



# Town of Collierville

500 Poplar View Parkway · Collierville, TN 38017 · 901-457-2200  
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## **PENSION COMMITTEE MEETING – August 13, 2015**

Notice is hereby given that the Collierville Pension Committee will meet on Thursday, August 13, 2015, at 8:30 a.m. for a work session and 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: April 23, 2015**
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. **Actuarial Services (Defined Benefit Pension Plan) Contract Extension with Ellis & Ward Consulting Group, Inc. (Presentation by: Mark Krock, Assistant Finance Director)**
6. **Renewal of Contract with First Tennessee National Bank Association (Presentation by: Mark Krock, Assistant Finance Director)**
7. **Adjournment**

A regular meeting of the Pension Committee was held August 13, 2015 at 9:00 a.m. in the Administration Conference Room at Town Hall, 500 Poplar View Parkway.

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

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

### **APPROVAL OF MINUTES**

Mr. Carney pointed out a typo on page 2, paragraph 5, “*experienced study*” should be “*experience study*”.

Motion by Ms. Bevill, seconded by Mr. Barnwell, to approve the minutes of the April 23, 2015 meeting, with the correction noted.

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

### **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 spoke about the 5-factor framework in the updated forecast grid, stating that in looking at the macroeconomic background from a red, yellow, green type of perspective, it is yellow. There has been a lot of volatility in the bond markets; the 10-year yield is close to 2 and a few weeks ago it was 2.34.

The market trend for the stock market is still positive; the 12-month moving average is 20/60 and we are at 20/80. Liquidity is good. Market psychology, which is the most volatile thing looked at, is yellow. Valuations are still considered to be fairly valued, if not in the green zone.

Volatility is getting more towards a normal type of volatility on a trend line. The last few years have been low volatility, so it seems a lot worse than it is. The labor market slack is much higher than currently realized.

The forecast is that inflation is not a problem; the dollar is still very strong. It is likely there will be a rate increase in September or December, which has contributed to volatility of the bond market.

Moving on to performance for the Defined Benefit Plan and returns for the year, Mr. Ferguson said that fixed income return assumptions have come up a bit and equity market returns have come down. The benchmark was 2.90 and the Plan finished the year at 3.81.

Mr. Ferguson stated that, going forward, it will be a struggle to get up to the 7% return number and the Committee may need to rethink the investment thesis on that.

Mr. Ferguson hit the highlights on holdings on the fixed income, stating that we do not have any below investment grade credit and we are very short in our fixed income. Mr. Ferguson does not see a reason to make any changes there.

Mr. Ferguson concluded by stating that it has been a challenging environment and he expects to continue to see more day to day volatility, both in the stock and bond market. He pointed out that First Tennessee takes the approach of a long term investor and not a trader.

Ms. Fletcher added that the Pension Plan was at 3.81 fiscal year to date as of June 30, 2015.

Ms. Fletcher handed out an expense summary sheet for the Plan, so the committee could see if it is something they would find helpful going forward.

The committee liked the spread sheet and Ms. Fletcher stated she plans on building that out.

\*\*Mayor Joyner was called out of the meeting at this time.

**ACTUARIAL SERVICES (DEFINED BENEFIT PENSION PLAN) CONTRACT  
EXTENSION WITH ELLIS & WARD CONSULTING GROUP, INC. (Presentation by:  
Mark Krock, Assistant Finance Director)**

The purpose of this agenda item is to exercise the option to extend for one year, July 1, 2015 through June 30, 2016, the existing professional services contract for actuarial services for the Town's Defined Benefit Plan with Ellis & Ward Consulting Group, Inc.

Due to the timing of the expiration of this contract, the Pension Committee members were polled last month regarding this contract in order for the BMA to approve at their July 13, 2015 BMA meeting. The BMA approved the contract.

Motion by Ms. Bevill, seconded by Mr. Barnwell, to ratify the polling results to exercise the option to extend the professional services agreement for actuarial services with Ellis & Ward Consulting Group, Inc. for the Defined Pension Benefit Plan for the Town of Collierville.

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

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

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

Due to the timing of the expiration of this contract, the Pension/OPEB Committee members were

polled last month regarding this contract in order for the BMA to approve at their July 13, 2015 BMA meeting. The BMA approved the contract.

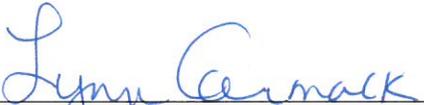
Motion by Ms. Bevill, seconded by Mr. Barnwell, to ratify the polling results for the renewal of the First Tennessee Bank Association contract presented and approved by the BMA at the July 13, 2015 BMA meeting.

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

**ADJOURNMENT**

There being no further business, the meeting was declared adjourned at 9:40 a.m.

  
Chairman

  
Town Clerk