



Austin Fire Fighters Relief and Retirement Fund
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MINUTES
AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
FRIDAY, FEBRUARY 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
Kendall Twomey, Admin. Asst.

Consultants Present

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

Community Members Present

Rene Vallejo
Keith Johnson
Jan Wesson
Rich Brock
Becky Brooks
Donald Lowe
Ed Pederson
Unidentified attendees

Mayor Adler called the meeting to order at 9:12 AM.

Public Comments:

Chair Adler asked if there was anyone present that wished to speak. Retiree and ARFFA Representative Rene Vallejo asked to address the Board. Mr. Vallejo congratulated our 2 newly elected trustees. Mr. Vallejo noted several ARFFA officers were in attendance and ARFFA is ready to assist the pension board at any time. Chair Adler thanked Mr. Vallejo for his comments.

I. Certification of the Recent Special Trustee Election Results

The Board discussed the recent special trustee election results. Motion made by Jeremy Burke to certify such election results with John Bass receiving the majority of those voting. With a second from Belinda Weaver the motion passed unanimously. Chair Adler, along with fellow trustees, congratulated Mr. Bass and welcomed him aboard.

II. Vice-Chair Election

The Board postponed electing a Vice Chair at the January meeting until the vacant trustee position was filled. At this time Doug Fowler made a motion nominating himself for the Vice Chair position. With a second from Chair Adler, the motion passed unanimously.

III. Minutes of the regular meeting on January 26, 2020

After a brief review, motion made by Doug Fowler to approve the minutes of January 26, 2021 as presented. With a second from Jeremy Burke, motion passed.

IV. Service retirement benefits for three applicants and three beneficiaries

The Board reviewed retirement benefits for 3 applicants and spousal benefits for 3 widows of recently deceased retirees. Doug Fowler made a motion to approve all retirement benefits and spousal benefits as presented. Jeremy Burke offered a friendly amendment to approve the 3 service retirement benefits first and the 3 spousal benefits separately as is customary. Mr. Fowler accepted the amendment. Such amended separate motions were made by Mr. Fowler and seconded by Jeremy Burke. Both motions passed unanimously. At this time, Chair Adler asked for a moment of silence in honor of the 3 retirees we lost; and to express our appreciation for their service as well as that of all our firefighters.

V. COLA Discussion with Actuaries

Next the Fund's actuary, Brad Heinrichs with Foster and Foster, discussed our Cola policy provisions. Mr. Heinrich's explained why the Board originally adopted the Cola policy and the parameters the policy provides to determine affordability each year. This includes their 10 year projection for maintaining an amortization period not to exceed 30 years and a funding ratio above 80%. Belinda Weaver noted the State Pension Review Board (PRB) now recommends an amortization period not to exceed 25 years; and asked if that could be incorporated in the policy parameters. Mr. Heinrichs said the Board could amend the policy to adjust that parameter if desired. Jeremy Burke recommended Mr. Heinrichs report back at the March meeting to discuss what the effect would be of adopting the 25 year amortization and to discuss any other recommended updates to the Cola policy in general. Mr. Burke also suggested a follow up with Mr. Heinrichs at the April meeting to discuss the actuarial factors in Appendices A and B of the Fund Rules and provide an overview with any recommended changes. The Board agreed to continue these discussions accordingly.

VI. Meketa 4Q20

Aaron Lally and Leo Festino gave an overview of their report. The Fund had a 12.9% return for Calendar Year 2020, ranking in the top quartile with peers. The outperformance was in International Equities and Private Equity. Slight under performance in Domestic Equities relative to peers; due to an underweight in this sector. Mr. Lally noted Meketa is recommending a rebalancing transfer of \$20 Million from the Baillie Gifford International Growth Fund to the SSgA Bond Index Fund. Mr. Festino added that this will take advantage of the gains from the International Equities sector. John Bass welcomed the moved from active management to index funds where that is appropriate that it would reduce our management fees and help our long-term performance. A motion was made by Jeremy Burke to transfer \$20 Million from the Baillie Gifford International Growth Fund to the State Street Global Advisors (SSgA) Bond Index Fund. With a second from Doug Fowler, the motion passed unanimously.

VII. Discussion Regarding the Trustee Election Process

Doug Fowler requested this agenda item to review the recent special election process and how ballots were handled. Mr. Fowler noted he was under the impression that an independent third party would entirely conduct this election. Bill Stefka explained this special election process followed the same steps as were taken previously in the November 2020 election. The independent aspect included non-staff representatives from both the retired and active firefighter associations who would collect and count the ballots and attest to the election results. In addition, the ballots were printed and distributed by, and returned to, two different third-party entities. John Bass recommended staff look into electronic voting option as well. The Board instructed staff to research service providers who can conduct the elections in their entirety including the cost for such services and report back. No motion necessary.

VIII. Discussion Regarding the Findings of the Recent Ethics Investigation

Doug Fowler requested this agenda item to review the Board's actions with respect to the findings of the 15 allegations in the recent report of the Ashcroft Law Firm. Mr. Fowler noted that certain allegations against trustees had been addressed by the Board without formal action. With respect to the allegations and findings regarding staff leave accrual and compensation for 2020, the Board acknowledged that it has hired a compensation consultant to review staff compensation matters and is awaiting that report. No motion necessary.

IX. Restatement of Fund Rules, Including Election Processes

Chuck Campbell and Alyca Garrison with Jackson Walker, the Fund's legal counsel, next discussed the proposed restatement of the Fund's Rules. Mr. Campbell and Ms. Garrison previously reviewed the proposed restatement to the Fund's Rules with the Board which includes an amendment to the qualified plan rules in Section III for federal law changes, an amendment to the trustee election procedures in Section IV, and incorporates two formerly approved stand-alone amendments regarding the COLA Adjustment Policy in Section VIII, and the Appeal of Benefits Determination in Section XIII. Mr. Campbell explained that the restatement of the Fund's Rules is subject to the Fund's Procedure to Adopt or Amend Rules or Policies in Section XI of the Rules and should be posted for member comment before being considered for adoption in April. After some discussion, a motion was made by Doug Fowler to approve the proposed restatement of the Fund's Rules as presented to be posted for member comment. With a second by Jeremy Burke, the motion passed unanimously.

X. Code of Ethics Review and Proposed Revisions

The Board next considered the proposed revisions to the Fund's Code of Ethics. During the January meeting, the Board directed Chuck Campbell and Alyca Garrison, the Fund's legal counsel, to provide clarifying language to the confidentiality provision, the conflicts of interest provision and the enforcement provision. A motion was made by Belinda Weaver to approve the proposed revisions to the Fund's Code of Ethics as presented to be posted for member comment. With a second by Doug Fowler, the motion passed unanimously.

XI. 2021 Conference Schedule

As standard practice the Board reviewed a list of various conferences and seminars that are scheduled for 2021. The Board's practice is to give approval for attendance at these conferences in advance, subject to the guidelines in the Fund's Code of Ethics. Several of these educational events are sponsored by TEXPERS and NCPERS. A motion was made by Jeremy Burke to approve attendance and funding for these conferences for calendar year 2021 board. With a second from Doug Fowler, the motion passed unanimously. Chair Adler suggested that the trustees consider giving a brief report regarding the topics and content of the conference or seminar attended. The board concurred.

XII. Financial Statements, Transaction, and Fund Expense Reports

Bill Stefka presented the January 2021 financial statements, transaction, and fund expense reports. Jeremy Burke pointed out an error on one of the statements. Mr. Stefka thanked Mr. Burke for the input and noted this would be corrected. No motion was necessary.

XIII. Roadmap for Future Meetings

Bill Stefka noted March and April will include continuing preparation of the data and financials for the annual actuarial study and audit. Belinda Weaver noted that that compensation consultant's report is expected to be completed soon. John Bass noted that he would like to discuss future risks and expected returns of the Fund and related considerations at a future meeting. Jeremy Burke asked that a discussion of the PRB guide for Texas public pension systems be added to a future agenda as well as a discussion of the Texas Open Meetings Act (TOMA) rules for trustees.

XIV. Call for Future Items

Future agenda items will include continued discussion of the COLA policy with the plan's actuary, TOMA Processes, PRB Draft Guide, and an update on the employee compensation and benefits study.

Motion made to adjourn by Jeremy Burke, with a second from Doug Fowler and hearing no objection, Chair Adler adjourned the meeting at 11:38 am.

Board Members

Mayor Steve Adler, Chair

February 2021 Minutes

Doug Fowler, Vice-Chair
Belinda Weaver, Treasurer
Jeremy Burke, Trustee
John Bass, Trustee