

City of Dearborn Heights General Government Pension System

Summary Annual Report

December 31, 2018

INFORMATION

Name: City of Dearborn Heights General Government Pension System

Board of Trustees: William Deckert (Member-at-Large), John J. Riley II (Council Appointee), Vincent Macari (Council Appointee), Jason Lollar (Employee Elected), Colleen Garcia (Employee Elected)

Custodial Bank: Comerica Bank

Investment Consultant: Morgan Stanley/Graystone Consulting – Steven Riga

Investment Managers: See Exhibit A

Attorney: VanOverbeke, Michaud & Timmony – Jack Timmony

Actuary: Rodwan Consulting Company

Auditors: Plante Moran

Administrator: John J. Riley II, City Treasurer

Medical Director: Consulting Physicians

SYSTEM'S ASSETS AND LIABILITIES

	<u>7/01/17</u>	<u>7/01/18</u>
Actuarial Value of Assets	\$39,711,438	\$40,186,550
Actuarial Accrued Liabilities	\$47,892,947	\$49,406,829
Unfunded Accrued Liability	\$ 8,181,509	\$ 9,220,279

SYSTEM'S FUNDED RATIO

Valuation assets to actuarial accrued liabilities: 81.3%

SYSTEM'S INVESTMENT PERFORMANCE

(Net of Fees)	-5.99%	1 year
	4.55%	3 years
	3.98%	5 years
	6.42%	7 years
	7.45%	10 years

SYSTEM'S ADMINISTRATIVE & INVESTMENT EXPENSES AND BUDGET

	Expenses	Budget
	<u>6/30/18</u>	<u>6/30/19</u>
Professional & Consultant	\$190,992	\$205,000
Commission Fee	\$ 397	\$ 3,000
Fringe Benefits	\$ 34	\$ 121
Education	\$ 0	\$ 1,200
Dues/Membership	\$ 350	\$ 350
Office Supplies	<u>\$ 0</u>	<u>\$ 250</u>
	<u>\$191,773</u>	<u>\$ 209,921</u>
	<u>12/31/18</u>	
Soft-Dollar Fees	\$ 1,126	

ACTUARIAL INFORMATION

Membership

Active members: 115

Retirees and beneficiaries: 154

Inactive Vested Members: 59

Benefits

Average annual retirement allowance: \$21,393

Total annual retirement pensions being paid: \$3,294,527

Contributions

Valuation projected payroll: \$4,715,751

Employer's normal cost of benefits as a percentage of valuation payroll: 11.69%

Weighted average employee contribution rate: 0%

Estimated employer's total contribution rate as a percentage of valuation payroll: 22.2%

Assumptions

Assumed rate of investment return: 7.00%

Assumed rate of long-term wage inflation: 4.25%

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

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

Amortization period: 24 years

Actuarial cost method: Individual entry age

System is still open to new qualified employees.

EXHIBIT A

City of Dearborn Heights General Government Pension System As of December 31, 2018

Investment Managers

Silvant Large Growth
Bahl & Gaynor
Loomis, Sayles & Company – Small/Mid Cap Core
Reinhart Partners Fixed Income
Reinhart Partners Mid-Cap
American Funds EuroPacific Growth Fund
Hatteras Multi-Strategy TEI Inst Fund
Brandywine Global Fixed Income
iShares Barclays Capital Aggregate Bond Index Fund
Templeton Global Fixed Income
Lord Abbett High Yield Corporate Debt
Ashmore Emerging Market Corporate Debt
American Century Emerging Markets
Oppenheimer Steelpath MLP Alpha
Eaton Vance Floating Rate Advantage
Fidelity Advisor International Small Cap Fund
First Trust Value Line Dividend ETF
Vanguard Value ETF