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5/20/15

City of Dearborn Heights Police and Fire Retirement System – Act #345
Summary Annual Report
December 31, 2014

INFORMATION

Name: City of Dearborn Heights Act #345 Police and Fire Pension System
Board of Trustees: Harold Dalton (Mayor Appointee), John J. Riley II (City Treasurer), Mark Meyers (Police), William Herman (Fire), Dennis Klotz (Mayor Appointee)
Custodial Bank: Comerica Bank
Investment Consultant: Morgan Stanley – Steven Riga
Investment Managers: See Exhibit A
Attorney: VanOverbeke, Michaud & Timmony – Thomas Michaud
Actuary: Gabriel, Roeder Smith & Company
Auditors: Plante Moran
Administrator: John J. Riley II, City Treasurer
Medical Director: Consulting Physicians

SYSTEM'S ASSETS AND LIABILITIES

	<u>6/30/13</u>	<u>6/30/14</u>
Actuarial Value of Assets	\$141,640,217	\$147,161,177
Actuarial Accrued Liabilities	\$170,563,168	\$178,027,424
Unfunded Accrued Liability	\$ 28,922,951	\$ 30,866,247

SYSTEM'S FUNDED RATIO

Valuation assets to actuarial accrued liabilities: 82.7%

SYSTEM'S INVESTMENT PERFORMANCE

5.05%	1 year
13.13%	3 years
10.37%	5 years
5.29%	7 years
7.54%	10 years

SYSTEM'S ADMINISTRATIVE & INVESTMENT EXPENSES AND BUDGET

	<u>Expenses</u> <u>6/30/14</u>	<u>Budget</u> <u>6/30/15</u>
Professional & Consultant	\$516,859	\$599,350
Commission Fee	\$ 25,000	\$ 35,000
Education	\$ 9,990	\$ 15,000
Dues/Membership	\$ 600	\$ 350
Office Supplies	\$ 0	\$ 300
	\$552,449	\$650,000

ACTUARIAL INFORMATION

Membership

Active members: 74

DROP members: 45

Retirees and beneficiaries: 194

Benefits

Average annual retirement allowance: \$36,006

Total annual retirement pensions being paid (6/30/13): \$7,674,113

Contributions

Valuation projected payroll: \$6,227,407

Employer's normal cost of benefits as a percentage of valuation payrolls: 17.46%

Weighted average employee contribution rate: 4.93%

Estimated employer's total contribution rate as a percentage of valuation payroll: 45.33%

Assumptions

Assumed rate of investment return: 7.00%

Assumed rate of long-term wage inflation: 3.50%

Smoothing method used to determine the funding values of assets: 5 years

Amortization method used for funding value of assets: Level percent of pay

Amortization period: 21 years

Actuarial cost method: Individual entry age

System is still open to new Police and Fire Employees.

City of Dearborn Heights
Police & Fire Retirement Systems
Investment Managers

Loomis Sayles Equity and Core Bond
Inland Land Appreciation Fund II
Silvant Capital Management
Ridgeworth Bond
Reinhard Partners, Inc.
Martin Currie
Anchor Capital Advisors
Columbus Circle Investors
Loomis Sayles Institutional High Inc. Fund
Alliance Bernstein Emerging Markets Value Fund
Alliance Bernstein Emerging Markets Small Cap Growth
Alpine Realty Inc. & Growth
Delaware Emerging Markets - I
DWS RREEF Real Estate Securities Inc.
Third Avenue Real Estate Value Fund
Oppenheimer International Bond Fund
Century Capital Management TR Small Cap Select
Delaware Pooled TR Labor Select International Equity
PNC Funds Inc., International Equity Fund
Pear Tree Groups Funds - Foreign Value - I
DWS Commodity Securities Fund
Pioneer Global High Yield Fund
Blackrock International Opportunities
Energy Opportunities Capital Management
Blackrock All Cap Global Resources Fund
Teton Westwood Mighty Mites Fund
Delaware Group Small Cap Value Fund
Robeco Boston Partners Small Cap Value Fund
Dreyfus International Bond
Templeton Global Bond
Goldman Sachs MLP
Salient MLP
Legg Mason/Clearbridge Small Cap Growth
Goldman Sachs Strategic Income
John Hancock Strategic Income
Neuberger Berman Long Short
TCW Emerging Markets Income

ETFs

I Shares MSCI EAFE Small Cap Index Fund
I Shares Dow Jones EPAC Select Dividend Index Fund
I Shares Morningstar Small Value Index Fund
Powershares Listed Private Equity
Powershares International Dividend Achievers Portfolio
Spdr DJWilshire Small Cap Value
Wisdomtree Tr Emerging Markets Small Cap Dividend
Wisdomtree Tr Emerging Markets High-Yielding Equity Fund
Vanguard MSCI Europe ETF
PowerShares KBW High Divident Finances

ALTERNATIVE INVESTMENTS

Blackrock Special Credit Opportunities
Bloomfield Capital
ITS Capital