

Texas Local Firefighter's Retirement Act of Denton  
Regular Monthly Meeting  
December 18, 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, December 18, 2019 at 8:30 a.m. in the Community Conference Room at the Central Fire Station.

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

Board Member Absent: None

Also Present: Gary Calmes, Bill Coleman, David Gaines

1. Call to Order

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

2. Approval of the minutes from the November 20, 2019 meeting

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

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:

- The fund had gone over \$100 million in assets.
- The market status in current and future considerations was reviewed.
- The status of the common stocks, MLPs, and third-party portions of the portfolio were noted.
- The Asset Allocation and Bond Ladder were reviewed. He noted that one bond would be maturing at the end of the month and he would be rolling it over to the end of the ladder.
- Recommendations:
  - Purchase \$300,000 of Vanguard International Value
  - Purchase a US Treasury for \$750,000
  - Purchase \$100,000 of 3M
  - Purchase \$200,000 of Honeywell

The Board discussed that fixed income along with cash was above policy, noting that the status was acknowledged as above the policy at the end of each quarter. It was suggested that the Board consider adjusting the fixed income range to accommodate the figures. After discussion, there was a consensus to add an upcoming agenda item to adjust the cash policy to 20%. The Board also discussed whether to change the cash component of the policy.

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

Coleman noted that he would calculate the number of shares needed to complete the recommendations and would provide that information at the end of the meeting.

The Board discussed portfolio protection after the election in terms of the concept of covered options for the buying or selling of options. It was suggested to consider a strategy rather than keying it to a certain event.

Gary Calmes presented information/updates on the following:

- Leases – The Arconic lease had been returned at the negotiated rates with Fuzzy's still open.
- Crossroads fire suppression issue – the issue had been fixed by the developer.
- Alcoa drainage – an engineer's estimate had been received on the cost of the job and Rebecca Andreason, Axis, was looking for a lower bid from the estimate. The drainage issue was the Board's responsibility and he questioned how the Board would like to move forward.

The Board discussed the estimate from the engineering firm noting that actual bids were needed to complete the project. \$40,000 was included in the next year's budget for the repairs. A suggestion was made to be sure to communicate back with the property owners on how the problem was going to be fixed.

Reeder motioned; Parker seconded to approve Rebecca Andreason, Axis, go out for bids for the project with Board approval at the next meeting. Motion carried unanimously.

- Budget – the budget for both properties was noted. The Board discussed various line items listed in the budget. Calmes suggested the Board approve the budget and continue to monitor the monthly reports to ensure the figures were on target.

Parker motioned; Reeder seconded to approve the budgets with a 10% variance. Motion carried unanimously.

4. Discuss and consider for approval the funding policy required by the 86<sup>th</sup> Legislature through Senate Bill 2224.

Calmes suggested using the Meet and Confer Agreement, Article 12, as the funding policy as it met all of the required parameters.

Reeder motioned; Parker seconded to approve Article 12 of the Meet and Confer Agreement as the funding policy as required by Senate Bill 2224. Motion carried unanimously.

5. Discuss and consider for approval a firm to perform the Investment Practices and Performance Evaluation required by the 89<sup>th</sup> Legislature.

Calmes felt that more research was needed into companies that performed the required evaluation and suggested not considering this item at this time.

Parker motioned; Reeder seconded to table the item to the February 2020 agenda. Motion carried unanimously.

6. Consider for approval the retirement payout for Michael Schmidt.

Calmes provided the retirement payout information for Michael Schmidt.

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

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

There were no additional items for discussion.

Coleman stated that he had completed the calculation of the recommendations approved earlier by the Board. A \$750,000 US Treasury would be purchased, \$300,000 in Vanguard International Value, 600 shares of 3M and 1100 shares of Honeywell.

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

There were no items for discussion.

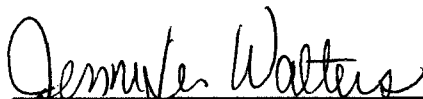
9. Respond to inquiries from trustees or the public with specific factual information or recitation of policy or accept a proposal to place the matter on the agenda for an upcoming meeting.

No items were noted.


10. Adjourn

With no further business, the meeting was adjourned at 9:44 a.m.

Respectfully submitted,

  
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Jennifer Walters  
Recording Secretary

Approved,

  
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Derek Oswald  
Chairman