

# MARTA NON- REPRESENTED PENSION PLAN

As of December 31

# 2016

Dear Plan Participants:

The summary annual report covering the MARTA Non-Represented Pension Plan ("The Plan") for the period January 1, 2016 through December 31, 2016, in compliance with the MARTA Act of 1965, as amended, is attached for your review.

The Plan's net assets held in trust for pension benefits increased from \$357,076,238 on December 31, 2015 to \$375,095,845 as of December 31, 2016.

The MARTA Pension Committee and MARTA management continue to actively review the Plan's performance, and take appropriate measures to ensure that the Plan's current and future funding requirements are met.

We encourage you to read the report in its entirety. If you would like additional information about the Plan or the annual report, please contact Andrea Giles, Retirement Benefits Analyst, at 404-848-5393 or me at 404-848-5778.

The Authority remains committed to providing the benefits promised through the Non-Represented Pension Plan for employees and their families.

Sincerely,



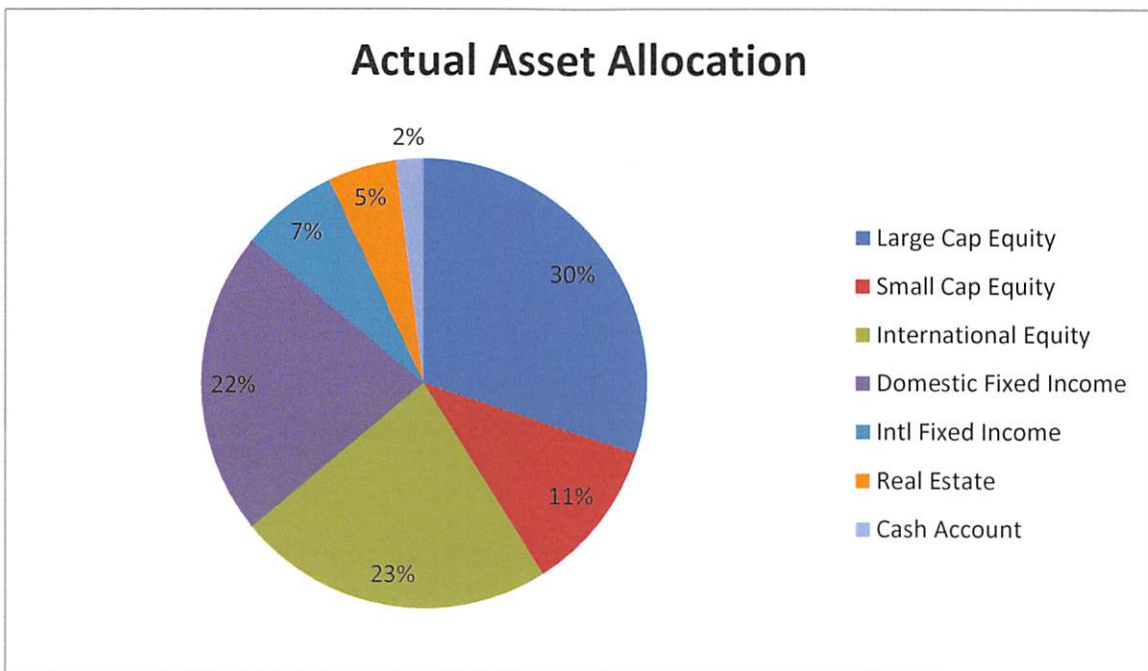
LaShanda Dawkins  
AGM Human Resources  
Chair, MARTA Management Pension Committee

## MARTA NON-REPRESENTED PENSION PLAN

This is a summary annual report concerning the MARTA Non-Represented Pension Plan (the "Plan") for January 1, 2016 through December 31, 2016, in compliance with the MARTA Act of 1965, as amended. Information is based on the Actuarial Valuation report as of January 1, 2017 and the Independent Auditor's Report for the year ended December 31, 2016.

### Asset Allocation

The Fund's asset allocation as of December 31, 2016 is shown below.



(1)

### Investment of Plan Assets

The Management Pension Committee (the "Committee") employs Callan Associates, Inc. as an investment consultant to monitor the performance of the Plan's investment managers who invest Plan assets on behalf of the Plan participants and beneficiaries. The following investment managers currently invest Plan assets as follows:

## MARTA Non-Represented Pension Plan Summary Annual Report

### Returns for Period Ended December 31, 2016

	<u>Market Value</u>	<u>Ending Weight</u>	<u>Last Year</u>	<u>Last 3 Years</u>	<u>Last 5 Years</u>
<b>Domestic Equity</b>	<b>\$151,278,884</b>	<b>40.37%</b>	<b>11.45%</b>	<b>8.78%</b>	<b>15.29%</b>
<b>Large Cap Equity</b>	<b>\$111,508,246</b>	<b>29.76%</b>	<b>10.19%</b>	<b>9.13%</b>	<b>15.13%</b>
Decatur Capital Mgmt.	33,470,452	8.93%	5.59%	8.57%	14.06%
Golden Capital Mgmt.	43,190,749	11.53%	12.84%	10.53%	15.88%
Paradigm Asset Mgmt.	34,847,044	9.30%	11.56%	7.91%	15.23%
<b>Small Cap Equity</b>	<b>\$39,770,638</b>	<b>10.61%</b>	<b>15.09%</b>	<b>7.78%</b>	<b>15.62%</b>
Brown Capital Management	18,957,934	5.06%	10.62%	7.83%	18.12%
Mesirow Financial	20,812,704	5.55%	19.50%	7.59%	12.85%
<b>International Equity</b>	<b>\$87,078,153</b>	<b>23.24%</b>	<b>2.57%</b>	<b>(3.79%)</b>	<b>5.05%</b>
GMO Fund	43,805,866	11.69%	1.66%	(3.83%)	5.20%
Manning & Napier Fund	43,272,286	11.55%	3.50%	(3.74%)	4.90%
<b>Domestic Fixed Income</b>	<b>\$82,812,682</b>	<b>22.10%</b>	<b>4.34%</b>	<b>4.65%</b>	<b>4.98%</b>
Advent Capital Management	28,281,629	7.55%	7.09%	7.90%	10.61%
Janus Capital Management	32,666,678	8.72%	3.16%	3.03%	-
NTGI Aggregate Bd Index Fd	21,864,375	5.84%	2.63%	3.09%	2.26%
<b>Global Fixed Income</b>	<b>\$25,983,798</b>	<b>6.93%</b>	<b>2.39%</b>	-	-
Brandywine Global Fixed	25,983,798	6.93%	2.39%	-	-
<b>Real Estate</b>	<b>\$20,370,646</b>	<b>5.44%</b>	<b>9.12%</b>	-	-
RREEF America REIT II	20,370,646	5.44%	9.12%	-	-
<b>Cash Account</b>	<b>\$7,170,794</b>	<b>1.91%</b>	<b>0.22%</b>	<b>0.11%</b>	<b>0.09%</b>
Cash Equivalents	7,170,794	1.91%	0.22%	0.11%	0.09%
<b>Total Fund</b>	<b>\$374,694,956</b>	<b>100.0%</b>	<b>6.75%</b>	<b>3.96%</b>	<b>9.15%</b>
<b>Total Fund</b>	<b>\$374,694,956</b>	<b>100.00%</b>	<b>6.75%</b>	<b>3.96%</b>	<b>9.15%</b>
Target*	-	-	7.78%	4.57%	9.14%
6.90% Actuarial Assumption	-	-	6.90%	6.98%	7.16%
Public Fund: Mid DB	-	-	7.50%	4.40%	8.04%

(1)

Total fund returns for the last 10 years for periods ending December 31 are shown below.

<u>Calendar Year</u>	<u>Investment Returns</u>
2016	6.41%
2015	-0.82%
2014	5.51%
2013	22.62%
2012	12.46%
2011	1.65%
2010	11.93%
2009	18.35%
2008	-22.16%
2007	7.73%

A list of the actual investments held by Northern Trust as custodian of the Plan assets as of December 31, 2016 is available upon request from the MARTA Pension office.

# MARTA Non-Represented Pension Plan Summary Annual Report

Last 10 Years Annualized Returns and Rankings for Period Ended December 31, 2016 (1)

	<u>Last 10 Years</u>	Ranking
<b>Domestic Equity</b>	<b>8.19%</b>	<b>5</b>
Domestic Equity Benchmark	7.11%	42
Med Public Fd – Dom Eqty	7.03%	
<b>Large Cap Equity</b>	<b>7.25%</b>	<b>50</b>
CAI Large Cap Style	7.25%	
Decatur Capital Management	7.92%	59
Russell 1000 Growth Index	8.33%	43
CAI Large Cap Growth Style	8.18%	
Paradigm Asset Management	5.98%	70
Russell 1000 Value Index	5.72%	77
CAI Large Cap Value Style	6.51%	
<b>Small Cap Equity</b>	<b>11.07%</b>	<b>5</b>
CAI Small Capitalization	8.58%	
Brown Capital Management	14.24%	2
Russell 2000 Growth Index	7.76%	61
CAI Sm Cap Growth Style	8.62%	
<b>International Equity</b>	<b>(0.23%)</b>	<b>76</b>
International Equity Benchmark	0.71%	71
Med Public Fd – Int Eqty	1.78%	
<b>Domestic Fixed-Income</b>	<b>5.12%</b>	<b>18</b>
Domestic Fixed Income Benchmark	5.00%	25
Med Public Fd – Dom Fixed	4.38%	
NTGI Aggregate Bd Index Fd (1)	<b>4.31%</b>	<b>72</b>
Blmbg Aggregate Index	4.34%	71
CAI Core Bond MFs	4.76%	
<b>Total Fund</b>	<b>5.75%</b>	<b>17</b>
Target*	5.31%	37
6.9% Actuarial Assumption (2)	7.33%	1
Pub Fund: Mid DB	5.04%	

\*Current Quarter Target = 39.0% Russell 3000 Index, 15.0% Barclays Aggregate Index, 13.0% MSCI EAFE Index, 13.0% MSCI ACWI ex US (Net), 7.5% ML IG Conv. 7.5% World Govt. Bond and 5.0% NFI-ODCE Equal Weight Net.

(1) Mutual fund returns are reported net of fees.

(2) The rate was 7.25% through August 31, 2014. Previously, this was 7.50%.

Information obtained from Callan Report, Marta Non-Represented Pension Plan, December 31, 2016.

(1) Unaudited

# MARTA Non-Represented Pension Plan Summary Annual Report

## Basic Financial Statement

The Plan's financial statements are audited annually by Gregory D. Biggs, an independent certified public accountant. The independent auditor's report for the Plan year ended December 31, 2016 stated that the Plan's financial statements fairly present, in all material respects, the Plan's financial position as of December 31, 2016 and the changes in the Plan's financial position for such year in conformity with accounting principles generally accepted in the United States of America.

	<u>2016</u>
<b>Additions:</b>	
Investment Income:	
Dividends and Interest	\$ 7,547,315
Real Estate Income	814,007
Net Increase (Decrease) in Fair Value of Investments	15,401,884
<b>Less Investment Expenses Other Than Securities Lending:</b>	
Direct Investment Expenses	(1,210,077)
Investment Consultants	(101,673)
<b>Net Investment Income Other than Securities Lending:</b>	<u>22,451,456</u>
Securities Lending Income	179,463
Less Securities Lending Expense	(62,712)
<b>Net Securities Lending Income</b>	<u>116,751</u>
Contributions:	
Employer	26,338,819
Plan Participants	2,680,137
	<u>29,018,956</u>
Other Income	<u>133,427</u>
<b>Total Additions:</b>	<u>51,720,590</u>
<b>Deductions:</b>	
Payments to Participants	33,469,613
Administrative Expenses	231,370
<b>Total Deductions</b>	<u>33,700,983</u>
<b>Net Increase</b>	18,019,607
Net Position Restricted for Pension Benefits: Beginning of Year	<u>357,076,238</u>
<b>END OF YEAR (Audit Report)</b>	<u><u>\$ 375,095,845</u></u>

## MARTA Non-Represented Pension Plan Summary Annual Report

### Participants

A total of 2,076 persons were participants or beneficiaries of the Plan at the end of the 2016 plan year, including 630 active participants, 1,247 beneficiaries and retirees currently receiving benefits, 135 terminated or disabled former participants not yet receiving benefits and 64 participants in the Deferred Retirement Option Program ("DROP").

### Budgetary Obligations

The present and future budgetary obligations of MARTA necessitated by its benefit commitments represented by the Plan, expressed as an annual cost, are comprised of (1) the annual normal cost of the Plan, (2) the annual amortization payment on the unfunded actuarial accrued liability ("UAAL") of the Plan and (3) the expense load of the Plan. In the January 1, 2017 Actuarial Valuation Report on the Plan, the Plan actuary has determined the annual cost as follows:

Normal Cost	\$ 4,747,378
Amortization Payment on UAAL (w/Expense Load)	<u>11,116,622</u>
Total Cost	<u>15,864,000</u>
(Expected) Employee Contributions	2,756,128
½ Year Interest Adjustment	<u>431,994</u>
MARTA Cost (Includes Interest Adjustment)	\$ <u>13,539,866</u>

The minimum MARTA contribution required by applicable State law for the year beginning January 1, 2017, is \$13,539,866 (with ½ year's interest). This minimum contribution is reviewed and revised annually by the Plan actuary to reflect actual data changes and deviations from the actuarial assumptions, such as investment returns, salary increases and similar items.