

## NOTICE OF PUBLIC MEETING

### AGENDA

#### CLARK COUNTY OPEB BOARD OF TRUSTEES

Thursday, August 18, 2022, 3:00 PM

**PLEASE NOTE AT THIS TIME, THERE WILL BE NO IN-PERSON ATTENDANCE AT THE AUGUST 18, 2022 TRUSTEE MEETING.**

**If you desire to participate in this meeting, please listen via teleconference (audio only):**

+1-408-418-9388 United States Toll (access code): 2484 154 6196

This meeting has been properly noticed and posted online at <https://clarkcountynv.gov/agendas> and Nevada Public Notice at <https://notice.nv.gov/> and in the following location:

CC Government Center 500 S Grand Central Pkwy., Las Vegas, NV (Principal Office)

- Items on the agenda may be taken out of order.
- The OPEB Board of Trustees may combine two or more agenda items for consideration.
- The OPEB Board of Trustees may remove an item from the agenda or delay discussion relating to an item at any time.
- If you do not wish to attend the meeting via teleconference but desire to provide written general public comment or public comment on an individual agenda item, please submit your comments prior to 2:00PM, August 18, 2022. You can submit your comments to [Leah.Dwyer@ClarkCountyNV.gov](mailto:Leah.Dwyer@ClarkCountyNV.gov). Be sure to include your name, address, the agenda item number on which you are providing comment, and your comment. Comments will not be read into the record and will be included as back-up materials for the record. All comments received will be compiled into a document and shared with members of the public body, meeting attendees and on the public website.

The main agenda is available on Clark County's website, <http://www.ClarkCountyNV.gov>. For copies of agenda items and supporting backup materials, please contact Leah Dwyer at (702) 455-3327.

This is a period devoted to comments by the general public about items on this agenda. If you wish to speak to the OPEB Board of Trustees about items within its jurisdiction but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. No action may be taken on a matter not listed on the posted agenda. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

1. Approval of agenda. (For possible action)
2. Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting on May 19, 2022. (For possible action)
3. Receive a report on financial statements as of and for the year ending June 30, 2022. (For possible action)
4. Receive an update on the fiscal year 2022 OPEB Trust audit (For possible action).
5. Receive the Quarterly Investment Report from FHN Financial Main Street Advisors. (For possible action)
6. Trustee's/Staff announcements, requests for information, and topics for future agendas, Statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)

### **Comments by the General Public**

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

If you desire to provide a written general public comment on an item not appearing on this agenda but within the general jurisdiction of this body, please submit your comments prior to 2:00PM August 18, 2022. You can submit your comments to [Leah.Dwyer@ClarkCountyNV.gov](mailto:Leah.Dwyer@ClarkCountyNV.gov). Be sure to include your name, address, and your comment. Comments will not be read into the record and will be included as back-up materials for the record. All comments received will be compiled into a document and shared with the members of the public body, meeting attendees, and on the public body's website.



# OPEB Board of Trustees

CLARK COUNTY, NEVADA

Jessica Colvin  
*Chair*  
Laura Fitzpatrick  
*Vice-Chair*  
David Dobrzynski  
Trustee  
Joseph Piurkowski  
Trustee

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## **CALL TO ORDER**

The public meeting of the Clark County OPEB Board of Trustees meeting was called to order by Jessica Colvin Clark County Treasurer on Thursday, May 19, 2022 at 3:01 PM.

**PLEASE NOTE THAT DUE TO COVID-19,  
THERE WILL BE NO IN-PERSON ATTENDANCE AT THE  
MAY 19, 2022 COMMISSION MEETING.**

**If you desire to participate in this meeting, please listen via teleconference (audio only):**

[+1-408-418-9388](tel:+14084189388) United States Toll

(access code): 2499 660 3821

This public meeting was properly noticed and posted.

### **ATTENDEES:**

Jessica Colvin, Chair – Via WebEx  
Laura Fitzpatrick, Vice-Chair – Via WebEx  
Anna Danchik, Clark County, Comptroller – Via WebEx  
Joseph Piurkowski, Department of Aviation – Via WebEx  
David Dobrzynski, Trustee – Via WebEx  
Rick Phillips, FTN Financial – Via WebEx  
Drew Solomon, Clark County, Principal Management Analyst – Via WebEx  
Rachel Stevens, Clark County, Principal Management Analyst – Via WebEx  
Ken Diaz, Clark County, Asst County Treasurer – Via WebEx

There were no comments from the general public.

### **1. Approval of Agenda (For possible action)**

- Agenda item 5 was moved to Agenda item 2 as Mr. Phillips had to leave the OPEB meeting early
- Motion made by Mr. David Dobrzynski to approve the Agenda for May 19, 2022 – motion passed unanimously

2. **Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting from February 17, 2022. (For possible action)**
  - A motion was made by Mr. David Dobrzynski to approve the minutes from the February 17, 2022 meeting - motion passed unanimously.
  
3. **Receive a report on financial statements as of and for the nine months ending, March 31, 2021. (For possible action)**
  - Ms. Anna Danchik summarized the financial statements.
  - No action taken.
  
4. **Approval of the Clark County OPEB Budget for fiscal year ending June 30, 2023 (For possible action)**
  - Anna gave a summary of the OPEB Budget for fiscal year ending June 30, 2023
  - Budget was approved
  
5. **Discussion of the Quarterly Investment Report from FHN Financial Main Street Advisors. (For possible action)**
  - Mr. Rick Phillips summarized the Quarterly Investment Report dated March 31, 2022 and the Economic/Market update dated May 19, 2022.
  
6. **Trustee's/Staff announcements, requests for information, and topics for future agendas, Statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)**
  - Contact Kathy from Sherman and Howard to draw up a governmental finance trust document and bring to next meeting to review.

#### **Comments by the General Public**

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

There were no comments from the general public.

There being no further business, the meeting was adjourned at 3:43 PM.



Clark County, Nevada  
OPEB Trust Fund  
Statement of Fiduciary Net Position  
June 30, 2022

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	<u>Clark County</u>	<u>Department of Aviation</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments			
Cash	\$ 12,964	\$ 1,667	\$ 14,631
State of Nevada RBIF	134,829,712	48,728,228	183,557,940
Clark County Investment Pool	<u>129,450</u>	<u>13,956</u>	<u>143,406</u>
Total assets	<u>134,972,126</u>	<u>48,743,851</u>	<u>183,715,977</u>
<b>Liabilities</b>			
Accrued expenses	<u>4,290</u>	<u>1,671</u>	<u>5,961</u>
<b>Net Position Restricted for Other Postemployment Benefits</b>	<u>\$ 134,967,836</u>	<u>\$ 48,742,180</u>	<u>\$ 183,710,016</u>

Clark County, Nevada  
 OPEB Trust Fund  
 Changes in Fiduciary Net Position  
 For the Period July 1, 2021 through June 30, 2022 - Budget to Actual

	Clark County	Department of Aviation	Total	YTD Budget	Favorable (Unfavorable) Variance
<b>Additions</b>					
Contributions					
Employer - Clark County	\$ -	\$ -	\$ -	\$ -	\$ -
Employer - Department of Aviation	-	-	-	-	-
Total contributions	-	-	-	-	-
Investment income (loss)					
Interest	2,436,664	949,443	3,386,107	91,619	3,294,488
Net increase (decrease) in fair value of investments	(16,075,480)	(6,263,798)	(22,339,278)	-	(22,339,278)
Total investment income (loss)	(13,638,816)	(5,314,355)	(18,953,171)	91,619	(19,044,790)
Less investment expense	(62,200)	(24,236)	(86,436)	(91,619)	5,183
Net investment income (loss)	(13,701,016)	(5,338,591)	(19,039,607)	-	(19,039,607)
Total additions	(13,701,016)	(5,338,591)	(19,039,607)	-	(19,039,607)
<b>Deductions</b>					
Administrative expenses					
Accounting services	-	-	-	-	-
Audit fees	33,210	12,940	46,150	21,000	(25,150)
Continuing education	-	-	-	2,400	2,400
Bank fees	162	61	223	600	377
Insurance	-	-	-	10,000	10,000
Retiree benefits	-	-	-	5,595,067	5,595,067
Trustee fees	172	68	240	320	80
Other	-	-	-	5,500	5,500
Total administrative expenses	33,544	13,069	46,613	5,634,887	5,588,274
Change in Net Position	(13,734,560)	(5,351,660)	(19,086,220)	(5,634,887)	(13,451,333)
<b>Net Position restricted for Other Postemployment Benefits</b>					
Beginning of year	148,702,396	54,093,840	202,796,236	159,230,986	43,565,250
End of year	\$ 134,967,836	\$ 48,742,180	\$ 183,710,016	\$ 153,596,099	\$ 30,113,917







**Client Management Team**

**Rick Phillips**

President & Chief Investment Officer  
702-575-6666  
rick.phillips@fhnmainstreet.com

**Tonya Dazzio**

Chief Operating & Compliance Officer  
702-575-6592  
tonya.dazzio@fhnmainstreet.com

**Greg Balls, CFA**

Assistant Chief Investment Officer  
702-575-6655  
greg.balls@fhnmainstreet.com

# Quarterly Investment Report

## Clark County OPEB Trust

June 2022

Sector	Current Market Value	Prior Qtr Market Value	Period Change
U.S. Stocks - RBIF	89,687,139.52	107,338,511.09	(17,651,371.57)
U.S. Bonds - RBIF	55,955,002.47	56,105,369.65	(150,367.18)
International Stocks - RBIF	36,107,962.06	42,412,883.08	(6,304,921.01)
Cash Equivalents - RBIF	1,807,837.17	1,013,471.77	794,365.41
Clark County Inv Pool (Fixed Income)	143,243.90	144,132.52	(888.62)
<b>Total</b>	<b>183,701,185.13</b>	<b>207,014,368.11</b>	<b>(23,313,182.98)</b>

Cost vs Market Value

Market Value	183,701,185.13
Book Value	120,015,908.25
<b>Variance</b>	<b>63,685,276.88</b>

Total Gain/Loss % **53.06%**

Since Inception

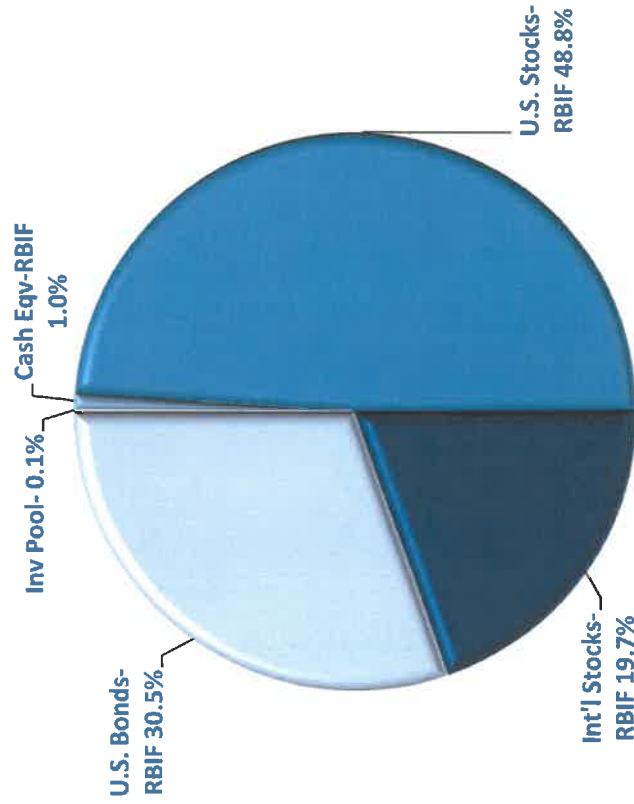
Annualized Gain/Loss% **5.91%**

RBIF Allocations	Target	Range
U.S. Equity	49%	46.5%-54.0%
International Equity	21%	19.0%-23.5%
U.S. Bonds	30%	25%*

\*Rebalance minimum

Note: First deposit into RBIF was 1/30/15

Total Asset Allocation

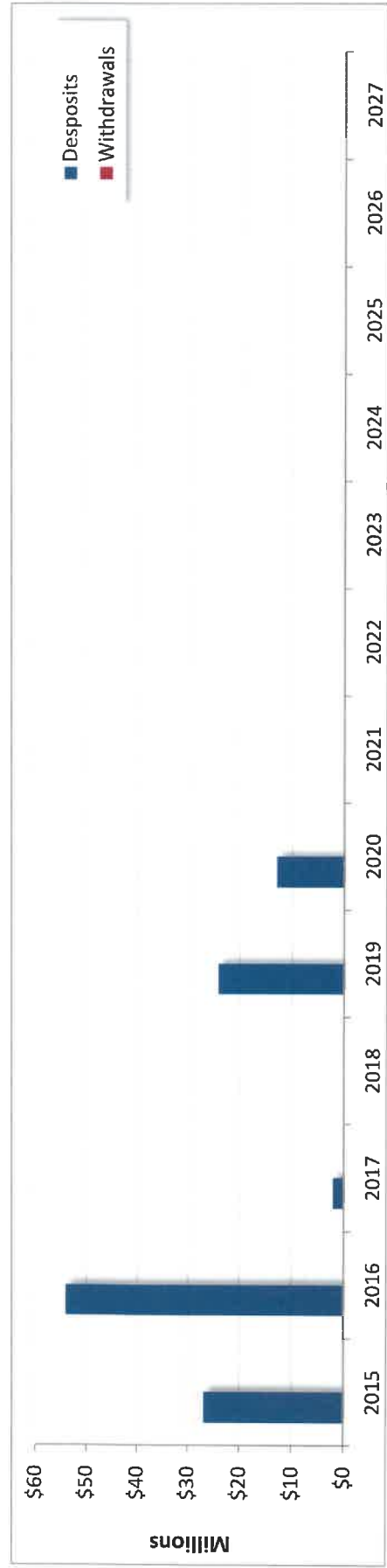


Fiscal Year Contributions/Withdrawals to RBIF in \$Millions

Month	Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2022	
	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl
July							1.61					
August							1.61					
September					2.41		1.61					
October					2.41		1.61					
November					2.41		1.61					
December					2.41		1.61					
January	2.00				2.41		1.61					
February					2.41		1.61					
March					2.41		1.61					
April					2.41							
May					2.41							
June					2.41							
<b>Total</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>24.08</b>	<b>0.00</b>	<b>12.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Fiscal Year Contributions/Withdrawals to RBIF - \$Millions

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
	26.9	54.0	2.0	0.0	24.1	12.9	0.0	0.0						119.9

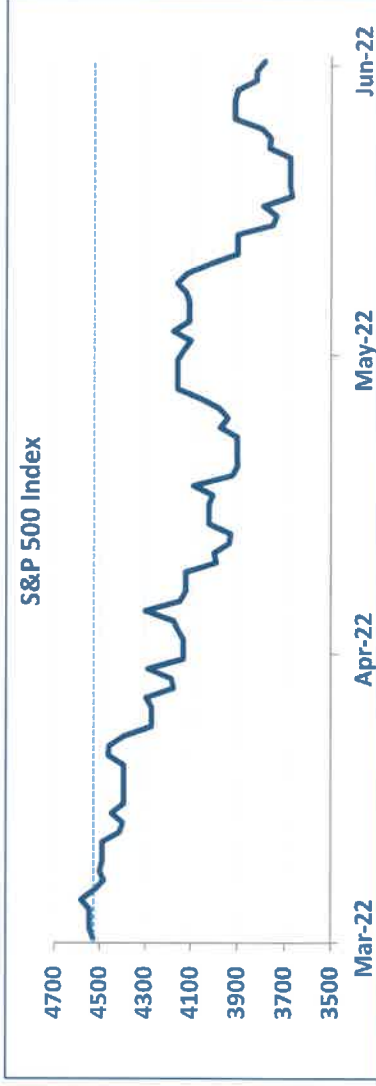


**S&P 500 (Domestic Stocks)**

**Quarterly Return: (16.11%)**

**Key Points**

- Equivalent of 8 Rate Hikes by the Fed
- Persistent High Inflation
- Slower Growth and Earnings

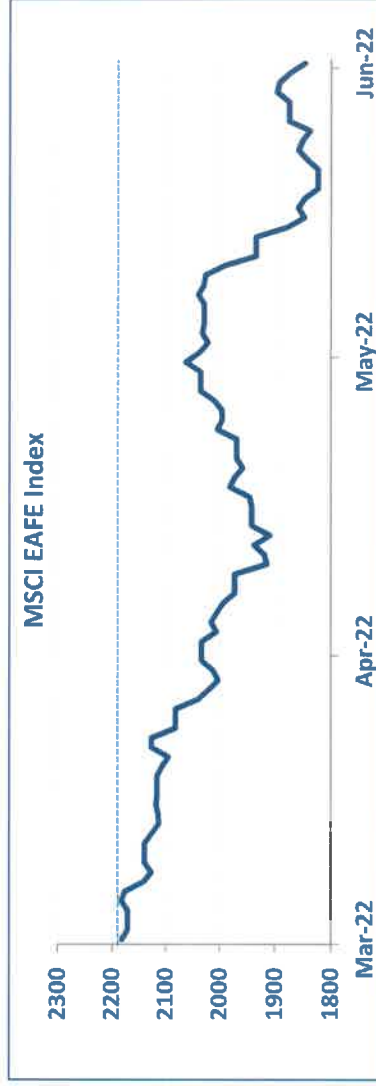


**MSCI EAFE (International Stocks)**

**Quarterly Return: (14.32%)**

**Key Points**

- Central Banks Raise Rates on Global Scale
- Russian/Ukraine War Drags On
- Energy Prices Jump

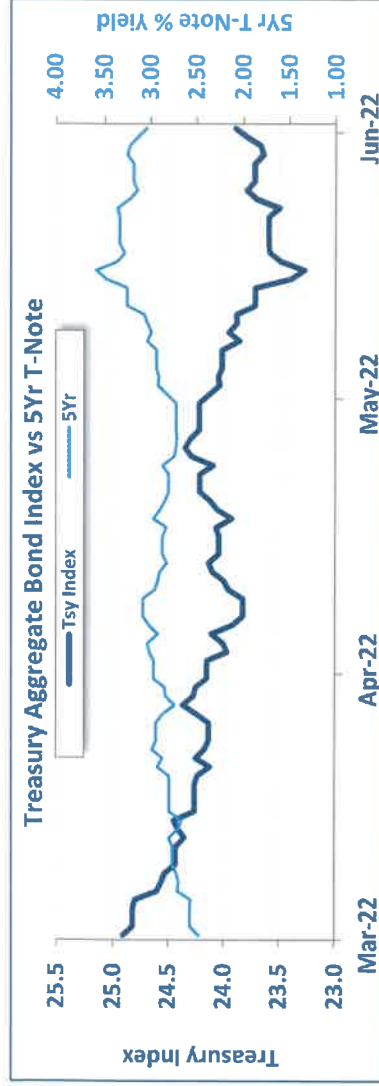


**iShares US Treasury Bond Index (Domestic Fixed-Income)**

**Quarterly Return: (3.74%)**

**Key Points**

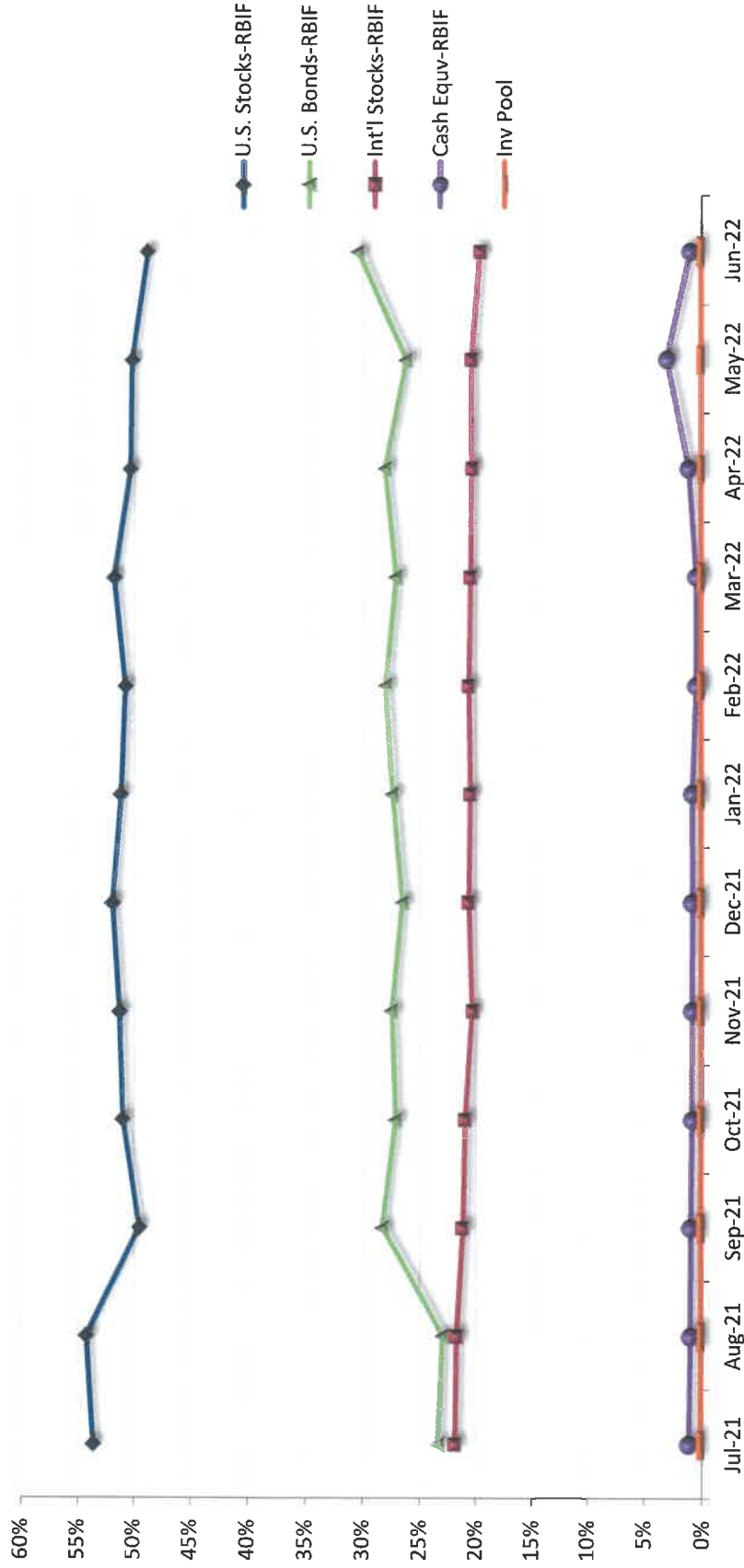
- Elevated Inflation
- Fed Aggressively Raises Rates
- Economic Growth Slows Globally



# Historical Sector Allocation - All Assets

Clark County OPEB Trust

6/30/2022

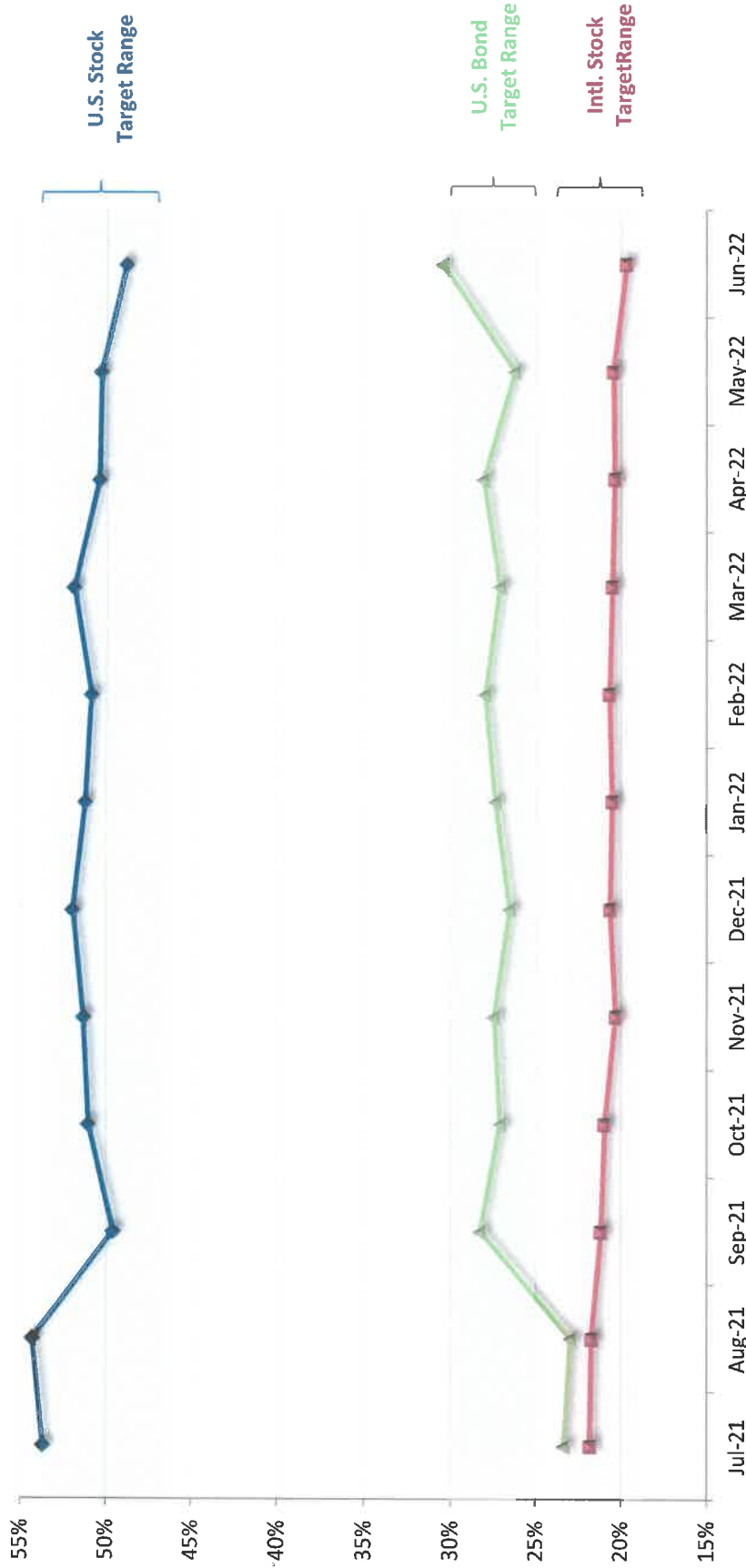


Sector	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
CC Inv Pool	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
U.S. Stocks - RBIF	53.6%	54.3%	49.5%	51.0%	51.3%	51.9%	51.2%	50.8%	51.9%	50.4%	50.2%	48.8%
U.S. Bonds - RBIF	23.3%	23.0%	28.3%	27.1%	27.5%	26.5%	27.4%	28.0%	27.1%	28.1%	26.2%	30.5%
Int'l Stocks - RBIF	21.8%	21.7%	21.2%	20.9%	20.3%	20.6%	20.5%	20.6%	20.5%	20.4%	20.4%	19.7%
Cash Equiv - RBIF	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.5%	0.5%	1.1%	3.0%	1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Historical Sector Allocation - RBIF Assets

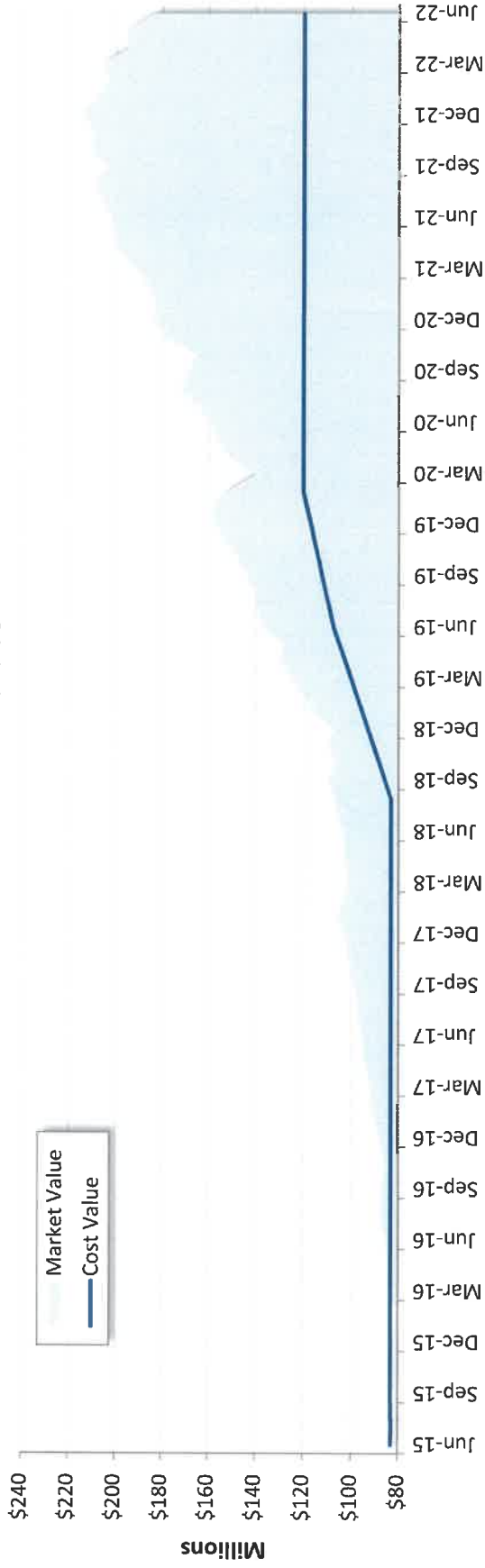
Clark County OPEB Trust

6/30/2022

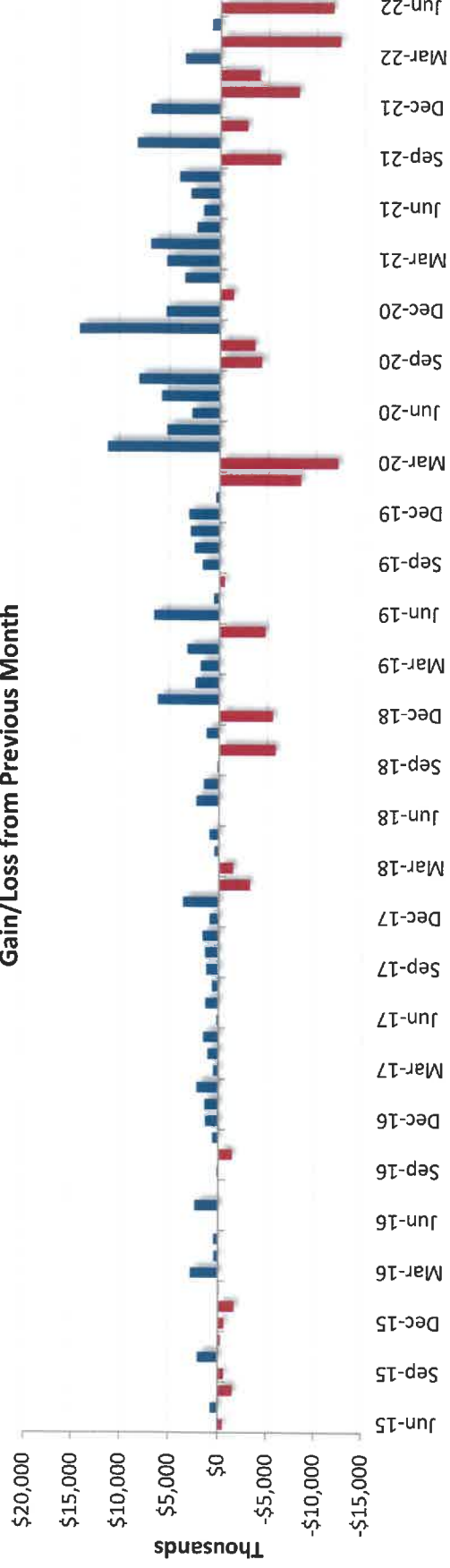


RBIF Sector	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
U.S. Stocks - RBIF	53.7%	54.3%	49.6%	51.1%	51.4%	52.0%	51.2%	50.9%	51.9%	50.4%	50.3%	48.9%
Int'l Stocks - RBIF	21.8%	21.7%	21.2%	21.0%	20.3%	20.7%	20.5%	20.7%	20.5%	20.4%	20.4%	19.7%
U.S. Bonds - RBIF	23.3%	23.0%	28.3%	27.1%	27.5%	26.6%	27.4%	28.0%	27.1%	28.1%	26.2%	30.5%
Cash Equiv - RBIF	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.5%	0.5%	1.1%	3.0%	1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Cost Value vs. Market Value

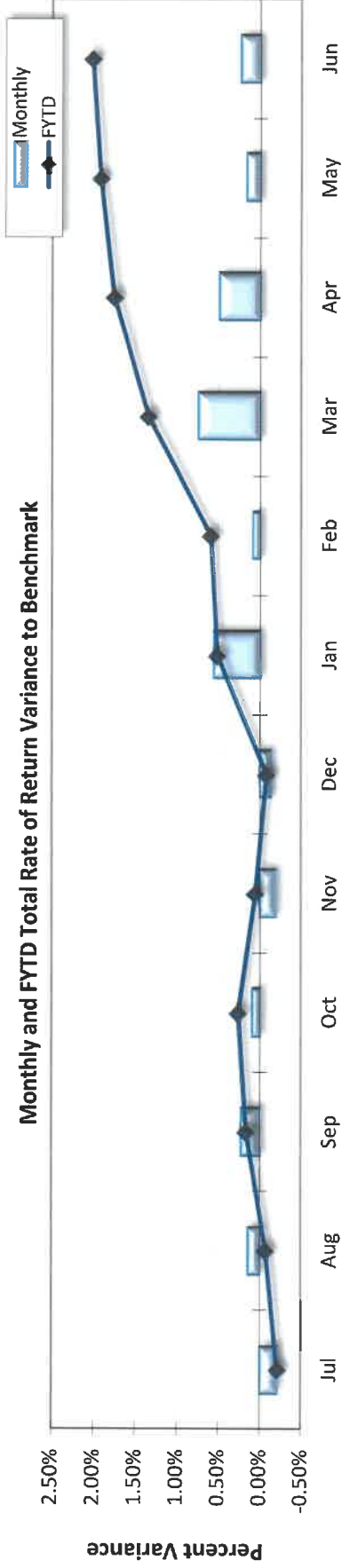


Gain/Loss from Previous Month



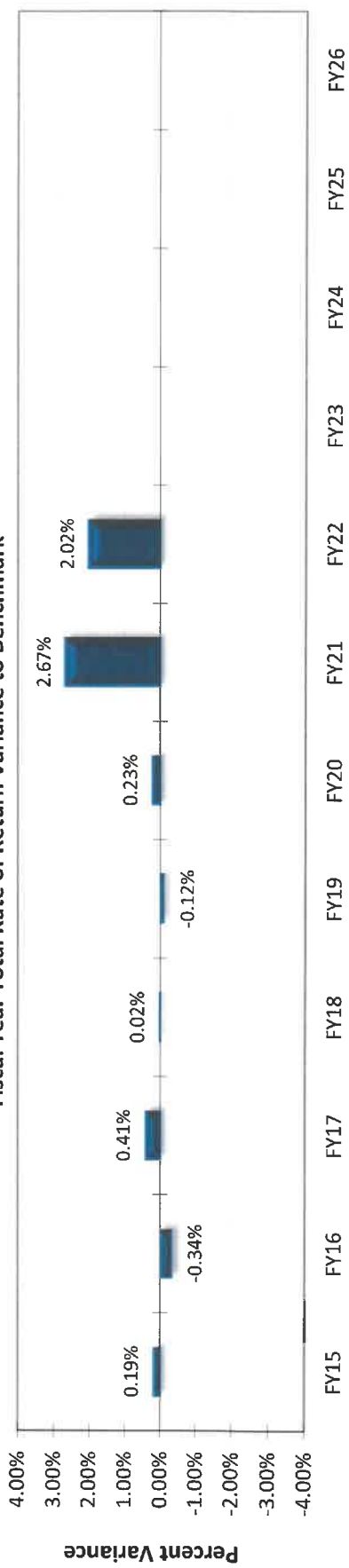


Monthly and FYTD Total Rate of Return Variance to Benchmark



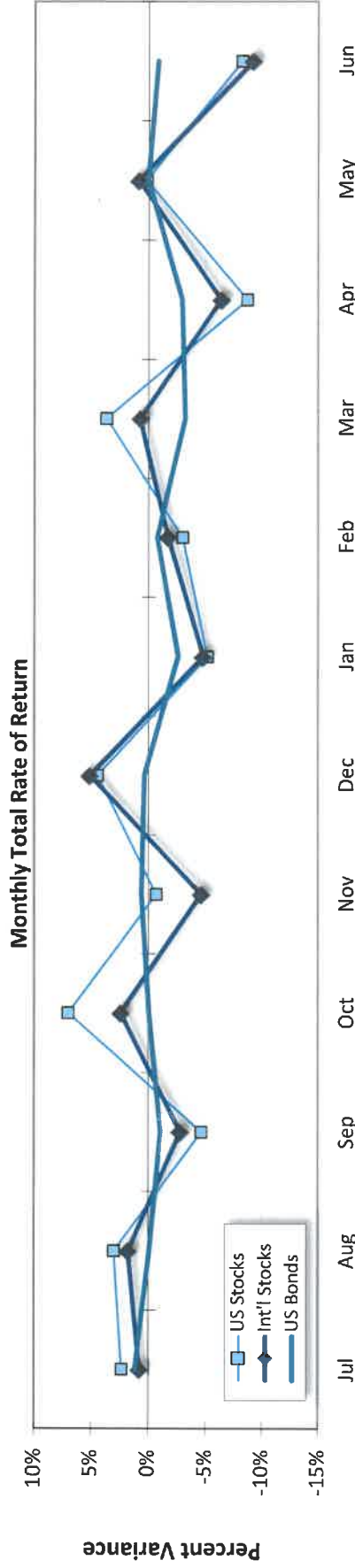
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>RBIF Portfolio</b>	1.465%	1.977%	-2.966%	4.022%	-1.326%	3.245%	-3.779%	-1.968%	1.753%	-6.014%	0.449%	-6.013%
<b>RBIF Benchmark</b>	1.677%	1.835%	-3.189%	3.930%	-1.131%	3.378%	-4.334%	-2.059%	1.013%	-6.502%	0.284%	-6.243%
<b>Monthly Variance</b>	-0.212%	0.142%	0.223%	0.093%	-0.195%	-0.133%	0.554%	0.090%	0.741%	0.489%	0.165%	0.230%
<b>FYTD Variance</b>	-0.212%	-0.072%	0.161%	0.261%	0.054%	-0.082%	0.512%	0.594%	1.343%	1.755%	1.918%	2.020%

Fiscal Year Total Rate of Return Variance to Benchmark

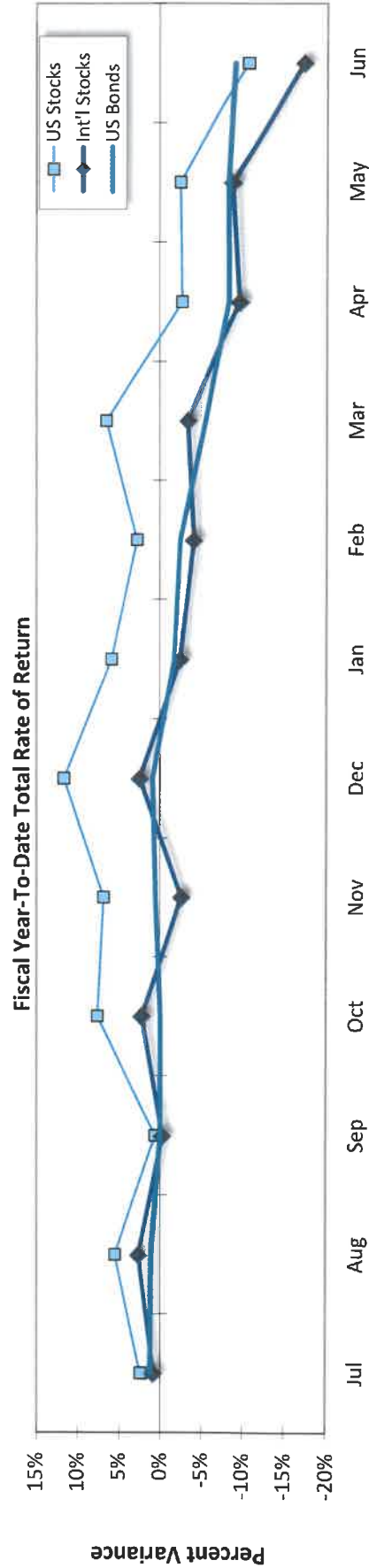


FYTD	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>RBIF Portfolio</b>	2.61%	1.59%	12.51%	8.33%	7.82%	6.65%	27.44%	-9.38%				
<b>Benchmark</b>	2.42%	1.93%	12.10%	8.31%	7.94%	6.42%	24.77%	-11.40%				
<b>Yearly Variance</b>	0.19%	-0.34%	0.41%	0.02%	-0.12%	0.23%	2.67%	2.02%				

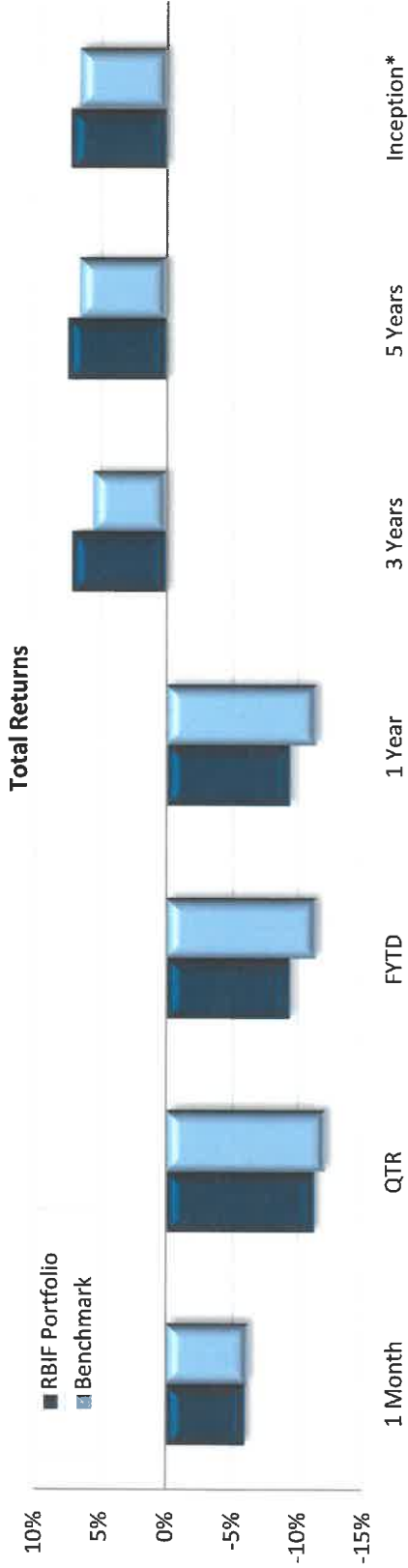
Benchmark: 49% S&P 500, 30% Barclays Aggregate Bond, 21% MSCI EAFE -- RBIF Returns are net of fees  
 FY 2015 Started for the month ending February 2015



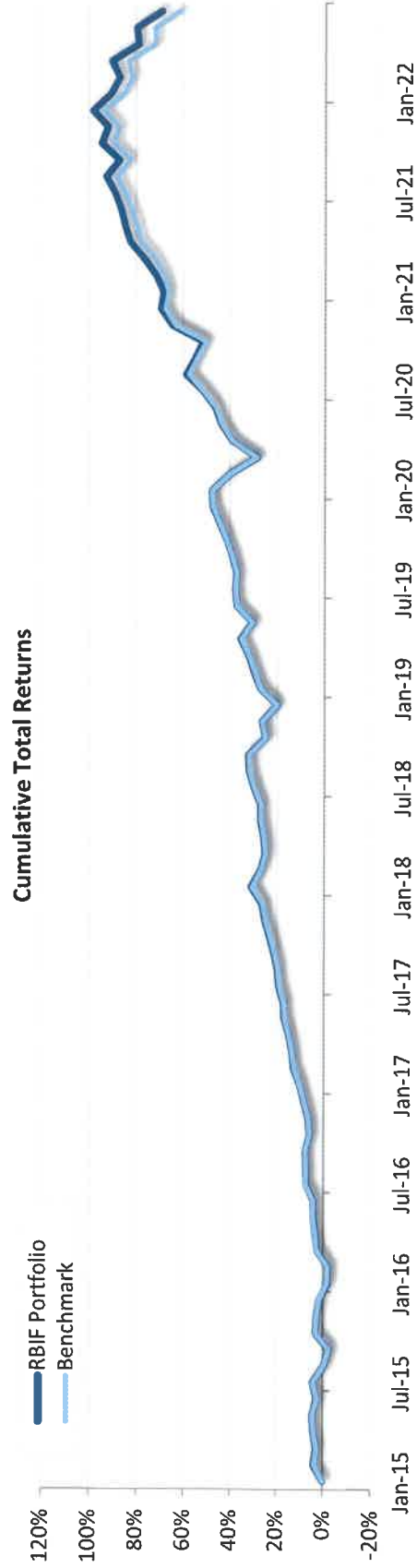
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
U.S. Stocks	2.38%	3.04%	-4.65%	7.01%	-0.70%	4.47%	-5.17%	-3.00%	3.71%	-8.72%	0.18%	-8.26%
Int'l Stocks	0.77%	1.79%	-2.80%	2.47%	-4.63%	5.13%	-4.82%	-1.72%	0.76%	-6.40%	0.88%	-9.26%
U.S. Bonds	1.17%	-0.10%	-1.07%	-0.07%	0.61%	0.36%	-2.62%	-0.76%	-3.22%	-2.95%	0.03%	-0.84%



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
U.S. Stocks	2.38%	5.49%	0.58%	7.63%	6.88%	11.66%	5.88%	2.71%	6.52%	-2.77%	-2.59%	-10.64%
Int'l Stocks	0.77%	2.57%	-0.30%	2.16%	-2.57%	2.43%	-2.51%	-4.19%	-3.46%	-9.64%	-8.85%	-17.28%
U.S. Bonds	1.17%	1.07%	-0.01%	-0.08%	0.53%	0.89%	-1.75%	-2.50%	-5.64%	-8.42%	-8.40%	-9.17%

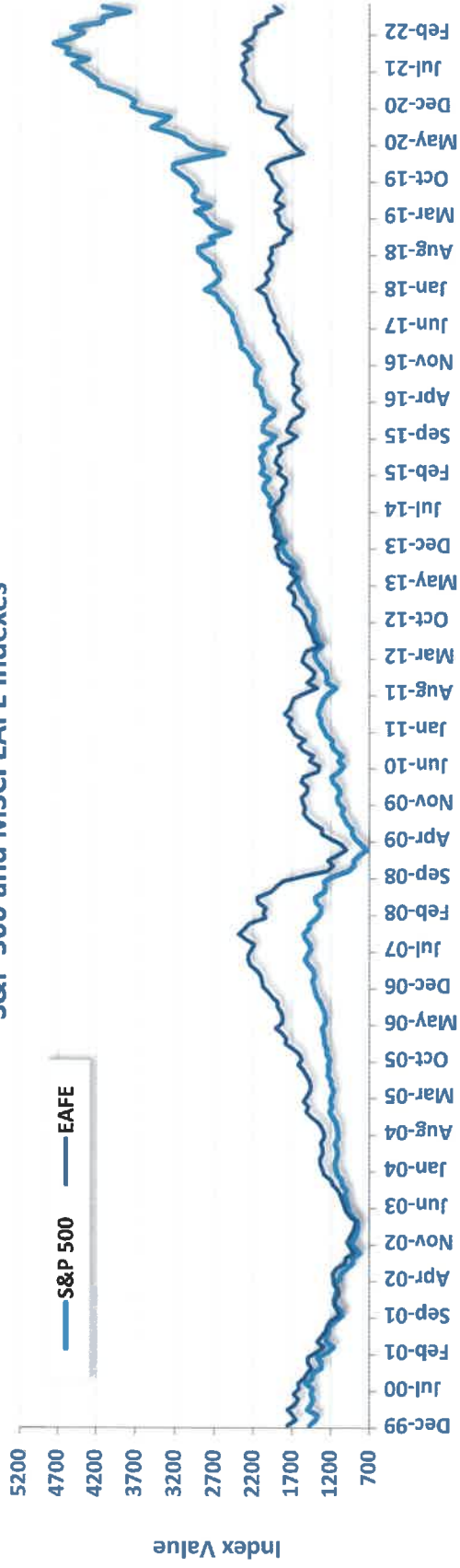


	Latest Month	Latest QTR	FYTD	One Year	Three Years	Five Years	Since Inception*
<b>RBIF Portfolio</b>	-6.01%	-11.27%	-9.38%	-9.38%	7.18%	7.54%	7.31%
<b>Benchmark</b>	-6.24%	-12.09%	-11.40%	-11.40%	5.56%	6.58%	6.63%
<b>Variance</b>	0.23%	0.82%	2.02%	2.02%	1.62%	0.96%	0.68%

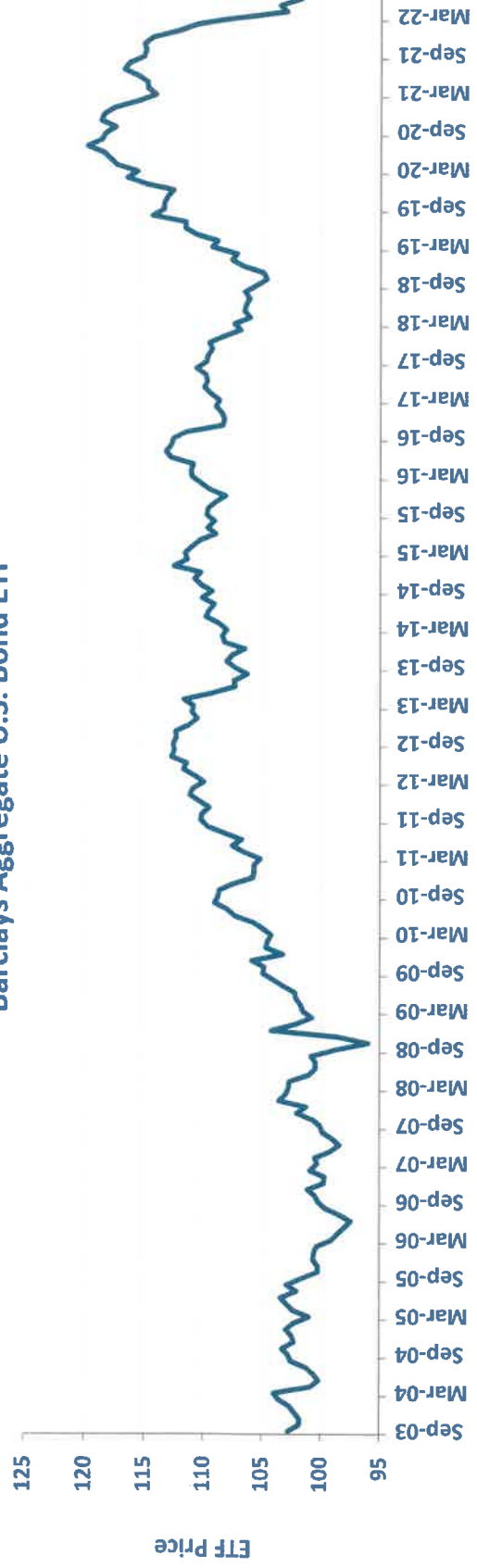


\*Inception Date of 1/31/2015

S&P 500 and MSCI EAFE Indexes



Barclays Aggregate U.S. Bond ETF



## Glossary and Disclosure

### Report Source Data:

RBIF: Bank of New York Mellon

Benchmark: Bloomberg

Clark County Investment Pool: FHN Main Street

### RBIF Information:

RBIF investments are overseen by Nevada PERS personnel

Investment object is to generate an 8% long-term return, exceeding CPI by 4.5%

Asset classes will be rebalanced according to range triggers shown on page 2

Rebalancing funding source/destination shall be those asset classes furthest away from their targets

### Glossary:

S&P 500: S&P index capturing large-cap U.S. based companies

MSCI EAFE: MSCI index capturing large and mid-cap equities across developed markets in EAFE (Europe, Australasia, and the Far East), excluding the U.S. and Canada

Barclays Aggregate Treasury Index: ETF which seeks to track the investment results of an index composed of U.S. Treasury bonds and notes

Barclays Aggregate Bond: Barclays index which tracks an index of U.S. investment-grade government (including mortgage-backed) and corporate bonds

ETF: Exchange traded fund, is a marketable security that tracks an index, such as the Barclays Aggregate Bond Index

Investment Pool: Short-term, high quality fixed income pool overseen by the Clark County Treasurer

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# Clark County OPEB Trust

## Economic & Market Update

### *Recession vs. Inflation*

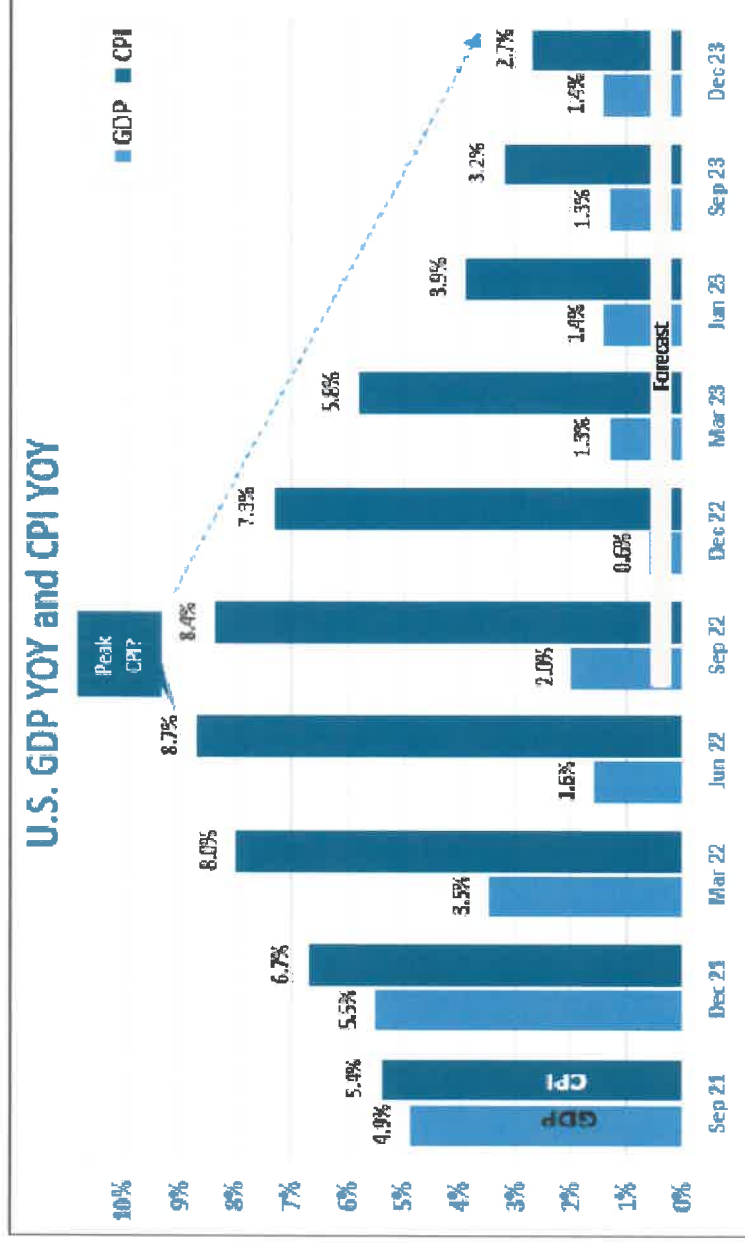
August 18, 2022

Rick Phillips, President  
Tonya Dazzio, Chief Operating Officer  
Greg Balls, CFA, Assistant Chief Investment Officer



10655 Park Run Drive #120  
Las Vegas, NV 89144  
702-575-6600

# Fed Hikes Expected to Help Push Growth and Inflation Lower



GDP and CPI: Quarterly Average

**Q1 GDP -1.6% Q2 GDP -0.9%**

**Bloomberg** @business · 1d ...  
 The Federal Reserve is “nowhere near” being almost done in fighting the hottest inflation in four decades, San Francisco Fed President Mary Daly said



Source: Bloomberg, Twitter

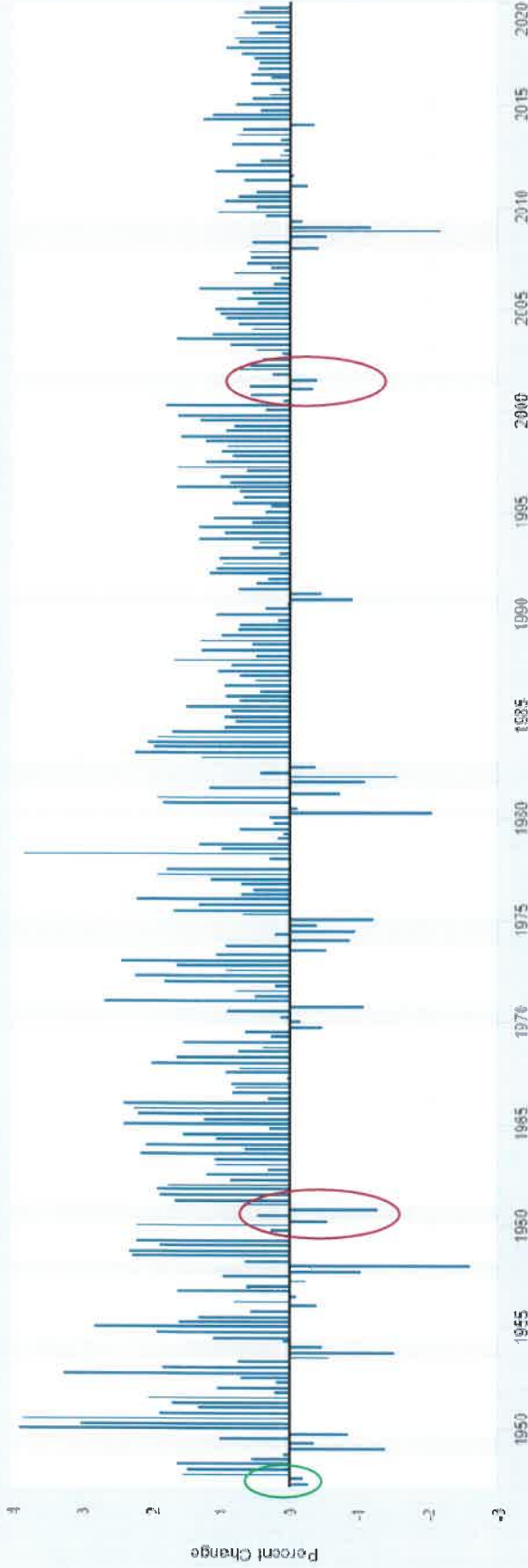




# Two Consecutive Negative GDP Quarters...Recession? Not Necessarily...But

**FRED** Real Gross Domestic Product

**Quarterly GDP: Q1 2022 -1.6% Q2 2022 -.9%**



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

**NBER** | NATIONAL BUREAU OF ECONOMIC RESEARCH

The NBER's traditional definition of a recession is that it is a significant decline in economic activity that is spread across the economy and that lasts more than a few months.

Source: Fed, NBER, Bilello

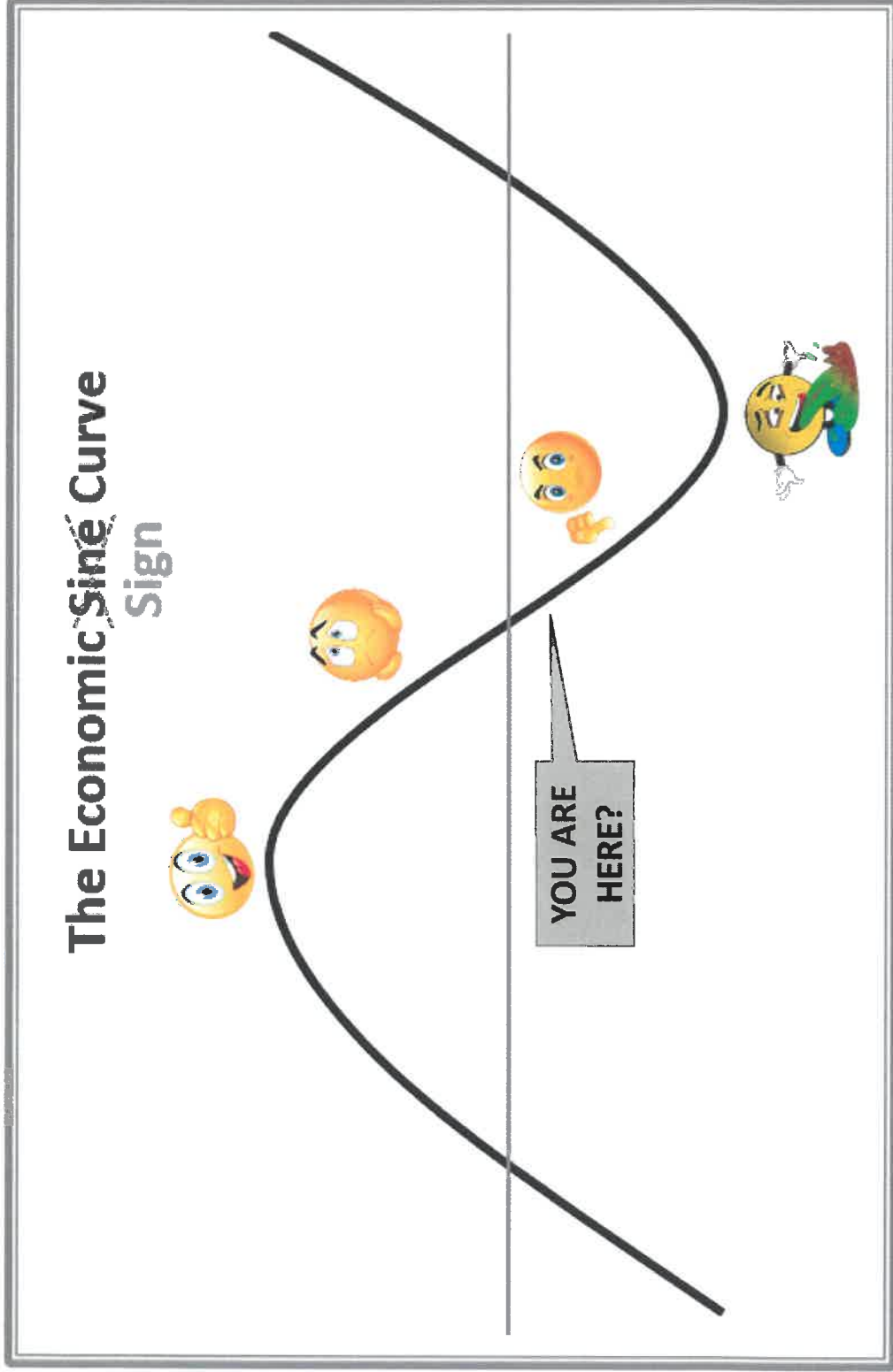


US Real GDP: Consecutive Quarters of Negative Growth (1947 - 2022)			
Real GDP: # Consecutive Negative Quarters	Start Quarter	End Quarter	Recession
2	Q1 2020	Q2 2020	Yes
4	Q3 2008	Q2 2009	Yes
2	Q4 1990	Q1 1991	Yes
2	Q4 1981	Q1 1982	Yes
2	Q2 1980	Q3 1980	Yes
3	Q3 1974	Q1 1975	Yes
2	Q4 1969	Q1 1970	Yes
2	Q4 1957	Q1 1958	Yes
3	Q3 1953	Q1 1954	Yes
2	Q1 1949	Q2 1949	Yes
2	Q2 1947	Q3 1947	No

COMPOUND

CharleBilello

## Where Are We on the Curve?



# Strong July Nonfarm Jobs Report...But Household Survey is Lower

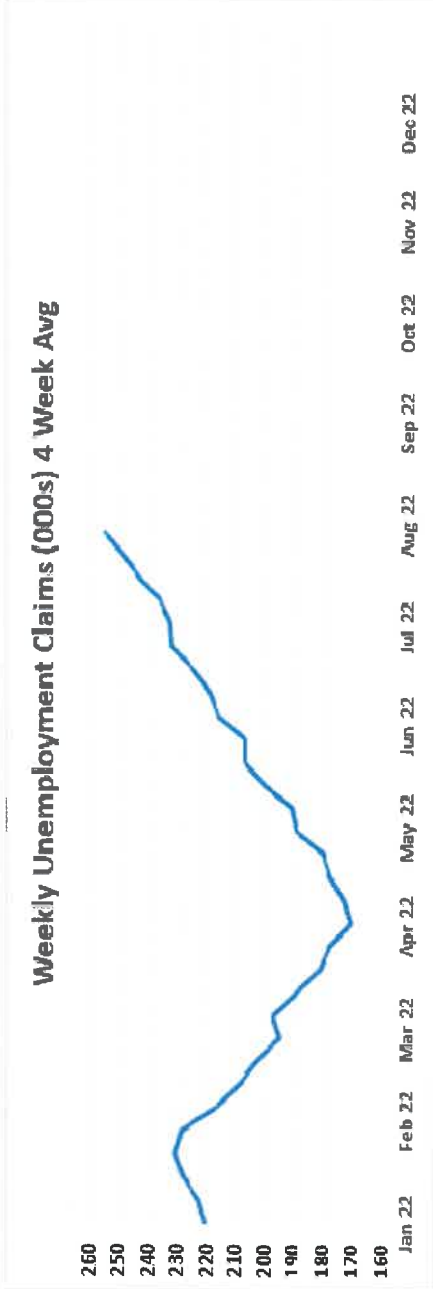
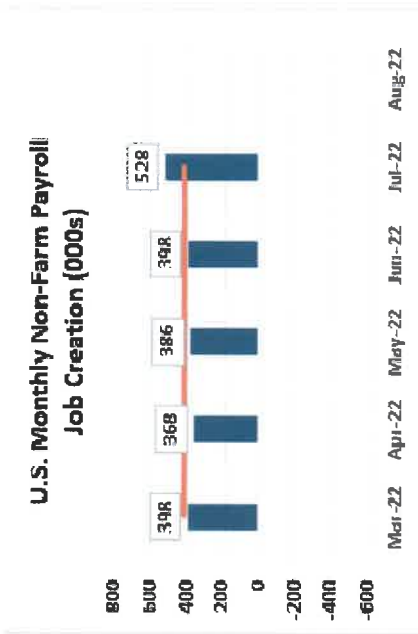
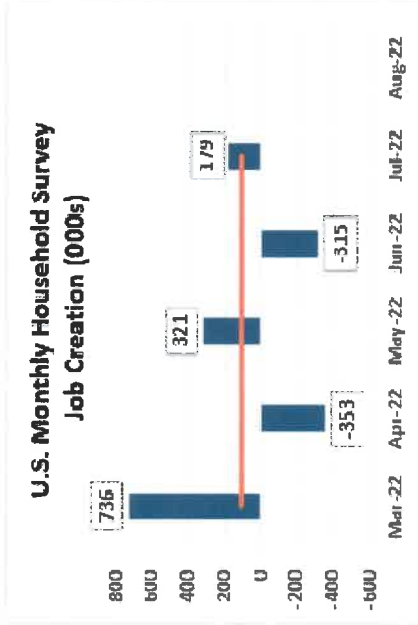


Yep, It's An Election Year!

**President Biden** @POTUS  
 United States governme...

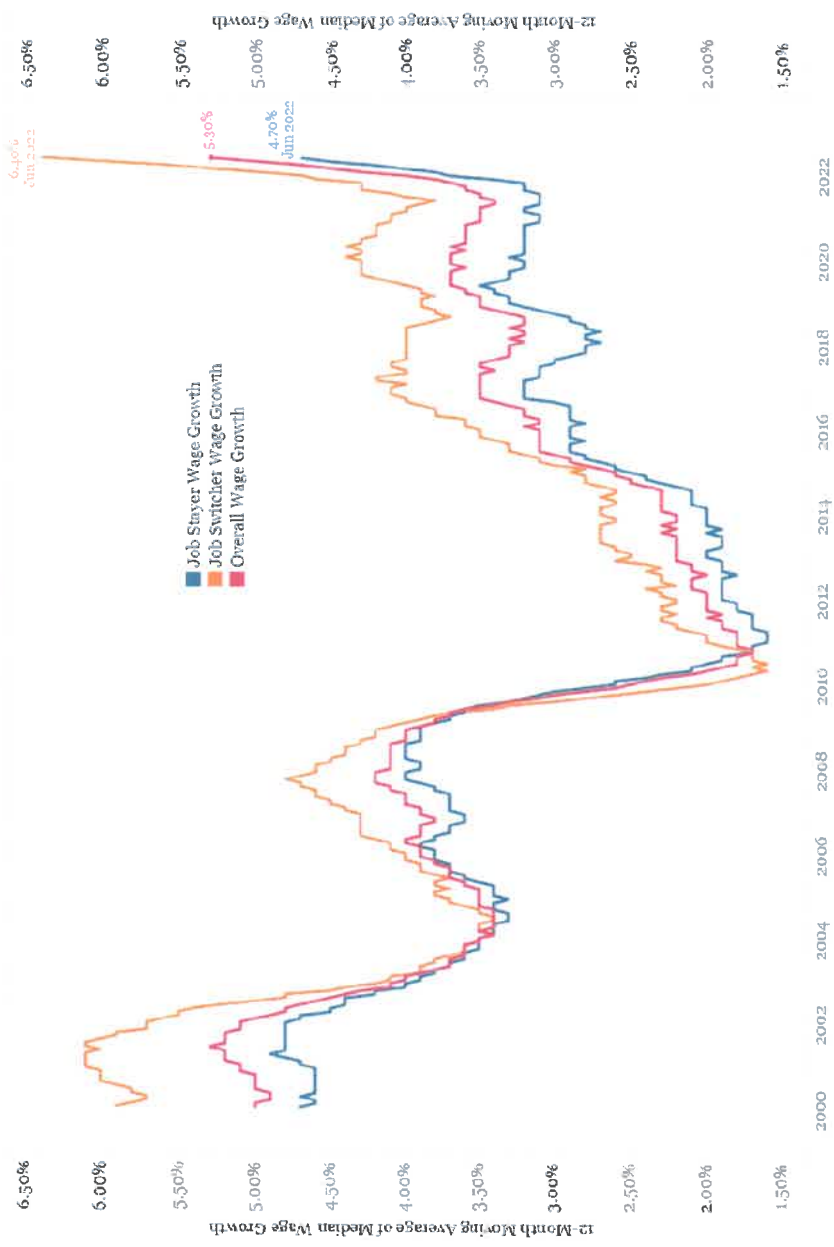
July's 0% inflation and last week's booming jobs report underscore the kind of economy we're building – an economy that works for everyone.

4:19 PM · 8/10/22 · [The White House](#)



# Will Wages Continue to Push Inflation Higher? Real Wages Still Negative

**Wage Growth of Job Switchers vs. Job Stayers**  
12-Month Moving Average of Median Wage Growth



Source: Federal Reserve Bank of Atlanta  
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<https://www.biancoresearch.com/>

**FACE THE NATION**  
Wages "for most Americans" are going up, but not "as fast as inflation," Neel Kashkari, the Pres. and CEO of the Federal Reserve Bank of Minneapolis, says.

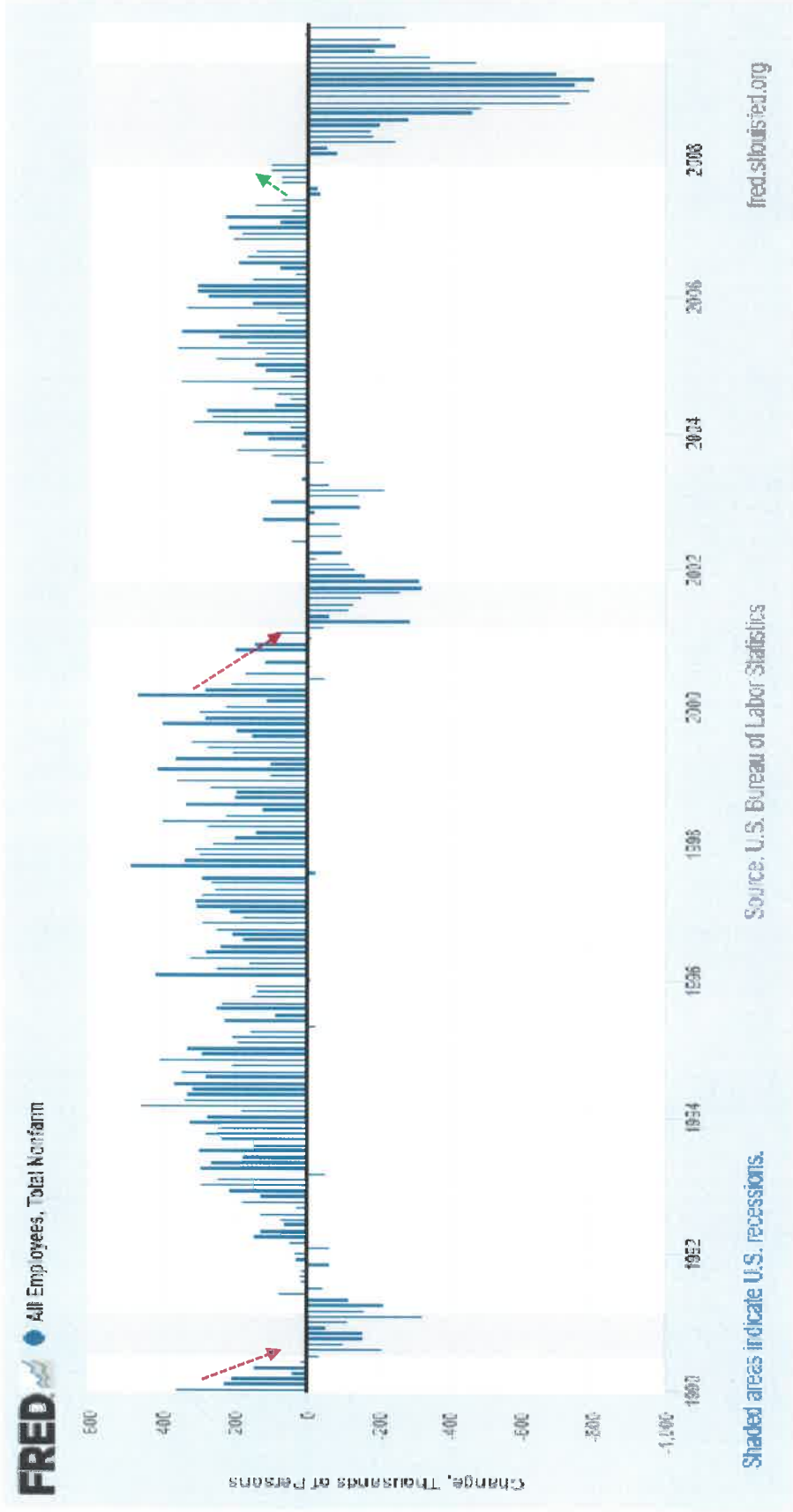
"We need to get the economy back into balance before this really does become a wage-driven inflation story."



Source: Bianco, Twitter



# A Mixed Employment Bag Before Previous Recessions

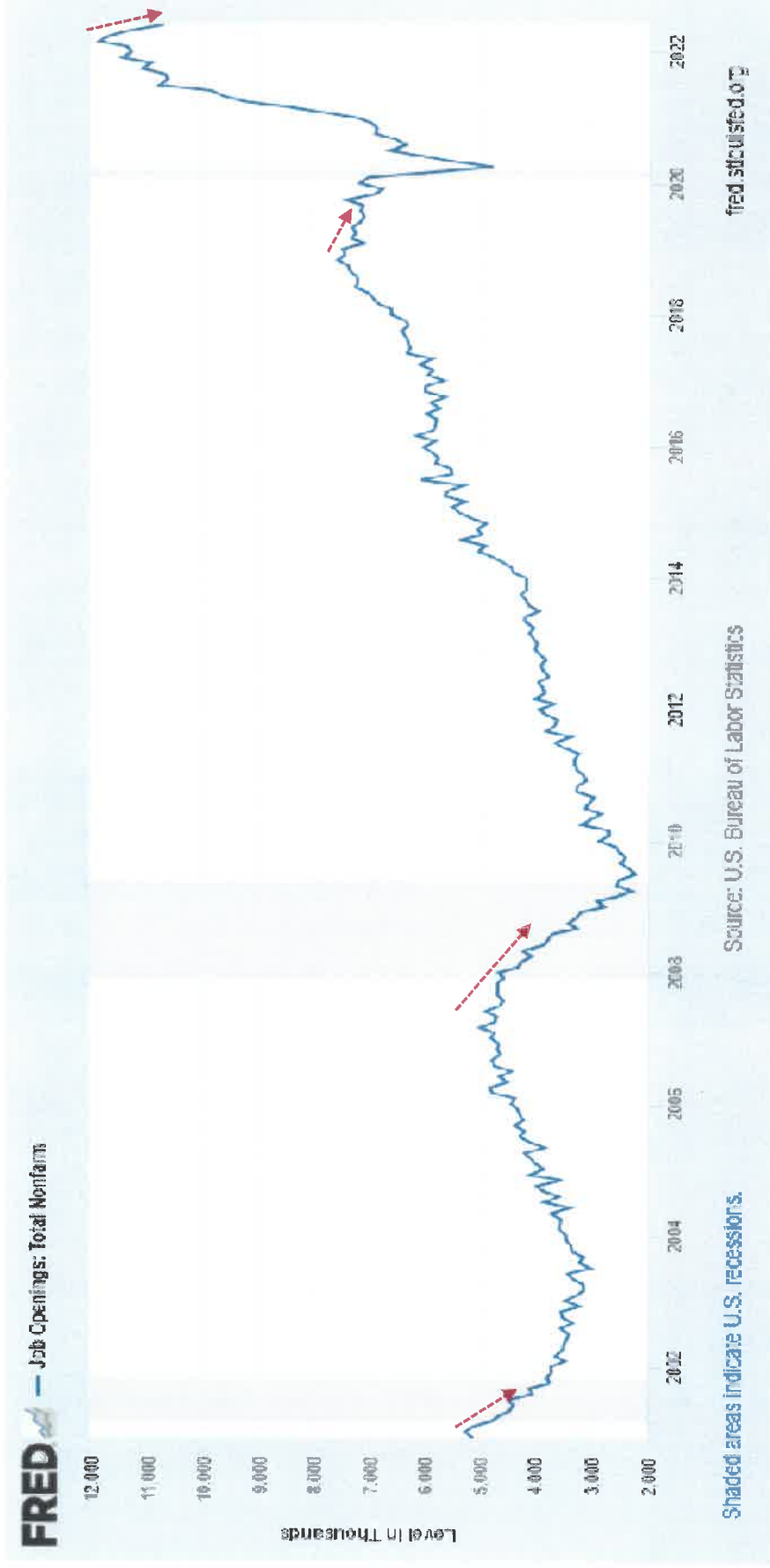


Source: FRED



# Job Openings Declining...But Still Really High

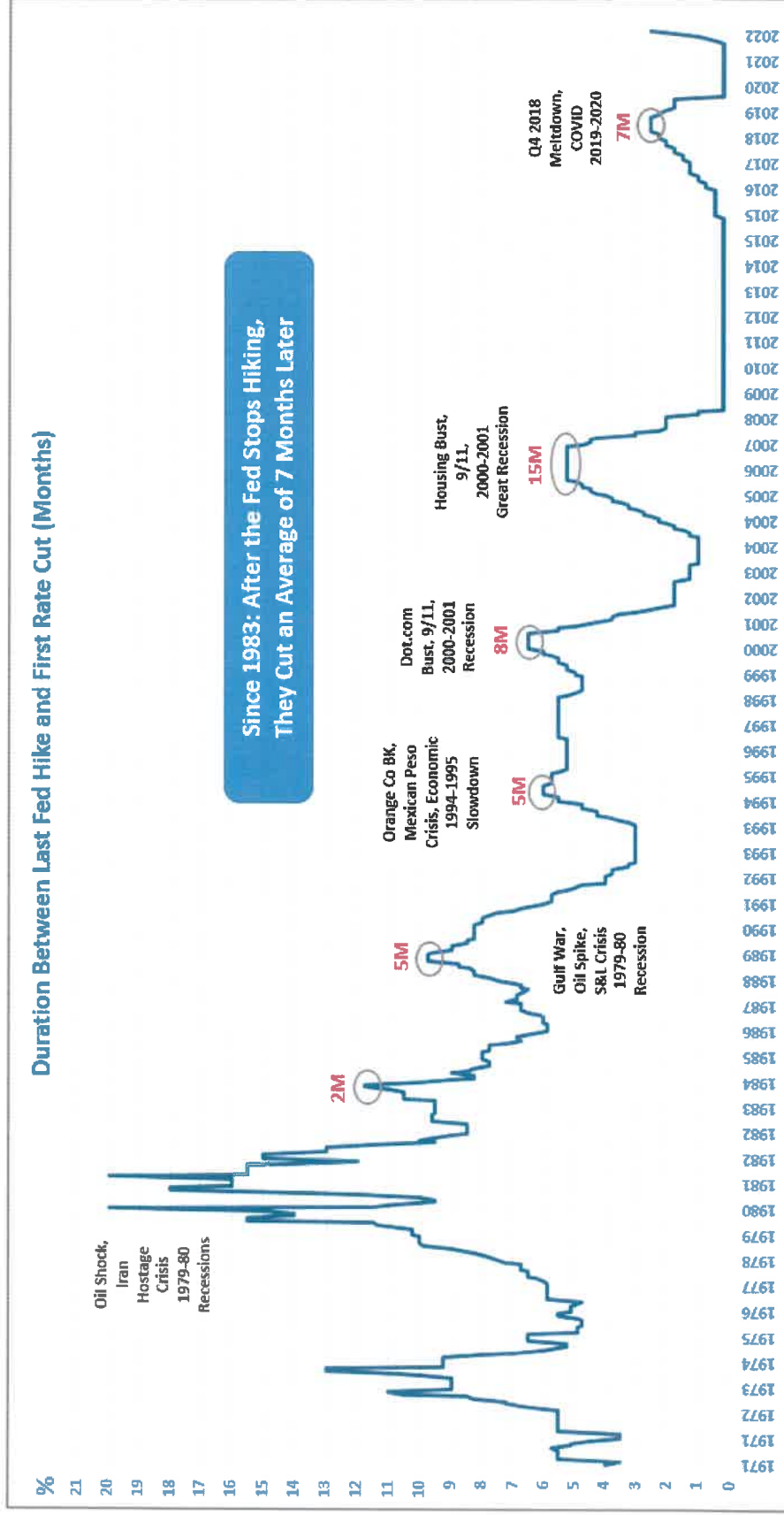
TRAVEL & LEISURE STRENGTHENING  
**97% 49%**  
HAVE OPENINGS HAVE STAFF SHORTAGES



Source: FRED, CNBC

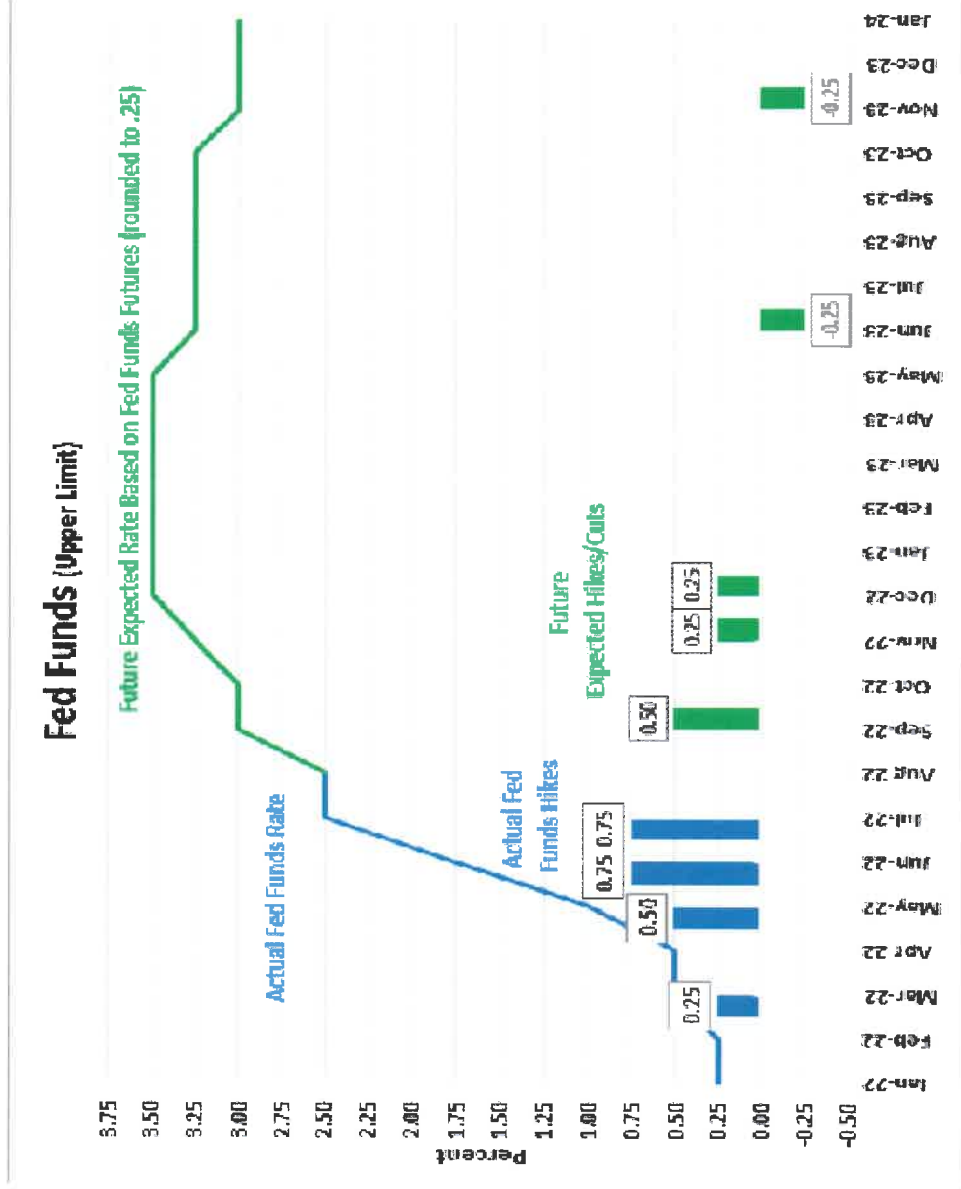


# Fed Cycles



Source: Bloomberg

# Market Looking for a Powell Pivot Next Year



## Fed Leaders, Unswayed by Softer CPI, See Rate Hikes Into 2023

by Matthew Boesler + Get Alerts

Updated on August 10, 2022 12:41 PM



Charles Evans and Neel Kashkari Photographers: Al Drago

Andrew Harned/Reuters

- Kashkari says softer inflation data don't change Fed's path
- Inflation has eased but it's "unacceptably high," Evans says

Two Federal Reserve officials responded to softening inflation data by saying it doesn't change the US central bank's path toward even higher interest rates this year and next.

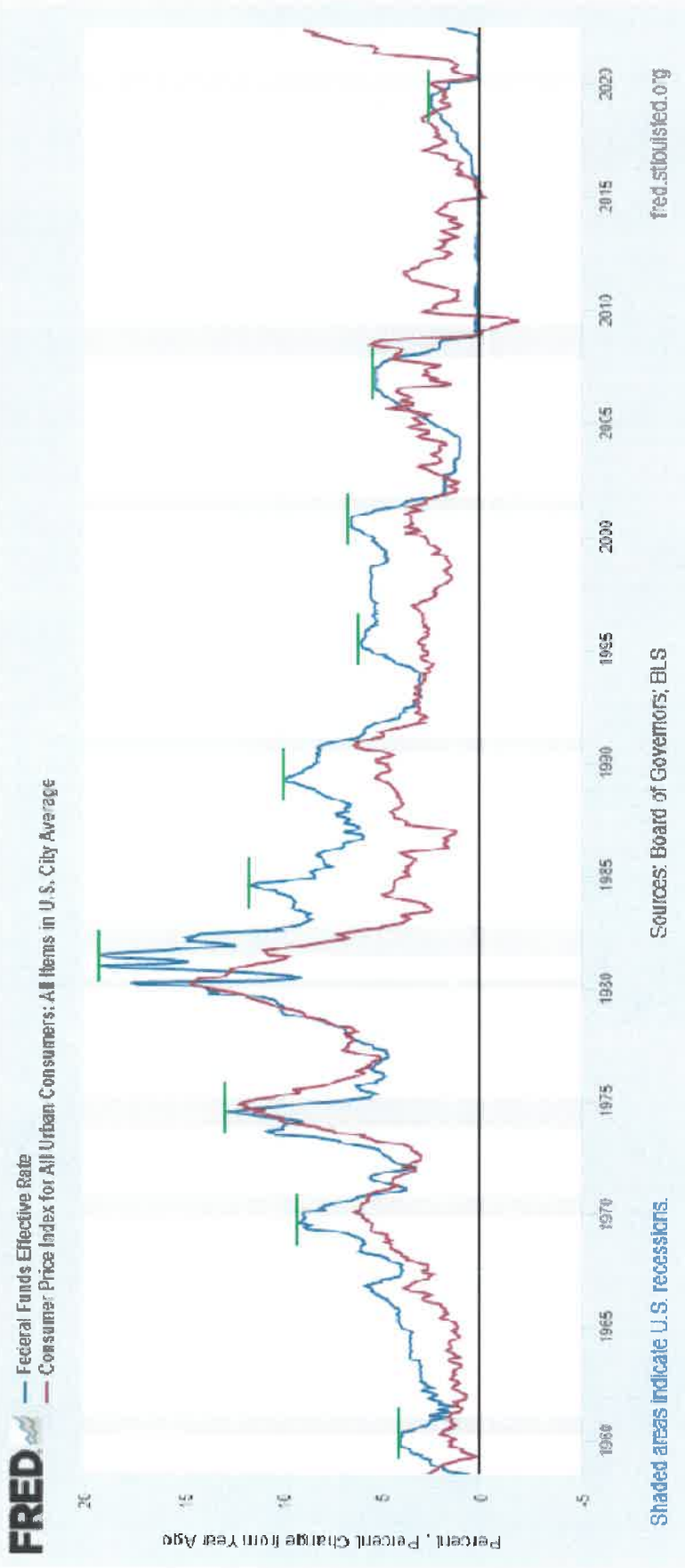
Minneapolis Fed President Neel Kashkari, who prior to the pandemic was the central bank's most dovish policy maker, said Wednesday that he wants the Fed's benchmark interest rate at 3.9% by the end of this year and at 4.4% by the end of 2023.

Source: Bloomberg, Twitter





# Fed's Terminal Rate Has Been Above CPI Peak...Probably Not This Time



## The Fed Has Never Stopped Hiking Before Fed Funds > CPI

Tightening Cycle	Fed Funds Peak	Date	CPI Real Fed Funds
1973	11.00%	8/30/1973	3.60%
1976-1980	20.00%	3/3/1980	5.20%
1980	20.00%	12/5/1980	7.50%
1983-1984	11.75%	8/24/1984	7.45%
1986-1989	9.75%	2/24/1989	4.95%
1994-1995	6.00%	2/1/1995	3.10%
1999-2000	6.50%	5/16/2000	3.30%
2004-2006	5.25%	6/29/2006	0.95%
2015-2018	2.50%	12/19/2018	1.90%
<b>2022</b>	<b>2.50%*</b>	<b>7/27/2022</b>	<b>-6.60%</b>

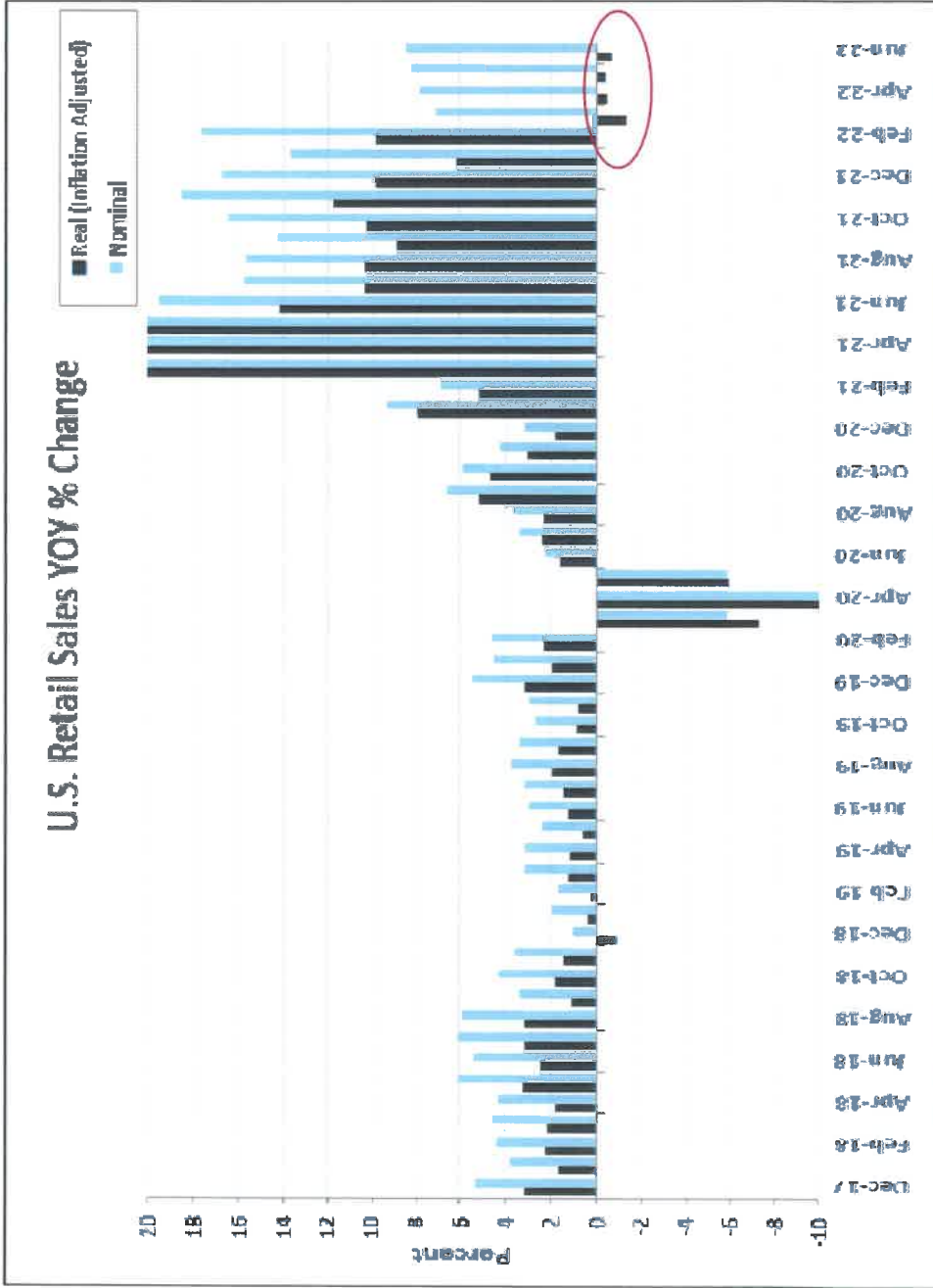
\* If rate hikes ended today

<https://www.biancoresearch.com>

Source: FRED, Bianco



# US Consumers are Okay...Not Great, But Not Bad Either: Services vs. Goods



Las Vegas International Airport: June 2022 Busiest Month Ever

Source: Bloomberg, CNBC



MARKETS BUSINESS INVESTING  
CNBC

Amazon Cuts 100,000 Employees From Workforce In A Single Quarter



MARKETS BUSINESS INVESTING  
CNBC

Walmart cuts profit guidance as inflation forces shoppers to spend more on necessities

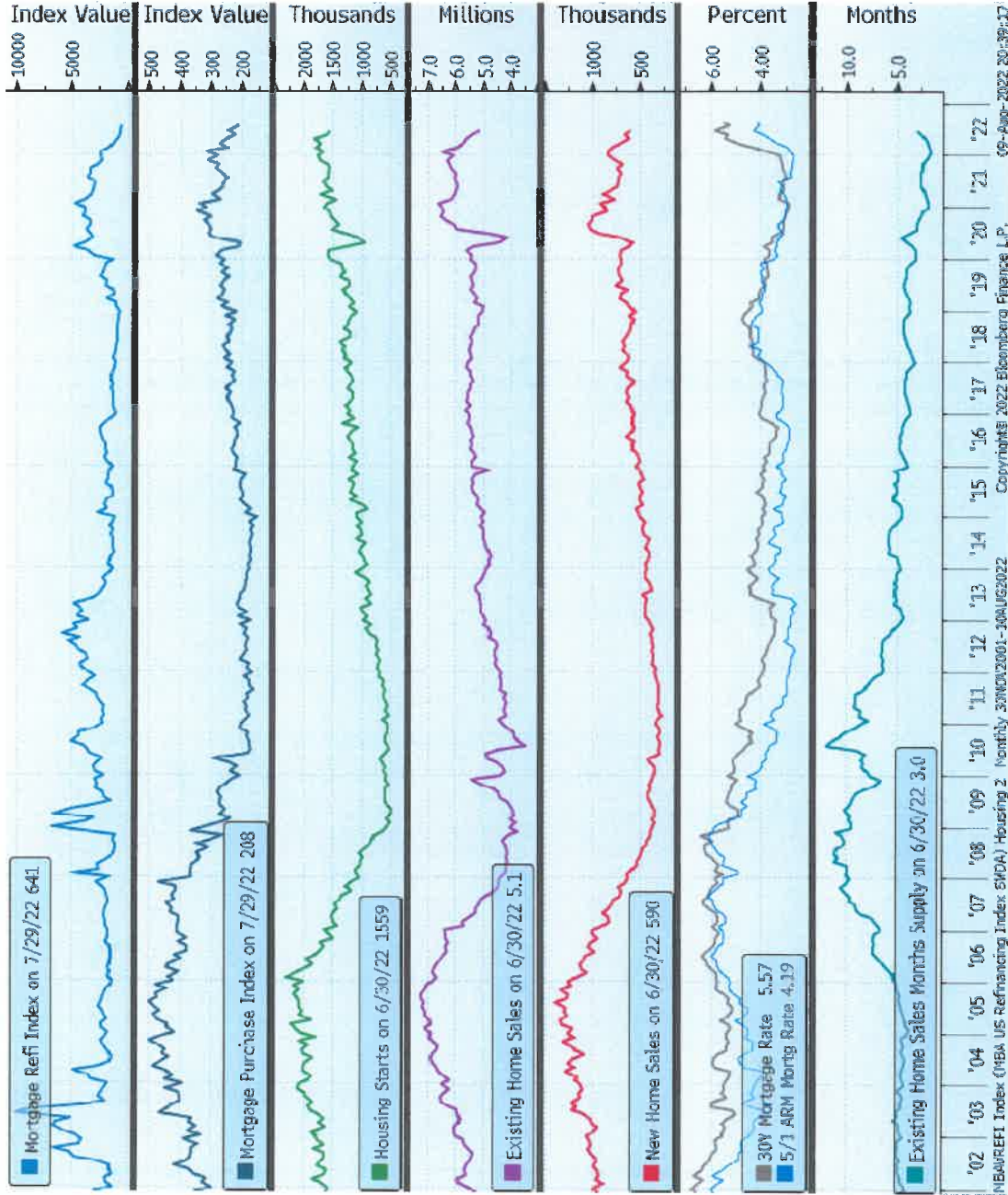
PUBLISHED MON, JUL 25 4:02:43 PM EDT UPDATED 3 MIN AGO



Melissa Repko @MELISSA\_REPKO

- Walmart shares fell after the company cut its profit expectations due to inflation's impact on shoppers' choices.
- The increasing levels of food and fuel inflation are affecting how customers spend, and while we've made good progress clearing headline categories, apparel in Walmart U.S. is requiring more markdown dollars," CEO Doug McMillon said.
- The news dragged down shares of other retailers, including Target.

# Housing is Facing Headwinds



## Builders Are Stuck With Too Many Houses as US Buyers Pull Back

The industry faces a glut of inventory after years of supply constraints fueled an affordability crisis.

by Prashant Gopal and Catarina Saraiva

August 9, 2022 7:01 AM



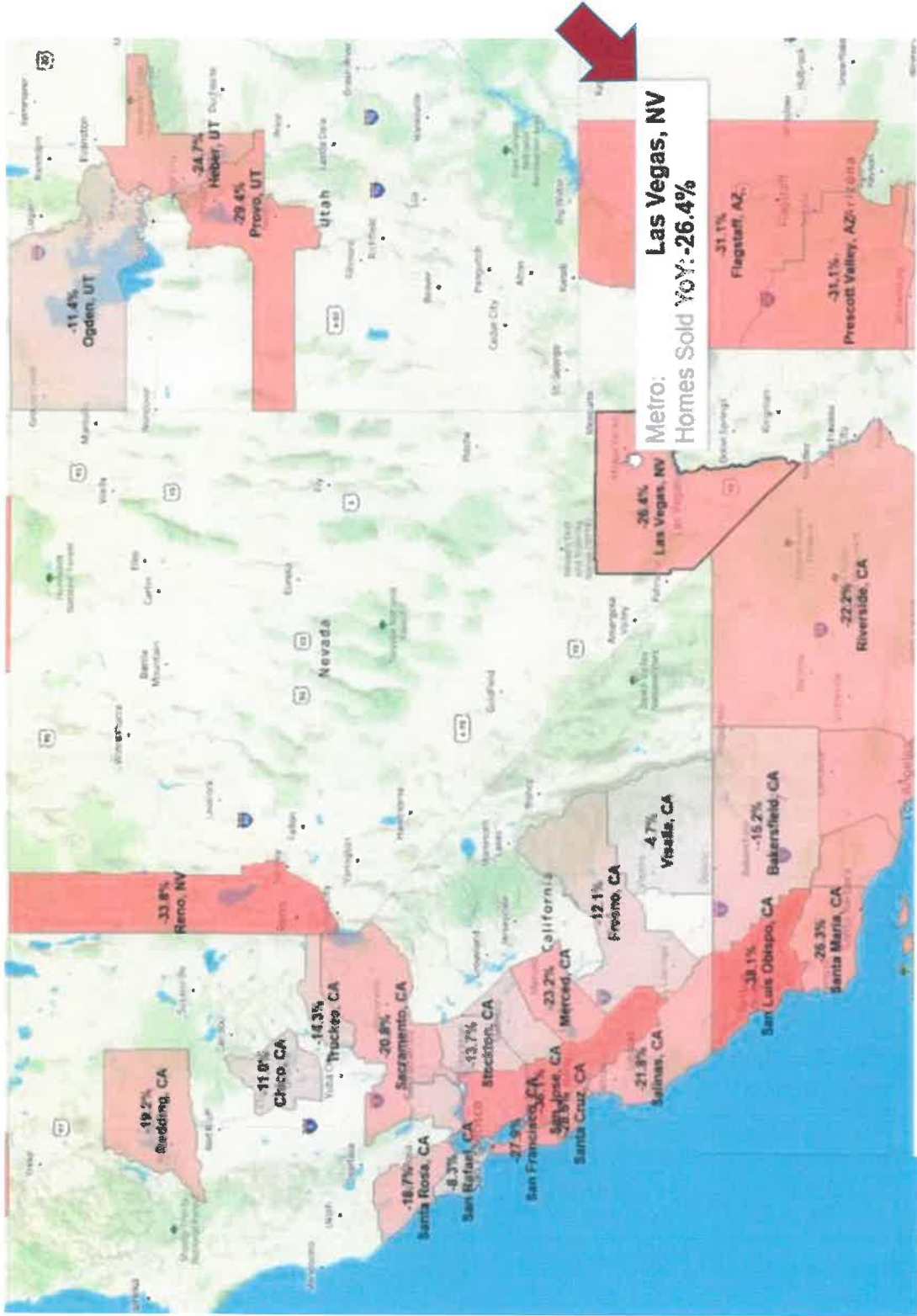
Saratoga Homes' Glendale Lakes has a menu of incentives to bring down costs for its entry-level buyers.

Mark Fisher, Entrepreneur

In an American housing market that for years has been plagued by too little inventory, builders are suddenly finding themselves with a glut of unsold homes.

Source: Bloomberg

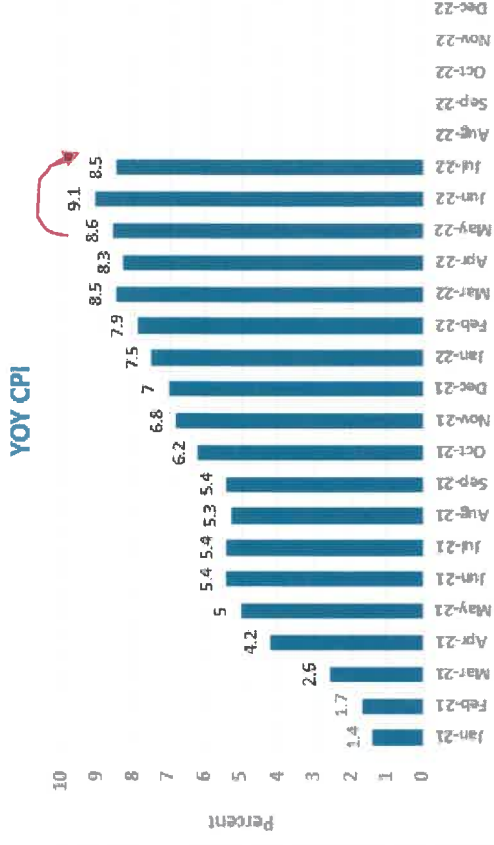
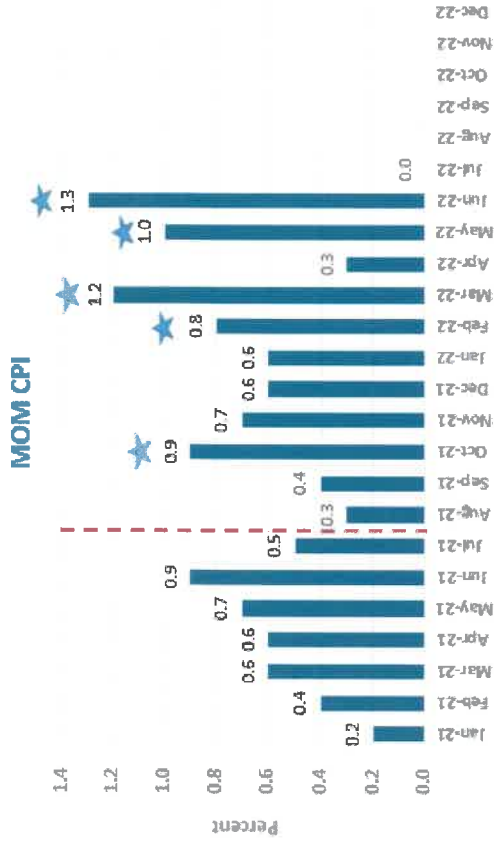
# Las Vegas' Homes Sold YOY Has Declined...But Others are Higher



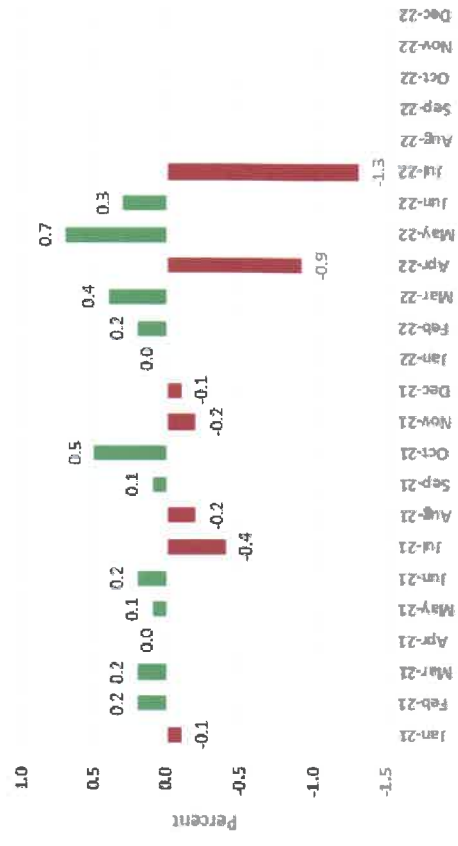
Source: Redfin, Twitter



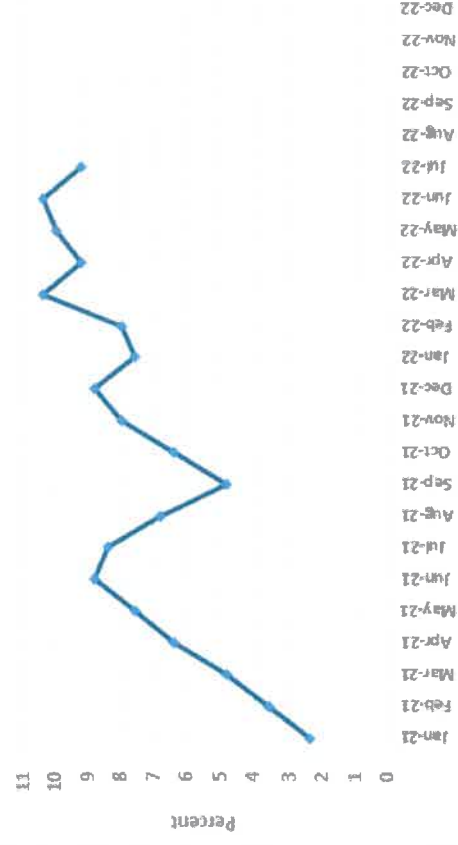
# CPI Probably Has Peaked



## CPI Change from Prior Month



## Last 3 Months Annualized CPI



Source: Bloomberg



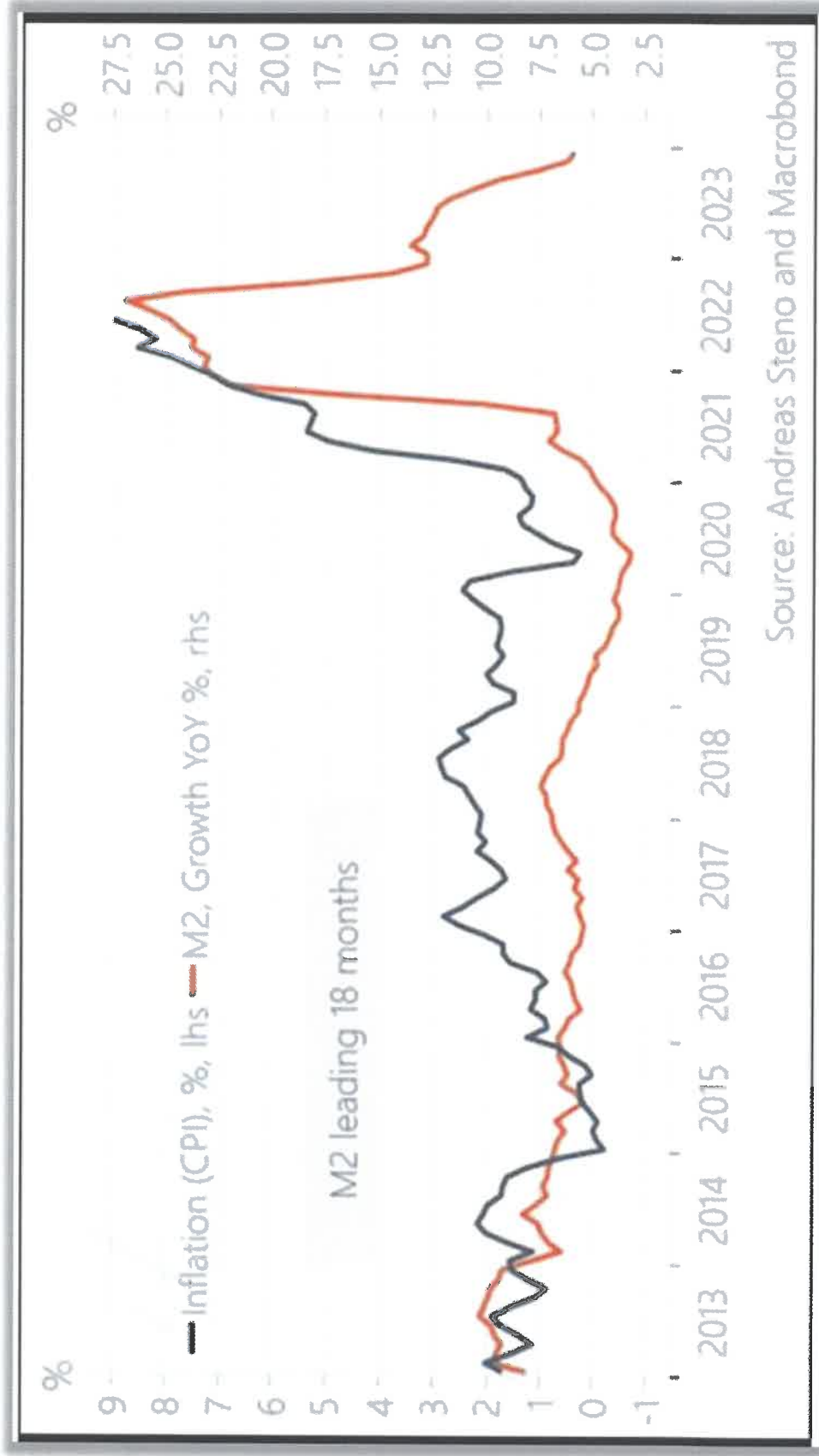
# CPI Details

Selected Expenditure Category	Seasonally Adjusted Percent Change from Previous Month												Jul vs Jun Var			
	Jul-2022 Weight	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022		Jul 2022	Jul YOY	Jun YOY
All items	100.00	0.8	0.4	0.9	0.7	0.6	0.6	0.8	1.2	0.8	1.0	1.3	0.0	8.5	9.1	(0.6)
-Food	13.4	0.4	0.9	0.9	0.8	0.5	0.9	1.0	1.0	0.9	1.2	1.0	1.1	10.9	10.4	0.5
Food at Home	8.3	0.4	1.2	0.9	0.9	0.4	1.0	1.4	1.5	1.0	1.4	1.0	1.3	13.1	12.2	0.9
Food Away from Home	5.1	0.4	0.5	0.8	0.6	0.6	0.7	0.4	0.3	0.6	0.7	0.9	0.7	7.6	7.7	(0.1)
-Energy	9.2	1.9	1.2	3.7	2.4	0.9	0.9	3.5	11.0	(2.7)	3.9	7.5	(4.6)	32.9	41.6	(8.7)
Energy Commodities	5.6	2.5	1.2	4.7	4.2	1.3	(0.6)	6.7	18.1	(5.4)	4.5	10.4	(7.6)	44.9	60.6	(15.7)
Gasoline	5.2	2.5	1.1	4.6	4.5	1.3	(0.8)	6.6	15.3	(6.1)	4.1	11.2	(7.7)	44.0	59.9	(15.9)
Fuel oil	0.2	(2.1)	3.9	12.3	2.5	(2.4)	9.5	7.7	22.9	2.7	15.9	(1.2)	(11.0)	75.6	98.5	(22.9)
Energy Services	3.6	1.2	1.2	2.4	0.2	0.3	2.9	(0.4)	1.8	1.5	3.0	3.5	0.1	18.8	19.4	(0.6)
Electricity	2.6	1.0	0.6	1.4	0.2	0.5	4.2	(1.1)	2.2	0.7	1.3	1.7	1.5	15.2	13.7	1.5
Utility (piped) Gas Service	1.0	1.6	2.9	5.9	0.3	(0.3)	(0.5)	1.5	0.5	3.1	8.0	8.2	(3.6)	30.5	38.4	(7.9)
-All items Less Food and Energy	77.4	0.2	0.3	0.6	0.5	0.6	0.6	0.5	0.3	0.6	0.5	0.7	0.3	5.9	5.9	0.0
Commodities Less Food and Energy	21.1	0.4	0.3	1.1	0.9	1.2	1.0	0.4	(0.4)	0.2	0.7	0.8	0.2	7.0	7.2	(0.2)
New Vehicles	4.0	1.2	1.3	1.3	1.2	1.2	0.0	0.5	0.2	1.1	1.0	0.7	0.5	10.4	11.4	(1.0)
Used Cars and Trucks	4.0	(1.2)	(0.5)	2.5	2.4	3.3	1.5	(0.2)	(3.8)	(0.4)	1.3	1.6	(0.4)	6.6	7.1	(0.5)
Apparel	2.4	0.3	(0.7)	0.6	0.7	1.1	1.1	0.7	0.5	(0.8)	0.7	0.8	(0.1)	5.1	5.2	(0.1)
Medical Care Commodities	1.5	(0.2)	0.3	0.6	0.1	0.0	0.9	0.3	0.2	0.1	0.3	0.4	0.5	3.7	3.2	0.5
Services Less Energy Services	55.3	0.1	0.2	0.4	0.4	0.3	0.4	0.5	0.5	0.7	0.5	0.7	0.4	5.5	5.5	0.0
Shelter	32.1	0.2	0.4	0.5	0.5	0.4	0.3	0.5	0.5	0.5	0.5	0.6	0.5	5.7	5.6	0.1
Transportation Services	5.9	(1.2)	(1.0)	0.2	0.7	0.0	1.0	1.4	2.0	3.1	1.3	2.1	(0.5)	9.2	8.8	0.4
Medical Care Services	5.8	0.2	0.2	0.4	0.3	0.3	0.6	0.1	0.5	0.5	0.4	0.7	0.4	5.1	4.8	0.3

Source: BLS



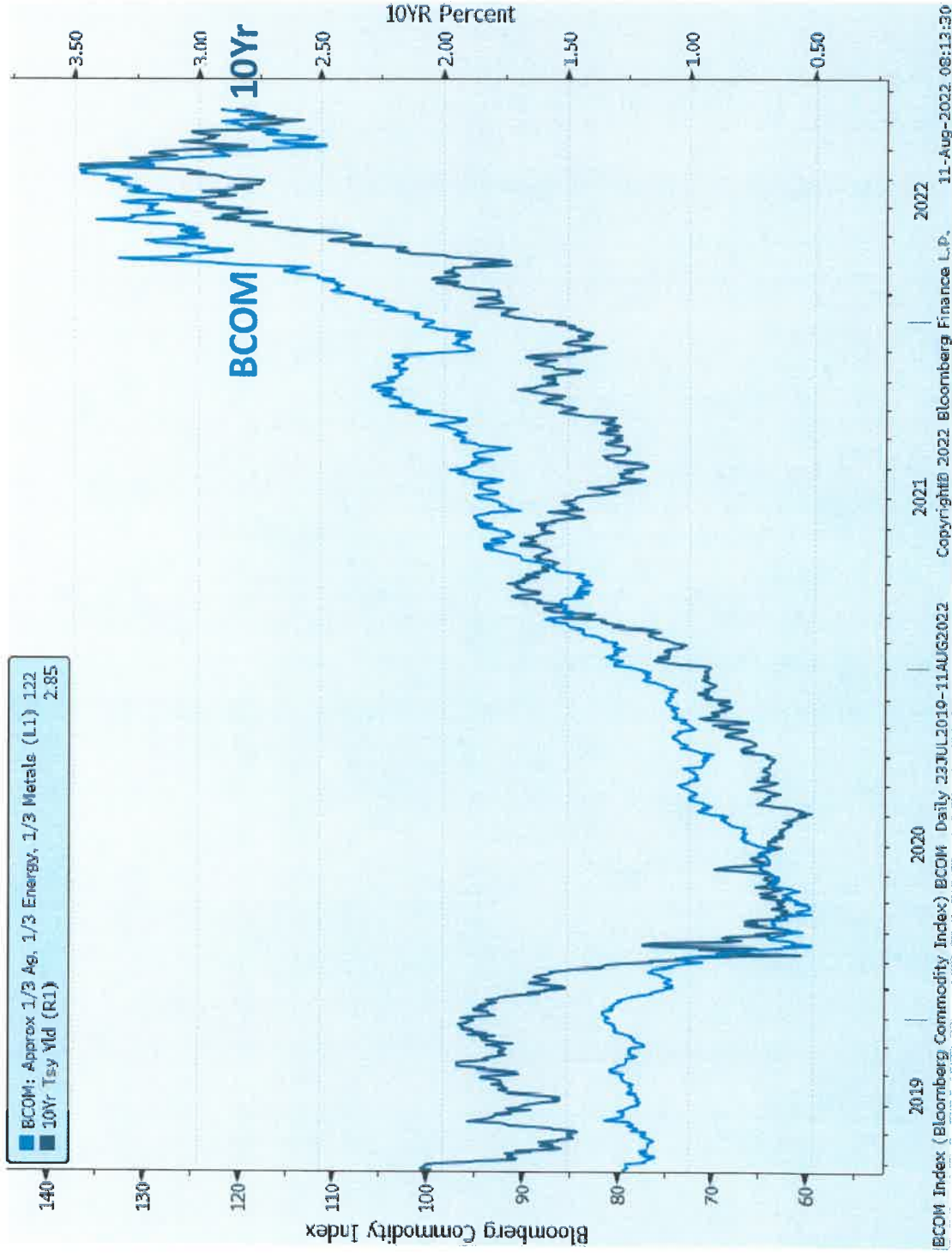
## Decline in ROC of Money Supply (M2) is Pointing to Lower Future Inflation



Source: Wealthion



# Commodities vs. 10Yr Treasury Yield



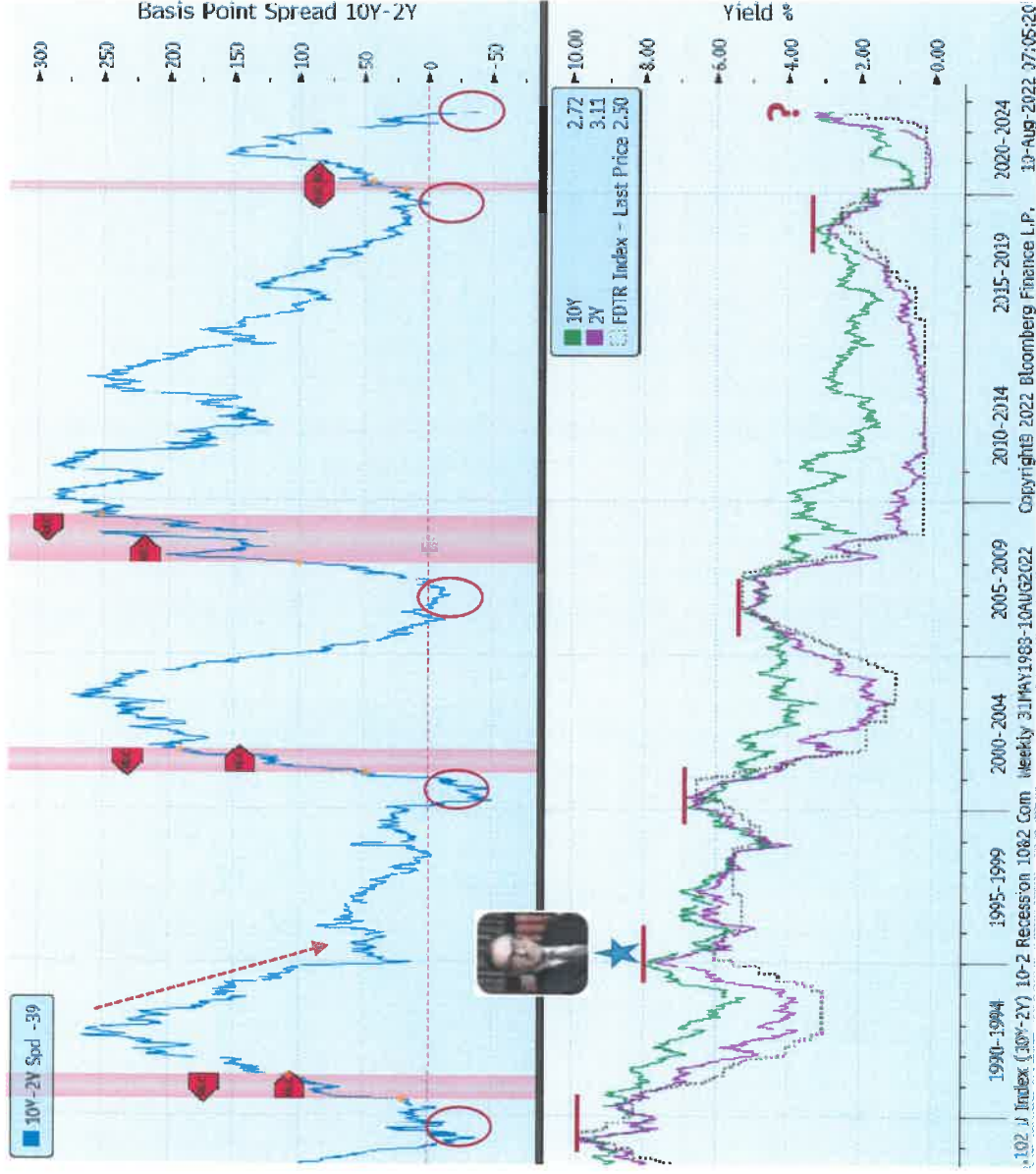
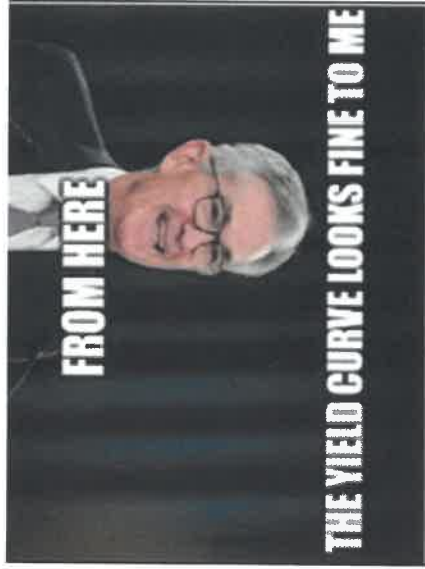
Source: Bloomberg







# 10Y-2Y Yield Curve is Most Inverted Since 2000...Flashing Red



## How Long Until the Recession?

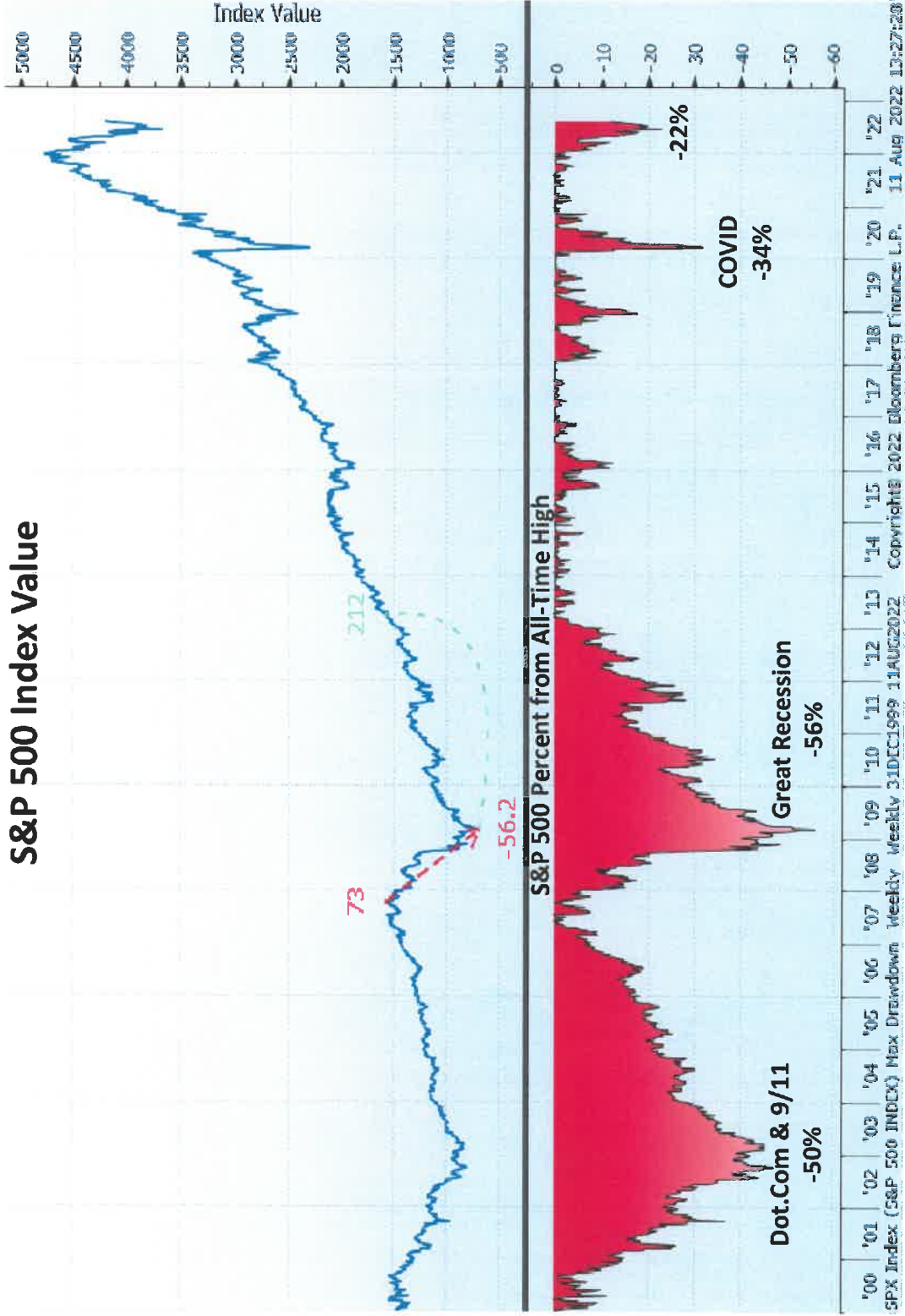
When the 10Yr/2Yr U.S. Treasury Curve Inverts 5 Consecutive Trading Days

Date of 5 Day Inversion	Consecutive Trading Days Inverted		Date of Next Recession		Days to Next Recession	
	Days Inverted	Days to Next Recession	Recession	Recession	Recession	Recession
8/30/1978	422		Jan 1980		485	
9/24/1980	279		Jul 1981		280	
1/19/1989	123		Jul 1990		528	
2/24/2000	229		Mar 2001		371	
2/13/2006	25		Dec 2007		656	
5/22/2019	6		Feb 2020		180	
7/11/2022	34		???			
<b>Average</b>	<b>160</b>				<b>417</b>	

Source: Bloomberg, Twitter



# Stocks Down...But Other Cycles Have Been Much Worse



Source: Bloomberg



# RBIF Investment Performance

## Retirement Benefits Investment Fund

March 31, 2022

Performance Gross of Fees

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	10 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	\$ 409,358,396	50.5%	52.0%	6.5%	15.6%	18.9%	16.0%	14.6%	11.0%
Market Return				6.5%	15.7%	18.9%	16.0%	14.6%	11.0%
Intl Stocks- MSCI World x US Index	\$ 163,300,941	21.5%	20.7%	-2.4%	3.3%	8.9%	7.5%	6.8%	3.7%
Market Return				-2.5%	3.0%	8.6%	7.2%	6.5%	3.5%
U.S. Bonds- U.S. Bond Index	\$ 213,871,942	28.0%	27.2%	-2.9%	-2.9%	3.3%	2.9%	2.4%	3.2%
Market Return				-3.0%	-3.1%	3.3%	2.9%	2.2%	3.1%
<b>Total RBIF Fund</b>	<b>\$ 787,586,407</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.2%</b>	<b>8.0%</b>	<b>13.0%</b>	<b>10.9%</b>	<b>9.6%</b>	<b>7.7%</b>
<b>Market Return</b>				<b>2.0%</b>	<b>7.6%</b>	<b>12.6%</b>	<b>10.6%</b>	<b>9.5%</b>	<b>7.6%</b>

Source: State of Nevada PERS



# Disclosure

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