

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

July 16, 2009

The regular meeting of the City of Chattanooga General Pension Plan was held July 16, 2009 at 8:45 a.m. in the J.B. Collins Conference Room. Trustees present were Daisy Madison, Katie Reinsmidt, Bettye Lynn Smith, Dan Johnson, Terry Lamb, and Carl Levi. Others attending the meeting were Valerie Malueg, City Attorney's Office; Sharon Lea, City Personnel Office; and Teresa Hicks, First Tennessee Bank.

The meeting was called to order by Chairwoman Daisy Madison. A quorum was present.

The minutes of the meeting held June 18, 2009 were approved.

The following pension benefits and plan expenses were discussed for approval:

PART I – ACCOUNT SUMMARY

ACCOUNTS PAYABLE

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u> THIS PERIOD	<u>YTD</u>	<u>SERVICES RENDERED</u>
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No Activity

INVESTMENT MANAGERS

ATALANTA SOSNOFF	\$22,177.00	\$22,177.00	Investment management expense for period ending June 30, 2009
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MANAGER TOTAL	\$22,177.00	\$22,177.00	
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ACCOUNTS RECEIVABLE

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u> THIS PERIOD	<u>YTD</u>	<u>PURPOSE</u>
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No Activity

REPORT OF ACCOUNT (S) PAID

MUTUAL OF OMAHA (Long-Term Disability)	\$9,257.38	\$9,257.38	Long Term Disability (50%) – June 09'
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MISCELLANEOUS ITEMS

<u>NAME</u>	<u>TRANSACTION</u>
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No Activity

Report from Counsel/RFP Discussion

Ms. Malueg stated that she had a recent conversation with Todd Gardenhire concerning the due diligence for the RFP process. He is currently preparing a list of professionals to provide due diligence, which should be available sometime next week. Mr. Gardenhire would like to provide his services at no cost to the Board. Ms. Malueg asked if these services should include the custodial contract. Ms. Madison stated that they should check the current custodial contract.

Ms. Madison stated that she would like to see a committee approach used, including Mr. Gardenhire, and to use the expertise of the Board. Mr. Lamb suggested that Mr. Gardenhire take a look at the last RFP used by the Board, prepare a list of names to submit the new RFP's to, and to review the entire process. Ms. Madison stated there were really only two important issues: First, does the Board need a paid professional? Secondly, should a committee be recommended out of the Board to work with Mr. Gardenhire? The board agreed that there did not need to be a paid professional to work with the Board and that the committee should consist of about three of the current Board members, with Terry Lamb being the chairman. Ms. Malueg stated that she would revisit this conversation with Mr. Gardenhire including the Board's discussion today. The Board decided to notify the attorney's office if they needed review for the RFP process or if they decided to open an RFP for Custodial Services.

Board Discussion

Ms. Madison stated that she received a follow-up from CSG regarding some questions raised at the last Board meeting. The follow-up included a brief description of Insight Capital's performance in comparison to historical capital flows since CSG's inception, the current contract with the City of Chattanooga General Pension Plan, and relationships with the City of Chattanooga's existing managers. The Board spent a few minutes reviewing the document from CSG. Mr. Lamb stated that he felt the Board should eliminate any potential conflicts of interest when creating the new RFP in relation to total cost and recapture of fees.

Ms. Madison stated that the actuary had sent the Board a summary of funding policy options. As of January 1, 2009, the rate increased to 12.45%, implying a contribution of \$7.4 million. He stated that if the City were unable to make the contribution rate in any given year, there are options to move towards actuarial funding more gradually. He provided two: The City could apply the prior year contribution rate (no long term advantages) or increase the contribution rate, limited by a certain percentage each year. The actuary's primary recommendation is to increase the contribution rate to the actuarially determined rate of 12.45% of payroll. A "second best" approach would be to increase the rate by 20% (from 6.31%) to 7.57% of payroll for 2010, then follow the schedule given in the funding policy.

Mr. Johnson made a motion to approve Mr. Lamb as Chairman of the Committee for the RFP Due Diligence Process so the other selected members, BettyeLynn Smith and Katie Reinsmidt, could start the process. Mr. Levi made a second and the Board unanimously agreed.

The next board meeting was scheduled for August 20, 2009 at 8:45 a.m. in the J.B. Collins Conference Room.

There being no further business, the meeting was adjourned.

Chairman

APPROVED:

Secretary