

Texas Local Firefighter's Retirement Act of Denton
Regular Monthly Meeting
January 15, 2020

After determining that a quorum was present, the Texas Local Firefighter's Retirement Act of Denton Board of Directors convened in a regular monthly meeting on Wednesday, January 15, 2020 at 8:30 a.m. in the Community Conference Room at the Central Fire Station.

Board Members Present: Scott Manes, Erik Clark, Dick Smith, Charlie Parker, Chris Reeder
Board Member Absent: Derek Oswald, Tony Puente
Also Present: Gary Calmes, Bill Coleman

1. Call to Order

Vice Chairman Manes called the meeting to order at 8:34 a.m.

2. Approval of the minutes from the December 18, 2019 meeting

Reeder motioned; Smith seconded to approve the minutes. Motion carried unanimously.

3. Accept nominations and elect Board Chairman, Vice-Chairman, and Secretary.

Gary Calmes stated that the yearly nominations were needed for board members.

Reeder motioned; Clark seconded to maintain the current board members – Board Chair, Derek Oswald; Vice-Chairman, Scott Manes and Secretary, Chris Reeder. Motion carried unanimously.

4. Receive a report and discuss information provided by investment advisors and/or real estate committee relating to investment and real estate matters and take action.

Bill Coleman presented information/updates on the following:

- Discussed the cash in the portfolio and the current trends on maintaining cash in portfolios.

Tony Puente joined the meeting.

- Discussed the MLPs' 3rd party managers for the past year which showed a good relative performance. Coleman noted that the performance included Reynders. He stated that overall the portfolio had a very good year. Various portions of the portfolio were discussed in terms of performance.
- Asset allocation – reviewed the year end, last month and this month figures.

Calmes noted that the Board needed to acknowledge that cash/cash equivalents and fixed income were out of the policy range.

Parker motioned; Puente seconded to acknowledge that at year-end the cash portion and fixed income were out of range with the current policy. Motion carried unanimously.

- Coleman continued with information on global bank stocks and S&P 500 versus Financials along with the status of the market and factors involved in that status.

- Recommendations
 - Purchase 2000 shares of CVS
 - Purchase 2100 shares of Exxon
 - Add to Energy Transfer which was currently on the exceptions list rated as a "C".
 - Add \$150,000 to Vanguard International Value

Regarding Energy Transfer, Coleman was recommending adding \$150,000 which was approximately 1100 shares. He noted that it was currently on the exceptions list but could be added if approved unanimously by the Board. Information was noted on why it was currently on the exceptions list.

The Board discussed the additional purchase of Energy Transfer and the reasons why it was on the exceptions list. Discussion also included whether it was possible to purchase additional shares under the current policy. After discussion, it was determined that a unanimous vote of the members present would be needed to authorize the purchase according to the policy.

Parker motioned; Reeder seconded to accept the recommendation to add to and continue to hold Energy Transfer even though it failed to meet some of the standards set forth in the Investment Policy. Motion carried unanimously.

Parker motioned; Reeder seconded to approve the remaining recommendations. Motion carried unanimously.

Coleman noted an additional recommendation to add a US Treasury at the end of the bond ladder.

Parker motioned; Reeder seconded to approve the recommendation regarding the US Treasury. Motion carried unanimously.

Erik Clark left the meeting.

Gary Calmes presented information/updates on the following:

- Bid for dirt work at Arconic - Calmes expressed concern about the company that provided the bid due to the corporate status of the company being terminated. He had discussed his concerns with Rebecca Andreason, Northbridge, who indicated that she could find a different company to do the work. Calmes suggested allowing Rebecca to continue to work on receiving other options for a different bid.

The Board discussed that as this was a small dirt work project, there was not a large concern about the corporate status, and they should rely on Rebecca's judgement as the property manager. There was a greater concern about being apprised about adverse correspondence received from Arconic regarding not completing the project. The question was whether the bidder could get bonded and insured. Northbridge would be responsible for the completion of the project and that it would be performed according to the engineer's report.

5. Consider for approval the quarterly fees for Garnett Advisors, LLC.

Parker motioned; Reeder seconded to approve the fees. Motion carried unanimously.

6. Discuss and consider for approval changes to the current investment policy.

Calmes stated that every quarter the Board continued to approve a cash variance above the set policy goals. The Board had discussed in prior meetings that a change in the policy might be needed. The current policy was a target of 7 with a range of 0-10. His suggestion was to leave the target at 7 but make the range 0-15. He also suggested removing Item 12 in the policy which discussed when meetings would be held as that type of information was not necessarily part of an investment policy. Fixed income was recommended to be changed to a target of 10 with a range of 5-20.

Parker motioned; Reeder seconded to approve the recommendations as noted. Motion carried unanimously.

7. Receive a report from plan administrator, Gary Calmes, and provide direction.

There were no additional items for discussion.

8. Receive a report from the chair on any non-material transactions.

There were no items for discussion.

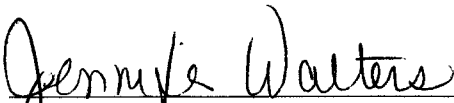
9. Respond to inquiries from trustees or the public with specific factual information or recitation of policy or accept a proposal to place the matter on the agenda for an upcoming meeting.

No items were noted.

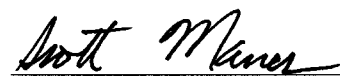
10. Adjourn

With no further business, the meeting was adjourned at 9:26 a.m.

Respectfully submitted,


Jennifer Walters
Recording Secretary

Approved,


Scott Manes
Vice-Chairman