



# Town of Collierville

500 Poplar View Parkway · Collierville, TN 38017 · 901-457-2200  
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## **PENSION COMMITTEE MEETING – November 20, 2014**

Notice is hereby given that the Collierville Pension Committee will meet on Thursday, November 20, 2014, at 9:00 a.m. 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 13, 2014 (Regular Meeting)  
August 21, 2014 (Regular Meeting)  
August 21, 2014 (Executive Session)**
4. **Review of the Quarterly Investment Performance of the Collierville Defined Benefit Pension Plan by Financial Advisors - First Tennessee Bank (Alan Ferguson and Susan Fletcher)**
5. **Review of Actuarial Report as of July 1, 2014 – Richard Ellis, Ellis & Ward Consulting Group Inc.**
6. **Adjournment**

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A regular meeting of the **Pension Committee** was held November 20, 2014 at 9:00 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

Staff present was James Lewellen, Josh Suddath, Pension Attorney Frank Carney and Lynn Carmack. Also present was Susan Fletcher and Alan Ferguson of First Tennessee Bank and Richard Ellis of Ellis & Ward Consulting Group Inc.

### **APPROVAL OF MINUTES**

Motion by Mayor Joyner, seconded by Ms. Bevill, to approve the minutes of the February 13, 2014 regular meeting.

ROLL CALL: Barnwell – yes, Bevill – yes, Gardiner – yes, Jeffries – yes, Joyner – yes.

Motion by Mayor Joyner, seconded by Mr. Gardiner, to approve the minutes of the August 21, 2014 regular meeting.

ROLL CALL: Barnwell – yes, Bevill – abstain, Gardiner – yes, Jeffries – yes, Joyner – yes.

Motion by Mayor Joyner, seconded by Mr. Gardiner, to approve the minutes of the August 21, 2014 Executive Session.

ROLL CALL: Barnwell – yes, Bevill – abstain, Gardiner – yes, Jeffries – yes, Joyner – yes.

### **REVIEW OF THE QUARTERLY INVESTMENT PERFORMANCE OF THE COLLIERVILLE DEFINED BENEFIT PENSION PLAN BY FINANCIAL ADVISORS – FIRST TENNESSEE BANK (Alan Ferguson and Susan Fletcher)**

Mr. Ferguson stated that the leading economic indicators have been positive since April 2012, but has turned a bit negative recently.

Market trend is positive, volatility has been muted, liquidity is good, market psychology is neutral and valuations are neutral. Economic data has been good, with job growth a bit better over the last few months.

Mr. Ferguson reviewed Chris Lowe’s Forecast, stating that the big bullet points are growth is positive (and expected to continue in 2015); inflation is not a problem (as measured by the Fed); and the Fed will raise rates in the summer of 2015.

Mr. Ferguson moved on to the bond portfolio, stating that overall, things are okay. Expected return, based on our capital market assumptions, is 6.12.

Mr. Ellis asked if that is a little low.

Mr. Ferguson stated that it has been better than that in the last five years.

Mr. Ferguson added that there are several funds that have hit their watch list, as of October (Southern Sun, Brown Capital Management and ING Mid Cap) so they will be working through meetings with managers to determine if changes need to be made.

Mr. Ferguson said there are no recommended changes at this time.

Mr. Ellis asked if the 40% allocation of bonds is a little too high.

Mr. Ferguson stated that he is comfortable with the 60/40 allocation and does not see a good reason to increase the allocation towards equities.

Mr. Ferguson said that when they look at portfolio construction, they are not as concerned with return as what is the down side risk.

**REVIEW OF ACTUARIAL REPORT AS OF JULY 1, 2014 – ELLIS & WARD  
CONSULTING GROUP INC. (Richard Ellis)**

Mr. Ellis started off his report by stating that the return for fiscal year ending June 30 has been extremely good.

Mr. Ellis is suggesting a minimum contribution of \$2.3 million, which is 11.2% of pay (and is a decrease from \$2.4 million for the previous year). This happened because of the excellent fiscal year investment return of 15.5%. Over the last two years, assets have done extremely well and over time this tends to decrease how much you have to put in. Payroll is also being controlled well (average compensation went from \$44,035 to \$44,774) and the Town is putting in more money than what has been suggested over the last 2 or 3 years (which builds up extra reserves).

Mr. Ellis explained that GASB (Government Accounting Standards Board) has a new standard out that applies to governmental entities that has completely over hauled the way that pension liabilities and expense will be reported in financial statements.

The net pension liability (unfunded liability) in 2013 was \$8.4 million and this year it is down to \$3.5 million. This is because of extremely favorable investment returns and some experienced gains (\$608,000, mainly due to the salary increases), and because of putting in contributions in excess of what was suggested (decreased the unfunded liability by \$4 million dollars).

Mayor Joyner asked if there is a magic number in regards to plan fiduciary net position as a percentage of the total pension liability.

Mr. Ellis explained that this is assets divided by liabilities (and in 2014 it is up to 93%).

Brief discussion ensued.

Mr. Ellis pointed out that in terms of accrued liability, the Town of Collierville is 137% funded, which is way above just about everyone (public or private).

Further discussion ensued regarding what is required to be in the financial statement.

Mr. Ellis concluded by stating that this has been a very good year for the Town of Collierville in terms of pension contributions.

**ADJOURNMENT**

There being no further business, the meeting was declared adjourned at 9:45 a.m.

  
Chairman

  
Town Clerk