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RETIREMENT SYSTEMS OF ALABAMA  
EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF CONTROL MEETING  
201 South Union Street, Room 843  
Montgomery, Alabama 36104  
877.517.0020

\* \* \* \* \*

**COPY**

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**EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL MEETING** reported by Jeana S. Boggs, Certified Court Reporter and Notary Public, in the conference room of the Retirement Systems of Alabama, 201 South Union Street, Montgomery, Alabama, that was held at approximately 9:00 a.m., Tuesday, September 22nd, 2020.

## 1 APPEARANCES

2 BOARD MEMBERS PRESENT:

3 MR. JIM FIBBE, VICE CHAIR

4 MR. NORRIS GREEN, VIA WEBEX

5 MR. DAVID HARER

6 MS. LISA STATUM

7 MR. JOHN MCMILLAN

8 MS. WENDY HESTER

9 MS. TAMMY ROLLING, VIA WEBEX

10 MR. KELLY BUTLER

11 MS. LINDSEY WARD, VIA WEBEX

12 MR. DAVID COLSTON, VIA WEBEX

13 MR. JOHN FREE, VIA WEBEX

14  
15 ABSENT:

16 MS. JACKIE GRAHAM

17 GOVERNOR KAY IVEY

18  
19 ALSO PRESENT:

20 DR. DAVID G. BRONNER, RSA CEO

21 MR. DON YANCEY, RSA DEPUTY DIRECTOR

22 MS. LEURA CANARY, RSA LEGAL COUNSEL

23 MR. MARC GREEN, RSA CHIEF INVESTMENT OFFICER

1 MR. BILL KELLEY, ERS DIRECTOR

2 MR. GEORGE FROST, ERS ASSISTANT DIRECTOR

3 MS. DEBBY DAHL, RSA ASSISTANT

4 MS. DONNA BARRETT, CNHI CEO

5 MR. STEVE MCPHAUL, CNHI EVP and COO

6 MR. LARRY LANGER, CAVANAUGH MACDONALD CONSULTING

7 MS. CATHY TURCOT, CAVANAUGH MACDONALD CONSULTING

8 MR. ED KOEBEL, CAVANAUGH MACDONALD CONSULTING

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**CALL TO ORDER/ROLL CALL**

MR. FIBBE: I have 9:00 o'clock,  
and I think it's time we need to get  
started. This is the Employees' Retirement  
System Board of Control meeting on  
September 22, 2020, 9:00 a.m. in the RSA  
headquarters, 8th Floor Boardroom,  
Montgomery, Alabama.

The first item on the agenda is  
the roll call. And Ms. Dahl, would you  
call the roll?

MS. DAHL: Yes, sir. Jim Fibbe?

MR. FIBBE: Here.

MS. DAHL: Norris Green?

MR. NORRIS GREEN: Here.

MS. DAHL: David Harer?

MR. HARER: Present.

MS. DAHL: John McMillan?

MR. MCMILLAN: Here.

MS. DAHL: Lisa Statum?

MS. STATUM: Here.

MS. DAHL: David Colston?

MR. COLSTON: Here.

1 MS. DAHL: Wendy Hester?

2 MS. HESTER: Here.

3 MS. DAHL: Tammy Rolling? Tammy  
4 Rolling?

5 (No response).

6 MS. DAHL: It looks like she's  
7 with the meeting, but she doesn't hear us.

8 MS. GAMBLE: She is on a call-in  
9 number, but she has it on mute. Try one,  
10 more time.

11 MS. DAHL: Tammy Rolling?

12 MS. ROLLING: Here.

13 MS. GAMBLE: Okay. There we go.

14 MS. DAHL: Lindsey Ward?

15 MS. WARD: Here.

16 MS. DAHL: Kelly Butler?

17 MR. BUTLER: Here.

18 MS. DAHL: John Free?

19 MR. FREE: Here.

20 MS. DAHL: Jackie Graham?

21 (No response.)

22 MS. DAHL: Governor Ivey?

23 (No response).

1                   MR. FIBBE: Thank you, Debby. We  
2                   have a quorum, so we will proceed.

3                   Before we get started, I just  
4                   wanted to remind everybody that part of  
5                   our Board is attending this meeting  
6                   electronically, remotely. And if you  
7                   have -- if those members have something  
8                   that they want to say or a question that  
9                   they want to ask, you can either do it in  
10                  the chat room; or if you would just give  
11                  us a little happy hand sign and get our  
12                  attention, and we will acknowledge you and  
13                  let you have your say.

14                  There is a bit of a delay from  
15                  when you talk and when we hear what you  
16                  have to say. So, be patient with us and  
17                  give us time for that, and I think we will  
18                  manage.

19                  I think that's probably all the  
20                  preliminary statements that I wanted to  
21                  make. We will go with the first item on  
22                  the agenda, which is the approval of the  
23                  June 9, 2020 meeting minutes.

1           **APPROVAL OF JUNE 9, 2020, MEETING MINUTES**

2                           MR. FIBBE:  And I hope everyone  
3           got those minutes and had an opportunity to  
4           review them.

5                           Are there any questions or  
6           comments regarding those meetings -- those  
7           minutes of that meeting?

8                           MR. BUTLER:  I move to approve  
9           the minutes.

10                          MR. HARER:  Second.

11                          MR. FIBBE:  We have a motion to  
12           approve by Mr. Butler.

13                          MR. HARER:  Second.

14                          MR. FIBBE:  And seconded by  
15           Mr. Harer.

16                          Is there any further discussion?

17                                   (No response) .

18                          MR. FIBBE:  If not, all in favor  
19           please signify by saying "aye."

20                                   (Board members saying "aye.")

21                          MR. FIBBE:  Any opposed, like  
22           sign?

23                                   (No response) .



1 MR. FIBBE: Motion carries.

2 The next item is the update by  
3 CNHI management, Ms. Barrett. And you  
4 also have a handout that is at your place.

5 **UPDATE BY CNHI MANAGEMENT**

6 MS. BARRETT: And thank you to  
7 the Board for welcoming us here today to let  
8 us talk about our company. We do have a  
9 handout. We are going to start with, the  
10 CNHI 2020. And first, we are going to  
11 introduce ourselves. I am Donna Barrett,  
12 the Chief Operating Officer and President of  
13 CNHI. And with me today is Steve McPhaul,  
14 our Chief Operating Officer.

15 And I wanted to give you a  
16 little bit of background on our experience  
17 in the industry so that you can be assured  
18 that your newspaper company is in good  
19 hands. We both have deep industry  
20 experience. I have played leadership  
21 roles both on the national and  
22 international stage. I was the national  
23 chairman for the newspaper industry for

1 the entire country for two years; only the  
2 second woman to hold that position.

3 Something I am sure our Governor could  
4 relate to. I've also represented the  
5 entire U.S. on the international board for  
6 newspapers that spans the entire globe,  
7 and served in that capacity for several  
8 years.

9 Steve also has very deep roots  
10 and experience and is, in fact, not only  
11 served on key boards, he has published  
12 several newspapers in Alabama. So, he  
13 knows the industry, and he also knows  
14 Alabama very, very well.

15 So, to talk a little bit about  
16 the company, if you flip to page two, we  
17 are a news and information company, not  
18 just newspapers. In fact, we publish  
19 magazines in addition to newspapers, and  
20 we will talk a little bit about those in  
21 more depth later, and we also have digital  
22 news sites in 21 states.

23 RSA purchased membership from

1 Raycom to buy us in January 2019. For  
2 many years prior to that, we were with RSA  
3 in a lender capacity and of course we were  
4 then sold to Raycom. And we came back out  
5 of Raycom to be -- to rejoin RSA in 2019,  
6 and that was a very happy experience for  
7 us. And we believe we bring a lot to the  
8 table for RSA and your investment, as  
9 well, which we will talk about.

10 MR. MCPHAUL: So, if you take a  
11 look at page three, as Donna mentioned, our  
12 footprint is sizeable. We are in 21 states.  
13 We are a very geographically diverse  
14 company, and that has allowed us to take  
15 advantage of regional economic opportunities  
16 while at the same time limit our dependence  
17 on any one regional economic driver, such as  
18 you think about oil in Oklahoma, or  
19 agriculture, say, in Georgia. This company  
20 was built with geographical diversity in  
21 mind.

22 So, if you look at page four,  
23 here is our portfolio. We own newspapers

1 in communities such as Valdosta, Georgia;  
2 Beckley, West Virginia; Traverse City,  
3 Michigan; Joplin, Missouri. The key  
4 takeaway, when you look at page four for  
5 this slide, is that CNHI does not operate  
6 in metro cities. We are in small to  
7 midsize communities across the country and  
8 the key factor is this: We dominate the  
9 news and information business in the  
10 communities that we serve. In essence, I  
11 think you could take a takeaway from it:  
12 We are the voice of those communities.

13 MS. BARRETT: And what do we  
14 bring to RSA and the State of Alabama?  
15 Well, we provide a very unique value. First  
16 of all, there is our financial security and  
17 what we are able to remit to RSA.

18 DR. BRONNER: Page five.

19 MS. BARRETT: Page five. So, if  
20 you look at page five -- a very key page --  
21 since joining RSA again in January 2019, we  
22 have remitted \$21.4 million to RSA. We also  
23 provide \$32 million in annual advertising

1 support. And what I am talking about, it's  
2 in our magazines, and it's also outside of  
3 our company and, of course, our newspapers,  
4 as well.

5 So, we have given to you at your  
6 table a copy of one of our magazines,  
7 Allegany Magazine, which is published out  
8 of Cumberland, Maryland. And if you look  
9 on page three, there is the beautiful RSA  
10 ad inviting people to come back down and  
11 play some golf in the State of Alabama.  
12 And these ads run all over the country.  
13 We also place ads elsewhere, which we will  
14 talk a little bit about deeper in the  
15 presentation, as well.

16 We also brought \$60 million in  
17 real estate to the table. Newspapers,  
18 traditionally are in very valuable real  
19 estate locations because they were built a  
20 hundred years ago downtown, and they were  
21 generally built by the richest guy in town  
22 who owned the newspaper for a vanity play.  
23 So, he generally built himself a Taj

1 Mahal. We are still in many of those  
2 buildings, which is why our real estate is  
3 uniquely valuable. Well, in many cases,  
4 it makes sense for us to sell the real  
5 estate, which we will again talk about  
6 later. But it is a very important part of  
7 our portfolio, and it adds value even  
8 outside of the business.

9 So, we have the business of the  
10 newspapers, which is valued separately  
11 from the real estate holdings, which are  
12 significantly lucrative.

13 We also have an annual  
14 membership in the RSA Golf Trail. We  
15 believe in supporting those who support  
16 us, so it's an important part of our  
17 company culture. We are well positioned  
18 today and tomorrow to be viable and  
19 valuable.

20 MR. MCPHAUL: On page six.

21 MS. BARRETT: On page six, we  
22 attract visitors to Alabama, as we talked  
23 about. These are some of the ads that have

1 run in CNHI newspapers, magazines; and not  
2 only in our portfolio, we have also placed  
3 ads in Golf Digest and USA Today for, not  
4 only the trail, but other Alabama sites.  
5 So, \$32 million in premium advertising  
6 supplied to RSA and the State of Alabama.

7 MR. MCPHAUL: So, if you look on  
8 page seven, I thought I would drill down  
9 just a little bit in terms of the real  
10 estate. As Donna mentioned, it is \$60  
11 million worth of real estate property value,  
12 and the point being is that it is real  
13 value. Just as Donna mentioned, this is  
14 prime locations in the communities that we  
15 are located in. Now, we have quickly --  
16 very quickly established this real estate  
17 value by selling about \$4 million worth of  
18 real estate just in the last 18 months. So,  
19 the value is definitively there.

20 The great thing about it is that  
21 after we sold it out of these large  
22 buildings that Donna has discussed, we  
23 were able to move into a leased premise,

1 and the leased premise is a lot more  
2 efficient for us to operate from. As a  
3 matter of fact, with that property we  
4 sold, we moved the staff and the newspaper  
5 operations into these leased premises and  
6 saved another half a million dollars a  
7 year just off of operational expenses.  
8 So, it's a great situation all the way  
9 through.

10 Point being is that this  
11 \$60 million is real value, and it is  
12 \$60 million that is separate from your  
13 traditional newspaper operation.

14 MS. BARRETT: And the way we are  
15 able to save money by moving into leased  
16 premises, you say, well, that doesn't really  
17 make sense, you are paying rent. Well, look  
18 at the building on the right. Imagine the  
19 utilities for heating, air-conditioning, all  
20 the things that go with operating a building  
21 like that. It's beautiful; it's in Sunbury,  
22 Pennsylvania, and it's, you know, right on  
23 the downtown square, but it is incredibly



1 expensive to operate. So, that's why we are  
2 able to sell and realize the value of the  
3 real estate, move into leased properties,  
4 and actually save money on our annual  
5 operating expenses.

6 MR. MCPHAUL: If you look at page  
7 eight, it's just like the headline of the  
8 slide says, the print versus digital debate  
9 is very frequently understood. Just  
10 understand, our business is content; it is  
11 not the platform. The readers are buying  
12 the content; they are not buying the  
13 platform.

14 So, it doesn't make a difference  
15 to us whether or not that newspaper is  
16 delivered in your driveway, laptop,  
17 desktop, smartphone, iPad. The business  
18 that we have in content -- or is content,  
19 and in 2020, we are on a trend to have the  
20 largest audience that we have ever had in  
21 the history of the company.

22 MS. BARRETT: So, you have heard  
23 a lot about what are city newspapers, and

1 that is also misunderstood. Just as what  
2 exactly our business is can be  
3 misunderstood, what has been hurting our  
4 business is also misunderstood. It has  
5 nothing to do with audience. As Steve just  
6 said, we have the largest audience today  
7 than we ever have. People are reading us in  
8 different ways, different platforms,  
9 different formats, but it is the same  
10 content.

11 What has hit newspapers that you  
12 read a lot about, it's all related to  
13 advertising. But there is a fix for that.  
14 So, traditionally, newspapers biggest  
15 advertisers have been department stores:  
16 Sears, JC Penney, Maceys. And I think  
17 everybody in this room knows what has been  
18 happening with that sector.

19 So, what has, you know, been  
20 reported to hurt our sector is actually  
21 related to where we were getting our  
22 advertising money. But, there is a very  
23 significant fix that we are well under way

1 with. And quite frankly, CNHI is ahead of  
2 most U.S. newspapers. The rest of the  
3 world never did it this way anyway. Only  
4 the U.S. was over-retailed, and because we  
5 were over-retailed, we had the ability to  
6 build an entire industry, an entire news  
7 business, by relying on advertising  
8 revenue almost exclusively. You have  
9 traditional paid much less for your  
10 subscription than it costs to print and  
11 deliver it to your house. It was  
12 subsidized by all that advertising. But  
13 that's not the business any longer. And  
14 it's never been the business in other  
15 countries.

16 When I was represented the U.S.  
17 on the international board, I was able to  
18 take the deep dive into what was going on  
19 in all these other countries. They  
20 receive the overwhelming majority of their  
21 revenue directly from their subscribers,  
22 not from advertising, because they never  
23 had our big beautiful department stores.

1 They never had all of this excess retail.

2 So, they charged readers a fair  
3 price, but that's what they relied on  
4 instead of advertising to the point where  
5 in Denmark 95% of the revenue came from  
6 subscribers; 5% from advertising, where  
7 traditionally in the U.S. that was almost  
8 flipped; we were 80/20.

9 CNHI has taken a deliberate path  
10 to build a business model that relies  
11 exactly on what the rest of the world  
12 always has, and today we are closer to  
13 50/50. And at some point, we will be  
14 95/5, just like Denmark.

15 All right. Now, we can't do  
16 that without really strong content. And  
17 you might think about the newspaper that  
18 you are get in your daily market. You  
19 might love it, you might not. We believe  
20 that content is everything.

21 And so, even though we are small  
22 newspapers, we make sure that we build and  
23 provide top drawer content. And we can do

1 that through a number of ways. We have  
2 statehouse bureaus in every state where we  
3 have meaningful numbers of newspapers, and  
4 that is very unusual today. Almost no  
5 company has continued with statehouse  
6 bureaus.

7 We build specialty pages, and  
8 these are one-page that's built for the  
9 entire company when something special is  
10 happening, whether it's the Apollo moon  
11 landing anniversary, the anniversary of  
12 D-Day. We just ran our SEC preview pages.  
13 Whatever -- whatever is going to be  
14 appealing to all CNHI readers, we make  
15 sure we build top drawer pages to share  
16 with all. So, if you are a reader in  
17 Oklahoma or you are a reader in  
18 Massachusetts, you are going to get these  
19 beautiful pages.

20 And, of course, we also have our  
21 magazines, which if you look at the copy  
22 that we gave you, these are top drawer.  
23 These hold water and I would say surpass

1 most of what you would find on any  
2 newsstand anywhere. These are very, very  
3 good magazines, and they reproduce ads  
4 beautifully.

5 MR. MCPHAUL: So, if you take a  
6 look at page 11, our mission has never been  
7 more important than it is today. And if you  
8 think about it, this current confluence of  
9 events: Global pandemic; economic crisis;  
10 nationwide protests; throw in a presidential  
11 election; in just this week, a Supreme Court  
12 justice opening.

13 So this -- if you will, a  
14 confluence of these events has not  
15 happened in our lifetime, and so with it,  
16 it is critical that we provide accurate  
17 and timely news and information to our  
18 communities, and we do just that.

19 If you take a look at page 12, I  
20 think this is a very good example. This  
21 is a photo of a line of police at a Black  
22 Lives Matters protest. This was taken by  
23 a CNHI photographer in Georgia. And the

1 point of this photograph is this: We  
2 cover events that impacts the lives of  
3 people in our communities.

4 MS. BARRETT: So, on page 13, we  
5 will going to brag a bit about individual  
6 newspapers. Every year a number of CNHI  
7 newspapers are named the number one  
8 newspaper in their state. And this is this  
9 year's gathering.

10 So, in Indiana, the number one  
11 newspaper in Indiana, as determined by the  
12 Hoosier Press Association -- not us -- is  
13 the Anderson Herald Bulletin. Now, that  
14 is our newspaper. Much, much smaller, as  
15 you would imagine than the Indie Star, or  
16 the Muncie Newspaper, or Bloomington, or  
17 I'm not sure how much anybody knows about  
18 Indiana -- Evansville or a number of other  
19 towns happens to be my home state -- so I  
20 can list them all. But Anderson is not  
21 even close to being the biggest newspaper  
22 in Indiana. What it is, is the best.

23 The same is true in Missouri,

1           where we have the Joplin Globe. The  
2           Joplin Globe is the newspaper of the year.  
3           It is not the Kansas City Star. It is not  
4           the Saint Louis Post Dispatch. It is our  
5           Joplin Globe; and I think that's something  
6           that you guys can all be proud of.

7                         Again, in Oklahoma -- now, we  
8           own a lot of newspapers in Oklahoma, but  
9           we do not own Oklahoma City, and we do not  
10          own Tulsa. What we do own are the smaller  
11          newspapers, and our Norman, Oklahoma, is  
12          the Newspaper Of The Year in that state.

13                        So, let's talk a little bit  
14          about our overall strategy as far as  
15          digital. Well, we believe that the key is  
16          to keep it in balance with print. You  
17          have probably heard of a lot of companies  
18          who put digital well in front of print to  
19          the point where we think they disrespected  
20          print. That was premature and, quite  
21          frankly, detrimental to the health of  
22          their business. That happened a lot with  
23          certain newspapers in Alabama.



1                   There are other newspapers,  
2                   generally owned by smaller owners, who  
3                   ignored digital completely. That's also  
4                   wrong, because that is ignoring your  
5                   growth.

6                   So, our strategy is very simple.  
7                   It's respect print, but grow digital. And  
8                   every employee in CNHI is ingrained on  
9                   that. That very simple premise, that they  
10                  work in balance with one another, and only  
11                  when you have them in balance will you  
12                  have a strong, stable, viable newspaper  
13                  company.

14                 MR. MCPHAUL: If you take a look  
15                 at page 15, a little bit about our  
16                 readership, and it is growing. So, our  
17                 readers are highly engaged. They are loyal,  
18                 and it is a sizeable following, if you will.  
19                 Just this year we will do in the  
20                 neighborhood of 620 million page views.  
21                 That is a very, very significant number.  
22                 And, you know, when you take a look at them,  
23                 they are spending more time with us than

1 they have ever before when they do visit our  
2 websites. And when they are there,  
3 they're -- I guess the best way to put it,  
4 they are 100% engaged because of the timing  
5 that they spend on it.

6 So, that is because we provide,  
7 again, news and information that is  
8 timely, it's critical, it is local, and it  
9 is high quality.

10 MS. BARRETT: So, on page 16, we  
11 are going to end on the highest note  
12 possible. I am sure everybody here is aware  
13 of the Pulitzer Prizes. They are generally  
14 won in journalism by the New York Times, the  
15 Washington Post, and other very major  
16 newspapers. This year CNHI was awarded the  
17 Pulitzer Prize for editorial writing. And  
18 it was from our tiny -- and I mean,  
19 teeny-tiny paper in Palestine, Texas. And,  
20 yes, they say "Pales-teen." We have had so  
21 many people try to correct us politely, and  
22 say, "You know it's Palestine, right?" And  
23 it's like, no. Just like there is

1 "Vi-anna," Indiana, there is "Pales-teen"  
2 Texas.

3 But it -- a tiny little paper,  
4 even by the standards of community size  
5 publications, won the Pulitzer, our first  
6 Pulitzer as a company. This is  
7 monumental, and we want you to share that  
8 pride with us, because to say that we are  
9 out boxing our weight class would be an  
10 understatement on this.

11 So, with that, thank you for  
12 listening and letting us talk about our  
13 company, the one we are so proud of.

14 And I think we will move to  
15 questions, Dr. Bronner?

16 DR. BRONNER: Sure. We're open.

17 MR. FIBBE: Are there any  
18 questions from Board members?

19 MR. MCMILLAN: Yes, I would like  
20 to get you to talk a little bit more about  
21 the printing side of it. Like, do you  
22 outsource any printing? Do you multiple  
23 paper print?

1 MS. BARRETT: Both, actually,  
2 yes. In today's world, we like to say  
3 either print or to be printed. And what  
4 that means is, we have operating printing  
5 presses in many of our locations, and we  
6 don't just print our newspapers. Other  
7 companies pay us to print theirs, as well.  
8 In some cases that's flipped, where we are  
9 the ones to pay. If we don't have the  
10 printing press, we will pay other companies,  
11 whether it's Ogdon Newspapers or Gannett or  
12 whomever it might be, we pay those  
13 companies, in some cases to print our papers  
14 at their printing presses, but in more cases  
15 we have other companies paying us to print  
16 their newspapers. And that's not just other  
17 daily newspapers or weeklies out in the  
18 private sector. This includes university  
19 papers, as well.

20 For example, in Oklahoma, we are  
21 the printer for both the, you know, OU and  
22 OSU student newspapers. In Terre Haute,  
23 Indiana, we print, you know, the Terre

1 Haute Daily Newspaper, et cetera.

2 So, we have a number of what we  
3 call "commercial jobs," and that is a  
4 lucrative source of revenue for us. If we  
5 have a press, we want to keep it running  
6 more than just the time it takes to run  
7 our own newspaper. Because I don't know  
8 if you guys have seen these printing  
9 presses. They are monsters. They are  
10 huge. And the way you make money with  
11 them is to print a lot more than what, you  
12 know, you, yourself, need.

13 MR. FIBBE: Mr. Butler?

14 MR. BUTLER: Donna, that's a  
15 great presentation. Thank you.

16 I am just curious about your  
17 view of your portfolio and whether you're  
18 looking for acquisitions or looking to  
19 sell. Would you talk about that a little  
20 bit?

21 MS. BARRETT: We love our  
22 portfolio. It did, you know, take a little  
23 bit of work to get it where it is today. We

1 made some strategic sales of things that  
2 didn't quite fit or were not in very  
3 attractive markets. But we are always  
4 looking for another strong acquisition that  
5 would fit.

6 We go through a very vigorous  
7 due diligence process before we decide  
8 whether a newspaper fits our portfolio.  
9 You know, it has to be the right kind of  
10 market and, of course, a number of other  
11 factors. We love university towns, as Dr.  
12 Bronner has encouraged us. We love  
13 university towns with a lot of retirees,  
14 as well, because they are devoted readers.

15 So, you will see us continue, I  
16 think, to look at acquisitions that makes  
17 sense. But make no mistake, we are very  
18 vigorous with it. We are not the  
19 "buy-it-because-it's-for-sale" type of  
20 buyers.

21 MR. FIBBE: I have a question for  
22 you.

23 Are your publications daily, or

1           how -- what percentage is daily and what  
2           percentage is weekly, and so on?

3                       MS. BARRETT: Okay. So, in  
4           today's world with digital, all are 24/7.  
5           So, our industry has really moved away from  
6           talking about daily versus weekly, because  
7           every newspaper we own, even if it comes  
8           out, you know, print once a week, it has a  
9           daily presence through our digital sites.

10                      But, if we want to talk about  
11           just truly how many of our newspapers are  
12           printed, and what would be considered a  
13           daily cycle, that would be 65. And that  
14           definition, again, is changing, and the  
15           industry, as you can imagine, is going  
16           through so many transformations. Many of  
17           them very good or, in some cases, there  
18           are choices, and we believe we have made  
19           the right ones.

20                      So, our digital and print  
21           working together has been very, very  
22           strong, but it has really changed the way  
23           that we talk about daily versus weekly,

1           you know, as in the past. Even the  
2           Associated Press doesn't categorize it  
3           that way anymore.

4                       MR. FIBBE: Okay. And, yes, Mr.  
5           Harer?

6                       MR. HARER: I would like to thank  
7           you guys, because I am still a person who  
8           has to have that print in front of me.

9                       MR. MCPHAUL: Me, too.

10                      MR. HARER: But one thing that  
11           has been mentioned, and it -- the importance  
12           of print paper is the voting percentage of  
13           people who -- last Sunday, I saw that 90% of  
14           people who hold a paper will vote in the  
15           next election.

16                      MS. BARRETT: Yes.

17                      MR. HARER: And that is an  
18           astounding number, as opposed to a digital.  
19           And the importance to what we do here is try  
20           to protect this system and everything else  
21           that we do that we have a print paper is  
22           pushed out.

23                      MS. BARRETT: Yes. I'm so glad



1 that you mentioned that. It's actually a  
2 frustration of ours that the national  
3 candidates don't use newspaper, they use TV,  
4 because what you have said is exactly true.

5 So, we get a lot of political  
6 advising at local race levels, and that  
7 makes a whole lot of sense because, yes,  
8 90% of newspaper readers are voters. And  
9 that doesn't replicate in any other way to  
10 deliver a message.

11 So, why national candidates  
12 don't use newspapers instead of television  
13 more is a mystery to us. Every election  
14 cycle we make a big push with a lot of our  
15 other peer companies, and every cycle you  
16 see all the ads on TV and not in our  
17 newspapers, which is a shame. But you  
18 will see local races.

19 MR. FIBBE: Ms. Statum.

20 MS. STATUM: I want to thank you  
21 guys for coming. That was very informative.  
22 There was a lot there I did not realize.

23 I wanted to ask about the awards

1 that you guys have received on these  
2 newspapers. Is that based on content,  
3 subscriptions, print, I mean, or is it all  
4 of the above?

5 MS. BARRETT: It's quality of  
6 content. It's truly an editorial quality  
7 contest in every state press. So, what you  
8 have in every state in the country, they  
9 have a press association; and that press  
10 association, you know, represents on a lobby  
11 level and many other ways, all the  
12 newspapers in the state. And that  
13 association always has a judging contest on  
14 editorial quality.

15 So, it is pure content quality.

16 MS. STATUM: Okay. Thank you.

17 MR. FIBBE: Any other questions?

18 (No response).

19 MR. FIBBE: I see no other  
20 questions. None on remote.

21 Thanks for coming. Thanks for  
22 your presentation.

23 MR. MCPHAUL: Thank you, sir.

1                   MR. FIBBE: I did get a chance to  
2 look in on the presentation that you did a  
3 few days ago to the Teachers' Retirement  
4 System, and I enjoyed it even more the  
5 second time. So, thank you very much.

6                   MS. BARRETT: Well, thank you.

7                   MR. MCPHAUL: Thank you very  
8 much.

9                   MS. BARRETT: We appreciate being  
10 invited. Thank you.

11                  MR. FIBBE: All right. Our next  
12 item on the agenda is the Investment  
13 Performance Update. Mr. Green.

14                  DR. BRONNER: Before he talks,  
15 Mr. Chairman, I was going to give you an  
16 update on Mobile and then he will take you  
17 through the numbers.

18                  MR. FIBBE: Good.

19                  DR. BRONNER: Do remember that  
20 September is usually the worst month on Wall  
21 Street when he gets to the numbers. It's  
22 demonstrated that thus far, so far this  
23 year. The one month out of the year is

1 usually the worst month is September, about  
2 60% to 65% of the time.

3 In Mobile, as all of you are  
4 aware, Sally hit us. So, I will just talk  
5 about -- I don't want talk about the  
6 hurricane, I will just talk about the  
7 impact that a hurricane on Mobile and the  
8 Grand.

9 The Grand is closed right now.  
10 We hope to open it this weekend. The main  
11 building that was hurt was the spa  
12 building. That's the tallest building.  
13 And what's fascinating about it is that  
14 all the damage comes from the northeast  
15 side. So, you think the hurricane is  
16 coming in from the south, and the damage  
17 hits you on the northeast side. It raised  
18 the roof a little bit, put a hole in it.  
19 We have water problems there.

20 So, we are trying to -- We got  
21 the tarp on yesterday, and actually we  
22 started it almost immediately after the  
23 storm. So, we had it on, but it took a

1 lot of effort to try to seal it down from  
2 water.

3 We had water leaks about a third  
4 of the Conference Center got a little wet,  
5 because the storm surge busted the doors,  
6 but it didn't get the whole place.

7 The other roof that was hurt at  
8 the Grand is what I call the laundry  
9 building, which is behind the -- if you  
10 drove in, it's on your immediate left.  
11 It's behind the Conference Center. But it  
12 got that roof, too.

13 So, we are working on two roofs  
14 there and the water problem. We had a few  
15 leaks and things. Nothing got into the  
16 restaurant area, or the Buckey's or the  
17 old part like it had before. I mean, the  
18 last time we went through this, remember,  
19 we had the dock inside the Conference  
20 Center with about eight to 10 feet of  
21 water. So, we did not have anything like  
22 that.

23 So, we really think we will be

1 open and fine come this weekend. We had a  
2 lot of sand problems, because it blew the  
3 sand so bad that it filled up the pool  
4 with sand. If you looked at the pretty  
5 green grass of the Grand, it was  
6 nonexistent because it was all sand. So,  
7 we have got all that up already, too.

8 So, all the sand is up. The  
9 pool is crystal clear, clean. So, that's  
10 why I think we will be operational this  
11 weekend.

12 For Mobile, a little bit  
13 different story. The first hotel, the  
14 Riverview, you know, I am sitting here  
15 shaking my head, because I have been  
16 through these things a few too many times.  
17 But, anyway, so the little girl from CNBC  
18 is down there in front of the Battle House  
19 walking towards the Riverview. And she's  
20 going, oh, my God, the roof is blowing  
21 off, which it wasn't the roof, it was  
22 the -- there was a -- we put in -- in  
23 order for a person to stay at the

1 Riverview, you had a dropoff in front of  
2 the hotel, and we put a plexiglass thing  
3 through with a roof. So, if it's raining,  
4 you can go right into the hotel without  
5 getting wet, et cetera. Well, that  
6 peeled. One plexiglass after another was  
7 flying around downtown like you had like  
8 50 different helicopters all bouncing off  
9 things.

10 So, anyway, so that's about the  
11 damage of the Riverview. You have -- Any  
12 time you have that 50, 100-mile-an-hour  
13 winds, much less 100-mile-and-hour winds,  
14 whether it's here in Montgomery, I always  
15 fight water problems, because I had one in  
16 my office one time. We couldn't figure  
17 out where it was coming from. And believe  
18 it or not, with 100-miles-an-hour hitting  
19 that wall over there, it will find a nail  
20 hole. One lousy little nail hole will let  
21 the water in, believe it or not.

22 MR. MCMILLAN: It goes that way.

23 DR. BRONNER: Yeah, I mean, you

1 go, oh, my God, it can't be. But, anyway,  
2 so, we had water leaks there.

3 Over at the Battle House we had  
4 a bigger problem. And as some of you  
5 know, we fortunately were able to convince  
6 the City to put its police precinct in our  
7 parking deck after we had that terrible  
8 situation where the wino/alcoholic/drunk  
9 raped somebody in our parking deck. And  
10 from then on, I worked with with the City,  
11 and the City put in, on the first floor of  
12 the parking deck, a full precinct; not  
13 just a cop or two, but a full precinct.

14 Well, we had to block that off  
15 because of the -- when it floods in  
16 Mobile, as Tim would tell you, Water  
17 Street isn't named from somebody else. It  
18 is named for the water that comes in from  
19 the floods. So, we had to sandbag that,  
20 but it worked because we have back doors,  
21 obviously, and they can come in to  
22 function.

23 So, there was not a -- It was a



1 problem that we were used to and we could  
2 handle. What we are not used to, and we  
3 are trying to do the best to handle, is  
4 the roof of the old Battle House Hotel.  
5 That peeled. So, we had water on the top  
6 floor of that hotel that we are dealing  
7 with right now.

8 My guess is, it will be anywhere  
9 from seven days to 14 days, and we will be  
10 able to get that under control. But we  
11 had to put a temporary roof on, and then  
12 we will put on a real roof again. But it  
13 just peeled it off.

14 So, if there is any questions on  
15 that, I will be glad to answer them. I  
16 think we -- I know we have got it under  
17 control. It's just a matter of getting it  
18 back together. And the time frame is a  
19 lot better than the last time we had a  
20 hurricane, which took me about four to  
21 five months, if I remember, maybe six  
22 months, to really get through that.

23 There was damage at the golf

1 course at the Grand. There was damage  
2 also at the golf course in West Mobile.  
3 West Mobile, as Jim and I were talking  
4 today, his power got back on -- how many  
5 days did you say?

6 MR. FIBBE: I got back on in one  
7 day.

8 DR. BRONNER: One day. And,  
9 well, the golf course wasn't that fortunate.  
10 It's taken us about almost a week, and we  
11 had a number of trees down, which wasn't  
12 super severe. Nothing like Opal where I had  
13 to bring in people from Canada with  
14 helicopters.

15 So, it was a few -- a few dozen  
16 big trees. The Grand lost two or three  
17 big trees. Normally they don't go down.  
18 They survey these hurricanes pretty well.  
19 But they were, you know, almost a 100  
20 years old so, they will go down.

21 We had one go in the -- I call  
22 it a pond, but it's really the -- you know  
23 when you drive into the Grand, on the

1 right-hand side, all the water with  
2 fountains and everything? We had one go  
3 in there. So, we have got it under  
4 control.

5 And as I said, that should be  
6 operational next week. The golf course  
7 might be two weeks before it functions,  
8 because you want to -- you want to -- the  
9 hard part about a golf course, and that's  
10 why when you had Opal, I had over 30,000  
11 trees down. And if you send in the good  
12 ol' boys, you might as well just close up  
13 the golf course for about two years,  
14 because when they drive in with the  
15 trucks, they are going to wreck the  
16 sprinkling system. They are going to  
17 wreck the terrain. They are going to  
18 wreck everything.

19 So -- but we don't have to do  
20 that. Our guys will handle it. We --  
21 What we do is the same thing we have when  
22 we have personnel problems at the Trail;  
23 we bring in somebody from another site.

1           And other than that, that's probably what  
2           you need to know.

3                         We have had some personnel  
4           problems at the Trail. We had another  
5           robbery in Birmingham. And so, somebody  
6           had to be discharged there because they  
7           didn't follow the rules that we put down.  
8           And then, shortly thereafter, we had an  
9           assistant pro up there, and I got on to  
10          this, God, it must have been 10 years --  
11          20 years ago, over at Opelika. I was  
12          sitting in the restaurant afterwards, and  
13          I was listening to two people that worked  
14          there dividing up the stuff they found  
15          during the day.

16                        So, that didn't work out for  
17          those two people. And that's what we had  
18          happen in Birmingham where some guy kept  
19          calling back about his range finder.  
20          That's what you can tell the distance from  
21          a golf ball from the pin, or you shoot the  
22          pin and it tells you how far it is: 210  
23          yards, 90 yards, whatever. And they are

1 expensive.

2 And, anyway, he had taken it and  
3 put it on E-Bay. And, now, think of this  
4 one. Now, not very many people, when you  
5 buy something -- at least I'm terrible at  
6 it. If I buy something, I throw the box  
7 out before I even know it works, usually.  
8 Well, he kept the box. So, when it came  
9 up on E-Bay, that this instrument was  
10 being sold on E-Bay, he not only had the  
11 box, but he had the code number on the box  
12 which went with the thing. So, he had to  
13 be discharged.

14 So, we are a little shorthanded  
15 right now for golf directors and things,  
16 because we have gotten rid of two or three  
17 of them in the last, really, 90 days for  
18 various reasons. But the criminal ones  
19 are the ones that bother me the most.

20 So, if there are no questions on  
21 the damage of Sally, I'll turn it over to  
22 Marc.

23 All right. Marc, it's all

1           yours.

2                           **INVESTMENT PERFORMANCE UPDATE**

3                           MR. MARC GREEN: Thank you. The  
4                           second tab in the book, page 20, is the  
5                           investment performance. This will cover the  
6                           period through July 31st, so the first ten  
7                           months of the fiscal year. I will  
8                           concentrate on the column in the middle,  
9                           FYTD.

10                           The first block, per usual,  
11                           Domestic Equities, our return was 6.76%.  
12                           Benchmark was almost 8%. We've been  
13                           underweight within the core fund, the FANG  
14                           stocks, if you will: The Facebooks,  
15                           Amazon, Netflix, Google. We view them  
16                           rather expensive, so we are underweight  
17                           there. And they continue to kind of run  
18                           in our face as the low interest rate  
19                           environments really propped up equity  
20                           valuations for growth companies.

21                           The other issue, if you can look  
22                           at the S&P 500 Index Fund, return is 10.49  
23                           versus the S&P 500 of 11.67. Most of that

1 difference is collateral. We have had to  
2 post on our put spread collars. But with  
3 the market having come back off in  
4 September, as Dr. Bronner talked about, a  
5 lot of that money is going to flow back  
6 in. So, we expect that performance to be  
7 pretty close to inline.

8 The next section, International  
9 Equities, our return was -5 basis points.  
10 The benchmark is 1.21%. A couple of  
11 issues there. Emerging markets, the two  
12 ETFs that we use have not really tracked  
13 their benchmark very well. There is  
14 nothing we can do about that, as well as  
15 we sell puts and calls around the core  
16 position, and we had puts out in March  
17 when the market imploded, and we got  
18 assigned -- we had, I think the 39s,  
19 38-and-a-halves, 38s, and the EM went out  
20 at, like, 32 that month. But, currently,  
21 it's back to 44. So, we are back in the  
22 black substantially, but that was a  
23 short-term hit to performance.

1                   The last two lines, Total Global  
2                   Equity, our return was 5.27% versus our  
3                   benchmark of almost 6.5%.

4                   So, that covers public equities.

5                   Page 21, first line, fixed  
6                   income, return was 8.75%. You can see the  
7                   Barclays Agg was 7.91%. So, we did better  
8                   than our benchmark there.

9                   Private placements up 8.69%.  
10                  Preferred and privates up half a percent.  
11                  Blending those two, up 1.9%. Real estate,  
12                  as you are aware, we get it appraised once  
13                  a year, so there is no return there until  
14                  after fiscal yearend. So, our total  
15                  alternative return was 80 basis points,  
16                  folding in fixed income with alternatives,  
17                  the return was 4.28%.

18                  Dropping down to cash, our  
19                  return was 1.30%. And lastly, the total  
20                  plan policy -- or the total plan return  
21                  was 4.97% versus plan policy of 6.61%.  
22                  And through the close of yesterday, the  
23                  fund was up 5.6%. So, a little bit better



1 than what we are seeing here, even with  
2 equity pullback.

3 So, that concludes ERS  
4 performance.

5 Any questions there that I could  
6 try to address?

7 MR. BUTLER: Marc, the 5.6% still  
8 doesn't have real estate in it?

9 MR. MARC GREEN: No. That just  
10 catches up all the public market securities.  
11 So, the privates that were valued in March,  
12 as well, about 6% of that, and about 9.5% of  
13 real estate are still kind of stale.

14 All right. Page 22 gives you  
15 the pie chart of your asset allocation.  
16 Between international and domestic  
17 equities, you can see about 63.5% is  
18 dedicated to that space. Fixed income is  
19 almost 13%. Private placements, private  
20 equity is about 6.5%. Real estate, a  
21 little over 9%. And cash, almost 8%.

22 So, that concludes the ERS  
23 performance. Do you want me to run all

1 the way through Judges or sort of drop --

2 DR. BRONNER: Sure.

3 MR. MARC GREEN: Okay. All  
4 right. Judges starts on page 23. Again,  
5 U.S. Equities at the top, the return was  
6 7.77% versus the benchmark of 8.67%. Under  
7 International Equities, a return of -82  
8 basis points versus a benchmark of plus 42.  
9 The last two lines, our return was 5.84%  
10 versus our benchmark of 6.84%.

11 Page 24, fixed income return was  
12 8.06% versus the Barclays Agg of 7.91%, so  
13 a little bit ahead.

14 Under Alternatives, Private  
15 Placements, up 10.11%. Preferred and  
16 Private Equity, 9.91%. Blending those two  
17 together is 10.1%. Real estate again is  
18 zero. So, your total alternatives with  
19 real estate folded in is 2.18%. Folding  
20 in fixed income, the total return was  
21 7.67%. Cash, again, was 1.33%, and the  
22 total plan return was 6.27% versus  
23 benchmark of 6.94%. And this fund,

1 through yesterday, was up 6.9%.

2 Flipping to page 25, this again  
3 is the pie chart. Total public equities  
4 within Judges is 65.6%. Fixed income, a  
5 little over 25%. Private placements and  
6 private equity, a little less than half a  
7 percent. Real estate 1.3%. And cash at  
8 7.6%.

9 So, that concludes the Judges  
10 performance. Questions or comments?

11 (No response.)

12 MR. MARC GREEN: Having none,  
13 page 26. This is the Universe Peer  
14 Performance Report. This is as of the end  
15 of June, so 6/30/2020. The fiscal  
16 year-to-date column would be the column that  
17 says "three quarters" so, that would cover  
18 October 1 through the end of June.

19 The ERS plan return of 1.77%  
20 ranked in the 49th percentile. JRF at  
21 2.89% ranked in the 33rd percentile, and  
22 you can see the median return was 1.65%.  
23 So, both plans were ahead of the median,

1 and you can go out to the out-years, as  
2 well, at your leisure.

3 MR. FIBBE: Are there any  
4 questions?

5 (No response).

6 MR. FIBBE: I have no questions.  
7 Thank you, Marc.

8 MR. MARC GREEN: Okay. I have  
9 got two more quick pages if you want me to  
10 hit them.

11 MR. FIBBE: Go right ahead.

12 MR. MARC GREEN: Okay. Page 27  
13 and 28 is just a snapshot of the Investment  
14 Policy Compliance Report. As of 9/7/2020,  
15 you can see ERS is within the compliance  
16 range as set forth by the IPS, adopted by  
17 the Board.

18 Judges, as of this date, was out  
19 of compliance. We had 22 basis points  
20 more cash than was set forth in the range.  
21 And we had sold a percent-and-a-half of  
22 S&P 500 out of both ERS -- well, TE and J,  
23 and with this pullback we added back 1% in

1 the Judges to bring it back within  
2 compliance, but we brought it back at a  
3 much lower level.

4 So, that concludes my report.

5 MR. FIBBE: All right. Does  
6 anybody have questions? Any Board members?

7 (No response).

8 MR. FIBBE: I don't think there  
9 are any. Thank you.

10 MR. MARC GREEN: All right.  
11 Thank you.

12 MR. FIBBE: The next item is the  
13 Report on Actuarial Valuation of ERS and  
14 JRF, from Cavanaugh Macdonald.

15 DR. BRONNER: There he is. As  
16 cute as he can be.

17 **REPORT ON ACTUARIAL VALUATION OF ERS AND JRF**

18 MR. LANGER: Good morning,  
19 everyone. Larry Langer from Cavanaugh  
20 Macdonald. With me today is Cathy Turcot  
21 and Ed Koebel, as well.

22 We are here to present the  
23 September 30th, 2019, valuation. It's the

1 valuation from almost a year ago. And  
2 this valuation determines the funded  
3 status as of that date and the rates --  
4 the contribution rates for fiscal year  
5 ending September 30th, 2022. So, anything  
6 that's happened since that time frame is  
7 not reflected in this valuation. We will  
8 be back in the spring of next year, either  
9 via Zoom or Webex or in person hopefully,  
10 to discuss results as of September 30th,  
11 2020.

12 The purpose of the valuation is,  
13 it generally is to accumulate  
14 contributions over the course of each  
15 member's career, so that when they retire,  
16 there are sufficient funds on hand to pay  
17 those retirement benefits. And we do this  
18 through this actuarial valuation process,  
19 which I like to think of as a glorified  
20 budgeting process. Maybe a little bit  
21 more complex than some budgets, because we  
22 are dealing with a lot of different risks,  
23 such as how long people live and what type

1 of investment returns there are, and  
2 things of that nature. But again, it's a  
3 glorified budgeting process.

4 So, every year we update this  
5 valuation because we make use of a lot of  
6 estimates. There are assumptions about  
7 what we think will happen, and we replace  
8 it with information that actually happens.

9 And so, you know, for the year  
10 ended September 30th, 2019, we had returns  
11 in the mid-twos, and we were anticipating  
12 7.7% year-over-year in the valuation, and  
13 there are a few other items that were a  
14 little astray that we will get into a  
15 little bit later on in the presentation.

16 With that, I am going to go into  
17 the valuation reports.

18 First, the valuation report  
19 that, it says, the report on the actual  
20 valuation on the Employees' Retirement  
21 System of Alabama prepared as of  
22 September 30th, 2019. You are worried  
23 that I am going to go too fast. That's

1 probably not a worry all that much. But I  
2 am monitoring a little chat box off in the  
3 side if you-all have questions and things  
4 of that nature. And if you have any  
5 questions, please put them there, and I  
6 will try to look at the screens, as well.

7 So, the first page we are going  
8 to work our way to this report is page  
9 one. And we have summary pages throughout  
10 this report that's sort of in triplets  
11 that will have results for State  
12 Employees, then we will get into results  
13 for State Policemen, then and summary of  
14 results for local employees. We actually  
15 do around 900 different valuations for  
16 locals, but we have some summary of  
17 statistics in this valuation report for  
18 that.

19 So, on page one, we have the  
20 core summary of results. And if you are  
21 so inclined to keep a favorite page in  
22 your valuation report, this would be the  
23 one to take out and stick to your



1 refrigerator. This contains all the key  
2 numbers for this year's valuation, as well  
3 as last year's. You can see in the left  
4 column we have results as of  
5 September 30th, 2019, and the right  
6 column, we have the results we presented  
7 last year for September 30th, 2018.

8 In the top, we had some  
9 information about the participants within  
10 the fund. The number of active  
11 participants fell slightly from last year  
12 to this year. A compensation did go up.  
13 We do anticipate compensation goes up from  
14 year to year.

15 The number of retired members  
16 and beneficiaries, that went from 24,187  
17 to 24,544. We do anticipate that people  
18 retire and are added to the retirement  
19 rolls, and similarly they pass and they  
20 are subtracted from the rolls. So, we  
21 don't anticipate growth within those  
22 numbers over the course of time. So,  
23 that's not anything to worry about.

1           Assets, we have the actuarial  
2 value of assets, as well as the market  
3 value of assets. The market value of  
4 assets is the items that Mr. Green reports  
5 on. The actuarial value of assets is what  
6 we make use on to keep contributions  
7 smoother than they otherwise would be.  
8 It's an averaging of the value of assets  
9 over the course of five years.

10           You will notice throughout the  
11 report we have several summaries of  
12 information, like active members, retiree  
13 members, market value of assets, summary  
14 of planned revisions. And as trustees of  
15 these funds, I encourage you-all to take a  
16 look and make sure that the information  
17 that's contained in those summaries is  
18 consistent with your understanding of the  
19 plan.

20           We work with staff to make sure  
21 that we have a consistent understanding  
22 with what's -- with what we contain within  
23 the valuation, but we've put this

1 information in here, again, to make sure  
2 that we understand that the basis for the  
3 valuation is appropriate.

4 The staff -- we wouldn't be able  
5 to did this without staff. Diane and  
6 Taylor and the rest of the staff do a  
7 wonderful job of making sure we get this  
8 information in a reasonable fashion. And  
9 without them, we would not be able to do  
10 that. So, if it's appropriate, you can  
11 give them a socially distanced hug.

12 Midway through the page, we have  
13 the unfunded actuarial accrued liability.  
14 This is the difference between the amount  
15 of money that should be in the fund and  
16 the amount of money that is actually in  
17 the fund. You can see right now it's  
18 somewhere around \$3 billion for the State  
19 employees. The funded ratio is a  
20 comparison to the -- of the actuarial  
21 value of assets to the liabilities of the  
22 fund. You can see right now we have 62.3%  
23 of that money within the fund. And

1           that -- sometimes you can get hung up on  
2           national averages. I like to say it's  
3           nice, but, you know, you don't want to  
4           compare yourself to the Joneses. You want  
5           to compare yourself to yourself, but right  
6           now that average tends to be hovering  
7           somewhere in the low 70s, like 71%, 72%.

8                         The primary -- besides the  
9           funded ratio, the other primary result of  
10          the valuation is the contribution rates.  
11          These are the contribution rates that will  
12          pay off the cost of benefits accruing for  
13          the participants, as well as pay off that  
14          unfunded actuarial accrued liability I  
15          just mentioned. And you can see that we  
16          have rates here for year ended  
17          September 30th, 2022, based upon this  
18          valuation, and for year ended September  
19          30th, 2021, based upon last year's  
20          valuation for comparison purposes.

21                        You have contributions broken  
22          down into a few different pieces. The  
23          first is the normal cost contribution. We

1 show that for Tier 1 and for Tier 2.  
2 There's different benefit provisions in  
3 effect for people hired before or after  
4 January 1, 2013, and we split those out so  
5 that the rates can be applied accordingly.  
6 The normal cost rate of .94%, that's after  
7 netting out the rate that the members ship  
8 in. You can see that for Tier 1, .94% is  
9 more than the .55% rate. Normal rate for  
10 Tier 2, and that's because the benefits  
11 are a little bit more generous. So,  
12 there's more benefits provided to Tier 1.

13 Contribution to the accrued  
14 liability is a contribution necessary to  
15 pay off that unfunded liability mentioned  
16 earlier. All members, I have  
17 contributions made on their behalf. Part  
18 of the accrued liability that currently  
19 totals 13.52% compared to 13.29%. And  
20 there's contributions for the death  
21 benefit of .02% of administration of the  
22 unfunded .35%.

23 Any comments or questions? And

1 I'm going to cover this for a couple more  
2 plans. But it will go a lot faster, I  
3 promise you.

4 MR. FIBBE: Are there any  
5 questions?

6 (No response).

7 MR. LANGER: You're not beyond  
8 the chat. I'll return.

9 MR. FIBBE: I don't see any  
10 questions, Larry.

11 MR. LANGER: I don't see any  
12 questions, but -- and these are new glasses,  
13 so, I have confidence in them.

14 Okay. I'll move ahead to State  
15 Policemen on page two.

16 The story is very similar here.  
17 The funded ratio is a little bit lower for  
18 State police, but the funding policy is  
19 similar. I think the other notable thing  
20 here on page two is that the normal rate  
21 contribution for the pre-2013 folks at  
22 10.36% of pay for Tier 1, and it's 1% for  
23 Tier 2. And you will see that there is a

1 bit of volatility in the Tier 2 amounts,  
2 and it's that population of actives not  
3 covered under Tier 2 grows over time.  
4 That normal cost rate is designed to stay  
5 relatively level from year-to-year, but  
6 the accrued liability amount will be  
7 volatile and shift from year to year. But  
8 you can see that 41.49% of pay is going  
9 towards paying off the unfunded liability  
10 of this fund.

11 And you might say, well, my  
12 goodness, that's a lot. And at Cavanaugh  
13 Macdonald, we work on a lot of plans  
14 within the United States at the State  
15 level, and it is not uncommon for the  
16 payment to the accrued liability to pay  
17 off the unfunded liability to be much  
18 larger than the payment to the  
19 contributions accruing today. So, that's  
20 relatively normal on this day and age.

21 I'll move on to page three. We  
22 do individual reports for of all the local  
23 employers within the plan. Here we just

1 have a summary of the participants within  
2 the plan. The market value of assets is  
3 \$7.2 billion, and the unfunded liability  
4 at \$2.6 billion. Funded ratio is a bit  
5 better here. Primarily, I think some of  
6 the locals are dipping in a bit more than  
7 necessary, and the funding policy looks  
8 for a bit more contributions to the fund.

9 But you can see here, we don't  
10 list out a contribution rate, because we  
11 develop a contribution rate for each and  
12 every one of the local employers within  
13 here. So, we just -- you know, what we  
14 put down varies here. If you want to know  
15 for a particular local, you have to dig  
16 into that particular.

17 We will move on to a different  
18 set of results here. Get a little bit  
19 more into the -- oh, I am sorry. On page  
20 four, here we have a summary of all the  
21 results across all the elements that we  
22 talked about on page four. You can see  
23 that across the whole fund, the funded



1 ratio is about 68.2%, a little bit of a  
2 dip from 68.7%.

3 We did anticipate a little bit  
4 of a tick up in the funded ratio from one  
5 year to the next to the extent that all  
6 the assumptions are met. You know, it's  
7 at 68.7%, maybe getting up to like 69.25%,  
8 or 69.5%., a slow and steady increase in  
9 that funded ratio over time. But the  
10 reality is that -- the reality is that  
11 things don't go as planned, and this past  
12 year is one of those years.

13 Page six. So, moving on to page  
14 six. We have a summary of active members  
15 as of September 30th, 2019, split out  
16 amongst the three groups we discussed. We  
17 talk about Tier 1 and Tier 2. There is  
18 still more Tier 1 members than Tier 2  
19 members; but over the course of time, over  
20 the course of a generation, everyone will  
21 be part of the Tier 2 benefit plans, and  
22 the contribution rates will be a little  
23 bit lower as a result of that as people

1 migrate towards that second Tier benefits.

2 Move on to page nine, we have a  
3 summary of the retirees and the annual  
4 allowances broken across each of the  
5 groups here. Again, this amount grew from  
6 last year. In the snapshot as of  
7 September 30th, 2019, you have a total  
8 allowances of \$1.13 billion paid out  
9 annually from the fund, and that has  
10 certainly grown, I'm sure, since last year  
11 when this report was -- the as of date for  
12 this report.

13 The next slide I want to talk to  
14 is on page 21. So, this will take a  
15 minute or two. I have got a really fast  
16 mouse, but I have got really slow fingers.

17 On slide 21, we are going to  
18 talk about gain or loss. And I am  
19 sorry -- let me -- I found another  
20 favorite page. Page 19. Pause for a  
21 minute here.

22 The point of the gain/loss, and  
23 it's an unfortunate term, but the point of

1 gain/loss is to put a dollar figure on the  
2 amount of difference between what we  
3 thought the unfunded liability would be as  
4 of this valuation date and what actually  
5 happened. And you can see on page 19 we  
6 reconciled and developed an expected  
7 amount of unfunded liability for the fund  
8 under item eight and the actual amount of  
9 unfunded liability for the fund under item  
10 nine. And then we have something called a  
11 "total gain/loss." You can see for the  
12 State employees -- for the State  
13 employees, we have a loss of \$146 million.  
14 That means the unfunded liability under  
15 item ten is \$146 million more than we  
16 anticipated. And for State Policemen,  
17 it's \$9.9 million more than anticipated.  
18 And we refer to that as an actuarial loss.  
19 That's an unfortunate term, but that's our  
20 shorthand for it.

21 And if you move on to slide 19,  
22 we get into the breakdown of that \$146  
23 million for State Employees, and \$9.9

1 million for State Policemen. We get into  
2 a breakdown of where most of that came  
3 from. And much of this -- Typically the  
4 change you would see would be as a result  
5 of investment return. Remember, we have a  
6 smooth investment return. We average it  
7 out over the course of a five-year period.  
8 And despite having a return of somewhere  
9 in the mid twos, on that smooth basis, we  
10 are awfully close to the 7.7% expected  
11 returns.

12 So, the investment return,  
13 because we are smoothing, contributed very  
14 lovely -- very little to the additional  
15 unfunded liability. It did contribute a  
16 little bit, but only .25% of the accrued  
17 liability. So, \$19 million for State, you  
18 can see almost in the bottom sixth of it,  
19 and \$1.6 for State Police.

20 A larger driver was, in the  
21 middle of the page, salary increases being  
22 more than anticipated was what drove  
23 higher liabilities of the fund, which

1           drove higher unfunded liabilities.

2                         Retiree mortality: People are  
3 living longer than what's anticipated  
4 within the valuation. That's the other  
5 big constrictor.

6                         So, a little bit of an odd year  
7 where an investment return is not the  
8 biggest contributor to increased or  
9 decreased need unfunded liability. But  
10 this has been an odd year. So, it sort of  
11 ties together and makes sense.

12                         You can -- on slide -- or page  
13 22, we have a history of the financial  
14 experience. You can see we show the  
15 experience not only for the year ended  
16 2019, but 2018 and 2017. We review this  
17 information and a lot of other information  
18 when we go to set assumptions. We set  
19 assumptions after the 2021 valuation and a  
20 couple of the trends. You know, what we  
21 look for is if we have consistent trend of  
22 increases or decreases in unfunded  
23 liability, losses or gains. And another

1 one that sticks out here seems to be  
2 for -- I had one written down. Seems  
3 here -- oh, the age and service,  
4 retirements for State Employees seems like  
5 we are consistently having a gain there.  
6 We are anticipating when they are going to  
7 retire, and they are not retiring as fast  
8 as we can see. You can see on the first  
9 line right there. A lot of them are a  
10 mixed bag. You know, some good years,  
11 some bad years, or some years where there  
12 are increases or decreases from what we  
13 are expecting.

14 But we will make recommendations  
15 in a couple of years with regard to having  
16 the assumptions in the change.

17 Moving ahead a little bit  
18 faster, I don't see questions -- good.

19 Moving ahead to slide 37, 38,  
20 39, here we have a summary of the  
21 actuarial value of assets. And I don't  
22 want to belabor this a whole lot, but the  
23 whole point of the actuarial value of

1 assets is, you know, we saw a little bit  
2 of change in the contributions to the  
3 unfunded liability this past year. It  
4 would have been much more had we just  
5 based things directly upon market. We  
6 have shown that 2.5% return, compared to  
7 the 7.7% return. The contributions would  
8 have increased a bit more than expected.  
9 Similarly, if we had returns better than  
10 7.7%, it would decrease a bit more. And  
11 that type of volatility strains budgets,  
12 so actuaries for years had made use of  
13 this actuarial value of assets.

14 The overall thing to take here,  
15 it's a nice stack of numbers here on pages  
16 37, 38, and 39 for the three groups we  
17 talked about. We are just trying to keep  
18 contributions more level than they,  
19 otherwise, would be. And sometimes people  
20 look at it and say it's actuarial voodoo.  
21 I don't look good in voodoo clothes. It's  
22 not voodoo, it's just to keep the  
23 contributions level.

1                   Moving ahead to 40, 41 and 42,  
2                   here is a summary of the market value of  
3                   assets as submitted for the plan. And you  
4                   can see that -- the thing I like to take  
5                   an eyeball at is, you can see that the  
6                   receipts for the period of contributions  
7                   for, in this instance, for the State Plan  
8                   on page 42, are just over \$700 million  
9                   worth of contributions coming in. And we  
10                  had benefit payments of \$1.1 billion go  
11                  out during the year and another  
12                  \$50 million in refunds to members.

13                  So, if you are trying to pay  
14                  that out of cash right now, if you didn't  
15                  have this pre-funded, that would be  
16                  onerous for those folks to have to pay  
17                  these benefits. Well, this gets into the  
18                  benefits of pre-funding. You can see this  
19                  past year \$324 million worth of investment  
20                  income, which was used based upon the  
21                  return of about 2.5%. So, you can see if  
22                  you get typical incentives on average,  
23                  that's more than enough to cover the



1 benefit payments and on top of that  
2 increase the funded status of the plan  
3 over time.

4 So, you have similar -- I am  
5 sorry. That was for all the plans. We  
6 don't have separate slides for the market  
7 value of assets. My apologies for that.  
8 But you can see the benefits of  
9 pre-funding on that slide.

10 Finally, on page 56 of the  
11 chart, we talk about the payment of the  
12 unfunded liability of the plan. We have a  
13 projection of the payment schedule and a  
14 projection of what we think the unfunded  
15 liability could look like over the course  
16 of time. And here we have it, for page 56  
17 for State Employees, we have on for 57 and  
18 58 for State Police and locals on the next  
19 slide. The story is rather similar.

20 A couple of things to note: We  
21 pay out the unfunded liability by 2056.  
22 That's a bit on the long end, frankly, but  
23 you know, the payment of the unfunded

1 liability is the balance between, if you  
2 could pay it off sooner and just like  
3 paying off your mortgage sooner or your  
4 house sooner, it costs more money to do  
5 that. And so, when developing a funding  
6 policy, you want to be mindful of paying  
7 things off in a reasonable fashion. They  
8 also make constructing contributions that  
9 are budgetable.

10 We have been working towards  
11 taking opportunistic looks at paying off  
12 the unfunded liability faster or reducing  
13 the discount rates of the plan. You will  
14 recall last year we dropped the discount  
15 rate from 7.75% to 7.7%. We also looked  
16 at paying down this unfunded liability  
17 maybe a little bit faster with good  
18 positive experience from the fund, as  
19 necessary.

20 So, here we have the \$3 billion  
21 worth of unfunded liability that we talked  
22 about earlier, and the payments towards  
23 that unfunded liability over the course of

1 time. The payments are scheduled to grow  
2 over the course of time. That's common in  
3 the public sector. The projected unfunded  
4 liability, that actually is growing, as  
5 well, and it peaks in 2027 and eventually  
6 gets paid off by 2056.

7 The peaking that -- you know,  
8 the growth over the next two years is a  
9 little bit longer than anticipated, but it  
10 is not uncommon to see that type of thing  
11 within the funding of pension plans.

12 Again, as you try to strike a balance --  
13 strike a balance between affordability  
14 and -- of the plan, as well as  
15 affordability of making the contributions  
16 and making sure that the benefits are  
17 secure.

18 That is it for prepared comments  
19 here. I was going to shift gears to  
20 Judges, which will be about two minutes  
21 and then some other comments. I don't see  
22 any protests right now. So, I am going to  
23 open up the Judges valuation report, which

1 I think you-all have in your packages.

2 This is going to be rather  
3 quick, because the story is rather similar  
4 here as it is with the big State plan.

5 So, I am going to start on page  
6 one. This report, and you can see on page  
7 one we have a familiar story here in terms  
8 of summary of the membership within the  
9 plan, the assets of the plan. This is --  
10 that's hundreds of millions of dollars,  
11 not billions of dollars. The Judges' plan  
12 is a bit smaller. We have unfunded  
13 liability of \$164 million here. It grew a  
14 bit over the past year. We will talk  
15 about that real briefly.

16 Here, the contributions to the  
17 fund, again, like what we saw in the  
18 previous plans, most of the contribution  
19 goes to the accrued liability. A  
20 contribution grow over the past year, and  
21 we will talk about the fact that there  
22 were a little bit of losses to the fund;  
23 losses with regard to the experience on

1 the plan.

2 The normal cost rate is a bit  
3 higher. The Judges' benefits are  
4 accumulated over a little bit shorter  
5 period of time and a little bit more than  
6 the other benefit provisions. But on the  
7 flip side, Judges also tend to retire  
8 later, which sort of offsets those costs.

9 Moving ahead to -- moving ahead  
10 to slide or page -- sorry, my clicker --  
11 slide or page 14. Slide 14 we have, you  
12 know, the velocity this past year of \$13.8  
13 million. And the primary driver of that  
14 is similar to what we saw in the other  
15 plans. Retiree mortality, that's  
16 something we will take an eyeball at when  
17 we review the experience of the fund, but  
18 \$4.7 million towards retiree or liability.  
19 And age and service retirements, earlier  
20 retirements anticipate on \$8.3 million,  
21 which is a little bit of a reversal from  
22 what we saw, I think, on the State  
23 Employees.

1           Finally, near the back of the  
2 report, we have a projection of the  
3 unfunded liability. And here the payoff  
4 on this is a little bit shorter. You will  
5 see when we actually get to that page.

6           On page -- page 44, you can see  
7 the amortization of the unfunded  
8 liability. Here we notice that it doesn't  
9 increase, because we are amortizing this  
10 over a little bit shorter period of time.  
11 You can see we actually get to a point of  
12 being slightly overfunded in 2043, so a  
13 little over 20 years from now. And that's  
14 just part of the funding policy for this  
15 particular plan.

16           So, you should see this one fund  
17 up a little bit quicker. You know, 1.5%  
18 to 2% increase in the fund ratio per year  
19 compared to the other plan.

20           That's it for that prepared  
21 comments on the valuation reports. I  
22 don't see any questions, which probably  
23 means, you know, we all did a really

1           fantastic job of pulling this together.

2                       A couple of comments on what's  
3           next. One, we -- over the past few years,  
4           we have tended to be there in December to  
5           give a sneak peek as to what the  
6           September 30th, 2020, valuation will look  
7           like. We won't have that valuation  
8           prepared until late spring of next year.  
9           But we can take a look at what the  
10          markets -- an estimate on the market  
11          returns through September 30th, 2020, and  
12          we can do a projection based upon those  
13          returns on last year's results to go a  
14          sense as to where contribution rates and  
15          funding status will go, just to give a  
16          sneak peek. We look forward to that in  
17          December. It might be through this Brady  
18          Bunch platform or perhaps in person.

19                       We get questions from time to  
20          time on what do you see on impact of COVID  
21          on plans. Remember early on, you know,  
22          that is the first thing that pops in our  
23          mind is what if this is going to go nuts

1 on returns. Thank the Lord that there  
2 were no plans that had a March 15th  
3 valuation date when it was common for  
4 year-to-date returns to be -10%, -20%,  
5 -25% and has really disastrous results on  
6 the funded status and the contributions  
7 for the fund. But that seems to have  
8 mollified a little bit and probably isn't  
9 as big a deal as we were afraid of six  
10 months ago.

11 It still looks like there is  
12 impact. The June 30th val seem to have  
13 returns that are a bit shy of the assumed  
14 returns, and that may be the case here for  
15 September, but it is not the returns that  
16 would have been, quite frankly, a result  
17 in large increases in contributions that  
18 we were seeing six months ago.

19 That gets us to the other topic  
20 that is near and dear to actuaries'  
21 hearts. People have been asking about  
22 mortality. You know, are we going to --  
23 what's going to happen with mortality in



1 the fund? Are you going to implement a  
2 different mortality table? And the quick  
3 answer is "no."

4 Frankly, we finally have a  
5 public sector mortality table. The first  
6 time the sign of experts to have the  
7 mortality table devoted distinctly for  
8 public sector plans. It was just rolled  
9 out about a year-and-a-half ago, and, of  
10 course, it was already outdated based upon  
11 these results.

12 But I know, you know, the  
13 mortality in this COVID is a big impact on  
14 individuals, but when we look at the funds  
15 as a whole, you know, it doesn't have a  
16 big impact on the fund as a whole. And  
17 that is, you know, to the extent that  
18 people pass from this will reflect it in  
19 the valuation after members pass. We do  
20 anticipate there might be pockets of this  
21 in certain venues. But, again, we will  
22 reflect this as it comes along. Any  
23 change of mortality that we would

1 recommend in a couple of years is going to  
2 be mostly due to the other trends that we  
3 see. It won't necessarily be for COVID.

4 And, finally, the last piece is  
5 retirements. And this will have probably  
6 a little bit more immediate impact on the  
7 valuation. We hear rumors of pockets of  
8 employees that, you know, just decided  
9 that now is a good time to retire. You  
10 see it more so in teacher plans here and  
11 there.

12 You know, for the groups where  
13 they are like, okay, now I have to  
14 videotape a lesson plan to elementary  
15 school kids, I can't fathom what that's  
16 like. But, you know, on this side of the  
17 house, in the State Employees, public  
18 safety and folks of that nature. You can  
19 see that potentially pushing ahead  
20 retirement. Antidotally we have heard  
21 that from some retirement systems. We  
22 will look for that. Maybe we will have  
23 some losses due to our participants

1 retiring earlier than anticipated.

2 But that really is the end of  
3 all of our prepared comments and  
4 unprepared comments. If you have any  
5 questions, I am looking at -- I don't see  
6 any questions. We really appreciate your  
7 time. We hope you-all stay safe and enjoy  
8 the rest of your days.

9 MR. FIBBE: All right. Thank  
10 you, Larry.

11 Anybody have any questions?

12 (No response).

13 MR. FIBBE: I don't see any  
14 questions on the Board's part. Thank you  
15 for that report.

16 We will move on to the next item  
17 on the agenda, and that's Mr. Yancey for  
18 some approvals on local units, and I  
19 understand you have got some -- you gave  
20 us a supplemental list of local units.  
21 And you probably anticipate some more  
22 coming in before the deadline that you  
23 would like an action on.

1 MR. YANCEY: We do.

2 MR. FIBBE: So, if you will  
3 explain all that.

4 **APPROVALS**

5 MR. YANCEY: Thank you, Mr.  
6 Chairman. On page 29, we have one new unit  
7 that is requesting to participate in the  
8 Employees' Retirement System. It is the  
9 town of Ider. Being a municipality, it  
10 should be perpetual in existence, their  
11 funding, their cost from town sales tax. We  
12 have reviewed their information and find  
13 that they appear to be financially stable.  
14 They have 11 employees, and they request to  
15 begin participating in the Employees'  
16 Retirement System, and the staff recommends  
17 that the Board approve their request.

18 MR. FIBBE: Okay. Thank you.  
19 You have heard the recommendation from  
20 staff. Are there any questions?

21 (No response).

22 MR. HARER: Motion to approve.

23 MR. FIBBE: We have a motion from

1 Mr. Harer. Do we have a second?

2 MS. STATUM: Second.

3 MR. FIBBE: Mr. -- Ms. Lisa did  
4 you do that.

5 MS. STATUM: I think we both did  
6 it at the same time.

7 MR. FIBBE: Okay. Either one.  
8 Ms. Statum or Mr. Kelly, one of the two or  
9 both.

10 Any further discussion?

11 (No response).

12 MR. FIBBE: Hearing no  
13 discussion, I call for the question, all in  
14 favor signify by saying "aye."

15 (Board members saying "aye".)

16 MR. FIBBE: Any opposed, like  
17 sign?

18 (No response).

19 MR. FIBBE: Motion carries  
20 unanimously.

21 MR. YANCEY: Thank you. By the  
22 way, if anybody wants to know where Ider is,  
23 if you take I-59 North and get off at the

1           Mentone exit which is the last one before  
2           you hit Georgia and go North and West from  
3           there, that's where Ider is. I didn't know  
4           where it was. But it's about as far  
5           Northwest as you can get.

6                        Item B, we have got it labeled  
7           as re-enrollments. There really are no  
8           retiree re-enrollments here. Item B is  
9           really going to be approval of units  
10          electing to -- local units electing to  
11          provide Tier 1 retirement benefits to  
12          their Tier 2 employees under Act 2019-132.  
13          The units on pages 30 through 34 are the  
14          units that have submitted a request prior  
15          to the time that we put this book  
16          together. There are 213 of them in there.  
17          The supplemental -- I hope everybody got  
18          one. The supplemental list has 70  
19          additional units that have applied after  
20          we had the book completed.

21                       So, I would like to make a  
22          motion that the Board approve the request  
23          of these units to grant Tier 1 retirement

1 benefits to their employees.

2 MR. FIBBE: Okay. You have heard  
3 the recommendation of the staff. That's a  
4 total of, what, 283 units, I believe.

5 MR. YANCEY: Yes, sir.

6 MR. FIBBE: Do I hear a motion to  
7 approve that?

8 MS. STATUM: I make a motion to  
9 approve.

10 MR. FIBBE: Ms. Statum has the  
11 motion to approve. And I need a second.

12 MR. HARER: Second.

13 MR. FIBBE: Mr. Harer seconds.  
14 All in favor signify by saying "aye."

15 (Board members saying "aye").

16 MR. FIBBE: Any opposed to the  
17 motion, like sign?

18 (No response.)

19 MR. FIBBE: Mr. Harer, do you  
20 have a question?

21 MR. HARER: I have a question.  
22 Is that 283 altogether, or is that --

23 MR. FIBBE: I just added the two

1 lists together.

2 MR. YANCEY: That's the total  
3 that you are approving at this meeting.

4 MR. HARER: So, all together we  
5 are --

6 MR. YANCEY: At 350. Sixty-seven  
7 that you have already approved, and you can  
8 see that the numbers are picking up as we  
9 get closer to the deadline.

10 MR. FIBBE: We had a motion, and  
11 a second, and a vote, and the motion carried  
12 unanimously.

13 MR. YANCEY: Thank you,  
14 Mr. Fibbe. I would like to ask the Board,  
15 we have -- the way that Act functions is  
16 that local units that elect to  
17 participate -- begin participating on  
18 October 1st of the -- following their  
19 election. So, we have got about ten more  
20 days almost. I would like for the Board to  
21 grant us permission to allow units to  
22 participate October 1 that come in between  
23 now and October first. We'll bring those



1 units back to the Board for ratification at  
2 the next meeting. But if they don't start  
3 this October, then they couldn't start until  
4 next October. It can't be made retroactive.

5 So, we would like to -- and you  
6 can see the number 70 that came in since  
7 we put the book together. So, we are --  
8 you know we have got quite a few of them  
9 coming in at the present time. So, if the  
10 Board would, I would appreciate such.

11 MR. HARER: I would like to make  
12 that motion.

13 MR. FIBBE: We have a motion. A  
14 second?

15 MS. STATUM: Second.

16 MR. FIBBE: A motion and a  
17 second. Is there any discussion?

18 MR. HARER: I would like to say  
19 thank you for allowing us to do that,  
20 because we know that cities are strapped to  
21 try to -- financially to try to do things.  
22 And if that pushed them back one more year,  
23 it's one more year that that -- due the

1 backpay for employees who are hired on since  
2 2013. So...

3 MR. YANCEY: Thank you, sir.

4 MR. FIBBE: Any other discussion?

5 MS. STATUM: I would like to  
6 thank the staff that I bother with emails on  
7 these -- the questions about this.

8 Mr. Kelly, Mr. Frost, and Debby, thank you  
9 very much for answering the questions that  
10 I've had over the last few months concerning  
11 this.

12 MR. FIBBE: Okay. We have a  
13 motion and a second. Let's call for a vote.  
14 All in favor signify by saying "aye."

15 (Board members saying "aye").

16 MR. FIBBE: Any opposed, like  
17 sign?

18 (No response).

19 MR. FIBBE: Hearing none, the  
20 motion carries unanimously.

21 Thank you, Mr. Yancey. Yes, Mr.  
22 Harer.

23 MR. HARER: I would like to say

1 one thing, and I do apologize to Bill. Can  
2 we get an actual physical number? I know it  
3 changes every day about how many -- not just  
4 the cities, but the employees that have been  
5 changed, or whose retirement has been  
6 affected. Like I said, not today, not next  
7 week, but, like I said, it keeps changing,  
8 but -- sorry, Bill.

9 MR. YANCEY: We can -- it's an  
10 ever-changing number, but we can come up  
11 with an approximation, yes, sir.

12 MR. HARER: Okay. Thank you.

13 MR. FIBBE: Okay. That covers  
14 all the items on our agenda. Are there any  
15 other business that anyone wants to bring  
16 forward?

17 (No response).

18 MR. FIBBE: I don't see any, or  
19 here any. So, I think we're -- yes, sir.

20 MR. HARER: I would like to say  
21 on behalf of the local employees' part of  
22 the retirement system, that it would be  
23 nifty if someone had a birthday today.

1 MR. FIBBE: Do what, now? I  
2 missed that. I'm sorry.

3 MR. HARER: I would like, for the  
4 record, to note that it's Lisa's birthday  
5 today.

6 MR. FIBBE: Oh, well, happy  
7 birthday.

8 MR. HARER: It would be nifty if  
9 she had a birthday today. I'm not sure what  
10 her age is, but it would be nifty.

11 MR. FIBBE: We wouldn't ask. You  
12 never ask a lady what her age is.

13 MR. HARER: No, no, no.

14 MS. STATUM: It is not 29  
15 anymore. Thank you.

16 MR. HARER: Happy birthday.

17 MS. STATUM: Thank you.

18 MR. FIBBE: Being no further  
19 business, I want to thank everybody for  
20 their attendance, both in person and also  
21 electronically, remotely.

22 Dr. Bronner, did you have  
23 anything else you wanted to say?

1 DR. BRONNER: No. I think  
2 everything is so inclined. Marc and I are  
3 just sort of on needles and pins waiting for  
4 the next Board meeting to give you the  
5 actual numbers of what happened. It's  
6 probably the most confusing year that I have  
7 ever seen in Wall Street. And as I think  
8 the newspaper people pointed out to and when  
9 you think of all the things that have  
10 happened in '20 and we are not through it  
11 yet, it's been quite remarkable to live  
12 through it. I'm not sure I've enjoyed it;  
13 but on the other hand, I just hope that we  
14 can get a little bit of sanity, not only in  
15 Washington and the rest of the world, but,  
16 you know, we can proceed forward as opposed  
17 to bouncing up and down.

18 You know, they used to laugh  
19 about the Mexican jumping bean, but that's  
20 about how I feel because I don't know  
21 what's going to happen today because  
22 yesterday's news is already forgotten.

23 So, anyway, I appreciate you --

1 all. I thank you for coming to the  
2 meeting, and those that attended via  
3 Skype, or whatever we are on, Zoom.

4 I know it's very informative. I  
5 hope you don't mind that since we will  
6 have the regular investment details in the  
7 next meeting, so, then, we will have  
8 another short Board meeting thereafter,  
9 and I will see if there's one other. If  
10 any of you haven't chosen anybody, whether  
11 it's the hotels or whether it's the trails  
12 or 55 Water, to ask them to come and give  
13 you 15- to 20-minute presentation. So, if  
14 there is anything that bothers you or you  
15 would like to hear more about or be able  
16 to quiz the people that are on the front  
17 line, I will be glad to do that for you.

18 MR. FIBBE: Thank you. I think  
19 those people that come and make the little  
20 short presentations is very informative for  
21 the Board. And I appreciate them coming.

22 DR. BRONNER: Well, those are the  
23 investments that we are sort of in control

1 of. So, it's more that you would be, you  
2 know, beat up by somebody on the street than  
3 the S&P or, you know, the stock market or  
4 the bond market. You know, we are a player,  
5 but are certainly not controlling it.

6 So, we will be glad to do it.

7 If anybody has any suggestions, just give  
8 me a call or Don a call and we will try to  
9 book them for, not the next meeting, but  
10 the meeting afterwards.

11 MR. FIBBE: Thank you. And I  
12 would like for things to calm down in the  
13 world, but I don't think that's going to  
14 happen for the rest of the year. So, just  
15 --

16 DR. BRONNER: I agree.

17 MR. FIBBE: -- grab hold.

18 MS. STATUM: I think that the RSA  
19 staff, I don't know what all has been going  
20 on behind the scenes, but I know one thing  
21 that I have noticed is the lunch webinars  
22 that they started doing, the Kit's group is  
23 doing. Those have been very informative,

1 just a way for people to -- they can be --  
2 instead of being left out of what's going  
3 on, or what, they can get on there and see  
4 all the little topics that we have a lot of  
5 questions about. Those have been very  
6 informative, and I want to thank Kit and his  
7 group for doing those, because I have really  
8 enjoyed those.

9 MR. FIBBE: Any other comments?

10 (No response).

11 MR. FIBBE: If there are none I  
12 will entertain a motion to adjourn.

13 MR. HARER: Motion.

14 MR. FIBBE: We have a motion.  
15 And a second. Any opposition to that?

16 (No response).

17 MR. FIBBE: In hearing none. All  
18 in favor say "aye."

19 (Board members saying "aye").

20 MR. FIBBE: Then the motion  
21 carries unanimously. We are adjourned, and  
22 we will meet again when called.

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(Conclusion of ERS Board of  
Control Meeting at 10:30  
a.m.)

1                   \*       \*       \*       \*       \*

2                   REPORTER'S CERTIFICATE

3                   \*       \*       \*       \*       \*

4  
5       STATE OF ALABAMA

6       COUNTY OF ELMORE

7  
8                   I, Jeana S. Boggs, Certified Shorthand  
9       Reporter and Commissioner for the State of Alabama  
10      at Large, do hereby certify on Tuesday, June 9th,  
11      2020, that I reported the proceedings in the matter  
12      of the EMPLOYEES' RETIREMENT SYSTEM BOARD OF  
13      CONTROL MEETING; that the foregoing colloquies,  
14      statements, questions and answers thereto were  
15      reduced to 97 typewritten pages under my direction  
16      and supervision; that the transcription of said  
17      meeting is true and accurate.

18                  I further certify that I am neither of  
19      relative, employee, attorney or counsel of any of  
20      the parties, nor am I a relative or employee of  
21      such attorney or counsel, nor am I financially  
22      interested in the results thereof. All rates  
23      charged are usual and customary.

1           I further certify that I am duly licensed  
2 by the Alabama Board of Court Reporting as a  
3 Certified Court Reporter as evidenced by the ACCR  
4 number following my name found below.

5           This 22nd day of September, in the year  
6 of our Lord, 2020.

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Jeana S. Boggs, CCR  
ABCR NO. 7, 9/30/2021  
Certified Court Reporter and  
Notary Public  
Commission expires: 12/01/2021

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