



Austin Fire Fighters Relief and Retirement Fund
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MINUTES
AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
THURSDAY MAY 27, 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
Drew Ballard, Foster & Foster
Leo Festino, Meketa
Aaron Lally, Meketa

Community Members Present

Rene Vallejo
Keith Johnson
Jan Wesson
Becky Brooks
Donald Lowe
Unidentified attendees

Mayor Adler called the meeting to order at 9:01 AM.

I. Minutes of the Regular Meeting on April 26, 2021

After a correction was made by Jeremy Burke, John Bass made a motion to approve the minutes and a second from Belinda Weaver. After an amendment by John Bass the amended minutes of the regular meeting on April 26, 2021 was passed unanimously.

II. Actuarial Assumptions Review with Additional Calculations

Premal Amin introduced the Fund's actuary, Drew Ballard with Foster and Foster, and the Fund's Investment Consultant's, Aaron Lally and Leo Festino with Meketa. All were in attendance to continue the discussion of the current investment return, inflation, and payroll growth assumptions. 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. Ballard presented Exhibit C, a matrix which shows the actuarial results under different combinations of the investment return and payroll growth assumptions. With the Fund's current 7.50% investment return and 2.00% payroll growth, the Fund would have a 21.9 year amortization period and if the Fund contributed -0.81% less, the Fund would have a 25 year amortization period.

After some discussion, Chuck Campbell and Drew Ballard recommended the Board choose one set of assumptions to develop the actuarial valuation. Belinda Weaver made a motion to move the payroll growth assumption to 2.5%. Doug Fowler seconded the motion. Mayor Adler, Belinda Weaver, John Bass, and Doug Fowler approved the motion and Jeremy Burke opposed the motion. With a 4 to 1 vote, the motion passed. Jeremy Burke requested the minutes reflect that he opposed the motion due to the fact that he felt the Board should have used the numbers from the Experience Study that was assumed a year ago (2020). Mayor Adler requested Foster and Foster provide a matrix using a payroll growth rate at 2% and 2.25% for future discussion purposes.

Next, the Board discussed the investment return rate. Drew Ballard shared the 2021 Texas PRB Guide which included the assumed rate of other Texas pensions noting that 58% of the plans have an assumed rate of 7.25% or less, 84% use 7.5% or less, 44% use 7% or less. Mr. Ballard also recommended the Board be mindful that other pensions have different asset allocations. After a lengthy discussion, Mayor Adler made a motion to move the investment return rate from 7.5% to 7.25%. John Bass seconded the motion. Doug Fowler expressed support for a change but preferred a smaller incremental change such as 7.3%. Jeremy Burke opposed the motion and requested the minutes reflect that he recommended that if the Board moves the Fund's returned rate assumption, it should be based off the Fund's asset allocation and the percentage weight of those asset allocation. Belinda Weaver stated her support for either 7.3% or 7.25%. With no further discussion, Mayor Adler used Doug Fowler's comment to move the investment return rate from 7.5% to 7.3%, instead of 7.5% to 7.25%, as an amendment to his motion that was seconded by John Bass. Mayor Adler, Belinda Weaver, Doug Fowler, and John Bass approved the motion. Jeremy Burke opposed the motion and requested the minutes reflect that this motion was made without making a change to the Fund's asset allocations and, in his opinion, without proper documentation to substantiate the change. With a 4 to 1 vote, the motion passed. Jeremy Burke made a motion to have the Board site the documentation used to make the reduction in the investment return assumption from 7.5% to 7.3%. With no second, the motion failed.

III. Meketa 1Q21 Report

Leo Festino and Aaron Lally, the Fund's investment consultants with Meketa, presented the 2021 first quarter report. Mr. Festino noted that the Fund had a gain of 3.8% resulting in \$42MM in investment gains and ranking in the 28th percentile with an outperformance in Private Equity. Mr. Festino also noted that the trailing one-year period in peer rankings ending March 31, 2021 represented nearly all of the COVID-19 rebound rally and none of the equity market sell off when the Fund was in the top 5 percentile. Overall, the Fund's actual allocation moved closer to target allocation. With no questions or further discussion, Aaron Lally proceeded to review the recommended changes to the Fund's Investment Policy. No motion was necessary today. Next, Mr. Lally reviewed the recommended changes to the Fund's Operating Procedures. No motion was necessary today.

Jeremy Burke made a motion to site the reference point of documentation to substantiate the decision for the assumed rate of return to change to 7.3%. With no second, there will be no pursuing this motion.

11. Employee Compensation and Benefits Study Recommendations

Mayor Adler called on agenda item 11 next. Bill Stefka reviewed the recommendations made by LGC and requested the Board adopt the recommendations and update the appropriate policies. Mr. Stefka also notified the Board of the employee salary adjustment he approved. Chuck Campbell followed up Mr. Stefka's notice and reviewed the Governance Policy that gives Bill Stefka the authority for salary adjustment and proper Board notification. Mr. Campbell stated that Bill Stefka properly made that action. Moving forward on the policy pieces, Jeremy Burke recommended the Board adopt and incorporate the recommended changes into the Personnel Policy and proceed with reviewing and updating the Personnel Policy. Belinda Weaver noted that due to the Board having made an exception a few years ago regarding leave accrual and payout for the administrator, she is uncomfortable moving forward with the recommended leave accrual. Jeremy Burke made a motion to review the Personnel Policy and include the recommendations for further discussion and to address the concerns shared by Ms. Weaver. The Board requested Chuck Campbell and Alyca Garrison provide a red line draft for the recommended changes in the Personnel Policy. No motion necessary.

13. Annual Administrator Evaluation

Mayor Adler requested LCG provide input on the Annual Administrator Evaluation outline before proceeding. Mayor Adler made a motion to postpone this agenda item to June 2021. With a second from Doug Fowler, the motion passed unanimously.

IV. Consider and Approve Fund Rules

Alyca Garrison reviewed changes made to the Fund Rules approved for comment. Chuck Campbell stated that Appendix A and B should be updated in regards to Foster and Foster and Pension Gold before moving forward. Belinda Weaver made a motion to approve the Fund Rules. With a second from John Bass, the motion passed unanimously. The Board will discuss Appendix A and B at the next meeting.

- V. ARFFA Response to Annual Reports
and
- VI. Process for Draft Minutes

Jeremy Burke and Rene Vallejo reviewed the response from ARFFA regarding the Draft Minutes and Annual Reports. No motion necessary.

- VII. Staff Operational Reports

After reviewing the initial Staff Operational Reports, Doug Fowler requested pension staff include a monthly work output from now on. No motion necessary.

- VIII. Cybersecurity Update and Employee Training

Premal Amin reviewed the cybersecurity training pension staff completed in May and future trainings planned. No motion necessary.

- IX. Trustee Election Vendor Selection Process

Bill Stefka reviewed the new information on the Trustee Election Vendors. The Board requested Yes Elections and Intelliscan present to the Board and provide demo websites at the next board meeting. No motion necessary.

- X. Reintegration Plan

Doug Fowler agreed with the Reintegration Plan as presented. Belinda Weaver requested staff look for other board meeting locations to share at the next meeting. Jeremy Burke noted that he has received positive feedback from members who prefer joining board meetings virtually. Premal Amin stated that staff will defer to Chuck Campbell and Alyca Garrison for legal direction in regards to continuing access to board meetings virtually. No motion necessary.

- XI. Code of Ethics Disclosure

Jeremy Burke made the proper disclosure to the Board. Chuck Campbell provided scenarios where a recusal would be necessary and discussed his role in providing guidance to Jeremy Burke and the Board moving forward. Mr. Burke encouraged board members to communicate with him to prevent conflict. No motion necessary.

- XII. Financial Statements, Transaction, and Fund Expense Reports

In response to a line item question brought forth by Belinda Weavers, Premal Amin reviewed the cybersecurity insurance renewal in January 2021 that caused the line item to go over the approved budget. After some discussion, the Board agreed that as long as the minutes reflect the change, the budget does not need to be amended for each change. No motion necessary.

- XIII. Roadmap for Future Meetings

Doug Fowler requested the Minimum Benefit be added to the Roadmap for August 2021. John Bass noted that the Educational Primer should be completed in time for approval at the June meeting. No motion necessary.

- XIV. Call for Future Items

Premal Amin, with support from Chuck Campbell, requested the Board approve a uniform QDRO form for staff to implement. Some of the other future agenda items include trustee election vendor selection process, Personnel Policy additions and revisions, service provider to replace Pension Gold, end of year budget review, securities litigation policy, and board meeting packet.

Hearing no objections, Doug Fowler adjourned the meeting at 12:56 pm.

Board Members

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