

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

November 18, 2010

The regular meeting of the City of Chattanooga General Pension Plan was held November 18, 2010 at 8:45 a.m. in the J.B. Collins Conference Room. Trustees present were Bettye Lynn Smith, Carl Levi, Dan Johnson, Terry Lamb and Katie Reinsmidt. Others attending the meeting were Valerie Malueg, City Attorney's Office; Donna Kelley, Tonia Ewing, Madeline Green and Doug Kelley, City Personnel Office; Steve McNally and Teresa Laney, First Tennessee Bank; and Todd Gardenhire, Morgan Stanley Smith Barney.

The meeting was called to order by Bettye Lynn Smith. A quorum was present.

The minutes of the meeting held on October 21, 2010 were approved.

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

PART I – PARTICIPANT SUMMARY

SUMMARY OF PENSION APPLICATIONS-PENDING BOARD APPROVAL

<u>NAME</u>	<u>DEPARTMENT</u>	<u>TYPE/OPTION</u>	<u>MONTHLY AMOUNT</u>	<u>EFFECTIVE DATE</u>
Correll, James	Public Works	Immediate Early- No Option Elected	\$1,088.26	November 1, 2010
Meyer, Walter E. (Three Year DROP - \$73,411.71)	Personnel	Rule of 80- Option A	\$1,872.36	December 1, 2010

BENEFIT REVISIONS/CONVERSIONS-PENDING BOARD REVIEW/APPROVAL

<u>NAME</u>	<u>TYPE/OPTION</u>	<u>PREVIOUS AMOUNT APPROVED BY BOARD</u>	<u>REVISED AMOUNT</u>	<u>EFFECTIVE DATE</u>
-------------	--------------------	------------------------------------------	-----------------------	-----------------------

No Activity

SELECTION OF OPTIONAL BENEFIT REPORT – VESTED OR AGE 62 AND OLDER PARTICIPANTS

<u>NAME</u>	<u>OPTION</u>	<u>DATE</u>
Card, Thomas	Option B	October 25, 2010
Harvey, Arley	Option B	November 15, 2010
Lloyd, Deborah	Option B	October 29, 2010
Rowe, Patrick	Option B	November 17, 2010
Sheppard, Darryl	Option B	October 9, 2010

DISABILITY BENEFIT REPORT

<u>NAME</u>	<u>MONTHLY DISABILITY BENEFIT AMOUNT</u>	<u>EFFECTIVE DATE</u>
Cameron, Earline	\$844.87	August 22, 2010
Crawford, Robert	\$1,937.03	October 13, 2010
Maddox, Heidi	\$1,285.49	November 22, 2010
Saylors, Robert	\$1,697.74	September 29, 2010

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION-CHECKS PROCESSED)

<u>NAME</u>	<u>DEPARTMENT</u>	<u>EMPLOYEE NUMBER</u>	<u>TERMINATION DATE</u>	<u>REFUND AMOUNT</u>
Bond, Deborah	Parks & Recreation	62492	September 30, 2010	\$2,472.17
Crisp, Richard K.	Public Works	66011	August 31, 2010	\$312.01
Deramus, George	Public Works	56496	August 19, 2010	\$1,111.65
Hudson, Sonia T.	Mayor's Office	62579	September 30, 2010	\$2,364.10
Jenkins, Steven	Fire	65647	August 31, 2010	\$331.55
Parker, Kirk	Parks & Recreation	63806	September 30, 2010	\$373.63
Phillips, Heather	Human Services	62849	August 13, 2010	\$906.26
Portwood, Sarah	City Attorney's Office	63234	September 10, 2010	\$225.01
Robbins, Jason	General Government	63226	October 7, 2010	\$2,136.37
			TOTAL	\$10,232.75

PART II – ACCOUNT SUMMARY

ACCOUNTS PAYABLE

<u>COMPANY</u>	<u>AMOUNT PAID THIS PERIOD</u>	<u>FYTD</u>	<u>PURPOSE</u>
CONSULTING SERVICES GROUP	\$18,761.50		Professional services for quarter ending September 30, 2010
FIRST TENNESSEE BANK	\$25,473.82		Professional services for quarter ending September 30, 2010

COMPANY TOTAL	\$44,235.32	\$84,596.54	
----------------------	--------------------	--------------------	--

INVESTMENT MANAGERS (does not include direct bill thru Custodian)

DUFF & PHELPS	\$12,702.00	Investment management expense for quarter ending September 30, 2010
NORTHERN TRUST	\$1,528.92	Investment management expense for quarter ending September 30, 2010
PATTEN & PATTEN	\$8,521.59	Investment management expense for quarter ending September 30, 2010
SMH CAPITAL ADVISORS	\$7,471.82	Investment management expense for quarter ending September 30, 2010

MANAGER TOTAL	\$30,224.64	\$188,086.85
----------------------	--------------------	---------------------

ACCOUNTS RECEIVABLE

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u>	<u>PURPOSE</u>
FCA VENTURE PARTNERS III	\$810,342.17	Distribution November 10, 2010

REPORT OF ACCOUNT(S) PAID

<u>COMPANY</u>	<u>AMOUNT PAID</u>		<u>PURPOSE</u>
	<u>THIS PERIOD</u>	<u>FYTD</u>	
THE HARTFORD	\$8,782.23		Long-Term Disability (50%) – Nov. 2010

LTD TOTAL	\$8,782.23	\$47,716.66
------------------	-------------------	--------------------

Approval of Minutes & Administrative Actions

The Board discussed approval of the minutes from the meeting held October 21, 2010. Mr. Johnson moved to approve the minutes and Mr. Levi made a second. The Board unanimously agreed.

Mr. Kelley reported the General Pension administrative actions for the month of November 2010. Mr. Lamb moved for approval and Ms. Reinschmidt made a second. The Board unanimously agreed. Mr. Kelley informed the Board that a check from FCA Venture Partners III was received. However; there was no back up with the check reflecting the purpose of the payment. Mr. McNally stated that FCA Venture Partners III had formally disbanded. He also stated the check was to go to First Tennessee Bank to process for the Plan. Mrs. Laney will research the status of FCA Venture Partners III and the payment. She will announce findings at the next Board Meeting. Mr. Kelley will scan and e-mail the November 10, 2010 correspondence from FCA Venture Partners III to the Board for review.

Report from Counsel

Ms. Malueg stated that the City Attorney, Michael McMahan, asked her to do research on Qualified Domestic Relations Order (QDRO) in regards to voluntary payments of assignment on part of the participant and the effect it may have on the safeguard of the Plan. Ms. Malueg is currently researching this issue, but stated more time will be required. She asked that this subject be placed as an agenda item for the next Board meeting.

Ms. Malueg distributed the proposed Long Term Disability (LTD) policy based on action taken by the Board during their meeting on September 17, 2009. Mr. Johnson had stated during that meeting that it seemed to him that a participant could not have the benefit of both a refund of their General Pension contributions and the Long Term Disability benefit. Both Mr. Levi and Ms. Madison agreed with Mr. Johnson. Ms. Malueg reviewed the policy and requested, if there were no questions, that it be approved by the Board. Mr. Kelley requested the policy be modified to allow participants who are approved for LTD based on a non-job related illness or injury, but who have less than five years of credited service, be eligible to request and receive a refund of their contributions in the Plan as of their termination date. Ms. Malueg clarified that the policy does not differentiate if a participant becomes disabled based on a job related or non-job related illness or injury or whether they were vested or had less than five years of credited service. After further discussion, the request was withdrawn. Ms. Kelley stated that the City has had a problem for a couple of years pertaining to new employees who have become disabled fairly quickly. The issue required her to put several administrative actions in place, such as an enhanced employee safety training program, in an attempt to lessen the occurrence of LTD requests. Mr. Lamb moved to approve the policy and the action was seconded by Mr. Johnson. The Board unanimously agreed. The policy will be included with the minutes.

Ms. Malueg stated that the law firm of Miller & Martin presented a proposal to research and to provide a legal opinion on the tax issues as it applies to the City's updated injured on duty (IOD) program. The cost of the service was not to exceed \$12,000.00 without approval of the Board. Ms. Kelley asked if a timeframe was provided in the letter. Ms. Malueg responded there was no timeframe indicated. The issues to research include updating the definition of earnings to state only the base rate of pay, excluding overtime, would apply to employees on IOD; determine if a participant contributes 2% into the Plan based on the lower percentage of pay while on IOD status and if this action would have a detrimental impact on a participant's retirement benefit; and research on the tax issues if participants contribute 2% into the General Pension Plan on their base pay in lieu of the lower IOD percentage payment. Mr. Lamb moved to approve the service and the action was seconded by Mr. Johnson.

Board Discussion – COLA for Retirees

Ms. Malueg explained that the Pension Board had previously decided to take the long term approach on cost-of-living allowances for retirees due to the fluctuations of the index. Ms. Malueg then read aloud the City Charter section as follows: "Effective January 1, 2000, any benefit payable under this plan to or on account of a retired participant shall be increased by a three percent (3%) cost-of-living adjustment and such benefits shall be increased each subsequent year on January 1 by three percent (3%); provided that the City Council may by ordinance upon recommendation from the Board of Trustees of the General Pension, and upon receipt of a report of the actuarial consequences of a change either increase or decrease future cost of living increases for any subsequent year." The Board unanimously agreed that there was no need for action or further discussion related to COLA for calendar year of 2011.

Board Discussion – CSG

The Board discussed the personnel changes within CSG and if these changes should be a concern. It was decided that these changes were not abnormal and should not affect the Board's relationship with CSG. Dan Johnson said he didn't see a need of further discussion and the Board agreed.

Board Discussion – CSG distressed debt (asset allocation)

Mr. Johnson expressed he is not in favor of increasing the distressed debt. Mr. Levi also advised he is not in favor of increasing the debt. Mr. Lamb stated that CSG was to get back to the Board on further options on the asset allocation. The Board determined no further discussion or action was required until CSG provides additional information on other options at a future date.

Meeting of Trustees
City of Chattanooga General Pension Plan
November 18, 2010

The next board meeting was scheduled for December 18, 2010 at 8:45 a.m. in the J. B. Collins Conference Room.

There being no further business, the meeting was adjourned.

Chairman

APPROVED:

Secretary