

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

November 16, 2023

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on November 16, 2023 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Jeffrey Wilson, Katie Reinsmidt, Aon Miller and Carl Levi. Others in attendance at the meeting were Scott Arnwine, CBIZ IAS, Inc.; Steve McNally, First Horizon Bank; Valerie Malueg, Office of the City Attorney; Cheryl Powell, City Human Resources Department; Ed Koebel, Jennifer Johnson, Darby Carraway, Cavanaugh Macdonald Consulting, 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 August 17, 2023 meeting. Aon Miller seconded the motion. The minutes were approved.

Carl Levi made a motion to approve the minutes from the called October 25, 2023 meeting. Katie Reinsmidt seconded the motion. The minutes were approved.

Aon Miller made a motion to change the order of the agenda to allow the Cavanaugh Macdonald Consultants to make their presentation next. Katie Reinsmidt seconded the motion. The agenda item V was moved before agenda item IV.

Experience Study Results Presentation – Ed Koebel, Jennifer Johnson, Darcy Carraway, Cavanaugh Macdonald

Ed Koebel provided introductory comments about the purpose of an experience study and the need to periodically update assumptions for valuation of the GPP and OPEB funds. It is important that the employer contributions be set at the appropriate level to fund the plans. The assumptions and methods determined in this study are important in determining the appropriate level of the employer contribution to meet the state requirements in Senate Bill #2079 for funding the plans. The main open item on the checklist of items to update is the mortality table.

Ed also spoke about the credibility of the data. Small blocks of data may not provide sufficient information to make assumptions. In this situation, the practice is to combine data from similar populations to provide sufficient information to draw conclusions, particularly for low frequency events like disability.

Darcy Carraway presented information about the demographic assumptions, including the mortality table, and Jennifer Johnson provided information about the economic assumptions.

Darcy began by stating that the current table is a static table with a margin. The proposed approach would introduce generational mortality, where base rates are projected each year with improvements. Each future year would have a new set of mortality rates incorporating improvements to recognize longevity without need a margin in the rates. This approach is required in the statute for all pension plans in the State of Tennessee by 2024. The current experience higher death rates for males and females. The recommendation is to adopt new **Pub-2010 Family Mortality Tables** and include the generational approach using the **MP-2021 scale** as required by the statute. This will retain some conservatism in the mortality rates while reducing the effect of the mortality experience during the pandemic (a one-time event that should not have undue influence on future experience). Over time the life expectancy at age 60 will increase for both males and females, meaning that the plan will pay benefits for a longer

period of time. Changing these tables will require a change to the factors, based on age, that are used to calculate the various payment options at retirement. Additionally,

- Minor adjustments will be made to the expected number of service retirements to better match experience. To mimic observed experience, more retirements will be expected for ages under 61 and for certain ages above 65.
- There are no proposed changes to the frequency of disability retirements.
- There is a proposed increase to withdrawal rates along most years of service to better match the observed rates.
- The City increased salaries in the recent past; however, the rates of salary increase were in line with actual increases, adjusting for the effects of increases in 2021 and 2022. There are no proposed changes to the rates of salary increase for valuation.

Economic assumptions are limited to the price inflation rate and the discount rate. Sources of data typically used for these assumptions are from the Bureau of Labor Statistics, the Social Security Administration and databases of public plans including input from the investment consultants for the GPP and OPEB.

- Based on data available from the various sources, the proposed inflation rate assumption is 2.5%, unchanged from the prior assumption.
- The price inflation rate assumption combined with the Real Rate of Return is used to establish the discount rate. Using a Future Expectation Analysis over a 50 year horizon and then considering the 50% percentile of the expectations, the real rate of return is assumed to be 4.25%, unchanged from the current assumption.
- The proposed discount rate is 6.75%, unchanged from the current assumption and in compliance with the funding statute.
- There are no recommended changes for the actuarial cost method, the actuarial smoothing of assets, or the amortization of Unfunded Accrued Liability. These are all in compliance with the statute.

For the OPEB Trust valuation, there are assumptions for health care trend with recommended use of gender specific aging factors and a trend rate of 4.50%. The proposed factor for spouse participation rates is lowered to 60%. There is an increase in the assumption for term vested participation proposed as 15%. The prevalence of certain plan elections can change over time with a proposed monitoring and updating of the coverage assumption for each valuation.

An impact analysis of the changes in assumption for the GPP valuation shows that the unfunded accrued liability would increase by approximately \$10 million; however, the current level of the contribution rate would not have to change since the City elected to keep the contribution rate at a higher level at the May meeting earlier this year. The average amortization period could increase from the current 12.3 years by approximately two (2) additional years to 14.6 years.

A similar impact analysis for the OPEB Trust shows that the unfunded accrued liability could decrease by approximately \$4 million and the contribution rate could decline from 11.75% to 11.40% with a reduction in the weighted amortization period to 8.3 years from 9.0 years.

The board did ask some questions about the mortality assumption and whether it has other classification variations besides male and female. In this proposed table there are no classification distinctions other than gender. There was also discussion concerning life expectancy and how it is determined. The life expectancy in the assumptions is not from birth but from retirement age and the base population is not the general population, but a population of retired persons.

Carl Levi made a motion to accept the assumption changes for GPP valuation for mortality, service retirements and withdrawals. Jeffrey seconded the motion. The motion carried.

Carl Levi made a motion to accept the assumption changes for OPEB valuation for spousal participation, health care trend, terminated vested participation and plan option elections. Katie Reinsmidt seconded the motion. The motion carried.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the current period. The retirement transactions are higher than usual relative to past activity for the third quarter. One of the retirements is a vested ex-employee commencing the pension benefit. The employee termination activity was a relatively high number but the average amount of refunded contributions tended to be low suggesting early duration terminations. A page of statistics providing a view of the pension plan activity year to date was provided to the trustees. The document shows that there are currently 1,357 participants receiving a payment for the plan. Total monthly payments from the plan are \$2.1 million. Year to date 2023 there have been 55 retirements and 47 deaths. There was brief discussion about the cost of living adjustment. Trustees present signed the Statement of Investment Objectives document for the next year.

Investment Performance Review 3Q2023 – CBIZ Investment Advisory Services

Scott Arnwine provided highlights of plan results for the quarter. The GPP ended the quarter at \$330.4 million and down 1.6% in the quarter. The GPP is up 3.3% for the year to date. There were not many bright spots in the portfolio; however, Hedge funds were positive in total and fixed income performed better than the benchmark. Overall the portfolio performed better than the benchmark. The Private Equity alternatives have not yet reported 3Q results.

For the OPEB Trust, the fund level at the end of 3Q is \$125.3 million and down 2.2% for the quarter. The fund is up 6.2% year to date. There is a higher cash position in the OPEB fund. OPEB is more heavily weighted in equities, and with a longer horizon it is invested more aggressively.

There are no allocation violations in the current funds; however, the current portfolio is operating below the actuarial assumption.

Report from First Horizon – Jed Cooper

There is nothing to report.

Report from Counsel

There is nothing to report.

There was no other business to discuss.

Jeffrey Wilson made a motion to adjourn the meeting. Aon Miller seconded the motion.
Daisy Madison adjourned the meeting.

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

**Meeting of Trustees
November 16, 2023**

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Aaron, Ralph	Community Development	Normal	no	\$323.13	9/1/2023		
Henderson, Jack B	Transportation	Normal	no	\$1,205.81	9/1/2023		
Johnson, James Bruce	Public Works	Normal	D	\$451.97	9/1/2023		
Little, Connie Stephan	Library	Normal	E	\$2,330.63	9/1/2023		
Partridge, Adrien L	Human Resources	Normal	no	\$121.64	9/1/2023		
Willis, Suzanne T	Airport	Normal	no	\$1,359.34	9/1/2023		
Armstrong, Tiffany C	Early Learning	Rule of 80	C	\$923.55	10/1/2023	\$24,719.73	
Brumlow, Steve L	Public Works	Rule of 80	B	\$1,639.45	10/1/2023		
Collins, Karen L	Economic Development	Imm Early	A	\$489.44	10/1/2023		
Lowery, Robert	Airport	Rule of 80	A	\$1,843.12	10/1/2023		
Gillom, Thelma	Finance - Courts	Normal	no	\$388.52	11/1/2023		
Jones, Mary L	Police services	Normal	no	\$1,636.66	11/1/2023	\$69,215.78	
McCullough, Terry	Public Works	Normal	no	\$1,515.04	11/1/2023		
Sledge, Richard	Public Works	Imm Early	D	\$627.72	11/1/2023		vested
Thompson, Timothy	Public Works	Imm Early	A	\$300.39	11/1/2023		

Count	15	\$15,156.41	\$93,935.51
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DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Type	Option	Date of Death	Amount or 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
Manuel Lewis	B	
Connie Lewis	B	

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 **32** **\$63,379.01**

NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
Brouwere, Jonathan W	Parks and Outdoors	102049	6/1/2023	\$141.44	
Hitchman, James K	Wastewater	101899	6/2/2023	\$304.06	
McDowell, Leandrese M	Public Works	101906	6/7/2023	\$198.68	
Wolfe, Samuel R	Mayor office	80516	6/9/2023	\$3,641.44	
McKenzie, Maxwell D	Technology services	101956	6/12/2023	\$278.62	
Jackson, Marcus T	Wastewater	87733	6/12/2023	\$1,558.19	
DeLoach, Sadekqua A	Human Resources	100766	6/14/2023	\$243.27	
Mosley, Steffi E	Public Works	101800	6/15/2023	\$218.50	
Lewis, Westley J	Public Works	101759	6/16/2023	\$243.39	
Bachman, William J	Technology Services	88153	6/20/2023	\$2,431.73	
Harris, Darius L	Public Works	101975	6/20/2023	\$166.59	
Sewell, Dale E	Public Works	100969	6/21/2023	\$541.55	
Frazier, Alexandrya E	Human Services	84722	6/22/2023	\$79.64	
Bell, Charlie T	Public Works	102103	6/23/2023	\$171.65	
Coleman, Christopher J	Public Works	101904	6/23/2023	\$359.69	
Taylor, Molly M	Human Resources	88760	6/26/2023	\$2,499.83	
Ginn, Debra H	Parks and Outdoors	100735	6/29/2023	\$319.98	
Harwood, Greg A	Economic Developme	83117	6/29/2023	\$6,746.34	
Dye, Matthew P	Public Works	83881	6/29/2023	\$3,231.22	
Lambert, Mary I	Mayor office	87628	6/29/2023	\$4,866.80	
Masters, Stephanie L	Early Learning	84302	7/5/2023	\$393.36	
Walker, Charles D	Public Works	87026	7/12/2023	\$1,527.10	
Sharp, Amber D	Early Learning	82455	7/13/2023	\$2,930.78	
Dozier, KenQual L	Public Works	100053	7/24/2023	\$1,296.09	
Cobb, Michael	Public Works	88805	8/10/2023	\$1,563.43	
Thompson, Caylib T	Parks and Outdoors	87469	8/16/2023	\$1,539.97	
Bakaletz, Rachel	Police Services	101476	9/7/2023	\$812.23	
Runyan, Stacy L	Public Works	81308	10/2/2023	\$2,470.16	
Palmer, James Quinn	Parks and Outdoors	74192	4/20/2023	\$5,376.41	vested
Muriente, Aileen C	Early Learning	73648	4/23/2023	\$8,258.13	vested
Marsh, Margaret J	Mayor office	81490	8/10/2023	\$4,875.70	
Sales, Edward D	Public Works	76711	8/23/2023	\$4,093.04	vested

RETURN OF DECEASED RETIREE BASIS

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
Tamika Dews	Talley Dews	8/15/2023	\$2,054.97	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	58,770.42	9/30/2023	
Fiscal Year to date	58,770.42		FY2023
<i>Budget</i>	353,369.00		FY2023
Same quarter last year	66,089.61	9/30/2022	
Prior Fiscal Year Actual	306,182.31		FY2022
Cavanaugh Macdonald	-	9/30/2023	GPP valuation
Cavanaugh Macdonald	8,000.00	9/30/2023	GPP GASB 67 & 68
Cavanaugh Macdonald	18,000.00	9/30/2023	Experience Study
Cavanaugh Macdonald	573.00	9/30/2023	Consulting service
Records Management	-	9/30/2023	Minutes, supplies
Chattanooga Times Free Press	30.14	9/30/2023	Meeting ad
CBIZ IAS	-	9/30/2023	Investment consulting services
First Horizon Bank	32,167.28	9/30/2023	Administrative expense
City of Chattanooga services	-	9/30/2023	Administrative expense annual
COMPANY TOTAL	58,770.42		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	105,091.95	9/30/2023	
Fiscal Year to date	105,091.95		FY2024
Same quarter last year	83,102.12	9/30/2022	
Total Prior Fiscal Year	394,922.83		FY2023
Kennedy Capital Mgmt	36,701.00	9/30/2023	Investment management fees
Patten & Patten	18,774.45	9/30/2023	Investment management fees
Kerusso Capital Management	10,678.26	9/30/2023	Investment management fees
Wedge Capital	38,938.24	9/30/2023	Investment management fees
MANAGER TOTAL	105,091.95		

PART II -- ACCOUNT SUMMARY

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Current quarter	58,770.42	9/30/2023	
Fiscal Year to date	58,770.42		FY2023
<i>Budget</i>	<i>353,369.00</i>		<i>FY2023</i>
Same quarter last year	66,089.61	9/30/2022	
Prior Fiscal Year Actual	306,182.31		FY2022
Cavanaugh Macdonald	-	9/30/2023	GPP valuation
Cavanaugh Macdonald	8,000.00	9/30/2023	GPP GASB 67 & 68
Cavanaugh Macdonald	18,000.00	9/30/2023	Experience Study
Cavanaugh Macdonald	573.00	9/30/2023	Consulting service
Records Management	-	9/30/2023	Minutes, supplies
Chattanooga Times Free Press	30.14	9/30/2023	Meeting ad
CBIZ IAS	-	9/30/2023	Investment consulting services
First Horizon Bank	32,167.28	9/30/2023	Administrative expense
City of Chattanooga services	-	9/30/2023	Administrative expense annual
COMPANY TOTAL	58,770.42		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	105,091.95	9/30/2023	
Fiscal Year to date	105,091.95		FY2024
Same quarter last year	83,102.12	9/30/2022	
Total Prior Fiscal Year	394,922.83		FY2023
Kennedy Capital Mgmt (prorated)	36,701.00	9/30/2023	Investment management fees
Patten & Patten	18,774.45	9/30/2023	Investment management fees
Kerusso Capital Management	10,678.26	9/30/2023	Investment management fees
Wedge Capital	38,938.24	9/30/2023	Investment management fees
MANAGER TOTAL	105,091.95		

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	
Fiscal Year to date		1,238,591.35	FY2023	
	Qtr Ending	9/30/2023		
DTC Diversified Partners III	#N/A			distribution
TerraCap Partners III	#N/A			distribution
TerraCap V	#N/A			distribution
GoldenTree Distressed Fund 2014	#N/A			distribution
GoldenTree Distressed Fund III	#N/A			distribution
GoldenTree Distressed Debt IV	#N/A			distribution
Medley Opportunity Fund III	#N/A			distribution
Greenspring Global Partners IV	#N/A			distribution
Greenspring Opportunity Fund III	#N/A			distribution
FCA Venture Partners III	#N/A			distribution - Final

COMPANY TOTAL **#N/A**

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	EFF DATE	REASON
Fiscal Year to date		(180,000.00)	FY2023	capital call
Fiscal Year to date		0.00	FY2023	all other transactions

GoldenTree Distressed Debt IV capital call

MISCELLANEOUS TOTAL **0.00** **(180,000.00)**

REPORT OF ACCOUNT(S) PAID

COMPANY	AMOUNT PAID		MONTH	PURPOSE
	THIS PERIOD	FYTD		
Total Prior Fiscal Year		82,173.97		FY2023
<i>Budget</i>		<i>100,000.00</i>		<i>FY2023</i>
Fiscal Year to date		16,799.54		FY2024
Symetra	8,314.80		7/1/2023	Long Term Disability (50%)
Symetra	8,484.74		8/1/2023	Long Term Disability (50%)
Symetra	-		9/1/2023	Long Term Disability (50%)
Symetra	-		10/1/2023	Long Term Disability (50%)

TOTAL **16,799.54** **16,799.54**

**CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS**

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAYABLE

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	15,463.98	9/30/2023	
Fiscal Year to date	15,463.98		FY2024
<i>Budget</i>	<i>76,030.00</i>		<i>FY2024</i>
Same quarter last year	20,306.39	9/30/2022	
Total Prior Fiscal Year Actual	59,744.16		FY2023
Cavanaugh Macdonald	-	9/30/2023	OPEB valuation
Cavanaugh Macdonald	8,000.00	9/30/2023	OPEB GASB 74/75
CBIZ IAS	-	9/30/2023	Investment consulting services
First Horizon Bank	7,463.98	9/30/2023	Administrative Expense
COMPANY TOTAL	15,463.98		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			
Fiscal Year to Date	18,121.30	9/30/2023	
Kerusso	18,121.30	9/30/2023	
MANAGER TOTAL	18,121.30		


ACCOUNTS RECEIVABLE

COMPANY	AMOUNT RECEIVED	EFF DATE	REASON
Prior quarter total			
GoldenTree /Distressed Co-Investment Fund	\$0.00	9/30/2023	distribution (recallable)
Greenspring Opportunities Fund VII	\$124,000.00	9/30/2023	distribution
COMPANY TOTAL			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	EFF DATE	REASON
Fiscal year to date	(180,000.00)	FY2023	capital calls
Fiscal year to date		FY2023	all other transactions
			approved transaction
			approved transaction
			approved transaction
			approved transaction
			approved transaction
GoldenTree Distressed Co-Investment Fund III			capital call
StepStone VC Opportunities VII			capital call
MISCELLANEOUS TOTAL	-180,000.00		

APPROVED:



Chairman



Secretary