

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, October 9, 2019 at
1:30 p.m. in Mayor's Conference Room "D"
Birmingham City Hall

Minutes: Attached are the minutes of the
August 14, 2019 meeting

1. Approval of the minutes for the August 14, 2019 meeting.
2. Approval of the financial statements for the months of July 2019 & August 2019.
3. Approval of investment activity for the months of August 2019 & September 2019. (Regions Investment Management) – George McCurdy
4. Approval of investment activity for the months of August 2019 & September 2019. (Lazard) – Anthony “Tony” Dote
5. Approval of investment activity for the months of August 2019 & September 2019. (Cooke & Bieler) – Thad Fletcher
6. Approval of investment activity for the months of August 2019 & September 2019. (Great Lake Advisors) – Laurie Watson
7. Approval of investment activity for the months of August 2019 & September 2019. (Penn Capital) – Steve Loizeaux

8. **Approval of investment activity for the months of August 2019 & September 2019. (Piedmont Investment Advisors) – Charles Curry**
9. **Approval of investment activity for the months of August 2019 & September 2019. (Blackstone) – Michael Cambias**
10. **Approval of investment activity for the months of August 2019 & September 2019. (Ithaka Group) – Scott O’Gorman, Jr.**
11. **Approval of investment activity for the months of August 2019 & September 2019. (Morningside Asset Management) – Yolanda Foreman**
12. **Approval of investment activity for the months of August 2019 & September 2019. (Energy Opportunities) – L. Farrell Crane**
13. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the appearances of the representatives of Robbins Geller Rudman & Dowd LLP.**
14. **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.**
15. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Gary E. Boshell, Jr., an employee with the Police Department, for SERVICE PENSION at the rate of \$2,955.54 per month, effective September 12, 2019 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 Randall G. Cooper, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,572.68 per month (DROP \$100,115.33, DROP Date 09/05/2016), effective September 6, 2019 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 Barrett G. Dewitt, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,175.89 per month, effective September 1, 2019 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 John E. Gospodareck, Jr., an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,635.37 per month (DROP Amount \$102,554.90, DROP Date 10/03/2016), effective October 4, 2019 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 Todd A Griffis, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,731.27 per month, effective September 10, 2019 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 Jeffrey G. Hawkins, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,863.81 per month, effective October 26, 2019 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 Nashonda G. Howard, an employee with the Police Department, for SERVICE PENSION at the rate of \$4,584.28 per month, effective September 15, 2019 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 Tywana G. Jackson, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,041.89 per month (DROP Amount \$118,374.54, DROP Date 09/10/2016), effective September 11, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
23. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of M. L. Leonard, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,476.43 per month, effective August 27, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
24. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Charles E. Lewis, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,453.27per month (DROP Amount \$95,468.51, DROP Date 09/05/2016), effective September 6, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
25. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Danny W. Lewis, an employee with the Fire Department, for SERVICE PENSION at the rate of \$3,130.57 per month, effective September 30, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
26. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of James W. Logan, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,565.32 per month, effective October 26, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**

27. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Steven W. Long, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,790.82 per month, effective September 14, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
28. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Martin L. Trammell, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,804.50 per month, effective August 3, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
29. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Joseph Wallace, Jr., an employee with the Police Department, for SERVICE PENSION at the rate of \$2,601.84 per month, effective September 13, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
30. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Randall D. Ward, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,023.68 per month (DROP Amount \$117,665.90, DROP Date 08/24/2016), effective August 25, 2019 under the provisions of Act 59-556, Section 6 of the pension law.**
31. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Fredrick Williams, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,954.88 per month (DROP Amount \$114,988.56, DROP Date 10/25/2016), effective October 26, 2019 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, August 14, 2019 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 Robert Webb made the motion for the July 10, 2019 minutes to be approved with corrections. Board Member William Lipscomb seconded.

The Board Members APPROVED the July 10, 2019 minutes with corrections.

Board Member Webb referenced the PRELIMINARY financial statements for June 2019, and stated the expenditures for the pension costs exceeded the revenues by \$740,000.00.

Board Member Webb referenced the investment activity for the month of July 2019, and stated the City of Birmingham Firemen's & Policemen's Supplemental Pension System gained \$655,000.00.

Board Member Webb made the motion for the investment activity for the month of July 2019 to be approved. Board Member Lipscomb seconded.

The Board Members APPROVED the investment activities for the month of July 2019. (Regions Investment Management) – George McCurdy

The Board Members APPROVED the investment activities for the month of July 2019. (Orleans Capital) – Gary Welchel

The Board Members APPROVED the investment activities for the month of July 2019. (Lazard) – Anthony "Tony" Dote

The Board Members APPROVED the investment activities for the month of July 2019. (Energy Opportunities Capital Management, LLC) – L. Farrell Crane

The Board Members APPROVED the investment activities for the month of July 2019. (Cooke & Bieler) – Thad Fletcher

The Board Members APPROVED the investment activities for the month of July 2019. (Great Lake Advisors) – Laurie Watson

The Board Members APPROVED the investment activities for the month of July 2019. (Mesirow Financial) – Eugene Duffy

The Board Members APPROVED the investment activities for the month of July 2019. (Penn Capital) – Steve Loizeaux

The Board Members APPROVED the investment activities for the month of July 2019. (Piedmont Investment Advisors) – Charles Curry

The Board Members APPROVED the investment activities for the month of July 2019. (Blackstone) – Michael Cambias

The Board Members APPROVED the investment activities for the month of July 2019. (Ithaka Group) – Scott O’Gorman, Jr.

The Board Members APPROVED the investment activities for the month of July 2019. (Morning Asset Management) – Yolanda Foreman

There were appearances by Ms. Maya Saxena, Mr. Chuck Jeroloman, and Ms. Stephanie Leverett of Saxena-White. Mr. Jeroloman does marketing, and is a retired twenty-eight year law enforcement officer. Ms. Leverett is the Manager for Client Services and has been with the firm for eleven years. Ms. Leverett stated she handles client communication and reporting.

Ms. Saxena stated the three of them do not have anything specific to talk about with the Board Members. However, they wanted to come by and introduce themselves to the Board Members. Saxena-White has been working with the Supplemental Pension System since 2012. It is Ms. Saxena’s understanding the Supplemental Pension System has new Board Members, and Ms. Saxena and her colleagues wanted them what Saxena-White does. Saxena-White does fraud securities litigation and monitoring. Saxena-White’s main office is in Florida, and other offices in California and New York. Saxena-White is the only woman and minority-owned firm in their area.

What does Saxena-White do for the Supplemental Pension System? Every time the Board Members invest in a stock, Saxena-White is aware of that. Saxena-White downloads the data directly from the custodian bank and Saxena-White monitors it. Saxena-White monitors it around clock by staff members. Anytime there is a significant drop in the price of a stock or any type of equity that the Supplemental Pension System owns, Saxena-White is aware of it. Markets go up and down, and it has been unusually volatile lately. Stocks go up and down because of a variety of reasons; quite rarely because of securities fraud. Once in a while, a situation will arise like a WorldCom or Enron; i.e. the company did something really wrong. The company made false statements to the public.

The managers bought the stock with reliance on what the company said they would be doing; the company stated they would be making a dollar per share next quarter when they knew for a fact they would not and sold all their stocks. Those are the types of unusual situations that Saxena-White looks at. Saxena-White monitors the Supplemental Pension System's portfolio on an ongoing basis. When something significant happens, Saxena-White alerts the Supplemental Pension System Board Members and them what their legal remedies are. All of this is done free of charge. There is no cost for this service. Saxena-White sends quarterly reports to the Board Members; letting them know what the different cases are. Most importantly for a board this size, the Supplemental Pension System Board Members are not really going to be actively involved in a lot of these cases. The way it works is whichever fund lost the most money is considered to be "lead plaintiff". The City of Birmingham Retirement & Relief System is involved in a handful of cases because it goes by the loss that the entity had incurred. However, it is important for the Supplemental Pension System and other smaller funds because every year there is over a billion dollars-worth of these settlements. If proper proof of claim forms is not filed, money will be left on the table when it could be gotten for free. For a board the size of the Supplemental Pension System, it is probably one of the most important things that Saxena-White does for free.

Ms. Saxena closed by thanking the Board Members for their business, and looks forward to working with the new Board Members. Ms. Saxena asked the Board Members if they had any questions.

Board Member Webb stated the Board Members appreciate Saxena-White's representation. The Supplemental Pension System had some recovery. Ms. Saxena stated that is great.

Chairperson Valerie Abbott asked Ms. Saxena who retains Saxena-White's services. Ms. Saxena stated Saxena-White's agreement is with the pension board itself. Why is Saxena-White doing this for free? The reason is because Saxena-White already does services for their clients. Saxena-White has systems in place to perform monitoring. The way it works for some of the larger pension systems is if there is a loss and it is a significant loss, the pension system would become the lead plaintiff. Saxena-White would go to the larger pension system and say "Hey, we see this situation and would like for you to retain our firm". There is no obligation under the agreement to retain Saxena-White. The Board Members can retain whomever they wish. However, the interest from Saxena-White's perspective is that the Board Members had gotten to know them and their work; feeling comfortable in retaining Saxena-White for a particular litigation. That does not happen very often, but that is how it works. If the Board Members retain Saxena-White for a particular case, the fee schedule would be entirely contingent. The Board Members would not be paying any costs, expenses, or anything pertaining to the litigation. Saxena-White would get a recovery, or hope to get a recovery. At the end of the case, the judge would say "Okay, you did a good job and I will give you 20% of the overall recovery". It would never be situation where Saxena-White would lose a case. Saxena-White does not really lose many cases; they are picky about the ones they bring. Saxena-White would never say "Hey, we lost the case and now we need a million dollars from the board because we spent that money trying to get a result".

Chairperson Abbott stated that answers her question and other questions she did not know she had.

Board Member Webb again thanked the representatives from Saxena-White, and for their services.

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

The Board Members APPROVED the application of Deena M. Armstrong, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,735.70 per month (DROP Amount \$106,459.22, DROP Date 08/02/2016), effective August 3, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Donald Gary, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,055.41 per month (DROP Amount \$118,900.67, DROP Date 08/01/2016), effective August 2, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Linda J. King, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,065.30 per month (DROP Amount \$119,285.54, DROP Date 08/28/2016), effective August 29, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Tabitha L. Klein, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,529.31 per month, effective August 3, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Jack O. Oddo, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,577.63 per month, effective July 7, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Louis J. O'Hern, III, an employee with the Fire Department, for SERVICE PENSION at the rate of \$3,001.22 per month, effective August 7, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Roderick K. Shelby, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,431.22 per month (DROP Amount \$94,610.44, DROP Date 08/01/2016), effective August 2, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Daniel W. Smith, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,801.92 per month (DROP Amount \$109,036.16, DROP Date 08/02/2016), effective August 3, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the application of Ronald E. Youngblood, Jr., an employee with the Police Department, for SERVICE PENSION at the rate of \$2,472.94 per month, effective August 3, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

There were appearances by Mr. Greg Burchell and Mr. Daymeon Fishback of Morgan Stanley. Mr. Fishback referenced the Market Overview handout, and stated the 2nd Quarter had extremely strong performance. Morgan Stanley was excited the performance; it was one of the best first halves of the year since 1997. Finance, Materials, and Technology were the better performers. The S&P was up 4.30% in the second quarter; Dow Jones was up 3.29%; and NASDAQ was up 5.80%. International underperformed slightly.

Mr. Fishback stated the market has been extremely volatile today; it was down close to 700 points earlier today. However, the good news is that the Supplemental Pension System's portfolio is balanced and prepared for that. Since 2018, Mr. Mike Wilson, CIO of Morgan Stanley, thought volatility in the market would come at some point. As people start to question where some of this is coming from, it eventually comes from tweets relating to trades and tariffs. Morgan Stanley firmly believes that companies such as Apple are affected by that. If tariffs come into effect, 1) The companies can try to absorb costs on those tariffs, which will be costly and 2) They can pass the costs on to consumers, which is a possibility.

Mr. Fishback stated the elephant in the room is that is not the only cause of the volatility in the market. In 2018, Morgan Stanley talked about an overall slowing down of the global economy. The year 2018 had one of the worst quarters, or worst Decembers, in over a decade. Morgan Stanley saw tremendous volatility and what they see now is a changing of the tides due to the US Federal Reserve Board Members going hiking rates in December 2018 to lowering rates in 2019; that is a huge difference. The question everyone is asking is this: Are we going into a recession? Morgan Stanley does not believe a recession will be call, however they do believe the chance of a recession is increasing. When US Federal Reserve Board Members lowered the rates, it does not save the economy alone. As of today, there was an inverted yield curve for the first time in twelve years.

Board Member Webb asked Mr. Fishback what does that mean. Mr. Fishback stated the beginning of the yield curve should have more interest rates. As interest rates go out, the higher interest rates will show during the twenty- and thirty-year timeframe. When the yield curve is inverted, the shorter interest rates are possibly higher in the longer term.

Mr. Burchell stated at 10:58 a.m. this morning, the two-year was 1.58% and the ten-year was 1.59%. However, it might be inverted right now.

Board Member Webb asked Mr. Burchell what does that mean. Mr. Burchell stated it means that people are more conservative with buying long-term bonds. The longer duration-type securities are equities. Buying longer-term bonds will drive the yields lower. When bond prices go up, yields will go down. In other words, people are not as optimistic about the longer term prospects of equities. The bond guys are a pretty smart group; stating that they think the US will go into a recession. However, some wires are crossed because Morgan Stanley does not see a recession i.e. a negative growth in the economy. Morgan Stanley does not see that in the near term.

Mr. Fishback stated the good news is that the Supplemental Pension System's portfolio is balanced. Even if there is a recession, Mr. Wilson does not feel it is going to be as bad. It feels as if the market is prepared. The US Federal Reserve Board Members are starting to lower rates vs. changing the balance sheet along with the rates at the same time, which caused the tightened-up process to actually overextend. The US Federal Reserve Board Members were responding to the actual economy overview, which Morgan Stanley believes some of that stems from tax cuts. Going forward, the question is going to be whether or not if companies will hire or lay people off. The companies have excess capital and excess inventories. But, the question is whether or not the reduction of the Federal Government and trade war will actually improve to where they will not have to do that.

Board Member Webb asked Mr. Fishback about the anticipation of long-term yield in fixed income vs. yield in equities. Does that translate to mean that people anticipate less yield in equities in the short-term? Mr. Burchell stated yields in equities are higher than treasuries right now. The yield on the S&P 500 is probably closer to the same as yield on the Ten-Year Treasury.

Board Member Webb stated asked if long-term holdings in equities have a lower potential yield, or it is similar to institutional buying. Mr. Burchell stated in terms of total returns, there are price appreciation; stocks; and dividends. The Ten-Year Treasury is long-term. Longer-term treasuries are quality-type bond portfolio. People are trying to move away from riskier asset classes like stocks into more conservative asset classes like bonds; Morgan Stanley is seeing this on the short-term. The Supplemental Pension System Board Members raised \$3 million dollars last month; kudos to them for doing that.

Board Member Webb stated Mr. Burchell told the Board Members to do that, in anticipation taking whatever that needs to be taken instead of taking a greater hit. Mr. Burchell stated that is correct. The Supplemental Pension System's portfolio looks pretty good right now. Board Member Webb stated the Board Members' job is not to lose money; making money is excellent.

Mr. Fishback discussed the money managers' performance. The performance was 4.12% and Fiscal-Year-To-Date is 5.24%. For the quarter, the Supplemental Pension System gained \$1.4 million dollars and \$1.694 million dollars for the fiscal year. Almost of all the money managers outperformed their benchmark since inception. For the quarter, most of the money managers were in line. Cooke & Bieler and the Ithaka Group had extreme outperformance. Great Lakes and Mesirow Financial lagged behind.

Board Member Webb asked Mr. Fishback or Mr. Burchell to discuss the CashFlow History for the new Board Members. Mr. Burchell referenced a handout reflecting the numbers and percentages in dollars. The quarter started at \$34.439 million dollars; \$1.7 million dollars was made; and the quarter ended with \$35.856 million dollars. Board Member Webb stated \$5.591 million dollars went out for pension payments.

Mr. Burchell stated that is correct. For One-Year, almost \$5.6 million was taken out and the Supplemental Pension System made \$1.7 million dollars.

Board Member Webb stated the Supplemental Pension System started out with approximately \$26 million dollars in 2001. Since then, approximately \$30 million dollars was taken out for pension payments and the pension fund currently has approximately \$36 million dollars. The Supplemental Pension System spent approximately \$30 million dollars and brought in \$66 million dollars. If the Supplemental Pension System had not made \$66 million dollars and spent \$30 million dollars, it would be a negative million dollars. In terms of performance, the Supplemental Pension System is still here.

Mr. Burchell stated the information in the Cashflow handout comes from the actuary. The cashflow of the Supplemental Pension System reflects Fiscal Years 2014 through 2035. The Expected Cashflow is the amount above contributions that comes directly out of the pension fund. The flow will be steep going into the next few years, which the maturity of the public safety workforce. The Supplemental Pension System is a ten-year pension fund. Once the employees reach their thirtieth year anniversary, they will go to the Retirement & Relief System. The actuary had mentioned the numbers reflected in the handout will start improving later this decade; cycling through that maturity process and the pension fund will have a younger workforce hopefully. In turn, the Supplemental Pension System will be cash positive.

Board Member Webb stated for clarification that August and September are expected to be good months. Mr. Burchell stated the market is down 764 points on the Dow at the moment. The markets do not like uncertainty. The US economy has dancing around the inverted yield curve for some time now; matching that up with some uncertainty with the trade war and the US Federal Reserve Board Members.

Board Member Webb stated the Supplemental Pension System needs to have its capital available, but it is a good time to buy otherwise. Mr. Burchell stated he agreed. The capital is starting to become more attractive, but the Supplemental Pension Board Members will need to hold off a little bit.

Board Member Webb stated to Mr. Aaron Saxton, Deputy Director of Finance, that the Board Members had discussed earlier that the Supplemental Pension System is down approximately \$740,000.00 for July 2019.

Board Member Webb asked Mr. Saxton about the status of the Supplemental Pension System with the Finance Department. Mr. Saxton stated he thinks the department is good right now, as far as cash.

Board Member Webb asked if there is any more discussion. Mr. Burchell stated the Supplemental Pension System will be benefactors with Penn Capital, Piedmont, and Cooke & Bieler due to negotiations with the Retirement & Relief System.

Board Member Webb referenced the second page of the Projects List, and stated to Mr. Burchell that the Supplemental Pension System has 23% in fixed income. Mr. Burchell stated Mesirov Financial will have to hold back a certain amount of cash, until some of their more illiquid investments are cleared. It should be this year hopefully.

Board Member Webb stated the Supplemental Pension System has 71% in equities. The pension fund is going into a market, which does not need rebalancing. Mr. Burchell stated that is correct. The Board Members have the ability to go down 12.5% in fixed income by law, but Mr. Burchell stated he does not recommend doing that.

Board Member Webb stated the Supplemental Pension System is set up with cash reserves. Mr. Burchell stated that is correct. Mr. Burchell stated he is looking rebalance the portfolio when Hamilton Lane comes in, which will take a little bit of time to work through.

Board Member Webb asked where Hamilton Lane will be classified, upon coming in. Mr. Burchell stated Hamilton Lane will be part of the alternatives' group.

Board Member Webb stated the alternatives' group consists of Blackstone, which is not really energy. Mr. Burchell stated Blackstone invests in corporate real estate or financing. Blackstone buys private credit. Private Credit was a product that was part of the financial crisis that left a void due to time requirements for banks. However, private credit performed really well for the Supplemental Pension System. Private Credit is a form of fixed income, as oppose to equity.

Board Member Webb stated for clarification that Private Credit is not liquid. Mr. Burchell stated it is not as liquid, but it is fairly liquid. Private Credit is not as liquid as an individual bond or an individual stock.

Board Member Webb made the motion for the Board Members to put "discussion of litigation matters" on the agenda. Board Member Lipscomb seconded.

Mr. James Love, Board Counsel, 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.

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

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

The Board Members APPROVED to go into Executive Session.

The Board Members EMERGED from Executive Session.

Board Member Webb made the motion to retain Saxena-White as legal counsel in an action against Pluralsight, which the Supplemental Pension System has investments in. Chairperson Abbott seconded.

The Board Members APPROVED to retain Saxena-White as legal counsel in an action against Pluralsight, which the Supplemental Pension System has investments in.

Board Member Webb made the motion to adjourn. Board Member Lipscomb seconded.

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

ATTEST:

**Lorren Oliver
Secretary**

**Robert Webb
Chair Pro – Tem**