



CITY OF GERMANTOWN TENNESSEE

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Other Post Employee Benefits Commission Minutes

September 13, 2018 – 6:00 pm.
Administrative Conference Room
City Hall, 1930 S. Germantown Road

MEMBERS PRESENT: Ralph Gabb, Alderman Rocky Janda, Matt Keathley, Patrick Lawton, Gena Wolbrecht

MEMBERS ABSENT: Mayor Mike Palazzolo

ALSO PRESENT: Bart Reid—Gerber/Taylor Representative

CALL TO ORDER

Chairman Keathley called the meeting to order.

ESTABLISHMENT OF A QUORUM

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

CITY PROJECTED CASH NEEDS (6 Months):

As for OPEB cash flow needs, Mr. Gabb reported the following:

Cash on Hand at 8/30/18	\$ 372,599
City Contribution made on 5/25/19	--
Retirees Contribution to Trust	
September thru December 2018	76,768
Supplement payout to Retirees	
September thru December 2018	(26,000)
Estimated Retirees Medical Claims	\$ (430,268)
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Projected Cash on Hand at 12/30/18	(6,901)

Projected Cash on Hand at 8/30/18	\$ (6,901)
Retirees Contribution to Trust	
January thru March 2019	57,576
Supplement payout to Retirees	
January thru March 2019	(19,500)
Estimated Retirees Medical Claims	(322,701)
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Projected Ending Cash at 3/31/19	\$ (291,526)

Mr. Gabb said as for the projected cash on hand (-\$6,901) at December 31st, he recommends not funding this shortage right now (leave alone)—wait until this commission meets again in December to further discuss.

GERBER/TAYLOR—CITY INVESTMENT POSITION

Mr. Reid explained that the asset allocation for the Retirement Plan was cut a bit and then re-allocated to two other bond funds. He said at the time, this could not be done with the OPEB Trust because 1607 required a minimum investment of \$1 million. Since then, recent conversations with the 1607 Bond Fund will now allow us to reduce our allocation. Mr. Reid recommended pulling \$150,000 from the 1607 account to then re-allocate funds across the two other two bond funds.

****MOTION****

Alderman Janda made a motion to pull \$150,000 from the 1607 account to re-allocate funds across the other two bond funds. Chairman Keathley seconded and the motion passed unanimously.

Mr. Reid further recommended that the Eagle MLP Strategy Fund be liquidated, transferring all proceeds to the Tortoise MLP & Pipeline account.

****MOTION****

Chairman Keathley made a motion to liquidate the Eagle MLP Strategy Fund and transfer all proceeds to the Tortoise MLP & Pipeline account. Alderman Janda seconded and the motion passed unanimously.

Mr. Reid advised performance year-to-date is up .9% but is however, down for the quarter. LSV Small Cap (recently hired based on a quantitative “driven” approach) has lagged a bit—2.2% year-to-date. This allocation is “deep value” with a Price to Earnings (PE) value of 11.6X. Furthermore, Mr. Reid explained that Gotham has been one of the largest headwinds with Absolute and Neutral returns of 50% and 15% net long (respectively). Essentially as this plan gets larger over time and once we start to see some rebound, Mr. Reid said he would like to reduce current allocations of 6.3% (Absolute) and 2.5% (Neutral) to Gotham.

OTHER BUSINESS

No other business.

ADJOURNMENT

Having discussed all items on the agenda, the meeting was adjourned.