

**MEETING OF THE TRUSTEES**

**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

**June 22, 2006**

The regular meeting of the City of Chattanooga General Pension Plan was held June 22, 2006 at 8:45 a.m. at the Development Resource Center, Room 2B. Trustees present were David Eichenthal, Carl Levi, Daisy Madison, BettyeLynn Smith, and Dan Johnson. Others attending the meeting were Donna Kelley, City Personnel Department; Doug Kelley, City Personnel Department; Sharon Lea, City Personnel Department; and Ken Fritz, Nelson, McMahan, & Noblett.

The meeting was called to order by Chairman David Eichenthal. A quorum was present.

The minutes of the meeting held May 25, 2006 were post poned for approval until the next meeting.

Upon a motion duly passed, the following pension benefits and plan expenses were approved:

**ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>	<u>SERVICES RENDERED</u>
CONSULTING SERVICES	\$7,500.00	Litigation support
EFI	\$18,300.00	Actuarial Valuation and two benefit calculations

**INVESTMENT MANAGERS**

No activity

**ACCOUNTS RECEIVABLE**

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

**REPORT OF ACCOUNT (S) PAID**

HARTFORD LIFE AND ACCIDENT INSURANCE CO. (Long-Term Disability)	\$12,361.67	Premium June 2006
--	-------------	-------------------

**MISCELLANEOUS ITEMS**

<u>NAME</u>	<u>TRANSACTION</u>
-------------	--------------------

No activity  
Meeting of Trustees  
City of Chattanooga General Pension Plan  
June 22, 2006  
Page 2

Fixed Income Rebalance

Pat Cox of Consulting Services Group joined the Board meeting by conference call to discuss the Plan's fixed income rebalance to a minimum of 25%. As of June 16, 2006, the Plan had 1.2% in cash and 23.1% in fixed income. CSG recommended taking \$2,000,000 from equity and putting it into cash to bring fixed income and cash to just over 25%. Half of the \$2,000,000 would come from the large value index fund and the other half from Patten & Patten. Mr. Cox discussed how this implementation would bring the fixed income and cash slightly above the minimum of 25%. This cash allocation would yield close to 5% without exposure to potential bond market declines and it would make cash available for future benefit payments.

The chairperson, Mr. Eichenthal, asked the Board if they agreed to the suggestions of CSG. Mrs. Madison made the motion to approve and Mr. Johnson made a second. The Board unanimously agreed.

Mr. Eichenthal agreed to follow-up with Mr. Cox before the next Board meeting on July 20, 2006, concerning the upcoming Education Day.

Discussion

Mrs. Madison asked that the Request for Proposal for Custodial Services be reviewed to determine First Tennessee's administrative support and the fees that reflect it. Mr. Eichenthal asked whether First Tennessee should still take the minutes or just sit in the meetings for any questions the Board may have. Any fees included in the RFP should reflect what they are doing. Mr. Johnson stated that it is far better for us to take our own minutes, internally, and First Tennessee can still come when needed.

Mrs. Kelley gave the Board background on the amount of work involved in the administrative duties that the bank used to be responsible for. Mrs. Kelley stated that the RFP isn't specific enough in its wording and that we should adjust the fee structure gradually and Mrs. Madison agreed.

Mr. Kelley added that it is much easier for the participants of the General Pension Plan to contact him and not the bank about any changes.

Mr. Eichenthal stated that if Mrs. Lea is still going to take the minutes, then we may still need First Tennessee to attend the meetings until the transition period is over. Mr. Johnson stated that since the process is going to change, then we are going to need them here anyway. Mrs. Kelley suggested running the minutes in tandem with First Tennessee's until we are ready to go on our own. Mrs. Madison asked to review the RFP so that the Board could make further decisions.

The next Board meeting is scheduled for July 20, 2006 at 8:45 a.m. in the J.B. Collins Conference Room.

There being no further business, the meeting was adjourned.

---

Chairman

APPROVED:

---

Secretary