

A regular meeting of the OPEB Committee convened immediately following the Pension Committee on Thursday, February 9, 2023, in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was Molly Mehner, Shanda Ford, Kristie Diamond and Lynn Carmack.

Also present was Pension Attorney Frank Carney, and Susan Fletcher and Ryan Miller of First Horizon Bank.

Approval of Minutes

Motion by Ms. Wells, seconded by Mr. Carpenter, to approve the minutes of the November 10 2022, meeting.

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

Adoption of Resolution Approving Authorized Signatories for the OPEB Trust Plan

The OPEB committee includes persons who are authorized to initiate and execute certain transactions on behalf of the Plan. From time to time, the members of the committee may change and require updates to authorized signatories.

With the retirements of James Lewellen, Jay Jeffries, and Mark Krock, new members have been added to the OPEB Committee. Those members, specifically Molly Mehner, William Burke, and Valesa Wells, are being added as authorized signatories on behalf of the OPEB Committee.

Motion by Mr. Carpenter, seconded by Mr. Taylor, to approve updates to authorized signatories for the Town of Collierville OPEB Plan

ROLL CALL: Carpenter – yes, Taylor – yes, Burke – 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 Guidelines & Capital Market Assumptions as of 12/31/22:

The only difference between the OPEB and the Defined Benefit Plan is that the OPEB portfolio is taking a bit more exposure to equities (65%) and fixed income (35%). As a result, you can see a little higher expected annualized rate of return.

The fixed income portion is expected to annualize 65 basis points over the next 10 years. The

equity piece is supposed to return 3.97 and collectively you will get 4.61% annualized over the next 10+ years.

Again, these have not changed since the last meeting.

Market Value & Performance as of 12/31/22:

October (4.98%) and November (5.50%) were great. December was down -3.18%; overall for 2Q a return of 7.23%; FYT was 1.63%; 1 year was -14.43%; 3 year is 3.11%; 5 year is 4.74%; 10 years is 6.84%; and since inception (13 years, 7 months) is 8.47%.

Ms. Fletcher had up to date performance: January was up 5.19%; February down -0.01%; QTD up 5.18%; FYTD up 6.89%; and as of last night (2/8) the market value is \$16,292,144.

Asset Allocation as of 12/31/22:

Fixed income and equities are right on target at 65.00% and 35%. Per last meeting's discussion by the committee, exposure to short term bonds was increased and intermediate term bond exposure was decreased, by about 3.00% each.

The equities variance is very close to targets for the large cap and international.

Holdings & Performance as of 12/31/22:

Fixed Income Funds – 2Q was all positive for the quarter, returning from 0.95% to as much as 3.28%.

Common Stocks – had a positive quarter, up 12.6%, bringing the overall calendar YTD for 2022 to -10.25%, both periods beating the S&P 500 by quite a bit.

The buys and sells are the same in this portfolio.

Selling out of: Manpower, Cognizant, Eastman Chemical, Meta, Walgreens, Baker Hughes and Intel.

Buying: Adobe, Campbell Soup, Chevron, Electronic Arts, Fortinet, Lockheed Martin and Sherwin-Williams.

Domestic Equity Funds – 7 out of the 8 were positive, with the Vanguard Growth Index being down about 14 basis points. Hartford Small Cap Growth returning 4.39% was the lowest. Vanguard High Dividend Yield (large value) returning 15.12%.

Developed International Funds – each had a very nice quarter at 15.39% and 12.33%, and overall for the year, developed international was still down 14%.

The T. Rowe Price Emerging Markets fund was sold out in this plan as well.

Historical Summary as of 12/31/22:

Ms. Fletcher said the fees for this plan are paid outside of the account, so those do not affect the balance of the account. As of the end of the quarter, market value is \$15,490,12, with a return of 7.23%, which in cash terms was \$1,036,103. A nice gain there for the plan.

As of February 8, the value of the portfolio is up \$802,023, for a value of \$16,292,144. January is 5.19%; February -0.01%; QTD is 5.18%; and FYTD is 6.89%.

Expense Summary as of 12/31/22:

For FYTD, the mutual fund weighted expense is at 18 basis points; other fees are at 12 basis points; 30 basis points overall.

Again, the investment management custody fees are paid outside the plan, so that does not impact the values there.

Adjournment

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



Chairman



Town Clerk