

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

November 15, 2018

This called meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on November 15, 2018 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Katie Reinsmidt and Jeffrey Wilson. Others in attendance at the meeting were Scott Arnwine, Gavion, LLC; Steve McNally and Jed Cooper, First Tennessee Bank; Valerie Malueg, Office of City Attorney; 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 was not present at the beginning of the meeting.

Approval of Minutes

Since there was no quorum there was no vote on approval of the minutes.

Administrative Actions

There was no presentation of administrative actions for ratification; however, Cheryl Powell did provide statistics on the current status of the GPP. The number of paid retired participants is 1180 and the average monthly benefit payment is \$1,461.11. The percentage of participants with a single life annuity is 57% and an additional 4% of the participants are receiving remaining period certain benefits. The percentage for joint life annuities is 39%. Annual benefits are \$25,000 annually or less for 80% of the participants. Average number of retirements in a year is 66 and the number to date is 61. December is a popular month for retirement. The number of deaths recorded to date is 29 and there is a tendency for reported deaths to be larger in the winter months. The report shows the distribution of retirees by age and it shows that there are more than 20 participants receiving benefits who are age 90 or over.

There was discussion of how these data items and other considerations such as investment returns and plan operations affect the potential health and funding of the pension plan.

Review Amendments to the State of TN PC 990 pension funding policy

Cheryl also reminded the board of the recent Tennessee legislation surrounding funding of pension plans and that she was unsuccessful in finding the full text of the amendments. A summary document of the amendments from LegiScan was distributed to the Trustees prior to the meeting. Valerie Malueg said she would search for the text of the amendments.

Finalize Statement of Investment Objectives

The document was signed by the Trustees present at the November meeting. Trustees not present will be contacted to sign the document as soon as possible. The document will be filed before the end of the year.

There was discussion about the conflict of interest statement and whether the board needs to sign the statement annually or just at the beginning of the term. All board members are subject to the Ethics ordinance from 2014. Article 9 of the board bylaws does address conflicts of interest of the trustees. The question is documentation that the board members have signed the pledge. The pledge could be presented and signed annually. The board

will review the provisions in the bylaws and address the ethics pledge as appropriate. The board reviews the provisions of the bylaws at the August meeting.

Discuss Education Event Plans – Wednesday January 16, 2019

The Chattanooga Hotel has been secured for the meeting.

Scott provided his progress to date on securing speakers for the event. Part of the training will be Trustee 101 scaled back to about 30-40 minutes. He has confirmed two of the speakers, one being Cavanaugh Macdonald, and continues to pursue additional speakers for selected topics. Steven Sanders from the investment industry had agreed to discuss fixed income topics and investment concerns. Another speaker will address a particular investment area and another under consideration will be independent from investment but with knowledge and understanding of pensions and pension legislation.

As far as costs for speakers, there will be travel costs and perhaps additional speaker fees. Cheryl is determining the menus and timing of food availability given the speaker time frames. The only question is if there are any allergies or preferences that need to be considered in the food selections.

The amount budgeted should be adequate to cover the venue and incidentals as well as any costs for speakers.

Investment Performance Review 3Q 2018 – Gavion

Scott Arnwine provided the overview for the quarter. The third quarter report included some big changes in investment results from peak highs in equity markets to a correction leading to major drops beginning in October. Some contributors were: the trade issues between China and the US; a strengthening US dollar; the influence of the election cycle (markets like balance of power). International portfolios of US companies began declining in 3Q.

The GPP portfolio was up by 1.9% for the quarter and 3.1% for the year to date. Scott pointed out that the 10 year result is at 7.4% as the effects of the 2008 downturn begin to roll off. The S&P 500 was up for 3Q and there were no policy violations in the portfolio. It was a strong quarter for US equities and investors were at or above their benchmark across the board. Sustainable Insight is included in the report for the first time this quarter. International equity managers struggled in 3Q. Scott asked the board to consider a split to the allocation to international equity and hire a manager with a value bias given the large share of the portfolio in this asset category.

The hedge funds were at 0.1% for the quarter. Hedge funds have been in the news of late and the landscape is changing with many funds closing or consolidating. However, the GPP hedge fund managers are 'fund of funds' managers, not a single fund, and none of their funds are closing. They each have a different focus and both historically have been an important part of the portfolio.

The question was raised whether the board indicates a maximum percentage of the portfolio invested by any one manager. After a brief discussion, this question will be considered in the board review for the next version of the Statement of Investment Objectives in 2019.

Real estate was up 1.4% for the quarter. However, none of the alternative managers have yet reported their results and this is about 14% of the portfolio.

Fixed income is has been struggling for some time, but was up 0.3% for the quarter. There are a number of managers with different focus including US, non US, high yield, short term and floating rate in this asset category. The managers as a group performed better than the global aggregate index and the US aggregate index. For this category the question was raised whether the exposure should be reduced to the minimum as stated in the Statement of Investment Objectives. At the same time, there may be opportunities in the near term in emerging markets.

Looking ahead, the fourth quarter began with October markets experiencing a dramatic drop and the traditional portfolio managers down 4.2%. Since then, results have remained volatile to the current date.

Report from Counsel

There was nothing to report.

There being no other business the meeting was adjourned by Daisy Madison.

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

Meeting of Trustees
November 15, 2018

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Barnett, Mary	Library	Imm Early	no	\$290.11	11/1/2018		vested
Davis, James L	Public Works	Rule of 80	B	\$1,383.41	11/1/2018	\$58,201.83	
Hoge, Buffy E	Fire services	Normal	A	\$1,290.03	10/1/2018		
Jones, Michael A	Public Works	Rule of 80	B	\$1,181.15	11/1/2018		vested
Keaton, Michael D	Public Works	Imm Early	no	\$306.32	10/1/2018		vested
LeVally, Rebecca	Transportation	Rule of 80	no	\$1,454.86	10/1/2018	\$37,498.77	
Prater, Vivian T	Library	Normal	A	\$1,193.02	11/1/2018		
Quinn, Robert	Public Works	Rule of 80	B	\$2,475.65	9/1/2018		
Roberson, Robin	ECD	Imm Early	A	\$326.95	10/1/2018		
Thomas, Rebecca	Human Services	Imm Early	A	\$384.47	9/1/2018		
Wallace, Judy A	Finance - Court Clerk	Normal	no	\$1,142.08	12/1/2018		

Count	11	\$11,428.05	\$95,700.60
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DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Date of death	Type	Monthly Amount	Effective Date	Notes
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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
Richard G. Hawkins	A	8/29/2018
Wendy Brown	B	7/13/2018
Buddy Brown	B	7/13/2018
Calvin McGhee	B	9/18/2018
Linda Hague	B	10/11/2018
Mark Hamilton	A	10/22/2018

DISABILITY BENEFIT REPORT

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
Mechell Jones	not job related	15758		10/9/2018	

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions		\$41,723.57		23	
NAME	Department	Employee Number	Refund Amount	Termination Date	Notes
Bopp, Zachary	ECD	71162	\$2,998.03	4/28/2018	
Brown, Jennifer	YFD	76661	\$866.32	9/13/2018	
Burnes, Kent	ECD	80677	\$950.33	9/30/2018	dod 9/30/2018
DeSmith, Dale	Public Works	70779	\$2,950.11	9/14/2018	
Fisher, Robert M	Human Services	60380	\$1,930.48	8/2/2018	
Forgey, Amanda	Human Services	67648	\$1,746.57	7/19/2018	
Foster, Dan	General Government	76878	\$3,978.42	5/4/2018	
Foy, Misty	General Government	79837	\$1,053.05	5/4/2018	
Hicks, Martin	Public Works	80999	\$118.78	6/25/2018	
Johnson-Siaw, Caleb	Human Resources	80497	\$233.68	5/1/2018	
Jungers, James	Public Works	80583	\$186.25	6/1/2018	
Kennedy, Erica	Mayor Office	78464	1094.48	5/18/2018	
May, Ana	ECD	71145	\$1,545.50	5/7/2018	
McGraw, Jeremy	Public Works	62936	\$5,309.27	8/17/2018	vested
Millsaps, Shaun	Public Works	75691	\$2,150.27	9/12/2018	
Myers, Laura	Human Services	79895	\$673.40	7/20/2018	
Parker, Kourtlin	Public Works	81168	\$46.28	6/4/2018	
Pendergraph, Jessie	Public Works	62665	\$8,456.27	7/10/2018	
Ratcliff, Corey	General Government	80996	\$252.13	6/14/2018	
Raymond, LeTina	Public Works	76481	\$1,440.23	7/19/2018	
Rogers, Steven L	Public Works	80582	\$291.91	6/22/2018	
Simpson, Elizabeth	Human Services	80256	\$241.81	5/11/2018	
Sluder, Eric N	Public Works	76821	\$3,210.00	7/26/2018	

Return of deceased retiree basis

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Glenda Thompson	Tena Thompson	9/30/2018	\$264.12	
Bryan Wright	Linda C. Wright	10/7/2018	\$3,196.88	
Dana McGowin	Linda C. Wright	10/7/2018	\$2,503.02	
Valerie Sutherland	Freida Sutherland	10/16/2018	\$1,170.45	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		291,139.82		FY2018
Fiscal Year to Date		29,088.07		FY2019
Cavanaugh Macdonald				GPP valuation
Cavanaugh Macdonald				Implicit Subsidy
Cavanaugh Macdonald				GPP GASB 67 & 68
Cavanaugh Macdonald	4,060.00		8/31/2018	Experience Study
Miller & Martin				
Miller & Martin				
Miller & Martin				
Chattanooga Times Free Press	28.07		8/31/2018	Meeting ad 5/17/2018
Gavion, LLC	25,000.00		9/30/2018	Investment consulting services
First Tennessee Bank	0.00		9/30/2018	Administrative expense
City of Chattanooga Human Resources	0.00			Administrative expense annual
COMPANY TOTAL	29,088.07	29,088.07		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	YTD		
Fiscal Year		386,058.03		FY2018
Fiscal Year to date		64,705.96		FY2019
Kennedy Capital Management	36,133.00		6/30/2018	Investment management fees
Chartwell	8,101.50		9/30/2018	Investment management fees
Kennedy Capital Management	38,564.00		9/30/2018	Investment management fees
Patten & Patten	13,403.48		9/30/2018	Investment management fees
Wedge Capital	0.00		9/30/2018	Investment management fees
Sustainable Insights	4,636.98		9/30/2018	Investment management fees
MANAGER TOTAL	100,838.96	64,705.96		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$388,867.30	FY2018
Fiscal Year to date		\$234,823.00	FY2019
Delta Venture Partners II, LP			distribution
DTC Diversified Partners III	\$225,000.00	9/20/2018	distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement
General fund reimburse for payment to CMC	\$9,823.00	8/29/2018	Plan Options request
COMPANY TOTAL	234,823.00	\$234,823.00	

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year		7,368,000.00		FY2018
Fiscal Year to Date		2,168,000.00		FY2019
iShares Russell 1000 Value				
OFI GTC Intl Growth	1,000,000		8/28/2018	to pay benefits
iShares Russell 1000 Growth	1,000,000		10/25/2018	to pay benefits
GoldenTree Distressed Fund	168,000		11/7/2018	capital call
MISCELLANEOUS TOTAL	2,168,000.00	2,168,000.00		

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		144,094.66		FY2018
Fiscal Year to date		31,932.26		FY2019
The Hartford	10,652.30		7/31/2018	Long Term Disability (50%)
The Hartford	10,648.02		8/31/2018	Long Term Disability (50%)
The Hartford	10,631.94		9/30/2018	Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
TOTAL	31,932.26	31,932.26		

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		61,333.02		FY2018
Fiscal Year to Date		5,396.00		FY2019
Cavanaugh Macdonald				OPEB valuation
Cavanaugh Macdonald	396.00		8/31/2018	OPEB GASB 74
Gavion, LLC	5,000.00		9/30/2018	Investment consulting services
First Tennessee	-		9/30/2018	Administrative Expense
COMPANY TOTAL	5,396.00	\$5,396.00		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		21,518.31		FY2018
Fiscal Year to Date		-		FY2019
MANAGER TOTAL	-	-		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Prior quarter total				
COMPANY TOTAL		0.00		

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal year		8,373,680.16	FY2018	
Fiscal year to date		31,327.16	FY2019	
iNetworks	31,327.16			capital call board action board action board action
MISCELLANEOUS TOTAL	31,327.16	31,327.16		

APPROVED:



Chairman



Secretary

