

BOARD OF TRUSTEES MEETING REGULAR MEETING AGENDA

Monday, March 25, 9:00am

The regular meeting will be held in the **Board and Commissions Room at Austin City Hall, 301 W 2**nd **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 2551 142 5621** and **password Mar2024,** or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 6272024.** 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 no later than 5:00 p.m. on March 24, 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 February 23, 2024
 - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

To Discuss and Possibly Act On

- 2. Update on 2024 Actuarial Experience Study, including discussion of economic and demographic assumptions
- 3. Annual review of Code of Ethics Policy
- 4. Discuss and consider adoption of proposed changes to the Personnel Policy, including consideration of any member comments
- 5. Discuss and consider 2024 compensation for Executive Director
- 6. Discussion regarding retired Fund staff health insurance benefits
- 7. Executive Director Report, including the following (Discussion Only)
 - a. General comments
 - b. Update on Voluntary Funding Soundness Restoration Plan (FSRP)



- c. Pension Administration Software (PG IV) implementation update
- d. Update on Request for Information (RFI) for Depository Bank
- e. Internal financial statements, transactions, and Fund expense reports for month ending February 29, 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.





MINUTES BOARD OF TRUSTEES MEETING FRIDAY FEBRUARY 23, 2024, 9:00AM

Board Members Present

John Bass, Vice Chair Belinda Weaver, Treasurer Doug Fowler, Trustee

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Debbie Hammond, AFRF Benefits Manager
Gina Gleason, AFRF Board & Operations Specialist
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibaudeau, AFRF Benefits Specialist
Chuck Campbell, Jackson Walker
Alyca Garrison, Jackson Walker
Aaron Lally, Meketa
Colin Kowalski, Meketa
Elizabeth Wiley, Cheiron (virtual)
Health Merlak, Cheiron (virtual)
Coralie Taylor, Cheiron (virtual)

Community Members Present

Virtual attendees not listed

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

Mayor Watson and Trustee Woolverton were not in attendance, quorum of three.

Public Comments:

No public comments.

- I. Consent Agenda for the following:
 - a. Minutes of the regular meeting of January 29, 2023
 - 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. Trustee Fowler motioned to approve the consent agenda. Trustee Weaver seconded the motion. The motion passed unanimously.

- II. Meketa 4Q23 Investment Performance review, including the following:
 - a. Economic and Market Update

This item was moved to the end of Meketa's report. Aaron Lally explained that the market commentary included in the report could be reviewed by the trustees on their own. The trustees had no questions regarding the markets. No motion necessary.

b. 4Q23 Investment Report

Aaron Lally indicated that 4Q23 was a great quarter for all investors; the Fund generated a return of over 6% for the quarter, which equated to about \$70 million in unrealized gains for the Fund, and closed the calendar year with an annual return of 8.4% and \$1.16 billion in total market value of assets. Mr. Lally further explained that the investment performance for 4Q23 outpaced the two Fund benchmarks but fell slightly behind their peers. He stated that all asset allocations were within the Investment Policy ranges, then further detailed the investment performance within each asset class. Mr. Lally explained Sharpe ratio as a measure of returns relative to assumed risk and noted that it is one of the most important indicators of success for a public pension, next to funded status. He stated that AFRF had a very healthy Sharpe ratio in the top quadrant relative to peers, which indicated less volatility incurred for returns achieved, and resulted in strong downside protection. Mr. Lally provided additional long-term projections and highlighted the performance of a few individual managers. Vice Chair Bass noted his key takeaway of long-term performance being significantly more important to a pension plan than short-term performance. No motion necessary.

c. Asset Allocation Review: 2024 Asset Study vs. 2023 Asset Study

Colin Kowalski described the purpose of the annual asset allocation review, wherein Meketa studied each individual asset class and forecasted the risk and return statistics over a 20-year period to determine if the policy would still be reasonable moving forward. Mr. Kowalski clarified that they are unable to predict returns over the short term but have found their long-term return predictions to be accurate. He stated that the total anticipated 20-year return for the Fund was currently 8.4%, down slightly from the previous year, but with improved risk assumption. He reported that the current asset allocation included 57% growth components in public and private equity, 30% risk-mitigating assets in fixed income, and 13% diversifying assets in real estate and natural resources. Mr. Kowalski stated that Mekata remained comfortable with the current asset allocation policy and made no recommendations for adjustment. No motion necessary.

d. Passive Investment Framework Review and Update

Colin Kowalski provided a brief progress report on the passive framework that had been implemented over the course of the past year. He reported that \$134 million had been moved from active funds into their respective passive index, which exceeded the planned \$120 million due to the liquidation of the Sanderson International Value Fund, from which the proceeds were also reinvested into the passive framework. Mr. Kowalski further explained that the funds had been moved with a degree of opportunism from a total of eight equity funds and three bond funds, resulting in 35% of the Fund's total investments in the passive index at the end of 2023, a 10% increase from the prior year. Aaron Lally added that as a result, the Fund would benefit from an approximate \$800,000 decrease in annual management fees moving forward. Mr. Kowalski stated that Meketa was happy with the progress and recommended the board now pause the strategy for reevaluation. Vice Chair Bass revisited the rationale for the passive framework strategy and stated that finance theory supported the unlikelihood of active managers beating their respective passive benchmarks over the long term. He further explained that the passive framework sought to utilize the advantages the Fund had in different parts of its portfolio by reducing waste on the competitive and efficient public side and remaining in active management on the private side. He recommended that portfolio performance be judged in entirety, rather than placing focus on shortterm performance of individual active managers. Mr. Lally agreed with Vice Chair Bass and stated that 90% of returns come from asset allocation decisions rather than from specific managers, and gains are accumulated by remaining invested long-term. No motion necessary.

e. Proposed updates to the Investment Policy Statement (IPS) and Operating Procedures

Aaron Lally explained that the goal of updating the IPS was to reflect the investment beliefs and performance objectives of the board in the context of additional passive allocations and to provide clear background information within the policy benchmark language for any new board members or constituents who review the documents. Mr. Lally further explained that Meketa had completed regression analysis and included their proposed changes within the documents, then clarified that there would be no board action until the IPPE study and the proposed PRB IPS guidance were completed and considered. Anumeha Kumar provided a reminder that these proposed updates had been drafted at the direction of the board and that the updates would be informed by the results of the IPPE and reviewed by Jackson Walker. Trustee Weaver asked if investment philosophy was common to include in an IPS and how concise the philosophy should be. Mr. Lally replied that while it was not common, Meketa did see investment philosophy more often in well-functioning pensions that had thoughtful chief investment officers who aimed to improve the document rather than to simply fulfill its requirement. He stated that the verbiage should offer succinct and theory-based guidance rather than any prescriptive requirements. No motion necessary.

f. Roadmap

This item was not included in Meketa's report.

III. Update on 2024 Experience Study, including discussion of economic assumptions

Elizabeth Wiley introduced herself and the Cheiron team and provided context for her educational presentation, which served as a starting point for the experience study to update the Fund model for the next valuation. Ms. Wiley explained that the process would take approximately four to five months and the first area of focus would be economic assumptions. She explained that their goal was to refine the model to align it as closely to reality as possible and offered a reminder that assumptions impact the timing of costs and not the actual plan cost, which is the promised benefits of the plan. Ms. Wiley provided a historic overview of the Fund's previous experience studies, noting that the board had decided to conduct the current study one year in advance of the requirement. Ms. Wiley described the process and timing of the actuarial valuation, which would include preliminary results in June and final board adoption of the valuation in July. Ms. Wiley explained that the adopted revised assumptions would be informed by existing assumptions, recent experience, and future insights in regard to the impact of inflation, future COLAs, investment returns, and administrative expenses. In her educational overview, she further detailed each topic and highlighted her key points, which included that COLAs were not currently reflected in Fund assumptions, the Fund's return assumption now exceeded the national median due to a downward trend in the industry, and administrative expenses were not explicitly forecasted. She added that most systems pay admin expenses as a percentage of payroll, which is added to the normal cost in determining contributions, and noted that the expenses for AFRF were low compared to peers. Trustee Weaver asked some follow up questions regarding wage inflation and administrative expenses. The trustees thanked Ms. Wiley for her presentation. No motion necessary.

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

No general comments.

b. Report on member comments to proposed changes to Personnel Policy

Anumeha Kumar stated that the proposed changes had been posted to the Fund's website for member commentary in accordance with the Fund Rules. She reported that no comments had been received and that she would report back in March, prior to board adoption of the policy.

c. Update on City of Austin Actuarial Audit

Anumeha Kumar provided a reminder of the statutory and legal requirements surrounding the City of Austin's Actuarial Audit. She informed the board that the Fund had provided a response to the draft audit by the February deadline, which addressed Athena's significant "finding" regarding the Fund's 35.7-year amortization period. The response, she continued, highlighted the board's awareness and proactivity regarding the high amortization period, and disagreed with it being labeled as a "finding" due to the actions already taken by the board. Ms. Kumar praised Cheiron's work on the response, noting that it also included acknowledgement and consideration of Athena's lesser findings. Ms. Kumar explained that the draft audit would next be presented to the City Council's Audit and Finance Committee in April, adopted in May, and then submitted to the Pension Review Board. Trustee Weaver added that the response to the audit would be included in the final report provided to the City in March.

d. Update on internal administrative procedures, including staff response time

Anumeha Kumar addressed a recent staff concern regarding benefit estimates produced by the current version of the pension software. Ms. Kumar explained that staff had identified some issues with the estimates produced by the software in relation to contributions and other factors that, in some cases, required further research with the fire department. Between the additional auditing and the large number of estimates requested by some members, Ms. Kumar set an expectation of a longer 5-day turnaround period opposed to the 1-2 days that some members had grown accustomed to. Ms. Kumar reported that the DROP procedures had been going well and thanked the board and membership for establishing and adhering to those procedures. She offered a reminder to the membership that DROP distribution payments are not immediate and should be expected around the same time as the monthly annuity payment. Ms. Kumar welcomed members to reach out with payment concerns following that date.

e. Winter Newsletter

Anumeha Kumar informed the board that the newsletter had been circulated earlier in the month and that staff had received some good feedback from the membership, which they use to continually improve its contents. She thanked Gina Gleason for the great amount of work that went into assembling the newsletter.

f. 2024 Board Meeting Dates

Anumeha Kumar requested that the trustees inform staff of any potential scheduling conflicts to ensure that quorum requirements are met for all 2024 meeting dates.

g. Internal financial statements, transactions, and Fund expense reports for month ending January 31, 2024

Anumeha Kumar stated that there was nothing notable to report for January. The trustees had no questions regarding the financial reports.

Trustee Weaver took the opportunity to revisit the item on administrative procedures and thanked Ms. Kumar and her staff for putting controls in place to eliminate discrepancies from the past. Ms. Kumar thanked Trustee Weaver for her remarks and stated that the full-year audit indicated zero mistakes in benefits administration for 2023. Vice Chair Bass emphasized the importance of that achievement and also thanked Gina Gleason for the newsletter. Trustee Fowler reiterated the importance of zero errors, noting that while the errors that occurred before Ms. Kumar assumed the role of Executive Director were not reflected in any expense matrixes, they had cost the Fund both in credibility and in incidental expenses. Trustee Fowler thanked Ms. Kumar and her staff for their hard work.

V. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

VI. Call for future agenda items

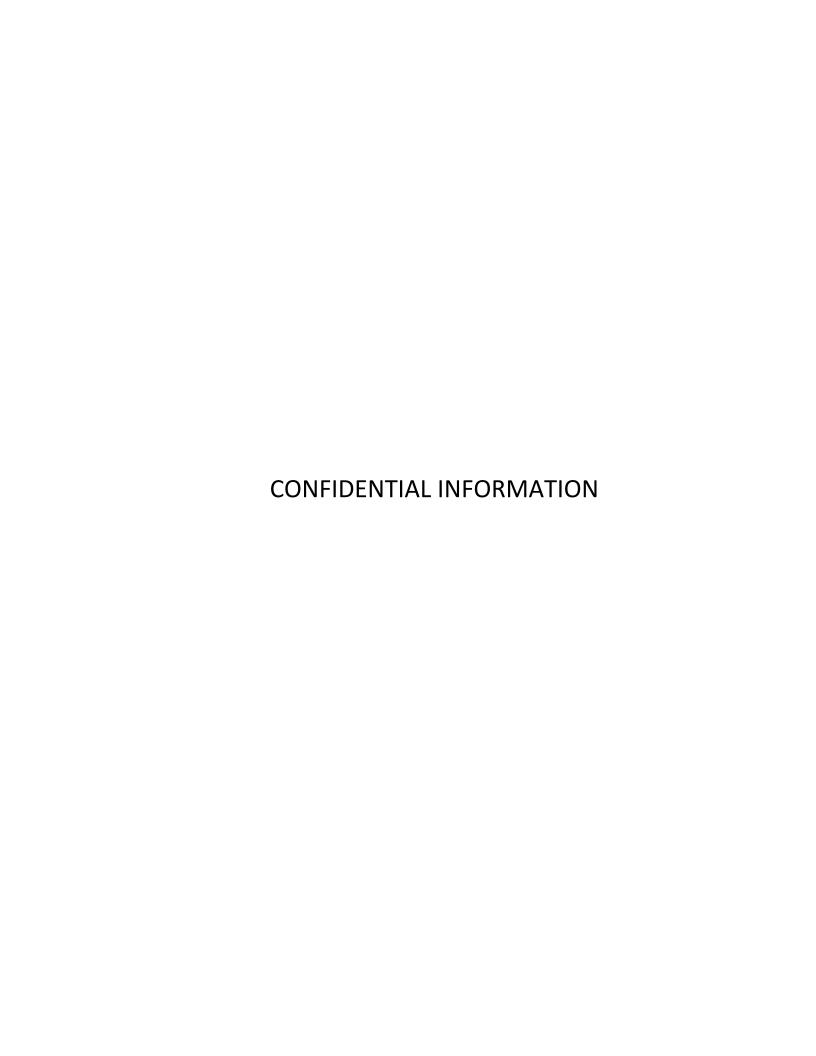
No future agenda items were called for.

Hearing no objections, Vice Chair Bass adjourned the meeting at 11:32am.

Board Members

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







Austin Firefighters Retirement Fund



Experience Study

March 25, 2024

Heath Merlak, FSA, EA, MAAA, FCA Elizabeth Wiley, FSA, EA, MAAA, FCA

Agenda



- Overview
- Demographic Assumptions
- Economic Assumptions
- Roadmap



Overview



Assumptions impact the *timing* of costs not the *ultimate* cost of the Fund

$$C + I = B + E$$



ASOP Nos. 27 & 35



Currently, Actuarial Standards of Practice (ASOP) Nos. 27 and 35 guide pension actuaries in setting assumptions

ASOP 27: Selection of Economic Assumptions

ASOP 35: Selection of Demographic and Other Noneconomic Assumptions





ASOP Nos. 27 & 35



ASOP 27 & 35 require the actuary to select reasonable assumptions and defines an assumption as reasonable if it has the following characteristics:

- Is appropriate for the measurement's purpose
- Reflects the actuary's professional judgement
- Takes into account current and historical data relevant to selecting the assumption
- Reflects the actuary's estimate of future experience
- Expects to have no significant bias (not significantly optimistic or pessimistic)

The ASOPs also indicate the actuary may consider several different assumptions reasonable and different actuaries may apply different professional judgment and may choose different reasonable assumptions.



Experience Study Goal



Valuation model should provide a reasonable and appropriate basis for evaluating the Fund

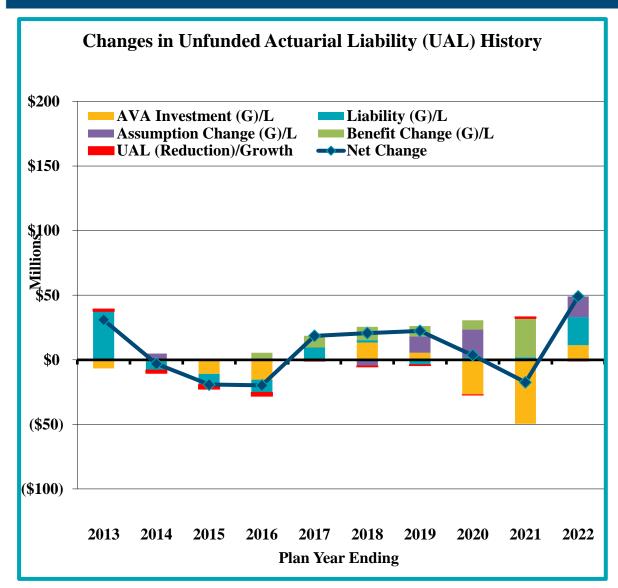
- Actual experience determines the ultimate benefits cost
- Expected experience affects valuation results, which estimate the Fund's financial condition
- While assumption updates do not directly alter the benefits paid or their costs, they should aim to minimize future gains and losses

Model will never be exactly right, but ideal is relatively small gains and losses from deviations with an offsetting pattern



Gain/Loss Trends









March 25, 2024



Demographic Assumptions

Salary Increases

Mortality Rates

Retirement Rates

Termination Rates

Disability Rates

Other Demographic Assumptions





- Total salary increases incorporate wage inflation, merit, and promotional increases
- Merit (including promotional) salary increases are the individual salary increases above wage inflation
- Current merit salary increases vary by service and reflect step increases at certain levels of service





 Recent agreements between the City of Austin and Austin Firefighters Association Local 975 included the following increases in base pay rates:

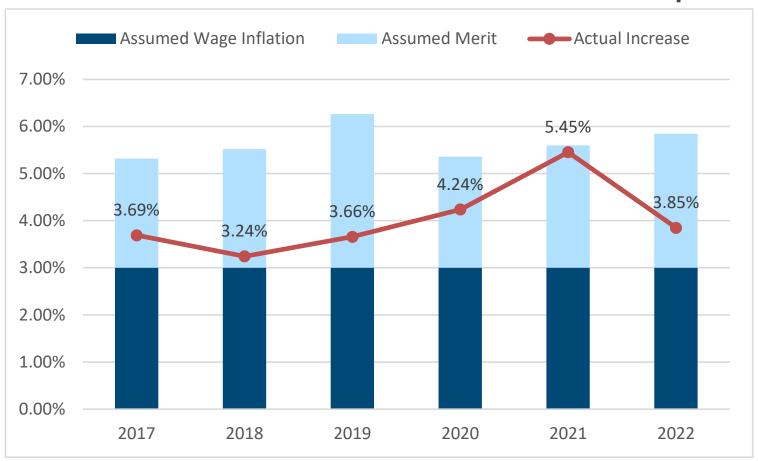
Fiscal Year	Increase to Base Pay
2019	0.50%
2020	1.00%
2021	2.00%
2022	2.50%
2023	0.00%
2024	8.16%
2025	4.00%

Arithmetic average increase over the period is 2.6%





Study years all had actual total salary increases less than the current assumption







Proposed Changes:

- Wage Inflation: 2.50%
 - Common practice to set wage inflation to price inflation
 - Avoid illusion of precision, wage inflation expectation is not materially different than price inflation
- Aggregate Payroll Growth: 2.50%
- Reflect the recent contract increases for near-term base pay increases
 - 8.16% for fiscal 2024 and 4.00% for fiscal 2025
- Refine the merit scale to reflect recent experience

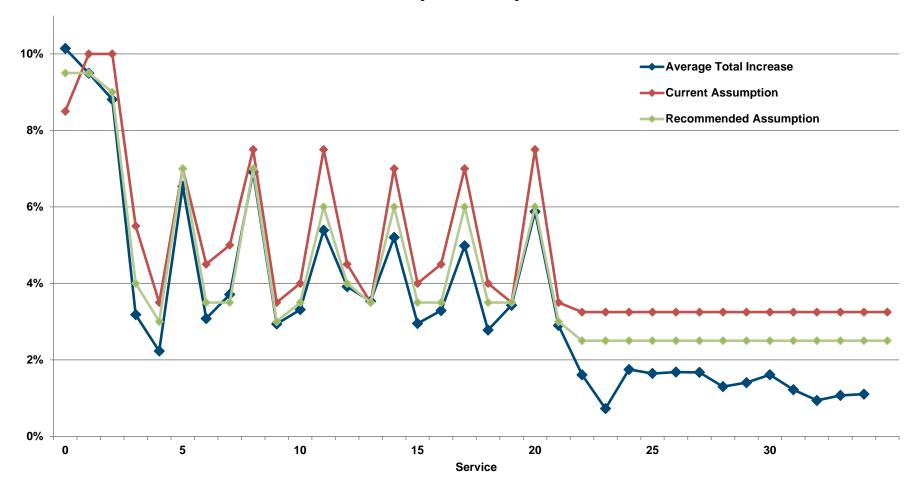
The total salary increase assumption for fiscal 2026+ is shown on the following page by service



Total Salary Increases by Service



Total Salary Increase by Service





Demographic Assumptions – Process



- Compare actual occurrences of each decrement to those expected by what the assumption predicted
 - Changes should move the A/E ratio closer to 1.0
- Examine any external influences on each assumption
- Account for potential future trends (e.g., mortality improvement)
- Propose adjustments to each of the demographic assumptions for Board consideration
- Credibility addresses the question of:
 - Whether there is enough information to discern an actual change in trend
 - The more experience, the more credible the results





- Current base assumptions based on PubS-2010 mortality tables
 - Mortality rates were changed from above-median PubS(A)-2010 table to PubS-2010 table for the December 31, 2022 actuarial valuation report
 - Pub-2010 tables based on a study conducted by the Society of Actuaries for public employees that provides information based on employee type (Teacher, Public Safety, and General) and salary/benefit levels (All, Above-Median (A), Below-Median (B))
- Mortality rates are projected generationally using Scale MP-2021
 - Previously projected five years past the valuation date
 - Changed to projected generationally for the December 31, 2022 actuarial valuation report



Mortality Improvement Rates



- Society of Actuaries' Retirement Plans
 Experience Committee (RPEC) has issued
 updated projection ("MP") scales for years
 2015-2021
- RPEC did not issue a new mortality projection scale for 2022 or 2023 due to the impact of COVID-19 experience on recent mortality rates
- Latest projection model (MIM-2021-V4) allows the actuary to reflect mortality loads



Mortality Improvement Rates



Important considerations with adding loads the projection model include:

- COVID-19 deaths were disproportionally high among the segment of the population with existing health conditions so remaining population might be "healthier" on average and have lower than average mortality
- An Expert Opinion Survey published by the Society of Actuaries issued in August 2022 and updated in August 2023 indicates:
 - Respondents expect the average excess mortality from COVID for pension plan participants to be lower than that of the U.S. general population
 - Excess mortality from COVID is expected to be largely phased out by 2030
- The SSA is assuming all excess mortality to be phased out by 2025

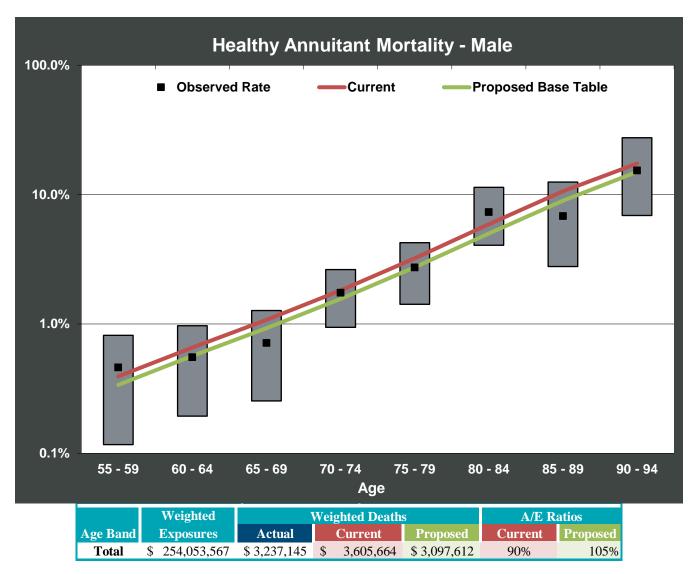




- Limited data and credibility due to size of participant population
- PubS-2010, above median income, amount weighted is the best fit based on available data for healthy male retirees
 - Current assumption A/E = 0.90
 - PubS-2010 above median income A/E = 1.05
- Not enough data for other participant classifications, so recommending using PubS(A) tables as published











Base Mortality Assumption

- Propose using PubS(A)-2010 tables
 - Above median, amount weighted for all participants (non-annuitant, healthy, contingent survivors, and disabled)
 - As published, without adjustment factors
- PubS-2010 tables would also be reasonable

Mortality Improvement Scale

- Propose continuing projecting mortality improvements generationally with MP-21
- Propose no COVID adjustments for excess mortality in the future



Retirement Rates



- Current retirement rates vary by when the member is first eligible for retirement
 - Currently assume that all participants retire within
 18 years of first eligibility
- During study period, 12/31/2016 to 12/31/2022
 - Actual retirements numbered 229
 - 192 expected from current assumptions
 - A/E = 229/192 = 1.19



Retirement Rates – Proposed



- Propose to change the structure of retirement rates to be based on age instead of service
 - Studied both ways and age appears to be a better indicator of retirement
 - Weighted expected retirement age decreases from 56.4 to 55.5 and aligns closer with recent experience where the average retirement age is 54.7
 - Current assumption A/E = 1.19
 - Proposed assumption A/E = 1.01
- The table on the following page provides the proposed rates by age



Retirement Rates – Proposed



Age	Proposed Rates	
42 and under	0.0%	
43-48	3.0%	
49-51	4.0%	
52-53	7.0%	
54	12.0%	
55-57	20.0%	
58-60	35.0%	
61-62	50.0%	
63+	100.0%	

Rates are only applicable for members eligible for early or normal retirement (those either aged 45+ with 10+ years of service or with 20+ years of service at any age)



Termination Rates



- Current termination rates vary by service
- Suggest to keep service-based structure with minor changes to specific termination rates
 - Current assumption A/E = 1.34
 - Proposed assumption A/E = 0.99
- Rates only apply when member is not eligible for retirement

Service	Current Rates	Proposed Rates
0-4 years	1.00%	1.50%
5-7 years	1.00%	0.75%
8-13 years	0.50%	0.75%
14 years	0.00%	0.75%
15+ years	0.00%	0.00%



Disability Rates



- Current disability rates vary by age
- Actual incidence has been less than expected, but limited credibility
- Propose to lower rates for all ages by a third



DROP Balance Payment Assumption



- Existing DROP balances are assumed to be withdrawn as of the valuation date
- New retirees are assumed to take full DROP balance upon retirement



DROP – Recent Retirement Experience



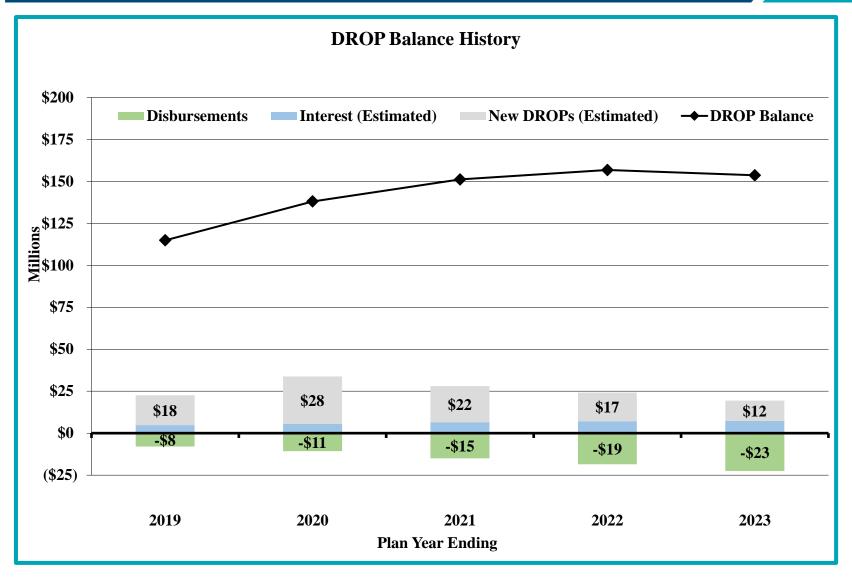
- 2019-2023 retirement experience provides the following insights:
 - 186 retirements during this 5-year period

DROP Period	Number of Retirees	% of Retirees
No DROP	36	19%
1 – 2 years	21	11%
3 – 4 years	1	11%
5 – 6 years	18	10%
7 years	90	48%
Total	186	100%



DROP Balance Payment Assumption







DROP Balance Payment Assumption



- Given the size of DROP balances to overall assets and recent experience, propose adopting a schedule that assumes existing DROP balances will be paid out evenly over the next eight years
 - Modified as necessary to assume no payouts assumed later than age 70 ½
 - Anticipate this model will better approximate future experience
- New DROP balances withdrawal schedule only recognized after actual retirement



DROP Period



- Current assumption is that participants will select the DROP period (0-7 years) that maximizes the present value of benefits
 - Not enough data to develop creditable assumption
 - Builds in conservatism, so more likely to experience gains for DROP feature
 - Will better capture the impact of previously granted COLAs
- Propose retaining current assumption and collecting data prospectively to monitor participant behavior for the next experience study



Beneficiary Age Assumption



- Current assumption is males are four years older than females
- Based on the December 31, 2022 retiree
 population with a 75% joint and survivor benefit
 form, the average age difference is:
 - Male participants are 3.0 years older than females
 - Female participants are 1.4 years younger than males
- Recommend to update the assumption to be:
 - Male participants are 3.0 years older than females
 - Female participants are 1.0 years younger than males



Payment Form



- Current assumption is that all participants elect the normal form,
 Life Annuity with 75% continued to the beneficiary (Option 1)
- Based on the December 31, 2022 retiree population,
 75% of the population elects Option 1

Payment Form	Number of Retirees	Percentage of Total
Life Annuity with 75% continued to beneficiary	591	75%
Life Annuity with 75% continued to beneficiary with 10 Years Certain	149	19%
Single Life Annuity	52	6%
Single Life Annuity with 10 Years Certain	1	> 1%
Total	793	100%

• Since 75% elect Option 1 and the other payment forms are actuarially equivalent to Option 1, we recommend retaining current assumption



Dependent Children Upon Active Death



- Current assumption is 50% of active members have dependent children and the youngest child is assumed to be one-year-old at active death
 - Liability for this benefit represents 0.03% of the active liability
 - Given the immateriality of the assumption, as well as its general reasonableness, we recommend no changes at this time



Plan Administration – Actuarial Equivalence



- The Board may want to consider updating actuarial equivalence factors used for Fund administration
- Current actuarial equivalence is defined as:
 - 1994 Group Annuity Mortality Table (weighted 97% males)
 - Interest rate of 8.0%
 - COLA assumption of 1.0%





Inflation
Future COLA
Investment Return
Administrative Expenses





Assumption	Current	Proposed for 2023
Price Inflation	2.50%	2.50%
Wage Inflation	3.00%	2.50%
Future COLAs	0.00%	0.00%





- Expected Return on Assets
 - Current assumption: 7.30% net of administration and investment fees
 - Proposed assumption: 7.30% net of investment fees only
 - Reasonable range of 6.75% to 7.50%
 - Implicit decrease in expected return with adding explicit administration expense (approx. 9 basis pts)
- Propose administration expense of 1.25% of payroll added to normal cost



Experience Study Road Map



- Follow-up from today's discussion
- Review actuarial cost methods at April meeting and cost implications of any assumption changes
- Final Assumptions and Methods Adopted by Board for use in 12/31/2023 Valuation



Required Disclosures



The purpose of this presentation is to show the results of the 2023 experience study for the Austin Firefighters Retirement Fund (AFRF) and propose assumptions for the December 31, 2023 actuarial valuation. This presentation is for the use of AFRF and its Board in selecting assumptions for ongoing actuarial valuations.

In preparing our presentation, we relied on information, some oral and some written, supplied by the AFRF. This information includes, but is not limited to, the plan provisions, employee data from December 31, 2016 to December 31, 2022 and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Cheiron utilizes and relies upon ProVal, an actuarial valuation software leased from Winklevoss Technologies for the intended purpose of calculating liabilities and projected benefit payments. Projected expected results of future valuations in this presentation were developed using P-Scan, our proprietary tool for the intended purpose of developing projections. As part of the review process for this presentation, we have performed a number of tests to verify that the results are reasonable and appropriate. We are not aware of any material inconsistencies, unreasonable output resulting from the aggregation of assumptions, material limitations or known weaknesses that would affect this presentation.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the AFRF for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Elizabeth Wiley, FSA, EA, MAAA, FCA Consulting Actuary

Heath Merlak, FSA, EA, MAAA, FCA Principal Consulting Actuary





Appendix



Overview



2013

Section 802.1014 requiring Texas public retirement systems with \$100+ million in assets to conduct experience study at least every 5 years

2015

Experience Study covering 11/1/2004 through 12/31/2014

2020

Experience Study covering 11/1/2010 through 12/31/2019

2024

Board decided to accelerate next Experience Study

Methods

Economic Assumptions

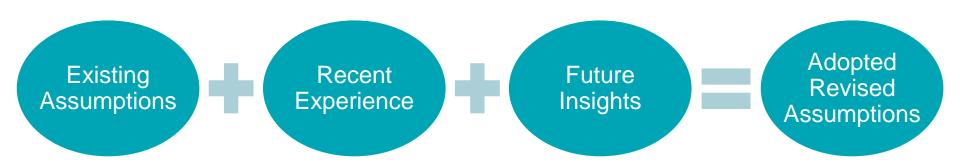
Demographic Assumptions



Overview









Experience Study Goal



Basis Model:

- □ Long-term
- ☐ Forward looking
- □ Reasonable
 - ☐ Individually
 - ☐ In aggregate
- Reflect client specific information where appropriate



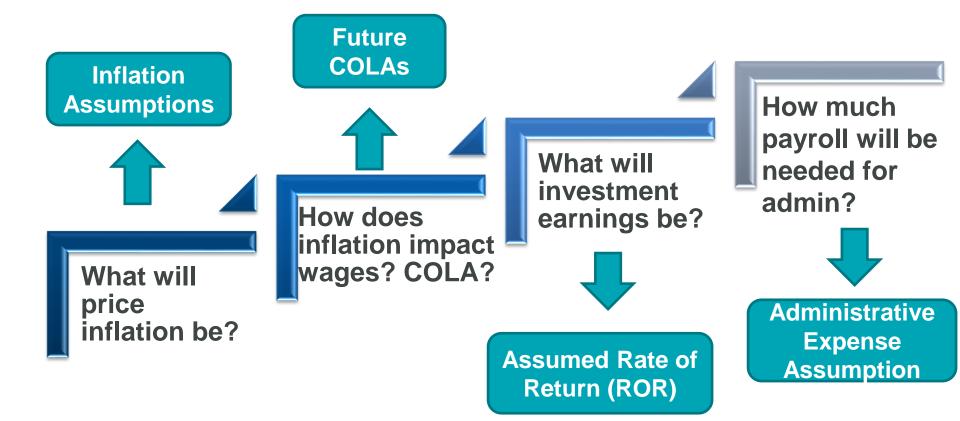


Inflation
Future COLA
Investment Return
Administrative Expenses



Actuarial Assumptions – Economic







Inflation Overview



Inflation is a core building block of AFRF assumptions:

- Base Wage Growth (Wage Inflation):
 Inflation + Real Wage Growth (productivity)
- Expected Return (Nominal):
 Inflation + Real Return
- Real ROR : Nominal Return - Inflation
- Future COLA:
 Inflation reflecting Statute/Rules

Current Assumptions

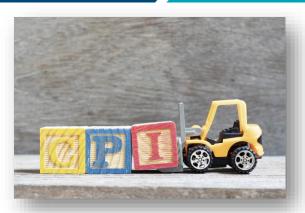
Assumption	Current
Price Inflation	2.5%
Wage Inflation	3.0%
ROR (nominal)	7.3%
Real ROR	4.8%
Future COLAs	0.0%



Inflation – Analysis



- Context
 - Historical data
 - Industry trends

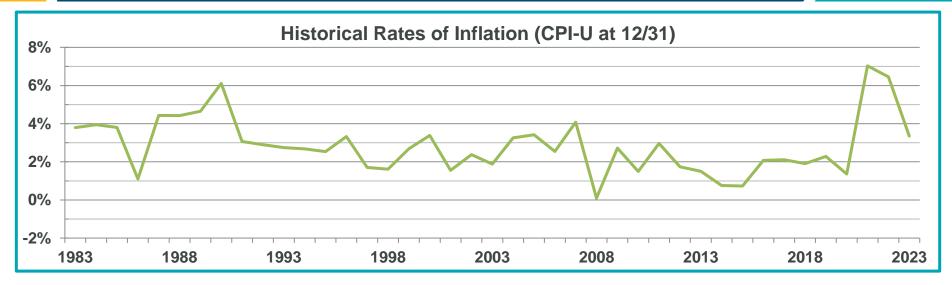


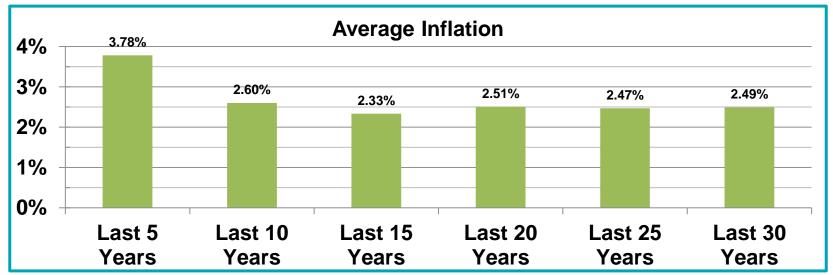
- Primary basis for recommendations
 - Current market expectations breakeven inflation rates
 - Forecasts
 - Investment consultant assumptions



Inflation – Historical CPI





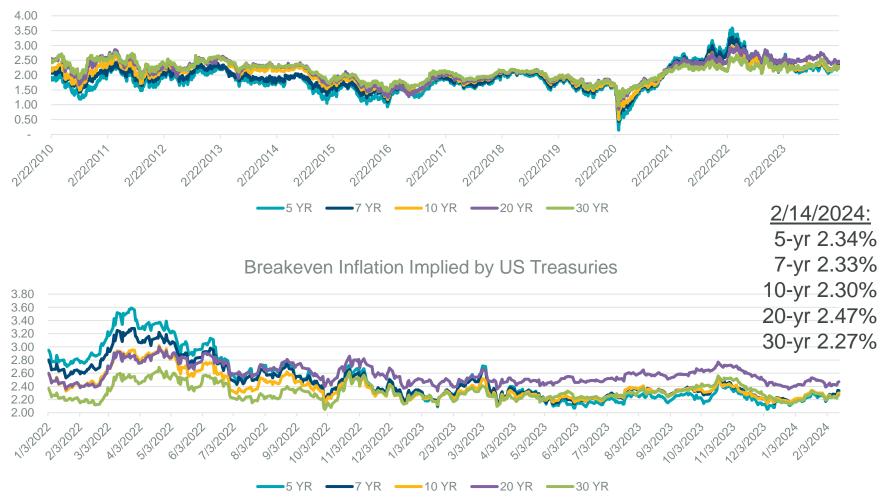




Inflation – Market Conditions





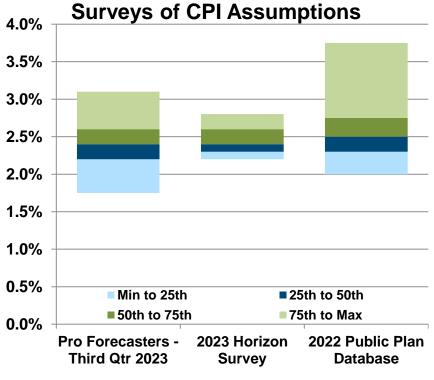


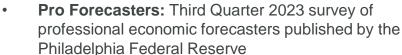
Graphs and data including updates available at https://bit.ly/BEI_Now



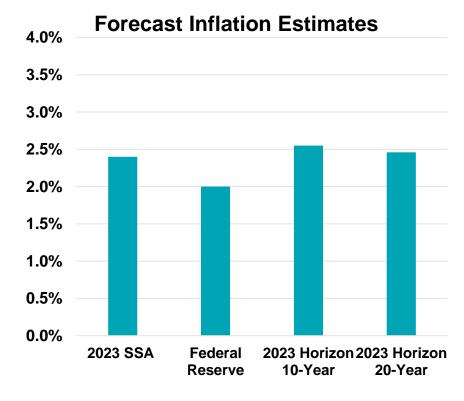
Inflation Rate – Expectations







- 2023 Horizon: survey of investment consultant capital market assumptions (20-year)
- 2022 Public Plans: inflation assumptions used by plans in the Public Plans Data database



- **2023 SSA:** March 2023 Social Security Administration OASDI report intermediate cost assumption (2.4%)
- Federal Reserve: long-term inflation target (2%)
- **2023 Horizon 10-Year**: average 10-year inflation assumption of financial firms included in 2023 (2.55%)
- **2023 Horizon 20-Year**: average 20-year inflation assumption of financial firms included in 2023 (2.46%)



Wage Growth – Overview



Pay for members expected to grow by

- Base wage growth (economic assumption)
- Plus individual merit based on longevity and promotion (demographic assumption)

Wage growth (in aggregate)

- Inflation, plus real-wage factor (productivity)
- Current assumption: 3.00% with assumed 0.50% real-wage growth above price inflation



Wage vs. Price Historical Data







Comparison of Year-End Comparison of Wage (AHE) and Price (CPI-U) from 2006

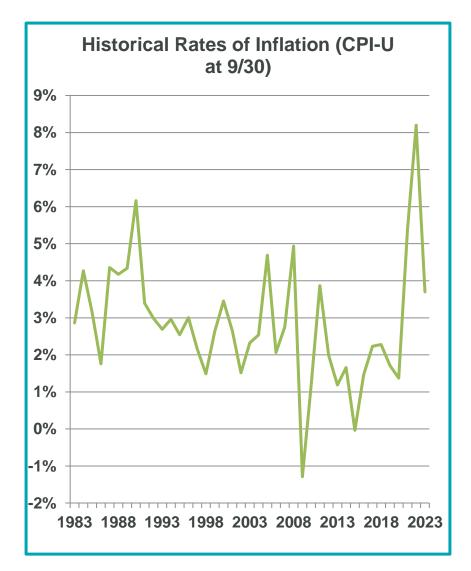




COLA Assumption Overview



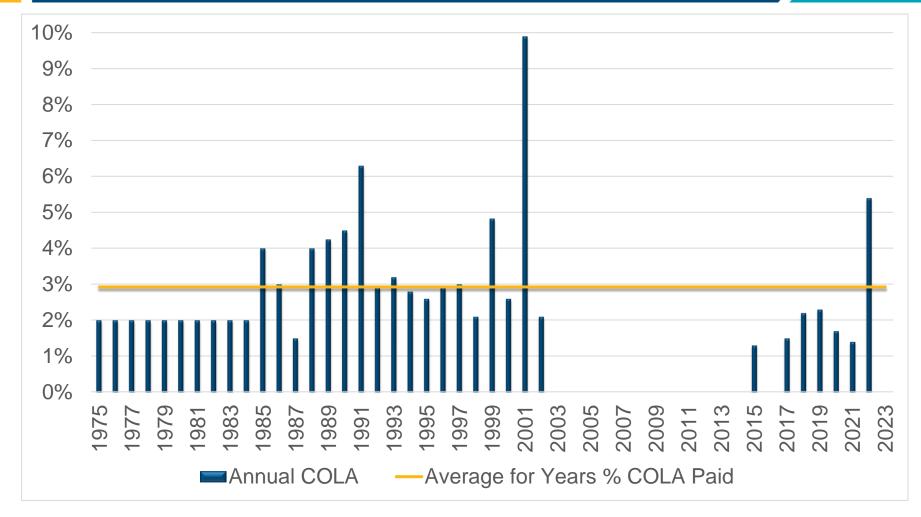
- Cost-of-living adjustments (COLAs) for this Fund designed to relate to inflation and purchasing power protection, so inflation is a key consideration
- However, COLAs subject to financial stability limitations that must be considered in setting the assumption for future COLAs
- COLAs previously granted for those who elect a DROP and are eligible are included in the valuation model





COLA Assumption – Historical Data





^{*} Additionally, dollar per month increases: 2005 \$32, 2006 \$100, 2013 \$93, 2014 \$64

^{**} Includes additional 3.33% in 1999 and 6.45% in 2001 with multiplier increases



COLA Assumption Review



- COLAs governed by <u>Article 6243e.1</u> and the <u>Fund Rules</u>
- Based on these provisions and the Fund's current and projected status, we are currently not anticipating any future COLAs being granted
- As such, the current COLA assumption is 0%
- Were the Fund in such a condition that COLAs could be paid, this assumption would also relate to the inflation assumption



Investment Return



Most powerful single assumption

- Current rate is 7.30%, net of investment and administration expenses
- Lower rate → higher expected contributions
- Over time, actual contributions necessary based on <u>actual</u> experience and benefits paid (not those expected)

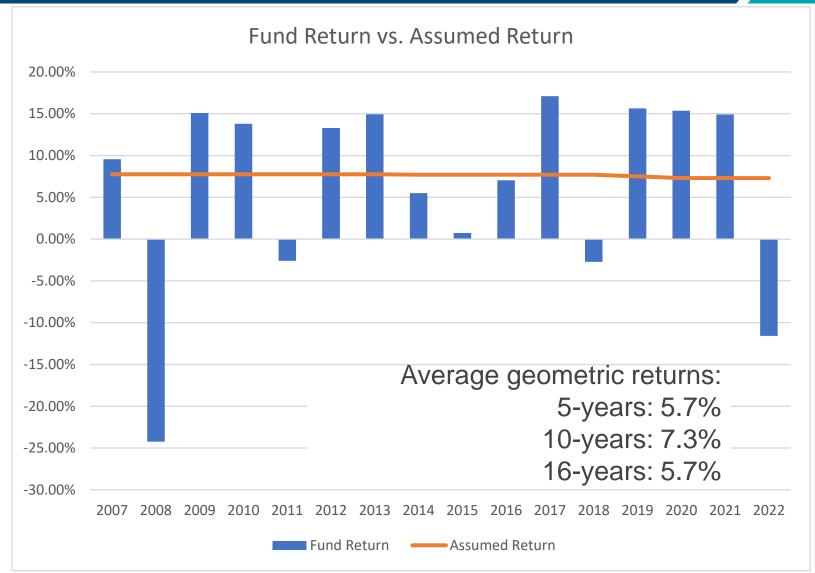
Factors considered in selecting the rate of return:

- Context
 - Historical experience
 - Asset allocation (current and future)
 - Industry trends
- Expectations for the future
- Board's tolerance for risk



Investment Return – History





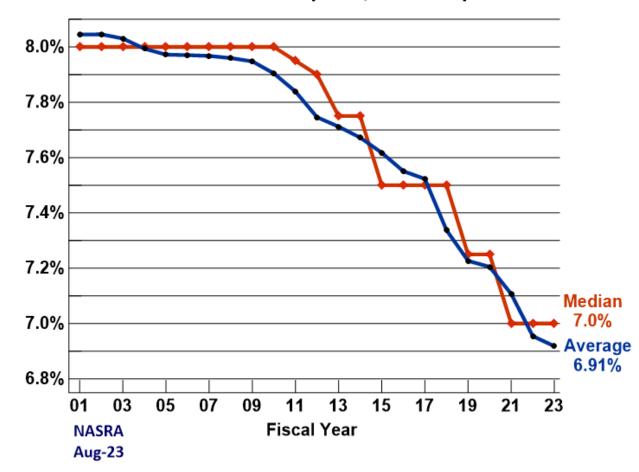


Investment Return – Industry Trends



- Since 2009, many plans have reduced their investment return assumption
- The median assumption is now 7.00%
- The number of plans assuming 7.00% or lower has increased significantly

Change to Average and Median Investment Return Assumption, FY 01 to present

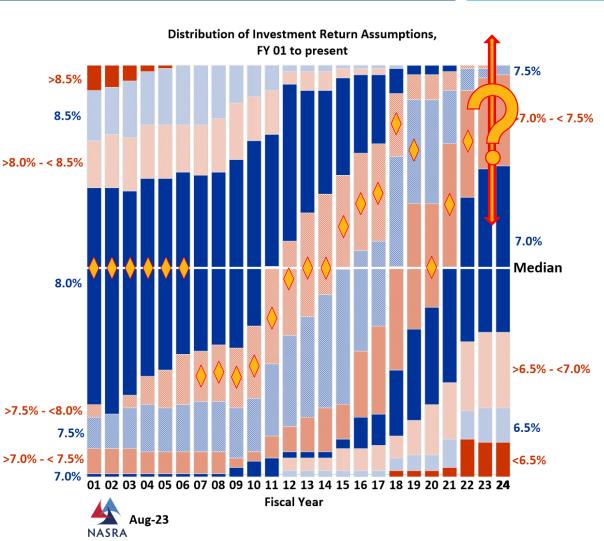




Investment Return – Industry Trends



- Distributions
 provide additional
 insights to the
 medians
- AFRF's current
 7.3% is now in the
 top quartile of plans
 in the PPD
 database
- And the majority of the plans shown are not net of administrative expenses



AFRF History Shown: 2001-2006 @ 8.00%, 2007-2014 @ 7.75%, 2015-2018 @ 7.70%, 2019 @ 7.50%, and 2020-2022 @ 7.30%



Texas Historical Data



PRB FY 2022 10-year Net Investment Returns vs. Assumed Discount Rate Funds with \$100 Million + in Assets (excluding transit, health, vol fire, and judicial)



AFRF's 10-Year Net Return of 7.57% compared to a 7.30% Return Assumption Average for the Group shown is 7.13% 10-Year Net Return and 7.17% Return Assumption Median for Group shown is 7.45% 10-Year Net Return and 7.25% Return Assumption



March 25, 2024

Investment Return – Future Outlook



- Gathered data from the Fund's investment consultant, Meketa, and from the 2022 and 2023 Horizon Surveys
- Expected returns based on target asset allocation
- Horizon Survey is conducted each year and gathers capital market assumptions from 30+ firms
 - 42 are included in the 2023 survey
 - Survey provides averages of capital market assumptions from participating firms



Asset Allocation



- Forecasts of returns reflect asset allocation in addition to capital market assumptions
- If the actual allocation deviates from that which is targeted, this will thus result in different forecasts
- Information on the current allocations provided by Meketa provided below for reference

Target Asset Allocations - Meketa						
	Allocation					
Asset Class	as of 6/30/2023 Policy Policy Range					
US Equities	22%	20%	13-27%			
International Equity	20%	22%	15-29%			
Fixed Income	28%	30%	20-40%			
Private Equity	18%	15%	5-25%			
Real Estate	8%	10%	0-20%			
Natural Resources	3%	3%	0-5%			
Cash	1%	0%	0-5%			



Asset Allocation



- Horizon data based on specific asset classes
- Using 6/30/2023
 allocation
 information from
 Meketa, we
 developed target
 allocations with
 these asset classes
- Forecasts will vary with different allocations

Target Asset Allocations used with Horizon Data

Asset Class	Target Allocation
US Equity - Large Cap	10.8%
US Equity - Small/Mid Cap	9.2%
Non-US Equity - Developed	15.4%
Non-US Equity - Emerging	6.6%
US Corp Bonds - Core	15.2%
US Corp Bonds - High Yield	4.4%
Non-US Debt - Emerging	5.2%
TIPS	5.2%
Real Estate	10.0%
Commodities	3.0%
Private Equity	15.0%



Investment Return – Future Outlook



Time Horizon	2023 Meketa	2023 Horizon Survey	2022 Horizon Survey
10-year	8.16%	7.50%	6.34%
20-year	8.63%	7.84%	7.04%

- Capital market expectations increased significantly for most asset classes from 2022 to 2023
- Although capital market expectations are long-term assumptions they are updated annually and can fluctuate significantly based on current market conditions
- Forecasts reflect assumed asset allocations



Investment Return – Future Outlook



Based on the capital market assumptions and asset allocations, the likelihood of achieving certain return thresholds over specified projection periods can be calculated

Source	Probability of Return Thresholds						
	At least 6.5%	At least 7.0%	At least 7.5%				
Meketa: 10-year	68.6%	59.9%	55.2%				
Meketa: 20-year	75.3%	69.8%	63.9%				
2023 Horizon Survey: 20-year	68.8%	62.0%	54.9%				

2023 and 2022 Horizon Surveys indicate the probability of achieving returns at least equal to or greater than the current assumption of 7.30% would be 57.8% and 46.2%, respectively, over a 20-year time period.

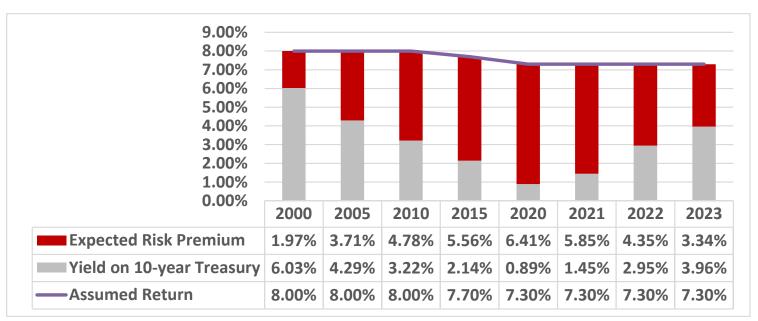
These reflect current asset allocations.



Investment Return – Risk Tolerance



- Until the recent increase in market interest rates, with market conditions, increased investment risk was generally required to achieve a given expected return
- Pension plans have met this challenge both by adjusting their investment strategies and by reducing their assumed returns
- Both the expected returns and the risks should be considered in setting asset allocations and selecting a discount rate





Administrative Expenses



- Administrative expenses are currently included in the investment return assumption
 - 7.30% return assumption is net of administration expenses as well as investment expenses
 - Five-year average of administration expenses indicates approximately 9 basis points of return
- Majority of systems pay administration expenses as a percentage of payroll, which is typically added to normal cost in determining contributions
- For GASB purposes, rate of return is only net of investment expenses



Administrative Expenses



- 5-year average of administration expenses approximately 1% of payroll historically for administration expenses
- Forward-looking expectation?

Year	Adm	nin. Expense	Expected Payroll	Admin. Expense as a % of Exp. Payroll
2022	\$	1,283,215	\$ 102,887,082	1.25%
2021	\$	970,731	\$ 98,222,771	0.99%
2020	\$	1,092,299	\$ 95,642,391	1.14%
2019	\$	852,192	\$ 92,083,218	0.93%
2018	\$	704,903	\$ 88,209,122	0.80%
Average	\$	980,668	\$ 95,408,917	1.02%



Texas Municipal Safety Admin. Info



AFRF	System	APRS	DPFP	El Paso - Fire	El Paso - Police	Houston Fire	Houston Police	San Antonio F&P
2022	FY basis	2022	2021	2021	2021	2022	2022	2022
1.3	Admin Expense (\$millions)	3.0	6.4	1.0	1.0	5.2	4.2	3.3
N/A	Admin Expense Assumption (as % payroll)	0.90%	1.00% (7mil min.)	1.35%	1.00%	1.25%	0.84%	0.92%
1.1	Assets (billions)	0.9	2.2	0.7	1.0	6.1	7.2	3.6
0.12%	Admin Exp as % Assets	0.32%	0.30%	0.15%	0.10%	0.10%	0.06%	0.09%

- Ft. Worth does not publish this information divided by member type, so not included
- Note that El Paso Police and Fire share many administrative features
- Sources: valuation reports on system website and data.prb.texas.gov





Demographic Assumptions

Salary Increases

Mortality Rates

Retirement Rates

Termination Rates

Disability Rates

Other Demographic Assumptions



Demographic Assumptions - Process



- Actual-to-Expected Ratio (A/E Ratio) The ratio of the actual number of decrements to the expected number based on the assumption
 - Changes should move the A/E ratio closer to 1.00
- R-Squared (R²) A measure of how well the assumption explains the observed data
 - Changes should move the R² statistic closer to 1.00
- 90% Confidence Interval The range around the observed rate in which the true rate for the experience study period falls with 90% confidence
 - The width of the range varies with the substantiality of the available data



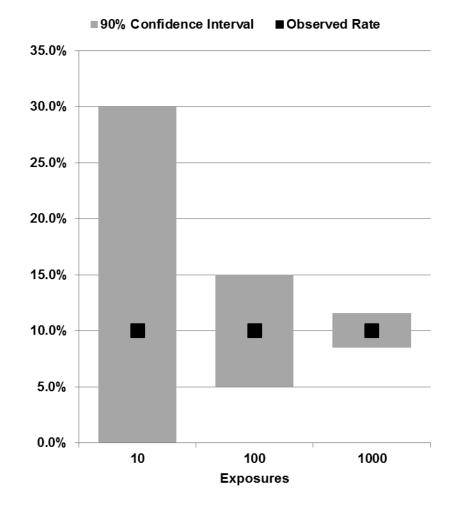
Demographic Assumptions – Process



The number of actual decrements and exposures is critical in determining how much credibility to assign to the experience:

- One actual decrement out of 10 exposures implies that the rate is somewhere between 0% and 30%
- 10 actual decrements out of 100 exposures implies that the rate is somewhere between 5% and 15%
- 100 actual decrements out of 1,000 exposures implies that the rate is somewhere between 8.5% and 11.5%

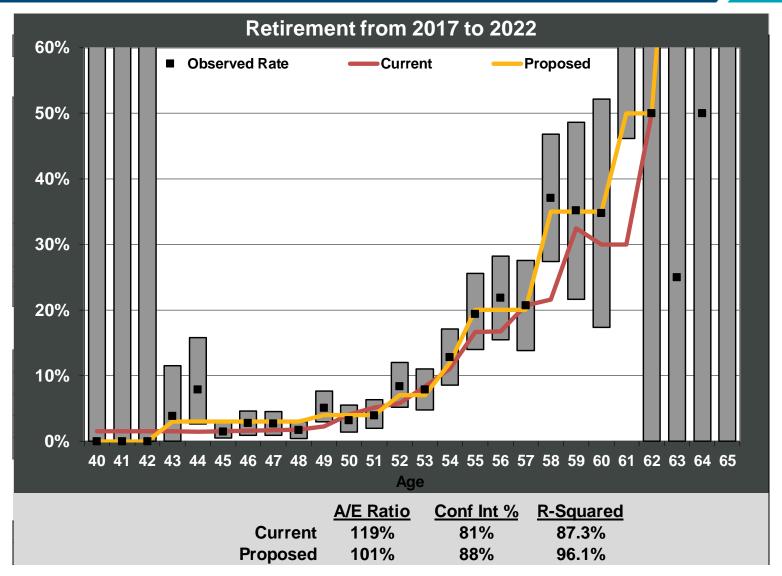
Confidence Interval Illustration





Retirement Rates

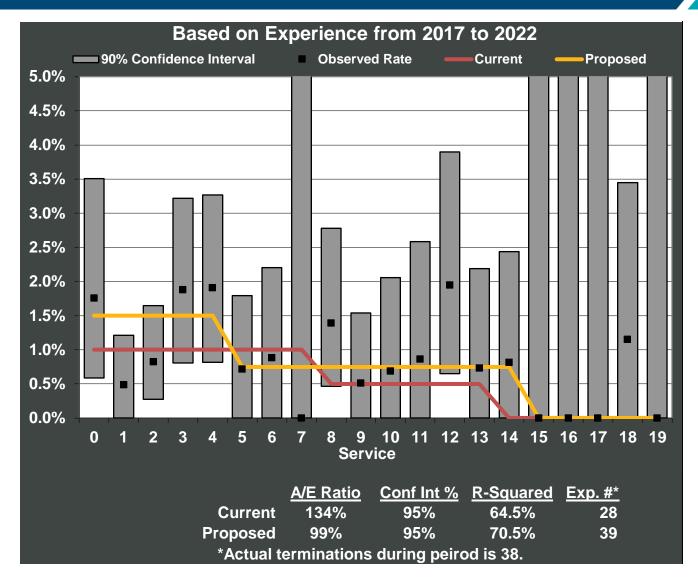






Termination Rates









AUSTIN FIRE FIGHTER'S RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES CODE OF ETHICS

As Amended and Restated May 26, 2023

I. Purpose

The State of Texas and trustees elected or appointed to serve as governing board members of its public pension funds desire to enhance and promote the professional management of their funds in order to provide retirement and other benefits to participants and beneficiaries who have served the State and its citizens.

To further these objectives, the Trustees of the Austin Fire Fighters Relief and Retirement Fund (the "Trustees" and the "Fund", respectively) shall adhere to legal, moral and professional codes of conduct in the fulfillment of their fiduciary responsibilities and to the following standards.

II. Responsibilities as Trustees

- (a) Trustees shall recognize their responsibilities for the stewardship of funds entrusted to their administration and discharge their duties solely in the interest of the Fund, its beneficiaries and participants.
- (b) Trustees shall carry out their duties with an understanding of the obligation of trust that they owe to the members of the Fund.
- (c) Trustees shall exercise prudence and integrity in the management and investment of pension plan assets in their custody, seeking reasoned diversification of the Fund's assets, consistent with those legal limitations which may apply.
- (d) Trustees shall strive to retain qualified individuals to provide professional assistance in achieving Fund objectives, informing said individuals of the fiduciary duties assumed by virtue of their service to the Fund.
- (e) Trustees shall assure the progress achieved by administrative staff, money managers, and other Fund fiduciaries is subject to periodic performance evaluation, and that reasonable and necessary administrative expenses are paid.
- (f) Trustees shall uphold both the letter and the spirit of the legislation and regulations governing their actions. (Article 6243e.1 V.T.C.S.)

III. Professional Requirements

- (a) Trustees shall act with honor and integrity in the administration of the Fund.
- (b) Trustees shall be responsible for developing and maintaining their skills and competence as Trustees through continuing education and participation in professional associations.

- (c) Trustees shall not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement or which omits any material fact.
- (d) Trustees shall respect and protect privileged and confidential information to which they have access by virtue of their role as Trustees. For these purposes, "confidential information" includes (i) any information that is considered confidential under applicable law, including the Texas Public Information Act, and (ii) any material, nonpublic information belonging to or relating to the Fund which is not made available to the general public, in each case, regardless of whether such information is designated as confidential. Examples of confidential information include, without limitation, personal and/or identifiable information regarding members or beneficiaries of the Fund, information discussed in a closed session of the Board of Trustees (the "Board"), confidential and privileged communications from legal counsel and certain nonpublic information regarding Fund investments.
- (e) Trustees shall speak with a common voice and shall refrain from speaking on behalf of the Board unless directed by the Chairman or Vice-Chairman.
- (f) Trustees shall assure that Fund financial information is made available pursuant to applicable law and generally accepted practices, within the framework of Article 6243e.1 and policies adopted by the Board.
- (g) Trustees shall be responsive to inquiries by assuring that the Fund handles information requests from beneficiaries or participants, members of the public, governmental agencies and the press in a timely manner and in accordance with applicable law.
- (h) Trustees shall not knowingly be a party to or condone any illegal, improper, or unethical activity.
- (i) Trustees shall manage all matters within the scope of their authority so that fairness and impartiality govern their decisions.
- (j) Trustees shall respect the rights, responsibilities and integrity of their colleagues and others with whom they work.
- (k) Trustees shall maintain the fiscal integrity of the Fund by monitoring the timely flow of monies due to the Fund.
- (l) Trustees shall assure that the Fund monitors pending legislation, assesses the actuarial impact of material proposals and, if necessary, opposes legislation if in their opinion the effect of such legislation would be detrimental to the fiscal integrity of the Fund.
- (m) Trustees shall promote equal employment opportunities.

IV. Conflict of Interest

- (a) Trustees shall actively avoid both the appearance and the fact of conflict of interests. A conflict of interest exists for a Trustee when a Trustee has a personal or private commercial or business relationship that could reasonably be expected to diminish the Trustee's independence of judgment in the performance of the Trustee's duties and responsibilities to the Fund, including, without limitation, a conflict of interest arising under Chapters 171 and 176 of the Texas Local Government Code and other applicable law.
- (b) Trustees shall discharge their duties without favor and shall refrain from engaging in any outside matters of financial or personal interest that may be incompatible with the impartial and objective performance of their duties.
- (c) Trustees shall not, directly or indirectly, seek or accept personal gain as the result of any action taken by or on behalf of the Fund.
- (d) Trustees shall not use Fund property or resources for personal or political gain.
- (e) Trustees shall promptly disclose any potential conflict of interest of which they become aware. All conflicts of interest shall be submitted in writing to the Fund and shall be reviewed by the Executive Director and the Fund's legal counsel. Any conflict of interest arising under Chapter 171 or Chapter 176 of the Texas Local Government Code shall be filed in accordance with such law, including any forms required thereunder. The Trustee may be required to disclose additional relevant information with respect to such matter.
- (f) If a Trustee is uncertain whether a potential conflict of interest exists or seeks guidance with respect to the disclosure of such conflict of interest to the Fund, the Trustee may consult with the Fund's legal counsel prior to disclosure. After review by the Executive Director and legal counsel, copies of any relevant documents or forms filed with the Fund will be provided to the Board and, to the extent required by applicable law, will be posted on the Fund's website.
- (g) Trustees shall excuse themselves from deliberating and voting on any matter that comes before them as to which a conflict of interest, a potential conflict of interest or the appearance of a conflict of interest may exist, unless after full disclosure at a public Board meeting of the facts underlying such conflict, (i) the other members of the Board determine that no conflict of interest or potential conflict of interest exists and (ii) if applicable, Chapters 171 and 176 of the Texas Local Government Code otherwise permit participation in the matter.

V. Gifts and Benefits

(a) A Trustee or family member of a Trustee shall not <u>solicit</u> any gifts or benefits from any third-party service provider of the Fund, including, without limitation, from any investment or fund manager, attorney, actuary, accountant, professional

- investment counselors or consultants, or custodians (the "Vendors") whether or not such Vendor is under contract with the Fund, is a candidate for hire, or otherwise currently doing business with the Fund.
- (b) During the "no-contact period", as defined in Section VI, a Trustee or family member of a Trustee shall not <u>accept</u> under any circumstances gifts or benefits from any Vendor or prospective Vendor who is a candidate under an active search or could potentially be a candidate under an active search by the Fund.
- (c) When not in the process of an active search, a Trustee or family member of a Trustee still shall not <u>accept</u> any gifts or benefits from Vendors or prospective Vendors under contract or otherwise doing business with the Fund other than (i) any gift or benefit given by a family member of a Trustee to such Trustee, (ii) a political contribution as defined by Title 15 of the Election Code, (iii) food, lodging, transportation or other entertainment accepted as a guest, provided the Vendor or prospective Vendor is physically present when such gift or benefit is being provided, or (iv) an item with value of less than \$50, excluding cash or a negotiable instrument. In no event shall a Trustee accept an anonymous gift.

(d) Trustees shall:

- (i) report all gifts or benefits given to a Trustee or, to the knowledge of the Trustee, a family member of a Trustee, by a Vendor or prospective Vendor within thirty (30) days following the receipt of such gift or benefit; and
- in addition to the required reporting above, comply with the applicable (ii) reporting requirements under Texas Local Government Code, Chapter 176, which requires Trustees to report any gifts given to a Trustee or a family member of a Trustee by a Vendor or other person that is either entering into a contract with the Fund or is considering entering into a contract with the Fund that have an aggregate value of more than \$100 during the 12-month period preceding the date that a Trustee becomes aware that (1) a contract between the Vendor or other person has been executed or (2) the Fund is considering entering into a contract with the Vendor or other person. For purposes of disclosure under Texas Local Government Code, Chapter 176, a political contribution as defined by Title 15 of the Election Code or food accepted as a guest with the Vendor physically present is not included in determining the \$100 aggregate value. To comply with Texas Local Government Code, Chapter 176, a Trustee must complete Form CIS, the Local Government Officer Conflicts Disclosure Statement.
- (e) Food and entertainment that is expressly included within the published agenda of a conference is not subject to reporting as described in Section V(d) above. However, any food or entertainment not expressly included in a conference agenda shall be reported in accordance with such section.

(f) The reporting of any gifts or benefits shall be made pursuant to forms and procedures established by the Executive Director. Reports of gifts or benefits to Trustees will be presented to the full Board by the Executive Director within thirty (30) days following the submission of the report.

VI. No-Contact Period

- (a) Trustees shall not initiate contact or communicate with any Vendor or prospective Vendor once the Board has formally initiated a search process by commencing the request for proposal (RFP) process or other search process authorized by the Board for services provided by such Vendor or prospective Vendor until the search process has concluded and a contract has been awarded (the "no-contact period").
- (b) During this no-contact period, Trustees may not make requests to the Executive Director to contact or communicate with a Vendor or a prospective Vendor.
- (c) All Vendors and prospective Vendors will be notified of the no-contact period in connection with the search process. Trustees who are contacted during the no-contact period by Vendors or prospective Vendors who may be the subject of the search shall immediately notify the Executive Director of such communication.
- (d) Trustees shall also comply with the prohibition on gifts and benefits during a nocontact period as set forth in Section V(b).

VII. Travel Policies

- (a) While Trustees are encouraged to enhance their education through attendance at conferences and seminars and may be required to perform on-site visits of investment providers for monitoring or due diligence purposes, travel associated with such attendance or visits should be made in accordance with the following guidelines to ensure Fund assets are utilized solely for reasonable expenses of the Fund.
- (b) Trustees may attend no more than four educational or training conferences or seminars that require travel outside of the state per calendar year without prior approval of the Board. In-state conferences and seminars do not count toward such limit. Advisory committee meetings and on-site visits of investment providers are permitted and also do not count towards such limit.
- (c) Attendance at educational seminars or conferences outside the contiguous fortyeight states is not permitted without prior approval of the Board.
- (d) Trustees will be reimbursed for travel expenses to permitted conferences, seminars and on-site visits in accordance with the Fund's reimbursement procedures established by the Executive Director. Trustees should make all reasonable efforts to minimize travel expenses, including adherence to the following:

- (i) Airfare travel should be coach and should be made as far in advance as reasonably possible. Direct flights should be booked when available.
- (ii) Lodging at out-of-town conferences and seminars should be arranged at the hotel where the conference or seminar is being held, or other conference or seminar approved hotel, if available. Only room, tax, and hotel parking are acceptable lodging expenses. Personal expenses at the hotel will not be reimbursed. Trustees will <u>not</u> be reimbursed for lodging expenses if the permitted conference or seminar is located in Austin, Texas or within a thirty (30) mile radius thereof (a "Local Conference").
- (iii) Ground transportation for an out-of-town conference or seminar will be reimbursed for travel to the conference site, which may include (1) travel to and from the airport, between the airport and the hotel and/or conference site, or between the Trustee's home and conference site, and (2) parking at the airport, hotel or conference site. Ground transportation for a Local Conference may be reimbursed if the Trustee must travel more than thirty (30) miles from his or her home to attend. Ground transportation expenses may include the use of a personal vehicle or a third-party service such as Uber. Ground transportation through use of personal vehicle will be reimbursed at the current Federal mileage reimbursement rate.
- (iv) Meals and included expenses will be reimbursed, but such reimbursements shall not exceed the Federal per diem rule. No reimbursements are permitted for (1) alcoholic beverages or (2) any meal if a meal is otherwise provided as part of a conference or seminar that the Trustee is attending.
- (v) Additional expenses related to travel for Fund business may be reimbursed with Board approval.
- (vi) Requests for reimbursements for travel expenses should be submitted on the form maintained by the Executive Director.
- (e) Within a reasonable period of time following attendance at an educational seminar or conference, Trustees shall provide the Executive Director with a statement of affirmation of conference attendance.
- (f) Trustees may conduct on-site visits to investment managers or other Vendors of the Fund when an on-site visit is advisable to address organizational or operational concerns or, if necessary, to conduct due diligence in connection with the addition of a new manager or Vendor or replacement of an existing manager or Vendor. On-site visits of Vendors shall only be conducted if prior notification is presented to the Board at its regular meeting, and on-site visits of investment managers should normally be conducted only at the recommendation of the Investment Consultant with the attendance of the Executive Director or his or her designee. The travel guidelines, as well as the other applicable provisions in this Code of Ethics, shall govern on-site visits as applicable; provided, however, Trustees may not accept

gifts of meals, lodging or transportation during such on-site visits, unless the meal is in connection with a working session at which the Vendor is present or the transportation is to and from the physical location of the Vendor.

VIII. Enforcement

- (a) Each Trustee has a duty to be aware of all provisions of this Code of Ethics and to abide by the letter and spirit of this Code of Ethics. The Board shall have the responsibility to enforce this Code of Ethics with respect to violations by an individual Trustee in accordance with the guidelines set forth in this Section VIII.
- (b) A complaint or allegation of a Trustee's potential violation of this Code of Ethics must be submitted by a Trustee to the Executive Director in writing. A Trustee may also submit a complaint or allegation on behalf of Fund staff or a member or beneficiary of the Fund if the Trustee is made aware of another Trustee's potential violation by such individuals.
- (c) If the Executive Director is notified in writing of an alleged violation or complaint, the Executive Director will promptly notify the Vice-Chair of the Board of the alleged violation. If the potential violation involves the Vice-Chair, the Executive Director will promptly notify the Secretary-Treasurer of the Board, or if the Secretary-Treasurer is also serving as the Vice-Chair or the potential violation involves the Secretary-Treasurer, the Chair of the Board. No retaliatory action will be taken against the reporting person for any such report involving a Trustee made in good faith.
- (d) Following receipt of a written complaint from the Executive Director, the Vice-Chair (or Secretary-Treasurer or Chair, as applicable) shall:
 - (i) Perform an initial review of the alleged violation and investigate the accuracy of any factual allegations or claims raised in the complaint (if necessary). The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) may request the Fund's legal counsel to assist him or her with the review or investigation and may, in consultation with the Fund's legal counsel, engage additional outside legal counsel to assist with the review or investigation without prior approval from the Board. The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) shall exercise prudence in selecting additional outside counsel and determining the scope of the review and investigation and the reasonableness of costs associated with the review and investigation. The Board may pre-approve law firms or individuals to serve as additional outside legal counsel to assist with the review or investigation, and the Vice-Chair (or Secretary-Treasurer or Chair, as applicable) will utilize such pre-approved law firms or individuals unless impracticable or otherwise imprudent.
 - (ii) Notify the Trustee who is the subject of the complaint or allegation that a written complaint was filed with the Executive Director and is under review

or has been reviewed, as applicable. The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) will determine when such notification is appropriate considering the nature of the complaint or allegation. However, such notification will be prior to the presentation of the complaint or allegation to the Board if at all possible.

- (iii) Present the results of the review and investigation of the alleged violation to the Board. Legal counsel that assisted with such review and investigation may participate in such presentation. Such presentation may, but is not required to, include recommendations for resolution of the matter to the Board.
- (e) Once the alleged violation of the Code of Ethics has been presented to the Board, the Board may, but is not required to, take formal action and determine if a violation of the Code of Ethics occurred. The Trustee who is the subject of the alleged violation may not deliberate or participate in the discussion of or vote with respect to the alleged violation, except such Trustee shall have the opportunity to address the Board, if desired, immediately prior to any vote by the Board on the alleged violation.
- (f) The Board has final decision-making authority with respect to violations of this Code of Ethics, and such decision shall be binding on the Trustee who is found to be in violation of this Code of Ethics.
- (g) If the Board determines that a Trustee has violated this Code of Ethics, the Board may take any of the following actions with respect to the Trustee who is the subject of the alleged violation or complaint:
 - (i) Require that the Trustee file the appropriate disclosure or conflicts report(s) within a specified time period,
 - (ii) Require that the Trustee attend approved specialized training within a specified time period, or
 - (iii) Reprimand, censure, or take other appropriate parliamentary measures, including removal as Vice-Chair, if applicable, or a request for resignation from an elected Trustee.



AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND

PERSONNEL POLICIES

Restated as of [Date] Effective May 27, 2022

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INTRODUCTION & DISCLAIMER

These Personnel Policies (the "Policies") contain information about employment policies and procedures for the Austin Fire Fighters Relief and Retirement Fund (hereafter referred to as the "Fund"). The policies set forth herein are approved by the Fund's Board of Trustees (hereafter referred to as the "Board") and are intended to provide a set of principles for establishing and maintaining harmonious and productive employee relationships in the conduct of Fund business.

Each employee should read and become familiar with the information contained in these Policies. Failure to comply with these Policies may result in discipline, up to and including termination of employment. The provisions in these Policies are not intended to in any way create any contractual obligations with respect to your employment. Nor are these Policies intended to create a contract guaranteeing that you will be employed for any specific time period.

For specific information about employee benefits, you should refer to the plan documents, which are controlling. The policies and procedures in these Policies are guidelines only. The Fund reserves the right to interpret and administer the provisions of these Policies as needed. Except for the policy of at-will employment, which can only be changed by the Board in a signed written contract, the Fund reserves the right to revise, delete and add to the provisions of these Policies at any time without further notice. All such revisions, deletions or additions to these Policies must be in writing and must be approved by the Board. No oral statements or representations can change the provisions of these Policies.

NOTHING IN THESE POLICIES NOR ANY OTHER COMMUNICATION BY A FUND REPRESENTATIVE OR ANY OTHER EMPLOYEE, WHETHER ORAL OR WRITTEN, IS INTENDED TO IN ANY WAY CREATE A CONTRACT OF EMPLOYMENT. UNLESS YOU HAVE A WRITTEN EMPLOYMENT AGREEMENT SIGNED BY AN AUTHORIZED FUND REPRESENTATIVE, YOU ARE EMPLOYED AT WILL AND NOTHING IN THESE POLICIES CAN BE CONSTRUED TO CONTRADICT, LIMIT OR OTHERWISE AFFECT YOUR RIGHT OR THE FUND'S RIGHT TO TERMINATE THE EMPLOYMENT RELATIONSHIP AT ANY TIME WITH OR WITHOUT NOTICE OR CAUSE.

These Policies supersede all prior versions published or distributed by the Fund and all inconsistent oral or written statements.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Fund is an equal opportunity employer and complies with all applicable federal, state, and local fair employment practices laws. The Fund strictly prohibits and does not tolerate discrimination against employees, applicants, or any other covered persons because of race, color, religion, creed, national origin or ancestry, ethnicity, sex, gender, age, physical or mental disability, citizenship, past, current, or prospective service in the uniformed services, genetic information, or any other characteristic protected under applicable federal, state, or local law. All employees, other workers, and representatives are prohibited from engaging in unlawful discrimination. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, training, promotion, discipline, compensation, benefits, and termination of employment.

Americans with Disabilities Act/Reasonable Accommodation

The Fund complies with the Americans with Disabilities Act (ADA), as amended by the ADA Amendments Act, the Texas Commission on Human Rights Act, and all applicable state and local laws. Consistent with those requirements, the Fund will reasonably accommodate qualified individuals with a disability if such accommodation would allow the individual to perform the essential functions of the job, unless doing so would create an undue hardship. If you believe you need an accommodation, refer any such request to the Executive Director. It is your responsibility to notify the Executive Director of the need for accommodation. Upon doing so, the Executive Director may ask you for your input or the type of accommodation you believe may be necessary or the functional limitations caused by your disability. Also, when appropriate, we may need your permission to obtain additional information from your physician or other medical or rehabilitation professionals. The Fund will also, where appropriate, provide reasonable accommodations for an employee's religious beliefs or practices.

Prohibition on Harassment

The Fund strictly prohibits and does not tolerate unlawful harassment against employees or any other covered persons because of race, color, physical or mental disability, religion, creed, national origin, ancestry, sex, gender, age (40 and over), citizenship, genetic information, past, current, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, Texas, or local law.

All employees, other workers, and representatives are prohibited from harassing employees, unpaid interns, and other covered persons based on that individual's sex or gender and regardless of the harasser's sex or gender. Sexual harassment means any harassment based on someone's sex or gender. It includes harassment that is not sexual in nature (for example, offensive remarks about an individual's sex or gender), as well as any unwelcome sexual advances or requests for sexual favors or any other conduct of a sexual nature, when any of the following is true:

- Submission to the advance, request, or conduct is made either explicitly or implicitly a term or condition of employment.
- Submission to or rejection of the advance, request, or conduct is used as a basis for employment decisions.
- These advances, requests, or conduct have the purpose or effect of substantially or unreasonably interfering with an employee's work performance by creating an intimidating, hostile, or offensive work environment.

The Fund will not tolerate any form of sexual harassment, regardless of whether it is:

- Verbal (for example, epithets, derogatory statements, slurs, sexually-related comments or jokes, unwelcome sexual advances, or requests for sexual favors).
- Physical (for example, assault or inappropriate physical contact).
- Visual (for example, displaying sexually suggestive posters, cartoons, or drawings, sending inappropriate adult-themed gifts, leering, or making sexual gestures).
- Online (for example, derogatory statements or sexually suggestive postings in any social media platform including Facebook, Twitter, Instagram, Snapchat, etc.).

This list is illustrative only and not exhaustive. No form of sexual harassment will be tolerated.

The Fund's anti-harassment policy applies equally to harassment based on an employee's race, color, physical or mental disability, religion, creed, national origin, ancestry, age (40 and over), citizenship, genetic information, past, present, or prospective service in the uniformed services, or any other characteristic protected under applicable federal, Texas, or local law. Such harassment often takes a similar form to sexual harassment and includes harassment that is:

- Verbal (for example, epithets, derogatory statements, slurs, derogatory comments, or jokes).
- Physical (for example, assault or inappropriate physical contact).
- Visual (for example, displaying derogatory posters, cartoons, or drawings, or making derogatory gestures).
- Online (for example, derogatory statements or postings in any social media platform including Facebook, Twitter, Instagram, Snapchat, etc.).

This list is illustrative only and not exhaustive. No form of harassment will be tolerated.

Complaint Procedure

If you are subjected to any conduct that you believe violates this policy, you must promptly speak to, write, or otherwise contact the Executive Director, or if the conduct involves the Executive Director, the Vice-Chairman of the Board, as soon as possible following the offending conduct. These individuals will ensure that a prompt investigation is conducted.

Your complaint should be as detailed as possible, including the names of all individuals involved and any witnesses. The Fund will directly and thoroughly investigate the facts and circumstances of all claims of perceived discrimination and will take prompt corrective action, if appropriate.

Additionally, any employee who observes discriminatory conduct is expected to immediately intervene to stop another employee from engaging in harassing behavior and provide assistance to individuals who are victims of any form of harassment. If the harassing behavior continues, the employee who witnesses or becomes aware of the harassing behavior has a duty to report such behavior to the Executive Director, or the Board Vice-Chairman if the Executive Director is the person engaging in the harassing behavior. This does not prohibit an employee from reporting harassing behavior on the first occurrence. Failure to report a known offense to this policy may lead to disciplinary action, up to and including termination of employment. The Executive Director, or the Board Vice-Chairman as applicable, will ensure that a prompt investigation and corrective action is taken, if appropriate.

Prohibition Against Retaliation

No one will be subject to, and the Fund prohibits, any form of discipline, reprisal, intimidation, or retaliation for good faith reports or complaints of incidents of discrimination of any kind, pursuing any discrimination claim or cooperating in related investigations.

The Fund is committed to enforcing this policy against all forms of discrimination. However, the effectiveness of our efforts depends largely on employees telling us about inappropriate workplace conduct. If employees feel that they or someone else may have been subjected to conduct that violates this policy, they should report it immediately. If employees do not report discriminatory conduct, the Fund may not become aware of a possible violation of this policy and may not be able to take appropriate corrective action.

Violations of this Policy

Any employee, regardless of position or title, whom the Fund determines has subjected an individual to discrimination or retaliation in violation of this policy will be subject to discipline, up to and including termination of employment.

Open Door Policy

We strive to provide a comfortable, productive, legal and ethical work environment. To this end, the Fund wants you to bring any questions, suggestions and complaints to our attention. We will carefully consider each of these in our continuing effort to improve operations.

Your suggestions and comments on any subject are important, and we encourage you to take every opportunity to discuss them with us. To help manage conflict resolution we have instituted the following problem solving procedure. Your job will not be adversely affected in any way because you choose to use this procedure.

If you believe there is inappropriate conduct or activity on the part of the Fund, its employees, vendors, customers, or any other persons or entities related to the Fund, you are expected to immediately bring this fact to the attention of the Executive Director.

If the Executive Director is unavailable or you believe it would be inappropriate to contact that person, you should present the problem to the Vice-Chairman of the Board.

CONDITIONS OF WORK

Standards of Conduct

To function effectively, every organization must develop policies and procedures to protect its clients and to ensure that co-workers' and the Fund's rights are respected. The Fund is no exception. Generally, conduct that may be disruptive, unproductive, unethical or illegal will not be tolerated.

Violation of this Standards of Conduct Policy may lead to disciplinary action, which, based on the circumstances of the individual case, could result in corrective action up to and including termination of employment. The following is a non-exhaustive list of conduct that may violate this Policy:

- Falsifying records.
- Engaging in fraud.
- Removing Fund property from the premises without authorization.
- Stealing or attempting to steal Fund or employee property.
- Being habitually tardy or absent.
- Engaging in poor timekeeping.
- Fighting on Fund property at any time.
- Being under the influence of intoxicating substances on Fund property at any time.
- Being insubordinate.
- Using or abusing Fund time, property, materials or equipment without authorization.
- Gambling on employer premises at any time.
- Sleeping on the job.
- Using offensive or profane language on Fund premises.
- Bringing dangerous or unauthorized weapons onto Fund premises.
- Being absent from work without authorization during scheduled work hours.
- Defacing Fund property.
- Engaging in criminal activity.
- Violating or abusing Fund policies.
- Neglecting job duties.
- Bringing the Fund into serious disrepute.

The Fund may consider an employee's job performance, prior violation of the Fund's rules and policies, and other relevant circumstances in determining whether to counsel, warn, suspend or terminate an employee. It is up to the Executive Director, or the Board in the case of the Executive Director, to decide whether corrective action is appropriate.

In addition to the provisions in these Policies, employees are responsible for complying with any other federal and state laws or regulations or local ordinances governing their conduct.

This section is not intended to restrict communications or actions protected or required by state or federal law.

Time and Attendance

The Fund requires regular and punctual attendance from all employees. Employees who are going to be absent for a full or partial work day or late for work must notify the Executive Director as far in advance as possible. Employees who must miss work because of emergencies or other unexpected circumstances must notify the Executive Director as soon as possible.

An employee will be considered to have taken an unexcused absence if the employee is absent from work during scheduled work hours without permission, including full or partial day absences, late arrivals and early departures. The Fund reserves the right to discipline employees for unexcused absences. Discipline may include counseling, oral or written warnings, suspensions or termination of employment, in the Fund's discretion.

Safety

The Fund is committed to maintaining a safe workplace. To further its goal, the Fund may issue safety rules and guidelines. You are required to comply with all the Fund's rules and guidelines, as well as any applicable federal, state, and local laws regarding workplace safety. In addition, you must keep your work area organized and free of any potential hazards. Failure to follow the Fund's safety rules and guidelines may result in discipline, up to and including termination of employment.

Employees will not be required to perform hazardous duty without first receiving training concerning the hazard, the proper work methods, and any appropriate measures or equipment to be used. If you witness any unsafe conditions or potential hazards (such as wet floors, broken equipment or defective appliances), you must report them to the Executive Director immediately. You must report all workplace injuries, accidents, or illness as soon as possible, regardless of the severity.

Workplace Violence

The Fund prohibits and will not tolerate any form of workplace violence by an employee or third party, including visitors, both at the workplace and at Fund-sponsored events.

For purposes of this policy, workplace violence includes:

- Making threatening remarks (written or verbal).
- Aggressive or hostile acts such as shouting, using profanity, throwing objects at another person, fighting or intentionally damaging a co-worker's property.
- Bullying, intimidating or harassing another person (for example, making obscene phone calls or using threatening body language or gestures such as standing close to someone or shaking your fist at them).
- Behavior that causes another person emotional distress or creates a reasonable fear of injury, such as stalking.
- Assault.

This list is illustrative only and not exhaustive. No form of workplace violence will be tolerated.

Weapons

To maintain a safe work environment, it is the policy of the Fund to prohibit its employees from possessing concealed weapons on the job and while representing the Fund in a work capacity at offsite events. Such possession of concealed weapons by any person poses a serious threat to the safety of employees, as well as to the Fund's operations, and will not be tolerated. This policy applies to any concealed weapons in Fund-owned or occupied buildings.

In accordance with Texas law, employees who have a license to carry a concealed handgun or who lawfully possess a firearm are permitted to store the firearm in a locked, personal vehicle while parked in the office-provided parking areas when the employee is lawfully on the Fund's property.

Concealed weapons include firearms of any kind, explosive devices, or any other item considered a weapon under the Texas Penal Code.

The Fund reserves the right without prior announcement to have authorized personnel conduct searches and inspections of employees, employees' personal effects, baggage, purses, and quarters in the office for the purpose of determining whether any employee is in possession of any concealed weapon. Searches may be conducted at any time without prior announcement.

Any employee who refuses to submit to a search or is found in possession of a concealed weapon will not be allowed on any Fund property and may be subject to disciplinary action up to and including termination of employment.

Working Conditions and Conflicts of Interest

The Fund is committed to achieving the highest standards of professionalism and ethical conduct in its operations and activities and expects its employees to conduct their business according to the highest ethical standards of conduct and to comply with all applicable laws. This policy is intended to increase awareness of potential conflicts of interest and establish a procedure for reporting them.

Employees should actively avoid both the appearance and the fact of a conflict of interest. Employees should always act in the best interest of the Fund and not permit outside interests to interfere with their job duties. The Fund prohibits all employees from, directly or indirectly, using their position with the Fund or the Fund's relationship with its clients, customers, vendors, suppliers, or contractors for private gain or to obtain benefits for themselves or members of their family.

For purposes of this policy, a potential conflict of interest occurs when an employee's outside interests (for example, a personal or private commercial or business relationship) interfere, or could reasonably be expected to interfere, with the Fund's interests or the employee's work-related duties. For example, a conflict of interest can occur when an employee is in a position to influence a decision that may result in a personal gain for the employee or the employee's family member as a result of the Fund's business dealings. If you have a question about whether a situation is a potential conflict of interest, please contact the Executive Director.

If you become aware of any potential conflict of interest or ethical concern regarding your employment or another employee at the Fund, you must promptly speak to, write or otherwise contact the Executive Director or, if the conduct involves the Executive Director, Vice-Chairman of the Board as soon as possible. You should be as detailed as possible. The Fund will determine whether a conflict of interest exists and what action should be taken.

IT Resources and Communications Systems

The Fund's computers, networks, communications systems and other IT resources (collectively, the "Fund's IT resources and communications systems") are intended for business purposes only (except for limited personal use as described below) during working time and at all other times. To protect the Fund and its employees, it is the Fund's policy to restrict the use of all of the Fund's IT resources and communications systems as described below. Each user is responsible for using these resources and systems in a productive, ethical and lawful manner.

The Fund's policies prohibiting harassment apply to the use of the Fund's IT resources and communications systems. No one may use any of the Fund's IT resources or communications systems in a manner that may be construed by others as harassing or offensive based on race, national origin, sex, sexual orientation, age, disability, religious beliefs or any other characteristic protected by federal, state or local law.

The use of the Fund's IT resources and communications systems by an employee shall signify his or her understanding of and agreement to the terms and conditions of this policy, as a condition of employment.

Resources and Systems Covered by This Policy

This policy governs all of the Fund's IT resources and communications systems owned by or available at the Fund, and all use of such resources and systems when accessed using an employee's own resources, including but not limited to:

- E-mail systems and accounts.
- Internet and intranet access.
- Telephones and voicemail systems, including wired and mobile phones, smartphones and pagers.
- Printers, photocopiers and scanners.
- Fax machines, e-fax systems and modems.
- All other associated computer, network and communications systems, hardware, peripherals and software, including network key fobs and other devices.
- Closed-circuit television (CCTV) and all other physical security systems and devices, including access key cards and fobs.

Security, Access and Passwords

Security of the Fund's IT resources and communications systems is the responsibility of the Executive Director, including approval and control of employees' and others' access to systems and suspension or termination of access in cases of misuse and when a user is no longer an employee or otherwise ineligible to use the systems.

It is the responsibility of each employee to adhere to IT security guidelines including but not limited to the creation, format and scheduled changes of passwords. All user names, pass codes, passwords, and information used or stored on the Fund's computers, networks and systems are the property of the Fund. No employee may use a user name, pass code, password or method of encryption that has not been issued to that employee or authorized in advance by the Fund.

No employee shall share user names, pass codes or passwords with any other person. An employee shall immediately inform the Executive Director if he or she knows or suspects that any user name, pass code or password has been improperly shared or used, or that the Fund's IT security has been violated in any way.

No Expectation of Privacy

All contents of the Fund's IT resources and communications systems are the property of the Fund. Therefore, employees should have no expectation of privacy whatsoever in any message, files, data, document, facsimile, telephone conversation, social media post, conversation or message, or any other kind or form of information or communication transmitted to, received or printed from, or stored or recorded on the Fund's electronic information and communications systems.

You are expressly advised that in order to prevent against misuse, the Fund reserves the right to monitor, intercept and review, without further notice, every employee's activities using the Fund's IT resources and communications systems, including but not limited to e-mail (both outgoing and incoming), telephone conversations and voicemail recordings, instant messages and internet and social media postings and activities, and you consent to such monitoring by your acknowledgement of this policy and your use of such resources and systems. This might include, without limitation, the monitoring, interception, accessing, recording, disclosing, inspecting, reviewing, retrieving and printing of transactions, messages, communications, postings, log-ins, recordings and other uses of the systems as well as keystroke capturing and other network monitoring technologies.

The Fund may also store copies of such data and communications for a period of time after they are created and may delete such copies from time to time without notice. Do not use the Fund's IT resources and communications systems for any matter that you desire to be kept private or confidential from the Fund.

Network Systems

The Fund maintains integrated computer and data communications networks to facilitate all aspects of its business. You may never sign on to any network equipment using the password or user name of another employee. No employees should access, attempt to access, alter, or delete any network document except in furtherance of authorized Fund business.

Downloading and Installing Software/Website Agreements

E-mail and downloading from the internet are prime sources of viruses and other malicious software. Therefore, no one may download or install any software or shareware to their hard drive that is not expressly authorized or approved by the Executive Director. In addition, employees may not accept the terms or conditions of website agreements without first obtaining approval from the Executive Director.

Confidentiality

Preservation of the Fund's confidential information is extremely important to the Fund. Treat such information accordingly and do not jeopardize it through your business or personal use of electronic communications systems, including e-mail, text messaging, internet access, social media and telephone conversations and voicemail. Disclosure of the Fund's confidential information to anyone outside the Fund is prohibited, except as required by the Open Meetings Act, the Public Information Act, or other applicable law. Ask the Executive Director if you are unsure whether to disclose confidential information to particular individuals or how to safeguard the Fund's confidential information.

This policy also prohibits use of the Fund's IT resources and communications systems in any manner that would infringe or violate the proprietary rights of third parties. Electronic communications systems provide easy access to vast amounts of information, including material that is protected by copyright, trademark, patent, and/or trade secret law and confidentiality agreements. You should not knowingly use or distribute any such material downloaded from the internet or received by e-mail without the prior written permission of the Executive Director.

E-mail and Text Messaging

The Fund provides certain employees with access to e-mail and/or text messaging systems for use in connection with the performance of their job duties. The Fund seeks to provide stable and secure e-mail and text messaging systems (including SMS and internet-based instant messaging) with rapid, consistent delivery times that promote communication for business purposes without incurring unnecessary costs or generating messages that are unproductive for the recipient. Many of the policies described below governing use of the Fund's e-mail and text messaging systems are aimed at reducing the overall volume of messages flowing through and stored on the network, reducing the size of individual messages, and making the system more efficient and secure.

Spam. Unfortunately, users of e-mail will occasionally receive unsolicited commercial or bulk e-mail (spam) which, aside from being a nuisance and a drain on IT resources, might be a means to spread computer viruses and other malicious software. Avoid opening unsolicited messages and report any suspicious e-mail to the Executive Director immediately. Delete all spam immediately. Do not reply to the message in any way, even if it states that you can request to be removed from its distribution list. If delivery persists, contact the Executive Director who will block any incoming e-mail from that address.

Users should be aware that spammers have the ability to access e-mail addresses that are listed as senders or recipients on e-mail messages, on websites, user discussion groups, and other internet areas. Therefore, you should be cautious about using and disclosing your Fund e-mail address. If you use e-mail for information gathering purposes, we strongly recommend that you not use your Fund e-mail address, but rather establish a separate e-mail account for that purpose with a free e-mail service, such as yahoo.com, hotmail.com or google.com.

Etiquette. Proper business etiquette should be maintained when communicating via e-mail and text messaging. When writing business e-mail, be as clear and concise as possible. Sarcasm, poor language, inappropriate comments, attempts at humor, and so on, should be avoided. When communicating via e-mail or instant messages, there are no facial expressions and voice tones to assist in determining the meaning or intent behind a certain comment. This leaves too much room for misinterpretation. E-mail communications should resemble typical professional and respectful business correspondence.

Personal Use of Fund-provided E-mail. We recognize that employees might work long hours and occasionally may desire to use Fund-provided e-mail for personal use at the

office or by means of the Fund's computers, networks and other IT resources and communications systems. We authorize such occasional use so long as it does not involve unprofessional or inappropriate content and does not interfere with your employment responsibilities or productivity.

<u>Internet</u>

The Fund provides desktop internet access to employees for use in connection with performance of their job duties. The following outlines the Fund's expectations regarding internet and social media access and use by employees.

We recognize that employees might work long hours and occasionally may desire to access the internet (including social media) for personal activities at the office or by means of the Fund's computers, networks and other IT resources and communications systems. We authorize such occasional use so long as it does not involve unprofessional or inappropriate content and does not interfere with your employment responsibilities or productivity.

Using the internet (including social media) to access pornographic, sexually explicit or "hate" sites, or any other website that might violate the law or the Fund's policies against harassment and discrimination is never permitted.

Remember that the Fund expressly reserves the right, without further notice, to monitor and review records of all websites visited by you, any postings or downloads you make while visiting websites and during your other internet activities using the Fund's IT resources and communications systems, and you consent to such monitoring and review by your acknowledgement of this policy and your use of internet access provided by the Fund.

Telephone and Voicemail

The Fund provides landline and/or mobile telephone access and voicemail systems to certain employees for use in connection with the performance of their job duties. To ensure that our members are provided with courteous and respectful service and to prevent misuse of the Fund's IT resources, telephone conversations and voicemail messages of every employee may, without notice, be monitored, recorded and reviewed. The Fund may also store recorded telephone conversations and voicemail messages for a period of time after they take place and may delete such recordings from time to time.

We recognize that employees might occasionally need to use Fund telephones and voicemail for personal activities. We authorize occasional personal use of the Fund's telephones and voicemail systems so long as it does not comprise unprofessional or inappropriate conversations or messages and does not interfere with your employment responsibilities or productivity. Fund telephones may not be used for commercial, religious or political solicitation, or to promote outside organizations.

Remember that the Fund expressly reserves the right, without further notice, to monitor, review and record telephone conversations and voicemail messages you have or leave whether business or personal in nature, and you consent to such monitoring, review and recording by your acknowledgement of this policy and by using any of the Fund's telephone or voicemail systems.

Inappropriate Use of Fund IT Resources and Communications Systems

You are never permitted to use the Fund's IT resources and communications systems, including e-mail, text messaging, internet access, social media, telephones and voicemail, for any inappropriate or unlawful purpose. This includes but is not limited to:

- Misrepresenting yourself as another individual.
- Sending, posting, recording or encouraging receipt of messages or information that may be offensive because of their sexual, racist, or religious content.
- Revealing confidential information, including official Fund or employee information without authorization.
- Conducting or soliciting illegal activities.
- Representing your personal opinion as that of the Fund.
- Interfering with the performance of your job or the jobs of other employees.
- For any other purpose that violates the Fund's policies or practices.

Employees who violate any provision of this policy are subject to discipline, up to and including termination of employment.

Social Media

The Fund recognizes that the internet provides unique opportunities to participate in interactive discussions and share information on particular topics using a wide variety of social media, such as Facebook, LinkedIn, Twitter, Pinterest, Tumblr, blogs and wikis. However, employees' use of social media can pose risks to the Fund's confidential information and reputation that can expose the Fund to discrimination and harassment claims and can jeopardize the Fund's compliance with state law.

To minimize these business and legal risks, to avoid loss of productivity and distraction from employees' job performance and to ensure that the Fund's IT resources and communications systems are used appropriately as explained below, the Fund expects its employees to adhere to the following guidelines and rules regarding social media use.

Apart from personal use of social media in accordance with this policy, the Fund encourages its employees to participate responsibly in these media as a means of conducting Fund business so long as all of the Fund's rules and guidelines regarding social media usage, particularly in a business context, are adhered to.

Compliance With Related Policies and Agreements

All of the Fund's other policies that might apply to social media use remain in full force and effect. Employees should always adhere to them when using social media.

Social media should never be used in a way that violates any of the Fund's policies or employee obligations. If your social media activity would violate any of the Fund's policies in another forum, it will also violate them in an online forum. For example, employees are prohibited from using social media to:

- Violate the Fund's IT resources and communications systems policies.
- Violate the Fund's confidentiality policies.
- Circumvent the Fund's ethics and standards of conduct policies.
- Engage in unlawful harassment.
- Circumvent policies prohibiting unlawful discrimination against current employees or applicants for employment.
- Violate the Fund's privacy policies (for example, never access private password-protected sites of other employees without permission).
- Violate any other laws or ethical standards (for example, never use social media in a
 false or misleading way, such as by claiming to be someone other than yourself or by
 creating an artificial "buzz" around the Fund).

Employees should also never provide references or recommendations for members on social or professional networking sites, as such references or recommendations can be attributed to the Fund and create legal liability for employees and the Fund (such as interference with prospective business contracts and allegations of wrongful termination).

Business Use of Social Media

If you are required to use social media as part of your job duties, you should carefully review these guidelines. Note that the Fund owns all social media accounts used on behalf of the Fund or otherwise for business purposes, including any and all log-in information, passwords and content associated with each account, such as followers and contacts. The Fund owns all such information and content regardless of the employee that opens the account or uses it and will retain all such information and content regardless of the separation of any employee from employment with the Fund. If your job duties require you to speak on behalf of the Fund in a social media environment, you must still seek approval for such communication from the Executive Director who may require you to receive training before you do so and impose certain requirements and restrictions with regard to your activities. Likewise, if you are contacted for comment about the Fund for publication, including in any social media outlet, direct the inquiry to the Executive Director and do not respond without written approval.

Solicitation and Distribution

The Fund has established this policy to govern employee solicitation and distribution of written materials, specifically to:

- Maintain and promote safe and efficient operations, employee discipline and an attractive, clutter-free work place.
- Minimize non-work-related activities that could interfere with member interaction, service quality and teamwork.

Employees may not:

- Solicit other employees during working time.
- Distribute literature during working time.
- Distribute literature at any time in working areas.

The sole exceptions to this policy are for solicitations and distributions related to charitable activities approved by the Fund.

Solicitation includes, but is not limited to, approaching someone in person or through Fundowned property such as computers, smartphones, e-mail systems and intranets for any of the following purposes:

- Offering anything for sale.
- Asking for donations.
- Collecting funds or pledges.
- Seeking to promote, encourage or discourage participation in or support for any organization, activity or event, or membership in any organization.
- Distributing or delivering membership cards or applications for any organization.

Distribution includes, but is not limited to, disseminating or delivering in person or through Fund-owned property such as bulletin boards, computers, smartphones, e-mails and intranets any literature or other materials including circulars, notices, papers, leaflets or other printed, written or electronic matter (except that distributing or delivering membership cards or applications for any organization is considered solicitation and not distribution).

Working time includes any time in which either the person doing the solicitation (or distribution) or the person being solicited (or to whom non-business literature is being distributed) is engaged in or required to be performing tasks related to conducting Fund business. Working time excludes times when employees are properly not engaged in performing work tasks, including break periods and meal times.

Working areas include areas controlled by the Fund where employees are performing work, excluding, for example, cafeterias, break rooms, the Fund's e-mail system, and parking lots.

Dress Code and Grooming

The Fund strives to maintain a professional atmosphere that is conducive to our business environment, contributes to the morale of all employees and projects an image of efficiency and professionalism to visitors, members, vendors or the public. Employees are relied upon to exercise common sense and good judgment regarding their clothing and appearance in the workplace and to dress in a manner that is consistent with the goals of this policy. Generally, employees should maintain a clean and neat appearance in the workplace and dress according to the requirements of their positions and accurately represent the Fund's image to the public.

Our office maintains a business casual/relaxed environment, but some clothing and grooming guidelines should be observed. For example, clothing which is not acceptable are items that are sloppy or unkempt, halter-tops, bathing suits, tank tops, or ripped jeans.

Any employee who is not dressed in proper professional attire consistent with this policy will be considered unsuitable to work and may be asked to go home and return to work appropriately dressed. Employees who disregard this policy and its standards will be subject to discipline.

Any employee that requires a reasonable accommodation for reasons based on religion, disability or other grounds protected by federal, state or local laws should contact the Executive Director. Reasonable accommodation will be granted unless it would cause an undue hardship on the Fund. Any questions about the requirements of this policy or what constitutes appropriate workplace attire should be directed to the Executive Director.

Smoke-Free

The Fund prohibits and will not tolerate smoking in the workplace, including all indoor facilities, offices, lunchrooms, breakrooms, and bathrooms. This policy applies to all employees and visitors.

For purposes of this policy, smoking includes lighting, smoking or carrying a lighted cigarette, cigar or pipe and the use of any electronic smoking device. This list is illustrative only and not exhaustive.

Drug-Free

The Fund is committed to providing a safe, healthy and productive work environment. Consistent with this commitment, this policy establishes the Fund's intent to maintain a drug and alcohol-free workplace. Being under the influence of alcohol or illegal drugs (as classified under federal, state or local laws) while on the job poses serious health and safety risks to employees, which is not tolerated.

The Fund expressly prohibits the following activities at any time that employees are either (1) on duty or conducting Fund business (either on or away from the Fund's premises), or

- (2) on the Fund's premises (whether or not the employee is working):
 - The use, abuse or being under the influence of alcohol, illegal drugs or other impairing substances.
 - The possession, sale, purchase, transfer or transit of any illegal or unauthorized drug, including prescription medication that is not prescribed to the employee or drug-related paraphernalia.
 - The illegal use or abuse of prescription drugs.

Nothing in this policy is meant to prohibit the appropriate use of over-the-counter medication or other medication that can legally be prescribed under both federal and state law, to the extent that it does not impair an employee's job performance or safety or the safety of others. Employees who take over-the-counter medication or other medication that can legally be prescribed under both federal and state law to treat a disability should inform the Executive Director if they believe the medication will impair their job performance, safety or the safety of others or if they believe they need a reasonable accommodation before reporting to work while under the influence of that medication.

A violation of any of the above is subject to disciplinary action, up to and including termination of employment.

In order to achieve the goals of this policy and maintain a safe, healthy and productive work environment, the Fund reserves the right at all times to inspect employees, as well as their surroundings and possessions, for substances or materials in violation of this policy. This right extends to the search or inspection of clothing, desks, lockers, bags, briefcases, containers, packages, boxes, tools and tool boxes, lunch boxes and Fund-owned or leased vehicles and any vehicles on Fund property where prohibited items may be concealed. Employees should have no expectation of privacy while on the Fund premises, except in restrooms or locker rooms.

Personnel Records

The Fund will maintain personal work history records of each active employee. Records will also be maintained on inactive employees for not less than the period required by law. An employee's records are available for inspection in the Fund's office by the employee, any individual authorized by the employee, his or her immediate supervisor, or designee. The Fund will not release personnel records to individuals or agencies outside the Fund unless it is required by law.

An employee at all times has a right to inspect any and all inclusions made a part of his or her personal work history records and may at any time submit personal work history information

that will be included into his or her official records. Employees will be given a copy of any written record of a disciplinary or performance counseling that is added to their personnel file.

STAFFING

Selection

The Board is responsible for selecting, hiring and overseeing the Executive Director and the Fund's Chief Investment Officer, if any. The selection, hiring and oversight of all other Fund employees is the responsibility of the Executive Director, provided that the Board shall approve the budgeted salary expense for any newly created staff position prior to the hiring of any individual to fill such position. All staffing decisions will be subject to and in compliance with the Equal Employment Opportunity Policy set forth within these Policies.

Nepotism

No person related within the second degree by affinity or consanguinity to the Executive Director or any member of the Board shall be hired to any office, position, clerkship, or other service of the Fund. This prohibition shall not apply, however, to any person who shall have been continuously employed by the Fund for a period of two (2) years prior to the employment of the Executive Director or appointment of any member of the Board.

Temporary Employees

Temporary employees are generally hired on a temporary or project-specific basis, with either full- or part-time hours. They are not eligible for most Fund benefits. A temporary employee who is hired into a regular position will receive service credit from the initial employment or reemployment date. Sick and vacation leave benefits which would have been accrued if the employee had occupied a regular position will be credited in a like amount to the employee at the time of change to a regular position. Other leave such as holidays, bereavement leave, etc. occurring during employment in a temporary position will not be credited.

PAYROLL PRACTICES AND COMPENSATION

Employee Classifications

The Fund designates each employee as either exempt or non-exempt in compliance with applicable federal, state, and local law.

Exempt Employees. Employees who are designated as exempt are paid a fixed salary and are not entitled to overtime pay.

Non-exempt Employees. Employees who are designated as non-exempt are entitled to overtime pay at a rate of one and one-half times their regular rate of pay for all hours worked over forty (40) in a workweek, as required by applicable federal, state, and local law.

The Fund also assigns each employee to one of the following categories:

Regular Full-Time Employees. Regular full-time employees generally work at least forty (40) hours per workweek, except for approved time off.

Regular Part-Time Employees. Regular part-time employees generally work twenty (20) hours or less per workweek.

Temporary Employees. Temporary employees are generally hired on a temporary or project-specific basis, with either full- or part-time hours. They are not eligible for most Fund benefits.

Wage and Salary

The Board shall establish the salary for the Executive Director and conduct an annual review of such position in accordance with its Governance Policy. The Board will periodically review the compensation of the Executive Director to ensure that it is comparable to compensation offered to individuals in similar positions by other Texas and US public pension funds. In addition, the Board may establish a salary range for the Executive Director, and if established, the Executive Director's salary shall fall within the Board-approved range for the position. The salary range for the Executive Director as adopted by the Board (if any) will be set forth in Exhibit A to this Policy.

The Executive Director is responsible for establishing the salary for all other Fund employees that reflects a rate appropriate for the level and type of work performed in relation to the competitive labor market, provided that the Board shall approve the budgeted compensation expense for any newly created staff position(s) prior to filling such position(s). The Executive Director will maintain a list or organization chart reflecting current employee positions at the Fund. The Executive Director will periodically review the compensation of all employees other than the Executive Director to ensure that it is comparable to compensation offered to individuals in similar positions by other Texas and US public pension funds. As a result of such a review, the Executive Director may develop and maintain a salary range for each staff position at the Fund other than the Executive Director position.

The Executive Director is responsible for evaluating each Fund employee other than the Executive Director and reviewing his or her salary level at a time which the Executive Director deems appropriate and may provide salary increases for outstanding performance or as a cost of living adjustment.

Workweek and Business Hours

The Fund's workweek is seven (7) days, beginning on Monday morning at 12:00 a.m. and ending the following Sunday night at 11:59 p.m. Full-time employees are expected to work eight (8) hours per workday, five (5) days per workweek, exclusive of meal/lunch breaks and rest periods.

The Fund's normal business hours are Monday through Friday, 8 a.m. to 5 p.m. The Fund's office shall be staffed during normal business hours in accordance with the business needs of the Fund. An employee may work outside of normal business hours as approved by the Executive Director. Employees may be required to come in early, work late, or work overtime from time to time, depending on various factors, such as workloads, staffing needs, and special projects.

Non-exempt employees subject to this policy are required to accurately record all time worked in accordance with the Fund's timekeeping procedure.

Payroll Deductions

The Fund is required by law to make certain deductions from your pay each pay period, including:

- Federal and state income taxes.
- Social Security (FICA) taxes.
- Deductions required by wage garnishment or child support orders.

The Fund may also deduct from your pay your portion of health, dental or life insurance premiums. No other deductions will be made.

All deductions from your pay will be identified on your pay stub. If you have questions about any deductions from your pay or if you believe improper deductions have been made, you must report your concern to the Executive Director immediately.

Timekeeping

To ensure that the Fund has accurate time records and that employees are paid for all hours worked in a timely manner, non-exempt employees are required to accurately record all hours worked in accordance with the Fund's timekeeping procedure. Non-exempt employees should record all hours worked and breaks longer than twenty (20) minutes on a daily basis, including meal/lunch breaks. The Executive Director will review your time records and ask you to verify them at the end of each pay period.

Employees must ensure all time is recorded accurately. Off-the-clock work is strictly prohibited. Fraudulent timekeeping and falsification of time records are subject to discipline, up to and including termination of employment.

Overtime

Employees may occasionally be asked to work beyond their normally scheduled hours.

Non-exempt employees will receive overtime pay in accordance with applicable federal, state, and local law at a rate of one and one-half times their regular rate of pay for all hours worked

over forty (40) hours in any given workweek. Overtime pay is based on hours actually worked. For example, hours paid for vacation, holiday, sick, or paid time off time will not be included in calculating hours of overtime.

Non-exempt employees must obtain approval from the Executive Director in advance of working overtime. Failure to obtain approval for working overtime may result in discipline, up to and including termination of employment.

Exempt employees do not receive overtime pay and instead are paid a salary that compensates them for all hours worked.

Administrative Pay Corrections

The Fund takes all reasonable steps to ensure that you receive the correct amount of pay in each paycheck and that you are paid on the scheduled payday.

In the unlikely event that there is an error in the amount of pay you receive, you should promptly advise the Executive Director so that the discrepancy can be corrected as quickly as possible.

It is your responsibility to examine your pay detail to identify discrepancies and bring to the attention of the Executive Director in a timely manner for rectification.

BENEFITS

Paid Leave

Leave may be granted by the Executive Director upon request by an employee. Work schedules and operational requirements of the Fund are necessary considerations, which may preclude the granting of leave. Leave must be reasonably requested, and the Executive Director has a responsibility to respond in a reasonable time. Leave is granted for a specific period of time, and any extension must follow the same procedure required for granting the original leave. Leave which qualifies as family or medical leave is also subject to the requirements of that section.

Paid leave is paid for at the same rate as hours worked during the basic work week, and paid leave hours are counted as hours in the employee's work period and apply toward the employee's eligibility for earning benefits.

All regular part-time employees accrue paid leave on a pro-rated basis determined by their regularly budgeted work hours.

Holidays

The following holidays are declared official holidays for employees. If a holiday falls on Saturday, it will be observed on the preceding Friday; if a holiday falls on Sunday, it will be observed on the following Monday.

New Year's Day	January 1
Martin Luther King, Jr.'s Birthday	Third Monday in January
Washington's Birthday (President's Day)	Third Monday in February
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November and
	Friday after Thanksgiving
Christmas Eve*	December 24
Christmas Day*	December 25
Two Personal Holidays**	Open

^{*} Special Provisions for Christmas Eve and Christmas Day: When either or both of these adjacent holidays fall on a Saturday or Sunday, they will be observed as follows:

- If December 24 falls on a Friday and December 25 falls on a Saturday, then the Christmas Eve holiday will be observed on Thursday, December 23 and the Christmas Day holiday will be observed on Friday, December 24.
- If December 24 falls on a Saturday and December 25 falls on a Sunday, then the Christmas Eve holiday will be observed on Friday, December 23 and the Christmas Day holiday will be observed on Monday, December 26.
- If December 24 falls on a Sunday and December 25 falls on a Monday, then the Christmas Eve holiday will be observed on Monday, December 25 and the Christmas Day holiday will be observed on Tuesday, December 26.
- ** A Personal Holiday is a day off on a day the employee chooses and the Executive Director approves. Personal Holidays may not be accrued and must be used in the calendar year in which they are given. Personal Holidays not used on or prior to December 31 will be forfeited.

Full-time employees shall receive pay at the regular rate for holidays. Part-time employees in permanent positions whose officially scheduled work weeks are at least twenty (20) hours per week or more shall be entitled to pay for holidays on a pro-rated basis. An employee who is

absent without authorization on the day immediately preceding or following a holiday(s) shall lose pay for the holiday as well as the pay for that day.

The Executive Director and the Board reserve the right to make additional days available as needed.

Vacation Leave

All full-time regular employees shall accrue vacation leave, at their regular rate of pay, for each month of continuous service with the Fund in accordance with the following schedule:

<u>Upon Completion of:</u>	Hours Accrued Per Month:
Less than 5 years	8.68 hours
5 years	10.68 hours
10 years	12.00 hours
15 years	13.34 hours
20 years	15.34 hours

Vacation leave is subject to these additional guidelines:

- Official holidays occurring during an employee's vacation leave shall not be charged against vacation leave.
- The maximum allowed balance of accrued vacation leave at any given time is sixhundred (600) hours. However, the Executive Director may waive this limitation for employees, and the Board may waive this limitation for the Executive Director, if the needs of the Fund preclude the taking of any excess vacation leave which would otherwise be lost because of this limitation.
- Vacation leave time can be taken in minimum intervals of one-quarter hour. The maximum amount of continuous vacation leave time which can be granted to an employee is four (4) weeks, except as approved by the Executive Director.
- Accrual of vacation leave time begins immediately upon employment with the Fund in a regular position.
- Part-time employees in regular positions accrue vacation leave on a pro-rated basis. Temporary employees shall not accrue vacation leave nor be entitled to vacation leave pay upon separation. Employees who earn leave as regular employees and then accept reassignment to a temporary or part-time position in which they are not eligible to accrue full benefits are entitled to all earned or previously accrued leave as defined in these policies at the time of transfer.

Upon a termination of employment with the Fund, an employee shall be entitled to receive a lump-sum cash payment equal to the accumulated balance of the employee's accrued, but unused vacation leave, up to a maximum of two-hundred and forty (240) hours for full-time employees (such maximum amount will be pro-rated for a part-time employee in a regular position).

Sick Leave

All full-time regular employees shall earn eight (8) hours of sick leave for each month beginning immediately upon employment with the Fund. Sick leave may be accrued without limit. Sick leave is accrued for each month of continuous service with the Fund. Part-time employees in regular positions accrue sick leave on a pro-rated basis.

- Sick leave may be allowed in the case of doctor appointments, personal illness, or physical incapacity of an employee. It may also be allowed when an employee is required to care for a member of his or her immediate family who is ill or incapacitated due to a medical condition. Sick leave may also be taken as family or medical leave under the Family and Medical Leave Policy.
- To receive paid sick leave, an employee shall communicate with the Executive Director before or within two (2) hours after the time set for beginning work to receive approval for use of sick leave.
- In the event any requested sick leave would dramatically impact the operation of the office, such that the ability to conduct business is impaired, the Executive Director shall communicate to the Board Vice-Chairman.
- Sick leave can be taken in intervals of one-quarter hour for all time absent during the regular workday. Official holidays and regular days off shall not count against sick leave. Employees are eligible to take sick leave intermittently or on a reduced leave schedule only when medically necessary.
- After an employee's accrued sick leave has been exhausted, vacation leave may be used as sick leave upon request of the employee. When absence due to illness exceeds the amount of total paid leave accrued and authorized, the pay of an employee shall be discontinued until he or she returns to work. An employee whose paid leave has been exhausted may be entitled to unpaid leave under the Family and Medical Leave Policy. The employee will be placed on unpaid leave as of the day following the last day of paid leave. Sick leave will not be advanced.
- Employees who become ill during vacation leave may request that vacation leave be temporarily terminated and time charged to sick leave.

— The Executive Director may require satisfactory proof of the proper use of sick leave and may disallow sick leave in the absence of such proof. An employee who misuses sick leave should be counseled; if the misuse continues, the employee is subject to disciplinary action, up to and including termination of employment. An employee who is on sick leave for five (5) consecutive working days or more must provide a Return to Work Release from the employee's health care provider before the employee will be permitted to return to work. The Return to Work Release must state that the employee is able to resume work.

Upon a termination of employment, employees shall forfeit all accrued but unused sick leave balances and shall not be entitled to receive any payment for such accrued but unused sick leave.

Parental Leave

Paid Parental Leave may be granted up to thirty (30) working days for a maximum of 240 hours (six weeks) for employees scheduled to work forty (40) hours per work week.

If you need to take Parental Leave for the birth of your child or to care for a new adopted or foster child, you should provide advance notice to the Executive Director. When possible, you should give at least thirty (30) days' notice of your request for Parental Leave. If thirty (30) days' notice is not possible because of medical necessity or for other reasons, you should give as much advance notice as possible.

If you are suffering from a pregnancy-related disability and require reasonable accommodation (which may include leave) for this purpose, please speak with the Executive Director to discuss a reasonable accommodation. You may be required to submit medical certification of your disability.

During Parental Leave, employees will continue to be paid their normal rate of pay for up to six (6) weeks. Employees also may use any or all of their accrued but unused vacation or other paid time off in addition to Parental Leave.

Parental Leave must be taken within the FMLA period associated with the date of the birth or placement of a child for adoption or foster care. Employees are not entitled to take Parental Leave intermittently or on a reduced leave schedule unless approved by the Executive Director.

Military Leave

Employees who are required to fulfill military obligations in any branch of the Armed Forces of the United States or in state military service will be given the necessary time off and reinstated in accordance with federal and state law. An employee who is a member of the state military forces or a reserve component of the armed forces will be granted up to fifteen (15)

days of paid leave per federal fiscal year for days on which the employee is engaged in authorized training or duty ordered or authorized by proper authority, subject to the following conditions:

- All requests for military leave must be accompanied by a copy of the order, directive, notice, or other document requiring absence from scheduled work.
- Military leave pay will not be granted for hours before or after the regularly scheduled working hours or for overtime hours scheduled.
- Travel time included in the orders and paid for or reimbursed by the service may be counted as military leave.
- Military leave will not be granted for diagnosis or treatment of any service-connected sickness or disability, for obtaining or sustaining any disability rating, or for treatment in any government facility.
- Time required for physical examinations for selection or admission to the Military Service to determine or maintain a selective service rating or to maintain a reserve status will be counted as military leave. Pay will be limited to the regularly scheduled hours lost.
- Time required over and above the maximum allowed must be taken as vacation leave or leave of absence.

Military orders should be presented to the Executive Director and arrangements for leave made as early as possible before departure. Employees are required to give advance notice of their service obligations to the Fund unless military necessity makes this impossible. You must notify the Executive Director of your intent to return to employment based on requirements of the law. Your benefits may continue to accrue during the period of leave in accordance with state and federal law.

Administrative Leave

The Executive Director may grant an employee administrative leave for a purpose approved by the Board. Examples of administrative leave include but are not limited to: blood bank donations, work hours lost on the day of an on-the-job injury, power failure, bomb threat, reduced work day by administrative directive, visits to other cities on Fund business, etc. Time off, when necessary, to vote in National, State, County and Municipal elections shall also be considered administrative leave. Time charged to administrative leave will be shown as regular time worked.

Court Leave

The Fund encourages employees to fulfill their civic duties related to jury service. In addition, the Fund acknowledges that, on occasion, employees may have an obligation to participate in legal proceedings as a witness. Court leave will be granted to all employees except non-exempt temporary employees for the purpose of appearing as a juror, witness or other official participant in the proceedings of a legally recognized court or other body having power of subpoena, if an employee is not a party to the proceedings. The employee must provide a copy of the document requiring attendance in court to the Executive Director with his or her leave request. This may be in the form of a jury notice, subpoena, letter of request from the defense or prosecuting attorney, request of the hearing officer, etc. Court leave will not be charged against sick or vacation leave.

You are expected to return to work if you are excused from the proceedings during regular working hours or released from the proceeding earlier than expected. This policy does not extend leave to employees seeking leave because they have committed or are alleged to have committed a criminal act or are a party to a civil lawsuit.

Bereavement Leave

All regular employees may be granted bereavement leave for a period not to exceed three (3) consecutive workdays in case of a death in their immediate family. Scheduled days off do not count against the allowed time off. Bereavement leave will not be charged against sick or vacation leave. Temporary employees may be granted unpaid leave in such cases. Bereavement leave is for the purpose of attending funerals, making arrangements, or otherwise attending to the affairs of the deceased. An employee may be requested to provide information, which will document the necessity of the absence. Additional time off, if approved, must be taken as vacation leave or unpaid leave.

For purposes of this policy, immediate family members include an employee's spouse or domestic partner, parent, step-parent, parent-in-law, sibling, brother-in-law, sister-in-law, child, grandparent, and grandchild.

Employees are responsible for requesting bereavement leave from the Executive Director as far in advance as possible.

Unpaid Leave

The granting of unpaid leave is subject to the approval of the Executive Director. The requesting employee must justify in writing any request for unpaid leave. When an unpaid leave exceeds two (2) weeks in any month, service credit for all employment privileges shall cease until the employee returns from leave.

If an employee fails to return to work at the time specified in the application for unpaid leave and does not provide a reasonable excuse and notice to the Executive Director, that employee shall be considered to have resigned effective on the date of return specified in the original application.

Granting unpaid leave constitutes a commitment to the employee that there will be a position available upon his or her return, which is of at least equal pay grade as the position vacated and at the same or higher rate. However, this policy does not entitle any employee to any right, benefit, or position of employment other than any right, benefit, or position to which the employee would have been entitled had the employee not taken leave. For example, if during an approved leave, the employee is terminated for reasons unconnected with a legitimate leave, or the employee's position is eliminated through a reduction in force, the commitment to return the employee to a position with the Fund will cease on the day the employee is terminated or the position is eliminated.

While on unpaid leave of absence, sick and vacation leave cannot be accrued or used. The employee's service credit or length of service is adjusted upon return from unpaid leave by the amount of leave taken. When unpaid leave qualifies under the Family and Medical Leave Policy, it is also subject to the requirements of that section.

Leave of Absence

Regular employees may be granted a leave of absence for illness, disability, pregnancy, political activity, educational purposes, military duty or for any other legitimate purpose. Employees must provide justification for requesting the leave to the Executive Director.

Leaves of absence may be approved by the Executive Director, provided that leaves of absence of the Executive Director must be approved by the Vice-Chairman of the Board.

Absence Control Policy

This policy applies to all employees of the Fund, except for those employees on military leave. Employees who fail to call in, as required by this policy, may be terminated from employment.

After exhaustion of all leaves and paid time off, any employee of the Fund who has not performed any services for the Fund for any reason for a period of six (6) consecutive months shall be removed from the Fund's roll of active employees and shall be terminated from employment. Employees may be entitled to continue employee benefits or exercise conversion rights in accordance with applicable law and/or the terms and provisions of the employee benefit plan documents.

After exhaustion of all leave and paid time off, any employee of the Fund who has seven (7) unscheduled absences, regardless of the reason, during any rolling six (6) month period of employment may be terminated from employment.

The Fund will consider reasonable extensions of this time period for any employee with a disability or as required by law.

Leave Under the Family and Medical Leave Act (FMLA)

The Fund provides leave according to the Family and Medical Leave Act of 1993 (FMLA), which provides for unpaid, job-protected leave to covered employees in certain circumstances.

Eligibility

To qualify for FMLA leave, you must: (1) have worked for the Fund for at least twelve (12) months, though it need not be consecutive; (2) worked at least 1,250 hours in the last twelve (12) months; and (3) be employed at a work site that has fifty (50) or more employees within seventy-five (75) miles. If you have any questions about your eligibility for FMLA leave, please contact the Executive Director.

Leave Policy

If eligible, you may take up to twelve (12) or twenty-six (26) weeks of family or medical leave, whichever is applicable (as explained below), within the relevant 12-month period defined below. While you are on FMLA leave, the Fund will maintain your group health insurance coverage at the same level and under the same circumstances as when you were actively working, as explained more fully under the section titled, Medical and Other Benefits. Upon returning from approved FMLA leave, you have the right to be restored to the same job or an equivalent position, subject to the terms, limitations and exceptions provided by law.

Leave Entitlement

You may take up to twelve (12) weeks of unpaid FMLA leave in a 12-month period, which uses a "rolling" method that is measured backward from the date you use any FMLA leave for any of the following reasons:

- the birth of a son or daughter and in order to care for such son or daughter (leave to be completed within one (1) year of the child's birth);
- the placement of a son or daughter with you for adoption or foster care and in order to care for the newly placed son or daughter (leave to be completed within one (1) year of the child's placement);
- to care for a spouse, son, daughter, or parent with a serious health condition;
- to care for your own serious health condition, which renders you unable to perform any of the essential functions of your position; or
- a qualifying exigency of a spouse, son, daughter, or parent who is a military member on covered active duty or called to covered active duty status (or has been notified of an impending call or order to covered active duty).

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities. Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than three (3) consecutive calendar days combined with at least two (2) visits to a health care provider or one (1) visit and a regimen of continuing treatment, or incapacity due to pregnancy, prenatal medical care, or childbirth, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Qualifying exigencies may include short-notice deployment, attending military events and related activities, arranging childcare and related activities, addressing certain financial and legal arrangements, attending certain counseling sessions, rest and recuperation, post-deployment activities and any other event that the Fund and employee agree constitutes a qualifying exigency.

You may take up to twenty-six (26) weeks of unpaid FMLA leave in a single 12-month period, beginning on the first day that you take FMLA leave to care for a spouse, son, daughter, or next of kin who is a covered service member and who has a serious injury or illness related to active duty service, as defined by the FMLA's regulations (known as military caregiver leave).

Both Spouses Employed by the Fund

Spouses who are both employed by the Fund and eligible for FMLA leave may be limited to a combined total of twelve (12) weeks of leave during the 12-month period if leave is requested:

- for the birth of a son or daughter and in order to care for such son or daughter;
- for the placement of a son or daughter with the employee for adoption or foster care and in order to care for the newly placed son or daughter; or
- to care for an employee's parent with a serious health condition.

Spouses who are both employed by the Fund and eligible for FMLA leave may be limited to a combined total of twenty-six (26) weeks in a single 12-month period if the leave is either for:

- military caregiver leave; or
- a combination of military caregiver leave and leave for other FMLA-qualifying reasons.

Notice of Leave

If your need for FMLA leave is foreseeable, you must give the Fund at least thirty (30) days' prior written notice. If this is not possible, you must at least give notice as soon as practicable (within one (1) to two (2) business days of learning of your need for leave). Failure to provide such notice may be grounds for delaying FMLA-protected leave, depending on the particular facts and circumstances.

Calling in "sick," without providing the reasons for the needed leave, will not be considered sufficient notice for FMLA leave under this policy. Employees must respond to the Fund's questions to determine if absences are potentially FMLA-qualifying.

Additionally, if you are planning a medical treatment or a series of treatments or you are taking military caregiver leave, you must consult with the Fund first regarding the dates of such treatment to work out a schedule that best suits the needs of both the employee or the covered military member, if applicable, and the Fund.

Where the need for leave is not foreseeable, you are expected to notify the Fund within one (1) to two (2) business days of learning of your need for leave, except in extraordinary circumstances. Please submit a written request when requesting leave.

Certification of Need for Leave

If you are requesting leave because of your own or a covered relation's serious health condition, you and the relevant health care provider must supply appropriate medical certification. When you request leave, the Fund will notify you of the requirement for medical certification and when it is due (at least fifteen (15) days after you request leave). If you provide at least thirty (30) days' notice of medical leave, you should also provide the medical certification before leave begins. Failure to provide requested medical certification in a timely manner may result in denial of FMLA-covered leave until it is provided.

With your permission, the Fund, through the Executive Director, may contact your health care provider to authenticate or clarify completed and sufficient medical certifications. In addition, the Fund, at its expense, may require an examination by a second health care provider designated by the Fund. If the second health care provider's opinion conflicts with the original medical certification, the Fund, at its expense, may require a third, mutually agreeable, health care provider to conduct an examination and provide a final and binding opinion. The Fund may require subsequent medical recertification. Failure to provide requested certification within fifteen (15) days, if such is practicable, may result in delay of further leave until it is provided.

The Fund also reserves the right to require certification from a covered military member's health care provider if you are requesting military caregiver leave and certification in connection with military exigency leave.

Reporting While on Leave

If you take leave because of your own serious health condition or to care for a covered relation, you must contact the Fund on a biweekly basis regarding the status of the condition and your intention to return to work. In addition, you must give notice as soon as practicable (within two (2) business days if feasible) if the dates of leave change or are extended or initially were unknown.

Leave Is Unpaid

FMLA leave is unpaid. You will be required to substitute any accrued and unused vacation for unpaid FMLA leave as described below:

- If you request leave because of a birth, adoption or foster care placement of a child, any accrued and unused paid leave will first be substituted for unpaid family/medical leave and run concurrently with your FMLA leave.
- If you request leave because of your own serious health condition or to care for a
 covered relation with a serious health condition, any accrued vacation will be
 substituted for any unpaid family/medical leave and run concurrently with your FMLA
 leave.

The substitution of paid leave time for unpaid FMLA leave time does not extend the twelve (12) or twenty-six (26) weeks (whichever is applicable) of the FMLA leave period. In no case can the substitution of paid leave time for unpaid leave time result in your receipt of more than 100% of your salary. Your FMLA leave runs concurrently with other types of leave, for example, accrued vacation time that is substituted for unpaid FMLA leave and any state family leave laws, to the extent allowed by state law.

Medical and Other Benefits

During approved FMLA leave, the Fund will maintain your health benefits as if you continued to be actively employed. If paid leave is substituted for unpaid FMLA leave, the Fund will deduct your portion of the health plan premium as a regular payroll deduction. If your leave is unpaid, you must pay your portion of the premium. Your health care coverage will cease if your premium payment is more than thirty (30) days late. If your payment is more than fifteen (15) days late, we will send you a letter to this effect. If we do not receive your premium payment within fifteen (15) days after the date of this letter, your coverage may cease. If you elect not to return to work for at least thirty (30) calendar days at the end of the leave period, you will be required to reimburse the Fund for the cost of the health benefit premiums paid by the Fund for maintaining coverage during your unpaid leave, unless you cannot return to work because of a serious health condition or other circumstances beyond your control.

Intermittent and Reduced Schedule Leave

If medically necessary, FMLA leave occasioned by a serious health condition may be taken intermittently (in separate blocks of time due to a serious health condition) or on a reduced leave schedule (reducing the usual number of hours you work per workweek or workday). FMLA leave may also be taken intermittently or on a reduced leave schedule for a qualifying exigency relating to covered military service.

If leave is unpaid, the Fund will reduce your salary based on the amount of time actually worked. In addition, while you are on an intermittent or reduced schedule leave, the Fund may temporarily transfer you to an available alternative position that better accommodates your leave schedule and has equivalent pay and benefits.

Returning From Leave

If you take leave because of your own serious health condition (except if you are taking intermittent leave), you are required, as are all employees returning from other types of medical leave, to provide medical certification that you are fit to resume work. Otherwise, you will not be permitted to resume work until it is provided.

State or Local Family and Medical Leave Laws and Other Fund Policies

Where state or local family and medical leave laws offer more protections or benefits to employees, the protections or benefits that are more favorable to the employee, as provided by such laws, will apply.

Other Benefits

The Fund provides medical and dental insurance benefits to its employees and their eligible dependents. The terms governing an employee's (and his or her eligible dependents) eligibility and coverage under such plans are set forth in the applicable plan documents.

The Fund offers retirement benefits to its employees through participation in a simplified employee plan ("SEP"). Each employee is eligible to participate in such SEP as set forth in the employee's employment agreement.

The Fund is committed to providing cost-effective benefits, which assist employees in being physically and mentally healthy. The benefits and services offered by the Fund may be changed or terminated at any time upon approval of the Board and do not constitute a guarantee of continued employment with the Fund.

Benefits are accompanied by eligibility requirements which must first be met by the employee and dependents (if applicable) before being able to be covered. The provisions of and eligibility for the various benefits are governed by each Plan instrument which may be a plan document or certificate of coverage, or both. With respect to medical and dental coverage, life insurance,

the employee assistance and wellness programs, the definition of eligible dependent may vary from plan to plan.

This description of employee benefits only summarizes the provisions of a formal benefit plan document and does not attempt to cover all of the details contained in the plan document. The operation of the plan, including events making you eligible or ineligible for benefits, the amount of benefits to which you (or your beneficiaries) may be entitled, and actions you (or your beneficiaries) must take to request and support a claim for benefits will be governed solely by the terms of the official plan document. To the extent that any of the information contained in these Policies, a summary plan description ("SPD") or any information you receive orally is inconsistent with the official plan document, the provisions set forth in the plan document will govern in all cases. If you wish to review the plan document, please contact the Executive Director.

PERFORMANCE COUNSELING/DISCIPLINE

Every employee has the duty and the responsibility to be aware of and abide by existing rules and policies. Employees also have the responsibility to perform job duties to the best of their ability and to the standards as set forth in the job description or as otherwise established.

The Fund supports the use of progressive discipline to address issues such as poor work performance or misconduct. Our progressive discipline policy is designed to provide a corrective action process to improve and prevent a recurrence of undesirable behavior and/or performance issues. Our progressive discipline policy has been designed consistent with our organizational values, HR best practices and employment laws.

Outlined below are the steps of our progressive discipline policy and procedure. The Fund reserves the right to combine or skip steps in this process depending on the facts of each situation and the nature of the offense. The level of disciplinary intervention may also vary. Some of the factors that will be considered are whether the offense is repeated despite coaching, counseling and/or training; the employee's work record; and the impact the conduct and performance issues have on the Fund.

The following outlines the Fund's progressive discipline process:

- Verbal warning and counseling: The Executive Director will advise, and in the case of the Executive Director's substandard work performance, the Board Vice-Chairman will advise, the employee of his or her unsatisfactory performance and recommend specific areas for improvement. A written record of the discussion is placed in the employee's file for future reference.
- Written warning: Written warnings are used for behavior or violations that the Executive Director, or the Board Vice-Chairman, as applicable, considers serious or in situations when a verbal warning has not helped change unacceptable behavior. Written

warnings are placed in an employee's personnel file, and this document should include identification of the violation, indication of necessary improvement, and information concerning further disciplinary action that could result from failure to show improvement.

Performance improvement plan: Whenever an employee has been involved in a disciplinary situation that has not been readily resolved or when he or she has demonstrated an inability to perform assigned work responsibilities efficiently, the employee may be given a final warning or placed on a performance improvement plan (PIP). PIP status will last for a predetermined amount of time not to exceed ninety (90) days. Within this time period, the employee must demonstrate a willingness and ability to meet and maintain the conduct and/or work requirements as specified by the Executive Director, or the Board Vice-Chairman, as applicable. At the end of the performance improvement period, the performance improvement plan may be closed or, if established goals are not met, termination of employment may occur.

The Fund reserves the right to determine the appropriate level of discipline for any inappropriate conduct, including oral and written warnings, probation, suspension with or without pay, demotion and termination of employment.

SEPARATION OF EMPLOYMENT

Separation of employment with the Fund can occur for several different reasons.

- Resignation: Although we hope your employment with the Fund will be a mutually rewarding experience, we understand that varying circumstances cause employees to voluntarily resign employment. Resigning employees are encouraged to provide two (2) weeks' notice, in writing, to facilitate a smooth transition out of the organization. If an employee provides less notice than requested, the employer may deem the individual to be ineligible for rehire depending on the circumstances regarding the notice given. Even though a two (2) week notice is requested for a resignation, management at its discretion may activate a resignation earlier.
- Retirement: Employees who wish to retire are requested to notify the Executive Director, or in the case of the retirement of the Executive Director, the Board, in writing at least one (1) month before the planned retirement date.
- Job abandonment: Employees who fail to report to work or contact the Executive Director for three (3) consecutive workdays shall be considered to have abandoned the job without notice, effective at the end of their normal shift on the third day.

Termination: Employees of the Fund are employed on an at-will basis, and the Fund retains the right to terminate an employee at any time. All terminations shall be subject to the discretion of the Executive Director, except for the termination of the Executive Director, which shall be subject to the discretion of the Board.

The separating employee must return all Fund property at the time of separation. Failure to return some items may result in deductions from the final paycheck.

All employees who leave the service of the Fund for any reason shall receive all pay, which may be due them with the following qualifications:

- Regular employees shall be paid for all unused vacation leave accumulated up to a maximum of two-hundred and forty (240) hours in a single lump-sum payment within sixty (60) days of the date of separation (such maximum amount will be pro-rated for a part-time employee in a regular position).
- Employees forfeit any other accrued but unused paid leave benefits as of the date of separation, including, without limitation, all accrued but unused sick leave benefits.



Ехнівіт А

Salary Range for Executive Director

Effective as of August January 23, 2021 1, 2024

Job Title	Minimum Salary	Midpoint Salary	Maximum Salary
Executive Director	\$244,800 <mark>\$128,360</mark>	\$166,867 <u>\$306,000</u>	\$205,375 \$367,200



EMPLOYEE PERSONNEL POLICIES ACKNOWLEDGMENT

("Policies") and that I read them, under understand that the Fund has the max administer, change, modify or delete the ruin the Policies at any time, with or without Executive Director or any other employee, these Policies. Changes can only be maderstand that any delay or failure by the contained in the Policies will not constitute.	(employee name), acknowledge that on yed a copy of the Fund's Personnel Policies erstood them and agree to comply with them. I imum discretion permitted by law to interpret, ales, regulations, procedures and benefits contained out notice. No statement or representation by the whether oral or written, can supplement or modify ade if approved in writing by the Board. I also Fund to enforce any rule, regulation, or procedure a waiver of the Fund's right to do so in the future.
	itten, is intended in any way to create a contract of
* * *	ave a written employment agreement signed by an
_	ployed at will and this policy does not modify
	we a written employment agreement signed by an
agreement, I understand that the terms of	Policies conflict with the terms of my employment my employment agreement will control
	Signature
	orginature
	Printed Name
	Date
For Fund Administrative Use Only:	
Date Received:	
Received By:	





Austin Firefighters Retirement Fund Operating Budget Fiscal Year 2024

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	Approved	Jan - Feb	Remaining	Percent
	Budget	Expensed	Budget	Expended
Administrative Expenses				
Salaries and Benefits				
Salary - Executive Director	200,000.00	33,333.34	166,666.66	16.67%
Salary - Staff	486,500.00	76,500.00	410,000.00	15.72%
Health Insurance	127,310.00	21,613.30	105,696.70	16.98%
Health Insurance - Retired Staff	9,900.00	393.80	9,506.20	3.98%
Payroll Taxes	52,920.00	8,719.57	44,200.43	16.48%
SEP Contribution	165,375.00	27,458.34	137,916.66	16.60%
Subtotal	1,042,005.00	168,018.35	873,986.65	16.12%
SS Retiree Payroll Process Fees	34,000.00	7,923.17	26,076.83	23.30%
Building	9,783.00	1,240.62	8,542.38	12.68%
Utilities	6,525.00	583.07	5,941.93	8.94%
Office Expenses	18,450.00	1,016.38	17,433.62	5.51%
Computer and Software	33,200.00	1,248.02	31,951.98	3.76%
Insurance	41,500.00	23,678.00	17,822.00	57.06%
Travel	23,500.00	92.19	23,407.81	0.39%
Operational Cost	23,300.00	9,923.85	13,376.15	42.59%
Investment Expenses				
Financial Consulting Fee	218,000.00	17,557.48	200,442.52	8.05%
Investment Management Fees	1,800,000.00	471,698.65	1,328,301.35	26.21%
Bank Custodian Services	110,000.00	28,523.05	81,476.95	25.93%
Professional Services Expenses				
Accounting	25,000.00	-	25,000.00	0.00%
Actuarial Fees				
Actuarial Valuation	45,100.00	-	45,100.00	0.00%
COLA & Additional Travel	14,000.00	-	14,000.00	0.00%
Experience Study	23,000.00	-	23,000.00	0.00%
Pension Funding Research	70,000.00	10,250.00	59,750.00	14.64%
Investment Performance Evaluation (IPPE)	50,000.00	-	50,000.00	0.00%
Legal Fees	,			
Administrative	108,000.00	18,000.00	90,000.00	16.67%
Board Meeting	18,000.00	3,000.00	15,000.00	16.67%
Investment Review	40,000.00	-	40,000.00	0.00%
Summary Plan Descr, Records Retention & Forms	20,000.00	_	20,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	75,000.00	_	75,000.00	0.00%
Legislative Consulting	24,000.00	4,000.00	20,000.00	16.67%
Medical Disability Review	3,000.00	900.00	2,100.00	30.00%
Pension Software	700,000.00	300.00	700,000.00	0.00%
Pension Software Pension Software Oversight	60,000.00	- 1,996.88	58,003.12	3.33%
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i otai Expenses	\$ 4,635,363.00	\$ 769,649.71	\$ 3,865,713.29	16.60%

Austin Firefighters Retirement Fund Contributions and Deductions (Unaudited) as of February 29, 2024

Additions

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City of Austin Contribution (22.05%)	3,954,197.18
Fire Fighter Contribution (18.7%)	3,353,446.13
Interest -Bank	65,730.51
Commission Recapture	954.03
Class Action Proceeds	262.75
Securities Litigation Recovery	-
Total Contributions	\$ 7,374,590.60

Deductions

Pension Retiree Payroll Expenses

- choich hearter ayren expenses	
Retirees Monthly Annuity	8,928,111.95
Medical Ins.	591,076.28
Dental Ins	74,899.68
Vision Ins.	7,491.82
Retiree W/H Tax Payable	1,246,238.22
State Tax	9,994.84
Benevolent Fund	-
Union Dues	4,207.50
Misc.	3,299.88
PAC Dues	1,491.00
Museum	12.00
Total Retiree Payroll Expenses	\$ 10,866,823.17

Pension Lump Sum Expenses

Contribution Refunds	-
DROP Distributions	5,379,387.10
Total Pension Lump Sum Expenses	\$ 5,379,387.10

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

	Total		
	Jan - Feb	Budget	% of Budget
rdinary Income/Expense			
Income			
City of Austin Contrib (22.05%)	3,954,197.18	25,700,000.00	15.39%
Commission Recapture	954.03	5,000.00	19.08%
Fire Fighter Contrib (18.7%)	3,353,446.13	21,800,000.00	15.38%
Securities Litigation Recovery	0.00		
Other Income			
Class Action Proceeds	262.75	5,000.00	5.26%
Interest - State Street	64,491.92	250,000.00	25.80%
Interest - Sunflower Bank	721.98	4,000.00	18.05%
Securities Lending - State St.	516.61	9,000.00	5.74%
Total Income	7,374,590.60	47,773,000.00	15.44%
Operating Expenses			
Administrative Expenses			
Payroll Expenses			
Payroll Expenses - Other	109,833.34	686,500.00	16.00%
Health Insurance - Staff	21,613.30	127,310.00	16.98%
Health Insurance - Retired Staff	393.80	9,900.00	3.98%
Taxes	8,719.57	52,920.00	16.48%
SEP Contribution	27,458.34	165,375.00	16.60%
Total Payroll Expenses	168,018.35	1,042,005.00	16.12%
SS Retiree Payroll Process Fees	7,923.17	34,000.00	23.30%
Building Expenses			
Assessment toward 2019 Project	313.72	1,883.00	16.66%
Building Maintenance/Improvemen		2,500.00	0.00%
Condo Association Dues	926.90	5,400.00	17.16%
Utilities			
Electric	359.69	2,000.00	17.98%
HVAC Program	0.00	50.00	0.00%
Internet & Cable & Telephone	124.27	3,500.00	3.55%
Water, Waste, Drainage	99.11	975.00	10.17%
Total Utilities	583.07	6,525.00	8.94%
Total Building Expenses	1,823.69	16,308.00	11.18%
Office Expenses			
Furniture (FFE)	0.00	2,000.00	0.00%
Meeting Refreshments	163.19	1,600.00	10.20%
Notary Services		250.00	0.00%
Office Maintenance	771.00	3,100.00	24.87%
Office Supplies (Office supplies expense)	82.19	2,500.00	3.29%

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

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	Jan - Feb	Budget	% of Budget
Postage and Delivery	0.00	5,000.00	0.00%
Printing and Reproduction	0.00	4,000.00	0.00%
Total Office Expenses	1,016.38	18,450.00	5.51%
Computer and Internet Expenses			
Hosting & Other Expenses	48.84	3,000.00	1.63%
Laptop/Computer	0.00	3,000.00	0.00%
Software/IT Services	1,199.18	27,200.00	4.41%
Total Computer and Internet Expenses	1,248.02	33,200.00	3.76%
Insurance Expense			
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)	0.00	1,000.00	0.00%
Total Insurance Expense	23,678.00	41,500.00	57.06%
Travel Expense			
Lodging/Transportation/Per Diem	92.19	16,000.00	0.58%
Registration fees	0.00	7,500.00	0.00%
Total Travel Expense	92.19	23,500.00	0.39%
Operational Cost			
Association Fees (TXPERS /NCEPRS)	9,010.00	9,100.00	99.01%
Election Services	0.00	4,000.00	0.00%
Death Verification Services	0.00	4,200.00	0.00%
Operational Cost - Other	913.85	6,000.00	15.23%
Total Operational Cost	9,923.85	23,300.00	42.59%
Investment Expenses			
Bank Custodian Services	28,523.05	110,000.00	25.93%
Financial Consulting Fee	17,557.48	218,000.00	8.05%
Investment Management Fees	471,698.65	1,800,000.00	26.21%
Total Investment Expenses	517,779.18	2,128,000.00	24.33%
Professional Fees			
Audit	0.00	25,000.00	0.00%
Actuarial Fees	0.00	25,000.00	0.00%
Actuarial Valuation	0.00	45,100.00	0.00%
COLA & Additional Travel	0.00	14,000.00	0.00%
Experience Study	0.00	23,000.00	0.00%
Pension Funding Research	10,250.00	70,000.00	14.64%

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

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	Jan - Feb	Budget	% of Budget
Total Actuarial Fees	10,250.00	152,100.00	6.74%
Investment Performance Evaluation (IPPE)	0.00	50,000.00	0.00%
Legal Fees			
Administrative	18,000.00	108,000.00	16.67%
Board Meeting	3,000.00	18,000.00	16.67%
Investment Review	0.00	40,000.00	0.00%
Summary Plan Descr, Records Retention & Forms	0.00	20,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	0.00	75,000.00	0.00%
Total Legal Fees	21,000.00	261,000.00	8.05%
Legislative Consulting	4,000.00	24,000.00	16.67%
Medical Disability Review	900.00	3,000.00	30.00%
Pension Software			
Pension Software PG I	0.00	50,000.00	0.00%
Pension Software PG IV	0.00	650,000.00	0.00%
Total Pension Software	0.00	700,000.00	0.00%
Pension Software Oversight	1,996.88	60,000.00	3.33%
Total Professional Fees	38,146.88	1,275,100.00	2.99%
Total Operating Expenses	769,649.71	4,635,363.00	16.60%
Monthly Pension Retiree Payroll			
Retirees Monthly Annuity	8,928,111.95	53,000,000.00	16.85%
Medical Ins.	591,076.28	3,900,000.00	15.16%
Dental Ins	74,899.68	425,000.00	17.62%
Vision Ins.	7,491.82	43,000.00	17.42%
Retiree W/H Tax Payable	1,246,238.22	7,500,000.00	16.62%
State Tax	9,994.84	60,000.00	16.66%
Benevolent Fund	0.00	50,000.00	0.00%
Misc.	3,299.88	20,000.00	16.50%
PAC Dues	1,491.00	8,200.00	18.18%
Union Dues	4,207.50	25,000.00	16.83%
Museum	12.00	72.00	16.67%
Total Monthly Pension Retiree Payroll	10,866,823.17	65,031,272.00	16.71%
Pension Lump Sum			
Contribution Refunds	0.00	1,000,000.00	0.00%
DROP Distributions	5,379,387.10	23,000,000.00	23.39%
Total Pension Lump Sum	5,379,387.10	24,000,000.00	22.41%
Total Expense	17,015,859.98	93,666,635.00	18.17%
Net Income	-9,641,269.38		

Austin Firefighters Retirement Fund Assets & Liabilities Report (Unaudited) as of February 29, 2024

Assets

Checking/Savings		
Sunflower Bank - Operating	10,205.67	
Sunflower Bank - Benefits	135,316.05	
State Street T009-Cash Agg	1,683,150.64	
Total Checking/Savings	1,828,672.36	
Investments, at fair value		
Domestic Equites	270,179,387.49	
Fixed Income Securities	329,480,687.31	
	241,756,814.34	
International Equities Real Asset	33,175,733.23	
Private Equity	201,479,783.84	
Real Estate	87,037,994.03	
Total Investments	1,163,110,400.24	
Total investments	1,103,110,400.24	
Total Assets	\$ 1,164,939,072.60	
Liabilities		
Current Liabilities		
Payroll Liabilities	8,558.19	
Operating Admin Liabilities	6,670.55	
Investment Liabilities	-	
Professional Liabilities	61,747.23	
Long Term Liabilities		
DROP (Guaranteed 5%)	156,699,404.32	
% of Total Assets	13.45%	
Total Liabilities	\$ 156,776,380.29	

Austin Firefighters Retirement Fund Balance Sheet As of February 29, 2024

ASSETS	
Current Assets	
Checking/Savings	
State Street T009-Cash Agg	1,683,150.64
Sunflower Bank - Benefits	135,316.05
Sunflower Bank - Operating	10,205.67
Total Checking/Savings	1,828,672.36
Other Current Assets	
Investments	
DEQ	
SSgA S&P 500 Flagship Fund	125,876,937.29
VAUGHAN NELSON	67,060,495.89
Westfield Capital Management	64,532,140.02
Westwood Capital	12,709,814.29
Total DEQ	270,179,387.49
FI	
ABERDEEN	60,672,606.78
Loomis Sayles Core Plus Bond	45,731,400.51
Pacific Asset Management	22,993,021.00
Pyramis Tactical Bond (Fidelity	26,221,672.85
SSgA Bond Fund	117,611,625.26
SSGA TIPS	56,250,360.91
Total Fi	329,480,687.31
IEQ	
Baillie Gifford	34,141,224.35
DFA Emerging Markets	26,507,969.57
Highclere	39,753,424.13
SSgA MSCI EAFE Fund	110,905,387.26
TT International	30,448,809.03
Total IEQ	241,756,814.34
NR	
Aether Real Assets II	2,195,681.80
Aether Real Assets III	10,040,721.38
Aether Real Assets IV	10,293,127.52
Aether Real Assets V	10,646,202.53
Total NR	33,175,733.23
PE	
57 Stars Global Opportunity	7,381,040.92
Arcmont (Bluebay)Direct Lending	1,701,758.33
Constitution	12,685,211.81
Cross Creek Capital Partners II	11,032,543.37
Cross Creek Capital Parts III	11,030,294.97
Deutsche Bank SOF III	1,824,188.70
Dover Street X	32,854,994.02
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Austin Firefighters Retirement Fund Balance Sheet As of February 29, 2024

Flag V	4,622,738.95
Flag VI 6	12,502,701.00
Greenspring Global Partners V	7,530,663.02
GREENSPRING VI	13,173,289.91
Harbourvest 2013 Direct	3,673,269.92
HarbourVest Coinvestment 4	7,514,731.97
LGT C Europe Small Buyouts 3	3,015,215.11
LGT Crown Asia 2	7,746,642.97
LGT Crown Global Secondaries 2	96,305.00
LGT Crown Global VI	35,283,840.05
LGT Global Secondaries III	1,983,071.00
Partners Group EM 2015	8,282,249.97
Partners Group US Dist PE 2009	188,469.02
Private Advisors Co-Inv FundIII	1,552,604.01
Private Equity Investors V	1,220,806.19
SVB Strategic Investors Fund IX	14,583,153.63
Total PE	201,479,783.84
RE	
Clarion Partners	68,635,043.01
Partners Group Distressed '09	32,672.99
Partners Group RE Second 2011	514,283.49
Partners Group RE Second 2017	11,866,369.35
Portfolio Advisors Fund 5	5,989,625.19
Total RE	87,037,994.03
Total Investments	1,163,110,400.24
Total Other Current Assets	1,163,110,400.24
Total Current Assets	1,164,939,072.60
TOTAL ASSETS	1,164,939,072.60
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	8,558.19
Operating Admin Liabilities	6,670.55
Investment Liabilities	0.00
Professional Liabilities	61,747.23
Total Other Current Liabilities	76,975.97
Total Current Liabilities	76,975.97
Long Term Liabilities	
DROP (Guaranteed 5%)	156,699,404.32
% of Total Assets	13.45%
Total Long Term Liabilities	156,699,404.32
Total Liabilities	156,776,380.29

Austin Firefighters Retirement Fund General Ledger

February 2024

Date	Name	Memo/Description	Split	Amount	Balance
Sunflower Bank	- Benefits				
Beginning Ba	alance				101,912.45
02/02/2024	City of Austin	City and Member's Contributions	-Split-	1,824,711.65	1,926,624.10
02/05/2024	Sunflower Bank	Wire Fee	Operational Cost:Bank Service Charges	-22.00	1,926,602.10
02/05/2024	Austin FF Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,400,000.00	526,602.10
02/05/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Operating	-250,000.00	276,602.10
02/06/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Operating	-100,000.00	176,602.10
02/16/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Operating	-50,000.00	126,602.10
02/16/2024	Austin FF Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,800,000.00	-1,673,397.90
02/16/2024	Sunflower Bank	Wire Fee	Operational Cost:Bank Service Charges	-22.00	-1,673,419.90
02/16/2024	City of Austin	City and Member's Contributions	-Split-	1,858,503.53	185,083.63
02/27/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Operating	-25,000.00	160,083.63
02/28/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Operating	-25,000.00	135,083.63
02/29/2024	Sunflower Bank	Interest Feb 2024	Interest:Interest - Sunflower Bank	232.42	135,316.05
Total for Sunflow	er Bank - Benefits			\$ 33,403.60	\$ 135,316.05

Sunflower Bank - Operating

Beginning Balance 11,089.17

02/05/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Benefits	250,000.00	261,089.17
02/06/2024	Westfield Capital Management	Q4 Investment Management Fees	Fees:Investment Management Fees	-168,500.61	92,588.56
02/06/2024	Schlueter Group	Legislative Consulting	Professional Fees:Legislative Consulting	-4,000.00	88,588.56
02/06/2024	Schlueter Group	Union Reimbursement for Legislative Consulting	Professional Fees:Legislative Consulting	2,000.00	90,588.56
02/06/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Benefits	100,000.00	190,588.56
02/07/2024	Vaughn Nelson	Q4 Investment Management Fees	Fees:Investment Management Fees	-134,001.61	56,586.95
02/08/2024	COA Benefits	Feb 2024 Health Insurance	-Split-	-10,720.56	45,866.39
02/08/2024	COA Benefits	Health Insurance Retired Staff Feb 24	Payroll Expenses:Health Insurance - Retired Staff	-478.30	45,388.09
02/08/2024	TASC (FSA Health Care)	FSA Feb 2024	Payroll Liabilities:Flextra Health	-200.00	45,188.09

	or Bank Operating			-\$ 883.50	\$ 10.205.67
02/29/2024	Fidelity	SEP Contributions Feb 2024	Payroll Expenses:SEP Contribution	-13,729.17	10,205.67
02/29/2024	Meketa Investments	Jan 2024	Fees:Investment Management Fees	-17,557.48	23,934.84
02/29/2024	Jackson Walker	Jan 2024 Administrative	Professional Fees:Legal Fees:Administrative	-9,000.00	41,492.32
02/29/2024	Jackson Walker	Jan 2024 Board Meeting	Professional Fees:Legal Fees:Board Meeting	-1,500.00	50,492.32
02/29/2024	State Street Bank & Trust	Q4 State Street Retiree Payroll Process Fees	Fees:SS Retiree Payroll Process Fees	-7,923.17	51,992.32
02/29/2024	Jani-King of Austin	Feb 2024	Office Expenses:Office Maintenance	-257.00	59,915.49
02/29/2024	Payroll	Tax Payment for Period: 02/01/2024-02/29/2024	Payroll Liabilities:Federal Taxes (941/943/944)	-15,341.65	60,172.49
02/29/2024	Payroll	Created by Payroll Service	Direct Deposit Payable	-43,348.61	75,514.14
02/28/2024	Anco Insurance	Directors Liability Ins 03/01/2024-01/01/2025	Insurance Expense:Board & Directors Liability Ins	-23,678.00	118,862.75
02/28/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Benefits	25,000.00	142,540.75
02/27/2024	Austin FF Retirement Fund	Transfer to operating	Sunflower Bank - Benefits	25,000.00	117,540.75
02/21/2024	Austin FF Retirement Fund	L. Adney Health Insurance Payment Feb 2024	Payroll Expenses:Health Insurance - Retired Staff	218.90	92,540.75
02/21/2024	Perry Office Supplies	Office Supplies	Office Expenses:Office Supplies	-67.88	92,321.85
02/16/2024	Austin FF Retirement Fund	Transfer to Operating	Sunflower Bank - Benefits	50,000.00	92,389.73
02/15/2024	Levi Ray & Shoup	Web Maintenance Jan 2024	Computer and Internet Expenses:Hosting & Other Exp	-6.25	42,389.73
02/15/2024	Provaliant	Jan 2024	Professional Fees:Pension Software PG IV	-562.50	42,395.98
02/14/2024	Ace Alsup	Medical Review	Professional Fees:Medical Disability Review	-300.00	42,958.48
02/14/2024	Parkstone Office Condominium	Feb 2024	-Split-	-883.19	43,258.48
02/14/2024	Bill Taylor	Medical Review	Professional Fees:Medical Disability Review	-300.00	44,141.67
02/14/2024	Bill Deaton	Medical Review	Professional Fees:Medical Disability Review	-300.00	44,441.67
02/09/2024	Sunflower Bank	Service Charges JAN 2024	Operational Cost:Bank Service Charges	-427.72	44,741.67
02/08/2024	Shira K. Herbert	Meeting Refreshments	Office Expenses:Meeting Refreshments	-18.70	45,169.39

Total for Sunflower Bank - Operating

883.50 \$ 10,205.67





Road Map of Items for Board Meetings

March 2024 Board Meeting

- Actuarial Experience Study update
- Annual Ethics Policy Review
- Personnel Policy consideration and possible approval
- Funding Soundness Restoration Plan (FSRP) update
- Discussion regarding retired Fund staff health insurance benefits

April 2024 Board Meeting

- Investment Practices and Performance Evaluation (IPPE) Update
- Funding Soundness Restoration Plan (FSRP) Update
- Pension Administration System (PAS) software update
- Actuarial Experience Study update
- Disability applicant review
- Update on Request For Information (RFI) for Depository Bank
- Retirement Seminar update

May 2024 Board Meeting

- Meketa 1Q24 Report
- Operating Procedures Review
- Investment Practices and Performance Evaluation (IPPE) Update
- Board approval of Actuarial Experience Study
- Update on development of Administrative Policies and Procedures, including internal controls

June 2024 Board Meeting

- Preliminary results of the 2023 Actuarial Valuation
- Pension Administration System (PAS) implementation update
- Funding Soundness Restoration Plan (FSRP) update

July 2024 Board Meeting

- 2023 Actuarial Valuation
- 2023 Financial Audit Report
- 2023 Annual Report
- Pension Review Board Report Submissions
- State tax withholding update

August 2024 Board Meeting

- Meketa 2Q24 Investment Report
- Meketa 2023 Fee Review
- Summer Newsletter
- Pension Administration System (PAS) implementation update

September 2024 Board Meeting

- Board Trustee Election update
- Priorities for 2025 Legislative Session

October 2024 Board Meeting

Priorities for 2025 Legislative Session

November 2024 Board Meeting

- Meketa 3Q24 Investment Report
- Discussion and Consideration of 2025 COLA
- Update on Trustee Election and possible election certification

December 2024 Board Meeting

- End-of-year Budget Report
- 2024 Board Meeting Dates
- Pension Administration System (PAS) implementation update
- ED Evaluation
- Consideration and approval of 2025 Budget