

Firemen's Relief & Retirement Fund
September 9, 2019

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement (FR&R) Fund was held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on Monday, September 9, 2019 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
John Tillery
Lee Statham
David Hill, Mayor
Charles Harris, Finance Director

Member Absent: Scott Safford, Secretary

Others Present: Lori Cartwright, City Secretary

1. Call to Order

Chairman Gary Myers called the meeting to order.

2. Public Comments

None

3. Consent Agenda

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of August 12, 2019
- b. Annuity checks for FR&R Retirees and other disbursements for the month of October 2019

Action:

Mr. John Tillery moved to approve items a. and b. on the Consent Agenda. Mr. Lee Statham seconded, All Ayes.

Chairman Myers announced item number 5 is being discussed prior to item 4.

5. Discuss investment changes with Smith Barney and take any necessary action

Mr. Scott Owens, Vice President Institutional Consulting Director of Graystone Consulting, reviewed the Graystone Consulting team and presented an organizational overview noting they have 20 years of experience serving Fire Departments and government entities. He stated the job of Graystone Consulting is to act solely in the interest of participants and beneficiaries for the exclusive purpose of protecting plan assets and defraying associated expenses as well as to demonstrate accountability, transparency and conflict free.

Mr. Daniel Sullivan, Graystone Consulting, reviewed the proposed services and fees of the following:

Graystone Consulting/Advisory Services Fee Schedule

Based on assets of \$17.7 million, the blended consulting/advisory fee would be approximately 0.53% or \$93,967 per year. This is a reduction from the current consulting/advisory fee of approximately 0.67% or \$118,789 per year.

Investment Manager Fund Fees

Based on assets of \$17.7 million, the blended Investment Manager Fund fees would be approximately 0.45% or \$80,133 per year. This is a reduction from the current blended investment manager/fund fees of approximately 0.56% or \$99,678 per year.

Combined Consulting/Advisory Services & Manager/Fund Fees

Based on assets of \$17.7 million, the blended combined consulting/advisory & Investment Manager Fund fees would be approximately 0.98% or \$174,101 per year. This is a reduction from the current blended combined consulting/advisory & investment manager/fund fees of approximately 1.23% or \$218,467 per year (overall fee savings approximately \$44,366 per year).

Mr. Sullivan reviewed the proposed fee schedule and recommended Kayne Anderson, a Small/Mid Cap Core as a replacement manager for Great Lakes under Select UMA Program. He recommended Lazard Emerging Markets Core as a replacement manager for Driehaus EM under Select UMA Program.

Mr. Jim Stoker, Consultant, stated the recommendation motion would be to recommend moving managers as presented to save management cost.

Discussion was held and the board determined that Graystone does not have a standard review mechanism to review accounts to save the Board money. It was determined through discussion that discrepancies were found through the distribution of costs savings. The Board expressed concern as to why the proposal offered today wasn't proposed prior to today. Mr. Sullivan stated the fund now has a new management team and them coming in and making a proposal is something they have wanted to do for a while noting they were held back from the previous manager. Mr. Stoker stated moving forward they can do a good job for the fund. He stated reviewing every five years is a good practice. Mr. Stoker stated if the Board is going to go out for RFP's they will compete.

Action:

Director of Finance Charles Harris moved to recommend managers to the platform as presented to save management cost. Mr. John Tillery seconded, All Ayes.

4. Discuss Benefit Formula and take any necessary action

Chairman Myers stated at our last actuary meeting, the Pension Review Board approved benefit changes. He state the formula we have is 2.6% up to January 2018 and 2% thereafter. He explained we took a cut several years ago and now are trying to give those benefits back to who took the cut. Chairman Myers stated there are approximately nine (9) men left to make whole and what we have been trying to do is add time to make the men whole. He stated if we extend out the 2.6% to 2027 it will make the men whole. Chairman Myers stated we have the funds to extend it to four (4) years and have money left over to make it good. He proposed to extend the benefits formula to the 2020 actuary.

Mr. Charles Harris stated for the first time ever both Standard&Poors and Moody rating agencies are asking specific questions and wanting additional information about this fund. He stated rating agencies may not always be right but they are always going to be the rating agency and what they think matters noting they do not ask questions for no reason. Mr. Harris stated the rating agencies think there is a reason and that is why they are both scrutinizing this fund and probably pension funds in general. He stated anything that would put pressure on these numbers is concerning.

Matt Dorsey, Vice Chairman, stated the Pension Review Board told the fund that we have enough money to go to the four (4) year extension and stay under the amortization.

Mr. Harris stated he would like to see how we did in an economy cycle stating it would be instructive to see how they did under stress noting until then he would not be comfortable making a change.

Mr. Dorsey stated everything went in the right direction the past two years. He told Mr. Harris, as the Finance Director he appreciates Mr. Harris looking at this from the standpoint of the city but when he is in an FR&R Chair it is not the responsibility of the city.

Action:

Mr. John Tillery moved to extend the Benefits Formula for two (2) years. Vice Chairman Matt Dorsey seconded. The vote was as follows:

*Ayes: Gary Myers
Matt Dorsey
John Tillery
Lee Statham
David Hill*

Noes: Charles Harris

The motion carried.

6. Set next meeting date and time of Firemen's Relief and Retirement Fund Board

The Firemen's Relief and Retirement Board set their next meeting for Monday, October 14, 2019.

7. Adjourn

There being no further business, the meeting adjourned at 9:54 a.m.

Respectfully submitted,

Lori Cartwright
City Secretary