



CITY OF GERMANTOWN TENNESSEE

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Retirement Plan Administration Commission Minutes

Thursday, December 15, 2011 – 1:30 p.m.
Personnel Conference Room
Municipal Center, 1930 S Germantown Rd, TN 38138

MEMBERS PRESENT: Patrick Lawton, Ralph Gabb, Todd Proctor and Frank SanPietro

MEMBERS ABSENT: Mayor Sharon Goldsworthy, Alderman Mark Billingsley

STAFF PRESENT: Michael Stoll

ALSO PRESENT: Bill Pickens, Sarah Thomas and Bart Reid, Gerber Taylor & Associates
Dick Vosburg

Call To Order

Ralph Gabb called the meeting to order at 1:30 p.m. and announced there was a quorum present.

Approval of Minutes

Ralph Gabb called for approval of the minutes from the September 14, 2011 RPAC meeting.

****MOTION****

Frank SanPietro moved to approve the minutes from the September 14, 2011 RPAC meeting. Todd Proctor seconded and the motion passed unanimously.

Ralph Gabb briefly recapped the last meeting and passed out some handouts.

Report by Gerber Taylor

Bill Pickens referred to the Quarter End book and made a brief summarization stating the current month performance for the total fund in line with the market which was down 1.5 versus 1.6 for the 65/35 stocks and bonds, bringing the year to date performance down 5.3 which is below the benchmark which is down 0.7 mostly due to investment with Fairholme which is down 30%. The other portion comes from the international stocks in which Harbor out performed on a relative basis versus MSCI index down 10.9. International Harbor is up 9.9% since they were implemented in the portfolio in 1993. Overall performance is still at 8.5%. Stating that Gerber Taylor were pleased with the long term performance but a little frustrated with the short term both to do with Fairholme whose large financial position has been a drag on performance. As a reference point thru 30 September the fund was down by 10.5% since the end of the quarter it is now up by about 6 or 7% in October and November cumulatively.

RETIREMENT PLAN ADMINISTRATION COMMISSION

December 15, 2011

Page Two

Report by Gerber Report (Con'td)

Bill also spoke about the market past and present and stated that it now felt like it did back in the 1980 than ten years ago when everybody was excited and thrilled about owning equities. Although the valuations not being as cheap as they were in 1980 as interest rates are very low as is inflation and therefore stocks today are pretty reasonable in value and an attractive time to own equities.

Bart Reid spoke regarding statistics regarding Fairholme versus FMI Large Cap, stating that Fairholme is still outperforming FMI at 7.06 versus 6.43. FMI is a fund similar to Fairholme where the managers are very well known and respected.

A lengthy discussion followed regarding recommendations.

****MOTION****

Frank SanPietro made a motion to keep current target allocation as it stands, Todd Proctor seconded. The motion was passed unanimously

A further discussion then ensued where it was decided to sell Fairholme.

****MOTION****

Todd Proctor made a motion to sell 100% of Fairholme and to purchase FMI, Frank SanPietro seconded. The motion was passed unanimously.

Adjournment

Hearing no further business, Ralph Gabb called for a motion to adjourn.

****MOTION****

Frank SanPietro made the motion to adjourn, Todd Proctor seconded and the motion was passed unanimously.