

A regular meeting of the **OPEB Committee** convened at 9:55 a.m. on April 23, 2015, in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

The following members were present: Danny Barnwell, Jane Bevill, Dick Gardiner and Jay Jeffries. Absent was Stan Joyner.

Staff present was Mark Krock, Pension Attorney Frank Carney and Lynn Carmack. Also present was Alan Ferguson, Susan Fletcher and Lisa Cook of First Tennessee Bank.

APPROVAL OF MINUTES

Motion by Mr. Barnwell, seconded by Ms. Bevill, to approve the minutes of February 12, 2015 meeting.

ROLL CALL: Barnwell – yes, Bevill – yes, Gardiner – yes, Jeffries – yes. Motion approved.

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

Mr. Ferguson stated that a higher stock allocation is maintained in the OPEB Plan and it is within the confines of the Investment Policy Statement. The third quarter was 2.85%; fiscal year to date is 4.52% and year ending at 8.39%. When a contribution is made in the next fiscal year, they will continue to dollar cost average it in so that by the end of September we are fully invested.

Ms. Fletcher advised that the April number has the month to date up 1.27% so the fiscal year to date is at 5.85%.

Mr. Ferguson said the same comments about Brown Capital Management being on watch and being a replacement apply to the OPEB fund.

Mr. Gardiner asked what percentage of the assets are with mutual funds.

Mr. Ferguson stated that roughly 2/3's in mutual funds.

Mr. Gardiner asked if First Tennessee selects mutual funds based upon their costs.

Mr. Ferguson said that is part of it but they are also looking at them for a return metric and for a consistent return and a consistent process.

Mr. Gardiner asked what First Tennessee costs to own the portfolios.

Mr. Ferguson answered that he would have to go back and look at this one in particular their general mutual fund models are somewhere between 40 and 50 basis points weighted average.

Mr. Gardiner asked if Collierville's total cost would be somewhere around 1.3 to 1.5%.

Mr. Ferguson stated that it is a lot lower than that.

Lisa Cook advised that when you are looking at the market value of the assets of the management, the more assets you have, the lower the fee. If you factor in a mutual fund fee of somewhere between 40 to 50 basis points and then a management fee, anything that you would have a stock or bond on, the only cost would be for trading which is 5-cents a share for individual equities.

Ms. Cook stated it is probably somewhere shy of 50 basis points, but that she will come up with an exact fee.

Ms. Fletcher asked if this is something the committee would be interested in seeing on a quarterly basis.

Mr. Barnwell said that it would be very helpful.

Mr. Ferguson added that there is no fee on the stocks and the bonds. First Tennessee trades at 5-cents a share and they do not self-clear. As a fiduciary, First Tennessee cannot do that.

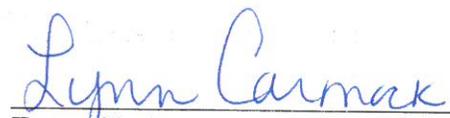
Mr. Gardiner asked if Ms. Fletcher could look at the cost for a year and advise what percent that will be of the total portfolios.

Ms. Fletcher stated that they can report that on a quarterly basis, to include their fee for the quarter, whatever the expense ratios are and any trading cost that have been incurred. They can also show other expenses, whether it is legal expenses, actuarial expenses, etc.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:10 a.m.


Chairman


Town Clerk