RETIREMENT SYSTEMS OF ALABAMA
TEACHERS' RETIREMENT SYSTEM
BOARD OF CONTROL
201 South Union Street
Montgomery, Alabama 36104
877.517.0020

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TEACHERS' 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 11:00 a.m., Tuesday, September 15th, 2020.

APPEARANCES

BOARD MEMBERS:

MR. LUKE HALLMARK, CHAIRMAN

MR. RICKY WHALEY

MR. KELLY BUTLER

MR. JOHN MCMILLAN

DR. ERIC MACKEY

DR. JOSEPH G. VAN MATRE

DR. KELLI SHOMAKER

DR. SUSAN BROWN

MS. AMY CREW

MS. CHARLENE MCCOY

MRS. SUSAN LOCKRIDGE

MR. RUSSELL TWILLEY

MS. PEGGY MOBLEY

MS. ANITA GIBSON

MR. JEFF COLE

ALSO PRESENT:

DR. DAVID BRONNER, RSA SECRETARY/TREASURER

MR. DON YANCEY, DEPUTY DIRECTOR

MS. EMILY EATON, RSA ASSISTANT

MR. MARC GREEN, RSA CIO

MR. LARRY LANGER, CAVANAUGH MACDONALD CONSULTING, LLC

MS. DONNA BARRETT, PRESIDENT, CNHI

MR. STEVE MCPHAUL, VICE-PRESIDENT, CNHI

AGENDA

CALL TO ORDER/ROLL CALL

CHAIRMAN HALLMARK: I've got 10:45, we want to go ahead and get our TRS meeting started.

DR. BRONNER: Sure. Sure.

CHAIRMAN HALLMARK: At this time, could I have a roll call, please? Is Emily here? Yeah. Excuse me, I didn't see you.

DR. BRONNER: Right there. You can't see her over the podium.

MS. EATON: Luke Hallmark?

CHAIRMAN HALLMARK: Here.

MS. EATON: Ricky Whaley?

MR. WHALEY: Here.

MS. EATON: Kelly Butler?

MR. BUTLER: Here.

MS. EATON: John McMillan?

MR. MCMILLAN: Here.

MS. EATON: Eric Mackey?

(No response).

MS. EATON: Joseph Van Matre?

MR. VAN MATRE: Here.

MS. EATON: Kelli Shomaker?

MS. SHOMAKER: Here.

MS. EATON: Susan Brown?

(No response).

MS. EATON: Amy Crew?

MS. CREW: Here.

MS. EATON: Charlene McCoy?

MS. McCOY: Here.

MS. EATON: Susan Lockridge?

MRS. LOCKRIDGE: (Waving).

MS. EATON: Russell Twilley?

MR. TWILLEY: (Waving).

MS. EATON: Peggy Mobley?

MS. MOBLEY: Here.

MS. EATON: Anita Gibson?

MS. GIBSON: Here.

MS. EATON: Jeff Cole?

MR. COLE: Here.

DR. BRONNER: They are all here. They are on the screen now.

APPROVAL OF AGENDA

CHAIRMAN HALLMARK: Okay. We do have a quorum.

Item II, we need to approve

today's agenda. You can see the agenda here in front of you. There have been no changes. So, at this time, I need a motion to approve the agenda.

MS. MOBLEY: So moved.

CHAIRMAN HALLMARK: Ms. Mobley. Ms. Gibson has seconded. Any comments?

(No response).

CHAIRMAN HALLMARK: All in favor say "aye".

(Board members saying "aye").

CHAIRMAN HALLMARK: All opposed, like sign?

(No response).

CHAIRMAN HALLMARK: Ayes carry.

APPROVAL OF 5/14/2020 MINUTES

CHAIRMAN HALLMARK: Item III will be our May 14th, 2020, Board meeting minutes. I hope you get them in enough time to review them. I think in the past we had a Board member that would go through them pretty thoroughly, and sometimes we would have to make some changes. But if you do have time before we have our meetings, just go through them and look at them.

So, if there are not any changes, I will need a motion to approve the May 14, 2020, minutes.

MR. WHALEY: So moved.

CHAIRMAN HALLMARK: Mr. Whaley.

MS. CREW: Second.

CHAIRMAN HALLMARK: I have a second from Ms. Crew. Any changes, any corrections, any comments?

(No response).

CHAIRMAN HALLMARK: All in favor say "aye."

(Board members saying "aye").

CHAIRMAN HALLMARK: All opposed, like sign?

(No response).

CHAIRMAN HALLMARK: Ayes carry.

We will move to Item IV. Ms. Donna Barrett.

CNHI REPORT

MS. BARRETT: All right. Well,

thank you for inviting us to be here with you today to talk about our company, and that is something that we love to do because we are very proud of it, and we hope that you are, as well. So, Steve is passing around our presentation. We are going to start off by introducing ourselves.

Now, when you get your presentation and you flip to page one, because of the pandemic, we wanted to show you what we look like with regular haircuts. Okay? So, this is it. Much snazzier and spiffier than now. But we also wanted to tell you a little bit about our experience, because we didn't want you to think that you have a sleepy, local newspaper company.

CNHI is a company that, quite frankly, plays on the national and the international stage. Steve and I both have served in leadership roles that are significant, and we do that for CNHI, we do that for RSA, and we do that for

Alabama, quite frankly.

I have been the national chairman of the Newspaper Association of America, which represents all 2,000 newspapers in the country. I have also served as the U.S. delegate of the International Newspaper Organization. And Steve, as you will see, has very deep leadership as well, particularly in the state of Alabama, where he has personally published several of the newspapers.

So, flipping to page two, a little bit about our recent history. Most of you know that we were with RSA in a lender capacity for many years. We were then sold to Raycom, and we were with Raycom for a year-and-a-half. And in January 2019, RSA purchased membership for CNHI from Raycom, and we have been living happily ever after ever since, I can assure you. We have been thrilled to be back with RSA.

On page three, we show you our

footprint, which is heavily concentrated both in the Southeast and in the Midwest, and going up a little into the Northeast. When you look at the map, it makes sense. We have not strayed far from a contiguous footprint for synergy reasons and others that have made operating our company particularly efficient.

MR. MCPHAUL: And just as Donna mentioned, our footprint is very sizeable.

DR. BRONNER: Take your mask off.

MR. MCPHAUL: Thank you, sir. I was about to run out of gas already. Thank you.

So, we have a very good sized footprint, if you will. We are also a very geographically diverse company. And so, that allows us to take care of regional economic opportunities. At the same time, it avoids dependents upon any one regional economic driver, such as you think about oil in Oklahoma, agriculture in the South. We are diversified, and that said, our company was built with geographical diversity in mind.

If you look at page four, this is our newspaper portfolio. We own newspapers in communities like Valdosta, Georgia; Norman, Oklahoma; Beckley, West Virginia; Joplin, Missouri. The key takeaway on this particular slide is not really the names, but it's the fact that we do not operate in metro cities. We operate in small to medium size communities across the country. And we are the dominant news and information source in those communities we serve. Another way to put it would be: We are the voice of those communities.

MS. BARRETT: On page five, this is probably what you are most interested in. We provide an ongoing and unique returns to RSA. Since rejoining RSA in January 2019, we have readmitted $21.4 million in payments to RSA. We provide $32 million in annual advertising support, which we will talk about more in a minute. We own $60 million in real estate, which is actually valued separate and away from the newspapers. The newspapers have value apart from the real estate and visa-versa, so the $60 million is an additional bonus value that you have with us.

And we also carry an annual membership for the RSA golf trail for all CNHI newspapers in the country. We are well positioned to have current and future viability. Even in a pandemic year, we remain solidly profitable; what we will call in our company "safely profitable." We talk about that a lot. You have heard a lot about newspapers having struggles? We will tell you why we have been a success story as we move through the presentation.

So, on page six, we show you some of these beautiful ads; $32 million in ads. We run them in our magazines. We run them in our newspapers, because we have both. We also make ad buys for Golf Digest, USA Today, and a number of other publications.

So, this is Allegany Magazine, one of ours. And if you open the very front cover, the first thing you will see on page three is an RSA ad.

So, Allegany is published in -- if you are familiar at all with the Appalachian Mountains, north of the Blue Ridge is Allegany. So, this would be the area in West Virginia, Southern Pennsylvania, and also Maryland. So, this is a regional publication that very prominently advertises for RSA because of our relationship.

We also run the ads in our newspapers. And this is in -- from Traverse City, Michigan. And as you will see, here's how we do it. The very back page of a section, so we are talking about premium ads that have absolute best placement and gather, quite frankly, a lot of attention. We one time had a competitor who wondered how we got all these beautiful RSA ads. And he bugged and harassed us to say: How did you do it, how did you land that big account? And we never did tell him what the real story was, of course, that's it's because of our relationship with RSA that we run these ads.

MR. MCPHAUL: Yes. So, if you move to page seven, just as Donna mentioned, I will drill down just a little bit -- yes, sir.

DR. BRONNER: Can you get closer?

MR. MCPHAUL: Yes, sir. Okay. So, I will drill down just a little bit on page seven in terms of the real estate. We have $60 million in real estate property. And this is real value. This is property and prime locations in the communities we serve.

And so, we have quickly established that value by selling $4 million worth of it within the last 18 months alone. When we did that, you actually saved more money because we reduced operating expenses by moving over to lease premises; and on that $4 million, we are also saving a half million dollars a year just in pure operational expenses, as well.

So, basically, this is $60 million, just as Donna mentioned, in real estate value that is value separate from the business -- from the core business of newspapers.

MS. BARRETT: So, the reason real estate is so valuable for newspaper companies, you can probably tell by the photos. A hundred years ago newspaper owners were the fat cat in town. They were not owned by groups, they were owned by individuals. And those individuals built Taj Mahals. We still own a lot of those Taj Mahals. They are very well placed in town. Generally, the sweet spot in the middle of the city, and they are beautiful, and they are historic. We, on the other hand, actually have changed enough, as a business, where it makes sense often for us to go to a different type of facility.

So, when we vacate the Taj Mahal, we sell it, generally for more than the book value, and we actually save money on operating costs because of the reduced utilities, taxes, and everything that you want to talk about. So, it really is a win-win.

MR. MCPHAUL: Moving over to page eight. In terms of the business, it is just like the headline on the slide says. The print and digital debate is frequently misunderstood. The business that we are in is content. And that is what readers are buying. They are not buying the platform.

And so, whether that content is delivered on a driveway or whether or not that content is delivered smart phone, desktop, laptop, iPad, the business is content. And in 2020, we are on track to have our largest audience ever in our company's history.

MS. BARRETT: So, when you hear people say, newspapers are dying, nobody is reading them any more, the opposite is true. We have a larger audience than we have ever had. What is also true, though, is that newspapers historically relied on department stores for advertising. And if you know what's happened with the department stores, you know what has impacted newspapers negatively.

But there is good news, and there is a strategy. So, the disruptive force which hit our advertising revenue has nothing to do with our audience. We are taking a page from what they have done in other countries all along. In other countries, they never had the retail base that we have enjoyed in the U.S. They have received almost all of their money -- newspapers have received almost all of their money from readers. As I was part of the international board that I talked about, I learned so much about how newspapers was operated in other countries, and that helped us improve and build CNHI for today and tomorrow.

In Denmark, for example, 95% of their revenue comes directly from readers. Only 5% comes from advertising. Ours, as an industry in the U.S., was completely flipped. When we started, 80% of our revenue came from advertising. Today we are more at 50/50, which is a very healthy mix and you will continue to see it grow so that some day we will be like Denmark, where 95% of our revenue comes from readers. And we are well on our way.

Now, that only happens if you have good content. Nobody is going to pay us if our newspapers are crappy. Let's admit it.

So, we have put a lot of emphasis on making sure that our newspapers are the best they can be. We have Statehouse bureaus in every state where we have meaningful numbers of newspapers. That is no longer true of most newspaper companies today. Even major players have pulled out of Statehouse bureaus. We have done the opposite.

We also developed specialty papers. We have shown two here that are terrific. We have amazing designers. And I think if you picked up your daily newspaper and had one of these two pages in it, you would be thrilled, because this is value-added content that is presented in a very attractive form, and our readers just eat it up.

And of course, we have magazines. Not every newspaper company has launched magazines like we have. We, today, have almost as many magazines as we have newspapers. They are all local and regional, and they are all successful, and something we are very proud of.

MR. MCPHAUL: If you move over to page 11, just as we mentioned, our mission has never been more important than it is today. And if you think about it, the current confluent of events -- global pandemic, economic crisis, nationwide protests, throw in even a presidential election -- this confluence of events has not happened, really, in our lifetime. And so, it's critical that we provide accurate and timely news to our communities, and we do just that.

If you take a look at the next page, it kind of gives you a nice little example. On page 12, this is a photo of a line of police at a Black Lives Matters protest. This was taken by a CNHI photographer in Georgia. The point here is this: We cover events that impact the lives of people in our communities we serve.

MS. BARRETT: So, we are going to

brag a little bit about specific newspapers. We currently are the "Newspaper Of The Year" in three states, and this is determined by their state press associations. This has nothing to do with us and who we say is great. The state press associations make the determination.

So, in Indiana, we have the reigning "Newspaper Of The Year" in Anderson, which, if you know anything Indiana, Anderson is significantly smaller than not only Indianapolis, but also West Laffayette, Bloomington, Muncie, fill in the blanks. I happen to be from Indiana. Anderson is not the biggest town, I will assure you.

Missouri, we have the "Newspaper Of The Year" in Joplin. We are so proud of Joplin. You might recall that a few years ago they had a devastating tornado. The community has rallied around the Joplin newspaper like nothing we have ever seen, because the Joplin newspaper was there for them when they needed it most and put out amazing content, and that relationship has continued to grow.

And, also, in Oklahoma, we have the "Newspaper Of The Year" in Norman, which is where the University of Oklahoma happens to be based if you are a college sports, or otherwise, fan.

So, the point is, we have beat out the major metros in all of these states. We are the "Newspaper Of The Year." And every year we continue to win awards such as this. Sometimes the states change, but the overall success doesn't.

We also balance our strategy. You have probably seen or heard a lot of newspapers try to rush to digital only. We also know of newspapers that try to be print only. The truth is, both of those answers are wrong. A few years ago, we developed what we called "the balance strategy" so that everybody in our company knows how it works. You have print and digital and balance. One does not dominate the other. They complement one another.

So, we came up with the simple strategy to communicate to every single person who works in CNHI, so that when Steve and I visit locations, which we do often, if we say to the pressman, tell us what our strategy is, he or she is likely to say, it's balanced strategy, and that means we keep printing, digital and balance instead of letting one destroy the other. Because we have watched -- it hurts us. It hurts us all when we see newspapers to make the wrong gamble and let one destroy the other.

Print is our core, and it still provides the biggest part of our business. But digital is our growth area. So, it would be ridiculous to favor one over the other, especially when we have readers who prefer one over the other. And that's a mix, as well. A lot of readers prefer digital. They prefer to consume our news and information on their smart phones or their laptops. But a lot of our newspaper readers are very traditional and probably, like many of us, enjoy reading that newspaper with breakfast or the morning cup of coffee.

So, the emphasis is on the content, as Steve just said, not the format, or not the platform. Just think of it that way. It's your newspaper, regardless of how you are reading it.

MR. MCPHAUL: So, on page 15, a little bit more about our readership, and that readership is growing. Our readers are very, very high -- if you will, highly engaged. They are loyal, and this is a very, very sizeable audience, too. This year we expect to be in the neighborhood of 620-million projected digital views. That -- I can't tell you -- I can't give you an example. That's just very significant throughout the industry.

Readers are using us more often. And when they are on our websites, they are spending more and more time with us, as well. And that is for one reason: That is because we are providing the news and information in a timely way, in a high quality way, critical news and information, and it is local.

MS. BARRETT: We are going to close this out with the most positive news that we could possibly share. Steve and I have been in this business a long time. There is nothing bigger than winning the Pulitzer Prize. Unfortunately, that rarely happens with small to midsize papers. You are all probably familiar with who generally wins the Pulitzer Prize: It's the New York Times; it's the Washington Post; it's the Chicago Tribune. It is very, very rare for small newspapers to win.

But in 2020, one really great thing we will say about 2020 is CNHI won the Pulitzer Prize. We did that in

Palastine, Texas, a tiny little bump-in-the-road town. The very dapper gentleman you see in these photos, he is our editor, and he wrote a stirring series of editorials about the alarming number of deaths in Texas prisons of inmates waiting for trial. That was due to abuse and neglect. He wrote an incredible series and was honored above all of the major metros in the country for the Pulitzer Prize.

So, this has been a banner year for us in many ways, of course. Our quick recovery from the pandemic, the securing our company for solid footing for the future, but most of all, we want you to share with us the pride in our newspaper company winning a Pulitzer. It doesn't absolutely get any better than that for our business.

Thank you. And now I think we take questions?

DR. BRONNER: Let me say a couple

of remarks, and then we will take your questions.

MS. BARRETT: Okay.

DR. BRONNER: One or two things. One is about the newspaper business. When she talks about digital, that's what you're getting on your -- on your screen. My point has always been that most of the papers in the country have screwed it up. What they will do is, they will give you the whole story. And why do you want to buy the newspaper if you just had the whole story, you know, two hours ago. It makes no sense to me.

So, I have been sort of insistent with them that, you know, use your digital to tease. You know, you might have, you know, a half page story, but don't run more than a paragraph or two so that people will in that community pick up the newspaper, because that is a critical part.

But what I am seeing,

particularly in Alabama, because that's where I see most of my news, is that the printing the whole story, and then they are sticking it in the newspaper like -- I looked up today's Montgomery paper, and I said, I read that two days ago. What's this about? You know, it's useless to me.

MR. MCPHAUL: Right.

DR. BRONNER: The second thing I'll point out to you is, where we started moving well years ago, was when we would do through Donna the identification of properties that don't have competitors. She mentioned to you Joplin, Missouri. I'll mention to you Mankato, Minnesota, because the nearest big town, Minneapolis/Saint Paul and Mankato, Minnesota, is a 100 miles away. All right? That's where your big commercial TV stations are. The local businessman can't afford to be on a TV station 100 miles away. Nobody is going to come to your little town to hire.

So, that's where she worked on

and got us going, not only in the newspaper business and not only the digital business, but more importantly also the -- as I call it, the shopper business, which is a type of newspaper is the local shopper -- but when we can get those things going with magazines like this that are as good a quality magazine as you can find. As a matter of fact, I get about six magazines I pay for, and most of them, the quality has gone down so bad that U.S. News and World Report used to be wonderful. I think my State Treasurer can remember that along, as well as I do. And they don't even print it anymore. You can get a digital version if you want it.

And lastly, I will say the last thing that I -- the last Board meeting we had with them, I asked them to look at a specific thing. And you might start letting them know what we are looking at. The specific thing was, I have been able to determine very interestingly that there is a place in Florida called "The Villages" where old people like me live. Okay? So, the old people live in The Villages in Florida. They're utilization rate -- is what I would call it; it should have a different term for it, but I call it the utilization rate -- it's almost 95%. But in other words, every -- 95% of every house in that community -- and they are huge communities; they are not, you know, like a thousand houses. They are 10,000 houses, 15,000 houses. When you get penetration at 95%, basically you are running the area. So, that's pretty fascinating.

But what I have asked them to look at, because we have a couple of universities right now -- she mentioned Norman, Oklahoma -- now, I try not to stick my -- when I hire somebody, I tell them my job is to fire you. And I will give you everything I can do to help you.

And I will tell you what I think is different, you know, that you might not see because you are in the trenches, and I am way over here someplace, but what I saw from whether it's Warren Buffet or somebody in New York, or somebody, think about it, at least. And then it's your -- it's your job, your call, you do what you want.

But one of the things that I have asked them to look at is, I said, you know, the interesting thing to me is, thinking about The Villages where all these old people are -- where I should be probably -- you look at them and you say, okay, tremendous market, when I have only visited one of her properties. And how many years have I been doing this? Twenty years?

MS. BARRETT: Yes. Yes.

DR. BRONNER: Close to it? All right. So, I have only been to one newspaper, and that's because I went to the

Alabama/Oklahoma game in Norman, Oklahoma and, hell, I was bored.

So, that morning I go down to the newspaper and knock on the door and there is nobody there but a guy printing. So, he takes me through this really nasty place. I have to admit.

MR. MCPHAUL: Not anymore. Not anymore.

DR. BRONNER: There was ink all over. I mean, and I am going, my God, there is an OSHA lawsuit here in about four minutes. So, I said no, I am not going back anymore. It's your job. You guys clean them up.

But, anyway, the idea is that university towns have a great following of their paper. It's indicative of, for example, both there is, I call it, the A/O paper, the Auburn/Opelika paper, as well as the Tuscaloosa paper, that their alumni will follow that paper. And you can send them out. They don't care if they get it a day or two early, because they are just not going to get the coverage. You know, you can go by regular mail. It doesn't bother them. It goes out across the country.

You combine that with a real retirement community, and some of you know what I have been trying to do for years with, when I saw the potential of the Grand -- which I hope is still there this coming Thursday, you know, after the latest hurricane -- what we have done at the Grand is phenomenal, the number of homes that we have sold. It's unbelievable. They come from California. They come from Oklahoma. They come from Louisiana. And all of those places are coming into Alabama. And what we have developed, believe it or not, is an Auburn/Opelika the same thing at our golf course over there. I mean, I sold -- we sold two more -- I sold, I didn't sell nothing. I signed the papers.

So, anyway, we sold three more houses this week over there. We are selling houses as fast as we can at Auburn based on -- we don't even get them done. And it has nothing to do with anything except it's a good product, and it's in a town where people want to be.

So, if you have that combination, and that's what I tried to develop in the Auburn/Opelika area is to say, okay, that's the Grand of Central Alabama, because there is nothing competitive to it. And if you go back over there, you will see what we have done. We have doubled the hotel sign. The pool is as nice a pool as anything there is in Florida or Alabama -- or the only thing comparable would be the Grand. And it is as nice or nicer. And we have done all the amenities for the people.

So, anyway, I have asked her to look at that university town that also has a retirement community. So, maybe we can use that as the first question if I haven't talked to her since the last Board meeting. Where are we at?

MS. BARRETT: So, it's true that all university towns don't have these kind of attractive communities, because we own several university towns and they don't. So, when Dr. Bronner explained very excitedly what he was talking about, we said, that doesn't exist in Norman, Oklahoma, or Stillwater, Oklahoma.

So, what we have done is targeted the states where we believe there are a lot of retirees, and that actually ends up being in the mid-Atlantic, particularly in North Carolina and Virginia, and we have been looking at college towns that have these kind of robust, what they call "active 55" communities, people that are 55 and older, who are -- who remain very active and who love to be part of the local community, particularly the colleges.

So, right now we have zeroed in on the western mountains of North Carolina and also in Virginia. And we are working -- have been in contact with the owners of two properties that obviously we are under an NDA, you can't discuss out loud, but two properties that were actually in preliminary discussions about that are where retirees are and where there are universities. And we actually really like Western North Carolina, because if we were able to get the right spot to be our base, if you will, we could launch products like this that are targeting the 55 and older community in a number of markets, even outside of where we might own the small newspapers.

So, the newspaper is key to give us a base. We have to have a base and a team and actually a way to get in the door, as well, when you are talking to advertisers and readers. But if we have the right base, then we can do a number of things with the active 55 plus markets wherever we land with this particular strategy.

So, we are in preliminary discussions. Both are owned by individuals, family members. So, those generally take a little bit of time, as any kind of deal does, but we are really excited and have done some on-site visiting to both areas and are quite bullish about what we might be able to do with the right base.

DR. BRONNER: Any questions from any of our Board members?

CHAIRMAN HALLMARK: Any comments or questions? Mr. Whaley?

MR. WHALEY: How many daily and how many weeklies do we have? It used to be like 100 dailies and --

MS. BARRETT: Right. So, at our peak, it was, I think, 78 dailies and then 56 weeklies. That would have been at our peak. We have sold over the years a few, a very small number of very small markets that just weren't strategic to us. At this point, we have 65 dailies and about the same number of weeklies. But the -- because we publish every day in digital, we really don't even use that terminology any more --

MR. WHALEY: Right.

MS. BARRETT: -- because we are 24/7.

MR. WHALEY: I gotcha.

MR. MCPHAUL: That's to key. The definitions have changed so much over the years because of the digital play.

MS. BARRETT: Right. But it's a good portfolio. We are very, very pleased with the portfolio.

CHAIRMAN HALLMARK: Any other comments or questions at this time?

(No response).

CHAIRMAN HALLMARK: Donna, Steve, we appreciate you-all's presentation.

MR. MCPHAUL: Thank you so much.

CHAIRMAN HALLMARK: You have done

an excellent job.

MS. BARRETT: Thank you.

CHAIRMAN HALLMARK: I like hearing a report like that from time to time, bringing in about our investments.

DR. BRONNER: Well, it just brings you up to date on what I do all the time.

CHAIRMAN HALLMARK: Right.

DR. BRONNER: So, you know, when we do the big investment report, I don't want to bring one in because we've usually got you too long here anyway. So, that extra Board meeting that you-all gave me before, that's when I'll bring one in every other time, basically.

CHAIRMAN HALLMARK: Yeah. Thank you.

Next will be Item V, our investment performance report from Mr. Green. Marc.

INVESTMENT PERFORMANCE REPORT

MR. MARC GREEN: Good afternoon, Mr. Chair, members of the Board.

The performance report starts on page 21. I will concentrate on the column in the middle of the page, FYTD fiscal year-to-date, so this will cover the first ten months of fiscal year 2020.

As per usual, the first section is domestic equities. If you go down to the two bold lines, you can see our return was 6.44%. Our benchmark was 7.53%. A couple of factors why we are lagging, we talked rolling out put spread collars. We started early in the fiscal year and continued that program, and then we re-ramped it when the markets started coming back.

So, we have been posting collateral against those positions, which goes against our performance, but we still have two weeks to go. We will see how that shakes out. And the core fund is lagging a little bit. We have been underweight. The FANG stocks: the Facebook, Amazon, Netflix, Google. It is not all of those; but if you lump them all together, we have been underweight. Just from a valuation perspective, we have an issue with having to value them on a price to sell versus price to earnings. So, it's -- whether it's right or wrong remains to be seen, as well. But anyway, we have a value bin that just doesn't come out very well with the way we look at valuations.

The next section, International Equities, you can see the return is -29 basis points. The benchmark is 79 basis points. Most of that is the emerging markets fund. We always sold puts and calls around the core position in emerging markets, and we got assigned on some puts in March that, I think, we had the 38s and 39s out on the EEM exchange rated fund, and it closed out that month at, say, 32, but now it's back to 44. So, it's ran all the way back up, but that the way the timing of that happened, it kind of hurt performance, as well as the ETFs themselves have not tracked the benchmark very well this year.

Dropping down to the last line, you can see Total Domestic Equity performance is 4.99% versus benchmark of 6.08%.

Any questions on equities?

(No response).

MR. MARC GREEN: Okay. Having none, look on page 22, Fixed Income, you can see the return is 8.82% versus our benchmark of 8.83%, and the Barclays Agg return of 7.91%. Private Placements, up 8.65%. Preferred and Private Equity, up about 18 basis points. Combining those two, you are up 1.95%.

Real Estate, 2 basis points. That's just some cash distributions back to RSA from 55 Water. We get it valued once a year. So, in the next report, we will have a real performance line item for real estate.

So, your total alternatives return is 75 basis points. Combining that with fixed income, you are up 4.31%.

Dropping down to the last line in Cash, you can see the return was 1.30%, and the total plan return was 4.81% versus Plan Policy of 6.06%.

CHAIRMAN HALLMARK: Any comments or questions?

(No response).

MR. MARC GREEN: All right. Page 23 is your pie chart of asset allocation. You can see a little over half of it is Domestic Equities; a little over 13% International Equities; Generic Fixed Income, 12.7%; Private Placements, Private Equities, almost 6%; Real Estate about 9.5%; and Cash right at 7%.

If you will flip to page 24, this is the compliance report. As you can see on the right-hand column, we are within the compliance ranges as set forth in the investment policy statement adopted by the Board.

And lastly on page 25 --

CHAIRMAN HALLMARK: Let me ask you a question on page 24.

MR. MARC GREEN: Sure.

CHAIRMAN HALLMARK: When you talk about your strategic range and then your actual result, I mean, this is from just this fiscal year?

MR. MARC GREEN: This is as of 8/31. That was the most -- When I had to get this report in, I try give you the most up-to-date report that I have. So, when I turned it in, it was -- if you look down to the third line, as of 8/31/2020. So, it was a snapshot at the close of that day of what the actual weightings were within the portfolio.

CHAIRMAN HALLMARK: Okay.

MR. MARC GREEN: So, all these dates on these various reports vary. Does that answer it?

CHAIRMAN HALLMARK: Yes, sir.

MR. MARC GREEN: Okay. Page 25 is the Universe Report provided by State Street; and this is as June 30th, 2020. They only give you calendar quarter end reports. And if you look at a column that says "three quarters," that would be our fiscal year-to-date. You can see our return of 1.58% ranks in the 52nd percentile. The median return was 1.65%, so we are right around average there. You can see, if you go out to one, three, five and ten, we are generally speaking a little bit better than average for all those periods.

And that concludes my report. I would be glad to answer any questions, or try to.

CHAIRMAN HALLMARK: Okay. Any comments or questions at this time?

DR. BRONNER: The difficult, Mr. Chairman, and the Board has to understand, I signed on investments last week that, you know, about made tears come to my eyes. When you are buying mortgages and you get a .08%, I mean, the yields are so low, I'm -- historically, I have never even seen them this low in the book forever that I know. Have you?

MR. MARC GREEN: No.

DR. BRONNER: And you may be smarter than I am.

So, but I mean, it's difficult. We know that you want a certain percentage of the stuff, of our money, but when we start saying, okay, you would love it, and interest rate is 7.5%, and I know I am getting .08% on my fixed incomes, it's hard for me to put money in there.

And so, you know, we looked at something yesterday that I gave approval on, and that's an IRS center in Philadelphia, of all things. It's a three-year loan. It will be single A or AA that is over 3%. And I said, that's a gift from God, compared to, you know, .08%.

But, I mean, what I am trying to

get in your mind is, you can't have 8% or 9% or 10% returns, even if we get 20% returns on the stock side, which we are not getting, by the way, because it's offset so much by the fixed incomes that are so low, that I have never seen anything like it. The fixed incomes were 5%, 6%, 7%, 8%, then you have got a chance to be above 8%.

But we don't have a prayer right now. Very interesting markets, to say the least.

CHAIRMAN HALLMARK: Any other comments or questions at this time?

(No response).

CHAIRMAN HALLMARK: I appreciate it, Marc.

MR. MARC GREEN: Thank you.

ACTUARIAL REPORT

CHAIRMAN HALLMARK: The next item on the agenda is Item VI, and it's the actuarial report from Cavanaugh-Macdonald.

DR. BRONNER: What are we doing

now?

CHAIRMAN HALLMARK: I think we are going up on the virtual.

DR. BRONNER: We are doing virtual, again?

MR. LANGER: This is Larry Langer from Cavanaugh Macdonald Consulting. Can you-all hear me?

DR. BRONNER: Yes.

MR. LANGER: I like thumbs up, nods. I can barely see because I have twenty eyes. That's great. It's great seeing you-all.

We are going to reference the Board booklet for the presentation. With me on the Brady Bunch screen, if you look around, Cathy Turcot, who you are used to seeing in the audience. And I have Ed Koebel has joined the team over the past year. He is smiling right now, but no one can tell. There he goes. That's better.

We are delighted to be here virtually. I am looking at -- and Ed is, too, I'm sure, I am looking at a little chat box down in the bottom right-hand corner of the screen. If you have questions, if you raise your hand -- wave your hand, I might see that, as well. But Mr. Chair and members of the Board, I appreciate being here.

We are here to talk about the September 30th, 2019, valuation report. So, you have to think way back. You know, and in particular, anything that Marc has talked over the past few minutes, it hasn't been reflected in our valuation results yet. This valuation is used to determine the funded ratio of the plan as of that day, September 30th, 2019, as well as the employer contribution rates for fiscal year ending September 30th, 2022.

So, any of this other information, we will have estimates available. You will recall we do projections to try and estimate what the valuation results will show coming up.

We'll have estimates of the September 30th, 2020, valuation results ready for the December Board meeting. Once a good number is set, investment return, and then we will have final later on in the spring of 2021.

So, the point of this valuation, I haven't gotten into the Board book yet, but actually we are going to get to page 30. The point of the valuation is that valuation is funded while members are accruing their benefits, while they are working for various entities in Alabama. And we want to contribute on their behalf during their careers so that, when they are retired, there is no place of sufficient funds on hand to pay those benefits. And we do that process through this actuarial valuation. In my words, the actuarial valuation is a glorified budgeting process, taking a lot of information about what we know now, applying assumptions, and projecting the future what type of benefits we think will be paid. And each year we update what we thought was going to happen with what actually happened and present these updated results.

So, on slide 30 and -- and the glorious thing for all of you is that you might be worried about me going really fast. Now a shot. Getting to page 30 takes me forever. But if you are on page 30, now here we have a summary of the valuation results. If you are going to keep one page from your valuation report, this is the one you want to pull out and fold up and put in your pocket. It has a nice summary of everything that you need to know about the valuation.

So, up at the top, we have the 2019 valuation results and last year's valuation results. So you can compare them side by side. We do that. We compare what changed.

We have a summary of information

that was collected for the valuation. The active members within the plan, we can see that decrease just a little bit last year to this year from 137,000 to 136,000. The retired membership increased, and the amount of benefits being paid increased and folks may worry about that, but we anticipate that within the valuation. We anticipate that there would be more retirees for awhile, and the benefits are going to continue to increase. So, it's not something to worry about. We monitor that for you-all.

The asset valuations, the market value of assets, so, those amounts that were submitted for the valuation. We also make use of this actuarial value of assets, which was a smooth value of assets which were used to keep contribution rates a little smoother than they otherwise would be.

So, those are the primary inputs to the valuation that we make use of. The staff does a terrific job. Diane and Taylor and all the others do a terrific job to make sure we get that in a timely and in a complete fashion. We thank them for that. We get information on each and every person within the valuation, too. It's just not us -- it's just not us -- hello? That might be me reverbing. That probably hurt you-all.

So, anyway, we thank them for that.

The funded ratio is the first actuarial number that we get. The funded ratio is a comparison of how much money you have in the plan based on our smooth actuarial basis compared to the amount you should have in the plan. And last year about 70.2 cents on the dollar, this year has dropped a little bit to 69.4 cents on the dollar. Remember we talked about the fact that we collect new information and recast our results, and we try and determine what things were different.

There are two primary things that were different from last year to this year that caused the funded ratio to be a little bit lower. One, we anticipated a 7.7% return in the valuation results. If you think way back to almost a year ago, the return for year ending September 30th, 2018 -- I am sorry, '19, was 2.63%. So, we didn't get the 7.7%. That means the funded ratio won't be smaller, and also later on we see contributions will be a little bit higher.

The other element is the big driver of -- not a big driver, but a driver of the differences in costs. Salary increases: We anticipate a certain level of salary increases year over year over year. And this past year's salary increases were a bit higher than we anticipated. Later on we will see that. They have been a little bit lower than anticipated over the couple of years before that.

So, again, some influence on the results. So, overall, the funded ratio dropped from that 70.2% to 69.4% percent. Sometimes folks like to know, well, what's -- you know, how do we compare to others. And I think the last average I saw on this was from NASRA, National Association of State Retirement Administrators, the average is somewhere in the low 70s. You are certainly within striking distance of that. That's a wide range. There's plans that are 20% funded, and plans that are 120% funded. You are pretty close to the average there.

Underneath here is the contribution rates for fiscal year ending September 30th, 2021, which we provided last year. And 2022, you can see that they are divided up into two big components. First, we develop rates for Tier I and Tier II members. Tier I members hired before January 1, 2013. Tier II hired thereafter. These rates are applied to the payroll depending upon what type of employee they are, either Tier I or Tier II.

There is a breakdown of the contributions, as well. We show these as percentage of pay, because they are applied to payroll.

The first thing we have employer contribution rates were normal. Well, what's normal? Normal cost rates, the cost of benefits accruing, and this is the employer contribution. This is after members put in their contribution; what's left for the employer to contribute. You can see for Tier I members, this year it is 2.35%. Last year was 2.41%. Relatively level is the percentage of pay. That's by design. The way we calculate the costs is designed to stay relatively level. It will bounce around like that for a year.

Similarly, Tier II, the cost of the benefits are a little less for the

Tier II members. And the amount after -- the normal amount after members contribute, the member contribution declined from 1.27% to 1.24%. That's a portion of the contribution.

The largest portion of the contribution is the payment to the -- what's known as the unfunded actuarial accrued liability. Now, what is that? Unfunded actuarial accrued liability is the difference between the amount of money you would like to have in the fund and how much is actually in the fund. It's sort of the sibling to this funded ratio number that we talked about a little earlier.

Ideally, we'd like to get to the 100% funding. And the way you do that is with additional contributions. And so, the 9.72% percent of pay that's being contributed on behalf of Tier I and Tier II members, that's to get us to systematically get us to 100% funding over the course of time. And later on, we will talk about over the course of what time. But that's what payment unfunded liability is to drive you to 100% funding.

At the very bottom, the blended amortization rate is the period of time over which on average we are scheduled to get to 100% funded, and that decline each year over the course of time. But in the end, as we will see later on, we will reach full funding sometime in the mid-2050s.

I don't see any hands. I don't see any questions. We are going to very cautiously move on to page 32 on your board booklet. Page three in the valuation report, if you will read that. And this is just a summary of accounts up top. And at the bottom, we have a history of accounts and the history of the payroll under that Table II on the board booklet. And you can see payroll that has been somewhat increasing over the course of time. And you might say, oh, goodness, do we bake that into the valuation, and we do. As actuaries, we bake in that pay is are going to increase over the course of time. And, in fact, we try to bake in a lot of pragmatic things about, like, you know, will people make it to retirement, when they retire, how long they live thereafter, all those types of things.

So, seeing an increase in payroll, I just -- doesn't give us cause for a heart coronary, or anything like that. We bake this stuff into the valuation. It's to the extent that it differs greatly from what we anticipate in the valuation for an extended period of time, that sometimes gives us heartburn.

So, that's about all I have to say about that slide. On the next page, page 33 of the board booklet, we just have a breakdown of the headcounts of the retirees in the plan and the annual retirement allowances of $2.2 billion; that's the snapshot of last year. That's certainly grown over the course of the past year, and we anticipate growth in the retiree allowances from the fact that there are new people coming on -- you know, onto the retiree rolls. Some people leave the retiree rolls. All that stuff gets factored into our valuation. But that's a snapshot of where the retiree allowances work as of this valuation date.

Moving on to page 44, page 15 of the -- of our valuation report, up at the top, it says "Analysis of Financial Experience, Gains/Losses By Source." And gains/losses is a completely actuarial term. We love terms that are not understandable. But this one, the gain and loss, this is our term for the fact that every year, when we estimate what the liability -- or the unfunded liability plan is going to be, what actually happens is going to be different. And we like to isolate where we were different, where our assumptions differed from what actually happened.

And so, you can see that we monitor a lot of different things, like, when people retire, the age and service retirement, or withdrawal, which is our term for people terminating or quitting or just saying goodbye, that type of thing.

The two primary drivers this past year, if you go as a percentage of the extra accrued liability, partway down the page, the largest driver was salary increases that were larger than anticipated. And they resulted in an increase in the accrued liability of about 1.6%, that 1.59%.

As we are going to see in a page or two, that sort of reverses a little bit of what we have seen over the past couple of years. And that's driven just by the information that we received. And, again, you have to think back to the year ending September 30th, 2019, for that. So, that increased the unfunded liability at $592 million.

The number that typically is the largest yearend and year out, the largest in terms of change, there is a couple of kicks down, and that's the investment return. Differences in investment return, what we assume, which is currently at 7.7%, versus what actually happened, which was 2.63%, we averaged that in over the course of a five-year period. And here it increased the unfunded liability by 149,000 -- or, $149 million, or about .4% of the liability.

So, in the end, when we look at the bottom line, this total gain loss, we had the total loss for the year of $736 million. That means the unfunded liability is about $736 million, and we would have expected it to have happened over the past year. And, again, when you look at -- It is a somewhat large amount, but, again, we look at this yearend, year out. We are going to be reviewing assumptions, I believe, at the end of -- we'll be in front of you in about a year or so to review assumptions, and we will talk about that then. But these are rather typical fluctuations from year to year to year.

Looking at it more on a historical basis, and here we tracked them since we last implemented our assumptions with the September 30th, 2016, valuation, so, we have the experience over the past three years, and I want to go down to the salary increases amount. You can see we had a big increase this year. Last year we had a decrease. Year before, we had an increase. That's sort of the type of experience we like to see. Some years, we will have more liability than expected. Some, where it's less, but sort of a mixed bag.

But if we had a trend like withdraw, it looks like consistently we are having small amounts of increased liability absorbed all that assumption, that looks like it's a candidate. Where when we review assumptions, we probably adjust the assumptions to make sure we take into consideration that loss or unexpected increase in the unfunded liability at the experience review.

I still don't see questions. I am not looking for them. I just want to make sure the technology is working.

That being said, I was going to go on to slide -- or from the board booklet -- board booklet page 54. This is a real brief discussion. You will see at the top of this page, it will say "Actuarial Value of Assets". And I am seeing a couple of thumbs up that's where everyone is at. All right. And a nod. Good. Okay.

The whole point of this slide is that we make use of a smooth value of assets. So, you might look at the results and you're like, well, that's not the market value of assets that's being used for the funded ratio or in the contribution. It's just because we make use of this smooth valuation -- the smooth actuarial value of assets. The whole point of this is to keep the contributions, the employer contribution rate, more stable than if we had used market. That's it. In some years the actuarial value of assets will be higher than the market like it is this year; and in other years, the actuarial value of assets will be lower than market like it was the year before. It's just to keep the contribution fluctuation less than if we used pure market.

On the next page of the board booklet, page 55, we have the market value of assets that was used for the purpose of the valuation results. And I want to pause for a moment here to talk broadly about this valuation process.

As I said earlier, the staff

does a splendid job of getting us this information, submitting a record for every member in the plan, whether they are active, retired, disabled, getting us the appropriate asset information, making sure the benefit provisions were used are up to speed. We document them in this report so that folks can take a look and say, okay, are the actuaries using the right stuff. And I am sure we are using the right stuff. I always encourage trustees, since staff has already looked -- encourage trustees and other stakeholders, give it an eyeball and make sure it matches up with your version of reality, and if you see things that look different, chat with staff and square that away. I will tell you, in almost 30 years of doing these, you know, valuation results, it's happened I think twice, and I only talk about that with my therapist.

So, it rarely happens, but this is the reality upon which we base the valuation, and that's why I like to point it out.

Moving up pretty far on page 74, 74 of the board book. If you are going by the page number in our report, it's page number 45 if you can read that a little easier.

Talk about the payment earlier on of -- we talk about the largest part of the contribution rate is for this payment to unfunded liability. And that's not just in Alabama for the Teachers' Retirement System, it's almost universal, public sector retirement systems across the U.S. We, at Cavanaugh Macdonald Consulting, we work on a lot of public sector retirement systems all across the U.S. And it's rather common to have unfunded liability, funded ratios well below 100%, and most of the contributions going towards a payment to this unfunded liability.

This is a schedule of the

payments for the unfunded liability over the next few decades. So, the projected unfunded actual accrued liability, UAAL, currently as of this valuation date, we have $11.4 billion worth of unfunded liability we want to pay off. Once that gets paid off, you will be 100% funded. The payment towards that this year is the $752,881,272 figure right there. And you can see, over the course of time, that payment to the unfunded rises because we developed this in such a way that it will stay somewhat level with payroll over the course of time. So, you will see increases in this payment amount.

The projected unfunded liability eventually gets paid down. You can see it's projected to be zero by 2056. Indeed, it continues and stays somewhat flat but peaks in 2028 at just over $12 billion before it starts decreasing again. This might seem a little odd for folks, but in the public world, it's not uncommon to see the unfunded liability under the payment plans grow a little bit and then eventually decline. We always like to see it decline every year, if possible. But to make it decline every year, would also require contributions going, you know, increasing over -- as well.

And we are -- We look at this with the staff on an opportunistic basis. You know, instead of reducing contributions, we would rather, like we did, I think, last year, reduce the investment return assumption or potentially increase payments to the unfunded liability. But, anyway, just for Board awareness, this is a payment plain for the unfunded liability.

With that -- that's the end of my prepared comments for the valuation. I have a couple of other comments I would like to make, but I'll make sure that I don't see hands raised. I do not see anyone in the chat box. I don't see anyone under duress, unable to get to the chat box. Good.

So, a couple of sort of prepared comments. Some of them are prepared. A couple of things.

As I mentioned earlier, you know, folks are wondering, well, what about COVID? You know, for the pension plans, you know, when we talk about this internally and sometimes we actually talk with actuaries at other places, as well, because actuaries are a very social group.

You know, the initial element was, my goodness, the returns. I mean, it's going to really be horrific. That was the piece that we are worried about. Bad returns -- I hate using that term, but returns that are less than the 7.7% that we are anticipating, that is going to do really -- it's going to really increase contribution rates to the fund. And unfortunately, we didn't have any valuations as of around, well, Saint Patrick's day in the middle of March, when, you know, the year the returns at that point seemed to be somewhere around negative a whole lot. Things seemed to have settled down.

And so, now I don't think we are worried quite as much about returns for plans that are funded like you-all's. Mortality -- folks will ask about that. And, you know, we are not going to rush in and say, hey, here's a new mortality table. I mean, our mortality tables take years and years to develop.

So, they just issued a public sector mortality table that covers public sector participants for the first time, like, two years ago. And we are looking to implement that the next go-around. And I don't anticipate what's happening with COVID will have monumental impact on those base mortality rates. But it's early, and we have a little bit of time to the extent that, you know, we unfortunately have more people pass as a result. We reflect it in the valuation after it occurs. But in terms of the forward-looking, it's still a wait and see. We are not anticipating putting forth recommendations before we review assumptions again.

One more, maybe we see something, and I bet there's folks in this Brady Bunch panel right here that could speak to this more, has their own personal experience with this. I could see more -- or we could see retirements potentially than anticipated. You know, anecdotally, I hear of teachers entering in the new year and they are like, well, this might be a good year to retire. We see it with law enforcement, where if there are law enforcement folks that are eligible to retire, they are like, this might be a good time to retire.

So, you know, while actuaries talk a lot about all these different numbers, in the end, these are people making decisions, and we don't necessarily predict right. And I could see having more retirements than anticipated, which could have an impact on costs.

The final one -- and this is the one that seems to be coming up over the past few years. You know, the biggest impact might be nothing actuarial at all but whether or not there is, you know, the normal sources of revenue are there to pull from, to make contributions to the fund. So, we will see.

You know, these contributions are yet to be budgeted for, or anything like that, and they came in pretty close to what was expected and pretty close to last year. But, you know, and it varies from state to state, and it varies from source to source by revenue. And that could be a big challenge. I don't mean to be an alarmist. Look at me. I am using my calm face right now. So, I am not an alarmist, but it's just something that as trustees you may be looking for.

Any comments? No one has chirped on me in the chat box, which I am guessing I am just sitting here talking to myself. But you are there, right? Good.

The last thing. I know you-all miss us because it's been a while since I have been out there. It might be a little bit longer. We appreciate you accommodating us with this Zoom thing, but the next thing you are going to see from the actuary, you recall over the past two years we have developed estimates of the next valuation and had those available for the December Board meeting.

So, we developed an estimate of what we think will happen with the September 30th, 2020, valuation based upon investment returns that we will get from Mr. Green and the rest of the staff. And we can estimate what we think the funded ratio and the contribution rates are going to be. But obviously, when we collect all the other data, it will tweak it. It will give us a good indication as to where rates are going. That's going to be something, again, for the December Board meeting. And, you know, that's like three months away.

So, we will look to see if we are in the Brady Bunch decorum or if we are in person. That's for higher powers to determine.

But that is the end of my prepared comments. We always have unprepared comments. But that's it. We really appreciate your time and working with you-all, and we hope you-all stay safe.

CHAIRMAN HALLMARK: Okay. Y'all have heard the report. Are there any comments or questions at this time?

(No response).

CHAIRMAN HALLMARK: I don't see any in the chat box.

Larry, I appreciate your report.

MR. LANGER: Right. Thank you.

CHAIRMAN HALLMARK: The next item, we move to Item VII; that's the election update with Mr. Yancey.

ELECTION UPDATE

MR. YANCEY: Thank you, Mr. Chairman.

The election cycle for the TRS Board that we are entering right now. The Election Committee currently make up of Kelly Butler, Eric Mackey, and Ricky Whaley.

There are four positions up for election on the Board this year: Teacher Position number three currently held by Charlene McCoy; support position number two, currently held by Russell Twilley; principal position, currently held by Jeff Cole; and the higher ed position number two, currently held by Kelli Shomaker.

We have completed the period for those interested to state their desire to run for election. The Election Committee, those three that I just mentioned, we will need to meet immediately following this meeting for the purpose of approving the candidates that have submitted for election and to randomly draw the names to determine the order that they will go on the ballot.

Good news: All four incumbents have applied to run for reelection, so we are glad to have that. Everybody has got some opposition, so there are more than one candidate for each of those four positions.

Ballots will go out mid-October. October 15th is the projected date. They are due back in by November 21, and we should know the results thereafter, unless there is a runoff. If there is a runoff, then we will have to have a follow-up to do that.

The voters, they can do email. I mean, they can do online, regular mail, or telephone as far as casting their ballot. All those who we have email addresses on will receive an email telling them that the election is currently ongoing and telling them how to go online and vote if they wish to use that. And then we will continue to send reminders throughout that cycle to get everything done.

So, that's where we are on the election at the present time. Any questions?

(No response).

CHAIRMAN HALLMARK: I think we can just move on to the approvals, Mr. Yancey.

APPROVALS

MR. YANCEY: Okay. The last item, last page in the book, page 83, are the requests for reinstatements. We have three individuals who previously retired, returned to full-time work, suspended their retirement, and have completed the two years full-time work subsequent to coming back to active service. They are requesting to be reinstated to active status with the system. The staff recommends your approval of their requests.

CHAIRMAN HALLMARK: Okay. You have heard Mr. Yancey's request about having those reinstated for approval. So, at this time, I will need a motion to approve.

MS. CREW: Motion.

CHAIRMAN HALLMARK: Ms. Crew.

MS. MOBLEY: Second.

CHAIRMAN HALLMARK: I got a second from Ms. Mobley. Any discussion? Any comments?

(No response).

CHAIRMAN HALLMARK: All in favor say "aye".

(Board members saying "aye").

CHAIRMAN HALLMARK: All opposed, like sign?

(No response).

CHAIRMAN HALLMARK: Ayes carry.

Dr. Bronner, any closing

comments from you?
DR. BRONNER: No. We are good.
CHAIRMAN HALLMARK: Last thing I have is our next meeting is scheduled presently for December 8th, and it may be a virtual and traditional, whatever. I don't know what, you know, is going to happen between now and then, but I do appreciate everyone finding time to attend.
So, at this time, I need a motion to approve.
MR. COLE:
CHAIRMAN HALLMARK: Mr. Cole? Second?
MR. BUTLER: Second.
CHAIRMAN HALLMARK: Mr. Butler. Any comments?
(No response).
CHAIRMAN HALLMARK: All in favor say "aye."
(Board members saying "aye").
CHAIRMAN HALLMARK: All opposed like sign?

(No response).

CHAIRMAN HALLMARK: Thank you.

(Conclusion of TRS Board of Control meeting at approximately 11:58 a.m.)

REPORTER'S CERTIFICATE

STATE OF ALABAMA
ELMORE COUNTY

I, Jeana S. Boggs, Certified Professional Reporter and Notary Public in and for the State of Alabama at Large, do hereby certify on Tuesday, September 15th, 2020, that I reported the **TEACHERS' RETIREMENT SYSTEM BOARD OF CONTROL MEETING**; that the foregoing colloquies, statements, questions and answers thereto were reduced to 82 typewritten pages under my direction and supervision; that the transcription of said meeting is true and accurate transcript.

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

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

This the 15th day of September, 2020, in the year of our Lord.

/S/Jeana S. Boggs

Jeana S. Boggs
ABCR NO. 7, Exp 9/30/2021
Certified Court Reporter and
Notary Public
Commission expires: 8/9/2022

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