



## **BOARD OF TRUSTEES MEETING REGULAR MEETING AGENDA**

**Friday, December 20, 9:00am**

The regular meeting will be held in the **Board and Commissions Room at Austin City Hall, 301 W 2<sup>nd</sup> Street, Austin, Texas 78701** and will be open to the public. The meeting will also be available to the public through **signin.webex.com/join** with **meeting number 2555 035 8135** and **password Dec2024**, or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 3322024**. Some non-routine agenda items will have the trustee or individual who requested the item in parentheses.

### **Public Comments**

Members of the public may address the Board of Trustees on any matter during this portion of the meeting. Public comments may be provided in person at the physical location of the regular meeting, virtually through WebEx, or through the toll-free dial-in number provided above. A sign-up sheet will be available at the physical location of the meeting. The Board requests that any member of the public who desires to address the Board virtually sign up to speak in advance by contacting the Fund at [staff@AFRFund.org](mailto:staff@AFRFund.org) **no later than 5:00 p.m. on Thursday, December 19, 2024**. All parties are asked to limit comments to 3 minutes. No discussion or action will be taken by the Board during public comments.

### **To Approve**

1. Consent Agenda for the following:
  - a. Minutes of regular meeting of November 18, 2024
  - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

### **To Discuss and Possibly Act On**

2. Consider Initiatives for 2025 Texas Legislative Session 89(R), including granting authorization to Executive Director with respect to legislative initiatives
3. Consider contract approval for Fund Lobbyist
4. Investment Policy Statement (IPS) and Operating Procedures Review
5. Annual Performance Evaluation of the Executive Director (Closed Session)
6. Consider approval of proposed 2025 Budget

### **For Discussion Only**

7. Executive Director Report, including the following
  - a. General comments



- b. Securities Litigation update
  - c. Pension Administration System (PAS) software implementation update
  - d. Board Meeting Dates for 2025
  - e. Final internal financial statements, transactions, and Fund expense reports for month ending October 31, 2024
  - f. Internal financial statements, transactions, and Fund expense reports for month ending November 30, 2024
- 8. Roadmap for future meetings
  - 9. Call for future agenda items

**Austin Firefighters Retirement Fund**  
4101 Parkstone Heights Drive, Suite 270  
Austin, TX 78746  
(512) 454-9567

**NOTE:** The Board of Trustees of the Austin Firefighters Retirement Fund may meet in Executive Session on any item listed above in accordance with and as authorized by the Texas Open Meetings Act, Texas Government Code Ch. 551.

**NOTE:** The City of Austin is committed to compliance with the American with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Meeting locations are planned with wheelchair access. If requiring Sign Language Interpreters or alternative formats, please give notice at least 2 days (48 hours) before the meeting date. Please contact our office at (512) 454-9567 for additional information; TTY users route through Relay Texas at 711.

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**AFRF**  
AUSTIN FIREFIGHTERS  
RETIREMENT FUND

**MINUTES  
BOARD OF TRUSTEES MEETING  
MONDAY NOVEMBER 18, 2024, 8:30AM**

**Board Members Present**

Mayor Kirk Watson, Chair  
John Bass, Vice Chair  
Belinda Weaver, Treasurer  
Doug Fowler, Trustee  
Aaron Woolverton, 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  
Amy Thibaudeau, AFRF Benefits Specialist  
Chuck Campbell, Jackson Walker  
Alyca Garrison, Jackson Walker  
Leo Festino, Meketa  
Aaron Lally, Meketa (virtual)  
Colin Kowalski, Meketa (virtual)  
Elizabeth Wiley, Cheiron (virtual)  
Heath Merlak, Cheiron (virtual)

**Community Members Present**

Rene Vallejo  
Donald Lowe  
Tom Dodds  
Ed Van Eenoo, City of Austin  
Kate Alexander, City of Austin  
Virtual attendees not listed

**Mayor Watson called the meeting to order at 8:30am.**

Public Comments:

**Rene Vallejo introduced himself as the president of the Austin Retired Fire Fighters Association (ARFFA) and stated that he had attended almost every AFRF board meeting for the past four years. Mr. Vallejo explained that some Union members had recently made motions opposing the Working Group's voluntary Funding Soundness Restoration Plan (FSRP) and had questioned the board's rush to pursue pension reform. Mr. Vallejo voiced his approval of the FSRP and explained that the Working Group had been working on the plan for over a year and had considered multiple approaches throughout its development. He stated that the trustees desired to protect the pension and cautioned anyone opposed the voluntary FSRP that if action was not taken now, an eventual mandatory FSRP could be much worse than the currently proposed reforms. Mr. Vallejo urged Union members to vote against the motions of opposition.**

I. Consent Agenda for the following:

- a. Minutes of the regular meeting of October 25, 2024
- b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

**Vice Chair Bass requested a moment of silence for the retired firefighter who had passed in October. Trustee Fowler made a motion to adopt both items on the consent agenda. Vice Chair Bass seconded the motion. The motion passed without objection.**

II. Initiatives for 2025 Legislative Session, including the following:

- a. Consider AFRF Working Group pension reform proposal for a Voluntary Funding Soundness Restoration Plan (FSRP)

**Mayor Watson stated that he would address both items before entertaining any motion.**

Anumeha Kumar provided an overview of the proposed benefit reforms contained within the proposal and explained that they had not been changed or updated since they were presented to the board in September. She stated that the Working Group had continued working with the City of Austin, but the numbers related to the legacy unfunded liability, the proposed normal cost reduction, or the years to payoff the unfunded liability have not changed. She reiterated that the increase to the unfunded liability would be a one-time increase and that the Working Group agreed with the City's proposal in relation to the actuarially determined funding model. Vice Chair Bass expressed his appreciation for Rene Vallejo's public comment and stated that it had been a long process in which the provisions had been carefully considered along with multiple alternatives. He voiced his opinion that the proposal met the goals of both the City and the Fire Department, lowered costs substantially over the long term, dealt with the current structural issue, and would provide long term resiliency to the plan. Trustee Fowler explained that the Working Group had taken a holistic approach for a long-term lasting solution. He stated that the Working Group had put their best proposal forward at the start of the process, and while the proposal had been tweaked a bit, it remained essentially the same. Trustee Fowler explained that both sides agreed on most points in the proposal, but the \$90 million increase to the unfunded liability remained at issue. He remarked that the City of Austin Employees Retirement System (COAERS) had a \$1.9 billion unfunded liability and Austin Police Retirement System (APRS) had an approximate \$700 million unfunded liability that both had to be addressed. In comparison, he continued, AFRF had an estimated \$300 million unfunded liability with an added \$90 million due to the modest 1% deferred COLA proposed by the Working Group. Trustee Fowler reiterated that retirees of AFRF did not participate in Social Security like the other two systems and had experienced a significant loss in buying power due to inflation. Trustee Fowler explained that if Austin firefighters had participated in Social Security, the City would have paid an estimated \$14 million this year alone, based on information obtained from the City's website, which would have far exceeded the annual cost to pay off the additional unfunded liability of the proposed COLA, if paid over 30-year period. Trustee Fowler concluded that some retirees still deal with scars and disabilities from their careers serving Austin and expressed that providing a modest COLA was not too much to ask for. Mayor Watson stated that he would allow Ed Van Eenoo to present the City's proposal before providing his response.

- b. Requested presentation on City of Austin proposed pension reform for AFRF by Ed Van Eenoo, Chief Financial Officer, City of Austin

Ed Van Eenoo began his presentation by stating that AFRF needed to be reformed due to issues associated with funding. He expressed his opinion that the issues could be easily addressed by making modest reforms to the system and that waiting would widen the funding gap and make reform more difficult. Mr. Van Eenoo recapped a presentation that he had made to the board in January regarding pension reform principles and the reforms that had been accomplished with the two Austin peer systems. He summarized the City's framework for addressing the funding needs of AFRF, which had also been used with the police and civilian systems and highlighted key goals of honoring the benefit promises made to active and retired members and ensuring funding for future benefits. Mr. Van Eenoo explained that the method to

accomplishing those goals would be to establish a lower benefit tier with an approximate 6% reduction to the normal cost of the benefit through options such as adjustments to the multiplier, the age of retirement eligibility, final compensation, or the DROP program, and an increase to City contributions using an actuarially determined contribution (ADC) model. He further explained that within the ADC model, the City would increase contributions by nine to eleven percentage points, phased in across three years, and then allow for up to an additional 5% to keep the system fully funded and within the 30-year amortization limit during years in which the Fund underperformed assumptions. If the need exceeded the additional 5% from the City, he continued, the member contributions would then increase an additional 2% to maintain a cost-sharing component of ensuring the health of the Fund. Mr. Van Eenoo next addressed the COLA provision within the City's proposal, which would continue the system's current ad hoc COLA structure, subject to a financial threshold for adequate funding. He stated that the criteria for granting COLAs should be put into the statute and that the thresholds should increase periodically over time until the Fund reaches 100% funded. Regarding the board composition, Mr. Van Eenoo insisted that two community member seats should be added to the board requiring financial, investment or other expertise pertinent to the system, and that the Mayor and City Treasurer positions should allow delegation to different Council members. He concluded that the primary sticking point with the City was the \$89 million increase to the unfunded liability in 2026 under the Working Group's proposal.

Mayor Watson thanked Mr. Van Eenoo for his presentation and asked Anumeha Kumar how the board should proceed regarding the impending vote among the Union membership to oppose legislative reform. Ms. Kumar clarified that Union members would vote whether they should support any legislation going through the 2025 legislative session, but that the current action item was only to consider the Working Group's proposal. Mayor Watson clarified that any motion would only be to move forward with the Working Group's plan, not to approve any specific legislation. Trustee Fowler made a motion to approve the AFRF Working Group's pension reform proposal for a Voluntary Funding Soundness Restoration plan as presented, subject to continuing negotiations and discussions with the City of Austin. Trustee Woolverton seconded the motion. Vice Chair Bass voiced his agreement with the motion and expressed his concern with the point in the City's proposal to remain with an ad hoc COLA structure, stating that it would invite complexity back into the system and create the same dynamic that had contributed to the situation the Fund was currently facing. He added that the City's COLA proposal would also create a scenario where there would be no inflation protection for a long stretch of time and emphasized the importance of moving away from the ad hoc structure. Trustee Weaver acknowledged and thanked the Working Group for their time and efforts. She expressed her holistic agreement with the initiatives laid out in their proposal but noted her concern with a few components. She stressed that the best chance for getting legislation passed would be for AFRF and the City to proceed with a joint proposal. Mayor Watson commended the efforts of the Working Group and the course of action to bring forth a voluntary FSRP to the legislature, stating that waiting for the Pension Review Board to mandate more drastic changes would not be in the best interest of the pension beneficiaries or the City of Austin. He emphasized that the shared fiduciary duty of the board was to prioritize funding soundness above anything else and stated that while he appreciated the service that the firefighters gave to the City and was cognizant of the need for purchasing power protection without Social Security, the COLA component of the Working Group's proposal would increase the unfunded liability and appear to make the funding soundness worse. He informed the board that he had historically served on the Senate committee that would hear their bill and expressed his deep concern that the increase to the unfunded liability would overshadow and

jeopardize the other important work they had accomplished. The motion passed with a 3-2 vote. Mayor Watson and Trustee Weaver voted in opposition to the motion.

Mayor Watson left the meeting at 9:09am. Quorum of four.

III. Meketa 3Q24 Investment Performance review, including the following:

a. Economic and Market Update

Leo Festino informed the board that the trend of positive performance over the last couple quarters had continued and almost all major asset classes had gone up, some of which had increased dramatically. He reported that the most important development had been the Federal Reserve interest rate cut, which prompted rate-sensitive areas such as smaller cap stocks to do especially well, while other areas like large cap stocks and growth stocks continued their past positive performance. He further explained that it had been a good year to be invested in a mix of stocks and bonds, that technology had flattened in Q3 after a strong first two quarters, and that the most significant overseas development had occurred in China, where the government had taken measures to prop up the equity market, leading to strong returns in China that moved emerging markets strategies. Fixed income, he continued, had been challenging in 2022 but had since reversed and was now generating high returns. Mr. Festino concluded that the decreasing inflation and stable unemployment rate which had prompted the Federal interest rate cut, had been common across many worldwide economies, except for Japan where inflation and interest rates had increased.

b. 3Q24 Investment Report

Leo Festino reported an overall positive quarter for the Fund with investment returns slightly behind benchmarks and peers. He explained that the Fund had complied with all policies, targets and allocations, and that asset allocation decisions had worked well in general for the third quarter, but the implementation and selection of the managers in some categories had not. Mr. Festino reported that the underweight position in real estate had been beneficial, as well as the overweight position in US equities. Actively managed strategies, he continued, had mixed performance with half beating their benchmarks and half lagging. Mr. Festino reported that over rolling 10-year periods, the Fund exceeded peer performance approximately 80% of the time. He reviewed the Fund's history with private equity investments, which had delivered strong absolute returns for a decade after inception, but more recently in 2023 and year to date 2024, returns had been flat and behind public equity markets. Trustee Fowler asked for clarification on the peer comparison, to which Mr. Festino explained that peers are comprised of public funds across the United States with at least \$1 billion in assets. Trustee Fowler followed up to request a comparison against Texas-based peers in a separate category, to which Mr. Festino expressed concern about the perception of cherry-picking and Ms. Kumar stated that local peer comparisons could be provided from the Pension Review Board's website. Vice Chair Bass thanked Mr. Festino for focusing on long-term performance due to pension liabilities being long dated on average. Ms. Kumar asked a question regarding the lag in private assets coming out of 2022, which Mr. Festino attributed to a combination of market dynamics and performance reporting dynamics, including the impact of COVID and stimulus, and additional reporting lag from fund of fund investments. Aaron Lally added that private equity companies tend to be smaller than most companies in the stock market and had been more severely impacted by inflation and higher interest rates during that period as well. Mr. Festino revisited asset allocations, noting that Meketa would soon recommend increasing the real estate allocation closer to target as real estate performance improves. He informed the

board that Meketa would revisit the appropriateness of having additional active large cap exposure and would potentially provide a recommendation next year. Mr. Festino detailed the performance of a few individual managers and noted that Highclere had not produced the expected returns. He explained that Highclere invested in small international stocks, an area that was differentiated from the rest of the Fund's portfolio. Mr. Festino informed the board that Meketa had an upcoming meeting scheduled with Highclere and would eventually make a recommendation regarding the investment. Trustee Weaver noted that Highclere had the highest fees of any manager and consistently underperformed since inception. She questioned the course of action following Meketa's meeting with Highclere and questioned why the Fund continues with that investment. In response, Mr. Festino stated that in past meetings and review of their materials, he had not noted any factors such as employee turnover or fee changes that would have raised his concern, but discerned that it had been a challenging area to be invested in. He explained that the course of action would be for the Fund to determine whether to maintain exposure in that space, then determine if fees could be renegotiated with the same manager or if another manager could provide the same exposure more efficiently. Mr. Festino stated that he would follow up with a rationale for potential board action at the next meeting if Meketa deemed it necessary following the Highclere meeting. Ms. Kumar informed Mr. Festino that Highclere had recently sent a communique pertaining to a potential fee increase for investment research work, and questioned how long a consistently underperforming manager should be evaluated. Mr. Festino listed various factors that could be considered but settled on the fact that they were the most expensive manager within the public markets area and conceded that the issue should be addressed. He proceeded to the fixed income report, noting that the emerging markets were performing well. He next addressed private markets, noting that while performance had remained flat with no change to the committed amount since the last report, the performance of the program since inception had been positive and had roughly doubled the Fund's commitment.

c. Investment Practices and Performance Evaluation (IPPE) Responses

Leo Festino reviewed the recommendations that Callan had provided for board consideration as part of the IPPE process. Mr. Festino stated that Meketa had moved certain areas from the Operating Procedures into the Investment Policy Statement (IPS) in accordance with Callan's recommendations, such as the investable asset classes, policy targets, and ranges. He stated that the benchmark language had also been changed and would be reflected in the new IPS when reviewed by the board. Mr. Festino noted that the board had discussed performing an asset liability study in the coming years, which Meketa viewed as a positive outcome pertaining to Callan's recommendation to better incorporate liabilities into asset allocation decisions. Mr. Festino explained that Meketa had disagreed with Callan's recommendation to include language in the IPS relating to benchmarks for each individual manager, stating that it would be too granular for the purpose of the document. Anumeha Kumar added clarification that the packet contained both IPPE recommendations as well as some changes that the board had been working with Meketa on regarding their passive framework efforts from the past year. Ms. Kumar stated that any of Callan's recommendations that Meketa agreed with, and Jackson Walker approved from a legal standpoint, would be brought to the board to consider as part of the policy documents review in December. She stated that they were still working on some challenges pertaining to Callan's recommendation to merge the Operating Procedures and the IPS, due to certain statutory requirements related to the process of changing the IPS. Aaron Lally revisited the passive framework and noted that the summary included language addressing the fees and general philosophy of the approach. He explained that the next step for the passive framework would be to come up with a similar plan but with more flexibility, moving to a more qualitative structure in 2025. Mr. Lally further explained that Meketa had



been reworking the IPS for almost twelve months behind the scenes to incorporate the recommendations from Callan's report and that the redlined documents were a preview of the changes that the board would consider in December, most of which pertained to either Callan's report or to the work Meketa had done with Vice Chair Bass earlier in the year on adjustments to the reference benchmark. Mr. Lally described the reference benchmark as an opportunity cost that could be replicated with low-cost passive indices and would serve as a baseline to judge if active management implementation was additive. He stated that Meketa had performed regression analysis earlier in the year, which indicated that asset classes like real estate, high yield bonds, or private equity had similar equity risk to owning stocks over the long term, so the simple reference benchmark would be the best fit for the Fund and would replace the current policy benchmark. Mr. Lally added that Meketa had agreed with Callan's suggestion to better notate when the board made hiring and firing decisions, so they added some language addressing that process as well. He concluded that the board would initiate their three-meeting process of adopting changes to IPS at the next meeting. Vice Chair Bass thanked Mr. Lally for his explanation and rationale for the reference benchmark, which was the most appropriate performance measurement in terms of the data analysis they had done.

d. Investment Policy Statement and Operating Procedures Review

Leo Festino addressed this item in tandem with Item III.c.

e. Annual Fee Review for Public Markets

Leo Festino reported on the fee benchmarking and analysis that Meketa performed on an annual basis. Mr. Festino highlighted some of the Fund's actively managed strategies, indicating that Westwood had low fees and small assets, Westfield appeared high because they had been performing well with performance-based fees, Vaughan Nelson had a flat fee structure close to median, Ballie Gifford had a good fee relative to their performance, and Highclere had a high flat fee which Meketa would be discussing during their meeting with Highclere. Mr. Festino stated that the Fund's two complimentary emerging market strategies both had below average fees and that the fixed income managers had performed well. Overall, he concluded, the Fund's active managers had reasonable fees with most at the median or lower than average. Mr. Festino added that the move toward the passive framework over the past year had resulted in recurring savings of approximately \$800K per year. He stated that Meketa would re-underwrite the equity book and would look for other areas in which to gain efficiency and potentially bring action items or topics for discussion on the theme to the board in February. Trustee Fowler and Vice Chair Bass thanked Mr. Festino for his presentation.

IV. Consider 2025 Cost of Living Adjustment (COLA)

Anumeha Kumar introduced Elizabeth Wiley, the Fund's actuary from Cheiron. Ms. Wiley provided a high-level overview of the COLA adjustment analysis as laid out in Fund Statute Section 9.04 and Fund Rules Sections VII and VIII. She stated that the first step had been to determine the actual change in the CPIU for the year, which was 2.44%, a decrease from recent years but higher than the prior decade's average. Next, Ms. Wiley described the financial stability tests required by Fund Statute and outlined in the Fund Rules, which look at future projections over a 10-year period. Ms. Wiley explained how Cheiron determined the return assumptions for the current and future years and stated that the two tests required all ten years of the projection to have an amortization period at or below 25 years and a funded ratio at or above 80% with the assumed COLA factored in. If either of those tests fail, she continued, a COLA could not be granted. Ms. Wiley provided a brief

reminder of the current pension funding dynamics, including the Fund's normal cost, unfunded liability, and tread water rate. Ms. Wiley next explained that given those dynamics and the amortization period of 48.6 years reported in the 2023 Valuation, both tests failed even without a COLA factored in. Ms. Kumar asked, given the current 0% COLA assumption, how COLAs would be valued in the future if the funding health of the plan improved and the ad hoc COLA structure remained in place despite concerns from the Pension Review Board (PRB) and the Actuarial Standards of Practice (ASOP). Ms. Wiley stated that Cheiron had determined a need for a COLA assumption based on the Fund Statute, history, and communications from the City of Austin. However, she continued, the Fund's current ad hoc structure subject to tests resulted in either granting the full CPIU or nothing, which made COLAs very challenging to value, and due to clear short term projections and conversations with the PRB regarding the intent to move away from the structure long term, Cheiron settled on 0% as the correct COLA assumption for the current time. Heath Merlak added that the ad hoc COLA structure functioned like a gain-sharing approach wherein positive asset experiences gave away gains that would have provided cushion during downtime, which added further challenge to the ad hoc structure. He stated that while Cheiron felt comfortable with the 0% COLA assumption at current time, they would recommend increasing the assumption if the Fund began to experience significant positive returns. Ms. Wiley expressed a concern regarding the all-or-nothing model for the ad hoc COLA and the Fund's inability to reduce the collective adjustment amount short of failing the test, noting that it added to the challenge of valuing COLAs. Vice Chair Bass stated that the discussion had illustrated why the ad hoc COLA structure was problematic and why the PRB no longer supported it. He added that all benefits come at a cost and having a prefunded COLA would recognize the cost rather than pushing it to a later date. Trustee Fowler made a motion to accept the 2025 Cost of Living Adjustment Report as presented by Cheiron, which concluded that no COLA could be granted for calendar year 2025, based on the Fund's financial stability test. Vice Chair Bass seconded the motion. The motion passed unanimously.

V. Update and possible board certification of 2024 Board of Trustees Election Results

Mayor Watson addressed item V following item III, prior to his departure. He explained that the election results memorandum from YesElections indicated that the Fund would need to hold a runoff election for candidates John Bass and AJ Padilla. Trustee Fowler made a motion to accept the results from YesElections and the call for a runoff election to be held from December 2 through December 16, 2024. Trustee Weaver seconded the motion. Vice Chair Bass recused himself from the vote. The motion passed without objection.

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

a. General comments

**No general comments.**

b. Draft internal financial statements, transactions, and Fund expense reports for month ending October 31, 2024

Anumeha Kumar informed the board that the October financials were presented in draft form due to the early meeting date, and that the final financial statements would be included in the December report along with a presentation of the proposed budget for 2025. Ms. Kumar pointed out one item in the draft statements, which was the purchase of a new combined printer, copier, and scanner, which she stated would have a reasonable ongoing cost for use.

VII. Roadmap for future meetings

Anumeha Kumar noted two items that would be included in the December board meeting, which had been rescheduled to December 20, 2024, to accommodate Meketa's virtual attendance. The first notable item, she explained, would be for the board to consider initiating the three-posting requirement for adopting the proposed changes to the Investment Policy Statement and Operating Procedures. The second item, she continued, would be for the board to consider bringing a motion to authorize staff to pursue any potential legislation regarding the board's legislative initiatives during the 2025 legislative session.

VIII. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Vice Chair Bass adjourned the meeting at 10:30am.

**Board Members**

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

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CONFIDENTIAL INFORMATION

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## Denise Rose

Partner, Austin

512.236.2075 | drose@jw.com

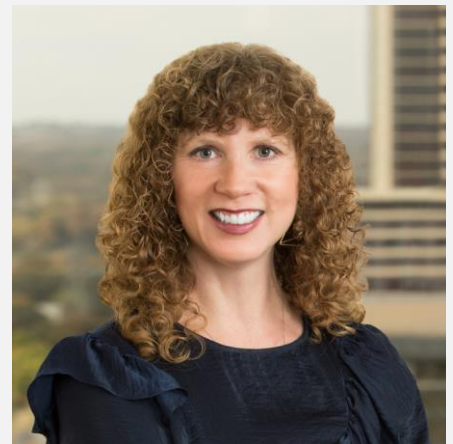
### Biography

When Denise Rose came to Jackson Walker, her primary experience was in the healthcare arena; however, in the time she has been at the Firm, she has expanded her practice across the business spectrum. Denise continues to work successfully for a broad array of clients on their legislative and regulatory issues, whether those issues are environmental, healthcare, local government, licensing, or procurement focused. She is adept at navigating the nuanced and complicated Texas budget process and has successfully helped clients achieve their goals.

Denise has been working in and around the Texas Capitol for nearly two decades, and her strength is a deep knowledge of the legislative process and the people involved. She has cultivated relationships throughout the Texas Capitol and in state agencies. Denise provides effective strategic counsel to clients on a wide variety of issues, including but not limited to Medicaid and hospital finance, special utility districts, occupational licensing, health care quality, and agency rulemaking processes and requests for proposals. Denise is adept in the legislative drafting process. She represents non-profit organizations, nationally ranked hospitals, and Fortune 500 companies at the Capitol.

Prior to joining Jackson Walker, Denise served as Assistant Vice President for Legislative Affairs at the Texas A&M Health Science Center, where her work was primarily focused on the Health Science Center's budget needs for the state's healthcare workforce. Prior to the A&M Health Science Center, Denise served as the Senior Director of Government Relations at the Texas Hospital Association. She has years of experience tracking and analyzing legislation specific to hospitals and health-related institutions, and she has also drafted legislation, amendments, and expert witness testimony on various topics, as well as legislative appropriations requests and budget riders.

Previously, Denise served as the Government Relations Liaison for Texas Children's Hospital and as a policy analyst at the Sunset Advisory Commission. She began her career at the Capitol as a Health Law Legislative Fellow for State Representative Vicki Truitt.



### Practice Areas

- Government Relations & Public Policy
- Healthcare & Life Sciences
- Environment & Natural Resources

### Experience

- Energy Regulation & Governmental Affairs
- Government Affairs
- Government Contracts & Procurement
- Healthcare Legislative & Governmental Issues
- Insurance
- Insurance Administrative, Investigative, and Regulatory Matters

### Education

B.S., University of Oklahoma

J.D., University of Houston Law Center

### Bar Admissions

Texas

## Practice Experience

### Areas of Focus

- Health insurance, including commercial and Texas Medicaid Managed Care
- State Budget Issues, including Hospital Finance, Medicaid and CHIP, and Higher Education Funding
- Healthcare Quality Initiatives
- Healthcare Workforce Issues
- Public Health Policy
- Sunset Commission Reviews
- Special Utility Districts
- Environmental quality issues
- Legislative drafting

### Career Highlights

- Helped create the structure and wrote subsequent legislation that modernized the method by which Texas' graduate medical education programs are funded.
- Assisted hospital client in passage of legislation creating a Certificate of Public Advantage and helped client successfully navigate this process at the state level.
- Assisted multiple hospital systems in recouping over \$3 million in Medicaid payments.
- Successfully assisted a special utility district in passing legislation allowing them to dissolve.
- Helped pass legislation creating local provider participation funds, which give hospitals the ability to access millions of dollars in additional federal funding for indigent healthcare.
- Helped secure the largest funding increase in history for Family Violence program services
- Succeeded in obtaining the first significant rate increase for Meals on Wheels providers since 1993
- Helped pass legislation requiring all Texas Medicaid managed care plans to be accredited
- Assisted in the passage of legislation creating an independent medical review process for Texas Medicaid managed care denials and appeals
- Secured funding creating the TexasMobile STEM lab grant program and successfully advocated for growth of the program to serve additional school districts
- Helped pass legislation allowing Texas dental hygienists to administer local anesthesia
- Assisted in securing funding eliminating the copay for reduced price breakfasts for qualified Texas students

## Recognition & Accolades

- Supporter of Women Award, Pink Granite Foundation, 2021
- Top Hired Gun, Capitol Inside Lobby Power Rankings, 2021 and 2023
- Rising Star, Capitol Inside Lobby Power Rankings, 2019

## Publications & Speeches

### Speaking Engagements

- Participated in a "Women in Advocacy" panel at the Denton County Leadership Forum hosted by Texas Association of Broadcasters (March 2023)
- "Economic Development in 2020 and Beyond," Jackson Walker, the Valued Advisor Fund, the Texas Mezzanine Fund, and CHHS webinar (July 15, 2020)



- “Denise Rose,” *Pink Granite* podcast interview with Nelda Hunter (June 4, 2020)
- “What Phase 1 of Governor Abbott’s Plan to Reopen Texas Means for Texas Businesses,” Jackson Walker *Fast Takes* Podcast (May 1, 2020)
- Panelist, “Capitol Insiders Discuss State Policy,” Texas State Reform Health Policy Conference (2018)

#### In the News

- “Law Firm Lobby Shops Offer Clients One-Stop Shopping,” *The Texas Lawbook* (January 10, 2023)
- “Texas Legislation To Watch In Early 2023,” *Law360* (January 2, 2023)

#### Community Involvement

- Texas Bar Foundation, Fellow, Class of 2020
- Leadership Texas, Class of 2020
- Children's Advocacy Centers of Texas
  - Board of Directors
  - Women of Courage Member
- Travis County Women Lawyer's Association
- Texans Care For Children
  - Board Member
  - Past Treasurer
- GirlForward Texas Chapter, Founding Board Member, 2015-2016
- Wine and Food Foundation of Texas, Membership Committee
- Dress for Success Austin, Advisory Committee
- Mobile Loaves and Fishes, Volunteer
- GENAustin, Volunteer
- Texas Association of Business’ State PAC (BACPAC), Board Member, 2018

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## IPPE Responses

## AFRF Consolidated Recommendations

Callan Recommendations		AFRF Response	
<b>IPS</b>			
Consider outlining key IPS and Operating Procedure changes in the meeting minutes. 2022 meeting minutes (the most recent IPS revision is dated February 2022) reflect motions made to approve the changes without providing detail of those changes.		Responsibility: AFRF Staff	
Consider combining the IPS and Operating Procedures. If they cannot be combined, consider moving and/or adding the following elements to the IPS: <ul style="list-style-type: none"> <li>– A list and description of investible asset classes;</li> <li>– A strategic asset allocation framework outlining asset class targets and allowable ranges;</li> <li>– Performance benchmarks for sub asset classes and total policy benchmark.</li> <li>– Manager selection and termination documentation;</li> <li>– An outline of the process, including timeline, used by the Board to evaluate the ongoing appropriateness of all managers and asset classes.</li> </ul> If some of these elements are expected to need frequent updating, consider including them in an appendix to the IPS, which will have a less procedural review process to update than the rest of the Policy.		Meketa moved the following sections from the Operating Procedures to the IPS: <ul style="list-style-type: none"> <li>- List of investible asset classes</li> <li>- Asset allocation policy targets</li> <li>- Asset allocation ranges</li> </ul>	
Consider making the Operating Procedures available to stakeholders (if it is not combined with the IPS).		Responsibility: AFRF Staff	
Consider documenting all fund-level benchmarks used in performance reporting in the policy documents. This will allow stakeholders to understand the rationale of including each benchmark and the construction methodology. Currently, two of the total fund benchmarks used in performance reports are not outlined in the policies.		Meketa has worked with the Board to update the benchmark composition and language in the IPS. Once the new IPS is approved, we will likely remove a number of the extra benchmarks from the quarterly performance reports.	
Consider adding an investment management fee philosophy that outlines how the Board considers fees when seeking to achieve the most attractive risk-adjusted net return for the Fund.		We considered this. Meketa feels the existing language in the IPS addressing manager fees in section XII. Investment Costs and the new language added to section VII. Investment Principles is sufficient	
It appears the Operating Procedures III. Asset Allocation Targets may be intended to reference Section VII instead of Section VI in the IPS.		Correct. The language has been revised.	

Consider including an acknowledgement that AFRF will look to meet the policies as defined by the PRB.	Meketa would like to discuss with the Board.
Consider adding a risk objective to consider how the volatility of assets may impact the Fund's liability amortization period. This may provide additional guardrails to better enable the Fund to stay under the 30-year time frame to amortize the unfunded actuarial liability set by the Pension Review Board.	We considered this. Meketa feels the existing language in the IPS in section II. Investment Objectives and II. A. Risk Objectives sufficiently explains the manner in which the Fund is invested and risk is evaluated.
Consider modelling plan liabilities and conducting integrated asset-liability studies on a periodic basis, typically every 3-5 years, to ensure that the Fund's asset allocation is designed to meet its liabilities and liquidity goals. Asset-liability studies illustrate the potential implications that asset allocation decisions have on future contribution policies. Most of Callan's public defined benefit plan clients, especially those of AFRF's size, conduct regular asset-liability studies.	AFRF plans to do an asset liability study in 2025-2026
Consider adding an appendix or table that defines the benchmarks used for individual managers.	Meketa disagrees. Manager benchmarks are defined in each manager's IMA or governing documents. The IPS should be a high level policy document that addresses total Fund or asset class level guidelines/benchmarks – both of which are already included.
Consider defining shorter term periods and specify how relative performance against peers will be evaluated.	The language/section Callan is referring to (Operating Procedures Section VII. Performance Objective) was deleted because of duplication with IPS section II.C Performance Objectives – which has been reworded for clarity.
Consider outlining the process for new manager selection and criteria for manager termination.	Meketa added a paragraph on each to the existing IPS Section V. Investment Manager Selection and Termination
<b>Asset Allocation</b>  While the Board has requested the investment consultant review the impact of different scenarios on funded ratio and liquidity, it has not conducted a full asset-liability study in the last five years. The Board should consider a full asset-liability study, which integrates different asset allocation mixes and market scenarios with their potential impact on all aspects of the Fund's liabilities (i.e. funded ratio, contribution expectations, amortization period, etc.).	AFRF plans to do an asset liability study in 2025 - 2026
<b>Investment Fees</b>  Consider amending the fee reconciliation and payment section of the Operating Procedures. Only six of the 49	Meketa adjusted the language

<p>strategies invoice for fees, which makes the current language of reconciliation and then payment impractical. Consider amending to a review and possible reconciliation of fees. Additionally, consider removing the Trustee oversight requirement in the Operating Procedures. Requiring a pre-identified trustee to verify manager's fee payments may cause governance issues. This could be perceived as a conflict as one of the Trustees responsible for broad oversight would be directly involved in the day-to-day mechanics they are responsible for overseeing.</p>	
<p>Consider naming the party responsible for reporting investment management fees to the Board in the IPS.</p>	<p>Annually AFRF is required to report total investment management fees as part of its annual audited financial report. Meketa prepares the calculation (sourced from the individual investment managers) and will typically review it at a Board meeting. The same data is shared with the Board (through Staff) when the audited financial report is approved by the Board.</p>
<p>Consider adding language to the IPS outlining the frequency and requirements of fee benchmarking. Texas law only requires the reporting of absolute investment management fees, which may not provide stakeholders the appropriate context. An annual fee analysis may be beneficial for monitoring manager fees and assessing reasonableness compared to peers.</p>	<p>The new Section VII Investment Principles in the IPS states that "[Active managers] inclusion should be re-evaluated periodically and their fees should be reasonable"</p>
<b>Governance Process</b>	
None	
<b>Investment Manager Selection &amp; Monitoring</b>	
None	

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Revised ~~February 2022~~ November 2024

## Statement of Investment Policies and Objectives

*for*

Austin ~~Fire Fighters Relief and~~ Firefighters Retirement Fund



*[Link-to-previous setting changed from on in original to off in modified.]*.

[Investment Policy](#)

[Investment Policy](#) [Revised February 2025](#)

Investment  
Policy

Revised February 2022

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Original Adoption Date: 12/10/2002

Revised: 12/12/2006

Revised: 6/29/2009

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[Austin Firefighters Retirement Fund](#)  
[Investment Policy](#)

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[Revised: 8/24/2012](#)

[Revised: 9/16/2014](#)

[Revised: 2/11/2016](#)

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[Revised: / /2024](#)

~~Austin Firefighters Relief and Retirement Fund~~ *[Link-to-previous setting changed from on in original to off in modified.]*

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**Statement of Investment Policies and Objectives**  
*for*  
**Austin ~~Fire Fighters Relief and~~Firefighters Retirement Fund**

*Original Adoption Date: 12/10/2002*

*Revised: 12/12/2006*

*Revised: 6/29/2009*

*Revised: 10/25/2010*

*Revised: 8/24/2012*

*Revised: 9/16/2014*

*Revised: 2/11/2016*

*Revised: 2/26/2018*

*Revised: 6/28/2021*

*Revised: 2/28/2022*

**I.     ~~I.~~     STATEMENT OF POLICY**

**A.   Purpose**

This document is the official policy governing the investment practices of the Austin ~~Fire Fighters Relief and~~Firefighters Retirement Fund (the “Fund”) and is intended to satisfy the requirements of Section 802.202(d)(1) of the Texas Government Code. These policies and objectives (the “Policy”) have been adopted by the Board of Trustees of the Fund (the “Board”), which has the fiduciary duty of overseeing Fund investments. The Policy is not to be deviated from by any responsible party without the prior ~~written~~permissionauthorization of the Board. All previous Fund investment policies and objectives are superseded by this document. Any revisions to this document will be promptly supplied to the appropriate parties in written format.

**B.   Investment Goals**

The purpose of the Fund is to accumulate the financial reserves necessary to provide for the retirement pension benefits and other benefits set forth in the Fund’s governing statute (e.g., COLAs) for eligible members of the Fund and their beneficiaries. A primary investment goal of the Fund is to emphasize consistency of growth in a manner that protects the Fund from excessive volatility in market value from year to year, while achieving its performance objective over a long-term horizon.

The Board, with consultation, advice, and assistance from the Fund’s investment consultant (the “Investment Consultant”), will use the Fund’s asset allocation as the primary tool to achieve this goal. As this is a ~~long-term~~long-term projection and investments are subject to short-term volatility, the main investment review focus of the Board will be to emphasize total return of the Fund over a long-term time horizon. Each ~~manager~~strategy selected by the Board is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, add incremental value after

costs, and provide investment management in compliance with this document and the manager's contract with the Fund or other operating documents.

## II. ~~H.~~ INVESTMENT OBJECTIVES

The primary investment objective of the Fund is to provide sufficient return and liquidity to pay the benefit obligations of the Fund on a timely and regular basis. The Fund is ~~a~~ permanent ~~one~~in nature and there is currently no expectation of need for significant liquidity from the Fund's portfolio. The Fund shall be considered a total return fund, with appropriate recognition given to both current income and capital appreciation. The Board accepts the risks associated with investing in public and private capital markets (market risks), but will minimize wherever possible those risks for which the Fund is unlikely to be compensated (non-market or diversifiable risks). The risk and return investment objectives of the Fund are set forth below and should strive to be achieved in a manner consistent with the goals stated in Section I above.

### A. ~~A.~~ Risk Objectives

- ~~•~~ To accept the minimum level of risk required to achieve the Fund's return objective as stated immediately below.
- ~~To minimize the likelihood of experiencing a loss over any full market cycle.~~
- ~~•~~ To use diversification to minimize exposure to company and industry-specific risks in the aggregate investment portfolio.

### B. ~~B.~~ Return Objective

- ~~•~~ To manage the Fund's assets so as to achieve a high likelihood of attaining a 7.3% nominal return over a long-term time horizon.

### C. ~~C.~~ Performance ~~Objective~~ Objectives

As stated above, the Board's primary investment objective is to provide sufficient returns and liquidity over a long-term investment horizon to ensure the Fund is able to pay its benefit obligations to current and future members and beneficiaries on a timely and regular basis. The Board believes it is important to evaluate the Fund's performance over the long-term investment horizon separately – and using different performance metrics – than over a short-term period. The objectives and benchmarks that the Board will use to evaluate the Fund's investment performance for each purpose are set forth below.

#### 1. *Total Fund Performance (Long-Term Horizon)*

- *Long-Term Investment Objective:* The Fund's primary investment objective is to invest the Fund's assets so as to achieve a high likelihood of earning total Fund returns that meet or exceed the Total Fund Benchmark over a long-term investment horizon. The Board believes that evaluating the total Fund performance against a fully investable and transparent benchmark (which is representative of a portfolio that is feasible to invest in) is the best measure of overall Fund performance.
- *Total Fund Benchmark:* The "Total Fund Benchmark" will be a combination of low-cost, investable index returns that matches the subject return series as well or better than others in terms of (1) measures of statistical fit and (2) market exposures. The Total Fund Benchmark should be representative of the Fund's overall risk and return preferences. The subcomponents and weights of the Total

Fund Benchmark will be developed in consultation with the Investment Consultant using statistical regression analysis relative to historical exposure and historical returns of the Fund. The current Total Fund Benchmark is outlined below. The Total Fund Benchmark is intended to be revised only if there is a fundamental change in the Board's risk/return preferences.

<u>Weight</u>	<u>Passive Index Components</u>
<u>42%</u>	<u>Russell 3000 Index</u>
<u>28%</u>	<u>ACWI (ex US) Index</u>
<u>30%</u>	<u>Bloomberg Barclays Aggregate Index</u>
<u>100%</u>	<u>Total Fund Benchmark</u>

- ~~To manage the Fund's assets so as to achieve a high likelihood of outperforming the total return of an index composed of a mix of asset class benchmarks over a market cycle. The benchmarks used for each asset class, as well as the mix of such benchmarks to determine the Fund's composite index, will be determined by the Board and set forth in its Operating Procedures.~~

## 2. Investment Selection Performance (Short-Term Horizon)

- Short-Term Investment Objective: In addition to evaluating the long-term Fund investment performance against the Total Fund Benchmark, the Board recognizes the need to evaluate its investment selections and managers against a dynamic benchmark to measure net performance against a custom composite benchmark developed based on how the Fund's assets are actually allocated and invested.
- Dynamic Benchmark: The custom composite benchmark, or the "Dynamic Benchmark", will be composed of a mix of the individual asset class benchmarks, weighted based on the actual asset class composition for the Fund. The individual asset class benchmarks are set forth in Appendix B. The benchmarks used for each asset class will be determined by the Board in consultation with the Investment Consultant. The weight is determined by the preceding month end percentage of each asset class.

## III. ~~III.~~ INVESTMENT CONSTRAINTS

### A. ~~A.~~ Legal and Regulatory

The Board intends that the assets of the Fund at all times are invested in accordance with applicable federal and Texas law and regulations, including its governing statute, its governing instruments, and applicable fiduciary standards. The Board will retain legal counsel when appropriate to review investment contracts and provide advice with respect to applicable statutes and regulations.

### B. ~~B.~~ Time Horizon

The Fund will be managed on a going-concern basis. The assets of the Fund will be invested with a long-term horizon (twenty years or more), consistent with the participant demographics and the purpose of the Fund.

### C. ~~C.~~ Liquidity

The Board intends to maintain sufficient liquidity to meet at least three years of anticipated member and beneficiary payments. To this end, the Board intends to invest no more than 40% of the Fund's assets in illiquid vehicles. Illiquid vehicles are defined as those vehicles that do not allow withdrawals to occur on at least a quarterly basis.

### D. ~~D.~~ Over-Concentration

The securities representing equity of any one company shall not exceed 6% of the market value of the Fund. Fixed income securities of any one corporation shall be limited to 6%, at market, of the Fund.

## IV. ~~IV.~~ ALLOCATION OF INVESTMENT RESPONSIBILITIES

### A. ~~A.~~ Board of Trustees

The Board has the fiduciary responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Trustees are tasked primarily with setting the overall risk/return preferences and weighing total portfolio return against properly constructed benchmarks.

Within this framework, the Board will select, contract with, monitor, and evaluate the ~~investment consultant~~Investment Consultant, investment managers, bank custodian, and other parties to ensure that actual results meet objectives.

### B. ~~B.~~ Fund Staff

The Staff of the Fund is responsible for oversight and management of the day-to-day operations of the Fund. This includes, but is not limited to, oversight of Fund policies and procedures, working closely with the ~~investment consultant~~Investment Consultant and investment managers, executing and reconciling all private market cash flows for the Fund, oversight of budget, oversight of manager fee payment and reconciliation, and Board meeting preparation and coordination. ~~Staff is responsible for direct communication with Fund participants related to all retirement calculations.~~

### C. ~~C.~~ Investment Consultant

The ~~investment consultant's~~Investment Consultant's duty is to render competent, professional advice and assistance and to work with the Board with respect to the investment process. This includes meeting at least quarterly with the Board to provide perspective as to the Fund's goals and analysis of the Fund's investments. The ~~consultant~~Investment Consultant will advise, consult, and work with the Board to develop and maintain a properly diversified portfolio.

The ~~investment consultant~~Investment Consultant will perform its duties and obligations to the Board in conformance with generally accepted industry standards and its contract with the Fund.

Fund allocation and performance will be regularly reviewed, and recommendations will be made as appropriate. The ~~consultant~~Investment Consultant will assist the Board in investment manager selection, when needed, and will promptly inform the Board and



discuss the impact of material changes taking place within any current manager's organization and/or investment process. Within this process, the ~~investment consultant~~Investment Consultant assumes fiduciary responsibility for advice given regarding the management of the investment process.

**D. ~~D.~~ Investment Managers**

The investment managers for separately managed accounts will construct and manage investment portfolios consistent with the investment philosophy and disciplines they were hired to implement and which are specified in this document and in their respective investment management agreement (IMA) they execute with the Fund. Investment managers will select specific securities, buy and sell such securities, and manage the investment portfolio within their guidelines. The Board also believes that investment decisions are best made when not restricted by excessive procedure. Therefore, full discretion is delegated to the investment managers to carry out the investment of the respective portfolios within stated guidelines.

The Board may also invest in pooled investment vehicles or private market investment vehicles. The governing instruments of these vehicles should specify the applicable investment philosophy and disciplines and provide the investment guidelines for the investment.

**E. ~~E.~~ Custodian Bank**

The custodian bank will hold all cash and securities, ~~and~~ will regularly value, list and summarize these holdings for the Board's review. In addition, a bank or trust depository arrangement ~~will~~may be utilized to accept and hold cash prior to allocating it to the investment manager, ~~and~~ to invest such cash in liquid, interest-bearing instruments.

**V. ~~V.~~ FIDUCIARY CONDUCT**

An investment fiduciary includes, but is not limited to, a person who exercises discretionary authority or control in the investment of the assets of the Fund or who renders, for a fee, advice for the Fund. The term investment fiduciary includes, but is not limited to the members of the Board, the ~~Fund Administrator, the investment consultant~~Executive Director, the Investment Consultant, and investment managers. An investment fiduciary shall discharge his or her duties in accordance with the fiduciary standards set forth in Section 802.203 of the Texas Government Code and other applicable law.

**VI. ~~VI.~~ AVAILABLE ASSET CLASSES AND INVESTMENT GUIDELINES**

In consultation with the ~~investment consultant~~Investment Consultant and after proper consideration of the Board's investment objectives and asset allocation plan as discussed herein, the Board will determine the asset classes available for investment of Fund assets. The list of asset classes available for investment will be set forth in Appendix A.

~~the Fund's Operating Procedures and updated as necessary~~Within each broader asset class, the Board believes it is prudent to diversify based on recommendations from the Investment Consultant. The specific degrees of diversification within each asset class will ~~also~~ be addressed in the Fund's Operating Procedures or each manager's investment guidelines, as applicable.

The investment guidelines for available asset classes, if applicable, are reflected in the Fund's Operating Procedures. In addition, specific investment guidelines for investment managers of separately managed accounts will be incorporated in the agreement with the Fund. Within their investment guidelines, each investment manager will also be furnished

with a list of asset types and investment strategies that are forbidden. Investment guidelines

~~Austin Fire Fighters Relief and Retirement Fund~~

for pooled investment vehicles or private market investment vehicles will be set forth in the governing instruments of such vehicles.

## VII. INVESTMENT PRINCIPLES

Equity exposure within an asset allocation strategy is a key determinant of portfolio risk. The use of the term “effective equity exposure” addresses the fact that reported equity allocations often resemble an incomplete picture of the true equity-like exposure in a portfolio. Asset classes such as private equity, venture capital, real estate, and high yield bonds have high positive correlations to public equity and exhibit equity-like beta, especially in times of market stress. As such, these asset classes offer limited ability to reduce portfolio risk. It is necessary to control effective equity exposure so as to be in compliance with the spirit of this Policy.

In addition, when considering the inclusion of active management, the Board recognizes that while actively managed funds offer the potential to outperform a benchmark, the likelihood that they can, over long time periods for certain asset classes, can be low, especially considering the higher fee structure in active management. Due to the structural advantages index funds offer, the inclusion of active managers in public markets should be judged through appropriate caution and healthy skepticism. Only in compelling circumstances should active managers for a public market asset class be considered. Their inclusion should be re-evaluated periodically, and their fees should be reasonable.

## VIII. ~~VII.~~ ASSET ALLOCATION

The Fund’s achievement of its risk and return objectives is a function, in large part, of the Fund’s asset allocation. The Board recognizes that the allocation of monies to various asset classes will be the major determinant of the Fund’s return and risk experience over time. Therefore, the Board will allocate investments across available asset classes that, based on historical and expected returns and risks, provide the highest likelihood of meeting the Fund’s investment objectives. The Fund’s asset allocation policy and ranges are detailed in Appendix B.

In determining the appropriate asset allocation, the expected return and risk behavior of each asset class and the likely interaction of various asset classes in a portfolio are to be considered. These “market assumptions” are to be determined and considered by the Board when establishing the asset allocation of the Fund. The Board, with the assistance of the ~~investment consultant, will determine~~ Investment Consultant, will approve the applicable market assumptions, including the expected return, volatility, and correlations for each asset class, which will be set forth in Appendix B to this Policy or the Fund’s Operating Procedures, as applicable.

The most efficient way to meet public market exposures, identified by a desired asset allocation, is by utilizing broad based, low fee, passive index funds. Due to the highly efficient and competitive nature of public markets, passive index investments, developed from and consistent with financial theory, is the natural starting point for investment in public asset classes. Active management will be considered for public markets when the Board believes that a given strategy is capable of achieving excess returns. While some

public proxies exist for private assets, private asset investment is active by nature and will present better opportunities for utilizing active strategies.

### **A. Long-Term Allocation Ranges**

~~Based on its determination of the appropriate risk posture for the Fund and its long-term return expectations, the Board and investment consultant have established the following asset mix guidelines for the Fund:~~

<u>Asset Class</u>	<u>Fund Guidelines</u>
Equity Investments	30-55%
Fixed Income Investments	20-40%
Alternatives	10-40%

~~Unneeded cash reserves can be a drag on the Fund's performance and the overall level of cash held by the Fund shall typically remain under 5% unless extraordinary circumstances warrant otherwise.~~

### **A. ~~B.~~ Long-Term Allocation Targets**

Based on the investment objectives and constraints of the Fund, and on the expected behavior of the available asset classes, the Board will specify a long-term target allocation and acceptable ranges for allocation for each available asset class. These targets will be expressed as a percentage of the Fund's overall market value. These targets will be selected in conjunction with ~~the~~ appropriate ranges ~~listed above~~ to accommodate permissible variation resulting from market forces. The Fund's target allocations are listed ~~in the Operating Procedures~~ Appendix B. The Board will review its asset allocation targets and ranges at least annually or sooner if warranted by a material event in either the liability structure of the ~~plan~~ Fund or the capital markets.

The long-term target allocations are intended as strategic goals, not short-term imperatives. Thus, it is permissible for the overall Fund's asset allocation to deviate from the long-term target, as would likely occur during manager transitions, asset class restructurings, and other temporary changes in the Fund. Deviations from targets that occur due to capital market changes are discussed below.

~~Austin Fire Fighters Relief and Retirement Fund~~

## B. ~~C.~~ Rebalancing

In general, cash flows to and from the Fund will be allocated in such a manner as to move each asset class toward its target allocation.

The Board recognizes that, periodically, market forces may move the Fund's allocations outside the target ranges. The Board also recognizes that failing to rebalance the allocations would unintentionally change the Fund's structure and risk posture. Consequently, the Board has established a process to rebalance the allocations periodically.

On at least an annual basis, if any strategic allocation is outside the specified target range, assets will be shifted to return the strategy to the target range. The specific plan for rebalancing will identify those assets that can be shifted at the lowest possible risk and cost, if the rebalancing cannot be accomplished solely by allocating contributions and withdrawals.

## IX. ~~VIII.~~ EVALUATION AND REVIEW

As a function of its fiduciary responsibilities to monitor the investment decisions it makes on behalf of the Fund, the Board will regularly review the investments of the Fund. This review and evaluation of investments will be conducted in accordance with the following:

- • On a quarterly basis, the Board, through the report of the ~~investment consultant~~Investment Consultant, will review the overall investment performance of the Fund and individual investment managers. This report will include a review of performance generally and in relation to the composite and asset class benchmarks established by the Board.
- • The ~~investment consultant~~Investment Consultant will continually monitor the investment managers and other investments of the Fund to ensure that managers or such investments ~~performed~~are performing in accordance with applicable investment guidelines and the expected philosophy, methodology and style. The ~~investment consultant~~Investment Consultant will report to the Board on a quarterly basis any material deviation from the applicable guidelines or any other structural, organizational, philosophical, or other material change that warrants the Board's attention.
- • At least annually, the Board will review the asset allocation of the Fund to determine if it remains appropriate in order to achieve the investment objectives of the Fund. This review will include an evaluation of market assumptions utilized in establishing the asset allocation to determine if any changes to these assumptions are warranted, as well as if any other asset classes should be made available for investment.
- At least annually, the Board will review the Fund's long-term performance in relation to the Total Fund Benchmark.

~~Austin Fire Fighters Relief and Retirement Fund~~

- At least annually, the Board will formally review this Policy to determine whether it continues to be appropriate in light of the Board's investment goals and objectives and changes in the capital markets and/or the Fund's condition or circumstances.

#### X. ~~IX.~~ **SECURITIES LENDING**

The Board may select an agent to lend the financial securities of the Fund, but has no obligation to do so. The securities lending program shall in no way inhibit the trading activities of the investment managers of the Fund.

#### XI. ~~X.~~ **TRADING**

In accordance with the legal and fiduciary obligations imposed on investment managers by either their agreements with the Fund or applicable federal or Texas law, all trades executed by managers must be for the exclusive benefit of the Fund's participants and beneficiaries. Managers are expected to seek best execution on all trades.

#### XII. ~~XI.~~ **VOTING OF PROXIES**

The Board has delegated the responsibility of voting all proxies to the investment managers. The Board expects that managers will execute all proxies in a timely fashion and in a manner that is in the best interest of the Fund and its members and beneficiaries. Also, the Board expects the managers to provide a full accounting of all proxy votes, and upon request, a written explanation of individual voting decisions.

#### XIII. ~~XII.~~ **INVESTMENT COSTS**

The Board intends to monitor and control investment costs at every level of the Fund through the following:

- Professional fees will be negotiated whenever possible.
- Where appropriate, passive portfolios will be used to minimize management fees and portfolio turnover.
- The Fund may enter into performance-based fees with specific managers.
- If possible, assets will be transferred in-kind during manager transitions and Fund restructurings to eliminate unnecessary turnover expenses.
- Managers are instructed to seek best execution.

## [Appendix A](#)

<u><a href="#">Asset Class</a></u>
<u><a href="#">Public Domestic Equity</a></u>
<u><a href="#">Public Foreign Equity</a></u>
<u><a href="#">Emerging Market Equity</a></u>
<u><a href="#">Frontier Market Equity</a></u>
<u><a href="#">Private Equity</a></u>
<u><a href="#">Private Debt</a></u>
<u><a href="#">Real Estate</a></u>
<u><a href="#">Investment Grade Bonds</a></u>
<u><a href="#">TIPS</a></u>
<u><a href="#">High Yield Bonds</a></u>
<u><a href="#">Bank Loans</a></u>
<u><a href="#">Developed Market Bonds</a></u>
<u><a href="#">Emerging Market Bonds</a></u>
<u><a href="#">Natural Resources</a></u>
<u><a href="#">Infrastructure</a></u>
<u><a href="#">Commodities</a></u>
<u><a href="#">Hedge Funds</a></u>
<u><a href="#">Cash</a></u>

## Appendix B

<u>Asset Class</u>	<u>Target (%)</u>	<u>Range (%)</u>	<u>Asset Class Benchmarks</u>
<u>Public Domestic Equity</u>	<u>20</u>	<u>13-27</u>	<u>Russell 3000</u>
<u>Public Foreign Equity</u>	<u>22</u>	<u>15-29</u>	<u>MSCI ACWI (ex. U.S.)</u>
<u>Private Equity</u>	<u>15</u>	<u>5-25</u>	<u>MSCI ACWI +2% on a 3 Month Lag</u>
<u>Investment Grade Bonds</u>	<u>13</u>	<u>10-20</u>	<u>Bloomberg Barclays Aggregate</u>
<u>TIPS</u>	<u>5</u>	<u>0-10</u>	<u>Bloomberg Barclays U.S. TIPS</u>
<u>High Yield/Bank Loans</u>	<u>5</u>	<u>0-10</u>	<u>50% Merrill Lynch High Yield</u> <u>50% Credit Suisse Leverage Loan Index</u>
<u>Emerging Market Debt</u>	<u>7</u>	<u>0-10</u>	<u>Custom EMD Benchmark<sup>1</sup></u>
<u>Core Real Estate</u>	<u>5</u>	<u>0-10</u>	<u>NCREIF ODCE Equal Weighted (net)</u>
<u>Value Add Real Estate</u>	<u>5</u>	<u>0-10</u>	<u>NCREIF Property NPI</u>
<u>Private Natural Resources</u>	<u>3</u>	<u>0-5</u>	<u>S&amp;P North American NR</u>
<u>Cash</u>	<u>0</u>	<u>0-5</u>	

<sup>1</sup> Custom EMD Benchmark is 50% JPMorgan EMBI Global Diversified, 25% JPMorgan GBI-EM Global Diversified  
~~Austin Firefighters Retirement Fund~~



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Revised ~~May 2022~~ February 2025

Investment Policy Operating Procedures

*for*

**Austin ~~Fire Fighters Relief and~~ Firefighters Retirement Fund**

~~Austin Fire Fighters Relief and Retirement Fund~~  
~~Operating Procedures~~

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**~~I. Available Asset Classes~~**

~~In accordance with Section VI of the Statement of Investment Policies and Objectives (the “Policy”) for the Austin Fire Fighters Relief and Retirement Fund (the “Fund”), the Board of Trustees of the Fund (the “Board”), with advice from the investment consultant, has determined the following asset classes will be available for investment by the Fund.~~

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~~Public Domestic Equity~~

~~Public Foreign Equity~~

TIPS

~~Emerging Market Equity~~  
~~Frontier Market Equity~~  
~~Private Equity~~  
~~Private Debt~~  
~~Real Estate~~

~~Investment Grade Bonds~~

~~High Yield Bonds~~  
~~Bank Loans~~  
~~Developed Market Bonds~~  
~~Emerging Market Bonds~~  
  
~~Natural Resources~~  
  
~~Infrastructure~~  
~~Commodities~~  
~~Hedge Funds~~  
~~Cash~~

I.     II.     Market Assumptions

In accordance with Section ~~VH~~VIII of the Fund's Investment Policy Statement (the "Policy"), the Board has adopted the following market assumptions for use in determining the asset allocation plan for the Fund; ~~including the various asset class targets set forth in these Operating Procedures~~. These expected return and standard deviation assumptions are based on a twenty-year forecast for broad asset classes and sub-asset classes from Meketa Investment Group's ~~2022~~2024 Annual Asset Study. Expected returns are annualized compounded returns.

<u>Asset Class</u>	<u>Annualized Average Return Asset Class (%)</u>	<u>Annualized Standard Deviation (%) (%)</u>
<b>Fixed Income</b>		
Cash Equivalents	<del>1.7</del> <u>2.5</u>	1.0
Investment Grade Bonds	<del>2.4</del> <u>4.8</u>	4.0
Long-term Government Bonds	<del>2.8</del> <u>5.0</u>	12.0
TIPS	<del>2.4</del> <u>4.7</u>	7.0
High Yield Bonds	<del>4.4</del> <u>6.8</u>	11.0
Bank Loans	<del>4.0</del> <u>6.6</u>	10.0
Emerging Market Bonds (local; unhedged)	<del>4.6</del> <u>6.2</u>	<del>13.0</del> <u>12.0</u>
Emerging Market Bonds (major)	<del>4.2</del> <u>6.8</u>	12.0
<del>Mezzanine</del> <u>Private</u> Debt	<del>7.2</del> <u>9.2</u>	<del>16.0</del> <u>15.0</u>
<del>Distressed Debt</del>	<del>7.7</del>	<del>21.0</del>
<b>Equities</b>		
Public U.S. Equity	<del>6.8</del> <u>8.5</u>	<del>18.0</del> <u>17.0</u>
Public Developed Market Equity	<del>7.5</del> <u>8.9</u>	<del>19.0</del> <u>18.0</u>
Public Emerging Market Equity	<del>8.4</del> <u>8.9</u>	<del>24.0</del> <u>22.0</u>
Public Frontier Market Equity	<del>8.7</del> <u>10.0</u>	<del>21.0</del> <u>20.0</u>
Private Equity	<del>10.0</del> <u>11.2</u>	<del>28.0</del> <u>25.0</u>
Private Equity Fund of Funds	<del>8.6</del> <u>9.9</u>	<del>24.0</del> <u>26.0</u>
Long-Short Hedge Funds	<del>4.1</del> <u>5.3</u>	10.0
<b>Real Assets</b>		
Core Private Real Estate	<del>6.1</del> <u>6.9</u>	12.0
Value Added Real Estate	<del>8.1</del> <u>9.0</u>	20.0
Opportunistic Real Estate	<del>9.6</del> <u>10.3</u>	26.0
Natural Resources (Private)	<del>8.5</del> <u>9.3</u>	<del>24.0</del> <u>22.0</u>
Commodities	<del>4.6</del> <u>5.3</u>	17.0
Infrastructure (Core)	<del>7.3</del> <u>8.0</u>	14.0
Infrastructure (Non-Core)	<del>9.3</del> <u>10.0</u>	22.0
<b>Other</b>		
Hedge Funds	<del>4.4</del> <u>5.8</u>	7.0
Hedge Fund of Funds	<del>3.6</del> <u>5.0</u>	7.0

### ~~III. Asset Allocation Targets~~

~~In accordance with Section VI of the Policy, the Board has established its strategic asset allocation mix so as to achieve its long-term investment goal of accumulating reserves necessary to provide the established benefits to the participants and their beneficiaries.~~

~~Market movements may cause a portfolio to differ from this strategic mix. The desire to maintain this constant strategic mix must be balanced with the real cost of portfolio rebalancing. Therefore, a range has been set for the actual asset allocation of the Fund's assets to allow for the fluctuations that are inherent in marketable securities.~~

~~The target allocations and rebalancing trigger percentages are:~~

<del>Broad Asset Classes</del>	<del>Low</del>	<del>Tar</del>	<del>High</del>
<del>Equities</del>	<del>30%</del>	<del>42</del>	<del>55%</del>
<del>Fixed Income</del>	<del>20%</del>	<del>30</del>	<del>40%</del>
<del>Alternatives*</del>	<del>10%</del>	<del>28</del>	<del>40%</del>

~~\*(Including Private Equity, Real Estate, and Natural Resources)~~

~~It is the responsibility of the custodian to calculate market values and report these to staff and consultant monthly.~~



#### IV. ~~Asset Class Diversification: Sub-Asset Class Targets~~

~~Within the broad definition of equities and fixed income for allocation purposes, the Trustees, with advice from the consultant, believe it is prudent to diversify within asset classes. The sub-asset class categories, as well as the asset allocation among such sub-asset classes, are set forth below. The Policy Benchmarks set forth below are used to determine the composite Policy Index described in Section VII of these Operating Procedures.~~

	Target (%)	Range (%)	Policy Benchmark
Public Domestic Equity	20	13-27	Russell 3000
Public Foreign Equity	22	15-29	MSCI ACWI (ex. U.S.)
Private Equity	15	5-25	MSCI ACWI +2% on a 3 Month Lag
Investment Grade Bonds	13	10-20	Bloomberg Barclays Aggregate
TIPS	5	0-10	Bloomberg Barclays U.S. TIPS
High Yield/Bank Loans	5	0-10	50% Merrill Lynch High Yield
Emerging Market Debt	7	0-10	Custom EMD Benchmark <sup>+</sup>
Core Real Estate	5	0-10	NCREIF ODCE Equal Weighted (net)
Value Add Real Estate	5	0-10	NCREIF Property NPI
Private Natural Resources	3	0-5	S&P North American NR
Cash	0	0-5	

<sup>+</sup> Custom EMD Benchmark is 50% JPMorgan EMBI Global Diversified, 25% JPMorgan GBI EM Global Diversified (unhedged), and 25% JPMorgan CEMBI Broad.

## II. ~~V.~~ **Investment Manager Selection and Termination**

When hiring or terminating investment managers, the Fund Staff, in consultation with the ~~investment consultant~~ Investment Consultant, will summarize in the Board meeting minutes, the key factors that led to the decision.

For new hires, typically the Investment Consultant will prepare a “search document” when the Board is considering hiring a new manager. The search document will include a mix of qualitative and quantitative characteristics on high conviction strategies that should help guide the Board in understanding the potential risks and opportunities across different investment options. The Board may (but is not required to) interview candidates prior to hire.

For terminations, the Investment Consultant will typically prepare a memo or analysis explaining its recommendation for termination. Termination could result from any of the following (non-exhaustive) reasons:

- Failure to deliver on performance expectations
- Asset allocation changes
- Strategy style drift
- Investment staff departures at the investment manager
- Firm instability or change in ownership at the investment manager

## III. ~~VI.~~ **Investment Manager Invoice Fee Reconciliation and Payment**

The majority of investment manager fees are paid indirectly through each investment’s fund vehicle (i.e. debited from performance).

For the investment strategies that invoice the Fund directly, Fund Staff is primarily responsible for reconciliation and payment of all invoiced investment manager fees.

~~Independently a pre-identified Trustee shall verify each requested manager fee payment.~~

If ~~either party identifies~~ a discrepancy ~~relative to the invoice~~ is identified, Fund Staff shall request additional explanation from the investment manager prior to payment. If an error is found, Fund Staff must request a correction from the investment manager prior to payment.

## **VII. Performance Objectives**

~~In accordance with Section II.C. of the Policy, the overall performance objective of the Fund is to achieve a high likelihood of outperforming the total return of an index composed of a mix of asset class benchmarks over a market cycle. This composite “Policy Index” will be calculated using the sub-asset class target percentages and the Policy Benchmarks set forth in Section IV of these Operating Procedures. The investment consultant will set forth the composition of the Policy Index in its quarterly reports to analyze the overall performance of the Fund.~~

~~With respect to investment manager performance, over a market cycle or five years, whichever is shorter, the performance objective for each manager is to add value after fees to a specified benchmark representing a particular investment style, net of fees.~~

~~These specific style benchmarks for investment managers are set forth in Appendix~~

~~A. Short term examination of each manager's performance will also focus on style adherence and peer comparisons.~~

~~Passive investment products are expected to match the return of their respective benchmark, gross of fees.~~

#### IV. ~~VIII.~~ **Asset Class Guidelines**

In accordance with Section VI of the Policy, set forth below are the investment guidelines applicable to each broad asset class available for investment by the Fund. Additional investment guidelines are contained within each agreement between the Fund and individual investment managers (for separately managed accounts).

##### A. ~~A.~~ **Public Equities**

1. ~~1.~~ Eligible holdings:  
The portfolios will be invested in publicly traded marketable securities.  
~~Restricted or letter stock are not permitted.~~
2. ~~2.~~ Style Adherence:  
Managers are expected to not deviate from the particular style they were selected to manage. Quarterly, fundamental portfolio characteristics and style benchmarks comparisons will be monitored for adherence to a manager's identified style. The capitalization of each stock in an equity manager's portfolio shall be within the cap range of the above identified style benchmark when purchased. Managers are expected to stay within the cap range of their dedicated strategy and are instructed to provide notification of any material changes to strategy. Currency management is at the discretion of active international managers.

##### B. ~~B.~~ **Public Fixed Income**

1. ~~1.~~ Eligible holdings:  
The portfolios shall be invested in ~~publically~~publicly traded marketable securities. Private placement bonds are not permitted. 144(a) fixed income securities are allowable.
2. ~~2.~~ Portfolio Quality – Core:  
Dedicated core fixed income products should be predominantly invested in investment grade securities, as defined by market ratings agencies (e.g. Moody's, Standard & Poor's). Money market instruments shall have a minimum quality rating comparable to an A3 (Moody's) or A (standard & Poor's) bond rating and commercial paper shall be rated A1/P1 unless held in a diversified short term commingled fund.

##### C. ~~C.~~ **Closed End Alternatives (Private Equity, Real Estate, Natural Resources)**

1. ~~1.~~ Management:  
Investments in closed end vehicles shall be made only through professionally managed, institutional limited partnerships or limited liability corporate vehicles.

2. ~~2.~~ Diversification:

The closed end alternatives portfolio will be prudently diversified. Further, the private equity portfolio in aggregate shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and vintage year. Investment in non-U.S. limited partnerships is permitted. The long-term nature of private equity investments and vintage year diversification shall be emphasized so that the Fund, as a long-term investor, may properly take advantage of the private negotiation of transactions and the liquidity premium associated with private markets investments.

3. ~~3.~~ Over-commitment:

The implementation of a private markets program by the Fund shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one-year. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private markets investments in order to achieve the target allocation and subsequently maintain it. The Investment Consultant shall monitor the amount of capital committed, drawn, invested and distributed and make recommendations to the Board ~~of Trustees~~ as needed.

4. ~~4.~~ Monitoring:

The Fund Staff, Board and Investment Consultant will collectively monitor and administer the underlying limited partnership investments in a prudent manner, in part, by:

- (a) ~~1.~~ administering capital calls and distributions,
- (b) ~~2.~~ employing financial monitoring and reporting systems,
- (c) ~~3.~~ maintaining an understanding of the limited partnership's holdings and activities, including periodic discussions with the general partners and attending partnership investor meetings as appropriate,
- (d) ~~4.~~ attending to partnership amendments or other matters related to the underlying partnerships in the best interest of the Fund, and
- (e) ~~5.~~ liquidating stock distributions.

#### D. ~~Passive Investment Products~~

Passive investment products are expected to match the return of their respective benchmark, gross of fees.

#### V. ~~IX.~~ Securities Litigation / Class Action Lawsuit Policy

From time to time, the Board may determine, with the advice and assistance of the Fund's Outside Counsel (if requested), that it is in the best interest of the Fund's participants and beneficiaries to participate in securities class action lawsuits where the Fund has been harmed due to securities fraud or other violations that negatively impact the value of securities held by the Fund.

##### A. ~~A.~~ Monitoring Securities Litigation Matters

It shall be the Fund custodian's primary responsibility to (1) monitor all securities class action litigation matters on behalf of the Fund, ~~to~~ (2) manage the timely and effective filing of proofs of claim in securities class action litigation matters that have already reached settlement in respect of investments held by the Fund, and ~~to~~ (3) report to the ~~Fund Administrator~~ Executive Director as necessary. In addition, the ~~Fund Administrator~~ Executive Director shall notify the investment manager(s) who manage the affected securities of any potential or pending legal action.

However, in those securities class action lawsuits or other securities litigation matters in which the Fund has retained a law firm to represent the Fund as lead plaintiff or class representative or to actively monitor the progress of the case in accordance with Section D, then the law firm shall be responsible for the timely and effective filing of proofs of claim in such lawsuits on behalf of the Fund and will notify, in writing, the ~~Fund Administrator~~ Executive Director, the Fund's custodian and any applicable investment manager(s) of the proofs of claim that have been filed on behalf of the Fund.

##### B. ~~B.~~ Active Involvement in Securities Litigation Cases

In addition to the routine filing of proofs of claim as described above, the Fund at its sole discretion may consider and assess whether and under what circumstances it may choose to become more actively involved in securities class action litigation or other securities litigation matters from time to time.

To this end, the Fund may at its discretion retain one or more law firms experienced in securities litigation matters to review and monitor potential and filed securities class action lawsuits and/or other securities litigation lawsuits and to bring to the attention of the Fund meritorious cases that the law firm concludes are worthy of further monitoring or involvement by the Fund and for which the Fund has suffered losses on its investment.

Generally, the Fund will not seek lead plaintiff status, opting instead for filing a proof of claim when appropriate, unless after consultation with the Fund's Outside Counsel  
~~and any law firm retained by the Fund to monitor and report securities litigation to the~~

Fund, the Board believes that serving as lead plaintiff would be in the best interest of the Fund. ~~It~~Except as expressly provided herein, it is within the sole discretion of the Board to determine if and when it would be in the best interest of the Fund to seek lead plaintiff status or to become more actively involved in a securities litigation case.

~~Operating Procedures~~ ~~Revised May 2022~~

If one of the Fund's retained law firms believes that a securities litigation case has merit and the Fund would be a good candidate to serve as the lead plaintiff in the case, the law firm shall present its recommendations in writing to the ~~Fund Administrator~~Executive Director, including a statement as to whether the law firm would recommend that the Fund actively monitor the case, seek lead plaintiff status or class representative status, or take some other course of action with respect to the particular securities class action lawsuit or other securities litigation lawsuit.

The ~~Fund Administrator~~Executive Director, in consultation with the Fund's Outside Counsel, will review all such recommendations and will evaluate the case and the law firm's recommendation considering the factors listed below. After such review and further consultation with the securities litigation law firm, ~~the Fund Administrator (as needed), the Executive Director~~ will present, or may request that the law firm present, to the Board a recommendation regarding the Fund's involvement in the case if the securities litigation firm continues to recommend active involvement after consultation with the ~~Fund Administrator~~Executive Director.

After receiving the presentation described above, the Board shall have sole authority and discretion to decide whether the Fund should actively monitor the case, seek lead plaintiff status or class representative status, or take some other course of action. The Board may seek the advice of its Outside Counsel on such matters. Notwithstanding the above, if a decision regarding the Fund's involvement in a securities litigation lawsuit is required prior to the date of the next regularly scheduled Board meeting, the Executive Director may make a decision regarding the Fund's level of involvement without a presentation to the Board after consultation with the Fund's Outside Counsel.

In evaluating any securities litigation case, the Board (or Executive Director) shall consider all relevant factors related to the Fund's participation in such lawsuit, including, without limitation, the following:

1. ~~1.~~ Strength of the merits of the claims and defenses involved in the case;
2. ~~2.~~ Alleged losses or damages to the Fund equal or exceed a minimum of ~~\$250,000~~500,000, unless there are unique or special circumstances about the Fund's interest in the case or the losses sustained by the Fund that may support the Fund's involvement at a lesser threshold;
3. ~~3.~~ Facts unique to the Fund that make it well-suited to serve as lead plaintiff, including the Fund's standing to represent a broad class of claimants or investors;
4. ~~4.~~ The estimated time and expense required of Fund staff and the Fund's

Outside Counsel in order for the Fund to serve as lead plaintiff (i.e., certification of the class, assistance with discovery, review of pleadings and court filings, monitoring litigation and outside securities litigation counsel,

settlement negotiations, etc.) and the ability to recover such costs through a favorable judgment or otherwise;

5. ~~5.~~ Estimated court costs;

6. ~~6.~~ Venue of litigation;

7. ~~7.~~ Reasonable potential for monetary recovery under a judgment (i.e., available resources of defendants, insurance coverage, possibility of bankruptcy, other suitable lead plaintiffs, etc.);

8. ~~8.~~ Whether the Fund is involved in other litigation; and

9.

~~9.~~ Qualifications of the law firm (or firms) bringing the recommendation based on the factors set forth in Section D below.

### C. ~~C.~~ Securities Litigation Matters in Foreign Jurisdictions

The Fund may consider participating in securities litigation lawsuits that are brought or filed in foreign jurisdictions. The Fund will follow the same process set forth in Section B above in evaluating an international case and its involvement in such case.

In addition to the factors set forth in Section B above, the Board shall also consider all applicable foreign laws and regulatory requirements and the related risks that may apply to securities litigation claims brought in the particular jurisdiction, including without limitation, any unique jurisdictional requirements to prove the claim, the level of participation required by the Fund pursuant to foreign law, and the identity and qualifications of foreign counsel, if any, and their experience in pursuing litigation of this nature.

### D. ~~D.~~ Selection of Securities Litigation Law Firm to Actively Represent the Fund

If the Board decides to seek lead plaintiff status or become actively involved in a case, the Board may hire one of the Fund's retained securities litigation law firms or another law firm experienced in securities litigation matters to advise and represent the Fund as lead plaintiff or otherwise in the case.

Generally, the Board will select the law firm (or one of the law firms) that brought the case to its attention to actively represent the Fund in the case. In the event more than one law firm recommends that the Fund actively seek participation in a case, the Board will select the firm that the Board believes will best represent the interests of the Fund in such case after considering all relevant factors, including, without limitation, the firm's:

1. ~~1.~~ Prior experience and demonstrated success in similar cases;

2. ~~2.~~ Experience and prior appearances in the particular venue of the case;

3. ~~3.~~ Quality of the analysis and presentation of the case to the Board,



including the analysis of the factors relevant to the Fund's participation in the case as set forth in Section B above; and

4. ~~4.~~ Willingness and financial security of the firm to fund the cost of the litigation on a contingent fee arrangement (i.e., availability and timing of reimbursements for Fund staff time and expense and/or Outside Counsel involvement, specific terms of fee or reimbursement arrangement, sufficient level of malpractice insurance, etc.).

- 5.
- 6.

## Appendix A: Style Benchmarks

Asset Class and Style	Index Benchmark
Core Fixed Income	Bloomberg Barclays Aggregate Bond Index
Core Plus Fixed Income	Bloomberg Barclays Aggregate Bond Index
TIPS	Bloomberg Barclays U.S. Treasury TIPS Index
Emerging Market Debt	JPM EMBI Global Diversified or Custom Benchmark
High Yield	Merrill Lynch High Yield
Bank Loans	Credit Suisse Leveraged Loan Index
Large Cap Core	S&P 500 or Russell 1000
Large Cap Value	Russell 1000 Value
Large Cap Growth	Russell 1000 Growth
Mid Cap Core	Russell Mid-Cap
Mid Cap Value	Russell Mid-Cap Value
Mid Cap Growth	Russell Mid-Cap Growth
Smid Cap Core	Russell 2500
Smid Cap Value	Russell 2500 Value
Smid Cap Growth	Russell 2500 Growth
Small Cap Core	Russell 2000
Small Cap Value	Russell 2000 Value
Small Cap Growth	Russell 2000 Growth
Micro Cap	Russell Micro Cap
International Developed	MSCI EAFE
International Developed w/ EM exposure	MSCI ACWI ex-US
International Developed Small Cap	MSCI EAFE Small Cap
Emerging Market Equity	MSCI Emerging Markets
Real Estate	NCREIF ODCE Equal Weighted (net) or NCREIF Property NPI
Private Equity	MSCI ACWI +2% on a Three Month Lag

~~Austin Firefighters Relief and Retirement Fund~~ [Original to off in modified.]

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<b>Natural Resources</b>	S&P North American NR
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**Austin Firefighters Retirement Fund  
Proposed Operating Budget  
Fiscal Year 2025**

	2025 Requested Budget	2024 Approved Budget	Value Change	Percent Change
<b>Administrative Expenses</b>				
Salaries and Benefits				
Salary - Executive Director	244,800.00	244,800.00	-	0.00%
Salary - Staff	486,500.00	486,500.00	-	0.00%
Salary - Staff (w/o ED position) Retention/Merit				
Health Insurance - Staff	127,310.00	127,310.00	-	0.00%
Health Insurance - Retired Staff	6,000.00	9,900.00	(3,900.00)	-39.39%
Payroll Taxes	58,504.00	52,920.00	5,584.00	10.55%
SEP Contribution	182,825.00	165,375.00	17,450.00	10.55%
<b>Subtotal</b>	<b>1,105,939.00</b>	<b>1,086,805.00</b>	<b>19,134.00</b>	<b>1.76%</b>
SS Retiree Payroll Process Fees	34,000.00	34,000.00	-	0.00%
Building	22,943.00	9,783.00	13,160.00	134.52%
Utilities	6,775.00	6,525.00	250.00	3.83%
Office Expenses	18,950.00	18,450.00	500.00	2.71%
Computer and Software	34,300.00	33,200.00	1,100.00	3.31%
Insurance	42,800.00	41,500.00	1,300.00	3.13%
Travel	23,500.00	23,500.00	-	0.00%
Operational Cost	24,000.00	23,300.00	700.00	3.00%
<b>Investment Expenses</b>				
Financial Consulting Fee	229,650.00	218,000.00	11,650.00	5.34%
Investment Management Fees	1,800,000.00	1,800,000.00	-	0.00%
Bank Custodian Services	117,000.00	110,000.00	7,000.00	6.36%
<b>Professional Services Expenses</b>				
Accounting	25,000.00	25,000.00	-	0.00%
Actuarial Fees				
COLA & Additional Travel	10,000.00	14,000.00	(4,000.00)	-28.57%
Actuarial Valuation	46,300.00	45,100.00	1,200.00	2.66%
Experience Study	-	23,000.00	(23,000.00)	-100.00%
Pension Funding Research	86,000.00	70,000.00	16,000.00	22.86%
Investment Performance Evaluation	-	50,000.00	(50,000.00)	-100.00%
Legal Fees				
Administrative	132,000.00	108,000.00	24,000.00	22.22%
Board Meeting	18,000.00	18,000.00	-	0.00%
Investment Review	50,000.00	40,000.00	10,000.00	25.00%
Summary Plan Descr, Records Retention & Forms	150,000.00	20,000.00	130,000.00	650.00%
Pension Funding Research/Legislation (2024/2025)	200,000.00	75,000.00	125,000.00	166.67%
Legislative Consulting	72,000.00	24,000.00	48,000.00	200.00%
Medical Disability Review	3,000.00	3,000.00	-	0.00%
Pension Software	670,000.00	700,000.00	(30,000.00)	-4.29%
Pension Software Oversight	-	60,000.00	(60,000.00)	-100.00%
<b>Total Expenses</b>	<b>4,922,157.00</b>	<b>4,680,163.00</b>	<b>241,994.00</b>	<b>5.17%</b>

Austin Firefighters Retirement Fund  
2025 Proposed Budget

	Total		
	2025 Budget	2024 Budget	% Change
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
City of Austin Contrib (22.05%)	27,242,000.00	25,700,000.00	6.00%
Commission Recapture	5,000.00	5,000.00	0.00%
Fire Fighter Contrib (18.7%)	23,108,000.00	21,800,000.00	6.00%
<b>Other Income</b>			
Class Action Proceeds	5,000.00	5,000.00	0.00%
Interest - State Street	300,000.00	250,000.00	20.00%
Interest - Frost Bank	5,000.00	4,000.00	25.00%
Securities Lending - State St.	9,000.00	9,000.00	0.00%
<b>Total Income</b>	<b>50,674,000.00</b>	<b>47,773,000.00</b>	<b>6.07%</b>
<b>Operating Expenses</b>			
<b>Administrative Expenses</b>			
<b>Payroll Expenses</b>			
Payroll Expenses - Salary Executive Director	244,800.00	244,800.00	0.00%
Payroll Expenses - Salary Staff	486,500.00	486,500.00	0.00%
Salary - Staff (w/o ED position) Retention/Merit			
Health Insurance - Staff	127,310.00	127,310.00	0.00%
Health Insurance - Retiree Staff	6,000.00	9,900.00	-39.39%
Payroll Taxes	58,504.00	52,920.00	10.55%
SEP Contribution	182,825.00	165,375.00	10.55%
<b>Total Payroll Expenses</b>	<b>1,105,939.00</b>	<b>1,086,805.00</b>	<b>1.76%</b>
<b>SS Retiree Payroll Process Fees</b>	<b>34,000.00</b>	<b>34,000.00</b>	<b>0.00%</b>
<b>Building Expenses</b>			
Assessment Toward Projects	1,883.00	1,883.00	0.00%
Building Maintenance/Improvement	15,250.00	2,500.00	510.00%
Condo Association Dues	5,810.00	5,400.00	7.59%
Utilities			
Electric	2,250.00	2,000.00	12.50%
HVAC Program	50.00	50.00	0.00%
Internet & Cable & Telephone	3,500.00	3,500.00	0.00%
Water, Waste, Drainage	975.00	975.00	0.00%
Total Utilities	6,775.00	6,525.00	3.83%
<b>Total Building Expenses</b>	<b>29,718.00</b>	<b>16,308.00</b>	<b>82.23%</b>
<b>Office Expenses</b>			
Furniture (FFE)	2,000.00	2,000.00	0.00%
Meeting Refreshments	1,600.00	1,600.00	0.00%
Notary Services	250.00	250.00	0.00%

Austin Firefighters Retirement Fund  
2025 Proposed Budget

Total			
	2025 Budget	2024 Budget	% Change
Office Maintenance	3,600.00	3,100.00	16.13%
Office Supplies (Office supplies expense)	2,500.00	2,500.00	0.00%
Postage and Delivery	5,000.00	5,000.00	0.00%
Printing and Reproduction	4,000.00	4,000.00	0.00%
<b>Total Office Expenses</b>	<b>18,950.00</b>	<b>18,450.00</b>	<b>2.71%</b>
<b>Computer and Internet Expenses</b>			
Hosting & Other Expenses	3,000.00	3,000.00	0.00%
Laptop/Computer	3,000.00	3,000.00	0.00%
Software/IT Services	28,300.00	27,200.00	4.04%
<b>Total Computer and Internet Expenses</b>	<b>34,300.00</b>	<b>33,200.00</b>	<b>3.31%</b>
<b>Insurance Expense</b>			
Board & Directors Liability Ins	29,600.00	28,500.00	3.86%
Commercial	2,000.00	2,000.00	0.00%
Cybersecurity Ins.	10,000.00	10,000.00	0.00%
Workers Comp Ins. (Workers Comp)	1,200.00	1,000.00	20.00%
<b>Total Insurance Expense</b>	<b>42,800.00</b>	<b>41,500.00</b>	<b>3.13%</b>
<b>Travel Expense</b>			
Lodging/Transportation/Per Diem	16,000.00	16,000.00	0.00%
Registration fees	7,500.00	7,500.00	0.00%
<b>Total Travel Expense</b>	<b>23,500.00</b>	<b>23,500.00</b>	<b>0.00%</b>
<b>Operational Cost</b>			
Association Fees (TXPERS /NCEPRS/NASRA)	9,100.00	9,100.00	0.00%
Election Servicers	4,400.00	4,000.00	10.00%
Death Verification Services	4,200.00	4,200.00	0.00%
Operational Cost - Other	6,300.00	6,000.00	5.00%
<b>Total Operational Cost</b>	<b>24,000.00</b>	<b>23,300.00</b>	<b>3.00%</b>
<b>Investment Expenses</b>			
Bank Custodian Services	117,000.00	110,000.00	6.36%
Financial Consulting Fee	229,650.00	218,000.00	5.34%
Investment Management Fees	1,800,000.00	1,800,000.00	0.00%
<b>Total Investment Expenses</b>	<b>2,146,650.00</b>	<b>2,128,000.00</b>	<b>0.88%</b>
<b>Professional Fees</b>			
Audit	25,000.00	25,000.00	0.00%
Actuarial Fees			
COLA & Additional Travel	10,000.00	14,000.00	-28.57%
Actuarial Valuation	46,300.00	45,100.00	2.66%



Austin Firefighters Retirement Fund  
2025 Proposed Budget

	Total		
	2025 Budget	2024 Budget	% Change
Experience Study	0.00	23,000.00	-100.00%
Pension Funding Research	86,000.00	70,000.00	22.86%
Total Actuarial Fees	142,300.00	152,100.00	-6.44%
Investment Performance Evaluation	0.00	50,000.00	-100.00%
Legal Fees			
Administrative	132,000.00	108,000.00	22.22%
Board Meeting	18,000.00	18,000.00	0.00%
Investment Review	50,000.00	40,000.00	25.00%
Summary Plan Descr, Records Retention & Forms	150,000.00	20,000.00	650.00%
Pension Funding Research/Legislation (2024/2025)	200,000.00	75,000.00	166.67%
Total Legal Fees	550,000.00	261,000.00	110.73%
Legislative Consulting	72,000.00	24,000.00	200.00%
Medical Disability Review	3,000.00	3,000.00	0.00%
Pension Software			
Pension Software PG I	50,000.00	50,000.00	0.00%
Pension Software PG IV	620,000.00	650,000.00	-4.62%
Total Pension Software	670,000.00	700,000.00	-4.29%
Pension Software Oversight	0.00	60,000.00	-100.00%
<b>Total Professional Fees</b>	<b>1,462,300.00</b>	<b>1,275,100.00</b>	<b>14.68%</b>
<b>Total Operating Expenses</b>	<b>4,922,157.00</b>	<b>4,680,163.00</b>	<b>5.17%</b>
<b>Monthly Pension Retiree Payroll</b>			
Retirees Monthly Annuity	56,000,000.00	53,000,000.00	5.66%
Medical Ins.	3,700,000.00	3,900,000.00	-5.13%
Dental Ins	466,000.00	425,000.00	9.65%
Vision Ins.	47,000.00	43,000.00	9.30%
Retiree W/H Tax Payable	7,750,000.00	7,500,000.00	3.33%
State Tax	0.00	60,000.00	-100.00%
Benevolent Fund	59,000.00	50,000.00	18.00%
Misc.	20,000.00	20,000.00	0.00%
PAC Dues	9,200.00	8,200.00	12.20%
Union Dues	25,000.00	25,000.00	0.00%
Museum	0.00	72.00	-100.00%
<b>Total Monthly Pension Retiree Payroll</b>	<b>68,076,200.00</b>	<b>65,031,272.00</b>	<b>4.68%</b>
<b>Pension Lump Sum</b>			
Contribution Refunds	1,000,000.00	1,000,000.00	0.00%
DROP Distributions	30,000,000.00	23,000,000.00	30.43%
<b>Total Pension Lump Sum</b>	<b>31,000,000.00</b>	<b>24,000,000.00</b>	<b>29.17%</b>
<b>Total Expense</b>	<b>103,998,357.00</b>	<b>93,711,435.00</b>	<b>10.98%</b>

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CONFIDENTIAL INFORMATION

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## 2025 Board Meeting Dates

Pending availability of Austin City Hall Board and Comissions Room

<b>JANUARY</b>	Friday, January 24 at 8:30am
<b>FEBRUARY</b>	Friday, February 28 at 9:00am
<b>MARCH</b>	Monday, March 24 at 9:00am
<b>APRIL</b>	Monday, April 28 at 9:00am
<b>MAY</b>	Friday, May 30 at 9:00am
<b>JUNE</b>	Friday, June 27 at 9:00am
<b>JULY</b>	Monday, July 28 at 9:00am
<b>AUGUST</b>	Friday, August 22 at 9:00am
<b>SEPTEMBER</b>	Monday, September 29 at 9:00am
<b>OCTOBER</b>	Monday, October 27 at 9:00am
<b>NOVEMBER</b>	Friday, November 21 at 9:00am
<b>DECEMBER</b>	Monday, December 15 at 9:00am

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**Austin Firefighters Retirement Fund**  
**Operating Budget**  
**Fiscal Year 2024**

	Approved Budget	Jan - Oct Expensed	Remaining Budget	Percent Expended
<b>Administrative Expenses</b>				
Salaries and Benefits				
Salary - Executive Director	200,000.00	204,000.00	(4,000.00)	102.00%
Salary - Staff	486,500.00	404,000.02	82,499.98	83.04%
Health Insurance	127,310.00	105,931.86	21,378.14	83.21%
Health Insurance - Retired Staff	9,900.00	1,344.00	8,556.00	13.58%
Payroll Taxes	52,920.00	44,512.11	8,407.89	84.11%
SEP Contribution	165,375.00	148,625.03	16,749.97	89.87%
<b>Subtotal</b>	<b>1,042,005.00</b>	<b>908,413.02</b>	<b>133,591.98</b>	<b>87.18%</b>
SS Retiree Payroll Process Fees	34,000.00	25,022.37	8,977.63	73.60%
Building	9,783.00	6,374.22	3,408.78	65.16%
Utilities	6,525.00	5,241.38	1,283.62	80.33%
Office Expenses	18,450.00	17,681.44	768.56	95.83%
Computer and Software	33,200.00	25,847.23	7,352.77	77.85%
Insurance	41,500.00	23,812.00	17,688.00	57.38%
Travel	23,500.00	12,516.22	10,983.78	53.26%
Operational Cost	23,300.00	21,921.52	1,378.48	94.08%
<b>Investment Expenses</b>				
Financial Consulting Fee	218,000.00	181,784.44	36,215.56	83.39%
Investment Management Fees	1,800,000.00	1,621,747.37	178,252.63	90.10%
Bank Custodian Services	110,000.00	116,874.01	(6,874.01)	106.25%
<b>Professional Services Expenses</b>				
Accounting	25,000.00	23,000.00	2,000.00	92.00%
Actuarial Fees				
Actuarial Valuation	45,100.00	47,100.00	(2,000.00)	104.43%
COLA & Additional Travel	14,000.00	1,942.23	12,057.77	13.87%
Experience Study	23,000.00	23,000.00	-	100.00%
Pension Funding Research	70,000.00	237,126.50	(167,126.50)	338.75%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	-	100.00%
Legal Fees				
Administrative	108,000.00	90,000.00	18,000.00	83.33%
Board Meeting	18,000.00	15,000.00	3,000.00	83.33%
Investment Review	40,000.00	69,724.40	(29,724.40)	174.31%
Summary Plan Descr, Records Retention & Forms	20,000.00	16,824.00	3,176.00	84.12%
Pension Funding Research/Legislation (2024/2025)	75,000.00	79,121.00	(4,121.00)	105.49%
Legislative Consulting	24,000.00	20,000.00	4,000.00	83.33%
Medical Disability Review	3,000.00	5,345.96	(2,345.96)	178.20%
Pension Software	700,000.00	483,213.16	216,786.84	69.03%
Pension Software Oversight	60,000.00	2,728.13	57,271.87	4.55%
<b>Total Expenses</b>	<b>\$ 4,635,363.00</b>	<b>\$ 4,131,360.60</b>	<b>\$ 504,002.40</b>	<b>89.13%</b>

**Austin Firefighters Retirement Fund**  
**Contributions and Deductions (Unaudited)**  
**as of October 31, 2024**

**Additions**

**Contributions**

City of Austin Contribution (22.05%)	21,846,380.21
Fire Fighter Contribution (18.7%)	18,527,315.64
Interest -Bank	372,660.39
Commission Recapture	15,391.93
Class Action Proceeds	602.24
Securities Litigation Recovery	10,779.37

<b>Total Contributions</b>	<b><u>\$ 40,773,129.78</u></b>
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**Deductions**

**Pension Retiree Payroll Expenses**

Retirees Monthly Annuity	45,376,142.99
Medical Ins.	2,967,178.59
Dental Ins	380,379.45
Vision Ins.	38,091.08
Retiree W/H Tax Payable	6,431,200.72
State Tax	56,118.20
Benevolent Fund	58,750.00
Union Dues	20,497.74
Misc.	16,499.40
PAC Dues	7,655.00
Museum	60.00

<b>Total Retiree Payroll Expenses</b>	<b><u>\$ 55,352,573.17</u></b>
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**Pension Lump Sum Expenses**

Contribution Refunds	190,616.57
DROP Distributions	25,514,707.82

<b>Total Pension Lump Sum Expenses</b>	<b><u>\$ 25,705,324.39</u></b>
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Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through October 2024

	Total		
	Jan - Oct	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
City of Austin Contrib (22.05%)	21,846,380.21	25,700,000.00	85.01%
Commission Recapture	15,391.93	5,000.00	307.84%
Fire Fighter Contrib (18.7%)	18,527,315.64	21,800,000.00	84.99%
Securities Litigation Recovery	10,779.37		
<b>Other Income</b>			
Class Action Proceeds	602.24	5,000.00	12.04%
Interest - Frost Bank	1,993.44		
Interest - State Street	362,409.27	250,000.00	144.96%
Interest - Sunflower Bank	3,216.56	4,000.00	80.41%
Securities Lending - State St.	5,041.12	9,000.00	56.01%
<b>Total Income</b>	<b>40,773,129.78</b>	<b>47,773,000.00</b>	<b>85.35%</b>
<b>Operating Expenses</b>			
<b>Administrative Expenses</b>			
<b>Payroll Expenses</b>			
Payroll Expenses - Other	608,000.02	686,500.00	88.57%
Health Insurance - Staff	105,931.86	127,310.00	83.21%
Health Insurance - Retired Staff	1,344.00	9,900.00	13.58%
Taxes	44,512.11	52,920.00	84.11%
SEP Contribution	148,625.03	165,375.00	89.87%
<b>Total Payroll Expenses</b>	<b>908,413.02</b>	<b>1,042,005.00</b>	<b>87.18%</b>
<b>SS Retiree Payroll Process Fees</b>	<b>25,022.37</b>	<b>34,000.00</b>	<b>73.60%</b>
<b>Building Expenses</b>			
Assessment toward 2019 Project	1,568.60	1,883.00	83.30%
Building Maintenance/Improvement		2,500.00	0.00%
Condo Association Dues	4,805.62	5,400.00	88.99%
Utilities			
Electric	1,698.28	2,000.00	84.91%
HVAC Program	0.00	50.00	0.00%
Internet & Cable & Telephone	2,979.94	3,500.00	85.14%
Water, Waste, Drainage	563.16	975.00	57.76%
Total Utilities	5,241.38	6,525.00	80.33%
<b>Total Building Expenses</b>	<b>11,615.60</b>	<b>16,308.00</b>	<b>71.23%</b>
<b>Office Expenses</b>			
Furniture (FFE)	5,235.26	2,000.00	261.76%
Meeting Refreshments	976.57	1,600.00	61.04%
Notary Services		250.00	0.00%
Office Maintenance	2,570.00	3,100.00	82.90%

Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through October 2024

	Total		
	Jan - Oct	Budget	% of Budget
Office Supplies (Office supplies expense)	937.92	2,500.00	37.52%
Postage and Delivery	4,629.25	5,000.00	92.59%
Printing and Reproduction	3,332.44	4,000.00	83.31%
<b>Total Office Expenses</b>	<b>17,681.44</b>	<b>18,450.00</b>	<b>95.83%</b>
<b>Computer and Internet Expenses</b>			
Hosting & Other Expenses	1,863.77	3,000.00	62.13%
Laptop/Computer	2,601.45	3,000.00	86.72%
Software/IT Services	21,382.01	27,200.00	78.61%
<b>Total Computer and Internet Expenses</b>	<b>25,847.23</b>	<b>33,200.00</b>	<b>77.85%</b>
<b>Insurance Expense</b>			
Board & Directors Liability Ins	23,678.00	28,500.00	83.08%
Commercial	0.00	2,000.00	0.00%
Cybersecurity Ins.	0.00	10,000.00	0.00%
Workers Comp Ins. (Workers Comp)	134.00	1,000.00	13.40%
<b>Total Insurance Expense</b>	<b>23,812.00</b>	<b>41,500.00</b>	<b>57.38%</b>
<b>Travel Expense</b>			
Lodging/Transportation/Per Diem	8,866.22	16,000.00	55.41%
Registration fees	3,650.00	7,500.00	48.67%
<b>Total Travel Expense</b>	<b>12,516.22</b>	<b>23,500.00</b>	<b>53.26%</b>
<b>Operational Cost</b>			
Association Fees (TXPERS /NCEPRS)	9,010.00	9,100.00	99.01%
Election Services	2,635.88	4,000.00	65.90%
Death Verification Services	4,131.00	4,200.00	98.36%
Operational Cost - Other	6,144.64	6,000.00	102.41%
<b>Total Operational Cost</b>	<b>21,921.52</b>	<b>23,300.00</b>	<b>94.08%</b>
<b>Investment Expenses</b>			
Bank Custodian Services	116,874.01	110,000.00	106.25%
Financial Consulting Fee	181,784.44	218,000.00	83.39%
Investment Management Fees	1,621,747.37	1,800,000.00	90.10%
<b>Total Investment Expenses</b>	<b>1,920,405.82</b>	<b>2,128,000.00</b>	<b>90.24%</b>
<b>Professional Fees</b>			
Audit	23,000.00	25,000.00	92.00%
Actuarial Fees			
Actuarial Valuation	47,100.00	45,100.00	104.43%
COLA & Additional Travel	1,942.23	14,000.00	13.87%
Experience Study	23,000.00	23,000.00	100.00%

Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through October 2024

	Total		
	Jan - Oct	Budget	% of Budget
Pension Funding Research	237,126.50	70,000.00	338.75%
Total Actuarial Fees	309,168.73	152,100.00	203.27%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	100.00%
Legal Fees			
Administrative	90,000.00	108,000.00	83.33%
Board Meeting	15,000.00	18,000.00	83.33%
Investment Review	69,724.40	40,000.00	174.31%
Summary Plan Descr, Records Retention & Forms	16,824.00	20,000.00	84.12%
Pension Funding Research/Legislation (2024/2025)	79,121.00	75,000.00	105.49%
Total Legal Fees	270,669.40	261,000.00	103.70%
Legislative Consulting	20,000.00	24,000.00	83.33%
Medical Disability Review	5,345.96	3,000.00	178.20%
Pension Software			
Pension Software PG I	27,163.87	50,000.00	54.33%
Pension Software PG IV	456,049.29	650,000.00	70.16%
Total Pension Software	483,213.16	700,000.00	69.03%
Pension Software Oversight	2,728.13	60,000.00	4.55%
<b>Total Professional Fees</b>	<b>1,164,125.38</b>	<b>1,275,100.00</b>	<b>91.30%</b>
<b>Total Operating Expenses</b>	<b>4,131,360.60</b>	<b>4,635,363.00</b>	<b>89.13%</b>
<b>Monthly Pension Retiree Payroll</b>			
Retirees Monthly Annuity	45,376,142.99	53,000,000.00	85.62%
Medical Ins.	2,967,178.59	3,900,000.00	76.08%
Dental Ins	380,379.45	425,000.00	89.50%
Vision Ins.	38,091.08	43,000.00	88.58%
Retiree W/H Tax Payable	6,431,200.72	7,500,000.00	85.75%
State Tax	56,118.20	60,000.00	93.53%
Benevolent Fund	58,750.00	50,000.00	117.50%
Misc.	16,499.40	20,000.00	82.50%
PAC Dues	7,655.00	8,200.00	93.35%
Union Dues	20,497.74	25,000.00	81.99%
Museum	60.00	72.00	83.33%
<b>Total Monthly Pension Retiree Payroll</b>	<b>55,352,573.17</b>	<b>65,031,272.00</b>	<b>85.12%</b>
<b>Pension Lump Sum</b>			
Contribution Refunds	190,616.57	1,000,000.00	19.06%
DROP Distributions	25,514,707.82	23,000,000.00	110.93%
<b>Total Pension Lump Sum</b>	<b>25,705,324.39</b>	<b>24,000,000.00</b>	<b>107.11%</b>
<b>Total Expense</b>	<b>85,189,258.16</b>	<b>93,666,635.00</b>	<b>90.95%</b>

**Austin Firefighters Retirement Fund**  
**Assets & Liabilities Report (Unaudited)**  
**as of October 31, 2024**

**Assets**

Checking/Savings	
Frost Bank - Benefits	234,731.90
Frost Bank - Operating	29,926.39
Sunflower Bank - Operating	-
Sunflower Bank - Benefits	-
State Street T009-Cash Agg	4,564,676.93
Total Checking/Savings	<u>4,829,335.22</u>
Investments, at fair value	
Domestic Equities	270,679,340.84
Fixed Income Securities	344,440,756.13
International Equities	257,260,098.31
Real Asset	29,528,492.75
Private Equity	180,261,356.54
Real Estate	85,585,835.99
Total Investments	<u>1,167,755,880.56</u>
<b>Total Assets</b>	<b><u>\$ 1,172,585,215.78</u></b>

**Liabilities**

Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	225.00
Investment Liabilities	73,276.01
Professional Liabilities	29,308.00
Long Term Liabilities	
DROP (Guaranteed 5%)	159,342,929.03
% of Total Assets	13.59%
<b>Total Liabilities</b>	<b><u>\$ 159,451,344.90</u></b>

# Austin Firefighters Retirement Fund

## Balance Sheet

As of October 31, 2024

	October
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Frost Bank - Benefits	234,731.90
Frost Bank - Operating	29,926.39
State Street T009-Cash Agg	4,564,676.93
Sunflower Bank - Benefits	0.00
Sunflower Bank - Operating	0.00
<b>Total Checking/Savings</b>	4,829,335.22
<b>Other Current Assets</b>	
<b>Investments</b>	
<b>DEQ</b>	
SSgA S&P 500 Flagship Fund	127,664,047.56
VAUGHAN NELSON	61,806,374.81
Westfield Capital Management	67,457,700.82
Westwood Capital	13,751,217.65
<b>Total DEQ</b>	270,679,340.84
<b>FI</b>	
ABERDEEN	65,199,510.18
Loomis Sayles Core Plus Bond	47,316,014.39
Pacific Asset Management	24,315,290.00
Pyramis Tactical Bond (Fidelity)	27,318,667.42
SSgA Bond Fund	121,860,745.60
SSGA TIPS	58,430,528.54
<b>Total FI</b>	344,440,756.13
<b>IEQ</b>	
Baillie Gifford	36,663,376.50
DFA Emerging Markets	28,915,843.46
Highclere	30,690,826.36
SSgA MSCI EAFE Fund	126,085,684.77
TT International	34,904,367.22
<b>Total IEQ</b>	257,260,098.31
<b>NR</b>	
Aether Real Assets II	2,023,959.48
Aether Real Assets III	8,900,887.84
Aether Real Assets IV	9,480,742.66
Aether Real Assets V	9,122,902.77
<b>Total NR</b>	29,528,492.75
<b>PE</b>	
57 Stars Global Opportunity	5,959,436.04
Arcmont (Bluebay)Direct Lending	1,768,506.51
Constitution Ironsides Fund VII (50/50)	1,770,085.43
Constitution Ironsides III	1,586,503.00
Cross Creek Capital Partners II	9,570,760.15
Cross Creek Capital Parts III	9,913,012.23
Deutsche Bank SOF III	1,821,287.63
Dover Street X	35,624,813.00

# Austin Firefighters Retirement Fund

## Balance Sheet

As of October 31, 2024

Greenspring Global Partners V	6,560,234.00
GREENSPRING VI	10,656,511.97
Harbourvest 2013 Direct	3,009,003.96
HarbourVest Coinvestment 4	7,741,161.96
HighVista Flag V	3,666,882.35
HighVista Flag VI	10,798,257.44
LGT C Europe Small Buyouts 3	2,751,765.87
LGT Crown Asia 2	6,553,683.03
LGT Crown Global Secondaries 2	93,663.00
LGT Crown Global VI	33,616,503.03
LGT Global Secondaries III	1,775,949.00
Partners Group EM 2015	7,579,791.97
Partners Group US Dist PE 2009	183,257.04
Private Advisors Co-Inv FundIII	742,640.00
Private Equity Investors V	1,333,717.51
SVB Strategic Investors Fund IX	15,183,930.42
Total PE	180,261,356.54
RE	
Clarion Partners	64,399,594.01
Crow Holdings Realty Partners X	4,661,657.69
Partners Group Distressed '09	26,072.98
Partners Group RE Second 2011	525,285.79
Partners Group RE Second 2017	11,153,873.61
Portfolio Advisors Fund 5	4,819,351.91
Total RE	85,585,835.99
Total Investments	1,167,755,880.56
Total Other Current Assets	1,167,755,880.56
Total Current Assets	1,172,585,215.78
<b>TOTAL ASSETS</b>	<b>1,172,585,215.78</b>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	225.00
Investment Liabilities	73,276.01
Professional Liabilities	29,308.00
Total Other Current Liabilities	108,415.87
Total Current Liabilities	108,415.87
Long Term Liabilities	
DROP (Guaranteed 5%)	159,342,929.03
% of Total Assets	13.59%
Total Long Term Liabilities	159,342,929.03
Total Liabilities	159,451,344.90

# Austin Firefighters Retirement Fund

## General Ledger

### October 2024

Date	Name	Memo/Description	Split	Amount	Balance
<b>Frost Bank - Benefits</b>					
	Beginning Balance				\$ 1,831,795.94
10/01/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-275,000.00	1,556,795.94
10/02/2024	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,300,000.00	256,795.94
10/11/2024	City of Austin	City and Member's Contributions	-Split-	1,821,778.41	2,078,574.35
10/15/2024	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,850,000.00	228,574.35
10/21/2024	City of Austin	Reimbursement for Schedule of Pension	Professional Fees:Accounting:Audit	4,802.00	233,376.35
10/24/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-200,000.00	33,376.35
10/25/2024	City of Austin	City and Member's Contributions	-Split-	1,949,507.74	1,982,884.09
10/30/2024	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,750,000.00	232,884.09
10/31/2024	Frost Bank	Interest Oct 2024	Interest:Interest - Frost Bank	1,847.81	234,731.90
<b>Total for Frost Bank - Benefits</b>				<b>-\$ 1,597,064.04</b>	<b>\$ 234,731.90</b>

#### Frost Bank - Operating

	Beginning Balance				\$ 10,000.00
10/01/2024	Jani-King of Austin	Oct 2024	Office Expenses:Office Maintenance	-257.00	9,743.00
10/01/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	275,000.00	284,743.00
10/02/2024	Levi Ray & Shoup	PG IV Implementation- Payment #7	Professional Fees:Pension Software PG IV	-152,016.43	132,726.57
10/03/2024	American Express	Sep 2024	-Split-	-4,022.13	128,704.44
10/07/2024	Austin FF Relief & Retirement Fund	Deposit: Virtu Americas	Commission Recapture	2,016.13	130,720.57
10/08/2024	Schlueter Group	Legislative Consulting	Professional Fees:Legislative Consulting	-4,000.00	126,720.57
10/08/2024	Austin FF Relief & Retirement Fund	L. Adney Health Insurance Payment Oct	Payroll Expenses:Health Insurance - Retired Staff	218.90	126,939.47
10/08/2024	Austin FF Relief & Retirement Fund	L. Adney Reimbursement Payment Oct	Payroll Expenses:Health Insurance - Retired Staff	125.00	127,064.47
10/08/2024	Austin FF Relief & Retirement Fund	Union Reimbursement for Legislative Co	Professional Fees:Legislative Consulting	2,000.00	129,064.47
10/10/2024	Montemayor Britton Bender	Final Bill, Schedule of Pension Amounts	Professional Fees:Accounting:Audit	-4,802.00	124,262.47
10/11/2024	Pension Benefit Information, LLC	Research Center Credits	Operational Cost:Death Verification Services	-25.00	124,237.47
10/11/2024	TASC (FSA Health Care)	FSA Oct 2024	Payroll Liabilities:Flextra Health	-200.00	124,037.47

10/11/2024	Jackson Walker	Administrative Sep 2024	Professional Fees:Legal Fees:Administrative	-9,000.00	115,037.47
10/11/2024	ASANA Enterprise	Annual Subscription	Computer and Internet Expenses:Software/IT Services	-2,999.40	112,038.07
10/11/2024	Jackson Walker	Board Meeting Sep 2024	Professional Fees:Legal Fees:Board Meeting	-1,500.00	110,538.07
10/11/2024	City of Austin	Health Insurance Oct 2024	-Split-	-10,720.56	99,817.51
10/11/2024	City of Austin	Health Insurance Retired Staff Oct 2024	Payroll Expenses:Health Insurance - Retired Staff	-478.30	99,339.21
10/16/2024	Xerox	Sep 2024	Operational Cost	-25.00	99,314.21
10/16/2024	Levi Ray & Shoup	New Disclosure on Membership Record	Professional Fees:Pension Software PG I	-155.00	99,159.21
10/16/2024	Austin FF Relief & Retirement Fund	Wire Transfer to Frost Operating Accoun	Sunflower Bank - Operating	96,500.00	195,659.21
10/17/2024	Frost Bank	Bank Service Charges Sep 2024	Operational Cost:Bank Service Charges	-199.74	195,459.47
10/22/2024	Yes Elections	Trustee Election	-Split-	-5,057.32	190,402.15
10/22/2024	Amy L. Thibaudeau	LRS PG Conference Expense Claim Reii	Travel Expense:Lodging/Transportation/Per Diem	-76.14	190,326.01
10/23/2024	Xerox	Xerox Altalink Copier	Office Expenses:Furniture	-5,100.00	185,226.01
10/24/2024	Westfield Capital Management	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-155,175.22	30,050.79
10/24/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	200,000.00	230,050.79
10/24/2024	Levi Ray & Shoup	New Disclosure on Membership Record	Professional Fees:Pension Software PG I	-155.00	229,895.79
10/24/2024	Cheiron	Services for responding to the GovInvest	Professional Fees:Actuarial Fees:Actuarial Valuation	-2,000.00	227,895.79
10/24/2024	Jackson Walker	Legislative Matters Sep 2024	Professional Fees:Legal Fees:Pension Funding Researc	-12,513.00	215,382.79
10/24/2024	Meketa Investments	Sep 2024	Fees:Financial Consulting Fee	-18,808.00	196,574.79
10/24/2024	Westwood Holdings Group	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-17,206.18	179,368.61
10/24/2024	Fidelity Institutional Asset Managemen	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-22,029.51	157,339.10
10/24/2024	Loomis Sayles Co.	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-35,144.19	122,194.91
10/29/2024	Fidelity	SEP Oct 2024	Payroll Expenses:SEP Contribution	-15,079.17	107,115.74
10/29/2024	Payroll	Pay Period: 10/01/2024-10/31/2024	Direct Deposit Payable	-53,608.41	53,507.33
10/29/2024	Parkstone Office Condominium Com	Oct 2024	-Split-	-908.42	52,598.91
10/30/2024	Aaron Woolverton	NCPERS Conference Expense Claim Re	Travel Expense:Lodging/Transportation/Per Diem	-1,860.48	50,738.43
10/30/2024	Austin FF Relief & Retirement Fund	Deposit from Sunflower Operating Accou	Sunflower Bank - Operating	556.57	51,295.00
10/30/2024	Payroll	Tax Payment for Period: 10/01/2024-10/	Payroll Liabilities:Federal Taxes (941/943/944)	-18,242.12	33,052.88
10/31/2024	American Express	Oct 2024	-Split-	-3,126.49	29,926.39

<b>Total for Frost Bank - Operating</b>	<b>-\$ 33,682.02</b>	<b>\$ 29,926.39</b>
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**Sunflower Bank - Benefits**

Beginning Balance	\$ 86,270.08
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10/16/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Sunflower Bank - Operating	-86,270.08	0.00
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**Total for Sunflower Bank - Benefits** -\$ 86,270.08 \$ -

**Sunflower Bank - Operating**

Beginning Balance \$ 11,195.13

10/15/2024	Sunflower Bank	Bank Service Charges Sep 2024	Operational Cost:Bank Service Charges	-408.64	10,786.49
10/16/2024	Austin FF Relief & Retirement Fund	Wire Transfer to Frost Operating Accoun	Frost Bank - Operating	-96,500.00	-85,713.51
10/16/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Sunflower Bank - Benefits	86,270.08	556.57
10/30/2024	Austin FF Relief & Retirement Fund	Deposit from Sunflower Operating Accou	Frost Bank - Operating	-556.57	0.00

**Total for Sunflower Bank - Operating** \$ 42,413.28 \$ -

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**Austin Firefighters Retirement Fund**  
**Operating Budget**  
**Fiscal Year 2024**

	Approved Budget	Jan - Nov Expensed	Remaining Budget	Percent Expended
<b>Administrative Expenses</b>				
Salaries and Benefits				
Salary - Executive Director	200,000.00	224,400.00	(24,400.00)	112.20%
Salary - Staff	486,500.00	443,916.69	42,583.31	91.25%
Health Insurance	127,310.00	116,440.18	10,869.82	91.46%
Health Insurance - Retired Staff	9,900.00	1,478.40	8,421.60	14.93%
Payroll Taxes	52,920.00	47,846.26	5,073.74	90.41%
SEP Contribution	165,375.00	163,704.20	1,670.80	98.99%
<b>Subtotal</b>	<b>1,042,005.00</b>	<b>997,785.73</b>	<b>44,219.27</b>	<b>95.76%</b>
SS Retiree Payroll Process Fees	34,000.00	33,431.15	568.85	98.33%
Building	9,783.00	7,015.92	2,767.08	71.72%
Utilities	6,525.00	5,455.23	1,069.77	83.61%
Office Expenses	18,450.00	18,292.86	157.14	99.15%
Computer and Software	33,200.00	25,882.23	7,317.77	77.96%
Insurance	41,500.00	23,812.00	17,688.00	57.38%
Travel	23,500.00	12,622.07	10,877.93	53.71%
Operational Cost	23,300.00	22,063.83	1,236.17	94.69%
<b>Investment Expenses</b>				
Financial Consulting Fee	218,000.00	200,592.44	17,407.56	92.01%
Investment Management Fees	1,800,000.00	1,695,023.38	104,976.62	94.17%
Bank Custodian Services	110,000.00	116,874.01	(6,874.01)	106.25%
<b>Professional Services Expenses</b>				
Accounting	25,000.00	23,000.00	2,000.00	92.00%
Actuarial Fees				
Actuarial Valuation	45,100.00	45,100.00	-	100.00%
COLA & Additional Travel	14,000.00	1,942.23	12,057.77	13.87%
Experience Study	23,000.00	23,000.00	-	100.00%
Pension Funding Research	70,000.00	274,046.50	(204,046.50)	391.50%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	-	100.00%
Legal Fees				
Administrative	108,000.00	99,000.00	9,000.00	91.67%
Board Meeting	18,000.00	16,500.00	1,500.00	91.67%
Investment Review	40,000.00	69,724.40	(29,724.40)	174.31%
Summary Plan Descr, Records Retention & Forms	20,000.00	16,824.00	3,176.00	84.12%
Pension Funding Research/Legislation (2024/2025)	75,000.00	96,825.00	(21,825.00)	129.10%
Legislative Consulting	24,000.00	22,000.00	2,000.00	91.67%
Medical Disability Review	3,000.00	5,345.96	(2,345.96)	178.20%
Pension Software	700,000.00	483,833.16	216,166.84	69.12%
Pension Software Oversight	60,000.00	2,728.13	57,271.87	4.55%
<b>Total Expenses</b>	<b>\$ 4,635,363.00</b>	<b>\$ 4,388,720.23</b>	<b>\$ 246,642.77</b>	<b>94.68%</b>

**Austin Firefighters Retirement Fund**  
**Contributions and Deductions (Unaudited)**  
**as of November 30, 2024**

**Additions**

**Contributions**

City of Austin Contribution (22.05%)	23,923,797.40
Fire Fighter Contribution (18.7%)	20,289,116.16
Interest -Bank	394,130.86
Commission Recapture	15,391.93
Class Action Proceeds	602.24
Securities Litigation Recovery	10,779.37

<b>Total Contributions</b>	<b><u>\$ 44,633,817.96</u></b>
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**Deductions**

**Pension Retiree Payroll Expenses**

Retirees Monthly Annuity	50,003,999.31
Medical Ins.	3,265,283.05
Dental Ins	419,125.69
Vision Ins.	41,978.26
Retiree W/H Tax Payable	7,081,522.59
State Tax	62,094.62
Benevolent Fund	59,000.00
Union Dues	22,547.58
Misc.	18,149.34
PAC Dues	8,408.00
Museum	66.00

<b>Total Retiree Payroll Expenses</b>	<b><u>\$ 60,982,174.44</u></b>
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**Pension Lump Sum Expenses**

Contribution Refunds	247,779.25
DROP Distributions	27,719,202.54

<b>Total Pension Lump Sum Expenses</b>	<b><u>\$ 27,966,981.79</u></b>
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Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through November 2024

	Total		
	Jan - Nov	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
City of Austin Contrib (22.05%)	23,923,797.40	25,700,000.00	93.09%
Commission Recapture	15,391.93	5,000.00	307.84%
Fire Fighter Contrib (18.7%)	20,289,116.16	21,800,000.00	93.07%
Securities Litigation Recovery	10,779.37		
<b>Other Income</b>			
Class Action Proceeds	602.24	5,000.00	12.04%
Interest - Frost Bank	3,223.51		
Interest - State Street	381,510.67	250,000.00	152.60%
Interest - Sunflower Bank	3,216.56	4,000.00	80.41%
Securities Lending - State St.	6,180.12	9,000.00	68.67%
<b>Total Income</b>	<b>44,633,817.96</b>	<b>47,773,000.00</b>	<b>93.43%</b>
<b>Operating Expenses</b>			
<b>Administrative Expenses</b>			
<b>Payroll Expenses</b>			
Payroll Expenses - Other	668,316.69	686,500.00	97.35%
Health Insurance - Staff	116,440.18	127,310.00	91.46%
Health Insurance - Retired Staff	1,478.40	9,900.00	14.93%
Taxes	47,846.26	52,920.00	90.41%
SEP Contribution	163,704.20	165,375.00	98.99%
<b>Total Payroll Expenses</b>	<b>997,785.73</b>	<b>1,042,005.00</b>	<b>95.76%</b>
<b>SS Retiree Payroll Process Fees</b>	<b>33,431.15</b>	<b>34,000.00</b>	<b>98.33%</b>
<b>Building Expenses</b>			
Assessment toward 2019 Project	1,725.46	1,883.00	91.63%
Building Maintenance/Improvement		2,500.00	0.00%
Condo Association Dues	5,290.46	5,400.00	97.97%
Utilities			
Electric	1,836.95	2,000.00	91.85%
HVAC Program	0.00	50.00	0.00%
Internet & Cable & Telephone	2,979.94	3,500.00	85.14%
Water, Waste, Drainage	638.34	975.00	65.47%
Total Utilities	5,455.23	6,525.00	83.61%
<b>Total Building Expenses</b>	<b>12,471.15</b>	<b>16,308.00</b>	<b>76.47%</b>
<b>Office Expenses</b>			
Furniture (FFE)	5,235.26	2,000.00	261.76%
Meeting Refreshments	976.57	1,600.00	61.04%
Notary Services		250.00	0.00%
Office Maintenance	3,084.00	3,100.00	99.48%

Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through November 2024

	Total		
	Jan - Nov	Budget	% of Budget
Office Supplies (Office supplies expense)	1,035.34	2,500.00	41.41%
Postage and Delivery	4,629.25	5,000.00	92.59%
Printing and Reproduction	3,332.44	4,000.00	83.31%
<b>Total Office Expenses</b>	<b>18,292.86</b>	<b>18,450.00</b>	<b>99.15%</b>
<b>Computer and Internet Expenses</b>			
Hosting & Other Expenses	1,898.77	3,000.00	63.29%
Laptop/Computer	2,601.45	3,000.00	86.72%
Software/IT Services	21,382.01	27,200.00	78.61%
<b>Total Computer and Internet Expenses</b>	<b>25,882.23</b>	<b>33,200.00</b>	<b>77.96%</b>
<b>Insurance Expense</b>			
Board & Directors Liability Ins	23,678.00	28,500.00	83.08%
Commercial	0.00	2,000.00	0.00%
Cybersecurity Ins.	0.00	10,000.00	0.00%
Workers Comp Ins. (Workers Comp)	134.00	1,000.00	13.40%
<b>Total Insurance Expense</b>	<b>23,812.00</b>	<b>41,500.00</b>	<b>57.38%</b>
<b>Travel Expense</b>			
Lodging/Transportation/Per Diem	8,972.07	16,000.00	56.08%
Registration fees	3,650.00	7,500.00	48.67%
<b>Total Travel Expense</b>	<b>12,622.07</b>	<b>23,500.00</b>	<b>53.71%</b>
<b>Operational Cost</b>			
Association Fees (TXPERS /NCEPRS)	9,010.00	9,100.00	99.01%
Election Services	2,635.88	4,000.00	65.90%
Death Verification Services	4,131.00	4,200.00	98.36%
Operational Cost - Other	6,286.95	6,000.00	104.78%
<b>Total Operational Cost</b>	<b>22,063.83</b>	<b>23,300.00</b>	<b>94.69%</b>
<b>Investment Expenses</b>			
Bank Custodian Services	116,874.01	110,000.00	106.25%
Financial Consulting Fee	200,592.44	218,000.00	92.01%
Investment Management Fees	1,695,023.38	1,800,000.00	94.17%
<b>Total Investment Expenses</b>	<b>2,012,489.83</b>	<b>2,128,000.00</b>	<b>94.57%</b>
<b>Professional Fees</b>			
Audit	23,000.00	25,000.00	92.00%
<b>Actuarial Fees</b>			
Actuarial Valuation	45,100.00	45,100.00	100.00%
COLA & Additional Travel	1,942.23	14,000.00	13.87%
Experience Study	23,000.00	23,000.00	100.00%

Austin Firefighters Retirement Fund  
Profit & Loss vs Actual  
January through November 2024

	Total		
	Jan - Nov	Budget	% of Budget
Pension Funding Research	274,046.50	70,000.00	391.50%
Total Actuarial Fees	344,088.73	152,100.00	226.23%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	100.00%
Legal Fees			
Administrative	99,000.00	108,000.00	91.67%
Board Meeting	16,500.00	18,000.00	91.67%
Investment Review	69,724.40	40,000.00	174.31%
Summary Plan Descr, Records Retention & Forms	16,824.00	20,000.00	84.12%
Pension Funding Research/Legislation (2024/2025)	96,825.00	75,000.00	129.10%
Total Legal Fees	298,873.40	261,000.00	114.51%
Legislative Consulting	22,000.00	24,000.00	91.67%
Medical Disability Review	5,345.96	3,000.00	178.20%
Pension Software			
Pension Software PG I	27,783.87	50,000.00	55.57%
Pension Software PG IV	456,049.29	650,000.00	70.16%
Total Pension Software	483,833.16	700,000.00	69.12%
Pension Software Oversight	2,728.13	60,000.00	4.55%
<b>Total Professional Fees</b>	<b>1,229,869.38</b>	<b>1,275,100.00</b>	<b>96.45%</b>
<b>Total Operating Expenses</b>	<b>4,388,720.23</b>	<b>4,635,363.00</b>	<b>94.68%</b>
<b>Monthly Pension Retiree Payroll</b>			
Retirees Monthly Annuity	50,003,999.31	53,000,000.00	94.35%
Medical Ins.	3,265,283.05	3,900,000.00	83.73%
Dental Ins	419,125.69	425,000.00	98.62%
Vision Ins.	41,978.26	43,000.00	97.62%
Retiree W/H Tax Payable	7,081,522.59	7,500,000.00	94.42%
State Tax	62,094.62	60,000.00	103.49%
Benevolent Fund	59,000.00	50,000.00	118.00%
Misc.	18,149.34	20,000.00	90.75%
PAC Dues	8,408.00	8,200.00	102.54%
Union Dues	22,547.58	25,000.00	90.19%
Museum	66.00	72.00	91.67%
<b>Total Monthly Pension Retiree Payroll</b>	<b>60,982,174.44</b>	<b>65,031,272.00</b>	<b>93.77%</b>
<b>Pension Lump Sum</b>			
Contribution Refunds	247,779.25	1,000,000.00	24.78%
DROP Distributions	27,719,202.54	23,000,000.00	120.52%
<b>Total Pension Lump Sum</b>	<b>27,966,981.79</b>	<b>24,000,000.00</b>	<b>116.53%</b>
<b>Total Expense</b>	<b>93,337,876.46</b>	<b>93,666,635.00</b>	<b>99.65%</b>

**Austin Firefighters Retirement Fund**  
**Assets & Liabilities Report (Unaudited)**  
**as of November 30, 2024**

**Assets**

Checking/Savings	
Frost Bank - Benefits	177,179.68
Frost Bank - Operating	20,876.76
Sunflower Bank - Operating	-
Sunflower Bank - Benefits	-
State Street T009-Cash Agg	3,136,358.49
Total Checking/Savings	<u>3,334,414.93</u>
Investments, at fair value	
Domestic Equities	292,000,278.17
Fixed Income Securities	348,069,280.19
International Equities	256,217,486.98
Real Asset	29,268,041.15
Private Equity	177,647,039.52
Real Estate	85,591,655.93
Total Investments	<u>1,188,793,781.94</u>
<b>Total Assets</b>	<b><u>\$ 1,192,128,196.87</u></b>

**Liabilities**

Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	6,898.82
Investment Liabilities	-
Professional Liabilities	35,375.50
Long Term Liabilities	
DROP (Guaranteed 5%)	158,753,944.47
% of Total Assets	13.32%
<b>Total Liabilities</b>	<b><u>\$ 158,801,825.65</u></b>



# Austin Firefighters Retirement Fund

## Balance Sheet

As of November 30, 2024

	November
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Frost Bank - Benefits	177,179.68
Frost Bank - Operating	20,876.76
State Street T009-Cash Agg	3,136,358.49
Sunflower Bank - Benefits	0.00
Sunflower Bank - Operating	0.00
<b>Total Checking/Savings</b>	3,334,414.93
<b>Other Current Assets</b>	
<b>Investments</b>	
<b>DEQ</b>	
SSgA S&P 500 Flagship Fund	135,157,301.06
VAUGHAN NELSON	67,892,380.91
Westfield Capital Management	74,394,729.93
Westwood Capital	14,555,866.27
<b>Total DEQ</b>	292,000,278.17
<b>FI</b>	
ABERDEEN	66,087,830.37
Loomis Sayles Core Plus Bond	47,816,418.77
Pacific Asset Management	24,477,017.00
Pyramis Tactical Bond (Fidelity)	27,654,842.46
SSgA Bond Fund	123,263,988.27
SSGA TIPS	58,769,183.32
<b>Total FI</b>	348,069,280.19
<b>IEQ</b>	
Baillie Gifford	37,320,372.07
DFA Emerging Markets	28,493,714.36
Highclere	30,464,359.88
SSgA MSCI EAFE Fund	125,397,746.31
TT International	34,541,294.36
<b>Total IEQ</b>	256,217,486.98
<b>NR</b>	
Aether Real Assets II	1,972,915.81
Aether Real Assets III	8,956,003.25
Aether Real Assets IV	9,255,270.02
Aether Real Assets V	9,083,852.07
<b>Total NR</b>	29,268,041.15
<b>PE</b>	
57 Stars Global Opportunity	5,959,436.04
Arcmont (Bluebay)Direct Lending	1,768,506.51
Constitution Ironsides Fund VII (50/50)	1,770,085.43
Constitution Ironsides III	1,586,503.00
Cross Creek Capital Partners II	9,570,760.15
Cross Creek Capital Parts III	9,698,149.07
Deutsche Bank SOF III	1,658,198.46
Dover Street X	36,307,631.43

# Austin Firefighters Retirement Fund

## Balance Sheet

As of November 30, 2024

Greenspring Global Partners V	6,560,234.00
GREENSPRING VI	10,656,511.97
Harbourvest 2013 Direct	2,990,548.03
HarbourVest Coinvestment 4	7,772,042.04
HighVista Flag V	3,666,882.35
HighVista Flag VI	10,115,962.32
LGT C Europe Small Buyouts 3	2,321,543.93
LGT Crown Asia 2	6,393,315.97
LGT Crown Global Secondaries 2	82,744.00
LGT Crown Global VI	32,519,527.95
LGT Global Secondaries III	1,768,776.00
Partners Group EM 2015	7,354,143.64
Partners Group US Dist PE 2009	70,502.71
Private Advisors Co-Inv FundIII	742,640.00
Private Equity Investors V	1,333,717.51
SVB Strategic Investors Fund IX	14,978,677.01
Total PE	177,647,039.52
RE	
Clarion Partners	64,399,594.01
Crow Holdings Realty Partners X	4,669,169.07
Partners Group Distressed '09	26,072.98
Partners Group RE Second 2011	525,285.79
Partners Group RE Second 2017	11,152,182.17
Portfolio Advisors Fund 5	4,819,351.91
Total RE	85,591,655.93
Total Investments	1,188,793,781.94
Total Other Current Assets	1,188,793,781.94
Total Current Assets	1,192,128,196.87
<b>TOTAL ASSETS</b>	<b>1,192,128,196.87</b>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	6,898.82
Investment Liabilities	0.00
Professional Liabilities	35,375.50
Total Other Current Liabilities	47,881.18
Total Current Liabilities	47,881.18
Long Term Liabilities	
DROP (Guaranteed 5%)	158,753,944.47
% of Total Assets	13.32%
Total Long Term Liabilities	158,753,944.47
Total Liabilities	158,801,825.65

# Austin Firefighters Retirement Fund

## General Ledger

### November 2024

Date	Name	Memo/Description	Split	Amount	Balance
<b>Frost Bank - Benefits</b>					
	Beginning Balance				\$ 234,731.90
11/08/2024	City of Austin	City and Member's Contributions	-Split-	1,893,822.41	2,128,554.31
11/14/2024	Austin FF Relief & Retirement F	Transfer to State Street	State Street T009-Cash Agg	-1,700,000.00	428,554.31
11/14/2024	Austin FF Relief & Retirement F	Transfer to Operating	Frost Bank - Operating	-200,000.00	228,554.31
11/22/2024	City of Austin	Reimbursement: Services for Responding to GovInve	Professional Fees:Actuarial Fees:Actuarial Valuation	2,000.00	230,554.31
11/22/2024	Austin FF Relief & Retirement F	Transfer to State Street	State Street T009-Cash Agg	-1,950,000.00	-1,719,445.69
11/22/2024	City of Austin	City and Member's Contributions	-Split-	1,945,395.30	225,949.61
11/25/2024	Austin FF Relief & Retirement F	Transfer to Operating	Frost Bank - Operating	-50,000.00	175,949.61
11/29/2024	Frost Bank	Interest Nov 2024	Interest:Interest - Frost Bank	1,230.07	177,179.68
<b>Total for Frost Bank - Benefits</b>				<b>-\$ 57,552.22</b>	<b>\$ 177,179.68</b>

<b>Frost Bank - Operating</b>					
	Beginning Balance				\$ 29,926.39
11/05/2024	Austin FF Relief & Retirement F	Union Reimbursement for Legislative Consulting	Professional Fees:Legislative Consulting	2,000.00	31,926.39
11/06/2024	Austin FF Relief & Retirement F	Refund: Bank Service Charges Sep 2024	Operational Cost:Bank Service Charges	199.74	32,126.13
11/07/2024	Xerox	Oct 2024	Operational Cost	-25.00	32,101.13
11/07/2024	City of Austin	Health Insurance Nov 2024	-Split-	-10,720.56	21,380.57
11/07/2024	TASC (FSA Health Care)	FSA Nov 2024	Payroll Liabilities:Flextra Health	-200.00	21,180.57
11/07/2024	City of Austin	Health Insurance Retired Staff Nov 2024	Payroll Expenses:Health Insurance - Retired Staff	-478.30	20,702.27
11/07/2024	Jani-King of Austin	Nov 2024	Office Expenses:Office Maintenance	-257.00	20,445.27
11/08/2024	Austin FF Relief & Retirement F	L. Adney Health Insurance Payment Nov 2024	Payroll Expenses:Health Insurance - Retired Staff	218.90	20,664.17
11/08/2024	Austin FF Relief & Retirement F	L. Adney Reimbursement Payment Nov 2024	Payroll Expenses:Health Insurance - Retired Staff	125.00	20,789.17
11/14/2024	State Street Bank & Trust	Q3 State Street Retiree Payroll Process Fees	Fees:SS Retiree Payroll Process Fees	-8,408.78	12,380.39
11/14/2024	Austin FF Relief & Retirement F	Transfer to Operating	Frost Bank - Benefits	200,000.00	212,380.39
11/14/2024	Levi Ray & Shoup	DROP Report Contribution Change	Professional Fees:Pension Software PG I	-310.00	212,070.39
11/14/2024	Jackson Walker	Oct 2024	Professional Fees:Legal Fees:Administrative	-9,000.00	203,070.39

11/14/2024	Jackson Walker	Oct 2024	Professional Fees:Legal Fees:Board Meeting	-1,500.00	201,570.39
11/14/2024	Deborah Hammond	Travel/Parking Reimbursement LRS Conference	Travel Expense:Lodging/Transportation/Per Diem	-105.85	201,464.54
11/14/2024	Levi Ray & Shoup	Web Maintenance Oct 2024	Computer and Internet Expenses:Hosting & Other Exp	-35.00	201,429.54
11/14/2024	Deborah Hammond	Office Supplies	Office Expenses:Office Supplies	-97.42	201,332.12
11/19/2024	Frost Bank	Bank Service Charges Oct 2024	Operational Cost:Bank Service Charges	-292.05	201,040.07
11/20/2024	Schlueter Group	Legislative Consulting	Professional Fees:Legislative Consulting	-4,000.00	197,040.07
11/22/2024	Jani-King of Austin	Dec 2024	Office Expenses:Office Maintenance	-257.00	196,783.07
11/22/2024	Xerox	Nov 2024	Operational Cost	-25.00	196,758.07
11/25/2024	Fidelity	SEP Nov 2024	Payroll Expenses:SEP Contribution	-15,079.17	181,678.90
11/25/2024	Aberdeen Asset Mgmt.	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-73,276.01	108,402.89
11/25/2024	Meketa Investments	Oct 2024	Fees:Financial Consulting Fee	-18,808.00	89,594.89
11/25/2024	Cheiron	Aug 2024 Analysis, Consulting, and Meetings-Pensio	Professional Fees:Actuarial Fees:Pension Funding Res	-20,699.00	68,895.89
11/25/2024	Jackson Walker	Legislative Matters Oct 2024	Professional Fees:Legal Fees:Pension Funding Resea	-17,704.00	51,191.89
11/25/2024	Austin FF Relief & Retirement F	Transfer to Operating	Frost Bank - Benefits	50,000.00	101,191.89
11/25/2024	Cheiron	Sep 2024 Analysis, Consulting, & Meetings- Pension	Professional Fees:Actuarial Fees:Pension Funding Res	-16,221.00	84,970.89
11/27/2024	Parkstone Office Condominium	Nov 2024	-Split-	-855.55	84,115.34
11/29/2024	Payroll	Tax Payment for Period: 11/01/2024-11/30/2024	Payroll Liabilities:Federal Taxes (941/943/944)	-15,534.15	68,581.19
11/29/2024	Payroll	Pay Period: 11/01/2024- 11/30/2024	Direct Deposit Payable	-47,704.43	20,876.76

**Total for Frost Bank - Operating**

**-\$ 9,049.63 \$ 20,876.76**

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## **Road Map of Items for Board Meetings**

### **December 2024 Board Meeting**

- Operating Procedures & Investment Policy Statement (IPS) Review
- Pension Administration System (PAS) implementation update
- Executive Director (ED) Evaluation
- Consideration and approval of 2025 Budget
- 89 (R)Texas Legislative Session Update

### **January 2025 Board Meeting**

- Update on Trustee Runoff Election and election certification
- Vice-Chair Election
- Annual DROP Account Statements
- 89 (R)Texas Legislative Session Update
- End-of-year Budget Report
- 2025 Pension Conferences Update

### **February 2025 Board Meeting**

- Meketa 4Q24 Report
- Fund Newsletter
- Consideration and adoption of proposed Operating Procedures & Investment Policy Statement (IPS) changes
- 89 (R)Texas Legislative Session Update

### **March 2025 Board Meeting**

- Annual Ethics and Governance Policy Review
- 89 (R)Texas Legislative Session Update

**April 2025 Board Meeting**

- Pension Administration System (PAS) implementation update
- 89 (R) Texas Legislative Session Update

**May 2025 Board Meeting**

- Meketa 1Q25 Report
- 89 (R) Texas Legislative Session Update

**June 2025 Board Meeting**

- 89(R) Texas Legislative Session Conclusion Update
- Proposed changes to Fund Policies and Procedures

**July 2025 Board Meeting**

- 2024 Actuarial Valuation
- 2024 Financial Audit Report
- Pension Administration System (PAS) implementation update

**August 2025 Board Meeting**

- Meketa 2Q25 Report
- Meketa 2024 Fee Review

**September 2025 Board Meeting**

- Annual Board of Trustees Election
- Fund Newsletter
- Pension Administration System (PAS) implementation update