

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

Minutes: Attached are the minutes of the
December 12, 2018 meeting

1. Approval of the minutes for the December 12, 2018 meeting.
2. Approval of the financial statements for the month of November 2018.
3. Approval of investment activity for the month of December 2018.
(Regions Investment Management) – George McCurdy
4. Approval of investment activity for the month of December 2018.
(Lazard) – Anthony “Tony” Dote
5. Approval of investment activity for the month of December 2018.
(Cooke & Bieler) – Thad Fletcher
6. Approval of investment activity for the month of December 2018.
(Great Lake Advisors) – Laurie Watson
7. Approval of investment activity for the month of December 2018.
(Penn Capital) – Steve Loizeaux

8. **Approval of investment activity for the month of December 2018.
(FIS Group) – Charles Curry**
9. **Approval of investment activity for the month of December 2018.
(Blackstone) – Michael Cambias**
10. **Approval of investment activity for the month of December 2018.
(Ithaka Group) – Scott O’Gorman, Jr.**
11. **Approval of investment activity for the month of December 2018.
(Morningside Asset Management) – Yolanda Foreman**
12. **Approval of investment activity for the month of December 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 Thomas L. Bailey, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,706.04 per month, effective December 27, 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 Preston P. Cockrell, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,628.15 per month, effective December 22, 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 James Coleman, an employee with the Fire Department, for SERVICE PENSION at the rate of \$3,042.30 per month (DROP Amount \$118,390.46, DROP Date 12/28/2015), effective December 29, 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 Daniel Cook, Jr. an employee with the Police Department, for SERVICE PENSION at the rate of \$2,414.96 per month (DROP Amount \$93,977.66, DROP Date 01/08/2016), effective January 9, 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 James E. Johnson, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,507.70 per month, effective December 22, 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 Victor W. Langford, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,487.45 per month, effective January 3, 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 John R. Tanks, an employee with the Police Department, for SERVICE PENSION at the rate of \$3,133.06 per month, effective December 13, 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 Cameroun K. Tremble, an employee with the Police Department, for SERVICE PENSION at the rate of \$2,704.31 per month, effective December 15, 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 Ronald M. White, an employee with the Fire Department, for SERVICE PENSION at the rate of \$2,506.74 per month (DROP Amount \$97,549.45, DROP Date 01/17/2016), effective January 18, 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, December 12, 2018 in the Council Chambers at 1:30 p.m.

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

**Valerie Abbott, Chairperson
William Lipscomb, Member No. 2
Marlon Tolliver, Member No. 3**

Board Member William Lipscomb made the motion for the November 14, 2018 minutes to be approved. Board Member Marlon Tolliver seconded.

The Board Members APPROVED the November 14, 2018 minutes.

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

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

Board Member Lipscomb referenced the financial statements for the month of October 2018, and stated the City of Birmingham Firemen's and Policemen's Supplemental Pension System had a realized gain of \$47,926.84.

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

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

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

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

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

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

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

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

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

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

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

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

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

There was an appearance of Mr. Greg Burchell, Mr. Daymeon Fishback, and Ms. Whitney McDade of Morgan Stanley.

Mr. Burchell stated he was told the Finance Department needs some money to pay pension payments next month, and he will then bring a recommendation to the Board Members, i.e. liquidate some funds.

Mr. Burchell referenced the Projects List, and stated Morgan Stanley continues to diversify the portfolio. The Supplemental Pension System will have some alternative investment options more suited to the pension fund coming from Morgan Stanley’s Due Diligence Department, and Mr. Burchell will bring those as soon as possible.

Mr. Burchell distributed a handout by the National Conference on Public Employee Retirement Systems (NCPERS) and Cobalt Community Research. Mr. Burchell stated there is a lot of good data in the handout relative to other pension systems. There were 164 respondents that respond to the pension system; both were state and local pension systems. The Board Members will see the responders; expenses, typical actuarial assumption; plan changes in retirement benefits; best practices; investment returns; and investment allocation. The handout has really good data that is very informative and educational. One of Morgan Stanley’s commitments to the Board Members is to always provide material that will raise Board Members’ awareness and help with reaching their fiduciary responsibility as a trustee for Supplemental Pension System.

Chairperson Abbott asked Mr. Burchell about Cobalt Community Research. Mr. Burchell stated Cobalt Community Research is a research partner that conducts research on behalf of NCPERS, i.e. collects data, calculates it, and brings it back.

Chairperson Abbott stated for clarity that Cobalt Community Research is like New South Research; they do the work like any other research company. Mr. Burchell stated that is correct.

Mr. Burchell stated the Board Members are welcome to contact Mr. Burchell, Mr. Fishback, and Ms. McDade.

Board Member Lipscomb stated Mr. Aaron Saxton, Deputy Director of Finance, needs to speak on Morgan Stanley's recommendation.

Mr. Burchell stated Mr. Saxton is aware of the recommendation, and asked Mr. Saxton to give the Board Members an update on the cash balance in the pension fund.

Mr. Saxton stated the cash balance is a negative \$298,395.36 as of today.

Mr. Burchell stated he and his team members historically put in place a process of liquidating approximately \$795,000.00 on a quarterly basis to meet pension obligations; this is usually done within the first month of the quarter. The quarter will start in January 2019. However, the Supplemental Pension System usually has a positive balance during that time, but the Finance Department will be seeking approximately \$1 million dollars. Mr. Saxton stated the Finance Department can hold off until next month.

Chairperson Abbott asked if the Board Members need to deal this right now, or hold off and see what happens. Mr. Burchell stated he can come up with a recommendation right now, if that is the pleasure of the Board Members.

Board Member Lipscomb asked Mr. Saxton if the cash balance account will be in jeopardy, e.g. the Deferred Retirement Option Plan (DROP) payments being affected. Mr. Saxton stated no.

Chairperson Abbott asked if holding off is advisable or will the Board Members need to make a decision now. Is there a recommendation from the Finance Department? Mr. Saxton stated he thinks the Finance Department can probably hold off until next month. The Finance Department has sufficient cash to hold them over.

Chairperson Abbott asked if the picture will possibly improve if the Board Members were to hold off. Mr. Saxton stated no.

Chairperson Abbott asked if there is any benefit to holding off. Mr. Burchell stated there is no quantifiable benefit from one month to the next in terms of the market and short-term. The markets are volatile, especially right now. Mr. Burchell stated he could "piece mill" a recommendation; the money will mostly from equities.

Equities are currently 18% in the portfolio, with the approach to going down 15% per the Investment Policy. The money can be taken from Cooke & Bieler and the Ithaca Group at \$500,000.00 each.

Chairperson Abbott asked the Board Members what they should do, since there is no benefit to waiting. The cash balance account is down \$298,395.36, but the Finance Department is anticipating...

Mr. Burchell stated the Board Members normally fund \$795,000.00 at the beginning of each quarter to prepay the expected pension obligations over the course of the quarter, per the recommendation from Mr. Burchell and his team members. Chairperson Abbott stated for clarity that is why the Finance Department needs \$1 million dollars.

Board Member Lipscomb made the motion to transfer funds in amount of \$500,000.00 each from the Ithaca Group and Cooke & Bieler, based upon the recommendation from the Finance Department, to meet pension obligations. Board Member Tolliver seconded.

The Board Members APPROVED to transfer funds in amount of \$500,000.00 each from the Ithaca Group and Cooke & Bieler, based upon the recommendation from the Finance Department, to meet pension obligations.

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

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

The Board Members APPROVED 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.

Board Member Lipscomb stated he received an email, in the form of a letter, from a retired Battalion Chief expressing his sincere gratitude to two pension payroll staff members for their assistance in making his retirement transition go smoothly. Board Leonard stated he emailed a copy of the letter to the Board Members. The pension payroll staff members are Ms. Sandy Roberts and Ms. Angela Pizant; both were very diligent and helpful in their assistance. The email was also sent to Mr. Tom Barnett, Director of Finance, at his request.

Board Member Lipscomb thanked Ms. Roberts and Ms. Pizant for going above and beyond their duty to make sure the Battalion Chief's retirement transition went smoothly. Chairperson Abbott stated she is happy to hear that because she stumbled and fumbled over everything upon retiring from AT&T. Chairperson Abbott stated she would have been happy to have some help from someone; so she is glad that the City of Birmingham helps people figure out how to get out of the door gracefully instead of falling out of the door.

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

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

ATTEST:

Lorren Oliver
Secretary

Valerie Abbott
Chairperson