

Texas Local Firefighter's Retirement Act of Denton

Regular Monthly Meeting

October 16, 2019

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, October 16, 2019 at 8:30 a.m. in the Community Conference Room at the Central Fire Station.

Board Members Present: Derek Oswald, Scott Manes, Chris Reeder, Charlie Parker, Erik Clark,
Dick Smith, Tony Puente

Also Present: Gary Calmes, Bill Coleman, Rebecca Andreason

1. Call to Order

Chairman Oswald called the meeting to order at 8:35 a.m.

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

Parker motioned; Puente seconded to approve the minutes. Motion carried unanimously.

The Board convened into Closed Session at 8:36 a.m.

The Board returned to the Open Meeting at 8:46 a.m.

The Board went back into Closed session at 8:47 a.m.

The Board returned to Open Meeting at 8:52 a.m.

Parker motioned; Reeder seconded to authorize the property manager to engage the attorney she recommended to address the landlord/tenant issues at the Elm Street property regarding drainage. Motion carried unanimously.

Reeder motioned; Smith seconded to authorize the property manager to negotiate with Super Cuts to get the best deal possible over the next 5 years. Motion carried unanimously with Board Member Parker abstaining from the vote.

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.

Bill Coleman presented information/updates on the following:

- Market update – earnings so far had been great and positive. He reviewed the market trends for the past month and outlook for the future.

- Asset consolidation items - The third-party manager in terms of value and growth was noted. Common stocks performance was reviewed noting that the total yield on the portfolio was great.
- Asset allocation – the monthly performance on asset allocation was reviewed.
- Recommendations
 - Purchase \$500,000 additional on a U.S. Treasury that would mature on 10/15/20 which would take the total position (existing plus additional) to \$1 million for a one-year duration.
 - Purchase \$100,000 of Energy Transfer (4500 shares)
 - Purchase \$300,000 of Vanguard International Value
- Quarterly reports – Coleman noted that past practice was to send out a one-page quarterly report from MorningStar on all of the companies. That report was no longer available through MorningStar and he proposed to provide a new report that listed all of the companies in the portfolio and their associated grading which would provide more concrete information.

Parker motioned; Reeder seconded to approve the recommendations presented by Coleman. Motion carried unanimously.

Calmes noted that it was necessary to approve the fixed income in cash as it was outside the investment policy range for the quarter.

Parker motioned; Reeder seconded to accept that fixed income in cash was outside the investment policy range for the quarter. Motion carried unanimously.

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

Puente motioned; Clark seconded to approve the fees as noted in the backup materials. Motion carried unanimously.

5. Discuss and consider the approval proposed travel policy.

Chairman Oswald noted that the Board had a travel policy but that there had been some controversy in the Association on the Association's travel policy. The Pension Review Board looked at some of the travel policies which had differing amounts for reimbursement. Instead of using a per diem rate, it was suggested to use a flat rate per day for meals.

The Board discussed the amount of reimbursement for meals per day ranging from \$40 to \$60 per day for meals.

Parker motioned; Puente seconded to set the amount for meals per day at \$40 per day for meals and approve the other provisions as noted. Motion carried unanimously.

6. Review and consider for approval changes to the plan administrator contract.

Calmes noted that he had the same contract for the past five years. As additional duties and properties had been added, he was requesting an increase in the monthly charge to \$3,000 a month for the next five years.

Calmes left the meeting during Board discussion of the proposal.

The Board discussed how the firm worked for the Board, that additional duties and properties had been added during the time of the current contract and how the size of the firm compared with other pension funds the same size.

Coleman asked if the Board had a problem with him communicating directly with the Board on his reports. Sending all of the information through Calmes added an additional step in the process and it would be more efficient for both he and Calmes if he sent those reports directly to the Board. If the Board had any questions regarding the reports they would be able to contact him directly.

The Board questioned if Calmes had a problem with that type of procedure.

Coleman responded that Calmes preferred that everything went through him but Coleman felt it would be better for everyone if the Board had direct access to him.

Board Member Parker noted that an advantage of the current process was that there was one pdf document for documentation for the meeting. He suggested that the large report from Frost be a separate document.

Coleman noted that he would work with Calmes on the process.

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

Calmes returned to the meeting.

7. Review, discuss and take action if necessary, on the City of Denton proposal to move current (dispatcher option) and all future dispatchers to TMRS.

Board Member Puente noted that he had nothing new to report and suggested not including the item on any future agendas at this time.

Puente stated that 2 or 3 surveys had been done regarding the dispatcher issue, noting that all of the dispatchers except two were wanting to leave the fire pension fund. Current discussion was whether there were any statutory issues with taking the dispatchers out of the fund. If so, a change would have to go through the legislature for a change in the statute.

The Board discussed whether the dispatchers could be removed from the plan per an Attorney General opinion and court cases. There was the potential that if state law was not clear or did prohibit the process, there may be potential additional litigation. It was necessary to make sure the state law was clear to avoid any conflicts.

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

There were no additional items for discussion.

9. Receive update from the chair on issues presented at the TEXPERS Conference.

Board Chair Oswald stated that one of the main focuses from the conference was the Pension Review Board requiring audits from outside auditors and how those audits would be paid for if they were a requirement of the Review Board. The other main focus was the 100% funding and the requirement of the Review Board that every fund have a plan for the 100% funding. A plan was needed from each fund on how to get there but was difficult for some funds. Whether disability plans should include such items as PTSD in pension funds was also a topic of discussion.

The Board discussed the current disability provision and that the Board might consider revising it in the future. But at this time, it was providing the benefits that were needed.

Board Member Puente noted that he had a concern regarding the timing of receiving the actuarial study reports. He stated that the representative from the Rudd & Wisdom firm would not come before the Board to provide any answers to possible Board questions. He asked the Board to consider doing a request for proposals to look for other actuaries.

Calmes noted that additional visits from the firm was not included in the contract. A problem was that there were not many firms that performed these types of actuarial studies with the history and quality that the current firm had.

Board Member Clark left the meeting.

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

There were no items for discussion.

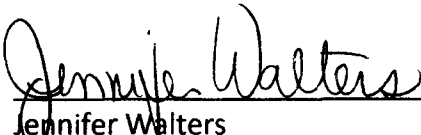
11. Respond to inquiries from trustees or the public with specific factual information or recitation of policy or accept a proposal to place the matter on the agenda for an upcoming meeting.

No items were noted.

12. Adjourn

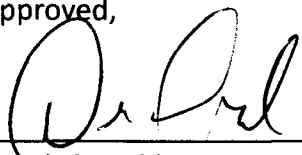
With no further business, the meeting was adjourned at 10:01 a.m.

Respectfully submitted,



Jennifer Walters
Recording Secretary

Approved,



Derek Oswald
Chairman