

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

August 15, 2024

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 15, 2024 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Aon Miller, Jeffrey Wilson, Katie Reinsmidt and Javaid Majid. Others in attendance at the meeting were Scott Arnwine, CBIZ IAS, Inc.; Jed Cooper, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Debbie Talley, City Purchasing Department, Starla Benjamin, Jason Silvers 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 present at the beginning of the meeting.

Approval of Minutes

Aon Miller made a motion to approve the minutes from the May 16, 2024 meeting. Jeffrey Wilson seconded the motion. The minutes were approved.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the quarter. Retirement activity was typical on this report. Four retirees exercised their option to receive a DROP payment amounting in excess of \$197,000. One employee death resulted in a 10 year certain annuity to the beneficiary. Termination activity was heavier than normal with relatively low benefits. There were six vested employees electing to withdraw their contributions. There was one retiree death with a return of basis. For the General Pension fund, Golden Tree Distressed Fund III distributed a total of \$60,902.15. A withdrawal was made to the Wedge Capital fund to pay pension benefits. The board approved transfers from the Vanguard Short Term Treasury fund to Johnson Core Bond fund in both GPP and OPEB were transacted.

Jeffrey Wilson made a motion to approve administrative actions. Aon Miller seconded the motion. The administrative actions were approved.

Cheryl also mentioned that the RFQ for Actuarial Audit solicitation has been drafted. She agreed to send a copy to the board.

Additionally, Cheryl presented some information about pension administration systems to the board to manage the large number of retiree and active employee records in the General Pension Plan. The board had no objection to pursuing information pertaining to acquisition of such a system.

Statement of Investment Objectives – review and update as needed

There were no proposed changes to this document.

Katie Reinsmidt made a motion to accept the Statement of Investment Objectives document as it is written for the next calendar year. Javaid Majid seconded the motion. The motion was approved.

Investment Performance Review 2Q2024 – CBIZ Investment Advisory Services

Scott Arnwine provided a review of plan results for the quarter. During the quarter, most of the markets were not positive but the seven largest stocks performed well enough that the markets looked positive as a whole.

The GPP ended the quarter up 0.5% and 5.3% for the year to date. The fund value is \$362.5 million. For the second quarter, the equity managers struggled against the benchmark and tended to fall below their benchmark. Large cap equity manager results were up 1.2% for the quarter and up 13.2% for the year to date. Wedge Capital and Kerusso exceeded the benchmark although the return was negative. International equity was up 0.5% while the active manager performed below the benchmark.

Alternative investments were up 1.1% for the quarter. Private Equity has not yet reported for the quarter. The hedge funds were up 1.8% for the quarter and both funds exceeded the benchmark. Real Estate was down 0.2% for the quarter and down 3.4% for the year to date.

Fixed income was up 0.4% for the quarter but down 0.2% for the year to date. Private debt funds all reported positive results. With a low benchmark, two managers were at or above the benchmark while Brandywine was below the benchmark. This was due to being overweight to Treasuries and international bonds.

Looking ahead, the results for July appear to indicate an improvement in results for the third quarter. However, volatility and uncertainty is still present. The likelihood of a recession is also a factor to consider in future expectations.

For the OPEB Trust, the fund level at the end of 2Q is up 1.5% and 7.1% year to date. The fund stands at \$153.2 million. The results for OPEB are often similar to that of the GPP since OPEB has many of the same investment managers; however OPEB is more heavily weighted in stocks and with a longer horizon it is invested more aggressively. As the fund increases in size, it will be invested in a more diversified manner.

There is a large amount of cash in the OPEB fund. Scott mentioned that there is \$3 million in cash committed to private equity that has not been called. Scott provided recommendations for allocating \$7 million of cash to investment managers in the OPEB funds as follows:

- Add \$1 million to Pointer Offshore Ltd.
- Add \$1 million to Ironwood International Ltd
- Add \$2 million to Eaton Vance Multi-Asset Credit fund
- Add \$3 million to Vanguard FTSE All World ex-US Index fund

There was a brief discussion about the minimum cash requirements for the OPEB fund and the cash flow patterns. The typical approach is to keep approximately a quarter's worth of expenses in cash. Katie mentioned a method to keep approximately 10% of the fund in cash. OPEB receives more cash than it spends; thus, there needs to be some allocation of cash on a periodic basis.

Jeffrey Wilson made the motion to allocate \$7 million of cash in the OPEB fund to certain managers as follows: \$1 million to Pointer Offshore Ltd., \$1 million to Ironwood International Ltd, \$2 million to Eaton Vance Multi-Asset Credit fund and \$3 million to Vanguard FTSE All World ex-US Index. Katie Reinsmidt seconded the motion. The motion carried.

There will be a reallocation study presented in November.

Pension Board Purchasing Policy –amendment to bylaws

Daisy recapped the issue from the prior board discussions regarding the purchasing policy. The goal is to get to a written policy for the board. The board needs to have a certain level of participation in the purchasing process particularly in their function as a fiduciary of the GPP and OPEB funds. And the board's decisions for specific board purchases should not be subject to City Council approval.

Valerie Malueg indicated that the requirement of open meetings and open records prevents more than one member of the board to be on the evaluation committee under current rules. Obstacles to complying with the current purchasing policy include the open meetings requirement and open records. Only one board member can be on an evaluation committee to avoid violating the open meeting requirement. Information cannot be shared with the remainder of the board until the point a letter of intent to award is created. An additional obstacle is the purchasing rule requiring that the members of the evaluation committee must be a City employees.

The question is how and when can the board be involved in the process? At what point in the evaluation process can the board be provided with the information about the candidates and be part of the discussion and selection process? A letter of intent for an RFQ is the point at the beginning of negotiations for a contract under a ranking of the candidates. Valerie provided a model or anonymous presentations based on a selection process she worked on for the Chattanooga Hotel.

How does the closed Executive session process work with the purchasing process? Jeffrey commented that it is a device for the board to discuss an issue with counsel present but not on the record. Valerie expressed concerns about closed session meetings because it limits the circumstances under which she can give advice to the board.

Can a called meeting be scheduled to occur in conjunction with the letter of intent to allow the board to discuss the selection of the candidate? The candidates must be anonymous before the letter of intent to review the presentations. As soon as the letter has been sent, the board could meet and discuss the candidates for approval.

Katie expressed that depends whether it is necessary for the board to be involved in the process. Aon agreed with Katie for auditor selection that the board can rely on the current representation for the board. Jeffrey agreed as well.

Jeffrey Wilson made a motion to proceed with RFQ for Actuarial Auditor under the current evaluations rules. Aon Miller seconded the motion. The motion passed.

For the next meeting, the board should address the involvement as fiduciary and making the decision without City council approval. How should the purchasing process be structured for moving forward?

- to operate either independently, or
- to use City as agent for the board, or
- a hybrid plan, where the board will devise their own plan with City to help manage the process.

The major concerns to be addressed are the lack of participation in the process, independent trustee where only one trustee can be on the committee due to open meeting requirement, the ability to attend presentations without violating open meetings, and the use of Executive sessions to discuss anonymized presentation proposals.

Debbie did provide a recap of the current evaluation process and the scoring. If the board views the presentations, it is necessary to remember that the evaluation committee scoring is still driving the recommendation. The scores are based on the information contained in the proposals. The board could enter and Executive session and discuss, but the board cannot score. The board needs to have trust in the individuals on the evaluation committee who are making the recommendation.

Ultimately the board needs a policy in writing. Valerie said the GPP can be amended by ordinance if necessary. The conversation will continue at the next and future meetings.

Report from First Horizon

There was no report from First Horizon.

Report from Counsel

There was no report from Counsel.

There was no other business to discuss. Daisy Madison adjourned the meeting.

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

**Meeting of Trustees
August 15, 2024**

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Ashley, Charles E	Community Development	normal	A	\$90.32	6/1/2024		
Embler, David R	Public Works	normal	no	\$866.44	6/1/2024		
Kovacevich, Samuel R	Public Works	normal	B	\$716.55	6/1/2024		
Lee, Julian D	Public Works	normal	no	\$1,405.72	6/1/2024		
Jones, Wyatt	Wastewater	normal	no	\$817.93	6/1/2024		
Toney, Juan	Public Works	imm early	B	\$1,085.63	7/1/2024		vested
Hill, David L	Public Works	rule of 80	A	\$1,527.18	7/1/2024	\$62,330.56	
Bradford, Barry D	Library	normal	no	\$1,475.52	7/1/2024		vested
Colen, Kimberly	Human services	rule of 80	no	\$1,868.23	7/1/2024	\$22,987.57	
Hass, John R	Police services	normal	A	\$1,298.17	8/1/2024	\$84,378.34	
Knott, Alan D	Wastewater	rule of 80	no	\$2,902.12	8/1/2024		
Norris, Wanda F	Human Resources	normal	no	\$2,251.17	8/1/2024	\$28,190.58	
Todd, Joseph E	Public Works	normal	no	\$679.87	8/1/2024		
Mitchell, David	Wastewater	imm early	B	\$427.88	9/1/2024		
Boyd, Kenneth	Police services	normal	A	\$90.32	9/1/2024		vested

\$17,503.05

\$197,887.05

DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes
Winifred Slay	Vincent Jones	normal	10 years	5/16/2024	\$723.21	6/1/2024	

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
Joseph Mehorczyk	B	5/28/2024
Bonnie M Dodson	B	6/14/2024
Ricky Tate	B	7/30/2024
Gregory B Richie	B	8/8/2024

DISABILITY BENEFIT REPORT

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

Return of contributions		42	\$53,670.82		
NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
McCleary, Preston Norvell	Public Works	101274	1/31/2024	\$711.51	
Morton, Ardenna	Police services	102202	2/2/2024	\$825.16	
Matthews, Emily Paige	Economic Developme	100386	2/9/2024	\$1,819.38	
Molina-Velazquez, Diana	Early Learning	75731	2/13/2024	\$2,361.28	
Higdon, Johnny L	Parks and Outdoors	102885	2/21/2024	\$193.64	
Tucker, Megan Nicole	Early Learning	85805	2/22/2024	\$2,674.05	
Pinion, Andrew A	Public Works	83922	2/22/2024	\$452.31	
Lawrence, Sarah Elizabeth	Library	100437	2/23/2024	\$1,434.97	
Hood, Juan	Public Works	87208	2/26/2024	\$2,330.09	
Akell, Paula Y	Early Learning	84984	2/27/2024	\$3,417.32	
Richardson, Erica N	Library	88541	3/7/2024	\$2,553.55	
Carver, Kristian A	Wastewater	101530	3/8/2024	\$953.52	
Honeycutt, Daniel J	Technology services	100796	3/14/2024	\$1,952.19	
Mathis, Emily M	Public Works	88535	3/22/2024	\$1,404.92	
Cermono Rosal, Francheska C	Economic Developme	102135	3/25/2024	\$924.51	
Shavers, Katchrina L	Public Works	87974	4/1/2024	\$2,128.17	
Jennings, Adolphus A	Public Works	103076	4/5/2024	\$344.22	
Phelps, Christin-Patrice L	Public Works	103397	4/10/2024	\$95.95	
Abbott, Joshua K	Parks and Outdoors	100625	4/12/2024	\$814.83	
Preston, Iwalker T	Tech Services	102887	4/12/2024	\$401.10	
Royal, Martell C	Public Works	103549	4/18/2024	\$46.68	
Raymond, LeTina L	Public Works	76481	4/18/2024	\$993.80	
Russell, Sherrelle M	Early Learning	71059	4/22/2024	\$48.54	
Richardson, Wanda	ECE	103174	4/24/2024	\$119.22	
Harvey, Matthew R	Technology services	85406	4/24/2024	\$4,948.49	
Ballew, Thomas S	General Government	102838	5/17/2024	\$1,126.73	
Williams, Priscilla D	Public Works	88806	5/28/2024	\$1,844.23	
Navarro, Arnold	Airport	na	2/22/2024	\$1,523.05	
Kyle, Kansas	Parks and Outdoors	100534	6/5/2024	\$1,417.43	
Miller, Timothy L	Public Works	103557	4/29/2024	\$79.76	
Higgins, Jonathan C	Technology services	103268	4/30/2024	\$184.37	
Morgan, Octavia Devona	Community Developn	101336	4/30/2024	\$905.11	
Currence, Archie S	Finace - Court clerk o	101801	5/1/2024	\$956.25	
Relleva, Jack G	Parks and Outdoors	103187	5/2/2024	\$269.69	
Larkin, Donald B	Community Developn	102698	5/7/2024	\$419.94	
DiDonato, Riley A	Finance - Court Clerk	103057	5/7/2024	\$139.75	
Innis, Omarion J	Public Works	101514	5/7/2024	\$1,057.02	
Widener, Jacob Lewis	Parks and Outdoors	100460	5/9/2024	\$1,509.13	
Williams, Ruben T	Parks and Outdoors	103640	5/10/2024	\$86.16	
Morris, Tyson A	Technology services	100124	5/17/2024	\$6,817.98	
Whited, Crystal A	Economic Developme	102188	5/24/2024	\$231.63	
Collins, Liam S	Mayor office	102431	5/28/2024	\$1,153.19	

RETURN OF DECEASED RETIREE BASIS

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Monica Lamarre	Royellen Lamarre	5/9/2024	\$2,237.95	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	121,325.54	6/30/2024	
Fiscal Year to date	336,919.38		FY2024
<i>Budget</i>	353,369.00		FY2024
Same quarter last year	115,310.84	6/30/2023	
Prior Fiscal Year Actual	306,182.31		FY2023
Cavanaugh Macdonald	8,661.50	6/30/2024	GPP valuation
Cavanaugh Macdonald	-	6/30/2024	GPP GASB 67 & 68
Cavanaugh Macdonald	-	6/30/2024	Experience Study
Cavanaugh Macdonald	3,470.00	6/30/2024	Consulting service
Records Management	336.37	6/30/2024	Minutes, supplies
Chattanooga Times Free Press	30.14	6/30/2024	Meeting ad
CBIZ IAS	25,000.00	6/30/2024	Investment consulting services
First Horizon Bank	33,979.53	6/30/2024	Administrative expense
City of Chattanooga services	49,848.00	6/30/2024	Administrative expense annual
COMPANY TOTAL	121,325.54		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	122,742.09	6/30/2024	
Fiscal Year to date	463,876.29		FY2024
Same quarter last year	106,934.35	6/30/2023	
Total Prior Fiscal Year	394,922.83		FY2023
Kennedy Capital Mgmt	40,290.00	6/30/2024	Investment management fees
Patten & Patten	22,457.98	6/30/2024	Investment management fees
Kerusso Capital Management	12,616.09	6/30/2024	Investment management fees
Wedge Capital	47,378.02	6/30/2024	Investment management fees
MANAGER TOTAL	122,742.09		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	FYTD	EFF DATE	REASON
Fiscal Year to date		2,946,264.40	FY2022	
Fiscal Year to date		1,238,591.35	FY2023	
Fiscal Year to date		509,757.56	FY2024	
	Qtr Ending	6/30/2024		
DTC Diversified Partners III	\$0.00			distribution
TerraCap Partners III	\$0.00			distribution
TerraCap V	\$0.00			distribution
GoldenTree Distressed Fund 2014	\$0.00			distribution
GoldenTree Distressed Fund III	\$60,902.15			distribution
GoldenTree Distressed Debt IV	\$0.00			distribution
Medley Opportunity Fund III	\$0.00			distribution
Greenspring Global Partners IV	\$0.00			distribution
Greenspring Opportunity Fund III	\$0.00			distribution
FCA Venture Partners III	\$0.00			distribution - Final
COMPANY TOTAL	60,902.15			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to date		(360,000.00)	FY2024	capital call
Fiscal Year to date		0.00	FY2024	all other transactions
transfer from Wedge	-800,000		6/27/2024	to pay benefits
transfer to cabs	800,000		6/27/2024	to pay benefits
sell Vanguard Short Term Treasury Ind	-18,065,138		5/21/2024	approved transaction 5/16/2024
buy Johnson Institutional core Bond Fu	18,065,138		5/21/2024	approved transaction 5/16/2024
GoldenTree Distressed Debt IV				capital call
MISCELLANEOUS TOTAL	0.00	(360,000.00)		

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID THIS PERIOD	FYTD	MONTH	PURPOSE
Total Prior Fiscal Year		82,173.97		FY2023
<i>Budget</i>		100,000.00		FY2023
Fiscal Year to date		104,752.34		FY2024
Symetra	8,831.25		5/1/2024	Long Term Disability (50%)
Symetra	8,883.46		6/1/2024	Long Term Disability (50%)
Symetra				Long Term Disability (50%)
Symetra				Long Term Disability (50%)
TOTAL	17,714.71	104,752.34		

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	24,335.70	6/30/2024	
Fiscal Year to date	75,929.05		FY2024
<i>Budget</i>	<i>76,030.00</i>		<i>FY2024</i>
Same quarter last year	13,175.43	6/30/2023	
Total Prior Fiscal Year Actual	59,744.16		FY2023
 Cavanaugh Macdonald	 10,563.00	 6/30/2024	 OPEB valuation
Cavanaugh Macdonald	-	6/30/2024	OPEB GASB 74/75
 CBIZ IAS	 5,000.00	 6/30/2024	 Investment consulting services
 First Horizon Bank	 8,772.70	 6/30/2024	 Administrative Expense
COMPANY TOTAL	24,335.70		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			
Fiscal Year to Date	24,012.08	6/30/2024	
 Kerusso	 24,012.08	 6/30/2024	
MANAGER TOTAL	24,012.08		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Prior quarter total			
 GoldenTree /Distressed Co-Investment Fund	 \$0.00	 6/30/2024	 distribution
Greenspring Opportunities Fund VII	\$0.00	6/30/2024	distribution
COMPANY TOTAL			


REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year to date	298,562.00		FY2024 capital calls
Fiscal year to date			FY2024 all other transactions
 sell Vanguard Short Term Treasury Index Fu	 -6,379,639	 5/21/2024	 approved transaction 5/16/2024
buy Johnson Institutional core Bond Fund	6,379,639	5/21/2024	approved transaction 5/16/2024
			approved transaction
			approved transaction
			approved transaction
 GoldenTree Distressed Co-Investment Fund III			 capital call
StepStone VC Opportunities VII	298,562.00	6/21/2024	capital call
MISCELLANEOUS TOTAL	298,562.00		

APPROVED:



Chairman



Secretary