

A regular meeting of the Pension Committee was held August 10, 2017 at 9:00 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was James Lewellen, Adam Hamric and Pension Attorney Frank Carney. Also present was Susan Fletcher and Ward McBee of First Tennessee Bank.

APPROVAL OF MINUTES

Motion by Mr. Gardiner, seconded by Mayor Joyner, to approve the minutes of the May 11, 2017 meeting.

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

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

Mr. McBee began the presentation with the Five Factor Framework, stating that the General Economic Backdrop (growth rate of weekly indicators) is green; the Market Trend (market position relative to its 12 month moving average) is green; Availability of Credit (shape of the yield curve) is green; Investor Sentiment (market psychology) is red; and Valuation (price/earnings ratios, embedded sales expectations) is red.

Mr. McBee said 3 greens and 2 reds means caution and to stay the course.

ECONOMIC FORECAST: (Updated as of May 19, 2017) the GDP for second quarter came in at 2.6 (that is above a 4 year average of 2.1). The forecast for the rest of 2017 is 1.9 and for 2018 is 1.5.

The Core PCE is at 1.4 (it came in at 1.7 in Q4) and is still below 2, which is the Fed target.

Federal funds rate is at 1.25. Chris Low is estimating one more rate increase, to end the year at 1.50. By the end of 2018, Mr. Low is estimating 2.50 for the Fed funds rate.

Recession risk for 2017 is 5%, 2018 is 25% and 2019 is 35%.

IPS GUIDELINES AND CAPITAL MARKET ASSUMPTIONS: Mr. McBee said nothing has changed there.

MARKET VALUE AND PERFORMANCE: (Performance of the portfolio through June 30, 2017) The total fund in Q4 was up 2.66 versus 2.42 for the benchmark; FYTD is 9.34 versus 10.37 for benchmark; 1 year is 9.34 versus 10.37 benchmark; 3 year is 4.73 versus 4.63

benchmark; 5 year 8.23 versus 8.14 benchmark; and Inception (last 10 years) is 5.83 versus 4.61 benchmark.

Mr. McBee stated that fang stocks (Facebook, Amazon, Netflix and Google) are growth companies that are really driving the market. Growth is up this year through June; Large Cap growth is up almost 14%; Large Value is up 4.66.; Mid Cap growth is up 11.40; Mid Cap value is up 5%; Small Cap growth is up almost 10%; and Small Cap value is up .50%. [Returns presented are calendar YTD (January – June)].

ASSET ALLOCATION: The target for Fixed Income is 40% and we are at 37.74. Equities target is 60% and we have 62.26 in equities. Still within range of the IPS Asset Allocation.

HOLDINGS AND PERFORMANCE: The top three in Large Cap Core for the quarter are Best Buy (up almost 16.50%), Boeing (up over 50%) and Perrigo. Information technology is up 17.25 and energy is down almost 13% through June. [Returns indicated in this paragraph are calendar YTD and *price returns*. Price returns do not include dividends in the return calculation and will vary slightly from the returns presented in the First Tennessee quarterly statement. The returns in the quarterly statement cover our fiscal year (July 2016 – June 2017) and are *total returns*, which includes dividends].

The Vanguard Growth Fund is up 14.75 YTD (calendar) through June.

Mr. McBee pointed out that Emerging Markets was added back into the portfolio (September of last year) and the T Rowe Price is up 20.37% YTD. MFS International is up over 16% and Oppenheimer is up almost 16%, through June. [Returns are calendar YTD].

HISTORICAL SUMMARY: The market value ending is \$63,495,846.

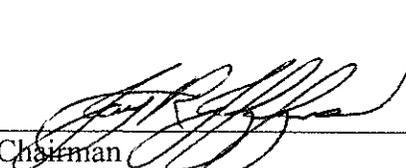
EXPENSE SUMMARY: Ms. Fletcher said the expense ratios within the Mutual Funds for the year came out to 0.41%. Other expenses paid out of the account came in at 0.31%. Ms. Fletcher said this is well under the 1% expense mark for the portfolio, which is a good place to be.

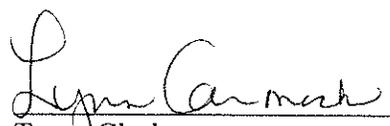
This concluded the review of the quarterly investment performance of the Defined Benefit Pension Plan.

There were no questions or comments.

ADJOURNMENT

There being no further business, the meeting was declared adjourned at 9:13 a.m.


Chairman


Town Clerk