

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

October 3, 2022

This called meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on October 3, 2022 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Aon Miller, Katie Reinsmidt, Brent Goldberg and Jeffrey Wilson. Others in attendance at the meeting were Robert Longfield and Scott Arnwine, CBIZ IAS, Inc. by phone; Jed Cooper, First Horizon Bank by phone; Valerie Malueg, Office of the City Attorney; 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.

Medley Opportunity Fund III contract transition terms – review changes

At the August 18, 2022 meeting the board gave approval for Daisy Madison to sign the consent form for TCW to be the new General Partner in this fund. However, once the final consent document was delivered to be signed, the legal review found sufficient differences from the information provided in August for the board to reconvene to be made aware of these differences. The board could then make a more informed decision.

Robert Longfield provided some documents to the board including a copy of the consent agreement, a redline version of the changes to the limited partnership agreement, and a summary of events leading to the change in management. Some key differences are the following:

- Fund statements will be delayed until March 2023;
- In the transition to TCW, the General partner and TCW asked for a restatement in the partnership agreement in the indemnification language that they are not responsible for events before they take over;
- The fee structure has changed:
 - a flat fee spread pro rata over all the limited partners instead of a percentage fee
 - \$400,000 first year, 250,000 second year, \$50,000 each year thereafter;
 - the fund is expected to be liquidated over the next two years so fees will be assessed over the next two years or until liquidation of the fund;
 - a provision for paying a consulting fee for the remaining small team at Medley.

Valerie Malueg also added that TCW will be absolved of past acts of Medley. TCW will have errors and omissions coverage going forward from the takeover date. Medley is currently not insured for errors and omissions of past acts. There may be a gap in coverage of roughly one year.

Robert Longfield stated that audits through 2020 have been clean and there are not expected to be any issues. TCW will waive the 2021 audit since they were not involved in that time period. Exposure may be limited to just one year.

There are no new investments in Medley. There are 11 remaining underlying companies invested in this Medley fund. Most of the assets will be liquidated by the end of 2023. There are two or three that will persist until 2025 and those remaining may need to be restructured. Participating companies will receive pro rata payments.

Aon Miller made the motion to accept the changes to Exhibit A of the consent agreement and approve signing the consent agreement for the change in manager. Katie Reinsmidt seconded the motion. The motion carried.

Robert Longfield brought up another piece of business for the board to consider related to concerns about fixed income assets and the current market environment. He recommends that the board approve some additional reallocations. For the GPP he recommends reallocating \$10 million from each of Brandywine Global and Invesco International Growth to add it to Vanguard Short Term Treasury Index fund (VSBIX). For the OPEB, he recommends reallocating \$3 million from each of Brandywine Global and Invesco International Growth to add it to Vanguard Short Term Treasury Index fund (VSBIX).

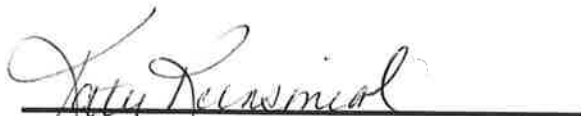
Jeffrey Wilson made the motion to make the reallocation in the GPP by taking \$10 million from Brandywine Global and \$10 million from Invesco International Growth and add it to Vanguard Short Term Treasury Index fund and to make the reallocation in the OPEB by taking \$3 million from Brandywine Global and \$3 million from Invesco International Growth and add it to Vanguard Short Term Treasury Index fund. Katie Reinsmidt seconded the motion. The motion carried.

There being no other business Brent Goldberg moved to adjourn the meeting.

Daisy Madison adjourned the meeting.

APPROVED:


Chairman


Secretary