

**The City of Mobile, Alabama**  
**Police and Firefighters Retirement Plan**  
**Regular Meeting**  
**March 26, 2008**

The Board of Trustees for The City of Mobile, Alabama Police and Firefighters Retirement Plan met in regular session at 9:00 a.m. on Wednesday, March 26, 2008 in the City Council Pre-Conference room on the first floor of the south tower of Government Plaza.

**Present:**

Fire Service Captain Bryan Lee, Chairman  
Police Deputy Chief James Barber, Vice Chairman  
Retired Police Lieutenant George Goodwin  
Retired Fire Service Captain Terry Lilley  
Fire Service Captain James Connick  
Mr. Michael Druhan  
Ms. Wanda Cochran, Counsel  
Ms. Mary Berg, Secretary  
Ms. Debbie Blackburn, Office Assistant III

**Absent:**

Police Lieutenant Mike Morgan  
Ms. Barbara Malkove  
Mr. Briley Shirah

**Guests:**

Mr. Andrew Kelsen, Gray & Company  
Mr. William Broadus, Retired Firefighter  
Mr. Jerry Hughes, Retired Firefighter  
Ms. Bertie Chambers, Widow of Retired Firefighter Alvin Chambers  
Mr. Marvin Weekley, Retired Fire Captain  
Mr. Christopher Silva, BlackRock  
Mr. Steven Yeh, BlackRock  
Mr. Scott Harris, ING Clarion Partners  
Mr. Douglas Wolski, ING Clarion Partners  
Mr. Richard Cohen, Morgan Stanley  
Mr. Eric Lareau, Principal Global Investors  
Mr. John Berg, Principal Global Investors  
Mr. William Whipple, TIAA-CREF  
Mr. Chris McGibbon, TIAA-CREF

The chairman, Captain Bryan Lee, called the meeting to order at 9:04 a.m.

The first order of business on the agenda concerned presentations by prospective alternative managers. However, the Board agreed to amend the order of the meeting to address the business portion while a quorum of members was present.

The chairman presented the **minutes of the regular Board meeting of January 23, 2008**. *On a motion by Captain Connick, seconded by Mr. Lilley, the minutes were approved as written and distributed.*

The chairman presented the **financial statements for the month of January, 2008**. *Captain Connick requested that copies of statements be available at the meetings. Captain Connick moved for approval, the motion was seconded by Mr. Lilley, and carried.*

The chairman presented Personnel Action Notice submitted by **Police Sergeant Michael H. Smith**, Mobile Police Department, of his intent to enter the DROP effective April 1, 2008. Sergeant Smith is 55 years old and has served 29.88 years. He has elected the 100% joint and survivor annuity option with the “pop-up” feature. *Deputy Chief Barber moved for approval. Mr. Druhan seconded the motion, and it carried.*

The chairman presented items 6 through 8 on the agenda for approval. *On a motion by Deputy Chief Barber, seconded by Mr. Druhan, the Board approved the following:*

**Payment of Invoice No. 003658 dated February 28, 2008 in the amount of \$5,000.00 submitted by Gray & Company** for investment performance analysis ending February 29, 2008;

**Payment in the amount of \$3,771.00 to DLJ Real Estate** for professional real estate management fees for the period July 1, 2007 through December 31, 2007; and

**Payment of Invoice No. 009-0308 dated March 14, 2008 in the amount of \$425.00 submitted by Southern Actuarial Services Company, Inc.** for a special studies report requested by the Board.

The secretary provided each Board member with a list of the **requests for refund**. *On a motion by Captain Connick, seconded by Mr. Lilley, the Board approved refunds totaling \$26,641.05 as follows:*

<i>Desmond R. Brooks</i>	<i>\$16,819.88</i>
<i>David R. Evans</i>	<i>843.14</i>
<i>LaDonta T. Sullivan</i>	<i>8,978.03</i>
<i>Total Refunds</i>	<i>\$26,641.05</i>

**Unfinished business:**

- The final version of the Trustee Handbook was presented for adoption. *On a motion by Mr. Druhan, seconded by Mr. Goodwin, the handbook was adopted as of March 26, 2008.*
- The chairman reported that the Pension Board web site is still not up, and running. However, the chairman and Ms. Berg have met with Elaine Isler of the City’s MIT department to facilitate having the site become operational.
- The chairman directed the attention of the Board members to a letter written to Mr. Aubrey A. Bishop in response to Mr. Bishop’s letter of November 27, 2007.
- Although Ms. Malkove was absent from the meeting, the chairman thanked her for the invaluable help she provided in scheduling a meeting with the Mayor to address raises for retirees. Mayor Sam Jones told the attendees of the meeting that he would address the issue of raises for retirees in a comprehensive plan he will present in May 2008.
- Ms. Berg informed the Board that the financial statements scheduled to be mailed to retirees would be done so by Friday, March 28, 2008.
- Captain Connick brought up the study and letter recently received from Mr. Chuck Carr regarding the cost of a hypothetical new employee under both plans. A discussion of this letter led to a discussion of finding additional income sources to address the unfunded liability. The chairman

appointed a finance committee made up of Lieutenant Morgan, Ms. Barbara Malkove, Captain Connick, and himself to research such sources.

**New business:**

- Deputy Chief Barber asked about the legality of having a forensic scientist that the Police Department is planning to hire, who has law enforcement certification, remain part of Retirement Systems of Alabama instead of becoming part of the Police and Fire Plan. Ms. Cochran will research the matter and report to the Board at the next meeting.
- Ms. Cochran presented a resolution concerning Transamerica Investment Management LLC to the board for their consideration. *Deputy Chief Barber moved for adoption of the resolution as presented. Mr. Druhan seconded the motion, and it carried.*

**RESOLUTION**

**Whereas**, the Board is designated by Article 7 of Act 97-689, 1997 Ala. Acts as the administrative authority for a retirement plan established for the benefit of the police officers and firefighters for the City of Mobile, Alabama (the "Plan");

**Whereas**, section 7.04(b) for the Plan vests the Board with full power to invest and reinvest the Plan's assets (the "Fund") in such investments as the Board may from time to time approve, and further authorizes the Board to employ such financial advisors as it may, from time to time, approve;

**Whereas**, the Board has previously engaged Gray and Company as an independent financial consultant and fiduciary to the Plan to assist the Board, among other things, in constructing its investment portfolio and monitoring performance of investment managers employed by the Plan;

**Whereas**, the Board has adopted an asset allocation plan, the terms of which require a portion of the Fund to be invested in various classes of assets, including the certain stocks in an asset class known as small to mid cap value;

**Whereas**, the Board initiated a competitive process to select one or more investments to meet the Board's objectives as set out in the asset allocation policy;

**Whereas**, the Board, in conjunction with Gray and Company, interviewed several firms that offer an investment management services and determined that the Board should appoint Transamerica Investment Management, LLC (Transamerica) as investment manager for the small to mid cap value investment;

**Whereas**, Transamerica has submitted to the Board an Investment Management Agreement and Part II of its ADV Form (Uniform Application for Investment Adviser Registration);

**Whereas**, Gray and Company has reviewed the contract documents and the ADV Form and has approved the business terms as appropriate for this type of investment, and had confirmed that the investment is in compliance with the Board's asset allocation policy;

**Whereas**, the Board's General Counsel has reviewed the contract documents and approved the same as to form;

**NOW, THEREFORE, BE IT RESOLVED** by the City of Mobile Police and Firefighters Retirement Plan Board:

1. That the Chairman and Secretary are authorized to execute and attest, respectively, for and on behalf of the Board, the Investment Management Agreement, attached hereto, and such other documents which may be necessary to appoint Transamerica as the Board's investment manager for the small to mid-cap value allocation;
2. The precise amount to be invested shall be determined by Gray and Company in accordance with the Asset Allocation Policy, which, as of March 1, 2008 was approximately \$8,984,278 dollars.

ATTEST:

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- Ms. Cochran advised the Board of a change that TIR has requested to their contract. After a brief discussion, *Deputy Chief Barber moved to approve the request subject to the original side letter agreement remaining in effect. Mr. Lilley seconded the motion and it carried.*
- Ms. Cochran informed the Board that ALFA Insurance has not been making their pension payments in a timely manner. She feels that ALFA wants to use their court victory to push the pension payment issue. Ms. Cochran requested that the Board allow her to pursue payment of all outstanding pension fees, included filing suit, if necessary. *The chair moved for approval of Ms. Cochran's request. Mr. Lilley seconded the motion and it carried.*

Mr. Christopher Silva and Mr. Steven Yeh presented a proposal on behalf of **BlackRock**. They answered questions posed by the Board, Ms. Cochran and Mr. Kelsen. *The chairman thanked Mr. Silva and Mr. Yeh on behalf of the Board, and they departed.*

Mr. Scott Harris and Mr. Douglas Wolski presented a proposal on behalf of **ING Clarion Partners**. They answered questions posed by several Board members, Ms. Cochran and Mr. Kelsen. *The chairman thanked Mr. Harris and Mr. Wolski on behalf of the Board, and they departed.*

At this time Mr. Marvin Weekley addressed the Board to request that Ms. Bertie Chambers, widow of Alvin Chambers, be brought under the Escalation Clause at one-half of Mr. Chambers retirement benefit. *The Board directed Ms. Berg to confer with Ms. Cochran and bring a report back on this matter at the April meeting.*

Mr. Richard Cohen presented a proposal on behalf of **Morgan Stanley**. He answered questions posed by the Board, Ms. Cochran and Mr. Kelsen. *The chairman thanked Mr. Cohen on behalf of the Board, and he departed.*

Mr. Eric Lareau and Mr. John Berg presented a proposal on behalf of **Principal Real Estate Investors**. They answered questions posed by several Board members, Ms. Cochran and Mr. Kelsen. *The chairman thanked Mr. Lareau and Mr. Berg on behalf of the Board, and they departed.*

Mr. William Whipple and Mr. Chris McGibbon presented a proposal on behalf of **TIAA-CREF**. They answered questions posed by several Board members, Ms. Cochran and Mr. Kelsen. *The chairman thanked Mr. Whipple and Mr. McGibbon on behalf of the Board, and they departed.*

Minutes of Regular Meeting – March 26, 2008 *(Continued)*

The Board after a discussion with Mr. Andrew Kelsen decided to bring the appointment of a new alternative manager back to the April meeting.

*There being no further business to come before the Board, on a motion by Mr. Druhan and seconded by Captain Connick, the meeting adjourned at approximately 1:00 p.m.*

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*Bryan T. Lee, Chairman*

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*Mary A. Berg, Secretary*