

CITY OF PONTIAC POLICE AND FIRE RETIREMENT SYSTEM

2014 Summary Annual Report

The Public Employee Retirement System Investment Act requires the City of Pontiac Police and Fire Retirement System to prepare and issue a summary annual report and to publish and make available a list of all expenses paid by soft dollars annually. The following information is provided for the year 2014.

The name of the retirement system is the City of Pontiac Police and Fire Retirement System. The Retirement System's investment fiduciaries are:

Board of Trustees of the City of Pontiac Police and Fire Retirement System
Gray & Company (consultant)
The Bogdahn Group (consultant as of December 9, 2014)
American Realty Advisors
Artio Global Investors
Bloomfield Capital
Franklin Templeton
Garcia Hamilton & Associates
Loomis Sayles & Company
LS Investments
Mesirow Financial
Metropolitan Real Estate
Munder / Victory Capital Management
Northern Trust
RhumbLine Advisers
Thornburg Investment Management
WHV Investment Management

The name of the System's service providers are:

Sullivan Ward Asher & Patton, legal advisor
Rodwan Consultants, actuary
Northern Trust, custodian
BeneSys, Inc., administrator
Gray & Company, investment consultant
The Bogdahn Group

The System's changes in net market value of plan assets on a plan-year basis:

	<u>12/31/2014</u>	<u>12/31/2013</u>
Assets:	\$241,015,622	\$244,768,896
Net Decrease:	\$3,753,274	

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As reported in the actuarial valuation for the annual period ending December 31, 2014, the Retirement System's valuation assets were \$227,016,818 and its actuarial accrued liabilities were \$245,437,446, which produced a funded ratio of 92.5%. The Retirement System received the required employer contribution for the calendar year beginning January 1, 2014.

The System's investment performance net of fees on a rolling calendar year basis for the previous one, three, five, seven and ten year periods are:

1 year – 6.22% (gross)	5.92% (net)
3 year – 12.05% (gross)	11.71% (net)
5 year – 9.83% (gross)	9.48% (net)
10 year – 6.64% (gross)	6.31% (net – estimated)

The System's administrative and investment expenditures pursuant to the Standards of the Governmental Accounting Board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System are:

2014 list of expenditures:

Administration / BeneSys and GERS	\$110,000
Conversion Fee	\$0
Accounting Services	\$18,655
Actuary Services	\$15,263
Bank Fees	\$8,440
Computer Equipment	\$0
Dental Insurance	\$0
Insurance	\$27,858
Consulting fees	\$73,333
Investment Management Services	\$649,416
Legal Services	\$31,372
Life Insurance	\$0
Long Term Disability Insurance	\$0
Magazines/Periodicals	\$0
Medical Insurance	\$0
Membership Dues	\$1,185
NT Sweep Fees	\$4,861
Office Equipment	\$0
Office Supplies	\$0
Optical/Hearing Insurance	\$0
Other Professional Service	\$0
P&F Administrative	\$79,595
Postage	\$2,467
Printing Fees	\$1,962

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Refunds	\$0
Registration	\$0
Social Security/Medicare - ER	\$0
Document Storage Fees	\$413
Temporary Employees	\$0
Training Expense	\$0
Travel Expense	\$2,770
Wages - Clerical	\$0
Wages – Supervisor	\$0
Workers Compensation Insurance	\$0
Miscellaneous/Conf./Meetings/Phone	\$13,065
IRS Plan Determination Letter	\$2,500
TOTAL EXPENSES	\$1,043,155

Soft dollars expenses totaling \$0 offset financial consulting fees by \$0. The System’s itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System for 2014 are:

2015 proposed budget:

Actuarial Fees	\$18,000
Administrative Fees/BeneSys	\$120,000
Consulting Fees	Consultant - \$80,000 Auditor - \$50,000
Conference/Association Fees	MAPERS Dues -\$100 Conference/Trustee Meetings - \$1,900 Travel - \$3,500 Total: \$5,500
Custody Fees	Comerica - \$7,200 Northern Trust Sweep Account - \$7,500
Insurance Fees	\$28,000
Investment Management Fees	\$730,000
Legal Fees	\$60,000
Postage and Printing	\$8,500
TOTAL EXPENSES	\$1,114,700

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The following information as provided in the System's most recent annual actuarial valuation report:

1. The number of active members – there are 0 active members.
2. The number of retirees and beneficiaries – 444
3. The average annual retirement allowance - \$34,689
4. The total annual retirement allowances being paid - \$15,401,911
5. The valuation payroll – N/A
6. The employer's computed normal cost of benefits expressed as a percentage of valuation payroll is: N/A
7. The employer's total contribution rate expressed as a percentage of valuation payroll is: N/A. The total contribution is \$914,632
8. The weighted average of member contributions is: N/A
9. The actuarial assumed rate of investment return is: 7.5%
10. The actuarial assumed rate of long-term wage inflation is: N/A
11. The smoothing method utilized to determine the funding value of assets is: a 5 year smoothing
12. The amortization method and period utilized for funding the System's unfunded actuarial accrued liability, if any: The amortization method is level dollars. The amortization period is 28 years, closed.
13. The System's actuarial cost method is commonly referred to as the: N/A since the plan has no active members and is closed to new hires.
14. Whether System membership is open or closed to specific groups of employees:
The System is closed to new hires as a whole since police services were outsourced on July 31, 2011. Fire services were outsourced February 1, 2012.