

**MEETING OF THE TRUSTEES**  
**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

**April 3, 2014**

The regular meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on April 3, 2014 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Steve Perry, Carl Levi, Katie Reinsmidt, Aon Miller, and Jeff Cannon. Others attending the meeting were Valerie Malueg, City Attorney's Office; Teresa Laney, First Tennessee Bank; Madeline Green, Todd Dockery and Cheryl Powell, City Human Resources Department.

The meeting was called to order by Chairwoman Daisy Madison.

**Approval of Minutes**

A quorum was present at the beginning of the meeting.

*Jeff Cannon made a motion to approve the minutes of the February 20, 2014 meeting. Steve Perry seconded the motion. The minutes of the meeting were unanimously approved.*

**Administrative Issues – Rehire of retirees policy**

Two policy statements for treatment of rehired retirees were presented as a follow-up from the February meeting. These statements are being presented to address the non-compliance problem these situations present for the defined benefit plan. These statements are attached to and made a part of these minutes.

The first statement addressed the three existing cases that need a remedy. This policy explicitly states that the employees will continue to receive their benefits while employed. Additionally, each will be given the choice to "opt-out" of the General Pension Plan or have any benefit earned due to current employment to be treated as a separate benefit from the one in receipt.

*Steve Perry made a motion to approve the policy titled "Policy for Continuation of Pension Distributions for Three Actively Employed Retired Former Employees". Aon Miller seconded the motion. The policy was approved unanimously.*

The second policy statement addresses any future rehiring of former employees who have elected to begin receiving their retirement benefit. This policy would require that the rehiring be done according to Human Resources guidelines for rehire for the rehired retiree to continue to receive their benefit. This re-employed retiree will not participate in the General Pension Plan and will not accrue additional earnings or service toward any past or future benefit payment.

Daisy Madison expressed concern about the impact of this policy on a retired former employee's decision to run for elected office. She feels that this is a punitive action in that regard.

However, it is noted that an employee of the City may participate in the 457 deferred compensation plan. And it was also noted that the decision of running for office should not be made on the promise of a pension benefit.

Jeff Cannon did not think the policy is prohibitive since the person making the decision to run for office or work for the City would know up front that if they are retired and drawing their benefit that they would not participate in the pension plan.

*Jeff Cannon made the motion to accept the policy titled "Policy for Continuation of Distributions for Rehire of Retired Employees". Aon Miller seconded the motion. A majority of the members voted yes. Daisy Madison voted no because she feels that it is punitive in nature. The policy was approved.*

### **Review of Bylaws**

The Article Three Meetings of the bylaws regarding meetings needs some changes. Those highlighted in the meeting are:

- The annual meeting in paragraph A. could be stated as the 'first regularly scheduled meeting' of the year. This would be the meeting for election of officers.
- Regular meetings in paragraph B. could be flexible as to frequency of meetings or could have a stated frequency, e.g. quarterly.
- The budget meeting could be stated as occurring 'before June 30'.
- For paragraph H. Carl Levi suggested a separate article for the parliamentary authority. Valerie Malueg concurred and said this paragraph could be split into two to create a separate article.
- A comment about paragraph K and the reimbursement of expenses was raised, but payment appears to be supported by city code 2-313.

The Article Four Officers of the bylaws regarding officers also raised some questions.

- In paragraph A. regarding elections, it is suggested that it be stated that a person cannot hold two offices at the same time.
- In paragraph B regarding vacancies of office, there is some question about how vacancies should be filled in light of Mayoral appointments and terms of appointments according to city code 2-311.

The Article Six Annual Report regarding review of annual reports from consultants also raised some question as to the source and timing of the reports and whether the presented report should be the audited report.

The Article Ten regarding indemnification of trustees. This article does not address errors and omissions insurance for trustees. Valerie Malueg indicated that a trustee would be covered by City code for inadvertent actions, but would be on their own with no City protection for willful actions. Errors and omissions insurance may not be needed since it would have no effect.

*Carl Levi made a motion to accept the planned changes as discussed today. Steve Perry seconded the motion. The motion carried.*

Valerie Malueg will make the revisions to the language discussed today in a draft for review and approval and will circulate them to the members. Valerie would like written approval. Further comments or changes may be considered at the May meeting prior to any action taken to finalize changes to the language in the bylaws.

### **Report from Counsel**

Valerie Malueg reminded the board that on May 30, 2013, there was a motion accepted to allow Katie Reinsmidt and Carl Levi to sign transactions on behalf of the Board in Daisy Madison's absence. The Certificate of Incumbency names the people authorized to sign on behalf of the Board. Daisy Madison and Carl Levi were present and able to sign. Katie Reinsmidt's signature will be obtained in the future and the document will be submitted to Teresa Laney of First Tennessee Bank to keep on file.

### **Follow-up on Robbins Geller Rudman & Dowd (RGRD) Portfolio Monitoring Program**

Valerie Malueg indicated that she had participated in a conference call with First Tennessee, Scott Arnwine of Gavion and Jerry Martin of RGRD to discuss the concerns of the Board. Of particular concern are the security of data and the cost of the program.

- The use of the term “free” will be made more explicit in an agreement, as this was not clear. The program should be cost neutral to the pension plan and to the bank.
- The frequency of reporting may be monthly or quarterly.
- On the security issue, there were assurances that only the employees of the law firm will have access to the data.
- Jerry Martin must get approval from others, but he felt that the indemnification of services of the firm could be worked out.
- If the board wishes to engage RGRD, the engagement agreement could be terminated at any time with notice.
- Portfolio monitoring will only provide monitoring and will not recommend a particular course of action.
- There would need to be a representative from the Board to receive the communications from RGRD and then communicate with the Board.

Teresa Laney stated that with monitoring First Tennessee Bank would have a more active role in the process since they currently file class action claims but do not monitor the opt out period. The Board would also have a more active role because decisions about the “opt out” would have to be made. Portfolio monitoring would catch the potential claims; then the Board would decide whether to opt out and bring a lawsuit or file with the class.

The Board would be able to select their own representation should they file a lawsuit. If the Board engages a law firm to file a lawsuit, a separate agreement would be in place to specify contingency fees.

The amount of data required to be available spans five years, two years electronic with historical data on pdf files. This is consistent with other systems. If this incurs a cost to prepare and maintain the data, the agreement will indicate that the expense will be paid by the RGRD firm to maintain cost neutrality.

After some discussion about the program, the inclination is to try it and see if it has merit. The exploration is made palatable because it can be canceled easily.

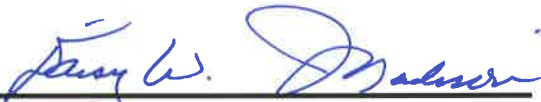
***Jeff Cannon made a motion to accept the RGRD Portfolio Monitoring service with the specific changes discussed and the termination provisions. Steve Perry seconded the motion. Engaging the monitoring service was accepted unanimously.***


#### **Other Business**

Patten and Patten is undergoing a reorganization and it may have some investment implications for the General Pension Plan. There are no anticipated repercussions.

The meeting was adjourned by Daisy Madison.

APPROVED:

  
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Chairman

  
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Secretary