



**MINUTES
BOARD OF TRUSTEES MEETING
FRIDAY MARCH 28, 2025, 9:00AM**

Board Members Present

Mayor Kirk Watson, Chair
Aaron Woolverton, Vice Chair
Belinda Weaver, Treasurer
John Bass, Trustee (virtual)
Doug Fowler, Trustee

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Debbie Hammond, AFRF Benefits Manager
Gina Gleason, AFRF Board & Operations Specialist
Shira Herbert, AFRF Accounting & QC Specialist
Chuck Campbell, Jackson Walker
Alyca Garrison, Jackson Walker

Community Members Present

Donald Lowe
Kate Alexander, City of Austin (virtual)
Virtual attendees not listed

Mayor Watson called the meeting to order at 9:10am.

Public Comments:

No public comments.

I. Consent Agenda for the following:

- a. Minutes of the regular meeting of February 28, 2025
- b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Trustee Fowler made a motion to approve the consent agenda as presented. Vice Chair Woolverton seconded the motion. The motion passed without objection.

II. Annual review of Code of Ethics and Governance Policy

Alyca Garrison presented a high-level overview of the key provisions of the two governing documents for the board, the Code of Ethics and the Governance Policy. Ms. Garrison noted that both policies were amended in 2023 but had not been changed since the prior year's presentation. She explained that the Code of Ethics was required under state law, but it was the responsibility of the board to enforce, using the process set forth within the Code of Ethics. She stated that the policies served to clearly define the roles and responsibilities of the trustees and the Executive Director and provided requirements and guidelines regarding activities that implicated ethics laws, fiduciary duties, and standards of conduct. Ms. Garrison detailed board responsibilities related to stewardship of assets and Fund oversight and Executive Director responsibilities related to routine administrative duties. She indicated that a key policy distinction regarding vendors was that the board was responsible for hiring, monitoring, and performing periodic reviews of vendors, while the Executive Director was responsible for managing the relationship and all communication on behalf of the Fund. She addressed the proper way to handle conflicts and interests and defined

prohibited gifts and benefits under the policy. Ms. Garrison emphasized that trustees were also prohibited from communicating with vendors during any formal search process for vendor selection or contract renewal, so as not to affect the independent decision of selecting a vendor. Mayor Watson briefly recessed the meeting from 9:20am until 9:24am due to a technical interruption in the City Hall sound system. Ms. Garrison concluded her presentation with a report on the training and education requirements set forth by the Pension Review Board and the associated educational opportunity travel policies, which the board had amended in 2023 to limit reimbursements for local conferences. Mayor Watson thanked Ms. Garrison for the presentation. No motion necessary.

- III. Update on Texas Legislative Session 89(R), including status of the City of Austin and AFRF pension reform bills for a Voluntary Funding Soundness Restoration Plan (FSRP)

Anumeha Kumar reported that both the City of Austin and the AFRF pension reform bills had been filed, with Senator Schwertner and Representative Troxclair carrying the Fund's bill as SB 2345 and HB 4873 respectively, and with Senator Flores and Representative Bucy carrying the City's bill as SB 2162 and HB 2802 respectively. She stated that there had not been any movement on the filed bills aside from referrals to the Senate Finance Committee and the House Pensions and Investments Committee but noted that the Fund's bill was still awaiting referral for a hearing in the House. She informed the board that communication with the City was still ongoing.

Mayor Watson and Trustee Fowler exchanged questions and information regarding City and Fund letters authored in response to the competing bills. Trustee Fowler raised concerns regarding some calculations shared by the City's actuary that had not been presented to the subcommittee and called for improved formal communication between the City and the Fund. Mayor Watson agreed to share the requested information pertaining to the actuarial calculations, then raised his concerns about the Fund's proposal, reiterating his apprehension that adding to the unfunded liability of the plan would make the funding soundness worse. Mayor Watson and Trustee Fowler discussed the merits and long-term impacts of an ad hoc COLA structure versus a prefunded or automatic COLA structure; both cited resources from the Pension Review Board (PRB). Trustee Bass voiced his hope that despite difficulties with different perspectives and sticking points, the process would remain amicable. He acknowledged Mayor Watson's perspective on COLAs but emphasized the importance of recognizing that any component of the liability, including COLAs in any form, would be part of the funding soundness. Trustee Bass also acknowledged Trustee Fowler's concern about the underlying risk of an ad hoc COLA system. He expressed hope that the City would agree that tightening assumptions and recognizing liabilities was a fiscally responsible approach for the Fund to take and would remain open to that approach despite differences of opinion with the mechanics. Mayor Watson thanked Trustee Bass for his input. Vice Chair Woolverton summarized the Fund's position and voiced his support for a prefunded approach to COLAs. Ms. Kumar explained that PRB guidelines were set on the core principle that the funding of a pension plan should reflect all plan obligations, and that any potential COLA would be a plan obligation. Mayor Watson voiced his concern that maintaining separate competing bills would result in neither bill passing through legislature, which would lead to a mandatory FSRP. Trustee Fowler thanked Mayor Watson for the important conversation. No motion necessary.

- IV. Consider supplemental actuarial consulting services for Texas Legislative Session 89(R) and related budget amendment

Anumeha Kumar recommended that the board retain Gabriel, Roeder, Smith & Company (GRS) as an independent third-party actuary to evaluate any proposal put forth by the Fund during the

Texas Legislative Session 89(R). She explained that GRS had helped create the Actuarially Determined Employer Contribution (ADEC) model in Houston and had also worked on the ADEC structure for both Austin Police Retirement System (APRS) and the City of Austin Employees Retirement System (COAERS). Trustee Weaver voiced her support for third party evaluation and confirmed that GRS had much knowledge and expertise on ADEC structures. Mayor Watson asked about the budget proposal, to which Ms. Kumar stated that the budget change would be \$100,000 in the actuarial item related to legislative work. Trustee Weaver made a motion to retain GRS and amend the budget as presented. Vice Chair Woolverton seconded the motion. The motion passed without objection.

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

a. General comments

No general comments.

b. Internal financial statements, transactions, and Fund expense reports for month ending February 28, 2025

Anumeha Kumar stated that aside from the budget update, there was nothing additional to report regarding the financial statements. The trustees had no further questions.

VI. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

VII. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Mayor Watson adjourned the meeting at 10:03am.

Board Members

Mayor Kirk Watson, Chair

Aaron Woolverton, Vice Chair

Belinda Weaver, Treasurer

John Bass, Trustee

Doug Fowler, Trustee