

**The City of Mobile, Alabama**  
**Police and Firefighters Retirement Plan**  
**Regular Meeting**  
**July 23, 2014**

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, July 23, 2014 in the City Council Pre-Conference room on the first floor of the south tower in Government Plaza.

Present:

Retired Fire Service Captain Terry Lilley, Chairman  
Police Captain Roy Hodge, Vice-Chairman  
Mr. Paul Wesch  
Retired Police Corporal Randal Smith  
Mr. Michael Druhan  
Ms. Wanda Cochran, Counsel  
Ms. Mary Berg, Secretary  
Ms. Debbie Blackburn, Office Assistant III

Absent:

Police Chief James Barber  
Fire Service Captain Bo McLarty  
Ms. Joyce Collier  
Fire Service Captain Jimmy Connick

Guests:

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

The chairman, Mr. Terry Lilley, called the meeting to order at 9:02 a.m.

The chairman presented the **minutes of the regular Board meeting of June 25, 2014**. *Mr. Druhan moved for approval, with a second from Captain Hodge, the minutes were approved as written and distributed*

The chairman presented items 3 and 4 on the agenda for approval. *On a motion by Mr. Druhan, seconded by Captain Hodge the Board approved the following:*

Personnel Action Notice of **Police Officer Edgar N. Baker** of his intent to leave the Police Department and withdraw from the DROP to enter active retirement, effective July 31, 2014; and

Personnel Action Notice of DROP retirement effective August 1, 2014 submitted by **Fire Service Captain Arthur P. Lami, Mobile Fire Department**. As of July 31, 2014 Captain Lami will be 51 years old and will have served 28.18 years. He has elected the 100% joint and survivor annuity option without the 'pop-up' feature.

The chairman presented items 5 through 7 on the agenda for approval. *On a motion by Mr. Druhan, seconded by Captain Hodge, the Board approved the following:*

**Invoice No. 006086 dated June 30, 2014 in the amount of \$5,208.33 submitted by Gray & Company** for investment performance analysis for June 2014;

**Payment in the amount of \$22,530.00 to Morgan Dempsey Capital Management**, for professional investment services for the quarter ending June 30, 2014; and

**Payment in the amount of \$21,241.00 to SouthernSun Asset Management**, for professional investment services for the quarter ending June 30, 2014.

The secretary provided each Board member with a list of the **requests for refund**. *On a motion by Captain Hodge, seconded by Mr. Smith, the Board approved refunds totaling \$83,078.56 as follows:*

<i>Timothy E. Anderson</i>	<i>MPD</i>	<i>\$ 5,998.19</i>
<i>Kevin T. Beckham</i>	<i>MPD</i>	<i>4,510.14</i>
<i>Charles M. Couey</i>	<i>MFD</i>	<i>6,517.40</i>
<i>Nickolas J. Daniel</i>	<i>MFD</i>	<i>35,137.09</i>
<i>Michael L. Johnson</i>	<i>MPD</i>	<i>6,427.13</i>
<i>Christopher Stallworth</i>	<i>MPD</i>	<i>9,433.20</i>
<i>Carlos D. Walton</i>	<i>MPD</i>	<i>15,055.41</i>
<i>Total Refunds</i>		<i>\$83,078.56</i>

The chairman acknowledged the consultant, Mr. Bob Hubbard, and turned the meeting over to him. Mr. Hubbard went over the flash report for May 31, 2014. Then he told the Board that there were problems with the Blackrock contract so he recommended that they not move forward.

Knowing the problem with Blackrock, Mr. Hubbard approached State Street about reducing their fees in order to keep the Plan's business. They came back with a significant reduction in their fees. After reviewing this offer, Mr. Hubbard recommended staying with both State Street index funds. *Mr. Druhan moved to retain State Street, with a second from Captain Hodge, the motion carried.*

A discussion ensued about the need to make changes to the Investment Policy Statement in order to proceed with investing in Hedge Funds. *Mr. Druhan moved to make the necessary changes, with a second from Captain Hodge, the motion carried.*

*Mr. Druhan moved to hire Och-Ziff Capital and Corbin Capital Partners provided the asset class is amended and approved with each manager receiving \$3,500,000. Mr. Wesch seconded the motion. After discussion the motion and second were withdrawn.*

*Mr. Druhan moved to follow the recommendation of the consultant and hire Och-Ziff Capital (\$2,500,000), Corbin Capital Partners (\$1,500,000), Angelo Gordon & Co. (\$1,500,000) and Marblegate Asset Management (\$1,500,000). Captain Hodge seconded the motion, motion carried.*

*Mr. Druhan moved to accept the 3 year fee redemption agreement with Och-Ziff Capital. Captain Hodge seconded the motion, motion carried.*

#### **New business:**

- Ms. Cochran is retiring effective September 1, 2014.

*There being no further business to come before the Board, on a motion by Mr. Wesch, seconded by Captain Hodge, the meeting adjourned at approximately 10:17 am.*

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*James T. Lilley, Jr., Chairman*

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*Mary A. Berg, Secretary*