

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

August 20, 2020

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 20, 2020 at 8:30 a.m. online via Zoom. Trustees present were Daisy Madison, Aon Miller, Vivian Barrera, Kerry Hayes and Jeffrey Wilson. Carl Levi attended by phone. Others in attendance at the meeting were Scott Arnwine and Robert Longfield, CBIZ IAS, Inc.; Steve McNally, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Tanikia Jackson, Deputy Administrator, City Finance Department and Madeline Green and Cheryl Powell, City Human Resources Department.

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 present at the beginning of the meeting.
Because this is an online meeting, voting on any issue will be by roll call vote.

Introduction of Vivian Barrera, Board Trustee

Approval of Minutes

Jeffrey Wilson made a motion to approve the minutes from the May 28, 2020 meeting. Aon Miller seconded the motion. After a roll call vote, the minutes were approved as presented.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement and termination transactions are consistent with typical past activity.

Transactions and liquidations for board to ratify include:

- Delta Venture partners sent a distribution check in the amount of \$2,016.91
- one capital call from GoldenTree Distressed Fund totaling \$200,000 for GPP

Cheryl indicated the reallocations of assets on both GPP and OPEB that were approved during the May 28 meeting.

Aon Miller made a motion to approve administrative actions. Kerry Hayes seconded the motion. After a roll call vote, the administrative actions were approved as presented.

Review of Bylaws – board review

Cheryl sends a copy of the bylaws for board review every three years. A copy of the existing bylaws was sent to the board prior to this meeting to review for any proposed changes.

There were no changes proposed to the existing bylaws.

Jeffrey Wilson made a motion to retain the existing bylaws with no changes. Aon Miller seconded the motion. After a roll call vote, the motion carried.

Statement of Investment Objectives – board review and update document

Cheryl provided board members with a copy of the latest version of the Statement of Investment Objectives document. This document is reviewed and updated as needed each year.

Robert Longfield presented a list of changes to correct some parameters or language and to update the table for the OPEB investment categories and target allocations. Specifically CBIZ IAS recommended the following changes:

A) Page 9 section V. A. 2. (Limits manager to 25% in one industry).

The problem with the section statement is the technology weight is over 25% of many of the manager indices, and there are many more industries than there are economic sectors.

Our recommended change to the section is: Moreover, no manager shall have more than twenty-five percent (25%) or double the weight of their index, whichever is larger, of their portfolio invested in any single economic sector.

Aon Miller made the motion to accept this change in the limit to the manager weighting for a single sector in the Statement of Investment Objectives Page 9 section V. A. 2. Vivian Barrera seconded the motion. After a roll call vote, the motion carried.

Cheryl Powell will make the change to the document.

B) Page 15/16 section VII. B. 6.

The problem is the comma should not be there. The fund should limit the exposure to direct co-investments and direct structured products but co-investment funds or structured product funds should be allowed at a larger weight.

Our recommendation is to remove the comma after the word Direct. It will read: Direct co-investments and structured products cannot be more than 10% of the alternative pool allocation.

Jeffrey Wilson made the motion to accept the removal of the comma to clarify the interpretation of the affected statement in section VII. B. 6. Aon Miller seconded the motion. After a roll call vote, the motion carried.

Cheryl Powell will make the change to the document.

C) Page 16 section VII. B. 9.

We are unsure what statistics the Board's attorney is to review as performance review is usually the responsibility of the consultant.

Our recommendation is to replace the word Statistics with Offering memorandum. It will read: Offering memorandum and partnership documents must be reviewed by Board's attorney prior to implementation.

Aon Miller made the motion to accept the proposed change in wording to clarify the document review by the board's attorney in section VII. B. 9. Vivian Barrera seconded the motion. After a roll call vote, the motion carried.

Cheryl Powell will make the change to the document.

D) Page 18 Exhibit B

We just added a 2.5% commitment to private debt in the OPEB and should adjust the target mix. This will be consistent with the approved actions as well as the CBIZ outlook.

Our recommendation is to change the Private Debt target from 0.0% to 2.5% and change the International Fixed Income target from 5.0% to 2.5%.

Jeffrey Wilson made the motion to make the percentage changes to the target allocation for private debt and international fixed income in Exhibit B so that both reflect a 2.5% target. Aon Miller seconded the motion. After a roll call vote, the motion carried.

Cheryl Powell will make the approved change to the document.

No other changes were proposed by the trustees. The final document will be presented for each trustee's signature at the November board meeting.

Daisy Madison requested to reorder the agenda to move the Manager review before the Performance review.

Aon Miller made the motion to move the agenda item. Jeffrey Wilson seconded the motion. After a roll call vote the motion carried.

There was no discussion.

Investment Performance Review 2Q 2020 – CBIZ Investment Advisory Services

Robert Longfield provided comments regarding the quarterly results and challenges for future quarters. The markets rebounded in May but even with a strong market, there are still struggles in the level of unemployment and the impact to small businesses. It will be a slow transition for employment to recover to the pre-COVID levels. Market results reflect stock prices in publicly traded firms, with five stocks representing 30% of the market, and those results mask the results of smaller players. At the same time, single family home building is starting to grow and is up 23% over last year. The decline in the dollar is evident in the higher results in international results in fixed income. Additionally, the low interest rates on mortgages and treasuries are creating problems for long term investors like pension plans who must manage fixed income requirements in the low interest environment.

Scott Arnwine provided the overview of plan results for the quarter. At the end of 2Q, the GPP fund at \$305 million was up 12%. Within that result, equity investments were up 22.6%. All of the domestic equity managers outperformed the benchmark, except Kennedy, a small cap manager with a value bias, who was close to their benchmark. The international equity manager, Invesco, also outperformed the benchmark. They tend to make individual name bets rather than large country bets. The hedge funds were up overall with both managers exceeding the benchmark. Total Real Estate was up 2.1% for the quarter; however, apartment vacancies hurt AEW and flat rent performance affected Intercontinental. Total fixed income was strongly above the benchmark with a 7.3% return. US investment grade corporates had a very good quarter. Among managers, Johnson had solid results, Brandywine had a good quarter, Prudential and Aberdeen (emerging market debt) also had good results. The two short duration funds had good results but fell short of their benchmark. COVID-19 is still an issue and there is an anticipated second wave of illness and impact. Managers have been conditioned by the pandemic to not look too far ahead. And there is an upcoming election in a future quarter to consider.

Among alternative investments, Delta Venture Partners II closed this quarter. FCA Venture Partners III was down and Medley had a somewhat disappointing quarter. Several of the managers have not yet reported for 2Q. Even so, the results were good overall.

The OPEB fund at just under \$84 million was up 12.9% for the quarter. The individual manager performance has a story similar to that for the GPP. In the OPEB fund, there is \$4.8 million in cash that could be deployed to some of the alternative investments or to the hedge funds. The recommendation is to allocate \$1 million to Pointer and \$1 million to Ironwood.

Aon Miller made the motion to transfer \$2 million of cash in the OPEB Trust as \$1 million to Pointer Offshore, Ltd. and \$1 million to Ironwood International, Ltd. Jeffrey Wilson seconded the motion. After the roll call vote, the motion carried.

Robert indicated that a more detailed review of the Allianz Short Duration High Yield fund in OPEB and the Chartwell Short Duration High Yield fund in GPP will be discussed in the November meeting. Relative to their benchmark, these two managers are trailing. CBIZ will evaluate to determine if these are the best options or if some other choices would improve outcomes.

Manager Review – annual review of CBIZ

Robert Longfield and Scott Arnwine left the meeting. Comments regarding the manager review of Robert Longfield and Scott Arnwine covered the RFP and the reasons why it has not yet been released. The logic for the RFP stems from the merger of Gavion, LLC with CBIZ IAS, LLC and not from particular issues with the performance of Robert or Scott.

Aon Miller cited the fiduciary duty of the board and asked about the status of the RFP for investment manager. The RFP has been created, and it will be changed to an RFQ. The major reason it has not yet been released is because the current purchasing rules does not allow for the Board to choose their investment manager. In the past, purchasing rules left more room for boards to release and review RFPs/RFQs and choose the provider. The current purchasing rules require an evaluation committee comprised only of City employees to review and make the decision of who to hire. In order to initiate a change the process, there must be a recommendation for the board to be involved in making the decision instead of relying solely on City employees on the evaluation committee. This board needs to make the recommendation to City Council that the board be involved in the evaluation and selection of the provider so that the City Attorney can pursue a changes to the purchasing manual to allow the board to participate in the process. The board agreed that the evaluation committee should include a minimum of two board participants to review the RFP/RFQ responses, rate the vendors in the scoring process and make the final choice.

Aon Miller made the motion that Valerie Malueg pursue the change to the purchasing manual to allow two board members to serve on RFP/RFQ evaluation committee and the rest of the board have access to the proposals even if not on the committee. Jeffery Wilson seconded the motion. After the roll call, the motion carried.

Report from Counsel

There was no report form counsel.

Jeffery Wilson made a motion to adjourn the meeting. Aon Miller seconded the motion. After a roll call vote, the motion carried.

Daisy Madison adjourned the meeting.

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

Meeting of Trustees
August 20, 2020

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Dodson, Michael G	Public Works	Imm Early	no	\$231.31	6/1/2020		vested
Willis, Kathy	Human Services	rule of 80	D	\$1,731.88	6/1/2020		vested
Bradley, Harry J	Public Works	rule of 80	no	\$1,212.16	7/1/2020		vested LTD
Gibson, Patricia A	Police Services	normal	no	\$1,599.33	7/1/2020		
Robinson, Edwin L	Public Works	rule of 80	no	\$1,174.45	7/1/2020	\$29,901.58	
Smith, Diedra L	General Government	normal	B	\$2,814.05	7/1/2020	\$138,168.15	
Card, Diane	Human Services	normal	A	\$789.67	8/1/2020		
Cooper, James M	Library	normal	D	\$1,619.68	8/1/2020		
Heckaman, Tom L	Public Works	normal	B	\$588.42	8/1/2020		
Shankles, Tommy	Public Works	Imm Early	A	\$397.02	8/1/2020		

Count	10	\$12,157.97	\$168,069.73
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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
Dorothy Lois Francis	David Francis	na		7/14/2020			active
Alea Freeman	Alex Freeman	na	10 yr certa	7/3/2020	\$447.67	8/1/2020	vested

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
Ellen 'Kathy' Munson	B	5/26/2020
Tom L. Heckaman	A	6/7/2020

DISABILITY BENEFIT REPORT

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
Jeffrey DeForest	non job related	77206		2/17/2020	

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions					23	\$21,310.16	
NAME	Department	Employee Number	Termination Date	Refund Amount		Notes	
Bradley, Brooklynn	Human Services	85586	2/14/2020	\$113.12		automatic	
Bridges, Isac	Public Works	82618	4/21/2020	\$1,215.72			
Brown, Randy	Public Works	82659	4/1/2020	\$566.65			
Carter, Lovest	Library	77244	4/17/2020	\$1,308.07			
Cholota, Michael E	Public Works	85682	4/17/2020	\$223.95			
Crites, Rebecca	Airport	na	5/15/2020	\$910.75			
Dunstan, William	Public Works	56180	4/3/2020	\$7,838.59		vested	
Goines, Christopher M	Public Works	85947	4/30/2020	\$98.49			
Howell, Reece M	Public Works	86165	5/29/2020	\$117.00		automatic	
Hubbard, Margaret	Public Works	84585	2/21/2020	\$333.57		automatic	
Johnson, Kevin D Mar Quan	Public Works	80615	6/16/2020	\$846.50			
Lopez-Chavez, Ana	Human Services	82738	3/26/2020	\$119.00		automatic	
Mccolpin, Brenda J	FJC	84347	2/13/2020	\$705.83		automatic	
Newman, Heather L	ECD	85662	5/29/2020	\$276.23		automatic	
Outlaw, Zachary R	Police services	85784	2/21/2020	\$86.51		automatic	
Pack, Stephen	Airport	na	3/27/2020	\$825.45			
Patino, Hector	Public Works	85885	4/24/2020	\$187.42			
Rooks, Tonya	ECD	85665	2/4/2020	\$83.58		automatic	
Runyan, Shane Casey	General services	85066	2/19/2020	\$282.57		automatic	
Shriner, Jessica J	Police services	77492	3/3/2020	\$640.52		automatic	
Sisk, Susan L	Finance	79318	7/30/2020	\$2,521.25			
Steffey, Mary Beth	Human Services	84122	3/26/2020	\$496.80		automatic	
Totherow, Mary	Human Services	61700	2/14/2020	\$1,512.59		automatic	

Return of deceased retiree basis

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Veronica M. Cruise	Vernon/Martha Morton	9/23/2019 4/20/2020	\$898.72	joint life annuity ended at second death
surviving children (5)	Melvin Smith	5/24/2020	\$285.65	2 survivors have not responded

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE		6/30/2020	
COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	104,899.07	6/30/2020	
Fiscal Year to date	294,671.67		FY2020
<i>Budget</i>	323,759.00		<i>FY2020</i>
Same quarter last year	98,888.87	6/30/2019	
Prior Fiscal Year	213,513.88		FY2019
 Cavanaugh Macdonald	 3,510.00	 6/30/2020	 GPP valuation
Cavanaugh Macdonald	-	6/30/2020	GPP GASB 67 & 68
Cavanaugh Macdonald			Experience Study
 Chattanooga Times Free Press	 138.30	 6/30/2020	 Meeting ad
 CBIZ IAS	 25,000.00	 6/30/2020	 Investment consulting services
 First Horizon Bank	 30,106.77	 6/30/2020	 Administrative expense
 City of Chattanooga services	 46,144.00	 6/30/2020	 Administrative expense annual
COMPANY TOTAL	104,899.07		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	87,799.48	6/30/2020	
Fiscal Year to date	358,857.48		FY2020
Same quarter last year	91,933.81	6/30/2019	
Prior Fiscal Year	359,337.93		FY2019
 Chartwell	 8,570.11	 6/30/2020	 Investment management fees
Kennedy Capital Management	28,283.00	6/30/2020	Investment management fees
Patten & Patten	15,197.41	6/30/2020	Investment management fees
Sustainable Insights	8,014.41	6/30/2020	Investment management fees
Wedge Capital	27,734.55	6/30/2020	Investment management fees
 MANAGER TOTAL	 87,799.48		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$504,681.32	FY2019
Fiscal Year to date		\$345,957.23	FY2020
Delta Venture Partners II, LP	2,016.91	5/20/2020	distribution
DTC Diversified Partners III			distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement

COMPANY TOTAL	2,016.91	\$345,957.23
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REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year		6,021,000.00		FY2019
Fiscal Year		11,470,000.00		FY2020
Fiscal Year to Date		200,000.00		FY2021
GoldenTree Distressed Fund	200,000		7/1/2020	capital call
Sell iShares Russell 1000 Growth Func	-13,600,000		5/29/2020	amount from 3/31/2020 statement
Buy Fidelity Large Cap Growth Index I	13,600,000		5/30/2020	amount from 3/31/2020 statement

MISCELLANEOUS TOTAL	200,000.00	200,000.00
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REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Prior Fiscal Year		128,068.78		FY2019
<i>Budget</i>		130,000.00		FY2020
Fiscal Year to date		135,053.61		FY2020
The Hartford	11,256.74		5/31/2020	Long Term Disability (50%)
The Hartford	11,243.23		6/30/2020	Long Term Disability (50%)

TOTAL	22,499.97	135,053.61
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**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY 6/30/2020

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID THIS PERIOD	Qtr Ending	PURPOSE
Current quarter	11,497.59	6/30/2020	
Fiscal Year to date	68,451.35		FY2020
<i>Budget</i>	<i>62,959.00</i>		<i>FY2020</i>
Same quarter last year	10,240.55	6/30/2019	
Prior Fiscal Year	37,562.61		FY2019
Cavanaugh Macdonald	647.00	6/30/2020	OPEB valuation
Cavanaugh Macdonald	-	6/30/2020	OPEB GASB 74/75
CBIZ IAS	5,000.00	6/30/2020	Investment consulting services
First Horizon Bank	5,850.59	6/30/2020	Administrative Expense
COMPANY TOTAL	11,497.59		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID THIS PERIOD	QUARTER ENDING	PURPOSE
Fiscal Year prior			FY2019
Fiscal Year to Date			FY2020
MANAGER TOTAL	-		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT PAID THIS PERIOD	QUARTER ENDING	PURPOSE
Prior quarter total			
COMPANY TOTAL			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year prior	3,274,110.20	FY2019	
Fiscal year to date	8,097,141.53	FY2020	
Sell iShares Russell 1000 Growth	-16,000,000.00	5/29/2020	amt from 3/31/2020 statement
Buy Fidelity Large Cap Growth index fund	17,000,000.00	5/29/2020	add \$1 M to amt from 3/31
Sell iShares Russell 2000 Index	-3,000,000.00	5/29/2020	amt from 3/31/2020 statement
Buy Fidelity Small Cap index fund	4,000,000.00	5/29/2020	add \$1 M to amt from 3/31
Buy Diamond Hill	2,000,000.00	5/29/2020	cash reallocation
Buy Allianz Short Duration High Income	1,000,000.00	5/29/2020	cash reallocation
MISCELLANEOUS TOTAL	5,000,000.00		

APPROVED:

Daisy Madison
Daisy Madison (Dec 21, 2020 10:07 EST)

Dec 21, 2020

Chairman

Katie Rasmussen
Secretary

12/21/20

