

A regular meeting of the OPEB Committee convened at 9:20 a.m., immediately following the Pension Committee, on Thursday, November 9, 2023, in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was Shanda Ford 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 Mr. Carpenter, seconded by Mayor Joyner, to approve the minutes of the August 10, 2023, meeting.

ROLL CALL: Carpenter – yes, Burke – 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 09/30/23)

Mr. Miller advised that there have been no changes since the last meeting.

Fixed income expectation is 1.37%, equities is 4.60%, and overall is 5.97% expected rate of return for the next 10 years.

Market Value & Performance (as of 09/30/23)

July was a nice month but started getting worse in August and September. Overall, for the quarter, the portfolio is down -3.03%, 1 year is up 12.09%, and positive numbers on an annualized basis for 3 year, 5 year, 10 year, and since inception.

Since inception, the portfolio has returned 8.35% annualized and has beat the blended benchmark 5 years, 10 years, and since inception.

Asset Allocation (as of 09/30/23)

Takes a look at the overall allocation relative to its targets.

The long-term bond fund category is in this because of the Western Asset, but will not be at the next meeting; it is throwing things off a bit.

Equities are 3.38% above the typical target. Everything is on target and well within range.

Holdings & Performance (as of 09/30/23)

Very similar to the DB Plan.

Fixed Income Funds – all but one was negative for the quarter. The short duration income fund was up 94 basis points, but the rest were down. Western Asset was down -5.25% and is being replaced, as well, in this portfolio. The fidelity fund mentioned earlier is going to be the place holder until the investment committee chooses a more permanent solution.

Common Stock – these were reduced overall in the portfolio, as well, during the quarter and that piece was used to go towards the Vanguard Growth Fund, to give more large growth in the plan.

Overall, the common stocks were down -2.4% for the quarter. Capital One Financial was replaced with the MSCI Inc stock.

Domestic Equity Funds – all were negative, ranging from -20 basis points to as much as -6.34%. Vanguard High Dividend Yield was replaced with Vanguard Value Index funds.

International Equity Funds – the JHancock International Growth fund was replaced with the Hartford International Value fund.

Everything else is in good order and no changes are planned.

Historical Summary (as of 09/30/23)

Ms. Fletcher said distributions and expenses were \$19,361; ending market value is \$16,173,563.

Performance for the quarter is down -3.03%.

More recent numbers (as of 11/8/23): October – down -2.17%, November MTD – up 3.19%, QTD – up 0.95%, and FYTD – down -2.11%.

Expense Summary (as of 09/30/23)

Ms. Fletcher said the weighted expense ratio is 10 basis points and 6 basis points on fees. Again, coming in low at 16 basis points for fees.

Mayor Joyner said the committee talked last quarter about contributions. He said there have been no contributions for 2023. He asked if there is a tick point in the market value to show that contributions need to be made.

Mr. Carney advised that the lower liability you have on the GASB report, or if ratings start changing, would be a tick point to start making contributions.

Other Business

Mayor Joyner said that since the inception of the Pension Committee, there have been 2 citizen members, a BMA liaison, finance director and the town administrator designee. He asked if the Committee would be interested in adding another citizen position to the committee.

Mr. Carney said that it is not difficult to make a plan change to add a third citizen member. He advised that this committee recommend it, and then it would go to the BMA for approval.

Brief discussion ensued.

Mr. Carney advised that this could be done by resolution.

Mr. Carney recommended that a motion be made to add a third citizen member and then he will draft the change in a resolution.

Mr. Carney asked if the change applies to both the OPEB and the DB plan, with Mayor Joyner stating it does.

Mr. Carney said the Pension Committee would have to be reopened for the purpose of this motion, but since the OPEB meeting has not been adjourned to go ahead and make a motion during this meeting.

Motion by Mr. Carpenter to add a third citizen member to the OPEB Committee, seconded by Mr. Burke.

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

****At this time, Mr. Burke reopened the Pension Committee for the purpose of a motion. (Please see Pension Committee minutes)**

Motion by Mr. Carpenter to add a third citizen member to the Pension Committee, seconded by Mr. Burke.

Mayor Joyner pointed out that the reason for doing this is that Richard Ellis has been the actuary for the Pension and OPEB Plan from its inception. He is retiring December 31, 2023, and he has applied to be a member of the Pension Committee.

Mayor Joyner added that Mr. Ellis would be his appointment, with approval by the BMA. He said that Mr. Ellis would bring a wealth of knowledge to the committee.

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

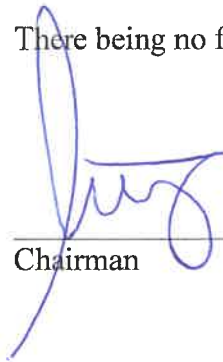
Mr. Carney asked if the Town has a new actuary for the Pension Plan.

Mr. Burke said a new actuary has been hired for the OPEB, and the intent is to transition to both when Richard retires.

There was no other conversation or comments.

Adjournment

There being no further business, the meeting adjourned at 9:40 a.m.



Chairman



Town Clerk