CITY OF MOBILE
REQUEST FOR PROPOSALS
RFP 5563

PENSION PLAN MANAGEMENT SOFTWARE
CITY OF MOBILE ALABAMA POLICE AND FIREFIGHTERS RETIREMENT PLAN

The City of Mobile is seeking proposals for cloud software solutions for management of the City of Mobile, Alabama's Police and Firefighters Retirement Plan.

Written Proposals Due:	**5:00 pm, June 29, 2021**
Optional Pre-Proposal Conference Call	**11:00 am, June 8, 2021**

US Mail Address	Package & Hand Delivery:
RFP 5563 City of Mobile Procurement Department PO Box 1948 , Mobile, AL 36633	RFP 5563 City of Mobile Procurement Department 205 Government Street 4th Floor South Tower, Room 408S Mobile, AL 36644

Questions due to Purchasing@CityofMobile.org: **seven calendar days prior to proposal due date. Email** to Purchasing@CityofMobile.org for pre-proposal call-in information.

Proposals must be submitted in a sealed envelope with at least one signed original and one electronic copy (CD or thumb-drive). The outside of the envelope must be marked "City of Mobile RFP 5563."

The full contents of the Request for Proposals (RFP), and any subsequent Addenda to this RFP may be found on the City Bid page at http://www.cityofmobile.org/bids.

To ensure you are sent the latest information regarding this request, you may, but are not required to, register as an interested respondent by submitting your e-mail contact information to Purchasing@CityofMobile.org. The City will distribute any amendments or addenda by email, as well as posting on the City bid page.

1. GENERAL INFORMATION

1.1. The City of Mobile, Alabama, ("City") is soliciting proposals for a cloud-based software product to administer the City's Police and Firefighters Retirement Plan, to include benefit tracking and management, contributions and credits, counseling, inquiries, and reporting.

1.2. The City of Mobile Police and Firefighters Retirement Plan (the Plan) was first created in 1951 when the legislature authorized all Alabama cities with populations exceeding 100,000 to create special trust funds for the purpose of providing retirement and disability benefits to employees of the police and fire departments. (Act of September 11, 1951, No. 774, 1951 Ala. Acts 1365). The 1951 Act was amended in 1964, 1966, and 1971; it was amended three times in 1985; and again in 1986, 1990, and 1991. The current Plan was adopted in 1997 by the Act of May 29, 1997, No. 689, 1997 Alabama Acts 2191 (here• after referred to as "the Plan"). The Internal Revenue Service ruled the Plan to be tax-qualified on March 23, 1998. While there have been many versions of Mobile's Plan, its purpose has remained constant- to provide disability and retirement benefits for police officers, firefighters and their beneficiaries. Additional representative documents have been included as exhibits for further familiarization with the Plan. **Exhibit A** is the current adopted **Amended and Restated Plan. Exhibit B** is the **2019 Actuarial Valuation. Exhibit C** is the **2018 Financial Report. Exhibit D** is the **Police and Firefighters Retirement Plan Board Trustee Handbook.**

1.3. The Plan is managed and governed by a nine-member Board of Trustees: three members elected by the Plan participants within the fire department (one of whom is a retired member), three members elected by the Plan participants within the police department (one of whom is a retired member), two citizen• members appointed by the Mobile City Council, and one ex officio member, the Finance Director for the City of Mobile.

1.4. The Plan has approximately 1,700 members, of which 950 are on active service, and 750 are retired. Monthly pension benefit payments are approximately $1,500,000 for the 750 retirees. The Plan processes approximately 35 retirement applications and over 360 phone inquiries annually.

1.5. The Plan is funded by member and employer contributions, returns realized from investment, a percentage of municipal court fines, and fees collected from companies writing fire insurance within the City and its police jurisdiction. While employees pay a fixed percentage of pay, the City of Mobile's contribution is tied to the actuarial cost for the plan determined as of each October 1. The Plan's current valuation is approximately $250,000,000.

1.6. The Board stands in a fiduciary relationship to the members of the Plan and is responsible for setting policies to ensure that the fund is managed prudently, in accordance with law, and for the exclusive benefit of the members of the Plan. Since 1991, the board has implemented a number of policies concerning its asset allocation, investment procedures and benefit determinations.

1.7. The Board is served by an Executive Secretary, also called the Pension Coordinator, a merit system employee of the City of Mobile, and a City Attorney, also an employee of the City of Mobile. The Board also employs a financial consultant, and an actuarial service, to advise the board on fund contributions, benefits, and investments.

1.8. The former Pension Coordinator has retired, her replacement has been hired. The process to train the new Pension Coordinator is ongoing. It is the intention of the City and the Board to have many of the manual functions of the Pension Coordinator automated by the software product to be selected through this solicitation. The Board will continue to use the services of a City Attorney, a contract financial consultant and an actuarial service.

1.9. Plan benefit and contribution records are currently found on a mixture of paper documents, spread sheets, and locally developed data bases. The Board desires to import, image, enter, and consolidate relevant legacy data in the to-be-purchased software product, using either internal or contractor resources.

1.10. The selection of the software product will be made jointly by the City and the Board, and approved by the Mayor and City Council, but the Board will directly oversee software setup, implementation, and operation.

1.11. The current functions performed by the Executive Secretary that are expected in large part to be performed by the selected software product, include:

1.11.1. Maintain all records related to plan administration and be the official custodian of those records.

1.11.2. Facilitate communication and information flow between and among the Board, plan members, the General Counsel and agents of the Board;

1.11.3. Ensure that administration activities and decisions are within Board-approved policies;

1.11.4. Maintain, authenticate and certify all system records and actions;

1.11.5. Maintain records of retired members containing a full and complete history and record of the Board's action in retiring the members, including the member's name, dates of entering service in the City's police or fire departments, periods of employment, written requests from members desiring retirement, dates of retirement, the reasons for such retirements and other such information as the Board may require;

1.11.6. Work with the City Payroll Department, using the City's Tyler HR/Payroll software to ensure the accuracy and timeliness of pension distributions and tax withholdings and payments;

1.11.7. Work with Plan Sponsor to provide copies of all financial transactions and other matters related to the accounting of the system;

1.11.8. Provide benefit scenarios and calculations for Plan members;

1.11.9. Coordinate and provide administrative support for Board and Plan member meetings.

2. SPECIFICATIONS.

2.1. The software product must be able to securely receive, store, manage, and report plan contribution, eligibility, and payment history for all Plan members and beneficiaries.

2.2. The software must be able to incorporate Plan benefit algorithms and generate real-time, accurate plan calculations and reports. See Exhibit A regarding plan benefit provisions.

2.3. The software must provide a user-friendly, secure, web-accessible interface for all Plan members with current benefit information and projections to allow Plan members to make informed decisions regarding Plan benefits.

2.4. The software must be cloud-hosted with 24-hour support.

2.5. The software must have roles, permissions, and workflows that allow plan members to create and maintain an account profile, input and retrieve information, sign and certify documents, chat with administrators and software help, enter queries, receive plan rules and guidance, and receive and use user-friendly prompts, calendar options, and reminders.

2.6. The software must have roles, permissions, and workflows to allow administrators to maintain member records, review and approve member actions, adjust plan rules and algorithms, chat with members, provide plan announcements and reminders, and assist plan members.

2.7. The software must have document management features to input, store, access, and retrieve source document imagery.

2.8. The software must have robust report generation and output options for members and administrators.

2.9. The software product must have the capacity interface with the City's Tyler Technologies Munis enterprise financial management software for the efficient tracking and translation of benefit distributions and contributions to City cash accounts.

2.10. The software provider must be able to plan and facilitate the Plan's transition to initial operating capability within six months of contract award, with full operational capability within 18 months of contract award.

2.11. The selected Respondent will be responsible for a successful migration, and any required conversions of legacy and live pension data to a new solution. A more detailed description of the current Plan records can be found in **Exhibit E**.

2.11.1. It is expected that a significant portion of the transition will include data migration to transfer the relevant data from multiple sources to provider's new pension administration software solution, as a collaborative effort between the Plan and the software provider, using internal and external resources. Data to be migrated must be profiled, exported, correctly formatted, and imported into the new solution.

2.11.2. The current pension data sources include a legacy Datapoint RMS, the City's Tyler Munis Human Capital Management System (which is the primary RMS, referred to as Munis), Excel spreadsheets, Microsoft Word, payroll history index card files and any other data that is discovered prior to implementation.

2.12. The software provider must have successful experience employing the software being offered with at least three similar pension plans.

2.13. The software provider must employ and be able to report industry-standard security and privacy protection controls and processes.

2.14. The software provider must comply with the Code of Conduct found in Exhibit D, Chapter 6.

3. RFP SUBMISSIONS
Responses shall include the following information, presented in this order.

3.1. <u>Cover Letter</u>. On firm letterhead, please identify the principal contact, providing the name, title, street address, email address, and phone number as well as all persons authorized to represent the respondent. Please include a description of your company and any reservations or comments regarding this RFP. If you have standard license agreements, disclosures, or contract terms, please reference them here and include them as enclosures.

3.2. Qualifications and Experience. Provide the information regarding your team and other similar public pension plans your software supports.

3.2.1. Leadership and Operating Team. Please name the corporate leadership and key team members you will use to develop, implement, and support your software product.

3.2.2. Relevant Experience providing software for at least three similar pension plans. Please provide the name, description, and contact information for at least three other pension plans your software product supports. Please describe the modules or features being used by each plan, and any special implementation or performance successes.

3.3. Implementation Plan and Support. Tell us how you would approach the implementation of your software products. Please discuss the following:

3.3.1. Describe the process you will use to develop an implementation plan. If available, provide a sample implementation plan you used for another customer. Address the following in describing your implementation process:

3.3.1.1. Assessing current data — an assessment of the current data and data architecture will be required to successfully prepare for data conversation and migration (e.g., logical and physical data models, DDLs, data dictionaries, data-relevant business rules, data profiling/analysis, etc.).

3.3.1.2. Explain how the quality of the data to be migrated will meet the standards and needs of the proposed solution.

3.3.1.3. Explain how all data required will be converted and migrated into the new solution.

3.3.1.4. Data conversion and migration tools and technologies — discuss the technologies proposed to be used to support the migration to the new solution.

3.3.1.5. Data conversion and migration approaches and methods — discuss the data migration approaches and methods to be used (e.g., migration from source databases or staging databases, etc.).

3.3.1.6. Data conversion and migration testing — explain the data movement procedures, transformation/conversion procedures, and data validation procedures to be employed (e.g., mock conversions and migrations). The data conversion and migration procedures must be able to successfully satisfy all requirements before executing actual migration to production and must include testing with converted production data and not synthetic data.

3.3.1.7. Data conversion and migration testing must also comprise of a series of substantial iterative mock conversion runs to simulate migration and allowing for the vetting of converted data to be vetted for acceptable use by business users ahead of actual migration.

3.3.1.8. Data conversion and migration metrics — discuss the types of metrics that will be used to help measure progress, risk and issues related to data conversion and migration activities, as well as those metrics that will be used to help confirm successful post-migration to the new solution.

3.3.2. Describe the resources you dedicate to implementation.

3.3.3. Describe any custom programming that would expect to incorporate the Plan's features and a custom look for our Plan.

3.3.4. Describe the implementation phases you would expect to occur in implementing your software product, from contract award to full operational capability.

3.3.5. Describe any engagement or marketing materials you have used or intend to use to educate and inform Plan members and beneficiaries during implementation.

3.3.6. Describe how you support your product, to include training, user guides, customer service, updates and patches, and local administrator expectations.

3.4. Software. Describe the elements and features of your software product.

3.4.1. Describe your software and the features that support pension administration and reporting and user interface.

3.4.2. Describe whether your software has the capability of calculating actuarial equivalence factors for use in converting the normal form of payment into an optional form of payment when someone is retiring. If so, describe whether you have your own proprietary software, you use actuarial factor software that you have obtained from another source. or you rely on the plan's actuary to provide the actuarial equivalence factors. Please briefly describe your capabilities in this area.

3.4.3. Provide sample user guides and screen shots for the software.

3.4.4. Describe how your software can interface with other enterprise financial management systems, and specifically whether your software has any experience with Tyler Technologies Munis payroll software.

3.4.5. Indicate the security features of your software products, to include ISO/IEC 27001 or security management system standard for which you are certified, your security incident notification protocols, and whether any of the datacenters you use are located outside of the United States.

3.4.6. Provide a copy of your latest SOC report.

3.4.7. Describe how you will measure customer satisfaction and management success.

3.5. Fees. Provide a proposed fee schedule for the software product you think would best meet the needs of the Plan, or, if specific pricing is not possible, indicate how you price your software. Include pricing, or pricing processes, for implementation, training, optional items and services.

4. METHOD OF SELECTION

4.1. Proposals should be prepared simply, providing a straightforward, concise description of your ability to satisfy the requirements of the RFP, and organized as described in Section 3.

4.2. The City reserves the right to request at any time that the Proposer modify a proposal to more fully meet the needs of the City. The City also reserves the right to negotiate modifications to proposals it deems acceptable, reject any and all proposals, and to waive minor irregularities in the procedures or in any submission.

4.3. All submissions shall become the property of the City, and the City retains the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right. The City cannot guarantee the confidentiality of any information or materials submitted in response to this RFP, though it will endeavor to protect from disclosure confidential financial information marked as such by proposers, and determined by the City to be sensitive and confidential. Proposals and communications exchanged in response to this RFP should be assumed to be potentially subject to public disclosure.

4.4. The City assures that no person shall, on account of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. The City of Mobile further assures that every effort will be made to ensure non-discrimination in all of its programs and activities.

4.5. The City will conduct an evaluation of all submitted proposals by a designated selection team. The evaluation process will identify the Proposer who, in the City's sole discretion, best meets the City's needs and objectives. The City may conduct interviews as part of the evaluation process.

4.6. The intent of the City is to select one proposal determined to be the most advantageous to the City based on the evaluation criteria. The City may, however, select multiple highest-scoring proposals for further development, negotiation, and competitive reconsideration.

4.7. Proposals will be evaluated on a 100-point scale according to the following categories and weighting:

4.7.1. Qualifications and Experience	20 points.
4.7.2. Implementation Plan & Support	20 points
4.7.3. Software Product Functionality	40 points.
4.7.4. Fees and Fee Structure	20 points.

4.8. The City reserves the right to reject any or all proposals, or to indefinitely extend this proposal opportunity.

4.9. Questions regarding this RFP must be sent by E-mail to Purchasing@CityofMobile.org, not later than seven calendar days before proposals are due. The City will post replies to questions received by addendum at www.CityofMobile.org/bids , and by specific notice to any person that sends an email to Purchasing@CityofMobile.org requesting notices regarding this RFP. Proposers shall assume full responsibility for the timely delivery of the proposals to the location designated for receipt of proposals.

4.10. The City will hold a **pre-proposal conference call** on **June 8, 2021, at 11:00 am local Mobile time**. Firms interested in participating in the call must send an email to Purchasing@CityofMobile.org for call in information.

EXHIBITS: A Amended and Restated Mobile Alabama Police and Firefighters Retirement Plan
B 2019 Actuarial Valuation,
C 2018 Financial Report
D Police and Firefighters Retirement Plan Board Trustee Handbook
E. Description of current plan records.

CITY OF MOBILE

POLICE AND FIREFIGHTERS RETIREMENT PLAN

AMENDED AND RESTATED PLAN

AMENDED AND RESTATED RETIREMENT PLAN FOR THE CITY OF MOBILE POLICE AND FIREFIGHTERS

ARTICLE 1. DEFINITIONS. As used in this Plan, the following words and terms shall have meanings as follows:

1.01 ANNUITY STARTING DATE. The first day for which a benefit is payable as an annuity or any other form under 5.01.

1.02 BENEFICIARY. The person or persons named by a Member by written designation filed with the Board to receive payments under this plan after the Member's death. The Member may not change his or her Beneficiary after his or her annuity starting date. If no Beneficiary designation is in effect at the Member's death, or if no person so designated survives the Member, the Member's surviving spouse, if any, shall be deemed to be the Beneficiary; otherwise the Beneficiary shall be the Member's estate.

1.03 BOARD. The Police and Fire Pension Board as constituted under 7.01, or its delegate.

1.04 BREAK IN SERVICE. A period of absence which would constitute a break in the Member's service under the Mobile County Personnel Board rules; provided, however, that periods of leave and periods of service in the uniformed services of the United States determined in accordance with 3.02 of the plan, shall not constitute a break in service.

1.05 CITY. The City of Mobile, Alabama.

1.06 CODE. The Internal Revenue Code of 1986, as amended from time to time.

1.07 EQUIVALENT ACTUARIAL VALUE. The equivalent value when computed on the basis of the 1995 Buck Mortality Table (Male) for Members, the 1995 Buck Mortality Table (Female) for Beneficiaries and an interest rate of seven percent per year, compounded annually.

1.08 FINAL AVERAGE SALARY. For a Member who first became a uniformed officer prior to March 28, 1990, the average of the Member's highest salary for the 36 months of the previous ten years of service and for a Member who first became a uniformed officer on or after March 28, 1990, the average of the Member's highest salary for the 60 months of the previous ten years of service. For purposes of this definition, a uniformed officer who has a break in service exceeding one year shall be deemed to first become a uniformed officer on his or her first day of service after his or her last break in service. Notwithstanding anything to the contrary in this section, if a Member becomes disabled under 4.02(a) prior to completing 36 or 60 months of service, as the case may be, his or her final average salary shall be the average of his or her salary for all months of service.

1.09 FUND. The assets of the plan held in trust by the board pursuant to 8.01 of the retirement plan.

1.10 HIGHLY COMPENSATED EMPLOYEE. An individual described in Section 414(q) of the Code.

1.11 LEAVE. A period of absence from work during which the Member is entitled to a leave under the provisions of the Family and Medical Leave Act of 1993 and its regulations (i) in order to care for the Member's child following the birth of the child, (ii) because of the placement of a child with the Member for adoption or foster care, (iii) because of a serious health condition that makes the Member unable to perform his or her duties as a uniformed officer, or (iv) for purposes of caring for his or her child, spouse, or parent having a serious health condition. See section 3.02 of the Plan for special rules related to military service.

1.12 MEMBER. Any person included in the membership of the plan, as provided in Article 2.

1.13 PLAN. The City of Mobile, Alabama Police and Firefighters Retirement Plan, as provided for herein.

1.14 PLAN YEAR. The 12-month period beginning on any October 1.

1.15 SALARY. A Member's salary as a uniformed officer determined in accordance with the pay plan for the Mobile County Personnel Board. Such term shall include base pay only. Salary shall not include such items as overtime and bonuses nor contributions made to a qualified transportation plan, within the meaning of Code Section 132(f) and before-tax or salary deferral contributions made under Code Section 125, 401(k) 402(g)(3), 457(b) or 414(h) to this Plan or any other plan maintained by the City.

(a) Notwithstanding the foregoing, for Plan Years beginning on or after January 1, 1994, the salary of any uniformed officer taken into account under the Plan shall not exceed the "OBRA '93 annual compensation limit". The "OBRA '93 annual compensation limit" is $150,000 for determination periods beginning prior to January 1, 2002 and is $200,000 for determination periods beginning on or after January 1, 2002, both as adjusted for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code.

(b) The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Salary is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the "OBRA '93 annual compensation limit" will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.

(c) For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the "OBRA '93 annual compensation limit" set forth in this provision.

(d) If Salary for any prior determination period is taken into account in determining a Member's benefits accruing in the current Plan Year, the salary for that prior determination period is subject to the "OBRA '93 annual compensation limit" in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan year beginning on or after January 1, 1994, the "OBRA '93 annual compensation limit" is $150,000.

1.16 SERVICE. Service recognized in accordance with the provisions of Article 3 for purposes of determining a Member's eligibility for a benefit under the plan and the amount of that benefit.

1.17 UNIFORMED OFFICER. A person employed by the City's police department or fire department as a police officer or firefighter, as the case may be, who (a) is certified as a police officer or firefighter by the State of Alabama, (b) is in training to be certified by the State of Alabama as a police officer or firefighter, (c) is employed by the City's police department or fire department other than as a certified police officer or firefighter and who was a participant in the Plan immediately preceding the date this Plan became effective in accordance with Section 10.10, or (d) is in the police or fire cadet program. However, notwithstanding anything to the contrary in this Section 1.17, any employee who elected not to participate in the plan in accordance with the provisions of the act of April 30, 1986, Act 86-475, Section 11 shall not be considered a uniformed officer for any purpose under the plan for any period prior to his election to again be covered by this plan. Upon making such an election the employee shall be considered a uniformed officer for periods beginning on and after his election is effective, but only if he otherwise meets the requirements of this Section 1.17. Any election by such a former uniformed officer to again be treated as a uniformed officer shall be made in a time and manner determined by the Board.

ARTICLE 2. MEMBERSHIP.

2.01 Membership Requirements.

Every uniformed officer shall be a Member in this Plan as of the date he or she first becomes a uniformed officer. Membership in this Plan shall be mandatory for all uniformed officers.

2.02 Events Affecting Membership.

A person's membership in the Plan shall end when he or she is no longer employed as a uniformed officer or, if he or she is entitled to benefits under the Plan, when those benefits have been distributed to him or her. Membership shall continue while on leave, or other leave of absence approved by the Board or during periods of service in the uniformed services of the United States, as defined in 3.02(c), but no service shall be counted for periods except as specifically provided in Article 3. A person's benefit shall be determined in accordance with the provisions of the Plan in effect on the date he or she ceases to be a uniformed officer.

2.03 Membership Upon Reemployment.

If a uniformed officer's membership in the Plan ends and he or she again becomes a uniformed officer, he or she shall again become a Member on the date he or she again becomes a uniformed officer.

ARTICLE 3. SERVICE.

3.01 Service.

Except as otherwise provided in this article, a Member's service shall be his or her period of service as a uniformed officer as determined in accordance with the Mobile County Personnel Board Rules. Service performed other than as a uniformed officer shall not be included in a member's service except as provided in 3.02.

3.02 Military Service.

(a) If a member shall have been absent from service as a uniformed officer because of service in the uniformed services of the United States and if he or she shall have returned to service as a uniformed officer having applied to return while his or her reemployment rights were protected by law, that absence shall not count as a break in service.

(b) If the member who returns to service as a uniformed officer in accordance with paragraph (a) above makes the contributions that would have been required by 6.03 had he or she not been in the uniformed services, his or her period of service in the uniformed services shall be counted as service. The member may make those contributions at any time within a period beginning on his or her return to service as a uniformed officer which is equal to three times his or her period of service in the uniformed services, but not longer than five years. For purposes of determining the amount of the member's contributions that would have been required by 6.03, a member's salary during his or her period of service in the uniformed services shall be deemed to be the salary he or she would have received for that period had he or she remained employed as a uniformed officer or, if that salary is not reasonably certain, his or her average salary for the 12-month period immediately preceding his or her service in the uniformed services.

(c) For purposes of 3.02, the terms "service in the uniformed services of the United States" and "uniformed services" shall have the meanings given to those terms in Sections 4303(13) and 4303(16) of the Uniformed Services Employment and Reemployment Rights Act of 1994, respectively.

3.03 Restoration of Retired Member or Other Former Member to Service.

(a) If a member entitled to a benefit under 4.01, 4.02, or 4.03(a) of the plan is restored to service as a uniformed officer, any benefit he or she may be receiving under Article 4 shall cease and any election of an optional benefit in effect shall be void.

(1) If he or she is restored to service as a uniformed officer before he or she has a break in service exceeding one year, any service to which he or she was entitled when he or she retired or terminated service shall be restored to him or her, and upon his or her later retirement or termination, his or her benefit shall be based on the benefit formula then in effect and his or her salary and service before and after his or her break in service, reduced by an amount that is of equivalent actuarial value to the benefits he or she received under 4.01 or 4.03(a), if any, before his or her restoration to service.

(2) If he or she is restored to service as a uniformed officer after having a break in service exceeding one year, his or her service prior to the break in service shall be restored to him or her. Upon his or her later retirement or

termination, the benefit he or she received under 4.01 or 4.03(a), if any, prior to his or her break in service shall recommence plus he or she shall receive an additional amount determined under the provisions of Article 4 based on his or her service and his or her salary after his or her break in service. However, the member shall not be entitled to an additional benefit under 4.01 or 4.03(a) unless he or she has at least 10 years of service after he or she is restored to service, and the last 10 years of the service are without a break in service exceeding one year.

(b) If a member who has received a distribution of his contributions to the plan under Section 4.03(b) is restored to service as a uniformed officer and he or she repays the amount he or she received under Section 4.03(b) of the plan plus 10 percent interest per annum, his or her period of service as a uniformed officer prior to his or her termination of employment shall be restored to him or her and shall be counted as service. The member may repay the amount at any time within a period beginning upon his return to service as a uniformed officer which is equal to three times his or her period of service prior to his or her termination of employment, but not longer than five years. Upon his or her subsequent retirement or termination of employment, his or her benefit shall be based on his or her service both before and after his or her initial termination of employment. However, the member shall not be entitled to any benefit under this plan after he or she is restored to service as a uniformed officer unless he or she has at least 10 years of service without a break in service exceeding one year after he or she is restored to service.

(c) If a member who has received a distribution of his or her contributions to prior versions of this plan of September 2, 1964, is restored to service as a uniformed officer and he or she repays the amount he or she received plus 10 percent interest per annum, his or her period of service as a uniformed officer prior to his or her termination of employment shall be restored to him or her and shall be counted as service. Provided, however, that any member desiring to purchase service under this Section 3.03(b) shall repay the amount not later than five years from the effective date of this act. Upon his or her subsequent retirement or termination of employment, his or her benefit shall be based on his or her service both before and after his or her initial termination of employment. However, the member shall not be entitled to any benefit under this plan after he or she is restored to service as a uniformed officer unless he or she has at least 10 years of service without a break in service exceeding one year after he or she is restored to service.

ARTICLE 4. ELIGIBILITY FOR AND AMOUNT OF BENEFITS.

4.01 Retirement.

(a) Except as provided in 4.07, a member who first became a uniformed officer prior to March 28, 1990, and who terminates his or her employment as a uniformed officer on or after he or she has 20 years of service, the last 10 years of service being without a break in service exceeding one year, shall have a nonforfeitable right to receive an annual benefit beginning on the first day following the later of his or her termination of employment as a uniformed officer or his or her 50th birthday. His or her annual benefit shall be equal to two and one-half percent of his or her final average salary multiplied by his or her years of service, but shall not be less than 50 percent, nor more than 75 percent, of his or her final average salary.

(b) Except as provided in 4.07, a member who first became a uniformed officer on or after March 28, 1990, and who terminates his or her employment as a uniformed officer on or after he or she has 20 years of service, the last 10 years of service being without a break in service exceeding one year, shall have a nonforfeitable right to receive an annual benefit beginning on the first day following the later of his or her termination of employment as a uniformed officer or his or her 55th birthday. His or her annual benefit shall be equal to the sum of (i) two and one-half percent of his or her final average salary multiplied by his or her years of service not in excess of 20 years, plus (ii) two and one-fourth percent of his or her final average salary multiplied by his or her years of service in excess of 20 years, but not less than 50 percent, nor more than 72 1/2 percent, of his or her final average salary.

(c) For purposes of 4.01, a uniformed officer who has a break in service exceeding one year shall be deemed to first become a uniformed officer on his or her first day of service after his or her last break in service.

4.02 Disability.

(a) *Non-Service Connected Benefit.* If a member who has at least 15 years of service becomes permanently physically or mentally disabled other than while performing his or her duties as a uniformed officer by reason of a disability not described in Section 4.02(b)(2), he or she shall receive a monthly disability benefit equal to two and one-half percent of his or her final salary multiplied by his or her years of service, but not more than 60 percent of his or her final salary.

(b) *Service Connected Benefit.* If: (1) any member becomes permanently physically or mentally disabled while performing his or her duties as a uniformed officer other than due to causes specified in 4.02(b)(2) below; or (2) any member who has completed 3 years of service as a uniformed officer becomes permanently physically or mentally disabled due to:

(A) hypertension,
(B) heart disease,
(C) respiratory disease,
(D) AIDS,
(E) hepatitis, or
(F) cancer

then the member shall receive a monthly disability benefit equal to 45 percent of the member's final salary at the time the member became disabled; provided, however, any member who can demonstrate to the board that he or she is totally disabled from any gainful employment, shall receive a benefit equal to 60 percent of the member's final salary at the time the member became disabled.

(c) *Disability Standards*. A member shall be permanently physically or mentally disabled if:

(1) There is no other job or service within his or her merit system classification that he or she is capable of performing; and

(2) Upon entering service as a uniformed officer he or she successfully passed a board-approved physical examination, whether or not such examination was required to enter service as a uniformed officer, which failed to reveal any evidence of a condition which could cause his or her disability.

(d) *Disputes*. Any dispute as to whether a job or service is within the member's merit system classification shall be determined solely by the Mobile County Personnel Board in accordance with its rules and regulations governing such matters.

(e) *Presumption*. If a member is disabled within the meaning of 4.02(b)(2) due to hypertension, heart disease, respiratory disease, AIDS, hepatitis or cancer, his or her disability shall be deemed to have occurred while performing his or her duties as a uniformed officer if:

(1) He or she has completed three years of service as a uniformed officer;

(2) The AIDS, hepatitis, or cancer manifests itself no later than the end of the tenth year following the member's retirement from service, regardless of the member's annuity starting date; and

(3) The city fails to prove by a preponderance of the evidence that the hypertension, heart disease, respiratory disease, AIDS, hepatitis or cancer

was caused by some other means or not caused while performing his or her duties as a uniformed officer.

(f) *Reduction in Amount.* The disability benefit paid under this article to any member shall be reduced prior to:

(1) his or her 50th birthday in the case of a member who first became a uniformed officer prior to March 28, 1990, or

(2) his or her 55th birthday in the case of a member who first became a uniformed officer on or after March 28, 1990, to the extent necessary to prevent the sum of the member's disability benefit plus any earnings, as defined in Section 203(f)(5) of the Social Security Act, received by the member from exceeding 150 percent of the member's rate of salary determined immediately prior to his or her disability. Any member to whom this paragraph (f) applies shall submit by June 1 of each year a true and correct copy of his or her federal and state income tax returns for the preceding year or other evidence of income as the board may determine.

(g) *Commencement.* A member eligible to receive a disability benefit under this article shall begin to receive the benefit on the first day following the date the board approves his or her application for a disability benefit and he or she shall continue to receive the benefit only until the earlier of the date he or she ceases to be disabled as provided in 4.02(h) or his or her death. If a member receiving a disability benefit under 4.02 is found to be no longer disabled, he or she shall be entitled to receive a benefit under 4.01 if he or she met the requirements for such a benefit prior to the date he or she first became disabled.

(h) *Proof of Disability.* Members shall submit annually, and at such other times as ordered by the board, such statements or other evidence of his or her disability as may be required by the board, including the results of an examination by physicians or other health professionals selected by the board. Any member applying for or in receipt of any disability benefits under this section who refuses to provide the evidence of disability or to allow the examination shall not receive any disability benefits from this plan until he or she complies with the board's request.

(i) *Notice; Hearing; Benefit* Termination. If the board has reasonable cause to believe that a member receiving a disability benefit is no longer disabled, the board shall, upon notice, conduct a hearing to determine the member's continued eligibility for the benefit and to ascertain whether the member has received any payments for which the member was ineligible. If the board finds that the member is no longer disabled, the board shall discontinue the member's benefit payments. The board may also file suit in the circuit court to recover any payments made to any member who has been found to be ineligible to receive those payments. If the board is the prevailing party in the action, it may also recover its reasonable attorney's fees for bringing the suit.

4.03 Termination of Employment.

(a) A member who terminates his or her employment as a uniformed officer, other than by reason of death or disability, after he or she has 15 years of service, the last 10 years of service being without a break in service exceeding one year, but before he or she is eligible to receive a benefit under 4.01 of the plan, shall receive a benefit equal to the benefit he or she would otherwise receive under 4.01. The benefit shall be payable in accordance with the provisions of Article 5 beginning on the first day following the later of his or her termination of employment as a uniformed officer or his or her 65th birthday.

(b) If a member who does not have at least 15 years of service, the last 10 years of service being without a break in service exceeding one year, terminates his or her employment as a uniformed officer before becoming eligible for a retirement benefit under 4.01 for any reason other than death or disability, he or she shall receive a single sum equal to his or her contributions to the plan under 6.03 as soon as practicable following his or her termination of employment.

4.04 Death.

(a) If a member eligible for a retirement benefit under 4.01 or a member eligible for a benefit under 4.03(a) dies prior to his or her annuity starting date, his or her eligible family members shall receive a benefit equal to the greater of:

(1) the benefit they would have received had the member met the requirements of 4.01 or 4.03(a) of the plan, as the case may be, retired, or terminated employment on the day preceding his or her death and begun to receive his or her benefit in accordance with the 50 percent survivor's benefit in Option 2 of 5.02 or

(2) a single sum equal to the lesser of (A) twice the member's contributions to the plan under 6.03 or (B) the sum of the member's contributions to the plan under 6.03 plus five thousand dollars ($5,000).

(b) The benefit in clause 404(a)(1) shall be converted to a single sum of equivalent actuarial value for purposes of determining the greater benefit.

(c) Solely for purposes of 4.04(a), a member's eligible family members shall be his or her spouse if he or she is married at the date of his or her death or, if he or she is not married, his or her children under the age of 18.

(d) Benefits under clause 404 (a)(1) will be paid for the eligible family member's life in the case of a spouse or until the children reach age 18; provided, however, if an unmarried child is mentally or physically disabled and depends on another person for his or her support, payments shall continue until the earlier of the date the child ceases to be dependent on another person for support, the child's marriage, or the child's death.

(e) If benefits are paid to a member's children under 4.04(a), for purposes of determining the amount to be paid to each child, each child will be treated as a joint annuitant, each child will receive a benefit until he or she reaches age 18 or dies, if earlier, and each child will receive a benefit of equivalent actuarial value.

(f) If a member described in 4.04(a) who is not survived by an eligible family member or any other member not described in 4.04(a), dies prior to receiving a benefit under 4.01 or 4.03 of this plan, as the case may be, an amount equal to the lesser of (i) twice the member's contributions to the plan under 6.03 or (ii) the sum of the member's contributions to the plan under 6.03 plus five thousand dollars ($5,000) shall be paid to the member's beneficiary.

(g) Any benefits paid under 4.04 shall be paid as soon as practicable following the member's death.

(h) If a member dies after his or her annuity starting date, his or her beneficiary shall receive the benefits, if any, provided by the form in which his or her benefit is paid.

(i) A member who dies during a period of Qualified Military Service as defined in accordance with the Heroes Earnings Assistance and Relief Tax Act ("HEART Act") shall be treated as having returned to employment as a Uniformed Officer on the day before his death and died the next day for purposes of the survivor benefits payable under this section and any accelerated vesting. Such member shall receive service for vesting purposes for such period of Qualified Military Service but shall not receive service for purposes of accruing benefits for such period of Qualified Military Service.

4.05 Cost-of-Living Increases.

The board, after consultation with its actuary and other advisors, may from time to time grant such cost-of-living increases in the benefits being paid to all retired members, or 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.

4.06 Maximum Benefit Limitation.

(a) Notwithstanding any provision of the plan to the contrary, the maximum annual benefit paid to a member shall not exceed the limitations imposed by Section 415 of the Code and any regulations issued thereunder ("maximum permissible amount"). The mortality table prescribed by the Secretary of the Treasury under Section 417(e)(3)(A)(ii)(I) of the Code for the plan year in which the annuity starting date for the benefit occurs shall be used to the extent necessary to determine if the benefit exceeds the limitations imposed by Section 415 of the Code. For purposes of 4.06, the limitation-year shall be the plan year. To the extent this plan has to be combined with any other plan of the city, the State of Alabama, or any other employer for purposes of Section 415 of the Code, any reductions in benefits required to comply with the provisions of Section 415 of the Code shall be made first in the benefits provided under this plan and second in the benefits provided under such other plans in the order specified in such other plans.

(b) For purposes of this section "maximum permissible amount" means $160,000, as adjusted automatically as determined by the Commissioner of Internal Revenue for each calendar year, with the new limitation to apply to limitation years ending within the calendar year of the date of the adjustment.

(c) If the annual benefit commences before age 62 and after age 65, the maximum permissible amount shall be determined under Code Section 415 and Regulations and rulings thereunder. If the annual benefit commences when the member has less than 10 years of participation in this plan or any predecessor plan to this plan, the $160,000 figure defined above shall be reduced by one-tenth for each year less than 10 in accordance with applicable regulations.

(d) The limits described in this section shall be applied under the terms of Code Section 415 and the regulations thereunder, all of which are incorporated herein by reference. For purposes of applying such limitations, the term "Compensation" shall mean a member's earned income, wages, salaries, and fees for professional services, and other amounts received for personal services actually rendered in the course of employment with the city (including, but not limited to, commissions paid sales representatives, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), and excluding the following:

(1) Employer contributions to a plan of deferred compensation that are not included in the employee's gross income for the taxable year in which contributed or employer contributions under a simplified employee pension

plan to the extent such contributions are deductible by the employee, or any distribution from a plan of deferred compensation.

(2) Other amounts which receive special tax benefits; and

(3) Amounts that do not satisfy the timing rules set forth in the regulations under Code Section 415.

Compensation for any limitation year is the compensation actually paid or includable in gross income during such year.

Notwithstanding the foregoing, compensation shall include any elective deferral (as defined in Code Section 402(g)(3)) and any amount that is contributed or deferred by the city at the election of the employee and which is not includible in the gross income of the employee by reason of Code Section 125 or 457. In addition, compensation shall be increased by the amount by which the member's compensation is reduced by salary reduction or similar arrangement under Code Section 132(f)(4) (i.e., a qualified transportation fringe benefit program).

The annual compensation taken into account shall not exceed the limitations of Code Section 401(a)(17) in effect as of the beginning of the plan year in which it is paid.

(e) Amounts that would otherwise constitute "compensation" above but are paid from a nonqualified unfunded deferred compensation plan sponsored by the city nevertheless shall constitute "compensation" for purposes of the limitations in Code Section 415 in the year in which such amounts are actually received by the member, but only to the extent such amounts are includible in the member's gross income.

(f) The following amounts also shall constitute "compensation" under (d) above if (i) the amounts are paid by the later of 2 ½ months after the member's severance from employment with the city or the end of the limitation year that includes the date of the member's severance from employment, and (ii) the amounts would have constituted compensation under (d) above if they were paid prior to the members severance from employment with the city:

(1) payment for unused accrued bona fide sick, vacation or other leave, but only if the member would have been able to use the leave if employment had continued; and

(2) amounts received by a member pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the member at the same time if the member had continued in employment with the city and only to the extent that the payment is includable in the member's gross income.

4.07 Forfeiture for Cause.

Notwithstanding anything in the plan to the contrary, if a member shall at any time be convicted of a Class A felony or of an offense under any local, state, or federal law that would result in the conviction of a Class A felony in the State of Alabama, all benefits that would otherwise be payable to him or her under the plan shall be forfeited. However, he or she shall be treated under the plan as if he or she had died on the date immediately preceding the conviction for purposes of determining the benefit, if any, payable to his or her eligible family members under 4.04 if he or she is convicted before his or her annuity starting date or to his or her beneficiary under 5.02 if he or she is convicted after his or her annuity starting date. For purposes of this section, a Class A felony shall be a Class A felony as defined by the Title 13A of the Code of Alabama 1975, as in effect on the plan's effective date.

ARTICLE 5. PAYMENT OF BENEFITS.

5.01 Payment of Benefits.

(a) Benefits payable to a member under 4.01, 4.02, or 4.03(a) shall be payable in monthly installments beginning on the first day after the latest of (1) the day the member retires or terminates his or her employment, (2) the board approves the member's benefit or (3) the member has elected an optional form of benefit in accordance with 5.03; however, if a member's benefit had not commenced by the later of the first day following his or her termination of employment as a uniformed officer or the April 1 following the calendar year in which he or she attains age 70 1/2, he or she shall begin to receive his or her benefit on such date in accordance with Option 1 in 5.02 if he or she is not married on such date or in accordance with the 50 percent survivor benefit in Option 2 of 5.02 with his or her spouse as his or her beneficiary if he or she is married on such date. Once a member elects an optional form of benefit, any benefits which would otherwise have been paid to him or her had he or she elected the optional form of benefit when he or she was first eligible to do so shall be paid to him or her in a lump sum, without interest and without any actuarial adjustment for the delay in payment.

(b) If a member entitled to a benefit under 4.01, 4.02, or 4.03(a) dies prior to his or her benefit commencing under this section, a death benefit shall be paid on his or her behalf under the provisions of 4.04(a) if he or she is survived by an eligible family member or under the provisions of 4.04(b) if he or she is not survived by an eligible family member.

5.02 Optional Forms of Payment.

Any member entitled to a benefit under 4.01, 4.02, or 4.03(a). may elect to receive the benefit payable to him or her in one of the following optional forms:

Option 1. A pension payable during the member's life only with no benefits payable upon his or her death.

Option 2. A modified pension of equivalent actuarial value to his or her benefit determined under Option 1, payable during the member's life, and after his or her death payable at 50 percent or 100 percent, as the member may elect, of the rate of his or her modified pension during the life of, and to, his or her beneficiary.

Option 3. A modified pension of equivalent actuarial value to his or her benefit determined under Option 1, payable during the member's life, and after his or her death payable at 50 percent or 100 percent, as the member may elect, of the rate of his or her modified pension during the life of, and to, his or her beneficiary; provided, however, if the member's beneficiary predeceases the member, the member shall thereafter receive 100 percent of his or her pension for the remainder of his or her life and no benefits shall be payable upon the member's death.

If a member dies after his or her benefit payments have commenced, any payments continuing on to his or her beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the member's date of death.

5.03 Election of Options.

(a) An election under 5.02 shall be made in a time and manner determined by the board and shall be signed by the member and witnessed by a notary.

(b) An election of an option under 5.02 may be revoked and subsequent elections and revocations may be made, in a time and manner determined by the board, prior to the member's annuity starting date. An election of an optional benefit shall be effective on the member's annuity starting date and may not be modified or revoked after his or her annuity starting date. A revocation of any election shall be effective when the completed form is filed with the board. If a member who has elected an optional benefit dies before his or her annuity starting date, the election shall be void. If the beneficiary designated under an option dies before the date the election of the option becomes effective, the election shall be void.

5.04 Distribution Limitation.

(a) Distributions from this Plan will be made in accordance with Internal Revenue Service regulations under Code Section 401(a)(9). Notwithstanding any other provisions of the Plan to the contrary, the provisions of Code Section 401(a)(9) shall override any distribution options in the Plan which are inconsistent with Code Section 401(a)(9). Furthermore, any distributions required under the incidental death benefit requirements of Code Section 401(a) shall be treated as a distribution required under Code Section 401(a)(9).

(b) *Additional Before-Death Distribution Rules.* The Retirement Income to a member shall be distributed, beginning not later than the date set forth in Subsection 5.04(b), over the life of such member or over the lives of such member and a designated beneficiary, or over a period not extending beyond the life expectancy of such member or the life expectancy of such member and a designated beneficiary.

(c) *After-Death Distribution Rules.*

(1) If unpaid amounts remain at the death of a member receiving benefits in accordance with Subsection 5.05(a) hereof, such remaining amounts will be distributed at least as rapidly as under the method of distribution being used under Subsection 5.05(a) as of the date of his or her death.

(2) In the case in which distributions have not commenced to a member or former member prior to the member's death, the entire interest of the member will be distributed within five years after the death of such member. However, such five-year rule will not apply if any portion of the member's interest is payable to a designated beneficiary where such portion will be distributed over the life of such designated beneficiary or over a period not extending beyond the life expectancy of such beneficiary beginning not later than one year after the date of the member's death or such later date as the Secretary of the Treasury may by regulations prescribe. If the designated beneficiary is the surviving Eligible Spouse of the member, the date on which the distributions would be required to begin shall not be earlier than the member's annuity starting date. If the surviving Eligible Spouse dies before payments are required to commence, the five-year rule shall be applied as if the surviving Eligible Spouse were

the Employee.

(d) The limitations of Subsections 5.05(a) and 5.05(b) are incorporated into the Plan in order to conform to the distribution limitation rules imposed under the Deficit Reduction Act of 1984. To the extent that such limitations become modified or eliminated by further legal or governmental actions, such modifications or eliminations shall be deemed to be incorporated into this Plan to the extent that Subsections 5.05(a) and 5.05(b) would otherwise restrict methods of benefit payment allowable under the Plan.

(e) Notwithstanding the foregoing, with respect to distributions under the Plan made for calendar years after 2001, the board will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) that were proposed on January 17, 2001 on a good faith basis.

(f) A member or beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of Code Section 401(a)(9) (H) shall not receive those distributions for 2009 unless the member or beneficiary chooses to receive such distributions. Notwithstanding any other provision of this plan to the contrary, any required minimum distribution made in 2009 may be treated as eligible rollover distribution.

5.05 Direct Rollover of Certain Distributions.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this section 5.6, a distribute may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution that is equal to at least $500 paid directly to an Eligible Retirement Plan specified by the distribute in a Direct Rollover.

(b) Definitions:

(1) *Eligible Rollover Distribution.* An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the distribute, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal period payments (not less frequently than annually) made for the life (or life expectancy) of the distribute or the joint lives (or joint life expectancies) of the distribute and the distributee's designated beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution

is required under section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); any other distribution that is reasonably expected to total les than $200 during a year; and, effective January 1, 1999, a hardship withdrawal, as such term is defined in Code Section 401(k)(2)(B)(i)(IV) which is attributable to the member's elective contributions under Treasury regulations section 1.401(k)-1(d)(2)(ii).

(2) *Eligible Retirement Plan.* An Eligible Retirement Plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified plan described in section 401(a) of the Code that accepts the distributee's Eligible Rollover Distribution. Notwithstanding the foregoing, effective for distributions made after December 31, 2001, an Eligible Retirement Plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. Notwithstanding the foregoing, effective for distributions made after December 31, 2007, an Eligible Retirement Plan shall also mean a Roth IRA described in section 408A(b) of the Code provided that effective for tax years beginning prior to January 1, 2010, the restrictions that previously applied to rollovers from an individual retirement account as described in section 408(a) of the Code to a Roth IRA as described in section 408A(b) of the Code will also apply to rollovers from this Plan to such a Roth IRA. In the case of an Eligible Rollover Distribution to a surviving spouse prior to January 1, 2002, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity. In the case of an Eligible Rollover Distribution to a surviving spouse after December 31, 2001, an Eligible Retirement Plan is as defined herein with respect to a member. Effective for distribution after December 31, 2006, in the case of an Eligible Rollover Distribution to a surviving beneficiary other than a spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity that is treated as an inherited individual retirement account or annuity.

(3) *Distributee.* A distribute includes a member, a former member and the member or former member's surviving spouse. For distributions on and

after January 1, 2007, "Distributee" shall include a non-spouse beneficiary of an eligible rollover distribution to the extent permitted by Code section 402(c)(11).

(4) *Direct Rollover.* A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

ARTICLE 6. CONTRIBUTIONS.

6.01 Fines.

The city shall pay into the fund monthly an amount equal to five percent of all fines and moneys, except costs of court, paid as a result of prosecutions for violations of ordinances or laws of the city during the prior month.

6.02 Insurance Premiums.

(a) On or before the first day of March of each year, each insurance company writing fire insurance on property within the city limits and its police jurisdiction shall pay to the city an amount equal to four percent of its gross premiums, including all renewal premiums, less return premiums, collected by the company on such policies in effect during the preceding year in the city and its police jurisdiction. The city shall credit one-half of this amount to the fund within 30 days of its receipt by the city. The remaining one-half shall be retained by the city and credited against the insurance companies' business license obligations.

(b) Each such insurance company shall, on or before the due date of such payment, file with the city finance director a sworn, written statement showing the gross amount of premiums, including all renewal premiums, less return premiums, received on such policies during the preceding year. Any insurance company failing to file such statement shall forfeit to the city one thousand dollars ($1,000), to be recovered against such insurance company or its agents by suit brought in the name of the city. All such forfeitures and penalties shall be credited to the fund within 30 days of their receipt by the city.

(c) If any insurance company fails to pay the fees required by this section within 30 days from the date the fees are due, the fees shall be increased by 15 percent for the first 30 days, or fraction thereof, that they are delinquent, plus interest at the rate of one percent per month; and shall be increased by an additional 15 percent for a delinquency of 60 or more days, plus interest at the rate of one percent per month.

Nothing in this paragraph (c) however, shall be construed as authorizing any delay in payment, and the board or the city may file suit to recover the fees, penalties, and interest imposed by this section, with all such sums recovered becoming part of the fund.

(d) For purposes of this section, "fire insurance" means any line which insures property against the risk of loss by fire, including homeowners' and vehicle policies. Where a policy issued has more than one type of coverage, the company shall pay only on that portion of the premium attributable to the fire coverage.

(e) The contributions required by this section are separate and apart from any fees or taxes. levied or assessed by the city and shall be in addition to any such fees or taxes. The city shall be responsible for collecting the fees required by this section.

6.03 Member Contributions.

Eight percent of the salary of every uniformed officer with less than 30 years of service shall be deducted from his or her pay and shall be transferred to the fund on a monthly basis. No amounts shall be deducted from the pay of a uniformed officer who has at least 30 years of service. Records shall be kept by the board showing the amount contributed by each uniformed officer. The uniformed officers' contributions required by 6.03 are mandatory. The contributions under 6.03 are designated as member contributions; however, the contributions shall be "picked up" by the city and shall be treated as paid by the city in lieu of contributions by members in accordance with Section 414(h)(2) of the Code. The member does not have the option to receive any amounts contributed by the city under 6.03 in cash. If the city's contribution to the plan under 6.05 is zero for a plan year, the board may decrease the contributions by the members under 6.03 pro rata during that plan year as determined by the actuary designated by the board under 6.05 provided the sum of the amounts contributed under 6.01, 6.02, 6.03, and 6.04 shall be at least equal to the annual actuarial cost as determined under 6.05(c) for such plan year and the board finds the proposed reduction will not have a material adverse impact on the funding of the plan.

6.04 Donations.

Any person, firm, association, or corporation may donate money to the fund and the board may take by gift, grant, devise, or bequest any money, personal property, real estate, or any interest therein or any right of property for the benefit of the fund. Any gift, grant, devise, or bequest may be absolute or in fee simple or upon condition that only the rents, income, and profits arising therefrom shall be applied to the purposes for which the fund is created. Any money or property donated to the fund pursuant to 6.04 which is a gift, grant, devise, or bequest for which absolute ownership is granted to the fund shall be added to the fund to be administered by the board in its capacity as trustee. If any money or property donated to the fund pursuant to 6.04 is not a grant of absolute ownership, then the board shall take such steps which are necessary to preserve its interest in such money or property, including the appointment of a trustee who may be paid from the income or corpus of the money or property.

6.05 City Contributions.

(a) The city shall contribute to the fund an amount equal to the excess, if any, of (i) the annual actuarial cost for the plan determined as of each October 1 over (ii) all amounts contributed to the fund under 6.01, 6.02, and 6.03 during the plan year beginning on the date the annual actuarial cost is determined. The city's contribution under 6.05 shall be paid to the fund no later than 18 months following the date as of which such annual actuarial cost is determined.

(b) The city may make such additional contributions to the fund as it deems advisable to insure the fiscal integrity of the fund.

(c) For purposes of 6.05, "annual actuarial cost" means the annual cost of the plan as determined by the enrolled actuary, as defined in Section 7701(a)(35) of the Code, designated by the board Wing reasonable actuarial assumptions and methods which would meet the requirements of Section 412 of the Code, where such annual cost is the sum of:

(1) The annual actuarial normal cost;

(2) The increasing annual payment required to amortize the unfunded actuarial accrued liability as of October 1, 1996, within 30 years of that date, where each subsequent annual payment increases by four percent;

(3) For determinations made on or after October 1, 1997, the level-dollar annual payment required to amortize the change in the unfunded actuarial accrued liability due to plan changes within 30 years of the October 1 coincident with or next following the effective date of the plan change;

(4) For determinations made on or after October 1, 1997, the level-dollar annual payment required to amortize the change in the unfunded actuarial accrued liability due to assumption or method changes within 10 years of the October 1 coincident with or next following the effective date of the assumption or method change; and

(5) For determinations made on or after October 1, 1997, the level-dollar

annual payment required to amortize the change in the unfunded actuarial accrued liability due to plan experience gains and losses within five years of the October 1 coincident with or next following the date as of which such experience gain or loss is determined, and further provided that such experience gains and losses shall be determined at least annually.

6.06 Return of Contributions.

The city may recover without interest the amount of its contributions to the plan made on account of a mistake in fact, reduced by any investment loss attributable to those contributions, if recovery is made within one year after the date of those contributions.

ARTICLE 7. ADMINISTRATION OF PLAN.

7.01 Appointment of Board.

(a) The board is responsible for the general administration of the plan and for carrying out the provisions of the plan. Beginning in 2005, the board shall consist of:

(1) two members to be elected from the uniformed officers in the city's police department by the uniformed officers in that department;

(2) two members to be elected from the uniformed officers in the city's fire department by the uniformed officers in that department;

(3) one member elected by the non-uniformed, retired police officers;

(4) one member elected by the non-uniformed, retired firefighters; and

(5) two persons, who must be city residents, at least age 21 and not receiving any salary from the city for services as an employee of the city and not related beyond the limits of the nepotism law for state service as prescribed in Section 41-1-5 of the Code of Alabama 1975, to any active employee of the city fire department or police department, appointed by the city council or like governing body of the city; and

(6) the city's finance director.

(b) All board members, except the finance director, shall serve three year terms. The person serving as finance director shall serve as a board member as long as he or she remains in that position. Any member of the board may resign by delivering his or her written resignation to the secretary of the board.

(c) The mayor or like governing body of the city shall appoint, subject to the merit system of the city and subject to the approval of the board, an executive secretary to the board. The secretary shall be responsible for maintaining all records required by this plan, shall keep and maintain records of retired members containing a full and complete history and record of the board's action in retiring the members, including the member's name, dates of entering service in the city's police or fire departments, periods of employment, written requests from members desiring retirement, dates of retirement, the reasons for such retirements and other such information as the board may require, and shall perform such other duties as may be prescribed by the board. The mayor or like governing body of the city may appoint from time to time, subject to the merit system of the city, an assistant to the executive secretary. The city shall pay the salary of the secretary and any assistant to the secretary appointed pursuant to this section.

7.02 Elections.

All elections of uniformed officers to the board shall be by secret ballot and shall be administered by the city clerk. Elections shall be held no more than six weeks and no less than two weeks prior to the expiration date for the term of any elected member of the board, as the city clerk shall determine. Ballots shall be distributed along with the uniformed officer's salary warrants and the election shall be conducted in accordance with such other rules as the city clerk deems necessary to insure a fair and honest election. In the event elections are delayed, the term of the incumbent board member shall expire on schedule and the position on the board shall remain vacant until an election is held to fill the vacant position.

7.03 Vacancies.

Vacancies among the elected members of the board shall be filled by special election to be called by the city clerk not later than 30 days after the vacancy occurs. Vacancies among the appointed members of the board shall be filled by appointment as soon as practicable after such vacancy occurs.

7.04 Duties of Board.

(a) The members of the board shall elect a chair from their number; may appoint from their number such subcommittees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, actuarial, financial, and consulting services as they may require in carrying out the provisions of the plan; and may allocate among themselves or delegate to other persons all or such portion of their duties under the plan as they, in their sole discretion, shall decide.

(b) The board shall have full power to invest and reinvest the fund in such investments as the board may from time to time approve and to hold, purchase, sell, assign, transfer, and dispose of any such investments in which the fund shall have been invested.

7.05 Establishment of Rules.

Subject to the limitations of the plan, the board from time to time shall establish rules for the administration of the plan and the transaction of its business. The board shall have discretionary authority to interpret the plan and to make factual determinations, including, but not limited to, determination of an individual's eligibility for plan participation, the right and amount of any benefit payable under the plan and the date on which any individual ceases to be a member. The determination of the board as to the interpretation of the plan or any disputed question shall be conclusive and final to the extent permitted by applicable law.

7.06 Meetings.

(a) The board shall meet not less than once each month and at such other times as may be considered necessary by the chair of the board. All meetings shall be upon such notice, at such place or places, and at such time or times as the board may from time to time determine. Five members of the board shall constitute a quorum for the transaction of business. Board members must be present to vote; no proxies shall be allowed. Each board member shall have one vote. Action shall be taken by a majority of the votes cast.

(b) The board shall keep separate and adequate records of all its meetings and proceedings. The records shall be public and shall be subject to inspection during normal business hours to the extent required by Alabama law.

7.07 Compensation and Bonding.

No board member shall receive any compensation from the plan for his or her services as such; however, board members may be reimbursed for any actual expenses they incur on board business. No bond or other security shall be required of any board member in that capacity.

7.08 Prudent Conduct.

The members of the board shall use that degree of care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

7.09 Maintenance of Accounts.

The board shall maintain accounts showing the fiscal transactions of the plan and shall keep in convenient form such data as may be necessary for actuarial valuations of the plan.

7.10 Service in More than One Fiduciary Capacity.

Any individual, entity, or group of persons may serve in more than one fiduciary capacity with respect to the plan and/or the fund.

7.11 Limitation of Liability.

The city, the board, the members of the board, and any officer, employee, or agent of the city shall not incur any liability individually or on behalf of any other individuals or on behalf of the city for any act, or failure to act, made in good faith in relation to the plan or the fund.

7.12 Indemnification.

The members of the board and the officers, employees, and agents of the city shall be indemnified against any and all liabilities arising by reason of any act, or failure to act, in relation to the plan or the fund, including, without limitation, expenses reasonably incurred in the defense of any claim relating to the plan or the fund, and amounts paid in any compromise or settlement relating to the plan or the fund, except for actions or failures to act made in bad faith. The foregoing indemnification shall be from the fund to the extent of those funds and to the extent permitted under applicable law; otherwise, from the assets of the city.

7.13 City Attorney to Represent Board.

It shall be the duty of the city attorney to give advice to the board in all matters pertaining to the duties of the board whenever requested to do so; to represent and defend the board and its individual members in all suits and actions at law or in equity that may be brought against the board, its individual members or the city in connection with this plan; and to bring all suits and actions in the board's behalf that may be approved by the board, other than suits against the city and its agencies. However, nothing in 7.13 shall in any way limit the board's authority to employ such outside legal counsel as it may see fit in any matter relating to its duties under this plan and to pay reasonable attorney's fees out of the fund.

7.14 Expenses of Administration.

Except as may be otherwise specified in this plan, all expenses that arise in connection with the administration of the plan, including, but not limited to, the compensation and other expenses and charges of any counsel, accountant, specialist, or other person who has been retained by the board in connection with the administration of the plan, shall be paid from the fund to the extent not paid by the city.

7.15 Deferred Retirement Option Plan ("DROP Plan").

The board may create and administer a deferred retirement option plan ("DROP Plan") on such terms and conditions as the board may prescribe; however, any DROP Plan created by the board shall be at no cost and with no liability to the city. The plan's actuary shall certify to the city, at or before the adoption of the DROP Plan and at or before the adoption of any amendment to the DROP Plan, that its terms do not create any cost or liability to the city. Any member who elects to enter the DROP Plan shall have no recourse against the city for any claims with respect to the DROP Plan or payments under the DROP Plan.

ARTICLE 8. MANAGEMENT OF FUNDS.

8.01 Trustee.

All the funds of the plan shall be held by the board as trustee of the plan. In addition to the powers granted to the board by the plan, the board shall have all powers granted to trustees under any Alabama statute or regulation which are necessary or desirable for it to fulfill its duties with respect to the plan, which powers are specifically incorporated by reference into this plan. The city shall have no liability for the payment of benefits under the plan nor for the administration of the funds paid over to the board.

8.02 Exclusive Benefit Rule.

Except as otherwise provided in the plan, no part of the corpus or income of the fund shall be used for, or diverted to, purposes other than for the exclusive benefit of members and beneficiaries entitled to benefits under the plan and paying plan expenses not otherwise paid by the city, before the satisfaction of all liabilities with respect to such members and beneficiaries. No person shall have any interest in or right to any part of the earnings of the fund, or any right in, or to, any part of the assets held under the plan, except as and to the extent expressly provided in the plan.

ARTICLE 9. AMENDMENT, MERGER, AND TERMINATION.

9.01 Amendment of Plan.

(a) The board, with approval by a majority vote of the city council or like governing body of the city, reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the plan. However, no amendment shall make it possible for any part of the fund to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the plan, before the satisfaction of all liabilities with respect to such persons. The board's actions in amending the plan shall be effective without the approval of, or action by, any other governmental entity other than the city council as described in 9.01(a). Nothing in this section shall be construed as preventing a uniformed officer from requesting the Alabama Legislature to amend any provision of the plan.

(b) Notwithstanding the provisions of 9.01(a), any plan amendment which will affect the plan's funding or the members' benefits shall require the approval of the Alabama Legislature.

9.02 Termination of Plan.

The city may terminate the plan with the consent of the majority of the plan's members at the time of the termination, for any reason at any time. In case of termination of the plan, the rights of members to their benefits as of the date of the termination, to the extent then funded or protected by law, if greater, shall be nonforfeitable. The fund shall be used for the exclusive benefit of persons entitled to benefits under the plan as of the date of termination, except as provided in 6.06. However, any funds not required to satisfy all liabilities of the plan for benefits because of erroneous actuarial computation shall be returned to the city. In the event of a partial termination of the plan, the provisions of this section shall be applicable to the members affected by that partial termination.

ARTICLE 10. GENERAL PROVISIONS.

10.01 Nonalienation.

Except as required by any applicable law, no benefit under the plan shall in any manner be anticipated, assigned, or alienated, and any attempt to do so shall be void.

10.02 Conditions of Employment Not Affected by Plan.

The establishment of the plan shall not confer any legal rights upon any uniformed officer or other person for a continuation of employment, nor shall it interfere with the right of the city, which right is hereby reserved, to discharge any uniformed officer and to treat him or her without regard to the effect which that treatment might have upon him or her as a member or potential member of the plan.

10.03 Facility of Payment.

If the board shall find that a member or other person entitled to a benefit is unable to care for his or her affairs because of illness or accident or because he or she is a minor, the board may direct that any benefit due him or her, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his or her spouse, a child, a parent or other blood relative, or to a person with whom he or she resides. Any payment so made shall be a complete discharge of the liabilities of the plan for that benefit.

10.04 Information.

Each member or other person entitled to a benefit, before any benefit shall be payable to him or her or on his or her account under the plan, shall file with the board the information that it shall require to establish his or her rights and benefits under the plan.

10.05 Appeals From Board Decisions.

(a) Within 10 days after any final decision of the board, the city or any person aggrieved at the decision of the board may appeal the decision to the Circuit Court of Mobile County by filing a notice and request for an appeal with the clerk of the circuit court and serving notice of the appeal upon any member of the board. The appeal shall be heard at the earliest possible date by a judge sitting without a jury. It shall not be necessary to enter exceptions to the rulings of the board and no bond shall be required for such an appeal.

(b) The circuit court appeal shall not constitute a proceeding de novo; instead, the court shall review the board's decision using the same standard of review the court uses in deciding common law writs of certiorari.

(c) An appeal may be taken from any decision of the circuit court to the court of appeals or the Supreme Court as now provided by law, under the same standard of review applicable to the trial court.

10.06 Prevention of Escheat.

If the board cannot ascertain the whereabouts of any person to whom a payment is due under the plan, the board may, after such payment is due and prior to the funds escheating to the city or the State of Alabama under any applicable escheat laws, mail a notice of such due and owing payment to the last known address of such person as shown on the records of the board or the city. If such person has not made written claim therefor within three months of the date of the mailing, the board may, if it so elects and upon receiving advice from counsel to the plan, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the plan and the amount thereof applied to reduce the contributions of the city. Upon such cancellation, the plan shall have no further liability therefore except that, in the event such person or his or her beneficiary later notifies the board of his or her whereabouts and requests the payment or payments due to him or her under the plan, the amount so applied shall be paid to him or her in accordance with the provisions of the plan.

10.07 Severability.

The provisions of this plan are severable. If any part of the plan is declared invalid or unconstitutional, such declaration shall not affect the remaining provisions of the plan.

10.08 Construction.

(a) The plan shall be construed, regulated, and administered under the laws of the State of Alabama, except where the provisions of the Code or other applicable federal statutes control.

(b) The titles and headings of the articles and sections in this plan are for convenience only. In case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

10.09 Effective Date.

This Plan shall be in full force and effect on and after its adoption by the Board and approval of the City Council and shall be retroactively effective as of October 1, 2010.

Adopted this 23RD day of MARCH, 2012

Attest: Mary Berg
Mary Berg, Pension Coordinator

Approved by the Mobile City Council on the 3 day of July, 2012 pursuant to Resolution # 60-255

Attest: Lisa C. Lambert
City Clerk

- Ms. Cochran presented the following resolution for the Board's approval:

CITY OF MOBILE, ALABAMA POLICE AND FIREFIGHTERS' RETIREMENT PLAN BOARD

RESOLUTION

Whereas, the Article 7 of Act 97-689, 1997 Ala. Acts designates the Board 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, the Plan received a favorable determination from the Internal Revenue Service in March 1998 entitling the Plan to certain favorable tax treatment;

Whereas, on January 28, 2011 a proposed revised plan was submitted to the Internal Revenue Service for consideration;

Whereas, by letter dated March 7, 2011 to the Board's General Counsel the IRS requested that the proposed amendments be signed and dated;

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

1. That the Chairman and Secretary are hereby authorized and directed to execute and attest, respectively, for and on behalf of the Board the attached proposed plan amendments for transmittal to the IRS.

Done This 23RD Day of March, 2011

Terry Lilley
Chairman

ATTEST:

Mary Berg, Executive Secretary

Deputy Chief Barber motioned to accept the resolution as written for the chairman's and executive secretary's signature. Ms. Collier seconded the motion and the motion carried.

ATTORNEY CLIENT MEMORANDUM

March 9, 2012

TO: Mary Berg, Pension Coordinator

C: Chairman Lilley, Jim Barber, Barbara Malkove

FR: Wanda J. Cochran, City Attorney

RE: *Deadline to Adopt Amended and Restated Plan*

This memorandum is protected by the attorney client privilege and should be treated as a confidential document.

As we discussed at last month's meeting, the Internal Revenue Service on April 16, 2012 issued a favorable determination letter on the Plan. Under the rules of the IRS, the plan amendments must be adopted within 90 days of April 16; i.e. no later than Sunday, July 15. I wrote Patricia Keesler, the attorney who helped with our application, and asked about the consequences for missing this deadline. She stated that failure to meet this deadline would render the determination letter invalid. The Plan would then have to go through a compliance process during the next IRS cycle to cure the defect, thereby necessitating the payment of additional fees. The amount of the fees is based on the number of participants in the plan, and would probably be less than $5,000, but I believe this course of action should be avoided if possible.

Please let me know if I need to prepare anything to present to the City Council.

465 Dauphin Street Mobile, AL 36602 251-767-6795 wanda@citylawla.org

CITY OF MOBILE

POLICE AND FIREFIGHTERS RETIREMENT PLAN

2019 ACTUARIAL VALUATION

City of Mobile, Alabama
Police and Firefighters Retirement Plan

Actuarial Valuation
As of October 1, 2019

Determines the Contribution
For the 2019/20 Fiscal Year

SOUTHERN
ACTUARIAL
SERVICES

February 20, 2020

Introduction

This report presents the results of the October 1, 2019 actuarial valuation of the City of Mobile, Alabama Police and Firefighters Retirement Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2019 and to determine the minimum required contribution under Section 7, Act No. 97-689 of the Alabama State Legislature for the 2019/20 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2019/20 plan year. The minimum required contribution is $25,539,843, which represents an increase of $1,456,718 from the prior valuation. The corresponding contribution rates as a percentage of covered payroll are 60.27% and 61.19% for the 2018/19 and 2019/20 plan years, respectively. The City is expected to be required to contribute $21,461,379 of the minimum required contribution, with the remainder of the required contribution being covered by employee contributions, fire insurance premium taxes, and municipal court receipts. The actual required contribution from the City will depend on the level of contribution from the other sources such that the total funding requirement is met each year.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.94% of payroll due to a scheduled decrease in the amortization payments, increased by 1.21% of payroll due to investment losses, decreased by 3.68% of payroll due to demographic experience, and increased by 4.33% of payroll due to the assumption change that is described in Table IV-B. Although the market value of assets only earned 2.80% during the 2018/19 plan year, the actuarial value of assets is based on a five-year phase-in of the net investment gains and losses. On this basis, the actuarial value of assets earned 5.76% during the 2018/19 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Section 7, Act No. 97-689 of the Alabama State Legislature (the "Act") sets forth the rules concerning the minimum required contribution for the plan. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an amortization payment towards the unfunded liability, where the amortization period varies between five and 30 years depending on the source of the change in the unfunded liability. This plan uses the projected unit credit cost method to develop an unfunded liability each year. Changes in the unfunded liability from the prior year are then amortized or "paid off" over a period of time. The period over which the unfunded liability is amortized is often referred to as the "funding period" of the plan. Under the Act, plan amendments are amortized over 30 years, changes in actuarial methods and assumptions are amortized over 10 years, and experience gains and losses are amortized over five years. Table I-I shows the various components of the unfunded liability and the respective funding period for each component.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $367,981,152, including estimated future administrative expenses. As illustrated in Table I-A, current assets are sufficient to cover $191,612,238 of this amount, the 2019/20 contribution will cover $25,539,843 of this amount, and future employee contributions are expected to cover $28,940,136 of this amount, leaving $121,888,935 to be covered by future employer funding beyond the 2019/20 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Identification and Assessment of Risk

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, there is always a risk that, should these assumptions not be realized, the liabilities of the plan, the contributions required to fund the plan, and the funded status of the plan may be significantly different than the amounts shown in this report.

Although a thorough analysis of the risk of not meeting the assumptions is beyond the scope of this report, this discussion is intended to identify the significant risks faced by the plan. In some cases, a more detailed review of the risks, including numerical analysis, may be appropriate to help the plan sponsor and other interested parties assess the specific impact of not realizing certain assumptions. For example, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate. Note that this report is not intended to provide advice on the management or reduction of the identified risks nor is this report intended to provide investment advice.

The most significant risk faced by most defined benefit pension plans is investment risk, i.e. the risk that long-term investment returns will be less than assumed. Other related risks include a risk that, if the investments of the plan decline dramatically over a short period of time (such as occurred with many pension plans in 2008), the plan's assets may not have sufficient time to recover before benefits become due. Even if the assets of the plan grow in accordance with the assumed investment return over time, if benefit payments are expected to be large in the short-term (for example, if the plan provides an actuarial equivalent lump sum payment option and a large number of participants are expected to become entitled to such a lump sum in the near future), the plan's assets may not be sufficient to support such a high level of benefit payments. We have provided a 10-year projection of the expected benefit payments in Table III-G to help the Trustees in formulating an investment policy that is expected to provide an investment return that meets both the short- and long-term cash flow needs of the pension plan.

Another source of risk is demographic experience. This is the risk that participants will receive salary increases that are different than the amount assumed, that participants will retire, become disabled, or terminate their employment at a rate that is different than assumed, and that participants will live longer than assumed, just to cite a few examples of the demographic risk faced by the plan. Although for most pension plans, the demographic risk is not as significant as the investment risk, particularly in light of the fact that the mortality assumption includes a component for future life expectancy increases, the demographic risk can nevertheless be a significant contributing factor to liabilities and contribution rates that become higher than anticipated.

A third source of risk is the risk that the plan sponsor (or other contributing entities) will not make, or will not have the ability to make, the contributions that are required to keep the plan funded at a sufficient level. Material changes in the number of covered employees, covered payroll, and, in some cases, hours worked by active participants can also significantly impact the plan's liabilities and the level of contributions received by the plan.

Finally, an actuarial funding method has been used to allocate the gap between projected liablities and assets to each year in the future. The contribution rate under some funding methods is higher during the early years of the plan and then is lower during the later years of the plan. Other funding methods provide for lower contribution rates initially, with increasing contribution rates over time. The Trustees have adopted the projected unit credit funding method for this plan. Under this method, the contribution requirement is expected to increase over time as the active participants age.

A brief description of the actuarial funding method and related amortization period is provided in Table IV-A.

Contents of the Report

Tables I-D through I-H provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Specifically, Table II-A shows the development of the actuarial value of assets, which is based on a five-year phase-in of the net investment gains and losses in order to provide a more stable and predictable contribution rate for the employer. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2019, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of the Act. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

Charles J. Carr

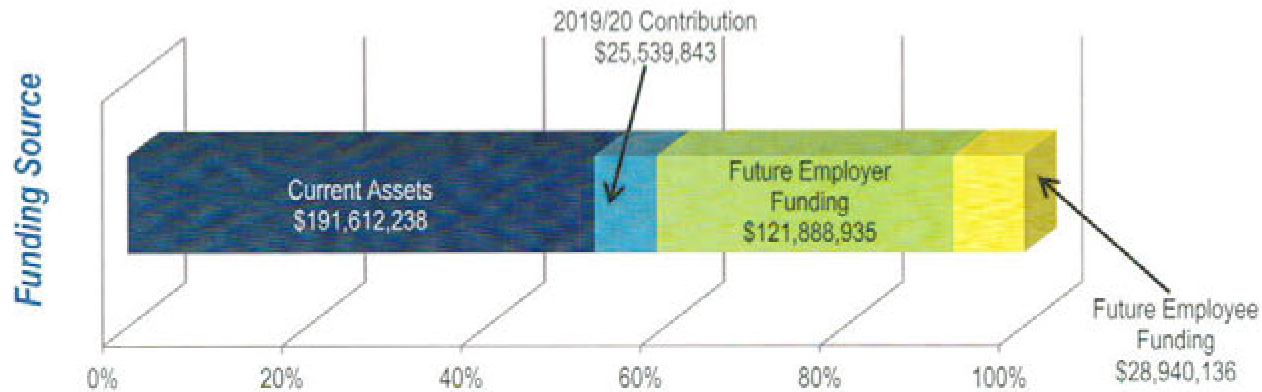
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 17-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



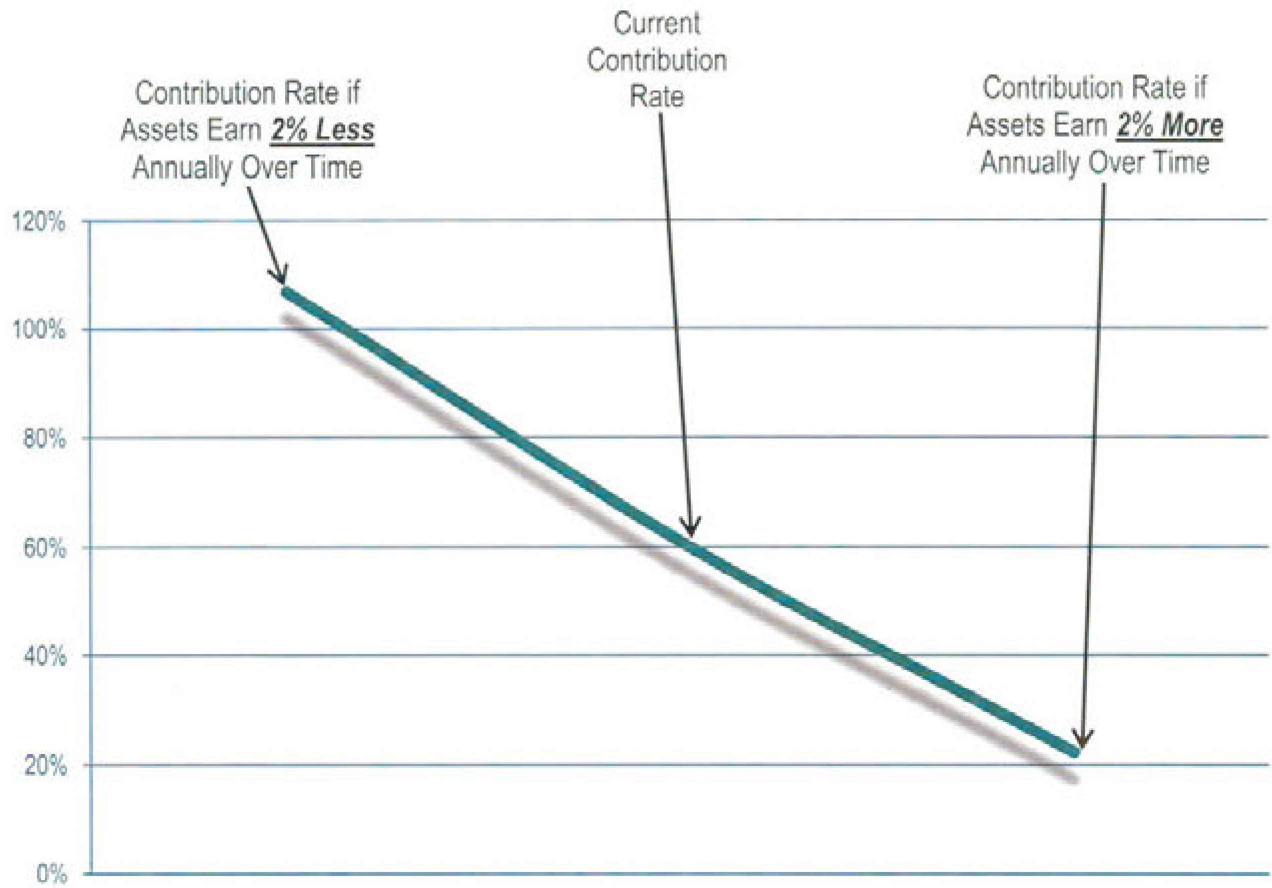
	For the 2019/20 Plan Year
Projected Unit Credit Normal Cost	$6,310,311
Unfunded Liability Amortization Payment	$19,125,193
Expense Allowance	$104,339
Minimum Required Contribution	**$25,539,843**
Expected Payroll for the 2019/20 Plan Year	*÷ $41,735,647*

Contribution by Source (Estimated)		*% of Payroll*
City of Mobile	$21,461,379	*51.42%*
Fire insurance premium tax	$939,052	*2.25%*
Municipal court receipts	$41,736	*0.10%*
Employees	$3,097,676	*7.42%*
Minimum required contribution	$25,539,843	*61.19%*

Additional Disclosures	
Present Value of Future Compensation	$389,916,611
Present Value of Future Employer Contributions	$121,888,935
Present Value of Future Employee Contributions	$28,940,136

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	60.27%
Expected increase (decrease) due to amortization schedule	-0.94%
Increase (decrease) due to investment gains and losses	1.21%
Increase (decrease) due to demographic experience	-3.68%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	4.33%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	61.19%

Source of Change in the Unfunded Liability

Previous unfunded liability	$110,384,807
Increase due to interest	$6,467,822
Decrease due to amortization payments	($17,987,343)
Increase (decrease) due to plan experience	($272,280)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$11,955,575
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$110,548,581

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$154,688,609	$154,688,609	$162,499,565
Termination benefits	$918,636	$918,636	$957,007
Disability benefits	$12,773,548	$12,773,548	$12,852,532
Death benefits	$2,617,210	$2,617,210	$1,318,923
Refund of employee contributions	$2,416,780	$2,416,780	$2,351,301
Sub-total	**$173,414,783**	**$173,414,783**	**$179,979,328**
Deferred Vested Participants			
Retirement benefits	$731,784	$731,784	$757,268
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$731,784**	**$731,784**	**$757,268**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$145,152,007	$145,152,007	$151,890,720
Disability retirements	$10,520,468	$10,520,468	$10,816,960
Beneficiaries receiving	$13,618,124	$13,618,124	$14,321,564
DROP participants	$8,995,345	$8,995,345	$9,240,520
Sub-total	**$178,285,944**	**$178,285,944**	**$186,269,764**
Grand Total	**$352,432,511**	**$352,432,511**	**$367,006,360**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$83,426,846	$83,426,846	$87,153,107
Termination benefits	$421,366	$421,366	$438,607
Disability benefits	$9,792,065	$9,792,065	$9,840,605
Death benefits	$1,343,003	$1,343,003	$674,757
Refund of employee contributions	$1,207,774	$1,207,774	$1,173,346
Sub-total	**$96,191,054**	**$96,191,054**	**$99,280,422**
Deferred Vested Participants			
Retirement benefits	$731,784	$731,784	$757,268
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$731,784**	**$731,784**	**$757,268**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$145,152,007	$145,152,007	$151,890,720
Disability retirements	$10,520,468	$10,520,468	$10,816,960
Beneficiaries receiving	$13,618,124	$13,618,124	$14,321,564
DROP participants	$8,995,345	$8,995,345	$9,240,520
Sub-total	**$178,285,944**	**$178,285,944**	**$186,269,764**
Grand Total	**$275,208,782**	**$275,208,782**	**$286,307,454**
Funded Status	76.79%	76.79%	73.82%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$59,321,771	$59,321,771	$61,777,621
Termination benefits	$7,369,261	$7,369,261	$7,936,304
Disability benefits	$9,022,092	$9,022,092	$9,064,965
Death benefits	$1,034,784	$1,034,784	$513,696
Refund of employee contributions	$1,660,758	$1,660,758	$1,548,297
Sub-total	**$78,408,666**	**$78,408,666**	**$80,840,883**
Deferred Vested Participants			
Retirement benefits	$731,784	$731,784	$757,268
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$731,784**	**$731,784**	**$757,268**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$145,152,007	$145,152,007	$151,890,720
Disability retirements	$10,520,468	$10,520,468	$10,816,960
Beneficiaries receiving	$13,618,124	$13,618,124	$14,321,564
DROP participants	$8,995,345	$8,995,345	$9,240,520
Sub-total	**$178,285,944**	**$178,285,944**	**$186,269,764**
Grand Total	**$257,426,394**	**$257,426,394**	**$267,867,915**

Projected Unit Credit Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$101,940,655	$101,940,655	$106,669,995
Termination benefits	$497,390	$497,390	$517,659
Disability benefits	$5,928,605	$5,928,605	$5,964,003
Death benefits	$1,613,092	$1,613,092	$808,784
Refund of employee contributions	$1,207,774	$1,207,774	$1,173,346
Sub-total	**$111,187,516**	**$111,187,516**	**$115,133,787**
Deferred Vested Participants			
Retirement benefits	$731,784	$731,784	$757,268
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$731,784**	**$731,784**	**$757,268**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$145,152,007	$145,152,007	$151,890,720
Disability retirements	$10,520,468	$10,520,468	$10,816,960
Beneficiaries receiving	$13,618,124	$13,618,124	$14,321,564
DROP participants	$8,995,345	$8,995,345	$9,240,520
Sub-total	**$178,285,944**	**$178,285,944**	**$186,269,764**
Grand Total	**$290,205,244**	**$290,205,244**	**$302,160,819**
less Actuarial Value of Assets	*($191,612,238)*	*($191,612,238)*	*($191,612,238)*
Unfunded Accrued Liability	**$98,593,006**	**$98,593,006**	**$110,548,581**

Projected Unit Credit Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$5,130,346	$5,130,346	$5,398,638
Termination benefits	$46,229	$46,229	$48,261
Disability benefits	$458,473	$458,473	$461,432
Death benefits	$107,136	$107,136	$54,763
Refund of employee contributions	$353,548	$353,548	$347,217
Sub-total	**$6,095,732**	**$6,095,732**	**$6,310,311**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	$6,095,732	$6,095,732	$6,310,311

Unfunded Liability Bases

Table I-I

Description	Original Amount	Outstanding Balance	Amortization Payment	Years Rem.
	Total	***$110,548,581***	***$19,125,193***	
10/1/1996 Initial Unf. Liability	$85,097,273	$71,048,075	$11,035,789	7
10/1/1997 Amendment	$9,984,153	$4,992,226	$781,343	8
10/1/1998 Amendment	$1,282,237	$697,382	$100,037	9
10/1/1999 Amendment	$63,319	$37,009	$4,925	10
10/1/2000 Amendment	$3,603,937	$2,304,327	$287,194	11
10/1/2005 Amendment	$4,761,492	$3,684,656	$364,531	16
10/1/2008 Amendment	$1,250,981	$1,052,042	$95,129	19
10/1/2013 Method Change	($19,733,813)	($9,516,883)	($2,625,842)	4
10/1/2013 Assumption Change	$24,640,529	$11,883,206	$3,278,745	4
2014/15 Experience Gain	($1,355,045)	($308,865)	($308,865)	1
2015/16 Experience Loss	$13,310,549	$5,869,404	$3,033,943	2
2016/17 Experience Loss	$497,588	$318,479	$113,418	3
10/1/2017 Assumption Change	$4,347,419	$3,696,083	$578,481	8
2017/18 Experience Gain	$3,762,389	$3,108,145	$857,581	4
2018/19 Experience Gain	($272,280)	($272,280)	($62,062)	5
10/1/2019 Assumption Change	$11,955,575	$11,955,575	$1,590,846	10

Actuarial Value of Assets

Table II-A

	Net Investment Gain (Loss)		*Unrecognized Gain (Loss)*
For the 2015/16 plan year	*$10,806,909*	*x 20%*	*$2,161,382*
For the 2016/17 plan year	*$18,361,515*	*x 40%*	*$7,344,606*
For the 2017/18 plan year	*$13,224,677*	*x 60%*	*$7,934,806*
For the 2018/19 plan year	*$2,865,312*	*x 80%*	*$2,292,250*
			$19,733,044

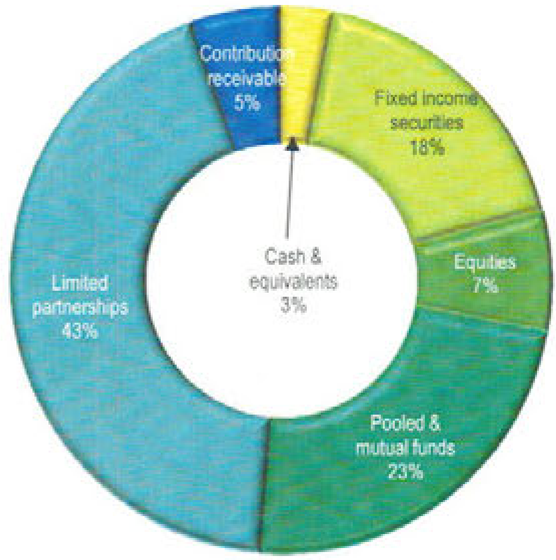
Market Value of Assets as of October 1, 2019	$212,311,504
Minus DROP account balances	($966,222)
Minus advance employer contributions	$0
Adjustment for unrecognized gain or loss as shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	($19,733,044)
Actuarial Value of Assets as of October 1, 2019	**$191,612,238**

Historical Actuarial Value of Assets	
October 1, 2010	$102,393,499
October 1, 2011	$103,134,597
October 1, 2012	$107,359,212
October 1, 2013	$138,907,354
October 1, 2014	$141,623,629
October 1, 2015	$144,009,987
October 1, 2016	$151,598,741
October 1, 2017	$163,509,526
October 1, 2018	$176,660,269
October 1, 2019	$191,612,238

Market Value of Assets

Table II-B

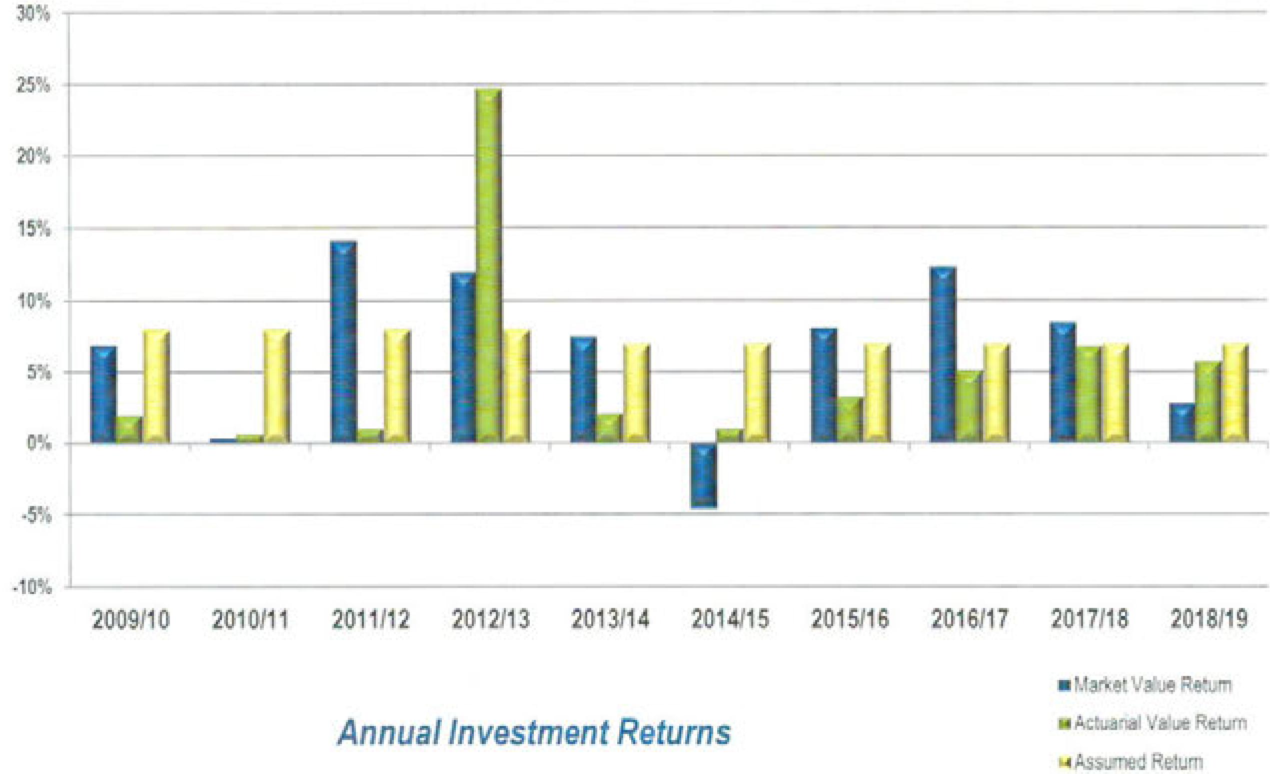
	As of October 1, 2019
Market Value of Assets	**$212,311,504**
Cash & equivalents	$6,681,738
Fixed income securities	$37,704,035
Equities	$15,341,297
Pooled & mutual funds	$49,517,793
Limited partnerships	$92,131,271
Income receivable	$236,339
Contribution receivable	$10,976,873
Accounts payable	($277,842)



Historical Market Value of Assets	
October 1, 2010	$101,678,847
October 1, 2011	$102,935,330
October 1, 2012	$122,026,858
October 1, 2013	$141,783,412
October 1, 2014	$151,689,814
October 1, 2015	$144,469,292
October 1, 2016	$160,740,776
October 1, 2017	$184,991,659
October 1, 2018	$202,411,170
October 1, 2019	$212,311,504

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2009/10	6.94%	1.96%	8.00%
2010/11	0.34%	0.64%	8.00%
2011/12	14.15%	1.02%	8.00%
2012/13	11.99%	24.72%	8.00%
2013/14	7.47%	2.13%	7.00%
2014/15	-4.54%	1.02%	7.00%
2015/16	8.13%	3.27%	7.00%
2016/17	12.33%	5.11%	7.00%
2017/18	8.47%	6.86%	7.00%
2018/19	2.80%	5.76%	7.00%
10yr. Avg.	6.66%	5.05%	7.40%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of October 1, 2018	**$202,411,170**	**$176,660,269**
Increases Due To:		
Employer Contributions	$20,699,025	$20,699,025
Employee Contributions	$3,384,100	$3,384,100
Service Purchase Contributions	$0	$0
Total Contributions	$24,083,125	$24,083,125
Interest and Dividends	$3,106,381	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$2,865,312	
Total Investment Income	$5,971,693	$10,309,997
Other Income	$209,034	
Total Income	**$30,263,852**	**$34,393,122**
Decreases Due To:		
Monthly Benefit Payments	($19,241,022)	($19,241,022)
Refund of Employee Contributions	($664,865)	($664,865)
DROP Credits		$471,888
Total Benefit Payments	($19,905,887)	($19,433,999)
Investment Expenses	($450,477)	
Administrative Expenses	($7,154)	($7,154)
Advance Employer Contribution		$0
Total Expenses	**($20,363,518)**	**($19,441,153)**
As of October 1, 2019	**$212,311,504**	**$191,612,238**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2009/10	$15,037,059	$3,034,919	$0	$1,586,612	$0	$5,234,255	$3,638
2010/11	$13,852,639	$3,043,066	$43,288	$1,561,407	$0	-$855,263	$10,408
2011/12	$17,508,284	$3,006,582	$0	$1,513,978	$0	$13,754,849	$3,919
2012/13	$19,707,446	$3,108,945	$0	$1,971,260	$0	$13,470,198	$0
2013/14	$14,950,855	$2,945,173	$0	$1,557,605	$0	$9,510,533	$0
2014/15	$16,354,458	$2,969,379	$0	$1,494,247	$0	-$8,033,122	$23,131
2015/16	$19,701,944	$2,995,750	$0	$1,564,101	$0	$10,806,909	$211
2016/17	$19,977,104	$3,306,936	$0	$2,081,197	$0	$18,361,515	$85,521
2017/18	$18,717,733	$3,279,235	$0	$2,593,973	$0	$13,224,677	$342,665
2018/19	$20,699,025	$3,384,100	$0	$3,106,381	$0	$2,865,312	$209,034

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses
2009/10	$15,214,998	$705,860	$120,727	$293,299
2010/11	$15,250,117	$674,887	$104,354	$369,704
2011/12	$15,417,437	$770,972	$96,478	$411,197
2012/13	$17,224,253	$668,097	$94,268	$514,677
2013/14	$18,091,958	$356,916	$110,549	$498,341
2014/15	$18,745,918	$911,730	$4,989	$365,978
2015/16	$17,458,315	$877,554	$18,061	$443,501
2016/17	$18,133,237	$926,040	$49,685	$452,428
2017/18	$19,283,035	$1,016,632	$9,118	$429,987
2018/19	$19,241,022	$664,865	$7,154	$450,477

Other Actuarial Adjustments

Plan Year	DROP Credits	Advance Employer Contribs.
2009/10	$111,351	$0
2010/11	$825,603	$0
2011/12	$1,076,890	$0
2012/13	$371,627	$0
2013/14	-$418,299	$0
2014/15	-$1,278,276	$0
2015/16	$1,512,168	$0
2016/17	$107,750	$0
2017/18	-$181,808	$0
2018/19	-$471,888	$0

Note: Information was not available to separate the realized and unrealized gains and losses.

Other Reconciliations

Table II-F

Advance Employer Contribution

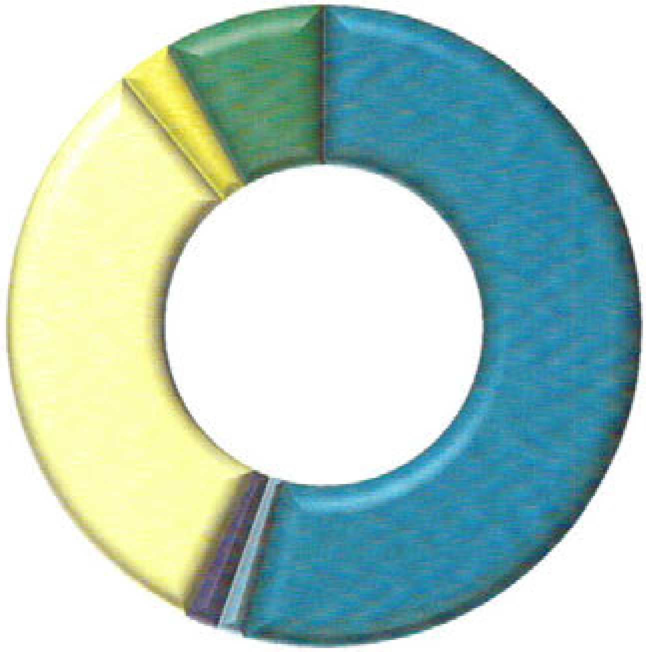
Advance Employer Contribution as of October 1, 2018	$0
Additional Employer Contribution	$20,699,025
Minimum Required Contribution	($20,699,025)
Net Increase in Advance Employer Contribution	$0
Advance Employer Contribution as of October 1, 2019	$0

DROP Account Reconciliation

DROP Balance as of October 1, 2018	$1,438,110
DROP Benefits Deposited	$776,813
DROP Benefits Paid Out	($1,343,577)
DROP Investment Credits	$94,876
Net DROP Credit	($471,888)
DROP Balance as of October 1, 2019	$966,222

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of October 1, 2019	
Actively Employed Participants	
Active Participants	913
DROP Participants	23
Inactive Participants	
Deferred Vested Participants	29
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	541
Disability Retirements	47
Beneficiaries Receiving	138
Total Participants	**1,691**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2010	977	28	5	702	1,712
October 1, 2011	986	39	8	699	1,732
October 1, 2012	984	54	8	695	1,741
October 1, 2013	977	47	14	703	1,741
October 1, 2014	974	36	13	718	1,741
October 1, 2015	933	25	16	727	1,701
October 1, 2016	884	34	17	714	1,649
October 1, 2017	956	33	19	726	1,734
October 1, 2018	876	27	22	731	1,656
October 1, 2019	913	23	29	726	1,691

Data Reconciliation

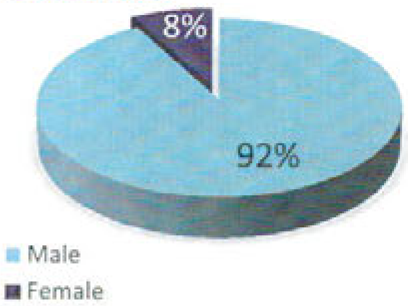
Table III-B

	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2018	876	27	22	0	0	543	48	140	**1,656**
Change in Status									
Re-employed	1		(1)						
Terminated	(62)		10	52					
Retired	(4)	(14)	(1)			17	2		
Participation Ended									
Transferred Out	(10)	10							
Cashed Out				(52)					**(52)**
Died			(1)			(19)	(3)	(12)	**(35)**
Participation Began									
Newly Hired	112								**112**
Transferred In									
New Beneficiary								10	**10**
Other Adjustment									
October 1, 2019	913	23	29	0	0	541	47	138	**1,691**

Active Participant Data

Table III-C

Gender Mix



As of October 1, 2019

Average Age	39.3 years
Average Service	11.1 years
Total Annualized Compensation for the Prior Year	$42,610,267
Total Expected Compensation for the Current Year	$41,735,647
Average Increase in Compensation for the Prior Year	4.12%
Expected Increase in Compensation for the Current Year	3.00%

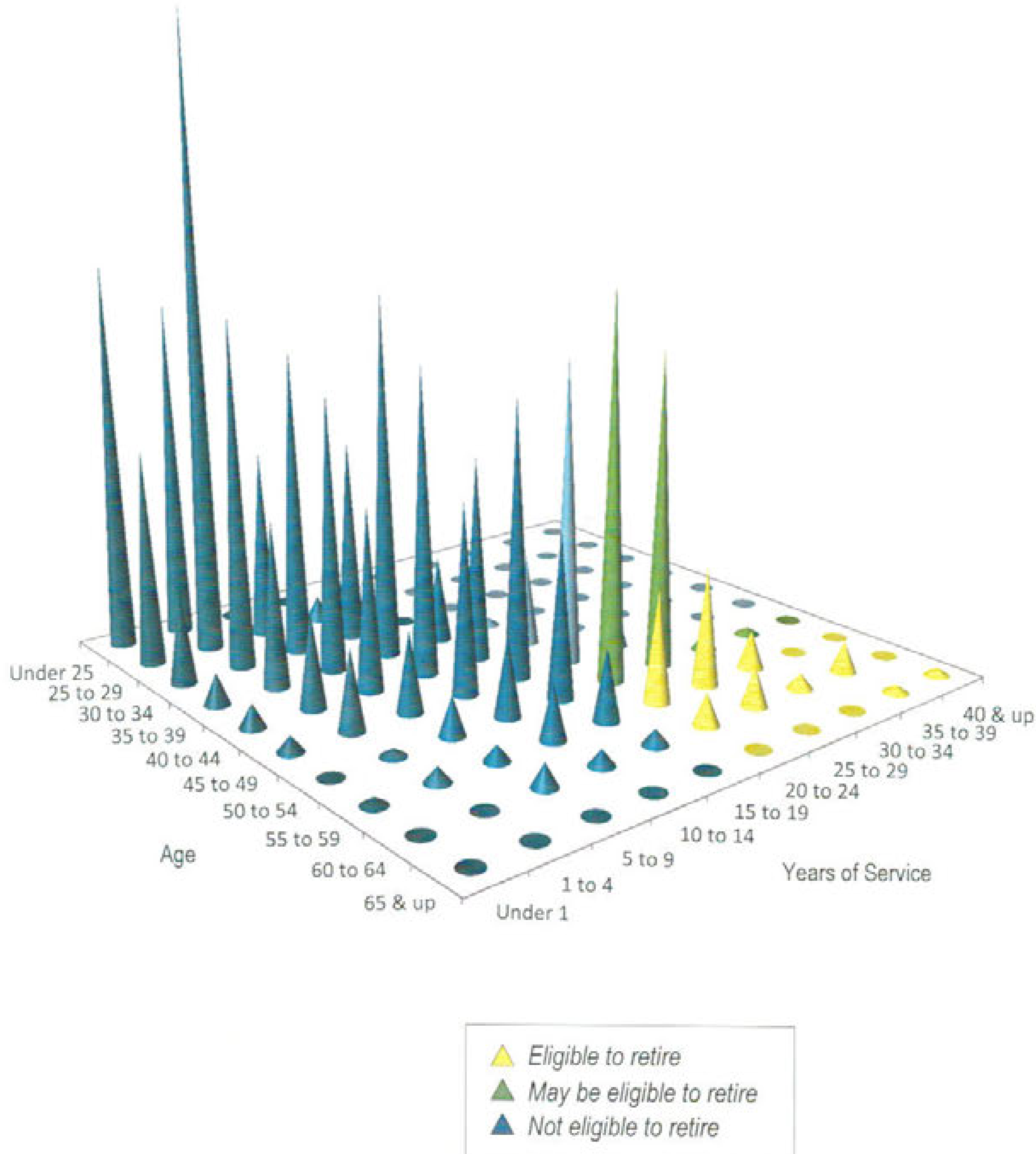
Actual vs. Expected Salary Increases

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 2010	38.8	10.2	$39,393	4.00%	1.76%
October 1, 2011	38.8	10.1	$39,151	4.00%	1.16%
October 1, 2012	38.9	10.2	$38,773	4.00%	1.17%
October 1, 2013	38.9	10.3	$38,596	4.00%	1.52%
October 1, 2014	39.6	10.9	$38,537	3.00%	1.47%
October 1, 2015	40.0	11.1	$38,821	3.00%	6.49%
October 1, 2016	40.3	11.5	$40,612	3.00%	15.76%
October 1, 2017	39.8	11.0	$41,880	3.00%	-2.26%
October 1, 2018	40.1	11.5	$46,600	3.00%	6.09%
October 1, 2019	39.3	11.1	$46,671	3.00%	4.12%

Active Age-Service Distribution

Table III-D



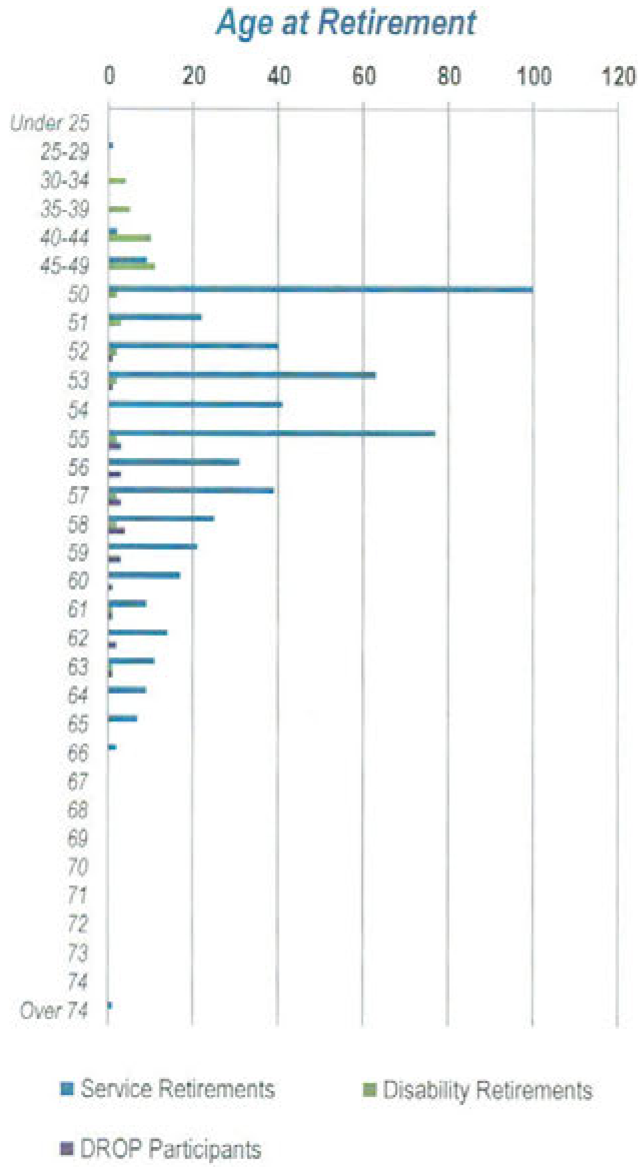
Active Age-Service-Salary Table

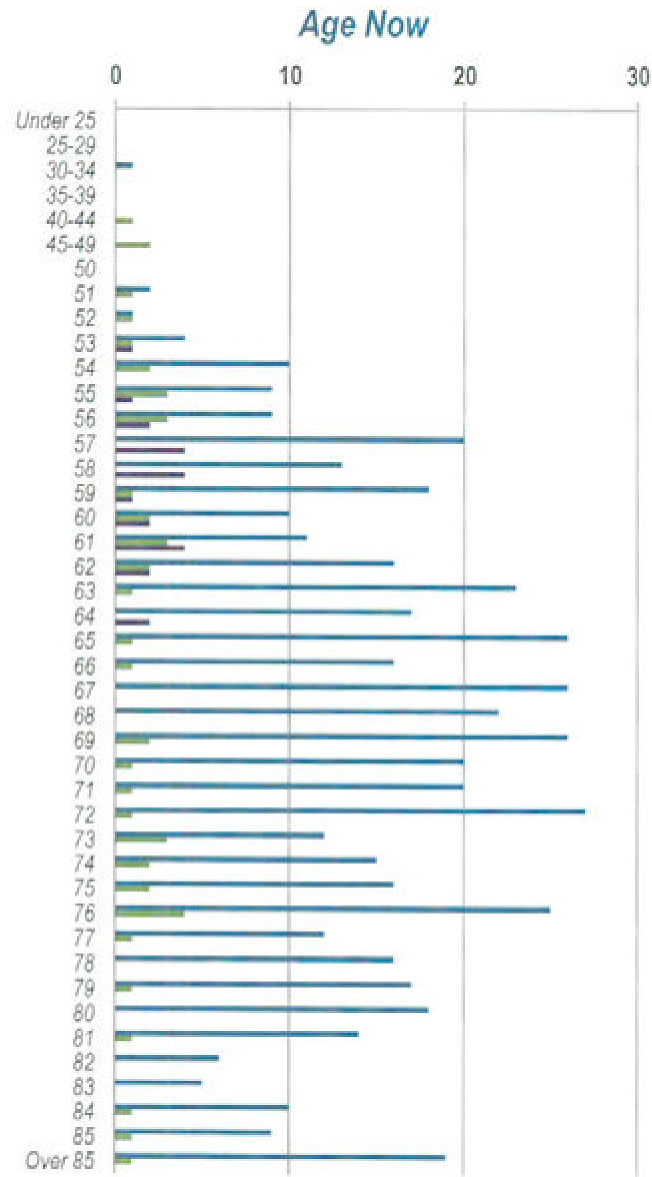
Table III-E

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	49	43	0	0	0	0	0	0	0	0	92
Avg.Pay	33,205	35,650	0	0	0	0	0	0	0	0	34,348
25 to 29	27	79	24	3	0	0	0	0	0	0	133
Avg.Pay	34,098	36,552	41,764	55,551	0	0	0	0	0	0	37,423
30 to 34	12	44	39	26	0	0	0	0	0	0	121
Avg.Pay	34,029	38,436	41,916	47,532	0	0	0	0	0	0	41,075
35 to 39	4	21	35	46	11	1	0	0	0	0	118
Avg.Pay	33,374	37,879	43,601	48,339	60,406	48,214	0	0	0	0	45,688
40 to 44	3	12	23	39	26	12	0	0	0	0	115
Avg.Pay	34,727	39,270	43,255	47,906	56,068	60,559	0	0	0	0	48,897
45 to 49	2	10	10	24	35	39	6	0	0	0	126
Avg.Pay	38,048	38,650	47,930	46,133	53,863	58,672	63,120	0	0	0	52,390
50 to 54	0	1	5	10	21	49	40	2	1	0	129
Avg.Pay	0	42,598	45,849	46,068	53,553	58,602	62,247	60,372	106,230	0	57,717
55 to 59	1	2	2	7	9	14	15	5	0	0	55
Avg.Pay	37,635	79,299	48,194	42,379	50,960	53,292	65,621	72,292	0	0	57,087
60 to 64	0	0	3	2	2	4	5	2	4	0	22
Avg.Pay	0	0	39,921	40,126	45,355	52,176	61,324	66,481	57,290	0	53,099
65 & up	0	0	0	0	0	0	0	0	1	1	2
Avg.Pay	0	0	0	0	0	0	0	0	75,192	58,739	66,966
Total	98	212	141	157	104	119	66	9	6	1	913
Avg.Pay	33,750	37,576	43,139	47,383	54,629	57,894	63,024	68,352	68,431	58,739	46,671

Inactive Participant Data

Table III-F



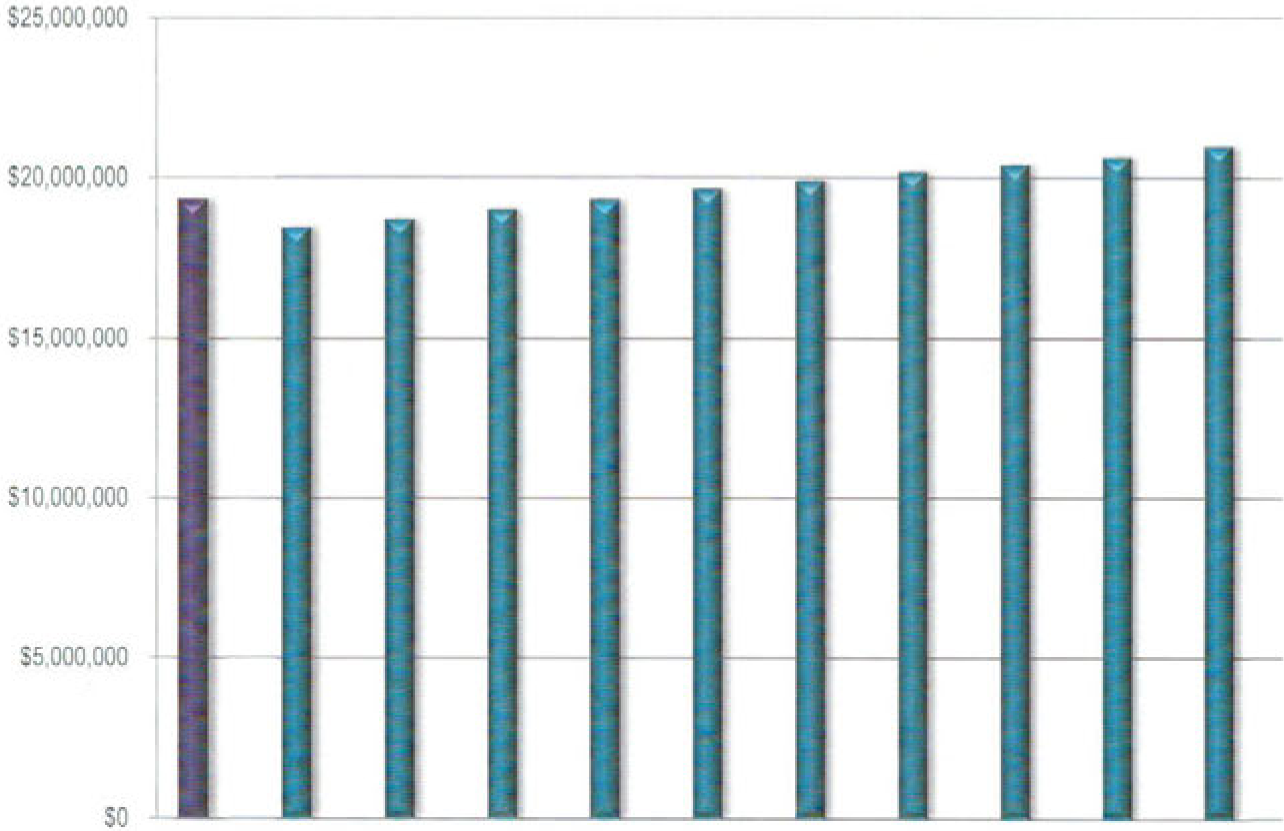


Average Monthly Benefit

Service Retirements	*$2,185.31*
Disability Retirements	*$1,755.37*
Beneficiaries Receiving	*$937.09*
DROP Participants	*$2,570.69*
Deferred Vested Participants	*$298.35*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-G



Actual	
For the period October 1, 2018 through September 30, 2019	$19,339,123
Projected	
For the period October 1, 2019 through September 30, 2020	$18,478,647
For the period October 1, 2020 through September 30, 2021	$18,732,861
For the period October 1, 2021 through September 30, 2022	$19,035,562
For the period October 1, 2022 through September 30, 2023	$19,331,720
For the period October 1, 2023 through September 30, 2024	$19,657,430
For the period October 1, 2024 through September 30, 2025	$19,920,097
For the period October 1, 2025 through September 30, 2026	$20,181,064
For the period October 1, 2026 through September 30, 2027	$20,393,209
For the period October 1, 2027 through September 30, 2028	$20,622,583
For the period October 1, 2028 through September 30, 2029	$20,972,007

Summary of Actuarial Methods and Assumptions — Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under State law.

1. **Actuarial Cost Method**

   Projected unit credit cost method. Under this actuarial cost method, the actuarial accrued liability is equal to the accumulated benefits earned to the valuation date for all participants, but adjusted to reflect expected increases in each participant's final average compensation. The normal cost is equal to one additional year's benefit accrual for all active participants on the same basis.

2. **Amortization Method**

   The unfunded actuarial accrued liability is amortized as a level dollar amount over a period of up to 30 years, except that the initial unfunded liability as of October 1, 1996 is amortized as a level percentage of payroll using a 4.00% assumed annual increase in total covered payroll.

3. **Asset Method**

   The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation (both realized and unrealized).

4. **Interest (or Discount) Rate**

   7.00% per annum

5. **Salary Increases**

   Plan compensation is assumed to increase at the rate of 3.00% per annum.

6. **Decrements**

   - Pre-retirement mortality: Sex-distinct rates set forth in the PUB-2010 Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2017
   - Post-retirement mortality: Sex-distinct rates set forth in the PUB-2010 Mortality Table for public safety retirees, with full generational improvements in mortality using Scale MP-2017

Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

• Disability:	Rates of disability increase with age up to age 65; a 0.19% probability of disability is assumed at age 30, a 0.43% probability of disability is assumed at age 40, a 0.56% probability of disability is assumed at age 50, and a 0.67% probability of disability is assumed at age 65, and the probabilities for intervening ages are roughly proportional to these probabilities; 80% of future disabilities are assumed to be service-related and participants entitled to a disability benefit are assumed to receive 60% of their final salary.
• Termination:	Employment termination rates decrease with age up to age 50; a 7.07% probability of termination is assumed at age 20, a 4.81% probability of termination is assumed at age 30, a 0.34% probability of termination is assumed at age 40, and a 0.00% probability of termination is assumed at age 50, and the probabilities for intervening ages are roughly proportional to these probabilities
• Retirement:	25% of eligible participants assumed to retire at age 50, 20% are assumed to retire at each of ages 51 and 52, 22% are assumed to retire at age 53, 33% are assumed to retire at age 54, 35% are assumed to retire at age 55, 30% are assumed to retire at age 56, 25% are assumed to retire at age 57, 20% are assumed to retire at age 58, 15% are assumed to retire at age 59, 20% are assumed to retire at each of ages 60 and 61, and 100% are assumed to retire at age 62.

7. **Marriage Assumption**

100% of non-retired participants are assumed to be married, with husbands assumed to be three years older than wives.

8. **Form of Payment**

Future retirees have been assumed to select the single life annuity.

9. **Cost-of-Living Adjustment**

A 2.50% automatic cost-of-living adjustment has been assumed for those members (excluding their beneficiaries) who retired during the period October 1, 1977 to April 14, 1985.

10. **Expenses**

Administrative expenses are assumed to be 0.25% of covered payroll. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.

Changes in Actuarial Methods and Assumptions — Table IV-B

Since the completion of the previous valuation, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale AA to the PUB-2010 Mortality Table for public safety employees and retirees, with full generational improvements in mortality using Scale MP-2017.

The following additional assumption and method changes were made during the past 10 years:

(1) Effective October 1, 2018, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale AA.

(2) Effective October 1, 2013, the phase-in period for investment gains and losses that is used to determine the actuarial value of assets was "fresh-started" as of October 1, 2013.

(3) Effective October 1, 2013, the interest (or discount) rate was reduced from 8.00% per annum to 7.00% per annum.

(4) Effective October 1, 2013, the assumed increase in future salaries was reduced from 4.00% per annum to 3.00% per annum.

(5) Effective October 1, 2013, the mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA, both as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.

(6) Effective October 1, 2009, the actuarial value of assets was changed from the unadjusted market value to the market value adjusted to reflect a five-year phase-in of the net gains and losses (both realized and unrealized).

(7) Effective October 1, 2009, the administrative expense assumption was changed from a 0.50% loading of all costs and liabilities to 0.25% of covered payroll.

Summary of Plan Provisions

Table V-A

1. **Monthly Accrued Benefit**

For Members who became a Uniformed Officer prior to March 28, 1990:
2.50% of Final Average Salary multiplied by Service up to 30 years

For all other Members:
2.50% of Final Average Salary multiplied by Service up to 20 years, plus
2.25% of Final Average Salary multiplied by Service in excess of 20 years up to 30 years

2. **Service Retirement Age and Benefit**

- **Age**

  For Members who became a Uniformed Officer prior to March 28, 1990:
  The later of age 50 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

  For all other Members:
  The later of age 55 and the attainment of 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year)

- **Amount**

  Monthly Accrued Benefit

- **Form of Payment**

  Life annuity (normal form for unmarried Members; optional for married Members);
  Actuarially reduced 50% joint and contingent annuity (normal form for married Members, with the Member's spouse as Beneficiary; optional for unmarried Members);
  Actuarially reduced 100% joint and contingent annuity (optional);
  Actuarially reduced 50% joint and contingent annuity with "pop-up" feature[1] (optional); or
  Actuarially reduced 100% joint and contingent annuity with "pop-up" feature[1] (optional)

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[1] An annuity with a "pop-up" feature is one that increases to the amount of the unreduced accrued benefit upon the death of the contingent annuitant.

Summary of Plan Provisions

Table V-A

3. **Disability Retirement Age and Benefit**

- **Condition**

  The Member must become permanently physically or mentally disabled such that he is unable to perform any other job or service within his merit system classification. If his disability is non-service related, then the Member must also have earned at least 15 years of Service. In addition to disabilities incurred by the Member while performing his duties as a Uniformed Officer, the definition of *service-related disability* includes disabilities caused by hypertension, heart disease, respiratory disease, AIDS, hepatitis, and cancer, provided that: (a) the Member has completed at least three years of continuous Service as a Uniformed Officer and has successfully passed a physical examination upon entry into Service, (b) the AIDS, hepatitis, or cancer manifests itself no later than 10 years after the Member is no longer employed as a Uniformed Officer, and (c) the City fails to prove by a preponderance of the evidence that the hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer was caused by some other means. The definition of *non-service related disability* includes any disability that is not found to be a *service-related disability*.

- **Amount**

  2.50% of final salary multiplied by Service up to 24 years (for a non-service related disability);

  45% of final salary (for a service-related disability); or

  60% of final salary (for a Member who has incurred a service-related *total disability* which prevents the Member from working in any gainful employment).

- **Offset**

  Prior to age 50 (for Members who became a Uniformed Officer prior to March 28, 1990) or age 55 (for all other Members), the Disability Benefit will be reduced so that the total of the Member's Disability Benefit plus any other earnings as defined in Section 203(f)(5) of the Social Security Act will not exceed 150% of the Member's rate of salary as of the date he became disabled.

- **Form of Payment**

  Same as for Service Retirement

Summary of Plan Provisions

Table V-A

4. **Withdrawal Retirement Age and Benefit**

- **Age**

  Any age upon withdrawal from Service as a Uniformed Officer prior to eligibility for a Service Retirement Benefit.

- **Amount**

  For Members with at least 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):

  Monthly Accrued Benefit (payable at Service Retirement Age);

  For Members with at least 15 but less than 20 years of Service (the last 10 years of which must be without a Break in Service exceeding one year):

  Monthly Accrued Benefit (payable at age 65);

  For all other Members, return of Member Contributions without interest.

- **Form of Payment**

  Same as for Service Retirement (for Members with at least 15 years of Service, the last 10 years of which are without a Break in Service exceeding one year);

  Lump sum payment (for all other Members)

5. **Pre-Retirement Death Benefits**

For Members with at least 15 years of Service (the last 10 years of which are without a Break in Service exceeding one year) who have an eligible spouse or children:

The Member's eligible spouse or children receive 50% of the Monthly Accrued Benefit that would have been payable to the Member in the form of a 50% joint and contingent annuity had the Member been eligible for a Service Retirement Benefit and retired on his date of death. The monthly Death Benefit is payable either to the Member's spouse for life or to his dependent children until each child attains age 18. In lieu of the monthly Death Benefit, the Member's eligible spouse or children will receive a return of Member Contributions without interest plus a matching amount up to $5,000 if this amount is greater than the actuarially equivalent value of the monthly Death Benefit described above.

For all other Members:

The Member's Beneficiary receives a return of Member Contributions without interest plus a matching amount up to $5,000.

6. **Final Average Salary**

The average of the Member's salary for his final 60 months of Service (for Members who become a Uniformed Officer on or after March 28, 1990) and the average of the Member's salary for his final 36 months of Service (for all other Members); salary used for any purpose under the plan cannot exceed $200,000 (as adjusted annually pursuant to Internal Revenue Code (IRC) §401(a)(17)(B)).

Summary of Plan Provisions Table V-A

7. **Service**

A Member's Service is equal to his period of service as a Uniformed Officer as determined in accordance with the Mobile County Personnel Board Rules. In addition, military service will be recognized in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), provided that the Member makes the required Member Contributions for such period of military service within the period of time specified by USERRA.

8. **Restoration to Service after Retirement or Termination of Active Membership**

If a Member is restored to Service as a Uniformed Officer after a Break in Service, then any benefit that he was receiving will cease and any benefit payment option previously elected will be void. If a Member who has received a distribution of his Member Contributions is restored to Service as a Uniformed Officer, the Member can repay the Member Contributions previously distributed to him plus interest computed at the rate of 10% per annum in order to "buy back" the Service earned prior to such distribution. The Member Contributions plus interest must be repaid within the same time period as that specified by USERRA for the payment of Member Contributions pursuant to military service.

If such a Member is restored to Service having incurred a Break in Service of one year or less, then, upon subsequent termination or retirement, the Member's benefit will be based on his Service and salary both before and after the Break in Service but reduced by the Actuarial Equivalent of any benefits paid to the Member prior to his restoration to Service.

If such a Member is restored to Service having incurred a Break in Service of more than one year, then, upon subsequent termination or retirement, the Member's benefit will be equal to his original benefit plus an additional benefit earned during his period of subsequent Service (if the Member has earned at least 10 consecutive years of additional Service after his Break in Service).

9. **Membership**

Membership is mandatory for all Uniformed Officers, where Uniformed Officers refers to any person employed by the City's police department or fire department who: (a) is certified as a police officer or firefighter by the State of Alabama, (b) is in training to be certified as a police officer or firefighter by the State of Alabama, (c) is in the police or fire cadet program, or (d) was a participant in the plan as of September 30, 1997.

Summary of Plan Provisions — Table V-A

10. **Break in Service**

A Break in Service is a period of absence which would constitute a break in the Member's Service under the Mobile County Personnel Board rules, except that periods of absence due to military service pursuant to USERRA and leaves of absence pursuant to the Family and Medical Leave Act of 1993 will not count towards a break in service.

11. **Forfeiture of Benefits**

If a Member is convicted of a Class A felony under the laws of the State of Alabama as in effect on October 1, 1997 or of an offense under any local, state, or federal law that would result in the conviction of a Class A felony in the State of Alabama, then any benefits that would otherwise be payable to the Member are forfeited and the Member will be treated under the plan as if he had died on the date immediately preceding his conviction.

12. **Beneficiary**

Each Member can designate a Beneficiary. If no Beneficiary designation is made, then the Member's spouse (if any) or estate will be the designated Beneficiary.

13. **Definition of Actuarially Equivalent**

- **Interest Rate**
  7.00% per annum
- **Mortality Table**
  1995 Buck Mortality Table (Male) is used for Members;
  1995 Buck Mortality Table (Female) is used for Beneficiaries.

14. **Cost-of-Living Adjustment**

For Members who retired during the period October 1, 1977 to April 14, 1985 (excluding their beneficiaries), retirement benefits are increased annually by 50% of the blanket pay raise given to active Members for that year of the same class that the retiree held on his date of retirement.

15. **Member Contributions**

Members who have earned less than 30 years of Service are required to contribute 8% of salary per year; Member Contributions are deemed to be "picked-up" by the City pursuant to Internal Revenue Code (IRC) §414(h)(2).

Summary of Plan Provisions — Table V-A

16. City Contributions

The City is required to contribute an amount each plan year which, when added to the Member Contributions and Other Contributions for that plan year, is equal to the Minimum Required Contribution for that plan year. The City's contribution is determined as of each October 1 and the contribution must be made within 18 months following that October 1.

17. Other Contributions

The plan receives 5% of all fines and moneys paid as a result of prosecutions for violations of ordinances and laws of the City of Mobile. In addition, the plan receives 2% of the gross fire insurance premiums collected on policies which cover property within the City limits of Mobile and its police jurisdiction.

18. Minimum Required Contribution

The Minimum Required Contribution is the sum of the following amounts:

(a) the normal cost for the plan year;

(b) the increasing 30-year amortization payment required to amortize the initial unfunded actuarial accrued liability determined as of October 1, 1996, which amortization payment is scheduled to increase at the rate of 4% per annum;

(c) the level-dollar 30-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to plan changes;

(d) the level-dollar 10-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to assumption and method changes; and

(e) the level-dollar five-year amortization payment required to amortize changes in the unfunded actuarial accrued liability due to experience.

19. Initial Plan Effective Date

September 2, 1964

20. Deferred Retirement Option Plan (DROP)

Members who are otherwise eligible for retirement may elect to continue their employment with the City for up to three years while their retirement benefit is accumulated on their behalf in a DROP account. The election to participate in the DROP is irrevocable and is available only once to each eligible plan Member. While participating in the DROP, Members do not accrue additional retirement benefits and do not make the 8% Member Contribution to the plan. DROP accounts earn a rate of interest that is based on the actual investment return of the fund for the prior plan year, less two percent if the return is at least equal to the assumed investment return.

Summary of Plan Amendments

Table V-B

No significant plan amendments were adopted since the completion of the previous valuation.

CITY OF MOBILE

POLICE AND FIREFIGHTERS RETIREMENT PLAN

2018 FINANCIAL REPORT

WilkinsMiller

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

TABLE OF CONTENTS

WilkinsMiller

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Mobile
Mobile, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Mobile, Alabama Police and Firefighters Retirement Plan (the Plan), which comprise the statement of fiduciary net position as of September 30, 2018, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Wilkins Miller LLC
Certified Public Accountants + Advisors
41 West Interstate 65 Service Rd. North, Suite 400 Mobile, Alabama 36608 | P.O. Box 70047 Mobile, Alabama 36670 | 251.410.6700 fax: 251.410.6799
56 South Section Street Fairhope, Alabama 36532 | 5 Dauphin Street, Suite 100 Mobile, Alabama 36602

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of September 30, 2018, and the changes in its financial status for the year then ended in accordance with U.S. generally accepted accouting principles.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. U.S. generally accepted accounting principles require that the schedules of pension information included on pages 16 - 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The other supplementary information included on page 19 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Plan's management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wilkins Miller, LLC

Mobile, Alabama
August 8, 2019

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

Assets	
Cash	$ 134,131
Investments, at fair value:	
Cash and cash equivalents	4,150,081
Fixed income securities	42,196,219
Equities	17,552,347
Investment in Limited Partnerships	81,976,097
Pooled and mutual funds	46,244,684
Total investments	192,119,428
Receivables	
Accrued income	307,222
Employer contribution	16,735,152
Total receivables	17,042,374
Total assets	209,295,933
Liabilities	
Accounts payable	230,239
Investment payable	46,805
Due to City of Mobile	6,607,719
Total liabilities	6,884,763
Net position restricted for pensions	$ 202,411,170

See accompanying notes to financial statements

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Additions	
Investment income	
Net appreciation in fair value of investments	$ 13,224,677
Interest and dividends	2,593,973
	15,818,650
Less investment and custodial fees	(429,987)
Investment income, net	15,388,663
Contributions	
Employee	3,279,235
Employer	18,717,733
Total contributions	21,996,968
Other income	
Miscellaneous revenue	342,665
	342,665
Total additions	37,728,296
Deductions	
Benefits paid to participants	19,283,035
Refunds of employee contributions	1,016,632
Miscellaneous expense	9,118
Total deductions	20,308,785
Net increase	17,419,511
Net position restricted for pensions	
Beginning of year	184,991,659
End of year	$ 202,411,170

See accompanying notes to financial statements

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - PLAN DESCRIPTION

The following brief description of the City of Mobile, Alabama Police and Firefighters Retirement Plan (the Plan) provides only general information. The Plan was established by an Act of the Alabama State Legislature (the Act) on September 2, 1964. Participants should refer to the Act for a more complete description of the Plan's provisions.

General. The Plan is a single-employer defined benefit pension plan.

Participation. Every member of the police and fire departments of the City of Mobile (the City), except for civilian employees hired after April 15, 1985, certain civilian employees hired before April 15, 1985, and certain police officers and firefighters who elected not to participate during a temporary period of discretionary participation, comes under the provisions and benefits of the Plan.

Funding. The Plan provides for the following methods of funding:

<u>Employer contributions</u>
The City is required to contribute an actuarially determined amount each Plan year. The contribution is determined as of October 1st of each Plan year and the contribution must be made within 18 months.

<u>Employee contributions</u>
Participants who have earned less than 30 years of service are required to contribute 8% of basic salary, as defined by the Plan.

<u>Municipal court receipts</u>
The Plan receives 5% of all fines and moneys paid, except court costs, as a result of prosecutions for violations of ordinances and laws of the City. These receipts are included in employer contributions.

<u>Fire insurance premium tax</u>
The Plan receives 2% of the gross fire insurance premiums collected on policies which cover property within the City limits and its police jurisdiction. These receipts are included in employer contributions.

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits. Participants in the Plan are entitled to certain benefits depending upon whether sufficient assets are in the Plan to cover the benefits. The Plan provides for retirement, disability, and death benefits. Also, the Plan provides for certain types of benefits including a Deferred Retirement Option Plan (DROP).

Retirement

The Plan provides that a participant, who was hired prior to March 28, 1990, with at least 20 years of service (the last 10 years of which are consecutive) and who has attained 50 years of age, may retire and receive a monthly payment equal to 2.5% of his or her final average salary (average of the highest salary for 36 months of the previous ten years of service) multiplied by the number of years in service and divided by twelve. The benefit, however, cannot exceed 75% of the participant's final average salary. The Plan provides that a participant, who was hired on or after March 28, 1990, with 20 years of service (the last 10 years of which are consecutive) and who has attained 55 years of age, may retire and receive a monthly payment equal to 2.5% of his or her final average salary (average of the highest salary for 60 months of the previous ten years of service) multiplied by the first 20 years of service, and 2.25% of his or her final average salary for years of service in excess of 20 years. The benefit however is not to exceed 72.5% of the participant's final average salary.

Disability

If a participant who has at least 15 years of service becomes permanently physically or mentally disabled other than while performing his or her duties as a uniformed officer by reason other than hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer, he or she shall receive a monthly disability benefit equal to 2.5% of his or her final salary multiplied by his or her years of service, but not more than 60% of his or her final salary.

If any participant becomes permanently physically or mentally disabled while performing his or her duties as a uniformed officer other than due to hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer; or, any participant who has completed three years of service as a uniformed officer becomes permanently physically or mentally disabled due to hypertension, heart disease, respiratory disease, AIDS, hepatitis, or cancer, the participant shall receive a monthly disability benefit equal to 45% of the participant's final salary at the time the participant became disabled. However, any participant who can demonstrate to the Board of Trustees of the City of Mobile, Alabama Police and Firefighters Retirement Plan that he or she is totally disabled from gainful employment, he or she shall receive a disability benefit equal to 60% of the participant's final salary at the time the participant became disabled.

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits (continued)

Death

Whenever the employment of a participant of the Plan is terminated by death before eligibility for pension benefits has been established, the contributions of such participant to the Plan shall be refunded in a lump sum plus up to $5,000 in matching benefits, without interest, to the named beneficiary on file with the Plan secretary. If a participant who is eligible for a retirement benefit dies prior to his or her annuity starting date, his or her eligible family members shall receive a benefit equal to the greater of, (1) the benefit they would have received had the participant met the requirements of the Plan, as the case may be, retired, or terminated employment on the day preceding his or her death and begun to receive his or her benefit in accordance with the 50% survivor's benefit, or (2) in a single lump sum equal to the lesser of twice the participant's contributions to the Plan or the sum of the participant's contributions to the Plan plus $5,000.

Other

Whenever the employment of a participant of the Plan is terminated other than by reason of death or disability after completion of 15 years of service (the last ten years without a break in service exceeding one year), he or she shall receive a pension beginning on the first day following the latest of his or her termination of employment or on his or her 65th birthday. If a participant terminates employment prior to 15 years of service for causes other than death or disability, he or she will receive a refund of his or her contributions excluding interest.

DROP program

Effective October 1, 1997, the Plan was amended to provide for the addition of a Deferred Retirement Option Plan (DROP). The DROP program is available for participants who are eligible for retirement and who wish to continue their respective jobs with the police or fire departments. Those retirees who elect the DROP will have their monthly retirement benefit accumulated in a DROP account. DROP accounts earn a rate of interest that is based on the actual investment return of the fund for the prior Plan year, less two percent, if the return is at least equal to the assumed investment return.

As of September 30, 2018 the following amounts were accumulated in the DROP accounts:

Benefit payments accrued	$ 1,310,037
Accumulated earnings	128,073
Total accrued	$ 1,438,110

NOTE 1 - PLAN DESCRIPTION (CONTINUED)

Benefits (continued)

DROP program (continued)
With the implementation of Government Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, the statement of fiduciary net position only presents a liability for DROP benefits due but not yet distributed to members who had ended their participation in the DROP program at September 30 (none at September 30, 2018).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investment valuation and income recognition

The Plan's investments are stated at fair value as provided by the Custodian. When available, fair value is determined by quoted market price. Short-term investments are reported at cost, which approximates fair value. Investments for which quotations are not readily available are valued at their fair value as provided by the Custodian under the direction of the Plan's Board of Trustees with the assistance of a valuation service.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative expenses

Certain administrative costs are financed through the Plan's investment earnings. Expenses that are paid directly by the City are excluded from these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures; and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results may differ from those estimates.

NOTE 3 - PLAN MEMBERSHIP

Participation in the Plan as of October 1, 2017, according to the latest actuarial valuations, was comprised of the following:

	October 1
Active members	
Regular active members	956
DROP program members	33
	989
Inactive employees and beneficiaries currently receiving benefits	
Retired - service retirement	534
Retired - disability retirement	50
Retired - beneficiaries	142
	726
Inactive employees entitled to but not yet receiving benefits	
Deferred vested members	19
	1,734

NOTE 4 - CASH AND INVESTMENTS

Deposits

The Plan's cash deposits were comprised of cash in banks, amounting to $134,131 at September 30, 2018. Each of the banks holding the Plan's deposits, is a certified participant in the Security for Alabama Funds Enhancement (SAFE) program. Through the SAFE program, all public funds are protected through a collateral pool administered by the Alabama State Treasury. All of the Plan's deposits were fully insured or collateralized at September 30, 2018.

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Credit risk

The Plan's investment policy allows for U.S. Treasury, federal agencies, and U.S. government guaranteed obligations up to 100% of the fixed income securities portfolio. The Plan's investment policy provides that its investments in corporate bonds, debentures, notes, asset-backed securities, equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's, Fitch or Standard and Poor's (including split-rated bonds), and investment grade money market instruments are allowed up to 100% of the fixed income securities portfolio. Below investment grade securities are allowed up to 20% of the market value of the fixed income securities portfolio after consideration of whether they are prudent under the circumstances then prevailing. The Plan's investments in fixed income securities were rated by applicable rating services at September 30, 2018 as follows:

Rating	2018
U.S. Agencies	$ 15,785,465
Aa1	769,134
A1	1,946,226
A2	5,107,882
A3	5,268,596
Ba1	924,927
Baa1	4,085,223
Baa2	5,707,204
Baa3/no rating	2,601,562
	$ 42,196,219

Custodial credit risk

Custodial credit risk is the risk the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of a failure of the counterparty. The Plan's investments are either held in the name of the Plan or held in trust under the Plan's name.

Foreign currency risk

Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The Plan's holdings in the international equity discipline are primarily composed of underlying investments in international equities primarily in British, Japanese and other Asian companies. The Plan has no stated restrictions on the amount of investment in foreign currency-denominated securities. The Plan's investment policy states that the international funds shall be diversified by country and industry with diversification targets of 10% of Plan assets with a permissible range of 5% to 15%.

NOTE 4 - CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's policy regarding concentration of credit risk specifies the portfolio shall not hold investments in a single company exceeding ten percent of the market value of the portfolio. Further, it provides guidelines regarding target allocation ranges for various investment disciplines.

The following table presents investments at September 30, 2018 that represent 5% or more of the Plan's net position.

SSGA Russell 1000 Fund	$ 51,511,613
American Core (equities)	10,191,117
SSGA Mid-Cap 400 Equity Fund	21,811,020
Morgan Dempsey (equities)	10,424,945
Orleans (corporate bonds)	42,196,219

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy does not require a maximum term for any single fixed income security. The Plan's investment policy does not address weighted average portfolio maturities.

As of September 30, 2018, maturities of the Plan's fixed income securities were as follows:

	Investment Maturities (fair value by years)			
	1-5	6-10	More Than 10	Fair Value
Corporate bonds	$ 16,573,695	$ 9,837,059	$ -	$ 26,410,754
U.S. Agencies	138,223	1,498,568	14,148,674	15,785,465
	$ 16,711,918	$ 11,335,627	$ 14,148,674	$ 42,196,219

Rate of return

For the year ended September 30, 2018, the estimated annual money-weighted rate of return on Plan investments, net of investment expenses, was 8.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 - INCOME TAX STATUS

The Plan obtained its latest determination letter as of September 24, 2014, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan's management and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

NOTE 6 - PLAN ADMINISTRATION

The responsibilities for general administration of the Plan are entrusted to a Board of Trustees made up of three elected police officers, three elected firefighters, the Executive Director of Financial Services for the City of Mobile and two members appointed by the governing body of the City of Mobile. The Plan's assets are held in trust by Wells Fargo. Plan benefit provisions were established and may be amended by the Plan's Board of Trustees subject to approval by the City of Mobile City Council. Cost of living adjustments may be provided by the Plan's Board of Trustees after consultation with its actuary and other advisors. Contribution requirements were established and may be amended subject to approval by the Board of Trustees and the City of Mobile City Council.

The Plan has an investment advisor and uses various professional investment managers to manage the Plan's assets.

Certain administrative functions are performed by employees of the City. These employees are not compensated by the Plan nor are they members of the Plan. Salaries and other administrative expenses paid by the City of Mobile totaled $240,215 for the year ended September 30, 2018.

NOTE 7 - PLAN TERMINATION

The City may terminate the Plan with the consent of the majority of the participants for any reason at any time. In case of termination, the rights of participants to their benefits as of the date of termination, to the extent then funded or protected by law, if greater, shall be non-forfeitable.

NOTE 8 - NET PENSION LIABILITY OF THE CITY OF MOBILE

The components of the net pension liability of the City at September 30, 2018, are as follows:

	2018
Total pension liability	$ 283,177,474
Plan fiduciary net position	(202,411,170)
City's net pension liability	$ 80,766,304
Plan fiduciary net position as a percentage of the total pension liability	71.48%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2017 (and rolled forward to September 30, 2018), using the following actuarial assumptions, applied to all periods included in the measurement:

	October 1, 2017
Inflation	2.25 percent
Salary increases	3.0 percent per annum
Investment rate of return	7.32 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Blue Collar Mortality Table

The actuarial assumptions used in the October 1, 2017 valuations were based on results of an actuarial experience study for the period October 1, 2008 through October 1, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the discussion below.

NOTE 8 - NET PENSION LIABILITY OF THE CITY OF MOBILE (CONTINUED)

Investment policy

The Plan's policy in regard to the authorized types of investment securities and allocation of invested assets is established and may be amended by the Plan's Board of Trustees. The Plan is required to be actuarially sound, strive to achieve sufficient earnings to meet present and future obligations, earn the highest total return on invested funds consistent with safety and in accordance with generally accepted investment practices, favor investments which will have a positive impact on the local and state economy where investment characteristics are equivalent, and achieve performance equal to or greater than the actuarial assumption.

The Plan's policy includes a multi-manager team investment approach that diversifies Plan assets so as to minimize the risk associated with dependence on the success of one enterprise. Allocations among firms should not exceed plus or minus five percent of the allocated portfolio value.

The Plan's policy allows for investment in domestic large cap equities, domestic small/mid cap growth equities, domestic small/mid cap value equities, international equities, fixed income securities, and alternative investments including closed-end limited partnerships in private equity, mezzanine finance, opportunistic real estate, and pooled funds of the foregoing.

The Plan's policy states the specific targets and permissible diversification ranges by asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad equity markets	5.0 %	6.01 % per annum
Domestic large cap equity	28.0 %	6.91 % per annum
Domestic mid cap equity	9.5 %	8.91 % per annum
Domestic small cap equity	9.5 %	5.01 % per annum
International equity	10.0 %	3.31 % per annum
Domestic fixed income	25.0 %	0.81 % per annum
Alternative investments	13.0 %	7.51 % per annum
	100.0 %	5.07 % per annum

NOTE 8 - NET PENSION LIABILITY OF THE CITY OF MOBILE (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability was 7.32 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.32 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.32 percent) or one percentage point higher (8.32 percent) than the current rate:

	1% Decrease (6.32%)	Current Discount (7.32%)	1% Increase (8.32%)
City's net pension liability	$ 116,022,079	$ 80,766,304	$ 52,096,725

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE CITY OF MOBILE NET PENSION LIABILITY AND RELATED RATIOS

	2018	2017	2016	2015	2014
Change in total pension liability					
Service cost	$ 1,405,646	$ 1,576,326	$ 1,414,553	$ 1,501,441	$ 1,542,522
Interest	19,275,199	18,546,963	18,550,878	18,407,492	18,287,147
Demographic experience	1,267,621	9,154,812	(1,557,256)	1,341,073	-
Changes of assumptions	10,671,600	-	-	-	-
Benefit payments, including refunds of member contributions	(20,299,667)	(19,059,277)	(18,335,869)	(19,657,648)	(17,958,800)
Net change in total pension liability	12,320,399	10,218,824	72,306	1,592,358	1,870,869
Total pension liability, beginning	270,857,075	260,638,251	260,565,945	258,973,587	257,102,718
Total pension liability, ending (a)	283,177,474	270,857,075	260,638,251	260,565,945	258,973,587
Change in plan fiduciary net position					
Contributions - employer	18,717,733	19,977,104	19,701,944	16,354,458	14,950,855
Contributions - employees	3,279,235	3,306,936	2,995,750	2,969,379	2,945,173
Net investment and miscellaneous income (loss)	15,731,328	20,075,805	11,927,721	(6,881,722)	10,307,058
Benefit payments, including refunds of member contributions	(20,299,667)	(19,059,277)	(18,335,869)	(19,657,648)	(18,186,135)
Administrative expenses	(9,118)	(49,685)	(18,061)	(4,989)	(110,549)
Net change in Plan fiduciary net position	17,419,511	24,250,883	16,271,485	(7,220,522)	9,906,402
Plan fiduciary net position, beginning	184,991,659	160,740,776	144,469,292	151,689,814	141,783,412
Plan fiduciary net position, ending (b)	202,411,170	184,991,659	160,740,777	144,469,292	151,689,814
City's net pension liability, ending (a) - (b)	$ 80,766,304	$ 85,865,416	$ 99,897,474	$ 116,096,653	$ 107,283,773
Plan fiduciary net position as a percentage of the total pension liability	71.48 %	68.30 %	61.67 %	55.44 %	58.57 %
Covered payroll	$ 40,740,794	$ 39,003,598	$ 36,451,544	$ 35,887,574	$ 36,010,184
City's net pension liability as a percentage of covered payroll	198.24 %	220.15 %	274.06 %	323.50 %	297.93 %

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
September 30, 2014	2.10 %
September 30, 2015	(4.56)%
September 30, 2016	8.20 %
September 30, 2017	9.00 %
September 30, 2018	8.51 %

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

Fiscal Year End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
September 30, 2014	$ 14,950,855	$ 14,950,855	$ -	$ 36,010,184	41.52 %
September 30, 2015	16,354,458	16,354,458	-	35,887,574	45.57 %
September 30, 2016	19,701,944	19,701,944	-	36,451,544	54.05 %
September 30, 2017	19,977,104	19,977,104	-	39,003,598	51.22 %
September 30, 2018	18,717,733	18,717,733	-	40,740,794	45.94 %

Notes to Schedule of Contributions:

Valuation date	October 1, 2017
Notes	Actuarially determined contribution rates are calculated as of September 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.
Other information	Since the completion of the previous valuation, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale AA

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	Open 5-year smoothed market
Inflation	2.50 percent
Salary increases	3.0 percent per annum
Investment rate of return	7.32 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Blue Collar Mortality Table

Note: GASB Statement No. 67 was implemented in Plan year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN

REVENUES BY SOURCE

Fiscal Year	Employee Contributions	Employer and Other Contributions	Investment and Other Income (Loss)	Total
2009	$ 3,117,345	$ 16,473,275	$ (364,177)	$ 19,226,443
2010	3,034,919	15,037,059	6,824,505	24,896,483
2011	3,043,066	13,852,639	656,029	17,551,734
2012	3,006,582	17,508,284	15,263,723	35,778,589
2013	3,108,945	19,707,446	15,096,423	37,912,814
2014	2,945,173	14,950,855	10,805,399	28,701,427
2015	2,969,379	16,354,458	(6,515,744)	12,808,093
2016	2,995,750	19,701,944	12,371,221	35,068,915
2017	3,306,936	19,977,104	17,597,268	40,881,308
2018	3,279,235	18,717,733	16,161,315	38,158,283

EXPENSES BY TYPE

Fiscal Year	Benefits	Administrative and Other Expenses	Refunds	Total
2009	$ 15,396,092	$ 314,469	$ 307,772	$ 16,018,333
2010	15,326,349	414,026	705,860	16,446,235
2011	16,015,197	474,058	674,887	17,164,142
2012	16,485,304	507,675	770,972	17,763,951
2013	16,879,218	608,945	668,097	18,156,260
2014	17,829,219	608,890	356,916	18,795,025
2015	18,745,918	370,967	911,730	20,028,615
2016	17,458,315	461,561	877,554	18,797,430
2017	18,133,237	502,113	926,040	19,561,390
2018	19,283,035	439,105	1,016,632	20,738,772

CITY OF MOBILE

POLICE AND FIREFIGHTERS RETIREMENT PLAN

TRUSTEE HANDBOOK

CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN BOARD

TRUSTEE HANDBOOK

ADOPTED:	**03/26/2008**
REVISED:	**08/31/2016**
REVISED:	**08/22/2018**

Introduction

The City of Mobile Police and Firefighters Retirement Plan (the Plan) was first created in 1951 when the legislature authorized all Alabama cities with populations exceeding 100,000 to create special trust funds for the purpose of providing retirement and disability benefits to employees of the police and fire departments. (Act of September 11, 1951, No. 774, 1951 Ala. Acts 1365). The 1951 Act was amended in 1964, 1966, and 1971; it was amended three times in 1985; and again in 1986, 1990, and 1991. The current Plan was adopted in 1997 by the Act of May 29, 1997, No. 689, 1997 Alabama Acts 2191 (here• after referred to as "the Plan"). The Internal Revenue Service ruled the Plan to be tax-qualified on March 23, 1998. While there have been many version s of Mobile's Plan , its purpose has remained constant- to provide disability and retirement benefits for police officers, firefighters and their beneficiaries.

The Plan is managed and governed by a nine-member Board of Trustees: three members elected by the Plan participants within the fire department (one of whom is a retired member), three members elected by the Plan participants within the police department (one of whom is a retired member), two citizen• members appointed by the Mobile City Council, and one ex officio member, the Finance Director for the City of Mobile.

The Plan is funded by member and employer contributions, returns realized from investment, a percentage of municipal court fines, and fees collected from companies writing fire insurance within the City and its police jurisdiction. While employees pay a fixed percentage of pay (currently 16Yi percent) the City of Mobile's contribution is tied to the actuarial cost for the plan determined as of each October 1. Section 6.05, Act 97-689.

The Board stands in a fiduciary relationship to the members of the Plan and is responsible for setting policies to ensure that the fund is managed prudently, in accordance with law, and for the exclusive benefit of the members of the Plan. Since 1991, the board has implemented a number of policies concerning its asset allocation, investment procedures and benefit determinations. In 2006, the Board established a Rules Committee to study these policies and to recommend changes. The committee found that while the policies were generally working well, there were some areas that needed expansion and clarification. The committee also determined that the existing rules could be improved by being gathered into a single source that was easily accessible to all persons involved in the governance process, and members of the public.

To that end, the Board adopted the City of Mobile Police and Firefighters Retirement Plan Trustee Handbook to ensure that the system is managed according to law and in a manner that is orderly, efficient, and fair. The policies and procedures adopted herein are subject to change and will be reviewed and revised periodically to assure that they continue to reflect the Board's attitudes, expectations and objectives.

Table of Contents

CHAPTER 1. LEADERSHIP: THE GOVERNING BODY AND EXECUTIVE STAFF

Section 1.1 The Board's Role. The Board is responsible for administering the plan in accordance with law to insure that the system is appropriately governed and managed. The Board retains all authority granted by law unless specifically delegated by resolution, policy or rule.

1. The Board establishes and communicates sound investment policies and priorities.

2. The Board periodically evaluates its performance and takes all steps necessary to improve Board operations. The Board also evaluates the performance of the General Counsel and the Executive Secretary.

3. The Board approves, instructs and monitors all persons to whom it has delegated authority.

4. The Board reviews and evaluates financial and administrative operations.

5. The Board adopts policies and guidelines regarding proposed legislation, shareholder voting, and other internal operating procedures.

6. The Board provides for member hearings, makes final administrative decisions on contested matters, and interprets the Plan.

Section 1.2 The Role of Individual Members. Board members shall, at all times, carry out their responsibilities with that degree of care, skill, prudence and diligence that a prudent person acting in like capacity and familiar with such matters would use in a similar situation. No individual Board member shall have any discretionary authority over plan assets. Accordingly, Board members should:

1. Act solely in the interest of the Plan and for the exclusive benefit of the .members and beneficiaries. Decisions must be made as if the board member had no other competing interest to protect--even when issues arise that may adversely affect the plan sponsor, employee organizations, and others.

2. Be familiar with all plan documents, Board policies and Codes of Conduct.

3. Prepare for and attend all meetings.

4. Avoid favoritism, conflicts, and disclosure of privileged information. Board members shall always act in the best interest of the Plan consistent with the Board member's fiduciary duty.

Section 1.3 The Role of the Chairman. The Chairman's principal role is to lead the Board in the conduct of its business by managing the affairs of the Board and ensuring the integrity of the Board's process. The Chairman has no discretionary authority over plan assets. The Chairman 's specific duties, delegated by the Board , are to:

1. Provide leadership in terms of collegiality and ethical conduct.

2. Ensure that Board operations are consistent with Board policies and those legally imposed upon it from outside.

3. Set the agenda with input from Board members and the Pension Coordinator, articulating, prioritizing and scheduling agenda items as appropriate.

4. Limit meeting discussion content to those issues that, according to Board policy, are within the Board's responsibility.

5. Ensure timely, fair, orderly, thorough and efficient deliberations, including enforcement of Rules of Order adopted by the Board.

6. Ensure information flow to the Board is comprehensive and timely without being over-detailed.

7. Execute all contracts duly approved by the Board, and make decisions in those areas for which the Board has expressly delegated decision-making authority.

8. Appoint Committee membership, with consideration given the expressed desires of individual Board members and the value of periodic rotation of Committee members so as to provide direct exposure to differing Board responsibilities.

9. Represent the Board to the City of Mobile, outside parties and organizations, or designate others to represent the Board.

10. Act as the liaison for communications between the Board, Executive Secretary and General Counsel.

Section 1.4 The Pension Coordinator. The Pension Coordinator is appointed by the City, but accountable to the Board. While "Pension Coordinator" is the official title used with the Personnel Board, the Retirement Board may utilize the title of "Executive Secretary" interchangeably throughout this and other Board-related documents. While it is the Board to whom the Executive Secretary is accountable, it is expected that the Chairman will have the most frequent contact with the Executive Secretary.

The Executive Secretary:

1. Is responsible for maintaining all records related to plan administration and is the official custodian of those records.

2. Is responsible for the efficient and effective management of the system's operations in accordance with the Board policy.

3. Has no discretionary authority over plan assets.

4. Is responsible for hiring, supervising, monitoring, evaluating and, when necessary, disciplining staff, except for legal counsel.

5. Acts as the liaison for communication and information flow between and among the Board, plan members, the General Counsel and agents of the Board ;

6. Ensuring that administration activities and decisions are within Board-approved policies ;

7. Maintaining, authenticating and certifying all system records and actions; maintains records of retired members containing a full and complete history and record of the Board's action in retiring the members, including the member 's name, dates of entering service in the city's police or fire departments, periods of employment , written requests from members desiring retirement , dates of retirement, the reasons for such retirements and other such information as the Board may require;

8. Co-signing checks for Board-approved expenditures that are drawn on the business office operating account; and

9. Working with Plan Sponsor to provide copies of all financial transactions and other matters related to the accounting of the system.

Section 1.5 The Role of Legal Counsel. The General Counsel provides legal opinions, general advice and representation to the Board and its staff in planning, directing, conducting and administering the operations of the retirement system. The General Counsel is appointed by the City Attorney but is accountable solely to the Board. The Board shall adopt, and may amend from time to time, a job description and other personnel policies for the General Counsel.

The General Counsel:

1. Provides legal advice in all matters pertaining to the duties of the Board;

2. Represents and defends the Board and its individual members in all suits and actions brought against the Board and its individual members in connection with the plan; brings all suits and actions in the Board's name that may be approved by the board, other than suits against the city and its agencies.

3. Works closely with the Chairman and the Executive Secretary in developing programs and policies that are in compliance with law.

4. Drafts contracts, agreements and resolutions as directed by the Board; reviews all contracts for compliance with law.

5. Attends all Board meetings and committee meetings;

6. Acts a hearing officer in all administrative hearings conducted by the Board.

7. Meets with employee, governmental, business, professional, civic and other groups as assigned to promote, discuss, interpret and/or explain system policies, programs and/or objectives.

8. Monitors legislation and case law at local, state, and national levels and takes necessary and appropriate actions to ensure legal compliance in the operation of the system.

9. Anticipates and identifies legal issues of concern to the fund and develops legal strategies and solutions.

10. Coordinates legal proceedings, supervises and directs outside counsel.

11. Perform such other special projects and/or duties as assigned by the Board.

12. The General Counsel shall not have, nor exercise, any discretionary authority over plan assets.

CHAPTER 2. TRUSTEE CODE OF CONDUCT

Section 2.1 Code of Conduct. The Board is committed to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

1. Every Board member should have a thorough understanding of the fund's obligations to its beneficiaries, the fund's economic position and strategy, and its relevant governing principles.

2. Every Board member must be able to make decisions solely on the objective requirements of the Board's fiduciary duty to provide benefits.

3. Every Board member should be inquisitive and should appropriately question staff, advisors, and fellow trustees as circumstances require.

4. Every board member should contribute to a balanced set of skills that enables the Board, acting as a collective body, to execute successfully its obligations.

5. Every Board member shall, on a regular basis, obtain education that provides and improves core competencies, and that assists the member in remaining current with regard to their evolving obligations as fiduciaries.

6. Every Board member must comply with the letter and spirit of all laws, rules and policies governing the management of the system.

7. Every Board member should prepare for meetings and participate productively in discussion, always within the boundaries of discipline established by the Board

8. No Board member may exercise, or attempt to exercise, individual authority over the system except as explicitly set forth in Board policies. No Board member has authority to speak for the Board unless specifically authorized by the Board

9. Board Members' interaction with the Executive Secretary and other staff must recognize the lack of authority vested in individuals except when explicitly Board• authorized. Board members' interaction with public, press or other entities must recognize the same limitation and the inability of a Board member to speak for the Board except to repeat explicitly stated Board decisions.

10. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

11. Whenever the Board is involved in the selection or employment of advisors, managers , consultants, contractors and vendors, individual Board members shall not communicate with any person who may be under consideration in such a selection or hiring process prior to the actual selection or hiring, except as authorized by the Board.

12. No Board member, nor any of the Board 's agents or employees shall interfere with, make, participate or enter into any contract, financial investment , or other relationship with any person, firm, or corporation concerning the placement, investment or evaluation of the Pension

Fund unless it is objectively consistent with the spirit and letter of these policies and procedures.

13. No Board member, or employee or agent of the Board, shall have any authority to interfere with or to receive any information regarding Board investments, other than in the normal course of acting as a board member.

14. No Board member shall receive any compensation from the plan for his or her services as such; however, board members may be reimbursed for any actual expenses they reasonably incur on board business in accordance with Board policy.

15. No Board member shall vote on or participate in the discussion or consideration of any matter coming before the Board in which such Board member, personally or through family connections or business associations, has conflict of interest defined in Chapter 3.

16. Each Board member shall annually provide written confirmation, on such forms as may from time to time be adopted by the Board, that he or she has read, is familiar with, and agrees to comply with all aspects of the policies and rules set out in this Trustee Handbook.

Section 2.2 Business Office Protocol.

1. *Correspondence*. In order to ensure that all correspondence in the name of the System or in the name of the Board is at the direction of the Board as a whole, all correspondence on System letterhead will be co-coordinated through the Executive Secretary and copies will be retained in the System's files.

    - Any use of the Business Office by Board Members outside of normal business hours will be coordinated through the Executive Secretary.

    - No keys to the Business Office or building will be issued to anyone other than the office staff without specific approval by the Executive Secretary.

2. *Checks*. All System checks written on the Business Office operating account must be authorized by the Board and contain two, manual .signatures. All checks must be signed by either the Chairman or the Executive Secretary, and the second signature shall be provided by the Vice Chairman.

3. *Expense Reimbursement*. Expenses will be reimbursed in accordance with the Board's policy. Only Board-approved expenses are eligible for reimbursement.

    - The Executive Secretary shall approve or disapprove travel requests, in order to document compliance with the Board’s educational policy.

    - All reservations for airline, hotel and car rentals will be made by the Board member requesting travel to ensure that the best prices and most efficient travel arrangements are obtained. Meals will be reimbursed using per diem rates established by the City of Mobile travel policy.

- The System will pay for the incremental costs of hotels incurred due to arriving before or staying after the scheduled dates of System travel functions only if 1) the airline "Saturday Stay-over" savings equals or exceeds these incremental costs or 2) if transportation on the days the function begins or ends is not available or is impractical.

- If a System credit card is used for automobile expenses, a mileage allowance will not be paid. If a City car is used for pension business then a mileage allowance will not be paid.

- Reimbursement of personal expenses must be made to the System within 15 days of the date the expenses were incurred or additional travel privileges will be denied until settlement has been made.

- System credit cards will not be used to pay the expenses of, or to secure the payment of expenses of, anyone other than Trustees or staff.

CHAPTER 3. CONFLICTS OF INTEREST AND RELATED DISCLOSURE POLICY

Section 3.1 Conflict of Interest. Good governance requires the Board to respond effectively and openly with situations that raise either an actual conflict of interest or the potential for the appearance of a conflict of interest on the part of the Board, its executive staff, advisors and others.

State Law. Alabama's Ethics Law, Alabama Code section 36-25-1 through 36-25-30 (1975), governs the conduct of both public employees and public officials.

A "public employee" is any person employed at the municipal level of government or their instrumentalities, who is paid in whole or in part from state, county, or municipal funds.

---Ala. Code section 36-25-1(23).

A "public official" includes any person appointed to a position at the state, county, or municipal level of government or their instrumentalities.

---Ala. Code section 36-25- 1(24)

With certain exceptions, a conflict of interest under state law arises when there is a:

> *conflict on the part of a public official or public employee between his or her private interests, and the official responsibilities inherent in an office of public trust. A conflict of interest involves any action, in-• action, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family members or any business with which the p person is associated in a manner different from the manner it affects the other members of the class to which he or she belongs.*
>
> ---Ala. Code section 36-25-1(8)

Board Policy. For the purpose of these rules, a "conflict of interest" encompasses the definitions set forth in Alabama Code section 36-25-1(8) and also any situation in which a covered person (as defined below) has an incentive to decide a matter or provide a recommendation for any reason that would be inconsistent with the fund beneficiaries' best interests, or that would provide a private benefit to a covered person.

Section 3.2 Persons Covered. The persons covered by the this Chapter include all public officers and employees as defined in Alabama's Ethics Law, the Board, its Executive Staff, financial advisors, actuaries, investment managers and any other person to whom the Board has delegated responsibility.

Section 3.3 Disclosure and Reports. Persons covered by this Chapter shall:

1. Refrain from acting on any matter in which they have an actual conflict of interest.
2. Shall make a complete disclosure to the Board of such conflict and shall thereafter withdraw from any deliberation, discussion or decision of the Board with respect to such matter.
3. Promptly report any conduct that the covered person either knows or reasonably believes constitutes a violation of this chapter.
4. Shall promptly report to the Board any gift (other than seasonal gifts with a value of less than $100, or hospitality at which the provider is present), campaign contributions, or anything of substantial value received by the Board member, his or her business, or any family member from any person to whom the Board has delegated authority to perform services for the Plan.

Section 3.4 **Procedure.** Reports may be made to the Chairman, Vice-Chairman, Executive Secretary or the General Counsel. In the event the alleged violation involves either the Chairman or General Counsel, such reports shall be reported to the Executive Secretary or the Vice Chairman; reports concerning conduct of the Executive Secretary or the Vice Chair shall be made to the Chairman or the General Counsel.

- All reports should fully describe the covered persons' interests and relationships that could, at a minimum, give rise to a violation of this Chapter.

- All reports shall be forwarded to Executive Committee for investigation. If any committee member is the subject of a report, then the complaint shall be investigated by the General Counsel. The Committee (or the General Counsel) shall report any documented violations to the Board for further action. Further action may include referring the matter to the state Ethics Commission, the District Attorney or other appropriate agency.

CHAPTER 4. MEETINGS, RECORDS

Unless otherwise required by these Rules or applicable law, *Roberts Rules of Order, Simplified and Applied* (Second Ed. 2001) shall govern the conduct of all Board meetings. All rules shall be enforced in such a manner that will expedite business, insure legality, and protect the rights of each board member to be heard. The Board recognizes that parliamentary rules are rules of *discussion-not* rules of law. Accordingly, violations of parliamentary rules do not affect the vote unless the violation also offends state or local law.

Section 4.1 Meeting Schedule.

1. *Regular Meeting.* The regular business meeting of the Board shall take place on the fourth Thursday of each month, and at such other times as may be considered necessary by the Board Chairman.
2. *Annual Meeting.* To provide a process by which the Board may engage in self-analysis and discussion for the purposes of improving its own effectiveness as a fiduciary body, the Board and the Executive Staff will annually set aside a specific time period during which members of the Board and its executive staff may share their thoughts with one another on the Board's overall effectiveness and ways to improve the administration of the system. The Board shall evaluate the effectiveness of the General Counsel and the Executive Secretary.
3. *Training.* The Board may also set separately, or in conjunction with its annual meeting, a training session for all Board members on topics designed to improve the effectiveness of the Board.

Section 4.2 Committees.

From time to time committees may be delegated certain decision-making or fact• finding responsibilities, subject to appropriate oversight by the Board. The Chair shall appoint all committee members. Standing committees are the Executive Committee, Disability Committee Investment Committee, and the Plan Governance (or Rules) Committee. The Chair may, from time to time, appoint special committees.

Section 4.3 Quorum.

Five members of the Board shall constitute a quorum for the transaction of business. Each Board member shall have one vote, and action shall be taken by a majority of the votes cast. Board members must be physically present to vote; no additional proxies shall be allowed other than those currently outlined in this section.

Section 4.4 Notice.

Any gathering of a quorum of the Board or committee thereof where business is to be transacted or discussed shall be noticed pursuant to the Alabama Open Meeting Act, *Alabama Code* section 36-25A-1 through 36- 25A-11 (1975).

Section 4.5 Agenda.

The Chairman, in consultation with the Executive Secretary shall set the agenda. Any Board member or the General Counsel may request an item to be placed on the agenda.

Section 4.6 Meeting Schedule.

1. Call to Order, Determination of a Quorum.
2. Adoption of the minutes.
3. Reports: General Counsel, Executive Secretary, Committee Chairs.
4. Unfinished Business
5. New Business
6. Public Comment
7. Adjourn

Section 4.7 Records.

1. The Board shall keep separate and adequate records of all its meetings and proceedings. "Public Records" include written, typed or printed books, papers, letters, resolutions, reports, records, pleadings , exhibits, documents and maps made or received by the Board , its members, employees, or agents in the normal course of conducting business on behalf of the Board. All reports, financial data and evaluations generated by any person engaged by the Board under the provisions of these rules shall be public records.

2. "Confidential Records" shall include records, papers, letters and other written documents concerning the good name and character of individuals , internal personnel matters; reports of violations of these rules or other alleged misconduct ; 1099 forms; matters of a personal nature where disclosure would constitute a clearly unwarranted invasion of privacy, including medical records submitted to the Board in connection with requests for disability pensions ; trade secrets, commercial and financial information obtained in confidence and/or which is privileged or which if revealed , would interfere with the efficient operation of the Board; and also any communication, legal opinion or work product generated by the City Attorney's office, the General Counsel, or any other lawyer working on behalf of the Board .

3. The Pension Office is located in Suite 424 of the South Tower, Government Plaza, 205 Government Street, Mobile, Alabama 36644. Members of the public may, either orally or in writing, set up an appointment to view public records during normal business hours, but under no circumstances shall public records be removed from the custody of the custodian.

4. Requests for copies of public records should be submitted to the Executive Secretary. Copies of public records which are maintained in the normal course of Board business and which involve no research or extra labor time on the part of the Board shall be twenty five cents per page for standard 8.5” by 11” copies, and fifty cents per page for any oversized copies or those copied from bound volumes.

5. Copies of public records which are not easily retrievable because the documents are not regularly maintained in the normal course of business, or because research is required, shall be charged an administrative research fee of fifteen dollars per hour.

6. Certified copies are available at the additional rate of five dollars per certified copy. No documents shall be released until payment is received for the copies.

7. The Executive Secretary shall be responsible for receiving records requests and payments required by this chapter. The Executive Secretary shall report monthly to the Board all such requests and any payments received.

8. The Board will attempt to promptly respond to lawful copying and/or research requests of public records within ten days from receipt. Requests for confidential documents shall be denied in writing within fourteen days. Time extensions are authorized where necessary.

9. Notice of Appeal of the denial of a records request shall be in writing and presented to the Executive secretary within one week from the denial date. The Board will consider the appeal at its next regularly scheduled meeting.

Section 4.8 Administrative Hearings.
The Board conducts administrative hearings to, among other things, determine whether an applicant is entitled to disability benefits under the plan. When hearing applications, the Board is acting in a quasi-judicial capacity.

In accordance with Alabama law, the Board shall meet in executive session to deliberate and discuss evidence or testimony presented during the public hearing and vote upon the outcome of the hearing; provided, however, that a written decision containing the Board's findings and conclusions is issued not later than ten days following the hearing.

An application for disability benefits may be obtained from the pension office; the disability claims administration procedure is found in the appendix to these rules.

CHAPTER 5. PROFESSIONAL SERVICES

The Board recognizes its responsibility to ensure that Plan assets are managed effectively and prudently, in compliance with applicable law, and for the exclusive benefit of participants and beneficiaries. The Board believes it can best manage those responsibilities by delegating certain specific duties to others, subject to appropriate instruction and oversight. Any person to whom the Board has delegated authority or from whom material advice is requested or received must comply with the conflict of interest and disclosure policies, and such policies shall be incorporated into all contracts.

A. Custodian.

One of the Board's most important responsibilities is to ensure that the assets of the Fund are kept safe and free from interference or encumbrance. This is particularly true with securities that are owned by the Fund. It is therefore appropriate that the Board have an appropriate custodian who will safe-keep and account for these assets.

B. Investment Consultant.

The Investment Consultant is a fiduciary, who assists the Board in setting it asset allocation policy and selecting appropriate managers, custodians and other service providers. The financial consultant is responsible for evaluating the portfolio managers' performance, as measured by recognized appropriate indices, benchmarks, and peer group analyses, and verifying that portfolio managers are adhering to the Board's investment policies. The investment consultant monitors transaction costs, and otherwise acts as liaison between the Board and those to whom the Board has delegated responsibility.

C. Investment Managers.

Investment managers are responsible for implementing the Board's investment policies. Managers should possess and be able to demonstrate their professional investment competence, commitment to client service and soundness of business strategy. Of these areas, the most import is the managers' willingness to follow the investment policies and objectives of the Board.

It is the Board's responsibility to determine and set realistic investment policies that can achieve its objectives; it is the managers' responsibility to implement these policies in the day to day portfolio operations. Subject to these guidelines and policies, the portfolio managers shall have full control over portfolio operations, and full discretion to buy, sell, substantiate, redeem or convert securities as they deem advisable.

D. Actuarial-Consultant.

The plan actuary is a professional who is trained to calculate the total amount of money that will be needed in the future to pay pension benefits. The actuary plays a vital role in keeping the pension fund financially sound, because it is the actuary who calculates the amount of the city's contribution each year. The actuary must meet the highest standard of care, professionalism, and due diligence in carrying out his duties with respect to the pension fund.

In addition to calculating the city's annual pension contribution, the actuary is a occasionally asked to determine the financial impact of proposed plan changes and/or benefit improvements such as retiree increases. The actuary also provides consulting advice related to changes in to federal tax law and pension laws that may affect Mobile's plan.

E. Selection-Procedures.

Uniform and fair selection procedures are central to the efficient and orderly management of the fund. Accordingly, the following procedure shall govern the selection of all, custodians, financial consultants, investment managers and actuaries. Note the proposal shall be entertained by the board unless it is submitted in accordance with these rules.

1. *Timing*. Searches shall be triggered by a vote of the Board that it is in the best interest of the Fund to do so. "The best interest of the Fund" may include a finding by the Board that the firms serving the Board have failed to meet the performance criteria established by these rules, or have failed to abide by the Board's rules. Normally, however, searches shall be conducted only at five-year intervals.

2. *Procedure*. The Board may authorize its financial consultant to conduct any search, or it may appoint a search committee composed of the Chairman, the City Finance Director and one other Board member willing to serve.

3. *Presentations*. The Board shall hear proposals from candidates at its regularly scheduled meeting, or one specially set for the purpose. In addressing the full Board candidates will be expected to demonstrate how they can fulfill the standards and criteria, discuss the fees for the proposed service and answer questions of the Board.

4. *Selection*. After hearing all presentations, the Board shall then vote to appoint. The appointment shall become effective on the date the Board and appointee have freely executed a written contract for the services to be provided.

5. *Contracts*. All candidates for custodian, consultant and portfolio manager shall, if selected, be capable of entering into a contract with the Board containing such terms and conditions as acceptable to the Board. All contracts are subject to approval by the General Counsel for compliance with these rules and applicable law; provided, however, the General Counsel shall have no authority over the business terms of any contract, but shall submit all such questions to the Board.

6. *Power Reserved.* Nothing in these rules shall prevent the Board from taking any action deemed necessary to replace any firm. Should the Board find and determine that a service provider has failed to adequately perform its contractual duties, the Board may immediately terminate said contract and take any action deemed necessary to protect to remedy the said defects, including the appointment of a replacement. Replacement firms need not be selected in the manner prescribed by these rules, and nothing herein shall limit the Board's other rights or remedies with respect to such contracts.

CHAPTER 6. ADVISOR'S CODE OF CONDUCT

The Board expects all persons to whom it has delegated authority to perform their services with honesty, integrity, skill and care. All professionals have an obligation to observe standards of professional conduct in the course of providing advice, recommendations and other services. Any person who has pled guilty to or is found guilty of any charge related to financial matters, whether such charges are brought in a criminal court or before a regulatory or administrative body having jurisdiction over such person, shall be prima facie evidence of a violation of this code.

A. Prohibited Conduct.

Every person who engages or seeks to engage in a business relationship with the Board must agree to abide by the Board's conflict of interest rules set out in Chapter 3. Specifically, but not by way of limitation, no advisor shall:

1. Enter into any arrangement or transaction with the Board, the Fund, or any officer or employee thereof, except as provided by written agreement duly executed by the Board;
2. Receive any commission or fee with respect to the purchase or sale or other transaction involving property of the Fund, except as authorized by a contract with the Board ;
3. Receive any compensation in any form, including sales commission, brokerage commissions or fees or any other commission or fee in connection with the evaluation or recommendation of investment managers;
4. Make any gift (other than seasonal gifts with a value less than $100, or hospitality at which the provider is present), campaign contributions, or offer or pay anything of substantial economic value to any Board member or to any person who is running for a position on the Board , or employee or family member thereof, in connection with any action involving the business of the plan ; or
5. Lend money to any Board member or to any person who is running for a position as an Board member, or any employee, unless such advisor is normally engaged in such lending in the usual course of its business and, further, unless such loan or credit is generally available to the public and other members, pensions or qualified survivors of the system and the only if the terms of such loan are those customarily offered to others under similar circumstances to finance usual and customary activities.

B. Disclosure.

Every person who engages or seeks to engage in a business relationship with the Board shall make a full and timely disclosure of all sources of compensation or other material consideration that may be received as a result of a business relationship with the Board. Any person who is not financially and organizationally independent concerning any matter related to the performance of services for the Board shall disclose all pertinent relationships which are not apparent.

- Persons who render routine services to the system that are not directly related to the purposes of the system such as vendors of office supplies and minor equipment are excluded from the provisions of this Chapter.

C. Enforcement and Remedies

The General Counsel shall investigate any reported violation of this chapter and report any documented violations to the Board for action.

- Any party seeking a business relationship with the Board, who is found to be in violation of this chapter, shall be disqualified from engaging in a business relationship with the Board for a period of two years, beginning on the date the violation was discovered.

- Any person who has an existing business relationship with the Board and who is found to be in violations of this chapter shall be subject to disqualification from doing future or additional business with the Board for a period of two years and/or termination of existing business with the Board.

CHAPTER 7. INVESTMENT POLICY AND OBJECTIVES

Section 7.1 Investment Policy. The Board has full power to invest and reinvest the fund in such investments as the Board may, from time to time approve. Consistent with its obligation to act prudently, the Board shall:

- Require the Fund to be actuarially sound so that obligations to Fund members and others will be honored in a timely way.
- Strive to achieve earnings at a sufficient level that, together with employee, city and other periodic contributions, will enable it to meet its present and future obligations.
- Endeavor to earn the highest total return on invested funds consistent with safety and in accordance with generally accepted investment practices.
- Where investment characteristics, including yield, risk and liquidity, are equivalent, the Board's policy favors investments which will have a positive impact on the economy of Mobile and the economy of Alabama.
- Attempt to achieve a level of performance equal to or greater than the actuarial assumption so that benefits may be increased or enhanced or that contributions may be reduced.

Section 7.2 Investment Objectives.

7.2.1 Liquidity. The Board shall, from time to time, determine the Plan's liquidity needs and make appropriate adjustments to the asset allocation policy. At present, the average age of Plan participants is approximately 40 years old, and cash requirements generally meet or exceed current income. While liquidity needs are not imminent, these factors may dictate that the Board should prioritize investments in more liquid or higher -yielding investments.

7.2.2 Diversification. As Fiduciaries, the Board must diversify Plan investments so as to minimize the risk of large losses, unless it is clearly not prudent to do so. Diversification shall be achieved through multiple asset classes; geographic locales; industries; maturities; issuers of securities; and asset managers.

7.2.3 Time Horizons. Return assumptions will be based on a five-year time horizon; however, risk and manager performance shall be evaluated continually. Should performance deviate or manager investment process change, manager retention and asset allocation will be reassessed.

7.2.4 Risk Tolerance -Stability of Portfolio Values. Expected return variance shall be kept at a level so as to alleviate risk of increased contributions, given the Board’s goal to achieve a required actuarial rate of return.

7.2.5 Return Expectations.

a) The net return of the total portfolio should equal or exceed the actuarial earnings assumption (7.00%). Return expectations shall be periodically adjusted to reflect current actuarial assumptions.

b) The performance of the total portfolio will be measured for rolling five (5) and ten (10) year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance of the portfolio will be compared to the return of the policy indexes comprised of 47.0% Russell 3000 Index, 15.0% MSCI ACWI Ex U.S., 27.0% Bloomberg U.S. Aggregate

Index, 10.0% NCREIF Fund Index-Open End Diversified Core (EW) and 1.0% ICE BofAML 3 Month U.S. T-Bill.

c) On a relative basis, it is expected that the total portfolio performance will rank in the top 50th percentile of the public fund peer universe over three (3) and five (5) year time periods.

7.2.6 **Funds Held by City**. The City of Mobile is authorized to hold, on behalf of the Board, such participant deductions, City contributions, and other amounts collected by the City for payment to the Fund in one or more accounts established for that purpose. Quarterly, any excess funds shall be transferred to the Board's cash account and any deficit owing to the City will be paid within 30 days.

7.2.7 **Cash Management**. The Board shall establish and maintain one cash account in which cash assets of the Fund which have not been allocated to investment accounts shall be invested in short-term obligations. The basic objectives of the Board's cash management policy are to:

a) maintain the safety of the invested funds;
b) maintain sufficient liquidity to meet the need of immediate short-term cash requirements of the fund;
c) attain the maximum yield possible consistent with the first two objectives.

Section 7.3 **Asset Allocation**. In order to achieve needed returns within the stated risk tolerance, the Board will adopt and maintain a written asset allocation plan (see Chapter 6 of this document) and, from time to time, amend the asset allocation plan as needed. To diversify Plan assets so as to minimize the risk associated with dependence on the success of one enterprise, the Fund has decided to employ a multi-manager team approach to investing plan assets. Managers will be employed to utilize individual expertise within their assigned area of responsibility. Each manager will be governed by individual investment policy and be incorporated into Manager's contracts. In addition to specific guidelines, all managers are expected to follow and shall adhere to the Board's Code of Conduct and Conflict of Interest Rules.

7.3.1 **Allocation Rules.** Allocations among firms should not exceed plus or minus five percent (5.0%) of the target portfolio allocation. If such over or under allotment occurs, monies will be re-allocated (re-balanced). However, should under- weighting occur due to poor manager performance, rather than market conditions, the re- allocation shall occur with specific Board approval instead of automatically, and that manager shall be evaluated as to their retention.

7.3.2 **Fixed Income Managers(s).** The responsibility of the fixed income manager(s) will be to invest allocated funds in fixed income instruments in accordance with guidelines set by the Board.

7.3.3 **Domestic Equity Managers.** The responsibility of the Domestic Equity manager(s) will be to invest allocated funds in fixed income instruments in accordance with guidelines set by the Board. Managers may have strategies that focus on specific capitalization ranges, styles, and opportunistic/tactical allocations as determined by the Board at the time the manager is hired.

- Market capitalization ranges shall approximate the market capitalization of the manger's individual benchmark.

- Appropriate benchmarks will be determined by the consultant and manager and recommended to the Board.

7.3.4 International Equity Manager(s). This manager's responsibility will be to invest funds in stocks of companies based and traded in foreign countries. These funds shall be diversified by country and by industry. The manager(s) will also have the authority to use currency- hedging strategies.

7.3.5 Alternative Investments. In addition to managed assets, the Fund may make multiple investments (including in closed-end-limited partnerships) so as to diversify by investment type and strategy. The Board recognizes that each investment will have differing goals, and that attempts to benchmark performance may be difficult as compared to traditional investments. Each alternative investment will have specific evaluation guidelines determined at the time the investment is made. The types of investments/limited partnerships may include:

a) Private Equity: The private equity portfolio should represent diversified investment interests in equity or equity like securities principally through intermediary manager entities. The portfolio objective is to achieve equity-like returns including an appropriate risk premium on portfolio securities, although the actual investment securities may be equity, debt, or equity-like. While the predominant focus is on private securities in middle market companies through specially structured investment vehicles, the portfolio may reflect exposure to the full range of private equity strategies, including but not limited to venture capital, mezzanine investments, and late stage large buyouts. Acceptable secondary strategies may include: 1) co-investments with private equity investment funds, 2) secondary interests in funds (i.e. repurchases of others' portfolios), and 3) investments in specialty private equity investment opportunities. Secondary strategies will be evaluated, approved, and undertaken on a case-by-case basis under a specifically proposed transaction or program. Investment interests may reflect control or minority positions, provided sufficient control elements exist to ensure protection of the Fund's investment interest. Investment interest may be in Funds (e.g., limited partnerships) or Fund-of-Funds structures. The objective is to opportunistically allocate the portfolio over time, emphasizing seasoned management teams and attempting to capitalize on attractive market opportunities.

b) Real Estate: The responsibility of the real estate managers(s) will be to invest allocated funds in real estate assets. The managers will have experience acquiring real estate properties, managing/adding value to the asset, and liquidating the property. Such funds may focus on Core, Core-Plus, Value- added, or Opportunistic segments of the Real Estate market, recognizing that each segment takes on different expectations regarding risk and return characteristics Additionally, such funds may be open-ended or closed funds, depending on the strategy of the investment; and

c) Pooled Funds (Fund of Funds) of the foregoing.

d) Hedge Funds: Through their detailed due diligence, the Board reached the conclusion not to invest plan assets into Hedge Funds or Hedge Fund-of-Funds. This would include, but not necessarily be limited to Equity Long/Short, Short- Biased, Activist, Merger Arbitrage, Global Macro, Convertible Arbitrage, and equity Market Neutral strategies.

e) The funding of private equity investments in the Alternative Investments Portfolio will typically occur over an extended period and may take up to five years before the total commitment to a fund is fully draw, and during this time individual investments will return capital to the investors prior to the full funding of the commitment. As a result it is expected that the ratio of funding to commitments will not exceed 60% to 70% of the total commitment. In recognition of this unique characteristic the target allocation for commitments will be 150% of the allocation target adopted by the Board.

7.3.6 Target Allocations. Plan assets shall be allocated among the following asset classes and in the target proportions set forth below:

Equity	55%
Fixed Income/Cash	21%
Alternative Investments/GTAA	24%

7.3.7 Asset Class Diversification: The specific targets (by percentage of fund) and permissible ranges (by percentage, low to high) shall be as follows:

Asset Class	Target Allocation	Allocation Range
Equity – Domestic, Large Cap	20.0%	15.0% - 25.0%
Equity – Domestic, Mid Cap	10.0%	5.0% - 15.0%
Equity – Domestic, Small Cap	10.0%	5.0% - 15.0%
Equity – International, All Cap	15.0%	10.0% - 20.0%
Fixed Income	15.0%	10.0% - 20.0%
Non-core Fixed Income	5.0%	0.0% - 10.0%
Real Estate	10.0%	5.0% - 15.0%
Alternative Investments	10.0%	5.0% - 15.0%
Global Tactical Asset Allocation (GTAA)	4.0%	0.0% - 9.0%
Opportunistic/Tactical	0.0%	0.0% - 9.0%
Cash Reserves	1.0%	0% - 5%

Section 7.4 Equity Guidelines & Evaluation Criteria

Each equity manager shall be assigned an appropriate Benchmark. The portfolio shall not hold:

- Investments in a single company which comprise more than five percent (5%) of the particular issue of the company. For this statement, investments are defined as common stocks, preferred stocks, convertible debentures, REIT 's, ADR 's, and GDR's;
- Any investment in a single company exceeding ten percent (10%) of the market value of the portfolio.
- The manager shall manage and invest the assets of the portfolio primarily in domestic or international equities using an assigned and agreed upon investment strategy/style and benchmark index.
- The investment performance of the portfolio will be evaluated using the following criteria:

a. Investment performance is expected to exceed the performance of the Benchmark over a market cycle (3 to 5 years) net of fees.
b. Investment performance is expected to rank in the top half of the manager's Style Universe over rolling 5 year periods.

- It is expected that the risk associated with the portfolio, as measured by the variability of returns (standard deviation), will not exceed that of the Benchmark without a corresponding increase in performance over the Benchmark over rolling five year periods.

Section 7.5 Fixed Income Guidelines And Evaluation Criteria

An appropriate Benchmark for the management of the portfolio will be assigned to each fixed income manager. In addition:

1. U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations are allowed up to 100% of the bond portfolio.
2. Corporate bonds, debentures, notes, asset-backed securities, equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's, Fitch or Standard & Poor's (includes split-rated bonds), and investment grade money market instruments are allowed up to 100% of the bond portfolio. Below investment grade securities are allowed up to 20% of the market value of the bond portfolio after consideration of whether they are prudent under the circumstances then prevailing.
3. Mortgage securities are allowed up to 100% of the portfolio and will be limited to: pass-throughs, collateralized mortgage obligations, adjustable rate mortgages, commercial mortgage-backed securities, and other mortgage securities deemed prudent by the investment manager. The use of interest-only strips and principal-only strips may not exceed 10% of the bond portfolio.
4. Positions in any one issuer of corporate securities are not to exceed 5% of the market value of the bonds portfolio.
5. Private placements (including Rule 144As) are allowed, but may not exceed 20% of the market value of the bond portfolio.
6. Debt obligations of foreign governments, corporations, and supra-nationals (including Euro bonds and Yankee bonds) are allowed, but may not exceed 20% of the market value of the bond portfolio.
7. The investment performance of the portfolio will be evaluated using the following criteria:
   a. Investment performance is expected to exceed the performance of the Benchmark over a market cycle (3 to 5 years).
   b. Investment performance is expected to rank in the top half of the manager's Style universes over rolling 5 year periods.
   c. It is expected that the risk associate with the portfolio, as measured by the variability of returns (standard deviation), will not exceed that of the Benchmark without a corresponding increase in performance over the Benchmark over a rolling five year period.

Section 7.6 Investment Manager Responsibilities

The Investment Managers hired by the Trustees are expected to manage the Plan assets under its care, custody and/or control in accordance with this Investment Policy objectives and guidelines and in compliance with the applicable federal laws and of this state's laws.

Investment Managers will exercise full investment discretion over the assets in their care within the guidelines set forth herein.

Investment Managers will inform the Executive Director, Trustees and the Investment Advisor in writing (within 30 days) of all changes of material nature with respect to the firm's organization, professional staff and any major changes in portfolio structure.

Investment Managers will promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Fund. Proxy reports will be provided to Executive Director, Trustees and the Investment Advisor on an annual basis.

All investment managers will supply timely written quarterly reports of investment performance results to the Board. These reports will include investment performance returns for the Plan's investments (both gross and net of fees) for the current quarter, as well as over annualized periods of 1yr, 3yr, 5yr, 7yr, 10yr, and since inception. The report will include narrative on the current capital markets and how they relate to the managed portfolio, their outlook on the economy and how it is expected to affect their respective portfolio, written narrative on portfolio performance that includes attribution analysis positive/negative contributions to performance from stock selection and sector weighting decisions. Quarterly submissions should also include book and market portfolio value, list of holdings, list of purchases and sales during the quarter, summary of brokerage commissions, and proxy voting details. Finally, quarterly report submissions should include written verification that the portfolio remains in compliance with the Board's Investment Policy.

Investment Managers shall provide to Trustees, at least monthly, a statement including portfolio valuations and accounting information.

Investment Managers will also provide a disclosure statement when there are any deviations from the investment guidelines along with a plan of corrective action.

Investment Managers are expected to meet with the Board at least bi-annually participate in the Board's Investment Manager Roundtable, generally held every 18-24 months, to report on their respective portfolios as well as, on the economic outlook.

In the event that the Board invests in a mutual fund, commingled fund, collective trust, private partnership, or other such pooled investment, the Board recognizes the Manager will adhere to the investment guidelines contained in the strategy's governing documents (prospectus, subscription agreement, limited partnership agreement, etc) in lieu of this investment policy statement as it pertains to the management of the assets. All other provisions of this investment policy statement will continue to apply.

Section 7.7 Probation Policy

The Board will follow its established time horizons when making judgments about indications of inferior performance.

1. Investment managers for the fund will be tracked for interim progress toward multi-year goals. If there is a clear indication that performance is so substandard that reasonable hope of recovery to the manager's policy performance goals would require either high risk or good fortune, then the Board will not feel constrained by this policy to avoid an "early" decision to take corrective action.

2. The trustees will notify firms placed on probation in writing.

3. All probation criteria will be critically evaluated after the manager has achieved 4 quarters (1 year)

of performance for the Board.

4. Phase One. Any money manager that fails to meet the Fund's investment criteria relative to its peers (top 50% of relative peer universe) for three consecutive quarters during any time period after four quarters (1 year) of performance measurement has been attained will be considered for probation. The consultant will measure the universe of investment managers for peer group evaluation.

   If a money manager fails to meet the established trailing year performance objectives versus the designated benchmark on a net of fees basis for 3 consecutive quarters, they will be considered for probation. Critical evaluation for probation status versus the benchmark shall begin after four quarters (1 year) of performance measurement has been attained. The firms on probation will be subject to:
   - Intense scrutiny of their investment process and philosophy.
   - A requirement to explain their substandard performance to the satisfaction of the Board and its Staff. This must be submitted in writing to each trustee within 30 days of probation notification.
   - Manager will be required to bring performance up to stated investment objectives for three consecutive additional quarters in order to be removed from probation, without modifying their stated investment style. (If a manager on a cumulative basis outperforms the benchmark in a calendar year the manager may be removed from probation.)

5. Phase Two. If performance does not improve during Phase One of the probation period, the trustees may take action towards termination or may request a reduction of fees for every quarter of underperformance beginning with the 4th consecutive quarter of underperformance (since phase one probation was established).

   - Trustees acknowledge that managers may not be agreeable to a fee reduction, and may then choose to terminate the manager at that time, or continue probation without reducing fees.
   - Termination may occur if 7 consecutive quarters of underperformance vs. the designated benchmark or the peer universe is achieved.

6. Failure to comply with the conditions of probationary status will be grounds for notice of termination.

7. For those managers who have achieved 3 or more years of performance the following factors may lead to termination or placing a manager on probation:
   - Performance below the median (50th percentile) of their peer group over rolling five year periods.
   - Performance below the median (50th percentile) of their peer group over a three or five year period.

CHAPTER 8. ADOPTION AND AMENDMENTS

The Board reserves the right to modify or amend these rules at any time.

Prior to the adoption of these rules, and to any amendment thereof, the Board shall cause to be circulated to the Mayor and the Police and Fire Chiefs, copies of the proposed rule or change at least three weeks prior to any action taken by the Board to adopt or amend these rules. The only exception to this will be for Section 7 – Investment Policy and Objectives, as the Board may regularly make changes to their investment policy and asset allocation guidelines in the normal course of investing plan assets.

The Board shall entertain and receive any comments and suggestions regarding the adoption and amendment to these rules, but shall not be bound thereby, and shall at all times exercise independent judgment in matters relating to the Fund. Nothing in these rules shall require the Board to take any action it deems in conflict with applicable law.

Following the adoption of any amendment or modification of these rules, the Executive Secretary shall cause the reprinted the entire Chapter that is affected by the change, with appropriate notations at the bottom of each page showing the date of the revision.

Copies of these rules, including copies of revised rules shall be placed on file with the Executive Secretary, and copies thereof shall be furnished to each Board Member, the Chiefs of the Police and Fire Departments and the City Attorney.

Severability. If any part of these rules shall be found invalid or unenforceable, the remaining rules shall nevertheless remain in full force and effect..

POLICY ADOPTION

This policy document has been adopted (as amended) by the Board of Trustees of the City of Mobile, Alabama Police and Firefighters Retirement Plan on September 26, 2018 to become effective on September 26, 2018.

BOARD OF TRUSTEES' ACCEPTANCE

By________________________________ Date____________________

Name: Jeremy Lami

Chairman, City of Mobile, Alabama Police and Firefighters Retirement Plan

SIGNATURE PAGE

INVESTMENT MANAGER ACCEPTANCE

By________________________________ Date_____________________

Its________________________________

On behalf of [Investment Manager], I hereby certify that [Investment Manager] has been provided a copy of the Investment Policy for the City of Mobile, Alabama Police and Firefighters Retirement Plan and agrees that it will comply with that Investment Policy in all respects during the performance of any investment activities engaged in on behalf of the City of Mobile, Alabama Police and Firefighters Retirement Plan.

Description of Current Plan Records to be Migrated

Identification of all of the City pension records to be migrated is a dynamic and ongoing process relying on the corporate knowledge of the retiring Pension Coordinator and the multiple data systems and paper files containing relevant records. In some instances, more investigation and documentations is needed. The following data, and sources, are relevant for Plan administration. "Mins" is the current Tyler Technologies software in use since 2016 that contains current HR and payroll information. "Datapoint" is an Oracle-based database in use since 1995.

- **Employee Personal Data** - such as name, address, social security number, dates of membership and status (e.g., active client, inactive, retired client). More investigation is needed to determine the amount of personal data needed from the sources.

- **Lifetime Non-Pay Time Transactions of applicable sworn employees while holding sworn position (excluding retirees)**. These transactions will show when the employee was in a non-pay status and no contributions were withdrawn. These transactions should be transferred from Datapoint covering date range from October 1990 to September 2016 and from Munis covering the date range October 2016 to current.

  Since the primary time will continue to be maintained in Munis RMS, any new non-pay time transactions of active and inactive pension members would need to be periodically transferred from Munis to the new solution.

- **Biweekly Pension Gross Amounts (excluding retirees)** – With the exception of card files, the pension gross amounts have not been stored in a database. Therefore, the gross amounts will have to be re-calculated based on applicable check items/pay codes, according to Police & Fire Pension specifications, before being transferred to the new solution. Currently, the Pension Coordinator reports the gross amounts per pay period with the beginning and ending dates of said paycheck (with a biweekly frequency). This salary data of pension gross amounts will be needed for all active and inactive employees and should be transferred from the following sources:

  a) **Payroll History Card files** – For Police & Fire employees who were hired between 1960 and 1994, the salary data was kept in index cards files.
  b) **Datapoint (Oracle database)** - Salary data covering from 1995 to 2016.
  c) **Munis (SQL Server database)** – Salary data covering October 2016 to current. Since the Payroll will continue to be processed in Munis, any new pension gross amounts of active and inactive pension members would need to be periodically transferred from

Munis to the new solution.

- **All Pension Contributions (active and inactive employees, excluding retirees) –** The pension contributions are stored in Datapoint from 1995 to September 2016, and Munis from October 2016 to current. More investigation is needed regarding contributions made before 1994. All pension contributions, excluding retirees, should be transferred from the sources to the new solution.

  Since the Payroll will continue to be processed in Munis, any new pension contributions of active and inactive pension members would need to be periodically transferred from Munis to the new solution.

- **All distributions (active and inactive employees, excluding retirees)**. – Currently, all distribution data is stored and maintained in excel spreadsheets. All Distributions, excluding retirees, should be transferred from the spreadsheets to the new solution.

- **Any Additional Reference data -** such as pension plan details, business rules, and civil service titles. More investigation is needed.
- **Any Transactional data** - such as completed client transactions (e.g., prior service purchases/buy backs), and data for pending client transactions not yet completed. More investigation is needed.

Also, further investigation is needed to determine the range of data needed from the following sources:

Additional data	
Actuarial Data to produce report (more investigation needed)	Datapoint, Munis, Excel
Pension Roll Listing	Word Document
Deaths	Excel
DROP Accounts	Excel
DROP Withdrawals Calendar Year	Excel
DROP Entry	Excel
DROP Withdrawals Fiscal Year	Excel
DROP Accruals Fiscal Year	Excel
DROP Accruals with Beneficiary Information Fiscal Year	Excel