

At the regularly scheduled meeting of the Fire and Police Pension Fund held on the 18th day of July 2013, President Terry Knowles presided. The meeting was held at the Pension Office, 6009 John Douglass Drive, Chattanooga, TN 37421.

The meeting convened at 0904 hours with board members Terry Knowles, Chris Willmore, Shawn O'Kelley, Phillip McClain, Jerome Halbert, Corliss Cooper and Ray Ryan. Attorney Bill Robinson was also present. Mayoral Appointee Brent Goldberg introduced himself and was officially seated and became a member of the Board.

Motion by Shawn O'Kelley and seconded by Phillip McClain to approve the minutes from the June 20, 2013 meeting. Motion carried unanimously.

Terry Knowles welcomed the Mayor's Chief of Staff, Travis McDonough, and thanked him for attending. Terry Knowles asked Travis if he could wait until after normal business to address the Board and answer questions that anyone may have.

Attorney Bill Robinson stated that he had recently attended the NAPPA Conference and will be preparing a 15-20 minute highlight of the conference to share with the Board in the coming weeks. Mr. Robinson did make note that the conference held a session on Board governance and wanted the Board to know that everything the conference suggested in the context of Board governance, the current Board is already doing, with the exception of instituting an annual review of all policies. Deputy Administrator Katrina Abbott made note that the Board currently reviews the Ethics Policy annually during the September annual meeting and will incorporate a review of all current Fund policies during that time.

Ray Ryan informed the Board that the Fund's Investment Consultant, Gerber Taylor Associates, has forwarded due diligence materials for him to review in consideration of replacing Agincourt with a new manager. Ray needs to review the materials in more depth. Ray would like to recommend that the Board consider making more changes with the DROP allocation that has worked well and is currently overfunded. He would like to complete a comprehensive review of the current DROP allocation to possibly include the new manager that may replace Agincourt. Gerber Taylor's concern with Agincourt is that they need to navigate volatile bond markets and they do not feel like Agincourt has the research capabilities that they need to accomplish such a task. Ray stated he was inclined to use a hedged bond fund manager that is neutral to the bond market. Ray and Gerber, Taylor will get back to the Board on this.

Motion by Corliss Cooper and seconded by Chris Willmore to accept the following membership changes:

REFUND CONTRIBUTIONS:

Former Police Officer Barry Hughes, terminated 07/08/2013, participation date of 07/02/2007 (2-413)

Former Police Officer Michael Flores, terminated 07/10/2013, participation date of 06/01/2012 (2-413)

Motion carried unanimously.

Motion by Phillip McClain and seconded by Shawn O'Kelley to pay the bills. Motion carried unanimously.

The Board reviewed the recommendations of the Personnel Committee in regards to compensation of the Fund Staff. Motion by Phillip McClain and seconded by Shawn O'Kelley to approve the personnel recommendations. The personnel recommendations are retroactive to July 1, 2013.

Note: Annual Meeting will be held beginning at 1 p.m. on 09/23/2013 through 09/25/2013

Note: Received City Court fines for June 2013 (\$8,489.75)

Note: Received Chattanooga Parking Authority fines for June 2013 (\$3,360.00)

Note: Responses for Legal RFP are due Friday, July 19, 2013 by 4:00 p.m.

Note: Bradley Britt, Allen Green, Jesse M. Manoni, James W.G. Palmer, Matthew Randall, Steven K. Ratledge, Maxwell B. Sides, and Michael Taylor graduated the academy and became sworn member of the Chattanooga Fire and Police Pension Fund effective 06/28/2013.

Ray Ryan explained to Brent Goldberg that the Annual Meeting will be held in Nashville (Cool Springs). Katrina Abbott noted that it would be held at Hyatt Place in Cool Springs and will explain in more detail to Brent at the conclusion of the meeting. Ray Ryan asked if Gerber Taylor will present quarterly numbers prior to September. Katrina Abbott stated that she did not believe Gerber Taylor had intentions to do so until the Annual Meeting, but would obtain further clarification. Ray Ryan noted that if Gerber Taylor waits to present quarterly information until September, he will need to schedule his quarterly report to Council in October, missing a quarter in the process. We might ask them to provide preliminary numbers to allow for a presentation in August.

Chief of Staff Travis McDonough appeared before the Board to state his appreciation for previous interactions with Ray Ryan, Bill Robinson, and Frank Hamilton. He stated the City has spent the last few weeks communicating with the stakeholders in the Pension Fund including employee union groups and leadership in both departments. He said they have worked hard to provide a consistent message to work together to address issues on the pension going forward. Travis stated Mayor Berke wanted to encourage talented and motivated people to work in the fire and police departments, encourage long careers in both departments, as well as be responsible to the tax payers. Travis stated that Mayor Berke did not hear any disagreements with that approach from stakeholders they had met with and it was a general consensus that the approach was fair.

Travis stated he has had at least five meetings with Ray, Bill, and Frank (or some combination thereof) over the last few weeks. He stated his disappointment with the letter that was sent out to the members that he received a copy of yesterday in regards to the statement that the Board had not been involved in discussions with the City. Travis stated he felt like he had spent a great deal of time with the Pension Board. He wanted Board to be careful with the language they use going forward when addressing the membership because it is difficult to undo miscommunication.

Travis relayed that Mayor Berke expects a consensus from Board leadership and employee groups that can be achieved through candid, open discussion. He informed the Board that there will be an upcoming announcement of the formation of a task force to aide stakeholders to come to a consensus that is consistent with the Mayor's goals. He stated that he would be involved and is proud to be a part of this process.

Terry Knowles acknowledged that the letter to members was directly from him as President and not the entire Board. He stated that the meetings that involved Ray, Bill and Travis were merely for educational purposes and to establish an open relationship with the current City Administration. The Board does not want an adversarial relationship with this administration. It had an adversarial relationship with the former administration even though it tried to work with that administration too. Terry stated the Board wants to work together to address the Mayor's concerns.

Terry explained that as far as Travis' disappointment with the letter to membership, the letter was correct in that the entire Board as a whole has not been involved in discussions. The Board heard about discussions second hand from the unions rather than directly from the City. Terry expressed his disappointment that the entire Board has not been engaged in any discussions with the City.

Travis disagreed with Terry's comment that they have not engaged the Board. He stated that he has met with Ray five times. He has shared with union groups the same as he has with representatives of the Board. He would have assumed that the representatives of the Board would have shared information with the entire Board. Travis said that fact was not represented accurately in the letter to members. He said the Board needs to be careful to accurate and understandable in communications to membership. He understands the concerns with the past administration. He reiterated that he has spent a lot of time with the unions and representatives of the Board and the letter was disappointing.

Shawn O'Kelley explained that it is great for the administration to meet with the unions, and with Ray and Bill, however not everyone understands the ins and outs of the Pension like experienced Board members do. The membership trusts the Board to represent them. The Board is elected by the membership to represent them. Shawn suggested that the Terry Knowles and Chris Willmore be assigned to the task force as President and Vice-President of the Board.

Travis McDonough promised the Board that it would feel included more than they have ever felt before. Terry Knowles asked Travis to elaborate more on the task force. Travis explained that it will be an open discussion with the public and doesn't feel that it matters if the Board is on the task force. Phillip McClain stated that it does matter if the Board is on the task force. Terry Knowles asked if the task force would have any voting rights. Travis McDonough stated that the only entity with voting rights is the Board. He further explained that the City wants representation from retirees and the community as well. Travis said the task force would work in conjunction with the work the Board is already doing. Terry Knowles expressed with all the work that the Board has put into reviewing the plan, that it was unfair not to have a seat on the task force and only be invited for observation. Travis McDonough stated the entire Board can be involved as much as they would like to be.

Bill Robinson asked Travis if the Board would be allowed to make recommendations as to who will be seated on the task force. Travis stated no, that the Mayor will make recommendations. Mayor wants employee groups, retirees, and members of the community on the task force. He stated the Board will have the final voting rights as legislation requires.

Travis stated the task force is merely to educate members on working through issues. Corliss Cooper asked Travis who was going to educate the task force on how the pension works. Travis explained that he would be the one to educate the task force with the collaboration of the Board and Brent's experience. Brent will be very involved in task force. Travis stated he knew the Board had put a lot of time into reviewing the plan and they want to leverage the Board's work. However, they want a fresh set of eyes to review the plan and educate members and the public. Terry explained that it takes Board members years to educate themselves on the pension because of the complexity of the issues. Terry asked if there is a timetable that the City has in mind to complete the task of reviewing the plan. Travis did not have a timetable and stated they would roll out details when it was available.

Phillip McClain stated that educating the task force is not an overnight process. Task Force members can't grasp the complexity of the issues and make viable recommendations in a matter of weeks or even months. Travis stated that he understood Phillip's comments in regards to weeks or even months. However, Travis felt that the Board should not underestimate the value of other members' experience and expertise.

Shawn O'Kelley asked Travis if he could relay what the Mayor's goals were. Travis explained that the Mayor wanted talented employees, to encourage long careers, and be responsible to the taxpayers. Shawn asked how long of a career did the Mayor have in mind, is the Mayor talking about an age in particular. Travis stated that they would have to talk about that.

Terry Knowles stated he knows that Travis is disappointed by the letter to members. He asked Travis if the Mayor's office has communications from the prior administration in regards to the pension. Terry asked if there was an issue with the City Administration trusting the Board. Travis stated there was no trust issues from there their end.

Terry Knowles stated that he was disappointed that he heard about the task force committee from someone else, and not the City Administration. He stated that the Board seems to always be the last one to know everything. Travis said that he felt that they have communicated with the Board more than the prior administration ever did.

Terry explained that the prior administration had announced a task force without the knowledge of the Board. Bill Robinson stated that the same thing in regards to the task force is happening again. Travis commented that the last to know is always the first to be upset. He said he felt that he spoke with the appropriate people first and apologized if it takes 36 hours to tell other stakeholders. Travis commented that he wanted to address the Board last month but was unable to. Phillip McClain stated that the Board didn't need to know who they wanted to place on the task force up front, but the Board was entitled to know that the City was entertaining the idea of a task force.

Travis McDonough asked the Board if they would collaborate with a task force. Phillip McClain stated that the Board has made it clear up front that they would collaborate.

Terry Knowles stated that he appreciated Travis coming today. The Board wants to keep an open dialogue with the City Administration, and that has been the Board's intentions "from the get-go". Terry asked Travis about the rumors of the City Administration's plan to hire an outside consultant to review the pension. Travis said that a consultant has worked in other areas, but they haven't decided. He said that might be a good idea, but he couldn't say because he doesn't have all of the details.

Terry Knowles asked Travis that the City Administration let the Board be part of the process. He explained that the City needs to be good stewards of tax money and didn't think the City needed to spend taxpayer money to hire a consultant without giving the Board the opportunity to present its findings. After the Board presented its findings and the City did not find them acceptable, then consider hiring the outside consultant. Travis stated that he had asked for that information from the Board.

Ray Ryan stated that Travis keeps implying that Ray did not relay information to the entire Board. Ray stated that the meetings he was involved in with Travis were educational -- broad strokes of pensions and how it works. Ray stated that he and Bill were told that it would be a slow process for the City to get up to speed on the pension, and that is what they relayed to the entire Board. However, the Board keeps hearing that the City is further along than Ray and Bill have been led to believe in their meetings with City representatives. Ray took exception to Travis stating he asked for information and did not receive it. Ray stated that he explained to Travis that he alone was not authorized to release information. Ray offered his view of the Board's position that they sought parameters as a roadmap to get to an acceptable point from the City. Ray felt this was a logical and reasonable position to assume given the complexity of the issues. The Board is anxious to share information, but have not received those parameters that it felt was reasonable to request.

The Board has a fiduciary obligation to be good stewards of this plan and it is unreasonable to come with a set of recommendations without more specific goals from the Mayor. Travis again stated that he asked for

the information from the Board. Ray stated that Travis is implying that the Board didn't give him the information so they are doing a different process.

Travis McDonough stated that the City needed the benefit of the work the pension had done. He stated it is important for clear communication with the rank and file. Shawn O'Kelley agreed with Travis and stated that the Board is willing to work with the City, but it needs to know what the Mayor wants to accomplish. He stated that the Board is obligated to its members. Shawn said that the Board would welcome a joint effort with all stakeholders.

Travis stated he thought that the Board and the City had the same goals and values. Chris Willmore agreed that we have same goals and values in regards to talented employees, long careers, and being responsible to the taxpayer.

Travis stated he felt it was best to keep open communication. He acknowledged that there has been a bump or two in the road. He agreed that there was a lot of work to be done. He asked the Board that if they are not the first to know of news, that the Board overlook it and give the City the benefit of the doubt.

Terry Knowles again addressed the subject of whether or not the task force would be granted voting rights. Travis stated that the idea would be something that they would need to discuss later. Terry expressed that if the task force would have voting rights, that there should be members of the Board seated on the task force. Travis stated that he hadn't thought about that idea. Terry commented that he wants it to be fair, open, and transparent. Bill Robinson asked Travis when he thought the task force would be up and moving. Travis stated that he did not have a date; however it would be announced soon once they gathered more information when it would be up and going. He stated they are in the middle of the budget discussions right now.

Phillip McClain commented that Travis admonished Terry Knowles first thing in regards to the member letter that he felt was misleading. Phillip also stated that Travis implied that Ray had misled the Board, when in fact Travis doesn't know the interaction with the entire Board. Ray again reiterated that he gave Travis a response to his request for information in regards to needing Board authorization, as well as the fact that he had asked for more specific goals from the Mayor. Phillip told Travis that he spun it that Ray was misleading the Board, and if that was so, that the Board would have issues with Ray. Yet, Travis admonishes Terry for being misleading when Travis was the one misleading information. Travis stated he wanted to clarify that he did in fact ask for the information from the Board that he does not have at this time. He stated that he knew Ray had to go to the Board for authorization. He looked at Ray for authority, and he still wants the information the Board has worked on. He asked for benefit of the doubt when meeting one on one. He stated that he would be fair every time. Travis also made the comment that there is a huge difference between looking at Ray and the letter to membership. He stated it was hard to correct misunderstandings.

Phillip McClain made the comment that the minutes from today's meeting will go out to hundreds of members. He stated that if the members take Travis' comments the same way that the Board did, then it will be hard to correct that "so called" misunderstanding.

Shawn O'Kelley again stated that the Board needed specifics on what the City wants and then the Board can discuss what it can do.

Bill Robinson stated that he was involved in the discussion with Travis in the beginning and they were merely to lay groundwork to give the City the context for information on the pension. Providing the City or

anyone information without providing the context behind it would be useless. He stated that the Board needs to have time to educate everyone first. Travis McDonough commented that if he had the information that he would call to discuss things he needed more information on. Terry Knowles stated that he would like to hold educational sessions when giving the information to the City. Travis stated that is exactly what the Mayor wants. Brent Goldberg stated that he hopes that his joining the Board as the Mayoral appointee will help improve communications between the Board and the City, as well as collaboration with the Mayor's office.

Travis McDonough stated that he was leaving the meeting optimistic. He acknowledged that it did not have a perfect start, but felt it was a constructive start. He feels that the Board and City are headed in the same direction. He stated that the Mayor wants the Board's expertise. They are doing the best they can to keep people informed, however others have to be informed first sometimes.

Terry Knowles and Chris Willmore stated that they want to work together and educate. They hope that through this process, the need for a task force can be preempted. Travis stated that they will make time and want help with this process. He stated that the Mayor has asked for the Board's help. Terry asked Travis when he would get back with the Board in regards to make up of the task force, voting rights, if Board would be included on task force, and what the timeline would be. Travis stated that they would make an announcement and the Board would be able to make suggestions.

Terry Knowles stated that the Board and employee groups are optimistic and want to stay that way. He stated it has been a rocky start, but hopes for collaboration in the future. Travis commented that if it was the goal to disagree with each other, then that can be done. However, he felt everyone is smart enough to work together.

Retired Police Sergeant Ralph Brown addressed the Board to volunteer for a retiree position on the task force. Terry Knowles appreciated his willingness to volunteer, however it is the Mayor's task force and referred Mr. Brown to Travis McDonough. Ralph thanked Terry and stated he wanted to acknowledge his intent to volunteer before the Board first.

Motion by Corliss Cooper and seconded by Phillip McClain to adjourn at 1000 hours. Motion carried unanimously.

Terry Knowles
President

Phillip McClain
Secretary

Visitors

Travis McDonough, Tim Carroll,
Ralph Brown, Tim Bryant, Ken
Neblette, Robert Roark