

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

November 17, 2022

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on November 17, 2022 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Katie Reinsmidt, Aon Miller, Vivian Barrera, Jeffrey Wilson and Brent Goldberg. Others in attendance at the meeting were Scott Arnwine, CBIZ IAS, Inc.; Jed Cooper, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Madeline Green, Amanda Lawrence, Molly Taylor, Daniel Harrigan 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

Brent Goldberg made a motion to approve the minutes from the August 18, 2022 meeting. Jeffrey Wilson seconded the motion. The minutes were approved.

Jeffrey Wilson made a motion to approve the minutes from the October 3, 2022 meeting. Brent Goldberg seconded the motion. The minutes were approved.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement transactions are generally lower in this quarter and there were only 9 transactions and 7 of these were vested ex-employees. Two employee deaths resulting in a ten year certain annuity for the beneficiary are included on the report. The employee termination refund activity was relatively normal for the time period. For the General Pension fund, GoldenTree Distressed Fund III distributed a combined total of \$292,000.00 during the quarter. LTD premium corrections and monthly premiums to date were included in this report for the quarter. The report shows the re-allocation transactions made in the GPP and the OPEB that were previously approved.

Katie Reinsmidt made a motion to approve administrative actions. Aon Miller seconded the motion. The administrative actions were approved.

Plan Provision change pertaining to Part-time employees for discussion

Brent Goldberg is proposing a plan amendment to change in the threshold for part-time employees. Currently a part-time employee working more than 1,000 hours per year is eligible for the General Pension Plan. (A part time employee working 20 hours or more per week would be eligible). Brent put this proposal in the context of budgets in departments (library, parks and outdoors, and community development) where part-time employees are a larger proportion of the workforce. These departments have a need for part-time employees who can work 25 or more hours per week. However, the tendency is to avoid this level of employment because their budget cannot absorb the pension costs.

Setting the threshold at 1,500 hours annually would essentially eliminate eligibility for part-time employees in the General Pension Plan. (This is a 29 hours per week threshold). Currently there are only 6 part-time employees who participate in the General Pension Plan. However, the larger issue is the operational impact that occurs when departments avoid hiring the part-time personnel they need due to the pension cost that would be incurred.

He recommends that the board amend the general pension plan to change the 1,000 hours threshold to 1,500 hours on a prospective basis. He requests that language be sent to Valerie Malueg so that she can draft the proposed language for the amendment. An actuarial report for the impact of any plan amendment is needed.

Jeffrey Wilson did ask the question of what do the employees who work more than 20 hours per week receive in benefits, particularly health care. There was discussion in the context of the ineligibility for other benefits besides pension for those employees who may work more than 20 hours per week.

This is not a voting item; however, there will be a recommendation from the Mayor's office.

This item will be on the agenda for the next meeting.

Investment Performance Review 3Q 2022 – CBIZ Investment Advisory Services

Scott Arnwine provided an overview of plan results for the quarter. He started first with a handout that provides an overview of where market measures over time stand on several measures, including CPI, Fed Funds rate, the yield curve, the markets, the dollar, overall stocks, overall bonds, and a 60/40 portfolio. The Fed currently has one goal – to reduce inflation. However, the increases in interest rates are having an impact on results across all sectors.

The GPP fund ended the quarter down 3.2% for the quarter and down 17.6% year to date. The fund stands at \$315.0 million. There are no policy violations relative to investment targets. For the quarter, the large cap equity managers had negative results; however, Wedge in particular managed to be above the benchmark. Diamond Hill and Sustainable Insight (now Kerusso) also managed to have results better than the benchmark. The diversification built into the portfolio with more private debt investments in fixed income and alternative equity investments have helped the GPP performance results to perform better than a 60/40 type of portfolio.

In the Total Hedge Funds, the goal is to modify exposure to be less volatile. The overall result was flat at 0% for the quarter and down 11.1 year to date.

TerraCap Partners is winding down with a few properties remaining. Intercontinental US REIF has been a positive influence on GPP portfolio. They have reduced their leverage which has reduced the volatility in their portfolio.

Looking ahead, the results for October are an improvement.

Scott pointed the results from the cash flow summary which reconciles the changes in fund values on the investments from beginning of the reporting period to the end of the reporting period. He pointed out the column for net cash flow. There was discussion about the impact of the volatility on the funding ratio and other actuarial considerations in the plan.

Currently, there are not recommendations to reallocate additional funds in the GPP.

For the OPEB Trust, the fund level at the end of 3Q is down 3.6% for the quarter and down 19.8% for the year to date. The fund stands at to \$105.1 million. This fund also has improved results in October. The OPEB Trust is tilted more toward equity investments than is the GPP fund.

The OPEB Trust fixed income percentage is below the target investment level. CBIZ recommends moving \$3 million from cash into the Vanguard Short Term Treasury Index fund.

Jeffrey Wilson made the motion to transfer \$3 million of cash in the OPEB to the Vanguard Short Term Treasury Index Fund. Brent Goldberg seconded the motion. The motion carried.

Report from First Horizon – Jed Cooper

Jed Cooper reported that they are still waiting on approval of the merger of First Horizon Bank with Toronto-Dominion (TD) Bank. There is no anticipated real change to the relationship between First Horizon Bank and the Board.

Report from Counsel

Nothing to report.

Annual Review of Investment Manager (CBIZ) – follow-up from August meeting

Cheryl provided a copy of an email provided internally in the City to address the point of discussion regarding evaluations that was raised at the last meeting. The question is whether the board needs to create a format to provide a formal evaluation of the investment manager. Daisy provided some commentary.

Katie Reinsmidt indicated that her firm would never provide a written performance evaluation for the investment advisors. Aon made the same kind of comment that he would not approach an evaluation this way.

There was discussion about what the content of an evaluation would be. Katie did indicate that the investment results – the books -- presented at each meeting and the results that are produced over time are the most important indicator of the performance of the investment advisor. This includes the analysis and the recommendations that they make to meet the requirements in the investment objectives and the actuarial objectives. For documentation, the conclusion is that the meeting minutes are the main tool to provide the record of the investment advisor's performance and any discussion about their recommendations. Additionally, the investment advisor must work closely with the bank custodian to evaluate the individual portfolio managers and make recommendations about the composition of the investments and managers in the portfolio. The board has opportunity to review and decide the appropriateness of the investment manager and reallocation recommendations made by the investment advisor.

Valerie indicated that the content of the RFQ lays out the expectations of the Investment Advisor. Those who respond to the submitted RFQ are evaluated by a committee against the requirements of the RFQ before the final selection of the Investment Advisor is made.

There was no other business to discuss.

Jeffrey Wilson made motion to adjourn. Aon seconded the motion.

Daisy Madison adjourned the meeting.

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

Meeting of Trustees
November 17, 2022

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Comstock, Kevin	General Government	normal	B	\$469.97	9/1/2022		vested
Phillips, Deborah K	Finance - Court	normal	no	\$1,812.08	9/1/2022		
Pointer, Ruby	Human Services	normal	A	\$1,664.12	9/1/2022		
Bridger, John	RPA	imm early	B	\$2,769.95	10/1/2022		vested
Oglesby, Erskine	CD Administration	normal	A	\$297.04	10/1/2022		vested
Simpson, Kenneth	YFD	Rule of 80	B	\$1,520.84	10/1/2022		vested
McCrary, Jackie	Public Works	imm early	D	\$884.40	11/1/2022		vested
Samples, Roger	Public Works	Rule of 80	B	\$1,244.26	11/1/2022		
Morris, Melanie	Human Services	normal	no	\$370.16	12/1/2022		vested

Count	9	\$11,032.82	\$0.00
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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
Caitlyn Morgan	Christopher Scott Morgan	imm early	10 year	8/2/2022	\$402.81	9/1/2022	
Jennifer Grymes	Philip Grymes	imm early	10 year	11/10/2021	\$2,062.70	11/1/2022	

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
Sheree White	not job related	62746		10/26/2022	may be partial LTD

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions **30 \$47,813.58**

NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
Grissom, Marcus	General Services	61771	2/24/2016	\$11,251.91	vested
Lockhart, Christopher J	Parks and Outdoors	88057	6/2/2022	\$596.08	automatic
Hubbard, Stephanie	FJC	88642	6/3/2022	\$396.78	automatic
Smarrt, Derquazia	General Government	84983	6/6/2022	\$1,993.98	automatic
Hereford, Anthony L	Public Works	86209	6/17/2022	\$1,437.57	automatic
West, Kacy L	Community Developn	85782	6/23/2022	\$1,424.79	automatic
Cate, John P	Community Developn	86946	6/24/2022	\$882.66	automatic
Stafford, Grace H	Library	88458	6/29/2022	\$243.09	automatic
Shaw, April A	Library	65483	6/30/2022	\$714.98	automatic
Henley, Justin L	Public Works	79775	6/30/2022	\$3,423.37	automatic
Mosier, Jeremy T	Public Works	87468	7/15/2022	\$1,316.40	automatic
Stamper, Dameyon	Public Works	88762	7/20/2022	\$538.72	automatic
Townsend, Jasmine J	Community Developn	87958	7/20/2022	\$321.44	automatic
Spivey, Kyiara L	Human Services	84023	7/22/2022	\$2,194.30	automatic
Simmons, Adam	Human Resources	88621	7/23/2022	\$822.48	automatic
Haywood, Pauletta	Early Learning	85845	7/28/2022	\$1,430.91	automatic
Thomas, Jonathan T	City Attorney Office	100377	7/28/2022	\$529.01	automatic
McManus, Patrick J	Public Works	100420	8/1/2022	\$201.54	automatic
D'Agostino, Brandon P	Public Works	88639	8/12/2022	\$714.07	automatic
Bowers, Dallas L	Public Works	100157	8/12/2022	\$358.60	automatic
Hodge, TaDarius D	Public Works	86207	8/19/2022	\$1,396.12	automatic
Colmenares, Rosa C	311	87569	8/19/2022	\$860.80	automatic
Taylor, Jasiminus A	Public Works	62663	8/25/2022	\$21.41	automatic
Barnett, Caleb E	Public Works	85742	8/26/2022	\$1,562.12	automatic
Fletcher, Sheryl D	Mayor office	100807	8/26/2022	\$264.93	automatic
Lowery, Angela	Finance - Courts	86646	8/31/2022	\$2,016.63	
Woodley, Sean	Public Works	81728	9/9/2022	\$2,422.20	
House, Anna M	CD	88196	9/22/2022	\$714.52	
Sands, Antonio	Public Works	61316	9/23/2022	\$7,146.29	vested
Sledge, Travis A	Library	88759	9/23/2022	\$615.88	

RETURN OF DECEASED RETIREE BASIS

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Evelyn Grimes	Clarence Hilt	7/30/2022	\$528.89	
Annetta Genter	George Genter	9/13/2022	\$1,295.50	
Veronica Clift-Ryan	Albert Clift	10/23/2022	\$417.40	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	65,763.21	9/30/2022	
Fiscal Year to date	65,763.21		FY2023
<i>Budget</i>	375,410.00		FY2023
Same quarter last year	65,657.90	9/30/2021	
Prior Fiscal Year Actual	306,182.31		FY2022
Cavanaugh Macdonald	2,465.00	9/30/2022	GPP valuation
Cavanaugh Macdonald	5,535.00	9/30/2022	GPP GASB 67 & 68
Cavanaugh Macdonald			Experience Study
Cavanaugh Macdonald	-	9/30/2022	Consulting service
Chattanooga Times Free Press	136.52	9/30/2022	Meeting ad
CBIZ IAS	25,000.00	9/30/2022	Investment consulting services
First Horizon Bank	32,626.69	9/30/2022	Administrative expense
City of Chattanooga services	-	9/30/2022	Administrative expense annual
COMPANY TOTAL	65,763.21		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	93,594.10	9/30/2022	
Fiscal Year to date	93,594.10		FY2023
Same quarter last year	105,685.55	9/30/2021	
Prior Fiscal Year	421,065.02		FY2022
Kennedy Capital Mgmt (prorated)	31,874.00	9/30/2022	Investment management fees
Patten & Patten	16,656.04	9/30/2022	Investment management fees
Sustainable Insights	10,491.98	9/30/2022	Investment management fees
Wedge Capital	34,572.08	9/30/2022	Investment management fees
MANAGER TOTAL	93,594.10		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	FYTD	EFF DATE	REASON
Fiscal Year to date		\$319,047.00	FY2021	
Fiscal Year to date		2,946,264.40	FY2022	
Fiscal Year to date		292,000.00	FY2023	
	Qtr Ending	9/30/2022		
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	\$292,000.00			distribution (recallable)
GoldenTree Distressed Debt IV	\$0.00			distribution (recallable)
Medley Opportunity Fund III	\$0.00			distribution
Greenspring Global Partners IV	\$0.00			distribution
Greenspring Opportunity Fund III	\$0.00			distribution
COMPANY TOTAL	292,000.00			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to date		-	FY2023	capital call
Fiscal Year to date		0.00	FY2023	all other transactions
sell Invesco International Growth	-8,000,000		8/18/2022	approved transaction
buy Johnson Intitutional Core Bond	8,000,000		8/18/2022	approved transaction
sell Invesco International Growth	-16,000,000		8/18/2022	approved transaction
buy Vanguard FTSE all world index	16,000,000		8/18/2022	approved transaction
transfer from Sustainable Insight	-6,700,000		8/18/2022	approved transaction
transfer to Kerusso Capital Mgmt	6,700,000		8/18/2022	approved transaction
sell Brandywine Global	-10,000,000		10/3/2022	approved transaction
sell Invesco International Growth	-10,000,000		10/3/2022	approved transaction
buy vanguard Short Term Treasury Ind	20,000,000		10/3/2022	approved transaction
GoldenTree Distressed Debt IV	0			capital call
MISCELLANEOUS TOTAL	0.00	0.00		

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Prior Fiscal Year		136,294.03		FY2021
<i>Budget</i>		135,000.00		FY2022
Fiscal Year to date		82,173.97		FY2022
Symetra	7,032.20	corrected	1/31/2022	Long Term Disability (50%)
Symetra	7,032.20	corrected	2/28/2022	Long Term Disability (50%)
Symetra	7,425.05	corrected	3/31/2022	Long Term Disability (50%)
Symetra	7,549.92		4/30/2022	Long Term Disability (50%)
Symetra	7,581.04		5/31/2022	Long Term Disability (50%)
Symetra	7,662.79		6/30/2022	Long Term Disability (50%)
Symetra	7,930.68		7/31/2022	Long Term Disability (50%)
Symetra	8,061.14		8/31/2022	Long Term Disability (50%)
Symetra	8,045.28		9/30/2022	Long Term Disability (50%)
Symetra	8,122.04		10/31/2022	Long Term Disability (50%)
TOTAL	76,442.34	82,173.97		

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	20,306.39	9/30/2022	
Fiscal Year to date	20,306.39		FY2023
<i>Budget</i>	60,930.00		FY2023
Same quarter last year	20,567.45	9/30/2021	
Prior Fiscal Year Actual	73,773.24		FY2022
Cavanaugh Macdonald	-	9/30/2022	OPEB valuation
Cavanaugh Macdonald	8,000.00	9/30/2022	OPEB GASB 74/75
CBIZ IAS	5,000.00	9/30/2022	Investment consulting services
First Horizon Bank	7,306.39	9/30/2022	Administrative Expense
COMPANY TOTAL	20,306.39		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			FY2019
Fiscal Year to Date			FY2020
MANAGER TOTAL	-		


ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Prior quarter total			
GoldenTree /Distressed Co-Investment Fund	0	9/30/2022	
Greenspring Opportunities Fund VII	0	9/30/2022	
COMPANY TOTAL	-		

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year to date	-	FY2023	capital calls
Fiscal year to date		FY2023	all other transactions
sell Invesco International Growth	-5,000,000	8/18/2022	approved transaction
buy Vanguard FTSE all world index	5,000,000	8/18/2022	approved transaction
sell Brandywine Global	-3,000,000	10/3/2022	approved transaction
sell Invesco International Growth	-3,000,000	10/3/2022	approved transaction
buy vanguard Short Term Treasury Index	6,000,000	10/3/2022	approved transaction
GoldenTree Distressed Co-Investment Fund III	0	9/30/2022	capital call
Greenspring Opportunities Fund VII	0	9/30/2022	capital call
MISCELLANEOUS TOTAL	0.00		

APPROVED:



Chairman



Secretary