

TEXAS LOCAL FIREFIGHTERS
RETIREMENT ACT OF DENTON

Regular Monthly Meeting
September 19, 2017

The regular meeting of the Texas Local Firefighter's Retirement Act of Denton was called to order at 8:30 AM on September 19, 2017, at the Central Fire Station, 332 E. Hickory, Denton, Texas.

Board Members Present: Derek Oswald, Scott Manes, Chris Reeder, Charlie Parker, Bryan Langley

Board Members Absent: Dick Smith

Also Present: Sennett Kirk, Bill Coleman, Gary Calmes,

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

Agenda Item #2: Approval of the Minutes - Mr. Langley moved and Mr. Parker seconded to approve the minutes from the August 8, 2017 meeting. Approved.

Agenda Item #3: 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. Coleman reported that he passed his Series 65 test. He led a continuing discussion regarding investing in a bond ladder. Mr. Coleman suggested opening a fixed income account with Reynders to accomplish this. He would like to negotiate the fees to insure that the charges would be the same or less than if Mr. Coleman was buying the individual bonds himself. Mr. Kirk suggested that the bonds be in the 3-8 year range because the short term fixed income investments are currently covered by CDs and corporate bond holdings. Mr. Coleman pointed out that building the bond ladder may result in the plan having a position in equity and fixed income for some of the same names.

Mr. Langley moved and Mr. Parker seconded a motion to set up a fixed income account with Reynders McVey, to invest a total of \$5M, and to empower Mr. Coleman to negotiate fees. Passed.

Mr. Coleman reported that the Reynders equity account has done well during the past month and that it is in the black. The tech stocks are doing particularly well, but the health care investments are still struggling. Trades in the account this month included the purchase of 800 shares of

Kerry Group and the sale of 950 shares of Perrigo. Mr. Coleman presented information on Halma which is a current holding. Halma is a British-based conglomerate specializing in infrastructure safety, medical products, process safety and environmental instruments. He also led a discussion about Kerry Group. This company works with manufacturers and restaurant chains to develop healthier ingredients to improve nutrition. Mr. Coleman also reported that the Fed will be meeting this week.

Mr. Kirk reported that the cost of recent hurricanes to the economy is still being assessed and may not be known for 6-9 months. Car and house sales have been down and we should see a rise in both. However, the extensive losses will cost insurance providers, the federal government and the affected individuals and will most likely have a very negative effect on the economy.

Mr. Kirk is concerned about the fact that passive investments have risen significantly in the past few years and mentioned ETFs in particular. The concern is that if investors aren't familiar with their investments there may be a panic at the first sign of a downturn. Mr. Kirk also reported that the Fed is worried about stopping the bull market and therefore their attempts to unwind quantitative easing will probably be slow and most likely, ineffective.

Mr. Kirk recommended buying 3352 shares Enbridge, 6000 shares Energy Transfer, and 3000 shares Enterprise Products. Mr. Langley moved and Mr. Oswald seconded to approve the recommendations. Passed.

Mr. Calmes reported that he has been gathering information about the sidewalk at the Crossroads location which doesn't drain properly. To correct the situation the sidewalk could be replaced, the area where water tends to pool could be replaced or a french drain could be installed. He will bring more information to the next meeting.

Mr. Langley reported that he is in discussions with Firefighter's Association President, Jason Ballard and Pension Board Chairman Derek Oswald, and continues to work on an agreement with the city and the firefighter's association to approve the new contract.

Agenda Item #4: Discuss and consider changes in the investment policy - Mr. Parker led a discussion about suggested changes to the fixed income portion of the Investment Policy. The board agreed to change the minimum rating to Investment Grade or higher, to stipulate that no single issuer with the exception of the US Government can comprise more than 5% of the Fund's total bond portfolio, and that unanimous approval from the board is required for any investment with a maturity over 3 years. The changes were unanimously approved.

Agenda Item #5: Hold a discussion and consider for approval the refunding of employee and city contributions for a rehired dispatcher requesting TMRS - Mr. Calmes reported to the board that there was a possible clerical error regarding the employee in question. He will get further information from Dan Tonn and report back to the board.

Agenda Item #7: Receive a report from the chair on any non-material transactions - Mr. Langley reported that since he is no longer CFO for the city, he will be resigning from the board and will be replaced by Chuck Springer.

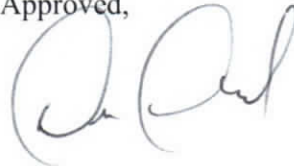
Agenda Item #8: There being no further business, the meeting was adjourned by Chairman Derek Oswald at 9:45 AM.

Respectfully Submitted,



Kathy Vermillion, Recording Secretary

Approved,



Derek Oswald, Chairman