



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

October 17, 2016 – 6:00 pm.
Administrative Conference Room
City Hall, 1930 S. Germantown Rd, TN 38138

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

MEMBERS ABSENT: Alderman Rocky Janda, Sammy Jobe and Mayor Mike Palazzolo

STAFF PRESENT: Steve Wilensky

ALSO PRESENT: Gerber/Taylor Representatives: Bill Pickens, Bart Reid and 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.

CHAIRMAN COMMENTS

No Comments

Mr. Bart Reid presented a table that contained the seven to ten year (7-10) Best Guess Returns for Asset Classes viewed by a number of very respected firms within the industry that ranged from 1% (GMO) to 6.3% (AQR) for U.S. Equities. The ten year treasury yields about 1.7% today which is up slightly from 1.5% earlier in the year.

After determining that the City's actuary, Mr. Richard Ellis ran assumptions on current allocations of 7.5%, it was suggested that our Actuarial Assumption be considered and changed anywhere from 6.5% to 7.25%. A final decision would be made at the December meeting.

AMENDED & RESTATED PENSION PLAN:

Finance Director Paul Turner spoke on key takeaways after comparing plans from 2015 to 2016. He advised that investment returns varied by 4.4%. Benefit payments were up and the assets were down by \$4.1 million; liability went up by 10% and the City's funding ratio decreased to 73.22% from 84.02%. Actuarial reports ran at 7.5% generate an increased pension liability of \$4.6 million and a funded ratio decrease of 69.4%. Mr. Turner further advised that going from 8% to 7.5% will cause the Actuarially Determined Contribution (ADC) to go up by \$2.3 million which is approximately a \$192,000 annual increase. Currently, the ADC is \$2,104,637 (8%) and at 7.5%, the total contribution is \$2,297,083. He said that he will have more reports run at 6.5% and 7% for further comparison. Mr. Lawton added that another important driving factor is to keep the funding ratio intact, at least to 80%.

GERBER/TAYLOR—CITY INVESTMENT POSITION—Defined Benefit Plan:

Mr. Reid reported that overall, it was a pretty good quarter with the portfolio being up by 4.7% and bringing year-to-date closer in line with the 65%/35% mix of stocks and bonds. Although International stocks outperformed our Emerging Markets, bonds did not have a healthy quarter in that the hedge funds started to "turn around" a bit.

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

Mr. Turner reported cash on hand as of 9/1/16 was \$795,186 less fourth quarter retiree payments of (\$1,224,044), plus employee contributions of \$226,368 totaled a *Projected Cash on Hand for 12/31/16 of (\$202,490)*. Going forward, the City's ADC contribution for mid November is \$2,104,637 less retiree payments (January-June, 2017) of (\$1,836,066) plus employee contributions of \$339,552 and less a retained cash balance as of June 30, 2017 of (\$50,000) brings us to a total *Trust Funds Investment of \$355,633*.

APPROVAL OF MINUTES

Chairman Dent called for the approval of the minutes from the August 11th, 2016 RPAC meeting.

****MOTION****

Matt Keathley made a motion to approve the minutes from the August 11th, 2016 RPAC meeting. Patrick Lawton 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.