



CITY OF GERMANTOWN TENNESSEE

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Retirement Plan Administration Commission Minutes

Wednesday, March 27 2013 – 5:00pm.
Personnel Conference Room
Municipal Center, 1930 S Germantown Rd, TN 38138

MEMBERS PRESENT: City Administrator Patrick Lawton, Daniel Dent, Ralph Gabb and Frank SanPietro

MEMBERS ABSENT: Mayor Sharon Goldsworthy, Alderman Mike Palazzolo and Donna Curlin

STAFF PRESENT: Susan Hopson, Ernie Moretta and Chief Selberg

ALSO PRESENT: Bill Pickens – Gerber/Taylor Associates
Bart Reid – Gerber/Taylor Associates
Richard Ellis – Ellis Benefits

CALL TO ORDER

Ralph Gabb called the meeting to order at 5:20pm and announced there was a quorum present.

APPROVAL OF MINUTES

Ralph Gabb called for approval of the minutes from the December 20, 2012 RPAC meeting.

****MOTION****

Patrick Lawton moved to approve the minutes from the December 20, 2012 RPAC meeting. Frank SanPietro seconded and the motion passed unanimously.

REPORTS

Bill Pickens reviewed the handouts and spoke briefly about the executive summary stating that the year had ended with a rough balance of \$49.1m with investment gains for the calendar year of roughly \$5.7m. The net contributions to the fund were \$0.5m which is a 13% return total net of all fees. The equity portfolio was up by approximately 16%. It was noted that a 5% allocation was recommended to Eagle MLP. He noted that the market value growth has been pretty amazing since 1988 at \$17m with investment earnings at \$31m.

RETIREMENT PLAN ADMINISTRATION COMMISSION

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Bill referred to the Investment Management overview and stated that they were recommending an asset allocation which much more diversified than where the City is today and that it embraces different risks, looking at strategies that would incorporate head strategies, private equity, real assets, lower dependence on bonds and a higher dependence on diversification to control risk.

Frank Carney clarified that none of the products would be proprietary Gerber Taylor products and also noted that these products were representative but not exact.

A motion was put forward to have Gerber Taylor submit a proposal to the City for new allocation informing the City what it would look like, how it would compare to the existing allocation and the fee structure, so that the City can make an actual discussion on moving to the new allocation – the motion was stated as formal consideration of the actual new allocation.

Ralph Gabb made the motion and Daniel Dent seconded, the motion passed unanimously.

Ralph then tabled the Eagle MLP at the present time as a new model was being viewed and there was no real benefit at this time. It was agreed unanimously to table this item.

Ralph also tabled the current allocation to the next meeting as this falls within the tolerance. It was agreed unanimously to table this item.

Ralph noted that the way the City was funding the retirement plan was changing, typically the City waits until the last week of June, for budget purposes the Pension ARC numbers can be run during the budget process and the City is planning to fund it again at the end of the calendar year.

Ralph stated that the City was looking at a new retirement plan effective July 1, 2013. The existing plan would then be frozen. Richard Ellis stated that the cost of the current retirement plan had exceeded expectations, in 14 years the cost has increased from 7-8% of pay to 14% of pay. The actual assumptions for 2012/13 have been revised so that the costs have been reduced for the fiscal year to slightly under 12%. The expected retirement age for general service employees was a little low. The salary increase assumption was also reduced as this was a little high at 4.5%. This would cause a shortfall of about \$12m of what the City has having realized the 8% assumption.

After much discussion, a motion was called to freeze participation of City's existing defined benefit plan and to instruct the administration to develop an alternative plan for new hires effective July 1, 2013.

****MOTION****

Ralph Gabb made the motion, Frank SanPietro seconded and the motion passed unanimously.

ADJOURNMENT

Hearing no further business, Ralph Gabb called for the meeting to be adjourned.