

MEETING OF THE TRUSTEES
CITY OF CHATTANOOGA GENERAL PENSION PLAN

February 20, 2020

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on February 20, 2020 at 8:30 a.m. in the J. B. Collins Conference Room. Trustees present were Daisy Madison, Aon Miller, Katie Reinsmidt, Jeffrey Wilson and Carl Levi. Others in attendance at the meeting were Scott Arnwine and Robert Longfield, CBIZ, Inc.; Steve McNally, First Horizon Bank; 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 not present at the beginning of the meeting, but was present shortly after the beginning of the meeting.

Approval of Minutes

Aon Miller made a motion to approve the minutes from the November 21, 2019 meeting. Jeffrey Wilson seconded the motion. The minutes were approved.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement and termination transactions are consistent with typical past activity.

Transactions and liquidations for board to ratify include:

- two capital calls from GoldenTree Distressed Fund totaling \$560,000
- OPEB Trust reallocation of \$3,000,000 from cash to three funds - Aberdeen Emerging Markets debt , iShares Russell 1000 Growth and Diamond Hill Large Cap Value - for \$1,000,000 each
- The last capital call for iNetworks in the OPEB Trust totaling \$3,372.13

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

Cheryl also provided a draft of the RFP for investment consulting services and requested the board to be review the questions and provide any feedback by end of February. The Board indicates that they would like to interview the top two or three firms.

The Certificate of Incumbency, a custodial document required by First Horizon Bank was amended to remove Tyna Hector and replace with Shea Jefferson. There was some discussion about this document. It provides a list of authorized signatures for First Horizon. Previously approved by the board, it is amended periodically as composition of the Board or City staff changes. The document is signed by the Secretary of the Board.

Carl Levi made the motion to replace the name Tyna Hector with Shea Jefferson on the Certificate of Incumbency for First Horizon Bank. Katie Reinsmidt seconded the motion. The motion carried.

Cheryl reminded the Board that reasonable expenses for trustee attendance at conferences or meetings that provide education may be submitted for reimbursement according to the bylaws. There was some discussion pertaining to how expenses are reported and the logistics of reimbursement. The Board will provide assistance with registration however the trustee will have to pay any other charges up front. An expense report would be filed for reimbursement after the event.

Katie Reinsmidt made a motion to authorize reimbursement of expenses for attendance of a Board member at any relevant educational event. Aon Miller seconded the motion. The motion passed.

Investment Performance Review 4Q 2019 – CBIZ Investment Advisory Services

Robert Longfield provided an overview of 2019. The General Pension fund had returns of 18.5% and the OPEB Trust had returns of 19.9% during the year. The first five months of the year had strong returns reflecting the change in Fed policy on interest rates. With escalating trade tensions with China, there was an economic slowdown with more volatility during the summer. A surge beginning in October, with phase 1 of the China trade deal, culminated in a 4th quarter rally. The good results held through January with an additional surge in February. The expectation is that the actuarial valuations of the funds will show stability. Both funds are well diversified. On the other hand, there are concerns about the concentration of value in the top five stocks in the S&P 500 and other indices, the impact of the long anticipated Brexit, the U.S. relationship with Iran, the unresolved issues from the Hong Kong protests, the impact of the novel coronavirus and the political situation in the U.S. during the election year.

Scott Arnwine provided the overview of plan results for the quarter. At the end of 4Q, the GPP fund was \$316.7 million up 18.5% for the year. Some of the private equity and real estate returns are not yet reported. For equity managers, five of the six managers outperformed their benchmark. Kennedy capital had very good results (9.3%) yet below their benchmark. For the year all of the active managers outperformed their benchmark. The diversification of managers in their concentration in technology, healthcare and financial sectors provided strong results for the quarter. The international equity manager, Invesco, outperformed the benchmark. Scott suggested adding a second international manager with a value focus to diversify that allocation. Interviews could be conducted later this year or CBIZ could make a recommendation to the Board.

Results in other asset classes also reflected better than benchmark performance. Private equity manager Greenspring has generated good returns in both funds. Both hedge fund managers had a good year and Pointer in particular had a strong year. The Real Estate managers reported at or above their benchmark. TerraCap has not yet reported their results however distributions have been announced. For Fixed Income, 2019 was a strong year up 9.1% for the year and overall good results for the 4th quarter. There is no expectation that this kind of experience will persist beyond a short term as the environment is quick to change. The goal is to remain as diversified in this asset class as possible.

The OPEB fund had strong results also, up 19.9% for the year. This fund is heavily invested in equity and \$3 million of cash was invested in 4Q. Scott recommended allocating another \$3 million of cash spread over existing managers.

Carl Levi made a motion to allocate \$3 million of cash in OPEB Trust to existing managers, truing up allocations to target across managers. Aon Miller seconded the motion. The motion carried.

There were questions about the history of some of the older Private debt managers. CBIZ IAS, formerly Gavion and CSG, did inherit a number of managers, including FCA Venture Partners III and Delta Venture Partners II, when they were first selected as investment consultants. They have added the additional Private debt and Private equity partners over time. Returns are evaluated on a dollar weighted basis for Private debt; results since inception are used for Private equity.

Election of Officers

Aon Miller made a motion to keep the current slate of officers – Daisy Madison, Chair; Aon Miller, Vice Chair; Katie Reinsmidt, Secretary. Carl Levi seconded the motion. The motion carried.

Report from Counsel

There was no report from counsel.

Other Business

Due to conflicts with other events and the availability of the actuaries for presentation at the next meeting, the normal meeting date needs to be changed to May 28, 2020.

Also, Carl Levi is starting his 42nd year on this Board.

Carl Levi made a motion to adjourn the meeting. Daisy Madison adjourned the meeting.

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

Meeting of Trustees
February 20, 2020

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Kitchen, Kenneth A	General Government	rule of 80	A	\$3,043.73	12/1/2019		
Rhodes, Karen V	RPA	Imm Early	A	\$1,423.14	12/1/2019		vested
Adloms, Jasmes	Police services	Imm Early	no	\$512.15	1/1/2020		
Everett, Robert E	Transportation	normal	B	\$1,171.06	1/1/2020		
Feagans, Johnny J	General Services	normal	no	\$667.24	1/1/2020		
Gaunt, Leroy	Public Works	normal	no	\$1,215.51	1/1/2020		
Gore, Earline O	Human Services	normal	no	\$1,178.27	1/1/2020	\$49,811.38	
Kinamore, Kim	Public Works	rule of 80	no	\$1,311.07	1/1/2020	\$51,386.01	
Knically, James A	General Services	rule of 80	B	\$2,010.33	1/1/2020	\$29,770.79	
Lane, Steven R	Transportation	normal	B	\$1,404.88	1/1/2020		
Lund, Sterling	Public Works	rule of 80	B	\$1,691.00	1/1/2020	\$67,946.55	
Martin, Jimmy A	Public Works	normal	D	\$661.61	1/1/2020		
McDaniel, Gary E	Public Works	normal	no	\$1,929.93	1/1/2020		
O'Rear, Paul T	Public Works	rule of 80	C	\$1,574.03	1/1/2020		
Hogsett, Sydney	Police services	normal	B	\$296.71	2/1/2020		
Hunt, Alma	Human Services	Imm Early	A	\$1,592.05	2/1/2020	\$67,211.50	
Hyde, Charles E	Public Works	normal	D	\$2,394.45	2/1/2020		
Moore, Jacqueline	Finance-Courts	rule of 80	A	\$1,324.93	2/1/2020	\$16,777.80	
Sasse, Sonia S	General Government	normal	A	\$572.54	2/1/2020		
Gibson, John D	Transportation	rule of 80	no	\$3,288.01	3/1/2020		
Green, Donald	Public Works	normal	B	\$827.73	3/1/2020		
Hefka, Shannon	Library	normal	no	\$1,732.57	3/1/2020		
Count		16		\$31,822.94		\$282,904.03	

DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes
Tommie Williamson	Corey T. Williamson	refund		10/31/2019	\$635.23		refund of contributions

BENEFIT REVISIONS/CONVERSIONS - PENDING BOARD REVIEW/APPROVAL

NAME	TYPE	Option	Previous amount approved	Revised amount	Effective date
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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		119,374.94		FY2020
Cavanaugh Macdonald				GPP valuation
Cavanaugh Macdonald				GPP GASB 67 & 68
Cavanaugh Macdonald				GPP GASB 67 & 68
Cavanaugh Macdonald				Experience Study
Chattanooga Times Free Press	40.41		11/30/2019	Meeting ad
CBIZ IAS	25,000.00		12/31/2019	Investment consulting services
First Horizon Bank	30,983.26		12/31/2019	Administrative expense
City of Chattanooga services				Administrative expense annual
COMPANY TOTAL	56,023.67	119,374.94		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID		QUARTER ENDING	PURPOSE
	THIS PERIOD	YTD		
Fiscal Year		359,337.93		FY2019
Fiscal Year to date		190,650.87		FY2020
Chartwell	8,627.73		12/31/2019	Investment management fees
Kennedy Capital Management	34,363.00		12/31/2019	Investment management fees
Patten & Patten	14,754.53		12/31/2019	Investment management fees
Sustainable Insights	9,038.17		12/31/2019	Investment management fees
Wedge Capital	31,527.65		12/31/2019	Investment management fees
MANAGER TOTAL	98,311.08	190,650.87		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Fiscal Year		\$504,681.32	FY2019
Fiscal Year to date		\$256,197.80	FY2020
Delta Venture Partners II, LP	3,801.80	1/15/2020	distribution
DTC Diversified Partners III			distribution
SEC vs Dollar General Corp			distribution
Northern Trust			class action litigation settlement
COMPANY TOTAL	3,801.80	\$256,197.80	

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year		6,021,000.00		FY2019
Fiscal Year to Date		9,860,000.00		FY2020
Voya Floating Rate fund (IFRIX)				to pay benefits
Voya Floating Rate fund (IFRIX)				to pay benefits
GoldenTree Distressed Fund	360,000		12/13/2019	capital call
GoldenTree Distressed Fund	200,000		1/17/2020	capital call
MISCELLANEOUS TOTAL	560,000.00	560,000.00		

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Fiscal Year		128,068.78		FY2019
Fiscal Year to date		79,124.78		FY2020
The Hartford	11,333.56		11/30/2019	Long Term Disability (50%)
The Hartford	11,295.25		12/31/2019	Long Term Disability (50%)
The Hartford	11,246.17		1/31/2020	Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
The Hartford				Long Term Disability (50%)
TOTAL	33,874.98	79,124.78		

**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		28,431.53	FY2019	
Cavanaugh Macdonald				OPEB valuation
Cavanaugh Macdonald				OPEB GASB 74/75
Cavanaugh Macdonald				OPEB GASB 74/75
CBIZ IAS	5,000.00		12/31/2019	Investment consulting services
First Horizon	5,714.27		12/31/2019	Administrative Expense
COMPANY TOTAL	10,714.27	\$28,431.53		

Investment Managers -- Fees Paid

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

ACCOUNTS RECEIVABLE

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

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal year		3,274,110.20	FY2019	
Fiscal year to date		3,097,141.53	FY2020	
iNetworks	3,372.13		1/7/2020	capital call
Aberdeen Emerging Markets De	1,000,000.00		12/31/2019	allocated from Cash
iShares Russell 1000 Growth	1,000,000.00		12/31/2019	allocated from Cash
Diamond Hill Large Cap Value	1,000,000.00		12/31/2019	allocated from Cash
MISCELLANEOUS TOTAL	3,003,372.13	3,097,141.53		

APPROVED:


Chairman


Secretary