

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

August 18, 2022

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on August 18, 2022 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Carl Levi, Aon Miller, Vivian Barrera, Jeffrey Wilson and Brent Goldberg. Others in attendance at the meeting were Robert Longfield and Scott Arnwine, CBIZ IAS, Inc.; Jed Cooper, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Madeline Green, and Cheryl Powell, City Human Resources Department; Alan Syler (driver for Carl Levi).

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

Carl Levi made a motion to approve the minutes from the May 19, 2022 meeting. Aon Miller seconded the motion. The minutes were approved.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement transactions are consistent with typical past activity of 5-6 retirements per month. One employee death resulting in a ten year certain annuity for the beneficiary included on the report. The employee termination activity was relatively normal for the time period. Cavanaugh Macdonald received their final payment for the valuation. For the General Pension fund, GoldenTree Distressed Fund 2014, GoldenTree Distressed Fund III and GoldenTree Distressed Debt IV distributed a combined total of \$1,411,500.00 during the quarter. LTD premium is under review for corrections and has not yet been reported for the quarter.

Carl Levi made a motion to approve administrative actions. Aon Miller seconded the motion. The administrative actions were approved.

The bid for the actuarial services agreement was submitted in July to eight companies but the City only received one bid response and that was from Cavanaugh Macdonald. Purchasing stated that we did not have to leave the bid open if the respondent was acceptable. City Council approved the contract. We are now in the process of generating the contract for signature by Cavanaugh Macdonald.

Review bylaws for rules pertaining to quorum, voting and passing a motion

Valerie Malueg drafted the changes to the bylaws in Article III adding a new paragraph H. This was to address a question that came up last year as to how many yes votes determines the passing of a motion. The added language states that "The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, unless the act of a greater number is required by law or these Bylaws". The trustees were provided a copy of the document showing the proposed change. There was discussion among the board regarding the need for a majority or trustees or a supermajority of trustees in certain circumstances or for specific changes to the GPP or OPEB Trust. The board was reminded that significant changes must be approved by City Council.

Aon Miller made the motion to accept the change to the bylaws stating “The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, unless the act of a greater number is required by law or these Bylaws”. Jeffrey Wilson seconded the motion. The motion carried.

Statement of Investment Objectives – review and update as needed for 2023

There were no recommended changes from the CBIZ and no trustee requested a change.

Jeffrey Wilson made the motion to adopt the current document for the 2023. Brent Goldberg seconded the motion. The motion carried.

Investment Performance Review 2Q 2022 – CBIZ Investment Advisory Services

Robert Longfield provided an overview of the general market performance and issues that affect the potential future performance. For the first half of 2022, a 60/40 portfolio experienced its worst performance ever, the worst bond market ever was recorded and the third worst stock market ever was recorded. The interest rate hikes (225 bps) this year have exceeded what was expected from the end of last year (25-50 bps). Inflation has been higher and not under control while unemployment has remained low. The ongoing outcomes of these two components have driven the Federal Reserve to act more aggressively in rate changes. Bond prices fell with the higher rates and the selloff of growth stocks has been more dramatic than the selloff of value stocks.

The third quarter update shows a nice rebound but caution going forward is advised. Inflation may have peaked; however, the decline in inflation may not be rapid enough to prevent aggressive Federal Reserve action. There is still talk about a recession. Technically we are in a recession by definition; however, the job market remains strong and a recession may be more of an “earnings recession” where companies cannot pass on their inflationary expenses.

On the world front is that the mid-term elections are coming soon and could have market ramifications. Housing supply is insufficient for demand and prices are out of reach of many prospective buyers. No large selloff is expected and the market may stay at its present level. Multi-family real estate may be a good investment in conjunction with work force housing. Consumer sentiment is low and this could indicate a bottom in the stock market.

Scott Arnwine provided an overview of plan results for the quarter. The GPP fund ended the quarter down 9.3% at \$328.0. For the quarter, the large cap equity managers had negative results and all were at or below the benchmark except Sustainable Insight Capital management. Invesco International Growth has been affected by the war in Ukraine due to exposure to companies based in Russia with employees located there. The rolling three year results for the equity managers show good performance and outperformance of benchmarks. The diversification built into the portfolio with more private debt investments in fixed income and alternative equity investments have helped the GPP performance results.

In the Total Hedge Funds, Pointer has had its roughest year ever in returns. They have been an incredible contributor to the performance of the GPP portfolio. It is a well-established company and the current results are not normal. These are mostly long/short managers looking to find winners and losers. The firm is evaluating its manager’s performance for decisions going forward in building the portfolio. CBIZ will be keeping a watchful eye over the coming months to see if it will turn around.

Total Fixed income is down 10.5% year to date but above the benchmark which is down 13.9%. The private debt investments have helped the returns on this category.

Looking ahead, the results for July are an improvement; however, it does demonstrate the amount of volatility in the market.

The recommended reallocations in the GPP portfolio are to underweight international investments at this time. This requires the following changes based on the July market values: take \$8 million of Invesco International Growth and add to Johnston Institutional Core Bond Fund; take one-half of the remaining allocation in Invesco International Growth (~\$16 million) and add it to the Vanguard FTSE all world Index Fund (VFWSX).

Carl Levi made the motion to sell \$8 million from the allocation to Invesco International Growth and reallocate it to Johnson Institutional Core Bond Fund. Aon Miller seconded the motion. The motion carried.

Carl Levi made the motion to sell approximately \$16 million (one-half of the balance at July reporting date) from the allocation to Invesco International Growth and reallocate it to the Vanguard FTSE all world Index. Jeffrey Wilson seconded the motion. The motion carried.

Transition from Sustainable Insight Capital Management (SICM) to Kerusso Capital Management (Kerusso)

The large cap equity manager in SICM, Randy Cain originally with Herndon is starting his own firm, Kerusso, a majority employee and minority owned firm. The allocation to SICM was largely because of Randy Cain. SICM is allowing Kerusso to transition clients without disrupting services. CBIZ recommends taking the allocation that is managed by Randy Cain in SICM (~\$6.7 million) and transferring it to Kerusso. This creates a new account but does not require the selling of current assets.

Carl Levi made the motion to transfer the assets allocated to Sustainable Insight Capital Management to the new Kerusso Capital Management firm. Jeffrey Wilson seconded the motion. The motion carried.

Medley Consent Discussion

In the private debt partnership with Medley Opportunity Fund III, there is a management change due to the bankruptcy of one of the general partners, creating the need for a new general partner in the fund. Two firms are finalists in the selection to be the next general partner, Trust Company of the West (TCW) and Upwelling. There is about \$30 million remaining in the fund and the GPP has \$3 million invested in the fund. CBIZ recommends that the board approve signing the consent form with TCW as the new management firm. The fund has 11 investments remaining to manage and will likely pay out over the next year. TCW, as part of the takeover, has performed their due diligence and wants the limited partners to waive the 2021 audit as no one from the prior management team will be available to sign off on the audit. The 2022 audit and future audits will occur. Quarterly unaudited investor statements will continue to be delivered.

Carl Levi made the motion to approve signing the consent form with TCW as the new general partner. Jeffrey Wilson seconded the motion. The motion carried.

For the OPEB Trust, the fund level at the end of 2Q is down 11.8% to \$106.8 million. This fund also has improved results in July. The OPEB Trust is tilted more toward equity investments than is the GPP fund.

Like the change made to the GPP fund, the recommended reallocation in the OPEB Trust is to take one-half of the remaining allocation (~\$5 million) from the Invesco International Growth and add it to the Vanguard FTSE all world Index fund (VFWSX).

Jeffrey Wilson made the motion to sell approximately \$5 million (one-half of the balance at the July reporting date) from the allocation to Invesco International Growth and reallocate it to the Vanguard FTSE All World Index. Aon Miller seconded the motion. The motion carried.

Robert Longfield extended an invitation to the board for their education event in conjunction with the SRVS charity event that will take place October 3-4 in Memphis. He provided the agenda for the annual conference. Registration is free for the conference, but attendees are on their own for travel and lodging.

Report from First Horizon – Jed Cooper

Jed Cooper reported that First Horizon Bank is being acquired by Toronto-Dominion (TD) Bank with the expected close in November 2022 or perhaps into next year. This transaction is not likely to make a significant difference in normal operations. TD plans to keep all client facing people at First Horizon Bank. He doesn't have specific details but the thinking is that TD has bought the footprint only. He will keep the board informed of the progress toward closing and any impact it may have on the operations relied upon by the board.

Report from Counsel

Valerie Malueg provided the background information for deceased employee Phillip Grymes. Neither of the named beneficiaries for his General Pension benefits wants to claim them. Both have sent in signed and notarized affidavits disclaiming the benefits. The board needs to accept the submitted the disclaimers of pension benefits from the primary and contingent beneficiaries. At that time the documents will to be delivered to the surviving spouse of the deceased employee to be effective so that she can pursue a legal process for distribution of the pension benefits. A copy of the documents will be retained in our records.

Carl Levi made the motion to accept the affidavits disclaiming pension benefits submitted by both the primary and contingent beneficiaries named by deceased employee Phillip Grymes. Aon Miller seconded the motion. The motion carried.

Annual Review of Investment Manager (CBIZ)

While the board does not identify any problems with the firm and considers their performance satisfactory overall, there are a few items that came from the discussion of the evaluation:

- 1) There is a need for a formal evaluation form with a simple rating structure and space for comments
- 2) The evaluation will be conducted at the next board meeting with the form

Additionally there was discussion about an RFQ and whether we should proceed to send one out. The purchasing department has moved to making contracts 4 years.

Brent Goldberg made the motion to submit an RFQ to procure Investment Advisory Services by 6/30/2023. Vivian Barrera seconded the motion. The motion carried.

There was no other business to discuss.

Daisy Madison adjourned the meeting.

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

**Meeting of Trustees
August 18, 2022**

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Gilbert, Russell J	Gen Govt - City Counc	normal	B	\$683.01	5/1/2022		vested
Forrest, Traci G	Early Learning	imm early	A	\$509.04	7/1/2022		vested
Kovalski, Bertha E	Early Learning	normal	D	\$693.82	7/1/2022		
Patillo, Aaron	Public Works	imm early	B	\$302.83	7/1/2022		vested
Simmons, Ronald	Public Works	normal	C	\$1,444.41	7/1/2022		
Stamps, Marcus V	Public Works	imm early	C	\$963.47	7/1/2022		
Tucker, Alfie L	Human Services	imm early	A	\$682.58	7/1/2022		vested
Brooks, Cynthia	Police services	normal	no	\$1,039.72	8/1/2022		
Eller, Luann L	Public Works	imm early	B	\$878.22	8/1/2022		
Mines, Warren	Public Works	imm early	A	\$906.12	8/1/2022		vested
Vaughn, James E	Public Works	Rule of 80	D	\$2,162.17	8/1/2022		
Bean, Russell J	Finance - Courts	normal	no	\$8,334.72	9/1/2022		
Brown, Patrick O	Finance - Courts	normal	no	\$1,287.89	9/1/2022		
Franks, Gary M	Public Works	normal	B	\$2,514.63	9/1/2022		
Frey, Claire A	Library	normal	B	\$970.91	9/1/2022		
Lee, Terry E	Public Works	imm early	no	\$664.41	9/1/2022		
Shepherd, Betty J	Library	normal	NO	\$711.40	9/1/2022		vested
Count		17		\$24,749.35		\$0.00	

DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes
Christy Stone	Donald Stone	normal	A	2/3/2022	\$913.02	8/1/2022	

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
Kevin Comstock	B	7/24/2022

DISABILITY BENEFIT REPORT

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes
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LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions **30** **\$33,272.20**

NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
Rouse, Meagan A	Early Learning	83197	2/15/2022	\$1,188.94	automatic
Casian, David H	Public Works	88919	2/28/2022	\$378.34	automatic
Henderson, Timothy C	Parks and Outdoors	73144	3/1/2022	\$1,827.92	automatic
Tucker, Daphne	Public Works	80577	3/2/2022	\$2,418.31	automatic
Randolph, Terrie	Community Developm	100274	3/3/2022	\$22.65	automatic
Henriksen, Aubrey	Parks and Outdoors	85485	3/4/2022	\$2,163.68	automatic
Holloway, Eric Allen	Public Works	80576	3/10/2022	\$1,188.74	automatic
Mix, Destiny D	Public Works	85282	3/10/2022	\$1,379.18	automatic
Schwind, William R	General Government	86606	3/18/2022	\$1,278.92	automatic
Chamberlin, Luisa Q	Human Resources	83777	3/23/2022	\$2,106.76	automatic
Gailor, James W	Public Works	87813	4/1/2022	\$498.14	automatic
Ikard, MaryE	Mayor office	88215	4/1/2022	\$1,555.92	automatic
Espey, Antonio D	Public Works	83863	4/7/2022	\$1,684.74	automatic
Eustice, Larry	Parks and Outdoors	79260	4/8/2022	\$4,439.08	automatic
Jenkins, Rebekah W	Police services	87307	4/12/2022	\$901.54	automatic
Hansen, Harold J	General Government	88282	4/18/2022	\$797.11	automatic
Darden, Camelli F	Police Services	83478	4/19/2022	\$1,922.85	automatic
Melton, Davina Yvette	Community Developm	65987	4/21/2022	\$2,855.82	
Rigsby, Mary	Finance	88453	4/21/2022	\$44.92	automatic
Higgins, Gregory	Public Works	100151	4/21/2022	\$208.80	automatic
Stanley, Jaymes T	Public Works	100236	4/26/2022	\$122.21	automatic
Smith, Kobe R	Public Works	87347	4/27/2022	\$715.80	automatic
Martin, Tiffany L	Human Services	84883	5/17/2022	\$859.73	automatic
Evatt, Ian J	IDP OPMOD	88680	6/2/2022	\$612.28	automatic
Yacopino, Trevor D	Parks and Outdoors	100389	4/8/2022	\$7.81	automatic
Hereford, JameL L	Public Works	100099	5/4/2022	\$197.79	automatic
Chambers, Cametre D	Public Works	88296	5/12/2022	\$293.34	automatic
LeBlanc, Kiel W	Public Works	100156	5/13/2022	\$273.70	automatic
Montgomery, Jared	Public Works	100054	5/26/2022	\$332.30	automatic
Jones, Sherrill	Human Services	85124	6/25/2021	\$994.88	automatic

RETURN OF DECEASED RETIREE BASIS

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Matthew Cox	Leslie Lynn Wilson	9/22/2021	\$4,547.91	
Rollette Thrasher	Mattie Thrasher	3/23/2022	\$35.77	
Cynthia Stallion	Andree T Wright	4/1/2022	\$1,108.89	
Nancy S Dicken	Jane E McFarland	4/5/2022	\$771.38	
Melvin Chastain	Margaret Chastain	5/10/2022	\$1,042.28	
Barri Mayse	Billie Smith	5/14/2022	\$2,708.95	Raymond B Smith

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

6/30/2022

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	113,484.25	6/30/2022	
Fiscal Year to date	306,182.31		FY2022
<i>Budget</i>	327,370.00		<i>FY2022</i>
Same quarter last year	105,421.38	6/30/2021	
Prior Fiscal Year Budget	305,172.87		FY2021
Cavanaugh Macdonald	10,533.00	6/30/2022	GPP valuation
Cavanaugh Macdonald	-	6/30/2022	GPP GASB 67 & 68
Cavanaugh Macdonald			Experience Study
Cavanaugh Macdonald	-	6/30/2022	Consulting service
Chattanooga Times Free Press	40.14	6/30/2022	Meeting ad
CBIZ IAS	25,000.00	6/30/2022	Investment consulting services
First Horizon Bank	31,138.11	6/30/2022	Administrative expense
City of Chattanooga services	46,773.00	6/30/2022	Administrative expense annual
COMPANY TOTAL	113,484.25		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	95,784.90	6/30/2022	
Fiscal Year to date	421,065.02		FY2022
Same quarter last year	105,062.62	6/30/2021	
Prior Fiscal Year	411,669.70		FY2021
Kennedy Capital Mgmt (prorated)	32,269.00	6/30/2022	Investment management fees
Patten & Patten	17,206.66	6/30/2022	Investment management fees
Sustainable Insights	10,903.19	6/30/2022	Investment management fees
Wedge Capital	35,406.05	6/30/2022	Investment management fees
MANAGER TOTAL	95,784.90		

ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	FYTD	EFF DATE	REASON
Fiscal Year to date		\$319,047.00	FY2021	
Fiscal Year to date		2,946,264.40	FY2022	
	Qtr Ending		6/30/2022	
DTC Diversified Partners III	\$0.00			distribution
TerraCap Partners III	\$0.00			distribution
TerraCap V	\$0.00			distribution
GoldenTree Distressed Fund 2014	\$241,500.00			distribution
GoldenTree Distressed Fund III	\$780,000.00			distribution (recallable)
GoldenTree Distressed Debt IV	\$390,000.00			distribution (recallable)
Medley Opportunity Fund III	\$0.00			distribution
Greenspring Global Partners IV	\$0.00			distribution
Greenspring Opportunity Fund III	\$0.00			distribution

COMPANY TOTAL	1,411,500.00	\$319,047.00	
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REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to date		(750,000.00)	FY2022	capital call
Fiscal Year to date		-1,000,000.00	FY2022	all other transactions
				approved transaction
				approved transaction
				re-allocation to maintain target
				approximate transaction value
GoldenTree Distressed Debt IV	0			capital call

MISCELLANEOUS TOTAL	0.00	-1,750,000.00	
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REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Prior Fiscal Year		136,294.03		FY2021
<i>Budget</i>		<i>135,000.00</i>		<i>FY2022</i>
Fiscal Year to date		55,625.11		FY2022
Symetra	6,361.10		2/28/2022	Long Term Disability (50%)
Symetra	5,053.95		3/31/2022	Long Term Disability (50%)
Symetra				Long Term Disability (50%)
Symetra				Long Term Disability (50%)
TOTAL	11,415.05	55,625.11		

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

6/30/2022

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	17,738.35	6/30/2022	
Fiscal Year to date	73,773.24		FY2022
<i>Budget</i>	<i>51,660.00</i>		<i>FY2022</i>
Same quarter last year	12,484.87	6/30/2021	
Prior Fiscal Year Budget	55,163.06		FY2021
 Cavanaugh Macdonald	 5,400.00	 6/30/2022	 OPEB valuation
Cavanaugh Macdonald	-	6/30/2022	OPEB GASB 74/75
 CBIZ IAS	 5,000.00	 6/30/2022	 Investment consulting services
 First Horizon Bank	 7,338.35	 6/30/2022	 Administrative Expense
COMPANY TOTAL	17,738.35		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			FY2019
Fiscal Year to Date			FY2020

MANAGER TOTAL

ACCOUNTS RECEIVABLE


COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Prior quarter total			
GoldenTree /Distressed Co-Investment Fund	0	6/30/2022	
Greenspring Opportunities Fund VII	0	6/30/2022	

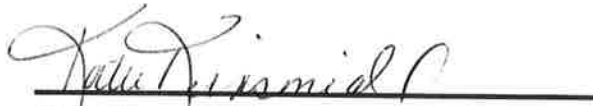
COMPANY TOTAL

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year to date	(600,000.00)	FY2022	capital calls
Fiscal year to date	400,000.00	FY2022	all other transactions
			approved transaction
			re-allocation to maintain target
			approved transaction
 GoldenTree Distressed Co-Investment Fund III	 0	 6/30/2022	 capital call
Greenspring Opportunities Fund VII	0	6/30/2022	capital call
MISCELLANEOUS TOTAL	-200,000.00		

APPROVED:


Chairman


Secretary