



**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, 2022



# 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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## Direct Investments/Fund Investments

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American Realty Advisors  
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Banyan  
BlackEagle Partners  
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Brookfield Asset Management  
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Permira Credit Solutions  
RREEF (Deutsche Asset Management)  
Seminole Financial Services, LLC  
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The Lightstone Group  
The Praedium Group, LLC  
UBS  
Walton Street Capital  
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# 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, 2022.

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, 2022, 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 ended the June 30, 2022, fiscal year with a net investment loss of \$121,542,326 and a rate of return of -7.27 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

*Kimberly Hall-Wagner*

Kimberly Hall-Wagner  
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 12/31/21 (Net of Fees)

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total GRS Plan	12.5%	12.7%	9.1%	8.7%
Domestic Equity	22.1%	23.8%	16.5%	15.1
Equity	15.3%	18.9%	13.5%	11.7
Fixed Income	2.7%	7.1%	5.4%	4.1
Hedges Funds	9.6%	10.0%	5.9%	6.7
Private Equity	56.2%	10.2%	2.1%	6
Diversifying Strategies	11.5%	12.3%	NA	NA
Real Estate	6.4%	5.2%	4.9%	6.8
Real Assets	32.7%	6.1		

# 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, 2021
Pension Plan's Fiscal Year Ending Date	June 30, 2022
Single Discount Rate	6.75%
Long-term Expected Rate of Return	6.75
Net Pension Liability	(\$13,889,258)
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>5.75%</u>	Current Single <u>6.75%</u>	1% Increase <u>7.75%</u>
Net Pension Liability	<u>\$ 14,827,379</u>	<u>\$ (13,889,258)</u>	<u>\$ (37,336,183)</u>

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## ACTUARIAL & STATISTICAL SECTION

### COMPONENT I

#### Membership by the Numbers as of June 30, 2021

Inactive plan members or beneficiaries currently receiving benefits	479
Inactive plan members - Legacy Disabled Members	108
Inactive plan members entitled to but not receiving benefits	886
Active Members	<u>4,715</u>
Total Plan Members	<u>6,188</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, 2021
Pension Plan's Fiscal Year Ending Date	June 30, 2022
Single Discount Rate	6.75%
Long-term Expected Rate of Return	6.75%
Net Pension Liability	\$911,864,450
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 5.75%	Current Single 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 1,116,375,379	\$ 911,864,450	\$ 735,637,319

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## ACTUARIAL & STATISTICAL SECTION

### COMPONENT II

#### Membership by the Numbers at June 30, 2021

Retirees and Beneficiaries	11,173
Inactive, Nonretired Members	2,645
Active plan members	2,185
Total	<u>16,003</u>

#### 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 \$2,492.41 and the average annual allowance from the Legacy Plan is \$19,980.66.

The total annual retirement allowance paid from the Hybrid Plan is \$1,463,041 and the annual total allowance from the Legacy Plan is \$223,243,817.

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 POSITION

#### COMPONENT I

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 14,876,255	\$ 4,203,304
Investments - At Fair Value	201,890,672	205,179,234
Accrued Investment Income	272,929	201,155
Receivables from Investment Sales	168,342	363,146
Other accounts receivable	3,709,163	3,324,969
Cash & Investments Held as Collateral for securities lending	8,023,839	8,870,593
Restricted Investments	689,376	
Restricted Assets	<u>3,425,326</u>	<u>1,760,384</u>
 Total Assets	 <u>\$ 233,055,902</u>	 <u>\$ 223,902,785</u>
<b>Liabilities</b>		
Accrued Expenses	1,490,942	852,348
Payables for Investment Purchases	159,407	407,959
Amounts Due Brokers Under Securities Lending Arrangements	7,890,760	8,748,621
Due to City of Detroit		
Other Liabilities	<u>928,449</u>	<u>-</u>
 Total Liabilities	 <u>10,469,558</u>	 <u>10,008,928</u>
 Net Position - Restricted for Pensions	 <u>\$ 222,586,344</u>	 <u>\$ 213,893,857</u>



# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

#### COMPONENT I

	2022	2021
Additions		
Investment Income		
Interest and Dividends	\$ 4,625,270	\$ 3,408,358
Net Increase (Decrease) in Fair Value of Investments	(17,366,479)	38,971,158
Less Investment Expense	(1,151,622)	(919,077)
Net Investment Income (Loss)	(13,892,831)	41,460,439
Securities Lending Income		
Interest and Dividends	23,782	18,556
Net Unrealized Gain On Collateralized Securities	11,108	48,497
Net Securities Lending Income	34,890	67,053
Contributions:		
Employer	15,689,188	11,690,984
Employee	16,110,403	14,517,266
Total Contributions	31,799,591	26,208,250
Transfer from Component II to Component I (Note 9)		
Other Income	40,981	32,244
Total Additions - Net	17,982,631	67,767,986
Deductions		
Retirees' Pension and Annuity Benefits	1,463,041	986,730
Member Refunds and Withdrawals	5,932,688	4,131,674
General and Administrative Expenses	1,894,415	1,316,430
Total Deductions	9,290,144	6,434,834
Net Increase in Net Position Held in Trust	8,692,487	61,333,152
Net Position Restricted for Pensions - Beginning of Year	213,893,857	152,560,705
Net Position Restricted for Pensions - End of Year	\$ 222,586,344	\$ 213,893,857

# 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>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 27,040,658	\$ 25,208,118	\$ 22,532,002
Interest	14,050,863	12,218,430	10,270,622
Difference Between Expected And Actual Experience Assumption Changes	(18,137,902)	(10,183,406)	(7,464,424)
Voluntary Employee Contributions	5,691,594	5,183,291	5,723,982
Benefits Payments, Including Refunds	(7,395,729)	(5,118,404)	(3,629,833)
<b>Net Change in Total Pension Liability</b>	<u>(1,419,086)</u>	<u>41,761,768</u>	<u>33,950,549</u>
<b>Total Pension Liability- Beginning of Year</b>	<u>210,116,172</u>	<u>168,354,404</u>	<u>134,403,855</u>
<b>Total Pension Liability- End of Year</b>	<u><b>\$ 208,697,086</b></u>	<u><b>\$ 210,116,172</b></u>	<u><b>\$ 168,354,404</b></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 15,689,188	\$ 11,690,984	\$ 12,515,861
Contributions - Employee	10,418,809	9,333,975	10,205,770
Net Investment Income (Loss)	(13,857,941)	41,527,492	(2,216,167)
Administrative Expenses	(1,894,415)	(1,316,430)	(1,540,433)
Voluntary Contributions	5,691,594	5,183,291	5,723,982
Benefit Payments, Including Refunds of Mandatory Contributions	(4,058,032)	(2,743,760)	(2,048,198)
Benefit Payments, Including Refunds of Voluntary Contributions	(3,337,697)	(2,374,644)	(1,581,635)
Other	40,981	32,244	1,237,613
<b>Net Change in Plan Fiduciary Net Position</b>	<u>8,692,487</u>	<u>61,333,152</u>	<u>22,296,793</u>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>213,893,857</u>	<u>152,560,705</u>	<u>130,263,912</u>
<b>Plan Fiduciary Net Position - End of Year</b>	<u><b>\$ 222,586,344</b></u>	<u><b>\$ 213,893,857</b></u>	<u><b>\$ 152,560,705</b></u>
<b>Net Pension Liability</b>	<u><b>\$ (13,889,258)</b></u>	<u><b>\$ (3,777,685)</b></u>	<u><b>\$ 15,793,699</b></u>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	106.66%	101.80%	90.62%
<b>Covered Employee Payroll</b>	\$ 260,683,104	\$ 233,681,019	\$ 245,732,111
<b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	-5.33%	-1.62%	6.43%

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT I

PROFESSIONAL SERVICES	\$	25,479
WAGES & BENEFITS		707,818
INSURANCE PREMIUMS		138,681
LEGAL FEES		141,541
IT CONTRACTUAL FEES		134,007
AUDIT		57,550
AMORTIZATION EXPENSE		107,884
INTEREST EXPENSE - GASB87		53,153
NON-CAPITALIZED BLDG LEASE EXP (CAM & TAX)		12,103
DUES & SUBSCRIPTIONS		1,277
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		2,996
REPAIR & MAINTENANCE		109,421
PAYROLL PROCESSING FEES		126,081
ACTUARIAL		104,146
TRAVEL & TRAINING		7,773
STORAGE		20,773
MEDIA CONSULTING/PUBLIC RELATIONS		165
UTILITIES		8,866
TRUSTEE EXPENSES		2,618
POSTAGE AND MAILING		3,305
TRUSTEE STIPENDS		33,845
PRINTING		2,630
TRUSTEE ELECTION EXPENSE		3,934
OFFICE SUPPLIES		3,166
MEDICAL / DISABILITY EXAMS		-
INTERNET SERVICE PROVIDER		4,476
PARKING EXPENSE		7,342
BANK SERVICE CHARGES		1,037
OTHER EXPENSES		13,502
BOARD ADMINISTRATIVE EXPENSES		-
OFFICE EQUIPMENT		302
DEPRECIATION		58,544
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	<b>1,894,415</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>2022</u>	Income Stabilization Fund <u>2022</u>	<u>Total</u>	<u>Total</u> <u>2021</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 28,671,736	\$ 581,251	\$ 29,252,987	\$ 18,772,639
Investments - At Fair Value	1,394,854,775	12,224,809	1,407,079,584	1,708,684,583
Accrued Investment Income	2,380,298	18,725	2,399,023	1,774,855
Receivables from Investment Sales	1,721,118	12,974	1,734,092	3,204,107
ASF Recoupment Receivable	95,719,734	-	95,719,734	97,994,122
Other Accounts Receivable	172,717	-	172,717	2,460,335
Notes Receivable from Participants	2,491,580	-	2,491,580	2,972,014
Cash & Investments Held as Collateral for securities lending	56,629,289	475,439	57,104,728	78,266,860
Restricted Assets	6,423,257	49,588	6,472,845	-
Capital Assets	<u>3,803,811</u>	<u>-</u>	<u>3,803,811</u>	<u>2,647,165</u>
<b>Total Assets</b>	<b><u>\$ 1,592,868,315</u></b>	<b><u>\$ 13,362,786</u></b>	<b><u>\$ 1,606,231,101</u></b>	<b><u>\$ 1,916,776,680</u></b>
<b>Liabilities</b>				
Accrued Expenses	4,037,550	7,163	4,044,713	2,771,953
Payables for Investment Purchases	1,709,216	12,746	1,721,962	3,599,495
Amounts Due Brokers Under Securities Lending Arrangements	55,690,062	467,553	56,157,615	77,190,681
Due to City of Detroit	354,457	-	354,457	354,690
Other Liabilities	<u>1,230,735</u>	<u>-</u>	<u>1,230,735</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>63,022,020</u></b>	<b><u>487,462</u></b>	<b><u>63,509,482</u></b>	<b><u>83,916,819</u></b>
<b>Net Position - Restricted for Pensions</b>	<b><u>\$ 1,529,846,295</u></b>	<b><u>\$ 12,875,324</u></b>	<b><u>\$ 1,542,721,619</u></b>	<b><u>\$ 1,832,859,861</u></b>

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

#### COMPONENT II

	Defined Benefit Plan 2022	Income Stabilization Fund 2022	Total	Total 2021
<b>Additions</b>				
Investment Income				
Interest and Dividends	\$ 36,744,756	\$ 296,961	\$ 37,041,717	\$ 34,410,003
Net Increase (Decrease) in Fair Value of Investments	(130,730,949)	(1,074,914)	(131,805,863)	384,156,225
Less Investment Expense	(8,864,420)	(71,870)	(8,936,290)	(9,005,116)
Net Investment Income (Loss)	(102,850,613)	(849,823)	(103,700,436)	409,561,112
Securities Lending Income				
Interest and Dividends	189,146	1,528	190,674	191,218
Net Unrealized Gain On Collateralized Securities	(128,563)	(502)	(129,065)	265,478
Net Securities Lending Income	60,583	1,026	61,609	456,696
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	5,775,503	-	5,775,503	6,739,858
Other Income	252,284	780	253,064	838,299
Total Additions - Net	(48,487,243)	(848,017)	(49,335,260)	465,870,965
<b>Deductions</b>				
Retirees' Pension and Annuity Benefits	222,756,595	487,222	223,243,817	226,320,357
Member Refunds and Withdrawals	13,796,354	-	13,796,354	11,333,604
Transfer to Component I from Component II (Note 9)	-	-	-	-
General and Administrative Expenses	2,541,080	-	2,541,080	1,987,194
ASF recoupment write-off	1,221,731	-	1,221,731	1,171,513
Total Deductions	240,315,760	487,222	240,802,982	240,812,668
Net Increase (Decrease) in Net Position Held in Trust	(288,803,003)	(1,335,239)	(290,138,242)	225,058,297
Net Position Restricted for Pensions - Beginning of Year	1,818,649,298	14,210,563	1,832,859,861	1,607,801,564
Net Position Restricted for Pensions - End of Year	\$ 1,529,846,295	\$ 12,875,324	\$ 1,542,721,619	\$ 1,832,859,861

# 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	168,079,194	182,140,105	192,888,245	195,489,643
Changes in Benefit Terms	-	-	-	-
Difference Between Expected And Actual Experience	(12,568,209)	(59,232,849)	(55,836,749)	13,596,902
Assumption Changes	(181,357,524)	119,876,694	67,677,535	-
Benefit Payments, Including Refunds	<u>(236,552,949)</u>	<u>(237,123,777)</u>	<u>(239,881,652)</u>	<u>(248,790,017)</u>
<b>Net Change in Total Pension Liability</b>	<b>(262,399,488)</b>	<b>5,660,173</b>	<b>(35,152,621)</b>	<b>(39,703,472)</b>
<b>Total Pension Liability- Beginning of Year</b>	<u>2,704,110,233</u>	<u>2,698,450,060</u>	<u>2,733,602,681</u>	<u>2,773,306,153</u>
<b>Total Pension Liability- End of Year</b>	<u><b>\$ 2,441,710,745</b></u>	<u><b>\$ 2,704,110,233</b></u>	<u><b>\$ 2,698,450,060</b></u>	<u><b>\$ 2,733,602,681</b></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 48,275,000	\$ 48,275,000	\$ 48,275,000	\$ 68,275,000
Contributions - State and Foundation	-	-	-	-
Contributions - Employee	-	-	-	-
Net Investment Income (Loss)	(102,790,030)	406,977,916	(14,002,111)	47,170,004
Administrative Expenses	(2,541,080)	(1,987,194)	(2,351,273)	(3,023,939)
Benefit Payments, including refunds	(236,552,949)	(237,123,777)	(239,881,652)	(248,790,017)
Other Additions - Includes ASF Recoupment	<u>4,806,056</u>	<u>6,405,364</u>	<u>5,155,198</u>	<u>(5,347,863)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(288,803,003)</b>	<b>222,547,309</b>	<b>(202,804,838)</b>	<b>(141,716,815)</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>1,818,649,298</u>	<u>1,596,101,989</u>	<u>1,798,906,827</u>	<u>1,940,623,642</u>
<b>Plan Fiduciary Net Position - End of Year</b>	<u><b>\$ 1,529,846,295</b></u>	<u><b>\$ 1,818,649,298</b></u>	<u><b>\$ 1,596,101,989</b></u>	<u><b>\$ 1,798,906,827</b></u>
<b>Net Pension Liability</b>	<u><b>\$ 911,864,450</b></u>	<u><b>\$ 885,460,935</b></u>	<u><b>\$ 1,102,348,071</b></u>	<u><b>\$ 934,695,854</b></u>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	62.65%	67.25%	59.15%	65.81%
<b>Covered Employee Payroll</b>	\$ -	\$ -	\$ 149,373,313	\$ 141,646,750
<b>Net Pension Liability as a Percent of Covered Employee Payroll</b>	0.00%	0.00%	737.98%	659.88%

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### GENERAL AND ADMINISTRATIVE EXPENDITURES

#### COMPONENT II

PROFESSIONAL SERVICES	\$	33,774
WAGES & BENEFITS		938,270
INSURANCE PREMIUMS		183,833
LEGAL FEES		187,625
IT CONTRACTUAL FEES		177,637
AUDIT		76,287
AMORTIZATION EXPENSE		143,009
INTEREST EXPENSE - GASB87		70,458
NON-CAPITALIZED BLDG LEASE EXP (CAM & TAN DUES & SUBSCRIPTIONS		16,043
COMPUTER SUPPLIES, EQUIPMENT & SERVICE		1,693
REPAIR & MAINTENANCE		3,972
PAYROLL PROCESSING FEES		145,048
ACTUARIAL		167,130
TRAVEL & TRAINING		138,054
STORAGE		10,303
MEDIA CONSULTING/PUBLIC RELATIONS		27,536
UTILITIES		219
TRUSTEE EXPENSES		11,753
POSTAGE AND MAILING		3,470
TRUSTEE STIPENDS		4,381
PRINTING		44,864
TRUSTEE ELECTION EXPENSE		3,486
OFFICE SUPPLIES		5,215
MEDICAL / DISABILITY EXAMS		4,196
INTERNET SERVICE PROVIDER		0
PARKING EXPENSE		5,936
BANK SERVICE CHARGES		9,732
OTHER EXPENSES		1,375
BOARD ADMINISTRATIVE EXPENSES		17,898
OFFICE EQUIPMENT & FURNITURE		0
DEPRECIATION		400

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES **\$ 2,541,080**

**No soft dollar cost used.**

# GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

## FINANCIAL SECTION

### BUDGET

#### COMPONENT I AND COMPONENT II

Investment Consultant Fees	\$	8,380,000
Total Budgeted Investment Consulting Fees	\$	<u>8,380,000</u>
Professional Services	\$	1,000,000
Wages & Benefits		1,508,250
Insurance Premiums		425,000
Legal Non-Investment		375,000
Contract Services		286,000
Audit, Benefit & Annual Reports		300,000
Rental-Building		350,000
Dues & Subscription		5,500
Computer Supplies, Equipment & Serv		27,000
Office Repairs and Maintenance & Software		163,000
Payroll Processing Fee		275,000
Actuarial		240,000
Travel and Education		135,000
Storage		60,000
Media Consulting/Public Relations		39,000
Utilities		25,000
Trustee Expense		35,500
Postage & Mailing		40,000
Trustee Stipends		65,000
Printing		10,000
Trustee Election Expense		35,000
Office Supplies		17,500
Medical		5,400
Internet Service Provider		15,000
Parking Expense		20,000
Bank Service Charge		5,000
Other Expense		12,000
Board Administrative Expenses		5,000
Office Equipment & Furniture		25,000
Depreciation		<u>82,500</u>
Total General & Administrative Budget	\$	<u>5,586,650</u>
<b>Total Budgeted Expenses</b>	\$	<u><u>13,966,650</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	Stericycle, Inc fka 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 (IFEBC)	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, 2021 – June 30, 2022**

COMPONENT I - For the year ended June 30, 2022, the program made loans totaling \$330,474. There were 78 new Hybrid loans.

COMPONENT II - For the year ended June 30, 2022, the program made loans totaling \$825,173. There were 90 new Legacy loans.

Payments received during the fiscal year including interest total \$1,440,435.92 for component II and \$263,169.80 for component I. The combined value of the outstanding loans for component I and component II at June 30, 2022, is reported at \$3,095,709.18.

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, 2021 – June 30, 2022

GENERAL RETIREMENT SYSTEM													
Travel Summary July 1, 2021 - June 30, 2022													
NAME	REASON/CONFERENCE	LOCATION	DATE	COST									
				REGISTRATION	TRANSPORTATION	LODGING	VEHICLE RENTAL	MEALS	TOTAL	HOTEL	LEASE AGENT	AUTO TYPE	AIRLINE
Jermaine Brown	Seminole 2022 Client Conference	Clearwater, Florida	March 3-6, 2022		\$ 104.00		\$ 497.35	\$ 256.00	\$ 857.35		Budget	Mitsubishi Outlander	
Reginald Jenkins	Seminole 2022 Client Conference	Clearwater, Florida	March 3-6, 2022		\$ 36.00			\$ 256.00	\$ 292.00				
June Nickleberry	Seminole 2022 Client Conference	Clearwater, Florida	March 3-6, 2022		\$ 60.00			\$ 256.00	\$ 316.00				Delta
Thomas Sheehan	Seminole 2022 Client Conference	Clearwater, Florida	March 3-6, 2022		\$ 44.00			\$ 256.00	\$ 300.00				
Jermaine Brown	NASP 33rd Annual Conference	Chicago, Illinois	June 25-29, 2022	175.00	\$ 123.42	\$ 1,357.16	\$ 472.96	\$ 325.00	\$ 2,453.54	Radisson	Hertz		
June Nickleberry	NASP 33rd Annual Conference	Chicago, Illinois	June 26-29, 2022	150.00	\$ 322.92	\$ 1,017.87		\$ 260.00	\$ 1,750.79	Radisson			
Crystal Perkins	NASP 33rd Annual Conference	Chicago, Illinois	June 26-29, 2022	175.00	\$ 87.00	\$ 1,215.87	\$ 476.45	\$ 260.00	\$ 2,214.32	Radisson	Dollar Car Rental		