The City of Mobile, Alabama
Police and Firefighters Retirement Plan
Regular Meeting
November 28, 2007

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, November 28, 2007 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  
Retired Police Lieutenant George Goodwin  
Retired Fire Service Captain Terry Lilley  
Fire Service Captain James Connick  
Police Lieutenant Mike Morgan  
Mr. Briley Shirah  
Mr. Michael Druhan  
Ms. Wanda Cochran, Counsel  
Ms. Mary Berg, Secretary  
Ms. Deborah Blackburn, Office Assistant III

Absent:  
Police Deputy Chief James Barber  
Ms. Barbara Malkove

Guests:  
Ms. Gwelda Swilley-Burke, Gray & Company  
Mr. William Broadus, Retired Firefighter  
Fire Service Captain Leann Tacon, Mobile Fire Department  
Mr. Jerry Hughes, Retired Firefighter

The chairman, Captain Bryan Lee, called the meeting to order at 9:02 a.m.

The chairman presented the minutes of the rescheduled regular Board meeting of August 29, 2007, the regular Board meeting of September 26, 2007, and the regular Board meeting of October 24, 2007. On a motion by Lieutenant Morgan seconded by Captain Connick, the minutes were approved as written and distributed.

The chairman presented the financial statements for the month of September, 2007. Mr. Druhan moved for approval, the motion was seconded by Mr. Goodwin, and carried.

The chairman presented items 4 through 9 on the agenda for consideration. On a motion by Mr. Druhan seconded by Captain Connick the Board approved the following:

Payment of Invoice No. 003572 dated October 30, 2007 in the amount of $5,000.00 submitted by Gray & Company for investment performance analysis ending October 31, 2007;

Payment of Invoice No. 33515 dated November 5, 2007 in the amount of $1,557.50 submitted by D. Charles Holtz for legal services rendered through October 31, 2007;

Payment in the amount of $6,967.08 to Orleans Capital Management for professional fixed income investment services for the quarter ending September 30, 2007;
Payment of Invoice No. SSgABA469340 dated November 9, 2007 in the amount of $4,836.08 submitted by State Street Global Advisors for professional index investment management services for the quarter ending September 30, 2007;

Payment in the amount of $18,523.00 to LSV Asset Management for professional smid cap income investment services for the quarter ending September 30, 2007; and

Payment of Invoice dated October 24, 2007 in the amount of $12,082.99, submitted by The Bank of New York, for professional custodial services for the quarter ending September 30, 2007.

The chairman presented items 10 and 11 on the agenda for consideration. On a motion by Captain Connick seconded by Mr. Shirah the Board approved the following:

Payment in the amount of $21,000.00 to Levine Leichtman Capital Partners, Inc., for call requested for current investment; and

Payment in the amount of $50,000.00 to Permal Capital Management, for call requested for current investment.

The chairman presented items 12 through 14 on the agenda for consideration. On a motion by Mr. Shirah seconded by Mr. Druhan the Board approved the following:

Request of Ms. Berg for reimbursement in the amount of $46.96 for travel expenses incurred while attending the Certified Governmental Accounting Technician Program in Tuscaloosa, AL November 7, 2007;

Request of Ms. Berg for registration fee in the amount of $125.00 to attend a class for the Certified Governmental Accounting Technician Program in Tuscaloosa, AL January 16, 2008; and

Payment of Invoice for annual dues in the amount of $500.00 for membership in the Florida Public Pension Trustees Association (FPPTA) for the year 2008.

The chairman presented an audit adjustment letter from Patricia Aldrich, City Comptroller, reporting that the balance of $5,107,240.00 is to be transferred to the Fund by March 31, 2008. On a motion by Captain Connick seconded by Lieutenant Morgan the Board approved receipt of the letter.

The secretary provided each Board member with a list of the requests for refund. On a motion by Lieutenant Morgan and seconded by Captain Connick, the Board approved refunds totaling $70,929.45 as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kwame L. Crewell</td>
<td>$1,318.78</td>
</tr>
<tr>
<td>Joseph B. Dunagan</td>
<td>7,493.14</td>
</tr>
<tr>
<td>Joel S. Jenkins</td>
<td>12,956.41</td>
</tr>
<tr>
<td>Benjamin C. Kinsey</td>
<td>19,570.61</td>
</tr>
<tr>
<td>Charles W. LaPorte</td>
<td>17,896.75</td>
</tr>
<tr>
<td>Derek A. Switzer</td>
<td>11,693.76</td>
</tr>
</tbody>
</table>

Total Refunds $70,929.45
The chairman acknowledged the consultant, Ms. Swilley-Burke and turned the meeting over to her. Ms. Swilley-Burke gave a short synopsis of how the current problems with sub-prime lenders and real estate delinquency may affect the national economy. She reported that a projected slower rate of economic growth has raised some fears of a recession. Ms. Swilley-Burke gave a comprehensive summary of manager performance ending September 30, 2007. There was a brief discussion concerning LSV’s probationary status. Lieutenant Morgan requested a comparison of LSV to other smid cap firms.

Unfinished business:

- Ms. Cochran reported that the ALFA Insurance legal proceedings have now concluded.
- Ms. Cochran reported that copies of the new Trustee Handbook would be provided to the Police and Fire Departments for their review. It will then be placed on the January meeting for adoption.
- The chairman presented a final draft of the letter that is to be sent to plan participants who are in the “Escalation Group”. The letter will be sent to the retirees and their named beneficiaries in January.
- The matter of releasing retirees’ addresses to Board members was tabled until the December meeting.

New business:

- Mr. William Broadus addressed the Board regarding raises for retirees.

  • On a motion by Captain Connick and seconded by Lieutenant Morgan, the Board approved to request the Actuary to calculate the percentage of payroll it would cost for the Plan to provide the 20 years at age 50 benefits and the 20 years at age 55 benefits without the unfunded liability coming into effect.

- Captain James Connick presented the following letter from Fire Service Captain Aubrey Bishop to the board:

    November 27, 2007
    
    Capt. Jimmy Connick
    3200 Moffett Rd.
    Mobile, Ala. 36607
    478-6663
    
    Dear Mr. Connick:
    
    Over the past several years the City of Mobile Police and Fireman’s Pension fund has been trying to address the unfunded Liability and ways to correct it. In 1997 a change was made in the Fund based on the best guess from an actuary report stating the fund would be able to overcome the unfunded liability in 30 years with the changes proposed. We are currently 10 years into the plan to correct the unfunded liability and I see no change and in fact have seen the unfunded amount go higher. With this in mind I have several cost neutral ways to help off set the current direction the plan is taking.
1. The current Plan is based on one’s classified salary instead of the one’s true salary. This should be changed to the true salary taking into account Overtime and holiday pay. Out of a 25 year employment the Fund would get 22 years of growth. With the last 3 years being split between the Fund and the employee.

2. Once an employee enters the DROP he no longer pays 8% into the fund. I think this should be changed so that the deduction continues and the amount collected also be placed into one’s drop account. The Fund would be able to collect an additional amount of interest since his DROP account would be larger. The employee would also benefit from the additional money.

There is another issue I would like for you to clarify and I have it listed below.

1. If an employee takes option 1 (100% of his pension benefit) and dies prior to him using all of his contributions to the fund (8% of his salary) what would happen to the balance of his contribution.

Any help with these issues would be appreciated.

Sincerely:

Aubrey Bishop

There being no further business to come before the Board, on a motion by Mr. Lilley seconded by Captain Connick the meeting adjourned at approximately 10:50 a.m.

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Bryan T. Lee, Chairman

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Mary A. Berg, Secretary