems, Inc.)	Verizon Wireless
Liebert Services / Vertiv	Wells Fargo Vendor Financial Svcs, LLC
Mad Dog Professional Services	Xerox
MAPERS	
Melissa Data Corp	

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

## **OTHER INFORMATION SECTION**

### **MEMBER LOAN PROGRAM**

#### **COMPONENT I AND COMPONENT II**

**July 1, 2020 – June 30, 2021**

COMPONENT I - For the year ended June 30, 2021, the program made loans totaling \$567,243. There were 122 new Hybrid loans.

COMPONENT II - For the year ended June 30, 2021, the program made loans totaling \$981,251.45. The cost of administering the loan program is approximately \$5,000 for the year. There were 162 new Legacy loans.

Payments received during the fiscal year including interest total \$1,276,088.68 for component II and \$48,653.43 for component I. The combined value of the outstanding loans for component I and component II at June 30, 2021, is reported at \$3,482,497.69.

The General Retirement System of the City of Detroit believes the interest received is sufficient to cover the costs of administering the Loan Program.

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

**OTHER INFORMATION SECTION**

**TRAVEL SUMMARY REPORT**

**COMPONENT I AND COMPONENT II**

**July 1, 2020 –June 30, 2021**

GENERAL RETIREMENT SYSTEM														
Travel Summary July 01, 2020 - June 30, 2021														
NAME	REASON/CONFERENCE	LOCATION	DATE	COST										
				REGISTRATION	TRANSPORTATION	LODGING	VEHICLE RENTAL	MEALS	MISC	TOTAL	HOTEL	LEASE AGENT	AUTO TYPE	AIRLINE
							-				-			
							-				-			
							-				-			
							-				-			
							-				-			
							-				-			
							-				-			
							-				-			
<b>Total</b>					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			

**No travel taken in FY 2021**

Travel during the fiscal year was limited as a result of the pandemic.