

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, May 20, 2024 at 8:30 a.m.***

BOARD MEMBERS: Gary Myers, Chairman
Scott Safford, Vice Chairman
Jeff Aycock, Secretary
Chris Wright, Mayor Pro Tem
Chad Tustison, Senior Finance Director
Lee Statham
Phillip Young

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 Board on any concern whether on this agenda or not. In accordance with the State of Texas Open Meetings Act, the Board 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 April 15, 2024
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of June 2024
 - c. Invoice from YWRD
4. Request to appear by John Rodgers regarding possible benefit changes
5. Discuss and take action on possible benefit changes
6. Discuss and take action on Letter from Chuck Campbell about IRS Code 104
7. Discuss and take action on filling Gary Myers board seat
8. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
9. Adjourn

The Board reserves the right to go into Executive Session as authorized by Section 551.071(2) of the Texas Government Code, for the purpose of seeking confidential legal advice from legal counsel on any agenda item listed herein. 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 469-309-4006 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.

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, April 15, 2024 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Scott Safford, Vice Chairman
Jeff Aycock, Secretary
Chris Wright, Mayor Pro Tem
Lee Statham
Phillip Young

Member Absent: Chad Tustison

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 March 11, 2024
- b. Annuity checks for FR&R Retirees and other disbursements for the month of May 2024
- c. Invoice from AndCo Consulting for consulting services and performance evaluation
- d. Invoice from YWRD

Action:

Vice Chairman Scott Safford moved to approve all items on the Consent Agenda as presented. Motion was seconded by Phillip Young and carried unanimously (6-0).

4. Discuss and consider March 31, 2024, Performance Report

Tony Kay with Mariner (ANDCo) brought the 1 quarter 2024 report. The Fund balance at the end of the quarter was \$24,475,168. This is a 16.85% increase for Physical Year to date or 6.34% increase for YTD. \$1,480,898.00 Dollar increase. The increase is more market movement than investment expertise.

The transition from the old investment policy to the new investment policy is about ½ complete.

Action:

Vice Chairman Scott Safford moved to accept the 1st Quarter 2024 Financial Report. Motion was seconded by Secretary Jeff Aycock and carried unanimously (6-0).

5. Discuss and consider Core Fixed Income Search

Tony Kay with Marnier presented a search for a US Core Fixed Income Manager. There were five managers presented to the Board. The Board choose to purchase Baird Aggregate Bond Fund (BAGIX). The Board will invest 15% of the Fund in this investment following the new ISP 4.0

Action:

Lee Statham moved to approve the purchase of Baird Aggregate Bond Fund (BAGIX). Motion was seconded by Vice Chairman Scott Safford and carried unanimously (6-0).

6. Discuss and consider International Value Search

Tony Kay with Marnier presented a search for an International Value Equity Manager. There were five managers presented to the Board. The Board choose to purchase Dimensional Fund Advisors, LP (DFA). The Board will invest 7.5% of the Fund in this investment following the new ISP 4.0

Action:

Secretary Jeff Aycock moved to approve the purchase of Dimensional Fund Advisors, LP (DFA). Motion was seconded by Mayor Pro Tem Chris Wright and carried unanimously (6-0).

7. Discuss and consider selling:

a. WCW Focused Stock Market

The Board discussed the past and expected future of WCM. WCM is an International Growth Manager. It was decided to retain WCM as our International Growth Manager.

No action taken.

b. Kopernik International Value Manager

The Board discussed the past performance of Kopernik. The Board discussed the large positions Kopernik has place in the domestic market and the large cash reserves it has. The Board decided to liquidate all of the Funds Kopernik holdings.

Action:

Mayor Pro Tem Chris Wright moved to sell all shares in Kopernik. Motion was seconded by Secretary Jeff Aycock and carried unanimously (6-0).

c. Driehaus Emerging Markets Growth

The Board voted in March to sell this position.

No action taken.

8. Discuss and consider IRS "Don't Tax Our Fallen Public Safety Heroes Act" letter

This issue was tabled until the May meeting.

9. 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, May 20, 2024 at 8:30 a.m. at the Fire Administration building 407 Water Street.

10. Adjourn

There being no further business, the meeting adjourned at 10:25 a.m.

Respectfully submitted,

Gary Myers
Chairman

MEMORANDUM

(3b)

TO: FR&R Board Members
FROM: Amber Villarreal, City Secretary
DATE: Monday, May 20, 2024
SUBJECT: Approve Annuity Payments for the Month of June 2024 for Retirees/Beneficiaries as Presented

Alexander	Donald
Alexander	Jeffery
Bennett	Don
Bratcher	Billy
Carrington	Paul
Chenault	John
Cobb	Sharon
Crecelius	Dennis
Creed	Lori
Crow	Len
Evans	Karen
Fuller	Donald
Gilley	Dorothy
Hamilton	Denise
Hamilton	Steven
Irvin	James
Johnston	Randy
Junkin	Pam
Kuykendall	Terry
Lewis	Sammy
Maeker	David
Martin	J
Morgan	Alan
Muirhead	Randal
Nunn	Carol
Ogletree	Billy
Potter	Randall
Rodgers	John
Rust	Paul
Skipper	Terry
Slay	Mike
Sport	Jeffery
Sykes	Jerry
Tillery	Daryl Anne
Turner	John Olin
Turner	Sharon
Warren	Lisa
Williams	Sidney
Wilson	Darla

TOTAL	\$106,846.30
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YWRD, P.C. (3c)

CERTIFIED PUBLIC ACCOUNTANTS

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120
405 Sycamore St. | Waxahachie, Texas 75165
P: 972.878.2611 | ywrd.cpa | F: 972.878.2220

Invoice

Waxahachie Firemen's Relief and Retirement Fund
407 Water St
Waxahachie, TX 75165

ID: 123
Invoice: 114408
Date: 02/29/2024
Due: Upon Receipt

For professional service rendered as follows:

Additional time spent to reconcile investment activity and payroll data to supporting documentation and propose entries to generate auditable balances. \$2,190.00

Progress billing on September 30, 2023 audit \$737.00

Billed Time & Expenses \$2,927.00

Invoice Total \$2,927.00

Please return this portion with payment.

ID: 123

Waxahachie Firemen's Relief and Retirement Fund

Invoice: 114408

Date: 02/29/2024

Amount Due: \$2,927.00

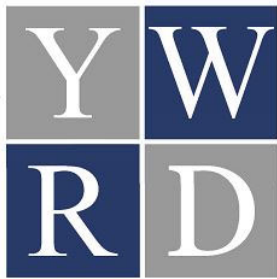
Amount Enclosed: \$ _____

PAY ONLINE AT

<https://secure.cpacharge.com/pages/ywrdcpa/creditcard>

YWRD, P.C.
P.O. Box 1087
Ennis, TX 75120





YWRD, P.C.

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Statement

Waxahachie Firemen's Relief and Retirement Fund
407 Water St
Waxahachie, TX 75165

ID: 123
Date: 04/23/2024

Date	Type	Reference	Debit	Credit	Balance
12/31/23	Beginning Balance				\$0.00
12/31/23	Invoice #113934		3,221.00		3,221.00
01/31/24	Invoice #114136		8,818.75		12,039.75
02/29/24	Invoice #114408		2,927.00		14,966.75
03/21/24	Check	2315640		12,039.75	2,927.00
03/31/24	Invoice #114591		1,943.75		4,870.75
04/23/24	Check	2320695		1,943.75	2,927.00
04/23/24	Amount Due				<u>\$2,927.00</u>

Beginning Balance	\$0.00
Invoices	16,910.50
Receipts	(13,983.50)
Adjustments	0.00
Service Charges	0.00
Amount Due	<u>\$2,927.00</u>

<u>04/23/2024</u>	<u>03/31/2024</u>	<u>02/29/2024</u>	<u>01/31/2024</u>	<u>12/31/2023+</u>	<u>Total</u>
0.00	0.00	2,927.00	0.00	0.00	\$2,927.00

Please return this portion with payment.

ID: 123
Waxahachie Firemen's Relief and Retirement Fund

Date: 04/23/2024
Amount Due: \$2,927.00
Amount Enclosed: \$ _____

YWRD, P.C.
P.O. Box 1087
Ennis, TX 75120

PAY ONLINE AT
<https://secure.cpacharge.com/pages/ywrdcpa/creditcard>



May 2, 2024

Via email: GMyers@waxahachiefire.org

Waxahachie Firemen's Relief and Retirement Fund
c/o Mr. Gary Myers, Board Chairman
407 Water Street
Waxahachie, Texas 75165

Re: Tax Treatment of Surviving Spouse Death Benefits Payable from the Waxahachie Firemen's Relief and Retirement Fund

Dear Mr. Myers:

At the request of the Waxahachie Firemen's Relief and Retirement Fund (the "**Fund**" or "**Plan**"), we have reviewed how death benefits payable from the Fund to a surviving spouse following a firefighter's retirement under Section 6.01(b) of the Plan ("**Post-Retirement Death Benefits**") should be taxed, specifically in light of Section 104(a)(6)(B) of the Internal Revenue Code of 1986, as amended (the "**Code**"). After review of the Plan and applicable law, Post-Retirement Death Benefits paid by the Fund to a surviving spouse do not qualify for the tax exclusion provided under Section 104(a)(6)(B) of the Code for the reasons explained in detail below. As a result, any such Post-Retirement Death Benefits paid by the Fund to a surviving spouse are reportable as taxable income.

Generally, Section 104(a) of the Code provides that certain compensation paid for the injury or sickness of an employee is not included as gross income and thus not taxable. Specifically, Section 104(a)(6)(B) of the Code provides that certain survivor benefits are not taxable if paid under a State sponsored program to a surviving dependent of a public safety officer whose death occurred in the line of duty, unless such survivor benefits would have also been payable "*if the death of the public safety officer had occurred other than [...] in the line of duty.*"

In other words, while Section 104(a)(6)(B) of the Code can provide some relief from taxation for certain survivor benefits, it only applies if the surviving dependent's right to receive the survivor benefits was solely dependent on public safety officer's death occurring in the line of duty. Therefore, whether a certain survivor benefit qualifies for the tax exemption provided under Section 104(a)(6)(B) of the Code depends on if, under the terms of the retirement plan, the surviving dependent would have been entitled to receive such benefit in the event the public safety officer's death occurred outside of the line of duty.

It is clear that Post-Retirement Death Benefits paid under Section 6.01(b) of the Plan do not fall into the category of survivor benefits described in Section 104(a)(6)(B) of the Code. Section 6.01(b) of the Plan provides that Post-Retirement Death Benefits will be paid to a surviving

spouse only “if the firefighter’s death occurred following his service retirement.” In other words, the Post-Retirement Death Benefits under Section 6.01(b) are not payable to a surviving spouse because the firefighter is not even actively employed by the Waxahachie Fire Department at the time of death. Accordingly, it would be impossible for such benefits to be attributable to a line of duty death.

Moreover, even if an active firefighter dies and his or her surviving spouse is entitled to a benefit, the terms of the Plan are clear that any such death benefits payable are not solely dependent on the firefighter’s death occurring in the line of duty. The surviving spouse is entitled to such benefit if any death occurs, whether or not in the line of duty. Accordingly, no death benefits under the Plan, including the Post-Retirement Death Benefits, qualify as the type of survivor benefits eligible for tax relief under Section 104(a)(6)(B) of the Code, and thus, any such benefits paid by the Fund are reportable as taxable income.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chuck H. Campbell".

Chuck H. Campbell
Attorney for Waxahachie Firemen’s Relief and
Retirement Fund