



CITY OF GERMANTOWN TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

Retirement Plan Administration Commission Minutes

July 18, 2017 – 5:30 pm.
Administrative Conference Room
City Hall, 1930 S. Germantown Road

MEMBERS PRESENT: Mayor Mike Palazzolo, Patrick Lawton, Daniel Dent, Ralph Gabb, Alderman Rocky Janda, Matt Keathley, Paul Turner

ALSO PRESENT: Gerber/Taylor Representatives - Bill Pickens, Steven Francomaccaro

CALL TO ORDER

Chairman Dent called the meeting to order.

ESTABLISHMENT OF A QUORUM

Mr. Turner called the roll and announced that there was a quorum.

APPROVAL OF MINUTES

Chairman Dent called for the approval of the minutes from the March 21st, 2017 RPAC meeting.

****MOTION****

Alderman Janda made a motion to approve the minutes from the March 21st, 2017 RPAC meeting. Mr. Gabb seconded and the motion passed unanimously.

CHAIRMAN COMMENTS

No Comments from Chairman Dent.

GERBER/TAYLOR—CITY INVESTMENT POSITION

A) Amended & Restated Pension Plan (Old Plan):

Mr. Reid advised that the one year number for the plan is up 12.1% and 5.7% year-to-date; this is approximately \$3.7 million (year-to-date) and \$7.5 million (one year), in returns that are well ahead of the current actuarial assumption of 7.5%. Mr. Reid further advised over the past year, diversification has worked well in respect to international and emerging markets stocks. Also, bonds are down -0.3% for the year and MLP's rebound significantly from the lows in February, 2016.

As for performance highlights, Mr. Reid said that long-term returns were great at 8.54% with a cumulative return of 1,014.49% since inception, almost 30 years ago. This return was generated with lower volatility in the overall market capturing approximately 88.17% on the upside and only 74.85% of the downside. Our rank across all defined benefit plans

in the "InvestorForce" universe is in the top 36% (81 portfolios) from inception date 2/1/88 and top 9% (1,021 portfolios) for the last year.

A summary of cash flows include a *Beginning Market Value* of \$1,044,100, plus *Net Cash Flow* (contributions and withdrawals since inception 2/1/88) of \$15,603,957 added with *Net Investment Change* (total earnings) of \$52,748,956 give us an *Ending Market Value* of \$68,397,013.

B) Defined Benefit (Cash Balance) Plan:

Mr. Reid stated the one main difference from the Amended & Restated Pension Plan is that we are using PIMCO All Asset and Gotham Absolute Return as our hedged strategies. Year-to-date returns (6%) are pretty much in line with what was in the Retirement Plan (5.7%) however, the one year is slightly lower at 10.8%. Mr. Reid further stated that a constant contribution of cash creates a "drag" in portfolio performance and a buildup of cash.

****MOTION****

Mr. Turner made a motion to invest the total amount of cash (with the exception of \$25,000) into the City's existing allocation. He also suggested in going forward, this deployment of cash should be revisited on an annual basis. Mr. Keathley seconded and the motion passed unanimously.

CITY PROJECTED CASH NEEDS (6 MONTHS) – Amended and Restated Retirement Plan

Mr. Turner reported the *Cash Needs Analysis* for the period of June 1st, through December 31st, 2017 is as follows:

Cash on Hand	\$112,034
Cash Needed	711,247
Cushion	50,000
Total Cash Need	
Adjustment through 12/31/17	\$761,247

****MOTION****

Mayor Palazzolo made a motion to approve that the Amended and Restated Retirement Plan be funded by \$761,247 for cash flow needs through June 1st through December 31st, 2017. Mr. Gabb seconded and the motion passed unanimously.

OTHER BUSINESS

There was no other business to discuss.

ADJOURNMENT

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