

A regular meeting of the OPEB Committee was held Thursday, February 13, 2020 at 9:20 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was Pension Attorneys Frank Carney and Elizabeth Friary, Town Administrator James Lewellen and Town Clerk Lynn Carmack. Also present was Susan Fletcher and Ryan Miller of First Horizon Bank.

Approval of Minutes

Motion by Mayor Joyner, seconded by Mr. Carpenter, to approve the minutes of the November 14, 2019 meeting.

ROLL CALL: Carpenter – yes, Jeffries – abstain, Krock – yes, Reichert – 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:

This Plan targets a 35% allocation to fixed income and a 65% allocation to equities.

Expected returns remain the same overall 5.70 percent over the next 10 years.

MARKET VALUE AND PERFORMANCE: this page shows the market value and performance over various time periods for the portfolio.

The portfolio was up in October 1.40 percent; it was up 2.21 in November; up 2.05 in December; in 2Q the portfolio was up 5.76 percent; for FYTD, the portfolio is up 7.00 percent; for the past 1 year, the portfolio has returned a strong 22.30 percent; the past 3 and 5 year time periods have annualized at 9.67 percent and 7.03 percent respectively; since inception of 10 years, 7 months, the portfolio has outperformed the blended benchmark annualizing returns at 10.05 percent versus 9.36.

The portfolio continues to perform very well; it has outperformed its blended benchmark in 8 of the 9 time periods listed in the account review.

A more recent performance (through 2/12/20) in this portfolio is 10.02 percent.

ASSET ALLOCATION: this page details the dollar amount and percentages of each sub asset class as of 12/31/19.

The total Fixed Income amount is \$5,328,218. That represents 35.10 percent of the portfolio and a variance of 10 basis points over target.

The Equities portion had a value of \$9,853,618. That represents 64.90 percent of the portfolio and a 10 basis point variance under target.

Overall allocation of both the Fixed and the Equities are in line with where they need to be.

The total portfolio balance at the end of December 2019 was \$15,181,835. That is an increase of over \$2.64 million since the same time last year.

HOLDINGS AND PERFORMANCE: helps illustrate the performance of the underlying holdings in the portfolio for the past 3 months as well as the FYTD.

This portfolio is the same as the Defined Benefit Plan's portfolio with the exception of not holding individual bonds or CD's.

The Fixed Income funds performed well and there were no changes.

The Individual Stocks did well, and they had no changes except for the BB&T ticker change to TFC.

The Domestic Equity Funds did well and had no changes.

The International Emerging Markets funds did very well and had no changes.

HISTORICAL SUMMARY:

Ms. Fletcher stated that other than last quarter, there were no cash flows; there is an investment gain of \$827,283. She pointed out that in the last 2 quarters there has been an investment gain of almost a million dollars.

As of 12/31/19, the market value balance was \$15,182,001.

EXPENSE SUMMARY:

There are 19 basis points on the Mutual Fund and 12 basis points on Expenses; those expenses are right in line half way through the year.

Brief discussion ensued regarding contributions made to the OPEB fund.

Adjournment

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

Chairman

Town Clerk