

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

January 21, 2010

The regular meeting of the City of Chattanooga General Pension Plan was held January 21, 2010 at 8:45 a.m. in the City Hall Finance Conference Room. Trustees present were Daisy Madison, Katie Reinsmidt, BettyeLynn Smith, Carl Levi, and Dan Johnson. Others attending the meeting were Valerie Malueg, City Attorney’s Office; Donna Kelley, City Personnel Office; Sharon Lea, City Personnel Office; and Steve McNally, First Tennessee Bank.

The meeting was called to order by Chairwoman Daisy Madison. A quorum was present.

The minutes of the meeting held December 17, 2009 were approved.

The following pension benefits and plan expenses were discussed for approval:

PART I – ACCOUNT SUMMARY

ACCOUNTS PAYABLE

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>		<u>SERVICES RENDERED</u>
	THIS PERIOD	YTD	
EFI ACTUARIES	\$1,750.00	\$29,641.62	Actuarial calculations, Benefit calculations for Corker and Crockett

INVESTMENT MANAGERS

ATALANTA SOSNOFF	\$27,430.00	\$74,995.00	Investment management expense for period ending December 31, 2009
PATTEN AND PATTEN	\$8,499.58	\$24,114.47	Investment management expense for period ending December 31, 2009
SMH CAPITAL ADVISORS	\$7,597.22	\$14,263.99	Investment management expense for period ending September 30, 2009
WEDGE CAPITAL	\$17,229.09	\$47,863.15	Investment management expense for period ending December 31, 2009

MANAGER TOTAL	\$60,755.89	\$161,236.61	
----------------------	--------------------	---------------------	--

ACCOUNTS RECEIVABLE

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u>		<u>PURPOSE</u>
	THIS PERIOD	YTD	
No Activity			

REPORT OF ACCOUNT (S) PAID

MUTUAL OF OMAHA (Long-Term Disability)	\$9,071.00	\$63,925.46	Long Term Disability (50%) – December 09’
-------------------------------------------	------------	-------------	-------------------------------------------

MISCELLANEOUS ITEMS

NAME

No Activity

Administrative Issues

Ms. Kelley discussed the responses of the bid for the Long Term Disability coverage for the City of Chattanooga General Pension Plan participants. The City placed a bid for Term Life and included Long Term Disability coverage. A total of 13 companies placed bids, of which 9 included bids on the LTD product. The City is recommending the Hartford to Council due to reduced pricing (around \$29,000 per month) and a fixed rate for three years.

Ms. Lea brought an issue before the Board concerning continuation of Optional A benefit payments to a beneficiary of a deceased retiree, Edward Coley. James Coley, the beneficiary, has been unable to obtain a bank account to receive the benefit payments due to being incarcerated. Once established, this office needs to know whether to apply a back-payment to Mr. Coley's benefit payments to cover the time period lapsed, or start benefit payments without a back-payment. Benefit payments are scheduled to cease effective August 31, 2017. Ms. Madison stated that documentation should be kept of all attempts to notify Mr. Coley of his benefits due, and that all past payments should be paid without interest once an account is established. Ms. Malueg stated that a certified letter should be sent to him for proper notification. The Board agreed that there should be a back-payment applied to Mr. Coley's benefit payments once proper banking information is obtained.

Ms. Kelley asked the Board to take a look at the Social Security offset formula under the General Pension Plan provisions. Due to Social Security changes in the future, the Plan design should be evaluated. She also stated that as part of the valuation last year, she had the actuaries run a formula for a fixed 2.5% formula, but the expenses were 50% more than what the Plan was currently paying. Ultimately, the whole plan design needs to be evaluated over the next few years.

Annual Election of Officers

Ms. Madison opened the floor for nominations for Chair, Vice Chair, and Secretary. Ms. Madison currently holds Chair, Ms. Smith holds Vice Chair, and Mr. Levi holds Secretary. Mr. Johnson made motion to nominate the current members to their current positions. Ms. Reinsmidt made a second. The Board unanimously agreed.

Report from Counsel

Ms. Malueg stated the responses from the Consultant RFP were on the table and confirmed that Mr. Lamb had been sent the CD's. She then stated the Board agreed in September that a RFP be distributed for Custodial Services, but in November it was agreed to wait until the Consultant RFP was completed. A working draft of the Custodial RFP was distributed for the Board to look at. She reported that the current contract with First Tennessee expired June 30, 2009. She stated that it could be renewed for a one year period starting now or retro to June 30, 2009. Mr. Johnson made motion to renew the contract under the same terms at the same rate retro to July 1, 2009 for one additional year. Mr. Levi made a second. The Board unanimously agreed.

Ms. Malueg brought an additional issue to the Board concerning employees activated for extended military leave. The City has paid the employee and employer portion of contributions into the General Pension Plan since September 2001 for employees activated for extended military leave based on: *"That for employees called to active duty during a National Emergency such as, but not limited to, the War on Terrorism or an Iraq Conflict..."* This policy changed with implementation of Ordinance 12288 (effective July 1, 2009): *"That employees called to active duty and deployed outside the continental United States ("OCONUS") to a combat zone or a qualified hazardous duty area, as those terms are defined by federal*

Meeting of Trustees
City of Chattanooga General Pension Plan
January 21, 2010
Page 3

law...” She stated that eight participants have been activated for extended military leave since 2001 and the City’s Personnel department needed clarification on whether a participant is eligible for the employee contributions paid by the City at termination and how the contributions should be reported on participant history reports. The Board discussed many circumstances concerning the City’s contributions being made in order to keep these employees “whole.” The Board agreed that a legal opinion needed to be reached. This opinion needs to include whether the City is required to pay the employees’ pension contributions and whether employees have a right to that contribution upon separation from employment.

The next board meeting was scheduled for February 18, 2010 at 8:45 a.m. in the City Hall 1st Floor Finance Conference Room.

There being no further business, the meeting was adjourned.

Chairman

APPROVED:

Secretary