

MEETING OF THE BOARD OF TRUSTEES
CHATTANOOGA FIRE & POLICE PENSION FUND

March 19, 2020

At the regularly scheduled meeting of the Chattanooga Fire and Police Pension Fund Board of Trustees held on the 19th day of March 2020, President Joe Shaw presided. The meeting was held via teleconference and the number was posted to Facebook for the public to join.

The meeting convened at 0908 hours with board members Joe Shaw, Britt Bradshaw, Nathan Vaughn, Kelly Simmons, Phillip McClain and Chris Hopkins. Attorney Bill Robinson was also present. Charlie Thomason was an excused absence.

APPROVAL OF MINUTES

Motion by Nathan Vaughn and seconded by Phillip McClain to approve the minutes of the February 20, 2020 meeting. Motion carried unanimously.

APPEARING BEFORE THE BOARD

Steve Roth and Barry Bryant of Dahab Associates joined the meeting to provide updated recommendations in the current market environment. Please refer to the Investment Report section for additional details.

LEGAL UPDATE

Attorney Bill Robinson updated the Board on the status of the request for a private letter ruling from the IRS regarding the tax exemption of survivor's benefits in regard to job-related deaths and disabilities. Katrina Abbott informed the Board the Fund continues to review the large volume of documents from Wells Fargo, as this will be a lengthy process.

MEMBERSHIP CHANGES

Motion by Phillip McClain and seconded by Nathan Vaughn to approve the following membership items:

REMOVE FROM THE ROLLS:

- Retired Firefighter Michael Lee Phillips, effective 02/29/2020, passed away 02/27/2020 (2-411)
- Retired Fire Engineer Charles Edward Talley, effective 03/31/2020, passed away 03/14/2020 (2-411)

ADD TO THE ROLLS:

- Police Officer Joe L. Fletcher, Jr., retiring with 28 years of service, reduced to a 25-year pension and 36- month DROP, effective 03/01/2020, adjusted pension participation date of 02/28/1992 (2-411, 2-423)
- Police Sergeant James P. Tate, retiring with 25 years of service effective 03/01/2020, pension participation date of 02/17/1995 (2-411)

REFUND CONTRIBUTIONS:

- Former Police Officer Aron Duty, terminated 03/04/2020, adjusted participation date of 07/17/2017 (2-413)

PAY DEATH BENEFITS:

- Sean Phillips, designated beneficiary of retired Firefighter Michael Lee Phillips (2-411)
- David Cobleigh, Kelly Philpot, Stacy Philpot and Pat Stephens, designated co-beneficiaries Charles E. Talley (2-411)

Motion carried unanimously.

ADMINISTRATIVE BUSINESS

The Board reviewed the bills paid since the last meeting.

Fund Administrator Katrina Abbott informed the Board that the Fund has received just over 500 out of the 800 Proof of Life Affidavits required to be submitted no later than April 30, 2020. The Board discussed the current environment regarding the COVID-19 outbreak and the desire to keep members safe. The Board will consider an extension to this deadline at the next Board meeting once additional information becomes available. As a result of the desire to adhere to social distancing requirements, the Board also cancelled the Annual Retirement DROP Seminar scheduled for May 7, 2020 and will reschedule later in the year.

Fund Administrator Katrina Abbott also requested the Board to consider the option of purchasing OneDrive software to enable the Board to securely view documents from remote locations in the current state of social distancing. Motion by Kelly Simmons and seconded by Phillip McClain to purchase OneDrive.

Fund Administrator Katrina Abbott informed the Board that we have one pending disability application from Senior Firefighter Rufus Hicks that is awaiting the final IME report and needs to have a hearing scheduled in April to finalize the application. There are five other pending disability applications all waiting for complete records to be received.

Fund Administrator Katrina Abbott provided information regarding the request of Retired MPO Charles H. Darling of the outcome of a DROP study completed in 2016 that included adding back employee contributions to the calculation of the Modified DROP. A cost study by the Fund's actuary determined that there was a slight cost increase to include employee contributions. It was determined that any additional cost, however minimal, would be considered a benefit enhancement and not allowable under The Public Employee Defined Benefit Financial Security Act of 2014 if the Fund was less than 60% funded.

Katrina Abbott also explained that the Fund has not yet received 4Q-2019 year-end investment data from certain investment managers that will likely delay the experience study results and requested that the actuary be allowed to provide an estimated contribution rate for the City of Chattanooga for an additional cost of approximately \$1,500 until final results can be provided. The Board approved moving forward with providing estimated rates to the City of Chattanooga until final results are completed.

INVESTMENT REPORT

Steve Roth and Barry Bryant of Dahab Associates presented a preliminary market update due to the current market environment surrounding the COVID-19 outbreak. Dahab Associates recommended reallocating funds as follows: redeeming \$2,500,000 from Johnson Institutional Core Fixed Income and \$2,500,000 from Metropolitan West and reallocating \$1,000,000 to Vanguard Institutional Index; \$2,000,000 to Vanguard Mid-Cap; and \$2,000,000 to PIMCO Stocks Plus. Motion by Phillip McClain and seconded by Chris Hopkins to approve Dahab's recommendation. Motion carried unanimously. Katrina Abbott noted that the previous redemption from AQR Emerging Equities on February 20, 2020 will be utilized for capital calls and benefit payments.

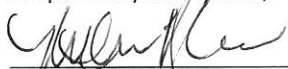
AGENDA NOTES

- Jeff Williams of Segal is tentatively scheduled for April 2, 2020 to present the Experience Study (subject to change)
- City of Chattanooga Employer Contributions received for Feb. 27, 2020 (\$799,897.33) and Mar. 12, 2020 (\$800,460.76)
- City of Chattanooga Employee Contributions received for Feb. 27, 2020 (\$176,913.53) and Mar. 12, 2020 (\$176,024.62)
- CARTA parking fees for February 2020 received (\$6,355.00)
- Unclaimed property funds received (\$1,168.11)

ADJOURNMENT

With no other business, motion by Phillip McClain and seconded by Chris Hopkins to adjourn at 1013 hours. Motion carried unanimously.

Respectfully Submitted,



Nathan Vaughn, Secretary

Date Approved: 4-2-2020



Joe Shaw, President

Visitors not Appearing Before the Board
Ron Boyd