



CITY OF GERMANTOWN TENNESSEE

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

Other Post Employee Benefits Commission Minutes

July 18, 2017 – 6:00 pm.
Administrative Conference Room
City Hall, 1930 S. Germantown Road

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

MEMBERS ABSENT: Alderman Rocky Janda

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

CALL TO ORDER

Chairman Dent called the meeting to order.

ESTABLISHMENT OF A QUORUM

Chairman Dent reminded everyone that the same commission members were present and that a quorum was thereby formed.

CHAIRMAN COMMENTS

No comments from Chairman Dent.

APPROVAL OF MINUTES

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

****MOTION****

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

GERBER/TAYLOR—CITY INVESTMENT POSITION

Mr. Reid reported once again that the allocation for the OPEB Trust is very similar to the other plans. Performance wise, absolute numbers are up 6.7% year-to-date, 11.3% for the one year and 5.6% long-term along with the 65/35% mix of stocks and bonds. In terms of cash, this translates to total earnings of \$337,000 year-to-date and \$590,000 for the year.

Mr. Turner said the City's new contribution for FY18 will be substantially higher—almost by \$300,000. He said hopefully, the cash inflow will increase and the City will not have to withdraw so much cash. Mr. Reid said they were equally concerned with contributions being 20% over the total value range; per Mr. Reid, 20% returns are not really attainable and may not work out for the best. He said that withdrawals would be closely monitored going forward.

In conclusion, Mr. Reid said the main difference between the plans is that with the OPEB plan, we are using Drake Capital Partners for the hedge strategy as opposed to the mix of Alternative Investment Group and Forester. The reason behind this is that Drake is a 3C-1 Fund; due to our asset size, Drake is precluded from the vesting, unlike Alternative and Forester which are 3C-7 Funds. Per Mr. Reid, things have worked out well as Drake outperformed both of these funds as of June 30, 2017. Lastly, Mr. Reid pointed out that Drake is above their target of 20%; their percentage of the net portfolio was 24.9% which was mainly due to more illiquid withdrawals made over the past year.

****MOTION****

Mr. Turner moved to make a withdrawal request from Drake Capital Partner and then revisit the re-allocation of these funds, based on targets and funds received, at the next OPEB meeting. Mayor Palazzolo seconded and the motion passed unanimously.

CITY PROJECTED CASH NEEDS (6 MONTHS) – OPEB Plan

Mr. Turner reported for the period of June 1st through December 30th, 2017, \$144,503 is needed as (soon as possible) to meet the City's obligation for the OPEB fund. He said this for sure will get us through the end of the Calendar year.

****MOTION****

Mr. Gabb made a motion to approve that \$144,503 be moved to the OPEB fund to fulfill the City's OPEB obligation throughout the end of the calendar year. Mayor Palazzolo 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.