

CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM

Board Members:

- Randall Woodfin, Member No. 1**
- Martin P. Leonard, Member No. 2**
- Michael Reese, Member No. 3**
- Steven A. Schultz, Member No. 4**
- Tameka Dixon, Member No. 5**
- Otis Luke, Member No. 6**
- Dale Wyatt, Member No. 7**
- Kasandra Brundidge Member No. 8**
- Ronald Vaughn, Member No. 9**

Meeting Time: **Wednesday, October 9, 2019 at
3:00 p.m. in Mayor’s Conference Room “D”
Birmingham City Hall**

Minutes: **Attached are the minutes of the September 11, 2019
meeting.**

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- 1. Approval of the minutes for the September 11, 2019 meeting.**
 - 2. Approval of the financial statements for the months of July 2019 & August 2019.**
 - 3. Approval of the investment activity for the month of September 2019.
(BBVA Compass) – Richard Underwood**
 - 4. Approval of the investment activity for the month of September 2019.
(Quantitative Management/Prudential) – Kevin McGrory**
 - 5. Approval of the investment activity for the month of September 2019.
(FIS Group) – Charles Curry**
 - 6. Approval of the investment activity for the month of September 2019.
(INVESCO Capital) – Sam Mosolino**
 - 7. Approval of the investment activity for the month of September 2019.
(Lazard) – Anthony Dote**
 - 8. Approval of the investment activity for the month of September 2019.
(Thornburg Investment Management) – Greg Whitaker**
 - 9. Approval of the investment activity for the month of September 2019.
(Rhumblin Advisers) – Denise D’Entremont**
 - 10. Approval of the investment activity for the month of September 2019.
(Penn Capital) – Steve Loizeaux**

11. **Approval of the investment activity for the month of September 2019.
(Cooke & Bieler) – Thad Fletcher**
12. **Approval of the investment activity for the month of September 2019.
(Great Lakes Advisers) – Laurie Watson**
13. ****Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the appearances of representatives of Robbins Geller Rudman & Dowd LLP.**
14. ****Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the appearances of the representatives of Robbins Geller Rudman & Dowd LLP.**
15. ****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.**
16. ****Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: discussion regarding the secretarial duties for the Retirement & Relief System.**
17. ****Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: Development of Written Parliamentary Procedures to Streamline Conduction of Board Meetings.**
18. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: termination of Survivor's Benefits for Lisa H. Self due to remarriage effective July 27, 2019. Mrs. Self was the widow of John Self, an employee with the Police Department.**
19. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Ronald Forte, an employee with the Public Works Department, for SERVICE PENSION at the rate of \$2,095.91 per month, effective October 12, 2019 under the provisions of Article VI, Section 1 of the pension law.**
20. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Linda J. King, an employee with the Police Department, for SERVICE PENSION at the rate of \$4,531.98 per month, effective September 26, 2019 under the provisions of Article VI, Section 5 of the pension law.**

Ms. King has been receiving a Supplemental Pension in the amount \$3,065.30 since August 28, 2019.
21. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Reginald D. Servant, an employee with the Public Works Department, for SERVICE PENSION at the rate of \$4,107.45 per month, effective October 8, 2019 under the provisions of Article VI, Section 1 of the pension law.**

****oral report to be heard by board**

22. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Steven L. Steward, an employee with Planning & Engineering, for VESTED PENSION at the rate of \$2,753.15 per month, effective September 26, 2020 under the provisions of Article VI, Section 3 of the pension law.**
23. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Doris J. Chilcoat, widow of Wallace E. Chilcoat, a former employee with the Police Department, for WIDOW'S BENEFITS at the rate of \$2,149.40 per month, effective September 17, 2019 under the provisions of Article VI, Section 10(A) of the pension law.**
24. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Martha Marlow, widow of David Michael Marlow, a former employee with the Fire Department, for WIDOW'S BENEFITS at the rate of \$741.53 per month, effective August 11, 2019 under the provisions of Article VI, Section 10(A) of the pension law.**
25. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Connie Sue Peek, widow of Albert E. Peek, a former employee with the Public Works Department, for WIDOW'S BENEFITS at the rate of \$1,273.37 per month, effective September 8, 2019 under the provisions of Article VI, Section 10(A) of the pension law.**
26. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Arminda Walker, widow of James B. Walker, a former employee with the Police Department, for WIDOW'S BENEFITS at the rate of \$706.20 per month, effective July 6, 2019 under the provisions of Article VI, Section 10(A) of the pension law.**
27. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of LaRonda Watts, widow of Audie Watts, a former employee with the Public Works Department, for WIDOW'S BENEFITS at the rate of \$1,780.04 per month, effective August 16, 2019 under the provisions of Article VI, Section 10(A) of the pension law.**
28. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Norris Silmon, an employee with Birmingham Parks & Recreation, for EXTRAORDINARY DISABILITY at the rate of \$2,350.23 per month, effective September 14, 2019 under the provisions of Article VI, Section 8 of the pension law.**
29. **Lorren Oliver, Secretary, submits the following agenda item for discussion by the Board: the application of Norris Silmon, an employee with Birmingham Parks & Recreation, for ORDINARY DISABILITY at the rate of \$895.37 per month, effective September 14, 2019 under the provisions of Article VI, Section 7 of the pension law.**

THE BOARD OF MANAGERS OF THE CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM met in Mayor's Conference Room "D" on September 11, 2019 at 3:00 p.m.

The following Board Members were present, namely:

**Martin P. Leonard, Member No. 2
Steven A. Schultz, Member No. 4
Otis Luke, Member No. 6
Dale Wyatt, Member No. 7
Kasandra Brundidge, Member No. 8**

Board Member Martin P. Leonard called the meeting to order.

Board Member Dale Wyatt made the motion for the minutes of September 11, 2019 to be approved.

Board Member Kasandra Brundidge referenced page 12 of the the September 11, 2019 minutes, and read "Board Member Wyatt stated he is not supporting any increase to employee contributions for police, fire, and anyone else". The numbers were presented to the committee." Board Member Brundidge asked Board Wyatt if he was referring to the Board Members, or if there was a separate committee. Board Member Wyatt stated Chairman Randall Woodfin formed a committee that comprised Board Member Wyatt, Board Member Steven A. Schultz, and Board Member Leonard. The committee worked Mr. Rocky Joyner of the Segal Company on the proposed changes that were presented to the Board Members as a whole at last month's Board Meeting; showing different effects on the Unfunded Liability.

Board Member Brundidge stated for clarity it was not just Mr. Joyner submitting the numbers to Board Members. Board Member Leonard stated that is correct.

Board Member Otis Luke referenced the minutes, and stated a correction needs to be made on page 11. The sentence should reflect "The City pays an additional 6%". Ms. Tina Goree, Recording Secretary, thanked Board Member Luke.

Board Member Leonard stated he still needs a Board Member to second the motion. Board Luke seconded.

The Board Members APPROVED the minutes of September 11, 2019 with corrections.

Board Member Wyatt made the motion to continue the financial statements for the month of July. Board Member Schultz seconded.

The Board Members CONTINUED the financial statements for the month of July.

Board Member Luke made the motion to approve the investment activity for the month of August 2019. Board Member Wyatt seconded.

The Board Members APPROVED the investment activity for the month of August 2019. (BBVA Compass) – Richard Underwood

The Board Members APPROVED the investment activity for the month of August 2019. (Quantitative Management/Prudential) – Kevin McGrory

The Board Members APPROVED the investment activity for the month of August 2019. (FIS Group) – Charles Curry

The Board Members APPROVED the investment activity for the month of August 2019. (INVESCO Capital) – Mark Blackburn

The Board Members APPROVED the investment activity for the month of August 2019. (Lazard) – Anthony Dote

The Board Members APPROVED the investment activity for the month of August 2019. (Thornburg Investment Management) – Greg Whitaker

The Board Members APPROVED the investment activity for the month of August 2019. (Rhumblin Advisers) – Denise D’Entremont

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

The Board Members APPROVED the investment activity for the month of August 2019. (Cooke & Bieber) – Thad Fletcher

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

There were appearances by Mr. Greg Burchell and Mr. Daymeon Fishback from Morgan Stanley. Mr. Fishback stated the market did not change a lot since last week. However, Morgan Stanley has been talking about the synchronizing global economic recovery, and how they felt liked it peaked in 2018. Morgan Stanley feels like the US will be in a mild recession near term. One of the reasons is that the global economy is expected to troughed in the latter half of this year. However, in the US, Morgan Stanley does not expect the economy to trough until the first half of 2020. Morgan Stanley mentions this shift in sentiment because the economy had one of the biggest pullbacks in ten years during December 2018. The US Federal Reserve Board Members had done some tightening at that time, and now they are going to lower interest rates.

In terms of a mild recession, Morgan Stanley is expecting around a 10% correction during the third and fourth quarter in 2019. The market has stayed in the same trading range, between 2400 and 3000. Morgan Stanley would like to buy around the 2700 mark, and hold fast around the 3000 mark. One of the keys is international equities. International equities have underperformed during the last decade.

Going forward, Morgan Stanley actually expects international equities to have a better upside through the global economy. The global economy will trough first and the US economy will trough second; this will allow the valuations in the international economy to improve a little faster than the US economy.

Mr. Fishback stated Morgan Stanley feels the next leg of the secular bull market should coincide with a paradigm shift. As of the late, the leadership has been the stability in growth assets and Morgan Stanley feels like that is going to change to more cyclical in value assets.

Mr. Burchell referenced the handout, and stated Earnings per Share Growth will continue to decelerate into next year. There is an indication that it could go negative at some point, when Mr. Fishback mentioned the mild recession. Mr. Mike Wilson, Chief Investment Officer at Morgan Stanley, had stated a recession is about 75% priced in the market and the impact is 25%. Morgan Stanley is looking to possibly add 2700 to equities on the S&P 500.

Mr. Burchell referenced the Projects List, and stated the Retirement & Relief System has \$60 million dollars on the sidelines. Of that \$60 million dollars, \$15 million dollars was taken to make pension payments for this quarter. In addition to the capital calls, there is \$70 million dollars in cash.

Mr. Burchell stated the agreement with Victory Tri-Valent has been completed. Morgan Stanley is waiting on the Capital Group to give a final contract to Mr. James Love, Board Counsel for review to finalize this month. Victory Tri-Valent will be a Separate Managed Account, i.e. buying individual securities. Some of those securities are in local currency and local exchanges. Morgan Stanley is working with the custodial bank to make sure all those are open for the managers to have access to.

Board Member Leonard asked the Board Members if they have any questions for Mr. Burchell and/or Mr. Fishback.

Board Member Luke stated the President of China is getting ready to engage in upcoming talks on tariffs, and noticed China had given the US some leverage earlier this week.

Board Member Luke asked Mr. Burchell what is Morgan Stanley is planning to do with the voluminous recession in terms of reducing the Retirement & Relief System's liabilities in the market. Mr. Burchell stated Morgan Stanley actually made those moves; they do not think it is going to be a deep recession.

Morgan Stanley thinks the global economy is still improving by getting ahead of itself. There is some recalibration that needs to be done in the global economy. However, in terms of the Retirement & Relief System's portfolio, Morgan Stanley moved money away from equities two months ago as a precursor to what they are expecting. Morgan Stanley has seen the volatility traded back and forth. If there is a significant sell-off, Morgan Stanley will actually risk up, i.e. add more to riskier assets.

Board Member Luke asked Mr. Burchell if Morgan Stanley has any predictions on losses that the Retirement & Relief System can occur. Mr. Burchell asked Mr. Fishback what the S&P is trading today. Mr. Fishback stated close to 3000.

Mr. Burchell stated to Board Member Luke the Retirement & Relief System could be at 10%, at any point. During the last thirty years, the markets have sold off at approximately 10% and Morgan Stanley has seen some of that already this year. It has to do with timing. From the R&R Board Members' perspective, the June 30th number is important because that is when all the calculations are done. Morgan Stanley can see a pullback in a recovery before a recession happens. That would be the hope, but Mr. Burchell stated he does not expect a tremendous amount of volatility. The R&R's portfolio has more risk now compared to fifteen years ago. It a product of trying to achieve higher returns and bonds are not able to provide that. The portfolio is going into a different asset class in private equity, with \$17 million dollars in there. Every month, several capital calls are coming in. The R&R Board Members are doing the right thing; it is just a matter of setting a game strategy and letting it play out.

Board Member Schultz asked Mr. Burchell if Mr. Wilson think 2700 will be the same number at the end of the year. Mr. Burchell stated the number is around 2750; Mr. Wilson is not extremely optimistic.

The Board Members thanked Mr. Burchell and Mr. Fishback for their presentations.

Board Member Leonard stated he would like to defer the discussion regarding Development of Written Parliamentary Procedures to Streamline Conduction of Board Meetings until there are a few more Board Members present at a Board Meeting. There was no vote, but there was at least some open discussion about adopting Robert's Rules of Order and it may be what the Board Members decide on.

Board Member Leonard stated the only drawback he sees would be adopting Robert's Rules of Order in total. Some of those rules are complicated, and the Board Members will need someone present at the Board Meeting to "police" whether or not certain things being conducted are in accordance with Robert's Rules of Order. However, the Board Members can further discuss that later unless the Board Members want to discuss it.

Board Member Wyatt made the motion to continue the discussion regarding the Development of Written Parliamentary Procedures to Streamline Conduction of Board Meetings until next month's Board Meeting. Board Member Luke seconded.

The Board Members CONTINUED the discussion regarding the Development of Written Parliamentary Procedures to Streamline Conduction of Board Meetings until next month's Board Meeting.

Board Member Wyatt made the motion to approved the Service Pension and Widow's Benefits applications. Board Member Luke seconded.

The Board Members APPROVED the application of Kenneth W. Blackmon, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,812.74 per month, effective September 26, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Blackmon has been receiving a Supplemental Pension in the amount \$2,301.23 since September 25, 2009.

The Board Members APPROVED the application of Mark Ffiles, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,463.40 per month, effective September 26, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Ffiles has been receiving a Supplemental Pension in the amount \$2,200.60 since December 18, 2009.

The Board Members APPROVED the application of James A. Henderson, an employee with the Police Department, for SERVICE PENSION at the rate of \$4,202.48 per month, effective September 27, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Henderson has been receiving a Supplemental Pension in the amount \$2,594.71 since September 30, 2009.

The Board Members APPROVED the application of Hudie King, an employee with the Public Works Department, for SERVICE PENSION at the rate of \$1,684.11 per month (DROP Amount \$40,731.72, DROP Date 10/06/2017), effective September 7, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Kenneth H. Knox, an employee with Community Development, for SERVICE PENSION at the rate of \$3,832.06 per month, effective September 28, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of John E. Lewis, an employee with the Public Works Department, for SERVICE PENSION at the rate of \$653.87 per month, effective June 22, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Jeffrey C. Lucas, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,463.40 per month, effective September 27, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Lucas has been receiving a Supplemental Pension in the amount \$2,085.31 since September 29, 2009.

The Board Members APPROVED the application of Ronnie D. Mack, an employee with the Police Department, for SERVICE PENSION at the rate of \$1,413.45 per month, effective August 1, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Foster C. McClain, an employee with Community Development, for SERVICE PENSION at the rate of \$1,979.66 per month, effective September 28, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Patricia D. Mitchell, an employee with Municipal Court, for SERVICE PENSION at the rate of \$1,816.97 per month, effective September 14, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Derrick R. Reed, an employee with the Fire Department, for SERVICE PENSION at the rate of \$3,619.71 per month, effective May 7, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Reed has been receiving a Supplemental Pension in the amount \$2,361.57 since August 8, 2016.

The Board Members APPROVED the application of Andrew Russo, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,619.82 per month, effective October 14, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Russo has been receiving a Supplemental Pension in the amount \$2,406.83 since December 11, 2015.

The Board Members APPROVED the application of Donald S. Salser, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,653.71 per month, effective September 26, 2019 under the provisions of Article VI, Section 5 of the pension law.

Mr. Salser has been receiving a Supplemental Pension in the amount \$2,511.97 since April 30, 2013.

The Board Members APPROVED the application of Cedric L. Stevens, an employee with the Police Department, for SERVICE PENSION at the rate of \$6,712.58 per month (DROP Amount \$253,767.30, DROP Date 09/13/2016), effective September 14, 2019 under the provisions of Article VI, Section 1 of the pension law.

The Board Members APPROVED the application of Edward Castleberry, widower of Maxine Castleberry, a former employee with the Police Department, for WIDOW'S BENEFITS at the rate of \$1,381.63 per month, effective July 17, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Valencia Evans, widow of Ardis Evans, a former employee with the Public Works Department, for WIDOW'S BENEFITS at the rate of \$1,069.02 per month, effective July 30, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Ann Howard, widow of Bobby Howard, a former employee with the Public Works Department, for WIDOW'S BENEFITS at the rate of \$884.10 per month, effective June 29, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Linda Lively, widow of John R. Lively, a former employee with Parks & Recreation, for WIDOW'S BENEFITS at the rate of \$1,070.99 per month, effective July 12, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Dorothy L. Montgomery, widow of George Montgomery, a former employee with the Police Department, for WIDOW'S BENEFITS at the rate of \$1,398.67 per month, effective July 27, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Consue Morris, widow of James Morris, a former employee with Equipment Management, for WIDOW'S BENEFITS at the rate of \$1,191.52 per month, effective July 25, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Sarah Olson, widow of Robert B. Olson, a former employee with the Fire Department, for WIDOW'S BENEFITS at the rate of \$1,373.37 per month, effective August 14, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

The Board Members APPROVED the application of Hurel B. Stewart, widow of Earnest N. Stewart, a former employee with the Public Works Department, for WIDOW'S BENEFITS at the rate of \$743.26 per month, effective August 26, 2019 under the provisions of Article VI, Section 10(A) of the pension law.

Board Member Luke made the motion to approve the application of Kathy C. Taylor for Ordinary Disability based on staff and doctor recommendations. Board Member Wyatt seconded.

The Board Members APPROVED the application of Kathy C. Taylor, an employee with Birmingham Parks & Recreation, for ORDINARY DISABILITY at the rate of \$1,065.06 per month, effective February 23, 2019 under the provisions of Article VI, Section 7 of the pension law based on staff and doctor recommendations.

Mr. Love asked the Board Members 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.

Board Member Wyatt made the motion to go into Executive Session to discuss potential litigation. Board Member Luke seconded.

The Board Members APPROVED to go into Executive Session.

The vote was UNANIMOUS to go into Executive Session.

Board Member Leonard; Board Member Schultz; Board Member Luke; Board Member Wyatt; and Board Member Brundidge VOTED to go into Executive Session.

The Board Members EMERGED from Executive Session.

Board Member Leonard stated the Board Members heard a case presented by Mr. Love concerning Fannie Mae and Freddie Mac vs. GSE. There are two defendants who want to settle court, and want to help with the case against the other defendants also.

The attorneys recommended that the Board Members approve the acceptance of those settlements...

Mr. Love stated “with Deutsche Bank”.

Board Member Wyatt made the motion for the Board Members to allow the attorney representing them to accept the settlement from Deutsche Bank and First Tennessee Bank in the GSE settlement case. Board Member Schultz and Board Member Brundidge seconded.

The Board Members APPROVED the attorney representing them to accept the settlement from Deutsche Bank and First Tennessee Bank in the GSE settlement case.

Board Member Leonard asked the Board Members if there is any other business that needs to come before them.

Board Member Brundidge stated she thinks the Board Members needs clarification on secretarial duties. This is in reference to emails stating “the Board Meeting was cancelled”, “the meeting was not cancelled”, “you need to contact someone with the Mayor’s staff about cancelling the meeting”. Board Member Brundidge stated the Board Members need clarity, because that was too much back and forth.

Mr. Love stated unanimous consent is needed to bring up this new item on the agenda.

Board Member Brundidge made the motion to discuss the secretarial duties for the Retirement & Relief System Board. Board Member Wyatt seconded.

Board Member Brundidge, Board Member Wyatt, and Board Member Luke voted AYE.

Board Member Schultz voted NAY.

Board Member Leonard did not vote.

The motion FAILED for the lack of five votes.

Board Member Schultz made the motion to continue the discussion regarding the secretarial duties until next month’s Board Meeting. Board Member Wyatt and Board Member Brundidge seconded.

The Board Members APPROVED to continue the discussion regarding the secretarial duties until next month’s Board Meeting.

Board Member Wyatt stated it would be better to have this discussion with the catalyst(s) that is behind the whole thing.

Board Member Brundidge stated it needs to be on record.

Board Member Wyatt made the motion to adjourn. Board Member Luke seconded.

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

ATTEST:

**Lorren Oliver
Secretary**

**Martin P. Leonard
Chairman Pro – Tem**