

**MEETING OF THE TRUSTEES**

**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

**October 18, 2007**

The regular meeting of the City of Chattanooga General Pension Plan was held October 18, 2007 at 8:45 a.m. at the J.B. Collins Conference Room. Trustees present were Daisy Madison, BettyeLynn Smith, Katie Reinschmidt, Dan Johnson, and Terry Lamb. Others attending the meeting were Jeff Claxton, City Benefits Office; Sharon Lea, City Personnel Office; Michael McMahan, Nelson, McMahan & Noblett; 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 September 20, 2007 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>	<u>SERVICES RENDERED</u>
No activity		
<u>INVESTMENT MANAGERS</u>		
NWQ MANAGEMENT, LLC	\$32,001.75	Investment management expense for period ending March 31, 2007.
PATTEN AND PATTEN, INC.	\$9,920.41	Investment management expense for period ending September 30, 2007.
THE NORTHERN TRUST	\$6,985.81	Investment management expense for period ending September 30, 2007.
MANAGER TOTAL		\$48,907.26

**ACCOUNTS RECEIVABLE**

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

**REPORT OF ACCOUNT (S) PAID**

No Activity

**MISCELLANEOUS ITEMS**

<u>NAME</u>	<u>TRANSACTION</u>
No activity	

Education Seminar Discussion

Ms. Smith prepared a draft agenda for the seminar, which was distributed to the Board prior to the meeting. She advised the Board that a half day session would be the best option, from 8:00 a.m. until 1:30 p.m. The session would include discussions from the hedge fund managers and Atalanta Sosnoff. CSG would also discuss new asset classes for the Board to consider so they could be understood before brought up next year.

CSG Conference Call – Pat Cox & Robert Longfield

The Board started a conference call with Pat Cox and Robert Longfield with CSG. Two topics were discussed: the education seminar and an SEC non-public audit.

Mr. Cox started briefly by describing the various topics the seminar would highlight. Ms. Smith was interested in new asset classes and what exactly they entailed. Mr. Cox described that these were basically value added real estate and have been around for some time in public pension portfolios. They include core real estate investments, which are focused on income; and value added investments, which need various upgrades and are focused on a total return scenario.

Mr. Longfield described the SEC non-public audit process. The Board received a letter from CSG dated October 4, 2007 which stated there were two administrative issues that the SEC found in non-compliance. In 2004, the SEC issued new rules regarding investment adviser codes of ethics. CSG has maintained a written code of ethics; however the new regulations required each employee to acknowledge the code of ethics. CSG was late in obtaining these signatures to become compliant with the recent change. Also, the Internal Compliance Policy and Procedures were in need of revision. The total amount of the fine was \$20,000. Moving forward proactively, CSG engaged outside legal counsel to conduct an independent review of the areas of concern to the SEC. CSG also retained an independent compliance consultant to review the adequacy and effectiveness of their old supervisory and compliance policies, procedures, and disclosure statements and to prepare additional written policies and disclosure statements as needed. CSG also hired Ed Balsmann as their in-house general counsel and chief compliance officer to serve as part of the executive management team.

Mr. Longfield agreed to email the SEC audit reports to Ms. Lea so they could be distributed to the Board for review. Mr. McMahan would also research for the Board's records.

The next Board meeting was scheduled for Thursday, November 15, 2007 at 8:45 a.m. in the J.B. Collins Conference Room.

There being no further business, the meeting was adjourned.

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Chairman

APPROVED:

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Secretary