



# AFRF

AUSTIN FIREFIGHTERS  
RETIREMENT FUND

## MINUTES BOARD OF TRUSTEES MEETING FRIDAY FEBRUARY 27, 2026, 10:00AM

### Board Members Present

Aaron Woolverton, Chair  
Doug Fowler, Vice Chair  
Belinda Weaver  
John Bass (virtual)  
Ryan Alter  
Andrew Ratoza  
Jie Li

### Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director  
John Perryman, AFRF CFO  
Debbie Hammond, AFRF Benefits Manager  
Shira Herbert, AFRF Accounting & QC Specialist  
Amy Thibaudeau, AFRF Benefits Specialist  
Chuck Campbell, Jackson Walker  
Alyca Garrison, Jackson Walker  
Laurel Malone, Jackson Walker  
Leo Festino, Meketa

### Community Members Present

Rene Vallejo  
Lisa Millman  
Jan Wesson  
Virtual attendees not listed

**Chair Woolverton called the meeting to order at 10:53am.**

Public Comments:

**No public comments.**

- I. Consent Agenda for the following:
  - a. Minutes of the regular meeting of January 30, 2026
  - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

**Chair Woolverton requested a moment of silence for the retired firefighter who had passed in January. Vice Chair Fowler made a motion to approve both items on the consent agenda. Trustee Weaver seconded the motion. The motion passed unanimously.**

- II. Investment Committee Reports
  - a. Committee Chair Election

**Trustee Weaver was elected Investment Committee Chair at February 18, 2026, Investment Committee meeting.**

b. Manager Interviews

**Trustee Weaver reported that the Investment Committee discussed two new investment strategies and conducted manager interviews. Trustee Weaver deferred to Leo Festino from Meketa for an overview of the strategies prior to presenting motions.**

i. IFM Investors - Infrastructure

**Leo Festino explained that IFM Investors would represent a new manager relationship for the Fund and would mark the Fund's first investment in core infrastructure. He described infrastructure asset class as essential community assets such as toll roads, airports, utilities, and communications; assets that are critical to society, held long-term, and generate healthy income distributions tied to inflation-adjusted, long-term contracts. He noted that infrastructure has been a growing allocation area for pension funds globally and described the evaluation process that had been underway since the prior year, including the board's evaluation of different managers and its decision at the November meeting to invite IFM to present to the board before allocating to this asset class. He confirmed that the manager's interview had taken place at the Investment Committee meeting. Leo Festino summarized the Investment Committee's recommendation to invest in IFM Global Infrastructure Fund.**

**Based on the report and recommendations from the Investment Committee, Trustee Weaver moved to approve an investment of \$40 million in the IFM Global Infrastructure Fund. Vice Chair Fowler seconded the motion. The motion passed unanimously.**

ii. Clarion Partners – Real Estate

**Leo Festino stated that Clarion Partners has an existing manager relationship through the Fund's investment in the Clarion Lion Property Fund. He explained that the Fund had made an initial \$5 million commitment to the Clarion Alternative Sectors Fund at the November meeting, that paperwork for that commitment was nearly complete, and that the Fund retains the option under the same negotiated fee terms to make additional commitments through the end of 2027.**

**Leo Festino summarized the Investment Committee's consideration to defer any additional commitment to the Clarion Alternative Sectors Fund at this time while preserving the option to invest in the future.**

**Based on the report and recommendations from the Investment Committee, Trustee Weaver made a motion to defer any additional investment in the Clarion Alternative Sectors Fund at this time. Trustee Li seconded the motion. The motion passed unanimously.**

c. Meketa 4Q25 Investment Performance review, including the following:

i. Economic and Market Update

**Leo Festino advised the board that the meeting materials included a full economic and market update. In the interest of time, he elected to skip that portion of the presentation and offered to address any questions regarding market conditions or the broader economic environment at the conclusion of his remarks. No questions were raised on this section at that time.**

ii. 2025 Fiscal Year Review

Leo Festino reviewed the Fund's investment performance for fiscal year 2025. He reported that the Fund returned 13.7% for the year, which he described as strong in absolute terms, well ahead of the Fund's 7.3% actuarial rate of return assumption, and better than a majority of peers.

Leo Festino explained that the primary driver of performance was international equities rather than domestic equities. He noted that the US dollar depreciated during the year, which increased the value of foreign investments through currency translation. In addition, European and emerging market holdings appreciated more than US holdings. He stated that the Fund's approximately 24% allocation to non-US equities was responsible for more than half of the total annual return. He further reported that all asset classes produced positive returns for the year with the exception of natural resources, which was essentially flat.

Leo Festino noted that in dollar terms, the Fund gained approximately \$157 million during the fiscal year, which he emphasized was the figure that ultimately served the Fund's purpose of providing retirement benefits to participants.

Leo Festino further reviewed the Fund's twenty-year performance history, noting that the Fund had experienced gains in sixteen of those years and losses in four, which he described as consistent with the broadly held expectation that an absolute loss should occur approximately every four to five years. He cautioned, however, that an absolute loss was worse in relative terms than it appeared, since the Fund was expected to return 7.3% annually to meet actuarial projections. He explained that a loss of 3% represented a shortfall of approximately 10% against that assumption and would require several years of strong returns to offset.

Leo Festino reviewed the Fund's cash flow history, noting that the plan had matured significantly and that annual benefit payments had approximately doubled over the past decade. He reported that net cash outflows had grown from approximately \$10 million per year to over \$50 million more recently, with cumulative outflows totaling approximately \$270 million over the period. He explained that funds drawn from the portfolio to cover benefit payments were no longer compounding returns and that this pattern was expected to continue as the plan matured further, making it increasingly challenging to sustain historical rates of growth.

iii. 4Q25 Investment Performance review

Leo Festino reviewed the Fund's investment performance for the fourth quarter of 2025. He reported that the Fund gained 3.2% for the quarter, representing approximately \$39 million in asset appreciation. He noted that quarterly performance exceeded the total Fund benchmark by approximately 120 basis points and outperformed peers by an additional 100 basis points. He stated that managers, on average, outperformed their respective benchmarks and peers, and that the Fund remained in compliance with all investment policy statement targets.

Next, Leo Festino reviewed longer-term rolling performance, explaining that over most ten-year rolling periods the Fund had performed better than peers, though there were periods of relative underperformance attributable to differences in allocation and manager selection. He noted that the Fund's historically heavier allocation to private equity had served as a tailwind through early 2022 but had been a headwind in recent years as private

equity underperformed relative to public equity peers who carried a greater allocation to public markets. He added that the Fund's overweight to small-cap and non-US equities had similarly been a headwind until recently, and that while improving conditions were beginning to benefit the Fund, the impact on longer-term rolling metrics would take time to materialize.

Leo Festino reviewed the Fund's asset allocation, noting that US and international equity positions were approximately at target, the result of both deliberate decisions and favorable market performance. He noted that being overweight the better-performing asset classes and underweight real estate had served as a tailwind. He reported that the Fund's total value stood at approximately \$1.26 billion, approaching an all-time high consistent with levels last seen in spring 2022, with the value projected to approach \$1.3 billion when accounting for the following month.

Reviewing performance by asset class, Leo Festino noted that most segments had contributed positively during the quarter and fiscal year, with international equities serving as the primary driver of annual outperformance. He reported that the US equity segment returned 14.9% for the one-year period versus 17.1% for the broad benchmark. He explained that the lag was attributable not to manager underperformance but rather to the Fund's greater exposure to smaller companies and lesser exposure to large-cap growth names, which had experienced a substantial run. Despite the relative lag, he noted that the Fund ranked in the 40th percentile among peers for the period, reflecting the broad difficulty of matching the benchmark without concentration in those names.

With respect to private markets, Leo Festino reported that private equity returned approximately 5% for the year, below public market equivalents but representing meaningful improvement over the flat to slightly negative returns experienced in the prior one to two years. He noted that the private equity portfolio had produced a total multiple of approximately 1.9x invested capital across all holdings, reflecting strong long-term value creation. He reported that real estate had appreciated to approximately 1.2x invested capital, with returns in the mid-single digits, below long-term expectations but consistent with the challenging conditions the asset class had faced since the onset of COVID. He reported that the Fund's sole natural resources manager, Aether, had continued to make distributions to the Fund and that the market had begun to show signs of improvement, with further appreciation in value anticipated over the next one to two years.

iv. Roadmap

Leo Festino highlighted several forward-looking considerations for the board. He noted that the Fund's overweight positions in small-cap and value equities had begun to benefit from improving market dynamics and that this trend appeared to be continuing into the current quarter, with those positions performing particularly well. He stated that if conditions at the time of the meeting were to persist, the Fund was positioned for a meaningful gain versus benchmarks and peers for the quarter.

Leo Festino reiterated the importance of evaluating performance over longer rolling periods of five to ten years rather than on a quarterly or annual basis, noting that shorter time horizons introduced significant random noise that was not conducive to sound manager or strategy evaluation.

Leo Festino emphasized that the growing net cash outflow from the Fund, driven by increasing benefit payments, would warrant continued attention to liquidity management

and long-term asset allocation strategy. He encouraged the board to consider engaging in an asset-liability study in coordination with the Fund's actuary, Cheiron, to produce a deeper analysis of the Fund's assets relative to projected future liabilities.

d. Key Priorities for 2026

**Trustee Li left the meeting at 11:00am**

**Trustee Weaver outlined the investment committee's key priorities for 2026. She stated that the roadmap for the upcoming year would include a review of the Fund's private equity program structure, an update on the passive framework, a discussion of the asset-liability study in preparation for 2027, and the Independent Performance and Portfolio Evaluation (IPPE) for 2027.**

**Anumeha Kumar provided additional context regarding the IPPE, noting that it is a requirement of the Pension Review Board of the legislature and that systems must follow a prescribed cycle based on asset size. She explained that the Fund completed its most recent IPPE in 2024 and is on a three-year cycle, making the next review reportable in 2027. She stated that the Fund had previously engaged Callan as an independent third-party evaluator and that an arrangement was already in place for Callan to return and conduct the review in the next cycle.**

**Anumeha Kumar also noted that the committee would engage in additional analysis with Meketa regarding the Fund's investments in Clarion, to the extent the committee wished to pursue that. She further advised that the June board meeting would include an education session specific to the matters related to the Fund's investment program, to be presented by Meketa in conjunction with their quarterly investment performance report.**

III. Report on February 19, 2026, Policy Committee meeting

**Vice Chair Fowler was elected Policy Committee Chair at the February 19, 2026, Policy Committee meeting.**

**Vice Chair Fowler reported that the committee discussed roadmap items for the coming year and the possibility of identifying legislative priorities for 2027.**

**Vice Chair Fowler reported that one of the committee's key areas of focus would be a review of the post-retirement beneficiary designation process. He explained that the intent of the review was to ensure that internal processes had been carried out as intended and to identify any areas where past practices may warrant revisiting. He noted that the committee would also examine the practices of benchmark departments to understand how peer organizations handle this process, with the goal of informing any improvements to the Fund's own procedures.**

IV. Report on February 20, 2026, Benefits Committee meeting

**Chair Woolverton was elected Benefits Committee Chair at the February 20, 2026, Benefits Committee meeting.**

**Trustee Woolverton reported that the Benefits Committee would be focused on a review of the Fund's disability program, including an examination of applicable statutory requirements and a review of current policy provisions. He further noted that the committee would handle the initial**

review of disability benefit retirement applications and renewals, as well as any other benefit-related items that may come before the committee during the year.

V. Recognition of the outgoing and welcoming the incoming AFA Presidents

**Anumeha Kumar recognized and thanked Bob Nicks, the outgoing President of the Austin Firefighters Association, for his 17 years of service as the association president. She noted that while he was unable to attend, she wished to extend particular thanks for his collaboration and support to the Fund during the most recent legislative session.**

**Anumeha Kumar welcomed David Girouard as the incoming President of the Austin Firefighters Association. She noted that David assumed the role on January 13, 2026, and has served with the department for over 30 years. She expressed the Fund hopes to work closely with him under his new leadership**

VI. Recognition of the outgoing and welcoming the incoming ARFFA Presidents

**Anumeha Kumar recognized and thanked Renee Vallejo, the outgoing President of the Austin Retired Firefighters Association, for his leadership and contributions to the association and the Fund. She noted that he played a crucial role during the most recent legislative session in keeping the retiree association informed and providing advocacy on behalf of his organization. Ms. Kumar noted that both Rene Vallejo and incoming President Jan Wesson were present in the audience.**

**Anumeha Kumar welcomed Jan Wesson as the incoming President of the Austin Retired Firefighters Association and expressed the Fund's anticipation of continuing its strong partnership with the retiree association under her leadership.**

**The trustees collectively recognized the outgoing presidents for their service and welcomed the incoming presidents of both the Austin Firefighters Association and the Austin Retired Firefighters Association.**

**Rene Vallejo addressed the board and expressed his gratitude to all those involved in the management and oversight of the pension, including the pension office staff, legal team, investment advisors, actuaries, the union, and ARFA members. He reflected on how much he had learned during his tenure about the breadth of work required to steward the Fund. He acknowledged the board specifically, noting that trusteeship was a largely thankless responsibility in which criticism was more visible than praise, and expressed his sincere appreciation for the dedication and effort each trustee brought to the role. He concluded by expressing his confidence in Jan Wesson as his successor, noting her work ethic and commitment.**

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

a. General comments

**Anumeha Kumar stated that she had no significant items to bring to the board's attention beyond the updates covered under the remaining sub-items and invited the board to raise any questions.**

b. Fund Newsletter update

**Anumeha Kumar reported that the Fund newsletter was distributed in early February and is available on the Fund's website. She noted that members who wish to receive a hard copy may submit a request to staff.**

- c. Update on proposed revisions to Fund Rules, including benefit payment options for Group B and actuarial equivalence tables for Groups A and B

**Anumeha Kumar reported that the proposed revisions to the Fund rules regarding Group B benefit payment options had been posted to the Fund's website for public comment. She noted that no comments had been received to date and stated that staff would continue to monitor the comment period and provide updates as appropriate.**

- d. 2026 Board and Committee meeting calendars

**Anumeha Kumar reported that the board meeting schedule for the remainder of 2026 had been finalized and was available on the Fund's website. She noted that the committee meeting schedule would be developed in alignment with the key priorities identified for each of the three committees and that staff would coordinate accordingly.**

- e. Update on approval of retirements, including DROPs

**Anumeha Kumar provided an administrative update regarding the board's process for approving retirements and DROP distributions. She explained that while the board had historically approved retirements on a monthly basis, the transition to a less frequent meeting schedule would require that retirements be brought to the board in consolidated groupings at each scheduled board meeting. She clarified that this change would have no impact on the Fund's internal processing of retirements or DROP distributions and that only the statutory requirement of board approval would be addressed on the new schedule. She noted that all retirements occurring between the current meeting and the next board meeting in June would be presented together for approval at that time.**

- f. Internal financial statements, transactions, and Fund expense reports for month ending January 31, 2026

**Anumeha Kumar reported that the internal financial statements for the month ending January 31, 2026 were included in the board packet. She noted that there were no significant or notable items to bring to the board's attention and offered to answer any questions.**

VIII. Roadmap for future meetings

**The trustees had no questions or requests regarding the roadmap.**

IX. Call for future agenda items

No future agenda items were called for.

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

**Board Members**

Aaron Woolverton, Chair

Doug Fowler, Vice Chair

Belinda Weaver

John Bass

Ryan Alter

Andrew Ratoza

Jie Li

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