



CITY OF GERMANTOWN TENNESSEE

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Other Post Employees Benefits Commission Minutes

June 18, 2014 – 5:30 pm.

Administrative Conference Room

Municipal Building, 1930 S. Germantown Rd, TN 38138

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

MEMBERS ABSENT: Mayor Sharon Goldsworthy, Frank SanPietro

STAFF PRESENT: Chief John Selberg

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

CALL TO ORDER

Ralph Gabb called the meeting to order and announced that there was a quorum.

APPROVAL OF MINUTES

Mr. Gabb called for approval of the minutes from the March 26, 2014 OPEB meeting.

****MOTION****

Todd Proctor moved to approve the minutes from the March 26, 2014 OPEB meeting as presented. Alderman Palazzolo seconded and the motion passed unanimously.

CHAIRMAN'S COMMENTS

No comments.

GERBER/TALYOR – CITY INVESTMENT POSITION

Mr. Pickens reported that it has been a great year with Investment Earnings totaling \$682,154 for the year and \$1,534,231 from the April 1, 2008 date of inception. As for the May 31st, 2014 update, the year-to-date total is up by 3% (same as Retirement Plan) and the fiscal year-to-date amount is up by 16.4%. Per Mr. Pickens, the \$5 million (total fund) does not qualify for 3C7 Hedge Fund of funds which requires a \$25 million minimal in assets to

invest. We do however qualify for 3C1 Hedge Funds in which Drake Capital Partners is a part of; this multi-strategy allocation hedge fund so far has been great being up by 2.2% since February, 2014. Mr. Pickens further advised that Gotham Absolute Return is actually a long-short equity hedge fund but is structured as a mutual fund. Unlike other hedge funds that have either annual, bi-annual or three years lock up, this fund has daily liquidity. Returns have been spectacular and are up by 5% since January. He also noted that PIMCO All Asset is not necessarily categorized as a hedge fund, but rather is a multi-strategy fund that has the opportunity to invest in any of PIMCO's underlying funds whether its core bonds, merging market bonds, equity, international equity of bonds or real assets, it can go wherever opportunities arise. It too has done a great job and is up by 5.4% since January, 2014.

Mr. Pickens stated that the OPEB Trust Asset Allocation essentially mirrors the Retirement Plan allocation. Per Mr. Pickens, the difference is that there is no opportunistic slice which is the Nippon value of the Japanese Investment; although not opportunistic, First Eagle Overseas has a higher Japan exposure than Harbor. It was recommended to maintain the current allocation as it is.

****MOTION****

Daniel Dent moved to maintain the current Other Post Employee Benefits allocation of funds as it is. Todd Proctor seconded and the motion passed unanimously.

YEAR-END FUND DISBURSEMENT

Mr. Gabb explained that last year the Other Post Employee Benefits account was funded at \$1.4 million. Because changes (effective January 1, 2014) were made to the plan the required contribution this year is \$684,360. Elimination of the \$100 spousal contribution and prescription drug program along with dental benefits at our cost made a significant impact on the City's contribution. He further advised that \$549,772 would be invested; the difference between the ARC and the projected investment (\$134,588) will be put into the distribution account.

****MOTION****

Todd Proctor moved to invest \$549,772 and that \$134,588 be put into the distribution account. Daniel Dent seconded and the motion passed unanimously.

OTHER BUSINESS

Alderman Palazzolo commented on how fortunate the City is for having strong fiscal policies as it relates to Other Post Employee and Retirement benefits; he said we should all take great pride and comfort in this as all communities cannot make such a statement. Mr. Lawton said he appreciates the support from the Commission on planned amendments and Mr. Gabb thanked everyone for being on the Commission and urged members to reply as the new year starts.

ADJOURNMENT

With all matters having been discussed and decided, Mr. Gabb adjourned the meeting.