

# MARTA NON- REPRESENTED PENSION PLAN

As of December 31

# 2017

Dear Plan Participants:

The summary annual report covering the MARTA Non-Represented Pension Plan (the "Plan") for the period January 1, 2017 through December 31, 2017, 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 \$375,095,845 on December 31, 2016 to \$417,678,560 as of December 31, 2017.

The MARTA Management 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,



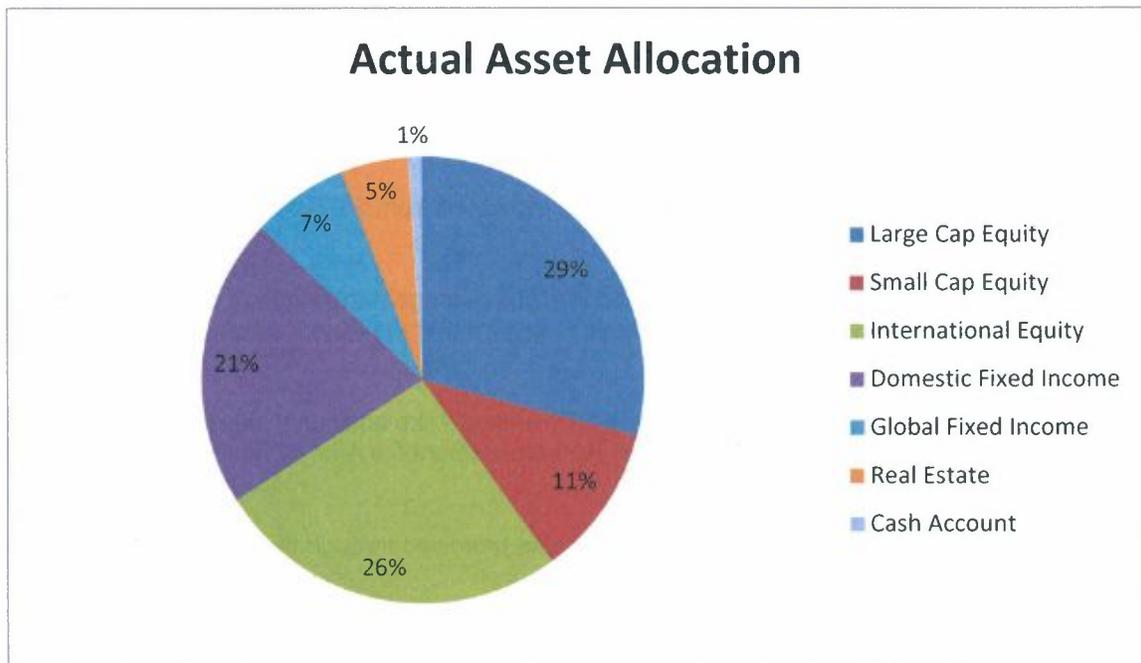
LaShanda R. Dawkins  
Assistant General Manager, Human Resources  
Chair, MARTA Management Pension Committee

## MARTA NON-REPRESENTED PENSION PLAN

This is a summary annual report concerning the MARTA Non-Represented Pension Plan (the "Plan") for January 1, 2017 through December 31, 2017, in compliance with the MARTA Act of 1965, as amended. Information is based on the Actuarial Valuation report as of January 1, 2018, and the Independent Auditor's Report for the year ended December 31, 2017.

### Asset Allocation

The Fund's asset allocation as of December 31, 2017 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, 2017

	<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>\$166,138,196</b>	<b>39.79%</b>	<b>21.51%</b>	<b>11.38%</b>	<b>16.47%</b>
<b>Large Cap Equity</b>	<b>\$121,864,078</b>	<b>29.19%</b>	<b>21.35%</b>	<b>10.72%</b>	<b>16.28%</b>
Golden Capital Mgmt.	121,864,078	29.19%	21.48	12.20%	17.13%
<b>Small Cap Equity</b>	<b>\$44,274,119</b>	<b>10.60%</b>	<b>21.94%</b>	<b>13.24%</b>	<b>16.92%</b>
Brown Capital Management	22,539,260	5.40%	30.04%	16.42%	19.89%
Mesirow Financial	21,734,858	5.21%	14.56%	10.05%	13.88%
<b>International Equity</b>	<b>\$106,792,055</b>	<b>25.58%</b>	<b>24.95%</b>	<b>6.62%</b>	<b>6.35%</b>
SGA Intl Equity CIT Eq	53,602,454	12.84%	-	-	-
<b>Domestic Fixed Income</b>	<b>\$89,773,387</b>	<b>21.50%</b>	<b>9.33%</b>	<b>4.87%</b>	<b>5.63%</b>
Advent Capital Management	33,997,768	8.14%	20.21%	9.54%	12.30%
Janus Capital Management	33,903,235	8.12%	3.79%	2.48%	2.53%
NTGI Aggregate Bd Index Fd	21,872,384	5.24%	3.55%	2.25%	2.11%
<b>Global Fixed Income</b>	<b>\$29,109,662</b>	<b>6.97%</b>	<b>12.03%</b>	-	-
Brandywine Global Fixed	29,109,662	6.97%	12.03%	-	-
<b>Real Estate</b>	<b>\$20,989,871</b>	<b>5.03%</b>	<b>7.42%</b>	-	-
RREEF America REIT II	20,989,871	5.03%	7.42%	-	-
<b>Cash Account</b>	<b>\$4,752,469</b>	<b>1.14%</b>	<b>0.38%</b>	<b>0.23%</b>	<b>0.15%</b>
Cash Equivalents	4,752,469	1.14%	0.38%	0.23%	0.15%
<b>Total Fund</b>	<b>\$417,555,640</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>17.67%</b>	<b>7.71%</b>	<b>10.15%</b>
Target*	-	-	17.82%	8.27%	10.15%
6.70% Actuarial Assumption	-	-	6.70%	6.83%	7.00%
Public Fund: Mid DB	-	-	14.87%	7.17%	8.55%

(1)

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

#### Calendar Year

#### Investment Returns

2017	17.25%
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, 2017 is available upon request from the MARTA Pension office.

**Last 10 Years Annualized Returns and Rankings for Period Ended December 31, 2017 (1)**

## MARTA Non-Represented Pension Plan Summary Annual Report

	<b>Last 10 Years</b>	<b>Ranking</b>
<b>Domestic Equity</b>	<b>9.44%</b>	<b>8</b>
Domestic Equity Benchmark	8.61%	51
Med Public Fd – Dom Eqty	8.63%	
<b>Large Cap Equity</b>	<b>8.51%</b>	<b>53</b>
CAI Large Cap Style	8.67%	
Golden Capital Management	9.43%	16
S&P 500 Index	8.50%	99
CAI Stk Based Enh Idx	8.93%	
<b>Small Cap Equity</b>	<b>12.23%</b>	<b>8</b>
CAI Small Capitalization	10.06%	
Brown Capital Management	15.12%	2
Russell 2000 Growth Index	9.19%	51
CAI Sm Cap Growth Style	9.33%	
Mesirow Financial	9.07%	85
Russell 2000 Value Index	8.17%	93
CAI Sm Cap Value	10.46%	
<b>International Equity</b>	<b>1.34%</b>	<b>79</b>
International Equity Benchmark	1.99%	69
Med Public Fd – Int Eqty	2.96%	
<b>Domestic Fixed-Income</b>	<b>5.40%</b>	<b>9</b>
Domestic Fixed Income Benchmark	5.34%	11
Med Public Fd – Dom Fixed	4.26%	
Advent Capital Management	7.36%	32
ML All IG US Convertibles	7.08%	59
Callan Convert Bonds DB	7.24%	
NTGI Aggregate Bd Index Fd (1)	<b>3.96%</b>	<b>82</b>
Blmbg Aggregate Index	4.01%	82
CAI Core Bond MFs	4.41%	
<b>Total Fund</b>	<b>6.69%</b>	<b>19</b>
Target*	6.42%	25
6.7% Actuarial Assumption (2)	6.70%	9
Pub Fund: Mid DB	5.88%	

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

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

(2) The rate was 6.9% for calendar 2016.

Information obtained from Callan Report, Marta Non-Represented Pension Plan, December 31, 2017.

(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, 2017 stated that the Plan's financial statements fairly present, in all material respects, the Plan's financial position as of December 31, 2017, 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>2017</u>
<b>Additions:</b>	
Investment Income:	
Dividends and Interest	\$ 5,053,521
Real Estate Income	906,169
Net Increase (Decrease) in Fair Value of Investments	58,958,609
<b>Less Investment Expenses Other Than Securities Lending:</b>	
Direct Investment Expenses	(1,449,451)
Investment Consultants	(142,212)
<b>Net Investment Income Other than Securities Lending:</b>	<u>63,326,636</u>
Securities Lending Income	86,068
Less Securities Lending Expense	(30,084)
<b>Net Securities Lending Income</b>	<u>55,984</u>
Contributions:	
Employer	13,539,866
Plan Participants	2,581,821
	<u>16,121,687</u>
Other Income	<u>930</u>
<b>Total Additions:</b>	<u>79,505,237</u>
<b>Deductions:</b>	
Payments to Participants	36,647,472
Administrative Expenses	275,050
Total Deductions	<u>36,922,522</u>
<b>Net Increase</b>	42,582,715
Net Position Restricted for Pension Benefits: Beginning of Year	<u>375,095,845</u>
<b>END OF YEAR (Audit Report)</b>	<u><u>\$ 417,678,560</u></u>

# MARTA Non-Represented Pension Plan Summary Annual Report

## Participants

A total of 2,043 persons were participants or beneficiaries of the Plan at the end of the 2017 plan year, including 544 active participants, 1,296 beneficiaries and retirees currently receiving benefits, 137 terminated or disabled former participants not yet receiving benefits and 66 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, 2018 Actuarial Valuation Report on the Plan, the Plan actuary has determined the annual cost as follows:

Normal Cost	\$ 5,135,757
Amortization Payment on UAAL (w/Expense Load)	<u>8,056,910</u>
Total Cost	<u>13,192,667</u>
Less (Expected) Employee Contributions	(2,605,227)
Plus 1/2 Year Interest Adjustment	<u>368.182</u>
MARTA Cost (Includes Interest Adjustment)	\$ <u>12,822,335</u>

The minimum MARTA contribution required by applicable State law for the year beginning January 1, 2018, is \$12,822,335 (with 1/2 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.