



# CITY OF GERMANTOWN TENNESSEE

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## **Other Post Employees Benefits Commission Minutes**

August 11, 2016 – 7:00 pm.

Administrative Conference Room

City Hall, 1930 S. Germantown Rd, TN 38138

**MEMBERS PRESENT:** Daniel Dent (Chairman), Sammy Jobe, Matt Keathley, City Administrator Patrick Lawton and Finance Director Paul Turner

**MEMBERS ABSENT:** Mayor Mike Palazzolo

**STAFF PRESENT:** None

**ALSO PRESENT:** ▪Bart Reid and Steven Francomaccaro (Gerber/Taylor)

### **CALL TO ORDER**

Chairman Dent called the meeting to order.

### **ESTABLISH QUORUM (Roll Call)**

Chairman Dent reminded everyone that the same attendees (less one) were present and that a quorum was thereby formed.

### **CHAIRMAN COMMENTS**

No comments.

### **APPROVAL OF MINUTES**

Chairman Dent asked for approval of the April 26<sup>th</sup>, 2016 OPEB minutes.

### **\*\*MOTION\*\***

A commission member moved to approve the minutes from the April 26<sup>th</sup>, 2016 OPEB meeting as presented. An alternate commission member seconded and the motion passed unanimously.

### **GERBER/TALYOR – City Investment Position**

Mr. Reid advised that performance for the OPEB Trust (Cash Balance Plan) is right in line with the portfolio being up by 2.4% for the year and outperforming the 65/35% index but still lagging year-to-date in a one year period. Although this portfolio got started at a really difficult time in the market (April, 2008), it was still able to generate an annualized return rate of almost 5%. Mr. Reid said this portfolio is different from the Retirement Plan portfolio as it includes Dodge & Cox Stock and Baron Small Cap as opposed to Wedge Capital. Managers for the most part have done fairly well; although there have been some lagging returns, growth in the past 7 years has outperformed value by approximately 45% on a cumulative basis. On the International side, First Eagle has protected capital very well and added value versus the EAFE Index. Harbor International also has done well (long-term) and has kept up with EAFE since inception of 2008. Although there was a pretty tough one-year period (mostly due to Japan) this past year, capital was however protected. Drake Capital Partners is similar to Forester in that they are a multi-strategy fund; while 20% has been allocated to Drake, other portions have been given to Gotham long-short and PIMCO All Asset. Drake has done a good job by being up by 2.4% and adding value to the portfolio. Gotham Neutral Fund is protected somewhat while PIMCO All Asset has been lagging since being hired. Per Mr. Reid, they had a horrible year last year due to their emerging markets exposure. Because emerging markets have come back significantly this year, PIMCO is now doing great and is up by 9.5%.

### **OTHER POST EMPLOYMENT BENEFITS PROJECTION—Cash Needs for the Remainder of the Year**

Mr. Turner reported that Cash on Hand at July 31, 2016 for the OPEB Fund was \$57,400. Based on an average cash outflow of approximately \$74,000, Mr. Turner recommended that the OPEB Fund be funded in the amount of \$444,000 to give us the total cash needed for the next six months.

Mr. Reid recommended for the purpose of generating cash, the City would need to sell based on the target allocations across the board.

### **\*\*MOTION\*\***

Chairman Dent made a motion to sell \$444,000 in order to generate cash based on the target allocation. An alternate commission member seconded and the motion passed unanimously.

### **OTHER BUSINESS**

No other business.

### **ADJOURNMENT**

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