

Texas Local Firefighter's Retirement Act of Denton
Regular Monthly Meeting
March 20, 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, March 20, 2019 at 8:30 a.m. in the Community Conference Room at the Central Fire Station.

Board Members Present: Scott Manes, Chris Reeder, Tony Puente, Dick Smith
Board Member Absent: Derek Oswald, Charlie Parker
Also Present: Gary Calmes, Bill Coleman

1. Call to Order

Vice-Chairman Manes called the meeting to order at 8:30 a.m.

2. Approval of minutes from the February 19, 2019 meeting.

Reeder motioned, Manes seconded to approve the minutes as presented. 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.

Gary Calmes presented information/updates on the following items:

- An email had been sent to Rebecca Andreason with Northbridge regarding Northbridge handling potential losses through the original \$50,000 with Mustang. Mustang had agreed to the full \$51,000 but still needed their board approval which would result in a credit to the Pension Board. He suggested taking the credit and then in a couple of months ask for monetary compensation. The next step in the process was what to do with the \$51,000. Options to consider included monthly crediting to the other tenants for their usage or maintain the funds in the Pension account. He also suggested discussing with Northridge about the sharing of legal fees.
- Calmes noted that the third account for the DFP Properties had been set up and he was waiting for the paperwork from the IRS.

Bill Coleman presented information/updates on the following:

- Market status – the current status of the market was reviewed which appeared to be strongly technical. Bond yields were being pushed down so the existing portfolio had performed well. Mr. Coleman reminded the Board that as bond yields decrease the market value of an existing bond went up. Both equities and bonds had performed exceptionally well year to date. Mr. Coleman said the sell-off in December was definitely a contributing factor to the strong positive move in equities. He also cautioned the Board that there may not be a whole lot of upside left and said he wouldn't be surprised to see flat performance for the rest of the year with some volatility in between.
- Vanguard – Coleman reviewed background of the discussion with Vanguard. He indicated that he had done an analysis on how to switch over from the current third-party growth manager to Vanguard. His recommendation was to replace the current third-party growth manager with Vanguard with the active option for the three funds he noted.

The Board discussed scenarios for moving to Vanguard, which underlying positions would be retained, and which would be sold. Given his recommendations on stocks to retain, Coleman thought a 40/20/40 split (U.S. large-cap growth, U.S. mid-cap and international developed respectively) of the sales proceeds was appropriate for replicating the exposure. Coleman recommended to make the change at the end of March. The Board discussed the need for the change to Vanguard if the current management firm was doing well.

Board Member Smith indicated that he was not comfortable moving forward without the input/approval of the two members who were not present. He suggested either waiting until the next meeting for formal approval or get approval from those two to move forward.

Calmes noted that direction could be given to Coleman to move forward upon approval of the two members not present.

Smith motioned, Manes seconded to terminate the Board's relationship with the existing third-party manager and liquidate the portfolio per Coleman's recommendation; move forward with replicating the exposure with Vanguard upon approval of Board Member Parker and Chair Oswald plus the signature of Chair Oswald. Motion carried unanimously.

4. Review and take action on the annual audit engagement proposal.

Calmes presented background information on the current and proposed audit arrangement, noting the proposed price increase from the prior year.

The Board discussed how long the current firm had been used. Calmes noted that not many firms were willing to perform an audit of this size.

Smith motioned, Manes seconded to approve the annual audit engagement proposal as presented. Motion carried unanimously.

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

Calmes stated that he had nothing new to discuss at this point.

Puente noted that there were two action items scheduled for the City Council's March 26th agenda. One item would approve the actuarial study and the other was to approve the agreement. Language on the agreement would be taken to Fire Association for approval with the Association needing to approve before the 26th. If not approved by the Association, it would move to a Meet and Confer item.

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

Calmes did not have any further items.

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

There were no items for discussion.

8. 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.

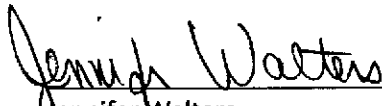
There were no items noted.

9. Adjourn


With no further business, Reeder motioned, Manes seconded to adjourn at 9:46 a.m. Motion carried unanimously.

Respectfully submitted,

Approved,



Jennifer Walters
Recording Secretary



Scott Manes
Vice Chairman