



CITY OF GERMANTOWN TENNESSEE

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Retirement Plan Administration Commission Minutes

Wednesday, December 18, 2013 – 5:00pm.
Administrative Conference Room
Municipal Center, 1930 S. Germantown Rd, TN 38138

MEMBERS PRESENT: City Administrator Patrick Lawton, Alderman Mike Palazzolo, Ralph Gabb, Frank SanPietro and Todd Proctor

MEMBERS ABSENT: Mayor Sharon Goldsworthy, Daniel Dent

STAFF PRESENT: Susan Hobson, Ernie Morretta

ALSO PRESENT: Bill Pickens, Sarah Thomas and Bart Reid with Gerber/Taylor Associates

CALL TO ORDER

Chairman SanPietro called the meeting to order at 5:12 p.m.

Mr. Gabb reminded everyone about a contribution that was made to the retirement account in June, 2013. Per Mr. Gabb, actuary Richard Ellis suggested that another contribution be made by the end of December, 2013. He said the balance in our Distribution account was \$56,158; from January 1 through June 30, 2013 the employees contributed \$320,000 and participant payments equaled 1.2 million. He further explained that when we make a \$2,238,029 contribution in December, the \$1,254,587 will be invested and \$983,442 will be put to the side for distribution. Mr. Gabb advised that he decided to make a \$50,000 contribution into the U.S. Bank because there was not sufficient cash without selling funds. He said with the Board's knowledge and approval he would make the contribution (second half of \$2,287,758 payment that was made back in June) tomorrow and the amount to be vested would be based upon our Asset Allocation that is in place.

Prior to excusing himself, Mr. Lawton spoke on Agenda Item #6 - Update on Investment Policy. He said after months of conversation and several readings on this particular item, he is in full support of our consultant's recommendations and moving forward with this at the quickest, possible convenience.

PRESENTATION OF QUARTERLY UPDATE

Mr. Bill Pickens and Bart Reid (Gerber/Taylor Associates) provided a brief performance update. Mr. Reid began by stating that overall, it has been an outstanding year with S&Ps being up almost 30% and the City's portfolio being up by 20%. Per Mr. Reid, this rising effect is mostly due to the Equity Allocation. He further explained that the total Equity number is up 27.5% which is somewhat below the S&P due mostly to international exposure. As for Fixed Income, Mr. Reid advised that **forms** have been good; short duration bonds are finally starting to pay off as Barclays Aggregate is down 1.5% for the year

and the short-term bond fund is actually positive. He re-iterated by advising that it has been a great year and that the City is pretty much on target everywhere.

Mr. Gabb stated that since inception, the City's Total Fund now has a 9.1% return as it had been approximately 8.6% or 8.8% some months ago.

UPDATE ON INVESTMENT POLICY

Mr. Pickens said that for the last year, discussion has been to change the investment strategy of the pension fund by reducing exposure and the dependence on bonds in order to give us defensive, low volatility investments. He further stated that 2.5% or 3% is not going to help get us to the actuarial assumption long term; the rest of the portfolio as it is today is invested in stocks therefore handcuffing us to the directional risk of the equity markets.

Referring to a GT Model Allocation, Mr. Pickens advised that the asset classes have been broadened. Per Mr. Pickens, Emerging Markets, Hedged Equity, and Multi-Strategy Hedge have now been added. Mr. Reid said these new strategies will now provide an option for alternatives. Mr. Pickens further explained that *Real Assets* include real estate, global national resources and master loaded partnerships, *Fixed Income* is traditional bonds and *Opportunistic Strategies* include Japan investments.

Chairman San Pierto called the roll and announced there was a quorum present.

CHAIRMAN COMMENTS

Chairman San Pierto thanked everyone not only for their attendance, but for their input as well. He then called for a motion to adopt the newly, revised Investment Policy Statement as presented.

****MOTION****

Alderman Palazzolo moved to approve the new Investment Policy Statement. Mr. Proctor seconded and the motion passed unanimously.

APPROVAL OF MINUTES

Chairman SanPierto called for approval of the minutes from the September 10, 2013 RPAC meeting.

****MOTION****

Alderman Palazzolo moved to approve the minutes from the September 10, 2013 RPAC meeting. Mr. Proctor seconded and the motion passed unanimously.

Chairman SanPierito called for approval of the minutes from the December 2, 2013 Special Call RPAC meeting.

****MOTION****

Alderman Palazzolo moved to approve the minutes from the December 2, 2013 Special Call RPAC meeting. Mr. Proctor seconded and the motion passed unanimously.

OTHER BUSINESS

Chairman SanPierito called for a motion to authorize Gerber/Taylor to make changes to the investments as proposed during the last twelve months.

****MOTION****

Mr. Proctor moved to make changes to the investments as proposed. Alderman Palazzolo seconded and the motion passed unanimously.

Alderman Palazzolo thanked members for their service and for the well built relationship developed during the past year. He then wished everyone a happy holiday season.

Mr. Gabb not only thanked members for serving during the past year, but also said that he looks forward to working with everyone this forthcoming year.

Chairman San Pietro said that he was grateful for the opportunity to have served and look forward to serving again next year. He further stated that he appreciates the efforts of our consultants and the hard working staff of the City of Germantown; everyone, per Chairman San Pietro did amazing work this past year. He then officially wished a happy holiday season and a healthy and prosperous new year to all.

ADJOURNMENT

Having discussed all items on the agenda, Chairman SanPierito called for the meeting to be adjourned.