

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

July 20, 2006

The regular meeting of the City of Chattanooga General Pension Plan was held July 20, 2006 at 8:45 a.m. at the J.B. Collins Conference Room. Trustees present were David Eichenthal, Daisy Madison, BettyeLynn Smith, and Dan Johnson. Others attending the meeting were Donna Kelley, City Personnel Department; Doug Kelley, City Personnel Department; Sharon Lea, City Personnel Department; Mike McMahan, Nelson, McMahan & Noblett; and Steve McNally, First Tennessee Bank.

The meeting was called to order by Chairman David Eichenthal. A quorum was present.

The minutes of the meetings held May 25, 2006 and June 22, 2006 were deferred to the next meeting for approval to allow board members the opportunity to review and comment on them. They will be sent along with the July 20 minutes to the board.

Upon a motion duly passed, the following pension benefits and plan expenses were approved:

ACCOUNT SUMMARY

ACCOUNTS PAYABLE

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>	<u>SERVICES RENDERED</u>
NELSON, MCMAHAN & NOBLETT	\$1,724.02	Professional services for period April through June 2006
 <u>INVESTMENT MANAGERS</u>		
BRANDYWINE ASSET MANAGEMENT	\$11,562.24	Investment management fee for quarter ending June 30, 2006
THE NORTHERN TRUST COMPANY	\$6,999.25	Investment management fee for quarter ending June 30, 2006
PATTEN AND PATTEN, INC.	\$18,789.36	Investment management fee for quarter ending June 30, 2006
SMH CAPITAL ADVISORS	\$8,928.84	Investment management fee for quarter ending June 30, 2006
	\$46,279.69	TOTAL

ACCOUNTS RECEIVABLE

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u>	<u>PURPOSE</u>
No activity		

REPORT OF ACCOUNT (S) PAID

HARTFORD LIFE AND ACCIDENT INSURANCE CO. (Long-Term Disability)	\$12,602.61	Premium July 2006
---	-------------	-------------------

MISCELLANEOUS ITEMS

NAME

TRANSACTION

No activity

Benefits

Mr. McMahan questioned Ms. Kelley whether the General Pension has had a significant number of DROP benefit payments. Ms. Kelley and Mr. Kelley responded that there have not been a large number of DROP payments since the benefit was instituted a few years ago. Ms. Madison asked Ms. Kelley to explain the DROP provision and compare it to the Fire & Police DROP provision. Ms. Kelley stated that the DROP allows an eligible retiree to take a lump sum benefit for three years of service and a reduced periodic benefit for the balance of service. The Fire & Police and General Pension DROP is calculated in a similar manner, but because the benefit structure and funding level for each plan is different, the lump sum amounts may differ for similar service years and salary. Mr. McMahan reminded the board the DROP provision is actuarially neutral.

Administrative Budget

Donna Kelley presented the Administrative Budget. Ms. Madison moved for approval and Mr. Johnson made a second. Ms. Madison inquired as to when the next experience study would be. Ms. Kelley confirmed that the last one was in 2005 and the next study should be in 2008. Mr. Eichenthal asked what the record management fee would be used for. Ms. Kelley answered that it would be used for management issues and also for a lock box to contain the past minute books at First Tennessee. Mr. McMahan confirmed that the Personnel Director was by law the keeper of the records and that this would allow for the Ms. Kelley to have more control over the safe keeping of the records.

Education Day

Mr. Eichenthal opened discussion on education day for Trustees. He proposed postponing the seminar from August to a future day to allow for more time to prepare. Mr. Eichenthal also proposed skipping the August Board meeting. Ms. Kelley requested pre-approval of the administrative issues for the month of August. The Board unanimously agreed.

Mr. Eichenthal requested that the 12-month calendar to be circulated to all Board members before the next meeting.

Custodian Agreement

Prior to the meeting, Ms. Kelley and Mr. McNally met to discuss the custodial agreement between the General Pension Plan and First Tennessee Bank. Ms. Kelley gave the Board a brief synopsis of the conversation. She explained how informal the relationship with SunTrust had been and that over the years the Personnel Department staff have become more involved with the application for benefits, record keeping, cost of living changes, and others related items. The Personnel Department will continue with the administrative activities and First Tennessee will continue with its financial responsibilities. Mr. McNally confirmed that the fee that the General Pension Plan will be paying is based on the amount of assets, transactions, and processing benefit payments. Mrs. Madison asked how things were different from the past. According to Ms. Kelly, the main changes are the way that minutes are taken and secured. The Personnel Department will be responsible for recording the minutes. The safe-keeping of the minutes will also be the City's responsibility. Mr. McNally confirmed that this is correct and that he will work out with Ms. Kelley the details of renting space at First Tennessee for safe keeping of the minutes. Mr. McNally confirmed that he will be here for the next few Board meetings to assist in the transition period. Ms. Kelley

Meeting of Trustees
City of Chattanooga General Pension Plan
July 20, 2006
Page 3

added that there are other functions that Personnel will be taking over during the transition, including the budget, agenda, calendar, and manager invoices.

The next board meeting is scheduled for September 21, 2006 at 8:45 a.m. in the J. B. Collins Conference Room.

There being no further business, the meeting was adjourned.

Chairman

APPROVED:

Secretary