

Texas Local Firefighter's Retirement Act of Denton  
Regular Monthly Meeting  
January 20, 2021

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, January 20, 2021 at 8:30 a.m. via video/teleconference.

Board Members Present: Derek Oswald, Charlie Parker, Scott Manes, Dick Smith, David Gaines, Chris Reeder

Board Members Absent: Erik Clark

Also Present: Gary Calmes, Bill Coleman

**1. Call to Order**

Chairman Oswald called the meeting to order at 8:34 a.m.

**2. Approval of the minutes from the December 16, 2020 meeting**

Smith motioned; Parker seconded the motion to approve the December 16, 2020 minutes. Motion carried unanimously.

**At this time, the Board moved to Item 4 before discussing Item 3 to accommodate attendance.**

**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:**

Starbucks has requested a percentage reduction in rent to the following years:

15% reduction for 2021 and 2022

10% reduction for 2023

5% reduction for 2024

Starbucks would also like to exercise their 5-year option at this time that would be at 95% of the current rent.

Calmes stated that the property management company has requested sales revenue information, but Starbucks has declined.

Parker stated that he was not in favor of any negotiations until sales revenue information was shared.

Smith agrees with Parkers statement and supports making that decision.

Calmes will communicate this information to the property management company.

Calmes continued, Fuzzy's is \$25,000 behind in rent and have made no efforts to communicate or address past due amounts.

After discussing possible reasons for non-payment Parker requested revenue information from Fuzzy's to better evaluate and propose a solution.

**Bill Coleman presented information/updates on the following:**

U.S. economic growth is showing a "V" recovery, but we still have a long way to go in order to get back up to the growth trend. The S&P 500 has an 80% difference in performance between Energy and Information Technology making this a possible new record.

U.S Stocks vs. Non-U.S. Stocks were very close in performance until 2011-2012 when a substantial gap grew as the U.S. dramatically outperformed the rest of the world.

YTD we are up 11.68% and \$12M for the year.

➤ Performance

- The S&P is up 16.3%
- The internal portfolio is up 14.9%
- MLP's have come back strong
- Exxon is up 16.5%
- Home Depot is up 65% since our purchase
- Plains is up 25%

➤ Recommendations

- Sell 10,000 shares of Intel Corp.
- Purchase 10,000 shares of Cocoa-Cola
- Purchase 320 shares of Mastercard
- Set up and add \$500,000 to a Kayne Anderson Rudnick International Small-Cap fund
- Sell \$500,000 Vanguard dividend growth fund

Parker motioned; Reeder seconded the motion to approve recommendations made by Coleman and to open a Kayne Anderson Rudnick International Small-Cap Fund. Motion carried unanimously.

Oswald left the meeting at 9:23 am

Calmes presented information on the Quarterly Exception Report that indicates the MLP's position is currently below the allocation range.

Parker motioned; Reeder seconded the motion to approve the exception report. Motion Carried unanimously.

Calmes discussed with the board that the Real Estate investment range should be between 10-20% and we are currently at 10.9% and should work on adding more to our portfolio.

**4. Discuss pension increases for current retiree's.**

Oswald began a conversation regarding a 2-3-4 program for retirees who have not had raise since 2008. This program will provide a:

2% increase for retirees at 5-10 years with an approximate annual total of \$31,000  
3% increase for retirees at 10-15 years with an approximate annual total of \$16,000  
4% for Retirees at 15 years and above with an approximate annual total of \$45,000

Calmes recommended having the Actuary look at the data.

Manes asked if this change would apply to new retirees included in the updated pay plan, and if the eligible retiree's percentage will ever graduate to a higher percentage?

Oswald responded that this change would only apply to current retirees on the older pay plan and any eligible retirees would be locked into the percentage they are at today.

Parker requested more information for the Board to review.

Calmes agreed to provide more information.

No actions were taken, this item is for discussion only.

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

There were no additional items for discussion.

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

No items were noted.

**7. 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.

**8. Adjourn**

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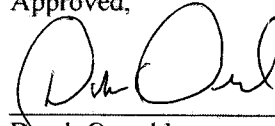
**With no further business, the meeting was adjourned at 9:29 a.m.**

Respectfully submitted,



Sarah Lollar  
Recording Secretary

Approved,



Derek Oswald  
Chairman