

**MEETING OF THE TRUSTEES**

**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

**September 15, 2005**

The regular meeting of the City of Chattanooga General Pension Plan was held September 15, 2005 at 8:45 a.m. in the City of Chattanooga J.B. Collins Conference Room. Trustees present were David Eichenthal, Daisy Madison, Dan Johnson, and BettyeLynn Smith. Others attending the meeting were Donna Kelley, City Personnel Office; Doug Kelley, City Personnel Office; Vickie Corson, City Finance Department; Chris Haley, City Finance Department; Michael McMahan, Nelson, McMahan & Noblett; and Teresa Hicks of First Tennessee.

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

The minutes of the meeting held August 18, 2005 were approved.

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

**ACCOUNTS PAYABLE**

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>	<u>SERVICES RENDERED</u>
EFI	\$19,389.04	Professional services for August 2005 (Valuation and educational seminar)
NELSON, MCMAHAN & NOBLETT	\$975.00	Professional services for July and August 2005
	<u>\$330.00</u>	Professional services for the period August 11, 2005 to August 26, 2005 (Paine-Webber litigation)
	\$1,305.00 Total	
THE CHATTANOOGAN	\$1,000.00	Educational seminar

**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)	\$12,498.60	Premium September 2005
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**MISCELLANEOUS ITEMS**

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

Web-Site

Donna Kelley reported that the internet site should be available within the next couple of months.

Mediation

The board conducted an attorney-client privileged conference call with Jan Atlas and Dale Ledbetter.

Mr. McMahan informed the board that the cost to scan the requested documents for the upcoming arbitration increased from \$10,000 to \$20,000. The increased amount was justified due to the volume of documents scanned. Mr. Johnson made a motion to approve the additional cost and Ms. Smith provided a second. The motion was unanimously passed.

Custodian RFP

The board discussed drafting a RFP. The last RFP was done in 1995. Ms. Madison and Ms. Kelley pointed out there were additional services they would like to see added. Mr. Eichenthal stated the RFP was not a reflection of First Tennessee's performance but something that should be evaluated every ten years. Mr. McMahan recommended that Mr. Eichenthal direct a staff member to draft a RFP. Ms. Kelley volunteered to draft the RFP for review at the next board meeting.

Bylaws

The board members reviewed the bylaw change that was submitted during the last board meeting. The board was required to wait thirty days after the proposal was submitted before voting. The bylaw change authorizes the chair to handle administrative functions between meetings. The chair will notify the board members of the pending action and then any member could then call a special meeting to discuss the issue. The bylaw change allows for time sensitive business to be conducted between meetings.

Ms. Smith made a motion to move forward with the bylaw change. Mr. Johnson provided a second and the motion was unanimously passed.

Global Trading

Mr. McMahan submitted applications for Mr. Eichenthal's signature to enable Thornburg, as the international investment manager, to purchase securities in additional countries. Extensive documentation must be filed with each new country in which Thornburg invests. The documentation is submitted to Bank of New York who will either to approve or reject the documents.

Mr. McMahan submitted a resolution required by South Korea to authorize Thornburg to direct trades on behalf of the pension plan. Mr. Eichenthal stated that he was concerned with the open language of the resolution. Mr. McMahan stated that he would qualify it with "subject to the pension plans investment objectives and SIO statement and any and all agreements between the pension plan and Thornburg." Mr. Johnson made a motion to accept the resolution with the agreed upon changes. Ms. Madison provided a second and the motion was unanimously passed.

Mr. McMahan submitted a draft for a second resolution which would provide proof that the chair has authorization to sign documents on the pension plan's behalf. Ms. Madison voiced concern that the resolution was too broad. It was also suggested that Donna Kelley would be added to the resolution as custodian of the records.

The board agreed that resolutions were a good procedure to adopt. Going forward, all decisions, such as hiring a new money manager, will be accomplished through a resolution.

Questions arose as to who was responsible for overseeing Thornburg. Mr. Eichenthal replied that it was CSG's responsibility to regularly monitor all money managers. Mr. Johnson questioned if international exposure was part of the asset allocation. Mr. McMahan replied that it was part of the asset allocation in order to provide the pension plan with diversification and a higher rate of return. Ten percent of the pension plan assets are allocated to international funds according to the asset allocation.

EFI Report

Mr. Eichenthal informed the board that the final copy of the EFI report was available. Ms. Smith made a motion to ratify the recommendation for employer contributions of 6.6% for fiscal year 2005-2006. Mr. Johnson provided a second and the motion was unanimously passed.

The next board meeting is scheduled for Thursday, October 20, 2005 at 8:45 a.m.

There being no further business, the meeting was adjourned.

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Chairman

APPROVED:

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Secretary