

TEXAS LOCAL FIREFIGHTERS
RETIREMENT ACT OF DENTON

Regular Monthly Meeting
November 15, 2017

The regular meeting of the Texas Local Firefighter's Retirement Act of Denton was called to order at 8:30 AM on November 15, 2017, at the Central Fire Station, 332 E. Hickory, Denton, Texas.

Board Members Present: Derek Oswald, Scott Manes, Chris Reeder, Charlie Parker, Chuck Springer.

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 Derek Oswald.

Agenda Item #2: Approval of the Minutes - Mr. Parker moved and Mr. Manes seconded to approve the minutes from the October 17, 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 two five year bonds have been purchased in the new bond account. Each is a 750,000 bond. Most of the current CDs will be rolling off in 2018 and the proceeds will be used to add to the bond ladder.

Mr. Kirk reminded the board that they need to connect the activity in the fixed income investments with the investment policy. Currently the policy calls for the fixed income portion to comprise 5-15% of the entire portfolio. This includes CDs, bonds and fixed income mutual funds. He suggested that the board might consider eliminating the two mutual funds currently held as more bonds are added to the bond ladder.

Mr. Coleman would like to roll cash into the new bond account as the CDs mature. Mr. Kirk suggested approving and moving another 5 million dollars into the account as soon as the current 5 million is invested. As the CDs roll off, the cash will be held in the Invesco Short Term Money Market Fund at Plains Capital.

Mr. Coleman reported that the tech portion of the portfolio has had a good month but is still

lagging the S&P. He also remarked that in the Reynders account techs are up and beating the bench mark, and that the Kirk account is closing the gap on the benchmark. He particularly likes Panasonic. GDP was 3.1% for the third quarter. The consensus is that the annual GDP will be in the 2.25% to 2.5% range. The S&P has been up twelve months in a row if dividends are included. With low interest rates more senior citizens are taking on more risk in order to increase their income.

Mr. Kirk believes the Fed will increase the interest rate by 1/4% in December. Jerome Powell, the new Fed Chairman, probably won't make any significant changes to the current Fed policy. Mr. Kirk is concerned that President Trump's America First program will have negative trade consequences as other countries enter into agreements without the United States.

Mr. Kirk reported that the portfolio has taken on some higher risk by investing in MLPs but by holding 20% in cash the risk level goes down significantly. In the past 10 years corporate earnings have been up by about 2% per year. This matches very closely the growth in the economy.

Mr. Kirk reported that ADP is one of the weaker investments in the tech portion of the portfolio and suggested that the board may want to find another stock to take it's place. He would keep the cash at the current level. He recommends buying 5000 shares of Nike. Mr. Parker moved and Mr. Reeder seconded approval of Mr. Kirk's recommendation. Passed. Mr. Coleman will bring some suggestions for an equity to replace ADP to the next meeting.

Mr. Calmes reported that Arconic is taking over the lease at the Alcoa building. Northbridge has hired an additional employee who is now monitoring this account. The rents, taxes, etc. are up to date. He also reported that he met with the construction company regarding the problems with sidewalk drainage at the Village at Crossroads. As an alternative to replacing the sidewalk, they suggested putting in a drainage system which would consist of two four inch grates. The grates could be cleaned out on a regular basis to be sure they didn't become clogged with debris. After a discussion the consensus was to approve the grating system if it would save around \$5000 as estimated.

Agenda Item #4: Receive a report, hold an discussion and take action regarding future funding options as it relates to the City of Denton and Denton Firefighters Association Meet and Confer Agreement - Mr. Oswald reported that the board has received the most current agreement. The only change to this agreement is the date because the October 1, 2017 effective date has passed. Mr. Parker suggested that he would like to see a change in Article 12, Section 1 which states, "It is the intent of the parties to develop and adopt a funding policy for the Fund which achieves a 100% funding ratio over a closed 25-year amortization period." He would like to make it clear to all parties going forward that this would mean that by the year 2042 there would be 100% funding. Mr. Calmes will discuss this with the association president to be sure all parties agree. The document will be revisited in 2019 and the board would like to see the specific language added at that time. Mr. Kirk suggested that perhaps a letter of understanding could be signed by the city, association and board.

Mr. Parker moved that the board give Mr. Oswald direction to sign the agreement as stated. Mr. Reeder seconded and motion was passed unanimously.

Agenda Item #5: Consider for approval payout of contributions for vested firefighter. He is qualified to take a pension when he turns 50 but has elected to take his contributions immediately instead. It was reported that the individual has been advised by several colleagues about this decision and still chooses not to wait. Mr. Reeder moved and Mr. Manes seconded a motion to return the contributions to the dispatcher immediately. Approved.

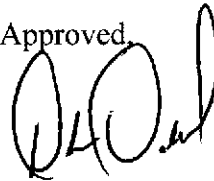
Agenda Item #9 - There being no further business the meeting was adjourned at 9:37 AM.

Respectfully Submitted,



Kathy Vermillion, Recording Secretary

Approved,



Derek Oswald, Chairman