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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**

	Expenses	Budget
	<u>6/30/14</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	<u>\$ 0</u>	<u>\$ 300</u>
	\$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