

A regular meeting of the OPEB Committee convened at 9:21 a.m., immediately following the Pension Committee, on Thursday, August 10, 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. Absent was Valesa Wells.

Staff present was Molly Mehner, Shanda Ford, Kristie Diamond and 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 May 11, 2023, meeting.

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

Citizen Comments

There were no citizen comments.

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 06/30/23)

Mr. Miller said that although the targets were tweaked, it ended up being no change. The fixed income assumption for 10 years is 1.37% and the equities still remain at 4.60%. Overall, 5.97% for the total fund.

Market Value & Performance (as of 06/30/23)

Again, it was a positive, negative, positive, quarter. April was up 0.73%; May was down -1.51%; June was 3.84%; Q4 was 3.01%; FYTD was 9.53%; 1 year was 9.53%; 3 year was 6.52%; 5 year was 6.27%; 10 year was 7.04%, and inception was 8.74% (vs. blended benchmark of 8.28%).

Asset Allocation (as of 06/30/23)

Takes a look at the overall allocation relative to its targets. There was a 30 basis point shift from Cash, Cash Equivalents & Fixed Income to Equities. Everything was within range.

Holdings & Performance (as of 06/30/23)

Very similar to the DB Plan.

Fixed Income Funds - 4 out of 5 were negative for the quarter because of rising interest rates and the negative impact on the values of bonds.

Common Stock – the same situation as the DB Plan. Overall performance was roughly 3.41% for the quarter, which brought the YTD performance to roughly 8.2%.

No changes in the individual stocks.

Domestic Equity Funds – all of those were positive.

Best sectors are Tech at 15.44%, Consumer Discretionary is 13.9% and Communication Services up 12.5%.

Worst sectors are Utilities are 2.53%, Energy is -1.13% and Consumer Staples are relatively flat.

International Equity Funds – the 2 funds were both positive for the quarter, but this will be changing slightly by the next quarter. John Hancock will be sold out and replaced with Hartford International Fund.

Historical Summary (as of 06/30/23)

Ms. Fletcher said cash flows for the month show investment gains of \$491,710, bringing the total to \$16,697,721. The quarterly return was 3.01% and FYTD was 9.53%.


More recent numbers as of 08/08/23: July was 2.13%; August MTD was -1.67%; QTD is 0.42 and FYTD is 0.42%.

Expense Summary (as of 06/30/23)

Again, these expenses are in line with the prior quarters. There are 0.38 basis points for the year in mutual fund weighted expense. Other expenses at 0.24 basis points. FYTD expenses is 62 basis points. Very low expenses.

Adjournment

There being no further business, the meeting adjourned at 9:30 a.m.


Chairman


Town Clerk