

AGENDA

CITY OF BIRMINGHAM FIREMEN'S AND POLICEMEN'S SUPPLEMENTAL PENSION SYSTEM

Board Members:

**Valerie Abbott, Chairperson
Robert Webb, Member No. 1
William Lipscomb, Member No. 2
Marlon Tolliver, Member No. 3
Hazel Anthony, Member No. 4**

Meeting Time:

**Wednesday, December 12, 2018 at
1:30 p.m. in Mayor's Conference Room "A"
Birmingham City Hall**

Minutes:

**Attached are the minutes of the
November 14, 2018 meeting**

- 1. Approval of the minutes for the November 14, 2018 meeting.**
- 2. Approval of the financial statements for the month of October 2018.**
- 3. Approval of investment activity for the month of November 2018.
(Regions Investment Management) – George McCurdy**
- 4. Approval of investment activity for the month of November 2018.
(Lazard) – Anthony “Tony” Dote**
- 5. Approval of investment activity for the month of November 2018.
(Cooke & Bieler) – Thad Fletcher**
- 6. Approval of investment activity for the month of November 2018.
(Great Lake Advisors) – Laurie Watson**
- 7. Approval of investment activity for the month of November 2018.
(Penn Capital) – Steve Loizeaux**

8. **Approval of investment activity for the month of November 2018. (FIS Group) – Charles Curry**
9. **Approval of investment activity for the month of November 2018. (Blackstone) – Michael Cambias**
10. **Approval of investment activity for the month of November 2018. (Ithaca Group) – Scott O’Gorman, Jr.**
11. **Approval of investment activity for the month of November 2018. (Morningside Asset Management) – Yolanda Foreman**
12. **Approval of investment activity for the month of November 2018. (Energy Opportunities) – L. Farrell Crane**
13. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the appearances of Mr. Greg Burchell, Mr. Daymeon Fishback, and Ms. Whitney McDade of Morgan Stanley.**
14. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of William E. Coleman, an employee with the Fire Department, for SERVICE PENSION at the rate of \$4,283.02 per month (DROP Amount \$166,672.99, DROP Date 12/07/2015), effective December 8, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
15. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Gregory Elston, an employee with the Fire Department, for SERVICE PENSION at the rate of \$4,120.81 per month (DROP Amount \$160,360.53, DROP Date 12/28/2015), effective December 29, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
16. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Thomas Evans, an employee with the Fire Department, for SERVICE PENSION at the rate of \$3,053.41 per month (DROP Amount \$118,122.53, DROP Date 11/20/2015), effective November 21, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
17. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Charles E. Gordon, Jr., an employee with the Fire Department, for SERVICE PENSION at the rate of \$5,625.03 per month (DROP Amount \$218,896.75, DROP Date 12/28/2015), effective December 29, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**

18. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Andrew Hutchinson, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,819.55 per month, effective December 1, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
19. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Tracy L. Johnson, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,704.33 per month, effective December 8, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
20. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Robert I. McNeal, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,612.50 per month, effective November 20, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
21. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Scott A. Rich, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,979.55 per month, effective December 1, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**
22. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Jamie W. Springer, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,705.50 per month, effective December 9, 2018 under the provisions of Act 59-556, Section 6 of the pension law.**

THE BOARD OF MANAGERS OF THE CITY OF BIRMINGHAM FIREMEN'S AND POLICEMEN'S SUPPLEMENTAL PENSION SYSTEM met on Wednesday, November 14, 2018 in Mayor's Conference Room "A" at 1:30 p.m.

Board Member Robert Webb called the meeting to order: The following Board Members were present, namely:

**Valerie Abbott, Chairperson
Robert Webb, Member No. 1
William Lipscomb, Member No. 2
Hazel Anthony, Member No. 4**

Board Member Webb made the motion for the October 10, 2018 minutes to be approved. Board Member William Lipscomb seconded.

The Board Members APPROVED the October 10, 2018 minutes.

Board Member Webb referenced the financial statements for the month of September 2018, and stated the City of Birmingham Firemen's and Policemen's Supplemental Pension System is down \$800,000; this pertains to pension revenues brought in and pension contributions from the City and participants vs. expenditures going out. It does not pertain to investment revenues.

Board Member Webb stated to Mr. Aaron Saxton, Deputy Director of Finance, that the Board Members thought money was set aside for the remainder of this quarter with the City per a previous discussion. Mr. Saxton stated the Supplemental Pension System has approximately \$600,000 in operating cash.

Board Member Webb stated to Mr. Saxton for clarity the \$600,000 should carry over to December 2018. Mr. Saxton stated yes.

Board Member Webb made the motion for the financial statements for the month of September 2018 to be approved. Board Member Lipscomb seconded.

The Board Members APPROVED the financial statements for the month of September 2018.

Board Member Webb referenced the investment activity for the month of October 2018, and stated the Supplemental Pension System gained \$129,000.00 in profit. Board Member Webb thanked Mr. Steve Scarro of Regions Bank and Mr. Greg Burchell of Morgan Stanley.

Board Member Webb made the motion to approve the investment activity for the month of October 2018. Board Member Lipscomb seconded.

The Board Members APPROVED the investment activities for the month of October 2018. (Regions Investment Management) – George McCurdy

The Board Members APPROVED the investment activities for the month of October 2018. (Orleans Capital) – Gary Welchel

The Board Members APPROVED the investment activities for the month of October 2018. (Lazard) – Anthony “Tony” Dote

The Board Members APPROVED the investment activities for the month of October 2018. (Energy Opportunities Capital Management, LLC) – L. Farrell Crane

The Board Members APPROVED the investment activities for the month of October 2018. (Cooke & Bieler) – Thad Fletcher

The Board Members APPROVED the investment activities for the month of October 2018. (Great Lake Advisors) – Laurie Watson

The Board Members APPROVED the investment activities for the month of October 2018. (Mesirow Financial) – Eugene Duffy

The Board Members APPROVED the investment activities for the month of October 2018. (Penn Capital) – Steve Loizeaux

The Board Members APPROVED the investment activities for the month of October 2018. (FIS Group) – Charles Curry

The Board Members APPROVED the investment activities for the month of October 2018. (Blackstone) – Michael Cambias

The Board Members APPROVED the investment activities for the month of October 2018. (Ithaka Group) – Scott O’Gorman, Jr.

The Board Members APPROVED the investment activities for the month of October 2018. (Morning Asset Management) – Yolanda Foreman

Board Member Webb made the motion to approve the Service Pension applications to be approved. Board Member Lipscomb seconded.

The Board Members APPROVED the application of Sean B. Argo, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,538.34 per month (DROP Amount \$98,779.06, DROP Date 11/08/2015), effective November 9, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Merriman Bell, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,568.92 per month, effective November 10, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Angela D. Bishop, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,972.53 per month, effective October 7, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Hugh Butler, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,444.67 per month (\$95,133.95, DROP Date 09/30/2015), effective October 1, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Twila J. Fortune, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,280.35 per month, effective October 14, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Jeffrey W. Gregg, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,461.47 per month, effective September 29, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Reginald W. Howard an employee with the Police Department, for SERVICE PENSION at the rate of \$2,831.58 per month (\$110,190.21, DROP Date 09/27/2015), effective September 28, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of William A. Hudson, Sr., an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,876.87 per month (\$111,952.90, DROP Date 11/08/2015), effective November 9, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Katrina M. Johnson, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,821.04 per month (\$109,780.25, DROP Date 10/26/2015), effective October 27, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Johnny Jones, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,568.92 per month, effective November 11, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Robert D. Miller, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,502.39 per month (DROP Amount \$97,379.83, DROP Date 11/02/2015), effective November 3, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Leisa R. Truett, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,121.32 per month, effective October 14, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Daryl W. Wilhite, Sr., an employee with the Police Department, for SERVICE PENSION at the rate of \$2,408.04 per month (DROP Amount \$93,708.26, DROP Date 10/19/2015), effective October 20, 2018 under the provisions of Act 59-556, Section 6 of the pension law.

Board Member Webb stated he went through his pension guidelines' handbook. The new Board Members have not received their handbook, but Board Member Webb's book is mostly outdated legislation. However, Board Member Webb sent the new Board Members a fifteen-page narrative of how the Supplemental Pension System works; it is very complicated. Board Member Webb stated he also sent a copy to Ms. Tina Goree, Recording Secretary and Mr. James Love, Board Counsel. Board Member Webb stated he did not copy documents pertaining to legislation going back fifteen years, and some of it had been redacted because it is no longer law. The last piece of legislation dates back seven years. However, Mr. Love can answer any legal questions the Board Members may have.

There was an appearance by Mr. Greg Burchell of Morgan Stanley. Mr. Burchell stated the Supplemental Pension System had some really good market performance through the third quarter. The Three-Year Treasury hit 325 points early last month; setting everything into a whirlwind.

Mr. Burchell referenced the Wealth Management handout, and the Year-To-Date Returns were 3% through October 2018. The Years 2018 and 2019 are not going to be like 2016 and 2017. The next best performer is Inflation-Link Securities; the Supplemental Pension System has a little bit of exposure to that with Penn Capital at negative 2.3%. The worst performer is Emerging Market Equities, which is down 16%. When leadership changes, one looks for opportunities to take advantage of when the market becomes difficult; that is when one makes money. Money is made during the volatile markets, and not when the market is going straight up. Last quarter, the Board Members took some money "off the table" with growth stocks and added to value. Money was taken from US and put towards international; it has not played out during the last three months but Mr. Burchell feels fairly confident that it will happen. In regards to US Large Cap Growth Stocks, twenty is the price per earnings multiple. As an example, for every dollar worth of earnings that is earned in growth stocks the Supplemental Pension System is paying \$20.00 per square foot. If the stocks go down in value, it is \$13.50 per square foot which is a little more attractive.

Growth stocks may command a better premium because they are growing faster, but Morgan Stanley feels the valuations are at least moderate to slightly undervalue. Emerging Markets are \$10.00 per square foot; not a great neighborhood to have been in historically but they are improving. Growth Stocks and Emerging Markets are the kind of stocks Morgan Stanley likes to look at for future growth. Emerging Markets probably will not have the premium and be in the neighborhood than growth stocks per the US Governmental Accounting perspective, but Morgan Stanley thinks the opportunity is there. Japan is the least expensive based on their earnings' growth; trading in at \$12.00 per every dollar worth of earnings. Historically, Japan traded in at \$19.00. Morgan Stanley feels there is some opportunity with Japan as well.

Mr. Burchell stated the US stocks were more expensive last month. Since then, US stocks have been repriced and Morgan Stanley thinks US stocks are more attractive. When going through business cycles, the placement of stocks matters more than the political party in the US Oval Office. The US economy is in the expansionary phase in the current market cycle; it started in the bottom of the market in 2009. The Repair and Recovery, along with part of the expansion, was done under a Democratic Regime in Office. Overall, the expansionary phase slightly outperformed on a monthly basis during the Democratic Regime at eight-three basis points on average vs. the Republican Regime. The "talking heads" (news media) talks about how much politics play into the US economy and it does, but it is all about business in the long-term i.e. people making money and companies growing their profits.

Board Member Webb stated he recalls Mr. Burchell making the statement about "making money when stocks are volatile". Mr. Burchell stated that is correct; money is made when market is beaten up. The stock market is similar to the housing market, i.e. it is hard to find value when it is going straight up. When problems occur, one can pick off houses. If one has cash, they invest in properties when it is mispriced and the market would take advantage of it; this scenario applies to the stock market also. Mr. Burchell stated he is a strong believer, or more contrarian in nature, in terms of investing and looking for opportunity in the volatile markets.

Mr. Burchell discussed the different sectors in the market with the Board Members. In 2019, Morgan Stanley's estimates \$178.00 in average earnings per share for the S&P 500. According to economic data, it is going to be challenging environment and will not be as opportunistic as it has been in the US.

Mr. Burchell discussed the money managers' performance with the Board Members. For the 3rd Quarter, the 1% move was not registered in the S&P 500; it has been up and down with a lot of volatility. There were some all-time highs with the US markets. The international markets have struggled, but overall the Growth Domestic Product (GDP) was clipping in at approximately 4.2% rate of return. Mr. Mike Wilson, Chief Investment Strategist at Morgan Stanley, has his price targeted at \$27.50 on the S&P 500. The US markets rose approximately 7.7% in the 3rd Quarter. All eleven sectors of the S&P 500 had a positive finish with healthcare leading the way.

Internationals had underperformance in the 3rd Quarter. There is a continuing divergence between valuations and US stocks, and international stocks. China, Turkey, and Argentina really struggled due to the amplification of the US Dollar strength. The US Dollar depreciates the local currency; making it look cheaper and go down in price. Morgan Stanley believes that it will hit an optimum point eventually, and reverse. Morgan Stanley's investment economists expects the GDP to be the US 2.9% vs. the globally 3.8%. The US is not growing as fast as the rest of the world, but the US is growing and carrying a big part of its weight. The US represents 40% of the world economy, but not quite as much as the rest of the world.

Mr. Burchell stated the Morgan Stanley Capital International Europe Asia Far East (MSCI EAFE) are the developed peers to the US that are not US. For the quarter, the MSCI EAFE was up approximately 1.4%, and 3.8% for the twelve months. The breakdown is in two sectors: EAFE Growth and EAFE Value. EAFE Growth are companies that may not have been established as long or not paying a dividend. These companies are growing their earnings, i.e. buying companies, developing new technology, or reinvesting in themselves. EAFE Value-Oriented Stocks includes telecom, utilities, financials that may be paying a higher dividend, or making reinvestments that are paid out to individual investors. Again, Japan had a pretty good twelve-month return. The US did not do quite as well, as reflected by the S&P 500. Emerging Markets were kind of flat after coming off a really good year in 2017.

Mr. Burchell stated the Supplemental Pension System was 100% bonds fifteen years ago. Starting with the US Aggregate, the largest representation of the bond market, the Supplemental Pension System would have earned 2.16% during the five-year. The High-Yield Bond Market did a little better at 5.5%. As spreads (the safest bonds for US Treasury relative to what below-investment grades or junk bonds are earning) tighten, the Supplemental Pension System is not getting paid for that risk in the High-Yield Bond Market. It is reflected in the past returns. High-Yield Bonds have done well, and government bonds have done well also. Mortgage-backed securities struggled. The [previous] Board Members made a good decision several years ago to start diversify this portfolio. The twelve-month number was worse, and the High-Yield Number was the only positive. The short-duration High Yield is the route that is taken instead of taking a long position.

Board Member Webb referenced the international underperformance in the handout, and asked Mr. Burchell if the Board Members should have any concerns with that catching up over time. Mr. Burchell stated a rebalance done last quarter; approximately six weeks early. Morgan Stanley felt like the evaluation of the US market had peaked out. The Board Members shifted some money from growth to value; giving it to Cooke & Bieler who had underperformed. The rest of the money was shifted to Lazard. The shifting was done in the expectance of events that are happening right now.

Mr. Burchell stated the Total Fund for the Supplemental Pension System is up 3.81% for the three-month period, as reflected in the fiscal year of July 1, 2018. For the one-year, it is 10.55%; approximately 10% for the three-year; 7.17% for the five year; 6.87% for the ten-year; and 5.6% since inception.

Mr. Burchell stated the Asset Allocation was changed when the Board Members added US equities, international, alternatives, and other asset classes; the continues will evolve over time. The Supplemental Pension System would not have been as close these types of returns if the Board Members had not added them. The Supplemental Pension System made approximately \$1.5 million dollars for the quarter, and \$4.1 million dollars for the one-year. In US, it is 44% and equities is 29%; some of that is multi-national that is included with the Supplemental Pension System's US money managers. The Supplemental Pension System does not have a big position in Lazard, but Mr. Burchell stated the portfolio has a full weight in internationals, and he does want to add more to it. Morgan Stanley took an early position on internationals, but they believe it will ultimately play out within the next few years; internationals will show up in returns.

Board Member Webb stated for clarification the Supplemental Pension System would be improving if it was not spending more than what it is taken in. The pension fund is not losing money, but it is spending money. Mr. Burchell referenced the handout, and stated the Supplemental Pension System started out with \$26 million dollars in 2001. From 2001 to 2014, \$4 million dollars was added above pension payments. Since 2013, \$30 million dollars was pulled out to make pension payments. For the entire period as reflected in the handout, \$26 million dollars was pulled out. When adding the \$26 million dollars to the current value, \$65 million dollars was withdrawn.

Board Member Webb stated for clarification the contribution base would be increasing if the withdrawn base would decrease. Every month, the Board Members point out how much was spent to meet pension obligations; pension contributions vs. pension pay outs. Mr. Burchell stated it is contributions plus withdrawals; it is the only way the Supplemental Pension System pays pension payments.

Mr. Burchell referenced the handout, and discussed the money managers' performance. Ithaka was up 36% Year-To-Date; Great Lakes was 11.84%; Blackstone was 7%; Penn Capital was 3.2%; Cooke & Bieler was 2%; Energy Opportunities was 1.6%; Mesirow Financial was 1.25%; Morningside was 0.73%; and Cooke & Bieler Large Cap Value was negative 2.8%. Even though it is negative, Cooke & Bieler Large Cap Value is really having a quarter relative to their benchmark; this is not say that they are having positive returns but they are hanging on. Orleans Capital was negative 1.6%, and Lazard was negative 2.78%.

Mr. Burchell stated the Supplemental Pension System outperformed the City of Birmingham Retirement & Relief System. The Retirement & Relief System is a bigger flexible fund, but not as nimble as the Supplemental Pension System. Mr. Burchell stated he is very pleased with the One-Year Returns and Quarterly Returns for the Supplemental Pension System.

Mr. Burchell commends the Board Members for making good decisions.

Mr. Burchell referenced the Projects List, and stated Morgan Stanley is vetting money managers. The vetting process takes time and Morgan Stanley's operational due diligence is very intense regarding alternatives; taking a deeper dive vs. traditional because there is no transparency. Mr. Burchell stated he hopes to bring the Board Members a recommendation on a private markets manager soon.

Mr. Burchell stated he sent some dates to Mr. James Love, Board Counsel, regarding the Educational Session for the Board Members. Mr. Love communicated with the Board Members, and they decided to meet on November 29, 2018 at 6:00 p.m. The venue is to be determined.

Mr. Burchell stated Piedmont Investment Advisors/FIS Group is still on watch. It not performance-related, but he wants to monitor the transition between the two companies. Piedmont has expressed interest to coming to a Board Meeting, and they are trying to coordinate their schedules. Piedmont met with the R&R Board Members previously.

Mr. Burchell stated the Supplemental Pension System Board Members were provided a copy of the Investment Policy at last month's Board Meeting for their review. Mr. Burchell and Mr. Love reviewed the policy, and some changes were recommended. Mr. Burchell and Mr. Love want know if the Board Members had any questions. Board Member Webb stated he reviewed the changes.

Board Member Webb made motion to approve the Revised Investment Policy. Chairperson Abbott seconded.

The Board Members APPROVED the Revised Investment Policy.

Mr. Love stated the Board Members will need to sign the Revised Investment Policy.

Board Member Webb referenced the Projects List, and stated the Fiscal-Year-To-Date Withdrawals were \$1.8 million dollars, \$6.8 million dollars for the 2018, and \$4.7 million dollars for 2017. Mr. Burchell stated it is continued problem that is shared by the Board Members' peers across the country, i.e. the increasing amount of liability in pension payments. People are living longer, and spouses are living longer.

Board Member Webb stated the numbers are not a reflection of an accounting policy. The numbers are reflection of cash. Mr. Burchell stated every contribution from public safety employees and any matching dollars provided by the City can be added to the numbers that comes into the Supplemental Pension System referenced by Board Member Webb.

Mr. Burchell referenced the Projects List, and stated in 2017 the Expected Benefit Payments were \$11.900 million dollars; Expected Payroll Contributions were \$7.4 million dollars; Administrative Expenses were \$70,000.00; and the Expected Cashflow out of the pension fund was \$4.288 million dollars; and the Actual Benefit was approximately \$7 million dollars. Mr. Burchell stated the Calendar Year Numbers and Fiscal Year Numbers are both reflected in Projects List to distinguish the two sets of numbers.

Mr. Burchell stated the Total Fund Withdrawal Rate for Supplemental Pension System was \$2.6 million dollars in 2017; almost 16% was taken out of the pension fund. That is an eye-opener, and that cannot happen too many times. Board Member Webb agreed.

Mr. Burchell stated the 16% Withdrawal Rate is something similar to rush hour traffic, i.e. more people are retiring. The pension fund will work itself out, and it will not be as bad in the future. Mr. Burchell stated he thinks he saw that the R&R Board Members' agenda that they will invite Mr. Rocky Joyner of the Segal Company. Mr. Burchell asked the Supplemental Pension System Board Members if they will be extending the same invitation. Board Member Webb and Board Member Lipscomb stated yes.

Board Member Webb stated he will email Mr. Joyner. Board Member Lipscomb stated the new Board Members will need to meet Mr. Joyner.

Board Member Webb thanked Mr. Burchell for his presentation.

Chairperson Abbott referenced the agenda item regarding the payment of the 2019 National Association of Public Pension Attorneys (NAPPA) membership dues, and authorization and payment for related expenses for Board Counsel, James D. Love, to attend the Annual National Association of Public Pension Attorneys (NAPPA) 2019 Legal Education Seminar in Tempe, Arizona from February 19-23, 2019.

Chairperson Abbott asked Mr. Love if the Board Members receive a report from him after attending the conference regarding any interesting things that happened. Mr. Love stated he would say some things to the Board Members about the conference. Prior to Mr. Love becoming the Board Counsel, the previous Board Counsel attended the conference and came back with some suggestions. The Board Members were not pleased. Mr. Love stated he tries not to overstep.

Board Member Webb stated for clarity to Mr. Love that Mr. Love is with his colleagues from other pension boards, and it is important for Mr. Love to be up to speed with what is going on at the conference. Chairperson Abbott stated she just wondered the Board Members learned from Mr. Love when attends these seminars. Do the Board Members get anything out of it? Does Mr. Love get everything out of it, and the Board Members think it looks good? Mr. Love stated he uses what he learns at the conference for the Supplemental Pension System.

Board Member Lipscomb stated Mr. Love has not come before the Board Members with trying to change everything with the system, upon attending the conference.

Board Member Webb made the motion to approve the payment of the 2019 National Association of Public Pension Attorneys (NAPPA) membership dues, and authorization and payment for related expenses for Board Counsel, James D. Love, to attend the Annual National Association of Public Pension Attorneys (NAPPA) 2019 Legal Education Seminar in Tempe, Arizona from February 19-23, 2019. Chairperson Abbott seconded.

The Board Members APPROVED the payment of the 2019 National Association of Public Pension Attorneys (NAPPA) membership dues, and authorization and payment for related expenses for Board Counsel, James D. Love, to attend the Annual National Association of Public Pension Attorneys (NAPPA) 2019 Legal Education Seminar in Tempe, Arizona from February 19-23, 2019.

Mr. Love asked the Board Members to go into Executive Session.

Board Member Webb made the motion to go into Executive Session. Chairperson Abbott seconded.

The Board Members APPROVED to go into Executive Session.

Mr. Love stated he hereby certify that the reasons to go into Executive Session are reasons consistent with the State of Alabama Open Meetings Law, and he certifies that he is an attorney in good standing.

The Board Members went into Executive Session.

The Board Members emerged from Executive Session.

Board Member Webb made the motion to approve the Robbins Geller Rudman & Dowd to litigate securities fraud against Ryanair Holdings. Chairperson Abbott seconded.

The Board Members APPROVED the Robbins Geller Rudman & Dowd to litigate securities fraud against Ryanair Holdings.

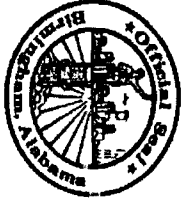
Board Member Webb made the motion to adjourn. Chairperson Abbott and Board Member Tolliver seconded.

There being no further discussion, the Board Members APPROVED to be adjourned.

ATTEST:

**Lorren Oliver
Secretary**

**Robert Webb
Chair Pro – Tem**



Firemen and Policemen Supplemental Pension Fund 17

Balance Sheet

October 2018

Account	Account Description	Current YTD	Prior Year	Net Change
		Balance	YTD Total	
Fund Category	Fiduciary Funds			
Fund Type	Pension Trust Funds			
Fund 017 - Firemen & Policemen Supplemental				

Cash and Investments

Cash

101-001 Cash NOW Money Market Funds-Compass	(292,657.80)	579,278.65	(871,936.45)
103-001 Investments Money Market Funds-Compass Bank	0.02	33.39	(33.37)
103-003 Investments STJFF	2,404,101.95	1,377,083.49	1,027,018.46
Cash Totals	\$ 2,111,444.17	\$ 1,956,395.53	\$ 155,048.64

Investments

103-005 Investments Corporate Bonds	4,585,373.50	6,012,742.90	(1,427,369.40)
103-006 Investments U. S. Treasuries	490,264.87	394,812.67	95,452.20
103-007 Investments Other Government Securities	1,021,959.99	867,688.47	154,271.52
103-008 Investments Equities	24,867,645.80	23,664,370.17	1,203,275.63
103-009 Investments Contribution/Distribution Acct	1,834,869.47	19,009.24	1,815,860.23
103-014 Investments Alternatives	1,522,992.06	5,514,758.92	(3,991,766.86)
103-050 Investments Investment Receivable/Payable	239,973.63	(6,087.84)	6,087.84
104-005 Market Value Adjustment Corporate Bonds	(20,116.82)	100,245.87	139,727.76
104-006 Market Value Adjustment U.S. Treasuries	(5,409.21)	(10,607.81)	(9,509.01)
104-007 Market Value Adjustment Other Government Securities	2,024,232.67	35,533.21	(40,942.42)
104-008 Market Value Adjustment Equities	406,903.09	4,426,467.63	(2,402,234.96)
104-014 Market Value Adjustment Alternative Investments	36,968,689.05	286,984.23	119,918.86
Investments Totals	\$ 36,968,689.05	\$ 41,305,917.66	\$ (4,337,228.61)
Cash and Investments Totals	\$ 39,080,133.22	\$ 43,262,313.19	\$ (4,182,179.97)

Receivables

112-000 Interest Receivable Accrued Interest Receivable	91,382.64		91,382.64
118-002 Accounts Receivable Miscellaneous Receivable			
Receivables Total	\$ 91,382.64	\$ -	\$ 91,382.64

ASSETS TOTALS	\$ 39,171,515.86	\$ 43,262,313.19	\$ (4,090,797.33)
----------------------	-------------------------	-------------------------	--------------------------

LIABILITIES AND FUND EQUITY



Firemen and Policemen Supplemental Pension Fund 17

Balance Sheet

October 2018

LIABILITIES AND FUND EQUITY			
LIABILITIES			
200-000	Vouchers Payable	31,442.79	
201-001	Accounts Payable	-	31,442.79
	Liabilities Total	\$ 31,442.79	\$ 31,442.79
FUND EQUITY			
311 Fund Balance			
311-000	Fund Balance Unassigned	73,260,596.85	73,260,596.85
	Fund Balance Totals	\$ 73,260,596.85	\$ 73,260,596.85
	Net Assets	(30,613,568.03)	(30,085,311.81)
320-070	Net Assets Future Pension Benefits	(30,613,568.03)	(30,085,311.81)
	FUND EQUITY TOTALS Prior to Current Year Changes	\$ 42,647,028.82	\$ 43,175,285.04
	Net Assets Totals	(30,613,568.03)	(30,085,311.81)
	FUND EQUITY TOTALS	\$ 39,140,073.07	\$ 43,262,313.19
	Prior Year Fund Equity Adjustment	2,201,103.76	4,996,353.68
	Fund Revenues	(5,708,059.51)	(4,909,325.53)
	Fund Expenses	(2,795,249.92)	(798,733.98)
	LIABILITIES AND FUND EQUITY TOTALS	\$ 39,171,515.86	\$ 43,262,313.19
		(4,090,797.33)	(4,090,797.33)



Firemen and Policemen Supplemental Pension Fund 17

Income Statement

October 2018

Account	Account Description	MTD Actual Amount	YTD Actual Amount	Prior Year YTD Total
Fund Category Fidelity Funds				
Fund Type Pension Trust Funds				
<u>Fund 017 - Firemen & Policemen Supplemental</u>				
REVENUE				
<i>Miscellaneous Revenue</i>				
470	Investment Income			
470-001	Investment Income Interest on Investments	53,299.96	223,582.76	154,140.29
470-004	Investment Income Interest on Contributions	-	6,687.59	-
470-007	Investment Income from Security Litigation	60,416.19	1,665,484.00	271,806.92
470-025	Investment Income Gain/Loss on Sale of Investments	(2,902,840.84)	(2,973,874.75)	1,374,294.72
470-035	Investment Income Change in Fair Value of Invests.			
	470 - Investment Income Totals	<u>\$(2,789,124.69)</u>	<u>\$(1,078,120.40)</u>	<u>1,800,241.93</u>
<i>Miscellaneous Revenue</i>				
478	Miscellaneous Revenue			
478-099	Miscellaneous Revenue Other Miscellaneous Revenue	-	-	-
480-010	Miscellaneous Revenue Premium Tax-Fire Insurance	-	-	8,546.78
	478 - Miscellaneous Revenue Totals	<u>\$-</u>	<u>\$-</u>	<u>8,546.78</u>
<i>Miscellaneous Revenue Totals</i>				
		<u>\$(2,789,124.69)</u>	<u>\$(1,078,120.40)</u>	<u>1,808,788.71</u>
<i>Pension Contributions</i>				
480	Pension Fund Revenue			
480-001	Pension Fund Revenue Employee Contributions	335,227.03	1,518,893.21	1,514,790.32
		388,523.43	1,760,330.95	1,672,774.65
480-002	Pension Fund Revenue Employer Contributions	723,750.46	3,279,224.16	3,187,564.97
	480 - Pension Fund Revenue Totals	<u>\$ 723,750.46</u>	<u>\$ 3,279,224.16</u>	<u>\$ 3,187,564.97</u>
REVENUE TOTALS				
		<u>\$(2,065,374.23)</u>	<u>\$ 2,201,103.76</u>	<u>\$ 4,996,353.68</u>

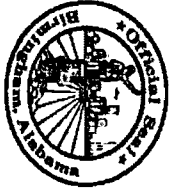


Firemen and Policemen Supplemental Pension Fund 17

Income Statement

October 2018

Account	Account Description	MTD Actual Amount	YTD Actual Amount	Prior Year YTD Total
Fund Category	Fiduciary Funds			
Fund Type	Pension Trust Funds			
<i>Fund 017 - Firemen & Policemen Supplemental</i>				
EXPENSE				
<i>Personnel Services</i>				
500	Salaries and Wages	2,984.17	13,428.70	12,513.55
500-001	Salaries and Wages Salaries and Wages	<u>2,984.17</u>	<u>13,428.70</u>	<u>12,513.55</u>
505	Pensions - Fringe Cost			
505-006	Pensions - Fringe Cost R & R Contributions Supplemental	117,916.37	456,885.16	422,934.72
	505 - Pensions - Fringe Cost Totals	<u>\$ 117,916.37</u>	<u>\$ 456,885.16</u>	<u>\$ 422,934.72</u>
	<i>Personnel Services Totals</i>	<u>\$ 120,900.54</u>	<u>\$ 470,313.86</u>	<u>\$ 435,448.27</u>
527	Professional Fees			
527-014	Professional Fees Consulting Fees	.00	.00	11,000.00
527-040	Professional Fees Investment Manager Fees	55,126.72	54,331.24	29,678.30
527-050	Professional Fees Other Professional Services	1,379.17	1,379.17	2,157.78
	527 - Professional Fees Totals	<u>\$ 56,505.89</u>	<u>\$ 55,710.41</u>	<u>\$ 42,836.08</u>
<i>General & Administrative</i>				
525	Non Capital			
525-010	Non Capital Equipment	-	-	-
525-011	Non Capital Computer Software-Equipment	-	-	-
	525 - Non Capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>General & Administrative</i>				
534	G & A			
534-016	G & A Dues & Subscriptions	250.00	250.00	-
534-030	G & A Instruction & Training	-	-	-
534-050	G & A Other G & A Expenses	-	-	-
534-075	G & A Travel Expenses	-	-	1,710.58
	534 - G & A Totals	<u>\$ 250.00</u>	<u>\$ 250.00</u>	<u>\$ 1,710.58</u>



Firemen and Policemen Supplemental Pension Fund 17

Income Statement

October 2018

Account	Account Description	MTD Actual Amount	YTD Actual Amount	Prior Year YTD Total
Fund Category Fiduciary Funds				
Fund Type Pension Trust Funds				
Fund 017 - Firemen & Policemen Supplemental				
<i>Pension Fund Expenditures</i>				
590	Pension Fund Expense			
590-001	Pension Fund Expense Pension Benefits	892,249.95	2,597,047.46	2,461,134.85
590-002	Pension Fund Expense Drop Plan Benefits	378,204.84	1,080,967.11	418,047.91
590-003	Pension Fund Expense Refunds of Contributions	27,635.64	205,680.24	493,945.36
	590 - Pension Fund Expense Totals	\$ 1,298,090.43	\$ 3,883,694.81	\$ 3,373,128.12
	EXPENSE TOTALS	\$ 1,475,746.86	\$ 4,409,969.08	\$ 3,853,123.05
Fund 017 - Firemen & Policemen Supplemental Totals				
	REVENUE TOTALS	(2,065,374.23)	2,201,103.76	4,996,353.68
	EXPENSE TOTALS	(1,475,746.86)	(5,208,059.51)	(4,909,325.53)
	GRAND TOTAL NET GAIN (Loss)	\$ (3,541,121.09)	\$ (3,506,955.75)	\$ 87,028.15

**Firemen & Policemen Supplemental, Fund 17
Professional Fees
Oct 2018**

GL Date	Journal	Sub Ledger	Description	Inv Date	Source	Reference	Amount
GL Account Number: 017_000_527_014 Professional Fees Consulting Fees							
Account Total: Professional Fees Consulting Fees							
-							

GL Account Number: 017_000_527_040 Professional Fees Investment Manager Fees							
10/09/18	2019-00004013	Morgan Stanley Smith Barney LLC	Investment Advisory Fee Payment	09/19/2018	CHECK	314515	18,286.04
10/15/18	2019-00004270	Morningside Asset Management LLC	Management Fee for 3rd Qtr 2018 Qtr end	10/15/2018	CHECK	314986	4,365.98
10/17/18	2019-00001742	Cooke & Bieler	Management Fee for 3rd Qtr 2018 Qtr end	10/15/2018	CHECK	315181	7,829.25
10/22/18	2019-00001788	Regions Bank	Management Fee for 3rd Qtr 2018 Qtr end	10/22/2018	CHECK	315273	343.21
10/22/18	2019-00004719	Energy Opportunities Capital Management LLC	Management Fee for 3rd Qtr 2018 Qtr end	09/30/2018	CHECK	315299	2,713.76
10/23/18	2019-00004892	Orleans Capital Management	Management Fee for 3rd Qtr 2018 Qtr end	10/09/2018	CHECK	315269	942.83
10/23/18	2019-00004892	Penn Capital Management Co	Management Fee for 3rd Qtr 2018 Qtr end	09/30/2018	CHECK	315271	2,118.84
10/29/18	2019-00004892	Piedmont Investments Advisors LLC	Management Fee Underpayment for 7/1/18- 10/17/2018	10/17/2018	CHECK	315455	13,897.00
10/31/18	2019-00004892	Piedmont Investments Advisors LLC	Management Fee Underpayment for 7/1/18- 10/17/2018	10/17/2018	EFT	12181	822.66
10/31/18	2019-00005210	Great Lakes Advisors	Management Fee for 3rd Qtr 2018 Qtr end	10/29/2018	EFT	12235	3,907.15
Account Total: Professional Fees Investment Manager Fees							
<u>55,126.72</u>							

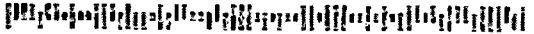
GL Account Number: 017_000_527_050 Professional Fees Other Professional Services							
10/9/2018	2019-00003956	Regions Bank	Regions Custody Fee 2018	9/26/2018	CHECK	314627	336.28
10/9/2018	2019-00003956	Regions Bank	Custody Fee for July 2018	8/21/2018	CHECK	314627	330.15
10/9/2018	2019-00003956	Regions Bank	Custody Fee for June 2018	08/22/2018	CHECK	314627	394.15
10/22/2018	219-00004892	Regions Bank	Custody Fees for September 2018	10/22/2018	CHECK	315273	319.59
Account Total: Professional Fees Other Professional Services							
<u>1,379.17</u>							
GL Account Number: 017_000_534-016 G & A Dues & Subscriptions							
10/18/18	2019-00004892	NCPERS	William Lipscomb Renewal #25519	10/03/2018	CHECK	315266	250.00
Account Total: Professional Fees Other Professional Services							
<u>250.00</u>							

GL Account Number: 017_000_534-030 G & A Travel Expense							
Account Total: Non Capital							
-							
GL Account Number: 017_000_534-075 G & A Travel Expense							
Account Total: G & A Travel Expense							
-							
<u>56,766.89</u>							

Morgan Stanley

September 19, 2018

Invoice Number: 10038218262



000001 MSHS88A1 000000 634 302
CITY OF BIRMINGHAM
ATTN: AARON SAXTON -CITY HALL
710 NORTH 20TH STREET
BIRMINGHAM AL 35203-2216

Morgan Stanley
Financial Advisor
www.morganstanley.com

IMPORTANT NOTICE | INVESTMENT ADVISORY FEE PAYMENT REQUIRED

ACTION REQUIRED — PLEASE REMIT PAYMENT IN THE ENCLOSED BUSINESS REPLY ENVELOPE

We value you as a client and thank you for the opportunity to serve your investment needs. Please see below for the investment advisory fee(s) due.

ACCOUNT	CLIENT NAME	TOTAL FEE AMOUNT
634-083147	CITY OF BIRMINGHAM	\$18,286.04
	Total Fee:	\$18,286.04
	Prior Balance:	\$0.00
	Net Amount:	\$18,286.04

For additional details please see Invoice Detail and Remittance Instructions on pages to follow.

017.000.527-040



Morningside Asset Management

3333 Piedmont Road
Suite 2050
Atlanta, GA 30305

INVOICE

Date	invoice #
10/15/2018	252

Bill To:

City of Birmingham Firemen's and Policemen's
Supplemental Pension System
Attention: Finance Director
710 North 20th Street, Suite 100-A
Birmingham, Alabama 35203

Description	Date	Amount
Investment Services City of Birmingham Firemen & Policemen AUM at end of September = \$1,746,390.71 Fee = 100bps	10/15/18	\$4,365.98
Total Amount Due		\$4,365.98

Wiring Instructions:
JP Morgan Chase Bank
Routing No. 021000021
Morningside Asset Management 723931759

Yolanda Pledge
10/15/18

Thank you for your business. Please contact us at 404-374-9964 or yolanda@morningsideam.com with any questions.



COOKE & SEILER

1700 Market Street, Suite 3222
Philadelphia, PA 19103

PHONE: 215.567.1161
FAX: 215.567.1691

Account Number: 20091
Invoice Number:
Invoice Date: 10/15/2018

Mr Aaron Saxton, *via Electronic Mail*
Cash & Investment Manager
City of Birmingham
710 North 20th Street, Ste C-100
Birmingham, AL 35203

RE: City of Birmingham Firemen's and Policemen's Supplemental Pension Plan
~~1040003203~~

Fee for investment counsel service for the period 7/1/2018 through 9/30/2018 \$ 7,829.25

Custodial Market Value as of 9/30/2018 \$7,829,246.59

Fee Calculation:

\$7,829,246.59 @ 0.40% \$ 7,829.25

Amount Due: \$ 7,829.25

Please reference account number 20091

Shaneya Pledger

10/17/18

Fee schedule:
0.40 of 1% per annum on the total market value

cc: Ms Shaneya Pledger, *via electronic mail*
Ms Whitney McDade, *via electronic mail*
Mr Greg B. Burchell, *via electronic mail*

REGIONS

October 22, 2018

Mr. Aaron Saxton
FINANCE DEPARTMENT
City of Birmingham
710 - 20th Street North
Birmingham, AL 35203

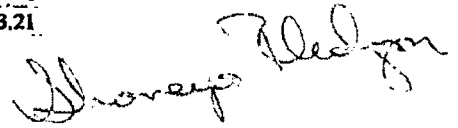
Re: City of Birmingham, Investment Management
Regions Bank, Manager
Regions Account # 1050002164

Dear Aaron:

Enclosed please find the invoice for our fee calculation period 07/01/2018 - 09/30/2018 for the City of Birmingham accounts.

Period Ending	Account	Name	Market Value	Amount
	1050002164	F&P Regions	\$ 549,139.63	\$ 343.21
			F&P Total Fee	\$ 343.21

Please feel free to reach out to me with any questions you might have, at (205) 264-5815.



Sincerely,



Steven J. Scaro
Vice President

017-000 527-040

Energy Opportunities Capital Management

6300 Bee Caves Rd
 Building Two, Suite 430
 Austin, Texas 78746

Invoice

Date	Invoice #
9/30/2018	1164

Bill To
Birmingham F&P Supplemental Pension Sys

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
1,085,504.8	Energy Opportunities Original Strategy at 100 bps per annum for Q3'18	0.0025	2,713.76
		Total	\$2,713.76

Shirley Dady
 10/22/18



ORLEANS CAPITAL
MANAGEMENT

October 9, 2018

Mr. Aaron Saxton
Finance Department
710 N 20th Street
STE C-100
Birmingham, AL 35203

FEE INVOICE
for investment management services
for the following accounts:

Account Name:	Fee Schedule:	Fee Cycle:	Market Value:	Total Amount Due:
Birmingham System's Fire and Police Supplemental Pension System	20 b.p./year	07/01/18 to 09/30/18	\$1,885,552.94	\$942.83

Please remit the above mentioned amount to:
Orleans Capital Management
P.O. Box 1750
Mandeville, LA 70470
Attention: Fee Area

Shonera D. Dugan
10/23/18

Thank you and if you have any questions regarding this invoice, please do not hesitate to contact our office at (504) 592-4578.

Please contact OCIM if there are any changes in your financial situation or investment objectives or if you wish to impose, add, or modify any reasonable restrictions to our investment management services. Our current disclosure statement is set forth on Part 2A of Form ADV and is available for your review upon request.

September 30, 2018

City of Birmingham Employees Retirement System
ATTN: Aaron Saxton
A-100 City Hall Building
Birmingham, AL 35203

Acct: 06T0
Code: sdbirp

STATEMENT OF MANAGEMENT FEE: City of Birmingham Firemen's and Policemen's Supplemental Pension Fund

9/30/2018 Portfolio Value:		\$ 2,118,842.74
Annual Fee Based On:		\$ 8,475.37
\$ 2,118,843 @ 0.40% per annum	\$ 8,475.37	
Quarterly Fee		\$ 2,118.84
For the Period 7/1/2018 through 9/30/2018		

Shenequa Blalock
10/23/18

Wire and ACH Instructions:
Beneficiary Bank: PNC Bank
B/B Address: 1600 Market Street,
Philadelphia, PA 19103
ABA: 031 000 053 Account #0620339647

A COPY OF PENN CAPITAL MANAGEMENT'S FORM ADV PART I & II IS AVAILABLE UPON REQUEST.



ithaka

Concentrated Growth Equity Managers

October 17, 2018

City of Birmingham Firemen's and Policemen's
Supplemental Pension System
Attention: Aaron Saxton, CPA
Cash & Investments Manager
710 North 20th Street, Suite 100-A
Birmingham, AL 35203

The Ithaka Group
STATEMENT OF MANAGEMENT FEES

For The Period July 1, 2018 through September 30, 2018

<u>Portfolio Valuation</u> <u>Date</u>	<u>NAV</u>	<u>Average Market</u> <u>Value between Cash</u> <u>Flows</u>	<u>Day Count</u>	<u>Rate</u>	<u>Amount</u> <u>Payable</u>
6/30/2018	\$ 7,657,798.36				
7/31/2018	\$ 7,824,672.60	\$ 7,741,235.48	31	0.50%	\$ 3,287.37
8/31/2018	\$ 5,628,994.35	\$ 6,726,833.63	31	0.50%	\$ 2,856.60
9/30/2018	\$ 5,697,864.87	\$ 5,663,429.76	30	0.50%	\$ 2,327.44

TOTAL DUE AND PAYABLE **\$ 8,471.41**

Fee Schedule: 0.50% per annum

7/22.33
Shonaya Blalock
10/24/18

Fee can be wired to our bank as follows:

The Ithaka Group, LLC
BB&T
A/C #0000150878942
ABA Routing #051404260

City of Birmingham Firemen's and Policemen's Supplemental Pension System

	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Difference Owed</u>
2Q17	\$ 6,092.71	\$ 7,233.90	\$ 1,141.19
3Q17***	\$ 6,131.98	\$ 7,671.53	\$ 1,539.55
4Q17	\$ 6,692.82	\$ 7,999.27	\$ 1,306.45
1Q18	\$ 7,201.47	\$ 8,558.87	\$ 1,357.40
2Q18	\$ 7,728.92	\$ 9,159.00	\$ 1,430.08
Balance due:			\$ 6,774.67

Shonaya R. Kelly
10/20/18

Balance due to under payment of invoices

*** the month end values on this invoice were ERRONEOUSLY from the previous quarter, this has been corrected on the revised invoice. Custodial statements are included for your review.



Invoice	INV12031
Invoice Date	10/17/2018
Client Number	OFI001
Pmt. Due	Upon Receipt

Bill To:

City of Birmingham Fire & Police Supplemental Pension
 Attn: Aaron Saxton
 710 N. 20th St., Suite C-100
 Birmingham, AL 35203

Management Fee
 For Quarter Ended
 September 30, 2018

**Reference: City of Birmingham Fire & Police Supplemental Pension
 Management Fee Computation**

	Amount
Per Annum Fee \$1,321,474.60 at 0.250000%	\$825.92
Total Amount Due	\$825.92

822.66
Shorey
10/30/18

Upon request, Piedmont Investment Advisors, Inc. will provide to you, at no cost, a copy of Part 2A of our most recent Form ADV, on file with the SEC, which describes the services offered by Piedmont and other pertinent information.

Please remit to:
 Bank Name: Firsttrust Bank
 Account Name: Piedmont Investment Advisors, Inc.
 ABA - Routing number: 236073801
 Account number: 8000185234

Please remit by check to:
 Piedmont Investment Advisors, inc
 P.O. Box 895
 Fort Washington, PA 19034-895

Direct Question to:
 Marion White (919) 600-8600



GREAT LAKES ADVISORS
AN INTRUST WEALTH MANAGEMENT COMPANY

Remittance Copy

October 29, 2018

Great Lakes Advisors, LLC
Tax ID 80-0292839

Mr. Aaron Saxton
City of Birmingham
aaron.saxton@birmingham1.gov

Account Name: City of Birmingham
Police & Fire Pension Fund
Account Number: 2226

Statement of Management Fees

For the Period: July 1, 2018 through September 30, 2018

Portfolio Valuation as of: September 30, 2018 \$3,244,477.00

Fee Calculation:	\$2,499,183.00 @0.50% per annum @ 92 days	3,149.66
	\$745,294.00 @0.35% per annum @ 92 days	657.49
	Total Management Fee Due and Payable	3,807.15

Please contact Maggie Bryla with any questions regarding this statement.
mbryla@greatlakesadvisors.com or (312) 553-3708

Shonora Bligh
10/31/18

Please send wires to:
Great Lakes Advisors, LLC
Wintrust Bank
ABA#071925444
Acct#0350017859
Payable to: Wintrust Bank
720 12th Street, Winnetka, IL 60091

Please send checks to: Great Lakes Advisors, LLC; 231 S. LaSalle St., 4th Floor; Chicago, Illinois 60604



September 26, 2018

Mr. Aaron Saxton
 FINANCE DEPARTMENT
 City of Birmingham
 710 - 20th Street North
 Birmingham, AL 35203

Re: F&P Prd Fee Custody
 Region: East, Custodian
 Region Account: # 892573

Dear Aaron:

Enclosed please find the invoice for our fee calculation period 03/01/2018 - 06/30/2018 for the F&P accounts.

Account	Name	Percentage	Market Value	Amount
1050002155	F&P ORLEANS	4.57%	\$ 1,877,479.32	\$ 15.65
1050002173	F&P PENN CAP	7.29%	\$ 2,934,707.77	\$ 24.40
1050002182	F&P LAZARD	27.41%	\$ 11,031,720.11	\$ 91.92
1050002191	F&P ENRG OPP CAP	2.63%	\$ 1,059,300.28	\$ 8.83
1050002208	F&P COOKES-BIELE	19.52%	\$ 7,815,704.69	\$ 65.13
1050002226	F&P GREAT LAKE	3.15%	\$ 1,291,295.02	\$ 27.43
1050002244	F&P MESSIOW	2.75%	\$ 1,106,143.39	\$ 9.22
1050002324	F&P BRIEF	4.60%	\$ 1,851,071.63	\$ 15.43
1050002431	F&P CASE FLOW	4.56%	\$ 1,833,845.89	\$ 15.26
1050004723	F&P ITEAZA	13.98%	\$ 5,525,222.13	\$ 46.08
1050004732	F&P MORNINGSIDE	4.51%	\$ 1,813,561.52	\$ 15.11
	100.00%		F&P Total Dec	\$ 335.28

Please feel free to reach out to me with any questions you might have, at (205) 264-5215.

Sincerely,

Steven J. Scaro
 Vice President

Shoneya Wilson
 10/19/18
 017-055-5217-0500



August 21, 2018

Mr. Aaron Sexton
 FINANCE DEPARTMENT
 City of Birmingham
 710 - 20th Street North
 Birmingham, AL 35203

Re: Five (5) Polka Custody
 Regions Bank, Custodian
 Regions Account # R022578

Dear Aaron:

Enclosed please find the invoice for our fee calculation period 07/01/2018 - 07/31/2018 for the F&P accounts.

Account	Name	Percentage	Market Value	Amount
1050002155	F&P ORLEANS	4.72%	\$ 1,370,071.26	\$ 15.58
1050002173	F&P PENN CAP	7.36%	\$ 2,017,283.64	\$ 24.21
1050002132	F&P LAZARD	25.32%	\$ 10,032,643.96	\$ 83.61
1050002191	F&P ENRG OPP CAP	2.76%	\$ 1,094,279.42	\$ 9.12
1050002203	F&P COCKE&BIELER	16.51%	\$ 6,544,634.74	\$ 56.50
1050002226	F&P GREAT LAKE	10.82%	\$ 4,239,530.77	\$ 35.75
1050002244	F&P BERSIROV	2.79%	\$ 1,105,188.11	\$ 9.21
1050002324	F&P BREIF	4.67%	\$ 1,351,071.62	\$ 15.43
1050002431	F&P CASH FLOW	0.84%	\$ 332,745.79	\$ 2.77
1050004723	F&P ITIAEA	19.74%	\$ 7,524,372.50	\$ 65.21
1050004732	F&P MORNINGSIDE	4.45%	\$ 1,765,840.49	\$ 14.72
		100.00%	F&P Total Fee	\$ 330.15

Please feel free to reach out to me with any questions you might have, at (205) 264-5815.

Sincerely,

Steven J. Scaro
 Vice President

017,000.527 USD

Shoneya Redden
 10/19/18



August 27, 2018

Mr. Aaron Sexton
 FINANCE DEPARTMENT
 City of Birmingham
 710 - 20th Street North
 Birmingham, AL 35203

Re: First S. Police Custody
 Regions Bank, Custodian
 Region Account # RB257C

Dear Aaron:

Enclosed please find the invoice for our fee calculation period 06/01/2018 - 06/30/2018 for the F&P accounts.

Account	Name	Percentage	Market Value	Amount
1050002155	F&P ORLANS	4.73%	\$ 1,062,251.95	\$ 15.02
1050002173	F&P PENN CAP	7.70%	\$ 2,959,655.02	\$ 23.03
1050002182	F&P LAZARD	25.21%	\$ 9,826,019.23	\$ 81.83
1050002191	F&P ENRG OPP CAP	2.76%	\$ 1,076,014.91	\$ 8.97
1050002208	F&P COOKE&BIBLER	16.21%	\$ 6,319,149.98	\$ 52.66
1050002226	F&P GREAT LAKE	10.80%	\$ 4,200,532.27	\$ 35.08
1050002244	F&P MRSIROW	2.63%	\$ 1,102,674.71	\$ 9.13
1050002324	F&P BREFP	4.75%	\$ 1,551,071.61	\$ 15.15
1050002431	F&P CASH FLOW	0.83%	\$ 332,745.79	\$ 2.71
1050004723	F&P ITHAKA	19.53%	\$ 7,637,792.36	\$ 53.82
1050004732	F&P MORNINGSIDE	6.15%	\$ 1,737,071.32	\$ 14.48
		100.00%	<u>F&P Total Fee</u>	<u>\$ 322.43</u>
1050064732	F&P MORNINGSIDE	\$ 13.72		
1050004723	F&P ITHAKA	\$ 58.00		
		\$ 71.72	due from 3/31 Invoice	

Please feel free to reach out to me with any questions you might have, at (205) 264-5815.

ORLANS 537-050

\$ 394.15
 Shenequa Dodson
 10/9/18

Sincerely,

Steven J. Scaro
 Vice President

322.43 +
 71.72 +
 394.15

REGIONS

October 22, 2018

Mr. Aaron Sexton
FINANCE DEPARTMENT
City of Birmingham
710 - 20th Street North
Birmingham, AL 35203

Re: The Police Custody
Regina's Bank, Custodian
Regions Account # 002875

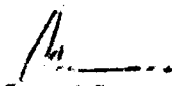
Dear Aaron:

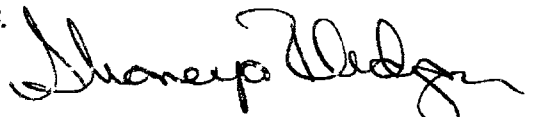
Enclosed please find the invoice for our fee calculation period 09/01/2018 - 09/30/2018 for the F&P accounts.

Period Ending	Account	Name	Market Value	Amount
	1050002155	F&P ORLEANS	\$1,672,000.82	\$15.60
	1050002173	F&P PENN CAP	\$2,512,205.53	\$23.35
	1050002182	F&P LAZARD	\$11,109,713.65	\$92.59
	1050002191	F&P ENRG OPP CAP	\$1,084,590.18	\$9.04
	1050002208	F&P COOKE-BIEBLER	\$7,818,133.28	\$65.15
	1050002226	F&P GREAT LAKE	\$3,260,356.11	\$27.00
	1050002344	F&P MESIROV	\$1,107,095.96	\$9.23
	1050002324	F&P BREIF	\$1,374,830.13	\$15.62
	1050002431	F&P CASH FLOW	\$0.73	\$0.00
	1050004723	F&P ITHACA	\$5,697,795.31	\$47.48
	1050004732	F&P MORNINGSIDE	\$1,746,031.55	\$14.53
		F&P Total Fees		\$319.59

Please feel free to reach out to me with any questions you might have, at (205) 264-5815.

Sincerely,


Steven J. Scaro
Vice President


012000.527-050

December 12, 2018

**City of Birmingham Firefighters &
Police Officers Supplemental Pension System**

Project 1:

Morgan Stanley's Global Investment Committee believes that we are in a multi-year rate normalization period, with low expected bond total returns. We also expect increased volatility from equities yet with lower returns. To deal with these issues we will update the asset allocation study with the new actuarial projections, once received, reflecting the projected liability withdrawal schedule as a result of the change in projected benefits and increased contributions. – **IN PROGRESS**

Results: Legislation has passed to lower the fixed income minimum threshold to 12.5%.

Recommendation:

- Diversify alternative investments by introducing additional asset classes, including Private Market investments.
 - 2/14/18: The R&R Board voted and approved private equity allocations to both Hamilton Lane and Grosvenor
 - Morgan Stanley is going to bring new manager ideas once due diligence is completed

Project 2:

Recommendation: 3rd Quarter's pension and DROP Payments to be funded from the proceeds of Mesirov's liquidation - **COMPLETED**

Project 3:

Recommendation: Annual review of Investment Policy Statement – **COMPLETED**

Watch List: **Piedmont**, on Watch, June 13, 2018 – Due to manager transition. Invited to a future meeting

Birmingham Firemen and Policemen

values as of November 30, 2018

		<u>Net Asset Values</u>	
Cash Flow	Cash Disbursement	\$0	0%
Penn Capital	Short Term High Yield	\$3,046,293	8%
Regions	Core Fixed Income	\$551,379	1%
Orleans	Core Fixed Income	\$1,854,804	5%
Piedmont	Core Fixed Income	\$1,318,176	4%
Total Fixed Income		\$6,770,653	18% *
Cooke & Bieler	Large Value	\$7,601,721	20%
Ithaca Group	Large Growth	\$5,149,134	14%
Morningside	Small Cap Value	\$1,582,390	4%
Great Lakes Advisors	Small/Mid	\$2,963,815	8%
Lazard	Intl / EM	\$10,302,362	28%
Total Equity		\$27,599,422	74%
Energy Opp	Specialty	\$818,551	2%
Blackstone	Real Estate Income Fund	\$1,893,655	** 5%
Mesirow (Liquidated)	FOHF (in cash)	\$55,072	*** 1%
Total Alternatives		\$2,767,278	8%
TOTAL FUND BALANCE		\$37,137,353	101%
TOTAL FISCAL YTD WITHDRAWALS	Pension and DROP Payments	(\$2,891,463)	Fiscal Year to Date
		(\$7,891,463.00)	2018 Calendar YTD
		(\$4,768,436)	2017 Calendar Year

Morgan Stanley

* Note: Total fixed income allocation, including cash held in equity mandates is 20.6%

** Values as of 10/31/2018

*** Funds are currently in cash. 5% is to remain at Mesirow Financial through next audit

The above summary/prices/statistics have been obtained from Regions Financial, custodian of the assets, and are believed reliable but cannot be guaranteed.

Fire & Police Supplemental Expected Actuarial Fiscal Year Cashflow vs Actual

Plan Year Beginning <u>July 1</u>	Expected Benefit <u>Payments</u>	Expected Total Contributions - <u>10.44% of Payroll</u>	Expected Administrative <u>Expenses</u>	Expected <u>Cashflow</u>	Actual Fiscal <u>YTD*</u>	Difference <u>Fiscal YTD</u>	Annual Rate of Withdrawal <u>(%)</u>
2014	11,157,374	7,392,946	67,494	-3,831,922	-\$2,986,990	\$844,932	5.49%
2015	11,943,335	7,361,852	67,494	-4,648,977	-\$4,907,977	-\$259,000	9.68%
2016	12,594,500	7,545,899	69,181	-5,117,782	-\$6,398,463	-\$1,280,681	14.48%
2017	11,952,360	7,734,546	70,911	-4,288,725	-\$6,955,000	-\$2,666,275	15.97%
2018	12,558,580	7,927,910	72,684	-4,703,354	-\$2,891,463	\$1,811,891	7.27%
2019	13,455,328	8,126,108	74,501	-5,403,721			
2020	11,415,173	8,329,260	76,363	-3,162,276			
2021	12,205,615	8,537,492	78,272	-3,746,395			
2022	10,939,107	8,750,929	80,229	-2,268,407			
2023	10,935,235	8,969,702	82,235	-2,047,768			
2024	11,435,986	9,193,945	84,291	-2,326,332			
2025	11,185,315	9,423,793	86,398	-1,847,920			
2026	10,393,507	9,659,388	88,558	-822,677			
2027	10,877,433	9,900,873	90,772	-1,067,332			
2028	9,838,888	10,148,395	93,041	216,466			
2029	10,014,461	10,402,105	95,367	292,277			
2030	10,239,107	10,662,157	97,751	325,299			
2031	11,395,710	10,928,711	100,195	-567,194			
2032	10,850,809	11,201,929	102,700	248,420			
2033	11,484,765	11,481,977	105,268	-108,056			
2034	12,495,100	11,769,027	107,899	-833,972			
2035	11,938,237	12,063,252	110,597	14,418			

*Actual FYTD withdrawals as of November 30, 2018

Note: These projections are based on the July 1, 2015 actuarial valuations for the Plans, and have not been adjusted to account for actual cash flows in the 2015-2016 year.

The contributions for both plans include expected contribution transfers from F&P to R&R for F&P retirees.

The above summary/prices/statistics have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. Past performance is no guarantee of future results.