

At the regularly scheduled meeting of the Fire and Police Pension Fund held on the 6th day of December 2012, President Terry Knowles presided. The meeting was held at the Pension Office, 6009 John Douglass Drive, Chattanooga, TN 37421.

The meeting convened at 0900 hours with board members Terry Knowles, Chris Willmore, Jerome Halbert, Shawn O'Kelley, Phillip McClain, and Ray Ryan. Corliss Cooper was excused.

Motion by Ray Ryan and seconded by Jerome Halbert to approve the minutes from the November 15, 2012 meeting. Motion carried unanimously.

Police Sergeant James Massengale was scheduled to appear before the Board but he was not in attendance.

Motion by Chris Willmore and seconded by Shawn O'Kelley to approve the following membership changes:

ADD TO THE ROLLS:

1. *Fire Battalion Chief Charles McMillian, with 27 years of service, reduced to a 25 year pension and 24 month DROP, effective 12/14/2012, participation date of 12/06/1985 (2-411)*
2. *Fire Lieutenant David Wright, with 25 years of service and a 5 month DROP, effective 12/13/2012, participation date of 07/03/1987 (2-411)*
3. *Fire Captain Kenneth Atkins, retiring (56 yoa) with 24 years of service, effective 11/20/2012, participation date of 04/27/1988 (2-415)*

REFUND CONTRIBUTIONS:

1. *Retired Fire Captain Kenneth Atkins, participation date of 04/27/1988, refund of additional 1% contribution (2-423(d))*
2. *Former Police Officer Eric Epps, participate date of 02/06/2009, terminated 11/30/2012 (2-413)*

The motion carried unanimously.

Motion by Chris Willmore and seconded by Phillip McClain to pay the bills. Motion carried unanimously.

The Board discussed the final average salary calculation and reviewed Section 2-419(4) of the Chattanooga City Code, related to calculating retirement benefits, which states:

The term "Average Base Salary" or "Base Salary" shall mean the regular wages or salary paid on a monthly basis, but shall not include overtime pay or any supplements, including but not limited to supplements for years of service or education.

The Board also discussed Section 2-411 of the Chattanooga City Code which states that benefits are...*payable in twelve (12) monthly installments...*

Motion by Shawn O'Kelley and seconded by Jerome Halbert, effective July 1, 2013, to interpret Section 2-419(4) so that Average Base Salary will be calculated by averaging the 36 consecutive calendar months of base salary that yields the highest average with the current calculation; and, effective January 1, 2013, to interpret "*payable in twelve (12) monthly installments*" to include only full calendar months with benefits becoming payable effective the first of the calendar month following a participant's retirement. Motion carried unanimously.

Frank Hamilton reported to the Board his conversation with Luke Provenzano of Wells Fargo Bank regarding misreporting the value of Pointer Offshore Ltd. Wells Fargo has determined the source of the understated Pointer (and previously BlackRock) values. The accountant responsible for the reporting of the Fund's "closely held" assets which are valued only quarterly has been removed from the Fund's account. Luke Provenzano and Wells Fargo's accounting supervisor, Tom Smith will personally review monthly statements until a senior accountant can take over and be comfortable with the reporting of "closely held" assets. Ray Ryan stated that Wells Fargo needs to understand that this is the second instance of underreporting assets and continued such instances can jeopardize the Trustee relationship. President Knowles noted that according to the Board's policy on professional services that a Request for Proposal (RFP) for trust services is already planned to go out within the next year or so.

Phillip McClain asked when an RFP for legal services would be issued. Frank Hamilton reported that this is the next RFP scheduled under the Board's policy and that the process would begin once the actuarial RFP process has been completed and then the trust services RFP will follow.

President Knowles reported to the Board that the proposed amendments to Pension legislation regarding the HEART Act, optional repayment of contributions by rehired/reinstated participants, and spousal benefits passed first reading at City Council on Tuesday. Mr. Knowles reported that he had a discussion with City Councilman Jack Benson regarding his confusion over the Deferred Retirement Option Provision. Mr. Knowles also reported that he and Frank Hamilton met with mayoral candidate Andy Berke and his campaign manager Stacy Richardson to discuss the Pension Fund and benefits.

The Board discussed the proposed reallocation of assets by Gerber Taylor Associates including a \$5 million allocation to the Energy and Minerals Group. Motion by Ray Ryan and seconded by Chris Willmore to approve GTA's recommendation. Motion carried unanimously.

Actuaries Jeff Williams and Rocky Joyner of Segal appeared before the Board to discuss the Segal proposal for actuarial services. At the conclusion of the discussion, the Board requested that additional clarifying questions regarding services and fees be sent to actuarial firms Bryan Pendleton Swats & McAllister, Gabriel Roeder Smith, Foster & Foster and Nyhart.

Motion by Chris Willmore and seconded by Jerome Halbert to adjourn at 1101 hours. Motion carried unanimously.

Note: City Court fees for October 2012 were received

Terry Knowles
President

Phillip McClain
Secretary

<u>Visitors</u> Jeff Williams Rocky Joyner
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