

Mr. Bryant indicated there would be some changes to shorten and simplify the presentation in the performance review book with the option to return to the present way of reporting.

There was discussion on the shifting of assets. Mr. Bryant indicated to move cash to Transamerica would be prudent.

*Russell Truell made a motion to bring the large cap allocation up to 40% using cash in the General Account and put it in large cap growth. Marcia Williams seconded the motion. Motion carried unanimously.*

#### **4. QUARTERLY REPORT – Gayle Pearl, SunTrust**

Ms Pearl noted it had been a very good quarter. Total Investment Results - \$854,774.89. The R-&K RMK Timber agreement is in their hands. They are still looking for properties. This is on hold and will probably fund by the end of the year. Cash in the Contribution Account pending investment, and is paying interest of over 4%. It could be put in a bond fund in the interim. Would need to know when the money is needed for the investment, as there could be a fee for pulling out of a bond early. Mr. Truell indicated the money should be in State Street, with nothing to be sold at a loss, but to take the funds as they mature. The Flippen Bruce account has been closed.

#### **5. REPORT ON ADMINISTRATIVE FEES – Russell Truell**

Mr. Truell presented a report of fees from 2001 through YTD 2007 for legal – Boulton Cummings, Actuarial – Acuff & Associates, Advisory – Hilliard Lyons, and Dahab. Legal fees should be less than 2006. The report will be updated each year for tracking purposes.

#### **6. CONSIDERATION OF RETIREE HEALTH BENEFIT TRUST**

The State of Tennessee passed a law to allow cities to set aside funds for retiree healthcare in the future. This does not dictate as to what the benefits are because premiums will go up and policies will change. There was discussion on setting aside money now and investing at a higher rate of interest. Funds can be set aside much as funds are set aside for the pension plan. There are choices. The City could adopt the State Trust model, develop its own model, or go to outside money management and use their trust agreements, or make it part of the pension plan with BOMA as the oversight committee.

Discussion ensued. Mr. Truell recommended \$340,000 be set aside year for this purpose. The City's Law Department has reviewed the document. Not all committee members have seen this document. It will be distributed to committee members and addressed at the next meeting.

**11. Renewal of Agreement with First Tennessee Bank**

Russ Truell related this was bid out almost two years ago. The third year is ending. The relationship with First Tennessee has been very positive and Mr. Truell recommends a one-year renewal of the agreement.

*Alderman Kriebel moved for approval of a one-year renewal of the City's agreement with First Tennessee Bank. Seconded by Alderman Randolph. Motion carried unanimously.*

**12. Review Proposed COLA for Pension Plan Recipients Effective July 1, 2007**

Russ Truell related this adjustment is in addition to the adjustment last fall and is to make the COLA coincide with the fiscal year. The cost of living adjustment starting in July should be 1.9%.

*Alderman Kriebel moved for approval of the 1.9% COLA for Pension Plan recipients to align with the City's fiscal year. Seconded by Alderman Randolph. Motion carried unanimously.*

**13. Acknowledgement of Receipt of Pension Plan Actuarial Valuation Report**

Mr. Truell related the Actuarial Valuation Report prepared by Acuff Associates was received by the Pension Committee. Members of this Committee received copies of the Report as well.

**14. Report on State Reporting Requirements for OPEB**

The State of Tennessee passed a law to allow cities to set aside funds for retiree healthcare. Funds may be set aside much as done for the pension plan. Approximately \$300,000 has been set aside by the City.

Mr. Truell recommended a trust of some sort be set up for this purpose. The Pension Committee briefly discussed this and will make a recommendation at their next meeting.

There are three ways a trust can be done, 1) an independent trust as the document from the State Comptroller that is in the agenda packet, and assign the investments to the Pension Committee 2) adopt a model trust from an investment vendor and use ICMA for investments 3) incorporate into the Pension Plan. The pension plan option would add complexity, because any change to the retiree trust would mean a change to the pension. Mr. Truell's recommendation is to use the model trust and adopt the rules of the Pension Committee since they have an actuary and legal counsel. This will be the recommendation to the Pension Committee. FY 2009 is the deadline this must be implemented. The sooner the money is invested, the better it will be. Karen Beyke approved the model document.

Alderman Randolph moved a trust be set up using the model document and that the trust be assigned to the Pension Committee with oversight by BOMA as the Board of Directors. Seconded by Alderman Kriebel. Motion carried unanimously.

**15. Other Items of Business**

**a) Report on Purchasing Card**

Mr. Truell submitted a report from Brian Wilcox, Purchasing Manager, regarding experience since inception with the City's purchasing card program. Committee members declared a "home run" for all departments and complimented Mr. Wilcox and the Purchasing Department. Jay Johnson noted this has significantly reduced the number of invoices submitted and checks to be written.

**16. Adjourn**

Meeting adjourned 6:38 pm:

  
Ernie Bacon, Chairman

Minutes prepared by Linda Fulwider, Board Recording Secretary, City Administrator's Office

When asked, Mr. Bryant said he thought the market would rebound by the end of the year, but not by the end of the quarter. The situation with goods from China was touched on. There was some discussion on mortgages, mortgage lenders, sub-prime lending, and on timber.

Russ Truell asked about applying excess cash. Mr. Bryant responded it would be prudent to put the money to work in the allocated market and stick to the plan in place.

#### 4. QUARTERLY REPORT – Gayle Pearl, SunTrust

Second quarter employee contributions \$80,641.11, employer contributions \$1,134,060.00. Monthly pension payments \$113,946.09.

#### 5. OTHER BUSINESS

- ▶ Mr. Truell referred to material distributed last meeting regarding “Other Post Employment Benefit (OPEB) Investment Trust Act of 2006” and “Integral Part Trust for Other Post-Employment Benefits”. There should be a recommendation from this committee to the Budget & Finance Committee, and subsequently to BOMA, on who will oversee the money once the trust is established. Should it be the State, a third party such as ICMA, or BOMA, with this Committee managing the money.

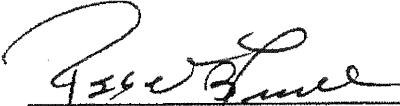
The trust could be handled in the same fashion as the pension trust. It would be cost effective to do so as this Committee has an actuary and a trustee in place. Committee members concurred. This trust is for those who retire but have not reached age 65.

*Mr. Truell moved to allow the existing Pension Committee to manage funds for the Integral Part Trust for Other Post-Employment Benefits. Seconded by Shirley Harmon. Motion carried unanimously.*

- ▶ The next quarterly meeting will be Monday, November 19, 2007 @ 4:00 pm in the Transportation Operations Center.

#### 6. ADJOURN

Meeting adjourned 5:00 pm.

  
Ernie Bacon, Chair     *Acting Chair 11/19/07 meeting*