

CITY OF TALLAHASSEE
RETIREMENT SYSTEM REPORT

For Fiscal Year Ending September 30, 2015



ADMINISTRATION

BOARD OF TRUSTEES

Andrew Gillum	Mayor
Scott Maddox	Commissioner
Nancy Miller	Commissioner
Curtis Richardson	Commissioner
Gil Ziffer	Commissioner
Steve Tiefel	Fire/Police Representative

INVESTMENT ADVISORY COMMITTEE

Carl Monson	Member
William McCloud	Member
Michael Stehlik	Member

SINKING FUND COMMISSION

Includes the five members of the City Commission and the Investment Advisory Committee

GENERAL EMPLOYEES' PENSION ADVISORY BOARD

Jeanne Kimball	Chair
Sandra Allen-Manning	Vice-Chair
Shane House	Member
Ed Young	Member
Laura Morgan	Member
Michael Porter	Member

FIREFIGHTERS' PENSION ADVISORY BOARD

Granville Knowles	Chair
Mike Bellamy	Member
Rusty Roberts	Member

POLICE OFFICERS' PENSION ADVISORY BOARD

Gerry Barrett	Chair
John Beeman	Member
David Donato	Member

TREASURER-CLERK'S OFFICE

Jim Cooke, IV.
Kent Olson

City Treasurer-Clerk
Deputy Treasurer-Clerk

RETIREMENT ADMINISTRATION DIVISION

Darrell Thompson, Jr.
Philip K. Burgess
Kim Kilgore
Tawanna Morris
Kimberley Gilmore
Angel Charlton
VaLisa McGhee
Gregory Abend

Retirement Administrator
Business Process Solutions Manager
Administrative Supervisor
Administrative Supervisor
Retirement Benefits Analyst
Retirement Benefits Analyst
Retirement Benefits Analyst
Administrative Specialist I

CONSULTING AND ACTUARIAL FIRM

Gabriel, Roeder, Smith & Company

PERFORMANCE MONITOR

Segal Rogercasey Advisors

THIRD PARTY ADMINISTRATORS

Defined Contribution Plan 401(k) - MAP Empower Retirement

Deferred Compensation Plan 457 - RSVP Empower Retirement

Deferred Compensation Plan 457 - ICMA International City Management
(old accounts): Association - Retirement Corporation

**CITY OF TALLAHASSEE
RETIREMENT SYSTEM REPORT
For Fiscal Year Ending September 30, 2015**

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DEFINED BENEFIT PLAN STATISTICS

<i>FY 2015</i>	General	Police	Fire	Total
New Participants	163	17	19	199
Participant Terminations	97	11	2	110
Deceased Active Participants	3	1	0	4
Retired Participants	80	12	15	107
Disability Retirees	5	0	0	5
Deceased Retirees	35	2	1	38
Vested Participants	18	3	0	21
DROP Participants	35	16	12	63

<i>Overall Trends</i>	FY11	FY12	FY13	FY14	FY15
Active Employees:					
General Employees	1,997	2,019	2,017	2,028	2,030
Police Officers	314	330	321	320	309
Firefighters	228	227	232	231	235
Total	2,539	2,576	2,570	2,579	2,574
Vested:					
General Employees	210	201	217	216	225
Police Officers	36	37	35	33	35
Firefighters	6	6	5	5	5
Total	252	244	257	254	265
DROP Participants:					
General Employees	101	102	121	128	124
Police Officers	30	19	24	30	37
Firefighters	34	37	31	30	31
Total	165	158	176	188	192
Retirees:					
General Employees	935	997	1,051	1,097	1,154
Police Officers	139	160	174	186	196
Firefighters	131	142	153	169	182
Total	1,205	1,299	1,378	1,452	1,532
Average Age of Retirees:					
General Employees	57	58	58	57	58
Police Officers	52	52	53	53	53
Firefighters	53	53	52	53	53
Average Years of Service:					
General Employees	24	24	24	24	24
Police Officers	26	26	26	26	26
Firefighters	28	28	28	27	28
Average Monthly Payment:					
General Employees	\$2,464	\$2,528	\$2,606	\$2,505	\$2,751
Police Officers	\$4,082	\$4,260	\$4,429	\$4,539	\$4,814
Firefighters	\$3,828	\$4,027	\$4,182	\$4,223	\$4,438
Beneficiaries Receiving Benefit:					
General Employees	180	184	193	201	217
Police Officers	14	16	16	16	16
Firefighters	15	14	15	15	15
Total	209	214	224	232	248

MAP 401(k) DEFINED CONTRIBUTION PLAN STATISTICS

	FY11	FY12	FY13	FY14	FY15
Active Participants:					
General Employees	2,108	2,157	2,171	2,198	2,199
Police Officers	182	169	157	141	133
Firefighters	127	116	103	90	77
Vested Participants	1,202	1,338	1,292	1,347	1,394
Total	3,619	3,780	3,723	3,776	3,803
Average Biweekly Contributions (%):					
General Employees Matched	4.29	4.58	4.56	4.59	4.59
General Employees Unmatched	5.32	5.24	5.26	5.33	5.33
Police Officers	5.42	5.10	4.95	5.34	5.31
Firefighters	5.21	5.33	5.48	4.95	4.91
Retirees Receiving Monthly 401(k):					
Total	610	653	680	733	748
Average Monthly Payment:					
General Employees	\$657	---	---	---	---
Police Officers	\$344	---	---	---	---
Firefighters	\$236	---	---	---	---
ALL	---	\$668	\$695	\$721	\$744

RSVP 457 DEFERRED COMPENSATION PLAN STATISTICS

	FY11	FY12	FY13	FY14	FY15
Active Participants:					
Permanent:	1,320	1,393	1,406	1,486	1,474
Temporary:	1,111	1,102	1,072	1,123	1,105
Average Biweekly Contributions (%):					
General Employees	5.74	5.70	5.26	5.35	5.35
Police Officers	6.58	6.51	6.63	6.76	6.68
Firefighters	5.42	5.32	5.22	4.83	4.82

OTHER PLAN STATISTICS

	FY11	FY12	FY13	FY14	FY15
Retirement Counseling Sessions:					
General	331	275	375	213	224
Police Officers	63	57	64	54	55
Firefighters	54	46	50	37	23
Total	448	378	489	304	302

SUMMARY OF ACTIVITY
For Fiscal Year Ending September 30, 2015

Retirement Highlights for Fiscal Year 2015

- DROP plans for Firefighters, General Employees, and Police Officers have now all been 5-year periods for 2 full years. This has continued to be popular with new enrollees since its introduction, and average time in DROP is trending slightly upward.
- Annual Pension Statements, Summary Plan Descriptions and Summary Plan Modifications were distributed to participants this year. This is an ongoing effort to transition to an electronic version of Annual Pension Statements that can be accessed through the City's HRMS Self-Service module. As well as providing convenient access to pension information, the electronic pension statements greatly reduce costs by eliminating printing and mailing statements.
- Annual cost of living increases were implemented for eligible retirees and beneficiaries. In addition, 6% interest was credited to all active and vested participants' pension accounts. We also eliminated the cost of printing and mailing individual COLA notices; a message advising of the adjustment is now printed on the earnings statement in which the COLA is effective.
- We had 29 requests for buyback calculations in FY 2015, with 1741 requests since inception. Of those calculated in FY 2015, 27 purchased one or more types of service, totaling just over \$594,313. Since inception, over \$12,724,337 has been paid to purchase additional service.
- Our website on the City's Talgov.com has been a hit. This past year we have updated our forms and information page. This comprehensive website includes information for both active employees and retirees. Now, with the click of a mouse, our participants have immediate access to their pension plan guides, the latest pension news and updates, and electronic forms that can either be submitted to our office electronically or printed off and mailed, and calculators that provide the current status and balance of their retirement accounts. The website also provides staff of the retirement office convenient access to the resources they need to complete vital tasks all in one location.
- There were 26 New Employee Orientation sessions conducted during FY 2015 with 206 new or rehired employees in attendance. In addition, pension information was presented during each of the quarterly New Employee Orientation review sessions that were conducted by Human Resources.
- During the FY15 Health Insurance Open Enrollment, educational materials were processed and mailed out to the over 1,500 retirees who participate in the City's Health Insurance Plan. Medicare continues to present additional challenges with additional processing requirements.

SUMMARY OF ACTIVITY - CONTINUED

Defined Contribution, Deferred Compensation and Supplemental Share Plans

- Perhaps the biggest news of FY 2015 was the City's change from Prudential Retirement to Empower Retirement for all recordkeeping services on our defined contribution and deferred compensation accounts. The City of Tallahassee had enjoyed a 20+ year relationship with Prudential Retirement and had seen many changes over that time. As part of our regular bid process to retain vendors, Empower Retirement submitted a very nice proposal and won the contract. Recordkeeping services were transitioned to Empower on July 15, 2015. To date, they have done an outstanding job assisting with the transition, offering new services and features, and helping the City retirement team plan for many new additions over the next few years. We look forward to an exciting partnership with Empower Retirement.

401(k) - Matched Annuity Pension (MAP)

- The MAP 401(k) Loan Program continues to be popular with employees and retirees. There were 270 new loans in FY 2015, bringing the total to over 5,585 since inception.

457 - Deferred Compensation Plan (RSVP)

- The RSVP loan program also continues to be a popular program. There were 104 new loans in FY 2015, bringing the total to 836 since its inception in FY05.
- In March 2015, we processed refunds for approximately 463 terminated temporary employees. The Temporary Employees Deferred Compensation Plan (Temp-DC Plan) was established in 1994 as an alternative retirement plan for temporary employees.

Fire and Police Supplemental Share Plans

- We completed the annual distribution of the 175/185 shares to all eligible Police Officers and Firefighters. These supplemental share plans were established to receive money from the State of Florida and distribute it to all Police Officers and Firefighters with at least five years of service with the City. Set up as 401(a) share plans that are administered by Empower, the number of shares each participant receives is determined by their years of service. The 2015 amount received for Firefighters was \$988,124. The 2015 amount received for Police Officers was \$1,276,489. Share amounts are contingent upon the amount received from the state each year and the total number of shares that are distributed each October 1st.

Other Activities

- The 25th Annual Retiree Appreciation dinner was held at the North Florida Fairgrounds and over 300 retirees and their spouses attended. Police and Fire Color Guard kick off the event, and of course, everyone brought their favorite desserts to share. There was a great selection of door prizes that were generously donated by the City of Tallahassee Retirement Office, Parks and Recreation, Utilities, Fire, Planning, CHP, Florida Blue, Prudential, MetLife and Tallahassee-Leon Federal Credit Union. Many of the Pension Advisory Board Members, Appointed Officials, and Elected Officials attended this year's dinner and served the retirees a great meal.

DEFINED BENEFIT PLAN STATEMENT OF CHANGES IN NET ASSETS For Fiscal Year Ending September 30, 2015
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BEGINNING NET ASSETS - OCTOBER 1, 2014	<u>\$1,391,619,049</u>
Increases in Net Assets:	
Change in Fair Value of Investments	4,354,449
Interest and Dividends	16,517,675
Securities Lending Income	309,559
Commission Recapture Income	52,106
Less Investment Expense	(6,968,663)
City Contributions	26,580,763
Employee Contributions	10,597,140
State Contributions	33,751
TOTAL INCREASE IN NET ASSETS	<u>51,476,780</u>
Decreases in Net Assets:	
Benefit Payments	(74,686,687)
Refund of Employee Contributions and Interest	(310,178)
Administrative Expenses	(942,187)
TOTAL DECREASE IN NET ASSETS	<u>(75,939,052)</u>
NET CHANGE IN NET ASSETS	<u>(24,462,272)</u>
ENDING NET ASSETS - SEPTEMBER 30, 2015	<u>\$1,367,156,777</u>

DEFINED BENEFIT PLAN BALANCE SHEET For Fiscal Year Ending September 30, 2015

ASSETS:

Equity in Pooled Cash	\$ 24,966,604
Investments	1,342,450,555
Accrued Interest Receivable	1,374,577
Accounts Receivable	1,287,468
Securities Lending Collateral	0
Open Sales	<u>39,656,959</u>

TOTAL ASSETS **\$1,409,736,163**

LIABILITIES AND NET ASSETS:

Obligation Under Securities Lending	\$ 0
Open Purchases/Other Payable	<u>42,579,386</u>

TOTAL LIABILITIES **\$42,579,386**

Net Assets – Reserved for Employee Retirement Plans **\$1,367,156,777**

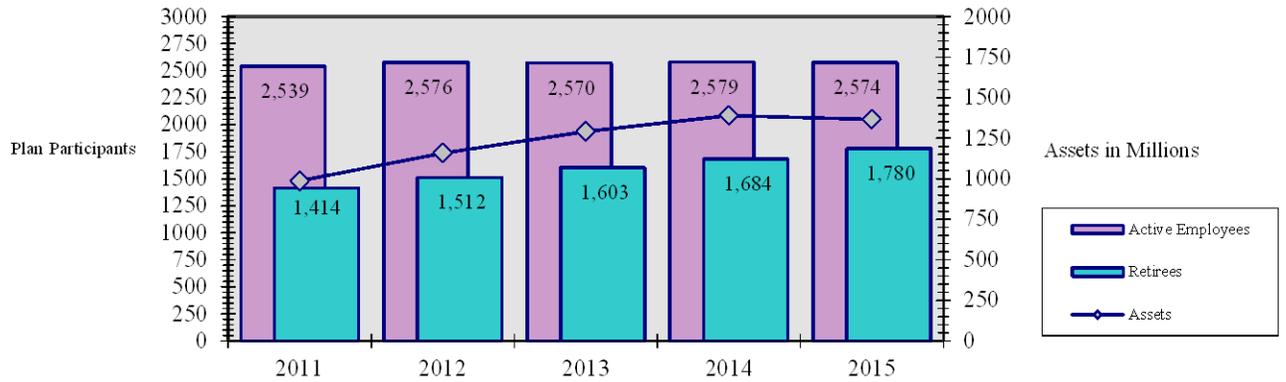
TOTAL LIABILITIES AND NET ASSETS: **\$1,409,736,163**

**DEFINED BENEFIT PLAN
ASSET SUMMARY
For Fiscal Year Ending September 30, 2015**

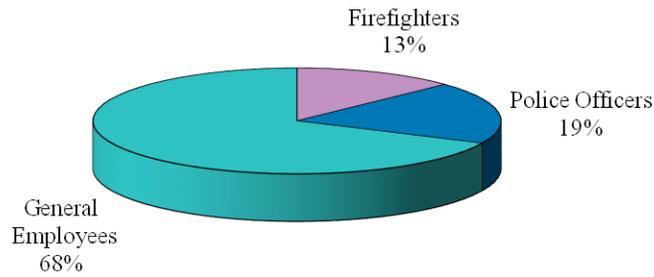
<u>DEFINED BENEFIT:</u>	<u>9/30/2014</u>	<u>9/30/2015</u>
Market Value	\$ 1,392,197,070	\$ 1,367,156,777
TOTAL FUND RETURN - FY 2015		0.82%
<u>INDIVIDUAL MANAGERS:</u>		<u>Annual Return</u>
DOMESTIC EQUITY		
SSgA S&P 500 Index NL		-0.56%
T. Rowe Price		N/A
AJO Partners		N/A
NCM Capital		2.15%
Times Square Capital Mgmt		2.44%
Iridian		N/A
Wedge Capital		2.76%
Emerald Advisers		N/A
FIXED INCOME		
Pyramis		2.31%
Voya		N/A
Metropolitan West Asset Mgmt		2.21%
REAL ESTATE		
Heitman Value Partners		-10.72%
Heitman Value Partners III		14.05%
JP Morgan REIT		11.84%
JP Morgan SPF		14.53%
AEW Partners V		35.96%
Allegis		7.71%
TA Realty Fund IX		11.15%
TA Realty Fund X		10.72%
AG Core Plus Realty Fund III, L.P.		26.05%
AG Core Plus Realty Fund IV, L.P.		N/A
Northwood Real Estate Partners		8.27%
Westport Real Estate Fund IV		8.02%
INTERNATIONAL		
Artisan Partners		-9.77%
Alliance Bernstein		-4.16%
JP Morgan Emerging Markets Equity Focused		-16.52%
PRIVATE EQUITY		
Pomona Capital VIII		10.59%
BlackRock Diversified Private Equity V		-1.18%
Lexington Capital Partners VIII, L.P.		N/A
Horsely Bridge XI Venture, L.P.		N/A
Molpus Woodlands Fund IV, L.P.		N/A
CASH		
Master Acct		0.00%

DEFINED BENEFIT PLAN ASSET SUMMARY CHARTS

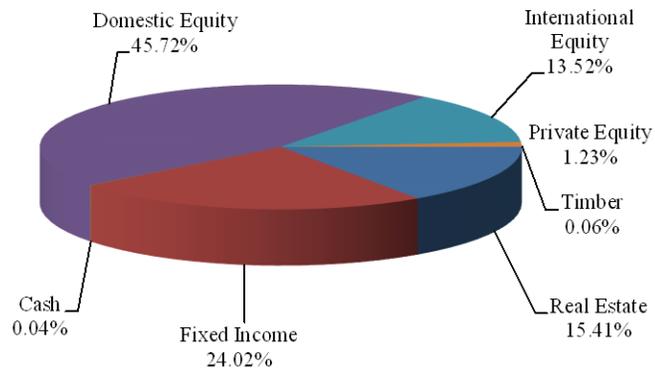
Asset and Participant Growth



Assets by Class of Employee



Distribution of Assets by Investment Type



**DEFINED CONTRIBUTION PLAN
PRUDENTIAL RETIREMENT
401(k) MATCHED ANNUITY PENSION (MAP)
STATEMENT OF CHANGES IN NET ASSETS
For Fiscal Year Ending September 30, 2015**

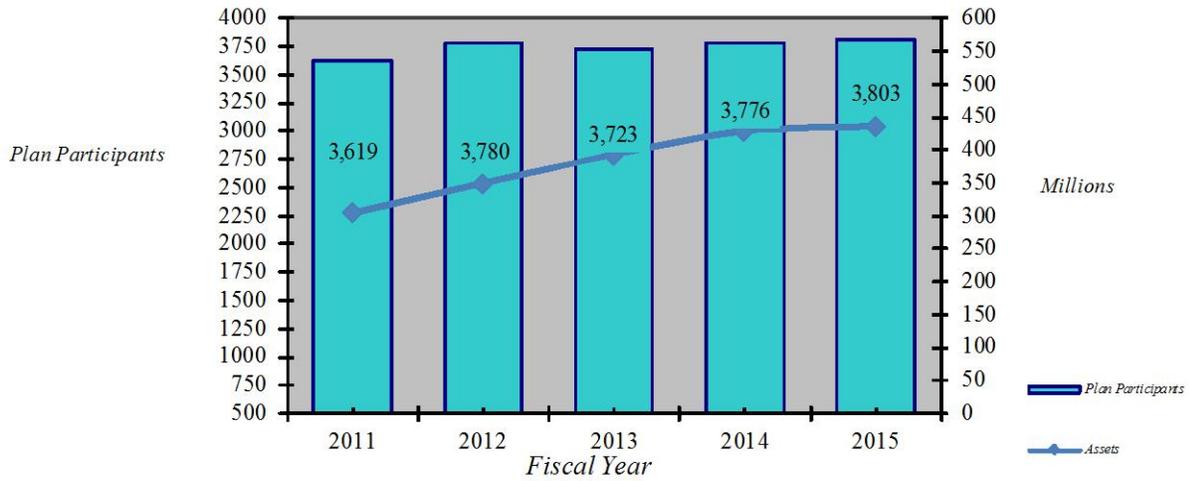
BEGINNING NET ASSETS - OCTOBER 1, 2014	<u>\$ 427,562,738</u>
Increases in Net Assets:	
Net Appreciation In Fair Value of Investments	24,007,936
City Contributions	6,521,178
Employee Contributions	5,588,992
Loan Repayments (Principal and Interest)	2,474,899
TOTAL INCREASE IN NET ASSETS	<u>38,593,005</u>
Decreases in Net Assets:	
Disbursements	(7,914,320)
Loan Initiations, Fees and Forfeitures	(2,969,862)
Miscellaneous Transactions	(520,649)
TOTAL DECREASE IN NET ASSETS	<u>(11,404,831)</u>
TRANSFERRED TO EMPOWER RETIREMENT	<u>(454,750,911)</u>
ENDING NET ASSETS – JULY 14, 2015	<u><u>\$0</u></u>

**DEFINED CONTRIBUTION PLAN
EMPOWER RETIREMENT
401(k) MATCHED ANNUITY PENSION (MAP)
STATEMENT OF CHANGES IN NET ASSETS
For Fiscal Year Ending September 30, 2015**

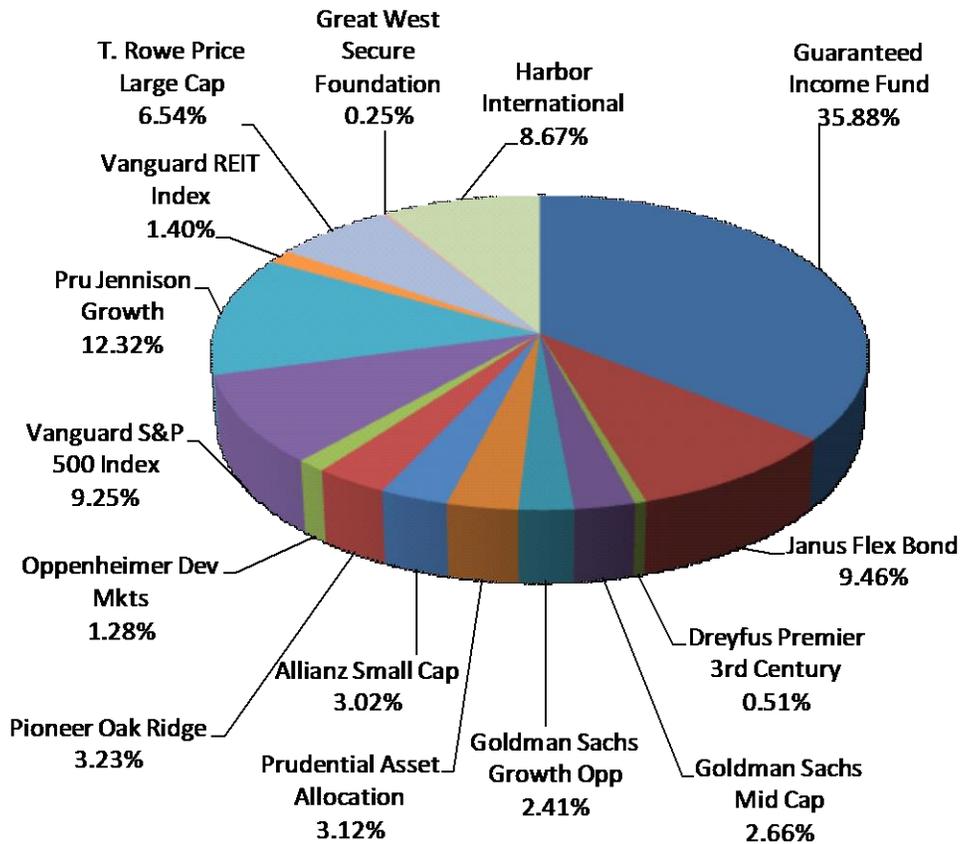
BEGINNING NET ASSETS – JULY 15, 2015	<u>\$ 0</u>
TRANSFERRED FROM PRUDENTIAL	454,750,911
Increases in Net Assets:	
Contributions	4,698,180
Loan Repayments (Principal and Interest)	697,072
Miscellaneous Transactions	7,132,875
TOTAL INCREASE IN NET ASSETS	12,528,127
Decreases in Net Assets:	
Net Depreciation in Fair Value of Investments	(26,361,778)
Disbursements	(5,351,733)
Loan Initiations, Fees and Forfeitures	(645,861)
TOTAL DECREASE IN NET ASSETS	(32,359,372)
ENDING NET ASSETS - SEPTEMBER 30, 2015	<u>\$434,919,666</u>

**DEFINED CONTRIBUTION PLAN
401(k) MATCHED ANNUITY PENSION (MAP)
ASSET SUMMARY CHARTS**

401(k) Asset and Participant Growth



Distribution of Assets



**DEFERRED COMPENSATION PLAN
PRUDENTIAL RETIREMENT
457 RETIREMENT SAVINGS VOLUNTARY PLAN (RSVP)
STATEMENT OF CHANGES IN NET ASSETS
For Fiscal Year Ending September 30, 2015**

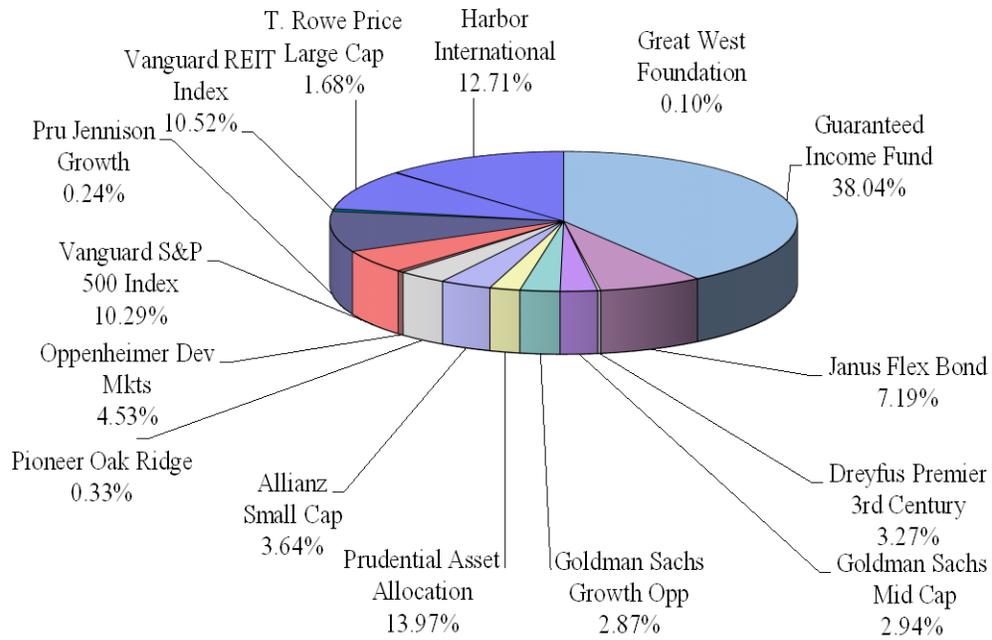
BEGINNING NET ASSETS - OCTOBER 1, 2014	<u>\$ 47,856,774</u>
Increases in Net Assets:	
Interest and Dividends	2,543,843
Contributions	3,510,861
Loan Repayments (Principal and Interest)	547,487
Miscellaneous Transactions	46,766
TOTAL INCREASE IN NET ASSETS	<u>6,648,957</u>
Decreases in Net Assets:	
Disbursements	(1,587,688)
Loan Initiations and Fees	(612,395)
TOTAL DECREASE IN NET ASSETS	<u>(2,200,083)</u>
TRANSFERRED TO EMPOWER RETIREMENT	<u>(52,305,648)</u>
ENDING NET ASSETS – JULY 14, 2015	<u>\$0</u>

**DEFERRED COMPENSATION PLAN
EMPOWER RETIREMENT
457 RETIREMENT SAVINGS VOLUNTARY PLAN (RSVP)
STATEMENT OF CHANGES IN NET ASSETS
For Fiscal Year Ending September 30, 2015**

BEGINNING NET ASSETS – JULY 15, 2015	<u>\$ 0</u>
TRANSFERRED FROM PRUDENTIAL	<u>52,305,648</u>
Increases in Net Assets:	
Contributions	1,232,031
Loan Repayments (Principal and Interest)	131,612
Miscellaneous Transactions	1,006,154
TOTAL INCREASES IN NET ASSETS	<u>2,369,797</u>
Decreases in Net Assets:	
Net Depreciation In Fair Value of Investments	(3,117,772)
Disbursements	(1,082,355)
Loan Initiations, Fees and Forfeitures	(145,914)
TOTAL DECREASE IN NET ASSETS	<u>(4,346,041)</u>
ENDING NET ASSETS - SEPTEMBER 30, 2015	<u>\$50,329,404</u>

**DEFERRED COMPENSATION PLAN (457)
ASSET SUMMARY CHARTS**

Distribution of 457 Assets



**DEFINED CONTRIBUTION PLAN (401k) and
DEFERRED COMPENSATION PLAN (457)
ASSET SUMMARY
For Fiscal Year Ending September 30, 2015**

<u>DEFINED CONTRIBUTION:</u>	<u>10/1/2014</u>	<u>9/30/2015</u>
Investments	\$432,348,412	\$485,249,070

<u>INDIVIDUAL MANAGERS:</u>	<u>Annual Return</u>
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EQUITY

Harbor International Institutional	-10.29%
Vanguard S&P 500 Index Fund	-0.63%
Dreyfus Premier Third Century Fund	-4.76%
Prudential Jennison Growth	5.12%
Allianz NFJ Small Cap Value	-7.54%
Pioneer Oak Ridge Small Cap Growth	0.23%
Oppenheimer Developing Markets	-23.19%
Goldman Sachs Mid Cap Value	-5.36%
Goldman Sachs Growth Opportunities	-3.12%
Vanguard REIT Index Fund	9.33%
T. Rowe Price Large Cap	N/A

MANAGED

Prudential Asset Allocation	0.41%
Great West Secure Foundation	N/A

FIXED INCOME

Janus Flex Bond	2.11%
Guaranteed Income Fund	2.56%

**DEFERRED COMPENSATION PLAN
 ICMA
 457 RETIREMENT SAVINGS VOLUNTARY PLAN (RSVP)
 STATEMENT OF CHANGES IN NET ASSETS
 For Fiscal Year Ending September 30, 2015**

BEGINNING NET ASSETS - OCTOBER 1, 2014	<u>\$ 3,552,328</u>
Increases in Net Assets:	
Interest and Dividends	51,306
TOTAL INCREASE IN NET ASSETS	<u>51,306</u>
Decreases in Net Assets:	
Disbursements	(1,398,405)
TOTAL DECREASE IN NET ASSETS	<u>(1,398,405)</u>
NET CHANGE IN NET ASSETS	<u>(1,347,099)</u>
ENDING NET ASSETS - SEPTEMBER 30, 2015	<u>\$ 2,205,229</u>