

At the regularly scheduled meeting of the Fire and Police Pension Fund held on the 19th day of April 2012, President Terry Knowles presided. The meeting was held at the Pension Office, 6009 John Douglass Drive, Chattanooga, TN 37421.

The meeting convened at 0903 hours with board members Terry Knowles, Phillip McClain, Chris Willmore, Shawn O'Kelley, Ray Ryan and Stan Sewell. Attorney Bill Robinson was also present. Corliss Cooper arrived at 0945 due to a command staff meeting; Scott Fulgham was attending in-service.

Motion by Stan Sewell and seconded by Phillip McClain to approve the minutes from the April 5, 2012 meeting. Motion carried unanimously.

Motion by Chris Willmore and seconded by Shawn O'Kelley under CCC 2-411 to remove from the rolls Retired Fire Lieutenant Francis J. Smith, effective April 30, 2012, died April 4, 2012. Motion carried unanimously.

Motion by Phillip McClain and seconded by Chris Willmore under CCC 2-411 to add to the rolls Geraldine Smith, surviving spouse of Francis J. Smith, effective May 1, 2012. Motion carried unanimously.

Motion by Chris Willmore and seconded by Shawn O'Kelley under CCC 2-411 to pay death benefit to Geraldine Smith, designated beneficiary of Francis J. Smith. Motion carried unanimously.

Motion by Shawn O'Kelley and seconded by Phillip McClain under CCC 2-413 to refund contributions to Police Officer Taylor Walker, pension participation date of March 14, 2008, terminating April 26, 2012. Motion carried unanimously.

Motion by Phillip McClain and seconded by Stan Sewell to pay the bills. Motion carried unanimously.

Chris Willmore presented an oral report to the Board on his attendance at the Information Management Network's Public Funds Summit educational conference.

Attorney Bill Robinson provided the Board an update on the Internal Revenue Service's deliberations on requiring government retirement plans to be tax exempt qualified. Qualified retirement plans require a normal retirement age and prohibit in service distributions. The IRS has pushed back its requirement for public safety retirement plans to establish a normal retirement age until 01/01/2015. The IRS is considering age 50 as the "safe harbor" normal retirement age for Fire and Police. Mr. Robinson stated that it appears that eventually, the IRS will require all governmental retirement plans to be qualified.

Actuary Jeff Williams of the Segal Company appeared before the Board and presented the 01/01/2012 actuarial valuation of the Pension Fund. The employer Annual Required Contribution (ARC) will be 31.8% of payroll for fiscal year 2013. Mr. Williams stated that the only way for the City to significantly have an immediate impact in reducing the ARC is to reduce benefits, which could have a negative impact on the workforce. He stated that the normal costs of the Plan is less than 10% for the City, but the unfunded liability due to the 2008 market loss is the primary reason for the majority of the ARC.

Frank Hamilton notified the Board of a reporting anomaly with the Fund Trustee, Wells Fargo. A sale and transfer of assets was misclassified as income. The Board directed Mr. Hamilton to obtain a detailed analysis from Wells Fargo on the misclassified transfer.

Motion by Corliss Cooper and seconded by Shawn O'Kelley to adjourn at 1017 hours. Motion carried unanimously.

Note: Non-job related disability hearing for Mark Norman is scheduled for 1300 hours today.

Note: All medical records for Kenneth Harden have been received. An independent medical exam will be scheduled at the direction of the Board.

Terry Knowles  
President

Scott Fulgham  
Secretary

<u>Visitors</u> Shawn Shipley Kenneth Harden
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