

## MEETING OF THE TRUSTEES

### CITY OF CHATTANOOGA GENERAL PENSION PLAN

November 21, 2019

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 15, 2019 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Aon Miller, Katie Reinsmidt and Carl Levi. Others in attendance at the meeting were Scott Arnwine and Brian Dean, CBIZ, Inc.; Jed Cooper, First Tennessee Bank; Valerie Malueg, Office of the City Attorney; Tanikia Jackson, City Finance Department; Beverly Moultrie 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, but was present shortly after the beginning of the meeting.

#### Approval of Minutes

*Carl Levi made a motion to approve the minutes from the August 15, 2019 meeting. Katie Reinsmidt seconded the motion. The minutes were approved.*

#### Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. There were no retirement or termination transactions out of the ordinary.

Transactions and liquidations for board to ratify include:

- two requests for liquidations to pay benefits totaling \$1,100,111 from Voya Floating rate fund
- liquidations of \$7,500,000 from three funds (AEW Global REIT, Intercontinental Real Estate fund and Pointer Hedge fund) for asset allocation reasons
- two capital calls for GoldenTree Distressed fund totaling \$400,000

*Katie Reinsmidt made a motion to approve administrative actions. Carl Levi seconded the motion. The administrative actions were approved as presented.*

Cheryl also provided a copy of the last RFP for investment consulting services and requested the board to be thinking about the questions and what should be asked differently from the past. She stated that she had found a recent RFP from another city with a defined benefit plan to use as a model for questions.

Cheryl also mentioned that an RFP for an actuarial audit will also be presented to the board at a later date and the board will be asked for input.

There was some discussion about the Board's actual role in the selection of the vendor and the rules for the City purchasing process. As a fiduciary, the Board does have responsibility for the selected vendor. The Purchasing department has responsibility for the integrity of the process.

There was an update provided by Beverly Moultrie on the two part time employees, who qualified under the ACA consistently over four or five years, and their status regarding the GPP. Beverly said the two would be re-classified to full time. However, there needs to be an internal discussion and evaluation of other part time employees who also exceed the number of hours stated in the GPP for eligibility that are not in the plan. The internal administrative discussion will need to address the financial exposure and particularly focus on compliance going forward.

### **Statement of Investment Objectives – review and update document**

The Statement of Investment Objectives document is final and Cheryl collected the signatures of the trustees in attendance on the signature page of the document. Cheryl will obtain the signatures of the remaining trustees and Beverly and then file the document in the record of minutes.

### **Investment Performance Review 3Q 2019 – CBIZ Investment Advisory Services**

Brian Dean, President of CBIZ Retirement Plan Services, which includes the investment consulting practice, provided some background information about the company and its services. CBIZ is based in Cleveland Ohio. Brian Dean manages the national retirement plan and consulting practice. In addition to the investment consulting services, there is a strong presence in actuarial services and in health insurance consulting. The firm provides service to approximately 5,000 retirement plans. For investment advisory services, the plans under advisement represent over \$50 billion in investable assets. The scope of the firm's combined investment and pension administration services represents assets in excess of \$100 billion. He went on to say that while CBIZ is a large firm it is not the largest firm, and he is proud to say that they do employ great people. CBIZ has been nominated by Forbes and Fortune magazines as the number one consulting firm.

In looking for acquisitions, CBIZ was very interested in the expertise of Gavion with alternative investments as a complement to the services CBIZ already provided. The acquisition is considered a good cultural fit with CBIZ. CBIZ already had a large presence in Memphis, and offices in Nashville and Knoxville.

CBIZ would like to retain the business does want an opportunity to respond to the RFP that will be coming.

Scott Arnwine provided the overview of plan results for the quarter. There is still considerable volatility in the S&P. Gavion has met with equity managers and the outlook is generally optimistic. There is slow growth in the economy. Concerns were expressed about China, trade pacts and the election.

The GPP, at \$305 million, was up 0.2% for the quarter and 12.5% year to date. The private equity returns are not yet reflected and this class could add to the results. The OPEB, at \$75 million, was up 0.3% for the quarter and 12.8% year to date.

Equity managers, including international equity, tended to perform above the benchmark on a year to date basis. Sustainable Insight, the newest manager, is the only manager outside of this measure, however they exceeded the benchmark for the quarter. Kennedy Capital is experiencing a lot of volatility in the small cap environment. Invesco International results are down for the quarter but ahead for the year to date. The fixed income managers have relatively low expectations but solid performance up 7.5% year to date in a flat rate environment. Brandywine's quarter and year to date results below the benchmark are explained by currency exposure. Johnson Institutional Core Bond Fund, a manager that actually holds primarily investment grade bonds, has results that exceed the US aggregate total return benchmark. The hedge funds, which are different philosophically, had varied results for the quarter. Pointer was down for the quarter and below the benchmark while Ironwood did beat their benchmark for the quarter. Both funds are ahead of benchmarks year to date.

FCA Venture Partners III have asked to extend our participation at a current value of \$358,000 for three (3) years. They are no longer charging fees. CBIZ recommends extending the agreement because if FCA liquidated today, the GPP will not likely receive an amount near that value. The extension needs board approval.

***Carl Levi made the motion to extend the agreement with FCA Venture Partner III for three years. Katie Reinsmidt seconded the motion. The motion carried.***

The OPEB fund is not as diversified being more heavily invested in equity. Unlike the GPP, there is cash available to deploy. In the normal operations, contributions received into GPP are not sufficient to pay benefits so assets need to be liquidated to make up the shortfall to pay benefits; however, in the OPEB Trust,

contributions are in excess of benefit payments, so excess cash is building up. Scott recommended that \$3.5 million of cash in the OPEB Trust be allocated. This is about half of the cash available in the fund.

*Carl Levi made the motion to allocate \$3.5 million of cash in the OPEB Trust across existing managers within investment allocation guidelines. Aon Miller seconded the motion. The motion carried.*

#### **Report from Counsel**

There was no report from counsel.

Daisy Madison adjourned the meeting.

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

Meeting of Trustees  
February 20, 2020

**PART I - PARTICIPANT SUMMARY**

**SUMMARY OF PENSION PLAN APPLICATIONS**

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Kitchen, Kenneth A	General Government	rule of 80	A	\$3,043.73	12/1/2019		
Rhodes, Karen V	RPA	Imm Early	A	\$1,423.14	12/1/2019		vested
Adloms, Jasmes	Police services	Imm Early	no	\$512.15	1/1/2020		
Everett, Robert E	Transportation	normal	B	\$1,171.06	1/1/2020		
Feagans, Johnny J	General Services	normal	no	\$667.24	1/1/2020		
Gaunt, Leroy	Public Works	normal	no	\$1,215.51	1/1/2020		
Gore, Earline O	Human Services	normal	no	\$1,178.27	1/1/2020	\$49,811.38	
Kinamore, Kim	Public Works	rule of 80	no	\$1,311.07	1/1/2020	\$51,386.01	
Knicely, James A	General Services	rule of 80	B	\$2,010.33	1/1/2020	\$29,770.79	
Lane, Steven R	Transportation	normal	B	\$1,404.88	1/1/2020		
Lund, Sterling	Public Works	rule of 80	B	\$1,691.00	1/1/2020	\$67,946.55	
Martin, Jimmy A	Public Works	normal	D	\$661.61	1/1/2020		
McDaniel, Gary E	Public Works	normal	no	\$1,929.93	1/1/2020		
O'Rear, Paul T	Public Works	rule of 80	C	\$1,574.03	1/1/2020		
Hogsett, Sydney	Police services	normal	B	\$296.71	2/1/2020		
Hunt, Alma	Human Services	Imm Early	A	\$1,592.05	2/1/2020	\$67,211.50	
Hyde, Charles E	Public Works	normal	D	\$2,394.45	2/1/2020		
Moore, Jacqueline	Finance-Courts	rule of 80	A	\$1,324.93	2/1/2020	\$16,777.80	
Sasse, Sonia S	General Government	normal	A	\$572.54	2/1/2020		
Gibson, John D	Transportation	rule of 80	no	\$3,288.01	3/1/2020		
Green, Donald	Public Works	normal	B	\$827.73	3/1/2020		
Heftka, Shannon	Library	normal	no	\$1,732.57	3/1/2020		
Count		16		\$31,822.94		\$282,904.03	

**DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES**

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes
Tommie Williamson	Corey T. Williamson	refund		10/31/2019	\$635.23		Notes refund of contributions

**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
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**DISABILITY BENEFIT REPORT**

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
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**LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)**

<b>Return of contributions</b>		<b>\$29,792.09</b>	<b>14</b>		
NAME	Department	Employee Number	Refund Amount	Termination Date	Notes
Blankenship, William D	Public Works	83921	\$288.57	12/12/2019	
Brooks, Eric	Public Works	71769	\$8,181.34	10/1/2019	
Hamilton, Theodore R	Airport	na	\$444.96	10/18/2019	
Henderson, Rodney	Public Works	56306	\$2,308.18	12/5/2019	
Houston, Dominique	Human services	79975	\$458.55	10/29/2019	
Howard, Cole	Public Works	83941	\$210.40	10/15/2019	
Levine, Meredith A	Library	76537	\$4,020.46	12/12/2019	
Melton, Gloria A	Human services	82597	\$520.98	12/12/2019	
Miles, Rhonda G	Public Works	81814	\$827.01	12/26/2019	
Miller, Colline	Public Works	78104	\$2,840.84	1/16/2020	
Sawyer, Penny R	Public Works	81387	\$1,111.20	12/12/2019	
Smith, Robert A	Public Works	56389	\$6,370.65	10/14/2019	
Stinson, Neva	Human services	81889	\$1,000.53	11/29/2019	
Tuttle, John L	Public Works	82454	\$1,208.42	12/31/2019	

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**Return of deceased retiree basis**

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Jennifer Maffett	George Maffett	11/11/2019	\$3,022.95	

**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		312,402.75		FY2019
Fiscal Year to Date		63,351.27		FY2020
Cavanaugh Macdonald				GPP valuation
Cavanaugh Macdonald	4,950.00		7/31/2019	GPP GASB 67 & 68
Cavanaugh Macdonald	3,050.00		8/31/2019	GPP GASB 67 & 68
Cavanaugh Macdonald				Experience Study
Chattanooga Times Free Press	38.07		8/31/2019	Meeting ad
CBIZ IAS	25,000.00		9/30/2019	Investment consulting services
First Tennessee Bank	30,313.20		9/30/2019	Administrative expense
First Tennessee Bank				Administrative expense
City of Chattanooga services				Administrative expense annual
<b>COMPANY TOTAL</b>	<b>63,351.27</b>	<b>63,351.27</b>		

***Investment Managers -- Fees Paid***

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	YTD		
Fiscal Year		359,337.93		FY2019
Fiscal Year to date		92,339.79		FY2020
Chartwell	8,544.87		9/30/2019	Investment management fees
Kennedy Capital Management	32,273.00		9/30/2019	Investment management fees
Patten & Patten	13,822.33		9/30/2019	Investment management fees
Sustainable Insights	8,350.93		9/30/2019	Investment management fees
Wedge Capital	29,348.66		9/30/2019	Investment management fees
<b>MANAGER TOTAL</b>	<b>92,339.79</b>	<b>92,339.79</b>		

**ACCOUNTS RECEIVABLE**

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$504,681.32	FY2019
Fiscal Year to date		\$256,197.80	FY2020
Delta Venture Partners II, LP	3,801.80	1/15/2020	distribution
DTC Diversified Partners III			distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement
<b>COMPANY TOTAL</b>	<b>3,801.80</b>	<b>\$256,197.80</b>	

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year		6,021,000.00		FY2019
Fiscal Year to Date		9,860,000.00		FY2020
Voya Floating Rate fund (IFRIX)				to pay benefits
Voya Floating Rate fund (IFRIX)				to pay benefits
GoldenTree Distressed Fund	360,000		12/13/2019	capital call
GoldenTree Distressed Fund	200,000		1/17/2020	capital call
<b>MISCELLANEOUS TOTAL</b>	<b>560,000.00</b>	<b>560,000.00</b>		

**REPORT OF ACCOUNT(S) PAID**

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		128,068.78		FY2019
Fiscal Year to date		79,124.78		FY2020
The Hartford	11,333.56		11/30/2019	Long Term Disability (50%)
The Hartford	11,295.25		12/31/2019	Long Term Disability (50%)
The Hartford	11,246.17		1/31/2020	Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
<b>TOTAL</b>	<b>33,874.98</b>	<b>79,124.78</b>		

**CITY OF CHATTANOOGA OPEB TRUST  
ADMINISTRATIVE ACTIONS**

**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		43,843.16		FY2018
Fiscal Year to Date		28,431.53		FY2019
Cavanaugh Macdonald				OPEB valuation
Cavanaugh Macdonald				OPEB GASB 74/75
Cavanaugh Macdonald				OPEB GASB 74/75
CBIZ IAS	5,000.00		12/31/2019	Investment consulting services
First Horizon	5,714.27		12/31/2019	Administrative Expense
<b>COMPANY TOTAL</b>	<b>10,714.27</b>	<b>\$28,431.53</b>		

***Investment Managers -- Fees Paid***

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		-		FY2019
Fiscal Year to Date		-		FY2020
<b>MANAGER TOTAL</b>	<b>-</b>	<b>-</b>		

**ACCOUNTS RECEIVABLE**

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Prior quarter total		0.00		
<b>COMPANY TOTAL</b>	<b>-</b>	<b>0.00</b>		

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal year		3,274,110.20		FY2019
Fiscal year to date		3,097,141.53		FY2020
iNetworks	3,372.13		1/7/2020	capital call
Aberdeen Emerging Markets De	1,000,000.00		12/31/2019	allocated from Cash
iShares Russell 1000 Growth	1,000,000.00		12/31/2019	allocated from Cash
Diamond Hill Large Cap Value	1,000,000.00		12/31/2019	allocated from Cash
<b>MISCELLANEOUS TOTAL</b>	<b>3,003,372.13</b>	<b>3,097,141.53</b>		



APPROVED:

  
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Chairman

  
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Secretary