



AFRF
AUSTIN FIREFIGHTERS
RETIREMENT FUND

**MINUTES
BOARD OF TRUSTEES MEETING
MONDAY SEPTEMBER 25, 2023, 9:00AM**

Board Members Present

Doug Fowler, Vice Chair
Belinda Weaver, Treasurer
John Bass, Trustee
Aaron Woolverton, Trustee

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Debbie Hammond, AFRF Benefits Manager (virtual)
Gina Gleason, AFRF Board & Operations Specialist
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibaudeau, AFRF Benefits Specialist
Chuck Campbell, Jackson Walker
Alyca Garrison, Jackson Walker
Shawn Farris, LRS Retirement Solutions
Lane Fowler, LRS Retirement Solutions
Carla Carter, LRS Retirement Solutions
Sam Umbanhower, LRS Retirement Solutions
John Katalinich, LRS Retirement Solutions
Wendy Sanchez, Provaliant

Community Members Present

Rene Vallejo
Donald Lowe
Lisa Millman
Eric Pederson
Gus Peña
Virtual attendees not listed

Vice Chair Fowler called the meeting to order at 9:00am.

Trustee Weaver was not in attendance when the meeting was called to order, quorum of 3.

Public Comments:

No public comments.

- I. Consent Agenda for the following:
 - a. Minutes of the regular meeting of August 25, 2023
 - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Vice Chair Fowler requested a moment of silence for the firefighters who had passed. Trustee Bass made a motion to approve both items on the consent agenda. Trustee Woolverton seconded the motion. The motion passed unanimously.

- II. Pension Gold IV Implementation – Project Kickoff Update, including LRS Presentation

The LRS team introduced themselves and described their individual roles within the Pension Gold IV implementation project. John Katalinich provided a Levi, Ray & Shoup (LRS) company update focused on their new offerings for IT Security. Lane Fowler highlighted the milestones and achievements that had already been accomplished within the project, including the new public website and logo that went live in May and the Kofax Capture and PageCenter X document management software system that

went live in August following staff training and user acceptance testing. Ms. Fowler detailed the paper backfile conversion process, which included organizing and categorizing approximately 64,000 pieces of paper, securely transferring the documents to the subcontractor Perfect Image for scanning, and completing a quality control audit of their scans. She noted that the AFRF staff had been very busy with that process and had successfully completed the backfile conversion milestone in the previous week. Ms. Fowler provided an overview of the three upcoming deliverables of the Pension Gold software project, noting that AFRF had started on the first deliverable with a review of over 200 requirements, multiple requirements analysis meeting, and a highly detailed review of the first group of designs.

Trustee Weaver joined the meeting at 9:09am, quorum of 4.

Anumeha Kumar reiterated the successes of the first year of the project, noting that the pension software is the bedrock of AFRF's business processes and explained the importance of moving to a safer and more efficient version of the software. She further emphasized that the digitization of old records and the development of the new website were important for security and served to set the Fund up for future success. Ms. Kumar thanked her staff for their hard work and expressed her satisfaction with the Board's decision to partner with LRS, who had been keeping the project on time and within budget.

Shawn Farris informed the Board that data conversion process had been going well on the front end. He explained that with each deliverable, LRS would validate the data by running key business processes such as payroll to ensure that the systems interact with the data as expected. Trustee Weaver asked a clarifying question about converting data from an antiquated system to which Mr. Farris provided examples of minor errors that could arise and emphasized the stronger integrity of validations and controls within the new system. Mr. Farris highlighted some potential risks that could arise throughout the process, noting a concern with the City of Austin's replacement of their payroll and benefits administration systems. He further explained that LRS had taken the lead to mitigate that risk by forming a team to engage with the City and their third-party vendors, indicating that they had already begun initial discussions and would involve AFRF only when necessary. Lane Fowler reviewed the upcoming deliverables and described the 2-month parallel processing that would occur prior to official implementation of Pension Gold IV. Trustee Weaver questioned whether two months would be sufficient, to which Mr. Farris and Ms. Fowler confirmed that it would be since most issues would have already been resolved through thorough user-acceptance testing of the deliverables. No motion necessary.

- III. Discuss and consider Pension Review Board's Funding Soundness Restoration Plan (FSRP) "At Risk" Letter, including next steps

Anumeha Kumar informed the Board that the reason the Fund received the letter was because their amortization period went up to 35.6 years with the 2022 Valuation, exceeding the 30-year threshold established by the Pension Review Board (PRB). She further clarified that the Fund had not yet triggered the FSRP requirement, but rather the requirement could be triggered in 2025 if the amortization period continues to exceed the threshold over the course of three subsequent valuations, or if any immediate triggers are hit, such as exceeding a 40-year amortization period. Ms. Kumar reviewed the reasons why the Fund's amortization period had increased, including Cheiron fixing data issues following the replication of the 2021 Valuation and the Board adjusting some assumptions for the sake of accuracy. She further explained that the market had been tumultuous, with lower investment returns coming out of 2022, but the funded ratio remained strong at 86.9%. As it stands, she continued, there is not enough contribution coming into the Fund to address the unfunded liability. Ms. Kumar informed the Board of their options to either take no action and monitor the markets for potential improvement, or to consider a voluntary FSRP and address the underfunding as soon as possible. One benefit of a voluntary FSRP, she explained, is that the Fund would be subject to less strenuous requirements if a mandatory FSRP was triggered in the future. Vice Chair Fowler expressed interest in taking a proactive approach and suggested forming a committee to work with Cheiron

before deciding. Trustee Bass agreed and noted the importance of understanding the timeline for the voluntary FSRP, as not to miss the window of opportunity. Trustee Weaver and Trustee Woolverton agreed with that direction. Vice Chair Fowler and Trustee Bass volunteered to form the subcommittee. Trustee Bass spoke further about the sensitivity of amortization periods and the importance of the Board's decision to base the Fund's metrics on more realistic assumptions to control risk. He provided an example to illustrate how a fund could hypothetically show better metrics with a decreased amortization period, but only at the expense of exposing the fund to significant risk. Trustee Bass expressed his confidence in the direction the Board has taken and emphasized that the Board's goal is to secure benefits and ensure long-term stability for the Fund. Vice Chair Fowler requested information about other funds in similar situations, to which Ms. Kumar confirmed that she would ask Cheiron to assemble a report based on information available through the PRB. No motion necessary.

IV. Update on Securities Litigation Matter

Anumeha Kumar referred to a case and a confidential analysis provided by one of Fund's securities litigation firms. She explained that based on the Board's securities litigation policy and an analysis from Jackson Walker, the staff was recommending not to pursue lead plaintiff status on the case that had recently been brought to the Fund's attention. Alyca Garrison offered a reminder to the Board that under their policy, the Fund's general stance is not to seek lead plaintiff status unless uniquely qualified to do so. In this case, she continued, none of those qualifying factors applied. Ms. Garrison informed the Board that they could go into closed session if they had any questions specific to the case. Trustee Bass asked a generalized question about court-granted relief for litigation costs and whether fees ever exceed an award, to which Chuck Campbell explained that it depends on the terms of the agreement with the litigation firm, but fees typically consist of a percentage of the award. The Board did not enter closed session. No motion necessary.

V. Executive Director Report, including the following (Discussion Only)

a. General comments

Anumeha Kumar reiterated that staff had just started the Pension Gold software project, which had already proven to be a deeply involved and time-consuming process. She thanked her staff for their dedication to the project and highlighted Shira Herbert's accomplishment of completing quality control of the backfile conversion. Moving forward with the project, she noted, staff would be analyzing their current business processes and developing new business processes, such as updating the record retention policy, based on the impact of the software.

b. Trustee 2023 Election Update

Anumeha Kumar informed the Board that the nomination period had closed, resulting in three confirmed candidates for the 2023 Election: Vice Chair Fowler, Joe Loughran, and Richard Meyers. Ms. Kumar explained that AFRF would be working with the same outside vendor, YesElections, and would follow the same process as in the previous year. She further explained that the election period would run from October 17 through November 6 and members would have the option to cast their vote by secret ballot either electronically or through mail. Ms. Kumar stated that all pertinent election information is posted to the Fund's website, including candidate bios and the election timeline.

c. Board Survey for 2024 Meeting Dates

Anumeha Kumar notified the Board that while it was still too early to confirm dates with City Hall, staff would soon be sending out a survey to trustees regarding potential 2024 meeting dates.

d. Internal financial statements, transactions and Fund expense reports for month ending August 31, 2023

Anumeha Kumar stated that there were no specific budget items to note, aside from a payroll tax payment made to the IRS intended to halt penalty interest while AFRF continues to work toward a resolution with the IRS regarding an ongoing issue from 2020. Vice Chair Fowler asked some clarifying questions, to which John Perryman and Ms. Kumar provided additional information on the timeline of the lumpsum tax payment previously paid to and returned by the IRS in 2020-21 due lack of submission of necessary information to the IRS, noting that Jackson Walker has assisted with investigating the issue.

VI. Roadmap for future meetings

Chuck Campbell requested the date of the next meeting, to which Ms. Kumar informed him that it would take place on October 30, 2023.

VII. Call for future agenda items

No requests for future agenda items.

Hearing no objections, Vice Chair Fowler adjourned the meeting at 10:04am.

Board Members

Mayor Kirk Watson, Chair
Doug Fowler, Vice Chair
Belinda Weaver, Treasurer
John Bass, Trustee
Aaron Woolverton, Trustee