

City of Dearborn Heights Police and Fire Retirement System – Act #345
 Summary Annual Report
 December 31, 2016

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>6/30/15</u>	<u>6/30/16</u>
Actuarial Value of Assets	\$161,610,610	\$173,126,280
Actuarial Accrued Liabilities	\$184,191,055	\$196,234,325
Unfunded Accrued Liability	\$ 22,580,445	\$ 23,108,045

SYSTEM'S FUNDED RATIO

Valuation assets to actuarial accrued liabilities: 88.2%

SYSTEM'S INVESTMENT PERFORMANCE

8.73%	1 year
3.62%	3 years
8.92%	5 years
8.19%	7 years
5.62%	10 years

SYSTEM'S ADMINISTRATIVE & INVESTMENT EXPENSES AND BUDGET

	Expenses	Budget
	<u>6/30/16</u>	<u>6/30/17</u>
Professional & Consultant	\$557,653	\$618,350
Commission Fee	\$ 25,000	\$ 35,000
Education	\$ 5,656	\$ 16,000
Dues/Membership	\$ 350	\$ 350
Office Supplies	<u>\$ 000</u>	<u>\$ 300</u>
	\$588,659	\$670,000

ACTUARIAL INFORMATION

Membership

Active members:	87
DROP members:	41
Retirees and beneficiaries:	209
Inactive Vested Members	1

Benefits

Average annual retirement allowance:	\$38,998.48
Total annual retirement pensions being paid (6/30/15):	\$8,150,682

Contributions

Valuation projected payroll:	\$6,125,062
Employer's normal cost of benefits as a percentage of valuation payroll:	18.06
Weighted average employee contribution rate:	4.80%
Estimated employer's total contribution rate as a percentage of valuation payroll:	38.27%

Assumptions

Assumed rate of investment return:	7%
Assumed rate of long-term wage inflation:	3.5%
Smoothing method used to determine the funding value of assets:	5 years
Amortization method used for funding value of assets:	Level percent of pay
Amortization period:	19 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
Reinhart Partners Mid-Cap Value
Reinhart Partners Intermediate Bond Fund
Anchor Capital Advisors
Columbus Circle Investors
Loomis Sayles Institutional High Inc. Fund
Alliance Bernstein Emerging Markets Value Fund
Alliance Bernstein QUASAR Small Cap Growth
Alpine Realty Inc. & Growth
Delaware Emerging Markets - I
Deutsche Real Estate Securities Inc.
Third Avenue Real Estate Value Fund
Oppenheim International Bond Fund
MaCquarie Pooled TR Labor Select International Equity
PNC Funds Inc., International Equity Fund
Pear Tree Group Funds - Foreign Value - I
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
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
Ashmore Emerging Markets Corp. Bond
Ashmore Emerging Markets Total Return Bond
American Funds Europacific Growth
John Hancock International Growth
American Century Emerging Markets Fund
Eaton Vance Floating Rate Advantage - I

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 Dividend Finances

ALTERNATIVE INVESTMENTS

Blackrock Special Credit Opportunities
Bloomfield Capital II & III
ITS Capital
Terracap Partners III
Neuberger Berman Private Debt