

**MEETING OF THE TRUSTEES**

**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

**June 21, 2007**

The regular meeting of the City of Chattanooga General Pension Plan was held June 21, 2007 at 8:45 a.m. at the J.B. Collins Conference Room. Trustees present were Daisy Madison, BettyeLynn Smith, Katie Reinsmidt, David Eichenthal, Dan Johnson, and Carl Levi. Others attending the meeting were Donna Kelley, City Personnel Office; Sharon Lea, City Personnel Office; Michael McMahan, Nelson, McMahan & Noblett; Jeff Claxton, City Benefits Office; and Teresa Hicks, First Tennessee Bank.

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

The minutes of the meeting held May 31, 2007 were approved.

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

**ACCOUNTS PAYABLE**

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>	<u>SERVICES RENDERED</u>
CITY OF CHATTANOOGA	\$25,000.00	Reimbursement of administrative costs to the City of Chattanooga for fiscal year 2007
CONSULTING SERVICES GROUP	\$16,048.75	Professional services for quarter ending June 30, 2007

**INVESTMENT MANAGERS**

THE NORTHERN TRUST COMPANY	\$7,175.26	Investment management fee for quarter ending December 31, 2006
	\$7,175.26	MANAGER TOTAL

**ACCOUNTS RECEIVABLE**

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u>	<u>PURPOSE</u>
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No Activity

**REPORT OF ACCOUNT (S) PAID**

MUTUAL OF OMAHA (Long-Term Disability)	\$9,298.60	Premium for June 2007
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**MISCELLANEOUS ITEMS**

<u>NAME</u>	<u>TRANSACTION</u>
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No activity

Officer George Walden – At Request of Board

Officer Walden appeared before the Board to formally request a reinstatement of the lapse in employment time in respect to his General Pension funds and a coordination of his benefits when he transferred into the Fire and Police Pension. He was employed as a City Court Officer on January 31, 1986 (General Pension Plan membership date August 1, 1986). He then transferred to the Chattanooga Police Department on October 14, 1994 (Fire and Police Pension Fund membership date February 17, 1995). On December 28, 2001, he resigned with the Police Department and elected to receive a refund of his General Pension Plan contributions – check issued on March 6, 2002. On October 4, 2002, he returned to service and was reinstated into the position of Police Officer. He repaid his contributions previously withdrawn from the Fire and Police Pension Fund plus interest based on City Code Chapter 2, Division 18, Sec. 2-413-check in the amount of \$18,836.20 deposited on October 3, 2002. Officer Walden claims that he was not advised otherwise concerning his General Pension funds and that he wasn't advised on transferring his credited service to the Fire and Police Pension Plan. He stated that the Police Board said that he could not do it and wanted to know when the City Charter was implemented. He stated that he would have transferred his General Pension funds if he were advised to do so.

Mr. McMahan advised Officer Walden that he would have to get additional information from the Fire and Police Pension Board before he would render any advice. He stated that his situation was complex and that Officer Walden doesn't exactly fit the Code. The Board discussed the fact that Officer Walden's situation is a vesting situation and would require further investigation. Mr. McMahan will provide a recommendation for the next meeting upon receiving Officer Walden's employment history from Ms. Kelley.

Administrative Budget FY 2008

Ms. Madison presented the fiscal year 2008 administrative budget to the Board. She stated that the budget carried over from last month in order for the Board to get a more clear definition of the consultant fees and the OPEB impact on the budget. The actuary fees, consisting of a total of \$38,577, include \$20,000 for an experience study expected for fiscal year 2008. The bank fees are expected to stay the same. She then explained the increase of \$10,000 per year in consultant fees, resulting in a gross fee of \$95,000. The current fee is \$85,000. The reasons for this increase include the increase of analyst hours that were more than originally anticipated from added responsibilities that were implemented from Rusty Olson's review. A second reason is for the cost increases due to CSG experiencing significant increases in compliance demands as well as additions in their research capabilities to meet the growth of new financial product creation. A third reason is for the added OPEB responsibilities. Ms. Madison stated that the OPEB Trust fees would be charged to the General Fund.

Mr. Johnson made motion to approve the increase in the annual fee of \$10,000 for CSG and the Administrative Budget. Mr. Levi made a second. The Board unanimously agreed.

OPEB Budget Discussion

Ms. Madison described the one time fee of \$5,000 that CSG would be charging for constructing the investment policies and asset allocation on the OPEB Trust. This cost will not be included in the budget. This cost will be absorbed by general funds. The Board will determine how to prorate an allocated portion of CSG's cost to the OPEB trust.

Atlanta Sosnoff Funding and Fee Discussion

Provided by an earlier email, Mr. Longfield stated that the agreed upon funding arrangements made by the Board at the last meeting needed to be modified. As we are getting prepared for funding Atlanta Sosnoff at \$24 million and the additional \$2.4 million to Pointer we have a modification in what was approved at the last meeting as the source of the funding.

What was approved at the last meeting was to fund Atlanta Sosnoff from the Russell 1000 Growth index fund and \$6.5 million from THB. Also, the recommendation was made to add \$2.4 million to Pointer from Duff and Phelps. We recommend we do not take funds from Duff and Phelps currently. \$1.4 million was pulled from them in April and in the second quarter REITs have sold off so the account balance is currently \$10.5 million. They have a \$10 million minimum account requirement and if we go below that they will push Chattanooga into their partnership which is more expensive. Since the equity markets are up, the value of the index fund is more, so we would only need an additional \$2 million to cover the shortfall and the cash fund is currently over \$10 million. CSG's revised recommendation is to pull the additional \$2 million needed to complete the transfers from the cash fund.

Mr. Eichenthal made motion to approve the revised recommendation and Mr. Johnson made a second. The Board unanimously agreed.

Report from Counsel

Mr. McMahan passed out the previously approved Statement of Investment Policy Objectives for June of 2008 to the Board for their review. He explained that there were no changes to be made; however, the Board needed to readopt the objectives to carry one policy with the current revised asset allocation.

Mr. Levi made motion to approve the re-adoption of the objectives and Mr. Johnson made a second. The Board unanimously agreed.

The next Board meeting was scheduled for Thursday, July 19, 2007 at 8:45 a.m. in the J.B. Collins Conference Room.

There being no further business, the meeting was adjourned.

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Chairman

APPROVED:

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Secretary