

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

August 16, 2018

This called meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 16, 2018 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Katie Reinsmidt, Aon Miller, Stacy Richardson and Carl Levi. Others in attendance at the meeting were Scott Arnwine, Gavion, LLC; Teresa Laney and Jed Cooper, First Tennessee Bank; Valerie Malueg, Office of City Attorney; Beverly Moultrie 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.

Approval of Minutes

Stacy Richardson made the motion to approve the minutes from the meeting of June 13, 2018. Katie Reinsmidt seconded the motion. The motion carried.

Administrative Actions

Cheryl Powell presented the summary of the administrative actions over the past quarter. There were no transactions out of the ordinary. We did receive a distribution from DTC Diversified Partners in the amount of \$75,000.

Carl Levi made the motion to approve the administrative actions. Katie Reinsmidt seconded the motion. The motion carried.

Review Bylaws of the Board of Trustees

The document was distributed to the Trustees prior to the meeting. There were no proposed changes to the document at this time.

Review Statement of Investment Objectives

The document was distributed to the Trustees prior to the meeting. There were no proposed changes to the document at this time. The table value for the minimum for Total Domestic Equity needs to be changed because it is incorrect. The request was made to have a summary of the total expense fees, either percentage or dollar, for board review to monitor the level the fund is paying and ensure it is in line with expectations. It can be a one page document produced at least once per year.

Stacy Richardson made the motion to amend the table in Appendix A and B of the Statement of Investment Objectives to correct the value from 35% to 25% and ensure totals are correct. Carl Levi seconded the motion. The motion carried.

The document will be signed by the Trustees at the November meeting.

Investment Performance Review 2Q 2018 – Gavion

Scott Arnwine provided the overview. The second quarter was characterized by US growth and strong US dollar along with rising interest rates and rising energy prices. Generally, US stocks were positive and International stocks were negative, emerging market stocks did not perform well, and bonds around the world were negative but not significantly.

The GPP portfolio was up by 0.5% for the quarter and 1% for the year to date. Equity was up by 2.7% with Kennedy Capital up by 3.4% but well below the benchmark. OFI was down 2.9% for the quarter and below the benchmark. Most of the partnerships have not yet reported for the quarter. The expectation is the performance for the fund will rise.

Hedge funds took advantage of investment opportunities this quarter and performed well above their benchmark. Real estate was strong and up 3.3% for the quarter with the AEW Global Reits up 5.5%. TerraCap has not yet provided their report, but the expectation is a good results.

Fixed income was negative worldwide and the GPP portfolio was down 1.9% for the quarter. International stocks, and in particular Brandywine in our portfolio, were down the most. The bright spots were the short duration high yield and the floating rate fund that were added to the assets a few years ago. Medley and Goldentree have not yet reported, however the report is expected to be positive.

Results for July look promising for reversing the negative results of the second quarter.

Areas being monitored include the continued use of Prudential's US corporate allocation as cash needs arise and the anticipation of more opportunities in private debt over the course of the next year. Overall the portfolio is well diversified with a positive outlook; however, single digit returns are expected.

The OPEB fund is up 1% for the quarter and 1.3% for the year. The fund is not invested in exactly the same manner as the GPP, but many of the comments made for the GPP fund apply to OPEB as well. The OPEB fund has reached \$65 million. As partnerships are up 2.5% in July, the outlook for OPEB is similar to the GPP.

A review of the chart on page 6 for GPP and page 4 for OPEB, the blue represents investment gains and the red represents the contributions. In the GPP, essentially there are greater distributions than the contributions to the fund so that the current time period is entirely blue. In OPEB, because it is a young fund, there is still a significant amount of contribution relative to investment gains in the fund. Both funds have unfunded liabilities.

There are no OPEB transactions included in the administrative actions report; however, Scott can add a cash flow statement to both books to show net contributions and withdrawals to both funds.

Discuss Options for an Education Event

Cheryl Powell distributed a document in the packet to recount the comments made from the last meeting. The document provided some suggested formats and topics for speakers as well as potential time frames so that a date can be set for the event. Cheryl did ask about inviting other interested parties in the City to any the meeting or any of the sessions.

The discussion included potential topics including at least one on fiduciary responsibilities of board members. Board members suggested that actuarial topics might include a presentation of how experience assumptions are set or the effect of smoothing of investment experience. Ideas for investment topics include a specific type of investing, or a hedge fund manager, or a discussion of active vs. passive investing.

Scott agreed to help secure speakers for the event. One or two external speakers will be included on the roster.

Based on the discussion, a Monday, Tuesday or Wednesday date in the second or third week of January at The Chattanooga will be targeted. The event will start in the morning. There will be breakfast, snack and lunch. The event will end around 2:00 p.m., no later than 3 p.m.

The discussion will continue at the November meeting.

Report from Counsel

There was nothing to report.

It was noted that both Daisy and Carl were reappointed to the board.

There being no other business the meeting was adjourned by Daisy Madison.

**CITY OF CHATTANOOGA GENERAL PENSION PLAN
ADMINISTRATIVE ACTIONS**

**Meeting of Trustees
August 16, 2018**

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Bennett, David	Public Works	normal	D	\$1,276.07	8/1/2018		
Coleman, Paula	ECD	normal	no	\$888.16	6/1/2018		
Collyer, Daniel	General Government	Imm early	no	\$474.00	8/1/2018		vested
Copeny, Jerry M	Public Works	normal	C	\$558.09	8/1/2018		
Garrison, Pamela	Human services	Imm early	no	\$745.83	8/1/2018		
Greever, Thomas	Public Works	Imm early	no	\$600.40	8/1/2018		
Guy, Jonathan	County 911	Rule of 80	no	\$1,995.36	7/1/2018		
Helms, Mary M	Library	normal	no	\$2,736.22	7/1/2018	\$135,867.26	
Henley, Elizabeth	General Government	normal	A	\$1,265.99	7/1/2018		
Mondragon, Mary	Human services	normal	A	\$485.76	8/1/2018		
Ortmeier, Timothy	Public Works	normal	B	\$1,300.76	7/1/2018		
Posely, Denise	Human services	normal	no	\$456.02	8/1/2018		
Taylor, John R	City Council	Imm early	A	\$318.65	7/1/2018		vested
Watkins, Michael	Public Works	Rule of 80	A	\$1,077.46	8/1/2018		

Count 14 \$14,178.77 \$135,867.26

DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Date of death	Type	Monthly Amount	Effective Date	Notes
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BENEFIT REVISIONS/CONVERSIONS - PENDING BOARD REVIEW/APPROVAL

NAME	TYPE	Option	Previous amount approved	Revised amount	Effective date
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SELECTION OF OPTIONAL BENEFIT REPORT - VESTED OR ATTAINED AGE 62 OR GREATER

NAME	OPTION	Effective Date
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DISABILITY BENEFIT REPORT

NAME	TYPE	Insurance		Effective Date	Notes
		Employee Number	Benefit Amount		
Warren Mines	not job related	60474		7/5/2018	
Michael A. Jones	not job related			10/10/2018	

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions		\$38,889.90		25	
NAME	Department	Employee Number	Refund Amount	Termination Date	Notes
Alford, Ronald	Public Works	77905	\$872.07	3/1/2018	
Allen, Quinterious	Public Works	80215	\$133.39	3/12/2018	
Ballinger, Michael	Public Works	68432	\$4,525.61	4/30/2018	vested
Baskin, Michael	Mayor office	74070	\$5,511.18	3/5/2018	
Bonner, Samantha	Human Services	80400	\$183.70	4/12/2018	
Brown, Ella	Family Justice Center	78617	\$657.44	3/2/2018	
Carter, Stacy	Human Services	78487	816.44	5/24/2018	
Dodd Jr, Bobby	YFD	64114	\$1,245.26	3/19/2018	
Eaton, Jonathan	Airport	na	\$41.39	3/11/2018	
Flowers, Heather	Family Justice Center	76662	\$424.78	4/12/2018	
Grayson, Danelle	Human Services	60900	\$6,983.89	7/29/2016	vested
Hayes, Thomas E	Public Works	75287	\$1,837.06	5/16/2018	
Headlee, Daniel	Radio Shop	80815	\$246.83	7/13/2018	
Holman, Donald	Public Works	79476	\$420.29	3/8/2018	
King, Justin	Public Works	76399	\$1,643.99	6/15/2018	
Kitchen, Lydia S	General Government	61191	\$6,546.96	7/25/2007	vested, requested refund
Lewis, Seth	ECD	78694	\$776.01	3/15/2018	
McBee, Randy	Public Works	71931	\$2,271.54	6/19/2018	
Pitts, Marcus	Public Works	81043	\$1.92	4/17/2018	
Ramsey, Carl	Public Works	77290	1661.39	6/1/2018	
Reagan, Sonya	ECD	80575	\$75.37	3/29/2018	
Sanders, Marsha	Human Services	79998	\$525.77	5/24/2018	
Shankles, David	Public Works	77605	\$929.72	4/13/2018	
Tecters, Brian	Public Works	79655	\$465.23	3/22/2018	
Williams, Darrell	Public Works	80615	\$92.67	4/18/2018	

Return of deceased retiree basis

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Christine Archey	Tipton, Henry	6/3/2018	\$659.87	Notes Scarlette Tipton was the retiree
Pamela Johnson	Carolyn Moore	12/23/2017	\$141.00	
William R. Massengale	William F. Massengal	6/27/2018	\$4,123.34	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year to Date		305,730.15		FY2017
Fiscal Year to Date		291,139.82		FY2018
* Cavanaugh Macdonald				<i>Plan Options request</i>
Cavanaugh Macdonald				GPP valuation
Cavanaugh Macdonald				Implicit Subsidy
Cavanaugh Macdonald				GPP GASB 67 & 68
Miller & Martin				
Miller & Martin				
Miller & Martin				
Chattanooga Times Free Press	40.80		6/30/2018	Meeting ad 5/17/2018
Chattanooga Times Free Press	112.70		6/30/2018	Meeting ad 6/6/2018
Gavion, LLC	25,000.00		6/30/2018	Investment consulting services
First Tennessee Bank	33,089.10		6/30/2018	Administrative expense
City of Chattanooga Human Resources	0.00			Administrative expense annual
COMPANY TOTAL	58,242.60	291,139.82		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	YTD		
Fiscal Year to date		409,966.25		FY2017
Fiscal Year to date		349,925.03		FY2018
Chartwell	7,992.15		6/30/2018	Investment management fees
Kennedy Capital Management			6/30/2018	Investment management fees
Patten & Patten	12,711.51		6/30/2018	Investment management fees
Wedge Capital	33,102.12		6/30/2018	Investment management fees
MANAGER TOTAL	53,805.78	349,925.03		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$325,000.00	FY2017
Prior quarter total		\$398,690.30	FY2018
Delta Venture Partners II, LP			distribution
DTC Diversified Partners III	\$75,000.00	6/30/2018	distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement
General fund reimburse for payment to CMC	\$9,823.00		<i>Plan Options request</i>
COMPANY TOTAL	84,823.00	\$398,690.30	

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to Date		28,150,000.00		FY2017
Fiscal Year to Date		7,368,000.00		FY2018
iShares Russell 1000 Value	500,000		6/27/2018	board action 4/13/2018
MISCELLANEOUS TOTAL	500,000.00	500,000.00		

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year to date		142,453.66		FY2017
Fiscal Year to date		144,094.66		FY2018
VOYA	11,921.40		4/30/2018	Long Term Disability (50%)
VOYA	11,921.39		5/31/2018	Long Term Disability (50%)
VOYA	11,925.52		6/30/2018	Long Term Disability (50%)
VOYA				Long Term Disability (50%)
VOYA				Long Term Disability (50%)
TOTAL	35,768.31	144,094.66		

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year to Date		51,453.31		FY2017
Fiscal Year to Date		61,333.02		FY2018
Cavanaugh Macdonald	7,722.00		6/30/2018	OPEB valuation
Cavanaugh Macdonald				OPEB GASB 74
Gavion, LLC	5,000.00		6/30/2018	Investment consulting services
First Tennessee	4,769.06		6/30/2018	Administrative Expense
COMPANY TOTAL	17,491.06	\$61,333.02		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year to Date		43,461.59		FY2017
Fiscal Year to Date		21,518.31		FY2018
MANAGER TOTAL	-	21,518.31		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Prior quarter total				
COMPANY TOTAL		0.00		


REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal year to date		8,342,353.00	FY2018	
				board action
				board action
				board action
				board action
				board action
MISCELLANEOUS TOTAL	0.00	8,342,353.00		

APPROVED:



Chairman



Secretary

