

A regular meeting of the Pension Committee was held August 16, 2018 at 9:00 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

The following members were present: Dick Gardiner, Mark Krock, Jay Jeffries, Gregory Reichert and Stan Joyner.

Staff present was Pension Attorney Frank Carney and Town Clerk Lynn Carmack. Also present was Susan Fletcher, Ryan Miller and Ward McBee of First Tennessee Bank.

APPROVAL OF MINUTES

Motion by Mayor Joyner, seconded by Mr. Krock, to approve the minutes of the May 10, 2018 meeting.

ROLL CALL: Gardiner – yes, Krock – yes, Jeffries – yes, Reichert – yes, Joyner – yes.
Motion approved.

REVIEW OF THE QUARTERLY INVESTMENT PERFORMANCE OF THE COLLIERVILLE DEFINED BENEFIT PENSION PLAN BY FINANCIAL ADVISORS – FIRST TENNESSEE BANK (Ryan Miller, Ward McBee and Susan Fletcher)

Mr. McBee introduced new Portfolio Manager for Memphis, Ryan Miller, who will be covering the accounts.

FIVE FACTOR FRAMEWORK: *Economic Growth* is green, which indicates an expanding economy. *Market Trend* is green, and is based upon the S&P 500 ending value at the end of every month on a rolling 12-month basis. *Monetary Conditions* changed from red to yellow recently. Most of that can be attributed to either people are getting used to higher interest rates or people do not feel like inflation is as big of a scare as it had been earlier in the year. *Investor Sentiment* is red; the bottom line is that people need to be a bit more cautious. *Valuations* is red and is based on the current price to earnings of the market.

ECONOMIC FORECAST: The GDP for Q2 is 4.0%; Q3 came in at 3.5% and Q4 is 4.2%. Chris Low predicts that the GDP will remain strong throughout the end of 2018, ending at 3.4% growth and 2019 going down 2.1%.

The inflation forecast for the Core PCE (Personal Consumption Expenditure) for Q2 is 1.9%; Q3 is 2.2%; and, Q4 is 2.4%. For the year 2018, Chris is expecting 2.4% and for 2019, he expects 2.3%.

Federal funds rate for Q2 is 2.00%. There is an expected 1 or 2 more hikes in interest rates this year. Federal funds rate in 2017 was 1.50%; predicting ending 2018 at 2.25% and 2019 ending 2.50%.

Recession risk: 2018 is 5%, 2019 is 15%, and 2020 is 45% probability.

CAPITAL MARKET ASSUMPTIONS: The expected portfolio return for FY 2018 (based on the 40% equity and 60% fixed income allocation) is 5.06.

MARKET VALUE AND PERFORMANCE: FYTD and 1 Yr, the portfolio return is 6.94, which is approximately 1.88 out performance; Q4 performance was 0.94 versus 1.94; FYTD is 6.94 versus 6.94; 1 Yr. is 6.94 versus 6.94; 3 Yr. is 5.78 versus 5.96; 5 Yr is 7.35 versus 7.08; and inception to date (over 11 Yr. 0 Mo) is 5.93.

Mr. Miller said recent numbers in July, the portfolio was up 1.73; in August, the portfolio is down 56 basis points; and, FYTD is up 1.16. A strong start to the year so far.

ASSET ALLOCATION: Total cash and fixed income portion currently coming in at 39.43 (target is 40.00); Total Equity & Real Estate coming in at 60.57 (target is 60.00). In line with targets. The total fund ended the quarter at \$69,704,133.

HOLDINGS AND PERFORMANCE: In spite of volatile and ever changing market during the quarter, returns were positive and respectable; growth for the quarter out performed value.

Lowes and Stanley Black and Decker were sold; they were swapped out for Walt Disney and Honeywell.

HISTORICAL SUMMARY: Ms. Fletcher said that Contributions and Distributions are all based on quarter ends. The total market value is \$69,826,482 as of 06/30/18; the cash management account quarterly distributions are now running close to \$500,000 for every quarter; returns are up to 6.94 for the year.

EXPENSE SUMMARY: Ms. Fletcher said the expense ratio in the Mutual Funds came in at 0.40 basis points. This is attributable to the combination of passive funds that are being used as well as the actively managed ones.

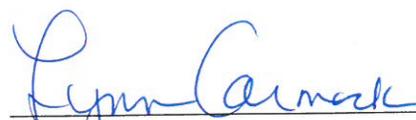
Expenses that were paid is 0.27 basis points; 0.04 basis points for actuarial and legal fees; overall, 0.70 basis points in expenses. She said this is a good.

There were no questions or comments.

ADJOURNMENT

There being no further business, the meeting was declared adjourned at 9:22 a.m.


Chairman


Town Clerk