The City of Mobile, Alabama
Police and Firefighters Retirement Plan
Regular Meeting
October 22, 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, October 22, 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
Ms. Barbara Malkove
Retired Fire Service Captain Terry Lilley
Fire Service Captain James Connick
Mr. Michael Druhan
Retired Police Sergeant Joe Connick
Police Deputy Chief James Barber
Ms. Wanda Cochran, Counsel
Ms. Mary Berg, Secretary
Ms. Debbie Blackburn, Office Assistant III

Absent:  Police Lieutenant Mike Morgan

Guests:
Ms. Gwelda Swilley-Burke, Gray & Company
Mr. Greg Foster, Retired Fire Service Captain, Mobile Fire-Rescue
Mr. Joseph Salata, Retired Firefighter, Mobile Fire-Rescue
Mr. Joshua Shaskan, CFA, Transamerica
Mr. Timothy Hassett, Director of Client Relations, Transamerica

The chairman, Captain Bryan Lee, called the meeting to order at 9:03 a.m.

The chairman presented the minutes of the special Board meeting of September 11, 2008 and the regular Board meeting of September 24, 2008. On a motion by Mr. Joe Connick, seconded by Captain James Connick the minutes were approved as written and distributed.

The chairman presented the financial statements for the month of August, 2008. Captain Connick moved for approval, the motion was seconded by Ms. Malkove. During the discussion period, Captain Connick questioned the math and pointed out what he thought was an addition error. The motion and second were withdrawn. Ms. Berg said that she would speak with Mr. Norman Lucas of the Accounting Department to see if there is a problem with an excel formula. Approval of the financial statements was tabled until the November meeting.

Personnel Action Notice submitted by Police Corporal Mark D. Kinsey, Mobile Police Department of his intent to retire effective October 18, 2008 with benefits deferred to December 9, 2010 at which time he will be 50 years of age. Corporal Kinsey has served 20.42 years entitling him to retirement benefits on the basis of 51.05% of his final average salary.

The chairman presented items 5 through 11 on the agenda for approval. Mr. Connick asked who reviews the invoices before payment. Ms. Berg replied that she reviews all invoices before they are added to the agenda. Board members then have the opportunity to review them when they receive their agenda
packets. On a motion by Deputy Chief Barber, seconded by Captain Connick, the Board approved the following:

**Payment of Invoice No. 003836 dated September 29, 2008 in the amount of $5,000.00 submitted by Gray & Company for investment performance analysis ending September 30, 2008;**

**Payment in the amount of $158.00 to Westbrook Real Estate for professional real estate management fees for the period July 1, 2008 through September 30, 2008;**

**Payment in the amount of $80,000.00 submitted by Permal Capital Management for call requested for current investment;**

**Payment in the amount of $11,333.00 to Ripplewood Partners II, LP, for capital call for current investment;**

**Payment in the amount of $158,058.93 to Timberland Investment Resources for call requested for current investment;**

**Payment of Invoice dated October 13, 2008 in the amount of $15,487.00 submitted by Transamerica Investment Management for professional smid cap income investment services for the quarter ending December 31, 2008; and**

**Payment of Invoice dated October 14, 2008 in the amount of $17,279.50 submitted by Evergreen Investments for professional equity investment services for the quarter ending September 30, 2008.**

The secretary provided each Board member with a list of the requests for refund. On a motion by Captain Connick, seconded by Deputy Chief Barber, the Board approved refunds totaling $10,925.41 as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillip Davis</td>
<td>$3,851.43</td>
</tr>
<tr>
<td>Thomas D. Williams, III</td>
<td>7,073.98</td>
</tr>
<tr>
<td><strong>Total Refunds</strong></td>
<td><strong>$10,925.41</strong></td>
</tr>
</tbody>
</table>

The chairman acknowledged the consultant Ms. Swilley-Burke and turned the meeting over to her. Along with a comprehensive review of the Fund, she provided some thoughts on the current financial environment. At the conclusion of her presentation, Ms. Swilley-Burke introduced representatives from Transamerica Investment Management.

Mr. Timothy Hassett and Mr. Joshua Shaskan explained to the Board the reasons for the personnel changes their company has recently gone through, and assured them that our investment with Transamerica would continue to be a true smid cap portfolio. Ms. Cochran, Ms. Swilley-Burke and the Board posed several questions to them including asking the past performance of the investment managers that would be handling the Plan’s investment. The gentlemen were thanked for their information, and they left the meeting.

Being displeased with the answers, or lack thereof, on past investment performances, Captain Connick made a motion to put Transamerica on probation effective October 22, 2008. The motion was seconded by Deputy Chief Barber, and carried. Captain Connick motioned to have the consultant begin a new search for smid cap value manager, and to waive any requirements that would prevent former employees of Transamerica from being included in the search. The motion was seconded by Deputy Chief Barber,
and it carried. The consultant will have the performance numbers for search candidates at the next meeting.

Unfinished business:

- Action on request from Police Captain Amelia Brown tabled until next meeting.

- Tax Attorney Ron Davis will be at the November Board meeting to discuss the information needed to proceed with the request to obtain a Private Letter Ruling from the IRS for the Heart & Lung Disability retirees that retired prior to the law being changed on May 17, 2001.

- Ms. Berg presented the following resolution for the 2% raise for retirees before September 30, 2008. Mr. Lilley motioned to adopt the resolution with it being seconded by Mr. Connick. During the discussion the motion and second were withdrawn. Mr. Druhan then motioned to adopt the resolution. Ms. Malkove seconded the motion and it carried with Mr. Lilley and Mr. Connick abstaining.

RESOLUTION

WHEREAS, the Mobile City Council has proposed in its fiscal year 2008-2009 budget to appropriate additional funds to grant a cost of living increase to retirees effective October 1, 2008; and,

WHEREAS, certain members of the City of Mobile, Alabama Police and Firefighters Retirement Plan (the "Board") have requested the Board to grant a cost of living increase; and,

WHEREAS, Article 4.05 of Act No. 689, 1977 Alabama Acts 2191, 2234, authorizes the Board to grant, after consultation with its actuary and other advisors, to certain classes of retired members, as the Board deems prudent, but only if such increases would have no material adverse impact on the funded status of the Plan; and,

WHEREAS, the Board, after due consideration and consultation with its financial advisors has determined that the requested increase will not have a significant adverse impact on the financial condition of the Plan, so long as such increases are not routinely granted;

NOW, THEREFORE, BE IT RESOLVED that the trustees of the City of Mobile, Alabama Police and Firefighters Retirement Plan hereby agree to provide a one-time cost of living adjustment for those certain classes of pensioners detailed below:

Retirees:

For retirees who retired prior to October 1, 1977: 2%

For retirees who retired during the period October 1, 1977 through April 14, 1985: No increase

For retirees who retired during the period April 15, 1985 through September 30, 1996: 2%
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**Beneficiaries:**

For widows of retirees who retired prior to April 14, 1985 ("$150 widows" only):
2%

For all other widows/beneficiaries who began receiving benefits before September 30, 1996:
2%

**ADOPTED:**

October 22, 2008

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Secretary

- Ms. Malkove requested an update on the red light bill. Deputy Chief Barber reported that he was trying to arrange a meeting with the members of the local legislative delegation regarding the bill.

- Ms. Cochran gave an update on the ALFA lawsuit.

**New Business:**

- The change of auditors by the City has caused a delay in the audit of the Plan. This, in turn, will cause a delay in getting the audit numbers to the actuaries. *Captain Connick motioned that Board hire Wilkins, Miller to begin the audit of the Plan. The motion was seconded by Ms. Malkove, and it carried.*

- The chairman requested that the annual letter to the legislative delegation be added to the agenda for next month’s meeting.

*There being no further business to come before the Board, on a motion by Captain Connick, and seconded by Deputy Chief Barber, the meeting adjourned at approximately 10:30 a.m.*

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_Bryan T. Lee, Chairman_

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_Mary A. Berg, Secretary_