

City of Dearborn Heights Police and Fire Retirement System – Act #345  
 Summary Annual Report  
 December 31, 2018

**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), Eric Walsh (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>6/30/17</u>	<u>6/30/18</u>
Actuarial Value of Assets	\$175,728,005	\$181,941,875
Actuarial Accrued Liabilities	\$203,367,058	\$210,838,913
Unfunded Accrued Liability	\$ 27,639,053	\$ 28,897,038

**SYSTEM'S FUNDED RATIO**

Valuation assets to actuarial accrued liabilities:      86.3%

**SYSTEM'S INVESTMENT PERFORMANCE**

-7.87%	1 year
5.52%	3 years
3.75%	5 years
7.44%	7 years
9.11%	10 years

**SYSTEM'S ADMINISTRATIVE & INVESTMENT EXPENSES AND BUDGET**

	Expenses	Budget
	<u>6/30/18</u>	<u>6/30/19</u>
Professional & Consultant	\$568,365	\$608,200
Commission Fee	\$ 35,000	\$ 35,000
Education	\$ 3,428	\$ 16,000
Dues/Membership	\$ 350	\$ 500
Office Supplies	<u>\$ 000</u>	<u>\$ 300</u>
	\$607,143	\$660,000

## ACTUARIAL INFORMATION

### Membership

Active members:	93
DROP members:	29
Retirees and beneficiaries:	234
Inactive Vested Members	1

### Benefits

Average annual retirement allowance:	\$42,701.31
Total annual retirement pensions being paid (6/30/17):	\$9,992,106

### Contributions

Valuation projected payroll:	\$7,230,744
Employer's normal cost of benefits as a percentage of valuation payroll:	18.84%
Weighted average employee contribution rate:	5.66%
Estimated employer's total contribution rate as a percentage of valuation payroll:	43.96%

### 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:	17 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  
12/31/2018

Loomis Sayles Core Bond  
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  
Oppenheimer International Mid-Small Co Fund  
MaCquarie Pooled TR Labor Select International Equity  
PNC Funds Inc., International Equity Fund  
Pear Tree Group Funds - Foreign Value - I  
Fidelity International Small Cap  
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 Small Cap  
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  
AIG Focused Dividend Strategy W (FDSWX)

ETFs

I Shares MSCI EAFE Small Cap Index Fund  
I Shares Morningstar Small Value Index Fund  
First Trust Value Line Dividend  
First Trust Rising Dividend  
Powershares Listed Private Equity  
Spdr DJWilshire Small Cap Value  
Wisdomtree Tr Emerging Markets Small Cap Dividend  
Wisdomtree Tr Emerging Markets High-Yielding Equity Fund  
Wisdomtree Total Dividend  
Vanguard MSCI Europe ETF  
Vanguard High Dividend  
PowerShares KBW High Dividend Financials

ALTERNATIVE INVESTMENTS

Blackrock Special Credit Opportunities

Bloomfield Capital II & III

ITS Capital

Terracap Partners III & IV

Neuberger Berman Private Debt

Carlyle Metropolitan Real Estate Partners