Portfolio Composition by Asset Class at December 31, 2013

Domestic Equity	57.7%
International Equity	15.8%
Domestic Fixed Income	21.2%
Private Equity	2.1%
Cash	3.2%
Total	**100.0%**

2013 Investment Performance

	1-Year	3-Year	5-Year	7-Year*	10-Year*
Net of Fees	22.27%	10.91%	14.01%	6.55%	7.14%

*7-Year and 10-Year Returns are estimated by Gray & Company.

contact us at
memberservices@pontiacgers.org

CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY ANNUAL REPORT TO MEMBERS
DECEMBER 31, 2013

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die.

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and to invest its assets. Our Board retains professional advisors to assist in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the City's charter, the City's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information and more detailed reports about the System's operations are available in the Retirement Office or you may visit www.pontiacgers.org.

Respectfully Submitted,

The Board of Trustees
City of Pontiac General Employees' Retirement System

Investment Fiduciaries of the System

Board of Trustees
Charlie Harrison, Chairman
Shirley Barnett
Koné Bowman
Janice Gaffney
Robert Giddings
Leon Jukowski, Mayor
Walter Moore
Nevrus Nazarko, Secretary
Patrice Waterman
Kevin Willliams

Investment Managers
Ambassador Capital
Gray & Company Emerging Large Cap Core
Gray & Company Michigan Large Cap Value
GrayCo Alternatives
First Eagle Asset Management
Invesco
Kennedy Capital Management
Loomis,Sayles& Company
Mesirow Financial
Munder Capital
Peritus Asset Management
Sawgrass Asset Mngmt
Systematic Financial
WCM Investment Mgmt.

Legal Counsel
Sullivan, Ward, Asher & Patton, P.C
Investment Consultant
Gray & Company

Actuary
Rodwan Consulting
Custodian of Assets
Northern Trust

Other Service Providers

Payroll Serv. Provider	IT Admin. Services Provider	Medical Director
ADP	ARK Technologies	MES

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a certain dollar amount from year to year. The Board of Trustees of the City of Pontiac General Employees' Retirement System confirms that the System provides for the payment of the required employer contribution as described in Section 38.1140m of Michigan Public Act No. 728.To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Rodwan Consulting, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2013 valuation, based on the established funding objective, are summarized below:

FISCAL YEAR BEGINNING JULY 1, 2015 EMPLOYER CONTRIBUTION RATES AS A % OF ACTIVE MEMBER PAYROLL

Contributions For	
Computed Employer Amount*	0.00%
Member Contributions	0.00%
Valuation Payroll	$1,574,964
Funded Status	
Valuation Assets (Smoothed Market Value)	$396,857,874
Actuarial Accrued Liabilities	$279,931,726
% Funded	141.8%
Participant Data	
Active **Members**	**32**
Retirees and Beneficiaries	1132
Vested Inactive Members	261
Total Annual Benefits Paid	$23,946,351
Average Annual Retirement Benefit	$21,154
Weighted Average of Member Contrib.	$0
Accounting Disclosures	
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Market Value
Actuarial Assumptions	
Investment Rate of Return	7.5%
Projected Salary Increases	5.6% - 9.4%
- Includes Inflation at	4.5%
Employer's Normal Cost*	$279,188

ACTUARY'S OPINION

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.
The Board of Trustees confirms that the System has received the required employer contributions for the years shown above.
The actuarial assumed rate of investment return for the year ended December 31, 2013 was 14.59%.
The System is closed to all non-MAPE employees hired after April 1, 2013.
*In 2013, the Employer's Normal Cost calculation was changed from a level % of payroll to a level dollar. The Employer's Contribution Amount as a % of payroll is 0.00%. The Employer's Normal Cost as a % of valuation payroll is 17.73%.

ASSETS & LIABILITIES 2013

Net Plan Assets at December 31, 2012	**$423,528,789**
Assets	
Interest and Other Receivables	$1,235,252
Short-term Investments	$27,284,995
Long-term Investments	$462,998,538
Total Assets	$491,518,785
Liabilities	
Accounts Payable and other Payables	$1,045,898
Net Plan Assets at December 31, 2013	**$490,472,887**
Plan Year Change in Net Plan Assets	**$66,944,098**

Itemized Budget

	2013 Expenditures	2014 Adopted Budget
Wages	$226,726	$219,314
Fringe Benefits	$219,876	$74,703
Pension Payments	$23,946,984	$27,619,527
Bank Fees	$202,174	$236,000
Interest	$65,608	$25,000
Investment Mgmt.	$2,485,634	$2,500,000
Professional Train/Edu	$40,267	$40,000
Insurance	$36,662	$38,000
Other Professional Serv.	$273,235	$228,672
Rent	$27,296	$28,976
Equipment	$3,775	$2,476
Supplies/Postage	$11,335	$13,600
Other Admin. Exp.	$40,723	$26,445

Soft Dollar Expenditures

2013 Soft Dollar Expenditures $93,042.66