

### BOARD OF TRUSTEES MEETING REGULAR MEETING AGENDA

Monday, September 25, 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 2552 041 8874** and **password Sept2023,** or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 73782023.** 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 <a href="mailto:staff@AFRFund.org">staff@AFRFund.org</a> no later than 5:00 p.m. on September 24, 2023. 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 August 25, 2023
  - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

### To Discuss and Possibly Act On

- 2. Pension Gold IV Implementation Project Kickoff Update, including LRS Presentation
- Discuss and consider Pension Review Board's Funding Soundness Restoration Plan (FSRP) "At Risk" Letter including next steps
- 4. Update on a Securities Litigation matter
- 5. Executive Director Report, including the following (Discussion Only)
  - a. General comments
  - b. Trustee 2023 Election Update
  - c. Board Survey for 2024 Meeting Dates

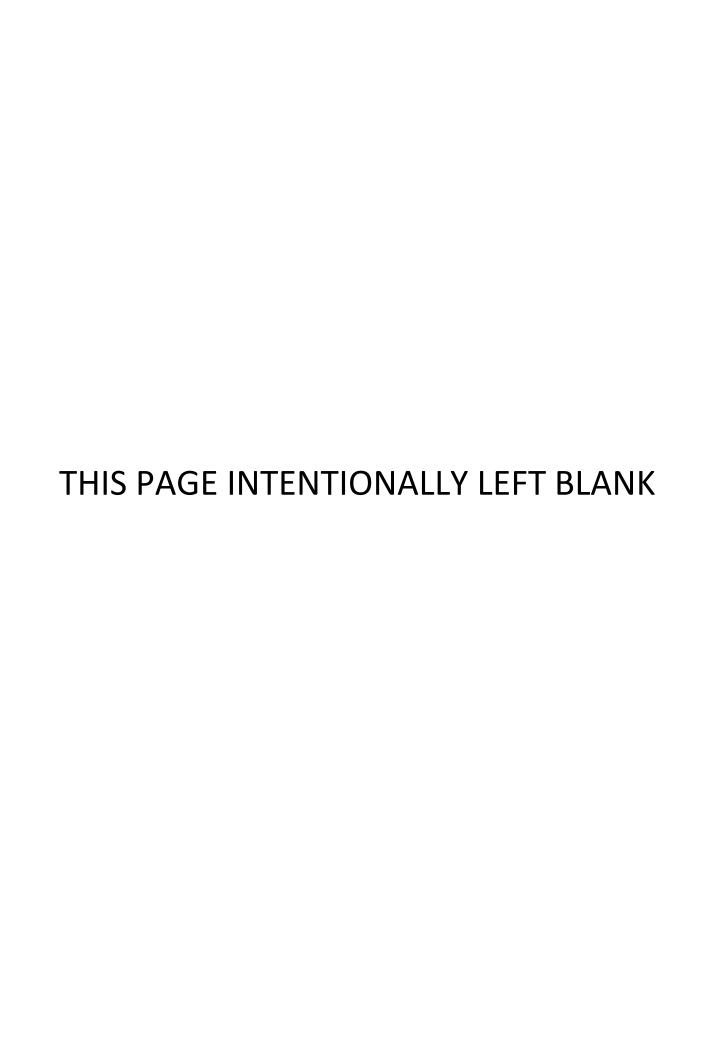


- d. Internal financial statements, transactions, and Fund expense reports for month ending August 31, 2023
- 6. Roadmap for future meetings
- 7. Call for future agenda items

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.





### MINUTES BOARD OF TRUSTEES MEETING FRIDAY AUGUST 25, 2023, 9:00AM

#### **Board Members Present**

Doug Fowler, Vice Chair Belinda Weaver, Treasurer John Bass, 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 Colin Kowalski, Meketa (virtual) Craig Chainkin, Callan (virtual) Perry Hopper, Callan (virtual) Jim Voytko, RVK (virtual) Marcia Beard, RVK (virtual) Scott Whalen, Verus (virtual) Joe Abdou, Verus (virtual)

#### **Community Members Present**

Rene Vallejo Virtual attendees not listed

Vice Chair Fowler called the meeting to order at 9:00am.

**Public Comments:** 

### No public comments.

- I. Consent Agenda for the following:
  - a. Minutes of the regular meeting of July 24, 2023
  - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Vice Chair Fowler requested a moment of silence to honor the firefighters who had passed. Trustee Woolverton made a motion to approve all items on the consent agenda. Trustee Bass seconded the motion. The motion passed unanimously.

- II. Meketa 2Q23 Investment Performance Review, including the following:
  - a. Economic and market update

Aaron Lally provided a snapshot of Fund performance for the second quarter, indicating positive performance with close to \$20 million in unrealized gains. Mr. Lally explained that with 20% of its

portfolio in private equity, the Fund had been in a favorable situation last year when the stock markets were down and private equity was up. He continued to explain that performance had reversed this year with stock markets up and private equity down. Mr. Lally stated that the reversal was not reason for concern with the Fund's private equity allocation, based on its long-term favorable returns. Mr. Lally stated that the current value of the Fund is \$1.15 billion. He further explained that all asset classes were within the policy range, with the only meaningful difference being real estate coming in at 2% under target, driven by real estate market prices decreasing. Regarding returns, Mr. Lally indicated that the Fund was up 1.5% for the quarter and 4.7% year to date. Trustee Bass noted the lag in returns associated with private equity and how the difference in reporting can impact the portfolio and potentially mask risk. No motion necessary.

### b. Passive framework progress report

Aaron Lally stated that the Fund had made some good progress with up to \$74 million moved from active to passive and another \$10 million being executed for August. Trustee Bass asked a question regarding moving assets from small and midcap investments into corresponding indices. Leo Festino stated the Fund has a meaningful exposure to small cap investments with some of the current active managers, and therefore he was not too concerned about not moving those investments into corresponding indices as was done with other categories of investments in the past. No motion necessary.

### c. Highclere fee reduction update

Leo Festino informed the Board that Highclere had agreed to institute fee savings based on client tenure with the manager. He explained that the fee savings would reflect a discount of one basis point per year going forward in perpetuity until a maximum discount of 15 basis points is reached. Having been with Highclere for 10 years, the Fund would receive a 10-basis point discount beginning in the fourth quarter of this year, which would translate to approximately \$37,000 per year in fee savings. No motion necessary.

### d. Private equity – performance peer benchmarking

Leo Festino reminded the Board that Meketa reviews private equity performance once a year. He explained that despite recent losses, private equity and primary venture have been strong investments over the last decade. To illustrate that point, Mr. Festino described the 21.1% per year average gain over the last three years, which had generated significant wealth for the Fund. Mr. Festino continued to describe the performance of specific private equity fund investments within four quartiles, as compared to peers. He explained that all but one fund had generated positive returns; the one that had not was the Fund's smallest investment, making the loss de minimis. In summary, Mr. Festino explained that private equity had stronger years such as 2018, 2019 and 2021, and weaker years such as 2022, but on average it has been a very positive set of investments for the Fund, in which real wealth had been generated. No motion necessary.

### e. Private equity – possible new investment

Aaron Lally explained that the Fund currently has \$200 million worth of exposure to private equity, but with much of that exposure in mature funds, the Fund must make an additional investment to maintain same level of exposure. Mr. Lally highlighted two firms, Constitution Capital Partners and LGT, both of whom the Fund currently invests with and that are in the process of raising new funds. He explained that both firms are less expensive than the general offerings on the market but are very different organizations overall. Constitution Capital Partners is a smaller employee-owned firm with a North American focus and a lower fee structure, while LGT is a much larger firm with an international focus, more diversification, and a higher fee structure. Mr. Lally informed the Board that the goal was to

select one of the two firms for a potential interview in November. Vice Chair Fowler questioned the deadline for making a commitment, to which Mr. Lally indicated a mid-2024 deadline. Trustee Weaver questioned the parameters surrounding the total term with Constitution Capital Partners and Trustee Bass followed up with a question regarding prolonged collection of management fees. Mr. Lally provided clarification and indicated that there was no material difference between the terms of the two firms and Leo Festino provided further explanation about the negotiation involved in term extension. The trustees asked a few more questions pertaining to performance of the two firms and the next steps in the process. Trustee Weaver indicated a preference for Constitution Capital based on their fee structure and North American geographic focus. Vice Chair Fowler echoed the preference from the perspective of cutting expenses for the Fund. Trustee Bass agreed and requested Meketa's input, to which Mr. Festino voiced his support for their preference. Trustee Weaver suggested the Board interview Constitution Capital Partners at the November meeting. No motion necessary.

f. Private equity – possible new approach to investing (direct vs. FOF)

Leo Festino explained that past conversations regarding a fee savings initiative and moving from active to passive investments prompted him to share some educational content to facilitate the Board's understanding of different approaches to private equity exposure. Mr. Festino provided some historical background regarding the work Meketa had done with the Fund around 2014-2015 when the Fund began to increase its exposure to private equity through allocation of capital to fund of funds (FOF). Mr. Festino provided a detailed explanation of how FOF investments work, noting that they are contractual in nature with commitments over a long period. The other approach, he explained, would be to bypass the FOF and do primary fund investing with the advice of a hired consultant. Mr. Festino explained the advantages of direct investment would include more control and precision with the pacing and commitments and a lower fee structure without any carried interest fee. The major disadvantage to this approach, he continued, would be a significant allocation of time to making decisions on small investment amounts. He explained that the choice of approach often depends on the size of the fund, but AFRF is at a size where either option is feasible. Mr. Festino further educated the Board on the process of primary fund investing. Vice Chair Fowler asked if Meketa had any examples of other funds doing direct investing, to which Mr. Festino offered to provide a list. Vice Chair Fowler expressed interest in learning more about the strategy for the sake of reducing costs, but due to the bandwidth of office staff, suggested proceeding only after Pension Gold V4 had been successfully implemented. Trustee Bass agreed that staff capacity is the most important consideration and voiced support for continuing the conversation in the future. Mr. Festino reminded the Board that another private equity investment would still need to be made in the short term but suggested that the 1-2-year window following that investment would be a good time to come to a decision about a future approach. No motion necessary.

III. Update on PRB MET training, reporting, and compliance

Anumeha Kumar followed up on a past request from the Board to provide a status update on the training requirements for trustees. She reported that all trustees were compliant with the Minimum Educational Training (MET) requirements for the Pension Review Board (PRB). She shared the PRB-2000 form which she would be submitting at the end of the month, as well as a compliance report that she had requested directly from the PRB. Ms. Kumar stated that the reports only capture training relevant to the PRB requirements, but on a staff level, she would like to track all trainings that the trustees had attended. No motion necessary.

IV. Discuss and consider RFP responses for the Investment Practices and Performance Evaluation (IPPE), including conducting Board interviews of qualified firms and vendor selection

Anumeha Kumar provided an overview of the RFP process, stating that the RFP had been issued in July and received seven responses. Ms. Kumar explained that the evaluation factors outlined in the RFP

were applied to the responses to determine the top three contenders, which were then recommended to the Board for interview. Ms. Kumar noted that all three firms had experience conducting IPPEs for Texas plans and then described the interview format to the trustees. During the interviews, representatives of each firm introduced themselves and shared their experience within their firm and within the investment industry. They each identified their experiences working with comparable systems, explained their processes for conducting peer research and described their approach to consulting their clients. Trustees asked questions pertaining to the way custom peer groups were determined, the approach to supporting clients following a recommendation, and the level of detail that could be provided regarding fees and commissions as a benchmark against industry peers. Following the interviews, the trustees and Ms. Kumar all named their top preferences from the three, all of whom identified Callan within their selection. Naming Callan's thorough interview responses and informative sample report as reasons for her preference, Trustee Weaver motioned to hire Callan to conduct the IPPE. Trustee Woolverton seconded the motion. The motion passed unanimously.

- V. Executive Director Report, including the following (Discussion Only)
  - a. General comments

No general comments.

b. Update on RFP for Auditing Services

Anumeha Kumar informed the board that an RFP for Auditing Services had been on the schedule for this year. However, due to a heavy staff workload including the IPPE evaluation, Pension Gold project, Actuarial Experience Study and year-end reports, Ms. Kumar requested that the RFP for Auditing Services be moved to next year. Trustee Weaver voiced support for adjusting the schedule, but questioned how the future schedule of issuing RFPs may be impacted. Ms. Kumar clarified that the RFP schedule is not a statutory requirement, therefore the Board has flexibility to amend the schedule and could reevaluate the issuance of the RFP for Auditing Services next year when the RFP for Investment Consultant also comes due. Chuck Campbell further emphasized the flexibility of the schedule, explaining that its intention was for the Board to periodically decide whether they want to issue an RFP, rather than a requirement for issuance. Vice Chair Fowler and Trustee Woolverton echoed Trustee Weaver's support for delaying the RFP due to staff workload.

c. Update on Summer Newsletter

Anumeha Kumar informed the board that a robust draft of the newsletter was in the works and noted her intention to publish and distribute the newsletter to the membership within the coming week. She explained that this edition of the newsletter was primarily focused on financial actuarial updates based on the annual reports, as well as fund-related activities that the board and staff have been engaged in.

d. Update on Pension Gold implementation project kickoff

Anumeha Kumar provided an update on the Pension Administration System project, noting that the website was finished, the Electronic Document Management System (EDMS) and backfile conversion was nearing completion, and the process for implementing the Pension Gold software had begun. Ms. Kumar informed the board that the vendor, LRS, was scheduled to present an indepth update on the project during the September board meeting.

#### e. Trustee 2023 election update

Anumeha Kumar offered a brief reminder that the nomination period runs from September 1 through September 15, 2023. She noted that the nomination letter had been mailed out to the membership and posted to the AFRF website per the Fund Rules.

f. Internal financial statements, transactions and Fund expense reports for month ending July 31, 2023

Anumeha Kumar pointed out one item under the Operating Budget Summary that significantly exceeded the approved budget amount. Ms. Kumar explained that the IRS notified the Fund in the summer of 2022 of unpaid taxes owed from the second quarter of 2022. In the time since that notification, Ms. Kumar explained that staff had maintained communication with the IRS while working with Jackson Walker to research what had happened. She further explained that the Fund had paid the principal amount that was owed and was now in the process of requesting a waiver for the penalty fees. The Board had no questions regarding the matter.

### VI. Roadmap for future meetings

Vice Chair Fowler noted that he would like to keep the topic of investing approach and fee structure on the radar, acknowledging that it may be two years before the Board makes a decision on the matter. Anumeha Kumar noted that she had added an additional item to the roadmap for September regarding IT infrastructure and cyber security. Vice Chair Fowler and Trustee Weaver questioned whether trustees are expected to partake in cybersecurity training as a statutory requirement. After some discussion with Chuck Campbell, it was determined that cybersecurity training for trustees would be good practice, but not statutorily required since trustees do not have access to Fund computers or proprietary information.

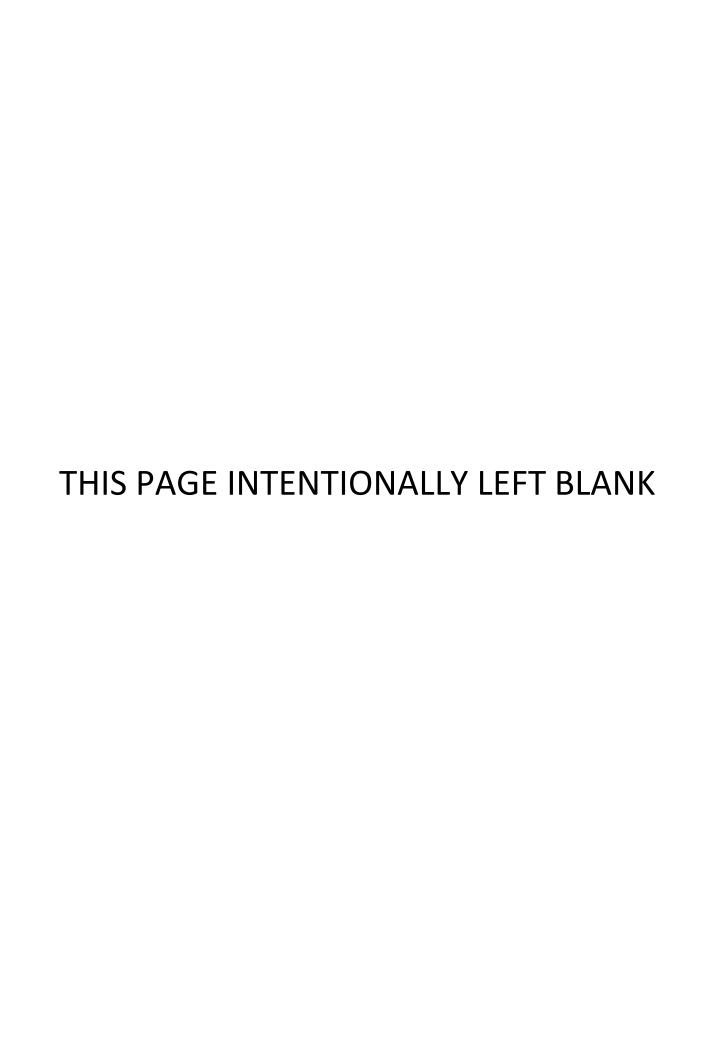
### VII. Call for future agenda items

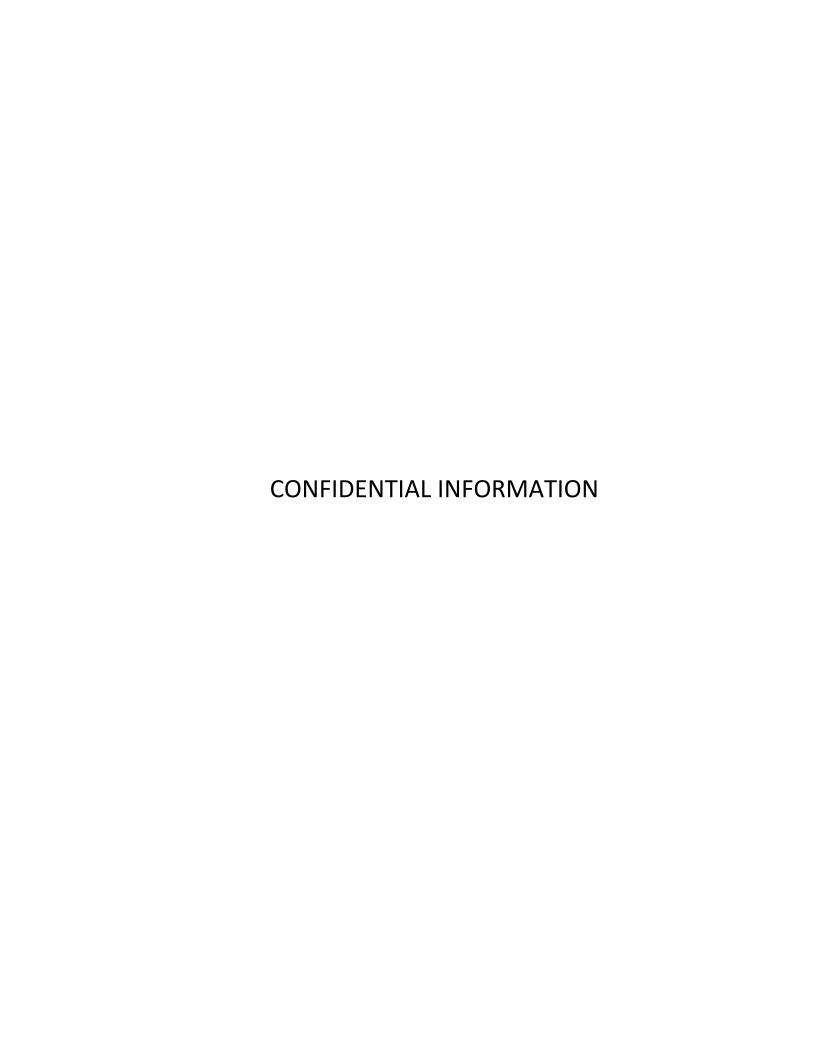
No requests for future agenda items.

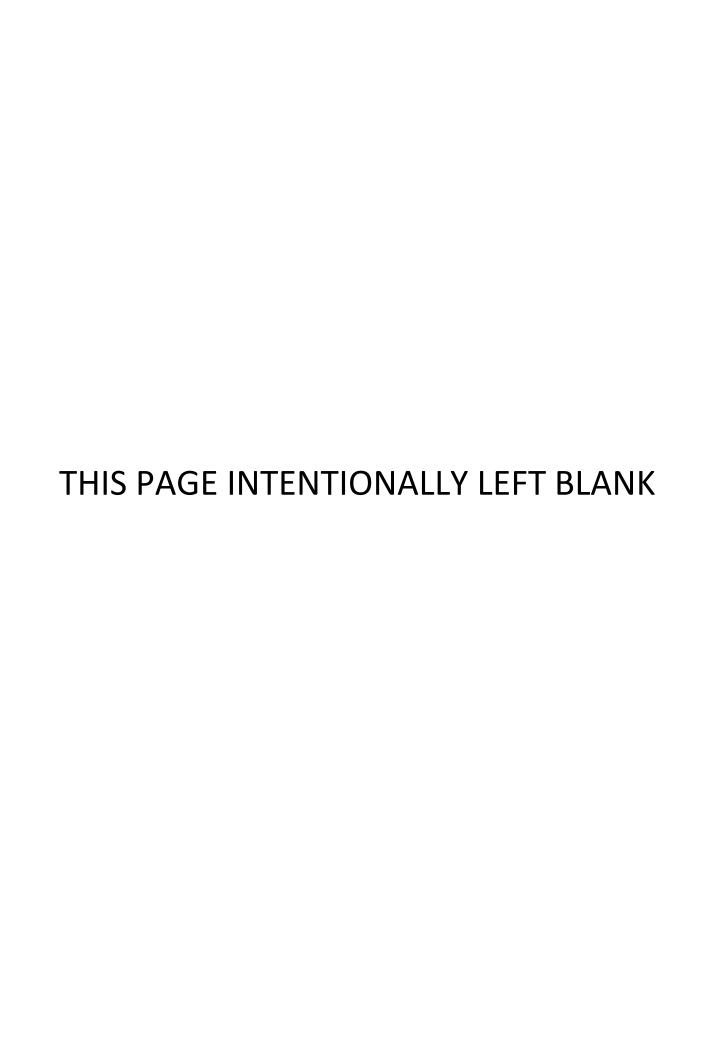
Hearing no objections, Vice Chair Fowler adjourned the meeting at 11:28am.

### **Board Members**

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















# Austin Firefighters Retirement Fund

PensionGold® Version 4 Implementation







## LRS Introductions



Shawn Farris
Director,
Implementations



John Katalinich Senior Account Representative



**Lane Fowler**Project Manager



Carla Carter
Senior Business
Analyst



Sam Umbanhowar Associate Project Manager





# LRS Company Update

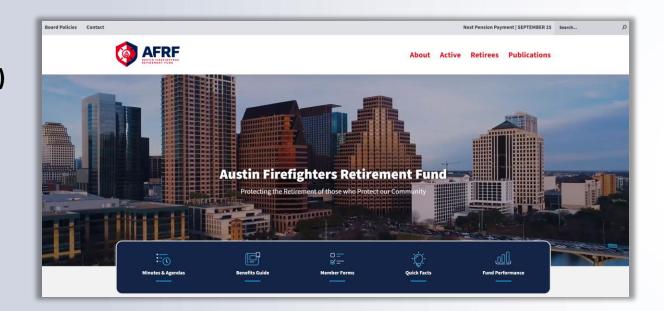






## Achievements

- New Logo and Public Facing Website
- Enterprise Document Management System (EDMS)
  - Kickoff May 2023
  - Kofax Capture & PageCenterX<sup>®</sup> (PCX) Installation
  - User Acceptance Training and Testing completed by the AFRF team
  - Go Live in August 2023
- Paper Backfile Conversion
- 27 Boxes / 63,881 individual pages total
- Perfect I mage completed scanning of all boxes
- Majority of boxes have gone through quality review by AFRF
- **▶** Software Deliverable 1 In Progress
- Completed Requirements Confirmation of 223 requirements
- Delivered first group of designs for review with the AFRF team

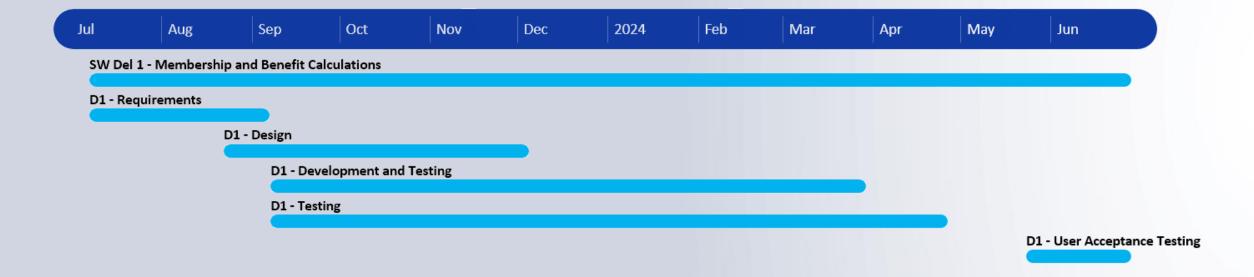








## Deliverable 1 Timeline









### **Data Conversion**

High quality data is the foundation of success!

- ▶ Software Deliverable 1 In Progress
- Preliminary Initial Data Conversion Results
  - 100+ v1 Source Data Files Analyzed
  - Repeatable Source Data Import Process Developed + Implemented
  - Tracking over 3.5 million records to be loaded from PensionGold Version 1
  - Currently at 99.9 % Acceptance Rate
- LRS will work with the AFRF team on an as-needed basis to resolve data conversion issues.
- Software Deliverable 2 Not Started
- Software Deliverable 3 Not Started







### Risk Assessment

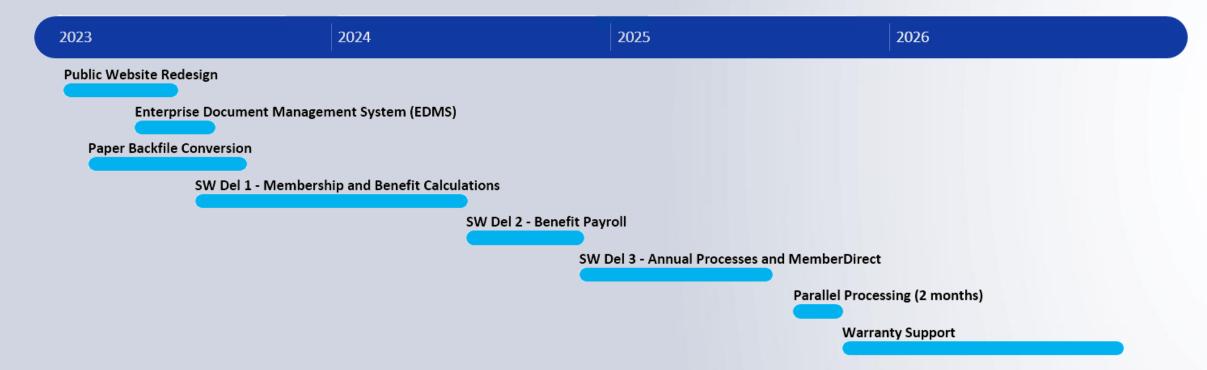
- City of Austin Human Resource Department (HRD)
  - The City of Austin HRD is replacing their current Active Payroll System (Banner) with WorkDay and the Benefit Administration System (ERISA) with Selerix. Both systems integrate with PensionGold Version 1 and Version 4 at various levels.
  - LRS is working closely with AFRF and other retirement systems in Austin in order to provide a unified solution to all parties.







# Overall Project Timeline









## **Upcoming Activities**

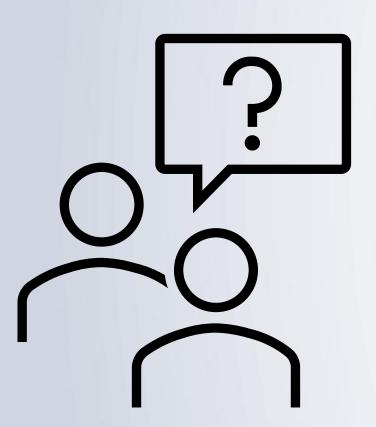
- Software Deliverable 1 Membership and Benefit Calculations
  - Design Reviews
  - Development and LRS Testing
  - Training May 2024
  - User Acceptance Testing through June 2024
- Future Activities
  - Software Deliverable 2 Benefit Payroll
  - Software Deliverable 3 Annual Processes and MemberDirect

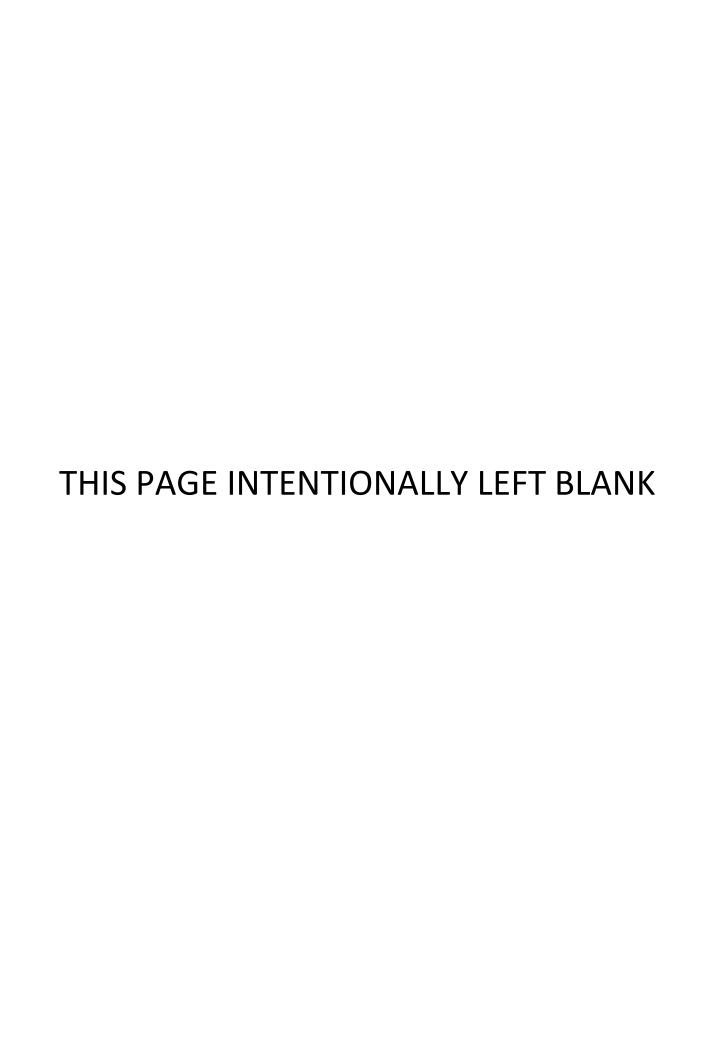






Questions







September 6, 2023 Austin Fire Fighters Relief & Retirement Fund

Re: Funding Soundness Restoration Plan (FSRP)

You are receiving this letter because your system is **currently at risk** of triggering a funding soundness restoration plan (FSRP). In 2021, the Texas Legislature updated the FSRP statutory requirements under Sections <u>802.2015</u> and <u>802.2016</u> of the Texas Government Code. In 2022, the Pension Review Board (PRB) adopted rules to clarify several aspects of the new requirements; these rules can be found in <u>Chapter 610</u> of the Texas Administrative Code.

Based on the December 31, 2022, actuarial valuation report, your system's funding period was 35.7 years and funded ratio was 86.9 percent.

Your system would be required to complete an FSRP if any of the following conditions are met:

- Your funding period remains above 30 years for three annual actuarial valuations.
- Your funding period remains above 30 years for two non-annual actuarial valuations.
- On or after September 1, 2025, your funding period is between 30 and 40 years AND your funded ratio is below 65 percent.
- On or after September 1, 2025, your funding period exceeds 40 years.

You also have the option to prepare a voluntary FSRP (V-FSRP) before your system becomes subject to the FSRP requirements. You can learn more about the requirements for and advantages of a V-FSRP here.

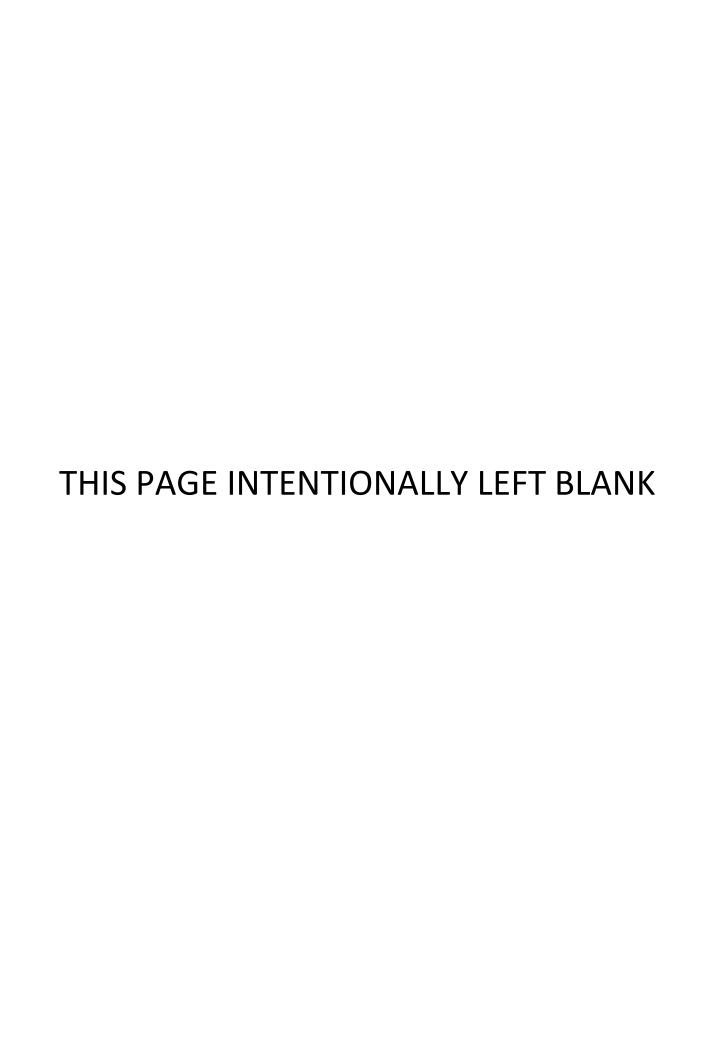
If you submit an FSRP or V-FSRP before September 1, 2025, your system would be eligible for the Revised FSRP Exemption under §802.2015(d-1) of the Texas Government Code. Under this exemption, if your system again became subject to the FSRP requirement within 10 years following your submission, you would be required to complete a standard FSRP rather than a revised FSRP. To remain under this exemption, your system must adhere to the FSRP during the 10-year period by ensuring your funding period or funded ratio remain within the compliance corridors created under §610.32 of the Texas Administrative Code.

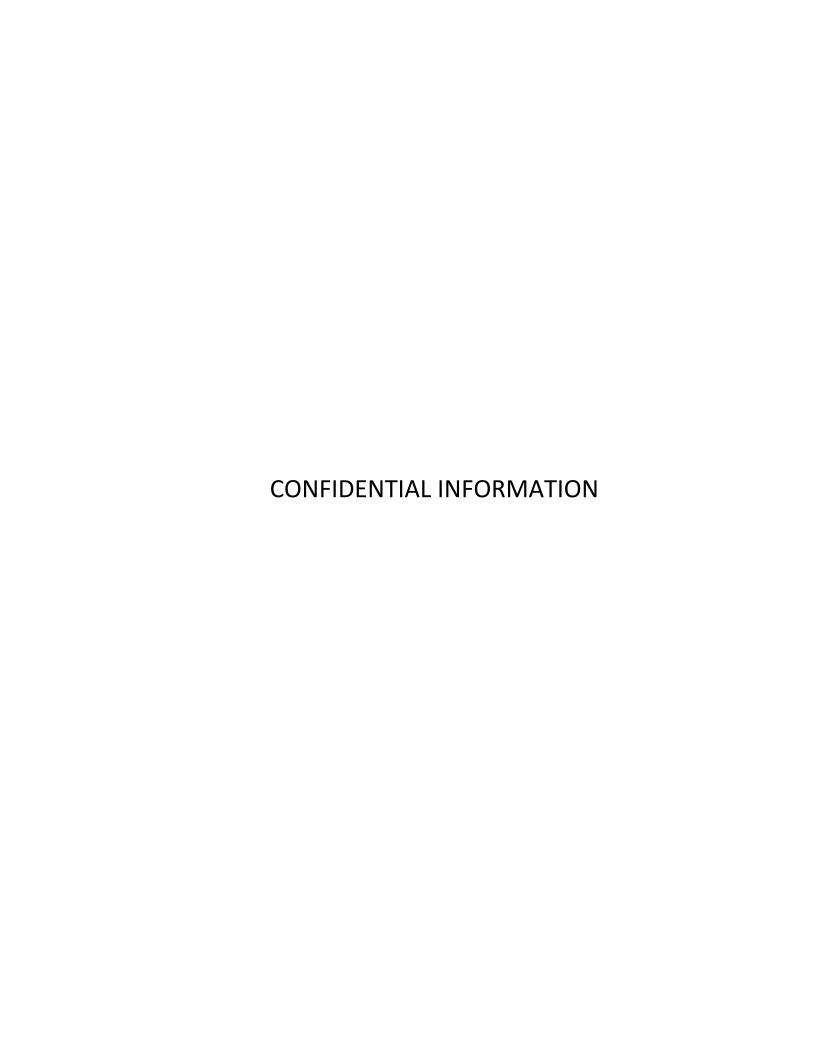
We suggest you consider sharing this letter with your plan sponsor, since the city and system should be working together to address any pension plan concerns. Please feel free to contact us if you have any questions related to this information or the FSRP requirement in general.

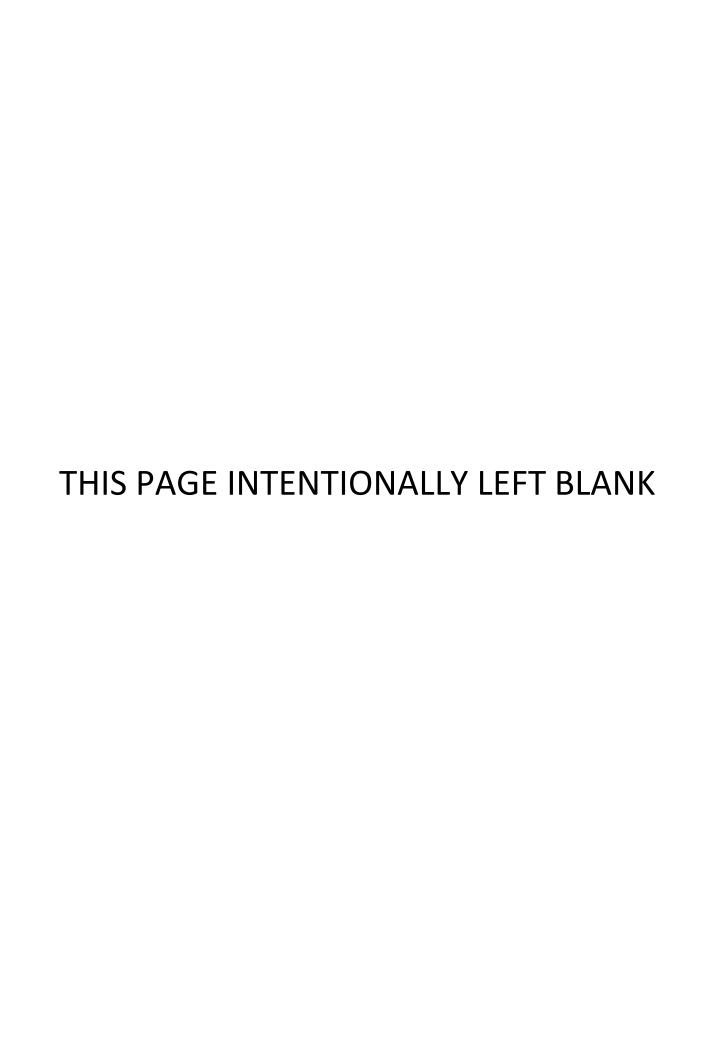
Sincerely,

Amy Cardona

**Executive Director** 









### **AFRF Board of Trustee Election Timeline**

OCT

16

**Ballots mailed out** on this date containing biographical information for the three candidates who were nominated, instructions to return the ballot using the business reply envelope provided, and instructions for online voting.

**OCT** 

17

**Election opens at 9 AM CT**; online voting and help desk open; email notice with credentials sent to eligible membership.

**NOV** 

6

**Election closes at 5pm CT**; ballots must be postmarked by this date; online voting and help desk close at end of business day.

NOV

13

**Deadline for receiving** returned completed paper ballots that were postmarked by Nov 6th.

**NOV** 

14

**Election results**; outside election vendor, YesElections, provides results report to AFRF staff by end of business day.

NOV

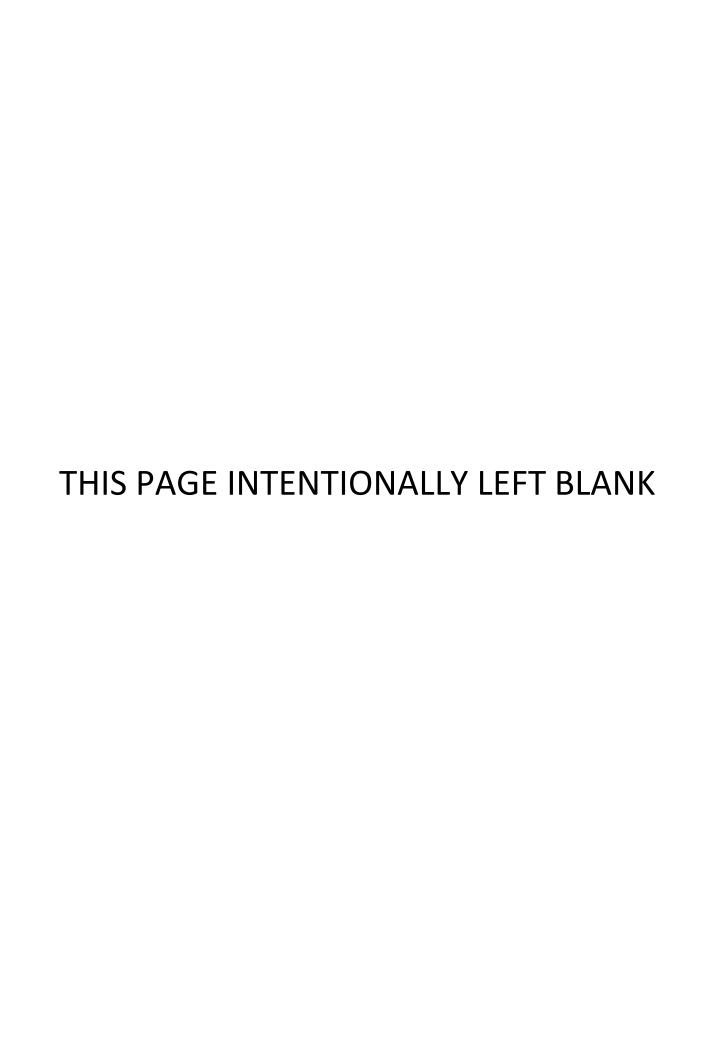
17

**AFRF Board certifies the election results**; the candidate who received the majority of votes cast in the election is elected.

JAN

1<sup>st</sup> Board meeting

Earliest date the new board member will take office will be the first Board meeting in January.



# Austin Firefighters Retirement Fund Operating Budget Fiscal Year 2023

|                                 | Approved        | lon Aug         | Remaining       | Percent  |
|---------------------------------|-----------------|-----------------|-----------------|----------|
|                                 | Approved        | Jan - Aug       | •               |          |
|                                 | Budget          | Expensed        | Budget          | Expended |
| Administrative Expenses         |                 |                 |                 |          |
| Salaries and Benefits           |                 |                 |                 |          |
| Salary - Executive Director     | 186,800.00      | 130,272.56      | 56,527.44       | 69.74%   |
| Salary - Staff                  | 461,500.00      | 279,962.41      | 181,537.59      | 60.66%   |
| Health Insurance                | 119,000.00      | 88,555.16       | 30,444.84       | 74.42%   |
| Payroll Taxes                   | 50,264.00       | 66,065.56       | (15,801.56)     | 131.44%  |
| SEP Contribution                | 157,075.00      | 102,558.74      | 54,516.26       | 65.29%   |
| Subtotal                        | 974,639.00      | 667,414.43      | 307,224.57      | 68.48%   |
| SS Retiree Payroll Process Fees | 34,000.00       | 16,036.53       | 17,963.47       | 47.17%   |
| Building                        | 9,383.00        | 4,263.08        | 5,119.92        | 45.43%   |
| Utilities                       | 6,525.00        | 2,541.07        | 3,983.93        | 38.94%   |
| Office Expenses                 | 25,450.00       | 20,036.62       | 5,413.38        | 78.73%   |
| Computer and Software           | 28,500.00       | 13,023.20       | 15,476.80       | 45.70%   |
| Pension Software                | 700,000.00      | 332,381.47      | 367,618.53      | 47.48%   |
| Insurance                       | 41,500.00       | 34.00           | 41,466.00       | 0.08%    |
| Travel                          | 23,500.00       | 17,770.41       | 5,729.59        | 75.62%   |
| Operational Cost                | 129,750.00      | 88,994.96       | 40,755.04       | 68.59%   |
| Investment Expenses             |                 |                 |                 |          |
| Financial Consulting Fee        | 235,000.00      | 138,678.65      | 96,321.35       | 59.01%   |
| Investment Management Fees      | 2,100,000.00    | 1,448,434.27    | 651,565.73      | 68.97%   |
| Bank Custodian Services         | 110,000.00      | 79,093.14       | 30,906.86       | 71.90%   |
| Professional Services Expenses  |                 |                 |                 |          |
| Accounting                      | 25,000.00       | 23,000.00       | 2,000.00        | 92.00%   |
| Actuarial Fees                  | 50,000.00       | 61,957.50       | (11,957.50)     | 123.92%  |
| Legal Fees                      | 146,000.00      | 80,919.00       | 65,081.00       | 55.42%   |
| Legislative Consulting          | 24,000.00       | 20,000.00       | 4,000.00        | 83.33%   |
| Medical Disability Review       | 3,000.00        | -               | 3,000.00        | 0.00%    |
|                                 |                 |                 |                 |          |
| Total Expenses                  | \$ 4,666,247.00 | \$ 3,014,578.33 | \$ 1,651,668.67 | 64.60%   |

# Austin Firefighters Retirement Fund Contributions and Deductions (Unaudited) as of August 31, 2023

### **Additions**

| Contributions                        |                  |
|--------------------------------------|------------------|
| City of Austin Contribution (22.05%) | 15,174,332.23    |
| Fire Fighter Contribution (18.7%)    | 12,868,934.81    |
| Interest -Bank                       | 257,210.53       |
| Commission Recapture                 | 1,970.84         |
| Class Action Proceeds                | 539.89           |
| Securities Litigation Recovery       | 998.06           |
| Total Contributions                  | \$ 28,303,986.36 |
|                                      |                  |
|                                      |                  |

| Total Contributions              | \$ 20,303,300.30 |
|----------------------------------|------------------|
|                                  |                  |
| Deductions                       |                  |
| Pension Retiree Payroll Expenses |                  |
| Retirees Monthly Annuity         | 34,538,138.15    |
| Medical Ins.                     | 2,542,710.04     |
| Dental Ins                       | 276,105.79       |
| Vision Ins.                      | 27,485.74        |
| Retiree W/H Tax Payable          | 4,876,534.43     |
| State Tax                        | 37,970.36        |
| Benevolent Fund                  | 22,640.00        |
| Union Dues                       | 15,930.00        |
| Misc.                            | 13,199.52        |
| PAC Dues                         | 5,284.00         |
| Museum                           | 48.00            |
| Total Retiree Payroll Expenses   | \$ 42,356,046.03 |
| Pension Lump Sum Expenses        |                  |
| Contribution Refunds             | 109,558.37       |
| DROP Distributions               | 14,161,784.21    |
| Total Pension Lump Sum Expenses  | \$ 14,271,342.58 |

### Austin Firefighters Retirement Fund Profit & Loss vs Actual January through August 2023

|                                           | Total         |               |             |
|-------------------------------------------|---------------|---------------|-------------|
|                                           | Jan - Aug     | Budget        | % of Budget |
| Ordinary Income/Expense                   |               |               |             |
| Income                                    |               |               |             |
| City of Austin Contib (22.05%)            | 15,174,332.23 | 23,000,000.00 | 65.98%      |
| Commission Recapture                      | 1,970.84      | 6,000.00      | 32.85%      |
| Fire Fighter Contrib (18.7%)              | 12,868,934.81 | 19,500,000.00 | 65.99%      |
| Securities Litigation Recovery            | 998.06        |               |             |
| Other Income                              |               |               |             |
| Class Action Proceeds                     | 539.89        | 5,000.00      | 10.80%      |
| Interest - State Street                   | 246,841.48    | 60,000.00     | 411.40%     |
| Interest - Sunflower Bank                 | 2,959.15      | 2,000.00      | 147.96%     |
| Securities Lending - State St.            | 7,409.90      | 5,000.00      | 148.20%     |
| Total Income                              | 28,303,986.36 | 42,578,000.00 | 66.48%      |
| Operating Expenses                        |               |               |             |
| Administrative Expenses                   |               |               |             |
| Payroll Expenses                          |               |               |             |
| Payroll Expenses - Other                  | 410,234.97    | 648,300.00    | 63.28%      |
| Health Insurance                          | 88,555.16     | 119,000.00    | 74.42%      |
| Payroll Taxes                             | 66,065.56     | 50,264.00     | 131.44%     |
| SEP Contribution                          | 102,558.74    | 157,075.00    | 65.29%      |
| Total Payroll Expenses                    | 667,414.43    | 974,639.00    | 68.48%      |
| SS Retiree Payroll Process Fees           | 16,036.53     | 34,000.00     | 47.17%      |
| Building Expenses                         |               |               |             |
| Assessment toward 2019 Project            | 1,128.95      | 1,883.00      | 59.95%      |
| Building Maintenance/Improvemen           |               | 2,500.00      | 0.00%       |
| Condo Association Dues                    | 3,134.13      | 5,000.00      | 62.68%      |
| Utilities                                 |               |               |             |
| Electric                                  | 1,156.06      | 2,000.00      | 57.80%      |
| HVAC Program                              | 24.17         | 50.00         | 48.34%      |
| Internet & Cable & Telephone              | 970.16        | 3,500.00      | 27.72%      |
| Water, Waste, Drainage                    | 390.68        | 975.00        | 40.07%      |
| Total Utilities                           | 2,541.07      | 6,525.00      | 38.94%      |
| Total Building Expenses                   | 6,804.15      | 15,908.00     | 42.77%      |
| Office Expenses                           |               |               |             |
| Furniture (FFE)                           | 8,924.64      | 11,000.00     | 81.13%      |
| Meeting Refreshments                      | 1,035.99      | 1,600.00      | 64.75%      |
| Notary Services                           |               | 250.00        | 0.00%       |
| Office Maintenance                        | 2,634.06      | 3,100.00      | 84.97%      |
| Office Supplies (Office supplies expense) | 1,360.29      | 2,500.00      | 54.41%      |
| Postage and Delivery                      | 3,260.80      | 4,000.00      | 81.52%      |

### Austin Firefighters Retirement Fund Profit & Loss vs Actual January through August 2023

| - |  |
|---|--|
|   |  |

|                                      | Jan - Aug    | Budget       | % of Budget |
|--------------------------------------|--------------|--------------|-------------|
| Printing and Reproduction            | 2,820.84     | 3,000.00     | 94.03%      |
| Total Office Expenses                | 20,036.62    | 25,450.00    | 78.73%      |
|                                      |              |              |             |
| Computer and Internet Expenses       | 252.54       |              | 24.2224     |
| Hosting & Other Expenses             | 956.51       | 3,000.00     | 31.88%      |
| Laptop/Computer                      | 3,200.63     | 7,500.00     | 42.68%      |
| Software/IT Services                 | 8,866.06     | 18,000.00    | 49.26%      |
| Pension Software PG I                | 28,348.61    | 50,000.00    | 56.70%      |
| Pension Software PG IV               | 304,032.86   | 650,000.00   | 46.77%      |
| Total Computer and Internet Expenses | 345,404.67   | 728,500.00   | 47.41%      |
| Insurance Expense                    |              |              |             |
| Board & Directors Liability Ins      |              | 28,500.00    | 0.00%       |
| Commercial                           |              | 2,000.00     | 0.00%       |
| Cybersecurity Ins.                   |              | 10,000.00    | 0.00%       |
| Workers Comp Ins. (Workers Comp)     | 34.00        | 1,000.00     | 3.4%        |
| Total Insurance Expense              | 34.00        | 41,500.00    | 0.08%       |
| Travel Expense                       |              |              |             |
| Lodging/Transportation/Per Diem      | 11,140.41    | 16,000.00    | 69.63%      |
| Registration fees                    | 6,630.00     | 7,500.00     | 88.40%      |
| Total Travel Expense                 | 17,770.41    | 23,500.00    | 75.62%      |
| Operational Cost                     |              |              |             |
| Association Fees (TXPERS /NCEPRS)    | 8,384.54     | 8,750.00     | 95.82%      |
| Election Services                    | 0,304.34     | 4,000.00     | 0.00%       |
| Death Vericiaftion Services          | 4,106.00     | 3,000.00     | 136.87%     |
| Project Management Services          | 71,100.00    | 108,000.00   | 65.83%      |
| Operational Cost - Other             | 5,404.42     | 6,000.00     | 90.07%      |
| Total Operational Cost               | 88,994.96    | 129,750.00   | 68.59%      |
|                                      |              |              |             |
| Investment Expenses                  | 70,000,44    | 440,000,00   | 74.000/     |
| Bank Custodian Services              | 79,093.14    | 110,000.00   | 71.90%      |
| Financial Consulting Fee             | 138,678.65   | 235,000.00   | 59.01%      |
| Investment Management Fees           | 1,448,434.27 | 2,100,000.00 | 68.97%      |
| Total Investment Expenses            | 1,666,206.06 | 2,445,000.00 | 68.15%      |
| Professional Fees                    |              |              |             |
| Audit                                | 23,000.00    | 25,000.00    | 92.00%      |
| Actuarial Fees                       |              |              |             |
| Actuarial Assistance                 | 28,957.50    | 6,000.00     | 482.63%     |
| Actuarial Valuation                  | 33,000.00    | 44,000.00    | 75.00%      |
| Total Actuarial Fees                 | 61,957.50    | 50,000.00    | 123.92%     |

### Austin Firefighters Retirement Fund Profit & Loss vs Actual January through August 2023

|                                       | Jan - Aug      | Budget        | % of Budget |
|---------------------------------------|----------------|---------------|-------------|
| Legal Fees                            |                |               |             |
| Administrative                        | 70,360.50      | 108,000.00    | 65.15%      |
| Board Meeting                         | 10,500.00      | 18,000.00     | 58.33%      |
| Investment Review                     | 58.50          | 20,000.00     | 0.29%       |
| Total Legal Fees                      | 80,919.00      | 146,000.00    | 55.42%      |
| Legislative Consulting                | 20,000.00      | 24,000.00     | 83.33%      |
| Medical Disability Review             |                | 3,000.00      | 0.00%       |
| Total Professional Fees               | 185,876.50     | 248,000.00    | 74.95%      |
| Total Operating Expenses              | 3,014,578.33   | 4,666,247.00  | 64.60%      |
| Monthly Pension Retiree Payroll       |                |               |             |
| Retirees Monthly Annuity              | 34,538,138.15  | 51,000,000.00 | 67.72%      |
| Medical Ins.                          | 2,542,710.04   | 3,650,000.00  | 69.66%      |
| Dental Ins                            | 276,105.79     | 370,000.00    | 74.62%      |
| Vision Ins.                           | 27,485.74      | 40,000.00     | 68.71%      |
| Retiree W/H Tax Payable               | 4,876,534.43   | 7,110,000.00  | 68.59%      |
| State Tax                             | 37,970.36      | 65,000.00     | 58.42%      |
| Benevolent Fund                       | 22,640.00      | 50,000.00     | 45.28%      |
| Misc.                                 | 13,199.52      | 20,000.00     | 66.00%      |
| PAC Dues                              | 5,284.00       | 7,600.00      | 69.53%      |
| Union Dues                            | 15,930.00      | 24,000.00     | 66.38%      |
| Museum                                | 48.00          | 72.00         | 66.67%      |
| Total Monthly Pension Retiree Payroll | 42,356,046.03  | 62,336,672.00 | 67.95%      |
| Pension Lump Sum                      |                |               |             |
| Contribution Refunds                  | 109,558.37     | 1,000,000.00  | 10.96%      |
| DROP Distributions                    | 14,161,784.21  | 19,000,000.00 | 74.54%      |
| Total Pension Lump Sum                | 14,271,342.58  | 20,000,000.00 | 71.36%      |
| Total Expense                         | 59,641,966.94  | 87,002,919.00 | 68.55%      |
| ncome                                 | -31,337,980.58 |               |             |

# Austin Firefighters Retirement Fund Assets & Liabilities Report (Unaudited) as of August 31, 2023

### Assets

| Checking/Savings            |                     |
|-----------------------------|---------------------|
| Sunflower Bank - Operating  | 33,196.10           |
| Sunflower Bank - Benefits   | 71,806.73           |
| State Street T009-Cash Agg  | 6,233,326.24        |
| Total Checking/Savings      | 6,338,329.07        |
| Investments, at fair value  |                     |
| Domestic Equites            | 252,654,981.90      |
| Fixed Income Securities     | 320,457,910.09      |
| International Equities      | 214,851,426.28      |
| Real Asset                  | 33,406,946.31       |
| Private Equity              | 213,482,086.41      |
| Real Estate                 | 93,968,774.43       |
| Total Investments           | 1,128,822,125.42    |
| Total Assets                | \$ 1,135,160,454.49 |
| Liabilities                 |                     |
| Current Liabilities         |                     |
| Payroll Liabilities         | 8,221.39            |
| Operating Admin Liabilities | 161,748.23          |
| Investment Liabilities      | -                   |
| Professional Liabilities    | 65,759.98           |
| Long Term Liabilities       |                     |
| DROP (Guaranteed 5%)        | 156,089,753.31      |
| % of Total Assets           | 13.75%              |
| Total Liabilities           | \$ 156,325,482.91   |

# Austin Firefighters Retirement Fund Balance Sheet As of August 31, 2023

|                                 | August         |
|---------------------------------|----------------|
| ASSETS                          |                |
| Current Assets                  |                |
| Checking/Savings                |                |
| State Street T009-Cash Agg      | 6,233,326.24   |
| Sunflower Bank - Operating      | 33,196.10      |
| Sunflower Bank - Benefits       | 71,806.73      |
| Total Checking/Savings          | 6,338,329.07   |
| Other Current Assets            |                |
| Investments                     |                |
| DEQ                             |                |
| SSgA S&P 500 Flagship Fund      | 104,536,992.52 |
| VAUGHAN NELSON                  | 61,047,688.01  |
| Westfield Capital Management    | 55,814,994.47  |
| Westwood Capital                | 31,255,306.90  |
| Total DEQ                       | 252,654,981.90 |
| FI                              |                |
| ABERDEEN                        | 68,909,342.90  |
| Loomis Sayles Core Plus Bond    | 44,452,589.31  |
| Pacific Asset Management        | 22,005,065.50  |
| Pyramis Tactical Bond (Fidelity | 25,372,388.80  |
| SSgA Bond Fund                  | 104,499,597.35 |
| SSGA TIPS                       | 55,218,926.23  |
| Total FI                        | 320,457,910.09 |
| IEQ                             |                |
| Baillie Gifford                 | 31,794,766.72  |
| DFA Emerging Markets            | 35,221,374.69  |
| Highclere                       | 37,740,667.59  |
| Sanderson                       |                |
| SSgA MSCI EAFE Fund             | 81,491,974.34  |
| TT International                | 28,602,642.94  |
| Total IEQ                       | 214,851,426.28 |
| NR                              |                |
| Aether Real Assets II           | 2,452,129.32   |
| Aether Real Assets III          | 10,278,285.72  |
| Aether Real Assets IV           | 11,019,130.91  |
| Aether Real Assets V            | 9,657,400.36   |
| Total NR                        | 33,406,946.31  |
| PE                              |                |
| 57 Stars Global Opportunity     | 7,965,166.59   |
| Arcmont (Bluebay)Direct Lending | 1,684,609.23   |
| Constitution                    | 14,366,438.03  |
| Cross Creek Capital Partners II | 12,052,619.58  |
| Cross Creek Capital Parts III   | 11,790,165.94  |
| Deutsche Bank SOF III           | 2,066,305.62   |
| Dover Street X                  | 31,710,043.56  |
| •                               | -              |

# Austin Firefighters Retirement Fund Balance Sheet As of August 31, 2023

| Flag V                          | 5,011,562.96     |
|---------------------------------|------------------|
| Flag VI 6                       | 13,847,043.90    |
| Greenspring Global Partners V   | 7,973,236.01     |
| GREENSPRING VI                  | 14,273,798.01    |
| Harbourvest 2013 Direct         | 4,724,347.03     |
| HarbourVest Coinvestment 4      | 7,729,413.11     |
| LGT C Europe Small Buyouts 3    | 3,540,945.00     |
| LGT Crown Asia 2                | 8,406,621.01     |
| LGT Crown Global Secondaries 2  | 113,144.00       |
| LGT Crown Global VI             | 36,930,009.03    |
| LGT Global Secondaries III      | 1,991,508.00     |
| Partners Group EM 2015          | 9,050,375.38     |
| Partners Group US Dist PE 2009  | 389,091.93       |
| Private Advisors Co-Inv FundIII | 1,736,231.99     |
| Private Equity Investors V      | 1,247,179.17     |
| SVB Strategic Investors Fund IX | 14,882,231.33    |
| Total PE                        | 213,482,086.41   |
| RE                              |                  |
| Clarion Partners                | 74,253,148.99    |
| Metropolitan RE Distressed II   | 5,619.35         |
| Partners Group Distressed '09   | 52,281.98        |
| Partners Group RE Second 2011   | 694,773.28       |
| Partners Group RE Second 2017   | 12,742,523.26    |
| Portfolio Advisors Fund 5       | 6,220,427.57     |
| Total RE                        | 93,968,774.43    |
| Total Investments               | 1,128,822,125.42 |
| Total Other Current Assets      | 1,128,822,125.42 |
| Total Current Assets            | 1,135,160,454.49 |
| TOTAL ASSETS                    | 1,135,160,454.49 |
| LIABILITIES & EQUITY            |                  |
| Liabilities                     |                  |
| Current Liabilities             |                  |
| Other Current Liabilities       |                  |
| Payroll Liabilities             | 8,221.39         |
| Operating Admin Liabilities     | 161,748.23       |
| Investment Liabilities          | 0.00             |
| Professional Liabilities        | 65,759.98        |
| Total Other Current Liabilities | 235,729.60       |
| Total Current Liabilities       | 235,729.60       |
| Long Term Liabilities           |                  |
| DROP (Guaranteed 5%)            | 156,089,753.31   |
| % of Total Assets               | 13.75%           |
| Total Long Term Liabilities     | 156,089,753.31   |
| Total Liabilities               | 156,325,482.91   |

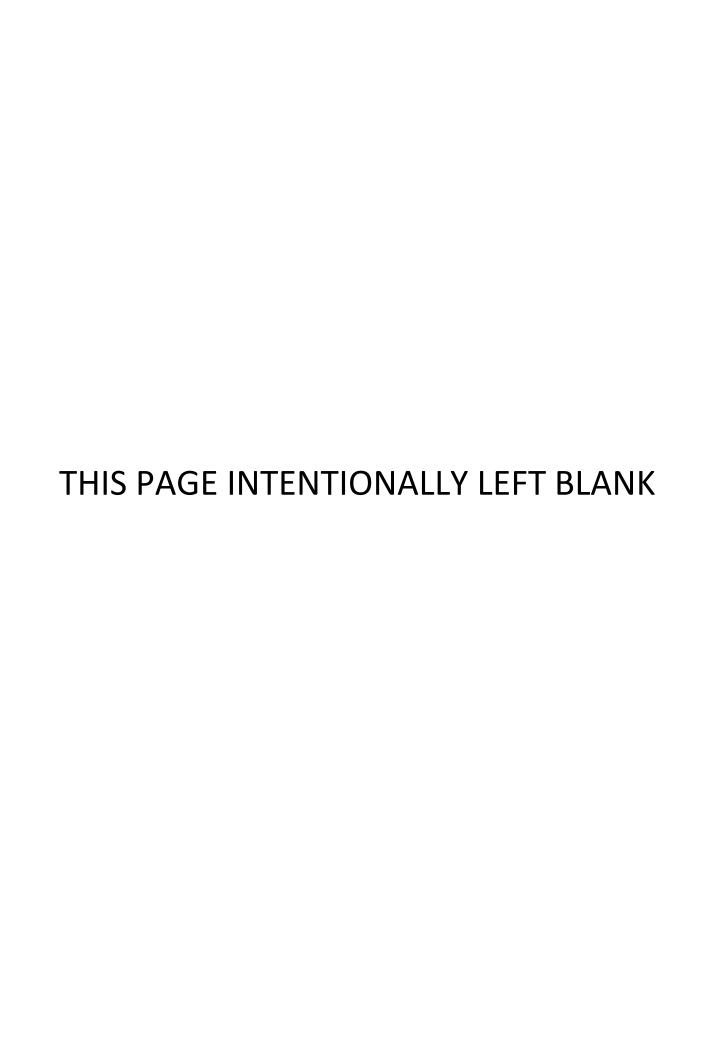
### **Austin Firefighters Relief and Retirement Fund** General Ledger As of August 31, 2023

| Date                | Name                               | Memo                                     | Split                           | Amount      | Balance    |
|---------------------|------------------------------------|------------------------------------------|---------------------------------|-------------|------------|
| Sunflower Bank - Op | erating                            |                                          |                                 |             | 58,810.27  |
| 08/01/2023          | American Express                   |                                          | -SPLIT-                         | -6,695.95   | 52,114.32  |
| 08/04/2023          | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Benefits       | 150,000.00  | 202,114.32 |
| 08/04/2023          | Austin FF Relief & Retirement Fund | Deposit: Legislative Counseling          | Legislative Consulting          | 2,000.00    | 204,114.32 |
| 08/09/2023          | Schlueter Group of Texas           | August 2023                              | Legislative Consulting          | -4,000.00   | 200,114.32 |
| 08/10/2023          | City of Austin                     | August 2023                              | Health Insurance                | -12,334.25  | 187,780.07 |
| 08/10/2023          | TASC (FSA Health Care)             | August 2023 FSA Contribution             | Health Insurance                | -40.00      | 187,740.07 |
| 08/10/2023          | Complete IT                        | August 2023                              | Software/IT Services            | -1,091.80   | 186,648.27 |
| 08/10/2023          | Jani-King of Austin                | August 2023                              | Office Maintenance              | -257.00     | 186,391.27 |
| 08/10/2023          | Westfield Capital Management       | Q2                                       | Investment Management Fees      | -161,682.18 | 24,709.09  |
| 08/10/2023          | Pension Benefit Information, LLC   | July 2023- June 2024 Death Audit         | Death Vericiaftion Services     | -4,106.00   | 20,603.09  |
| 08/10/2023          | Shira K Herbert                    | Postage                                  | Postage and Delivery            | -22.85      | 20,580.24  |
| 08/10/2023          | Montemayor Britton Bender          | 2022 Audit                               | Audit                           | -500.00     | 20,080.24  |
| 08/10/2023          | Sunflower Bank                     | July 2023 Service Charges                | Bank Service Charges            | -303.53     | 19,776.71  |
| 08/11/2023          | John Bass                          | NASRA Conference                         | Lodging/Transportation/Per Diem | -1,023.49   | 18,753.22  |
| 08/11/2023          | Belinda Weaver                     | NASRA Conference                         | Lodging/Transportation/Per Diem | -1,279.88   | 17,473.34  |
| 08/16/2023          | Parkstone Office Condominium       |                                          | -SPLIT-                         | -820.33     | 16,653.01  |
| 08/16/2023          | United States Treasury             | Q1 2023                                  | 941 FUTA Tax                    | -1,935.24   | 14,717.77  |
| 08/17/2023          | Levi Ray & Shoup                   | Software Services                        | Pension Software PG I           | -1,395.00   | 13,322.77  |
| 08/21/2023          | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Benefits       | 100,000.00  | 113,322.77 |
| 08/24/2023          | Complete IT                        | APC Battery                              | Laptop/Computer                 | -564.98     | 112,757.79 |
| 08/24/2023          | Jani-King of Austin                | Sept 2023                                | Office Maintenance              | -257.00     | 112,500.79 |
| 08/29/2023          | QuickBooks Payroll Service         | Created by Payroll Service on 08/23/2023 | Direct Deposit Liabilities      | -43,331.68  | 69,169.11  |
| 08/30/2023          | Amy L Thibaudeau                   | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | Anumeha Kumar                      | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | Deborah Hammond                    | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | Gina M Gleason                     | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | John C Perryman                    | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | Shira K Herbert                    | Direct Deposit                           | -SPLIT-                         | 0.00        | 69,169.11  |
| 08/30/2023          | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Benefits       | 175,000.00  | 244,169.11 |
| 08/31/2023          | United States Treasury             | 74-6059219 QB Tracking # 834024194       | -SPLIT-                         | -15,629.04  | 228,540.07 |
| 08/31/2023          | Fidelity                           | August 2023 SEP Contributions            | SEP Contribution                | -13,729.17  | 214,810.90 |

## Austin Firefighters Relief and Retirement Fund General Ledger

As of August 31, 2023

| _                                          | Date         | Name                               | Memo                                     | Split                       | Amount        | Balance      |
|--------------------------------------------|--------------|------------------------------------|------------------------------------------|-----------------------------|---------------|--------------|
|                                            | 08/31/2023   | Aberdeen Asset Mgmt.               | Q2 2023                                  | Investment Management Fees  | -75,355.13    | 139,455.77   |
|                                            | 08/31/2023   | Cheiron                            | July 2023                                | Actuarial Assistance        | -14,440.00    | 125,015.77   |
|                                            | 08/31/2023   | Levi Ray & Shoup                   | Maintenance Period 10/01/2023-09/30/2024 | Pension Software PG I       | -22,008.61    | 103,007.16   |
|                                            | 08/31/2023   | Meketa Investments                 | July 2023                                | Financial Consulting Fee    | -17,557.48    | 85,449.68    |
|                                            | 08/31/2023   | Provaliant                         | August 2023                              | Project Management Services | -8,550.00     | 76,899.68    |
|                                            | 08/31/2023   | Westwood Holdings Group            | Q2                                       | Investment Management Fees  | -37,997.72    | 38,901.96    |
| (                                          | 08/31/2023   | American Express                   |                                          | -SPLIT-                     | -5,705.86     | 33,196.10    |
| Total Sur                                  | nflower Bank | - Operating                        |                                          |                             | -25,614.17    | 33,196.10    |
|                                            |              |                                    |                                          |                             |               |              |
| Sunflower Bank - Benefits                  |              |                                    |                                          |                             |               |              |
| (                                          | 08/04/2023   | Austin FF Relief & Retirement Fund | Deposit                                  | -SPLIT-                     | 1,667,092.74  | 1,760,867.59 |
| (                                          | 08/04/2023   | Austin FF Relief & Retirement Fund | Transfer to State Street                 | State Street T009-Cash Agg  | -1,400,000.00 | 360,867.59   |
| (                                          | 08/04/2023   | Sunflower Bank                     | Wire Fee                                 | Bank Service Charges        | -22.00        | 360,845.59   |
| (                                          | 08/04/2023   | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Operating  | -150,000.00   | 210,845.59   |
| (                                          | 08/18/2023   | Austin FF Relief & Retirement Fund | Deposit                                  | -SPLIT-                     | 1,635,739.13  | 1,846,584.72 |
|                                            | 08/18/2023   | Austin FF Relief & Retirement Fund | Aug 2023 Interest                        | Interest - Sunflower Bank   | 244.01        | 1,846,828.73 |
|                                            | 08/21/2023   | Austin FF Relief & Retirement Fund | Transfer to State Street                 | State Street T009-Cash Agg  | -1,500,000.00 | 346,828.73   |
|                                            | 08/21/2023   | Sunflower Bank                     | Wire Fee                                 | Bank Service Charges        | -22.00        | 346,806.73   |
|                                            | 08/21/2023   | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Operating  | -100,000.00   | 246,806.73   |
| (                                          | 08/30/2023   | Austin FF Relief & Retirement Fund | Transfer from Benefits to Operating      | Sunflower Bank - Operating  | -175,000.00   | 71,806.73    |
| Total Sunflower Bank - Benefits -21,968.12 |              |                                    |                                          |                             |               | 71,806.73    |





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

### **September 2023 Board Meeting**

- PensionGold Implementation Project Update LRS
- Board Trustee Election Update
- PRB's "At Risk" FSRP Letter

### **October 2023 Board Meeting**

- Discussion and Consideration of 2024 COLA
- Legislative Priorities
- IPPE project update
- Salary Survey Update

### **November 2023 Board Meeting**

- Meketa 3Q23 Report
- Consideration and Possible Approval of 2024 COLA
- Update on Trustee Election/election certification
- Consideration of 2024 Budget

### **December 2023 Board Meeting**

- End-of-year Budget Report
- 2024 Board Meeting Dates
- PensionGold Implementation Project Update
- ED Evaluation
- Consideration and approval of 2024 Budget