

## MEETING OF THE TRUSTEES

### CITY OF CHATTANOOGA GENERAL PENSION PLAN

August 17, 2023

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 17, 2023 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Jeffrey Wilson, Katie Reinsmidt, Aon Miller and Ryan Ewalt. Others in attendance at the meeting were Robert Longfield and Scott Arnwine, CBIZ IAS, Inc.; Jed Cooper, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Cheryl Powell, City Human Resources Department; Ronald Ellis, Office of the Mayor.

Definitions in the document: GPP is General Pension Plan, OPEB is Other Post-Employment Benefits

The meeting was called to order by Chair Daisy Madison.  
A quorum was present at the beginning of the meeting.

#### Approval of Minutes

***Katie Reinsmidt made a motion to approve the minutes from the May 18, 2023 meeting. Aon Miller seconded the motion. The minutes were approved.***

#### Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement transactions were consistent with typical past activity for the second quarter. Two of the retirements have QDRO's and will share future benefit with an ex-spouse. One of the retirements is a vested ex-employee commencing the pension benefit. The employee termination activity was a relatively high number but the average amount of refunded contributions tended to be low suggesting early duration terminations. For the General Pension fund, GoldenTree Distressed Fund III distributed a total of reported distributions of \$370,000. For the GPP and OPEB funds, the cash and investment transactions approved at the May meeting are complete and shown in the report.

***Katie Reinsmidt made a motion to approve administrative actions. Aon Miller seconded the motion. The administrative actions were approved.***

#### Statement of Investment Objectives – review and update as needed

Robert Longfield indicated that Fitch had downgraded the US to AA. S&P had done so previously. Provisions in the policy statement limit investment in a single issuer to a max of 10% of the fund, except for investment in US securities, and all investments must be investment grade. There is no minimum amount specified for government securities.

There is a statement at the bottom of page 4 of the document – “The board shall retain one (1) or more consultants to provide advice.” Should the board consider changing the wording?

No other comments were made.

If there are no changes to be made to the document, the trustees will sign the signature page at the November meeting.

#### Investment Performance Review 2Q2023 – CBIZ Investment Advisory Services

Robert Longfield made some preliminary comments about the economy to help explain the results of the past quarter and expectations about the future. Inflation pressures have fallen and currently are approximately 3.5% and trending toward 3%.

Housing prices and rents, while not declining, have stabilized at the current level. Energy prices have declined somewhat. The main question remains ‘what will the Fed do?’ The Fed may increase rates again later in 2023; however, it is expected that rates will begin to be cut sometime next year. The economic climate is not a typical recession like the US has experienced before. It is not a deep recession but more of a rolling recession and the GDP may not be negative. Consumer spending remains steady or increasing. US debt is at 6% and higher interest rate is needed to sell the \$1.7 trillion of Treasuries needed to attract buyers to finance it. Because of the effect of the yield curve, it may be prudent to end the short term bond allocation to Vanguard in the City funds in favor of a long term allocation.

It is not clear what the target inflation will be to drive interest rates given the global economy with the Russia-Ukraine conflict and relationship with China’s economy. Production is moving back to the US or ‘friendly’ countries. At the same time it is important to note that 7 stocks, mostly technology, largely drove the market results during the first five months of the year. The top 10 stocks in the S&P 500 account for 30% of the index at present. The prudent strategy for the board is to move closer to the investment target for core fixed income in GPP and OPEB.

Scott Arnwine provided highlights of plan results for the quarter. The GPP ended the quarter up 2.4% and 5.6% year to date with a market value of \$339.9 million. The large cap equity managers were up by 7.5% with Patten and Patten and Kerusso results below the benchmark. Small cap manager Kennedy also had results below the benchmark. International equity manager Invesco was up 4.4% partly influenced by their holdings in Novo-Nordisk (Wegovy manufacturer).

The Private Equity alternatives have not yet reported 2Q results. Hedge funds were up 2.4% with both companies exceeding their benchmarks. Intercontinental real estate results were down 6.3% influenced by the larger write downs on the US in the west coast office market. Fixed income was down 0.5% in the quarter and up 3.4% year to date.

On the Private Investment IRR results, only Medley is disappointing. Medley did go through a bankruptcy and audits. The takeover firm TCW is managing and liquidating the remaining assets.

Looking forward to July, the GPP fund results are up 1.8% with a market value of 345.2 million.

For the OPEB Trust, the fund level at the end of 2Q is up 4.5% to \$125.7 million. The total equity allocation is up 8.2%. The results for OPEB by category is often similar to that of the GPP since OPEB has many of the same investment managers; however, OPEB is more heavily weighted in equities, and with a longer horizon it is invested more aggressively.

Looking forward to July, the OPEB fund results are up 2.4% with a market value of \$128.6 million.

The current portfolio is operating below the actuarial assumption. It is time to perform another asset allocation analysis, especially for rebalancing allocations for equities and fixed income and considering current diversification options.

### **Report from First Horizon – Jed Cooper**

Jed Cooper reported that the post-takeover environment at First Horizon is now business as usual. He has no other information to report at this time.

### **Report from Counsel**

The proposed ordinance for the recommendation to amend the GPP definition of part time employees and the Mayor’s appointed representative to the board passed on 2 readings. The ordinance is #14017 and will become effective on August 29, 2023.

Valerie Malueg discussed the 48 hour notice requirement for adopting rules must include a policy for public comment. Cheryl does put out a notice of the meetings will in advance of the meeting dates. Our agenda will include a line on the agenda allowing for public comment at the end of the document.

On the question raised at the last meeting allowing Fire and Police employees who can no longer serve in their sworn capacity to join the GPP if they become civilian employees, the board had questions and discussion about how this works.

Valerie read the contents of Ed's letter of assessment to the trustees, essentially saying that the employee would enter the plan as any other new employee and be required to vest before any benefit may be paid. At the same time, City code requires all full time employees to participate in a pension plan. It has become a problem that needs to be addressed. A proposal of a solution to address this situation is needed among a committee of City employees. This will be an agenda item on the November meeting.

### **Investment Consulting Contract and Procurement Process**

The investment consultants were excused for the remainder of the meeting.

For background information, Cheryl Powell provided the trustees with two timelines, one for the procurement process that was performed June 18, 2009 – September 16, 2010 (2010 procurement) and the second for the process from August 16, 2022 – August 7, 2023 (2023 procurement).

City purchasing processes change over time. The 2010 procurement was conducted with retained consultants and did not use the City purchasing process at that time. The 2023 procurement relied on the City purchasing process according to the purchasing manual. The current purchasing manual does not allow for a representative on the evaluation committee that is not a City employee.

There were discussions in 2021 to attempt to allow one board member to be a member of the evaluation committee. This proposal has never been on the City Council agenda as a change to the procurement manual. It is currently not part of the purchasing rules.

Ryan Ewalt, the Mayor's appointed representative, stated that he was asked to be on the evaluation committee and he delegated his representation to Ronald Elliott, a member of his staff, to serve in his place.

With this information, the trustee's discussed the events and raised questions about the board's involvement and what control they have over decisions made on their behalf in this case. The major concern raised was that not enough information was communicated about the timing of the process.

Ryan Ewalt proposed that an Executive session be scheduled so that the board can invite Debbie Talley, Interim Director of Purchasing, to get more information and be educated about the procedures that lead to a decision in the procurement process. Cheryl will check room availability and poll trustees for their availability and set up the meeting.

There was no other business to discuss.

***Jeffrey Wilson made a motion to adjourn the meeting. Aon Miller seconded the motion.***  
Daisy Madison adjourned the meeting.

**CITY OF CHATTANOOGA GENERAL PENSION PLAN  
ADMINISTRATIVE ACTIONS**

**Meeting of Trustees  
August 17, 2023**

**PART I - PARTICIPANT SUMMARY**

**SUMMARY OF PENSION PLAN APPLICATIONS**

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Richard, James W	Police services	normal	A	\$1,621.94	6/1/2023		
Skinner, Patrick	Parks and Outdoors	normal	no	\$2,265.70	6/1/2023		QDRO with Kristyn Skinner
Andino, Jose M	Public Works	normal	B	\$1,235.41	6/1/2023	\$22,231.23	QDRO with Maria Santos
Anderson, Greg L	Finance	normal	no	\$1,588.85	6/1/2023		
Hall, Kathy	Human Services	normal	A	\$273.97	7/1/2023		
Edmond, William M	Airport	normal	B	\$1,315.91	8/1/2023		
Fritz, Jerry Douglas	Public Works	imm early	B	\$525.76	8/1/2023		vested

Count	7	\$8,827.54	\$22,231.23
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**DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES**

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes
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**BENEFIT REVISIONS/CONVERSIONS - PENDING BOARD REVIEW/APPROVAL**

NAME	TYPE	Option	Previous amount approved	Revised amount	Effective date
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**SELECTION OF OPTIONAL BENEFIT REPORT - VESTED OR ATTAINED AGE 62 OR GREATER**

NAME	OPTION	Effective Date
Abdul Kadir Mohamad-Ameen	B	6/8/2023

**DISABILITY BENEFIT REPORT**

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
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**LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)**

Return of contributions 44 \$58,649.17

NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
Wiley, Stacy D	Public Works	56728	6/21/2022	\$8,001.97	vested
Caldwell, JaMichael A	Parks and Outdoors	88539	3/6/2023	\$924.22	
Sanders, Stephen C	Public Works	101646	3/8/2023	\$147.40	
Foster, Dierra	Community Developn	101287	3/10/2023	\$219.51	
Bivin, Mary F	Library	77691	3/13/2023	\$1,015.74	
Ross, Daniel A	RPA	100706	3/14/2023	\$818.41	
Eslinger, Jeweli M	Public Works	88102	3/17/2023	\$1,143.13	
Bird, Ashlie R	Finance	101211	3/22/2023	\$174.83	
Langston, Michael W	Public Works	87067	3/28/2023	\$1,579.55	
Waltero, Jonathan	Police Services	79887	3/31/2023	\$168.55	
Bush, Steven A	Public Works	101523	4/6/2023	\$57.83	
Whiteside, Dustan L	Public Works	101088	4/6/2023	\$487.60	
Ibara, Julian G	Public Works	102050	4/10/2023	\$34.80	
Thurston, William H	Public Works	101619	4/10/2023	\$60.00	
Taylor, Anthony T	Public Works	101894	4/11/2023	\$53.41	
Howard, William B	Public Works	101858	4/13/2023	\$93.43	
Prevatt, Wayne	Public Works	83924	4/13/2023	\$2,417.34	
Watkins, Derrick D	Public Works	101629	4/14/2023	\$61.86	
Hobbs, Kortney G	Mayor office	88114	4/18/2023	\$1,747.20	
Chandler, Natalie	Parks and Outdoors	101348	4/20/2023	\$345.70	
Mindermann, Emma	General Government	88839	4/20/2023	\$1,741.06	
Hammonds, Christopher E	Wastewater	101533	4/21/2023	\$297.18	
McReynolds, Dwight W	Public Works	72003	4/21/2023	\$216.59	
Guinan, Kellye A	Library	88197	5/1/2023	\$905.13	
Gostola, Dustin M	Wastewater	100513	5/4/2023	\$1,118.64	
Puzanov, Igor J	Mayor office	100991	5/4/2023	\$911.70	
Morgan, Bailey B	Finance - Court	88276	5/5/2023	\$936.84	
Steward, Tamara H	Equity Community Er	100363	5/5/2023	\$3,745.37	
Strong, Kearia D	Early Learning	70674	5/5/2023	\$1,797.39	
Thongnopnua, Joda A	Mayor office	87511	5/5/2023	\$6,511.25	
Watson, Michael C	Library	85946	5/5/2023	\$5,181.56	
Gatlin-Hayes, Infinity J	Library	100324	5/9/2023	\$374.37	
Yates, Kirsten M	Mayor office	100524	5/10/2023	\$2,822.11	
Bonner, Jerome W	Public Works	101896	5/11/2023	\$215.21	
Allen, Randi S	Human Resources	101912	5/12/2023	\$243.35	
Dunn, Thomas J	Public Works	88902	5/12/2023	\$1,307.06	
Garner, Leroy	Public Works	101422	5/15/2023	\$269.94	
Grundy, Jabin M	Public Works	102097	5/16/2023	\$79.07	
Craig, Lisa M	Human Resources	86446	5/18/2023	\$3,600.49	
McNealy, KaDeadra M	IDP OPMOD	77411	5/19/2023	\$1,340.29	
Yates, Isaac J	Parks and Outdoors	100841	5/19/2023	\$454.17	
Durham, Tabettha A	Finance	100901	5/26/2023	\$686.35	
Grisham, Geoffrey D	Community Developn	101361	5/26/2023	\$371.53	
Bartenfield, Kevin M	General Government	88807	6/7/2023	\$3,970.04	
Smith, Rolston U	Parks and Outdoors	83399	7/6/2023	\$3,397.98	

**RETURN OF DECEASED RETIREE BASIS**

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
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**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	115,310.84	6/30/2023	
Fiscal Year to date	307,484.11		FY2023
<i>Budget</i>	375,410.00		FY2023
Same quarter last year	113,484.25	6/30/2022	
Prior Fiscal Year Actual	306,182.31		FY2022
Cavanaugh Macdonald	11,092.00	6/30/2023	GPP valuation
Cavanaugh Macdonald	-	6/30/2023	GPP GASB 67 & 68
Cavanaugh Macdonald	-		Experience Study
Cavanaugh Macdonald	-	6/30/2023	Consulting service
Records Management	-	6/30/2023	Minutes, supplies
Chattanooga Times Free Press	33.10	6/30/2023	Meeting ad
CBIZ IAS	25,000.00	6/30/2023	Investment consulting services
First Horizon Bank	31,711.74	6/30/2023	Administrative expense
City of Chattanooga services	47,474.00	6/30/2023	Administrative expense annual
<b>COMPANY TOTAL</b>	<b>115,310.84</b>		

***Investment Managers -- Fees Paid***

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	106,934.35	6/30/2023	
Fiscal Year to date	394,922.83		FY2023
Same quarter last year	84,881.71	6/30/2022	
Prior Fiscal Year	374,739.60		FY2022
Kennedy Capital Mgmt (prorated)	34,654.00	6/30/2023	Investment management fees
Patten & Patten	19,699.17	6/30/2023	Investment management fees
Kerusso Capital Management	12,698.84	6/30/2023	Investment management fees
Wedge Capital	39,882.34	6/30/2023	Investment management fees
<b>MANAGER TOTAL</b>	<b>106,934.35</b>		

**ACCOUNTS RECEIVABLE**

COMPANY	AMOUNT RECEIVED	FYTD	EFF DATE	REASON
Fiscal Year to date		\$319,047.00	FY2021	
Fiscal Year to date		2,946,264.40	FY2022	
Fiscal Year to date		1,238,591.35	FY2023	
	Qtr Ending		6/30/2023	
DTC Diversified Partners III	\$0.00			distribution
TerraCap Partners III	\$0.00			distribution
TerraCap V	\$0.00			distribution
GoldenTree Distressed Fund 2014	\$0.00			distribution
GoldenTree Distressed Fund III	\$370,000.00			distribution
GoldenTree Distressed Debt IV	\$0.00			distribution
Medley Opportunity Fund III	\$0.00			distribution
Greenspring Global Partners IV	\$0.00			distribution
Greenspring Opportunity Fund III	\$0.00			distribution
FCA Venture Partners III	\$0.00			distribution - Final
<b>COMPANY TOTAL</b>	<b>370,000.00</b>			

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to date		(180,000.00)	FY2023	capital call
Fiscal Year to date		0.00	FY2023	all other transactions
Vanguard Short Term Treasury Index Fund	-3,000,000			for benefit payments/capital calls
Cash	3,000,000			for benefit payments/capital calls
GoldenTree Distressed Debt IV	0		6/30/2023	capital call
<b>MISCELLANEOUS TOTAL</b>	<b>0.00</b>	<b>(180,000.00)</b>		

**REPORT OF ACCOUNT(S) PAID**

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Prior Fiscal Year		82,173.97		FY2022
<i>Budget</i>		81,000.00		FY2023
Fiscal Year to date		95,619.09		FY2023
Symetra	7,793.60		2/28/2023	Long Term Disability (50%)
Symetra	8,367.75		3/31/2023	Long Term Disability (50%)
Symetra	7,901.76		4/30/2023	Long Term Disability (50%)
Symetra	7,897.42		5/31/2023	Long Term Disability (50%)
Symetra	7,897.42		6/30/2023	Long Term Disability (50%)
<b>TOTAL</b>	<b>39,857.95</b>	<b>95,619.09</b>		

**CITY OF CHATTANOOGA OPEB TRUST  
ADMINISTRATIVE ACTIONS**

**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	13,175.43	6/30/2023	
Fiscal Year to date	59,744.16		FY2023
<i>Budget</i>	<i>60,930.00</i>		<i>FY2023</i>
Same quarter last year	17,738.35	6/30/2022	
Prior Fiscal Year Actual	73,773.24		FY2022
 Cavanaugh Macdonald	 -	6/30/2023	OPEB valuation
Cavanaugh Macdonald	-	6/30/2023	OPEB GASB 74/75
 CBIZ IAS	 5,000.00	6/30/2023	Investment consulting services
 First Horizon Bank	 8,175.43	6/30/2023	Administrative Expense
<b>COMPANY TOTAL</b>	<b>13,175.43</b>		

***Investment Managers -- Fees Paid***

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			FY2019
Fiscal Year to Date			FY2020
<b>MANAGER TOTAL</b>	<b>-</b>		

**ACCOUNTS RECEIVABLE**

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Prior quarter total			
GoldenTree /Distressed Co-Investment Fund	\$77,000.00	6/30/2023	distribution (recallable)
Greenspring Opportunities Fund VII	\$0.00	6/30/2023	distribution
<b>COMPANY TOTAL</b>			

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year to date	(180,000.00)	FY2023	capital calls
Fiscal year to date		FY2023	all other transactions
Cash	-4,000,000		approved transaction
VanguardFTSE All-World ex-US Index Fund	4,000,000		approved transaction
Vanguard Short Term Treasury Index	-3,000,000		approved transaction
Johnson Institutional Core Bond Fund	3,000,000		approved transaction
 GoldenTree Distressed Co-Investment Fund III			capital call
StepStone VC Opportunities VII			capital call
<b>MISCELLANEOUS TOTAL</b>	<b>-180,000.00</b>		



APPROVED:

  
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Chairman

  
\_\_\_\_\_  
Secretary