



Austin Fire Fighters Relief and Retirement Fund
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MINUTES
AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
WEDNESDAY, NOVEMBER 30, 2022 AT 9:00 AM

Board Members Present

Mayor Steve Adler, Chairman
Doug Fowler, Vice-Chair
Belinda Weaver, Treasurer
John Bass, Trustee

Staff, Consultants and Investment

Managers 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
Chuck Campbell, Jackson Walker
Anais Stevens, Jackson Walker
Leo Festino, Meketa
Colin Kowalski, Meketa
Sue Mullin, Sanderson
James Harper, Sanderson

Community Members Present

Rene Vallejo
Donald Lowe
Eric Pederson
Elizabeth Wiley, Cheiron (virtual)
Heath Merlak, Cheiron
Coralie Taylor, Cheiron
Matt Larabee, Milliman
Nick Collier, Milliman (virtual)
William Strange, Milliman (virtual)
Other virtual attendees not listed

Doug Fowler called the meeting to order at 9:07am.

Jeremy Burke was not in attendance; Belinda Weaver joined the meeting at 9:12am.

Public Comments:

No public comments.

Due to a scheduling issue with Sanderson, the Board began with item XI.(e) then returned to item I.

I. Minutes of the Regular Meeting on October 28, 2022

Mayor Adler made a motion to approve the minutes of the regular meeting on October 28, 2022. Belinda Weaver seconded the motion. The motion passed unanimously.

II. Minutes of the Special Meeting on October 19, 2022

Belinda Weaver made a motion to approve the minutes of the special meeting on October 19, 2022. John Bass seconded the motion. The motion passed unanimously.

III. Service retirement benefits for three applicants and two beneficiaries

Mayor Adler made a motion to approve the service retirement benefits for three applicants. Belinda Weaver seconded the motion. The motion passed unanimously. Doug Fowler requested a moment of

silence to honor the two firefighters who had passed. John Bass made a motion to approve the benefits for two beneficiaries. Mayor Adler seconded the motion. The motion passed unanimously.

IV. Recognition of outgoing Chair, Mayor Adler

Doug Fowler voiced his personal appreciation for the leadership, support and advice provided by Mayor Adler. Vice-Chair Fowler presented a resolution and plaque to Mayor Adler on behalf of the rest of the Board and Fund staff. Belinda Weaver thanked Mayor Adler for his engagement in and dedication to the Fund. John Bass thanked Mayor Adler for his unique ability to find the central focus of an issue and to help the Board meet consensus. Anumeha Kumar voiced her appreciation for the guidance, leadership, and active participation of Mayor Adler on the Board. Mayor Adler expressed his appreciation for the recognition and in turn voiced his support of the Austin Fire Department, the Board, the Fund staff, and his assistant, Michael McGill. Rene Vallejo acknowledged that it was not the appropriate time for public comments, but due to the special moment voiced his appreciation for Mayor Adler on behalf of both himself and ARFA. No motion necessary.

V. Discuss and consider adoption of the Fund rules to increase the number of DROP distributions allowed from 8 to 12.

Anumeha Kumar informed the Board that no public comments had been received after posting the proposed changes to the Fund website. Kumar explained that if adopted, the rule would become effective December 1, 2022. Mayor Adler made a motion to adopt the rule to increase the number of DROP distributions allowed from 8 to 12. Belinda Weaver seconded the motion. The motion passed unanimously.

VI. Update and Board certification of 2022 Board of Trustee Election results

Anumeha Kumar announced that Aaron Wolverton had won the election and that the Board was required to certify the results per Fund statute. Belinda Weaver made a motion to certify the results. John Bass seconded the motion. The motion passed unanimously. Mayor Adler endorsed the motion while requesting a recognition of service for outgoing Trustee Jeremy Burke at the December Board meeting.

VII. Discuss and consider 2023 Cost-of-Living Adjustments (COLAs)

Anumeha Kumar presented Foster & Foster's revised COLA Analysis which indicated a COLA would cause a failure of the Actuarial Soundness Projection Test. Some discussion followed regarding deminimus calculations and the Fund's history of granting COLAs. Mayor Adler motioned to approve no COLA for 2023. Belinda Weaver seconded the motion. The motion passed unanimously.

VIII. Update on Pension Review Board's inquiry regarding how COLAs are valued in the actuarial valuations for the Fund.

Anumeha Kumar indicated that the inquiry would be revisited with the new actuary and that the Pension Review Board agreed to wait. No motion necessary.

IX. Discuss and consider vendor selection for Actuarial Services, including oral presentations and final Board interviews of Cheiron and Milliman.

Anumeha Kumar informed the Board that Cheiron and Milliman would be presenting in alphabetical order and that their presentations would be based on a set of topics that was provided to them prior to the meeting.

Cheiron and Milliman presented high-level experience stud findings using Austin Fire as a sample plan. They reviewed key economic and demographic assumptions highlighting their main concerns pertaining to the Fund and presented alternative COLA structures that they may recommend. During each presentation, Trustees asked clarifying questions. Following each presentation, Trustees asked questions covering topics such as how the firms deal with pressure from clients to take on rosy assumptions, what concerns the firms would have if hired by the Fund, and how the firms measure success in terms of the service they provide to their clients.

Following the interviews, Anumeha Kumar offered for the Trustees to either make a decision immediately or to wait until the December 12 Board Meeting. Doug Fowler made a motion to hire Cheiron. Belinda Weaver seconded the motion, noting that both presentations were excellent, but Cheiron's modeling put them at the forefront. John Bass agreed that Cheiron's presentation was slightly better than Milliman's. Mayor Adler expressed appreciation for Cheiron's tools and systems along with their willingness to provide recommendations. Anumeha Kumar noted that both firms were strong and provided good recommendations but ultimately recommended Cheiron due to their lead actuary's experience with Texas fire plans, their modelling tool, and their approach to DROP. Kumar praised Milliman for an excellent presentation. The motion to hire Cheiron passed unanimously.

X. Discuss and consider proposed changes to the Governance and Ethics Policies regarding trustee communication with Fund vendors, including during the RFP process

Chuck Campbell reminded the Board of their request at the previous meeting to put parameters around trustee communication with vendors. Campbell outlined the changes made to Section 2.2 and 4.1 of the Governance Policy, clarifying that trustee communication with vendors must be relayed through the Executive Director, unless under certain circumstances. Campbell noted that the changes to the Code of Ethics included an adjustment to the gift of benefits section and the addition of a section regarding no-contact periods. Belinda Weaver asked a question about travel policies and proposed that action be taken on the Governance Policy only, delaying action on the Ethics Policy until its full review in January. Trustee Weaver made a motion to adopt the changes to the Governance policy. John Bass seconded the motion. The motion passed unanimously.

Mayor Adler left the meeting at 12:37pm.

XI. Meketa economic and 3Q22 investment performance review, including the following:

a. Economic and Market Update

Colin Kowalski provided a snapshot of Fund performance, which was down 4.9% in 3Q22 but still outperformed the benchmark. All asset classes were within range and close to policy. No motion necessary.

b. 3Q22 Investment Report

Colin Kowalski indicated that 3Q22 was not great, but over a longer-term period the Fund continues to be a top-performing plan relative to its peers. The total market value of the Fund at the end of September was \$1.1 billion. No motion necessary.

c. Annual Private Equity Pacing Review

There was discussion regarding the Fund's private equity pacing. Leo Festino shared Meketa's intention to recommend another commitment into private equity portfolio in 2023 and their plan to come back to the Board with a more formal recommendation for the amount, timing, and investment ideas to consider in either February or May of 2023. No motion necessary.

d. Update on Crow Real Estate Fund X

Colin Kowalki stated that the Crow Real Estate Fund X investment is ready to go, and the execution process is on good footing. Chuck Campbell and Anumeha Kumar stated that the closing was scheduled for and completed on November 30. No motion necessary.

e. Presentation by Sanderson International Value

Leo Festino introduced Sanderson, the Fund's international value manager, hired shortly before Meketa became the Fund's investment consultant. Festino generally expressed a positive view on Sanderson but indicated that other investors have been parting ways with them due to poor performance over a long period of time. Festino suggested that the Board hear from Sanderson and reconvene afterward to decide on whether to take action.

Sue Mullen introduced Sanderson and emphasized their focus on international value equity with a bias toward quality companies. Mullen acknowledged the recent challenges to international quality stocks but indicated that they are now ahead of the index. James Harper and Mark Lightfoot reviewed Sanderson's recent performance history with a more concentrated portfolio and shared their predictions for improvements in the coming years. In response to an example of investment into a cheap technology-based company with opportunity for growth, Doug Fowler asked for additional examples of companies taking advantage of technology. John Bass asked questions about expense ratios and value traps.

Leo Festino recommended that Meketa continue to monitor Sanderson and reconsider after a few quarters, should the investments fail to improve. Some conversation followed regarding the significant drop in assets under management, the creation of an exit framework and locking in achieved gains. Mayor Adler voiced support for monitoring performance and moving toward a policy of locking in achieved gains, rather than selling. John Bass suggested maintaining pressure on Sanderson to lower fees. Trustee Bass also asked Meketa to provide a framework on the public side of the portfolio for the Board to discuss if the Fund were to move to a more passive investing strategy.

No motion necessary.

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

Belinda Weaver left the meeting at 12:57pm, resulting in a loss of quorum. The meeting continued with the caveat that no decisions would be made.

- a. General comments.

Anumeha Kumar provided an update on Kendall Twomey, Fund Benefits Manager, who is on maternity leave following the birth of her twins.

- b. Pension Administration Software (PAS) System contract negotiations update

Anumeha Kumar provided an informal update on the status of contract negotiations with LRS and announced that she would bring a more formal update on timeline, scope, and cost to the December Board meeting. Doug Fowler asked a question about the requirements Austin Police Retirement System (APRS) had for LRS. Kumar explained that the requirements for AFRRF are different and more straightforward than APRS, and will also include a workflow, an electronic document management system, and a new website with a member portal. She confirmed that negotiations were getting close to final numbers and stated that she would talk to LRS more about the website portion of the requirements.

- c. Fund Newsletter update

Anumeha Kumar shared that Gina Gleason has been developing a newsletter for the Fund. Kumar stated a goal of bringing a nearly complete draft to the December Board meeting with the final goal of a mid-December release to Fund members.

- d. 2023 Board meeting dates

Anumeha Kumar shared the proposed dates for the 2023 Board meetings and stated that she would send a poll to trustees via email. Doug Fowler expressed a concern about a potential conflict with NCPERS conference dates. Executive Director Kumar agreed to review the dates in question.

- e. Internal financial statements, transactions, and Fund expense reports for month ending October 31, 2022

Anumeha Kumar stated that the Fund was currently within the approved budget for 2022 and will bring the 2023 proposed budget to the December Board meeting. Doug Fowler thanked John Perryman for his work on the reports.

- f. Roadmap for future meetings

Anumeha Kumar identified the items for the December Board meeting including an action item for PAS software, a presentation from the IT vendor, and recognition of Trustee Jeremy Burke. Doug Fowler indicated that some retirees prefer to get information directly from the Executive Director and requested that the COLA decision be posted to the Fund website and an email be sent to retirees with the Foster & Foster recommendation attached.

XIII. Call for future agenda items

No future items requested. No motion necessary.

XIV. Adjournment

Hearing no objections, Doug Fowler adjourned the meeting at 1:08pm.

Board Members

Mayor Steve Adler, Chair

Doug Fowler, Vice-Chair

Belinda Weaver, Treasurer

Jeremy Burke, Trustee

John Bass, Trustee

AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND

Board of Trustees's Governance Policy
Effective [~~_____~~ November , 2022]

ARTICLE 1: PURPOSE

Under Section 2.01 of Article 6243e.1, Vernon's Texas Civil Statutes (the "**Act**"), the Board of Trustees ("**Board**") of the Austin Fire Fighters Relief and Retirement Fund (the "**Fund**") is responsible for administering the Fund pursuant to the terms of the Act. The Board must also comply with certain federal and state laws and regulations in exercising its duties to the Fund, including, without limitation, Chapter 802 of the Texas Government Code.

The Board recognizes that a sound governance structure is helpful in its role in administering the Fund and has determined that it is prudent and in the best interest of the Fund to set forth a governance policy to best ensure such structure exists. The Board hereby adopts this "Board of Trustees' Governance Policy" (the "**Policy**") (i) to establish the framework within which the Board intends to operate and conduct itself in carrying out its responsibilities and fiduciary duties owed to the Fund, (ii) to clearly define the responsibilities of the Board, Executive Director and Fund staff, and (iii) to provide guidelines for effective communication between Trustees, Fund staff, and any third parties. This Policy shall be applicable to all Trustees (as defined below).

All references to sections herein shall refer to sections of this Policy, unless otherwise specifically stated. Any capitalized term that is not defined herein shall have the meaning of such term as defined in the Act.

ARTICLE 2: BOARD GOVERNANCE

§2.1. Composition of Board

- (a) The Board is composed of five (5) members as specified in the Act: the City mayor, the City treasurer (or the person who is responsible for performing the duties of the City treasurer), and three (3) members of the Fund to be selected by vote of the members of the Fund in accordance with the Act (each, a "**Trustee**" and collectively, the "**Trustees**"). The three Trustees elected by the members of the Fund (each, an "**Elected Trustee**" and collectively, the "**Elected Trustees**") may be either retired or active members of the Fund.
- (b) The Elected Trustees shall serve staggered terms of three (3) years, with the term of one (1) Elected Trustee expiring each year. Each Elected Trustee shall serve during the term for which he or she is elected and until a successor is elected and has qualified (i.e., taken an oath of office to serve as a Trustee), unless a vacancy results because of death, resignation, or removal. Removal of an Elected Trustee would occur due to the Trustee no longer being eligible to serve due to not having the status of an active or retired member of the Fund or by operation of law applicable to members of a governing body of a governmental entity.

- (c) Vacancies of Elected Trustees shall be filled for the remainder of that person's term at an election to be held on a date selected by the Board that must be within sixty (60) days after the date of the event that caused the vacancy.
- (d) Regular elections for the Elected Trustee positions shall be held annually by secret ballot some time between November 1 of each year and the first Monday in January of the following year in accordance with the Act. The Board has adopted Rule IV "Trustee Election Procedures" that sets forth the process for the nomination of candidates for Elected Trustee positions, the effect if only one candidate is nominated and the appointment of such person as an Elected Trustee, and the election timing and process.

§2.2. Board Responsibilities

- (a) The Fund is a trust established under state law created for the exclusive purpose of providing retirement, disability, and survivor benefits to the fire fighters employed by the City of Austin (the "**City**") and their beneficiaries. The Board has the sole and exclusive responsibility for the administration of the Fund and the investment of Fund assets.
- (b) Each Trustee is a fiduciary of the Fund and, as a fiduciary, is responsible for discharging his or her duties solely in the interest of, and for the exclusive purpose of, providing benefits to members and retirees in accordance with the Act. As fiduciaries, Trustees shall act with honor and integrity in their administration of the Fund.
- (c) The Board is responsible for establishing the strategic vision, goals, and policies of the Fund as well as regularly monitoring the performance and operations of the Fund. In carrying out its responsibilities, the Board will act as a single entity and not as individual members.
- (d) The Board's responsibilities include, without limitation:
 - (i) Adopting rules and performing reasonable activities it considers necessary or desirable for the efficient administration of the Fund and to maintain the qualified status of the Fund under Section 401(a) of the Internal Revenue Code of 1986, as amended;
 - (ii) Selecting, appointing, and overseeing the Executive Director to ensure efficient administration of the Fund, including, without limitation, the assignment of duties, performance evaluation, compensation, and discipline, including dismissal;
 - (iii) Approving, hearing and determining all matters related to eligibility or benefits under the Fund and any appeals thereof, including, without limitation, (1) the eligibility of any person to participate in the Fund, (2) the eligibility of any person to receive a service, disability, or survivor's benefit and the amount of that benefit, and (3) whether a child or a parent of a deceased member was dependent on the member for financial support;
 - (iv) Investing, reinvesting, or changing the assets of the Fund in whatever instruments or investments the Board considers prudent and in accordance with its investment policy statement and monitoring the investments made by any investment manager for the Fund;

- (v) Monitoring the funded status of the Fund, hiring an actuary to perform periodic actuarial valuations of the Fund, approving the actuarial methods and tables used, and adopting reasonable actuarial assumptions;
 - (vi) Preparing for and attending monthly Board meetings, contributing to and participating in discussions of the Board during meetings, and working constructively with other Trustees to oversee and monitor the activities of the Fund;
 - (vii) Hiring ~~and monitoring~~ certain third-party service providers to assist the Board in administering the Fund, including, without limitation, ~~legal counsel, an actuary, any investment managers, a certified public or fund manager, attorney, actuary,~~ accountant, professional investment counselors or consultants, ~~and a custodian~~ or custodians (the “Vendors”), and monitoring their performance through the Executive Director;
 - (viii) Approving and monitoring the Fund’s annual budget;
 - (ix) Keeping the money and other assets it receives for the benefit of the Fund separate from all other funds or assets of the City;
 - (x) Keeping a record of all claims, receipts, and disbursements and making disbursements only on vouchers signed by such persons as the Board designates by resolution;
 - (xi) Publishing an annual report containing a balance sheet showing the financial and actuarial condition of the Fund, an income statement showing receipts and disbursements during such year, and such additional matters as may be determined to be appropriate by the Board;
 - (xii) Determining the annual cost-of-living adjustment, if any, in consultation with the Fund’s actuary;
 - (xiii) Designating a medical board to assist the Board in reviewing and evaluating any applications for disability retirement;
 - (xiv) Complying with minimum training requirements under state law;
 - (xv) Respecting open meetings laws by not convening meetings with other Trustees outside the properly noticed Board meetings; and
 - (xvi) Maintaining confidentiality of member records, certain investment activity, or other Fund information that is confidential pursuant to law or contractual agreement.
- (e) To the extent appropriate and practicable, the Board may delegate its responsibilities to the Executive Director, Fund staff, or any third-party engaged by the Board for such purpose as it deems necessary and prudent in carrying out its duties owed to the Fund. Any such delegation will not relieve the Board of its ultimate responsibility for such duties, and the Board shall be responsible for monitoring any such delegation.

§2.3. Board Officers

- (a) The Board shall have three (3) officers: the Chairman, the Vice-Chairman, and the Secretary-Treasurer.
 - (i) Chairman and Secretary-Treasurer. Pursuant to the Act, the City mayor is the presiding officer of the Board, or the Chairman, and the City treasurer is the Secretary-Treasurer, and they shall serve in such position during their respective terms of office.

- (ii) Vice-Chairman. The Board shall annually elect from its membership in open session an alternate presiding officer, or a Vice-Chairman, who shall preside in the absence or disability of the Chairman. Once elected, the Vice Chairman shall serve a one (1) year term.
 - (1) Any Elected Trustee is eligible to be elected as the Vice-Chairman. Such person should be capable of dedicating the time necessary to fulfill the required duties and responsibilities that the position entails.
 - (2) In order to provide for continuity in the Board’s leadership and a smooth succession of the Vice-Chairman position from year to year, the Board may consider electing the Elected Trustee who is in the last year of his or her term on the Board as the Vice-Chairman each year, *provided that* in no event is any Trustee required to vote for such Elected Trustee as the Vice-Chairman.
 - (3) No Trustee may hold two officer positions concurrently.
 - (4) A Trustee may be nominated through a motion made by another Trustee or by himself or herself. Every motion to nominate an officer must receive a second to the motion before it can be voted on. If a motion fails to receive a second, the motion dies and the Trustee cannot be voted on for the Vice-Chairman position.
 - (5) A Trustee may resign from his or her position as Vice-Chairman at any time by providing written notice to the Board.
 - (6) The Vice-Chairman may be removed by a unanimous vote of the other four members of the Board. In the event of the removal of the Vice-Chairman, a new Vice-Chairman shall be selected by a majority of the Board to complete the term of the Vice-Chairman.
- (iii) In the absence of both the Chairman and Vice-Chairman, the Secretary-Treasurer shall serve as the presiding officer until the Chairman or Vice-Chairman resumes his or her office or until a successor Vice-Chairman has been elected.
- (b) In addition to the regular duties and responsibilities of a Trustee, the presiding officer shall be responsible for leading the Board in the conduct of Board business and ensuring the integrity of the Board’s process. More specifically, the presiding officer shall be responsible for:
 - (i) Providing leadership to the Board in terms of collegiality, civility and ethical conduct;
 - (ii) Ensuring the Board behaves consistently with its own rules and any rules imposed upon it by state or federal law;
 - (iii) Presiding over Board meetings and running them in an orderly manner and in accordance with the statutory requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code (“*TOMA*”) and generally accepted parliamentary procedures;
 - (iv) Providing for participation of all Board members in discussions that are fair, open, and thorough, but also timely, orderly, and kept to the point;
 - (v) Allowing for public comment at a Board meeting in accordance with this Policy;

- (vi) Addressing ethical issues that have been brought up by the Board, Fund staff, or others in accordance with the *Board of Trustees's Code of Ethics*;
- (vii) Acting as the primary liaison between the Board and the Executive Director and other Fund staff;
- (viii) Leading the annual performance evaluation of the Executive Director; and
- (ix) Performing any other duties reasonably related to the role of presiding officer, as requested by the Board.

§2.4. Review of ~~Third-Party Service Providers~~ Vendors

- (a) To ensure prudent monitoring of its ~~service providers~~ Vendors, the Board will periodically review its agreements and contracts with ~~the third party service providers~~ Vendors that have been engaged to assist the Board in administering the Fund. In connection with such review, the Board may or may not determine, in its full discretion, that a request for qualifications (RFQ), request for proposal (RFP) or other method of evaluation or review is necessary to evaluate its service providers and the costs or fees incurred under such engagement.
- (b) The Board's intent is to review its ~~service providers~~ Vendors on a staggered basis at least as frequently as set forth below; *provided, however*, the Board may review a contract or its engagement with any ~~third party service provider~~ Vendor at any time within its sole discretion.

Type of Service Provider <u>Vendor</u>	Frequency of Review
Actuary	Every 5 Years
Custodial Bank	Every 7 Years
Depository Bank	Every 4 Years
Independent Auditor	Every 5 Years
Investment Consultant	Every 5 Years
Legal Counsel	Every 5 Years

ARTICLE 3: BOARD MEETINGS AND CONDUCT

§3.1. Meeting Conduct; Voting Requirements

- (a) The Board shall hold regular monthly meetings at the Fund's office, unless an alternate location is specified by the Board. The Board may hold special meetings as called by the presiding officer of the Board. Trustees are expected to be properly prepared for Board meetings and deliberations.
- (b) All regular and special meetings will be open to the public, and notice of such meetings will be posted at least 72 hours before the scheduled time of the meeting in accordance with TOMA. The Executive Director shall be responsible for posting notice of any meeting of the Board in accordance with the requirements of TOMA and Section 3.3 below.
- (c) Emergency meetings may be called in the same manner as special meetings, provided the purpose for such emergency meeting meets the statutory requirements of TOMA. An emergency meeting is one which cannot be posted within the 72 hours normally required by TOMA because of an emergency, an imminent threat to public health and safety, or a reasonably unforeseeable situation as defined in Section 551.045 of TOMA. Notice of an emergency

meeting must be posted at least one (1) hour before the emergency meeting is scheduled to convene in accordance with the requirements of TOMA and Section 3.3 below.

- (d) All Board meetings shall begin at the time designated in the meeting notice.
- (e) A quorum is required for the Board to conduct business. Three (3) Trustees constitute a quorum, and a majority vote of members of the Board attending a meeting at which a quorum is present is necessary for any decision of the Board. Each member of the Board is entitled to one (1) vote. Should a quorum fail to convene, the Trustees present may continue in a workshop format for educational purposes only and no action will be taken.
- (f) The meetings of the Board shall be conducted in accordance with generally accepted rules for parliamentary procedures and applicable federal or state law, including TOMA.
- (g) All action taken will be in open session. The Board may go into closed session to discuss any matter permitted by TOMA, but no action will be taken by the Board during closed session.
- (h) The Board shall keep accurate minutes of its meetings and records of its proceedings. A resolution or order of the Board must be made by a vote recorded in the minutes of its proceedings.

§3.2. Public Comment at Meetings.

- (a) The Board may allow reasonable opportunity for the public to comment to the Board on any issue under the jurisdiction of the Board at the beginning of the meeting or in connection with the agenda item to which the comment relates. No Board discussion will occur after the individual completes his or her comments unless such public comment relates to a specific posted agenda item.
- (b) Persons who desire to make a public comment at a Board meeting must register to speak prior to the Board meeting in the manner prescribed by the Board. The presiding officer of the Board may specify the length of time to be allowed for each person to speak.

§3.3. Notice of Meetings; Setting of Agenda

- (a) Regular Meetings.
 - (i) For regular meetings, an initial agenda draft will be prepared and distributed to the Trustees by the Executive Director, or Fund staff as directed by the Executive Director, 7-10 days prior to the meeting. The Executive Director and the Chairman will determine the agenda items on the initial draft, including the consideration of any agenda items previously requested by a Trustee.
 - (ii) The initial agenda draft will include each subject that the Board will consider or discuss at the upcoming meeting, as well as the date, hour, and place of the meeting.
 - (iii) Any suggested additions or deletions to the agenda draft must be submitted to the Executive Director within two (2) business days from receipt of the agenda draft. Items may be added to the draft agenda by the Chairman, the Executive Director, the written request of any Trustee if approved by the Chairman, or the co-sponsorship of two (2) Trustees by

written request with or without the Chairman's approval. The Executive Director will finalize the agenda and distribute such final agenda to the Trustees for review at least one (1) business day prior to posting.

- (iv) The Executive Director will post the final agenda on the Fund's website and also distribute it to the City of Austin for posting at least 72 hours prior to the meeting.
- (v) In the absence of the Executive Director, the Vice-Chairman in coordination with Fund staff will be responsible for preparing and finalizing the agenda for distribution and posting.
- (b) Special Meetings.
 - (i) Special meetings may be called between the required regular monthly meetings to conduct business that requires action or other attention by the Board prior to the next regularly scheduled meeting. The Executive Director will prepare and distribute an initial agenda draft for the special meeting to the Trustees at least four (4) days prior to the meeting.
 - (ii) The agenda for a special meeting will be posted on the Fund's website and will be distributed to the Trustees and the City of Austin for posting at least 72 hours prior to the special meeting.
- (c) Emergency Meetings.
 - (i) Emergency meetings are to be held only when there is an emergency or urgent public necessity due to what is deemed to be an imminent threat to public health and safety, or for a reasonably unforeseeable event or situation (such as a natural disaster, or power or communication failures) requiring immediate deliberation or action by the Board. The Board may consider an emergency item during a previously scheduled meeting instead of calling a new emergency meeting in which case a supplemental agenda notice must be published with respect to such emergency item.
 - (ii) The Executive Director will take all reasonable steps to notify the Trustees of an emergency meeting as soon as possible after the need for such emergency meeting arises.
 - (iii) The public notice of an emergency meeting or an emergency item must clearly identify the emergency or urgent public necessity and is subject to judicial review.
 - (iv) The notice of an emergency meeting and the subject matter of such meeting must be posted at least one (1) hour prior to the meeting and will be distributed to the Trustees and the City of Austin.
- (d) Closed Session.
 - (i) The Board may conduct a meeting in closed session during a regular, special or emergency meeting pursuant to an exception provided under TOMA.
 - (ii) The Board will maintain a certified agenda for each closed session held by the Board, if and as required by TOMA.

§3.4. Code of Ethics; Conflicts of Interest

- (a) In addition to compliance with this Policy and any other applicable legal requirements, all Trustees are expected to be guided by the basic principles of

honesty and fairness in the conduct of Fund business and to comply with the *Board of Trustees's Code of Ethics*.

- (b) Trustees shall actively avoid both the appearance and the fact of conflict of interests in accordance with Chapters 171 and 176 of the Texas Local Government Code and other applicable law.

§3.5. Compensation; Reimbursements

Trustees serve without compensation, but may be reimbursed for any necessary expenditures that are incurred in connection with his or her role as Trustee in accordance with the *Board of Trustees's Code of Ethics*.

ARTICLE 4: EXECUTIVE DIRECTOR OVERSIGHT

§4.1. Designation and Responsibilities of Executive Director

- (a) Executive Director and Fund Staff
 - (i) Pursuant to §12.01 of the Act, the Board shall appoint a Fund Administrator who shall administer the Fund under the supervision and direction of the Board. The Board has approved the use of the title “Executive Director” as an alternative title for the title of “Fund Administrator” and has authorized the use of such title for all purposes of the Fund, including public communications, announcements and the Fund’s website. All references to the title of “Fund Administrator” shall also be a reference to the title of “Executive Director” (and vice versa) for purposes of administration and interpretation of the Act and the Fund’s rules and policies.
 - (ii) Hiring of other Fund staff (other than a Chief Investment Officer, if any) will be conducted by the Executive Director, provided that the Board shall approve the budget expense for any newly created staff position of the Fund prior to the hiring of any individual to fill such position.
 - (iii) All staffing decisions will be subject to and in compliance with the Equal Employment Opportunity Policy as set forth in the Fund’s Personnel Policies.
- (b) Responsibilities of Executive Director. The Board delegates its responsibility for the day-to-day administrative and operational functions of the Fund to the Executive Director, including, without limitation:
 - (i) Overseeing and managing all Fund staff;
 - (ii) Managing the Fund’s assets, expenses, and investments, including, without limitation, satisfying member distributions on a monthly basis and funding any capital calls and Fund expenses as needed;
 - (iii) Communicating timely and effectively with individual Trustees and the Board as a whole on all Fund matters that require Board input or discussion;
 - (iv) Hiring, monitoring, and evaluating other Fund staff;
 - (v) Conducting benefit and retirement consultations with members of the Fund and responding to member inquiries in a timely manner;
 - (vi) Responding to requests for public information of the Fund in accordance with the Texas Public Information Act;

- (vii) ~~Interfacing with various fund consultants, vendors, and service providers as necessary;~~ Managing the relationship and communication between the Fund and current Vendors and interfacing with prospective Vendors and other third-parties;
- (viii) Preparing a budget for Board approval and operating the Fund in accordance with such budget; and
- (ix) Complying with minimum training requirements under state law.
- (c) More specific responsibilities of the Executive Director may be maintained in a written job description of the position to be maintained by the Fund and reviewed by the Board from time to time.
- (d) The Executive Director may delegate certain duties of the Executive Director to other Fund staff as necessary to assist in carrying out the Executive Director's duties and responsibilities. Any such delegation will not relieve the Executive Director of his or her ultimate responsibility for such duties, and the Executive Director shall be responsible for monitoring any such delegation.

§4.2. Evaluation and Oversight of Executive Director

- (a) The Executive Director will report directly to the Board and is responsible for effectively communicating with the Board.
- (b) On an annual basis, the Board shall conduct an evaluation of the Executive Director to review performance for the prior year and set goals for the upcoming year. The Board will evaluate the performance of the Executive Director based on the achievement of such goals and the overall operation and performance of the Fund during the year.
- (c) The Board must set the compensation for the Executive Director, which will be reviewed annually by the Board. The Board will also periodically review all staff compensation to ensure that it is comparable to compensation offered by other Texas and US public pension funds.

§4.3. Hiring of Executive Director

- (a) In the event the Executive Director resigns, is removed, or is no longer able to serve as the Executive Director, the Board shall publish the open position, collect, review and screen applications and resumes, perform background checks (criminal and financial), and interview applicants. The Board may, but is not required to, involve a third-party search firm in the process. Notwithstanding the above, the Board is solely responsible for conducting the final interviews and making the final decision on filling the position.
- (b) The Board expects that any candidate applying for the Executive Director position will satisfy the following requirements:
 - (i) Bachelor's degree in business administration, accounting, finance or a related field;
 - (ii) A minimum of 5 years' experience with comparable duties at a public pension fund, trust, foundation, endowment, or a similar entity;
 - (iii) Knowledge of pension plan design, accounting principles related to defined benefit pension plans, and basic principles of business law;
 - (iv) Knowledge of investment terminology and methods of investments analysis;

- (v) Knowledge and skills required for commonly used software packages and ability to apply computerized automated applications to standard operating procedures;
 - (vi) Ability to effectively interface with individual Trustees and the Board, active members, retirees, City of Austin staff, and Fund staff;
 - (vii) Ability to organize effectively; and
 - (viii) Ability to effectively and accurately communicate, both verbally and in writing.
- (c) The Board may set forth other requirements for the Executive Director position in a written job description maintained at the Fund and may vary from any position requirements in connection with an individual hire.

ARTICLE 5: TRAINING AND EDUCATION

§5.1. Required Training

- (a) Education of Trustees and the Executive Director is essential to ensure that Trustees and the Executive Director have a full understanding of the issues facing the Fund. Each Trustee and the Executive Director must comply with the minimum and continuing education requirements under state law, including ethics and fiduciary training.
- (b) Trustees are required to complete training courses regarding their responsibilities under TOMA and the Texas Open Records Act. Trustees must complete the training not later than the 90th day after assuming their duties as a Trustee. Qualifying online training courses are offered by the Texas Attorney General's Office at www.texasattorneygeneral.gov. Certificates are awarded at completion of each online training course, which must be submitted to the Executive Director for retention and proof of education compliance.
- (c) Texas law provides that the Texas Pension Review Board ("**PRB**") establish a Minimum Education Training ("**MET**") program for Trustees and the Executive Director. The MET program requires seven (7) credit hours of core content training for the first year of service as a Trustee or Executive Director and at least four (4) credit hours of continuing education in core and/or non-core content within each two (2) year period subsequent to the first year of service as a Trustee or Executive Director. The PRB requires semi-annual reporting of training hours and courses to verify compliance. Information regarding MET can be obtained on the PRB website.

§5.2. Educational Opportunities

- (a) After the first year of service, Trustees and the Executive Director shall attend at least one continuing education program every two (2) years. Continuing education programs that satisfy this requirement may include:
 - (i) Certain training classes sponsored by the Texas Association of Public Employee Retirement Systems (TEXPERS) or the National Conference on Public Employee Retirement Systems (NCPERS); or
 - (ii) Any other conference or training designed to educate public pension administrators and trustees.

- (b) Attendance at all education conferences will be consistent with the *Board of Trustees's Code of Ethics*.

§5.3. Reporting

The Executive Director will file the required reports on Trustee and Executive Director training activity with the PRB, keep Trustees informed on the status of their compliance with training requirements, and maintain records of Board education and travel expenses related to education and training.

ARTICLE 6: BOARD COMMUNICATIONS

§6.1. Trustee Communications with Fund Staff

- (a) The Executive Director is the Trustees' primary link to Fund operations and administration. Trustees shall direct all questions regarding any aspect of the Fund's operations to the Executive Director.
- (b) In the spirit of open communication, individual Trustees shall share any information pertinent to the Fund with the Executive Director in a timely manner, and the Executive Director shall similarly share with the Board any information pertinent to the Board's role and responsibilities in a timely manner.
- (c) Fund staff work for the full Board, and Trustees may not exercise authority over individual Fund staff members. Trustees are entitled to information necessary to make informed decisions relating to their role and responsibilities as a Trustee. However, to avoid the appearance of undue influence, all requests by individual Trustees for information should be directed to the Executive Director or presented at a Board meeting as opposed to being directed to individual Fund staff. Any requests by a Trustee for confidential information will be presented to the Board as a whole for consideration as to whether such information may be disclosed to the Trustee.

§6.2. Trustee Communications with Members

- (a) Information provided to members of the Fund regarding the Fund or benefits provided under the Fund is best communicated by the Fund staff who have the knowledge and expertise on the Fund's eligibility and benefit provisions. To avoid miscommunications to members, Trustees shall refrain from providing specific advice, counsel or education with respect to the rights or benefits a member or beneficiary may be entitled to pursuant to the Fund or any Board policies.
- (b) In the event a member or beneficiary requests that a Trustee provide explicit advice with respect to Fund benefits or related policies, the Trustee should refer the member or beneficiary to the Executive Director or ask the Executive Director to contact the member or beneficiary. The Executive Director shall inform the Trustee of the outcome.

§6.3. Trustee Communications with ~~Service Providers~~Vendors and Prospective Vendors

- (a) The Executive Director shall be solely responsible for managing relationships and communications with Vendors and prospective Vendors.
- (b) ~~Service providers~~Vendors are hired by and work for the full Board, and not individual Trustees. Trustees shall not communicate directly with Vendors or prospective Vendors on any matters relating to the Fund without the permission and coordination of the Executive Director, except for communications with the Fund's attorney relating to the performance of the Trustee's duties.
- (c) If a Trustee wishes to communicate with a Vendor or prospective Vendor, the Trustee shall make a request to the Executive Director in advance of any communication. Communications at conferences and events with Vendors that are attended by the Trustee do not require pre-approval if such attendance is authorized by the policies of the Board.
- (d) If the request for communication with a Vendor or prospective Vendor is granted, the Trustee shall include the Executive Director in all written and electronic communications and shall notify the Executive Director within 48 hours following the completion of any oral communications. In the event the request for communication with a Vendor or prospective Vendor is denied, the Trustee may request that the denial be presented at a future Board meeting for discussion.
- (e) The Executive Director shall instruct Vendors and prospective Vendors on the restrictions relating to communications between Vendors and Trustees. Vendors and prospective Vendors will be instructed to communicate directly with the Executive Director and to not communicate with Trustees on any Fund business without the prior permission of the Executive Director. If a Vendor or prospective Vendor contacts a Trustee directly without including the Executive Director, the Trustee shall direct the Vendor to the Executive Director and immediately notify the Executive Director. Communication with Trustees that is inconsistent with this policy shall be communicated to the full Board and is grounds for termination of any contract.
- (f) All requests by individual Trustees for ~~a service provider to perform~~information or for additional work to be performed by a Vendor should be directed to the Executive Director or presented at a Board meeting for discussion by the full Board. ~~Individual~~If the Executive Director determines that an individual Board member ~~requests~~request for a ~~service provider~~Vendor to perform additional work ~~that~~ would incur significant costs or is overly burdensome, ~~other than as presented~~the Executive Director will present the request at a the next Board meeting, ~~will be directed to the Executive Director and the presiding officer of the Board.~~
- (g) Trustee communications with Vendors and prospective Vendors shall also be consistent with the provisions of the *Board of Trustees's Code of Ethics*, including provisions related to the no-contact period.

§6.4. Trustee Communications with Third Parties and the Public

- (a) The Executive Director shall serve as the spokesperson for the Fund with respect to all written or oral communication to third parties, unless the Board designates another individual to serve as spokesperson on a specified issue. To the extent possible, in situations where Board policy concerning an issue has not been established, the Board shall meet to discuss the issue prior to the spokesperson's engaging in external communications.
- (b) Trustees may indicate publicly that they disagree with a policy or decision of the Board, but shall do so respectfully and shall abide by such policy or decision of the Board to the extent consistent with their fiduciary duties. When speaking in a public setting where it is clear that the Trustee is speaking solely because of the Trustee's position on the Board, the Trustee will preface his or her remarks with the following disclaimer: "The views I express here are my own and do not necessarily reflect the views of the Board, my fellow Trustees or Fund staff."
- (c) When asked to be interviewed or otherwise approached by the media for substantive information concerning the affairs of the Fund, Trustees should generally refer the matter to the Executive Director or spokesperson and shall make no commitments to the media on behalf of the Board or the Fund. Trustees shall inform the Executive Director in a timely fashion if a personal position, opinion, or analysis was publicly communicated, such that it could receive media coverage. The Trustee shall advise as to whom the communication was made and what was discussed.
- (d) Written press releases concerning the business of Fund shall be the responsibility of the Executive Director and shall clearly and accurately reflect the provisions of the Fund and the policies of the Board. The Executive Director shall, when feasible, submit all press releases of a sensitive or high-profile nature or pertaining to Board policy to the presiding officer of the Board for approval. Such press releases shall be shared with the Board concurrently with their release. Trustees should not prepare materials for publication or general distribution which are related to the affairs of the Fund.

ARTICLE 7: AMENDMENT OF GOVERNANCE POLICY

The Board will review this Policy periodically and may amend this Policy from time to time, in its sole and absolute discretion, by a majority vote of the Board and in accordance with Section XI of the Fund's Rules, "Procedure to Adopt or Amend Rules or Policies".

Document comparison by Workshare Compare on Tuesday, November 15, 2022
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Description	#32753129v2<imanagework.jw.com> - DRAFT-- Board of Trustees' Governance Policy with Agenda Procedures (June 2022)
Document 2 ID	iManage://imanagework.jw.com/JWDOCS/34524241/4
Description	#34524241v4<imanagework.jw.com> - DRAFT--Governance Policy
Rendering set	Standard

Legend:	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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