

TEXAS LOCAL FIREFIGHTERS RETIREMENT ACT OF DENTON

Regular Monthly Meeting
January 16, 2018

The regular meeting of the Texas Local Firefighter's Retirement Act of Denton was called to order at 8:30 AM on January 16, 2018, at the Central Fire Station, 332 E. Hickory, Denton, Texas.

Board Members Present: Derek Oswald, Scott Manes, Charlie Parker, Tony Puente Jr. and Dick Smith

Board Members Absent: Chris Reeder

Also Present: Bill Coleman and Gary Calmes

Agenda Item #1: Call to Order - The meeting was called to order by Chairman Derek Oswald.

Agenda Item #2: Approval of the Minutes - Mr. Smith moved and Mr. Manes seconded to approve the minutes from the December 18th meeting. Passed.

Agenda Item #3: Chairman Oswald moved Item #3 to the end of the agenda.

Agenda Item #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 - Mr. Calmes reported no updates for real estate matters, Mr. Oswald inquired about the Villages of Crossroads property. He inquired as to if contractor expenses related to the drainage issue were included in last year's budget. Mr. Calmes reported these expenses were included in last year's budget, but the funds will come out of reserves this year.

Mr. Coleman proposed to the board that the effective date of the Garnett Advisors, LLC contract be pushed back to a February 1st start date due to delays in transferring the various asset accounts from the former investment adviser. Mr. Coleman has no individual bond or equity recommendations at this time.

Mr. Coleman reported that cash month-over-month was down 2% due to purchases of corporate bonds. He also reported that the S&P has been up all twelve months this year which has served both Reynders and the fund's direct equity holdings well. Mr. Coleman mentions that MLP's had a tough year but had rebounded nicely in January. Mr. Coleman complimented Mr. Kirk's efforts in making material allocations to MLP's during 2017 at a time when they were undervalued. The investment portfolio's preliminary performance numbers for equities in 2017

came in at 18% compared to the S&P at 21%. Mr. Kirk's portfolio was up 16% and Reynders was up 25%. The performance reports show the total portfolio was up 12% for the year. Mr. Coleman reiterated that these numbers were preliminary.

Mr. Coleman reported that Reynders trimmed some of their positions in December. The manager sold all of Kingfisher at a loss and reduced Mastercard, Rockwell Automation and Paypal, all with material gains. Reynders purchased Koninklijke DSM which is an international stock. The company has product verticals in health, nutrition and materials and is growing revenues year over year.

Mr. Coleman reported that two new bonds, Fed Ex and Abbott Labs, were added to the bond account. Mr. Coleman believes interest rates will go up in the short term, which would bring market values of the existing bonds down. He reassured the board that the current bonds owned by the fund are with good companies that consistently grow their dividend payments. Since the fund owns its bonds directly (vs. through a mutual fund or ETF), any mark-to-market reduction in value should not be of concern as these bonds will be held to maturity. The fund does have default risk, but only owns very high quality investment-grade corporate bonds.

Mr. Coleman finished his report by mentioning that the S&P is up in January and the economy is at little risk of recession in the next eighteen months based on most leading indicators.

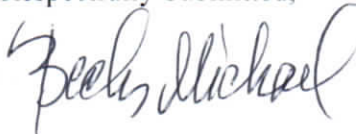
Mr. Coleman dismissed himself at 9:25am.

Agenda Item #5: Consider for approval the retirement payout for Daniel Hankins. Mr. Parker moved and Mr. Smith seconded the board approve the payout. Passed

Agenda Item #3: Mr. Calmes presented the financial advisor contract from Garnett Advisors, LLC. Mr. Parker commented a letter of fiduciary duty should be presented by Garnett Advisors, LLC and Mr. Coleman (licensed advisor) to the Board. The effective date of the contract will be February 1, 2018. Mr. Parker moved and Mr. Smith seconded approval of the contract. Passed.

Agenda Item #9: There being no further business, the meeting was adjourned at 9:50 AM

Respectfully Submitted,



Becky Michael, Recording Secretary

Approved,



Derek Oswald, Chairman