

A regular meeting of the OPEB Committee was held on Thursday, May 12, 2022, at 9:50 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

The following members were present: Preston Carpenter, Charles Taylor, Valesa Wells and Stan Joyner.

Staff present was James Lewellen, Cindy Greer, Shanda Ford, Kristie Diamond and Town Clerk Lynn Carmack.

Also present was Pension Attorney Elizabeth Friary and Susan Fletcher and Ryan Miller of First Horizon Bank.

### **Approval of Minutes**

Motion by Mayor Joyner, seconded by Ms. Wells, to approve the minutes of the February 10, 2022, meeting.

ROLL CALL: Carpenter – yes, Taylor – yes, Wells – yes, Joyner – yes. Motion approved.

### **Review of the Quarterly Investment Performance of the OPEB Trust Fund by Financial Advisors - First Horizon Bank (Ryan Miller and Susan Fletcher)**

#### *IPS GUIDELINE & CAPITAL MARKET ASSUMPTIONS (03/31/22):*

This page displays the allocation targets, the acceptable ranges of variance from those targets and the expected rates of return.

Mr. Miller said the 2022 expected returns show an increase for both fixed income and equities assumption going forward, moving the fixed income from 43 basis points to 65 basis points. The equities moved from 3.66% to 3.97%. That brings the overall annualized return up about 50 basis points, from 4.09% to 4.61%. That is a 10-year annualized expected rate of return.

#### *MARKET VALUE AND PERFORMANCE:*

This page shows the market value and performance over various time periods of time for the portfolio through the end of 03/31/22.

Mr. Miller said that January (-4.18) and February (-2.07) were negative months; March was positive at 0.35; 3Q was down at -5.83; and FYTD was -2.58. There was positive performance longer term with 1 year at 1.96; 3 years at 10.17; 5 years at 8.86; 10 years at 8.23; and since inception (12 years, 10 months) at 9.81.

Mr. Miller said it has outperformed the blended benchmark 3 year, 5 year, and since inception time periods.

#### *ASSET ALLOCATION:*

Mr. Miller pointed out that at the end of the quarter all of the sub asset classes were very close to their recommended target. Overall, a slight *overage* of fixed income at 27 basis points and 27 basis points *under* for equities. Well within range.

#### *HOLDINGS AND PERFORMANCE:*

Details the performance of the individual, underlying holdings in the portfolio for the last 3 months and the fiscal year to date.

#### Fixed-Income Funds

All six were down due to the rising interest rates going up during the quarter.

#### Common Stocks

Overall, this portfolio is down 1.84% versus 4.6% for the S&P 500.

Mr. Miller said the same changes were made here as in the DB Plan:

Sold: Truist, Perrigo, Illinois Tool Works, Energy Select SPDR ETF, Valero Energy, Fiserv, Ecolab, Comcast, Disney, AT&T, Amerisource Bergen, Ameriprise Financial, Best Buy, and Biogen.

Purchased: Verizon, Accenture, Chubb, Baker Hughes, Omnicom Group, Regeneron Pharmaceuticals, Johnson & Johnson, Masco Corp, Merck, Citigroup, Eastman Chemical, Exxon, Meta Platforms, and Advance Auto Parts.

#### Domestic Equity Funds

Two of these were positive, both of which were value; anything that was value had a much better chance of survival than growth during the quarter.

#### International Equity Funds

These were down anywhere from 11% to 13%.

No changes were made, other than the individual stocks, to the portfolio for the quarter.

#### *HISTORICAL SUMMARY:*

Ms. Fletcher said the investment account finished the quarter at \$17,497,278.

Ms. Fletcher gave up to date numbers, stating April is down -5.48; May is down -3.17%; and FYTD is down -10.84%.

#### *EXPENSE SUMMARY:*

Ms. Fletcher said these numbers are very similar to the Pension Plan; slightly higher since they are not individual fixed income positions. YTD expenses on the mutual fund is 28 basis points and other expenses are at 19 basis points.

There were no questions or comments.

**Ratification of OPEB Retiree Supplement Increase (Presentation by: Valesa Wells, Finance Director)**

In an email dated March 11, 2022, Jay Jeffries (retired committee chair) proposed an increase of the monthly OPEB retiree supplement. The proposed increase was based on a review by Richard Ellis on the impact of increasing the OPEB retiree supplement from \$165 to \$225 per month. The adjustment would be the first since the creation of the pension plan and retiree supplement in 2007 and will offset the increased cost of Medicare supplement policies.

Each voting member was asked to respond by email with their vote to approve an increase of the monthly OPEB Retiree Supplement from the current \$165 to \$225, effective April 1, 2022.

In an email dated March 20, 2022, Jay Jeffries reported receiving votes from 4 of the 5 voting members with each of the four voting in the affirmative.

Motion by Mr. Taylor, seconded by Mr. Carpenter, to ratify the vote to increase the monthly OPEB Retiree Supplement from \$165 to \$225 effective April 1, 2022.

ROLL CALL: Carpenter – yes, Taylor – yes, Wells – yes, Joyner – yes. Motion approved.

Ms. Friary advised that the committee should have a motion to add Shanda Ford to the OPEB Committee.

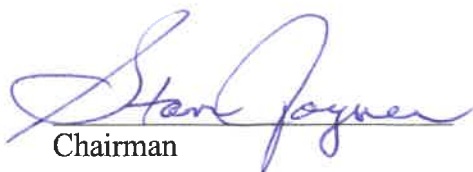
Motion by Mayor Joyner, seconded by Mr. Carpenter, to appoint Shanda Ford as a member of the OPEB Committee.

ROLL CALL: Carpenter – yes, Taylor – yes, Wells – yes, Joyner – yes. Motion approved.

\*\*The Board recognized Shanda Ford as replacing Jay Jeffries, as the staff attending the meeting and assisting the Committee.

**Adjournment**

There being no further business, the meeting was declared adjourned at 10:00 a.m.

  
Chairman

  
Town Clerk