

A regular meeting of the Pension Committee was held on Thursday, August 11, 2022, at 9:00 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was James Lewellen, Adam Hamric, Kristie Diamond and Town Clerk Lynn Carmack.

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

### **Approval of Minutes**

Motion by Mayor Joyner, seconded by Mr. Carpenter, to approve the minutes of the May 12, 2022, meeting.

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

### **Review of the Quarterly Investment Performance of the Collierville Defined Benefit Pension Plan by Financial Advisors - First Horizon Bank (Ward McBee and Susan Fletcher)**

*FIVE FACTOR FRAMEWORK: as of 06/30/2022.*

Economic Growth is expected to slow as a result of the persistent inflation. As of August 10, 2022, the inflation rate was 8.50%, with an aggressive Fed. Economic growth is in the red.

Market Trend (S&P) is in a down trend, below its 12-month average. It is red.

Monetary Conditions are tightening rapidly. Since December 2021, it has been in the red. It is still red.

Investor Sentiment is green because people are taking less risk

Valuations on S&P 500 have come down a good bit, changing that factor to yellow from red. It has been red for several years. It is still not great because valuations still remain slightly above historical averages, but that is coming down.

*ECONOMIC FORECAST: as of July 15, 2022*

GDP projection is -1.3% for the year.

Unemployment for Q2 is 3.6%. This is a 50 year low.

Core PCE is projected to end the calendar year 2022 at 4.6%; 2023 is projected to end at 2.30%; and 2024 is projected to be down to 1.5%.

Federal funds rate currently is at 1.75%; Q3 is projected to be 3.00%; Q4 is projected to be 3.50%; 2024 is projected to be 2.00%; and 2023 is projected to be 3.50%.

The recession risk for the next 12 months is 90% and the next 24 months is 95%.

*IPS GUIDELINES & CAPITAL MARKET ASSUMPTIONS:*

Expected Returns for 2022 are 4.40%; the actuarial assumption is 7.25%, but based on what has happened in the market, that is down to 4.40%.

*MARKET VALUE & PERFORMANCE:*

Market Value for the total fund is \$91,184,897; April was down -5.14%; May was up 0.35%; June was down -5.39%; Q4 was -9.94; FYTD was down -12.28%; 3 years was up 4.63%; 5 years ending up at 5.62%; 10 years up at 6.91% and since inception (15 years) is up 5.75% versus the blended benchmark at 4.83%.

*ASSET ALLOCATION:*

The target for fixed income is 40%, and as of June 30, it is 40.35%, due to the stock market being down.

Equity is targeting 60% and is down -0.35%. Everything is within range.

*HOLDINGS & PERFORMANCE:*

No changes were made this quarter.

*HISTORICAL SUMMARY:*

The cumulative market value total (with the investment gain and loss) ending March 2022, the account was down \$5,947,802; it came down from \$101,363,025 to \$91,410,216, ending June 30, 2022.

The cash management value was stable at \$165,635.

The investment value for QE 06/30/22 is down -12.28%; QE 06/30/21 was 24.51%; QE 06/30/20 was 4.86% and QE 06/30/19 was 7.31%.

Ms. Fletcher added that cash flows came in at \$350,000 and was put to work in the investment portfolio.

*Recent numbers (through August 10, 2022):*

The market value of the portfolio is \$96,707,432, a gain of almost \$5.5 million since June 30, 2022.

FYTD is up 6.06%; July is up 5.1%; and August is up .91%.

Ms. Fletcher said Q4 weighted expense has stayed solid all year at 8 basis points every quarter, so for the year finished out at 32 basis points. That is a low expense ratio for assets.

Under expenses paid, the First Horizon fee is \$65,488; benefit payment fees are \$842 and legal fees are \$3,180; total expenses are \$69,510. For the year, expenses finished at 33 basis points.

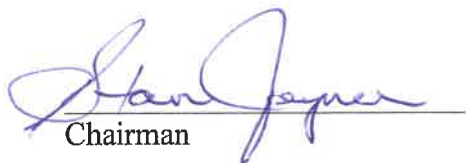
No comments or questions.

**Other Business**

None.

**Adjournment**

There being no further business, the meeting was declared adjourned at 9:15 a.m.

  
Chairman

  
Town Clerk