

AGENDA

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

**Board Members:**

**William Parker, Chairman  
Robert Webb, Member No. 1  
William Lipscomb, Member No. 2  
Marlon Tolliver, Member No. 3  
Hazel Anthony, Member No. 4**

**Meeting Time:**

**Wednesday, February 12, 2020 at  
1:30 p.m. in Mayor's Conference Room "D"  
Birmingham City Hall**

**Minutes:**

**Attached are the minutes of the  
January 8, 2020 meeting**

- 
- 1. Approval of the minutes for the January 8, 2020 meeting.**
  - 2. Approval of the financial statements for the months of November 2019 and December 2019.**
  - 3. Approval of investment activity for the month of January 2020.  
(Regions Investment Management) – George McCurdy**
  - 4. Approval of investment activity for the month of January 2020.  
(Lazard) – Anthony “Tony” Dote**
  - 5. Approval of investment activity for the month of January 2020.  
(Cooke & Bieler) – Thad Fletcher**
  - 6. Approval of investment activity for the month of January 2020.  
(Great Lake Advisors) – Laurie Watson**
  - 7. Approval of investment activity for the month of January 2020.  
(Penn Capital) – Steve Loizeaux**

8. **Approval of investment activity for the month of January 2020.  
(Piedmont Investment Advisors) – Charles Curry**
9. **Approval of investment activity for the month of January 2020.  
(Blackstone) – Michael Cambias**
10. **Approval of investment activity for the month of January 2020.  
(Ithaka Group) – Scott O’Gorman, Jr.**
11. **Approval of investment activity for the month of January 2020.  
(Morningside Asset Management) – Yolanda Foreman**
12. **Approval of investment activity for the month of January 2020.  
(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 Donald L. Jones, an employee with the Fire Department, for SERVICE PENSION at the rate of \$4,561.22 per month (DROP Amount \$177,498.96, DROP Date 02/14/2017), effective February 15, 2020 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 John B. Whitmer, an employee with the Fire Department, for SERVICE PENSION at the rate of \$5,023.40 per month (DROP Amount \$195,484.61, DROP Date 01/31/2017), effective February 1, 2020 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 Venus Y. Winn, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,981.03 per month (DROP Amount \$116,006.19, DROP Date 02/25/2017), effective February 26, 2020 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, January 8, 2020 in Mayor's Conference Room "D" at 1:30 p.m.**

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

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

**Board Member Robert Webb made the motion for the November 13, 2019 minutes to be approved. Board Member William Lipscomb seconded.**

**The Board Members APPROVED the November 13, 2019 minutes.**

**Board Member Webb stated the Board Members did not have a meeting in December 2019 to discuss the October 2019 financial statements. However, Board Member Webb stated he reviewed the financial statements and there was an approximate \$800,000.00 loss for October 2019. The loss is in terms of contributions coming in and pension money going out.**

**Board Member Webb made the motion for the financial statements for the month of October 2019 to be approved. Board Member Lipscomb seconded.**

**The Board Members APPROVED the financial statements for the month of October 2019.**

**Board Member Webb stated he reviewed the investment activity for the month of November 2019, and stated there was an \$11,800.00 loss in terms of pension contributions and pension expenditures.**

**Board Member Webb asked Mr. Aaron Saxton, Deputy Director of Finance, if he would like to speak on the loss or have the Morgan Stanley consultants make a recommendation to the Board Members. Mr. Saxton stated the operating cash account has a deficit balance of a little more than \$1.2 million dollars, and Morgan Stanley will have a recommendation.**

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

**The Board Members APPROVED the investment activity for the month of November 2019. (Cooke & Bieler) – Thad Fletcher**

**The Board Members APPROVED the investment activity for the month of November 2019. (Great Lake Advisors) – Laurie Watson**

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

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

**The Board Members APPROVED the investment activity for the month of November 2019. (Piedmont Investment Advisors) – Charles Curry**

**The Board Members APPROVED the investment activity for the month of November 2019. (Blackstone) – Michael Cambias**

**The Board Members APPROVED the investment activity for the month of November 2019. (Ithaca Group) – Scott O’Gorman, Jr.**

**The Board Members APPROVED the investment activity for the month of November 2019. (Morning Asset Management) – Yolanda Foreman**

**Board Member Webb stated the City of Birmingham Firemen’s & Policemen’s Supplemental Pension System has a realized profit of \$60,000.00 for the month of December 2019.**

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

**The Board Members APPROVED the investment activity for the month of December 2019. (Cooke & Bieler) – Thad Fletcher**

**The Board Members APPROVED the investment activity for the month of December 2019. (Great Lake Advisors) – Laurie Watson**

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

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

**The Board Members APPROVED the investment activity for the month of December 2019. (Piedmont Investment Advisors) – Charles Curry**

**The Board Members APPROVED the investment activity for the month of December 2019. (Blackstone) – Michael Cambias**

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

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

Board Member Webb made the motion to approve payment of the 2020 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) 2020 Legal Education Seminar in Tempe, Arizona from February 18-22, 2020. Board Member Lipscomb seconded.

The Board Members APPROVED payment of the 2020 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) 2020 Legal Education Seminar in Tempe, Arizona from February 18-22, 2020.

Board Member Webb made the motion to approve the Service Pension Applications. Board Member Lipscomb seconded.

The Board Members APPROVED the **\*\*CORRECTED APPLICATION** of Edward T. Hallmark, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,734.55 per month, effective November 9, 2019 under the provisions of Act 59-556, Section 6 of the pension law. *Mr. Hallmark was previously approved for SERVICE PENSION at the rate of \$2,728.59 per month, effective November 9, 2019 under the provisions of Act 59-556, Section 6 of the pension law on Wednesday, November 13, 2019.*

**\*\*Mr. Hallmark’s application is a revised calculation due to longevity payment processed on November 27, 2019.**

The Board Members APPROVED the application of Peter E. LaPoint, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,881.01 per month, effective January 4, 2020 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the **\*\*CORRECTED APPLICATION** of Merv McConico, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,734.55 per month, effective November 9, 2019 under the provisions of Act 59-556, Section 6 of the pension law. *Mr. McConico was previously approved for SERVICE PENSION at the rate of \$2,728.59 per month, effective November 9, 2019 under the provisions of Act 59-556, Section 6 of the pension law at the Board Meeting on Wednesday, November 13, 2019.*

**\*\*Mr. McConico’s application is a revised calculation due to longevity payment processed on November 27, 2019.**

The Board Members APPROVED the application of John A. Richard, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,863.77 per month (DROP AMOUNT \$111,443.04, DROP DATE 12/13/2016), effective December 14, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

The Board Members APPROVED the **\*\*CORRECTED APPLICATION** of Jerry D. Thomas, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,206.02 per month, effective November 12, 2019 under the provisions of Act 59-556, Section 6 of the pension law. *Mr. Thomas was previously approved for SERVICE PENSION at the rate of \$3,196.78 per month, effective November 12, 2019 under the provisions of Act 59-556, Section 6 of the pension law at the Board Meeting on Wednesday, November 13, 2019.*

**\*\*Mr. Thomas's application is a revised calculation due to longevity payment processed on November 27, 2019.**

The Board Members APPROVED the **\*\*CORRECTED APPLICATION** of Lisa Ann Turner, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,533.43 per month, effective December 7, 2019 under the provisions of Act 59-556, Section 6 of the pension law. *Ms. Turner was previously approved for SERVICE PENSION at the rate of \$2,520.33 per month, effective November 23, 2019 under the provisions of Act 59-556, Section 6 of the pension law at the Board Meeting on Wednesday, November 13, 2019.*

**\*\*Ms. Turner's application is a correction because she changed her effective date, instead of leaving on the date she gave originally.**

The Board Members APPROVED the application of Christopher D. Whitfield, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,871.61 per month, effective November 10, 2019 under the provisions of Act 59-556, Section 6 of the pension law.

There were appearances by Mr. Greg Burchell, Mr. Daymeon Fishback, and Ms. Whitney McDade of Morgan Stanley. Mr. Fishback referenced the Wealth Management handout, and stated the stock market soared to all-time highs at well above 3200. Morgan Stanley believes most of that is global growth by the reignition of the Central Bank and \$60 million dollars going out in T-Bills. The global growth was also a dependent of the China Trade Wars, which are less intensive at the moment. There was the increased visibility of the Brexit, and now the situation involving Iran. The response on Iran is that the price of oil went up last Thursday and Friday, and it did not even out until this week. The US's presence in the oil market did not go up as much as it typically would have. There is a belief that the steeping of Yield Curve is improving growth prospects, but not all financial assets are confirming this story. The Ten-Year Treasury, which is 1.8%, collapsed seven basis points from twenty-three basis points in late October 2019. At the same time, gold, typically a fear-hedging asset, scaled above \$1,500.00 per ounce.

**Morgan Stanley believes there will be continued growth, and believes there could be a temporary correction at 5.00% or around that due to the Central Bank accommodation.**

**Board Member Webb asked Mr. Fishback if the Supplemental Pension System needs to be poised for anything in that regard. Mr. Fishback stated the portfolio is poised in terms of the overall asset allocation. But, Morgan Stanley feels as of now that the concerns are not Iran or the trade war in China but with the overall growth prospects with individual companies.**

**Board Member Webb referenced the Projects List, and stated \$5.6 million dollars was taken out for pension payments. Mr. Burchell stated the amount is for the entire year of 2019. For the Fiscal Year, the amount is \$3.073 million dollars. The Fiscal Year is July through December.**

**Board Member Webb asked Mr. Burchell how does that relate to revenues. Is it a net number, i.e. what the Supplemental Pension System made minus what was spent? Mr. Burchell stated it is a number that depends on the market; a time period that Morgan Stanley looks at. There could be outperformance of what is withdrawn, or less earnings than what was drawn. It is a measure of net of employer contributions.**

**Board Member Webb stated for clarity it is like the discussion regarding the financial statements that the Board Members have each month about what came in and what went out. Mr. Burchell stated that is correct. In addition to employee and employer contributions, it is the amount taken out above those to meet pension obligations.**

**Board Member Webb asked Mr. Burchell for a recommendation to fund the operating cash account. Mr. Burchell stated \$500,000.00 should be taken from Cooke & Bieler; \$360,000.00 from the Ithaca Group; \$120,000.00 from Morningside; \$220,000.00 from Great Lake Advisors; and \$800,000.00 from Lazard.**

**Board Member Webb asked if it would be potentially less liquid for the Supplemental Pension System when taking money from Lazard. Mr. Burchell stated Lazard is a very liquid international portfolio; they primarily invests in American Depositary Receipts (ADR). Lazard trades on the New York Stock Exchange (NYSE), and is very liquid in trading in US Dollars.**

**Board Member Webb stated for clarification that the Supplemental Pension System would not take a substantial hit. Mr. Burchell stated there is really no liquidity issues.**

**Board Member Webb stated \$2 million dollars will take the Supplemental Pension System down a point or two in total equity. Mr. Burchell stated it will be taken down approximately 1.00%. However, it is interesting that half way through the fiscal year in January 2020 the Supplemental Pension System is almost at what is being projected by the actuary in terms of withdrawals. The Supplemental Pension System will have approximately \$800,000.00 that has not been used yet for the rest of this quarter, but there is one more quarter to go.**

**Board Member Webb stated that is pursuant to the recommendation that the Board Members put \$2 million dollars in the operation cash account; bringing it up to \$800,000.00. Mr. Burchell stated he does not know if that is an anomaly as to what attributed to that, but it would be interesting to find out.**

**Board Member Webb stated the 2020 Withdrawal Rate is 8.57%. In 2018 and 2019, it was 15.97% and 14.98% respectively; it is eye-opening. The good news is that the Supplemental Pension System becomes cash positive in 2028, according to the actuary.**

**Board Member Webb stated the assumption is the pension fund having the cash to get there. Mr. Burchell stated he does not see why the Supplemental Pension System would not make it, based on the projections reflected in the Projects List handout. The Annual Rate of Withdrawal has been over depleting the fund above what the actuary presented to the Board Members for a number of years. The withdrawal rate was actually under in 2014, but it is now over.**

**Mr. Burchell stated Mr. Love is reviewing the agreement from Hamilton Lane to implement the alternative allocation of 15.00%.**

**Mr. Burchell stated Morgan Stanley is required to review the Investment Policy annually, and provide a copy to the Supplemental Pension System Board Members. The Board Members did not meet last month, but there are no changes to the policy other than the date and names in the back. The Board Members will need to sign the draft, and Morgan Stanley will move forward.**

**Mr. Burchell asked the Board Members to approve the Investment Policy.**

**Board Member Webb made the motion the Investment Policy, as described. Board Member Lipscomb seconded.**

**The Board Members APPROVED the Investment Policy, as described.**

**Board Member Webb made the motion to withdraw \$2 million dollars in this 2020 quarter, which put the City of Birmingham Firemen's & Policemen's Supplemental Pension System at approximately \$800,000.00 ahead of its current deficit with the City of Birmingham. The withdrawal will be pursuant to the discussion as described by Mr. Greg Burchell of Morgan Stanley from each of the equity funds. Board Member Lipscomb seconded.**

**The Board Members APPROVED to withdraw \$2 million dollars in this 2020 quarter, which put the City of Birmingham Firemen's & Policemen's Supplemental Pension System at approximately \$800,000.00 ahead of its current deficit with the City of Birmingham. The withdrawal will be pursuant to the discussion as described by Mr. Greg Burchell of Morgan Stanley from each of the equity funds.**



**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**