

MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

March 16, 2006

The regular meeting of the City of Chattanooga General Pension Plan was held March 16, 2006 at 8:45 a.m. in the City of Chattanooga J.B. Collins Conference Room. Trustees present were David Eichenthal, Carl Levi, Daisy Madison, Dan Johnson and Corrine Allen. Others attending the meeting were Donna Kelley, City Personnel Office; Doug Kelley, City Personnel Office; Sharon Rogers, City Personnel Office; Vicki Corson, City Finance Department; Chris Haley, City Finance Department; Mike McMahan, Nelson, McMahan & Noblett; and Teresa Hicks of First Tennessee.

The meeting was called to order by Chairman David Eichenthal. A quorum was present.

The minutes of the meeting held February 16, 2006 and February 20, 2006 were approved as amended by counsel.

Upon a motion duly passed, the following pension benefits and plan expenses were approved:

ACCOUNT SUMMARY

ACCOUNTS PAYABLE

<u>COMPANY</u>	<u>AMOUNT PAYABLE</u>	<u>SERVICES RENDERED</u>
DOCUMENT RESOURCES, INC.	\$65.18	Document coding and branding – Paine Webber litigation
FIRST TENNESSEE	\$27,325.02	Custody and benefit payment services for quarter ending December 31, 2005
INNOVEST PORTFOLIO	\$6,862.50	Consultant services - litigation
THREE:HD	\$30.00	Web Site Programming – change in background

ACCOUNTS RECEIVABLE

<u>COMPANY</u>	<u>AMOUNT RECEIVED</u>	<u>PURPOSE</u>
No activity		

REPORT OF ACCOUNT (S) PAID

HARTFORD LIFE AND ACCIDENT INSURANCE CO. (Long-Term Disability)	\$12,492.31	Premium March 2006
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MISCELLANEOUS ITEMS

<u>NAME</u>	<u>TRANSACTION</u>
No activity	

Report from Counsel

Mr. McMahan distributed public documents on the arbitration settlement with Morgan Stanley. Mr. McMahan warned that the settlement contains a confidentiality clause in the agreement and advised the board to refer any press inquiries to him or to the chairman. Mr. Eichenthal stated he would not comment to the press but would refer them to Mr. McMahan. Mr. McMahan will not offer any comments to the press either but will offer to provide the press with the public documents. Finally, Mr. McMahan informed the board that they must destroy all documents received from Morgan Stanley during the arbitration process.

Custodian Bids

Ms. Kelley informed the board that the custodial rfp was mailed out to the Chattanooga institutions and publicly advertised in the newspaper. The deadline is tomorrow and one response has been received. Mr. McMahan has spoken to four other banks that he expects to also provide a response.

Mr. Eichenthal requested that a working group review the proposals and come back with a report for the board to use in its decision making. Mr. Eichenthal recommended the working group comprise of Daisy Madison, Carl Levi, Donna Kelley and her staff, Mike McMahan, and Consulting Services Group.

Fixed Income Allocation

Mr. Eichenthal had conversations with Robert Longfield of Consulting Services Group and Graham Schmidt from EFI Actuaries in relation to the fixed income allocation. Mr. Eichenthal briefly touched on the three issues discussed during the conversations. The first issue is an issue of allocation. Mr. Eichenthal has spoke to Mr. Longfield about this issue and will go into greater detail during the April or May board meeting. The second issue deals with how the actuary will treat the funds received from the arbitration settlement. Are the funds treated as a contribution from the City? Are the funds treated as an appreciation of assets? Graham Schmidt will further discuss this. The third issue concerns reducing the target of fixed income. This has brought some discomfort with the board. Mr. Eichenthal questions if return on investment is driving this issue. Robert Longfield will go back and review.

The next board meeting is scheduled for Thursday, April 20, 2006 at 8:45 a.m.

There being no further business, the meeting was adjourned.

Chairman

APPROVED:

Secretary