Town of Collierville

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OPEB COMMITTEE MEETING – May 10, 2018

Notice is hereby given that the Collierville OPEB Committee will meet on Thursday, May 10, 2018, immediately following the Pension Committee Meeting, for a regular meeting in the Administration Conference Room at Town Hall. At that time, consideration will be given to the following:

The agenda is subject to change until formal approval by the Board

1. **Call to Order**

2. **Roll Call**

3. **Approval of Minutes: February 15, 2018**

4. **Review of the Quarterly Investment Performance of the OPEB Trust Fund by Financial Advisors - First Tennessee Bank (Ward McBee and Susan Fletcher)**

5. **Renewal of Contract with First Tennessee National Bank Association (Presentation by: Mark Krock, Finance Director)**

6 **Adjournment**

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A regular meeting of the OPEB Committee was held May 10, 2018 at 9:23 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

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

APPROVAL OF MINUTES

Motion by Mayor Joyner, seconded by Mr. Krock, to approve the minutes of the February 15, 2018 meeting.

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

REVIEW OF THE QUARTERLY INVESTMENT PERFORMANCE OF THE OPEB TRUST FUND BY FINANCIAL ADVISORS - FIRST TENNESSEE BANK (Ward McBee and Susan Fletcher)

CAPITAL MARKET ASSUMPTIONS: This portfolio targets 65% in equities and real estate and 35% in fixed income. The expected return (for 2018) is 5.24.

MARKET VALUE AND PERFORMANCE as of 03/31/18: FYTD is 6.26% versus 5.37% for the benchmark; 1-year is up 9.28 versus 8.09; 3-year is 5.60 versus 5.44; 5-year is up 7.60 versus 7.28; Inception to date (almost 9 years) is up 10.29 versus 9.55 for the benchmark; and 3Q shows -0.83 versus -1.06 for the benchmark. The numbers are in line.

ASSET ALLOCATION as of 03/31/18: The target for fixed income is 35% and we are at 35.82. The target for equity is 65% we are at 64.18. All within range.

Mr. McBee said there are no recommended changes.

HOLDINGS AND PERFORMANCE: Again, the Thornburg Limited Term fund was added here in March. The ending value (total fund) is $12,857,659.

HISTORICAL SUMMARY: QE 06/30/17, the plan was up 10.56%; QE 06/30/16 was up 0.95%; QE 06/30/15 was up 3.78; and QE 06/30/14 was up 17.21%.

EXPENSE SUMMARY: Ms. Fletcher said good low numbers here with YTD at 0.36 basis points on mutual funds and a total of 0.55 basis points.

Mr. McBee informed the committee that he has been promoted to Manager of the Trust Division. Ryan Miller will be replacing Mr. McBee.

Mr. McBee and Ms. Fletcher left the meeting at this time.

RENEWAL OF CONTRACT (PENSION) WITH FIRST TENNESSEE NATIONAL BANK ASSOCIATION (Presentation by: Mark Krock, Finance Director) (***Amended Agenda***)

The purpose of this agenda item is to recommend to the Board of Mayor and Aldermen the renewal of the contract for financial advisor and trust administration services for the Town of Collierville Defined Benefit Pension Plan with First Tennessee.

The contract does not specify a contract duration period but states the agreement may be terminated at any time by either party with 30 days advance written notice. However, the Town has elected to formally renew these contracts on an annual basis.

The fee to provide both financial advisory and trust administration services is based on a percentage of the total investment value of the Pension portfolio. The Pension portfolio value as of March 31, 2018 was $69,076,748 and the fees through Q3 (July 2017 – March 2018) were $135,645. The fees are paid directly from the Pension account after staff reconciliation and approval.

Motion by Mayor Joyner, seconded by Mr. Krock, to recommend renewal of the professional services agreement for financial advisory and trust administration services for the Town of Collierville's Defined Benefit Pension Plan with First Tennessee to the Board of Mayor and Aldermen.

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

RENEWAL OF CONTRACT (OPEB) WITH FIRST TENNESSEE NATIONAL BANK ASSOCIATION (Presentation by: Mark Krock, Finance Director)

The purpose of this agenda item is to recommend to the Board of Mayor and Aldermen the renewal of the contract for asset investment management and asset custodial services for the Town of Collierville Other Post-Employment Benefits (OPEB) Plan with First Tennessee.

The contract does not specify a contract duration period but states the agreement may be terminated at any time by either party with 30 days advance written notice. However, the Town has elected to formally renew these contracts on an annual basis.

The fee to provide investment management and custodial services is based on a percentage of the total investment value of the OPEB portfolio. The OPEB portfolio value as of March 31, 2018 was $12,857,496 and the year-to-date fees through Q3 (July 2017 – March 2018) were $23,921. The fees for the OPEB fund are paid by check from the OPEB fund.

Motion by Mayor Joyner, seconded by Mr. Krock, to recommend renewal of the professional services agreement for asset investment management and custodial services for the Town's OPEB Plan with First Tennessee to the Board of Mayor and Aldermen.

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

ADJOURNMENT

There being no further business, the meeting was declared adjourned at 9:36 a.m.

Chairman

Town Clerk