



CITY OF GERMANTOWN TENNESSEE

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Other Post Employees Benefits Commission Minutes

December 3, 2015 – 7:00 pm.

Administrative Conference Room

Municipal Building, 1930 S. Germantown Rd, TN 38138

MEMBERS PRESENT: Chairman Daniel Dent, Ralph Gabb, Alderman Rocky Janda, Sammy Jobe, and City Administrator Patrick Lawton

MEMBERS ABSENT: Mayor Mike Palazzolo

STAFF PRESENT: Reynold Douglas, Bo Mills, and Steve Wilensky

ESTABLISH QUORUM (Roll Call)

Mr. Gabb reminded everyone that the same members were present.

APPROVAL OF MINUTES

Chairman Dent asked for approval of the September 23rd, 2015 minutes.

****MOTION****

Chairman Dent moved that the minutes from the September 23rd, 2015 meeting be approved as presented. Mr. Jobe seconded and the motion passed unanimously.

CHAIRMAN COMMENTS

On behalf of the Commission and as a citizen, Chairman Dent recognized and thanked Bo Mills (Director of Public Works) and Reynold Douglas (Director of Facility Services) for their work efforts and the hard and strenuous nature of work that is performed by their staff.

GERBER/TALYOR – CITY INVESTMENT POSITION

Mr. Bart Reid stated that this plan is simply a replication of the Retirement Plan with performance for the quarter being essentially the same, down by 6.9%. He said from a size stand point there are a few managers that are different; again, because of a smaller pool of money the Wedge Large and Small Cap could not be accessed. Baron's Small Cap has been a bit frustrating this year and Dodge & Cox has done fairly well. First Eagle protects

the capital very well (quarterly and yearly) over the EAFE index and Harbor International. Hedge Funds are a little different mainly because some of the managers have done better. Drake has done a great job by being up 1.8% for the year while the market was down by 5% and bonds were up by only 1.1%; it has outperformed both stocks and bonds (up 3.3%) from inception as well. Mr. Reid further advised that the Gotham Neutral has done very well but Gotham Absolute Return (50% net long fund) has lagged some. Near term and through November it has done a little better as the fundamentals are very attractive for these type long-short equity funds and hedge funds in general. He recommended that the Eagle MLP fund should be "bumped" up and that all funds be reallocated.

****MOTION****

Chairman Dent moved that based on target all funds be reallocated. Mr. Jobe seconded and the motion passed unanimously.

Mr. Gabb reported that the plan had been moved to a six month distribution account. Because these participants are retirees makes it hard to gage how much should be put into the cash account. Due to a recent situation, Mr. Gabb worked with Mr. Reid and Mr. Lawton to sell funds and put \$250,000 into the Cash Disbursement account (based on a six month projection with estimated subsidy pay outs). To know exactly how much money should go in this account is hard to determine as it depends on each retiree's situation (Medicare age, major illness, health issues, etc.). Mr. Reid said depending on the cash needs, cash/target allocations are not currently being kept. Due to the liquidity for this fund and because there are not a lot of "ill-liquid" strategies, capital can be generated pretty quickly. Other than the need for a large cash distribution (20% or more of the portfolio), he does not feel that there is a need to keep cash.

****MOTION****

Alderman Janda moved that stocks in the amount \$250,000 were sold and essentially used to support the Cash Disbursement account. Mr. Jobe seconded and the motion passed unanimously.

OTHER BUSINESS

Mr. Lawton announced that Finance Director Ralph Gabb is retiring. On behalf of the RPAC/OPEB Commission, he thanked Mr. Gabb for his many years of service to this committee and his expert advice that he has provided not only to this body but also to the City of Germantown.

ADJOURNMENT

With all matters having been discussed, Chairman Dent adjourned the meeting.