

TEXAS LOCAL FIREFIGHTER'S RETIREMENT ACT OF DENTON

Regular Monthly Meeting December 11, 2018

The Texas Local Firefighter's Retirement Act of Denton Board met for a regular meeting on December 11, at Central Fire Station, 322 E. Hickory St., Denton, Texas.

Board Members Present: Derek Oswald, Scott Manes, Charlie Parker, Dick Smith, Chris Reeder, Tony Puente (arrived at 8:50)

Board Members Absent: Ray Croff

Also Present: Bill Coleman, Gary Calmes, Mark Fenlaw

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 November 13, 2018 meeting.

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

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

Mark Fenlaw with Rudd & Wisdom, Inc. presented the report. Fenlaw discussed the changed language on the cover letter of the report to state: "This valuation was prepared to determine (1) the city's contribution rate under its current funding policy, which is modified actuarially determined contribution rate funding policy and (2) the fund's actuarial condition." The change was made to reflect the agreement between the City and the Meet and Confer Agreement. The current report includes the dispatchers; no change to the report regarding the dispatchers will be made unless an agreement can be finalized by the Council.

Though the report indicated a funding amortization period of 14.6 years and a 1.3% increase in the funding ratio, the Board recommended maintaining the City's funding level at 18.5%. The decreased amortization period and increase in funding ratio were the result of increased payrolls and investment returns above the 6.75% assumed return.

A motion was made by Parker and seconded by Smith to allow Chairman Derek Oswald to approve the final report pending any negative comments by the members after the report is disseminated to the Board. The Board will vote to ratify the report in January.

4. 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 presented to the Board the 2019 budgets for DFP Properties 1, LLC (Villages at Cross Roads) and DFP Properties 2, LLC (4401 N Elm). Calmes stated there were no major increases or repairs that need to be made to the property in 2019. Reeder moved approval with a second from Manes to approve the budgets with a 10% variance. Motion passed unanimously.

The leasing agreement for DFP Properties 1, LLC by Axis realty was presented to the Board by Calmes. The base rate for a new lease will be 4% with no broker and 2% for renewals with no broker. If a tenant uses an outside broker for a new lease or renewal the respective fee will increase by 2% for the additional broker. Reeder moved approval with a second from Manes to approve the contract. Motion passed unanimously.

The Board questioned Calmes regarding the Mustang Water billing issue. Calmes reported that Northbridge has been pursuing the credit as a refund, but has been unable to make contact with the Mustang staff. Calmes stated he and Rebecca Andreason with Northbridge had both reached out to Chris Boyd, General Manager, for a resolution but had not received a response. The Board suggested a resolution by December 31 and then contact Northbridge asking that any legal cost the Board may have incurred be reimbursed.

Calmes also reported he had contacted an appraiser who had supplied some property evaluations in order to make a counter offer to the state regarding the ROW purchase.

Coleman made several investment recommendations:

Purchase:

Marathon Petroleum Corporation (MPC) - 4,000 shares

Kinder Morgan (KMI) – 15,000 shares

US Treasury Note – \$750,000 with 3 ¼ year maturity

US Treasury Note - \$750,000 with 4 ½ year maturity

Sell:

Vanguard Short Term Bond Fund – sell all shares since the bond ladder is now fully built-out and the fund is achieving higher rates of interest on the bonds it owns directly.

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

5. Consider for approval the vested termination retirement for retired dispatcher Dawn Marick.

Reeder moved approval with a second from Puente. Motion passed unanimously.

6. Consider for approval the quarterly fees for Garnett Advisors, LLC.

Reeder moved approval with a second from Parker. Motion passed unanimously.

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

Oswald stated the agreement is pending a legal review by Chuck Campbell with Jackson Walker LLP.

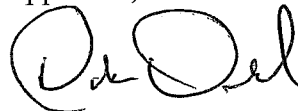
8. No additional comments were provided by Calmes.
9. Receive a report from the chair on any non-material transactions.
No additional comments were provided by the chair.
10. Respond to inquiries from trustees or the public with specific factual information or recitation of policy or accept a proposal to place the matter on the agenda for an upcoming meeting.
11. There being no further business, the meeting was adjourned by Chairman Derek Oswald at 10:15 a.m.

Respectfully Submitted,



Gary Calmes, Plan Administrator

Approved,



Derek Oswald, Chairman