



**MINUTES
BOARD OF TRUSTEES MEETING
MONDAY NOVEMBER 17, 2025, 9:00AM**

Board Members Present

Aaron Woolverton, Vice Chair
Belinda Weaver, Treasurer
Ryan Alter, Trustee
John Bass, Trustee (virtual)
Doug Fowler, Trustee

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Gina Gleason, AFRF Board & Operations Specialist
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibaudeau, AFRF Benefits Specialist
Chuck Campbell, Jackson Walker
Laurel Malone, Jackson Walker
Leo Festino, Meketa (virtual)
Colin Kowalski, Meketa (virtual)

Community Members Present

Rene Vallejo
Virtual attendees not listed

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

Public Comments:

No public comments.

- I. Consent Agenda for the following:
 - a. Minutes of the regular meeting of October 24, 2025
 - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Trustee Fowler made a motion to approve both items on the consent agenda. Trustee Weaver seconded the motion. The motion passed unanimously.

Trustee Alter transitioned from virtual to in-person attendance at 9:06am.

- II. Meketa 3Q25 Investment Performance review, including the following:
 - a. 3Q25 Investment Report

Leo Festino provided an explanation of the dynamic and total fund benchmarks currently used by the Fund for the purpose of educating the newest board member, Trustee Alter. He reviewed the Fund's 3Q25 performance, noting that the markets remained slightly ahead and little had changed. He reported that the Fund gained 4.1% for the quarter, which translated to approximately \$50 million in assets appreciation, with a year-to-date return of 10%, indicating strong performance ahead of the 7.3% annual return assumption. Mr. Festino stated that performance had lagged slightly versus the dynamic benchmark and peers but attributed the

lag to a strong rally among large tech names in the public markets; he explained that without overexposure to that specific area, lag was inevitable. Mr. Festino further explained that the Fund's asset allocation did not have a material impact on performance, and most managers had outperformed versus their peers and stated benchmarks. Over a ten-year rolling period, Mr. Festino explained that the Fund exceeded peer performance approximately 71% of the time, which was more meaningful than the shorter one-year metrics that indicated the Fund had exceeded peer performance approximately half of the time. He attributed the variations in peer performance to the Fund's larger allocation to private equity, which contributed to strong outperformance through early 2022, but had driven underperformance versus peers who were more heavily allocated to public equity in recent years. Mr. Festino briefly analyzed the Fund's calendar year returns and cash flows for benefit payments. He explained that most investment models anticipated an absolute loss every 4-5 years, an expectation with which the Fund had aligned, having experienced four years of loss over the past twenty. He reported that the annual benefit payments were approximately \$40 million in 2014 when Meketa was hired and had more than doubled over the ensuing decade to approximately \$100 million. He explained that the positions sold to generate cash flow to cover benefit payments had increased from \$10 million to \$50 million and totaled \$270 million liquidated from the portfolio over the last decade, noting that as the Fund grows and negative cash flows become more prominent, it will become more challenging for the Fund to maintain the same rate of growth as in the past. Mr. Festino encouraged the board to consider engaging in an asset-liability study for Meketa and the Fund's actuary, Cheiron, to produce a deeper analysis of the Fund's assets in relation to the liabilities that will come due in future years. Mr. Festino next reported that the Fund was well within investment policy statement ranges and that there had not been much change to the Fund's asset allocation history, aside from some small adjustments over the past couple years, which included a reduction in private equity and the addition of a target to infrastructure, which had not yet been funded. Trustee Bass provided some additional context for Trustee Alter regarding the impact of reporting and smoothing on the total fund benchmark. He emphasized that it was most useful when comparing long-term performance and should not be used as a basis for short-term decision-making. Mr. Festino detailed the performance of some individual managers, reiterating that most asset classes had done well while private equity had remained flat. Trustee Weaver asked a follow-up question regarding private equity performance, to which Mr. Festino explained that the performance was not unique to the Fund but rather was representative of the broader asset class due to a number of factors, such as inflation, which impacted all investors in the asset class over the past few years. Anumeha Kumar asked a clarifying question regarding the private equity benchmark in relation to the MSCI All Country World Index (ACWI), to which Mr. Festino explained the correlation between performance of the US stock market and the global stock market and noted that there was a significant portion of US stocks in the global equity composite. Ms. Kumar addressed the Fund's private equity investment structure and suggested that the board may want to consider moving away from fund of funds investments from a fee standpoint. Mr. Festino confirmed that it had been an ongoing topic of consideration for many years and agreed that it would be worthwhile to revisit and potentially act upon. No motion necessary.

b. Passive Framework 2.0 Recommendation – Emerging Markets Equity

Colin Kowalski addressed this agenda item following Agenda Item II.f.

Colin Kowalski provided an update on the passive framework that the board had initiated in 2023 when they made the decision to move 10% of the Fund from active into passive strategies. He explained that the first phase of the passive framework was formulaic with \$10

million moved from active managers in their respective existing index funds each month during the years of 2023 and 2024, which saved the Fund approximately \$800 thousand in fees. Mr. Kowalski explained that the second phase of the passive framework had been initiated in 2025 with the goal of moving an additional 10% of the Fund from active into passive strategies to achieve similar savings. He stated that the process for the second phase had been more subjective and included manager terminations to streamline the portfolio and eliminate underperforming active managers in favor of increasing exposure to index funds. Mr. Kowalski reviewed the termination of Westwood Large Cap Value and reallocation into the existing S&P 500 index and the termination of Highclere International Small Cap and reallocation into the new enhanced index strategy of Dimensional International Small Cap had moved a total of approximately \$43 million from active managers into passive options and resulted in approximately \$250 thousand in annual fee savings. He stated that Meketa's next recommendation for the passive framework would be to terminate TT Emerging Markets Equity Fund and redeploy the capital into an MSCI Emerging Markets Index through State Street Investment Management (SSIM). He explained the rationale for the recommendation was primarily one of coverage, since emerging markets was the only form of equity that had not been adjusted during the first phase of the passive framework. Mr. Kowalski explained that the sell-high philosophy also indicated that it would be an advantageous time to exit from TT, which experienced strong returns in 2024 and continued to benefit from a good year for emerging markets in 2025. He further explained that emerging markets was a complex asset class and that moving to a passive option would both streamline the portfolio and add simplicity. He noted that SSIM offered substantial fee savings over TT, which would save the Fund an estimated \$330 thousand annually. Trustee Fowler made a motion to terminate the Fund's investment in TT Emerging Markets Equity Fund and redeploy \$44.2 million into the SSIM MSCI Emerging Markets Index. Trustee Weaver seconded the motion. The motion passed unanimously. Leo Festino emphasized that the decision did not reflect a negative view on the manager but rather reflected a move to a different structure which would simplify the portfolio, lower costs, and achieve similar exposure and long-term performance.

c. Real Estate Recommendation

Leo Festino addressed this agenda item following Agenda Item II.d.

Leo Festino presented a time-sensitive recommendation to the board regarding a new fund vehicle that was in the process of being launched by the Fund's existing real estate manager, Clarion. Mr. Festino explained that the Clarion Lion Property Fund is a core open-ended fund that currently comprises 72% of the Fund's real estate exposure. He further explained that the fund had performed well, but Meketa had been looking for ways to bring the exposure percentage down, closer to the long-term target of 50%. He stated that the Fund was also due to make another real estate investment to bring the 7% allocation closer to the 10% target. Mr. Festino explained that Clarion's new fund vehicle would be an alternative sector fund focused initially on senior housing, storage, and built-to-rent communities. He stated that Meketa viewed it as a compelling opportunity due to the discounted fees that they were able to negotiate for seed investors. He explained that Meketa's negotiated terms would allow the Fund to make an initial commitment by December 31, 2025, which would lock in a rate of 50 basis points in perpetuity, after which the Fund could interview the manager and increase their exposure according to their comfort level within the next two years. Mr. Festino provided additional background information about the manager and the rationale for adopting the strategy. He recommended that the Fund start with an initial investment of \$5-10 million and then submit a later redemption order from the Lion Fund to increase exposure to \$30-40

million, which would maintain the same exposure to the manager while improving diversification, reducing costs, and potentially leading to a more rewarding upside in relation to shifting market dynamics. Trustee Fowler voiced agreement with the strategy but uncertainty regarding the initial investment amount. Trustee Weaver expressed preference for a conservative initial investment of \$5 million prior to the manager interview. Trustee Fowler and Chuck Campbell asked clarifying questions regarding fee terms and paperwork deadlines. Trustee Bass asked if Meketa had considered a public REIT index, to which Mr. Festino explained the reasoning for which Meketa viewed REITs as suboptimal exposure for the Fund. Trustee Bass voiced appreciation for the reduced fee opportunity. Mr. Festino emphasized Meketa's elevated level of due diligence when dealing with new funds, noting that Meketa carefully weighed benefits against potential risks before making recommendations. Trustee Fowler made a motion to invest \$5 million into the Clarion Alternative Sectors Fund. Trustee Weaver seconded the motion. The motion passed unanimously. Mr. Festino stated that he would invite the manager for the Clarion Alternative Sectors Fund to the February meeting for an interview with the board.

Trustee Alter left the meeting at 10:59am. A quorum of three trustees remained on location.

d. Core Infrastructure Manager Search

Leo Festino addressed this agenda item following Agenda Item II.b.

Leo Festino reviewed the educational overview that Meketa had provided to the board at the August meeting regarding the core infrastructure asset class, which the board had added to the Fund's portfolio earlier in the year. He highlighted that core infrastructure included assets that were essential to communities, such as transportation, utilities, and communications, and provided portfolio benefits such as a diversified return stream and inflation protection. Mr. Festino presented three manager options to the board, JP Morgan, IFM, and KKR, all of which Meketa supported and had clients invested in due to their experience with infrastructure and consistent strong performance over time. Mr. Festino informed the board that all three managers were perpetual funds invested in mature infrastructure assets with established cash flows, as opposed to new developments, which reduced risk associated with the asset class. He added that they were all invested primarily in developed economies, with JP Morgan and IFM having approximately 40-50% invested in the US and KKR having a stronger European presence. Mr. Festino explained that JP Morgan and IFM were larger and more established funds of approximately \$50-60 billion, with JP Morgan having a stronger concentration in utilities and IFM having a stronger concentration in toll roads, and both with a queue of a couple of quarters for investors to enter or exit. Mr. Festino explained that KKR was a newer fund of approximately \$12 billion with a concentration in digital infrastructure and no queue for investors to enter or exit. He added that a benefit to KKR's smaller size is that they could change direction more easily. All three funds, he continued, charged similar fees and had similar expected returns and cash yields. Mr. Festino asked the board if they would like to invite any of the three managers for an interview or if they felt comfortable deciding based on the information presented. Trustee Fowler inferred that IFM was the top recommendation, to which Mr. Festino clarified that IFM was a solid choice based on tenure, but Meketa viewed all three managers as highly qualified with different advantages, such as the ability of KKR to change direction more easily. He offered to invite one of Meketa's infrastructure subject matter experts to provide additional information to the board. Vice Chair Woolverton expressed his preference for IFM due to being larger and more established. Trustee Bass also voiced preference for IFM due to less regulatory risk but supported the option to postpone the

decision until the board conducted an interview or spoke to Meketa's infrastructure specialist. He asked if delaying the decision would have any impact on the queue or fee structure, to which Mr. Festino confirmed that the fees would remain the same, but the queue would change quarterly. Trustee Fowler made a motion to invite IFM to present at the February board meeting as a core infrastructure manager. Trustee Weaver seconded the motion and requested that Meketa's infrastructure specialist attend the interview. The motion passed unanimously.

e. Annual Investment Manager Fee Review

Colin Kowalski addressed this agenda item following Agenda Item II.c.

Colin Kowalski provided a brief administrative overview of the Fund's public market managers and their fees for the purpose of ensuring that the Fund continued to receive the best fees for their managers each year. He presented a table which listed the public market managers, their current market value, their asset class, and estimated annual fee, along with a peer ranking percentile in comparison to manager peer groups. Mr. Kowalski explained that most of the manager fees were competitively priced and better than the median. He highlighted two managers that did have steeper fees than peers but justified that both managers had outperformed during the year, noting that Westfield in particular had a performance-based fee structure, which accounted for the higher fees in relation to the outperformance. Mr. Kowalski stated that Meketa was satisfied with the positioning of the active managers. He also reviewed the Fund's movement toward index options over the past two years, reporting approximately \$1.1 million in fee savings from the reallocation of money from active to passive options. He stated that the index options were inexpensive and their performance had remained on par with active alternatives.

Trustee Fowler asked Ms. Kumar and the board a question to clarify the new processes associated with the establishment of an investment committee in 2026, to which Ms. Kumar explained that the board could potentially solicit feedback from new trustees in advance of the January meeting in order to make committee designations in January. However, she continued, the process could take longer, in which case the upcoming investment discussions and manager interviews would take place with the full board in February. Leo Festino stated that Meketa could accommodate either meeting structure in February, since the investment committee meetings would take place in tandem with board meetings. No motion necessary.

Trustee Bass left the meeting at 11:06am. A quorum of three trustees remained on location.

f. Annual Private Equity Performance Benchmarking

Colin Kowalski addressed this agenda item following Agenda Item II.a.

Colin Kowalski explained Meketa's annual benchmarking process, which involved comparing long-term returns of individual private equity managers to their peers to ensure that they aligned with expectations. The results of the benchmarking, he continued, indicated some underperformance over the recent one- and three-year periods, alignment with peer benchmarks and the public market equivalent over five- and ten-year periods, and good outperformance over the long-term. Mr. Kowalski explained that Meketa also examined the amount committed to individual partnerships and compared the internal rate of return (IRR) to peer. He described private equity as a slow-moving machine and stated that the peer rankings remained similar to previous years with many managers performing in the top quartile and

most above median. Mr. Kowalski informed the board that over the life of the private equity program, \$264.6 million had been paid in and the investment appreciation had been \$240 million, resulting in a 1.9x ratio of total value paid in (TVPI), indicating strong value creation on a total composite level. Leo Festino added that the Fund had only experienced a minor loss on their smallest and earliest investment and that the largest investments were performing the best. He stated that the private equity program had been an overall benefit for the Fund despite the flat to slightly negative performance over the last three years. No motion necessary.

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

a. General comments

Anumeha Kumar provided an update on parallel processing, in which staff had been testing the new Pension Gold IV pension administration system (PAS) software against Pension Gold I. She explained that staff had been testing every single integral piece of work in the new software and then mirrored the work in the original software to check the integrity. She announced that so far, parallel processing for November payroll and DROP distributions had been successful, and that staff would repeat the process again in December prior to the official go-live of the software in January. Ms. Kumar also reported that the software vendor, LRS, had been on-site for four days to kick off the parallel processing period and to assist the staff with working through the initial minor kinks of the process. She reported that staff had successfully tested the payroll process with State Street in preparation for the transition from working with State Street's retiree services team to the treasury team for in-house payroll processing. Ms. Kumar clarified that State Street would continue to serve as the custodian bank to distribute monthly annuity payments, but staff would take over the role of completing all payroll preparations. She explained that staff would also issue checks in specific cases, such as DROP rollovers, and that they would work with State Street to configure the Fund's newly acquired check printer for that purpose. Ms. Kumar explained that following the in-house payroll transition, retirees would no longer receive monthly ACH advices in the mail from State Street. She noted that those advices would be available through the online member portal, accessible around May, but retirees could request a copy from staff in the meantime when necessary. Ms. Kumar emphasized that despite no longer receiving ACH advices by mail, retirees would always receive their payments in their accounts on time and without errors. She noted that the change had already been communicated through the newsletter, but staff would continue to actively communicate through the website and with the aid of the retiree association to avoid catching any members off-guard. Ms. Kumar explained that the change would be part of a larger movement away from paper toward the sole use of electronic forms. She described that electronic forms would serve as the basis for new business processes and would initiate workflows for staff to follow within the new PAS software. Ms. Kumar reiterated that staff would remain very busy through early 2026 with the launch of the new software and the development of those electronic forms and workflows. She added that they would also be short-staffed for a few months with one staff member out on maternity leave.

Ms. Kumar explained that the changes associated with implementing the pension reform, including the board governance changes, would also provide an opportunity for the Fund to engage in some long-overdue policy reviews starting in 2026. The board would soon be establishing committee structures, she continued, and through those committees would be able to update policies such as the governance policy and disability policy, and establish new Fund rules related to benefit options for Group B. Ms. Kumar stated that Cheiron would attend

the December meeting to present some options for initial consideration to offer actuarially cost-neutral beneficiary designations to Group B.

b. 2026 Budgetary planning

Anumeha Kumar transitioned from the PAS software and pension reform changes update to the associated costs that the Fund could expect to incur in 2026. She explained that the costs would come from additional work with Jackson Walker and Cheiron to develop policies, rules, and new forms associated with the pension reform changes, and work with LRS to implement those changes into the new software. Ms. Kumar noted that the board had already seen a portion of the pension reform expenses for LRS but explained that the Fund was still negotiating costs for the remaining work. She added that the warranty period for the new software was set to begin in January and run through the end of 2026, but since the pension reform updates were still in progress, she hoped to negotiate an extension of the warranty period into 2027.

c. Draft internal financial statements, transactions, and Fund expense reports for month ending October 31, 2025

Anumeha Kumar explained that the financial statements had been provided in draft form because the books for October had not closed as of the meeting date. She stated that the final October financial statements and the draft November financial statements would be presented in December, followed by the final November and December statements in January. The trustees had no questions regarding the draft October financial statements.

IV. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

V. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Vice Chair Woolverton adjourned the meeting at 11:21am.

Board Members

Aaron Woolverton, Vice Chair

Belinda Weaver, Treasurer

Ryan Alter, Trustee

John Bass, Trustee

Doug Fowler, Trustee