

Texas Local Firefighter's Retirement Act of Denton  
Regular Monthly Meeting  
July 15, 2020

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, July 15, 2020 at 8:30 a.m. via video/teleconference.

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

Members Absent: Tony Puente

Also Present: Gary Calmes, Bill Coleman, Rebecca Morris, Mark Fenlaw, Dan Tonn, Rebecca Andreasen

**1. Call to Order**

Chairman Oswald called the meeting to order at 8:31 a.m.

**2. Approval of the minutes from the June 17, 2020 meeting**

Smith motioned; Parker seconded the motion to approve the June 17, 2020 minutes. Motion carried unanimously.

**3. Review and take action on the annual audit engagement.**

Dan Tonn gave an overview of the report stating that the property appraisal for Crossroads increased value of \$535,000 and the investment portfolio performed well. Net increase in pension investments increased from \$74,273,855 to \$89,838,420, an increase of 21% the highest percentage in 6 years, for full report see Attachment 1.

Parker motioned; Reeder seconded the motion to approve the annual audit engagement information given by Hankins, Eastup, Deaton, Tonn & Seay PC. Motion carried unanimously.

Discussion continued regarding the increase in fees for this year's Audit services revealing that additional time was needed for real estate and transfer reconciliations.

**4. Consider for approval and the payment to Hankins, Eastup, Deaton, Tonn & Seay PC for annual audit services.**

Parker motioned; Smith seconded the motion to approve payment to Hankins, Eastup, Deaton, Tonn & Seay PC for annual audit services. Motion carried unanimously.

**5. Review, discuss, and take action regarding actuarial report provided by Rudd & Wisdom, Inc.**

Mark Fenlaw gave an overview of the actuarial report stating that the 3 reasons for this evaluation is to:

1. Determine the City's contribution rate under the current funding policy.
2. Recommend a City contribution rate for the upcoming years.
3. Highlight the funds actuarial condition.

Fenlaw recommended to continue with a contribution rate of 18.5%. Fenlaw stated that the mortality assumption study information had a significant increase in the liability. Fenlaw also discussed the disparity rate between TMRS and the FPF and keeping this in mind for future decisions. The overall conditions of this plan in comparison to other plans in the State of Texas is very good.

The funding policy has the intent of paying off the unfunded actuarially accrued liability over a closed 25-year period calculated to be at the end of the year 2042 or sooner.

Morris gave a review of 6 different projection scenarios for the Board.

For the full report, **see Attachment 2.**

Parker motioned; Clark seconded the motion to approve the actuarial report provided by Rudd & Wisdom, Inc. Motion carried unanimously.

Dan Tonn, Rebecca Morris, and Mark Fenlaw left the meeting

**6. 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.**

**The Board convened into Closed Session at 9:32 am.**

**The Board reconvened into Open Session at 9:53 am.**

Rebecca Andreasen left the meeting.

Bill Coleman presented information/updates on the following:

Moderna had positive results from their latest vaccine trial. There is not a lot of positive things happening in the market right now. Nasdaq is at an all-time high at 500.

The income gap is a concern. 10% of the population owns 80% of the stock market. Technology is currently driving the market.

Erik Clark left the meeting.

Chris Reeder left the meeting.

- Performance
  - We are down 1.5% so I will reduce our energy exposure
  - JP Morgan is up 1%
  - Vanguard US Fund is doing well
  
- Recommendations
  - US Treasury Bond rolling off, adding 750,000 back into the US Treasury
  - Medtronic 1750 shares
  - Roll corporate bond back into a US Treasury

Smith motioned; Parker seconded the motion to approve recommendations made by Coleman. Motion carried unanimously.

Parker motioned; Oswald seconded the motion to acknowledge the out-of-range status on the quarterly exception report dated June 30, 2020. Motion carried unanimously.

**7. Consider approval the 2<sup>nd</sup> quarter investment advisor fee for Garnett Advisors, LLC.**

Smith motioned; Parker seconded the motion to approve the 2<sup>nd</sup> quarter investment advisor fee for Garnett Advisors, LLC. Motion carried unanimously.

**8. Consider for approval a contract with Champion Capital Research for the Investment Practices and Performance Report required by SB322.**

Calmes asked Champion for a new proposal that was received for \$37,000 and stated that it seems to be the best option at this point. They are offering to perform work hourly with a hope that they will not arrive at the full cost of \$37,000.

After discussing this cost, Calmes and Coleman agreed to perform as much of the work as they can to keep cost as low as possible.

Parker motioned; Manes seconded the motion to approve a spending authority of up to \$33,000 while working with necessary staff to complete the Investment Practices and Performance Report required by SB322. Motion carried unanimously.

**9. Receive a report from the plan administrator, Gary Calmes, and provide direction.**

There were no items for discussion.

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

No items were noted.

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

There were no additional items for discussion.

**12. Adjourn**

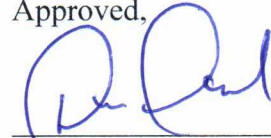
**With no further business, the meeting was adjourned at 10:50 a.m.**

Respectfully submitted,



Sarah Lollar  
Recording Secretary

Approved,



Derek Oswald  
Chairman