



**Austin Fire Fighters Relief and Retirement Fund**  
4101 Parkstone Heights Drive, Suite 270  
Austin, TX 78746  
Telephone: (512) 454-9567

**MINUTES**  
**AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING**  
**FRIDAY, FEBRUARY 24, 2023 AT 9:00 AM**

**Board Members Present**

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

**Staff and Consultants Present**

Anumeha Kumar, Fund Executive Director  
John Perryman, Fund CFO  
Debbie Hammond, Fund Benefits Specialist  
Gina Gleason, Fund Board & Operations Specialist  
Shira Herbert, Fund Accounting Specialist  
Alyca Garrison, Jackson Walker  
Anais Stevens, Jackson Walker (virtual)  
Aaron Lally, Meketa  
Colin Kowalski, Meketa

**Community Members Present**

Rene Vallejo  
Joe Casino  
Virtual attendees not listed

**Vice Chair Fowler called the meeting to order at 9:02am.**

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

Public Comments:

**No public comments.**

I. Minutes of the Regular Meeting on January 23, 2023

**Trustee Weaver made a motion to approve the minutes of the regular meeting on January 23, 2023. Trustee Bass seconded the motion. The motion passed unanimously.**

II. Service retirement benefits for one applicant and one beneficiary.

**Vice Chair Fowler requested a moment of silence to honor the firefighter who had passed. Trustee Weaver made a motion to approve the benefits for one applicant and one beneficiary. Trustee Bass seconded the motion. The motion passed unanimously.**

III. Meketa 4Q22 Investment Performance review, including the following:

a. Economic and Market Update

**Aaron Lally provided an overview of the Fund's performance in 2022. He indicated that it was a low-performing year driven by inflation, resulting in a 10% decline for the Fund. However, Mr. Lally noted that the Fund had fared relatively well given the state of the economy, with every major public asset class down in the 10-20% range. Mr. Lally reminded the Board that the Fund is perpetual, and the goal is to keep a solid plan in place that can weather ups and downs, rather than reacting to the performance of a single year. Trustee Bass expressed optimism for the long-term performance of the Fund. Colin Kowalski further explained that the Fund remained well within policy range regarding asset allocations versus targets, indicating a current balance of \$1.1 billion and healthy long-term outperformance despite the volatility of the year. Trustee Weaver requested clarification on a graph included in the report, to which Mr. Lally explained that it indicated consistency with the investment plan of the Fund. Mr. Kowalski concluded with an emphasis on the diversification benefits and inflation hedging achieved by the real estate and natural resources asset classes in 2022. No motion necessary.**

**Trustee Woolverton arrived at 9:18am, quorum of 4.**

b. Public Manager Fee Benchmarking

**Colin Kowalski explained the manager fee analysis Meketa had conducted based upon a Board request from the previous meeting with Meketa. The primary focus of the analysis was a comparison to peer funds with a similar market value. The key takeaway was that the Fund currently had very competitive fees on the lower end of the spectrum for most of the managers. Mr. Kowalski confirmed that passive fees are the cheaper option. No motion necessary.**

c. Passive Investment Framework Review

**Aaron Lally explained the framework Meketa had developed based upon Board direction to move the plan to more passive investments and out of the higher-fee active investments. With Board approval, Meketa intended to shift 10% of the Fund from active to passive strategies. They recommended moving \$10 million per month over the course of one year, by trimming the earnings from the highest performing managers and reinvesting within the same asset class. Mr. Lally explained the potential fee-savings of \$700,000, without sacrificing expected returns. The trustees and Ms. Kumar all voiced support for the incremental and methodical approach to the plan, as well as for the flexibility it includes. Trustee Bass expressed an interest in adding language to the Investment Policy Statement (IPS) to provide context to the move to more passive strategies and to review the policy benchmark. Trustee Bass made a motion to approve the Passive Investment Framework. Trustee Weaver seconded the motion. The motion passed unanimously.**

d. Annual Investment Policy Statement Review

**Aaron Lally indicated that no changes were required for the annual review and expressed support for formalizing enhancements to the IPS in subsequent meetings. Ms. Kumar explained that the IPS is one of the most important governing documents for the Fund and offered to work with Trustee Bass and Meketa to develop a timeline and recommendation for adjustments to the IPS. Mr. Lally provided an annual roadmap and indicated that Meketa would soon be conducting their annual assets study exercise, followed by a determination of the type of asset/liability study that would be most appropriate for the Fund. Ms. Kumar pointed out that the Fund had never performed an asset/liability study, which is considered best practice by the Pension Review Board. She further explained what an asset/liability study entails and informed the Board that the Fund is also due for an investment performance evaluation. Ms. Kumar indicated that they would revisit both topics at the May Board meeting. Ms. Kumar prompted Mr. Lally to provide an update on Highclere, to which he indicated that they have been the highest fee manager over the past 10 years due to their focus on small international companies. He mentioned that Highclere had proactively provided a small fee-reduction for all clients and would be willing to invite them to the next Board meeting for further discussion. Trustee Weaver noted that Highclere has been lagging in returns with relation to benchmarks since inception. She suggested continuing to monitor Highclere and Meketa could decide whether to bring them to a future meeting. No motion necessary.**

IV. Discuss and consider Executive Director annual evaluation process

**Anumeha Kumar followed up on a previous Board discussion regarding the Executive Director annual evaluation process. Ms. Kumar informed the Board that she had consulted peer systems in developing the dynamic evaluation process, which would consist of reviewing major accomplishments for the year, evaluating the job duties and responsibilities of the position, and setting performance goals for the following year. Vice Chair Fowler requested that the evaluation include areas of improvement to better inform the goal-setting portion of the evaluation. Trustee Bass asked if it would be appropriate to solicit staff input as part of the evaluation. Vice Chair Fowler and Trustee Woolverton volunteered to form a subcommittee to work on the evaluation and report back to the Board. Trustee Weaver and Ms. Kumar voiced support for that plan. The trustees decided that the first evaluation would take place at the March Board meeting and subsequent evaluations would occur at the end of each calendar year for the sake of annual goal setting. No motion necessary.**

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

a. General comments

**Anumeha Kumar informed the Board that the IRS began requiring a W-4P form to process tax withholding changes, effective January 1, 2023. The Fund staff has been working to provide technical assistance to members when completing the form, but have referred members to seek guidance from a CPA or tax advisor for any complicated issues or specific tax advice.**

- b. Update on 88<sup>th</sup> Legislative Session, including relevant pension-related bills

**Anumeha Kumar provided an overview of the committees that will be hearing pension-related bills, noting that pension bills would likely go through Senate Finance. Ms. Kumar highlighted House Bill 2068, which would affect fiduciary standards for trustees and the collection of proxy vote information by the PRB. Ms. Kumar expressed that it is too early to take concern with the bill but noted that it could cause some complications due to lack of clarity. Vice Chair Fowler asked some questions regarding the purpose of the bill, to which Ms. Kumar and Alyca Garrison provided further explanation. Ms. Kumar indicated that she would continue to monitor the bill with Jackson Walker and would provide an update at the March Board meeting, at which the Board could take a formal stance on the bill.**

- c. Update on DROP corrections

**Anumeha Kumar informed the Board that all but four of the DROP accounting issues had been corrected and DROP statements had been released to the affected members. The four remaining errors from 2020 were delayed due to the severe weather events of the month, but the staff had contacted those four members and would complete the final corrections within the coming week.**

- d. Website Update

**Anumeha Kumar provided an update on the website project, which had recently kicked off with LRS. Ms. Kumar informed the Board that along with the redesign of the website and logo, the staff had considered rebranding the organization to Austin Firefighters Retirement Fund (AFRF) both to simplify the name and to avoid recurring confusion with the Austin Firefighters Relief & Outreach Fund. Vice Chair Fowler suggested getting feedback from the organization.**

- e. Internal financial statements, transactions and Fund expense reports for month ending January 31, 2023

**Anumeha Kumar explained that there was nothing significant to report, aside from a few items that had been rolled into different sections for ease of viewing the reports. Ms. Kumar provided an update on the cost-savings achieved during the first month of the flat-fee arrangement with Jackson Walker, which totaled near \$3,000 relative to January of 2022. She also informed the Board that January had been a busy month for lump-sum DROP payments with upwards of \$3 million made in payments and \$155 million remaining in DROP. Some conversation ensued regarding what percentage threshold of DROP balance to total assets would be reason for concern. Trustee Weaver and Vice Chair Fowler noted that they had been watching those numbers and would like to discuss that threshold with the new actuary.**

VI. Roadmap for future meetings

**Trustee Weaver asked which contracts the Board would be reviewing this year. Ms. Kumar indicated that the depository bank would be reviewed at the May Board Meeting and that the Board had previously decided on continuing with Jackson Walker for legal counsel.**

VII. Call for future agenda items

**Trustee Weaver provided a reminder to the Board to add the Executive Director annual review to the March Board Meeting.**

**Hearing no objections, Vice Chair Fowler adjourned the meeting at 10:12am.**

**Board Members**

Mayor Kirk Watson, Chair

Doug Fowler, Vice Chair

Belinda Weaver, Treasurer

John Bass, Trustee

Aaron Woolverton, Trustee