

A G E N D A

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

BOARD MEMBERS: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Scott Safford, Secretary
John Tillery
Lee Statham
David Hill, Mayor
Charles Harris, Finance Director

1. Call to Order
2. **Public Comments:** Persons may address the Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any issues. This is the appropriate time for citizens to address the Waxahachie Firemen's Relief and Retirement (FR&R) Fund on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Waxahachie Firemen's Relief and Retirement (FR&R) Fund may not comment or deliberate such statements during this period, except as authorized by Section 551.042, Texas Government Code.
3. Consent Agenda

All matters listed under Item 3, Consent Agenda, are considered to be routine by the Board Members and will be enacted by one motion. Approval of the Consent Agenda authorizes the Chairman to execute all matters necessary to implement each item. Any item may be removed from the Consent Agenda for separate discussion and consideration by any Board Member.

 - a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of November 11, 2019
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of January 2020
4. Hear presentation from Claude Parenteau, Parenteau Analytics, on Investment Advise
5. Consider Texas Local Fire Fighters' Retirement Act Annual Report for fiscal year end September 30, 2019
6. Discuss Pension Review Board Funding Policy and take any necessary action
7. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
8. Adjourn

The Waxahachie Firemen's Relief and Retirement Fund reserves the right to go into Executive Session on any posted item.

This meeting location is wheelchair-accessible. Parking for mobility impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the City Secretary at 469-309-4005 or (TDD) 1-800-RELAY TX

Notice of Potential Quorum
One or more members of the Waxahachie City Council may be present at this meeting
No action will be taken by the City Council at this meeting

(3a)

Firemen's Relief & Retirement Fund
November 11, 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. 2, 1600 Cleaver, Waxahachie, Texas on Monday, November 11, 2019 at 8:30 a.m.

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

Members Absent: Gary Myers, Chairman
Scott Safford, Secretary
John Tillery

Others Present: Amber Villarreal, Acting City Secretary

1. Call to Order

Vice Chairman Matt Dorsey called the meeting to order.

2. Public Comments

None

3. Consent Agenda

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of October 14, 2019
- b. Annuity checks for FR&R Retirees and other disbursements for the month of December 2019

Action:

Mr. Lee Statham moved to approve items a. and b. on the Consent Agenda. Mayor David Hill seconded, All Ayes.

4. Discuss Pension Review Board Funding Policy and take any necessary action

This item will be reviewed at the December meeting.

5. Hear presentation from Darin Baumgartner, Pension Solutions, Vanguard Institutional Investor Group

Mr. Darin Baumgartner, Pension Solutions, Vanguard Institutional Investor Group, gave a presentation about services offered by Vanguard Institutional Investor Group.

6. Consider Texas Local Fire Fighters' Retirement Act Annual Report for fiscal year end September 30, 2019

This item will be reviewed at the December meeting.

(3a)

Firemen's Relief & Retirement Fund

November 11, 2019

Page 2

7. 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, December 9, 2019 at 8:30 a.m.

8. Adjourn

There being no further business, the meeting adjourned at 9:27 a.m.

Respectfully submitted,

Amber Villarreal
Acting City Secretary

(3b)

MEMORANDUM

TO: FR&R Board Members
FROM: Amber Villarreal, Acting City Secretary
DATE: December 9, 2019
SUBJECT: ANNUITY CHECKS

Please approve the annuity checks for the month of January for the following retirees:

Mrs. James Gilley	Widow Benefits
Alan Morgan	Disability
Jimmy Turner	Service Retirement
John Olin Turner	Service Retirement
Mike Slay	Service Retirement
(Sharon Cobb QDRO Payment)	
John Tillery	Service Retirement
Loyde Junkin	Service Retirement
Don Fuller	Service Retirement
Billy Bratcher	Service Retirement
Larry Evans	Service Retirement
Dwayne Williams	Service Retirement
Don Bennett	Service Retirement
Terry Kuykendall	Service Retirement
Steve Hamilton	Service Retirement
(Denise Hamilton QDRO payment)	
Sam Lewis	Service Retirement
John Chenault	Service Retirement
Rusty Ogletree	Service Retirement
Jeff Sport	Service Retirement
Paul Carrington	Service Retirement
(Carol Nunn QDRO payment)	
Randy Johnston	Service Retirement
Terry Skipper	Service Retirement
Jeff Alexander	Service Retirement
(Lisa Warren QDRO payment)	
James Irvin	Service Retirement
(Lori Irvin QDRO payment)	
David Len Crow	Service Retirement
Randy Muirhead	Service Retirement
Jerry Sykes	Service Retirement
Don Alexander	Service Retirement
Dennis Crecelious	Service Retirement

TOTAL

\$80,662.87



Texas Local Fire Fighters' Retirement Act Annual Report

Waxahachie Firemen's Relief & Retirement Fund

September 30, 2019

REGISTRATION

Department Name	Waxahachie Firemen's Relief & Retirement Fund
Department Address	407 Water St. PO Box 1045
City, State, Zip	Waxahachie, TX 75165
Business Phone #	(469) 309-4200
Business Fax #	
Fiscal Year End	September 30, 2019

BOARD OF TRUSTEES

#	Statutory Position	Name	Email Address	Phone Number	Board Title	Beginning Term Date	Ending Term Date
1	Mayor or Designee	David Hill		(469) 309-4000	Trustee	N/A	N/A
2	CFO or Designee	Charles Harris		(469) 309-4000	Trustee/City Finance Director	N/A	N/A
3	Elected Member	Gary Myers	GMyers@waxahachieFire.org	(469) 309-4200	Chairman	January-17	January-20
4	Elected Member	Matt Dorsey	MDorsey@waxahachieFire.org	(469) 309-4200	Vice Chairman	January-18	January-21
5	Elected Member	Scott Safford	SSafford@waxahachieFire.org	(469) 309-4200	Secretary	January-19	January-22
6	Citizen Member	Lee Stratham		(469) 309-4000	Trustee	March-18	March-20
7	Citizen Member	John Tillery		(469) 309-4000	Trustee	March-19	March-21

Administrator

#	Position	Name	Email Address	Phone Number	Board Title	Beginning Term Date	Ending Term Date
1	Administrator	Gary Myers	GMyers@waxahachieFire.org	(469) 309-4200	Chairman		
2							

(5)



Texas Local Fire Fighters' Retirement Act Annual Report
Waxahachie Firemen's Relief & Retirement Fund
 September 30, 2019

REGISTRATION

Department Name: Waxahachie Firemen's Relief & Retirement Fund
Fiscal Year End: September 30, 2019

CONTRACTORS

#	Service Provided	Firm Name	Contact	Address	City	State	Zip Code	Email	Phone	Fax
1	Accountant	Helen R Duvall CPA	Helen Duvall	117 Misty Morning	League City	TX	77573	helen.duvall@cpa.com	(832) 620-0424	(281) 754-4580
2	Actuary	Retirement Horizons	David Sawyer	2201 Timberloch, Suite 150	The Woodlands	TX	77380	dsawyer@retirement-horizons.com	(281) 296-1100	(281) 296-1118
3	Attorney	Hund, Krier, Wilkerson & Wright, PC	Kimberly E. Wilkerson	4021 84th Street	Lubbock	TX	79423	kwilkerson@hkwlaw.com	(806) 783-8700	(806) 783-8710
4	Auditor	Yeldell, Wilson, Wood & Reeve, PC	Greer Yeldell	611 S Clay Street	Ennis	TX	75119	contact@ywocpa.com	(972) 878-2611	(972) 878-2220
5	Investment Consultant	Morgan Stanley	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
6	Investment Custodian	Frost Bank	Ed Peschke	4200 South Hulen Street	Fort Worth	TX	76109	Ed.Peschke@frostbank.com	(817) 420-5626	(817) 420-5106
7	Investment Manager	019245 Vanguard LCV ETF	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
8	Investment Manager	019246 Vanguard LCG ETF	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
9	Investment Manager	020151 Polen LCG	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
10	Investment Manager	020224 CPG Vintage	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
11	Investment Manager	020767 Victory Trivalent	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
12	Investment Manager	020781 Driehaus	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
13	Investment Manager	049769 BX Breif II	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
14	Investment Manager	059843 Blackrock SI FD	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
15	Investment Manager	060412 Great Lakes Advisors	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
16	Investment Manager	062683 WCM Investment Mgt	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
17	Investment Manager	143568 Delaware Intl	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
18	Investment Manager	143569 Delaware LCV	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
19	Investment Manager	143594 Wedgewood LCG	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	
20	Investment Manager	143638 Federated Core	Scott Owens	100 N Tampa Street, Suite 3000	Tampa	FL	33602	scott.owens@msgraystone.com	(813) 227-2027	

(5)



Texas Local Fire Fighters' Retirement Act Annual Report

Waxahachie Firemen's Relief & Retirement Fund

September 30, 2019

Asset Class	September 30, 2018		September 30, 2019	
	Market Value	%	Market Value	%
a Cash and equivalents	406,804.39	2.3%	390,470.91	2.2%
b Mutual funds fixed income	2,625,966.16	15.1%	3,009,603.95	16.6%
c Mutual funds alternatives	1,921,116.05	11.0%	2,100,545.63	11.6%
d Exchange traded funds - equities	714,693.12	4.1%	722,834.82	4.0%
e Corporate bonds fixed income	1,011,753.55	5.8%	1,050,153.50	5.8%
f Government bonds	278,241.66	1.6%	416,919.62	2.3%
g Municipal bonds	-	0.0%	-	0.0%
h Common stock - domestic	4,929,225.85	28.3%	4,553,065.75	25.1%
i Common stock - international	3,357,143.42	19.3%	3,470,023.95	19.2%
j Stocks - alternatives	59,652.26	0.3%	200,261.85	1.1%
l Alternatives - hedge funds shares	1,984,979.04	11.4%	2,126,570.26	11.7%
m Alternatives - real estate	138,463.31	0.8%	66,592.72	0.4%
n Alternatives - mortgage	-		-	0.0%
	17,428,038.81	100.0%	18,107,042.96	100.0%

Asset Allocation

Fixed Income	3,915,961.37	22.5%	4,476,677.07	24.7%
Equities	9,001,062.39	51.6%	8,745,924.52	48.3%
Cash Equivalents	406,804.39	2.3%	390,470.91	2.2%
Alternatives	4,104,210.66	23.5%	4,493,970.46	24.8%
	17,428,038.81	100.0%	18,107,042.96	100.0%

Other Assets

Other	-		-	
Receivables	-		-	
Accrued Income	-		-	
Payables (enter negative amount)	-		-	
Total Assets	17,428,038.81		18,107,042.96	

(5)



Texas Local Fire Fighters' Retirement Act Annual Report

Waxahachie Firemen's Relief & Retirement Fund

September 30, 2019

Revenues for Reporting Year

A Contributions		Percent of Salary	Amount	
Fire Fighters' Contribution		12.00%	575,821.38	\$1,307,307.46
City Matching Contributions as a Percent of Salary		15.24%	731,486.08	
Total Contributions		27.24%	1,307,307.46	
B Interest or Dividends on:				
Securities - equity and debt			539,589.50	\$766,644.79
Realized Gains/Losses			237,784.38	
Unrealized (Appreciation /Depreciation)			(11,221.89)	
Other income			492.80	
Total Interest or Dividends			766,644.79	
C Miscellaneous Revenues				
<i>(i.e transfers, refunds, etc)</i>				\$0.00
Total Revenue				\$2,073,952.25

(5)



Texas Local Fire Fighters' Retirement Act Annual Report
Waxahachie Firemen's Relief & Retirement Fund
September 30, 2019

Disbursements (or Expenses) for Reporting Year

Benefit Expenditures		Count	Amount
Monthly Payments for Service & Early Ret. Benefits		24.00	839,822.59
Paid on Disability (On-Duty)		1.00	11,971.68
Paid on Spouses Benefits		3.00	64,342.32
QDRO Payments		5.00	41,551.68
Paid on Children's Benefits			
Paid on Disability (Off-Duty)			
"DROP" Lump Sum distributions		1.00	245,192.08
Refund of Contributions			
Lump Sum Death Benefit			
Total Benefits		34.00	1,202,880.35
Non-Benefit Expenditures			Amount
Actuarial Fees			12,005.30
Audit Fees			7,700.00
Bank Trust Fees			1,713.06
Investment Consultant Fees			109,897.80
Investment Managers' Fees			52,892.63
Travel Expense			
Education & Training			820.16
Professional Memberships			536.71
Fiduciary Insurance			
Physicians' Fees			
Legal Fees			
Accounting Fees			2,125.00
Furniture and Equipment			
Office Overhead			
Miscellaneous (postage, checks, etc.)			
Other (indicate type of expense)	Foreign agent custody fees		4,377.09
Total Non-Benefit Expenditures			192,067.75
Total Disbursements			\$1,394,948.10

\$1,202,880.35
\$192,067.75

(5)



Texas Local Fire Fighters' Retirement Act Annual Report

Waxahachie Firemen's Relief & Retirement Fund

September 30, 2019

Net Income

Total Revenue	\$2,073,952.25
Total Expenses	\$1,394,948.10
Net Income (Total Revenues - Total Expenses)	\$679,004.15

Comparing End of Year Assets

Generated By FFPC (A)	\$18,107,042.96
End of Year Assets September 30, 2019 (B)	\$18,107,042.96
Difference (A-B)	\$0.00
	Match

Approximate Rate of Return for the Year

3.29%

Number of Active Fire Fighters During the Reporting Year

55

Financial Information Attested By:

Signed: Gary Myers, Chairman

Signed: Matt Dorsey, Vice-Chairman

Signed: Scott Safford, Secretary

Date

Report Prepared By

Signed: Helen R. Duvall
Helen R. Duvall CPA

Date

11/6/2019

(5)

(b)

**Waxahachie Firemen's Relief and
Retirement Fund
Funding Policy**

(6)

Purpose of Funding Policy

At its meeting of December ____, 2019, the Board of Trustees (the Board) of the Waxahachie Firemen's Relief and Retirement Fund (WFRRF or the Fund) adopted this Funding Policy.

This Funding Policy is designed as a guideline to communicate the Board's position on plan funding policy and how the Fund intends to achieve a 100% funded ratio to satisfy the requirements of Texas Government Code, Section 802.2011. The specific actions taken by the Board and/or the City of Waxahachie (City) as the plan sponsor with respect to achieving 100% plan funding may change over time, but this Funding Policy is intended to provide a mechanism for monitoring the funded status of WFRRF and outline a direction for future contribution and benefit decisions. The goal of this Funding Policy is to develop a long-term strategy that meets the following criteria:

- Benefit Security - Contributions and assets should be sufficient to pay for all vested benefits paid to current members and beneficiaries when due.
- Contribution Stability - Contributions should be based on sound actuarial principles that respond to changing conditions creating more long-term stability.
- Intergenerational Equity - By referencing sound actuarial principles, the cost of benefits is paid for by the generation of taxpayers that received the services, rather than deferring those costs to the City and future members.
- Systematically Eliminate any Unfunded Actuarially Accrued Liability (UAAL).

TLFFRA LAW

The Fund is subject to the Texas Local Fire Fighters Retirement Act (Vernon's Texas Civil Statutes, Article 6243e or TLFFRA). Under TLFFRA, both the member and City contribution rates are equal to a fixed percentage of compensation. Member contributions are determined by an active member vote. The City adopts a contribution rate that is determined, in consultation with the Board, to meet the long-term funding goals mentioned above for its employees and is not less than the minimum rate required by TLFFRA. The Board, however, may not unilaterally change contribution rates, and this Funding Policy reflects such limitation.

Under TLFFRA, contribution rates are based on actuarial information, but the precise contribution rates are fixed and established as discussed above and determined through discussions between the Board and the City, rather than directly from an Actuarially Determined Contribution Rate (ADCR). In connection with the adoption of this Funding Policy and in order to provide progress updates and direction for changes in the current contribution rates, the Board will request an ADCR for each valuation. This new ADCR will be the primary basis for decisions regarding the adequacy of the contributions given the current benefit levels.

MONITORING PROGRESS

The Board will monitor and measure progress toward meeting the goals and guidelines established in this Funding Policy by reviewing and reporting key metrics in each actuarial valuation report. Among the key metrics are the ADCR, the funded ratio, funding period, and UAAL as a percentage of payroll. The Board will update this Funding Policy, as needed, to reflect changes in methodologies used to monitor funding progress.

SUMMARY OF KEY FUNDING POLICY TERMS

Actuarial Cost Method	Entry Age Normal
Asset Smoothing Method	Fair Value of Assets
Actuarially Determined Contribution Rate	Total Contribution Rate as a % of payroll required to pay the Normal Cost and amortize the Unfunded Actuarial Accrued Liability (UAAL) over the ADCR Funding Period.
ADCR Funding Period	Effective October 1, 2020, a 25 year closed period. In future years, the closed amortization decreases annually by 1 year until the ultimate closed period of 15 years is reached.
Funding Period	Period projected to fully amortize the UAAL assuming current contribution rates continue in the future.

KEY FUNDING POLICY DEFINITIONS

Total Present Value of Projected Benefits (PVPB): The actuarial present value of all benefits expected to be paid from the Fund for all current members and beneficiaries.

Cost Method: The actuarial method of allocating the PVPB into past and future periods. The current cost method is the Entry Age Normal.

Actuarial Accrued Liability (AAL): The portion of the PVPB which is allocated to past service based on the cost method selected by the Board.

Actuarial Value of Assets (AVA): The fair value of assets.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any, of AAL over AVA.

Normal Cost (NC): The portion of the total PVPB that is allocated to a valuation year by the actuarial cost method plus the annual administrative expenses expected to be paid.

Actuarially Determined Contribution Rate (ADCR): The contribution rate that pays for the NC plus amortizes the UAAL over the Board’s ADCR funding period, expressed as a percentage of payroll.

ADCR Funding Period: The preset period used to amortize the UAAL in the calculation of the ADCR. Effective with the October 1, 2020 valuation, the ADCR funding period is set equal to 25 years. In future years, the ADCR funding period will decrease annually by one year until an ultimate 15 year closed period is reached.

(6)

Funding Period: The projected number of years to fully amortize the UAAL assuming the current City and member contribution rates continue, and all future experience aligns with the underlying valuation assumptions.

FUNDING POLICY GUIDANCE

For each valuation, the Board will request the Actuarially Determined Contribution Rate (ADCR) to assess the need for changes in the current contribution rates, potential changes to benefits, or a combination thereof. The ADCR is the percent of payroll calculated to pay the Normal Cost (including administrative expenses) plus the amount needed to amortize the UAAL over the ADCR Funding Period (AFP).

The AFP is initially set to 25 years, and it will reduce annually by 1 year in each future year until an ultimate 15 year closed period is reached. If member and City contributions are enough to satisfy the ADCR, the existing UAAL will be fully funded within 25 years.

If the actual Funding Period exceeds the ADCR Funding Period for two consecutive valuations, the Board will notify the City and any member employee group or association of such difference. In addition, the Board will work with the City and the active membership to consider modifications to the benefit and contribution levels to return the Funding Period to the targeted AFP.

BENEFIT CHANGES

While the focus of this Funding Policy is on funding, a reference to how the Board handles benefit changes is also worth noting. Under TLFFRA, before any changes to benefits or eligibility requirements can be made to the Fund, including, without limitation, the grant of any cost-of-living adjustment, the change must be approved by (1) the Fund's actuary and (2) a majority of the members of the Fund voting by secret ballot. The Board may not unilaterally increase or decrease benefits, grant a cost-of-living adjustment, or change the eligibility requirements for benefits under the Fund.