

TEXAS LOCAL FIREFIGHTER'S RETIREMENT ACT OF DENTON

Regular Monthly Meeting August 21, 2018

The Texas Local Firefighter's Retirement Act of Denton Board met for a regular meeting on August 21, 2018, at Central Fire Station, 322 E. Hickory St., Denton, Texas.

Board Members Present: Derek Oswald, Chris Reeder, Charlie Parker, Tony Puente

Board Members Absent: Dick Smith, Ray Croff

Also Present: Bill Coleman, Gary Calmes, Dan Tonn

1. Derek Oswald called the meeting to order at 8:33 a.m., and the following items were considered:
2. Approval of minutes from the July 17, 2018 meeting.

Reeder made a motion to approve the minutes followed by a second from Parker. Motion passed unanimously.

3. Review and take action on the annual audit.
Dan Tonn with Hankins, Eastup, Deaton, Tonn, & Seay, PC presented the annual audit to the Board. Tonn's firm issued an unmodified report on the financials, stating the financials were presented fairly. An unmodified report is the highest level of report available. The net position of the Fund increased by \$10 million, mainly due to investment returns for the year. Tonn also noted the Plan Fiduciary Net Position as a Percentage of the Total Pension Liability had increased from 79.4% to 84.7%, which means net assets will now cover 84.7% of the liability instead of only 79.4%.
Parker made a motion to accept the annual audit followed by a second from Puente. Motion passed unanimously.
4. Consider for approval the payment to Hankins, Eastup, Deaton, Tonn, & Seay for annual audit services.
Parker made a motion to approve the payment for audit services followed by a second from Reeder. Motion passed unanimously.
5. 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.

Calmes reported the credits for water overbilling had been issued to the eligible tenants at the Villages of Crossroads. Calmes also reported Lumicare has not paid the August rent and was currently locked out. Based on discussions and recommendations from Rebecca Andreasen with Northbridge Management it was agreed to leave the space in lockout until the new occupant provided an application and sufficient data to lease the space. The lease does not allow for Lumicare to sublet the space. Alex Payne with Axis Realty is currently seeking tenants for the space.

Coleman presented the monthly investment report, noting the year-to-date return was 3.08%. It was noted fixed income is currently outside the range per policy allocation, but the Board will review on a quarterly basis to approve the difference or make changes to the portfolio. Puente questioned the Baa2 rating on FedEx bonds, but Coleman stated they are still investment grade and allowed by the investment policy.

Coleman also presented to the Board a Morgan Stanley Private Wealth Management Group, headed by Shawn Fowler. Coleman has worked with the group for the past six years in conjunction with another client. Coleman presented the group as a portfolio manager similar to the Fund's current style of investing. The proposal would be to consider moving assets currently held at Reynders McVeigh to Morgan Stanley at some point. Morgan Stanley could also support management of the internal equity and fixed income holdings. Coleman recommended the board approve opening an account with Morgan Stanley but not fund the account until a later date. The paperwork can take some time to get completed and would need to be in place before any movement of assets could occur. The board discussed the pros and cons of bringing on an additional manager as well as the option to change managers. Parker requested a review of the fund's assets compared to a low cost mutual fund company such as Vanguard.

Parker moved the board allow Coleman to open the account with Morgan Stanley with a second from Reeder. Motion passed unanimously.

6. Consider for approval second quarter investment manager fees for Garnett Advisors, LLC.

Puente moved approval followed by a second from Parker. Motion passed unanimously.

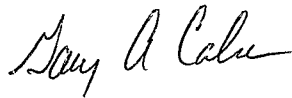
7. Received a report from the plan administrator, Gary Calmes, and provide direction.

No additional updates were provided by the administrator.

8. Receive a report from the chair on any non-material transactions.
The chair updated the board on the upcoming PRB Actuarial Committee meeting and that the committee would be discussing intensive actuarial reviews for Orange, Longview, and Irving.
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.
There were no inquiries by the trustees or the public.

There being no further business, the meeting was adjourned by Chairman Derek Oswald at 10:35 am.

Respectfully Submitted,



Gary Calmes
Plan Administrator

Approved,



Derek Oswald
Chairman