



Austin Fire Fighters Relief and Retirement Fund
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MINUTES
AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
MONDAY, APRIL 26, 2021 AT 9:00 AM

Board Members Present

Steve Adler, Chair
Doug Fowler, Vice-Chair
Belinda Weaver, Treasurer
Jeremy Burke, Trustee
John Bass, Trustee
Bill Stefka, Administrator
Premal Amin, Asst. Administrator
Kendall Twomey, Admin. Asst.

Consultants Present

Chuck Campbell, JW
Alyca Garrison, JW
Michael McGill, COA
Brad Heinrichs, Foster&Foster
Drew Ballard, Foster&Foster
Leo Festino, Meketa
Aaron Lally, Meketa

Community Members Present

Rene Vallejo
Keith Johnson
Jan Wesson
Becky Brooks
Donald Lowe
Rowan Descellar
Cliff Alexander
Unidentified attendees

Mayor Adler called the meeting to order at 9:02 AM.

Public Comments:

Chair Adler asked if there was anyone present that wished to speak. Retirees Rene Vallejo, Jan Wesson, and Becky Brooks asked to address the Board.

Mr. Vallejo shared that retirees have expressed their desire for more timely and descriptive meeting minutes. In response to these concerns and on behalf of ARFFA, Mr. Vallejo asked the pension board to seek solutions to these concerns and for the pension office staff to strive to deliver detailed meeting minutes. Also, the ARFFA Board made a unanimous motion to request a reinstatement of the practice of printing and mailing printed copies of the Annual Report. ARFFA believes this practice will help in regards to transparency. Chair Adler thanked Mr. Vallejo for his comments.

Ms. Wesson expressed her support for Mr. Vallejo's comment. Chair Adler thanked Ms. Wesson for her comment.

Ms. Brooks shared a request made for a summary of the board meeting in writing in the event she was unable to attend the meeting. Her request was denied due to TOMA. Ms. Brooks supports Mr. Vallejo's comment in that better and sooner communication of the board meetings would prevent miscommunication and misinformation. Ms. Brooks made a request for a brief update on what happened at the meetings. Chair Adler thanked Ms. Brooks for her comments.

- I. Minutes of the Regular Meeting on March 22, 2021

After a brief review, motion made by Doug Fowler to approve the minutes of March 22, 2021. John Bass seconded the motion. After hearing no objections to the minutes, the motion passed unanimously.

- II. Service Retirement Benefits for Four Applicants and Two Beneficiaries

The Board reviewed retirement benefits for four applicants. Jeremy Burke made a motion to approve all retirement benefits as presented. Doug Fowler seconded the motion. With no objects, the motion passed unanimously. The Board reviewed benefits for two beneficiaries. Doug Fowler made a motion to approve all beneficiary benefits as presented. Jeremy Burke seconded the motion. With no objects, the motion passed unanimously.

III. Final Approval of the Code of Ethics

Mayor Adler requested to move to agenda item 11 before proceeding. With no comments made by membership on the Code of Ethics, Doug Fowler made a motion to approve the Code of Ethics. Jeremy Burke seconded the motion. The motion passed unanimously.

- IV. Actuarial Assumptions Discussion with Actuaries and Related Review and Possible Amendment of Fund Rules
- Next, Bill Stefka introduced the Fund's actuary, Brad Heinrichs with Foster and Foster, who was attending to discuss the current investment return and payroll growth assumptions in response to the revision of the COLA Policy. The investment return assumption is 7.50% and the payroll growth assumption is 2.00% as of the December 31, 2019 valuation and were approved in conjunction with the April 2020 Experience Study. Mr. Heinrichs presented three exhibits regarding the investment return and payroll growth assumptions. Beginning with the Investment Return History, which is a snapshot of the Fund's performance in investment return from 1985 through 2019. Mr. Heinrichs noted that in the last five years the Fund has had an average 10% return and within the last ten years the Fund has had an average 8% return. Next, Mr. Heinrichs discussed Payroll Growth History, which shows the average payroll growth in the last ten years is 1.9% per year and the active count has grown by 1% per year. Within the last five years, the average payroll growth was 3% per year and the active count has grown by 2% per year. Finally, Mr. Heinrichs presented the table showing the different outcomes, surplus or deficit, with a 25-year amortization period goal based on various payroll growth and investment return percentages. The results show that with the Fund's current 2% Payroll growth and 7.5% investment return, the Fund would have a 21.9-year amortization period and if the Fund contributed -0.81% less, we would have a 25-year amortization period. All in all, the lower the investment return rate and the lower the payroll growth rate, the more money will be required to continue the 25-year amortization period. John Bass mentioned the importance of maintaining consistent return data so that we could make the best-informed decisions. He noted that some of the reported return numbers were net of fees, and some past numbers were gross returns. John Bass mentioned that in the context of improving the overall health and financial flexibility of the fund, we ought to revisit the idea of a more appropriate DROP interest rate. He stated that doing so would help secure the DROP program for the future, reduce risk to the FUND, and provide more financial breathing room to the fund. He asked if Meketa or Foster and Foster had any opinion on that. The Board proceeded to discuss the exhibits and results presented. Mr. Heinrichs recommends the Board continue this discussion with Meketa. Chuck Campbell supports this recommendation before the Board decides. Leo Festino with Meketa said that given the current environment, a lower fixed rate would be appropriate, and that many plans are in the fixed 3% area. Foster and Foster agreed it would be helpful to the FUND's overall health and it would reduce risk to the fund, especially during periods of underperformance. Mr. Festino offered to bring recommendations and the potential impact on the Fund at a later board meeting. Alyca Garrison reminded the Board that the Benefit Improvement Policy now has the incorrect amortization year. The Board review and possibly amend the Benefit Improvement Policy in the Fund Rules at the next board meeting. No action was taken at this time.

V. Communication to Members

Jeremy Burke requested this agenda item as a carryover from the March 2021 board meeting discussion with Chuck Campbell in regards to TOMA and the request made by retirees for a more timely and accurate communication piece. Mr. Burke would also like to address the Annual Reports being available online rather than printed and mailed to members. Chuck Campbell requested the Board should enter closed session due to attorney/client communications pertaining to this agenda item.

At 10:14 am, the Board entered closed session. Closed session concluded at 10:49 am. No action was taken during closed session.

After hearing legal advice given by Chuck Campbell in closed session and the conversations that have occurred, Jeremy Burke asked the Board whether draft minutes sent and posted by staff early could be a viable solution. Mayor Adler agreed with the caveat that until it is adopted by the Board that it is not

recitational to what happened at the meeting. Mr. Burke requested pension staff provide a timeline for posting and sending draft minutes. He also requested the draft minutes include a watermark on each page and a disclaimer stating the piece is a draft only and has not been approved. In addition, Doug Fowler requested pension staff provide quarterly communication to membership in the form of a newsletter stating it may offset the needs of the individuals requesting more information. Responding to Mr. Fowler's request, Bill Stefka asked if prior approval of the quarterly communication to membership is required. Mayor Adler gave pension staff responsibility to distribute the quarterly reports after Trustees have given suggestions. Chuck Campbell agreed that pension staff should produce the draft minutes and any changes could be made by Trustees at the board meeting. Mr. Burke requested the distribution of draft minutes should not deviate from the current process for sending and posting minutes. Mayor Adler verbally agreed with nods from other Trustees. No motion necessary.

Moving onto discussing the Annual Report, Premal Amin reminded the Board that the Annual Report is posted on the website and a hard copy is available upon request. Pension staff requested a quote for printing and distributing the Annual Report to all retirees finding it to be costly. Doug Fowler agreed printing and mailing Annual Reports is an unnecessary expense but stressed communicating with members where to access the Annual Report and how to request a hard copy. Jeremy Burke requested Rene Vallejo discuss this information with the ARFFA Board. Mr. Vallejo agreed. No motion necessary.

VI. Cybersecurity

Premal Amin reviewed the current cybersecurity parameters in place by pension staff, Vintage IT, the Pension website. Mr. Amin shared that Vintage IT conducts a full security test every three years but has offered to conduct one sooner if the Board requests. Mr. Amin tried to meet with the COA Cybersecurity Department and will continue to do so before the next meeting. Then, Jeremy Burke requested pension staff receive security training. No motion necessary.

VII. RFP for Trustee Election Service Providers

Bill Stefka reviewed the information garnered from contacting other pension groups noting the majority expressed an RFP was unnecessary when choosing an election service provider. After further discussion regarding when the Board should choose a service provider, the Board requested Mr. Stefka recommend election service providers at the next board meeting instead of creating an RFP. Belinda Weaver requested Mr. Stefka provide what due diligence each pension group used when choosing a vendor and the process length. No action was taken at this time.

VIII. Office Operations

Doug Fowler requested this agenda item to discuss reopening the pension office, staff work outputs, and the Pension website. Bill Stefka notified the Board that Premal Amin and Kendall Twomey are in the office regularly. Although Mr. Stefka is working remotely due to his age and past health issues in regards to COVID, Mr. Stefka expressed confidence in work completion and the continued communication between staff daily. Mr. Fowler expressed his understanding for Mr. Stefka's concerns, he also stated his belief in the importance of Mr. Stefka working in the office for everybody to provide their valuable services. After informing the Board of the reintegration plan the City of Austin is implementing, Belinda Weaver requested Mr. Stefka create a reintegration plan for the Board to review and discuss at the next meeting. Following further discussion, Mayor Adler requested Mr. Stefka provide a reintegration plan for pension staff and a reintegration plan for the Board at the next meeting. No motion was necessary.

Moving on, the Board discussed staff work outputs. Doug Fowler requested pension staff provide a report to the Board containing work completion, communication, and time spent on tasks to gain a better understanding of the Pension office. No motion was necessary.

Next, the Board discussed the Pension website. Doug Fowler requested pension staff communicate more with members through quarterly communications. John Bass shared that the Primer he and Premal Amin are working on will provide links to content already on the website and will prompt members to expect a quarterly newsletter. While agreeing with the request for more communication and the Primer, Jeremy Burke expressed concerns with requesting staff provide a work outputs report. After some discussion, Mr. Fowler clarified that the request was made to gain a better understanding of the office process, general workday tasks, and

communication with members. No motion was necessary.

IX. Employee Compensation and Benefit Study Update

Continuing the discussion regarding Employee Compensation and Benefit Study from previous board meetings, Bill Stefka reviewed his proposal from the summary of recommendations taken from the Study: titling, salary ranges, and leave program. Mr. Stefka requested the Board prioritize a pay raise for Kendall Twomey and adopting the recommended leave chart in the Funds policy. Doug Fowler noted that setting employee salaries is the Fund Administrator's responsibility, and setting the Fund Administrator's salary is the Board's responsibility. Belinda Weaver agreed with Mr. Fowler but clarified that the Board's responsibility is to set the budget as well which did not include any pay increases. Jeremy Burke requested that Bill present a more detailed proposal for the Board to discuss at the next meeting. Chuck Campbell reminded the Board that the Personnel Policy and Governance Policy are inconsistent in regards to salaries and pay leave. Mr. Campbell agreed that a more detailed proposal should be presented at the next meeting, as well as, adjustments to the Personnel Policy. Mr. Fowler agreed as well. Premal Amin asked the Board if an amended budget is necessary in response to this. After some discussion, the Board agreed that the budget needs to be monitored, not necessarily amended. Mayor Adler requested the Board prepare for an Administrator Review next meeting as well. No action was taken at this time.

X. RFP for Legal Services

and

XI. Timing of Contracts

Jeremy Burke requested this agenda item in regards to the Ethics Policy and next steps should there be a conflict of interest when listing attorneys. Additionally, in respect to contracts, Mayor Adler requested the Board discuss creating a timeline for reviewing contracts. Jeremy Burke recommends the Board create a Policy regarding timing of contracts and legal services. Premal Amin discussed the due diligence staff and Board could take when reviewing vendor contracts. Belinda Weaver expressed her concern for the cost associated with contracts. John Bass added that vendor continuity is important and supported a middle ground approach of conducting check-ins with vendors. After further discussion, Chuck Campbell will review this agenda item and prepare a recommendation for the next board meeting. No action was taken at this time.

XII. Financial Statements, Transaction, and Fund Expense Report

With no questions, comments, and no motion necessary regarding financial statements, transaction, and fund expense report, the Board moved to discuss future agenda items.

XIII. Roadmap for Future Meetings

and

XIV. Call for Future Items

Premal Amin reminded Trustees of the annual TEXPERS conference in May. Future agenda items include security litigation policy, Meketa presentation, annual administrator review, employee cybersecurity training, Trustee election service providers, office operations output and reintegration plans, and employee compensation and benefits proposal.

Hearing no objections, Chair Adler adjourned the meeting at 12:17 pm.

Board Members

Mayor Steve Adler, Chair

Doug Fowler, Vice-Chair

Belinda Weaver, Treasurer

Jeremy Burke, Trustee

John Bass, Trustee