

**MEETING OF THE TRUSTEES**  
**CITY OF CHATTANOOGA GENERAL PENSION PLAN**

August 15, 2019

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 15, 2019 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Aon Miller, Stacy Richardson, Katie Reinsmidt, Carl Levi and Jeffrey Wilson. Others in attendance at the meeting were Scott Arnwine and Robert Longfield, CBIZ, Inc.; Jed Cooper, First Tennessee Bank; Valerie Malueg, Office of the City Attorney; Tanikia Jackson, City Finance Department; Beverly Moultrie, Madeline Green 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 for the meeting.

**Approval of Minutes**

*Carl Levi made a motion to approve the minutes from the May 23, 2019 meeting. Aon Miller seconded the motion. The minutes were approved.*

**Administrative Actions**

Cheryl Powell presented the Administrative Actions for the current period. There were no retirement or termination transactions out of the ordinary. One employee died during the quarter and the spouse is receiving a 10 year certain annuity based on his benefit calculation at the date of death.

Transactions and liquidations for board to ratify include:

- one request for liquidations to pay benefits totaling \$300,000 from Russell 1000 Growth fund

*Carl Levi made a motion to approve administrative actions. Jeffrey Wilson seconded the motion. The administrative actions were approved as presented.*

Cheryl also presented the recent message concerning attendance policy for Board members based on an email dated June 14 received from Office of the City Attorney. The basic policy states:

*If any Board member has missed three (3) straight meetings or 50% of the meetings in any 12 month period, the Chair of the board should notify the Mayor, through board staff liaison, of that fact.*

Cheryl looked back at meeting attendance since the beginning of 2016 and did not find any infractions for the General Pension Board members.

**CBIZ and Gavion merger**

Robert Longfield provided the details about this transaction. A press release dated July 3, 2019 announced the merger of CBIZ, Inc. and Gavion, LLC effective July 1, 2019. Robert Longfield provided some background and commentary for the move. There is consolidation in the industry however Gavion was not under pressure to sell. CBIZ is an accounting firm with employee benefits but no research arm for alternatives or for separate accounts. CBIZ has \$20 billion in their investment consulting practice mostly involved with defined contribution and 403(b) plans. Gavion can drive the research process. Gavion expects 100% client retention. There is no change to the team or the practice. The merger does increase the size of the firm and provides a number of support functions. CBIZ includes attorneys in Washington D.C. monitoring legislation and Gavion will have access to other professionals in their network. There are technology gains for Gavion. Combined

CBIZ and Gavion, there is \$50 billion in the consulting practice with about 100 people. The home office is Cleveland, OH.

*Carl Levi made the motion to accept assignment of the existing Gavion contract to the merged company CBIZ, Inc. effective 7/1/2019. Aon Miller seconded the motion. After some discussion about amending the contract to reflect the new name as CBIZ Investment Advisory Services, the motion carried.*

#### **Statement of Investment Objectives – review and update document**

Robert Longfield and Scott Arwine pointed out that the columns for the maximums in Exhibit A and Exhibit B need to be updated for Private Debt, Real Estate and Cash line items. The Real Estate change needs to be reflected in the body of the document on page 15 as well. Private Debt should show a 10% max in both exhibits, Real Estate should be changed to 12% in the Exhibits and the document, and Total cash should show as 10% in both exhibits. There was additional discussion around the Equity Hedge fund line item for GPP. The maximum will be increased to 12% in Exhibit A.

Robert also responded to a question about the board's role in evaluating and selecting managers. He stated that Gavion acts as co-fiduciary with the board per the statement of the duties of consultants. The consultants have made recommendations to the board, but ultimately the board makes the approval for manager selection. Valerie Malueg added that the trustees are not held personally liable for the selection of specific managers; however, the board is responsible for conduction due diligence on potential managers.

Another question arose about how the targets are set in the table. Gavion conducts asset allocation studies on a periodic basis to determine the targets based on the actuarial assumptions and demographics of the GPP and the OPEB. These targets can change as the assumptions or demographics change over time.

*Jeffrey Wilson made the motion to amend page 15, Exhibit A and Exhibit B of the Statement of Investment Objectives to reflect the Real Estate maximum as 12%, the GPP Private Debt maximum as 10%, the GPP Cash and the OPEB Cash maximums as 10% and the GPP Equity Hedge Funds maximum as 12%. Katie Reinsmidt seconded the motion. The motion carried.*

Cheryl Powell will make the changes to the document and the Exhibits for distribution to the trustees before the next meeting.

#### **Investment Performance Review 2Q 2019 – Gavion**

Robert Longfield made a few comments about the current market environment. Market volatility since June 30 has reversed most of the gains for the quarter. Inflation has been stable and the Federal Reserve Board lowered interest rates 150 bps since the beginning of the year. The expectation is for additional rate reductions to stimulate the economy. The outlook for the future is a bit bleak because the future expected returns have come down. The global wealth gap is increasing, the political landscape is changing to more populist policies and demographics are changing, all of which will affect future asset allocation strategies. There is no anticipated changes to asset allocation now; however, if inflation increases as rates decrease, this could change the thought process.

Scott Arnwine provided the overview for the quarter. The GPP, at \$305 million, was up 3.3% for the quarter and 11.6% year to date. The private equity returns are not yet reflected and these could add to the results. The OPEB was up 3.6% for the quarter.

Equity managers, including international equity, tended to perform above the benchmark. Both hedge funds, Pointer and Ironwood, performed above their benchmark. Real estate returns were positive; however, TerraCap results have not been posted for this quarter. Fixed income was up 2.7% with managers as a group at or above their benchmark.

One action item that needs to be addressed is in Total Real Estate. The 11.8% invested is above the target allocation of 10%. Robert proposed taking \$1.5 million from AEW and redeem \$3.0 million from Intercontinental to get the allocation back to target. The amount from AEW can be moved to cash for future benefit payments. The Intercontinental liquidation will not settle until January. The funds can be moved to cash until a decision about redeployment of the funds can be made at a future meeting.

*Carl Levi made the motion to move \$1.5 million from AEW and \$3.0 million from Intercontinental to cash to adjust the Real Estate allocation to target level. Jeffrey Wilson seconded the motion. The motion carried.*

A second action item is to adjust the allocation to Equity Hedge Funds since they are right at the maximum. The recommendation is to take \$3.0 million from Pointer. This liquidation will not settle before early 2020 so it will go to cash until it can be redeployed. This is a successful manager so this move is not a negative reflection on the manager; instead, it is recognition of the investment allocation policy.

*Carl Levi made the motion to take \$3.0 million from Pointer to cash to adjust the allocation to Equity Hedge Funds. Katie Reinsmidt seconded the motion. The motion carried.*

### **Report from Counsel**

Valerie Malueg brought to the board the situation about two employees who have qualified for health insurance coverage under the Affordable Care Act (ACA) for four years running, essentially working full time hours but with part time status.

Cheryl Powell provided details about the history of the salary and eligibility of these two employees. Under the ACA, employees who are not benefit eligible but who work an average of 30 hours or more per week during the 'lookback' period qualify for an offer of health insurance coverage. The lookback period is April 1 – March 31. One of the two part time employees has qualified consistently over the past five years, the other for the past four years. Employees working these hours fall into the same criteria used for full time employees and they should be entitled to all benefits. In the past, some of the similarly situated employees who qualified for an offer of health insurance coverage have subsequently been reclassified.

Human Resources is reviewing the classification for the two employees. The larger question is should they be offered other benefits such as pension and life insurance. And if so, should their pension costs be applied retroactively. The Plan does not have a provision for buyback of prior pension time. After some discussion by the board, this item will be on the agenda for the next meeting.

Daisy Madison expressed concern for how the employees became full time by default and how to ensure this does not continue to occur. If the positions should be full time, that should be a conscious decision; otherwise, there needs to be more careful or accountable management of the positions.

The board agreed to defer making a recommendation until the next meeting.

### **Manager Review – annual review of Gavion**

Robert Longfield and Scott Arnwine were asked to step out during this discussion.

Several board members stated that they are not familiar with CBIZ, Inc. While there are questions about the nature of the merger with CBIZ, Inc., there is reassurance by Robert and Scott that Gavion in the new company essentially remains the same.

Valerie Malueg suggested that an RFP is needed since this service has not been out for bid since 2010. The RFP process gives an opportunity for review and comparison to competitors. A framework is needed as this can be a lengthy process. A proposal will need to be made to the board at the next board meeting based on general practices regarding the framework for RFPs. There needs to be some clarity around the evaluation and scoring process for the RFP. This will also include proposed amendment to the bylaws for conducting RFPs.

The question was asked whether someone from CBIZ, Inc. be invited to speak to the board about the merger. This would give a face to the new organization. Robert Longfield will continue to be our contact within CBIZ in the Investment Advisory Services.

The merger between CBIZ, Inc. and Gavion, LLC was disclosed prior to its July 1 effective date. Daisy Madison and Valerie attended a telephone conference in the spring that announced and discussed the merger before the press release was distributed. Both expressed that they did not have any misgivings about the merger at that time.

Robert and Scott were asked to return to the meeting. Daisy informed Robert and Scott that their performance gets high marks; however, the contract with Gavion has been in place since 2010, a long time for a government contract, so an RFP will be issued at some point in the future.

*Jeffery Wilson made a motion to adjourn the meeting. Carl Levi seconded the motion. The motion carried and the meeting was adjourned.*

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

Meeting of Trustees  
November 21, 2019

**PART I - PARTICIPANT SUMMARY**

**SUMMARY OF PENSION PLAN APPLICATIONS**

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Baker, Delores	Human Services	normal	B	\$1,056.69	9/1/2019		
Dye, William Dean	Public Works	normal	A	\$651.26	10/1/2019		
Griffiths, David	Public Works	normal	no	\$1,549.74	12/1/2019		
Hamilton, Mark	Police services	rule of 80	A	\$2,215.72	9/1/2019	\$87,242.14	
Luebbering, Jim	Transportation	imm early	A	\$675.28	9/1/2019		
McKeel, Linda	Human Services	normal	A	\$591.86	10/1/2019		
Paris, Labrone	Public Works	rule of 80	B	\$1,291.42	11/1/2019		
Perdue, Donnie L	Public Works	imm early	A	\$212.56	10/1/2019		vested
Simpson, Charles D	Public Works	normal	no	\$2,065.59	9/1/2019	\$26,058.50	
Simpson, James E	Public Works	imm early	no	\$232.99	9/1/2019		vested
Smith, Rita Sharon	Public Works	normal	no	\$629.90	11/1/2019		
Thomas, Johnny R	Transportation	rule of 80	A	\$1,083.32	9/1/2019		
Turley, Francis E	Public Works	normal	no	\$1,298.76	12/1/2019		
Walden, Jackie C	Public Works	rule of 80	B	\$1,377.35	12/1/2019		
Wilson, David A	Public Works	imm early	D	\$1,623.23	10/1/2019		vested
Workman, Cyndy C	Human Services	normal	no	\$582.20	10/1/2019		
Harvey, Steven L	Fire Logistics	normal	B	\$1,259.53	12/1/2019		
Jones, Jason R	County 911	rule of 80	B	\$1,820.11	12/1/2019	\$76,238.46	
Count		17		\$20,217.51		\$189,539.10	

**DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES**

Name	Employee	Type	Option	Date of Death	Monthly Amount	Effective Date	Notes
Rita Sharon Smith	Gary DeWayne Johnson	Imm Early	B	1/5/2019	\$1,403.99	11/1/2019	vested

**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
Dodson, Bonnie Mumpower	B	10/7/2019
Wellman, Edward F	B	11/5/2019
Vaught-Larson, Jeannette	B	11/4/2019

**DISABILITY BENEFIT REPORT**

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
Bradley, Harry	non job related	29282		10/23/2019	

**LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)**

Return of contributions		Employee Number	Refund Amount	Termination Date	Notes
			<b>\$73,529.68</b>	<b>40</b>	
NAME	Department	Employee Number	Refund Amount	Termination Date	Notes
Allison, Charles	Library	80495	\$984.77	7/4/2019	
Anderson, Ashley	Human services	73990	\$1,904.92	8/29/2019	automatic
Berry, Tiawana	Human services	76660	\$1,755.89	7/23/2019	
Bethune, Ashleigh	General Services	82857	\$278.66	6/3/2019	automatic
Bissett, Jennifer	ECD	76317	\$3,060.01	8/13/2019	
Bowden, Robert	Public Works	81136	\$924.82	7/28/2019	automatic
Brady, Dillon	Public Works	82474	\$477.95	6/28/2019	automatic
Briggs, Timothy	Public Works	79596	\$1,228.30	8/15/2019	automatic
Broom, Matthew	Public Works	62939	\$6,448.15	7/22/2019	vested, QDRO
Bynum, Kyrun	Public Works	83297	\$128.63	6/30/2019	automatic
Cook, Jonathan	Public Works	84402	\$100.48	8/27/2019	automatic
Cox, Fedel R	Public Works	81687	\$528.11	8/9/2019	
Fowler, Jonathan	Public Works	83217	\$398.57	8/2/2019	automatic
Franklin, Michael D	Public Works	36315	\$10,450.43	9/16/2019	vested
Greer, Rosetta	ECD	77026	\$1,978.13	9/19/2019	
Hammon, Charlene	Human services	80097	\$1,778.08	10/18/2019	
Heathington, John G	Public Works	82617	\$508.74	8/15/2019	automatic
Irwin, Andrew C	Public Works	74766	\$11.70	7/16/2019	automatic
Johnson, Eartha M	Public Works	63002	\$5,661.81	8/15/2019	
Jones, Lester L	Public Works	77289	\$1,475.43	6/30/2019	automatic
Kinsey, Jeremy	Public Works	82321	\$479.70	8/2/2019	automatic
Kurtts, Riley	ECD	81727	\$662.05	6/2/2019	automatic
McClain, Leon	Public Works	63321	\$376.32	6/28/2019	automatic
McFarland, Chandra	Police services	62345	\$9,821.69	10/1/2019	
McIntyre, Wesley	Public Works	77288	\$1,991.59	7/26/2019	automatic
Mendez, Jesus	Public Works	84229	\$59.09	7/15/2019	automatic
Monroe, McKinley A	Public Works	84342	\$46.04	7/17/2019	automatic
Palmer, Shani H	311	80198	690.4	7/18/2019	automatic
Ramsey, Christopher	YFD	80095	\$1,112.41	8/16/2019	
Richardson, Maria	Library	84622	\$84.94	8/15/2019	automatic
Serrano, Wilfredo	Police services	82698	\$727.57	10/18/2019	
Sharp, Dana	Human Services	77788	\$1,716.24	7/18/2019	automatic
Sutherland, Timothy	Police services	75527	\$2,433.44	9/12/2019	
Techasiriwan, Panpaorn	Human Services	77785	\$1,098.50	6/13/2019	automatic
Terrell, Tanisha	Human services	78164	\$130.72	8/30/2019	automatic
Vogel, Catherine	Public Works	66202	\$2,008.17	8/9/2019	automatic
Wamp, Jonathan Parker	Traffic Operations	72966	\$2,984.98	5/1/2019	vested
Waters, Alexandra	Public Works	80515	\$1,044.83	7/11/2019	automatic
Wichtman, Robert	Library	75008	\$5,164.66	7/19/2019	automatic
Williams, Chelsea	Finance	80579	\$812.76	6/24/2019	automatic

**Return of deceased retiree basis**

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Tracey M. Paseur	Mary Nelda Slade	10/17/2019	\$560.82	

**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		312,402.75		FY2019
Fiscal Year to Date		63,351.27		FY2020
Cavanaugh Macdonald				GPP valuation
Cavanaugh Macdonald	4,950.00		7/31/2019	GPP GASB 67 & 68
Cavanaugh Macdonald	3,050.00		8/31/2019	GPP GASB 67 & 68
Cavanaugh Macdonald				Experience Study
Chattanooga Times Free Press	38.07		8/31/2019	Meeting ad
CBIZ IAS	25,000.00		9/30/2019	Investment consulting services
First Tennessee Bank	30,313.20		9/30/2019	Administrative expense
First Tennessee Bank				Administrative expense
City of Chattanooga services				Administrative expense annual
<b>COMPANY TOTAL</b>	<b>63,351.27</b>	<b>63,351.27</b>		

***Investment Managers -- Fees Paid***

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	YTD		
Fiscal Year		359,337.93		FY2019
Fiscal Year to date		92,339.79		FY2020
Chartwell	8,544.87		9/30/2019	Investment management fees
Kennedy Capital Management	32,273.00		9/30/2019	Investment management fees
Patten & Patten	13,822.33		9/30/2019	Investment management fees
Sustainable Insights	8,350.93		9/30/2019	Investment management fees
Wedge Capital	29,348.66		9/30/2019	Investment management fees
<b>MANAGER TOTAL</b>	<b>92,339.79</b>	<b>92,339.79</b>		

**ACCOUNTS RECEIVABLE**

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$504,681.32	FY2019
Fiscal Year to date		\$252,396.00	FY2020
Delta Venture Partners II, LP			distribution
DTC Diversified Partners III	\$252,396.00	9/30/2019	distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement
<b>COMPANY TOTAL</b>	<b>252,396.00</b>	<b>\$252,396.00</b>	

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year		6,021,000.00		FY2019
Fiscal Year to Date		9,300,000.00		FY2020
Voya Floating Rate fund (IFRIX)	750,000		8/19/2019	to pay benefits
Voya Floating Rate fund (IFRIX)	350,000		9/26/2019	to pay benefits
AEW Global REIT	1,500,000 *		11/15/2019	to cash (asset allocation)
Intercontinental Real Estate fund	3,000,000		9/26/2019	to cash (asset allocation)
Pointer Hedge fund	3,000,000		9/3/2019	to cash (asset allocation)
GoldenTree Distressed Fund	200,000		9/11/2019	capital call
GoldenTree Distressed Fund	200,000		11/14/2019	capital call
<b>MISCELLANEOUS TOTAL</b>	<b>9,000,000.00</b>	<b>9,000,000.00</b>		

**REPORT OF ACCOUNT(S) PAID**

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		128,068.78		FY2019
Fiscal Year to date		45,249.80		FY2020
The Hartford	11,333.56		8/31/2019	Long Term Disability (50%)
The Hartford	11,320.87		9/30/2019	Long Term Disability (50%)
The Hartford	11,303.78		10/31/2019	Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
<b>TOTAL</b>	<b>33,958.21</b>	<b>128,068.78</b>		



**CITY OF CHATTANOOGA OPEB TRUST  
ADMINISTRATIVE ACTIONS**

**PART II -- ACCOUNT SUMMARY**

**ACCOUNTS PAYABLE**

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		43,843.16		FY2018
Fiscal Year to Date		17,717.26		FY2019
Cavanaugh Macdonald				OPEB valuation
Cavanaugh Macdonald	4,944.00		8/31/2019	OPEB GASB 74/75
Cavanaugh Macdonald	2,472.00		9/30/2019	OPEB GASB 74/75
CBIZ IAS	5,000.00		9/30/2019	Investment consulting services
First Tennessee	5,301.26		9/30/2019	Administrative Expense
First Tennessee				Administrative Expense
<b>COMPANY TOTAL</b>	<b>17,717.26</b>	<b>\$17,717.26</b>		

*Investment Managers -- Fees Paid*

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		-		FY2019
Fiscal Year to Date		-		FY2020
<b>MANAGER TOTAL</b>	<b>-</b>	<b>-</b>		


**ACCOUNTS RECEIVABLE**

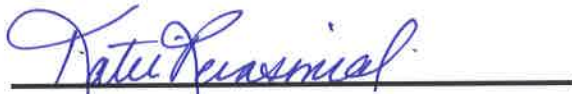
COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	FYTD		
Prior quarter total				
<b>COMPANY TOTAL</b>		<b>0.00</b>		

**REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS**

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal year		3,274,110.20		FY2019
Fiscal year to date		93,769.40		FY2020
iNetworks	93,769.40		9/10/2019	capital call
<b>MISCELLANEOUS TOTAL</b>	<b>93,769.40</b>	<b>93,769.40</b>		

APPROVED:

  
Chairman

  
Secretary