

**The City of Mobile, Alabama
Police and Firefighters Retirement Plan
Regular Meeting
April 25, 2012**

The Board of Trustees for The City of Mobile, Alabama Police and Firefighters Retirement Plan met in regular session at 9:00 a.m. on Wednesday, April 25, 2012 in the City Council Pre-Conference room on the first floor of the south tower of Government Plaza.

Present:

Retired Fire Service Captain Terry Lilley, Chairman
Deputy Police Chief James Barber, Vice-Chairman
Fire Service Captain James Connick
Ms. Barbara Malkove
Police Lieutenant Roy Hodge
Retired Police Sergeant Joe Connick
Ms. Joyce Collier
Ms. Wanda Cochran, Counsel
Ms. Mary Berg, Secretary
Ms. Debbie Blackburn, Office Assistant III

Absent:

Fire Service Captain Bo McLarty
Mr. Mike Druhan

Guests:

Fire Service Captain Bryan Lee, Mobile Fire Department
Mr. Bob Hubbard, Gray & Co.

The chairman, Mr. Terry Lilley, called the meeting to order at 9:06 a.m.

The chairman presented the **minutes of the regular Board meetings of February 29, 2012 and March 28, 2012**. *On a motion by Ms. Collier, seconded by Deputy Chief Barber, the minutes were approved as written and distributed.*

The chairman presented a Personnel Action Notice of DROP retirement effective May 1, 2012 submitted by **Police Major Richard M. Barton, Mobile Police Department**. As of April 30, 2012 Major Barton will be 59 years old and will have served 33.63 years. He has elected the 100% joint and survivor option with the 'pop-up' feature. *Deputy Chief Barber motioned for approval, it was seconded by Lieutenant Hodge, and the motion carried.*

The chairman presented a Personnel Action Notice of **Police Communications Officer Brenda S. Wilks** of her intent to leave the Police Department and withdraw from the DROP to enter active retirement, effective May 1, 2012. *Deputy Chief Barber motioned for approval, it was seconded by Mr. Joe Connick, and the motion carried.*

The chairman presented items 5 through 8 on the agenda for approval. *On a motion by Deputy Chief Barber, seconded by Lieutenant Hodge, the Board approved the following:*

Invoice No. 005055 dated March 28, 2012 in the amount of \$5,208.33 submitted by Gray & Company for investment performance analysis ending March 2012;

Invoice dated April 1, 2012 in the amount of \$23,129.11 submitted by Century Capital Management LLC for professional equity investment services for the quarter ending March 31, 2012;

Invoice dated April 23, 2012 in the amount of \$17,567.15 submitted by Allianz Global Investors for professional international investment services for the quarter ending March 31, 2012; and

Invoice dated February 16, 2012 in the amount of \$11,186.94 submitted by The Bank of New York for professional custodial services for the quarter ending December 31, 2011.

The secretary provided each Board member with a list of the **requests for refund**. On a motion by Deputy Chief Barber, seconded by Lieutenant Hodge, the Board approved refunds totaling \$59,400.79 as follows:

<i>Harvey G. Bush, Jr.</i>	<i>\$10,733.82</i>
<i>Adrien W. Cordero</i>	<i>16,512.91</i>
<i>Tony M. Golson</i>	<i>6,319.15</i>
<i>Jeremy W. Lowe</i>	<i>181.82</i>
<i>Anthony B. Meade</i>	<i>7,952.56</i>
<i>Michael S. Stoker</i>	<i>2,299.58</i>
<i>Joseph R. Ziebach</i>	<i>15,400.95</i>
<i>Total Refunds</i>	<i>\$59,400.79</i>

The chairman introduced the consultant, Mr. Bob Hubbard, and turned the meeting over to him. Mr. Hubbard began by going over the flash report he had distributed to the Board. Mr. Hubbard presented an Asset Allocation & Rebalancing spreadsheet to the Board. Mr. Hubbard requested to delay any discussion on the spreadsheet until the resolution naming Energy Opportunities Capital Management, LLC as the Board's investment manager for a portion of its Opportunistic Equity allocation was presented to the Board for approval. *On a motion by Mr. Joe Connick, seconded by Captain Connick the Board approved suspending the report until after the resolution was presented.*

On a motion by Deputy Chief Barber, seconded by Ms. Collier, the Board approved the following resolution:

**RESOLUTION APPOINTING ENERGY OPPORTUNITIES CAPITAL
MANAGEMENT, LLC CAPITAL MANAGEMENT, LLC**

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

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

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

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

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

Whereas, the Board, in conjunction with Gray and Company, interviewed firms that offer investment management services and determined that the Board should appoint Energy Opportunities Capital Management, LLC ("EOC") as an investment manager for a portion of the Opportunistic Equity portfolio;

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

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

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

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

1. That the Chairman and Secretary are authorized to execute and attest, respectively, for and on behalf of the Board, the Investment Management Agreement, attached hereto, and such other documents which may be necessary to appoint Energy Opportunities Capital Management, LLC as the Board's investment manager for a portion of its Opportunistic Equity allocation and to facilitate said investment;
2. The initial investment shall be approximately \$5,500,000.00 million dollars.

Adopted this 25th day of April, 2012.

ATTEST:

Mary Berg, Executive Secretary

Approval of the resolution was followed by the discussion of the amount to be allocated to the energy investment. *Deputy Chief Barber moved to allocate \$5.5 million, this was seconded by Lieutenant Hodge, and the motion carried.*

Deputy Chief Barber moved to authorize Ms. Berg to make the following transfers of funds: \$500,000 to Advisory Research, \$2.5 million to Allianz Global Investors, and \$5.5 million to Energy Opportunities Management, LLC Capital from the Regions Bank money market account. The motion was seconded by Lieutenant Hodge, and the motion carried.

Unfinished business:

- Deputy Chief Barber will update the presentation that he presented in 2005 on the funding components of the Pension fund. He will present it at the next Board meeting. Then once the Board approves he will present it to the City Council.
- *Deputy Chief Barber moved to approve the following resolution setting the actuarial assumption rate at 8%, Lieutenant Hodge seconded the motion, and the motion carried:*

RESOLUTION SETTING ACTUARIAL ASSUMPTION RATE

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

Whereas, section 7.04(b) of the Plan vests the Board with full power to invest and reinvest the Plan’s assets (the “Fund”) in such investments as the Board may from time to time approve, and further authorizes the Board to employ such advisors as it may, from time to time, approve;

Whereas, the Plan is intended to operate over a long period of time and the assets are managed for participants whose involvement with the plan could last fifty years or more;

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

Whereas, the Board has also engaged Southern Actuarial Services (SAS) (an enrolled actuary) to determine the annual actuarial cost of the Plan;

Whereas, section 6.05(c) of the Plan and the Internal Revenue Code provides that the “annual actuarial cost” must be determined by an enrolled actuary using reasonable actuarial assumptions and methods;

Whereas, in determining the appropriate investment return assumptions for the purposes of determining the cost of the Plan, the Board in consultation with its advisors has considered, among other things, the plan’s liabilities, asset allocation, capital market assumptions, historical investment data, expected rates of return and inflation and risk tolerance;

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

1. That the Board finds and determines that an eight percent investment return assumption is reasonable;
2. That the Board’s actuary is directed to utilize said rate in performing its annual actuarial cost of the Plan;
3. That the Board shall review, not less than every five years, the reasonableness of the assumptions used by the actuary.

ATTEST:

Mary Berg, Executive Secretary

New business:

- Ms. Cochran explained to the Board that the IRS has issued a favorable Determination Letter contingent on the amended and restated Plan being approved by the City Council.
- Ms. Malkove stated that Mayor Jones is going to send a letter to the Board on funding of the Pension.
- Deputy Chief Barber reported that the resolution to change the way the “Final Average Salary” is figured will be sponsored by Mr. Copeland.

- *There being no further business to come before the Board, on a motion by Captain Connick, and seconded by Deputy Chief Barber, the meeting adjourned at approximately 9:50 a.m.*

James T. Lilley, Jr., Chairman

Mary A. Berg, Secretary