BOARD OF TRUSTEES MEETING
REGULAR MEETING AGENDA

Friday July 25, 2025, 9:00am

The regular meeting will be held in the **Board and Commissions Room at Austin City Hall, 301 W 2nd 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 2554 714 0472** and **password Jul2025,** or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 5852025.** Some non-routine agenda items will have the trustee or individual who requested the item in parentheses.

How to Register for Public Comments
Members of the public may address the Board of Trustees on any matter during the Public Comment 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 July 24, 2025**. All parties are asked to limit comments to 3 minutes. No discussion or action will be taken by the Board during public comments.

Public Comments

To Approve

1. Consent Agenda for the following:
    a. Minutes of regular meeting of June 27, 2025
    b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

To Discuss and Possibly Act On

2. Third reading and possible adoption of proposed changes to the Investment Policy Statement (IPS)
3. Consider adoption of the December 31, 2024 Actuarial Valuation
4. Consider adoption of the 2024 Financial Audit
5. Consider adoption of the 2024 Annual Financial Report
6. Update on Pension Review Board (PRB) Report Submissions

7. Consider approval of Voluntary Funding Soundness Restoration Plan (FSRP) submission to PRB

8. Consider proposed changes to Governance Policy pertaining to the implementation of HB 2802

9. Consider proposed changes to Fund Rules pertaining to the implementation of HB 2802

10. Consider the 2025 Board of Trustee Election for two positions, including establishing an "Election Period"

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

    a. General comments

    b. Pension Administration System (PAS) software update

    c. Mid-year budget update

    d. Internal financial statements, transactions, and Fund expense reports for month ending June 30, 2025

12. Roadmap for future meetings

13. Call for future agenda items

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

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

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

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MINUTES
BOARD OF TRUSTEES MEETING
FRIDAY JUNE 27, 2025, 9:00AM

Board Members Present

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

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 (virtual)
Maisie Sajbel, Jackson Walker
Leo Festino, Meketa (virtual)
Colin Kowalski, Meketa (virtual)
Elizabeth Wiley, Cheiron (virtual)
Heath Merlak, Cheiron, (virtual)

Community Members Present

Diana Thomas, City of Austin
Max Lars, City of Austin
Carrie Rogers, City of Austin (virtual)
Virtual attendees not listed

Mayor Watson called the meeting to order at 9:00am.

Public Comments:

No public comments.

I. Consent Agenda for the following:

a. Minutes of the regular meeting of May 23, 2025

b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Mayor Watson requested a moment of silence for the retired firefighter who had passed in May. Trustee Weaver made a motion to approve both items on the consent agenda. Vice Chair Woolverton seconded the motion. The motion passed without objection.

II. Second reading of proposed changes to the Investment Policy Statement (IPS)

Mayor Watson stated that the board had voted to approve the Investment Policy Statement on first reading in May, and that three separate readings were required to formally adopt the proposed changes. Trustee Weaver made a motion to approve the IPS on second reading. Vice Chair Woolverton seconded the motion. The motion passed without objection.

III. Update and consideration of next steps regarding Aether Natural Resources investment

Leo Festino summarized the company wind-down notice sent by Aether Natural Resources and Meketa's corresponding memorandum to the board. He explained that the Fund had committed about $42.5 million across four vehicles with Aether over the last ten years, all of which were fund-of-funds invested in real assets such as energy and mining. He stated that the funds had performed fine relative to a difficult market environment and described how those funds operated across an average 10 to 15-year commitment cycle. He explained that at this point in the cycle, there would be no further capital calls and that the Fund would await distributions. Mr. Festino explained that Aether's notice, which announced that they would be retaining only three employees to manage the remaining assets of the funds, was consistent with consolidation that had been occurring across the industry. Mr. Festino stated that no action was required from the board other than to wait to receive distributions; he noted that the board had already decided to make a gradual exit from real assets by setting their asset allocation to zero at a prior meeting. Mr. Festino offered an alternative option to attempt to sell the private assets on the secondary market but discouraged that action due to an anticipated discount of 50-70% of fair value, which would equate to an approximate $12 million cut from the expected distribution amount. He stated that while the Fund could potentially offset that loss through immediate reinvestment, the Fund had never transacted in the secondary space and did not need the immediate liquidity. At the request of Mayor Watson, Mr. Festino reiterated his recommendation to maximize value by waiting for orderly distributions of the remaining positions in each of the funds. He stated that Meketa would continue to monitor those assets and conduct further analysis regarding the secondary market and would follow up with any further recommendations at the August meeting. Trustee Weaver asked if the funds were currently valued fairly and whether Meketa's analysis would include the delta between selling and reinvesting versus continuing to hold the funds. Mr. Festino confirmed that the marked value was fair or conservative, meaning that the exit could be at further gain, and that Meketa's analysis for the August meeting would include different scenarios to determine the break-even point between the two options. Trustee Fowler raised a concern regarding some wording in Aether's notice and asked what strategies could be used to monitor and make decisions regarding providers in advance of receiving such notices. Mr. Festino addressed the concerns and explained that while Meketa had supported the earlier Aether funds as being among the most compelling fund-of-funds strategies in that market space, they had stopped making future investments due to the challenging market environment and reduced investor appetite. Mr. Festino noted that investments in private assets have a 10 to 15-year horizon, during which time there is always risk for the market environment to change. Trustee Fowler and Vice Chair Woolverton voiced their agreement that seeking exit in the secondary market would not be advantageous for the Fund. Anumeha Kumar requested that Meketa provide an overview at the August meeting about their process for conducting diligence on potential investments and monitoring assets once invested. Mr. Festino confirmed the request. Trustee Bass thanked Mr. Festino for his comments and stated that the risk associated with seeking potential excess returns through illiquid investments is something that the Fund should always be mindful of when entering private asset positions of any size. He voiced his agreement that seeking a sale on the secondary market within a difficult environment would not be advantageous to the Fund. No motion necessary.

IV. Presentation on conclusion of Texas Legislative Session 89(R), including the following:

a. Status of the final City of Austin and AFRF joint pension reform bill (HB 2802) for a Voluntary Funding Soundness Restoration Plan (FSRP) and effective dates for certain plan provisions

Chuck Campbell addressed agenda items IV. a. and b. in tandem.

b. Overview of the next steps related to implementation of HB 2802, including review of Fund Rules and policies

Chuck Campbell confirmed the passage of HB 2802 and provided an overview of the next steps that the board would need to take to implement the bill. He explained that immediate action would be required to update the Governance Policy and Fund Rules pertaining to the provisions that would take effect September 1, 2025. Under the Governance Policy, he highlighted the changes to board composition, including the addition of two new positions, an elected Chair, and different appointments that could occur, all of which would need to be addressed in statute. Mr. Campbell stated that he would bring two Governance Policy proposals to the next meeting, the first of which would regard the possible use of committees. He noted that committees had made little sense with the current board size but could be advantageous for certain specific areas with a larger board. The second proposal, he continued, would pertain to the designation of the firefighter member positions as active or retiree positions. Mr. Campell explained that the current member positions were without designation, but the upcoming election would present an opportune time to designate one active position and one retiree position, due to the added member position. On an administrative level, separate from the legislation, Mr. Campell explained that Jackson Walker would be revisiting a policy that had been set forth a few years prior in response to a benefit change that had been made with little notice given to the membership. The policy, he continued, added a notice and comment period, which was broadly applied to all policies regardless of their impact on members. Mr. Campbell explained that a cleanup change to that policy would make it applicable only to the appropriate policies that directly affect members, which would also be more consistent with the procedures of state agencies. Mr. Campell added that the board would also need to make some new rules and suspend others during the transition period of implementing certain legislative changes, which they would discuss in an upcoming meeting.

Anumeha Kumar requested that if the board would like to proceed with designating one member position on the board as active and one as retiree, that they give direction to Jackson Walker and the staff to proceed with drafting those rules, since the nomination period would begin in September. Trustee Weaver stated that there would be value in having one active and one retiree position. Vice Chair Woolverton agreed that the interests of both groups should be represented on the board. Mayor Watson concurred. Trustee Fowler asked if any language would be included to address a potential situation wherein one of the positions had no nominees, to which Mr. Campell explained that recruitment was the most common approach for other boards that faced those circumstances, but confirmed that he could include exception language. Mayor Watson agreed with adding a provision to suspend the requirement under certain circumstances; he noted that the language could always be revised at a later date. Trustee Weaver asked if Jackson Walker required any board direction regarding committees. Mr. Campbell explained that Ms. Kumar had already presented Jackson Walker with ideas for standing committees, but added that the Chair would have the authority to appoint a committee at any time. Mr. Campbell stated that the board would have further substantive provisions to consider regarding the standard form of benefit for the new benefit tier and the new COLA program but noted that those provisions were not immediately time sensitive and would be addressed in the coming year. No motion necessary.

c. Other notable bills

Chuck Campbell provided an overview of the information that Jackson Walker had shared in

their pension legislation webinar. He explained that the bill that would have had the most significant impact, SB 312 by Senator Hughes, had not moved during the legislative session. He stated that SB 312 would have put a significant administrative burden on local funds, such as AFRF, by modifying fiduciary standards regarding investment decisions and adding requirements for proxy advisors. He noted that some legislation had passed to regulate proxy advisors but would apply primarily to statewide funds. He stated that the Fund should remain aware of the movement toward increased politicization of public fund investing, in case it trickles down to the local level in the future. He added that there were also some new open meetings rules that passed during the legislative session, which would create additional work for the Fund staff regarding the timeline for preparing meeting materials. No motion necessary.

V. Consider preliminary December 31, 2024 Actuarial Valuation, including preliminary Risk-Sharing Valuation

Elizabeth Wiley presented a high-level overview of the structural and benefit changes that went into effect under HB 2802, including the creation of a new tier for firefighters hired starting in 2026. She explained the changes that were made to the COLA structure, eligibility, and assumptions, and described how they applied to the original Group A benefit tier versus the new Group B benefit tier. She provided further information to the board about the mechanics of the performance-based COLA that would apply to Group B and noted that the structure would automatically reduce liability growth during periods of poor investment returns. Ms. Wiley next addressed the changes to the Fund's contribution basis that would take effect as of January 1, 2026. She explained that the City of Austin's fixed rate contribution of 22.05% would be transitioned to an Actuarially Determined Contribution (ADC), subject to a ± 5% corridor to limit the range, while the firefighter contribution would remain fixed at 18.7% with a risk-sharing provision for a ≤ 2% increase that would only engage if the ADC exceeded the corridor maximum due to a significant deviation from the assumptions. She explained that the structural reform would reflect actual Fund experience, and the actual contributions needed to ensure financial stability. She added that there would be an additional legacy liability payment that the City of Austin would pay down over a 30-year period based upon the unfunded actuarial liability (UAL) of the 2024 valuation. Ms. Wiley described how the initial risk-sharing valuation would be used to determine the legacy payment amount and define the contribution corridors over the next 30 years. Ms. Wiley explained that most assumptions used in the 2024 valuation would be the same as those adopted by the board for the 2023 valuation, but noted that some changes were required under HB 2802. She identified the two types of assumption changes, the first of which pertained to valuing future COLAs and moving from actuarial value of assets to actual market value of assets, and the second of which pertained to valuing the new tier benefit structure and defining a new entrant profile to reflect the anticipated demographics of the new tier, which Cheiron based on the demographics of the 2023-2024 hires.

Heath Merlak next presented a high-level overview of the preliminary valuation results and what the results meant in terms of the contributions. He compared the assets and liabilities from before pension reform to after pension reform. He stated that the pre-reform funded ratio had decreased from the prior year as expected, due to continued recognition of the 2022 market value losses. Mr. Merlak explained that liability had increased following the pension reform, which he identified as a reflection of the new COLA assumption. He stated that the UAL as of 12/31/24 was $354 million and described the mechanics of how that legacy liability would be paid off by the City of Austin over thirty years. He noted that as the ADC was implemented, the UAL would increase at a rapid rate for the first three years of phase-in, followed by slight growth until approximately 2032, at which point the UAL will begin to decrease. Mr. Merlak next explained how the risk-sharing valuation was used to determine the ADC midpoint and corridors, stating that the midpoint reflected the expected Normal Cost for the next thirty years. He stated that the Normal Cost after

accounting for firefighter contributions was 12.65% for Group A, which would serve as the midpoint for the 2026 calendar year. He explained that Group B members would have a lower Normal Cost of 6.14%, therefore as Group A members retired and were replaced by Group B members, the midpoint would trend downward from 12.65% to 6.14% over time. He noted that those midpoints could change based on any assumption changes or member demographic changes in the future. Mr. Merlak concluded his presentation with an explanation of how the corridor was designed to absorb contribution fluctuations based on Fund asset performance. He described how the corridor would be applied under various scenarios and noted that even when assets outperformed the assumed rate of return, the City of Austin would still pay the corridor midpoint if the funded ratio was < 90%. He stated that the final valuation results may involve some minor tweaks to the liability calculations, but the preliminary results provided a reasonable estimate of contributions for the 2026 calendar year. Mayor Watson and Trustee Fowler thanked Cheiron for their presentation. Trustee Bass added that Jackson Walker had also contributed a significant amount of work behind the scenes for the pension reform; he expressed his gratitude to both firms. No motion necessary.

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

a. General comments

No general comments.

b. Pension Administration System (PAS) software update

Anumeha Kumar informed the board that progress on the pension software had continued as expected. She explained that staff would soon begin working on the pension reform changes to be implemented with the new software and would not be customizing the current software, to avoid duplicate expenses. She noted that she would bring a budget amendment to the board within the next few months to reflect the estimated cost for implementing the plan changes.

c. Internal financial statements, transactions, and Fund expense reports for month ending May 31, 2025

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

VII. Roadmap for future meetings

Anumeha Kumar stated that the policy and rule amendments that were presented by Jackson Walker for legislation implementation would be added to the roadmap. No motion necessary.

VIII. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Mayor Watson adjourned the meeting at 10:25am.

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CONFIDENTIAL INFORMATION

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Revised ~~February~~ July 2025

Statement of Investment Policies and Objectives

for

Austin Firefighters Retirement Fund

Original Adoption Date: 12/10/2002
Revised: 12/12/2006
Revised: 6/29/2009
Revised: 10/25/2010
Revised: 8/24/2012
Revised: 9/16/2014
Revised: 2/11/2016
Revised: 2/26/2018
Revised: 6/28/2021
Revised: 2/28/2022
Revised: 2/28/2025

Table of Contents

Statement of Investment Policies and Objectives
for
Austin Firefighters Retirement Fund

I. STATEMENT OF POLICY

A. Purpose

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

B. Investment Goals

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

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

II. INVESTMENT OBJECTIVES

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

A. Risk Objectives

- To accept the minimum level of risk required to achieve the Fund's return objective as stated immediately below.
- To use diversification to minimize exposure to company and industry-specific risks in the aggregate investment portfolio.

B. Return Objective

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

C. Performance Objectives

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

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

- *Long-Term Investment Objective*: The Fund's primary investment objective is to invest the Fund's assets so as to achieve a high likelihood of earning total Fund returns that meet or exceed the Total Fund Benchmark over a long-term investment horizon. The Board believes that evaluating the total Fund performance against a fully investable and transparent benchmark (which is representative of a portfolio that is feasible to invest in) is the best measure of overall Fund performance.

- *Total Fund Benchmark*: The "Total Fund Benchmark" will be a combination of low-cost, investable index returns that matches the subject return series as well or better than others in terms of (1) measures of statistical fit and (2) market exposures. The Total Fund Benchmark should be representative of the Fund's overall risk and return preferences. The subcomponents and weights of the Total Fund Benchmark will be developed in consultation with the Investment Consultant using statistical regression analysis relative to historical exposure and historical returns of the Fund. The current Total Fund Benchmark is outlined below. The Total Fund Benchmark is intended to be revised only if there is a fundamental change in the Board's risk/return preferences.

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

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

   - *Short-Term Investment Objective*: In addition to evaluating the long-term Fund investment performance against the Total Fund Benchmark, the Board recognizes the need to evaluate its investment selections and managers against a dynamic benchmark to measure net performance against a custom composite benchmark developed based on how the Fund's assets are actually allocated and invested.

   - *Dynamic Benchmark*: The custom composite benchmark, or the "Dynamic Benchmark", will be composed of a mix of the individual asset class benchmarks, weighted based on the actual asset class composition for the Fund. The individual asset class benchmarks are set forth in Appendix B. The benchmarks used for each asset class will be determined by the Board in consultation with the Investment Consultant. The weight is determined by the preceding month end percentage of each asset class.

III. INVESTMENT CONSTRAINTS

A. Legal and Regulatory

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

B. Time Horizon

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

C. Liquidity

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

D. Over-Concentration

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

IV. ALLOCATION OF INVESTMENT RESPONSIBILITIES

A. Board of Trustees

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

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

B. Fund Staff

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

C. Investment Consultant

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

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

Fund allocation and performance will be regularly reviewed, and recommendations will be made as appropriate. The Investment Consultant will assist the Board in investment manager selection, when needed, and will promptly inform the Board and discuss the impact of material changes taking place within any current manager's organization and/or investment process. Within this process, the Investment Consultant assumes fiduciary responsibility for advice given regarding the management of the investment process.

D. Investment Managers

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

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

E. Custodian Bank

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

V. FIDUCIARY CONDUCT

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

VI. AVAILABLE ASSET CLASSES AND INVESTMENT GUIDELINES

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

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

The investment guidelines for available asset classes, if applicable, are reflected in the Fund's Operating Procedures. In addition, specific investment guidelines for investment managers of separately managed accounts will be incorporated in the agreement with the Fund. Within their investment guidelines, each investment manager will also be furnished with a list of asset types and investment strategies that are forbidden. Investment guidelines for pooled investment vehicles or private market investment vehicles will be set forth in the governing instruments of such vehicles.

VII. INVESTMENT PRINCIPLES

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

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

VIII. ASSET ALLOCATION

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

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

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

A. Long-Term Allocation Targets

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

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

B. Rebalancing

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

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

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

IX. EVALUATION AND REVIEW

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

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

X. SECURITIES LENDING

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

XI. TRADING

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

XII. VOTING OF PROXIES

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

XIII. INVESTMENT COSTS

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

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

Appendix A

Asset Class
Public Domestic Equity
Public Foreign Equity
Emerging Market Equity
Frontier Market Equity
Private Equity
Private Debt
Real Estate
Investment Grade Bonds
TIPS
High Yield Bonds
Bank Loans
Developed Market Bonds
Emerging Market Bonds
Natural Resources
Infrastructure
Commodities
Hedge Funds
Cash

Appendix B

Asset Class	Target (%)	Range (%)	Asset Class Benchmarks
Public Domestic Equity	23~~0~~	~~13-27~~ 16 - 30	Russell 3000
Public Foreign Equity	22	15-29	MSCI ACWI (ex. U.S.)
Private Equity	12~~5~~	~~5-25~~ 7 - 17	MSCI ACWI +2% on a 3 Month Lag
Investment Grade Bonds	15~~3~~	10-20	Bloomberg Barclays Aggregate
TIPS	5	0-10	Bloomberg Barclays U.S. TIPS
High Yield/Bank Loans	5	0-10	50% Merrill Lynch High Yield 50% Credit Suisse Leverage Loan Index
Emerging Market Debt	~~7~~5	0-10	Custom EMD Benchmark[1]
Core Real Estate	5	0-10	NCREIF ODCE Equal Weighted (net)
Value Add Real Estate	5	0-10	NCREIF Property NPI
~~Private Natural Resources~~	~~3~~	~~0-5~~	~~S&P North American NR~~
Core Infrastructure	3	0-5	CPI +2%
Cash	0	0-5	

[1] Custom EMD Benchmark is 50% JPMorgan EMBI Global Diversified, 25% JPMorgan GBI-EM Global Diversified (unhedged), and 25% JPMorgan CEMBI Broad.

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CHEIRON Classic Values, Innovative Advice

Austin Firefighters Retirement Fund

Actuarial Valuation Report as of December 31, 2024

Produced by Cheiron

July 2025

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Via Electronic Mail

July 22, 2025

Board of Trustees
Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, Texas 78746

Dear Trustees of the Board:

We are pleased to submit the December 31, 2024 Actuarial Valuation Report of the Austin Firefighters Retirement Fund ("Fund"). This report contains information on Fund assets, liabilities, and contributions. Financial disclosures are provided in a separate Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 report.

In preparing our report, we relied on information, some oral and some written, supplied by the Fund's staff. This information includes, but is not limited to, Fund provisions, member data, and financial information. We performed an informal examination of the data's obvious characteristics for reasonableness and consistency, in accordance with Actuarial Standard of Practice No. 23, Data Quality.

The actuarial assumptions reflect our understanding of the likely future experience of the Fund and represent our best estimate, in collaboration with the views of the Board of Trustees (Board), for the Fund's future experience. These assumptions are based on the most recent experience study, dated March 25, 2024, reflecting census data through December 31, 2022, and the updated COLA assumptions required by statute. The liability and contributions developed in this report rely on future Fund experience conforming to the underlying assumptions. Future results may differ significantly from the current results presented in this report due to factors such as: Fund experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law. To the extent that actual Fund experience deviates from the underlying assumptions, the results will vary accordingly.

This report 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, including Texas pension statutes. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared exclusively for the Austin Firefighters Retirement Fund and the Fund's auditors for the purposes described herein and in preparing financial reports in accordance with applicable law and annual report requirements. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

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

FOREWORD

Cheiron is pleased to provide the annual actuarial valuation report of the **Austin Firefighters Retirement Fund (Fund)** as of December 31, 2024. The purpose of this report is to:

1) **Measure and disclose** the Fund's financial condition as of the valuation date.

2) **Report** on past and expected financial trends.

3) **Determine** the Actuarially Determined Contribution for the 2026 calendar year.

4) **Assess** risks to the Fund's financial condition.

An actuarial valuation establishes and analyzes Fund assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the Fund's investment performance and an analysis of actuarial liability gains and losses. This valuation report is organized as follows:

Section I summarizes the valuation and compares this year's results to those of last year.

Section II provides the results of the Risk Sharing Valuation Study.

Section III identifies the primary risks to the Fund, including background information and an assessment of these risks.

Section IV contains exhibits relating to the valuation of assets.

Section V presents various measures of liabilities and analyzes the experience gains and losses over the past year, including the sources of change in UAL.

Section VI shows the development of the Actuarially Determined Contribution Benchmark.

The appendices to this report contain a summary of the Fund's membership at the valuation date, a summary of the major provisions of the Fund, the actuarial methods and assumptions used in developing the valuation, and a glossary.

SECTION I – SUMMARY

General Comments

This is the third actuarial valuation report prepared for the Fund by Cheiron. The results before December 31, 2022 in the historical trend charts are those produced by the Fund's former actuary.

With the passage of HB 2802/SB 2345 ("HB 2802"), the City of Austin's contribution to AFRF changes from a fixed rate contribution of 22.05% of pay to a modified Actuarially Determined Contribution (ADC). The ADC will include the cost of all benefits accrued annually and administrative expenses, reduced by the standard 18.70% of pensionable payroll paid by AFRF's active members, plus an amount to amortize AFRF's unfunded actuarial liability (UAL) over fixed periods. The City of Austin's total contribution rate thus adjusts annually as needed to reflect AFRF's experience, subject to the City of Austin's maximum and minimum contributions, as described in Vernon's Texas Civil Statutes, Article 6243e.1. Section II provides a summary of the ADC parameters.

HB 2802 also categorized members into two groups: Group A (hired before January 1, 2026) and Group B (hired on or after January 1, 2026). Group A benefits are largely the same as the Fund's structure before HB 2802, with changes limited to eliminating interest on non-vested contribution refunds and altering cost-of-living adjustment (COLA) provisions. Group B members have a similar structure, but with different parameters. Detailed summaries of these benefits are provided in Appendix B.

The key results of this December 31, 2024 actuarial valuation are as follows:

- Investments earned 4.7% on a Market Value of Assets (MVA) basis for the year ending December 31, 2024, resulting in an investment loss of $29.3 million on an MVA basis.
- HB 2802 increased the Unfunded Actuarial Liability (UAL) by $113.1 million due to the following changes:
  - The Fund's Actuarial Value of Assets (AVA) was reset to match the MVA as of December 31, 2024, as required by HB 2802, increasing the Unfunded Actuarial Liability (UAL) by $97.6 million.
  - Group A future COLA assumption was increased from 0.00% to 0.25% per year, increasing the UAL by $15.9 million
  - Eliminating interest on contribution refunds after January 1, 2026 reduced the UAL by $0.4 million.
- The Fund experienced a liability gain of $3.5 million. The sources of the liability gain are listed in Table V-3.
- The Fund's MVA funded ratio decreased from 79.6% as of December 31, 2023 to 76.9% as of December 31, 2024. Reflecting the AVA reset, the AVA funded ratio decreased from 85.6% as of December 31, 2023 to 76.9% as of December 31, 2024.
- The UAL based on AVA [actuarial liability (AL) – AVA] increased from $210.5 million as of December 31, 2023 to $349.5 million on December 31, 2024.

SECTION I – SUMMARY

The contribution amounts to the Fund for the 2s026 calendar year, developed by this December 31, 2024 actuarial valuation, consist of the following:

1) Firefighter contributions are 18.70% of pay,
2) The City's Municipal Contribution Rate for the 2026 calendar year contribution is 12.62% of payroll, and
3) The City's Legacy Payment is $15,430,983, estimated to 12.64% of expected payroll.

Therefore, the City's total contribution for the 2026 calendar year is estimated to be 25.26% (12.62% + 12.64%) of expected payroll. Section II provides additional detail on these amounts.

In addition to the ADC as defined by HB 2802, this report provides two other contribution rates to assess the contributions for the Fund:

1. A Tread Water Contribution Rate: This contribution rate represents the contribution level required to cover the cost of benefits accruing during the year and interest on the Unfunded Actuarial Liability (UAL) and thus is anticipated to maintain the UAL at the same dollar amount if all assumptions are exactly met.
2. An Actuarially Determined Contribution Benchmark ("ADC Benchmark") based on the Funding Policy adopted by the Board as of December 16, 2019. In our opinion, the ADC Benchmark outlined in the Funding Policy does not meet the definition of a reasonable ADC, as it employs a 30-year open amortization method that does not fully amortize the Unfunded Actuarial Liability within a reasonable time period.

The table below provides a summary of the actuarial valuation. The prior year's valuation results are shown for comparison purposes, as well as a column looking at the change in each value as a percentage of the prior year's values.

SECTION I – SUMMARY

Table I-1
Austin Firefighters Retirement Fund
Summary of Principal Results

	December 31, 2024	December 31, 2023	% Change
Assets and Liabilities			
Actuarial Liability (AL)	$1,514,813,506	$1,460,581,730	3.7%
Actuarial Value of Assets (AVA)	1,165,347,238	1,250,115,476	(6.8%)
Unfunded Actuarial Liability (UAL)	$349,466,268	$210,466,254	66.0%
Funded Ratio (AVA basis)	76.9%	85.6%	(8.7%)
Market Value of Assets (MVA)	$1,165,347,238	$1,162,694,392	0.2%
Funded Ratio (MVA basis)	76.9%	79.6%	(2.7%)
Funding Period[1]	30.0[2]	48.6	
Statutory Contribution Rates	Year Ending December 31, 2026	Year Ending December 31, 2025	
Normal Cost as % of expected payroll	31.32%	31.21%	0.3%
Member Contribution Rate	18.70%	18.70%	0.0%
City Normal Cost Rate	12.62%	12.51%	0.9%
City Amortization Cost Rate	0.00%	0.00%	N/A
Estimated Municipal Contribution Rate	12.62%	12.51%	0.9%
Minimum Municipal Contribution Rate	7.62%	N/A	N/A
Maximum Municipal Contribution Rate	17.62%	N/A	N/A
Municipal Contribution Rate	12.62%	N/A	N/A
City Legacy Liability Payment[3]	$15,430,983	$10,937,950	41.1%
- as a % of Projected Pensionable Payroll	12.44%	*9.54%*	30.4%
Total City Contribution as % of expected payroll	25.06%	22.05%	13.7%
Treadwater City Contribution Rate	34.04%	25.91%	31.4%
City Rate Surplus/(Deficit)	*(8.98%)*	*(3.86%)*	132.7%
Participant Information			
Actives	1,249	1,246	0.2%
Service Retirees, including DROP	834	809	3.1%
Beneficiaries	184	171	7.6%
Disability Retirees	14	15	(6.7%)
Terminated Vested	36	36	0.0%
Total Participants	2,317	2,277	1.8%
Expected Payroll at Valuation Date	$119,063,835	$114,653,245	3.8%
Projected Pensionable Payroll[4]	$124,002,162	N/A	

[1] Beginning in 2024, the funding period is calculated as of the date the contribution, as actuarially determined by each valuation, is first effective.

[2] For V-FSRP purposes, the funding period is determined based on the greater of AVA and MVA, in accordance with PRB requirements. Reflecting the $1.263 billion AVA calculated before the HB 2802 reset, this funding period is 17.9 years.

[3] For December 31, 2023, reflects fixed contribution rate above City Normal Cost Rate available to pay down UAL.

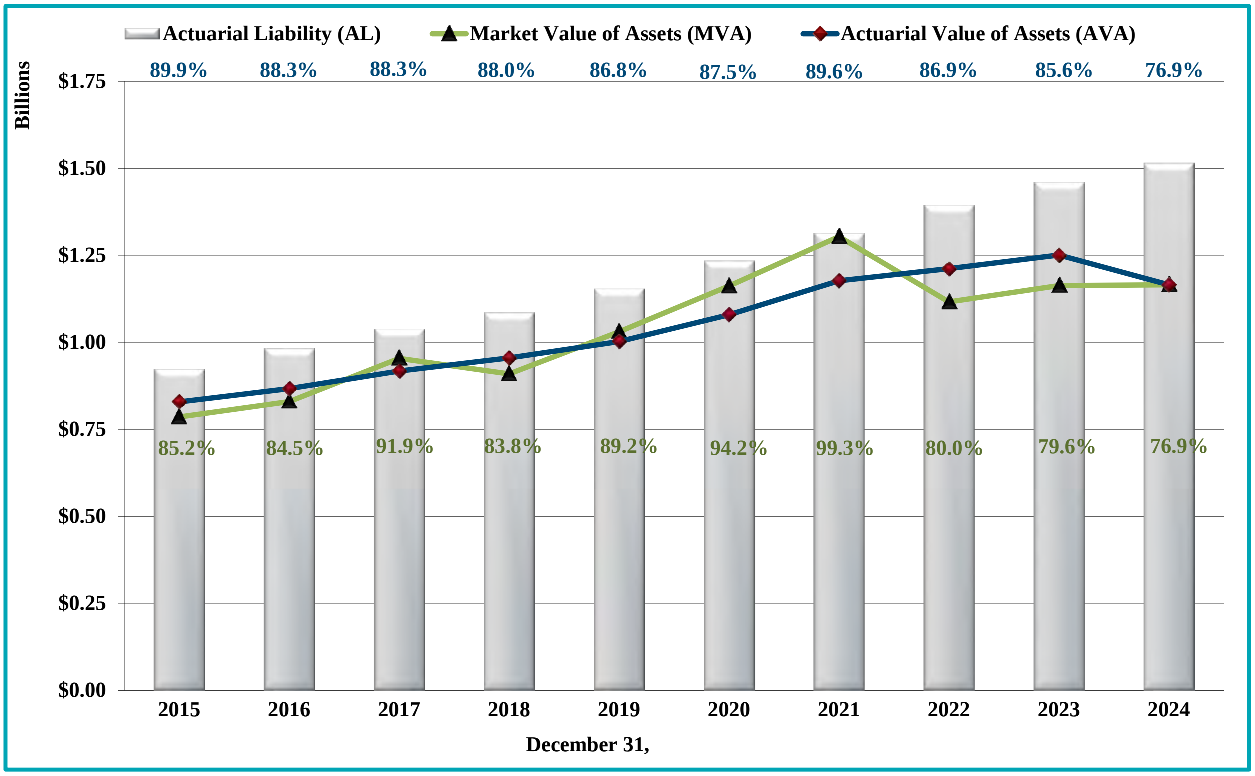
[4] Prior year pensionable payroll projected two years with the payroll growth assumption.

SECTION I – SUMMARY

Historical Trends

It is important to take a step back from these latest results and view them in the context of the Fund's recent history. Below, we present a series of charts displaying key factors in the valuations since 2015.

<u>Assets and Liabilities</u>



The bars represent the Actuarial Liability (AL) as measured for funding purposes in the valuations. The lines represent the Fund's assets, with the green line showing the Market Value of Assets (MVA) that is reported in the Fund's financials and the blue line showing the smoothed Actuarial Value of Assets (AVA). The liabilities are compared to the assets to develop funding ratios for each valuation date. The ratio of the AL to the AVA is the AVA funded ratio, which is represented by the blue percentages shown along the top of each bar in the chart. Similarly, the ratio of the AL to the MVA is the MVA funded ratio, the green percentages shown on the bars. With AVA being set to MVA for the December 31, 2024 valuation as required by HB 2802, the AVA and MVA funded ratios are the same for 2024.

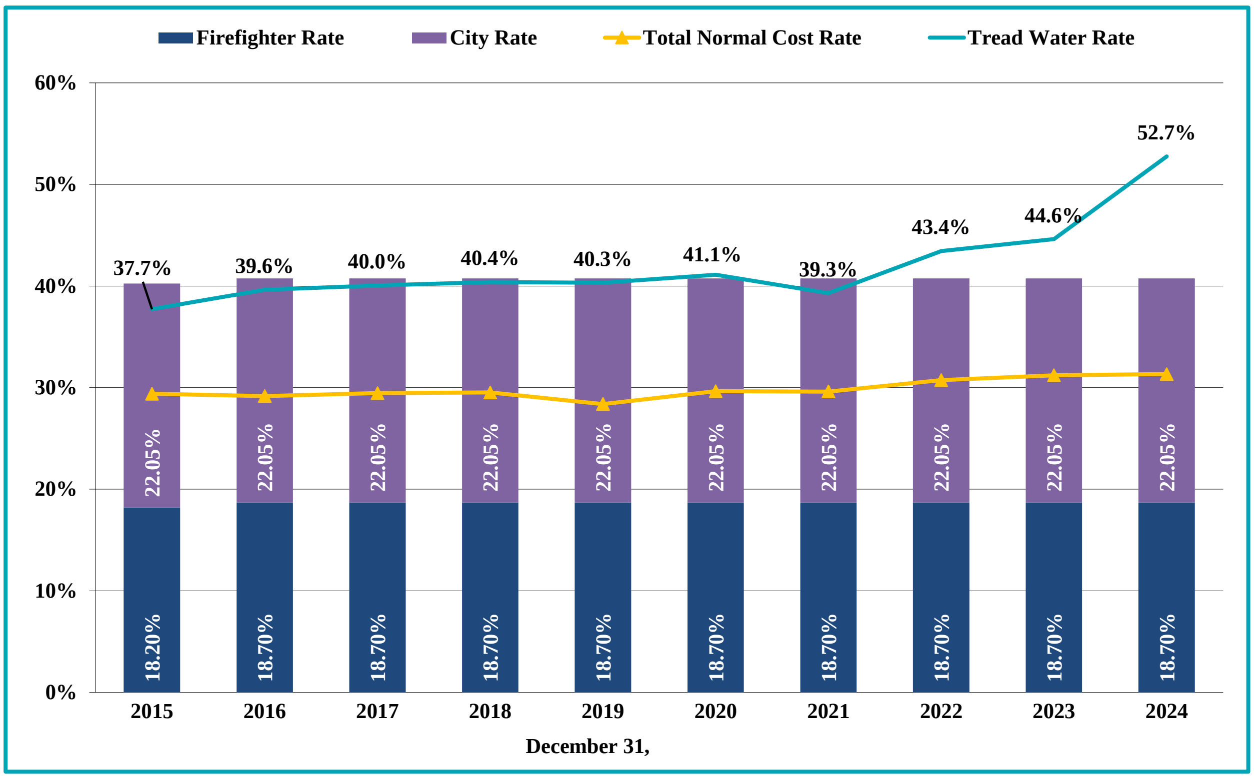
The MVA funded ratio can be volatile as shown in the graph and has ranged from a high of 99.3% as of 2021 to a low of the current 76.9%. The AVA funded ratio is less volatile than the MVA funded ratio as assets gains and losses are recognized over five years. Note the MVA and AVA funded ratio are the same in 2024, with AVA being reset to MVA as required by HB 2802.

Contributions Versus Tread Water

The next chart compares the city and member contribution rates, as shown by the bars, to the normal cost and tread-water rates, shown by the lines, as of each valuation date. The normal cost rate, the orange line, is the percentage of salary needed to fund the benefits earned in a year for the active members. The Tread Water Contribution Rate, the teal line, is the rate of payroll by the City and members in total, which, if contributed, would result in the UAL remaining the same in the following year if all experience exactly matched the assumptions. The Tread Water Contribution Rate is equal to the normal cost rate plus interest on the UAL.

As shown below, the total contributions exceed the normal cost rate for all years shown. The difference between the tops of the bars and the orange line represents the portion of contributions that are available to fund the UAL. The chart also shows that the normal cost rate has been relatively stable over this period, staying within approximately one percentage point of 30%.

The stacked bars show that the sum of the city's and members' contribution rates has been greater than the Tread Water Contribution Rate by a small margin for most years over this period. However, since the 2022 asset loss began being recognized, the Tread Water Contribution Rate has been higher than the fixed contribution rates for 2022 and 2023. In 2024, this shortfall increased further with AVA being reset to MVA as required by HB 2802.



SECTION I – SUMMARY

Amortization Periods

The chart below shows the effective amortization period for funding the UAL based on the AVA as of each valuation date from 2015 through 2023. Beginning in 2024, the amortization period, also referred to as the funding period, is calculated as of the date the contribution, as actuarially determined by each valuation, becomes effective. Due to leveraging and how compound interest operates, the funding period can vary significantly from year to year.

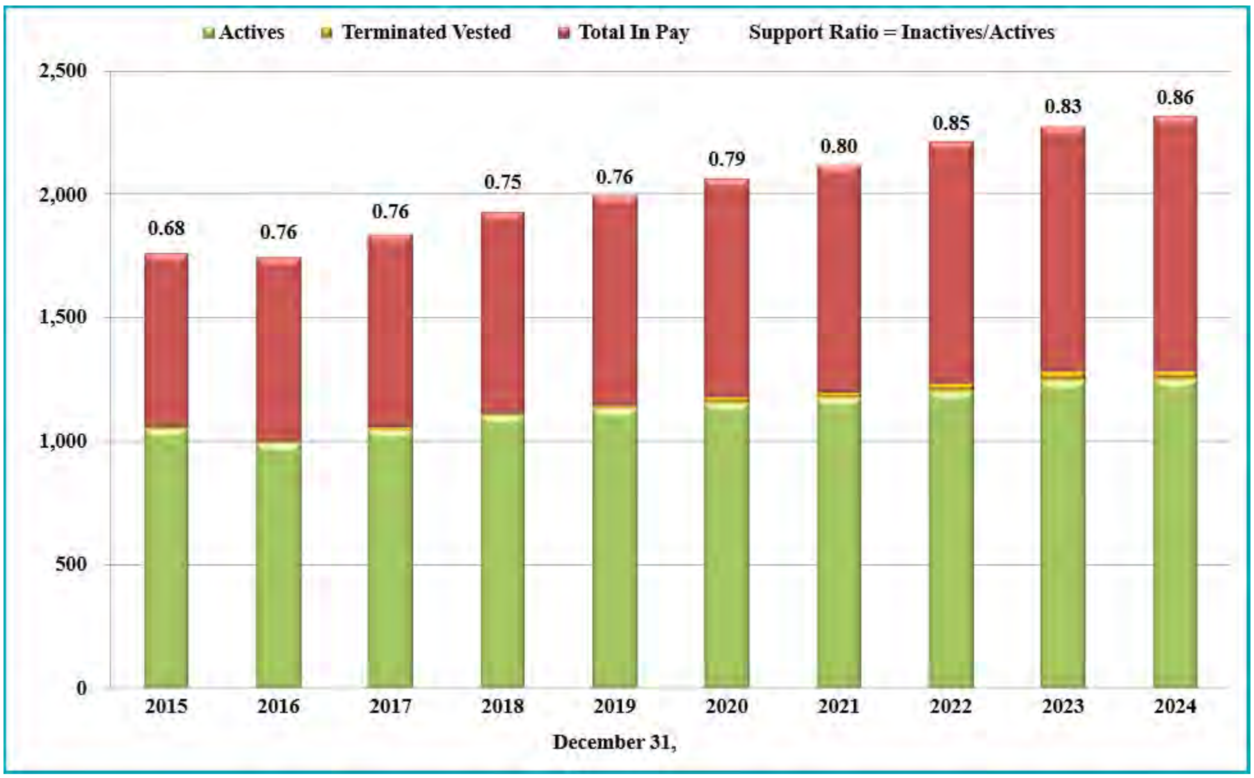
The Pension Review Board (PRB) provides funding guidelines for public pensions in Texas, including that the contributions received by funds should be sufficient to pay the normal cost each year as well as amortize the fund's UAL over a period not to exceed 30 years, with 10-25 years being the preferred range. Without the passage of HB 2802, the amortization period would have increased to 69.3 years. With the passage of HB 2802, the amortization period as of the effective date of the contributions determined by this December 31, 2024 valuation is 30.0 years.

SECTION I – SUMMARY

Member Trends

The following chart shows the membership counts of the Fund at successive valuations. The numbers above each bar represent the ratio of inactive members, those currently receiving benefits (red bars), and terminated vested members (yellow bars) to active members (green bars) as of each valuation date, referred to as the support ratio.

The number of inactives per active has generally steadily increased during the period shown. An increasing ratio is a sign of plan maturity and should continue to be monitored. As a plan becomes more mature, the assets backing the retiree benefits become large relative to the contribution base, i.e., the active member payroll. As assets grow relative to the pensionable payroll, any experience gain or loss can significantly impact the actuarial valuation results. This maturity risk is discussed further in Section III of this report.



All active members as of the current December 31, 2024 valuation date are Group A members. Group B members will first be reflected in the December 31, 2026 actuarial valuation.

SECTION I – SUMMARY

Projections

This baseline projection is based on the December 31, 2024 valuation, including the 7.30% rate of return assumption. It is important to note that the Fund's actual experience will not conform exactly to the assumptions every year. As a result, in addition to the baseline projection of 7.30% investment returns, we provide additional projections, or stress testing, in Section III based on varying returns in the future, as variation in this assumption is typically the most significant driver of variation in valuation results.

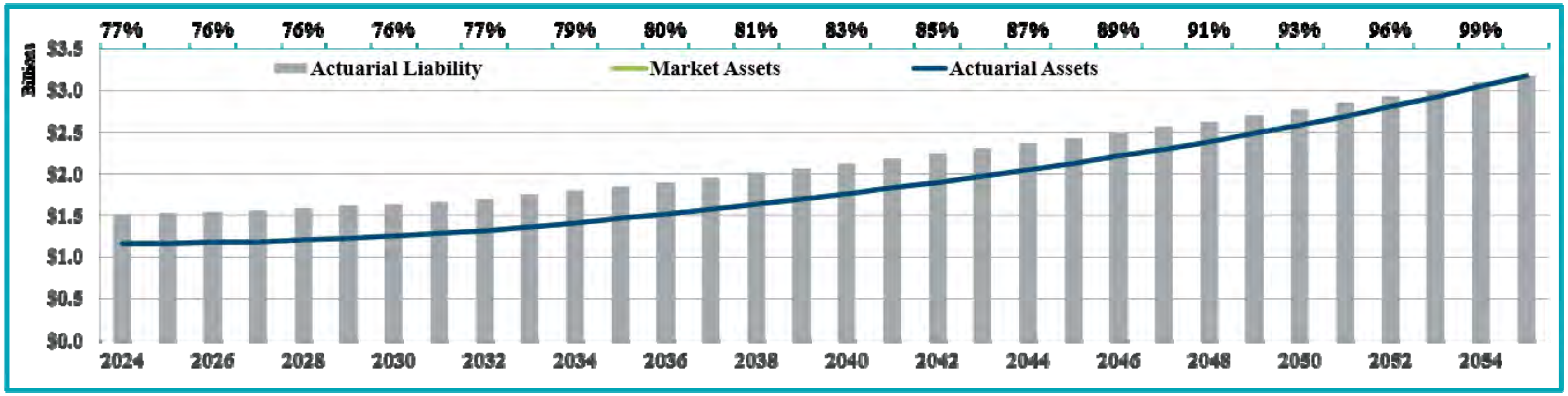
The projections, both the baseline in this section and the varying returns in Section III, assume there will be no future gains or losses on the liability and that the Fund receives the statutory contribution rates each year. As such, these projections assume that all valuation assumptions are exactly met, including the long-term rates of return specified and assumed for each scenario, as well as the covered payroll increasing by 2.50% annually in all scenarios.

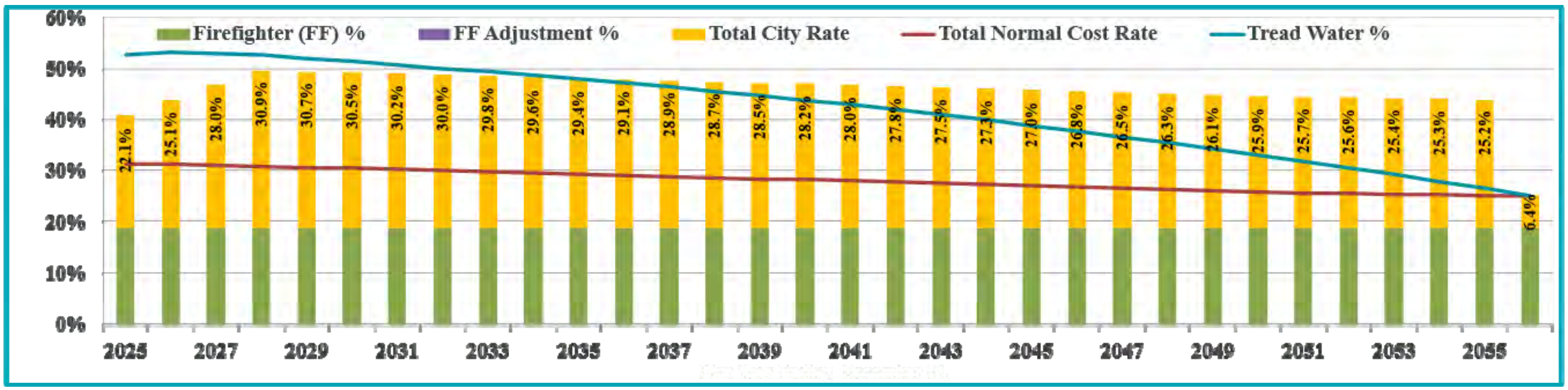
This first chart compares the Market Value of Assets (MVA) (blue line) and the Actuarial or Smoothed Value of Assets (AVA) (green line) to the Fund's actuarial liabilities (AL) (gray bars). Additionally, at the top of each chart, we display the Fund's AVA funded ratio (the ratio of AVA to AL). The years shown in the chart represent the valuation date as of December 31 for each labeled year.

The baseline chart below shows that if all actuarial assumptions, including the current 7.3% rate of investment return assumption, are exactly met, the Fund's AVA funded ratio, shown along the top of the chart, is projected to slightly decrease initially from the current level of 77% then gradually increase to 100% by 2055.

The second chart provides information related to the expected contributions to the Fund. The green bars represent the expected firefighter contributions, which are 18.7% in all years in this baseline projection. The yellow bars reflect the City of Austin contributions, including the Legacy Contribution Amount. As shown in the graph, the City's contribution is expected to increase as the ADC is fully phased-in through 2028, and then it is expected to decrease as Group B members enter the Fund upon the retirement of Group A members. The red line is the total normal cost rate based on an open projection reflecting Group B's lower normal cost. The teal line provides the treadwater percentage. Expected contributions are below the Tread Water Contribution Rate until 2032, meaning the UAL is expected to increase in dollar terms until this point due to negative amortization. Beginning in 2033, the contributions are projected to be large enough to begin paying down the UAL. Although not shown in the graph below, the purple bars represent the increase in firefighter contributions required to ensure the Fund receives the full ADC in years when the City's contribution hits the corridor maximum.

SECTION I – SUMMARY





SECTION II – RISK SHARING VALUATION STUDY

Passage of HB 2802

With the passage of HB 2802, AFRF must have its actuary perform an Initial Risk Sharing Valuation Study (RSVS) as of December 31, 2024. The results of this RVSV will determine the City of Austin's contribution requirement for the 2026 calendar year.

Before HB 2802, AFRF was financed through fixed contribution rates as a percentage of compensation of 18.70% for members and 22.05% for the City of Austin. HB 2802 changed the employer portion of AFRF's financing from a fixed rate to an Actuarially Determined Contribution (ADC), subject to an annual corridor. HB 2802 changed the firefighter portion of AFRF's funding from a fixed rate to a fixed rate subject to adjustment as necessary to ensure AFRF receives the full ADC in years where the corridor limits the City of Austin rate. This firefighter adjustment is similarly subject to a maximum increase of 2% from the 18.70% rate, for a total maximum rate of 20.70% for firefighters.

The ADC will include the cost of all benefits accrued annually and administrative expenses, reduced by 18.70% of pensionable payroll contributions paid by active members before any applicable adjustment required by the funding policy, plus an amount to amortize UAL over fixed periods. The City of Austin's total contribution rate thus adjusts annually as needed to reflect the Fund's experience, subject to the City of Austin's maximum contribution, as discussed in the contribution corridors section that follows. While AFRF's total firefighter contribution, equal to the standard 18.70% plus any necessary ADC adjustment, is similarly calculated annually, the rate paid by firefighters only adjusts from the 18.70% in years in which the maximum corridor limits the City of Austin's contribution.

City of Austin Contribution Calculations

The City's ADC, before the application of the corridor, consists of three components established through annual Risk-Sharing Valuation Studies (RSVS).

- **Municipal Legacy Contribution Amount:** Fixed dollar amortization payments for the Legacy Liability. The Legacy Liability is determined in this Initial RSVS, dated December 31, 2024, based on the assumptions and methods adopted by the AFRF Board for the December 31, 2023 valuation, except for using the Market Value of Assets as of December 31, 2024 as the Actuarial Value of Assets and assuming a 0.25% future COLA annually for Group A members.

  The Legacy Liability will be amortized over 30 years, starting in 2026, using the level-percent-of-pay method with a 2.5% payroll growth assumption after a three-year phase-in. After the phase-in, this results in a schedule of annual dollar payments that

SECTION II – RISK SHARING VALUATION STUDY

increase by 2.5% each year (keeping pace with expected payroll) and are designed to eliminate the Legacy Liability by December 31, 2055.

The 30-year schedule of Municipal Legacy Contribution Amounts are set in the initial RSVS and **do not change with** experience—it is a fixed plan for retiring the Legacy Liability (unless the City of Austin elects to contribute extra at any time to accelerate payoff, in which case a revised schedule would be calculated).

- **Employer Normal Cost Rate:** Each year's valuation will calculate the normal cost for benefit accruals for active firefighters as a salary-weighted average plus the necessary percentage to fund administrative expenses. The standard 18.7% member contribution rate reduces this total normal cost to produce the Employer Normal Cost Rate. Because this normal cost is an average of the active population, as Group A members retire and new firefighters are hired into Group B, with a reduced benefit structure but the same member contributions, the Employer Normal Cost Rate will gradually decline over time. While the initial RSVS projects a 30-year schedule of Employer Normal Cost Rates for use as the corridor midpoints, the actual normal cost rate and resulting employer normal cost rate will be recalculated annually based on the actual active membership characteristics and payroll.

- **Amortization Rate:** New actuarial gains or losses recognized in each subsequent RSVS will be amortized as Liability Layers with a layered amortization approach.
  - Liability Loss Layers (new UAL due to unfavorable experience or changes increasing liabilities) are amortized over individual, 20-year periods as a level percentage of payroll.
  - Liability Gain Layers (reduction in UAL due to favorable experience or changes) are amortized over the same period as the largest outstanding loss layer, or 20 years if no loss layers exist.
  - The amortization payments for each layer start one year after the valuation in which they are recognized.

By amortizing each year's experience as an individual layer, it is ensured that all new shortfalls are paid off within a reasonable period.

The City's Actuarially Determined Contribution (ADC) in a given year is the sum of: (1) the applicable Municipal Legacy Contribution (fixed dollar from the initial RSVS), converted to a percentage using the Projected Pensionable Payroll from the applicable subsequent RSVS, plus (2) the Estimated Municipal Contribution Rate, which is the Employer Normal Cost Rate (including administrative expenses) plus the Amortization Rate. The Estimated Municipal Contribution Rate is designed to cover the City's portion of normal costs and address any new unfunded liabilities that arise after the Legacy Liability is established. The final Municipal

Contribution Rate, the basis on which the City of Austin pays it is non-Legacy Liability contributions, is determined by applying the contribution corridors discussed in the following section to the Estimated Municipal Contribution Rate.

Contribution Corridors

HB 2802 established a corridor for the City of Austin's Municipal Contribution Rate around the Employer Normal Cost Rates projected in the initial RSVS, referred to as Corridor Midpoints, with a ±5% margin. Each year, the Minimum Municipal Contribution Rate equals the Corridor Midpoint minus 5%, and the Maximum Municipal Contribution Rate equals the Corridor Midpoint plus 5%. The final Municipal Contribution Rate that the City of Austin will pay in addition to its Municipal Legacy Contribution Amount will be determined in each subsequent RSVS on the following basis:

- If the calculated rate would drop below the corridor minimum, the City of Austin's rate is held at the minimum (the floor) – except that until the Fund is at least 90% funded, the City will not reduce its rate below the corridor midpoint (meaning early gains are retained in the Fund and used to bolster funded status and dampen the impact of later losses instead of being used to reduce the City of Austin's funding requirements).
- If the calculated City rate rises above the corridor maximum, the City will pay the maximum rate, and the firefighters' contribution rate will increase as necessary to cover the contributions required beyond the Corridor Midpoint plus 5%, up to a maximum of an additional 2% of pensionable payroll (to a maximum of 20.7%). If the maximum 20.7% from members is insufficient to cover the required cost, the City of Austin and the AFRF Board are required to meet and determine additional funding solutions.
- These **"contribution corridors"** are designed to allow contribution rates for both the City of Austin and members to automatically adjust to a degree as needed to ensure the Fund receives adequate and appropriate funding while limiting the magnitude of these automatic adjustments and ensuring the parties are brought together to adjust and address AFRF's funding when needed.

Initial Risk Sharing Valuation Study Results

First, we present the Legacy Liability and Legacy Liability Payments. The amortization of the Legacy Liability has been adjusted to account for the 3-year phase-in and the one-year delay-in contributions from the valuation date. This adjustment includes interest on the UAL plus a credit for the estimated contributions to be received towards the payment of the UAL in AFRF for the calendar year ending December 31, 2025. The Legacy Liability Payments are fixed dollar amounts as noted in the schedule below and are based on a closed 30-year amortization period and a level percent of payroll method using a 2.5% of payroll growth assumption.

SECTION II – RISK SHARING VALUATION STUDY

Projection of Remaining Legacy Liability and Legacy Liability Payments

Fiscal Year Ending	Remaining Legacy Liability	Fiscal Year Payment
12/31/2024	$ 349,466,268	$ -
12/31/2025	363,346,992	-
12/31/2026	373,887,029	15,430,983
12/31/2027	380,644,615	19,825,290
12/31/2028	383,138,405	24,417,717
12/31/2029	385,181,910	25,028,160
12/31/2030	386,726,451	25,653,864
12/31/2031	387,719,400	26,295,211
12/31/2032	388,103,882	26,952,591
12/31/2033	387,818,456	27,626,406
12/31/2034	386,796,768	28,317,066
12/31/2035	384,967,187	29,024,993
12/31/2036	382,252,402	29,750,618
12/31/2037	378,569,003	30,494,383
12/31/2038	373,827,020	31,256,743
12/31/2039	367,929,435	32,038,161
12/31/2040	360,771,652	32,839,115
12/31/2041	352,240,935	33,660,093
12/31/2042	342,215,799	34,501,595
12/31/2043	330,565,361	35,364,135
12/31/2044	317,148,636	36,248,239
12/31/2045	301,813,789	37,154,445
12/31/2046	284,397,332	38,083,306
12/31/2047	264,723,252	39,035,388
12/31/2048	242,602,086	40,011,273
12/31/2049	217,829,927	41,011,555
12/31/2050	190,187,347	42,036,844
12/31/2051	159,438,255	43,087,765
12/31/2052	125,328,659	44,164,959
12/31/2053	87,585,349	45,269,083
12/31/2054	45,914,469	46,400,810
12/31/2055	-	47,560,830

SECTION II – RISK SHARING VALUATION STUDY

Next, we present the corridor minimum, midpoint, and maximum rates related to the non-Legacy Liability portion of the City of Austin's contributions based on the Initial Risk Sharing Valuation Study as of December 31, 2024.

Actuarially Determined Contribution Corridor				
Fiscal Year Ending	Corridor Minimum	Corridor Midpoint	Corridor Maximum	Actual City Contribution Rate
12/31/2026	7.62%	12.62%	17.62%	12.62%
12/31/2027	7.41%	12.41%	17.41%	
12/31/2028	7.18%	12.18%	17.18%	
12/31/2029	6.96%	11.96%	16.96%	
12/31/2030	6.73%	11.73%	16.73%	
12/31/2031	6.50%	11.50%	16.50%	
12/31/2032	6.30%	11.30%	16.30%	
12/31/2033	6.07%	11.07%	16.07%	
12/31/2034	5.85%	10.85%	15.85%	
12/31/2035	5.63%	10.63%	15.63%	
12/31/2036	5.40%	10.40%	15.40%	
12/31/2037	5.18%	10.18%	15.18%	
12/31/2038	4.95%	9.95%	14.95%	
12/31/2039	4.71%	9.71%	14.71%	
12/31/2040	4.48%	9.48%	14.48%	
12/31/2041	4.25%	9.25%	14.25%	
12/31/2042	4.01%	9.01%	14.01%	
12/31/2043	3.77%	8.77%	13.77%	
12/31/2044	3.52%	8.52%	13.52%	
12/31/2045	3.27%	8.27%	13.27%	
12/31/2046	3.03%	8.03%	13.03%	
12/31/2047	2.79%	7.79%	12.79%	
12/31/2048	2.57%	7.57%	12.57%	
12/31/2049	2.35%	7.35%	12.35%	
12/31/2050	2.16%	7.16%	12.16%	
12/31/2051	1.99%	6.99%	11.99%	
12/31/2052	1.83%	6.83%	11.83%	
12/31/2053	1.69%	6.69%	11.69%	
12/31/2054	1.57%	6.57%	11.57%	
12/31/2055	1.47%	6.47%	11.47%	

SECTION II – RISK SHARING VALUATION STUDY

In summary, for the 2026 calendar year, the City's total contribution is 12.62% of payroll for the employer's normal cost plus $15,430,983 for the Legacy Liability Payment. The Legacy Liability Payment for 2026 is estimated to represent 12.44% of the 2026 projected pensionable payroll of $124,002,162 resulting in a total contribution rate of 25.06%.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Actuarial valuations are dependent on assumptions about future economic and demographic experience. Based on actuarial standards of practice, these assumptions represent a reasonable estimate of future experience. However, actual future experience will never conform exactly to the assumptions and may differ significantly. This deviation is the risk that pension plan sponsors undertake in relying on a pension plan's actuarial valuation results.

This section of the report is intended to identify the primary drivers of these risks to the Fund, provide background information and assessments about these risks and drivers, and communicate the significance of these risks to the Fund and its sponsors.

Identification of Risks

As we have discussed with the Board, the fundamental risk to the Fund is that the contributions needed to pay the desired benefits become insufficient. While there are many factors that could lead to current contribution rates becoming insufficient, we believe the primary risks are:

- Investment risk
- Interest rate risk
- Longevity and other demographic risks
- Assumption change risk
- Plan change risk
- Contribution risk

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to deviate from what is expected. When actual investment returns are lower than the investment return assumption used in the actuarial valuation, the Unfunded Actuarial Liability will increase from what was expected and will require higher contributions than otherwise anticipated. However, when actual returns exceed the assumption, the resulting unfunded liability measurements and Actuarially Determined Contributions will be lower than anticipated. The Fund's asset allocation determines the potential volatility of future investment returns. The affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base. As seen in the following historical section, this risk has been a significant driver of deviations in the actual measurements for this Fund from those expected by the prior valuations.

Interest Rate Risk has the potential for interest rates to be different than expected. For public plans, short-term fluctuations in interest rates have little or no effect, as the Fund's liability is usually measured based on the expected return on assets. Longer-term trends in interest rates, however, can have a powerful effect.

Longevity and Other Demographic Risks are the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time as the actual experience deviates from what is expected. In addition, the extensive number of assumptions related to longevity and other demographic experience often result in offsetting factors contributing to the Fund's overall liability experience. As such, these risks are often dwarfed by other risks, particularly those due to investment returns.

Assumption Change Risk is the potential for the environment to change such that future valuation assumptions are adjusted to be different from the current assumptions. For example, declines in interest rates over time due to economic factors may result in a change in the assumed investment rates of return used in the valuations. In terms of demographic factors, a healthier workforce may result in changes in employee behavior such that retirement rates are adjusted to reflect employees working longer. In addition, mortality rates are adjusted to account for members living longer and receiving more years of their retirement benefits. Assumption change risk is an extension of the risks previously identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment resulting in the current assumption no longer being reasonable.

Plan Change Risk represents the possibility of legislated changes made to the statutes governing the Fund. This includes any changes to the benefits paid by the Fund or the contributions that must be paid by the city and the members to the Fund. Over the history of this Fund, these changes have included granting cost-of-living adjustments (COLAs), which increase the benefits paid to members designed to provide purchasing power protection from inflation, changes to the multipliers and minimums used to determine the amount of member benefits, and changes to the contributions that the city and members must pay. As shown in the chart that follows, plan changes, principally the granting of COLAs, have been a significant driver of liability changes for the Fund over the last ten years.

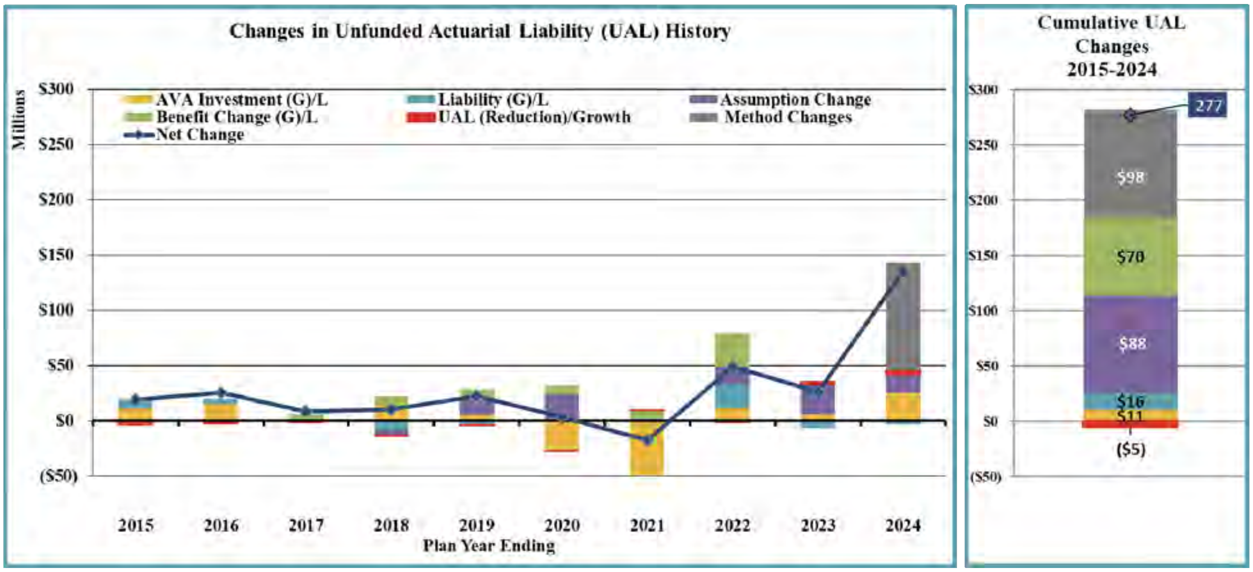
Contribution risk refers to the possibility that actual contributions will differ from those expected. For example, contributions may not align with the plan's funding policy or may be constrained by the maximum contribution corridor, resulting in total contributions falling below a reasonable Actuarially Determined Contribution level.

Historical UAL Changes

The chart below shows the components of changes in the Unfunded Actuarial Liability (UAL) for the Fund over the last ten years, including investment gains and losses on the Actuarial Value of Assets, liability gains and losses, assumption and method changes, and the paying down of the UAL. Amounts below the horizontal axis are gains or decreases to the UAL, while amounts above the axis are losses or increases to the UAL. The dark blue line shows the net UAL change.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Historical Changes in UAL 2015-2024



On a smoothed asset basis, the investment gains and losses (gold bars) from 2015 to 2024 reflect investment losses on a smoothed or AVA basis in seven of the ten years shown. However, two of these years, 2020 and 2021, had significant gains such that over the 10-year period, in aggregate, investment losses only increased the UAL by approximately $11 million. Method changes (gray bar) increased the UAL by approximately $98 million. The method change captures resetting AVA to MVA as required by HB 2802.

On the liability side (teal bars), the Fund has experienced a net liability experience loss that increased the UAL by approximately $16 million over this period. Assumption changes (purple bars) have increased the UAL by approximately $88 million over the 10-year period. The assumption changes have included lowering the discount rate from 7.75% to 7.30%, updating the mortality assumptions, and updating other demographic assumptions. Reflecting the 0.25% per year COLA assumption as required by HB 2802 increased the UAL by approximately $15 million. Benefit changes noted by the green bar reflect the increase in liability for COLAs granted in the last ten years. Over this period, the granted COLAs have added $70 million to the UAL.

Finally, each year, the UAL is expected to decrease/(increase) as the total contributions received by the Fund exceed/(are less than) the contributions needed to pay the normal cost for the benefits earned in the current year. In aggregate, the contributions received by the Fund in excess of normal cost have decreased the UAL by approximately $5 million over the last ten years. Most of these amounts are below the x-axis, meaning the contributions were sufficient to pay the normal cost and reduce the UAL by some amount. With the 2022 asset loss, the 2024 total fixed contributions were less than the tread water contribution, so the UAL increased for 2024 by $4 million.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of this Fund compared to other plans and how the maturity has changed over time.

Plan maturity can be measured in various ways. Still, all focus on one basic dynamic: the larger the plan is compared to the contribution or revenue base that supports it, the more sensitive the plan will be to risk. The measures below have been selected as the most important in understanding the primary risks identified for this Fund.

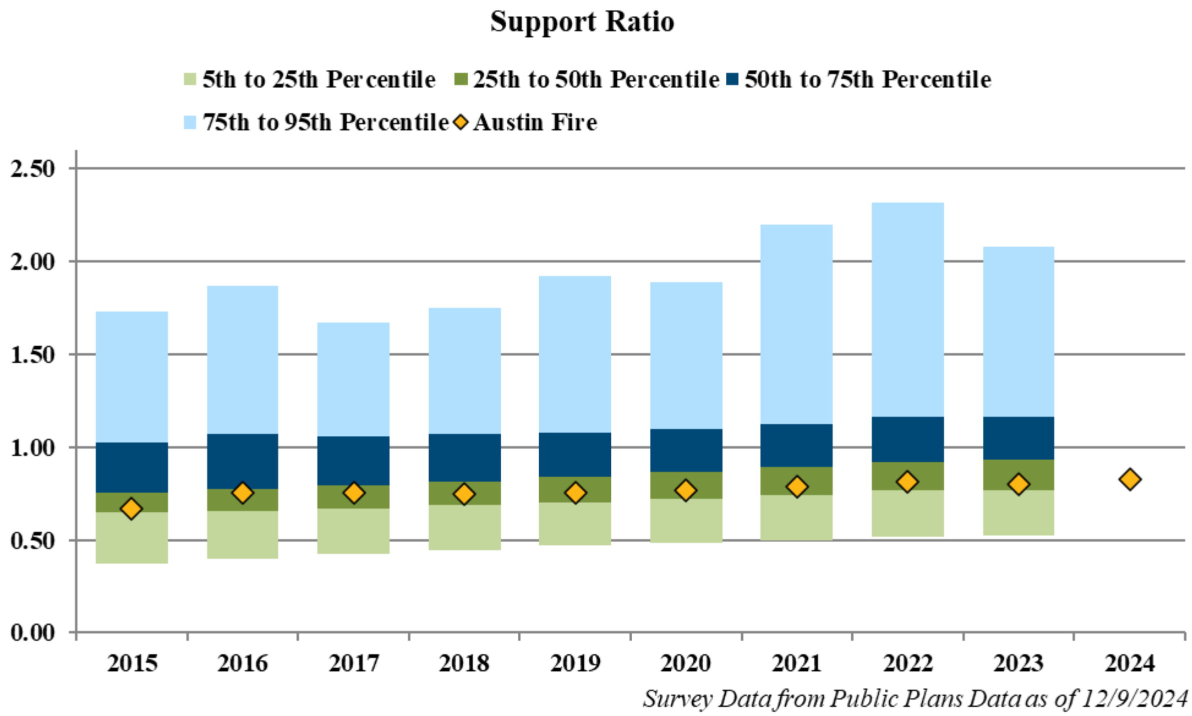
Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members, those currently receiving benefits and terminated vested members, to the number of active members. The revenue base supporting the plan is usually proportional to the number of active members, so a relatively high number of inactives compared to actives indicates a larger plan relative to its revenue base as well.

The Boston College's Center for Retirement Research, the National Association of State Retirement Administrators (NASRA), MissionSquare, and the Government Finance Officers Association (GFOA) maintain the Public Plan Database, which contains the majority of state plans (121) and many (108) large municipal plans. It covers over 95% of the membership in public plans and over 95% of the assets held by public pension plans.

The following chart shows the support ratio for all plans in this database since 2015. The colored bars represent the central 90% of the support ratios for the plans in the database. The Austin Firefighters Retirement Fund is represented in the chart by gold diamonds.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

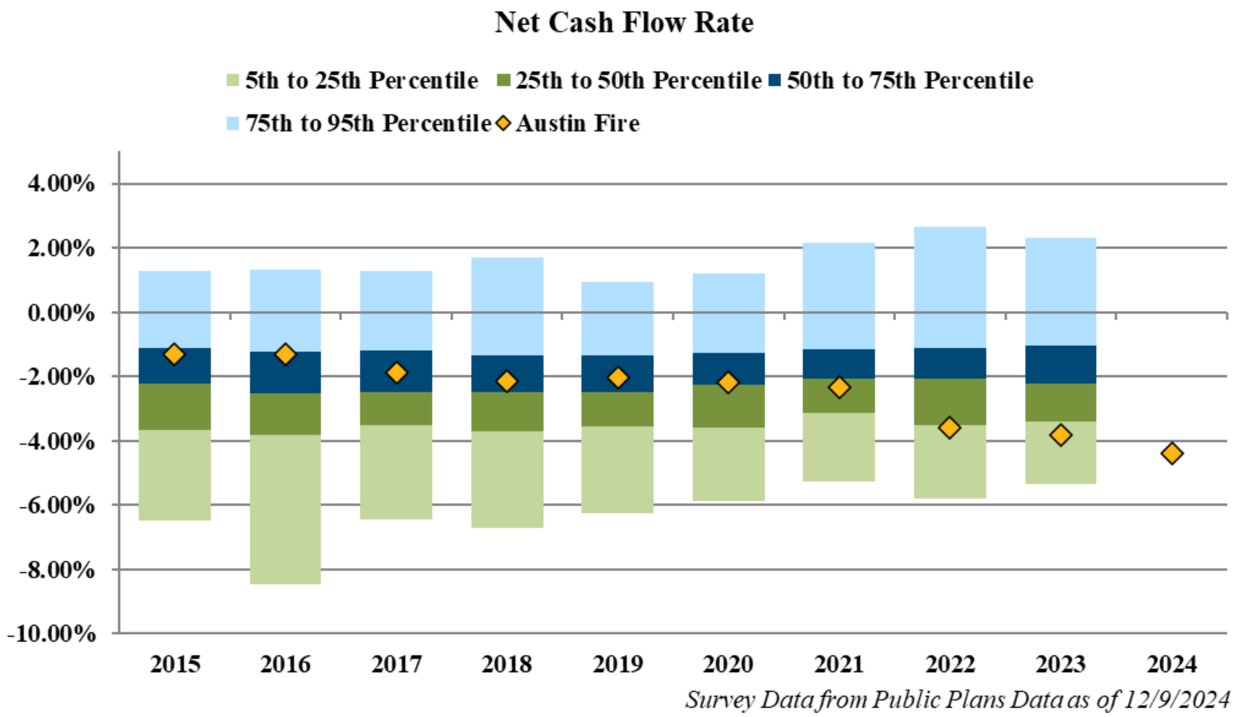


This chart shows that the Fund is not as mature as other plans in this database. The support ratios for the universe of public plans shown have increased over the period as they mature, with the Fund's support ratio increasing at a similar pace. The Fund has remained below the 50th percentile for the entire period.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Net Cash Flow

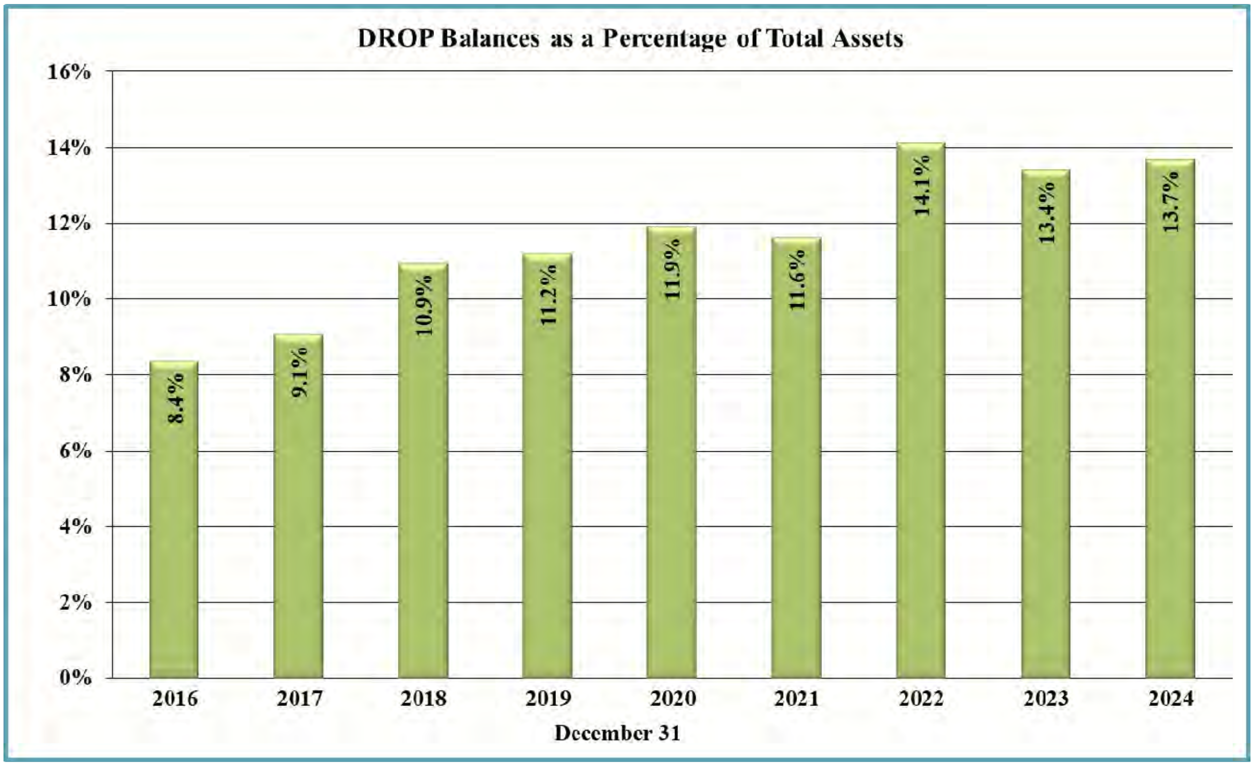
The net cash flow of the plan as a percentage of the beginning-of-year assets indicates the Fund's sensitivity to short-term investment returns. Net cash flow is equal to contributions less benefit payments and administrative expenses. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well-funded. Investment losses in the short-term are compounded by the net withdrawal from the plan, leaving a smaller asset base to try to recover from the investment losses. Large negative cash flows can also create liquidity issues.



The chart above shows the distribution of net cash flow as a percent of assets, again with the bars showing the 5th to 95th percentile for the plans in the Public Plans Database. The gold diamonds show the Fund's experience for this metric, allowing comparison to the other plans. Up until 2020, the Fund was consistently above the 50th percentile. However, in 2021, the Fund's cash flow as a percentage of assets decreased, putting the Fund in the 25th to 50th percentile. The decrease in this percentage is primarily due to the Fund maturing.

Additionally, as DROP payments increase relative to the size of the Fund, this will likely create additional volatility in this measurement from year to year. The chart that follows shows the percentage of assets attributable to DROP balances since this information was first reported with the 2015 valuation.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK



This graph is provided because the Fund's assets must be invested considering the liquidity needed to pay out DROP accounts to members. This is a specific risk applicable to this Fund due to the structure of the benefits provided.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Actuarial Standards of Practice No. 4 – Disclosures

Low Default Risk Obligation Measure (LDROM)

The Fund invests in a diversified portfolio to maximize investment returns at a reasonable level of risk. The lowest risk portfolio for a pension plan would be composed entirely of low-default-risk fixed income securities whose cash flows match the benefit cash flows of the Fund. Such a portfolio, however, would have a lower expected rate of return than the diversified portfolio. The Low-Default-Risk Obligation Measure (LDROM) represents the funding liability if the Fund invested its assets in such a portfolio. As of December 31, 2024, we estimate that such a portfolio based on the FTSE Pension Liability Index would have an expected return of 5.51% compared to the Fund's discount rate of 7.30%, and the LDROM would be $1,800,455,219 compared to the Actuarial Liability of $1,514,813,506. The $285,641,713 difference represents the expected savings from bearing the risk of investing in the diversified portfolio. Alternatively, it also represents the cost of eliminating the investment risk.

If the Fund were to invest in the LDROM portfolio, the reported funded status would decrease, and employer contributions would need to increase. Benefit security for Fund members relies on a combination of the assets in the Fund, the investment returns generated from those assets, and the promise of future contributions. If the Fund were to invest in the LDROM portfolio, it would not alter the amount of assets currently in the Fund; however, it would reduce the expected future investment returns and decrease the Fund's funded ratio. However, the variability of future investment returns would narrow significantly.

Implications of Contribution Allocation Procedure on Funded Status

Based on the December 31, 2024 actuarial valuation, it is expected that:

- The Unfunded Actuarial Liability (UAL) will increase from $349 million as of December 31, 2024, to $388 million as of December 31, 2032, then gradually decrease until the UAL is fully amortized as of December 31, 2055.
- The Fund's funded status will remain relatively level until 2032 and then gradually improve to 100% as of December 31, 2055.

Reasonable Actuarially Determined Contribution ("Reasonable ADC")

Actuarial Standards of Practice No. 4 (ASOP 4) requires the actuary to calculate and disclose a reasonable Actuarially Determined Contribution. In our professional opinion, the contribution required by HB 2802 as described in Section II is a "Reasonable ADC" since it pays off the UAL over a reasonable time period with the Legacy Liability fully retired by December 31, 2055, and any new UAL established after December 31, 2024 amortized within 20 years.

SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Deterministic Scenarios/Stress Testing

We developed four hypothetical scenarios to illustrate how deviations from the assumed investment returns may impact future funded ratios and contributions. The scenarios presented are illustrative and intentionally balanced between positive and negative scenarios. They are intended to illustrate the importance of both the return itself and the timing of such returns.

The charts on the following pages show the projections under each of these theoretical scenarios:

Scenario	Description
A	Asset returns that are 1% higher than the expected return of 7.3% annually
B	Asset returns that are 1% lower than the expected return of 7.3% annually
C	Asset return for 2025 that is 10% higher than the expected return of 7.3% and then equal to the expected 7.3% for each year thereafter
D	Asset return for 2025 that is 10% lower than the expected return of 7.3% and then equal to the expected 7.3% for each year thereafter

The following pages provide the individual scenario projection charts in the same format as those included for the baseline scenario in Section I. The top projection chart compares the Market Value of Assets (MVA) (gold line) and the Actuarial or Smoothed Value of Assets (AVA) (blue line) to the Fund's actuarial liabilities (AL) (gray bars). In addition, at the top of each chart, we show the Fund's AVA funded ratio (ratio of AVA to AL). The second chart provides contribution information based on the selected economic scenarios.

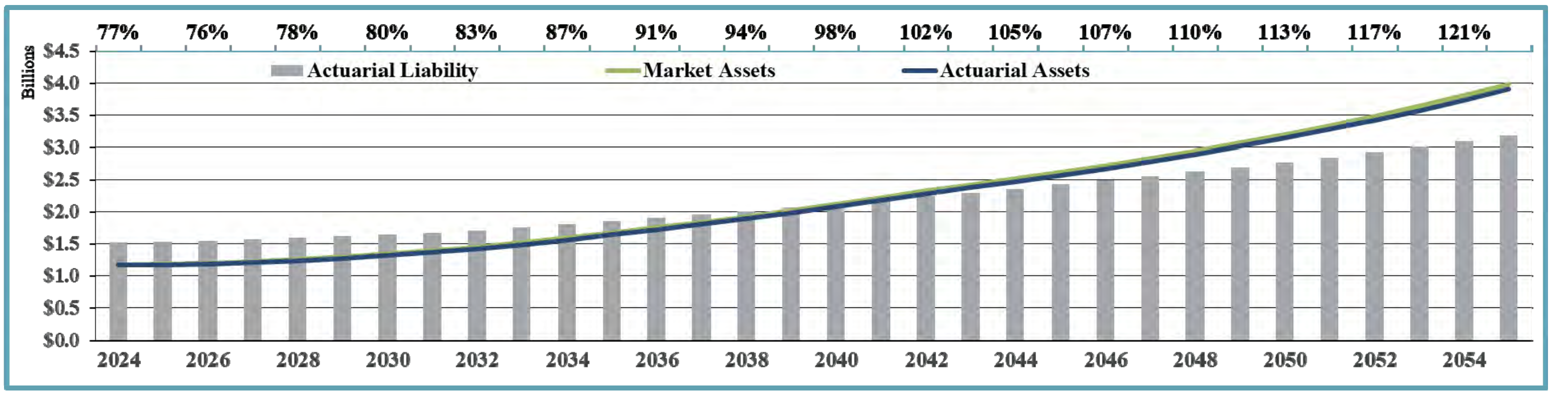
The projected Actuarial Value of Assets (AVA) assumes the continued use of the 5-year asset smoothing method, as described in Appendix C. The projections also assume that both the City and firefighters make the required contributions outlined in HB 2802. These contributions are subject to the maximum corridor and a 2% of pay cap on increases for firefighters.

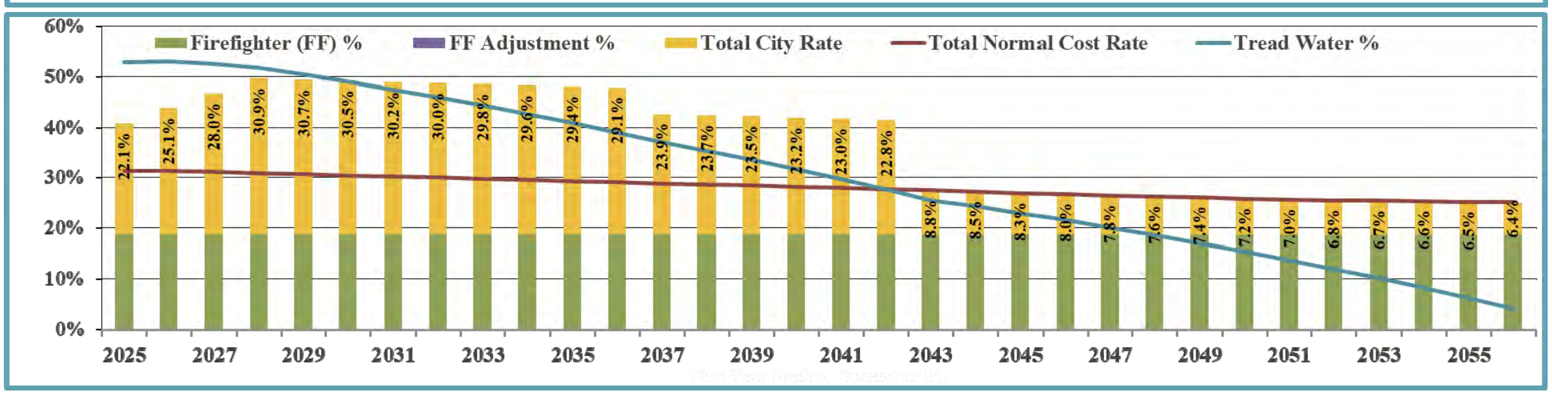
In the pessimistic scenarios, these contribution limits may result in total contributions from the City and firefighters falling short of the Actuarially Determined Contribution (ADC). In such cases, the City and AFRF would need to identify additional funding solutions, which are not reflected in the projections presented. Conversely, in optimistic scenarios, the potential for granting cost-of-living adjustments (COLAs) may increase. This may warrant revisiting the COLA assumption in future valuations – an adjustment that is also not reflected the projections.

SECTION III – IDENTIFICATION AND ASSESEMENT OF RISK

Scenario A – Fund Earns 8.3% for Each Year Over the Projection Period

In this scenario, earning an additional 1% investment return each year over the projection period accelerates the Fund's path to full funding, reaching 100% funded status by December 31, 2041—approximately 14 years earlier than if returns were 7.3% annually. Once the funded ratio reaches 90%, the City is permitted to contribute below the corridor midpoint, resulting in reduced contributions between 2036 and 2037. After the Fund reaches full funding, it is assumed the City will continue to contribute the employer normal cost. This projection does not incorporate any changes to the COLA assumptions for either Group A or Group B. However, under more favorable investment return scenarios, the likelihood of granting COLAs increases. If COLAs are granted at a higher level than assumed, the assumptions may need to be updated, which would raise the actuarial liability and offset some of the projected improvement in the funded ratio.

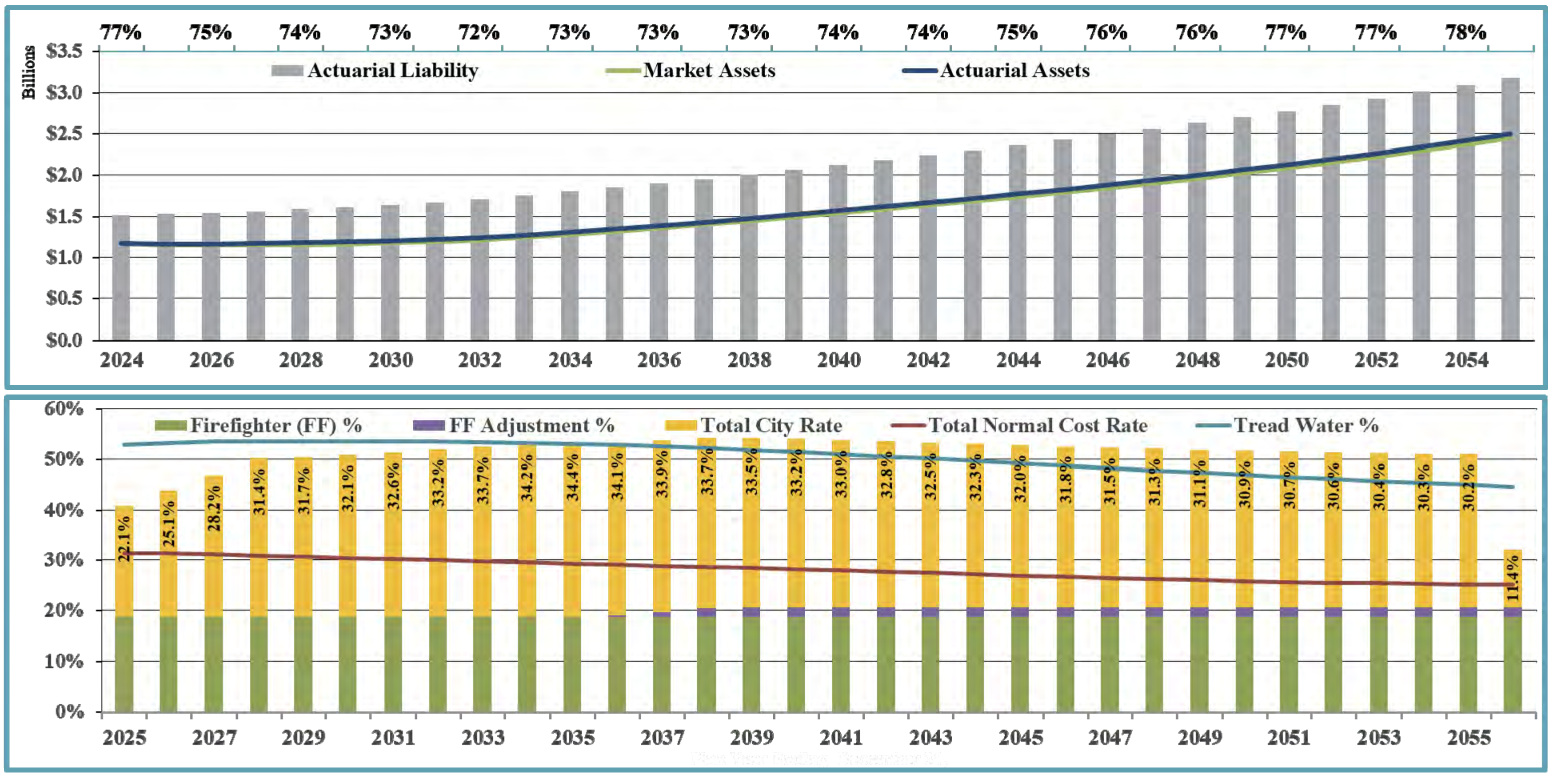




SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Scenario B – Fund Earns 6.3% for Each Year Over the Projection

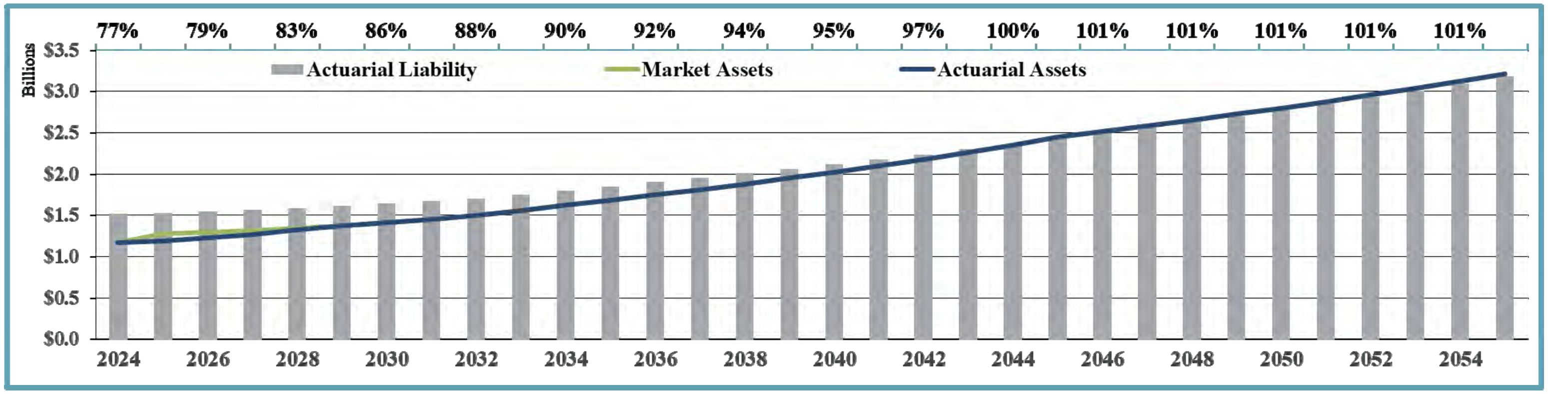
Under this scenario, the asset return shortfall of 1% per year causes the City to reach the corridor maximum in the 2034 RVSV and the additional 2% firefighter contributions are reached three years later in 2037. At that point, HB 2802 requires the Fund and the City to identify funding solutions. Because total contributions fall short of the Actuarially Determined Contribution (ADC), the funded ratio does not reach 100% by December 31, 2055.

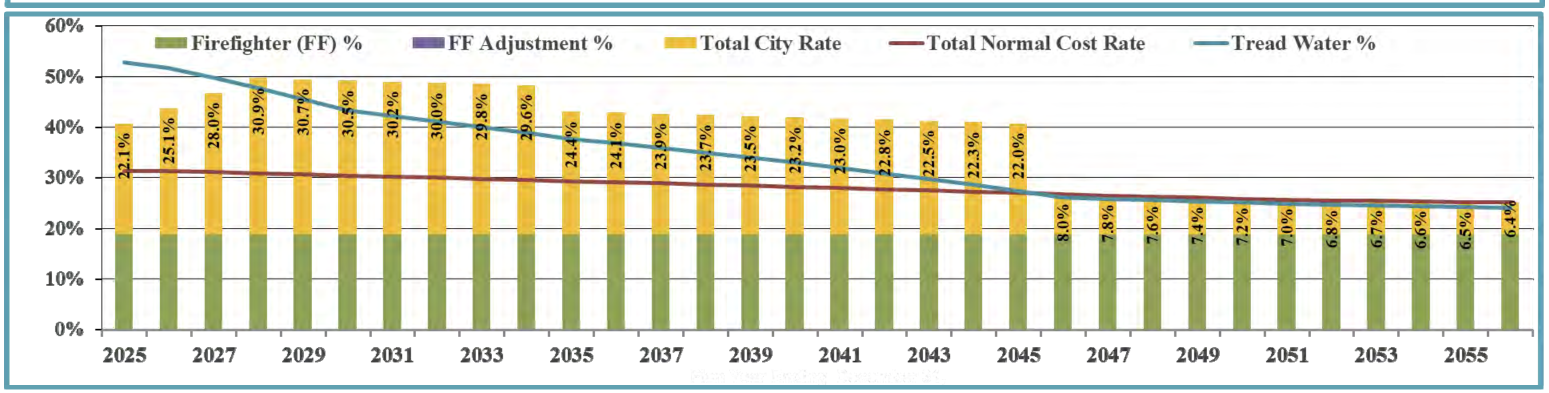


SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Scenario C – Fund Earns 17.3% for 2025 (10% above the expected return), then 7.3% per year each year thereafter

Similar to Scenario A, the additional investment return significantly accelerates the timeline for the Fund to reach 100% funded status, which is projected by December 31, 2044 in this scenario. Once the funded ratio reaches 90%, the City is permitted to contribute below the corridor midpoint, resulting in lower contributions between 2034 and 2035. After the Fund achieves full funding, it is assumed that the City will continue contributing the employer normal cost. This projection does not reflect any changes to the COLA assumptions for either Group A or Group B. However, under optimistic return scenarios, the likelihood of granting COLAs increases. Should COLAs be granted at a higher level than assumed, the assumptions may need to be revised, which would increase the actuarial liability and offset some of the projected improvement in the funded ratio.

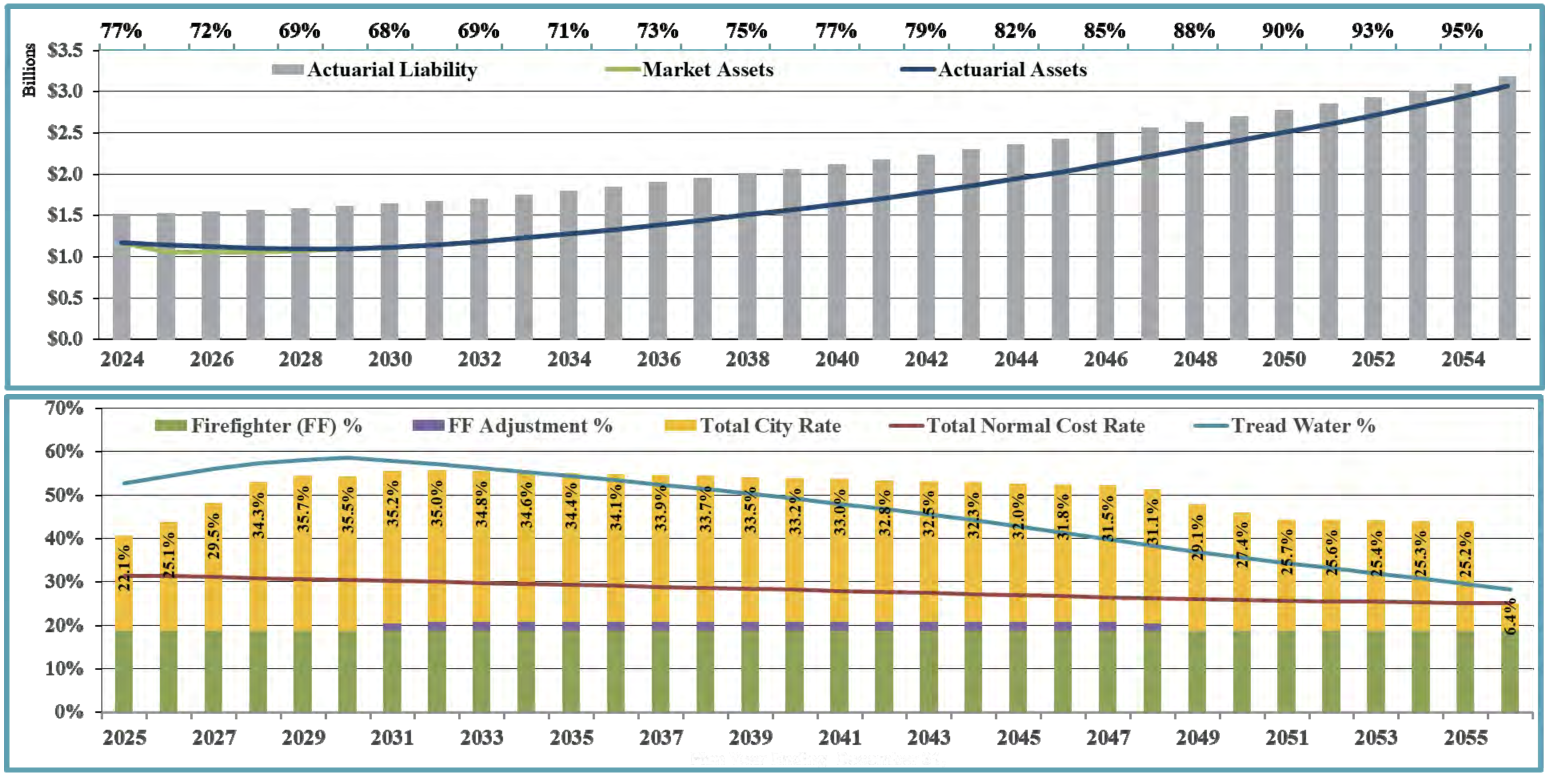




SECTION III – IDENTIFICATION AND ASSESMENT OF RISK

Scenario D – Fund Earns -2.7% for 2025 (10% below the expected return), then 7.3% per year each year thereafter

Under this scenario, the asset return shortfall in 2025 results in the City reaching the corridor maximum in the 2028 RVSV and the additional 2% firefighter contributions are reached two years later in 2030. At that point, HB 2802 requires the Fund and the City to identify funding solutions. With total contributions not meeting the ADC, the funded ratio does not reach 100% by December 31, 2055.



SECTION IV – ASSETS

Assets play a key role in the Fund's financial operation and in the decisions that the Board of Trustees may make regarding future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of members' benefits.

In this section, we present detailed information on the Fund's assets, including:

- Disclosure of the Fund's assets as of December 31, 2024
- Statement of the changes in market values during the year
- Development of the Actuarial Value of Assets
- A comparison of the year's investment performance to the return assumption

Disclosure

The Market Values of Assets represent "snap-shot" or "cash-out" values, which provide the principal basis for measuring financial performance from one year to the next. However, market values can fluctuate widely with corresponding swings in the marketplace. As a result, smoothed market values are usually used when reviewing a plan's financial condition,

The Actuarial Value of Assets (AVA) is based on market values that have been adjusted for investment gains and losses. Prior to HB 2802, the methods employed by this Fund set the actuarial value equal to the market value, adjusted for a five-year phase-in of investment experience gains and losses. Under HB 2802, the AVA is required to be set equal to the Market Value of Assets (MVA) for this December 31, 2024 valuation. While the Board has not adopted the methods applicable for future valuations, it is anticipated that use of a smoothed value balancing volatility with accuracy will be resumed with future valuations.

SECTION IV – ASSETS

The assets below are based upon audited financial data furnished by the Fund's staff. The components of the market value of assets as of the current and immediately prior valuation year, as well as the change in these categories and the total market value of assets during the valuation year ending December 31, 2024 is summarized below.

Table IV-1
Statement of Market Value of Assets as of December 31,

	2024	2023	% Change
Assets			
Cash & Short-Term Investments	$ 10,257,895	$ 9,926,468	3.34%
Receivables	203,099	253,269	(19.81%)
Fixed Income	342,930,024	331,716,446	3.38%
Domestic Equities	271,048,604	254,473,069	6.51%
International Equities	251,441,589	237,993,931	5.65%
Real Estate	86,712,059	91,280,409	(5.00%)
Natural Resources	29,268,041	33,647,743	(13.02%)
Private Equities	173,844,153	203,403,057	(14.53%)
Total Assets	**$ 1,165,705,464**	**$ 1,162,694,392**	0.26%
Liabilities			
Due to broker	$ 358,226	$ 0	0.00%
Accrued Expenses and Other Liabilities	0	0	0.00%
Total Liabilities	**$ 358,226**	**$ 0**	0.00%
Market Value of Assets	**$ 1,165,347,238**	**$ 1,162,694,392**	**100.23%**

Numbers may not add due to rounding

SECTION IV – ASSETS

The chart below shows the calculation of the investment gain/loss. On a market value basis, the Fund earned a 4.73% return during 2024, a total investment return of $53.7 million, resulting in a net Fund asset loss on a market value of assets basis of $29.3 million. On an Actuarial Value of Assets basis before reflecting setting the Actuarial Value of Assets to Market Value of Assets, the Fund had a return for the year of 5.22% which is below the 7.30% return assumed in the prior year's valuation, producing a loss of $25.6 million to the Fund on that basis. With the passage of HB 2802, the Actuarial Value of Assets was set to the Market Value of Assets, resulting in a reduction of $97.6 million and a net actuarial asset return of -2.75%.

Table IV-2
Changes in Value of Assets

	Market Value of Assets		Actuarial Value of Assets	
1. **Value of Assets - December 31, 2023**	**$**	**1,162,694,392**	**$**	**1,250,115,476**
2. Calculation of Net Cash Flow				
(a) Member Contributions	$	22,071,057	$	22,071,057
(b) Employer Contributions		26,024,963		26,024,963
(c) Benefit Payments and Refunds		(96,508,820)		(96,508,820)
(d) Administration Expenses		(2,668,345)		(2,668,345)
(d) **Net Cash Flow**	**$**	**(51,081,145)**	**$**	**(51,081,145)**
3. **Value of Assets - December 31, 2024**	**$**	**1,165,347,238**	**$**	**1,262,938,038**
4. Net Investment Income [3. - 1. - 2.(d)]	$	53,733,991	$	63,903,707
5. Average Value of Assets [1. + 1/2 x 2.(d)]	$	1,137,153,820	$	1,224,574,904
6. Rate of Return [4. / 6.]		4.73%		5.22%
7. Assumed Rate of Return		7.30%		7.30%
8. Expected Net Investment Income	$	83,045,067	$	89,522,486
9. Investment Gain/(Loss) [4. - 8.]	$	(29,311,076)	$	(25,618,779)
10. AVA set to MVA Adjustment		N/A	$	(97,590,800)
11. Final Value of Assets - December 31, 2024 [3+10]	**$**	**1,165,347,238**	**$**	**1,165,347,238**
12. Rate of Return Reflecting Final Assets		4.73%		-2.75%

SECTION IV – ASSETS

The following table illustrates the development of the Actuarial Value of Assets prior to reflecting the HB 2802 required reset to Market Value of Assets. The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce or eliminate erratic results that could develop from short-term fluctuations in the Market Value of Assets.

The Fund's Actuarial Value of Assets is based on the Market Value of Assets adjusted by a five-year smoothing of gains and losses on a market value basis. Additional details regarding this methodology are included in Appendix C of the report.

Table IV-3
Development of Actuarial Value of Assets

	Original Gain/(Loss)	Deferred Portion
Defer 0% of 2020 Gain	$ 79,891,968	$ 0
Defer 20% of 2021 Gain	87,212,015	17,442,403
Defer 40% of 2022 Gain	(242,577,437)	(97,030,975)
Defer 60% of 2023 Loss	9,077,722	5,446,633
Defer 80% of 2024 Gain	(29,311,076)	(23,448,861)
Total Deferred Gain/(Loss) for AVA Calculation		$ (97,590,800)
Market Value of Assets at December 31, 2024		$ 1,165,347,238
Total Unrecognized Gain/(Loss)		(97,590,800)
Original Actuarial Value of Assets at December 31, 2024		$ 1,262,938,038
Actuarial Value as a Percent of Market Value		108.4%
Actuarial Value of Assets at December 31, 2024		
AVA set to MVA as required by pension reform		$ 1,165,347,238
Actuarial Value as a Percent of Market Value		100.0%

SECTION IV – ASSETS

The final table in this section summarizes the annual returns on both a Market and Actuarial Value of Assets value for the last ten years and provides averages over the last five and ten years for these two metrics.

Table IV-4
Historic Investment Return

Year Ending December 31,	Market Value	Actuarial Value *
2024	4.7%	-2.8%
2023	8.1%	6.8%
2022	-11.6%	6.3%
2021	14.9%	12.0%
2020	15.4%	10.2%
2019	15.7%	7.1%
2018	-2.7%	6.2%
2017	17.1%	7.8%
2016	7.0%	5.8%
2015	0.7%	6.3%
Average Returns		
Last 5 years:	5.8%	6.4%
Last 10 years:	6.5%	6.5%

* The 2024 return reflects impact of pension reform. Prior to pension reform the investment return on an actuarial value basis was 5.22%.

SECTION V – LIABILITIES AND EXPERIENCE GAINS/(LOSSES)

In this section, we provide detailed information related to the Fund's liability measurements, including:

- Disclosure of the Fund's liabilities,
- Development of the experience gains and losses from liabilities; and
- Detailed development of the sources of the liability gains and losses during the year.

The table that follows presents the present value of future benefits and the actuarial liabilities by membership status for the current and immediately preceding valuations. It also includes the normal cost for both valuations, as a dollar amount and as a percentage of the total pensionable payroll.

Table V-1
Present Value of Future Benefits (PVFB) Detail and Liability Allocations

	December 31, 2024	December 31, 2023
Present Value of Future Benefits (PVFB)		
Active Member Benefits	$ 950,570,347	$ 929,544,905
Service Retirees, including DROP	845,837,429	809,962,511
Beneficiaries	59,784,854	55,478,855
Disability Retirees	7,037,235	7,371,979
Terminated Vested	4,727,230	4,240,326
Total Present Value of Future Benefits	**$ 1,867,957,095**	**$ 1,806,598,576**
Actuarial Liability		
Active Member Benefits	$ 597,426,758	$ 583,528,059
Service Retirees, including DROP	845,837,429	809,962,511
Beneficiaries	59,784,854	55,478,855
Disability Retirees	7,037,235	7,371,979
Terminated Vested	4,727,230	4,240,326
Total Actuarial Liability (AL)	**$ 1,514,813,506**	**$ 1,460,581,730**
Total Normal Cost, middle of year	$ 35,799,396	$ 34,350,082
Total Normal Cost as a % of Expected Payroll	30.07%	29.96%
Administration Expenses	1.25%	1.25%
Total Normal Cost Plus Admin. Expenses as a % of Expected Payroll	**31.32%**	**31.21%**
Expected Payroll	**$ 119,063,835**	**$ 114,653,245**

SECTION V – LIABILITIES AND EXPERIENCE GAINS/(LOSSES)

The table below presents the changes in actuarial liability during the plan year. In general, the actuarial liability of any retirement Fund is expected to change at each subsequent valuation for various reasons. In each valuation, we report on those elements of the change in liabilities that are of particular significance, potentially affecting the Fund's long-term financial outlook. The first table summarizes the expected and actual liability as of December 31, 2024. The second table provides more details on the year's liability (gain)/loss components.

Table V-2
Changes in Actuarial Liability

Actuarial Liability as of December 31, 2023	$	1,460,581,730
Normal Cost		33,161,023
Benefit Payments		(96,508,820)
Interest		105,582,691
Assumption Changes		15,855,915
Benefit Changes		(380,510)
Expected Actuarial Liability as of December 31, 2024	$	1,518,292,029
Actual Actuarial Liability as of December 31, 2024	$	1,514,813,506
Actuarial Liability (Gain)/Loss	$	(3,478,523)

Table V-3
Actuarial Liability (Gain)/Loss by Source as of December 31, 2024

Salary/Service Increase	$	(2,189,211)
Retirement		(149,035)
Termination		(61,703)
Disability		(182,743)
Retiree Mortality		1,615,733
Other Experience		(2,511,564)
Experience (Gain)/Loss	$	(3,478,523)

SECTION VI – ACTUARIALLY DETERMINED CONTRIBUTION BENCHMARK

Actuarially Determined Contribution Benchmark ("ADC Benchmark")

Because the city and members each contributed to the Fund at a fixed rate before HB 2802 under Vernon's Texas Civil Statute, Article 6243e.1, the Board developed an Actuarially Determined Contribution (ADC) benchmark for comparative purposes in the Fund's Funding Policy dated December 16, 2019. This ADC benchmark is developed using the actuarial assumptions and methods identical to those disclosed in this report, except as follows:

Amortization Period—The ADC benchmark is the contribution rate that, if in effect as of the valuation date, would amortize the UAL as of the valuation date in 30 years. Note that while the Fund's Funding Policy only specifies this 30-year open amortization period benchmark, a similar benchmark based on amortizing the UAL as of the valuation date fully over 20 years is provided for informational purposes.

Payroll Growth Assumption—The ADC benchmark will be calculated using a payroll growth assumption of the lesser of 3.0% and the Austin Fire Department's average payroll growth over the last ten (10) years. This assumption is specified in the Fund's Funding Policy. Since the 10-year average as of December 31, 2024 is 3.08%, a payroll growth assumption of 3.0% is used for this valuation's ADC Benchmark calculations.

This Funding Policy has not yet been updated to reflect HB 2802. As such, we have provided the ADC Benchmark as required in this Funding Policy. See Section II for further discussion of the funding changes effective with HB 2802.

SECTION VI – ACTUARIALLY DETERMINED CONTRIBUTION BENCHMARK

Table VI-1
Development of Actuarially Determined Contribution Benchmark (ADC)

For Plan Year Beginning 12/31 of:	2024	2023
Valuation Results		
Actuarial Liability	$ 1,514,813,506	$ 1,460,581,730
Actuarial Value of Assets	1,165,347,238	1,250,115,476
Unfunded Actuarial Liability (UAL)	$ 349,466,268	$ 210,466,254
Total Normal Cost[1]	$ 37,287,694	$ 34,350,082
Expected Payroll	$ 119,063,835	$ 114,653,245
Member Contribution Rate	18.70%	18.70%
Current City Contribution Rate	22.05%	22.05%
Total Statutory Contribution Rate	40.75%	40.75%
ADC Benchmark		
Normal Cost Rate[1]	31.32%	31.21%
Amortization of UAL Rate	17.24%	10.78%
Total Cost Rate	48.56%	41.99%
City Contribution Rate Based on ADC Benchmark	29.86%	23.29%
City Rate Surplus/(Deficit)	*(7.81%)*	*(1.24%)*

[1] Middle of the year and includes 1.25% of payroll for administration expenses effective December 31, 2023.

If determined to amortize the UAL fully over 20 years instead of the 30 years specified in the Fund's Funding Policy, the city contribution rate based on the "ADC Benchmark" as of December 31, 2024 would be 34.43%, producing a (12.38%) deficit relative to the current 22.05% statutory city contribution rate.

APPENDIX A – FUND MEMBERSHIP

The data for this valuation was provided electronically in Excel format by the Fund's office. Cheiron did not audit any of the data, but we did perform an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality. The data for active and inactive members is as of December 31, 2024.

The following pages contain a summary of the data provided:

- Member status reconciliation from December 31, 2023 to December 31, 2024
- Active member statistics, including age, service, and salary
- Age and service distribution for active members as of December 31, 2024
- Inactive member statistics, including age and average benefit amounts
- DROP statistics and DROP balance reconciliation

APPENDIX A – FUND MEMBERSHIP

Table A-1
Member Status Reconciliation

		Actives	Term Vested Or Awaiting Refund	Retirees	Disability Retirees	Beneficiaries and Alt Payees	Total
1.	December 31, 2023 Valuation	**1,246**	**36**	**809**	**15**	**171**	**2,277**
2.	Additions						
	a. New Entrants	48				6	54
	b. Total	48	-	-	-	6	54
3.	Reductions						
	a. Benefits Expired						-
	b. Refunds	(2)				(1)	(3)
	c. Deaths with no Beneficiaries			(3)		(4)	(7)
	d. Total	(2)	-	(3)	-	(5)	(10)
4.	Changes in Status						
	a. Disabled						-
	b. Non Vested Termination	(5)	5				-
	c. Retired	(36)		36			-
	d. Terminated Vested						-
	e. Death with Beneficiaries	(2)		(8)	(1)	11	-
	f. Rehire						-
	g. Data Corrections		(5)			1	(4)
	h. Total	(43)	-	28	(1)	12	(4)
5.	December 31, 2024 Valuation	**1,249**	**36**	**834**	**14**	**184**	**2,317**

APPENDIX A – FUND MEMBERSHIP

Table A-2
Active Members Statistics

	December 31, 2024	December 31, 2023	% Change
Active Members in Valuation			
Count			
Total	1,249	1,246	0.24%
Average Current Age			
Total	41.2	41.1	0.17%
Average Service			
Total	11.9	11.9	0.00%
Average Reported Pay			
Total	$92,725	$85,943	7.89%

APPENDIX A – FUND MEMBERSHIP

AGE/SERVICE DISTRIBUTION OF ACTIVE MEMBERS
ACTIVE MEMBERS AS OF DECEMBER 31, 2024

COUNTS BY AGE/SERVICE

	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	10	28	0	0	0	0	0	0	0	0	38
25 to 29	20	69	7	0	0	0	0	0	0	0	96
30 to 34	16	105	74	2	0	0	0	0	0	0	197
35 to 39	2	83	129	44	4	0	0	0	0	0	262
41 to 44	0	4	88	61	46	10	0	0	0	0	209
45 to 49	0	0	8	55	54	71	12	0	0	0	200
50 to 54	0	0	0	2	22	74	44	8	0	0	150
55 to 59	0	0	0	1	0	22	41	18	1	0	83
60 to 64	0	0	0	0	0	1	6	7	0	0	14
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0
Total	48	289	306	165	126	178	103	33	1	0	1,249

Average Age = 41.2 Average Service = 11.9

APPENDIX A – FUND MEMBERSHIP

Table A-3
Inactive Member Statistics

	December 31, 2024	December 31, 2023	% Change
Vested Terminated Members and Awaiting Refund			
Count			
Total	36	36	0.00%
Average Current Age			
Total	39.4	39.1	0.91%
Retirees, including DROP Members			
Count			
Total	834	809	3.09%
Average Current Age			
Total	66.5	66.0	0.67%
Average Monthly Benefit			
Total	$6,059	$6,004	0.91%
Disability Retirees			
Count			
Total	14	15	-6.67%
Average Current Age			
Total	64.6	64.5	0.14%
Average Monthly Benefit			
Total	$3,854	$3,820	0.89%
Beneficiaries and Alternate Payees			
Count			
Total	184	171	7.60%
Average Current Age			
Total	68.3	68.7	-0.70%
Average Monthly Benefit			
Total	$2,907	$2,940	-1.13%

APPENDIX A – FUND MEMBERSHIP

Table A-4
DROP Statistics and DROP Balance Reconciliation

	December 31, 2024	December 31, 2023	% Change
Number of DROP	326	330	-1.20%
Total DROP Balance	$159,436,132	$155,823,975	2.30%
As a % of Trust Assets	13.68%	13.40%	2.10%
Average DROP Balance	$489,068	$472,194	3.60%
Reconciliation of DROP Balances			
12/31/2023 Balance		$155,823,975	
Deposits		26,281,926	
Interest		7,801,389	
Withdrawals		(30,471,158)	
12/31/2024 Balance		$159,436,132	

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Group A Members

1. Membership Requirement

All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department that were hired before January 1, 2026.

2. Salary

Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. Average Monthly Compensation

The average of the member's compensation for the 36 months of highest compensation.

4. Service Credit

One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. Member Contributions

18.70% of Salary; subject to increase as needed to ensure the Fund receives the full ADC if City's maximum corridor is reached up to a maximum of 2%.

6. Normal Retirement

Eligibility:	Age 50 with 10 years of service or 25 years of service, regardless of age.
Amount:	3.3% of average monthly compensation for each year of service with a minimum of $2,000 per month.
Normal Form of Payment:	Life Annuity with 75% continued to the Surviving Spouse (or designated beneficiary if the participant is unmarried).

7. Early Retirement

Eligibility:	Age 45 with 10 years of service or 20 years of service regardless of age.
Amount:	3.3% of average monthly compensation for each year of service.

APPENDIX B – SUMMARY OF PLAN PROVISIONS

8. Disability Retirement

Eligibility:	Upon approval of disability by the Board of Trustees.
Amount:	3.3% of average monthly compensation for each year of service (but not less than 20 years).

9. Death while an Active Employee

Eligibility:	Termination of employment due to death.
Amount:	The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service. Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit, but not less than 9.9% of Average Monthly Compensation, with a reduction if there are more than five surviving dependent children.

10. Deferred Retirement

Eligibility:	Ten years of service. Must also elect to leave their member contributions in the Fund.
Amount:	The accrued benefit is payable at Normal Retirement eligibility, with such eligibility determined as if the member had remained employed.

11. Non-Vested Termination

Eligibility:	Less than ten years of service.
Amount:	A lump sum of member contributions with accumulated interest through December 31, 2025. Effective January 1, 2026, interest will not be earned on contributions.

12. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. Any eligible cost-of-living adjustments (COLAS) would be applied to the monthly annuity during this DROP period. During the DROP period, the member would have all their pension contributions and applicable annual interest of 5%. When the member retires, by terminating their active service in the fire department, an accumulated lump sum

APPENDIX B – SUMMARY OF PLAN PROVISIONS

balance may be available to be distributed (all or part) to the member from the DROP account. After termination, the DROP account continues to earn interest at 5% per year until withdrawn.

In lieu of electing to participate in the DROP before actual retirement, a member who is eligible for normal service retirement may elect to terminate active service as a firefighter and establish the DROP account at termination. Under this "RETRO or BACK DROP," the firefighter's DROP account reflects the accrual from the actual termination date back to a date on or after the date they become eligible for normal service retirement.

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal or early service retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan, with a maximum of four withdrawals in any year. These limits on withdrawals can be altered by board policy as long as such change is determined to be feasible. The withdrawals can either be in the form of a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP balance must be withdrawn from the fund by April 1st of the calendar year following the year the retiree reaches age 70½.

13. Cost of Living Adjustments (COLA)

Prior to January 1, 2026

When deemed affordable, eligible pension recipients are entitled to annual cost-of-living adjustments (COLA). COLAs are approved only when the fund's actuary has advised the Board that such adjustment would not impair the fund's financial stability based on the COLA Adjustment Policy approved by the Board. The COLAs are to be based on the annual percentage increase in the Consumer Price Index (CPI-U).

Members who retire under Early Retirement are only eligible for COLAs once they would have reached Normal Service Retirement eligibility had they continued their employment. The COLAs provided over the last ten years are as follows:

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Effective Date	COLA
12/31/2024	0.00%
12/31/2023	0.00%
12/31/2022	0.00%
12/31/2021	5.40%
12/31/2020	1.40%
12/31/2019	1.70%
12/31/2018	2.30%
12/31/2017	2.20%
12/31/2016	1.50%
12/31/2015	0.00%

Effective January 1, 2026

The COLA amount, up to 1.5% per year, may be approved by the Board if the financial stability tests described below are met. Participants are eligible for any approved COLA upon reaching the later of age 67 and 5 years after retirement (age 69 if retired under early retirement).

The financial stability tests that must be satisfied, including the liability of the proposed COLA are:

1. Funded ratio on an AVA basis ≥ 80% for years 2024 – 2039, 85% for years 2040–2044, and 90% for 2045 and later
2. Amortization period ≤ 25 years for years 2024 – 2034, 20 years for years 2035–2039, and 15 years for 2040 and later
3. City's contribution rate ≤ corridor midpoint + 4%
4. No COLAs may be granted in any year beginning a year and a day after the Fund reports:
   a. A negative investment return
   b. A five-year investment return below the assumed return

Note that the Austin City Council may approve a COLA in any format it deems appropriate when one or more requirements prohibit the AFRF Board from granting one.

14. Changes Since Last Valuation

With the passage of HB 2802 / SB 2345, non-vested terminations no longer receive interest on their contributions after January 1, 2026 and COLA eligibility, COLA amount, and financial stability tests were changed.

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Group B Members

1. Membership Requirement

All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department that were hired on or after January 1, 2026.

2. Salary

Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. Average Monthly Compensation

The average of the member's compensation for the 60 months of highest compensation.

4. Service Credit

One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. Member Contributions

18.70% of Salary; subject to increase as needed to ensure the Fund receives the full ADC if City's maximum corridor is reached up to a maximum of 2%.

6. Normal Retirement

Eligibility:	Age 50 with 10 years of service or 25 years of service regardless of age.
Amount:	3.0% of average monthly compensation for each year of service with a minimum of $2,000 per month.
Normal Form of Payment:	Life Annuity

7. Disability Retirement

Eligibility:	Upon approval of disability by the Board of Trustees.
Amount:	3.0% of average monthly compensation for each year of service (but not less than 20 years).

8. Death while an Active Employee

Eligibility:	Termination of employment due to death

APPENDIX B – SUMMARY OF PLAN PROVISIONS

Amount:	The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service. Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit, but not less than 9.9% of Average Monthly Compensation, with a reduction if there are more than five surviving dependent children.

9. Deferred Retirement

Eligibility:	Ten years of service. Must also elect to leave their member contributions in the Fund.
Amount:	The accrued benefit is payable at Normal Retirement eligibility, with such eligibility determined as if the member had remained employed.

10. Non-Vested Termination

Eligibility:	Less than ten years of service.
Amount:	A lump sum of member contributions.

11. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. During the DROP period, the member would have 50% of their pension contributions and applicable annual interest of 4%. When the member retires, by terminating their active service in the fire department, an accumulated lump sum balance may be available to be distributed (all or part) to the member from the DROP account. After termination, the DROP account continues to earn interest until withdrawn at 4% per year if the Fund reports a positive return. If the Fund reports a return less than 0%, the following calendar year the DROP account earns 2% per year.

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan, with a maximum of four withdrawals in any year. These limits on withdrawals can be altered by board policy as long as such change is determined to be feasible. The withdrawals can either be in the form of a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP

APPENDIX B – SUMMARY OF PLAN PROVISIONS

balance must be withdrawn from the fund by April 1st of the calendar year following the year the retiree reaches age 70½.

12. Cost of Living Adjustments (COLA)

Performance-based COLA targeting 1% per year based on the Fund's asset returns for the previous five years. COLA amount equals 50% of the amount by which the five-year average return exceeds the assumed rate of return reduced by a 2% threshold (subject to a 0% minimum and 2% maximum). Participants are eligible for the approved COLA upon reaching the later of age 67 and 5 years after retirement.

13. Changes Since Last Valuation

Group B created by passage of HB 2802.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. Rate of Investment Return

7.30%, net of investment expenses only.

2. Price Inflation

2.5% per year.

3. Rates of Salary Increase

Salary increases are split into a wage inflation assumption of 2.50% and a merit scale based on service, shown below.

Years of Service	Merit Increase
0	7.00%
1	7.00%
2	6.50%
3	1.50%
4	0.50%
5	4.50%
6-7	1.00%
8	4.50%
9	0.50%
10	1.00%
11	3.50%
12	1.50%
13	1.00%
14	3.50%
15-16	1.00%
17	3.50%
18-19	1.00%
20	3.50%
21	0.50%
22+	0.00%

For fiscal 2024 and 2025, the salary increase assumption reflects additional base increases of 5.7% and 1.5%, respectively, based on the latest agreement between the City of Austin and Austin Firefighters Association Local 975.

4. Aggregate Payroll Growth

2.50% per year.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

5. Disability

Age	Rate
Under 30	0.013%
30-39	0.040%
40-49	0.067%
50+	0.033%

6. Mortality Rates

Active and Vested Terminated Lives:
PubS(A)-2010 Mortality Table for Employees.

Retiree Lives:
PubS(A)-2010 Mortality Table for Healthy Retirees.

Contingent Survivor Lives:
PubS(A)-2010 Mortality Table for Contingent Survivors.

Disabled Lives:
PubS(A)-2010 Mortality Table for Disabled Retirees.

Generational mortality improvements are projected from 2010 using Scale MP-2021.

7. Withdrawal

Withdrawal rates are based on department and service, as shown below.

Years of Service	Rate
0-4	1.50%
5-14	0.75%
15+	0.00%

8. Retirement Rates

Age	Rate
Under 43	0.00%
43-48	3.00%
49-51	4.00%
52-53	7.00%
54	12.00%
55-57	20.00%
58-60	35.00%
61-62	50.00%
63+	100.00%

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

9. DROP Election

Group A Members are assumed to elect either normal retirement or DROP, with the DROP period maximizing the present value of their retirement benefits, including reflecting the impact of previously granted COLAs the member would be eligible for during the assumed DROP period. Group B Members are assumed to maximize their DROP period after age 50 up to 5 years.

10. Existing DROP Balances

Members with existing DROP balances are assumed to withdraw their balances over the next eight years, but no later than age 70 ½.

11. Future Cost-of-Living Adjustment Assumption

0.25% per year for Group A and 1.0% per year for Group B.

12. Active Payment Form Assumption

Life annuity with 75% continued to the surviving spouse (or designated beneficiary) for Group A and Life Annuity for Group B.

13. Percent Married

100% of actives are assumed to be married.

14. Beneficiary Age

A Male participant is assumed to be three years older than his beneficiary.

A Female participant is assumed to be one year younger than her beneficiary.

15. Dependent Children

50% of active members are assumed to have dependent children, and the youngest child is assumed to be one year old.

16. Administrative Expenses

Administrative expenses of 1.25% of payroll are added to the normal cost.

17. Technical and Miscellaneous Assumptions

Decrement timing: Beginning of year.

Terminated vested members: All terminated vested members are assumed married and assumed to retire at normal retirement eligibility.

The limits in IRC sections 415(b) and 401(a)(17) are assumed to increase 2.5% per year.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

18. Low-Default-Risk Obligation Measure (LDROM) Discount Rate

The discount rate for LDROM is based on the FTSE yield curve as of December 31, 2024 and the Fund's expected future benefit cash flows. The single equivalent rate as of December 31, 2024 is 5.51%.

19. Disclosures regarding Models Used

In accordance with Actuarial Standard of Practice (ASOP) No. 56 *Modeling*, the following disclosures are made related to the valuation software:

A. Valuation Software
Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of ProVal that would affect this valuation. We have reviewed the underlying workings of this model to the degree feasible and consistent with ASOP No. 56 and believe them to be appropriate for the purposes of the valuation.

B. Projections
Projections in this report were developed using P-Scan, our proprietary tool for the intended purpose of developing projections. The projections shown in this report cover multiple individual scenarios and the variables are not necessarily correlated. We are not aware of any material inconsistencies, unreasonable output resulting from aggregation of assumptions, material limitations or known weaknesses that would affect the projections shown in this report.

The projections are based on the same census data and financial information as of December 31, 2024 as disclosed in this actuarial valuation. The projections assume continuation of the plan provisions, actuarial assumptions in effect as of December 31, 2024, and active membership remains at current levels. They do not reflect the impact of any changes in benefits (other than those required by HB 2802) or actuarial assumptions that may be adopted after December 31, 2024.

The projections assume that all future assumptions are met except where specifically indicated. Future outcomes become increasingly uncertain over time; therefore, general trends and not absolute values should be considered when reviewing these projections. Further, for the purpose of these projections, we have only reflected the impact of new entrants entering the Fund in aggregate and have not developed individual liabilities or detailed profiles related to these potential new entrants. We feel this is appropriate for the purpose of these projections, but if they were to be used for other purposes, this may not be appropriate, and alternative projections may need to be developed.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

20. New Entrant Profile for Initial Risk Sharing Valuation and Projections

When existing Group A members are assumed to decrement and no longer be active after December 31, 2025, it is assumed that the employee replacing them is covered under the reduced Group B provisions. Because the projection schedules required the projections to be done on an open group basis, the active population's size is assumed to be constant, such that whenever a member decrements from active service, a new active is assumed to first enter the Fund. For the purposes of these projections, we assumed that the characteristics of future hires will exactly mirror the 127 members (94% male, 6% female) hired in 2023 and 2024. In our professional judgement, this assumption is reasonable and appropriate for the purpose of this initial RSVS.

21. Changes since Last Valuation

Future cost-of-living adjustments are assumed to be 0.25% per year for Group A as required by HB 2802 and future cost-of-living adjustments are assumed to be 1.0% for Group B.

22. Rationale for Assumptions

The actuarial assumptions were chosen by the Board of Trustees, upon the recommendation of the actuaries, based on an experience study issued by Cheiron on March 25, 2024, based on data through December 31, 2022, and adopted by the Board at the March 25, 2024 meeting.

HB 2802 mandates the use of a Group A future COLA assumption of 0.25%. As a prescribed assumption set by legislation, we have used this assumption as directed for the purposes of this report. Given the number and parameters that are required before a COLA can be granted and the COLA cap of 1.5% per year to Group A under HB 2802, in our professional judgement, this assumption is reasonable and appropriate for this purpose. However, we have not performed any quantitative analysis of this assumption.

Group B COLA provided under HB 2802 is a performance-based COLA. To model future COLAs for Group B, assumptions were based on a lognormal distribution of returns with a 7.3% mean and 12.4% standard deviation. Initially assuming returns are independent and identically distributed, the expected Group B COLA was calculated as 0.85%. Given market return behavior and Actuarial Standard of Practice No. 27 guidance related to difficult-to-value provisions, 1.0% per year was selected for Group B Future COLA assumption. In our professional judgment, this assumption is reasonable and appropriate for the purpose of this analysis.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

Liabilities and contributions shown in this report are computed using the entry age normal funding method. Under this funding method, a normal cost rate is determined as a level percentage of pay for each active member. The normal cost rate times payroll equals the total normal cost for each member. The normal cost plus member contributions will pay for projected benefits at retirement for each active Fund member.

The actuarial liability is that portion of the present value of future benefits that will not be paid by either future employer normal cost contributions or member contributions. The difference between this liability and the assets accumulated as of the same date is referred to as the Unfunded Actuarial Liability (UAL).

Beginning with the 2026 calendar year, the contributions will be determined based on an Actuarially Determined Contribution as described in Section II of this report. Prior to January 1, 2026, the City and firefighters contributions were fixed at 22.05% and 18.70% of pay, respectively.

2. Asset Valuation Method

The actuarial value has been calculated by taking the market value of assets less 80% of the investment gain (loss) during the preceding year, less 60% of the investment gain (loss) during the second preceding year, less 40% of the investment gain (loss) during the third preceding year, and less 20% of the investment gain (loss) in the fourth preceding year.

The investment gain (loss) is calculated by taking the difference between the expected market value of assets based on an investment return assumption and the actual market value of assets.

As required by HB 2802, the actuarial value of assets was set to market value of assets as of December 31, 2024.

3. Amortization Method

Closed 30-year level percentage of pay amortization for the Legacy Liability. Future unanticipated changes in unfunded actuarial liability will be amortized as follows:

A. Losses: Closed 20-year level percentage of pay amortization
B. Gains: Closed 20-year level percentage of pay amortization, however the amortization period may not be shorter than the largest liability loss layer remaining amortization period.

APPENDIX C – ACTUARIAL ASSUMPTIONS AND METHODS

For the Actuarially Determined Contribution (ADC) Benchmark, the amortization method is an open 30-year level percentage of pensionable pay amortization based on a payroll growth assumption of 3.00% per the Board's Funding Policy.

4. Changes since Last Valuation

With the passage of HB 2802, the following changes were made:

- Beginning in 2026, contributions to the Fund will be based on an Actuarially Determined Contribution basis.
- The actuarial value of assets was set to the market value of assets.
- The Legacy Liability will be amortized over a closed 30-year period.
- The amortization of future changes to UAL is set to a closed, layered, 20-year amortization for future losses and gains are amortized over a closed layered period that is the equal to the period remaining for the largest liability loss layer or 20 years if no layer exists.

APPENDIX D – GLOSSARY

Glossary

Corridor midpoint: the projected municipal contribution rate specified for each calendar year for 30 years as provided by the initial risk sharing valuation study, rounded to the nearest hundredths decimal place.

Corridor: the range of municipal contribution rates that are:
(A) equal to or greater than the minimum municipal contribution rate; and
(B) equal to or less than the maximum municipal contribution rate.

Employer normal cost rate: for a given calendar year, the normal cost rate minus the applicable firefighter contribution rate.

Estimated municipal contribution rate: for a given calendar year, a municipal contribution rate equal to the sum of the municipal normal cost rate and the amortization rate of the liability layers, as applicable, excluding the legacy liability layer, and before adjustments to the rate to be within the Corridor.

Five-year investment return: means the average money-weighted rate of return of the fund, based on a rolling five-year basis and net of investment expenses, for the applicable five-year period.

Funded ratio: the ratio of assets divided by the actuarial accrued liability. Where the asset measure is not specified, the asset basis is the smoothed, actuarial value of assets (AVA).

Group A Members: Members hired before January 1, 2026

Group B Members: Members hired on or after January 1, 2026

Group B cost-of-living adjustment percentage: a percentage that is equal to the excess of the Fund's five-year investment return over the assumed rate of return, reduced by a 2% adjustment factor, multiplied by 50 percent. The resulting COLA is limited by a minimum of zero percent and a maximum of two percent.

Legacy liability: the unfunded actuarial accrued liability determined as of December 31, 2024, and for each subsequent calendar year reduced by the municipal legacy contribution amount for the calendar year allocated to the amortization of the legacy liability; and adjusted by the assumed rate of return adopted by the board of trustees for the calendar year ending December 31, 2024.

Level percent of payroll method: an amortization method that defines the amount of the liability layer recognized each calendar year as a level percent of pensionable payroll until the amount of the liability layer remaining is reduced to zero.

Liability gain layer: a liability layer that decreases the unfunded actuarial accrued liability.

APPENDIX D – GLOSSARY

Liability layer: means the legacy liability established in the initial risk sharing valuation study or for calendar years after December 31, 2024, the amount that the fund's unfunded actuarial accrued liability increases or decreases, as applicable, due to the unanticipated change for the calendar year as determined in each subsequent risk sharing valuation study.

Liability loss layer: a liability layer that increases the unfunded actuarial accrued liability. The legacy liability is included as a liability loss layer.

Maximum municipal contribution rate: for a given calendar year, the rate equal to the corridor midpoint plus the corridor margin.

Minimum municipal contribution rate: for a given calendar year, the rate equal to the corridor midpoint minus the corridor margin.

Municipal contribution rate: for a given calendar year, a percentage rate equal to the sum of the employer normal cost rate and the amortization rate, as adjusted for the corridor, if applicable.

Municipal legacy contribution amount: for each calendar year, a predetermined payment amount expressed in dollars in accordance with a payment schedule amortizing the legacy liability for the calendar year ending December 31, 2024.

Normal cost rate: for a given calendar year, the salary-weighted average of the individual normal cost rates determined for the current active member population, plus the assumed administrative expenses determined in the most recent actuarial experience study.

Payoff year: the year a liability layer is fully amortized under the amortization period.

Pensionable payroll: the compensation of all members in active service for a calendar year or pay period, as applicable.

Projected pensionable payroll: the estimated pensionable payroll for the calendar year beginning 12 months after the date of the risk sharing valuation study by projecting the prior calendar year's pensionable payroll forward two years using the current payroll growth rate assumption adopted by the board of trustees; and adjusting, if necessary, for changes in population or other known factors, provided those factors would have a material impact on the calculation, as determined by the board of trustees.

Unanticipated change: means, with respect to the unfunded actuarial accrued liability in each subsequent risk sharing valuation study, the difference between the remaining balance of all then-existing liability layers as of the date of the risk sharing valuation study that were created before the date of the study; and the actual unfunded actuarial accrued liability as of the date of the risk sharing valuation study.

Unfunded actuarial accrued liability: the difference between the actuarial accrued liability and an asset measure. Where not specifically specified, the asset basis is the actuarial value of assets.

CHEIRON

Classic Values, Innovative Advice

Classic Values, Innovative Advice

Austin Firefighters Retirement Fund

GASB 67/68 Report as of December 31, 2024

Produced by Cheiron
July 2025

TABLE OF CONTENTS

Via Electronic Mail

July 16, 2025

Board of Trustees
Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, Texas 78746

Dear Trustees of the Board:

This report provides accounting and financial reporting information for the City of Austin for the Austin Firefighters Retirement Fund. This information includes:

- Total Pension Liability,
- Calculation of the Net Pension Liability at the discount rate as well as discount rates 1% higher and lower than the discount rate,
- Changes in the Net Pension Liability,
- Schedule of Employer Contributions,
- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense for the City of Austin.

Please let us know if you have any questions about the report.

Sincerely,
Cheiron

Heath Merlak

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

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

SECTION I - BOARD SUMMARY

Highlights

Effective September 1, 2025, House Bill 2802/Senate Bill 2345 ("pension reform"), signed into law on June 20, 2025, requires the City of Austin to transition from a fixed contribution rate of 22.05% to a modified actuarially determined contribution (ADC) basis. The ADC will include the cost of all benefits accrued annually and administrative expenses, reduced by 18.70% of pensionable payroll for the contributions paid by active members, plus an amount to amortize the unfunded actuarial liability (UAL) over fixed periods. Please see the December 31, 2024 actuarial valuation report for more details on the actuarially determined contribution.

Pension reform also categorized members into two groups: Group A (hired before January 1, 2026) and Group B (hired on or after January 1, 2026). Group A benefits are largely the same as they were before pension reform, with changes limited to eliminating interest on non-vested contribution refunds and modifying cost-of-living adjustment (COLA) benefits. Group B members have a similar benefit structure, with different benefit parameters. Detailed summaries of these benefits are provided in Appendix B. Although there are no Group B members as of the measurement date, their benefit summaries are included for reference.

The current Measurement Date for the Austin Firefighters Retirement Fund is December 31, 2024. Measurements as of the Reporting Date are based on the fair value of assets as of December 31, 2024 and the Total Pension Liability as of the Measurement Date, December 31, 2024. The Total Pension Liability as of December 31, 2024 is based on Cheiron's valuation as of December 31, 2024.

The table below summarizes the key results during this measurement period.

Summary of Results

	Measurement Date	
	12/31/2024	12/31/2023
Net Pension Liability	$ 349,466,268	$ 484,807,280
Deferred Outflows	(290,261,126)	(316,712,096)
Deferred Inflows	161,027,715	11,449,323
Net Impact on Statement of Net Position	$ 220,232,857	$ 179,544,507
Pension Expense ($ Amount)	$ 66,713,313	$ 68,491,629
Pension Expense (% of Payroll)	56.52%	63.04%

The Net Pension Liability (NPL) decreased by approximately $135 million since the prior Measurement Date, primarily due to assumption changes. Under the pension reform funding policy, plan assets are projected to be sufficient to cover all future benefit payments, so the discount rate increased from 6.01% to 7.30%. Additionally, pension reform requires the use of a 0.25% COLA assumption for Group A members, an increase from the prior 0% assumption.

SECTION I - BOARD SUMMARY

These two assumptions combined decreased the NPL by $176 million. Eliminating interest on non-vested contribution refunds lowered the liability by approximately $0.4 million.

Investment gains and losses are recognized over a five-year period, and actuarial gains and losses and assumption changes are recognized over the average remaining service life, currently seven years. Plan changes are recognized immediately. Unrecognized amounts are reported as deferred inflows and deferred outflows. As of the end of the current reporting year, the City of Austin will report a Net Pension Liability of $349,466,268, Deferred Inflows of $161,027,715, and Deferred Outflows of $(290,261,126). Consequently, the net impact on the City of Austin's statement of net position due to AFRF would be $220,232,857 at the end of the reporting year. In addition, any contributions between the Measurement Date and the Reporting Date will be reported as deferred outflows, offsetting the cash outflows reported.

For the measurement year ending December 31, 2024, the annual pension expense is $66,713,313, or 56.52% of covered-employee payroll. This amount represents the change in the net impact on the City of Austin's statement of net position plus employer contributions ($220,232,857 – $179,544,507 + $26,024,963). Pension expense volatility from year to year is to be expected and will be driven by investment gains or losses, but other changes can also have a significant impact. Section VII of the report shows a breakdown of the pension expense.

SECTION II - CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under Governmental Accounting Standards Board Statement No. 67 (GASB 67) for the Austin Firefighters Retirement Fund (AFRF) and under GASB No. 68 for the City of Austin. This report is for the use of AFRF, the City of Austin, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for AFRF.

In preparing our report, we relied on information, some oral and some written, supplied by AFRF. This information includes, but is not limited to, the plan provisions, employee data, 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, *Data Quality*.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, and changes in plan provisions or applicable law.

This report 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 report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This report was prepared for AFRF for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Heath Merlak

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

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

SECTION III - DETERMINATION OF DISCOUNT RATE

The projection of cash flows used to determine the discount rate assumes that member and city contributions to the Fund will follow the required contributions as described by Vernon's Texas Civil Statute, Article 6243e.1. These rates of compensation are 18.70% for the members and an actuarially determined contribution for the City beginning for the 2026 calendar year (fixed contribution rate of 22.05% applies for the 2025 calendar year).

Based on the December 31, 2024 Measurement Date and the requirements of GASB Nos. 67 and 68, including pension reform, the Fiduciary Net Position is expected to be sufficient to make all projected future benefit payments for current members. Therefore, the discount rate is equal to the Fund's long-term expected rate of return of 7.30%.

SECTION IV - NOTE DISCLOSURES

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Fund assets), and the Net Pension Liability (NPL) during the measurement year. Note that the city will report this information for the fiscal year ending September 30, 2025.

Change in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2023	$ 1,647,501,672	$ 1,162,694,392	$ 484,807,280
Changes for the year:			
Service cost, middle of year	44,637,013		44,637,013
Interest	97,478,844		97,478,844
Changes of benefits	(380,510)		(380,510)
Differences between expected and actual experience	(2,184,592)		(2,184,592)
Changes of assumptions	(175,730,101)		(175,730,101)
Contributions - employer		26,024,963	(26,024,963)
Contributions - member		22,071,057	(22,071,057)
Net investment income		53,733,991	(53,733,991)
Benefit payments	(96,508,820)	(96,508,820)	0
Administrative expense		(2,668,345)	2,668,345
Net changes	$ (132,688,166)	$ 2,652,846	$ (135,341,012)
Balances at 12/31/2024	$ 1,514,813,506	$ 1,165,347,238	$ 349,466,268

During the measurement year, the NPL decreased by approximately $135 million. The service and interest costs increased the NPL by approximately $142 million, while investment income and administrative expenses decreased the NPL by approximately $51 million. Additionally, contributions decreased the NPL by approximately $48 million.

The change in discount rate from 6.01% to 7.30% combined with increasing the 0% per year COLA assumption for Group A members to 0.25% decreased the TPL by approximately $176 million. The benefit change required by pension reform reduced the TPL by approximately $0.4 million.

SECTION IV - NOTE DISCLOSURES

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL, and higher discount rates produce a lower TPL. The table below shows the sensitivity of the NPL to the discount rate. Note that because the discount rate does not affect the measurement of assets, a relatively small change in the discount rate can result in a significant percentage change in the NPL.

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease 6.30%	Discount Rate 7.30%	1% Increase 8.30%
Total Pension Liability	$ 1,663,029,986	$ 1,514,813,506	$ 1,389,679,534
Plan Fiduciary Net Position	1,165,347,238	1,165,347,238	1,165,347,238
Net Pension Liability	$ 497,682,748	$ 349,466,268	$ 224,332,296
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.1%	76.9%	83.9%

A one percentage point decrease in the discount rate increases the TPL by approximately 10% and the NPL by approximately 42%. A one percentage point increase in the discount rate decreases the TPL by approximately 8% and the NPL by approximately 36%.

Asset Allocation and Expected Long-Term Real Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

SECTION IV - NOTE DISCLOSURES

The following table summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024:

Asset Allocation and Expected Real Rate of Return[1]

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	20.0%	5.6%
Developed Market Equity (non-US)	10.0%	5.8%
Emerging Market Equity	12.0%	5.8%
Private Equity	15.0%	7.0%
Investment Grade Bonds	13.0%	2.5%
TIPS	5.0%	2.2%
High Yield	2.5%	4.3%
Bank Loans	2.5%	4.0%
Emerging Market Bonds	7.0%	4.0%
Core Real Estate	5.0%	4.6%
Value Add Real Estate	5.0%	6.7%
Private Natural Resources	3.0%	6.3%
Total	100.00%	

[1] Source: Meketa

For the year ending December 31, 2024, the actual money-weighted rate of return on plan assets was calculated by Meketa to be 4.76%, net of investment expense.

SECTION V - REQUIRED SUPPLEMENTARY INFORMATION

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67 and will show up to 10 years of information. The schedule below and on the following page shows the changes in NPL and related ratios required by GASB for the ten years since the implementation of GASB No. 67.

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Year Ending December 31,

	2024	2023	2022	2021	2020
Total Pension Liability (TPL)					
Service cost (MOY)	$ 44,637,013	$ 32,382,154	$ 31,101,116	$ 28,111,860	$ 26,169,522
Interest	97,478,844	99,834,897	94,234,349	91,654,965	86,820,853
Changes of benefit terms	(380,510)	0	0	30,096,465	7,158,834
Differences between expected and actual experience	(2,184,592)	(6,339,940)	13,460,814	3,265,825	(1,670,701)
Changes of assumptions	(175,730,101)	213,908,378	20,949,282	0	21,410,890
Benefit payments, including refunds	(96,508,820)	(86,436,099)	(80,970,089)	(70,182,892)	(63,483,649)
Net change in TPL	**$ (132,688,166)**	**$ 253,349,390**	**$ 78,775,472**	**$ 82,946,223**	**$ 76,405,749**
TPL - beginning	**1,647,501,672**	**1,394,152,282**	**1,315,376,810**	**1,232,430,587**	**1,156,024,838**
TPL - ending	**$ 1,514,813,506**	**$ 1,647,501,672**	**$ 1,394,152,282**	**$ 1,315,376,810**	**$ 1,232,430,587**
Plan fiduciary net position					
Contributions - employer	$ 26,024,963	$ 23,957,850	$ 22,765,290	$ 22,041,592	$ 21,311,021
Contributions - member	22,071,057	20,317,995	19,306,629	18,697,102	18,073,292
Net investment income	53,733,991	91,231,229	(147,530,250)	171,935,761	147,025,907
Benefit payments, including refunds	(96,508,820)	(86,436,099)	(80,970,089)	(70,182,892)	(63,483,649)
Administrative expense	(2,668,345)	(2,209,453)	(1,283,215)	(970,731)	(1,092,299)
Net change in plan fiduciary net position	**$ 2,652,846**	**$ 46,861,522**	**$ (187,711,635)**	**$ 141,520,832**	**$ 121,834,272**
Plan fiduciary net position - beginning	**1,162,694,392**	**1,115,832,870**	**1,303,544,505**	**1,162,023,673**	**1,040,189,401**
Plan fiduciary net position - ending	**$ 1,165,347,238**	**$ 1,162,694,392**	**$ 1,115,832,870**	**$ 1,303,544,505**	**$ 1,162,023,673**
Net pension liability - ending	**$ 349,466,268**	**$ 484,807,280**	**$ 278,319,412**	**$ 11,832,305**	**$ 70,406,914**
Plan fiduciary net position as a percentage of the TPL	76.9%	70.6%	80.0%	99.1%	94.3%
Covered payroll	$ 118,027,041	$ 108,652,381	$ 103,243,946	$ 99,961,868	$ 96,648,621
Net pension liability as a percentage of covered payroll	296.1%	446.2%	269.6%	11.8%	72.8%

SECTION V - REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Year Ending December 31,

	2019	2018	2017	2016	2015
Total Pension Liability (TPL)					
Service cost (MOY)	$ 26,191,723	$ 25,130,502	$ 23,830,495	$ 24,322,417	$ 23,309,543
Interest	84,547,315	80,552,018	75,812,099	70,892,708	66,404,730
Changes of benefit terms	8,058,934	10,188,417	8,963,689	5,491,908	0
Differences between expected and actual experience	(9,834,830)	(735,314)	4,360,239	8,893,371	7,192,645
Changes of assumptions	12,707,469	(4,778,539)	0	0	0
Benefit payments, including refunds	(58,824,392)	(55,979,294)	(51,888,455)	(45,495,681)	(44,756,847)
Net change in TPL	**$ 62,846,219**	**$ 54,377,790**	**$ 61,078,067**	**$ 64,104,723**	**$ 52,150,071**
TPL - beginning	**1,093,178,619**	**1,038,800,829**	**977,722,762**	**913,618,039**	**861,467,968**
TPL - ending	**$ 1,156,024,838**	**$ 1,093,178,619**	**$ 1,038,800,829**	**$ 977,722,762**	**$ 913,618,039**
Plan fiduciary net position					
Contributions - employer	$ 21,057,765	$ 20,084,617	$ 19,242,205	$ 19,103,891	$ 19,222,329
Contributions - member	17,858,397	17,033,213	16,318,769	15,884,261	15,546,979
Net investment income	151,832,027 [1]	(25,114,064)	141,915,000	55,569,165	6,328,063
Benefit payments, including refunds	(58,824,392)	(55,979,294)	(51,888,455)	(45,495,681)	(44,756,847)
Administrative expense	(852,192)	(704,903)	(1,399,488)	(662,501)	(562,687)
Net change in plan fiduciary net position	**$ 131,071,605**	**$ (44,680,431)**	**$ 124,188,031**	**$ 44,399,135**	**$ (4,222,163)**
Plan fiduciary net position - beginning	**909,117,796**	**953,798,227**	**829,610,196**	**785,211,061**	**789,433,224**
Plan fiduciary net position - ending	**$ 1,040,189,401** [1]	**$ 909,117,796**	**$ 953,798,227**	**$ 829,610,196**	**$ 785,211,061**
Net pension liability - ending	**$ 115,835,437**	**$ 184,060,823**	**$ 85,002,602**	**$ 148,112,566**	**$ 128,406,978**
Plan fiduciary net position as a percentage of the TPL	90.0%	83.2%	91.8%	84.9%	85.9%
Covered payroll	$ 95,500,068	$ 91,086,698	$ 87,266,236	$ 86,638,961	$ 87,836,040
Net pension liability as a percentage of covered payroll	121.3%	202.1%	97.4%	171.0%	146.2%

[1] Includes one-time adjustment to beginning Net Position per Foster & Foster of $10,296,595.

SECTION V - REQUIRED SUPPLEMENTARY INFORMATION

The following table compares the Statutorily Required Contribution to the actual contributions for the ten years since the initial implementation of GASB No. 67.

Schedule of Employer Contributions For Year Ending December 31,

	2024	2023	2022	2021	2020
Statutorily Required Contribution	$ 26,024,963	$ 23,957,850	$ 22,765,290	$ 22,041,592	$ 21,311,021
Contributions in Relation to the Statutorily Required Contributions	26,024,963	23,957,850	22,765,290	22,041,592	21,311,021
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 118,027,041	$ 108,652,381	$ 103,243,946	$ 99,961,868	$ 96,648,621
Contributions as a Percentage of Covered Payroll	22.05%	22.05%	22.05%	22.05%	22.05%

	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 21,057,765	$ 20,084,617	$ 19,242,205	$ 19,103,891	$ 19,222,329
Contributions in Relation to the Statutorily Required Contributions	21,057,765	20,084,617	19,242,205	19,103,891	19,222,329
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 95,500,068	$ 91,086,698	$ 87,266,236	$ 86,638,961	$ 87,836,040
Contributions as a Percentage of Covered Payroll	22.05%	22.05%	22.05%	22.05%	21.88%

SECTION VI - EMPLOYER REPORTING AMOUNTS

We understand the city has elected to use the Measurement Date of December 31 within the fiscal year for their Reporting Date. As a result, the schedules in this section will be used by the City of Austin for its September 30, 2025 reporting.

The table below summarizes the current balances of Deferred Outflows and Deferred Inflows of Resources, net recognition over the next five years, and the total amount recognized thereafter.

Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,045,920	$ 9,804,597
Changes in assumptions	184,730,537	151,223,118
Net difference between projected and actual earnings on pension plan investments	95,484,669	0
Total	**$ 290,261,126**	**$ 161,027,715**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Measurement year ended December 31:	
2025	$ 41,571,472
2026	59,904,339
2027	11,295,617
2028	11,101,375
2029	4,830,931
Thereafter	$ 529,677

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources, along with the recognition of each base for the current and following five years and the total for any years thereafter.

SECTION VI - EMPLOYER REPORTING AMOUNTS

Recognition of Experience (Gains) and Losses

Experience Year	Recognition Period	Total Amount	Beginning Fiscal Year Amount	Ending Fiscal Year Amount	Recognition Year						
					2024	2025	2026	2027	2028	2029	Thereafter
2024	7.0	$ (2,184,592)	$ (2,184,592)	$ (1,872,507)	$ (312,085)	$ (312,085)	$ (312,085)	$ (312,085)	$ (312,085)	$ (312,085)	$ (312,082)
2023	8.0	(6,339,940)	(5,547,447)	(4,754,954)	(792,493)	(792,493)	(792,493)	(792,493)	(792,493)	(792,493)	(792,489)
2022	8.0	13,460,814	10,095,610	8,413,008	1,682,602	1,682,602	1,682,602	1,682,602	1,682,602	1,682,600	0
2021	8.0	3,265,825	2,041,140	1,632,912	408,228	408,228	408,228	408,228	408,228	0	0
2020	8.0	(1,670,701)	(835,352)	(626,514)	(208,838)	(208,838)	(208,838)	(208,838)	0	0	0
2019	8.0	(9,834,830)	(3,688,062)	(2,458,708)	(1,229,354)	(1,229,354)	(1,229,354)	0	0	0	0
2018	8.0	(735,314)	(183,828)	(91,914)	(91,914)	(91,914)	0	0	0	0	0
Deferred Outflows			12,136,750	10,045,920	2,090,830	2,090,830	2,090,830	2,090,830	2,090,830	1,682,600	0
Deferred (Inflows)			(12,439,281)	(9,804,597)	(2,634,684)	(2,634,684)	(2,542,770)	(1,313,416)	(1,104,578)	(1,104,578)	(1,104,571)
Net Change in Pension Expense			$ (302,531)	$ 241,323	$ (543,854)	$ (543,854)	$ (451,940)	$ 777,414	$ 986,252	$ 578,022	$ (1,104,571)

Recognition of Assumption Changes

Change Year	Recognition Period	Total Amount	Beginning Fiscal Year Amount	Ending Fiscal Year Amount	Recognition Year						
					2024	2025	2026	2027	2028	2029	Thereafter
2024	7.0	$ (175,730,101)	$ (175,730,101)	$ (150,625,801)	$ (25,104,300)	$ (25,104,300)	$ (25,104,300)	$ (25,104,300)	$ (25,104,300)	$ (25,104,300)	$ (25,104,301)
2023	8.0	$ 213,908,378	187,169,831	160,431,284	26,738,547	26,738,547	26,738,547	26,738,547	26,738,547	26,738,547	26,738,549
2022	8.0	$ 20,949,282	15,711,962	13,093,302	2,618,660	2,618,660	2,618,660	2,618,660	2,618,660	2,618,662	0
2020	8.0	$ 21,410,890	10,705,444	8,029,083	2,676,361	2,676,361	2,676,361	2,676,361		0	0
2019	8.0	$ 12,707,469	4,765,302	3,176,868	1,588,434	1,588,434	1,588,434	0	0	0	0
2018	8.0	$ (4,778,539)	(1,194,634)	(597,317)	(597,317)	(597,317)	0	0	0	0	0
Deferred Outflows			218,352,539	184,730,537	33,622,002	33,622,002	33,622,002	32,033,568	29,357,207	29,357,209	26,738,549
Deferred (Inflows)			(176,924,735)	(151,223,118)	(25,701,617)	(25,701,617)	(25,104,300)	(25,104,300)	(25,104,300)	(25,104,300)	(25,104,301)
Net Change in Pension Expense			$ 41,427,804	$ 33,507,419	$ 7,920,385	$ 7,920,385	$ 8,517,702	$ 6,929,268	$ 4,252,907	$ 4,252,909	$ 1,634,248

SECTION VI - EMPLOYER REPORTING AMOUNTS

Recognition of Investment (Gains) and Losses

Experience Year	Recognition Period	Total Amount	Beginning Fiscal Year Amount	Ending Fiscal Year Amount	Recognition Year 2024	2025	2026	2027	2028	2029	Thereafter
2024	5.0	$ 29,311,076	$ 29,311,076	$ 23,448,861	$ 5,862,215	$ 5,862,215	$ 5,862,215	$ 5,862,215	$ 5,862,216	$ 0	$ 0
2023	5.0	$ (11,366,400)	(9,093,120)	(6,819,840)	(2,273,280)	(2,273,280)	(2,273,280)	(2,273,280)	0	0	0
2022	5.0	$ 241,248,210	144,748,926	96,499,284	48,249,642	48,249,642	48,249,642	0	0	0	0
2021	5.0	$ (88,218,178)	(35,287,272)	(17,643,636)	(17,643,636)	(17,643,636)	0	0	0	0	0
2020	5.0	$ (70,728,633)	(14,145,727)	0	(14,145,727)	0	0	0	0	0	0
Net Change in Pension Expense			$ 115,533,883	$ 95,484,669	$ 20,049,214	$ 34,194,941	$ 51,838,577	$ 3,588,935	$ 5,862,216	$ 0	$ 0

SECTION VI - EMPLOYER REPORTING AMOUNTS

The annual pension expense recognized by the City of Austin can be calculated in two different ways. First, it can be calculated as the change in the amounts reported on the city's statement of net position related to AFRF that are not attributable to employer contributions. That is, it is the sum of the change in NPL, the changes in deferred outflows and inflows, and city contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest organizing the individual components shown in the table below, doing so helps to understand the level and volatility of pension expense.

The measurement year ending December 31, 2024 is for the city's fiscal year ending September 30, 2025.

Calculation of Pension Expense

	Measurement Year Ending 2024	2023
Change in Net Pension Liability	$ (135,341,012)	$ 206,487,868
Change in Deferred Outflows	26,450,970	(165,374,113)
Change in Deferred Inflows	149,578,392	3,420,024
Employer Contributions	26,024,963	23,957,850
Pension Expense	**$ 66,713,313**	**$ 68,491,629**
Operating Expenses		
Service cost	$ 44,637,013	$ 32,382,154
Employee contributions	(22,071,057)	(20,317,995)
Administrative expenses	2,668,345	2,209,453
Total	$ 25,234,301	$ 14,273,612
Financing Expenses		
Interest cost	$ 97,478,844	$ 99,834,897
Expected return on assets	(83,045,067)	(79,864,829)
Total	$ 14,433,777	$ 19,970,068
Changes		
Benefit changes	$ (380,510)	$ 0
Recognition of assumption changes	7,920,385	33,024,685
Recognition of liability gains and losses	(543,854)	1,502,793
Recognition of investment gains and losses	20,049,214	(279,529)
Total	$ 27,045,235	$ 34,247,949
Pension Expense	**$ 66,713,313**	**$ 68,491,629**

SECTION VI - EMPLOYER REPORTING AMOUNTS

Operating expenses are items directly attributable to the plan's operation during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating AFRF for the year.

Financing expenses equal the interest on the Total Pension Liability less the expected return on assets. Since the discount rate is equal to the long-term expected return on investments, the financing expense is primarily the interest on the Net Pension Liability, with an adjustment for the difference between the interest on the Service Cost and contributions.

The recognition of changes will drive most of the volatility in pension expense from year to year. Changes include any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

APPENDIX A - MEMBERSHIP INFORMATION

A. Active Membership Data

Active Members Statistics	December 31, 2024	December 31, 2023	% Change
Active Members in Valuation			
Count			
Total	1,249	1,246	0.24%
Average Current Age			
Total	41.2	41.1	0.17%
Average Service			
Total	11.9	11.9	0.00%
Average Reported Pay			
Total	$92,725	$85,943	7.89%

APPENDIX A - MEMBERSHIP INFORMATION

B. Inactive Membership Data

Inactive Member Statistics	December 31, 2024	December 31, 2023	% Change
Vested Terminated Members and Awaiting Refund			
Count			
Total	36	36	0.00%
Average Current Age			
Total	39.4	39.1	0.91%
Retirees, including DROP Members			
Count			
Total	834	809	3.09%
Average Current Age			
Total	66.5	66.0	0.67%
Average Monthly Benefit			
Total	$6,059	$6,004	0.91%
Disability Retirees			
Count			
Total	14	15	-6.67%
Average Current Age			
Total	64.6	64.5	0.14%
Average Monthly Benefit			
Total	$3,854	$3,820	0.89%
Beneficiaries and Alternate Payees			
Count			
Total	184	171	7.60%
Average Current Age			
Total	68.3	68.7	-0.70%
Average Monthly Benefit			
Total	$2,907	$2,940	-1.13%

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

Below is a summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of December 31, 2024.

A. Actuarial Assumptions

1. Measurement Date

December 31, 2024

2. Valuation Date

December 31, 2024

3. Rate of Investment Return

7.30%, net of investment expenses only

4. Municipal Bond Rate

4.08%, based on the Bond Buyer 20-Bond GO Index at the Measurement Date

5. Discount Rate

7.30%

6. Price Inflation

2.50% per year

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

7. Rates of Salary Increase

Salary increases are split into a wage inflation assumption of 2.50% and a merit scale based on service, shown below.

Years of Service	Merit Increase
0	7.00%
1	7.00%
2	6.50%
3	1.50%
4	0.50%
5	4.50%
6-7	1.00%
8	4.50%
9	0.50%
10	1.00%
11	3.50%
12	1.50%
13	1.00%
14	3.50%
15-16	1.00%
17	3.50%
18-19	1.00%
20	3.50%
21	0.50%
22+	0.00%

For fiscal 2024 and 2025, the salary increase assumption reflects additional base increases of 5.7% and 1.5%, respectively, based on the latest agreement between the City of Austin and the Austin Firefighters Association Local 975.

8. Aggregate Payroll Growth

2.50% per year

9. Disability

Age	Rate
Under 30	0.013%
30-39	0.040%
40-49	0.067%
50+	0.033%

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

10. Mortality Rates

Active and Vested Terminated Lives:
PubS(A)-2010 Mortality Table for Employees.

Retiree Lives:
PubS(A)-2010 Mortality Table for Healthy Retirees.

Contingent Survivor Lives:
PubS(A)-2010 Mortality Table for Contingent Survivors.

Disabled Lives:
PubS(A)-2010 Mortality Table for Disabled Retirees.

Generational mortality improvements are projected from 2010 using Scale MP-2021.

11. Withdrawal

Withdrawal rates are based on service, shown below.

Years of Service	Rate
0-4	1.50%
5-14	0.75%
15+	0.00%

12. Retirement Rates

Age	Rate
42 and under	0.00%
43-48	3.00%
49-51	4.00%
52-53	7.00%
54	12.00%
55-57	20.00%
58-60	35.00%
61-62	50.00%
63 and up	100.00%

13. DROP Election

Group A members are assumed to elect either normal retirement or DROP, with the DROP period maximizing the present value of their retirement benefits, including reflecting the impact of previously granted COLAs the member would be eligible for during the assumed DROP period. Group B Members are assumed to maximize their DROP period after age 50 up to 5 years.

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

14. Existing DROP Balances

Members with existing DROP balances are assumed to withdraw their balances over the next eight years, but no later than age 70½.

15. Future Cost-of-Living Adjustments

0.25% per year for Group A and 1.0% per year for Group B.

16. Active Payment Form Assumption

Life Annuity with 75% continued to the Surviving Spouse (or designated beneficiary) for Group A and Life Annuity for Group B.

17. Percent Married

100% of actives are assumed to be married.

18. Beneficiary Age

A Male member is assumed to be three years older than his beneficiary.

A Female member is assumed to be one year younger than her beneficiary.

19. Dependent Children

50% of active members are assumed to have dependent children, the youngest of whom is one year old.

20. Administrative Expenses

Administrative expenses of 1.25% of payroll is added to the normal cost.

21. Technical and Miscellaneous Assumptions

Decrement timing: Beginning of year.

Terminated vested members: All terminated vested members are assumed married and assumed to retire at normal retirement eligibility.

The limits in IRC sections 415(b) and 401(a)(17) are assumed to increase 2.5% per year.

22. Disclosures regarding Models Used

In accordance with Actuarial Standard of Practice (ASOP) No. 56 *Modeling*, the following disclosures are made related to the valuation software and projection models:

Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech), to calculate liabilities and project benefit payments.

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of ProVal that would affect this valuation. We have reviewed the underlying workings of this model to the degree feasible and consistent with ASOP No. 56 and believe them to be appropriate for the valuation purposes.

Projection Model
This valuation report includes projections of future contributions and funded status for the purpose of assisting the Board of Trustees and the sponsors of the Fund with the management of the Fund.

The projections are based on the same census data and financial information as of December 31, 2024 as disclosed in this actuarial valuation. The projections assume continuation of the plan provisions and actuarial assumptions in effect as of December 31, 2024. They do not reflect the impact of any changes in benefits (other than those required by pension reform) or actuarial assumptions that may be adopted after December 31, 2024.

The projections assume that all future assumptions are met except where specifically indicated. The future outcomes become increasingly uncertain over time, and therefore the general trends and not the absolute values should be considered in the review of these projections. Further, for the purpose of these projections, we have only reflected the impact of new entrants entering the plan in aggregate and have not developed individual liabilities or detailed profiles related to these potential new entrants. We feel this is appropriate for the purpose of these projections, but if they were to be used for other purposes, this may not be appropriate and alternative projections may need to be developed.

23. Changes Since Last Valuation

The discount rate was increased from 6.01% to 7.30% and future cost-of-living adjustments are assumed to be 0.25% per year for Group A as required by pension reform.

24. Rationale for Assumptions

The actuarial assumptions were chosen by the Board of Trustees, upon the recommendation of the actuaries, based on an experience study issued by Cheiron on March 25, 2024, based on data through December 31, 2022, and adopted by the Board at the March 25, 2024 meeting.

Pension reform mandates the use of a Group A future COLA assumption of 0.25%. As a prescribed assumption set by legislation, we have used this assumption as directed for the purposes of this report. Given the number and parameters that are required before a

APPENDIX B - ACTUARIAL ASSUMPTIONS AND METHODS

COLA can be granted and the COLA cap of 1.5% per year to Group A under pension reform, in our professional judgement, this assumption is reasonable and appropriate for this purpose. However, we have not performed any quantitative analysis of this assumption.

Group B COLA provided under pension reform is a performance-based COLA. To model future COLAs for Group B, assumptions were based on a lognormal distribution of returns with a 7.3% mean and 12.4% standard deviation. Initially assuming returns are independent and identically distributed, the expected Group B COLA was calculated as 0.85%. Given market return behavior and Actuarial Standard of Practice No. 27 guidance related to difficult-to-value provisions, 1.0% per year was selected for the COLA assumption for Group B Future COLA assumption. In our professional judgment, this assumption is reasonable and appropriate for the purpose of this analysis.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

Group A Members

1. **Membership Requirement**

   All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department that were hired before January 1, 2026.

2. **Salary**

   Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. **Average Monthly Compensation**

   The average of the member's compensation for the 36 months of highest compensation.

4. **Service Credit**

   One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. **Member Contributions**

   18.70% of Salary; subject to increase as needed to ensure the Fund receives the full ADC if City's maximum corridor is reached up to a maximum of 2%.

6. **Normal Retirement**

   Eligibility: Age 50 with 10 years of service or 25 years of service regardless of age.

   Amount: 3.3% of average monthly compensation for each year of service with a minimum of $2,000 per month.

   Normal Form of Payment: Life Annuity with 75% continuing to the Surviving Spouse (or designated beneficiary if the participant is unmarried).

7. **Early Retirement**

   Eligibility: Age 45 with 10 years of service or 20 years of service regardless of age.

   Amount: 3.3% of average monthly compensation for each year of service.

8. **Disability Retirement**

   Eligibility: Upon approval of disability by the Board of Trustees.

   Amount: 3.3% of average monthly compensation for each year of service (but not less than 20 years).

APPENDIX C - SUMMARY OF PLAN PROVISIONS

9. Death while an Active Employee

Eligibility:	Termination of employment due to death.
Amount:	The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service. Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit, but not less than 9.9% of Average Monthly Compensation with a reduction if there are more than five surviving dependent children.

10. Deferred Retirement

Eligibility:	Ten years of service. Must also elect to leave their member contributions in the Fund.
Amount:	Accrued benefit payable at Normal Retirement eligibility.

11. Non-Vested Termination

Eligibility:	Less than ten years of service.
Amount:	A lump sum of member contributions with accumulated interest through December 31, 2025. Effective January 1, 2026, interest will not be earned on contributions.

12. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. Any eligible cost-of-living adjustments (COLAS) would be applied to the monthly annuity during this DROP period. During the DROP period, the member would have all their pension contributions and applicable annual interest of 5%. When the member retires, by terminating their active service in the fire department, an accumulated lump sum balance may be available to be distributed (all or part) to the member from the DROP account.

In lieu of electing to participate in the DROP before actual retirement, a member who is eligible for normal service retirement may elect to terminate active service as a firefighter and establish the DROP account at termination. Under this "RETRO or BACK DROP," the firefighter's DROP account reflects the accrual from the actual termination date back to a date on or after the date they become eligible for normal service retirement.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal or early service retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan with a maximum of four withdrawals in any year. These limits on withdrawals can be altered by board policy as long as such change is determined to be feasible. The withdrawals can either be in the form of a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP balance must be withdrawn from the fund by April 1st of the calendar year following the year the retiree reaches age 70½.

13. Cost of Living Adjustments (COLA)

Prior to January 1, 2026

When deemed affordable, eligible pension recipients are entitled to annual cost-of-living adjustments (COLA). COLAs are approved only when the fund's actuary has advised the Board that such adjustment would not impair the fund's financial stability based on the COLA Adjustment Policy approved by the Board. The COLAs are to be based on the annual percentage increase in the Consumer Price Index (CPI-U).

Members who retire under Early Retirement are only eligible for COLAs once they would have reached Normal Service Retirement eligibility had they continued their employment. The COLAs provided over the last ten years are as follows:

Effective Date	COLA
12/31/2024	0.00%
12/31/2023	0.00%
12/31/2022	0.00%
12/31/2021	5.40%
12/31/2020	1.40%
12/31/2019	1.70%
12/31/2018	2.30%
12/31/2017	2.20%
12/31/2016	1.50%
12/31/2015	0.00%

APPENDIX C - SUMMARY OF PLAN PROVISIONS

Effective January 1, 2026

The COLA amount will be up to 1.5% per year if financial stability tests described below are satisfied and approved by the Board. Participants are eligible for the approved COLA upon reaching the later of age 67 and 5 years after retirement (age 69 if retired under early retirement).

The financial stability tests include:

1. Funded ratio ≥ 80% for years 2024 – 2039, 85% for years 2040–2044, and 90% for 2045 and later.
2. Amortization period ≤ 25 years for years 2024 – 2034, 20 years for years 2035–2039, and 15 years for 2040 and later.
3. City's contribution rate ≤ corridor midpoint + 4%.
4. No COLAs may be granted in any year beginning a year and a day after the Fund reports:
   a. A negative investment return
   b. A five-year investment return below the assumed return

Note that the Austin City Council may approve a COLA in any format it deems appropriate when one or more requirements prohibit the AFRF Board from granting one.

14. Changes since the Last Valuation

Non-vested terminations no longer receive interest on their contributions after January 1, 2026. COLA eligibility, COLA amount, and financial stability tests were changed as described in pension reform.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

Group B Members

1. Membership Requirement

All commissioned civil service and Texas state-certified firefighters with at least six months of service employed by the City of Austin fire department that were hired on or after January 1, 2026.

2. Salary

Salary (compensation) means base pay and longevity pay. No other forms of pay are included within the pensionable salaries.

3. Average Monthly Compensation

The average of the member's compensation for the 60 months of highest compensation.

4. Service Credit

One month of service credit is earned for each month the member makes the required contribution to the Fund.

5. Member Contributions

18.70% of Salary; subject to increase as needed to ensure the Fund receives the full ADC if City's maximum corridor is reached up to a maximum of 2%.

6. Normal Retirement

Eligibility:	Age 50 with 10 years of service or 25 years of service regardless of age.
Amount:	3.0% of average monthly compensation for each year of service with a minimum of $2,000 per month.
Normal Form of Payment:	Life Annuity

7. Disability Retirement

Eligibility:	Upon approval of disability by the Board of Trustees.
Amount:	3.0% of average monthly compensation for each year of service (but not less than 20 years).

8. Death while an Active Employee

Eligibility: Termination of employment due to death.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

Amount: The surviving spouse or designated beneficiary will receive 75% of the member's accrued benefit based on the greater of their service at death or 20 years of service.

Each dependent child of a surviving spouse will receive 15% of the Member's accrued benefit but not less than 9.9% of Average Monthly Compensation with a reduction if there are more than five surviving dependent children.

9. Deferred Retirement

Eligibility: Ten years of service. Must also elect to leave their member contributions in the Fund.

Amount: The accrued benefit is payable at Normal Retirement eligibility, with such eligibility determined as if the member had remained employed.

10. Non-Vested Termination

Eligibility: Less than ten years of service.

Amount: A lump sum of member contributions.

11. Deferred Retirement Option Plan (DROP)

Under this program, a member eligible for service retirement may elect to continue in active service as a firefighter but have the fund begin crediting "payments" to a deferred retirement option plan (DROP) account. The monthly "payments" would be an amount equal to what the member's monthly annuity would have been if the member had retired as of that eligible DROP date. During the DROP period, the member would have 50% pension contributions and applicable annual interest of 4%. When the member retires, by terminating their active service in the fire department, an accumulated lump sum balance may be available to be distributed (all or part) to the member from the DROP account.

The maximum period under which a firefighter can participate in a DROP is seven years. A firefighter may elect to establish a DROP account after reaching normal retirement eligibility. Twelve total withdrawals are allowed while the retiree's DROP account balance remains in the pension plan, with a maximum of four withdrawals in any year. These limits on withdrawals can be altered by board policy as long as such change is determined to be feasible. The withdrawals can either be in the form of a distribution to the retiree (provided the retiree reaches age 50 before retiring) or a rollover into a qualified IRA. The entire DROP balance must be withdrawn from the fund by April 1st of the calendar year following the year the retiree reaches age 70½.

APPENDIX C - SUMMARY OF PLAN PROVISIONS

12. Cost of Living Adjustments (COLA)

Performance-based COLA targeting 1% per year (minimum of 0% and maximum of 2%) based on asset returns of the Fund for the previous five years. The COLA equals 50% of the 5-year return above a 5.3% threshold (based on a 7.3% assumed rate minus 2%), with a minimum of 0% and maximum of 2%. Participants are eligible for the approved COLA upon reaching the later of age 67 and 5 years after retirement.

13. Changes Since Last Valuation

These are new provisions included in pension reform for members hired on or after January 1, 2026.

APPENDIX D – CROSSOVER TEST

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
2025	$1,165,347,238	$48,518,513	$131,726,763	$1,488,298	$82,033,373	$1,162,684,063
2026	1,162,684,063	52,487,861	126,334,560	1,525,505	82,173,305	1,169,485,163
2027	1,169,485,163	56,429,861	127,617,626	1,563,643	82,763,760	1,179,497,515
2028	1,179,497,515	60,537,920	125,613,097	1,602,734	83,712,440	1,196,532,044
2029	1,196,532,044	60,633,447	125,980,767	1,642,802	84,944,765	1,214,486,687
2030	1,214,486,687	60,679,171	125,762,352	1,683,873	86,263,453	1,233,983,087
2031	1,233,983,087	60,857,284	126,676,041	1,725,969	87,658,805	1,254,097,166
2032	1,254,097,166	60,908,450	128,468,111	1,769,119	89,063,162	1,273,831,549
2033	1,273,831,549	60,906,438	115,194,166	1,813,347	90,978,079	1,308,708,554
2034	1,308,708,554	60,958,902	118,075,026	1,858,680	93,421,057	1,343,154,807
2035	1,343,154,807	60,880,784	120,120,297	1,905,147	95,857,829	1,377,867,976
2036	1,377,867,976	60,750,279	122,699,898	1,952,776	98,293,006	1,412,258,587
2037	1,412,258,587	60,614,500	125,854,142	2,001,595	100,683,799	1,445,701,148
2038	1,445,701,148	60,323,021	128,811,017	2,051,635	103,006,835	1,478,168,351
2039	1,478,168,351	60,051,043	131,704,328	2,102,926	105,261,603	1,509,673,743
2040	1,509,673,743	59,701,409	134,916,729	2,155,499	107,431,887	1,539,734,811
2041	1,539,734,811	59,223,587	138,459,007	2,209,387	109,480,264	1,567,770,268
2042	1,567,770,268	58,653,459	142,065,371	2,264,621	111,375,115	1,593,468,849
2043	1,593,468,849	57,994,274	145,863,027	2,321,237	113,089,272	1,616,368,131
2044	1,616,368,131	57,231,963	150,022,284	2,379,268	114,582,365	1,635,780,907
2045	1,635,780,907	56,405,888	153,597,040	2,438,749	115,839,564	1,651,990,569
2046	1,651,990,569	55,550,255	157,249,986	2,499,718	116,859,018	1,664,650,138
2047	1,664,650,138	54,655,672	160,044,380	2,562,211	117,648,650	1,674,347,869
2048	1,674,347,869	53,839,567	163,269,914	2,626,266	118,209,366	1,680,500,622
2049	1,680,500,622	53,084,167	165,125,287	2,691,923	118,562,547	1,684,330,126
2050	1,684,330,126	52,445,025	166,270,627	2,759,221	118,775,702	1,686,521,005
2051	1,686,521,005	51,946,711	166,840,485	2,828,202	118,894,861	1,687,693,890
2052	1,687,693,890	51,580,180	166,354,707	2,898,907	118,982,222	1,689,002,678
2053	1,689,002,678	51,382,485	165,148,867	2,971,379	119,111,314	1,691,376,230
2054	1,691,376,230	51,354,606	163,044,279	3,045,664	119,356,385	1,695,997,278
2055	1,695,997,278	51,497,096	160,018,441	3,121,806	119,804,598	1,704,158,726
2056	1,704,158,726	3,084,061	157,752,667	3,199,851	118,742,877	1,665,033,147
2057	1,665,033,147	2,327,764	153,853,845	3,279,847	115,996,523	1,626,223,742
2058	1,626,223,742	1,711,239	149,718,751	3,361,843	113,286,662	1,588,141,049
2059	1,588,141,049	1,222,682	145,463,016	3,445,889	110,638,692	1,551,093,518
2060	1,551,093,518	840,687	141,019,783	3,532,036	108,076,758	1,515,459,143
2061	1,515,459,143	555,887	136,883,423	3,620,337	105,610,388	1,481,121,658
2062	1,481,121,658	342,063	132,372,869	3,710,846	103,254,575	1,448,634,582
2063	1,448,634,582	200,478	128,400,237	3,803,617	101,017,062	1,417,648,268
2064	1,417,648,268	105,534	124,394,103	3,898,707	98,891,895	1,388,352,887

APPENDIX D – CROSSOVER TEST

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
2065	$1,388,352,887	$50,272	$120,795,594	$3,996,175	$96,876,888	$1,360,488,278
2066	1,360,488,278	16,996	117,113,310	4,096,079	94,970,033	1,334,265,917
2067	1,334,265,917	4,680	113,759,829	4,198,481	93,171,933	1,309,484,219
2068	1,309,484,219	0	110,432,329	4,303,443	91,478,252	1,286,226,699
2069	1,286,226,699	0	107,194,012	4,411,029	89,892,712	1,264,514,369
2070	1,264,514,369	0	103,893,044	4,521,305	88,422,121	1,244,522,141
2071	1,244,522,141	0	100,523,230	4,634,338	87,079,467	1,226,444,040
2072	1,226,444,040	0	97,079,087	4,750,196	85,879,109	1,210,493,866
2073	1,210,493,866	0	93,557,823	4,868,951	84,836,750	1,196,903,842
2074	1,196,903,842	0	89,958,324	4,990,675	83,969,382	1,185,924,225
2075	1,185,924,225	0	86,281,132	5,115,442	83,295,249	1,177,822,900
2076	1,177,822,900	0	82,528,767	5,243,328	82,833,816	1,172,884,622
2077	1,172,884,622	0	78,705,722	5,374,411	82,605,705	1,171,410,194
2078	1,171,410,194	0	74,818,276	5,508,771	82,632,647	1,173,715,794
2079	1,173,715,794	0	70,874,469	5,646,491	82,937,431	1,180,132,265
2080	1,180,132,265	0	66,884,379	5,787,653	83,543,845	1,191,004,078
2081	1,191,004,078	0	62,859,978	5,932,344	84,476,602	1,206,688,358
2082	1,206,688,358	0	58,815,795	6,080,653	85,761,250	1,227,553,160
2083	1,227,553,160	0	54,768,708	6,232,669	87,424,046	1,253,975,829
2084	1,253,975,829	0	50,737,675	6,388,486	89,491,855	1,286,341,524
2085	1,286,341,524	0	46,743,950	6,548,198	91,992,028	1,325,041,404
2086	1,325,041,404	0	42,809,919	6,711,903	94,952,312	1,370,471,894
2087	1,370,471,894	0	38,959,263	6,879,701	98,400,794	1,423,033,725
2088	1,423,033,725	0	35,216,136	7,051,693	102,365,859	1,483,131,755
2089	1,483,131,755	0	31,604,373	7,227,985	106,876,201	1,551,175,598
2090	1,551,175,598	0	28,147,344	7,408,685	111,960,881	1,627,580,450
2091	1,627,580,450	0	24,866,202	7,593,902	117,649,447	1,712,769,793
2092	1,712,769,793	0	21,779,655	7,783,750	123,972,136	1,807,178,524
2093	1,807,178,524	0	18,903,579	7,978,343	130,960,124	1,911,256,726
2094	1,911,256,726	0	16,250,124	8,177,802	138,645,826	2,025,474,626
2095	2,025,474,626	0	13,827,655	8,382,247	147,063,264	2,150,327,988
2096	2,150,327,988	0	11,640,091	8,591,803	156,248,485	2,286,344,579
2097	2,286,344,579	0	9,687,143	8,806,598	166,240,022	2,434,090,859
2098	2,434,090,859	0	7,964,696	9,026,763	177,079,368	2,594,178,768
2099	2,594,178,768	0	6,465,000	9,252,432	188,811,468	2,767,272,804
2100	2,767,272,804	0	5,176,926	9,483,743	201,485,225	2,954,097,360
2101	2,954,097,360	0	4,086,488	9,720,837	215,154,016	3,155,444,052
2102	3,155,444,052	0	3,177,394	9,963,858	229,876,208	3,372,179,008
2103	3,372,179,008	0	2,431,532	10,212,954	245,715,673	3,605,250,195
2104	3,605,250,195	0	1,829,873	10,468,278	262,742,288	3,855,694,332

APPENDIX D – CROSSOVER TEST

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f)=(a)+(b)-(c)-(d)+(e)
2105	$3,855,694,332	$0	$1,353,054	$10,729,985	$281,032,423	$4,124,643,716
2106	4,124,643,716	0	982,145	10,998,235	300,669,409	4,413,332,745
2107	4,413,332,745	0	699,220	11,273,190	321,743,994	4,723,104,329
2108	4,723,104,329	0	487,808	11,555,020	344,354,795	5,055,416,296
2109	5,055,416,296	0	333,226	11,843,896	368,608,753	5,411,847,927
2110	5,411,847,927	0	222,734	12,139,993	394,621,607	5,794,106,807
2111	5,794,106,807	0	145,592	12,443,493	422,518,388	6,204,036,110
2112	6,204,036,110	0	93,029	12,754,580	452,433,958	6,643,622,459
2113	6,643,622,459	0	58,095	13,073,445	484,513,580	7,115,004,499
2114	7,115,004,499	0	35,461	13,400,281	518,913,561	7,620,482,318
2115	7,620,482,318	0	21,166	13,735,288	555,801,942	8,162,527,806
2116	8,162,527,806	0	12,364	14,078,670	595,359,266	8,743,796,038
2117	8,743,796,038	0	7,079	14,430,637	637,779,416	9,367,137,739
2118	9,367,137,739	0	3,981	14,791,403	683,270,535	10,035,612,890
2119	10,035,612,890	0	2,206	15,161,188	732,056,025	10,752,505,522
2120	10,752,505,522	0	1,207	15,540,217	784,375,632	11,521,339,730
2121	11,521,339,730	0	651	15,928,723	840,486,619	12,345,896,975
2122	12,345,896,975	0	345	16,326,941	900,665,030	13,230,234,719
2123	13,230,234,719	0	179	16,735,115	965,207,055	14,178,706,481
2124	14,178,706,481	0	90	17,153,492	1,034,430,495	15,195,983,394
2125	15,195,983,394	0	43	17,582,330	1,108,676,334	16,287,077,355
2126	16,287,077,355	0	19	18,021,888	1,188,310,433	17,457,365,881

APPENDIX E – GLOSSARY OF TERMS

1. **Actuarial Valuation Date**

   The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the Measurement Date and up to 30 months prior to the employer's Reporting Date.

2. **Deferred Inflow of Resources**

   An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

3. **Deferred Outflow of Resources**

   A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

4. **Entry Age Actuarial Cost Method**

   The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future Service Costs is called the Total Pension Liability.

5. **Measurement Date**

   The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

6. **Net Pension Liability**

   The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

APPENDIX E – GLOSSARY OF TERMS

7. **Plan Fiduciary Net Position**

   The fair or market value of assets.

8. **Reporting Date**

   The last day of the plan or employer's fiscal year.

9. **Service Cost**

   The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The Service Cost is the normal cost calculated under the Entry Age Actuarial Cost Method.

10. **Total Pension Liability**

    The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.

CHEIRON

Classic Values, Innovative Advice

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Montemayor Britton Bender Carey PC
CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Trustees
Austin Firefighters Retirement Fund

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of the Austin Fire Fighters' Relief and Retirement Fund dba Austin Firefighters Retirement Fund (the Fund) for the year ended 31 December 2024, and have issued our report thereon dated 18 July 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated information related to the planned scope and timing of our audit in our letter to you dated 5 March 2025. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Policies
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 2 of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

1. Management's estimate of the fair value of investments that do not have market values, such as private equity investment partnerships, private equity real estate, and private natural resources funds, are based on determinations made by the underlying funds that consider operating results, financial conditions, real estate appraisals and recent sales prices. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that these values are reasonable in relation to the financial statements taken as a whole.

2. The total pension liability disclosed in Note 1 of the financial statements was determined by an actuarial valuation. We evaluated the key factors and assumptions used to develop the valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated 18 July 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We applied certain limited procedures to the management''s discussion and analysis and the supplemental schedules of changes in the net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary schedule of direct and indirect fees and commissions, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Montemayor Britton Bender Carey PC

18 July 2025
Austin, Texas

Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

AUSTIN FIRE FIGHTERS' RELIEF AND RETIREMENT FUND
DBA
AUSTIN FIREFIGHTERS RETIREMENT FUND

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2024

AUSTIN FIREFIGHTERS RETIREMENT FUND

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Montemayor Britton Bender Carey PC
CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Trustees
Austin Firefighters Retirement Fund

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying statement of fiduciary net position of the Austin Firefighters Retirement Fund (the Fund) as of 31 December 2024 the related statement of changes in fiduciary net position for the year then ended, which collectively comprise the Fund's financial statements, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of 31 December 2024 and the changes in its fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misinterpretations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that are identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the supplemental schedules of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns on pages 21 through 22 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Fund's financial statements. The supplementary schedule of direct and indirect fees and commissions on page 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information referred to above is fairly stated, in all material respects, in relation to the financial statements as a whole.

Montemayor Britton Bender Carey PC

18 July 2025
Austin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Austin Firefighters Retirement Fund's (the Fund) financial performance provides an overview of the Fund's activities for the calendar years 2024 and 2023 This information is provided in conjunction with our financial statements that follow.

FINANCIAL HIGHLIGHTS

- Fiduciary net position of the Fund increased by $2,652,846 or .23% in 2024, due to increased market returns. The fiduciary net position of the Fund increased by $46,861,522 or 4.20% in 2023, due to increased market returns, and decreased fund payouts.

- Total contributions by the members and the City of Austin increased by 8.63% in 2024 and increased by 5.24% in 2023. The increase for 2024 over 2023 reflects wage increases amongst participants.

- The amount of benefits paid directly to retired members and their beneficiaries increased by $10,072,721 in 2024 and increased by $5,466,010 in 2023. The number of pension recipients and lump sum distributions increased for both years.

- The funding objective of the Fund is to meet long-term benefit obligations through contributions by the members and the City of Austin as well as from the investment income. As of 31 December 2024, the most recent actuarial measurement date, the Fund's actuarial funded ratio of actuarial assets as a percentage of actuarial liabilities was 76.9%, compared to 85.6% as of 31 December 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Fund's financial statements consist of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, with accompanying Notes to the Financial Statements. The information available in each is summarized below:

The Statement of Fiduciary Net Position presents the Fund's assets and liabilities and the resulting net position, which are held in trust for pension benefits. This statement provides a snapshot as of year-end of the Fund's investments, stated at fair value, along with cash and cash equivalents, receivables, and other assets and liabilities. Over time, increases or decreases in Fund net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating.

The Statement of Changes in Fiduciary Net Position presents information showing additions to and deductions from the Fund during a twelve-month period, using the accrual basis of accounting. Thus, additions are reported when earned and deductions when incurred, regardless of when cash is received or paid. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

Our analysis below focuses on the fiduciary net position and changes in fiduciary net position of the Fund.

Summary of Fiduciary Net Position

31 December 2024, 2023 and 2022

	2024	2023	2022
Cash and receivables	$10,460,994	$10,179,737	$7,409,903
Investments	1,155,244,470	1,152,514,655	1,108,752,080
Total assets	1,165,705,464	1,162,694,392	1,116,161,983
Total liabilities	358,226	0	329,113
Fiduciary net position for pension benefits	$1,165,347,238	$1,162,694,392	$1,115,832,870

Net position: The net position of the Fund increased by $2,652,846 in 2024 and increased by $46,861,522 in 2023. The increase in 2024 reflects positive investment returns and continued contributions to the fund, as well as increased payouts from the Fund. The increase in 2023 reflects positive investment returns, and decreased payouts from the Fund. The decrease in 2022 of $187,71,635 reflects poor investment returns due to weak financial markets and increased fund payouts from the Fund.

Liabilities: The Fund's liabilities increased by $358,226 in 2024 and decreased by $329,113 in 2023 due to the timing of payment to the investment managers for their investment fees.

Summary of Changes in Fiduciary Net Position

31 December 2024, 2023 and 2022

	2024	2023	2022
Additions:			
Contributions	$48,096,020	$44,275,845	$42,071,919
Investment income (loss)	53,291,002	90,830,776	(147,628,167)
Other income	442,989	400,453	97,917
Total additions	101,830,011	135,507,074	(105,458,331)
Deductions:			
Benefit payments and contribution refunds	96,508,820	86,436,099	80,970,089
Administrative expenses	2,668,345	2,209,453	1,283,215
Total deductions	99,177,165	88,645,552	82,253,304
Net increase (decrease)	2,652,846	46,861,522	(187,711,635)
Fiduciary net position restricted for pension benefits			
Beginning of year	1,162,694,392	1,115,832,870	1,303,544,505
End of year	$1,165,347,238	$1,162,694,392	$1,115,832,870

Additions: Total contributions by the members and City of Austin for 2024 and 2023 were $48,096,020 and $44,275,845 respectively. The increase of $3,820,175 in 2024 represents an 8.63% increase from 2023. The increase of $2,203,926 in contributions for 2023 represents a 5.24% increase. The net investment income was approximately $53 million and $91 million for 2024 and 2023, respectively.

Deductions: The expenses paid by the pension plan include the benefit payments, refunds of member contributions, administrative and other expenses. Benefits paid directly to retired members and their beneficiaries and contribution refunds in 2024 were $96,508,820 compared to $86,436,099 in 2023. The amount of benefits paid increased by $10,072,721 in 2024 from 2023 and increased by $5,466,010 in 2023 from 2022. The increases in both 2024 and 2023 over prior years were due to the increases in the both number of retirees receiving benefits and in amount of lump sum distributions.

Overall Analysis: As of 31 December 2024, fiduciary net position increased by $2,652,846 over 2023. As of December 2023, fiduciary net position increased by $46,861,522 or 4.2% over the prior year. The most recent actuarial measurement date of 31 December 2024 shows the Fund's actuarial funded ratio to be 76.9% compared to 85.6% from prior year. The 31 December 2024 valuation shows the Fund continues to be actuarially sound and has taken positive steps to continue that course.

REQUEST FOR INFORMATION

This financial report is intended to provide a general overview of the Fund's finances and to demonstrate the Fund's accountability for the money it receives. Any questions regarding this report may be addressed to the fund administration at: 4101 Parkstone Heights Dr., Suite 270, Austin, TX 78746.

AUSTIN FIREFIGHTERS RETIREMENT FUND

STATEMENT OF FIDUCIARY NET POSITION

31 DECEMBER 2024

ASSETS	
Cash and cash equivalents	$10,257,895
Investments at fair value:	
Public domestic equities	271,048,604
Public international equities	251,441,589
Private equity fund investments	173,844,153
Public fixed income investments	342,930,024
Real estate fund investments	86,712,059
Private natural resources fund investments	29,268,041
	1,155,244,470
Interest and dividends receivable	203,099
	1,165,705,464
LIABILITIES	
Due to broker	358,226
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS	$1,165,347,238

The accompanying notes are an integral part of this financial statement presentation.

AUSTIN FIREFIGHTERS RETIREMENT FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED 31 DECEMBER 2024

ADDITIONS TO FIDUCIARY NET POSITION	
Contributions:	
Fire fighter contributions	$22,071,057
City of Austin contributions	26,024,963
	48,096,020
Net investment income:	
Net appreciation in fair value of investments	44,232,230
Interest and dividends	11,824,875
Investment expenses	(2,766,103)
	53,291,002
Other	442,989
	101,830,011
DEDUCTIONS FROM FIDUCIARY NET POSITION	
Retirement benefit payments	96,508,820
General and administrative expenses	2,668,345
	99,177,165
Net increase in fiduciary net position restricted for benefits	2,652,846
Beginning of year fiduciary net position restricted for benefits	1,162,694,392
End of year fiduciary net position restricted for benefits	$1,165,347,238

The accompanying notes are an integral part of this financial statement presentation.

NOTE 1: ORGANIZATION

A. FUND DESCRIPTION

The Board of Trustees of the Austin Firefighters Retirement Fund (the Fund) is the administrator of a single-employer defined benefit pension plan covering firefighters employed by the City of Austin, Texas. The Fund is open solely to active fire fighters in the City of Austin (the City). The Fund is considered a part of the City of Austin's financial reporting entity and is included in the City's financial statements as a pension fund trust. The Fund was originally established, and may be amended, by acts of the Texas Legislature. The current governing statute is Article 6243e.1, Vernon's Texas Civil Statutes. The Fund is governed by a Board of Trustees, which is composed of five members: the mayor of the municipality; the City's Treasurer or, if there is no Treasurer, a person who by law, charter provision, or ordinance performs the duty of the City Treasurer, and three active members of the retirement Fund elected by vote of the fire fighters and retirees. House Bill 2802/Senate Bill 2345 was signed into law on 20 June 2025. Effective 1 January 2026, the Fund is governed by a Board of Trustees composed of seven members: the mayor of the City or designee; the City's Chief Financial Officer or designee, four members of the retirement Fund elected by vote of the firefighters and retirees, and a qualified citizen appointed by City Council with experience in financial, investment, or pension matters.

The table below summarizes the membership of the Fund as of 31 December 2024:

Retirees and Beneficiaries Currently Receiving Benefits	1,032
Terminated Members Entitled to Benefits but Not Yet Receiving Them	36
Active Participants (Vested and Nonvested)	1,249
	2,317

The Fund provides service retirement, death, disability, and termination benefits. When a member has completed ten years of credited service after entrance into the Fund, the member's account becomes vested and non-forfeitable. Under the terms of the Fund agreement, members or their beneficiaries are eligible for distributions of benefits upon attaining a normal retirement age of 50 with ten years of service, or upon completing 25 years of service regardless of age. In addition, Group A members (hired before 1 January 2026) are eligible for early retirement benefits upon reaching age 45 with at least ten years of service or upon completing 20 years of creditable service, regardless of age. Distributions to Group A members or their beneficiaries are also available in the event of total and permanent disability or upon death including survivor (spousal) benefits at 75% of retiree benefits. Group A members are eligible to enter the Deferred Retirement Option Plan (DROP) upon satisfaction of normal retirement eligibility, not to exceed seven years. DROP provides eligible participants the ability to designate benefits to be disbursed in a single payment or not more than twelve payments upon leaving active service. Group B members (hired on or after 1 January 2026) have a similar benefit structure as Group A members with different benefit parameters. Group B members are eligible for Single Life Annuity only, with no early retirement option. Distributions to members or their beneficiaries are also available in the event of total and permanent disability or upon death including survivor (spousal) benefits. Group B members are eligible to enter the Forward DROP only upon satisfaction of normal retirement eligibility, not to exceed seven years.

The term of benefit payments are determined by the member's level of earnings and length of service. With the exception of payments under the DROP feature, distributions of payments are made in a series of equal installments over a period of time. Payments to members or their beneficiaries may be increased annually by the amount of increase in the Consumer Price index. Cost-of-living increases must be approved by the Board of Trustees and actuary of the Fund. There was not a cost-of-living adjustment (COLA) for the year ending 31 December 2024. The contribution refunds are paid with 5% interest for the year ending 31 December 2025. Effective 1 January 2026, discretionary ad hoc COLAs for Group A members are subject to financial stability testing and an annual maximum of 1.5%. COLA eligibility begins at the later of age 67 or 5 years after retirement (age 69 for early retirement). Group B members are eligible for performance-based ad hoc COLAs, within range of 0% minimum to 2% maximum. COLA eligibility begins at the later of age 67 or 5 years after retirement but ineligible while DROP balance exists.

B. FUNDING POLICY

The contribution provision of this Fund is authorized by Article 6243e.1, Vernon's Texas Civil Statutes, which provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each member and a percentage of payroll by the City.

The Fund is maintained by biweekly contributions from the earnings of fire fighters and from the City. For the year ended 31 December 2024, the City's contribution rate was 22.05% and firefighters' contribution rate was 18.70% of their earnings excluding overtime, educational incentive pay, assignment pay, and temporary pay in higher classifications. Effective 1 September 2025, House Bill 2802 will transition the City from a fixed rate funding model to an actuarially determined contribution (ADC) structure. The City contribution rate will include a payment designed to amortize the legacy unfunded liability over a 30-year period starting 1 January 2026, and will set a minimum and maximum rate (a corridor) for future benefit funding to avoid significant fluctuations in the City's contributions.

C. NET PENSION LIABILITY

The Fund's net pension liability measured as of 31 December 2024 was as follows:

Total pension liability	$1,514,813,506
Plan fiduciary net position	(1,165,347,238)
Net pension liability	$349,466,268
Plan fiduciary net position as a percentage of total pension liability	76.9%

1. Actuarial Assumptions

The total pension liability in the 31 December 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation assumption: 2.5% per year.

Rate of investment return: 7.30% compounded annually, net of investment and administration expenses.

Municipal bond rate: 4.08%, based on 20-Bond GO Index at the measurement date.

Rates of Salary Increase: Salary increases are split into a wage inflation assumption of 2.50% and a merit scale based on service.

Aggregate payroll growth: 2.5% per year.

Disability:

Age	Rate
Under 30	0.013%
30-39	0.040%
40-49	0.067%
50+	0.033%

Mortality Rates:

Active and Vested Terminated Lives: PubS(A)-2010 Mortality Table for Employees.

Retiree Lives: PubS(A)-2010 Mortality Table for Healthy Retirees.

Contingent Survivor Lives: PubS(A)-2010 Mortality Table for Contingent Survivors.

Disabled Lives: PubS(A)-2010 Mortality Table for Disabled Retirees.

Generational mortality improvements are projected from 2010 using Scale MP-2021.

Withdrawal rates are based on department and service.

Retirement Rates are based on probability of retirement and years past early retirement eligibility.

DROP Election: Group A members are assumed to elect either normal retirement or DROP with the DROP period that maximizes the present value of their retirement benefits, including reflecting the impact of previously granted COLAs the member would be eligible for during the assumed DROP period. Group B members are assumed to maximize their DROP period after age 50 up to 5 years.

Existing DROP Balances: Members with existing DROP balances are assumed to withdraw their balances over the next eight years, but no later than age 70½.

Future Cost-of-Living Adjustment Assumption: 0.25% per year for Group A and 1.0 % per year for Group B.

Active Payment Form Assumption: Life Annuity with 75% continued to the Surviving Spouse (or designated beneficiary) for Group A and Life annuity for Group B.

Percent Married: 100% of actives are assumed to be married.

Spouse Age: A male member is assumed to be three years older than his beneficiary and a female member is assumed to be one year younger than her beneficiary.

Dependent Children: 50% of active members are assumed to have dependent children and the youngest child is assumed to be one year.

Administrative Expenses: Administrative expenses of 1.25% of payroll are added to the normal cost.

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and the expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Expected real rate of return
US Equity	20%	5.6%
Developed Market Equity (non-US)	10%	5.8%
Emerging Market Equity	12%	5.8%
Private Equity (Fund of Funds)	15%	7%
Investment Grade Bonds	13%	2.5%
TIPS	5%	2.2%
High Yield Bonds	2.5%	4.3%
Bank Loans	2.5%	4%
Emerging Markets Bonds	7%	4%
Core Real Estate	5%	4.6%
Value Add Real Estate	5%	6.7%
Private Natural Resources	3%	6.3%

2. Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumes that member and City contributions to the Fund will follow the required contributions as described by Vernon’s Texas Civil Statute, Article 6243e.1. These rates of contributions are 18.70% of compensation for the members and an actuarially determined contribution for the City beginning for the 2026 calendar year (fixed contribution rate of 22.05% applies for the 2025 calendar year).

Based on the 31 December 2024 Measurement Date and the requirements of GASB Nos. 67 and 68, including pension reform, the Fiduciary Net Position is not projected to be depleted before all benefit payments projected for the current membership are paid. Therefore, the discount rate is equal to the Fund’s long-term expected rate of return of 7.30%.

3. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Fund, calculated using the discount rate of 7.30%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.30%) or one percentage point higher (8.30%) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Fund's net pension liability	$497,682,748	$349,466,268	$224,332,296

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Fund's financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. Firefighter and City contributions are recognized as revenues in the period which the related employees' payroll is earned. Benefits are recognized when the employee becomes eligible for retirement and elects to retire under the system and is paid a benefit. Employee contribution refunds are recognized when the employee leaves the City and elects to withdraw a contribution.

METHOD USED TO VALUE INVESTMENTS

Cash and cash equivalents include deposits in a custodian-managed investment pool from which the Fund may make deposits and withdrawals at any time without prior notice or penalty. The market value of such deposits is equal to cost. The Board of Trustees has adopted a Statement of Investment Policies and Objectives (Investment Policy) to set forth factors involved in the management of investment assets for the Fund. By statute, the Board of Trustees in its sole discretion may invest, reinvest, or change the assets of the Fund.

METHOD USED TO VALUE INVESTMENTS

The Board of Trustees shall invest in funds in whatever instruments or investments are considered prudent. In making investments for the Fund, the Board of Trustees shall discharge its duties with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with such matters would use in the conduct of an enterprise of a similar character and with similar aims.

Investments are reported at fair value. Securities traded on a national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Realized and unrealized gains and losses as well as other investment adjustments are reported as net appreciation (depreciation) in the fair value of investments.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to the net position restricted for pension benefits during the reporting period. Actual results could differ from those estimates.

FUND EXPENSES

All Fund administrative costs are the responsibility of the Fund and are financed through investment earnings.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

BUDGET

The Fund is not legally required to adopt a budget.

NOTE 3: FEDERAL INCOME TAXES

The Fund is a Public Employee Retirement Fund and is exempt from Federal income taxes and the provisions of the Employee Retirement Income Security Act of 1974.

NOTE 4: DEPOSIT AND INVESTMENT RISK

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Fund will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured and unsecured.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. As of 31 December 2024, the Fund's investment securities are not exposed to custodial credit risk because all securities are held by the Fund's custodial bank in the Fund's name.

CREDIT RISK

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations to the Fund. It is the Fund's policy to maintain fixed income securities within its portfolio at an average credit rating of investment grade or better.

As of 31 December 2024, the Fund had the following investments subject to interest rate risk and credit risk:

Investment	Weighted Average Maturity	Weighted Average Credit Rating	Fair Value
SSgA Bond Fund	8.4 years	AA	$121,161,899
Loomis Sayles Core Plus Fixed Income	8.7 years	A	$46,899,011
Aberdeen Emerging Markets Bond Fund	11.5 years	BB	$65,290,081
SSGA TIPS	7.1 years	AA	$57,766,309
Pyramis Tactical Bond Fund	12.1 years	A	$27,106,346
Aristotle Pacific	4.4 years	B	$24,828,650

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. As of year end, the Fund had no investments with a single issuer that exceeded 5% of the Fund's net position. The Fund's investment policy established asset allocation targets for major classes of invested assets as listed below. The Fund is authorized to invest in the following:

Class	Target Range
Equity	30-55%
Fixed Income Investments	20-40%
Alternatives	10-40%

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Although the Fund does have a formal investment policy, it does not specifically address the Fund's exposure related to foreign currency risk. The Fund had the following exposure to foreign currency risk at year end:

Denomination by Investment Type	Market Value (USD)
Private Equity Fund Investments	
Euro	$29,665,536
Real Estate Fund Investments	
Euro	525,399
Public Fixed Income Investments	
Brazilian Real	28,113,325
Euro	30,897,796
South African Rand	20,588,130
Indian Rupee	13,175,858
Egyptian Pound	6,601,228
Colombian Peso	10,273,596
Uruguayo Peso	6,657,591
Forint	5,861,425
Philippine Peso	8,647,607
Turkish Lira	9,691,053
	140,507,609
	$170,698,544

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. Although the Fund does have a formal investment policy, it does not specifically limit investment maturities as a means of managing its exposure to potential fair value losses from future changes in interest rates.

NOTE 5: SCHEDULE OF INVESTMENT RETURNS

The money-weighted rate of return expresses investment performance, net of investment expenses, that reflects the estimated effect of the contributions received and the benefits paid during the year.

Fiscal Year	Annual Money-Weighted Net Real Rate of Return
31 December 2024	4.76%

NOTE 6: FAIR VALUE MEASUREMENT

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Public domestic equities	$271,048,604	$0	$0
Public international equities	$251,441,589	$0	$0
Private equity fund investments	$0	$0	$173,844,153
Public fixed income investments	$0	$342,930,024	$0
Real estate fund investments	$0	$0	$86,712,059
Private natural resources fund investments	$0	$0	$29,268,041

Level 2 investments are valued based on quoted market prices in active markets as well as market valuation methodologies using discounted cash flows and observable credit ratings. Level 3 investments include investments in a group of non-registered private equity investment partnerships, private equity real estate, and private natural resources funds. Fair value determinations by the underlying funds take into consideration the operating results, financial conditions, real estate appraisals, and recent sales prices of issuers' securities.

NOTE 7: SECURITIES LENDING

The Fund is authorized under its investment policy to participate in securities lending programs through State Street Bank and Trust Company (State Street) under which, for an agreed-upon fee, investments owned by the Fund are loaned to a borrowing financial institution. Under this agreement, when the loan closes, the borrowed securities are returned to the Fund and the collateral is returned to the borrower. During the fiscal year, State Street lent, on behalf of the Fund, certain United States equity securities of the Fund held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government (USD collateral). State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default.

The lending agreement requires securities to be collateralized by cash, United States government securities or irrevocable letters of credit with a total market value of at least 100% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the Fund in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the Borrower.

During the fiscal year, the Fund and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool. As of 31 December 2024 the liquidity pool had an average duration of 9.18 days and an average weighted final maturity of 99.21 days for USD collateral. On 31 December 2024 the Fund had no credit risk exposure to borrowers. The market value of collateral held and the market value of securities on loan for the Fund as of 31 December 2024 and 2023 was $3,588,597 and $3,524,308 respectively.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Fund's investments include investment in partnership interests, which are closed end private markets strategies. In connection with those investments, the Fund still has remaining commitments as of 31 December 2024 of $69.1 million pursuant to the terms of the respective interest.

At 31 December 2024, the total accumulated lump sum benefit due to DROP participants was $159,436,132.

AUSTIN FIREFIGHTERS RETIREMENT FUND

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Years

Total Pension Liability	Year ending 12/31/2015	Year ending 12/31/2016	Year ending 12/31/2017	Year ending 12/31/2018	Year ending 12/31/2019	Year ending 12/31/2020	Year ending 12/31/2021	Year ending 12/31/2022	Year ending 12/31/2023	Year ending 12/31/2024
Service Cost	$23,309,543	$24,322,417	$23,830,495	$25,130,502	$26,191,723	$26,169,522	$28,111,860	$31,101,116	$32,382,154	$44,637,013
Interest	66,404,730	70,892,708	75,812,099	80,552,018	84,547,315	86,820,853	91,654,965	94,234,349	99,834,897	97,478,844
Changes of Benefit Terms	0	5,491,908	8,963,689	10,188,417	8,058,934	7,158,834	30,096,465	0	0	(380,510)
Differences between Expected and Actual Experience	7,192,645	8,893,371	4,360,239	(735,314)	(9,834,830)	(1,670,701)	3,265,825	13,460,814	(6,339,940)	(2,184,592)
Changes of Assumptions	0	0	0	(4,778,539)	12,707,469	21,410,890	0	20,949,282	213,908,378	(175,730,101)
Benefit Payments, including Refunds of Employee Contributions	(44,756,847)	(45,495,681)	(51,888,455)	(55,979,294)	(58,824,392)	(63,483,649)	(70,182,892)	(80,970,089)	(86,436,099)	(96,508,820)
Net Change in Total Pension Liability	52,150,071	64,104,723	61,078,067	54,377,790	62,846,219	76,405,749	82,946,223	78,775,472	253,349,390	(132,688,166)
Total Pension Liability-Beginning of year	861,467,968	913,618,039	977,722,762	1,038,800,829	1,093,178,619	1,156,024,838	1,232,430,587	1,315,376,810	1,394,152,282	1,647,501,672
Total Pension Liability-Ending (a)	$913,618,039	$977,722,762	$1,038,800,829	$1,093,178,619	$1,156,024,838	$1,232,430,587	$1,315,376,810	$1,394,152,282	$1,647,501,672	$1,514,813,506
Plan Fiduciary Net Position										
Contributions-Employer	$19,222,329	$19,103,891	$19,242,205	$20,084,617	$21,057,765	$21,311,021	$22,041,592	$22,765,290	$23,957,850	$26,024,963
Contributions- Employee	15,546,979	15,884,261	16,318,769	17,033,213	17,858,397	18,073,292	18,697,102	19,306,629	20,317,995	22,071,057
Net Investment Income	6,328,063	55,569,165	141,915,000	(25,114,064)	151,832,027 [1]	147,025,907	171,935,761	(147,530,250)	91,231,229	53,733,991
Benefit Payments, including Refunds of Employee Contributions	(44,756,847)	(45,495,681)	(51,888,455)	(55,979,294)	(58,824,392)	(63,483,649)	(70,182,892)	(80,970,089)	(86,436,099)	(96,508,820)
Administrative Expenses	(562,687)	(662,501)	(1,399,488)	(704,903)	(852,192)	(1,092,299)	(970,731)	(1,283,215)	(2,209,453)	(2,668,345)
Net Change in Plan Fiduciary Net Position	(4,222,163)	44,399,135	124,188,031	(44,680,431)	131,071,605	121,834,272	141,520,832	(187,711,635)	46,861,522	2,652,846
Plan Fiduciary Net Position - Beginning	789,433,224	785,211,061	829,610,196	953,798,227	909,117,796	1,029,892,806	1,162,023,673	1,303,544,505	1,115,832,870	1,162,694,392
Adjustment to Beginning Net Position	0	0	0	0	0	10,296,595	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	$785,211,061	$829,610,196	$953,798,227	$909,117,796	$1,040,189,401	$1,162,023,673	$1,303,544,505	$1,115,832,870	$1,162,694,392	$1,165,347,238
Net Pension Liability (Asset) - Ending (a) - (b)	$128,406,978	$148,112,566	$85,002,602	$184,060,823	$115,835,437	$70,406,914	$11,832,305	$278,319,412	$484,807,280	$349,466,268
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.0%	84.9%	91.8%	83.2%	90.0%	94.3%	99.1%	80.0%	70.6%	76.9%
Covered Payroll	$87,836,040	$86,638,961	$87,266,236	$91,086,698	$95,500,068	$96,648,621	$99,961,868	$103,243,946	$108,652,381	$118,027,041
Net Pension Liability as a Percentage of Covered Payroll	146.2%	171.0%	97.4%	202.1%	121.3%	72.9%	11.8%	269.6%	446.2%	296.1%

[1] Includes one-time adjustment to beginning Net Position per Foster and Foster of $10,296,595

See Independent Auditor’s Report.

Schedule of Employer Contributions
Last 10 Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
12/31/2024	N/A	N/A	N/A	$118,027,041	22.05%
12/31/2023	N/A	N/A	N/A	$108,652,381	22.05%
12/31/2022	N/A	N/A	N/A	$103,243,946	22.05%
12/31/2021	N/A	N/A	N/A	$99,961,868	22.05%
12/31/2020	N/A	N/A	N/A	$96,648,621	22.05%
12/31/2019	N/A	N/A	N/A	$95,500,068	22.05%
12/31/2018	N/A	N/A	N/A	$91,086,698	22.05%
12/31/2017	N/A	N/A	N/A	$87,266,236	22.05%
12/31/2016	N/A	N/A	N/A	$86,638,961	22.05%
12/31/2015	N/A	N/A	N/A	$87,836,040	21.88%

Schedule of Investment Returns
Last 10 Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
12/31/2024	4.76%
12/31/2023	8.80%
12/31/2022	-10.40%
12/31/2021	18.00%
12/31/2020	15.46%
12/31/2019	15.75%
12/31/2018	-2.66%
12/31/2017	17.29%
12/31/2016	7.13%
12/31/2015	0.81%
12/30/2014	5.60%

AUSTIN FIREFIGHTERS RETIREMENT FUND

Schedule of Direct and Indirect Fees and Commissions

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Public Equity	$ 1,306,757	$ 1,010,604	$ 2,317,361	$ 312,853	$ -	$ 2,630,213
Fixed Income	$ 505,661	$ 137,091	$ 642,752	$ -	$ -	$ 642,752
Real Assets	$ -	$ 968,291	$ 968,291	$ -	$ -	$ 968,291
Alternative/Other	$ -	$ 1,483,588	$ 1,483,588	$ -	$ -	$ 1,483,588
TOTAL	$ 1,812,418	$ 3,599,573	$ 5,411,992	$ 312,853	$ -	$ 5,724,844

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	$ 5,724,844
Investment Services	
Custodial	$ 116,874
Investment Consulting	$ 219,400
Legal	$ 69,671
Total	$ 405,946
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	$ 6,130,790

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TEXAS PENSION REVIEW BOARD

P.O. Box 13498, Austin, TX 78711 | Phone: (800) 213-9425 or (512) 463-1736 | Fax: (512) 463-1882 | Email: prb@prb.texas.gov

INVESTMENT RETURNS AND ASSUMPTIONS REPORT **PRB-1000**

Retirement System Profile

Austin Firefighters Retirement Fund	**512-454-9567**
System Name	Phone Number: (xxx) xxx-xxxx
John Perryman	**jperryman@afrfund.org**
Report Contact Name (Please Print)	E-mail Address

Actual Rate of Return

(Most Recent 10 Fiscal Years)

Fiscal Year End (MM/DD/YYYY)	Net Return (Percent)	Gross Return (Percent)	Gross Return Methodology	
			Not Net of Admin Expenses	Net of Admin Expenses
12/31/2024	4.58%	4.88%	○	⦿
12/31/2023	8.44%	8.76%	○	⦿
12/31/2022	-10.78%	-10.50%	○	⦿
12/31/2021	17.59%	17.96%	○	⦿
12/31/2020	12.89%	13.24%	○	⦿
12/31/2019	15.75%	16.12%	○	⦿
12/31/2018	-1.96%	-1.72%	○	⦿
12/31/2017	17.01%	17.14%	○	⦿
12/31/2016	7.07%	7.20%	○	⦿
12/31/2015	1.25%	1.38%	○	⦿

Gross Return Methodology - In the last column, please indicate the methodology used to calculate each gross return presented as either: The Gross Return is not net of administrative expenses or the Gross Return is net of administrative expenses.

Actuarial Assumed Rate of Return

(Most Recent 10 Actuarial Valuations)

Valuation Date (MM/DD/YYYY)	Assumed Return (Percent)	Assumed Return Methodology		
		Net All Expenses	Net Investment Fees Only	Other
12/31/2024	7.30%	⦿	○	○
12/31/2023	7.30%	⦿	○	○
12/31/2022	7.30%	⦿	○	○
12/31/2021	7.30%	⦿	○	○
12/31/2020	7.50%	⦿	○	○
12/31/2019	7.50%	⦿	○	○
12/31/2018	7.70%	⦿	○	○
12/31/2017	7.70%	⦿	○	○
12/31/2016	7.70%	⦿	○	○
12/31/2015	7.70%	⦿	○	○

Assumed Return Methodology - In the last column, please indicate the methodology underlying each assumed rate of return as either: The return is net of all expenses; the return is net of investment fees; or, "Other". If "Other", please describe methodology used in **Additional Comments** section.

TEXAS PENSION REVIEW BOARD

P.O. Box 13498, Austin, TX 78711| Phone: (800) 213-9425 or (512) 463-1736 |Fax: (512) 463-1882 | Email: prb@prb.texas.gov

LONG-TERM RATES OF RETURN **PRB-1000**

Annualized Rolling Rate of Return Information

Please check the appropriate box for the methodology used to calculate the rates of return requested in the following section:

☐ Arithmetic Mean ☒ Geometric Mean (Time-Weighted Return) ☐ Internal Rate of Return

Most Recent	1-Year Period	3-Year Period	10-Year Period	30-Year or Since Inception Period
Rolling Gross	4.88%	.69%	7.08%	7.06%
Rolling Net	4.58%	.39%	6.81%	6.77%

*If the system's inception date is less than 30 years from the report date, please enter the inception date:

Date of Inception (MM/DD/YYYY)	**04/30/1997**

RETURNS AND ASSUMPTIONS – ADDITIONAL COMMENTS

Please use this text box to provide any additional information or commentary that may help clarify information provided in the previous form.

Information provided in this document may be based on methodologies assumed to be reasonable by the reporting entity. The information provided herein may be unaudited and is considered the best approximation of the plan at the time of submission. Additionally, the information provided in this document must be based on the fiscal year of the public retirement system submitting the report.

TEXAS PENSION
REVIEW BOARD

P.O. Box 13498, Austin, TX 78711 | Phone: (800) 213-9425 or (512) 463-1736 | Fax: (512) 463-1882 | Email: prb@prb.texas.gov

RETURNS AND ASSUMPTIONS – UNAVAILABLE INFORMATION **PRB-1000**

Please list any unavailable information requested in this form in the text box below, including an explanation of why the information is unavailable. Completion of this form fulfills the requirements stated in Section 802.108 (c) of Texas Government Code.

☒ By marking this box, I certify that the information provided is accurate based on the methodology used; and that the retirement system for which this form is being provided agrees to a timely submission of the unavailable information if it becomes available.

CERTIFICATION

I certify that, as an official representative of the retirement system for which this report is being presented, I have the authority to provide the requested information, and that I have verified, to the best of my knowledge, that the information presented is complete, as far as indicated, and accurate. (Note: By typing your name below, you are signing this document.)

Anumeha K.	07/18/2025	Executive Director
First Authorizing Signature	Date	Title of First Authorizer
512-454-9567		akumar@afrfund.org
First Authorizer Phone Number		First Authorizer Email
[signature]	07/18/2025	CFO
Second Authorizing Signature	Date	Title of Second Authorizer
512-454-9567		jperryman@afrfund.org
Second Authorizer Phone Number		Second Authorizer Email

Information provided in this document may be based on methodologies assumed to be reasonable by the reporting entity. The information provided herein may be unaudited and is considered the best approximation of the plan at the time of submission. Additionally, the information provided in this document must be based on the fiscal year of the public retirement system submitting the report.

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April 18, 2025

This Memorandum of Understanding (MOU) outlines the agreed upon key provisions between the City of Austin and the Austin Firefighters Retirement Fund (AFRF) for Senate Bill (SB) 2345 and House Bill (HB) 2802.

The City of Austin and AFRF will work collaboratively and actively to finalize mutually approved language for SB 2345 and HB 2802. The parties agree that the final agreed upon bill will include the mutually agreed upon key provisions or concepts outlined in Appendix A to this MOU, as well as other mutually agreed "clean-up" provisions that are not anticipated to materially impact the cost of the bill for the City, AFRF, or AFRF's members.

The City of Austin and AFRF will work collaboratively and actively to support SB 2345 and HB 2802 in respective committee hearings and subsequent legislative actions. HB 2802 will swap SB 2345 and will be carried by Senator Schwertner in the Senate for final passage.

The City of Austin and AFRF agree HB 2802 by Representative Bucy will be the active and primary vehicle for provisions agreed upon by the City of Austin and AFRF, including the provisions outlined in this MOU – Appendix A.

The City of Austin and AFRF agree to openly communicate with one another to advance to final passage of HB 2802. All requests to amend the bills to alter the specific points of agreement stated in this MOU (including Appendix A) will be in writing.

This MOU will be in effect beginning April 16, 2025, through June 22, 2025.

Anumeha Kumar
Anumeha Kumar (Apr 18, 2025 17:34 CDT)

Ed Van Eenoo, Chief Financial Officer
City of Austin

Anumeha Kumar, Executive Director
Austin Firefighters Retirement Fund

Appendix A

General Provisions:

Provision	Agreed Upon Bill Provisions
Actuarially determined funding model	The contributions from the City of Austin will move to an actuarially determined funding model from a fixed contribution model (currently 22.05% of pensionable pay). The unfunded actuarial accrued liability at 12/31/24 will be segregated and amortized over 30 years. Each year a risk-sharing valuation study will be conducted to determine the contribution rates for both the City and members. Future liabilities will be amortized over 20 years. City contributions will be phased in over a 3-year period starting in 2026. In addition to the legacy liability above, the ongoing normal cost will be actuarially determined annually as part of the risk sharing valuation report. The City's contributions will be determined by utilizing a corridor. The midpoint of the city's projected contribution with a 5% corridor on either side will provide guardrails to the City's contributions. (see more below in Contribution corridor)
Member Contributions	Member contributions remain at 18.7% unless the amount necessary to support the fund breaches the upper corridor (midpoint plus 5%), then members must contribute the balance to fund the normal cost of benefits up to 2%. If both the City's 5% corridor plus the members' additional 2% contribution are exceeded, the fund and the City must sit down and work out a different plan to address the funding shortfall.
Contribution corridor	The City's contributions may increase by 5% above the corridor midpoint (identified in annual risk sharing valuations) before membership must increase their contributions. Once the fund is 90% funded, the City's contribution rate may vary above and below the corridor midpoint.
Governance	Two changes to existing board members and two new board members added to create a 7-member board. The Designated seat for the Mayor is now a Mayor-appointed seat. The designated seat for the City Treasurer is now a City CFO-appointed seat. One new elected member seat was added (members terms move from 3 years to 4 years). Finally, one city-appointed citizen seat with financial/investment experience is added.
Experience study process	When the fund performs an experience study that may modify the actuarial assumptions used for the fund, the City has the opportunity to (1) perform its own study, (2) review the fund's study, or (3) simply accept the fund's study. This provision includes resolution procedures for any significant differences identified.
New Benefit Tier	A new benefit tier, Group B, for firefighters hired after 12/31/25 with reduced benefit (3.0% multiplier versus 3.3% for Group A), no early retirement option, normal form of benefit is single life annuity (versus joint & survivor 75% for Group A), reduced DROP option (forward only, lower interest rate).
Other provisions	See below for other provision changes impacting Group A and new Group B.
COLA Approval	The City of Austin and AFRF agree to the provision to allow City Council to approve a COLA in any format it deems appropriate if the financial stability tests are not met, including a 13th check.

Group A Benefit Tier:

Provision	Agreed Upon Bill Provisions	
COLA Amount, Compounding	Discretionary subject to tests	
COLA Eligibility	Age 67 or 5 years after retirement	
Financial Stability Test 1: Funded Ratio	**Time Period** Prior to 2031 2031-2035 2036-2040 2041-2045 2046 or later	**Funded Ratio** 80% 80% 80% 85% 90%
Financial Stability Test 2: Amortization Period	**Time Period** Prior to 2031 2031-2035 2036-2040 2041-2045 2046 or later	**Amortization Period** 25 25 20 15 15
Investment Return Criteria 1: Single Year	Years following any year where the AFRF MVA return is negative (<0%), maximum COLA is 0%.	
Investment Return Criteria 2: Five-Year Average	Years following any year where the five-year rolling AFRF MVA is below the applicable assumed ROR (currently 7.3%), 0% COLA.	
Corridor Criteria: midpoint +4%	Years when the employer contribution rate is greater than or equal to the corridor midpoint plus 4%, 0% COLA.	
COLA Maximum	1.5%	
COLA Minimum	0.00%	
Council Approval	No approval necessary unless COLA is desired to be granted outside the Financial Stability Tests	
Nonvested Termination Refund Interest Rate	0.00%	

Group B Benefit Tier:

Provision	Agreed Upon Bill Provisions
DROP Account	Includes annuity payments during DROP period and 50% of member contributions during DROP
DROP Period	Up to 7 years
DROP Interest – DROP Accumulation Period	4.0%
DROP Interest – Post-Retirement	4%, with risk-sharing reduced to 2% following years of AFRF negative return
Nonvested Termination Refund Interest Rate	0.00%
Highest Average Salary	Highest 60-month average of pensionable compensation
COLA Amount, Compounding	Performance-based COLA with 0% minimum and 2% maximum,
COLA Eligibility	Later of: 5 years of retirement and age 67. COLA ineligible for years with a DROP account balance.

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AUSTIN ~~FIRE FIGHTERS RELIEF AND~~FIREFIGHTERS RETIREMENT FUND

Board of Trustees' Governance Policy
Amended and Restated, Effective ~~January 23~~[●], ~~2023~~2025

ARTICLE 1: PURPOSE

Under Section 2.01 of Article 6243e.1, Vernon's Texas Civil Statutes (the "***Act***"), the Board of Trustees ("***Board***") of the Austin ~~Fire Fighters Relief and~~Firefighters Retirement Fund (the "***Fund***") is responsible for administering the Fund pursuant to the terms of the Act. The Board must also comply with certain federal and state laws and regulations in exercising its duties to the Fund, including, without limitation, Chapter 802 of the Texas Government Code.

The Board recognizes that a sound governance structure is ~~helpful in its role in administering~~critical to the effective administration of the Fund and has determined that it is prudent and in the best interest of the Fund to set forth a governance policy to best ensure such structure exists. The Board hereby adopts this "Board of Trustees' Governance Policy" (the "***Policy***") (i) to establish the framework within which the Board intends to operate and conduct itself in carrying out its responsibilities and fiduciary duties owed to the Fund, (ii) to clearly define the responsibilities of the Board, Executive Director and Fund staff, and (iii) to provide guidelines for effective communication between Trustees, Fund staff, and any third-parties. This Policy shall be applicable to all Trustees (as defined below). Notwithstanding as otherwise provided herein, the Board retains the authority to take any and all actions it determines are in the best interest of the Fund or necessary for the administration of the Fund.

All references to sections herein shall refer to sections of this Policy, unless otherwise specifically stated. Any capitalized term that is not defined herein shall have the meaning of such term as defined in the Act. To the extent any provision of this Policy is contrary to the Act or other appliable law, such law shall govern.

ARTICLE 2: BOARD GOVERNANCE

§2.1. Composition of Board

(a) Board Members. The Board is composed of ~~five~~seven (~~5~~7) members as specified in the Act~~: the City mayor, the City treasurer (or the person who is responsible for performing the duties of the City treasurer), and three (3) members of the Fund to be selected by vote of the members of the Fund in accordance with the Act~~ and as further designated below (each, a "***Trustee***" and collectively, the "***Trustees***")~~. The three Trustees elected by the members of the Fund (each, an "*Elected Trustee*" and collectively, the "*Elected Trustees*") may be either retired or active members of the Fund.~~:

- *Place 1*. Mayor of the City of Austin or a member of the Austin City Council as designated by the Mayor
- *Place 2*. Chief Financial Officer (CFO) of the City of Austin or a person designated by the CFO
- *Place 3*. Member of the Fund to be selected at large (either active or retired)

- *Place 4.* Member of the Fund to be selected at large (either active or retired)
- *Place 5.* Member of the Fund who is an active firefighter[1]
- *Place 6.* Member of the Fund who is a retired firefighter[1]
- *Place 7.* Member of the public selected and appointed by the Austin City Council who satisfies the requirements of Section 2.025 of the Act[2]

Trustees serving in Places 1 and 2 are each referred to as an "***Appointed Trustee***" (and collectively, the "***Appointed Trustees***"), and Trustees serving in Places 3, 4, 5 and 6 are each referred to as an "***Elected Trustee***" (and collectively, the "***Elected Trustees***"). The Trustee serving in Place 7 is referred to as the "***Citizen Trustee***".

(b) Terms and Vacancies

(i) *Appointed Trustees.*

(1) Each Appointed Trustee shall serve on the Board for so long as such individual remains in office or employed by the City of Austin in the applicable role, unless such Appointed Trustee designates another individual to serve as a Trustee.

(2) A designee of an Appointed Trustee shall serve on the Board until the earlier of the date that: (i) such individual is no longer in office or employed by the City of Austin, (ii) the Mayor or CFO (as applicable) who designated such individual is no longer in office or employed by the City of Austin in the applicable role, or (iii) the Mayor or CFO (as applicable) designate another person to serve as a Trustee.

(ii) *Elected Trustees.*

(1) ~~(b)~~ The Elected Trustees shall serve staggered terms of ~~three~~four (~~3~~4) years each, with the term of one ~~(1)~~ Elected Trustee expiring each year. The current terms of the Elected Trustees are as follows:

Place 3 – Term Expires December 31, 2026
Place 4 – Term Expires December 31, 2027

Place 5 – To Be Determined[3]
Place 6 – To Be Determined[3]

(2) Each Elected Trustee shall serve during the term for which he or she is elected and until a successor is elected and has qualified (i.e.,

[1] Pursuant to the authority granted to the Board in Section 2.02(b) of the Act, the Board adopted Rule XIV to specify that at least one of the Elected Trustees must be an active member and one must be a retired member. The Board has designated Place 5 and Place 6 for those positions, respectively.

[2] The Citizen Trustee must (1) be a qualified voter of the City of Austin, (2) be a current resident, and for the prior five years have been a resident, of the City of Austin, and (3) have demonstrated experience in the field of finance or investments. The Citizen Trustee may not be (i) a current or former employee or officer of the City of Austin, (ii) a current or former employee or trustee of the Fund, or (iii) a current or former member or beneficiary of the Fund.

[3] Pursuant to Section 58(c) of HB 2802, two trustees shall be elected during the November 2025 election. The individual who receives the highest number of votes in the November 2025 election (excluding runoffs) shall serve a 4-year term, ending on December 31, 2029, and the individual receiving the second highest number of votes in the November 2025 election (excluding runoffs) shall serve a 3-year term, ending on December 31, 2028.

taken an oath of office to serve as a Trustee), unless a vacancy results because of death, resignation, or removal.

(3) Removal of an Elected Trustee would occur due to the Trustee no longer ~~being~~satisfying the requirements to be eligible to serve ~~due to not having the status of an active or retired member of the Fund~~(e.g., due to a change in employment status) or by operation of law applicable to members of a governing body of a governmental entity.

(4) ~~(c)~~ Vacancies of Elected Trustees shall be filled for the remainder of that person's term at an election to be held on a date selected by the Board that must be within sixty (60) days after the date of the event that caused the vacancy.

(5) In the event that an active member or retired member is not nominated to serve in Place 5 or Place 6, respectively, the Board may re-open the nominations period pursuant to Rule IV and request additional nominations. Alternatively, the Board may suspend the requirement set forth in Rule XIV that such position be filled by an active or retired member (as applicable) and may re-open the nominations period to elect a member at large (either active or retired).

(iii) *Citizen Trustee.*

(1) The Citizen Trustee shall serve for a term of four (4) years, with the first term beginning on January 1, 2026.

(2) The Citizen Trustee shall serve during the term for which he or she is appointed and until a successor is appointed and has qualified (i.e., taken an oath of office to serve as a Trustee), unless a vacancy results because of death, resignation, or removal.

(3) Removal of the Citizen Trustee would occur due to the Trustee no longer satisfying the requirements to be eligible to serve (as set forth in Section 2.025 of the Act) or by operation of law applicable to members of a governing body of a governmental entity.

(4) A vacancy in the Citizen Trustee position shall be filled for the remainder of that person's term by the City Council in the same manner as the original appointment.

(c) Trustee Elections

(i) The Board has adopted Rule IV "*Trustee Nomination Procedures*" that sets forth rules regarding the nomination of candidates for Elected Trustee positions, including the process for submitting nominations and the effect if only one candidate is nominated for a given position.

(ii) ~~(d)~~ Regular elections for the Elected Trustee positions shall be held annually by secret ballot ~~some time~~ between November 1 of each year and the first Monday in January of the following year in accordance with the Act. ~~The Board has adopted Rule IV "Trustee Election Procedures" that sets forth the process for the nomination of candidates for Elected Trustee positions, the effect if only one candidate is nominated and the appointment of such person as an Elected Trustee, and the election timing and process.~~Each year, the Board will establish a period of time during

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which election ballots may be submitted (the "***Election Period***") and the method for submitting such ballots which may include the use of a third-party vendor to conduct the election (e.g., regular mail, electronic submission, etc.).

(iii) For ballots that are submitted through regular mail, a ballot that is postmarked by the last day of the Election Period will be considered timely submitted. The Fund will allow for a period of seven (7) days after the end of the Election Period for additional ballots that were timely postmarked to be received by the Fund before the ballots are counted or the results are certified by the Board, provided that if the seventh (7^{th}) day falls on weekend or a federal holiday, the period for receiving ballots shall be extended until the first business day following such weekend or holiday.

(iv) In the event a vacancy of an Elected Trustee position occurs, the Board will establish procedures for a special election to elect a replacement Trustee to serve the remainder of the term, with such election to be held within sixty (60) days after the event that caused the vacancy as provided under Section 2.03(f) of the Act. Such procedures need not be identical to the election procedures utilized for annual elections.

§2.2. Board Responsibilities

(a) The Fund is a trust established under state law created for the exclusive purpose of providing retirement, disability, and survivor benefits to the ~~fire-fighters~~firefighters employed by the City of Austin (the "***City***") and their beneficiaries. The Board has the sole and exclusive responsibility for the administration of the Fund and the investment of Fund assets.

(b) Each Trustee is a fiduciary of the Fund and, as a fiduciary, is responsible for discharging his or her duties solely in the interest of, and for the exclusive purpose of, providing benefits to members and retirees in accordance with the Act. As fiduciaries, Trustees shall act with honor and integrity in their administration of the Fund.

(c) The Board is responsible for establishing the strategic vision, goals, and policies of the Fund as well as regularly monitoring the performance and operations of the Fund. In carrying out its responsibilities, the Board will act as a single entity and not as individual members.

(d) The Board's responsibilities include, without limitation:

(i) Adopting rules and performing reasonable activities it considers necessary or desirable for the efficient administration of the Fund and to maintain the qualified status of the Fund under Section 401(a) of the Internal Revenue Code of 1986, as amended;

(ii) Selecting, appointing, and overseeing the Executive Director to ensure efficient administration of the Fund, including, without limitation, the assignment of duties, performance evaluation, compensation, and discipline, including dismissal;

(iii) Approving, hearing and determining all matters related to eligibility or benefits under the Fund and any appeals thereof, including, without limitation, (1) the eligibility of any person to participate in the Fund, (2) the eligibility of any person to receive a service, disability, or survivor's benefit and the amount of that benefit, ~~and~~ (3) whether a child or a parent of a deceased member was dependent on the member for financial support, and (4) any other determinations related to the administration of the Fund;

(iv) Investing, reinvesting, or changing the assets of the Fund in whatever instruments or investments the Board considers prudent and in accordance with its investment policy statement and monitoring the investments made by any investment manager for the Fund;

(v) Monitoring the funded status of the Fund, hiring an actuary to perform periodic actuarial valuations of the Fund, approving the actuarial methods and tables used, and adopting reasonable actuarial assumptions;

(vi) Preparing for and attending monthly Board meetings, contributing to and participating in discussions of the Board during meetings, and working constructively with other Trustees to oversee and monitor the activities of the Fund;

(vii) Hiring certain third-party service providers to assist the Board in administering the Fund, including, without limitation, any investment or fund manager, attorney, actuary, accountant, professional investment counselors or consultants, or custodians (the "***Vendors***"), and monitoring their performance through the Executive Director;

(viii) Approving and monitoring the Fund's annual budget;

(ix) Keeping the money and other assets it receives for the benefit of the Fund separate from all other funds or assets of the City;

(x) Keeping a record of all claims, receipts, and disbursements and making disbursements only on vouchers signed by such persons as the Board designates by resolution;

(xi) Publishing an annual report containing a balance sheet showing the financial and actuarial condition of the Fund, an income statement showing receipts and disbursements during such year, and such additional matters as may be determined to be appropriate by the Board;

(xii) Determining ~~the annual~~whether a cost-of-living adjustment~~, if any,~~ may be granted pursuant to the parameters set forth in the Act in consultation with the Fund's actuary;

(xiii) Designating a medical board to assist the Board in reviewing and evaluating any applications for disability retirement;

(xiv) Complying with minimum training requirements under state law;

(xv) Respecting open meetings laws by not convening meetings with other Trustees outside the properly noticed Board meetings; and

(xvi) Maintaining confidentiality of member records, certain investment activity, or other Fund information that is confidential pursuant to law or contractual agreement.

(e) To the extent appropriate and practicable, the Board may delegate its responsibilities to the Executive Director, a committee of the Board, Fund staff, or any third-party engaged by the Board for such purpose as it deems necessary and prudent in carrying out its duties owed to the Fund. Any such delegation will not relieve the Board of its ultimate responsibility for such duties, and the Board shall be responsible for monitoring any such delegation.

§2.3. Board Officers

(a) Officers. The Board shall have ~~three~~two (~~3~~2) officers: the Chairman~~,~~ and the Vice-Chairman~~, and the Secretary-Treasurer~~.

(i) *Chairman*~~ and Secretary-Treasurer. Pursuant to the Act, the City mayor is~~. The Board shall elect annually from its membership in open session a chair (the "***Chairman***") to serve as the presiding officer of the Board~~, or~~. Once elected, the Chairman~~, and the City treasurer is the Secretary-Treasurer, and they~~ shall serve ~~in such position during their respective terms of office~~a one (1) year term.

(ii) *Vice-Chairman*. The Board shall annually elect from its membership in open session an alternate presiding officer~~, or a~~ (the "***Vice-Chairman***~~,~~") who shall preside in the absence or disability of the Chairman. Once elected, the ~~Vice Chairman~~Vice-Chairman shall serve a one (1) year term.

(b) Election of Officers and Vacancies.

(i) The election of officers shall occur during the first Board meeting of each calendar year.

(ii) ~~(1)~~ Any ~~Elected~~ Trustee is eligible to be elected ~~as the Vice-Chairman. Such person~~to serve as an officer, provided that no Trustee may hold both officer positions concurrently. Any Trustee elected as an officer should be capable of dedicating the time necessary to fulfill the required duties and responsibilities that the position entails as outlined in more detail below.

~~(2) In order to provide for continuity in the Board's leadership and a smooth succession of the Vice-Chairman position from year to year, the Board may consider electing the Elected Trustee who is in the last year of his or her term on the Board as the Vice-Chairman each year, *provided that* in no event is any Trustee required to vote for such Elected Trustee as the Vice-Chairman.~~

~~(3) No Trustee may hold two officer positions concurrently.~~

(iii) ~~(4)~~ A Trustee may be nominated for an officer position through a motion made by another Trustee or by himself or herself. Every motion to nominate an officer must receive a second to the motion before it can be voted on. If a motion fails to receive a second, the motion dies and the Trustee cannot be voted on for ~~the Vice-Chairman~~such officer position.

(iv) ~~(5)~~ A Trustee may resign from his or her position as Chairman or Vice-Chairman at any time by providing written notice to the Board~~.~~

~~(6)~~ or ~~The Vice-Chairman~~ may be removed by a unanimous vote of the other ~~four~~ members of the Board. In the event of the resignation or removal of ~~the Vice-Chairman~~an officer, a new ~~Vice-Chairman~~officer shall be selected by a majority of the ~~Board~~remaining Trustees to complete the term of the ~~Vice-Chairman~~officer.

~~(iii) In the absence of both the Chairman and Vice-Chairman, the Secretary-Treasurer shall serve as the presiding officer until the Chairman~~

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~~or Vice-Chairman resumes his or her office or until a successor Vice-Chairman has been elected.~~

(c) ~~(b)~~ Duties of Chairman. In addition to the regular duties and responsibilities of a Trustee, the ~~presiding officer~~Chairman shall be responsible for leading the Board in the conduct of Board business and ensuring the integrity of the Board's process. More specifically, the ~~presiding officer~~Chairman shall be responsible for:

(i) Providing leadership to the Board in terms of collegiality, civility and ethical conduct;

(ii) Ensuring the Board behaves consistently with its own rules and any rules imposed upon it by state or federal law;

(iii) Consulting with the Executive Director on Board meeting agendas;

(iv) ~~(iii)~~ Presiding over Board meetings and running them in an orderly manner and in accordance with the statutory requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code ("***TOMA***") and generally accepted parliamentary procedures;

(v) ~~(iv)~~ Providing for participation of all Board members in discussions that are fair, open, and thorough, but also timely, orderly, and kept to the point;

(vi) Appointing members to serve on committees;

(vii) ~~(v)~~ Allowing for public comment at a Board meeting in accordance with this Policy;

(viii) ~~(vi)~~ Addressing ethical issues that have been brought up by the Board, Fund staff, or others in accordance with the *Board of Trustees' Code of Ethics*;

(ix) ~~(vii)~~ Acting as the primary liaison between the Board and the Executive Director and other Fund staff;

(x) ~~(viii)~~ Leading the annual performance evaluation of the Executive Director; and

(xi) ~~(ix)~~ Performing any other duties delegated to the Chairman in this Policy, another Fund policy or rule, or reasonably related to the role of ~~presiding officer~~Chairman, as requested by the Board.

(d) Duties of Vice-Chairman. In addition to the regular duties and responsibilities of a Trustee, the Vice-Chairman shall be responsible for (i) serving as and performing the duties required of the Chairman if the Trustee elected to that position resigns or is unable to serve in such capacity due to absence or otherwise and (ii) performing any other duties delegated to the Vice-Chairman in this Policy, another Fund policy or rule, or reasonably related to the role of Vice-Chairman, as requested by the Board.

§2.4. Review of Vendors

(a) To ensure prudent monitoring of its Vendors, the Board will periodically review its agreements and contracts with Vendors that have been engaged to assist the Board in administering the Fund. In connection with such review, the Board may or may not determine, in its full discretion, that a request for qualifications (RFQ), request for proposal (RFP) or other method of evaluation or review is necessary to evaluate its service providers and the costs or fees incurred under such engagement.

(b) The Board's intent is to review its Vendors on a staggered basis at least as frequently as set forth below; *provided, however*, the Board may review a contract or its engagement with any Vendor at any time within its sole discretion.

Type of Vendor	Frequency of Review
Actuary	Every 5 Years
Custodial Bank	Every 7 Years
Depository Bank	Every 4 Years
Independent Auditor	Every 5 Years
Investment Consultant	Every 5 Years
Legal Counsel	Every 5 Years

ARTICLE 3: BOARD MEETINGS AND CONDUCT

§3.1. Meeting Conduct; Voting Requirements

(a) The Board shall hold regular ~~monthly~~ meetings ~~at the Fund's office, unless an alternate location is specified~~on such dates designated by the Board, provided that the Board must meet at least four times each calendar year (ideally, at least once per calendar quarter). The Board may hold special meetings as called by the ~~presiding officer of the Board~~Chairman. Trustees are expected to be properly prepared for Board meetings and deliberations.

(b) All regular and special meetings will be open to the public, and notice of such meetings will be posted at least ~~72 hours~~three (3) business days before the scheduled ~~time~~date of the meeting in accordance with TOMA. The Executive Director shall be responsible for posting notice of any meeting of the Board in accordance with the requirements of TOMA and Section 3.3 below.

(c) Emergency meetings may be called in the same manner as special meetings, provided the purpose for such emergency meeting meets the statutory requirements of TOMA. An emergency meeting is one which cannot be posted within the ~~72 hours~~time period normally required by TOMA because of an emergency, an imminent threat to public health and safety, or a reasonably unforeseeable situation as defined in Section 551.045 of TOMA. Notice of an emergency meeting must be posted at least one (1) hour before the emergency meeting is scheduled to convene in accordance with the requirements of TOMA and Section 3.3 below.

(d) All Board meetings shall begin at the time designated in the meeting notice.

(e) A quorum is required for the Board to conduct business. ~~Three~~Four (~~3~~4) Trustees constitute a quorum, ~~and a~~unless there are vacancies on the Board in which case the number of Trustees required for a quorum shall be reduced accordingly. A majority vote of members of the Board attending a meeting at which a quorum is present is necessary for any decision of the Board. Each member of the Board is entitled to one (1) vote. Should a quorum fail to convene, the Trustees present may continue in a workshop format for educational purposes only and no action will be taken.

(f) The meetings of the Board shall be conducted in accordance with generally accepted rules for parliamentary procedures and applicable federal or state law, including TOMA.

(g) All action taken will be in open session. The Board may go into closed session to discuss any matter permitted by TOMA, but no action will be taken by the Board during closed session.

(h) The Board shall keep accurate minutes of its meetings and records of its proceedings. A resolution or order of the Board must be made by a vote recorded in the minutes of its proceedings.

(i) A Trustee may participate remotely in a Board meeting via videoconference in accordance with the requirements of Section 551.127 of TOMA.

§3.2. Public Comment at Meetings.

(a) The Board may allow reasonable opportunity for the public to comment to the Board on any issue under the jurisdiction of the Board at the beginning of the meeting or in connection with the agenda item to which the comment relates. No Board discussion will occur after the individual completes his or her comments unless such public comment relates to a specific posted agenda item.

(b) Persons who desire to make a public comment at a Board meeting must register to speak prior to the Board meeting in the manner prescribed by the Board. The ~~presiding officer of the Board~~Chairman may specify the length of time to be allowed for each person to speak.

§3.3. Notice of Meetings; Setting of Agenda

(a) Regular Meetings.

(i) For regular meetings, an initial agenda draft will be prepared and distributed to the Trustees by the Executive Director, or Fund staff as directed by the Executive Director, 7-10 days prior to the meeting. The Executive Director~~ and~~, in consultation with the Chairman, will determine the agenda items on the initial draft, including the consideration of any agenda items previously requested by a Trustee.

(ii) The initial agenda draft will include each subject that the Board will consider or discuss at the upcoming meeting, as well as the date, hour, and place of the meeting. The agenda may include additional documentation as required by TOMA.

(iii) Any suggested additions or deletions to the agenda draft must be submitted to the Executive Director within two (2) business days from receipt of the agenda draft. Items may be added to the draft agenda by the Chairman, the Executive Director, the written request of any Trustee if approved by the Chairman, or the co-sponsorship of two (2) Trustees by written request with or without the Chairman's approval. The Executive Director will finalize the agenda and distribute such final agenda to the Trustees for review at least one (1) business day prior to posting.

(iv) The Executive Director will post the final agenda on the Fund's website and also distribute it to the City of Austin for posting at least ~~72 hours~~three (3) business days prior to the date of the meeting.

(v) In the absence of the Executive Director, the ~~Vice Chairman~~Chairman in coordination with Fund staff will be responsible for preparing and finalizing the agenda for distribution and posting.

(b) Special Meetings.

(i) Special meetings may be called between the required regular monthly meetings to conduct business that requires action or other attention by the Board prior to the next regularly scheduled meeting. The Executive Director will prepare and distribute an initial agenda draft for the special meeting to the Trustees at least four (4) days prior to the meeting.

(ii) The agenda for a special meeting will be posted on the Fund's website and will be distributed to the Trustees and the City of Austin for posting at least ~~72 hours~~three (3) business days prior to the special meeting.

(c) Emergency Meetings.

(i) Emergency meetings are to be held only when there is an emergency or urgent public necessity due to what is deemed to be an imminent threat to public health and safety, or for a reasonably unforeseeable event or situation (such as a natural disaster, or power or communication failures) requiring immediate deliberation or action by the Board. The Board may consider an emergency item during a previously scheduled meeting instead of calling a new emergency meeting in which case a supplemental agenda notice must be published with respect to such emergency item.

(ii) The Executive Director will take all reasonable steps to notify the Trustees of an emergency meeting as soon as possible after the need for such emergency meeting arises.

(iii) The public notice of an emergency meeting or an emergency item must clearly identify the emergency or urgent public necessity and is subject to judicial review.

(iv) The notice of an emergency meeting and the subject matter of such meeting must be posted at least one (1) hour prior to the meeting and will be distributed to the Trustees and the City of Austin.

(d) Closed Session.

(i) The Board may conduct a meeting in closed session during a regular, special or emergency meeting pursuant to an exception provided under TOMA.

(ii) The Board will maintain a certified agenda for each closed session held by the Board, if and as required by TOMA.

§3.4. Code of Ethics; Conflicts of Interest

(a) In addition to compliance with this Policy and any other applicable legal requirements, all Trustees are expected to be guided by the basic principles of honesty and fairness in the conduct of Fund business and to comply with the *Board of Trustees' Code of Ethics.*

(b) Trustees shall actively avoid both the appearance and the fact of conflict of interests in accordance with Chapters 171 and 176 of the Texas Local Government Code and other applicable law.

§3.5. Compensation; Reimbursements

Trustees serve without compensation, but may be reimbursed for any necessary expenditures that are incurred in connection with his or her role as Trustee in accordance with the *Board of Trustees' Code of Ethics*.

ARTICLE 4: BOARD COMMITTEES

§4.1. Board Committees

(a) The Board has determined that it is in the best interest of the Fund and consistent with best governance practices to establish committees of the Board to perform certain tasks as delegated to such committee by the Board.

(b) The Board shall have three (3) standing committees:

(i) Investment Committee

(ii) Benefits Committee

(iii) Policy Committee

(c) Each standing committee may have no more than three (3) Trustees appointed as members of the committee. No non-Board members shall be appointed to a standing committee.

(d) The Chairman, in his/her sole discretion, shall appoint Trustees to serve on the Board's standing committees on an annual basis at the first meeting of the Board for such year. In making such appointments, the Chairman may consider each individual Trustee's experience or expertise in the matters to be delegated to such committee and the individual Trustee's ability and willingness to serve on such committee.

(e) The Chairman may also create special or ad hoc committees as the situation may demand or for a specific task. Members of such special or ad hoc committees shall also be appointed by the Chairman when and as needed.

§4.2. Committee Governance

(a) The Board shall adopt a committee charter for each standing committee that specifies its purpose, the specific responsibilities delegated to such committee by the Board, and any other matters related to the operation or authority of the committee. Each committee shall elect a Committee Chair who shall serve as the presiding officer of such committee.

(b) Committee members are expected to attend and be prepared for each meeting of a committee to which they are appointed. Any member of the Board may attend a meeting of a committee of which he or she is not a member, with the exception of the Benefits Committee which may only be attended by members of such committee due to the sensitive nature of information that may come before that committee.

(c) Public notice of a committee meeting where a quorum of the Board may be present will be posted as a Board meeting under TOMA in accordance with Article 3.

(d) The Executive Director, in consultation with the Committee Chair, will determine the agenda items for a committee meeting.

ARTICLE 5: EXECUTIVE DIRECTOR OVERSIGHT

§~~4.1~~5.1. Designation and Responsibilities of Executive Director

(a) Executive Director and Fund Staff

(i) Pursuant to §12.01 of the Act, the Board shall appoint ~~a~~ an Executive Director (previously referred to as the "Fund Administrator") who shall administer the Fund under the supervision and direction of the Board. The ~~Board has approved the use of the title "Executive Director" as an alternative title for the title~~use of the titles of "Fund Administrator" and ~~has authorized the use of such title~~"Executive Director" shall be understood to be synonymous for all purposes of the Fund, including ~~public communications, announcements and the Fund's website. All references to the title of "Fund Administrator" shall also be a reference to the title of "Executive Director" (and vice versa) for purposes of~~the administration and interpretation of the Act and the Fund's rules and policies.

(ii) Hiring of other Fund staff (other than a Chief Investment Officer, if any) will be conducted by the Executive Director, provided that the Board shall approve the budget expense for any newly created staff position of the Fund prior to the hiring of any individual to fill such position.

(iii) All staffing decisions will be subject to and in compliance with the Equal Employment Opportunity Policy as set forth in the Fund's Personnel Policies.

(b) Responsibilities of Executive Director. The Board delegates its responsibility for the day-to-day administrative and operational functions of the Fund to the Executive Director, including, without limitation:

(i) Overseeing and managing all Fund staff, establishing and enforcing all staff policies, and managing any staff-related employment issues;

(ii) Managing the Fund's assets, expenses, and investments, including, without limitation, satisfying member distributions on a monthly basis and funding any capital calls and Fund expenses as needed;

(iii) Communicating timely and effectively with individual Trustees and the Board as a whole on all Fund matters that require Board input or discussion;

(iv) Hiring, monitoring, and evaluating other Fund staff;

(v) Conducting benefit and retirement consultations with members of the Fund and responding to member inquiries in a timely manner;

(vi) Responding to requests for public information of the Fund in accordance with the Texas Public Information Act;

(vii) Managing the relationship and communication between the Fund and current Vendors and interfacing with prospective Vendors and other third-parties;

(viii) Preparing a budget for Board approval and operating the Fund in accordance with such budget; and

(ix) Complying with minimum training requirements under state law.

(c) More specific responsibilities of the Executive Director may be maintained in a written job description of the position to be maintained by the Fund and reviewed by the Board from time to time.

(d) The Executive Director may delegate certain duties of the Executive Director to other Fund staff as necessary to assist in carrying out the Executive Director's duties and responsibilities. Any such delegation will not relieve the Executive Director of his or her ultimate responsibility for such duties, and the Executive Director shall be responsible for monitoring any such delegation.

§~~4.2~~5.2. Evaluation and Oversight of Executive Director

(a) The Executive Director will report directly to the Board and is responsible for effectively communicating with the Board.

(b) On an annual basis, the Board shall conduct an evaluation of the Executive Director to review performance for the prior year and set goals for the upcoming year. The Board will evaluate the performance of the Executive Director based on the achievement of such goals and the overall operation and performance of the Fund during the year.

(c) The Board must set the compensation for the Executive Director, which will be reviewed annually by the Board. The Board will also periodically review all staff compensation to ensure that it is comparable to compensation offered by other Texas and US public pension funds.

§~~4.3~~5.3. Hiring of Executive Director

(a) In the event the Executive Director resigns, is removed, or is no longer able to serve as the Executive Director, the Board shall publish the open position, collect, review and screen applications and resumes, perform background checks (criminal and financial), and interview applicants. The Board may, but is not required to, involve a third-party search firm in the process. Notwithstanding the above, the Board is solely responsible for conducting the final interviews and making the final decision on filling the position.

(b) The Board expects that any candidate applying for the Executive Director position will satisfy the following requirements:

(i) Bachelor's degree in business administration, accounting, finance or a related field;

(ii) A minimum of 5 years' experience with comparable duties at a public pension fund, trust, foundation, endowment, or a similar entity;

(iii) Knowledge of pension plan design, accounting principles related to defined benefit pension plans, and basic principles of business law;

(iv) Knowledge of investment terminology and methods of investments analysis;

(v) Knowledge and skills required for commonly used software packages and ability to apply computerized automated applications to standard operating procedures;

(vi) Ability to effectively interface with individual Trustees and the Board, active members, retirees, City of Austin staff, and Fund staff;

(vii) Ability to organize effectively; and

(viii) Ability to effectively and accurately communicate, both verbally and in writing.

(c) The Board may set forth other requirements for the Executive Director position in a written job description maintained at the Fund and may vary from any position requirements in connection with an individual hire.

ARTICLE ~~5~~6: TRAINING AND EDUCATION

§~~5.1~~6.1. Required Training

(a) Education of Trustees and the Executive Director is essential to ensure that Trustees and the Executive Director have a full understanding of the issues facing the Fund. Each Trustee and the Executive Director must comply with the minimum and continuing education requirements under state law, including ethics and fiduciary training.

(b) Trustees are required to complete training courses regarding their responsibilities under TOMA and the Texas ~~Open Records~~Public Information Act. Trustees must complete the training not later than the 90th day after assuming their duties as a Trustee. Qualifying online training courses are offered by the Texas Attorney General's Office at www.texasattorneygeneral.gov. Certificates are awarded at completion of each online training course, which must be submitted to the Executive Director for retention and proof of education compliance.

(c) Texas law provides that the Texas Pension Review Board ("***PRB***") establish a Minimum Education Training ("***MET***") program for Trustees and the Executive Director. The MET program requires seven (7) credit hours of core content training for the first year of service as a Trustee or Executive Director and at least four (4) credit hours of continuing education in core and/or non-core content within each two (2) year period subsequent to the first year of service as a Trustee or Executive Director. The PRB requires semi-annual reporting of training hours and courses to verify compliance. Information regarding MET can be obtained on the PRB website.

§~~5.2~~6.2. Educational Opportunities

(a) After the first year of service, Trustees and the Executive Director shall attend at least one continuing education program every two (2) years. Continuing education programs that satisfy this requirement may include:

(i) Certain training classes sponsored by the Texas Association of Public Employee Retirement Systems (TEXPERS) or the National Conference on Public Employee Retirement Systems (NCPERS); or

(ii) Any other conference or training designed to educate public pension administrators and trustees.

(b) Attendance at all education conferences will be consistent with the *Board of Trustees' Code of Ethics.*

§~~5.3~~6.3. Reporting

The Executive Director will file the required reports on Trustee and Executive Director training activity with the PRB, keep Trustees informed on the status of their compliance with training requirements, and maintain records of Board education and travel expenses related to education and training.

ARTICLE ~~6~~7: BOARD COMMUNICATIONS

§~~6.1~~7.1. Trustee Communications with Fund Staff

(a) The Executive Director is the Trustees' primary link to Fund operations and administration. Trustees shall direct all questions regarding any aspect of the Fund's operations to the Executive Director.

(b) In the spirit of open communication, individual Trustees shall share any information pertinent to the Fund with the Executive Director in a timely manner, and the Executive Director shall similarly share with the Board any information pertinent to the Board's role and responsibilities in a timely manner.

(c) Fund staff ~~work for~~serve the full Board~~,~~ and not individual Trustees. A Trustee may not exercise authority over individual Fund staff members. Trustees are entitled to information necessary to make informed decisions relating to their role and responsibilities as a Trustee. However, to avoid the appearance of undue influence, all requests by individual Trustees for information should be directed to the Executive Director or presented at a Board meeting as opposed to being directed to individual Fund staff. Any requests by a Trustee for confidential information will be presented to the Board as a whole for consideration as to whether such information may be disclosed to the Trustee.

§~~6.2~~7.2. Trustee Communications with Members

(a) Information provided to members of the Fund regarding the Fund or benefits provided under the Fund is best communicated by the Fund staff who have the knowledge and expertise on the Fund's eligibility and benefit provisions. To avoid miscommunications to members, Trustees shall refrain from providing specific advice, counsel or education with respect to the rights or benefits a member or beneficiary may be entitled to pursuant to the ~~Fund~~Act or any ~~Board~~relevant rules or policies.

(b) In the event a member or beneficiary requests that a Trustee provide explicit advice with respect to Fund benefits or related policies, the Trustee should refer the member or beneficiary to the Executive Director or ask the Executive Director to contact the member or beneficiary. The Executive Director shall inform the Trustee of the outcome.

§~~6.3~~7.3. Trustee Communications with Vendors and Prospective Vendors

(a) The Executive Director shall be solely responsible for managing relationships and communications with Vendors and prospective Vendors.

(b) Vendors are hired by and work for the full Board and not individual Trustees. Trustees shall not communicate directly with Vendors or prospective Vendors on any matters relating to the Fund without the permission and coordination of the Executive Director, except for communications with the Fund's attorney relating to the performance of the Trustee's duties.

(c) If a Trustee wishes to communicate with a Vendor or prospective Vendor, the Trustee shall make a request to the Executive Director in advance of any communication. Communications at conferences and events with Vendors that are attended by the Trustee do not require pre-approval if such attendance is authorized by the policies of the Board.

(d) If the request for communication with a Vendor or prospective Vendor is granted, the Trustee shall include the Executive Director in all written and electronic communications and shall notify the Executive Director within 48 hours following the completion of any oral communications. In the event the request for communication with a Vendor or prospective Vendor is denied, the Trustee may request that the denial be presented at a future Board meeting for discussion.

(e) The Executive Director shall instruct Vendors and prospective Vendors on the restrictions relating to communications between Vendors and Trustees. Vendors and prospective Vendors will be instructed to communicate directly with the Executive Director and to not communicate with Trustees on any Fund business without the prior permission of the Executive Director. If a Vendor or prospective Vendor contacts a Trustee directly without including the Executive Director, the Trustee shall direct the Vendor to the Executive Director and immediately notify the Executive Director. Communication with Trustees that is inconsistent with this policy shall be communicated to the full Board and is grounds for termination of any contract.

(f) All requests by individual Trustees for information or for additional work to be performed by a Vendor should be directed to the Executive Director or presented at a Board meeting for discussion by the full Board. If the Executive Director determines that an individual Board member request for a Vendor to perform additional work would incur significant costs or is overly burdensome, the Executive Director will present the request at the next Board meeting.

(g) Trustee communications with Vendors and prospective Vendors shall also be consistent with the provisions of the *Board of Trustees' Code of Ethics*, including provisions related to the no-contact period.

§~~6.4~~7.4. Trustee Communications with Third Parties and the Public

(a) The Executive Director shall serve as the spokesperson for the Fund with respect to all written or oral communication to third parties, unless the Board designates another individual to serve as spokesperson on a specified issue. To the extent possible, in situations where Board policy concerning an issue has not been established, the Board shall meet to discuss the issue prior to the spokesperson's engaging in external communications.

(b) Trustees may indicate publicly that they disagree with a policy or decision of the Board, but shall do so respectfully and shall abide by such policy or decision of the Board to the extent consistent with their fiduciary duties. When speaking in a public setting where it is clear that the Trustee is speaking solely because of the Trustee's position on the Board, the Trustee will preface his or her remarks with the following disclaimer: "The views I express here are my own and do not necessarily reflect the views of the Board, my fellow Trustees or Fund staff."

(c) When asked to be interviewed or otherwise approached by the media for substantive information concerning the affairs of the Fund, Trustees should generally refer the matter to the Executive Director or spokesperson and shall make no commitments to the media on behalf of the Board or the Fund. Trustees shall inform the Executive Director in a timely fashion if a personal position, opinion, or analysis was publicly communicated, such that it could receive media coverage. The Trustee shall advise as to whom the communication was made and what was discussed.

(d) Written press releases concerning the business of Fund shall be the responsibility of the Executive Director and shall clearly and accurately reflect the provisions of the Fund and the policies of the Board. The Executive Director shall, when feasible, submit all press releases of a sensitive or high-profile nature or pertaining to Board policy to the ~~presiding officer of the Board~~Chairman for approval. Such press releases shall be shared with the Board concurrently with their release. Trustees should not prepare materials for publication or general distribution which are related to the affairs of the Fund.

ARTICLE ~~7~~8: AMENDMENT OF GOVERNANCE POLICY

The Board will review this Policy periodically and may amend this Policy from time to time, in its sole and absolute discretion, by a majority vote of the Board~~ and in accordance with Section XI of the Fund's Rules, "Procedure to Adopt or Amend Rules or Policies"~~.

Summary report: **Litera Compare for Word 11.11.0.158 Document comparison done on 7/16/2025 10:06:32 PM**	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://imanagework.jw.com/jwdocs/45708384/1 - DRAFT Governance Policy July 2025.docx	
Modified DMS: iw://imanagework.jw.com/jwdocs/45708384/5 - DRAFT Governance Policy July 2025.docx	
Changes:	
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~~Delete~~	107
~~Move From~~	0
Move To	0
Table Insert	0
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Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	321

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AUSTIN ~~FIRE FIGHTERS RELIEF AND~~FIREFIGHTERS RETIREMENT FUND ~~RULES~~

Fund Rules

Amended and ~~restated, effective November 30, 2022~~Restated, Effective [●], 2025

I. Purpose

Pursuant to Section 2.11 of Vernon's Texas Civil Statutes Article 6243e.1 (the "***Act***"), the board of trustees (the "***Board***") of the Austin ~~Fire Fighters Relief and~~Firefighters Retirement Fund (the "***Fund***") may adopt rules desirable for the efficient administration of the Fund and in order to ensure that the Fund may satisfy the qualified plan requirements under the Internal Revenue Code of 1986, as amended (the "***Code***"). In addition, the Board has specific authority to adopt rules and procedures under ~~Section 2.03(b) (certain election procedures), Section 7.09(d) (beneficiary designations), 8.05(d) (DROP distributions), and 9.10(d) (Optional Retirement Annuity)~~various sections of the Act. These rules (the "***Rules***") are adopted pursuant to the applicable provisions of the Act as ~~set forth above~~referenced below.

II. ~~Definitions~~General Fund Rules

1. Definitions. Unless otherwise specifically provided in these Rules, the terms and phrases used herein have the meanings assigned by Section 1.02 of the Act.
2. Operating Name. Pursuant to the authority granted to the Board in Section 1.031 of the Act, the Fund has adopted the name "Austin Firefighters Retirement Fund" as the name under which the Fund may operate and brand itself. Notwithstanding the previous sentence, the Fund's legal name shall remain as the "Austin Fire Fighters Relief and Retirement Fund" as prescribed by Section 1.03 of the Act. References to "Austin Firefighters Retirement Fund" and "Austin Fire Fighters Relief and Retirement Fund" in any Fund documents and communications shall be understood as synonymous.

III. Qualified Plan Rules

1. ~~1.~~ Qualified Plan. All assets contributed to the Fund will be held in trust, separate from the assets of the municipality, and maintained and administered by the Board for the exclusive purpose and benefit of all members, retirees, and beneficiaries of the Fund. At no time before the termination of the Fund and the satisfaction of all liabilities with respect to members, retirees, and their beneficiaries shall any part of the principal or interest of the assets of the Fund be used for or diverted to purposes other than the exclusive benefit of members, retirees, and their beneficiaries. The Fund and the assets held in trust thereunder are intended to qualify under Section 401(a) of the Code, be exempt from federal ~~income~~ taxes under Section 501(a) of the Code, and conform at all times to applicable requirements of law, regulations, and orders of duly constituted federal governmental authorities. Pursuant to Section 2.015 of the Act, the Fund shall be administered in a manner that maintains the qualified status of the Fund under

Section 401(a) of the Code. Accordingly, if any provision of the Act and these Rules is subject to more than one construction, one of which will permit the qualification of the Fund, that construction that will permit the Fund to qualify and conform will prevail. At no time shall any part of the assets of the Fund revert back to the municipality unless the reversion is due to a good faith mistake of fact.

2. ~~2.~~ Required Minimum Distributions.

Effective January 1, 2003, a member's entire interest under the Fund shall be distributed, or begin to be distributed, by the required beginning date prescribed by Code Section 401(a)(9) and Treasury Regulations §§1.401(a)(9)-1 through 1.401(a)(9)-9 (the "***401(a)(9) Requirements***"), and any distribution under the Fund shall at all times comply with the 401(a)(9) Requirements. Any distribution required under the incidental death benefits requirements of Code Section 401(a) shall be treated as a distribution required by the 401(a)(9) Requirements. For purposes of clarity, provisions of the Act and these Rules may provide for the timing of distribution of benefits that is earlier than the required beginning date under the 401(a)(9) Requirements, including distributions from the DROP (as defined in Section V of these Rules), as long as such distributions otherwise comply with the 401(a)(9) Requirements.

3. ~~3.~~ Rollovers. Effective January 1, 1993, any member or eligible beneficiary who is entitled to receive any distribution that is an eligible rollover distribution is entitled to have that distribution transferred directly to another eligible retirement plan of the member's or eligible beneficiary's choice on providing direction to the Fund regarding that transfer in accordance with procedures established by the Board. For purposes of this Rule, the following terms shall be defined as provided below:

(a~~.~~) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's eligible beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities described in Code section 402(e)(4)); and other amounts determined to not be eligible rollover distributions under applicable law, including the Code and regulations issued pursuant to the Code (see, e.g., Regulation § 1.402(c)-2, Q&A-4).

Effective January 1, 1999, an "eligible rollover distribution" also does not include any amount that is distributed on account of hardship or unforeseeable emergency.

(b~~.~~) An "eligible retirement plan" is an individual retirement account described in Code section 408(a), an individual retirement annuity (other than an endowment contract) described in Code section 408(b), that accepts the distributee's eligible rollover distribution, a qualified retirement plan described in section 401(a) or section 403(a), of the Code. The definition of eligible retirement plan shall also apply in the case of a distribution to an eligible beneficiary, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code; provided, however, if the distributee is an eligible beneficiary of a deceased member who is not a surviving Spouse, a direct rollover is only available to an individual retirement account described in Code section 408(a) or an individual retirement annuity (other than an endowment contract) described in Code section 408(b) that has been established on behalf of the eligible beneficiary as an inherited IRA (within the meaning of Code section 408(d)(3)(C)) and is subject to the requirements of Code section 401(a)(9).

Effective January 1, 2002, an "eligible retirement plan" also includes a tax sheltered annuity plan described in section 403(b) of the Code, and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Fund.

(c~~.~~) A "distributee" includes a member and a participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p).

Effective January 1, 2007, a "distributee" also includes the eligible beneficiary of a deceased member to the extent permitted in Code Section 402(c)(11).

(d~~.~~) A "direct rollover" is a payment by the Fund to the eligible retirement plan specified by the distributee. The Fund shall be responsible for providing, within a reasonable period of time prior to making an eligible rollover distribution, an explanation to a member of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

4. ~~4.~~ Nonforfeitability upon Plan Termination. The retirement benefit earned by a member shall become nonforfeitable, to the extent funded (if not already nonforfeitable), upon the termination or partial termination of the Fund or the complete discontinuance of contributions to the Fund.

5. ~~5.~~ Forfeitures. Amounts representing forfeited nonvested benefits of terminated members may not be used to increase benefits payable from the Fund but may be used to offset obligations for future plan years.

6. ~~6.~~ Code Section 401(a)(17) Limits. Effective for plan years beginning on or after January 1, 1996, the total compensation taken into account for any purpose for any member of the Fund may not exceed that annual compensation limit under

Code Section 401(a)(17), as shall be periodically adjusted in accordance with guidelines provided by the United States Secretary of the Treasury. For plan year 2021, such annual compensation limit is $290,000.

7. ~~7.~~ USERRA. Notwithstanding any provision in the Act to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u), effective January 1, 1998, and Code Section 401(a)(37), effective as set forth below, including, without limitation, in accordance with the provisions set forth below.

(a~~.~~) Definitions. For purposes of this paragraph 7, the following terms shall be defined as provided below:

(i) Differential Wage Payment. The term "Differential Wage Payments" means any payment as defined in Code Section 3401(h) which is made by the municipality for a pay period after December 31, 2008, and that (a) is made to a member with respect to any period during which a member is performing Qualified Military Service; and (b) represents all or a portion of the remuneration such member would have received from the municipality if the individual was performing services for the fire department.

(ii) Qualified Military Service. The term "Qualified Military Service" means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any member if such member is entitled to USERRA Reemployment Rights under such chapter with respect to such service.

(iii) USERRA Reemployment Rights. The term "USERRA Reemployment Rights" means the rights and benefits to which a member covered under USERRA is entitled upon his or her return from Qualified Military Service. A member will not be entitled to USERRA Reemployment Rights if (a) such member did not provide advance notice of his or her military service to the fire department; or (b) such individual had more than five years of cumulative Qualified Military Service measured from his or her date of hire to his or her date of return to employment with the fire department.

(b~~.~~) Death Benefits.

(i) Deemed Reemployment Date. A member who dies on or after January 1, 2007, while performing Qualified Military Service (an "Eligible Deceased Member") will be deemed (a) to have resumed employment with the fire department as of the day preceding the date of his or her death (the "Deemed Reemployment Date" for purposes of this paragraph); and (b) to have terminated service on the date of his or her death.

(ii) Additional Benefits. To the extent the Fund provides for any benefits that are contingent upon the member's death, then an Eligible Deceased Member will be provided with such benefits. Such benefits must be provided to all similarly-situated individuals in a uniform, non-discriminatory manner.

(iii) Service. An Eligible Deceased Member shall receive service under the Fund for the period of the Qualified Military Service during which the member died for purposes of attaining eligibility to receive the benefits provided under the Fund and, to the extent the requirements of Section 4.02 of the Act and Rule XV are otherwise satisfied, for purposes of calculating benefits. For purposes of Section 4.02 and consistent with subparagraph 7(b)(i) above, an Eligible Deceased Member will be treated as returning to service on the day preceding the date of his or her death, and an eligible spouse or other beneficiary may file the application, make the required contributions, and provide the proof required under Section 4.02 of the Act and in accordance with Rule XV.

(c~~.~~) Differential Wage Payments.

(i) Employee Status. Effective January 1, 2009, an individual receiving Differential Wage Payments from the municipality will be treated as an active member and will receive service under the Fund during such period for purposes of attaining eligibility to receive the benefits under the Fund and the calculation of such benefits.

(ii) Compensation. The term "Compensation" as used under the Act for purposes of calculating benefits or determining contributions will include any amounts paid by the municipality as a Differential Wage Payment.

8. ~~8.~~ Code Section 415 Limits. Pursuant to Section 9.03(a) of the Act, a member or beneficiary of a member of the Fund may not accrue a benefit, in excess of the benefit limits applicable to the Fund under Section 415 of the Code. The Board shall reduce the amount of any benefit that exceeds those limits by the amount of the excess. If the total benefits under this Fund and the benefits and contributions to which any member is entitled under any other qualified defined benefit plan maintained by the municipality that employs the member would otherwise exceed the applicable limits under Section 415 of the Code, the benefits the member would otherwise receive from the Fund shall be reduced to the extent necessary to enable the benefits to comply with Section 415 of the Code. For purposes of determining applicable benefit limitations under Code section 415, the limitation year shall be the calendar year.

9. ~~9.~~ Actuarial Assumptions. The Fund's actuarial equivalence assumptions shall be those as specified in Appendix A of these Rules.

~~.~~ (a) Notwithstanding such Appendix A or any other plan provisions to the contrary, effective January 1, 2008, the applicable mortality table used for purposes of adjusting any benefit or limitation under §415(b)(2)(B), (C), or (D) of the Code and the applicable mortality table used to satisfy the requirements of §417(e) of the Code (if and as such requests are applicable) is the table prescribed in Treasury Regulation § 1.430(h)(3)-1.

~~.~~ (b) For distributions with annuity starting dates after December 31, 2002 and before January 1, 2008, the applicable mortality table shall be the applicable mortality table provided in Rev. Rul. 2001-62.

~~.~~ (c) For distributions with annuity starting dates on or prior to December 31, 2002, the applicable mortality table shall be the applicable mortality table provided in Rev. Rul. 92-19.

10. ~~10.~~ Exemption of Benefits from Judicial Process, Assignment or Alienation

~~a.~~ (a) All assets held in trust under the Fund, and all rights and all accrued and accruing benefits of any member, may not be (A) held, seized, taken, subjected to, or detained or levied on by virtue of any execution, attachment, garnishment, injunction, or other writ, order, or decree, or any process or proceedings issued from or by any court for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demands, or judgment against any member entitled to benefits, or (B) assigned or otherwise alienated.

~~b.~~ (b) The preceding provisions of these Rules shall not preclude the withholding of Federal taxes from pension benefits, the recovery by the Board of overpayments of benefits previously made to any person, the direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided such arrangement is not an alienation), or, pursuant to any policy adopted by the Board and uniformly applied to any voluntary arrangement for the withholding and direct payment of health care or life insurance premiums or similar payments from his or her monthly benefit payments. An attachment, garnishment, levy, execution or other legal process is not considered a voluntary arrangement.

IV. Trustee ~~Election~~Nomination Procedures

1. ~~1.~~ Background. Section 2.03(b) of the Act provides that, in the event only one firefighter or retiree is nominated for a position pursuant to Section 2.03(c) of the Act, the Board may appoint the sole nominated candidate through procedures established by the Board prior to any nominations, with such appointment to be held at the first board meeting in January in lieu of holding an election. The Rules in this Section IV set forth such procedures and take effect for the nominations period beginning September 1, 2015. ~~In addition, the Board has adopted Paragraph 6 of this Section IV to clarify the timing of when election ballots will be counted~~

~~pursuant to Section 2.03 of the Act and Paragraph 7 of this Section IV to provide general rules regarding a special election to fill a Trustee vacancy.~~

2. ~~2.~~ Notice of Nomination Period. Pursuant to Section 2.03(c) of the Act, the period for nominating candidates for the election of a member of the Board begins on September 1 and ends September 15 of each calendar year ("***Nomination Period***"). Prior to each election period, the Fund will provide notice to active members of the ~~nomination period~~Nomination Period through posting at fire stations (either electronically or in a physical location where postings typically are made) and will provide notice to retirees through regular mail. In addition, notice of the ~~election period~~Nomination Period will be posted on the Fund's website.

3. ~~3.~~ Form of Nominations. Pursuant to Section 2.03(c) of the Act, nominations may be made in person, by mail, ~~or by telephone to the Fund's office. The Fund will also accept nominations in electronic format via~~by telephone, or by any other method approved by the Board, including by e-mail or facsimile. Nominations must be received prior to the end of ~~a nomination period~~the Nomination Period, between September 1 and September 15. A nomination sent prior to the end of ~~a nomination period~~the Nomination Period, but not received by the Fund until after the ~~period~~Nomination Period, does not satisfy the above requirement.

4. ~~4.~~ Re-opening of Nominations Period. In the event that no candidate has been nominated following the ~~nominations period~~Nomination Period ending September 15, the Board will re-open the ~~nominations period~~Nomination Period and establish the final day of such period, which will not be later than October 31 of the same calendar year. Notice of the re-opening of the ~~nominations period~~Nomination Period will be provided in the same manner as described in paragraph 2 in this Section IV.

5. ~~5.~~ Nomination of Sole Candidate. If at the end of a ~~nomination period~~Nomination Period, only one candidate has been nominated, the Fund will notify members and retirees in the same manner as described in paragraph 2 in this Section IV that only one candidate has been nominated and that no election will be held. The Board will appoint this candidate to the Board at its January meeting following the nomination.

~~6. Election Ballots. Pursuant to Section 2.03(c) of the Act, each election is to be conducted by secret written ballot on a date the Board determines. Each year, the Board will establish a period of time during which election ballots may be submitted to the Fund (the "***Election Period***"). Any ballot that is postmarked by the last day of the Election Period will be considered timely submitted. The Fund will allow for a period of seven (7) days after the end of the Election Period for additional ballots that were timely postmarked to be received by the Fund before the ballots are counted or the results are certified by the Board, provided that if the seventh (7th) day falls on weekend or a federal holiday, the period for receiving ballots shall be extended until the first business day following such weekend or holiday.~~

~~7. Special Elections due to Vacancy. In the event a vacancy of an elected position of the Board occurs, the Board will approve procedures for a special election in order to elect a replacement to serve the remainder of the term, with such election to be held within sixty (60) days after the event that caused the vacancy as provided under Section~~

~~2.03(f) of the Act. The Board may consider the principles set forth in this Section IV in determining special election procedures, but such procedures need not be identical to the election procedures set forth in this Section IV.~~

V. DROP Distributions ~~(as amended, November 30, 2022)~~

1. Background. Section 8.05(d) of the Act provides that the Board may adopt

rules that modify the availability of distributions under the deferred retirement option plan (the "***DROP***"), provided that the modifications do not (A) impair the distribution rights under Section 8.05(a) of the Act, which provides for four lifetime payments prior to April 1 of the year after the member attains 70 ½ years of age or (B) cause distributions to occur later than as required under Section 401(a)(9) of the Code. The Rules in this Section V modify the availability of DROP distributions as contemplated under Section 8.05(d) of the Act.

2. Additional Distributions from DROP Account for Members. In addition to the distribution options available under Section 8.05(a) of the Act, a member who participates in the DROP may take up to twelve distributions prior to April 1 of the year after the member attains 70 ½, but no more than four distributions in any given calendar year. ~~The distribution option provided in this paragraph 2 of~~

3. Distributions from DROP Account by Non-Member.

   (a) *Alternate Payees*. In accordance with Section ~~V will not be available~~9.11(b) of the Act, any portion of a member's DROP account that is awarded to an alternate payee ~~under a~~pursuant to a qualified domestic relations order ~~that has been approved by the Fund and awards~~(QDRO) shall be distributed in a single lump-sum payment as soon as administratively practicable after the alternate payee ~~a right to a portion of the member's DROP account. Such alternate payee will be limited~~is first entitled to the distribution ~~options in Section 8.05(a)~~of such amounts as determined by the Fund.

   (b) *Designated Beneficiaries*. In accordance with Section 8.07 of the Act, if a member who participates in the DROP dies before distribution of the member's entire DROP account, distributions will be made to the designated beneficiary for the DROP account. Distributions to the designated beneficiary must begin no later than one (1) year after the member's death and shall be made as either a single-payment distribution or in not more than four equal annual installments over a period of not more than 37 months.

4. ~~3.~~ Implementation~~. The Rules under this Section V will take effect after the effective date of these rules as amended~~. The distribution option under paragraph 2 of this Section V will apply (A) to all DROP accounts established on or after the effective date of these Rules as amended, and (B) to DROP accounts of a member established prior to the effective date of these Rules as amended, provided that any distributions taken by a member from his or her DROP account prior to the effective date of these Rules as amended will be counted against both the twelve

total distribution limit and the four annual distribution limit provided in paragraph 2 of this Section V.

VI. Beneficiary Designations ~~(as amended, September 20, 2016)~~

1. ~~1.~~ Background. Section 7.09 of the Act provides that a retiree or member eligible to retire may designate a beneficiary for a survivor benefit on a form provided by the Fund if the Act does not otherwise provide a benefit payable to a spouse or child of the member or retiree upon his or her death. Pursuant to Section 2.11 of the Act, the Board may adopt rules it considers necessary or desirable for the efficient administration of the Fund. In addition, Section 7.09 of the Act provides that the Board may adopt rules to establish procedures for and requirements governing beneficiary designations. Through this Section VI, the Board adopts rules and procedures for designating beneficiaries under Section 7.09 of the Act, including limiting the circumstances under which such designations can be made. This Section VI is intended to replace and supersede any previous policy relating to beneficiary designations established by the Board and only applies to Group A members.
2. ~~2.~~ Form. A form established by the staff of the Fund shall be utilized for purposes of designating a beneficiary under Section 7.09 of the Act, and such form shall be the only method by which a beneficiary may be designated under such section. Any attempt by the member to designate a beneficiary other than through the form established by the Fund's staff, whether electronically, in writing or verbally, shall have no effect.
3. ~~3.~~ Eligibility—Active Members. An active member who is vested and eligible to retire may designate or change a beneficiary under Section 7.09 if such member (A) is unmarried and (B) does not have a living child who is unmarried and under the age of twenty-two (a "***Dependent Child***"). Any form submitted to the Fund following September 1, 2012 that is executed on a date on which the member submitting the form is either married or has a Dependent Child shall have no effect and be null and void. An active member is not subject to a benefit reduction described in paragraph 4 below.
4. ~~4.~~ Eligibility—Retired Members. ~~Effective November 1, 2016, if such member agrees to the benefit adjustment described in the paragraph below,~~
   (a) ~~a~~A retired member may designate or change a beneficiary under Section 7.09 if ~~such member (A) is unmarried, (B) married, but only if the retiree's marriage occurred after retirement and the term of the marriage is less than twenty-four months, and (C) does not have a Dependent Child.~~ no survivor benefit is otherwise payable to a surviving spouse or Dependent Child of the member if such member agrees to the benefit adjustment described in subsection (d) below.
   (b) Notwithstanding the above, a retiree will not be eligible to designate or change a beneficiary after retirement if such retiree has already made two designations or changes following his or her date of retirement, and such two designations or changes occurred on or after January 1, 2017.
   (c) For a post-retirement marriage that occurs on or after September 1, 2025, the retiree's spouse will not automatically become eligible for a survivor

benefit from the Fund. The retiree may name such individual as a designated beneficiary in accordance with this rule if the member is otherwise eligible to do so.

For a post-retirement marriage that occurs prior to September 1, 2025, the retiree's spouse will be eligible for the survivor benefit provided under Section 7.02 of the Act if the spouse was married to the retiree on the retiree's death and for at least 24 consecutive months prior to the retiree's death. This change in beneficiary shall occur without a reduction to the member's benefit as described in subsection (d) below.

(d) A retiree who designates or changes a beneficiary must agree to a benefit reduction for the designation or change to take effect. The benefit reduction will be determined by treating the monthly benefit amount that the retiree is receiving at the time of the designation or change of beneficiary as a single life annuity for the life of the retiree and converting such single life annuity into the form of benefit that the retiree was receiving under the Fund at the time of the designation or change, taking into account the current age of the beneficiary. The method of the conversion described above will be determined by the Fund's actuary and based on the actuarial assumptions in effect under the Fund at the time of the designation or change. The reduction described in this paragraph will apply to any designations or changes in beneficiaries on or after January 1, 2017.

5. ~~5.~~ Requirements for Beneficiaries. A beneficiary may be any living person selected by the member.

6. ~~6.~~ Termination of Beneficiary Designation. ~~In the event a member who has previously submitted a valid~~ A previously-submitted beneficiary designation ~~subsequently becomes married or has Dependent Children, the previously submitted~~ form shall ~~be~~become null and void as of (i) in the event of a ~~subsequent~~post-retirement marriage prior to September 1, 2025, the date that the member's spouse would be eligible for survivor benefits under Article 7 of the Fund (~~which, in the case of a spouse who married a retiree after his or her retirement, would be twenty-four months following the date of such marriage~~if at all), or (ii) in the event of the birth or adoption of a Dependent Child, the date that the member's Dependent Child would be eligible for survivor benefits under Article 7 of the Fund. For the avoidance of doubt, a post-retirement marriage that occurs on or after September 1, 2025 shall not nullify a previously-submitted beneficiary designation form. The nullification of a beneficiary designation pursuant to this paragraph 6 shall be permanent and shall not be reinstated.

7. ~~7.~~ Reduction of Benefit for Beneficiary 10 or More Years Younger. The reduction of a beneficiary's benefit as described in Section 7.09(c) for a beneficiary of a member (active or retired) who is 10 or more years younger than the member at the time of the member's death will be determined in accordance with tables provided by the Fund's actuary and approved by the Board, as may be updated from time to time at the recommendation of the Fund's actuary. The tables as approved by the Board are set forth in Appendix B.

8. ~~8.~~ Administration. The application, administration and interpretation of this Section VI shall be at the full and absolute discretion of the Fund. Any decision relating to a beneficiary designation under this policy by the Fund shall be final and binding.

9. ~~9.~~ Termination of Provisional Beneficiary Designation. All provisional beneficiary designations made by members during the period beginning May 1, 2016 through June 1, 2016, on the special form provided by the Fund for such purpose (the "Provisional Designations") will expire at 12:00 am on November 1, 2016 (the "Expiration Date") and be null and void. No individual named under Provisional Designations will have any right or interest in the Fund following the Expiration Date solely by virtue of being named in such Provisional Designation. The Board did through action at its meeting of August 18, 2016 extend the survival period for Provisional Designations through the Expiration Date.

VII. ~~Procedures for Adoption of Annual COLA~~[Repealed]

~~1. Background. Section 9.04 of the Act provides for the circumstances under which a benefit being provided to a retiree or survivor is subject to a cost-of-living adjustment (COLA). This Section VII sets forth the procedures for (A) determining whether or not an Annual COLA (as defined below) is available, and, if so, the amount of such COLA and (B) implementing the Annual COLA.~~

~~2. Annual COLA. The process and procedures set forth in this Section VII relate to an annual COLA contemplated to be provided by the Fund that would be effective for eligible benefits payable after January 1 of a given calendar year if the requirements of Section 9.04 are satisfied (the "Annual COLA"). These procedures would not apply to a COLA to take effect as of some other date during a calendar year as permitted under Section 9.04(a-1)(2) of the Act.~~

~~3. Calculation of the Collective Adjustment Amount. For purposes of calculating the collective adjustment amount as provided in Section 9.04(a-2) of the Act for the Annual COLA:~~

~~(A) the CPI-U (all items) for the 12-month period ending September 30th will be utilized; and~~

~~(B) the Fund's actuary will utilize the methodology described in Section VIII in order to determine whether the collective adjustment amount (i) must be adjusted to maintain the financial stability of the Fund under Section 9.04(a-2)(A) or (ii) can be increased without impairing the financial stability of the Fund under Section 9.04(b).~~

~~The standards for determining the financial stability of the Fund as it relates to the collective adjustment amount are set forth in Section VIII of these Rules (COLA Adjustment Policy). The Fund's actuary will provide the collective adjustment amount and any other information required by the Board relating to the Annual COLA prior to the November meeting of the Board.~~

~~4. Board Approval of the Collective Adjustment Amount. At its November meeting, the Board will approve the collective adjustment amount for the Annual COLA as determined by the Fund's actuary and the method for allocating the Annual COLA. Generally, it is the Board's intention to allocate the collective adjustment amount for the Annual COLA equally on a percentage basis as applied to the benefits eligible for a COLA being received by members and survivors. However, the Board may in its discretion adopt an alternative allocation method as permitted under Section 9.04(a-1)(1).~~

~~5. Effective Date of Annual COLA. The Annual COLA will take effect as to all eligible benefits payable after January 1st of the calendar year subsequent to the calendar year in which Board approves the Annual COLA at its November meeting. The Fund will take all necessary steps following approval to implement the Annual COLA by such January 1st.~~

VIII. ~~COLA Adjustment Policy~~[Repealed]

~~1. Background. The purpose of the policy in this Section VIII is to provide the actuarial basis for the determination of the collective adjustment amount available for cost-of-living adjustments under Section 9.04 of the Act. Satisfaction of actuarial soundness and financial stability of the Fund must be met prior to any post-retirement adjustments under Section 9.04 of the Act.~~

~~2. Methodology. Subject to the terms of the Act, including without limitation, Section 9.04(a-4) and (b-1), a projection to measure the liabilities associated with a cost-of-living adjustment under a specified set of actuarial assumptions will be performed to demonstrate the soundness and stability of the Fund over an extended period following such adjustment.~~

~~The period for the projection will be a ten-year period beginning with the effective date of most recent actuarial valuation (which must be no more than 12 months prior to the effective date of the cost-of-living adjustment). Such projection will be based on the actuarial methods and assumptions typically utilized by the Plan, except for the following:~~

~~(A) the investment rate of return assumed for the experience on plan assets for the initial year of the projection will be equal to the product of the actual rate of return on Plan assets realized from January 1 through September 30 of such year and the Plan's actuarial rate of return for the period October 1 through December 31 of such year; and~~

~~(B) the applicable determination period for the increase in the CPI-U under Section 9.04 (a-2)(1) shall be the 12 month period ending on the September 30 of the initial year of the projection.~~

~~3. Standards. Actuarial soundness and financial stability for purposes of adoption of a cost-of-living adjustment will be demonstrated by satisfying the following two parameters for all years in the projection period:~~

~~(A) the funding period to amortize the unfunded accrued actuarial liability after the cost-of-living adjustment may not exceed 25 years for any year during the ten-year projection period; and~~

~~(B) the ratio of the actuarial value of assets divided by the actuarial accrued liability after the cost-of-living adjustment would not be less than 80% for any year in the ten-year projection period~~

~~4. De Minimus Adjustment. A "de minimis" cost-of-living adjustment will not be considered to adversely impact actuarial soundness or financial stability of the Fund and will not subject to the requirements in paragraph 3 above. A cost-of-living adjustment will be defined as de minimis if the following criteria are satisfied:~~

~~(A) the increase in the normal cost rate arising from the cost-of-living adjustment is 0.1% of covered payroll or less; and~~

~~(B) the increase in the funding period to amortize the unfunded accrued actuarial liability is 0.2 years or less.~~

~~5. Policy for Minimum Benefits. In its discretionary allocation of the collective adjustment amount among persons eligible for a cost-of-living adjustment under Section 9.04 of the Act, the Board may, in its sole discretion, allocate a portion of an available collective adjustment amount in a manner to ensure that the monthly retirement benefit of identified retirees, surviving spouses, or beneficiaries is equal to or greater than an identified minimum amount (the "Minimum Benefit"). Under this discretion provided by the Act, the Board through resolution previously established a Minimum Benefit of $2,000.00 to specifically identified retirees and surviving spouses at its meeting of May 15, 2012. A copy of this resolution is attached to these Rules as Appendix C.~~

~~Beginning in 2018, the Board intends to consider no less than every three (3) years at its August meeting whether an allocation of the collective adjustment amount for a given year should be applied toward establishing or increasing the Minimum Benefit for identified retirees, surviving spouses or beneficiaries. In determining whether to establish or increase the Minimum Benefit, the Board may, but is not required to, consider how any existing Minimum Benefit compares to the amount equal to 50% of a current entry-level firefighter's monthly base pay.~~

~~Any Minimum Benefit established or increased is subject to the requirements of Section 9.04 of the Act and compliance with the actuarial soundness and financial stability requirements of this Section VIII prior to the approval of such amount. The persons eligible for the Minimum Benefit will be determined by the Board in its sole discretion and applied in a uniform manner.~~

~~This paragraph 5 does not intend to and should not be interpreted as (A) obligating the Board to consider the Minimum Benefit or to establish or increase the Minimum Benefit in any given year, (B) providing rights to any person to a future Minimum Benefit, or (C)~~

~~limiting the Board's discretion to allocate any available collective adjustment amount among eligible persons in any amounts.~~

IX. ~~Benefit Improvement Policy~~[Repealed]

~~1. Background. The purpose of the policy in this Section IX is to provide the actuarial basis for adoption of benefit improvements to the Fund, including without limitation, changes to the factor used for normal service retirement benefit calculations under Section 5.04(b) and (b-1) of the Act. Satisfaction of actuarial soundness and financial stability of the Fund must be met prior to any benefit improvement.~~

~~2. Methodology. Subject to the terms of the Act, including without limitation, Section 5.04(b-1), a projection to measure the liabilities associated with a benefit improvement under a specified set of actuarial assumptions will be performed to demonstrate the soundness and stability of the Fund over an extended period following such improvement.~~

~~The period for the projection will be a ten-year period beginning with the effective date of most recent actuarial valuation (which must be no more than 12 months prior to the effective date of the benefit improvement). Such projection will be based on the actuarial methods and assumptions typically utilized by the Plan, except for the following:~~

~~(A) the investment rate of return assumption utilized for the projection period will be equal to the net market rates over immediately preceding ten-year period;~~

~~(B) the annual rate of salary increase would be assumed to be equal to a rate that is 1% greater than the assumption otherwise in effect and to be used during the 10-year projection period; and~~

~~(C) the projection will also be subject to producing results no more favorable than if the actuarial rate of return was earned on assets.~~

~~3. Standards. Actuarial soundness and financial stability for purposes of adoption of a benefit improvement will be demonstrated by satisfying a minimum of three of the following parameters for all years in the projection period:~~

~~(A) the funding period to amortize the unfunded accrued actuarial liability after the benefit improvement may not exceed 25 years for any year during the ten-year projection period;~~

~~(B) the ratio of the actuarial value of assets divided by the actuarial accrued liability after the benefit improvement would not be less than 80% for any year in the ten-year projection period;~~

~~(C) the FASB 35 funded ratio of the present value of accrued benefits to the market value of assets after the benefit improvement would not be less than 90% during any year in the ten-year projection period; or~~

~~(D) the increase in the funding period of the unfunded accrued actuarial liability in any year of the projection period may not exceed 5 years over the funding period stated in the most current actuarial valuation.~~

~~4. De Minimis Improvements. A "de minimis" benefit improvement will not be considered to adversely impact actuarial soundness or financial stability of the Fund and will not subject to the requirements in paragraph 3 above. A benefit improvement will be defined as de minimis if the following criteria are satisfied:~~

~~(A) the increase in the normal cost rate arising from the benefit improvement is 0.1% of covered payroll or less for the year in which the benefit improvement takes effect; and~~

~~(B) The increase in the funding period to amortize the unfunded accrued actuarial liability is 0.2 years or less for the year in which the benefit improvement takes effect.~~

X. Optional Forms of Benefit ~~(effective, November 1, 2016)~~

1. ~~1.~~ Background. Section 9.10 of the Act provides the Board with the authority to approve an optional retirement annuity instead of the normal form of annuity payable under Section 5.04 of the Act (the "Normal Form of Benefit"), as long as such optional form is certified by the Fund's actuary to be the actuarial equivalent of the Normal Form of Benefit. The Rule under this Section X is intended to provide additional optional forms of benefit which Group A members may elect upon retirement and the requirements and procedures with respect to such optional forms and the member's election and will take effect November 1, 2016. This Rule X applies only the Group A members.

2. ~~2.~~ Single Life Annuity. Instead of the Normal Form of Benefit, a member upon retirement may elect to choose to receive a life annuity with no survivor benefit (the "Life Annuity Option") that is actuarially equivalent to the Normal Form of Benefit, provided that the spousal consent requirements in paragraph 3 of this Section X are satisfied. The conversion from the Normal Form of Benefit to the Life Annuity Option will be based on the actuarial assumptions in effect under the Fund at the time of retirement with the assumption that the member's spouse or beneficiary under the Normal Form of Benefit is the same age as the member, regardless of the actual age of the spouse or designated beneficiary. The method and process for such conversion to the Life Annuity Option will be determined by the Fund's actuary.

   If the member elects to participate in the deferred optional retirement program ("DROP"), the amounts credited to a member's DROP account that relate to annuity payment amounts will be adjusted to reflect the Life Annuity Option election.

3. ~~3.~~ Spousal Consent. A spouse of a member who elects the Life Annuity Option must consent to such election for the election to be valid and take effect.

The consent must be in writing and witnessed by an employee or officer of the Fund or acknowledged by a notary public. If a member's spouse has been adjudicated incompetent, the consent may be given by the spouse's guardian (see Section 9.10(g) of the Act).

If a physician determines that a member's spouse is not mentally capable of managing the spouse's affairs, the consent may be given by the member if (A) the member would be qualified to serve as a guardian of the spouse and (B) the Board determines that a guardianship of the estate is not necessary (see Section 9.10(h) of the Act).

Spousal consent is not required if the Board determines that (A) no spouse exists, (B) the spouse cannot be located, (C) the first anniversary of the marriage will not occur before the date that the first annuity from the Life Annuity Option becomes payable, or (D) a former spouse is entitled to receive a portion of the member's optional retirement benefit under a qualified domestic relations order (see Section 9.10(i)). To clarify (D) above, the spousal consent requirement will still apply as to any current spouse of a member, even if the member has a qualified domestic relations order on file with the Fund for a former spouse.

With respect to all Board determinations under this paragraph 3 of Section X, (A) the Board may request action, information and documentation as it deems necessary to make any determinations, including, without limitation, a statement by an independent physician of the spouse's mental condition, and shall not be required to make a determination if it has not received such requested information or documentation; and (B) all such determinations will be made at sole and absolute discretion of the Board, and its determination shall be final and binding.

4. ~~4.~~ Guaranteed Term of Payments. A member upon retirement may elect to receive a reduced monthly annuity benefit that would guarantee that either the member's spouse, designated beneficiary or estate, as applicable, would receive a 100% survivor benefit if the member dies within the first ten years after annuity payments commence for the remainder of such ten-year period (referred to as "Option 2"). Option 2 is available for members who elect the Life Annuity Option. Following the end of the ten-year period, the amount of the survivor benefit (if any) to be paid under Option 2 will be based on the applicable terms of the Fund and these Rules, the member's monthly annuity at the time of death, the form of benefit that the member has elected, and in the case of a survivor who is a designated beneficiary, the age of such beneficiary. An estate is not eligible to receive a survivor benefit beyond the guaranteed 10-year period. The amount of the member's monthly annuity will be reduced if Option 2 is elected so that such is the actuarial equivalent of the Normal Form of Benefit (taking into consideration any Life Annuity Option election, if applicable) that the member would otherwise receive, with the method for such reduction to be determined by the Fund's actuary and based on the actuarial assumptions in effect under the Fund at the time of retirement.

If the member elects to participate in DROP, (A) the amounts credited to a member's DROP account that relate to annuity payment amounts will be adjusted to reflect the Option 2 election, and (B) the ten-year period will commence as of the retirement date that is selected by the member for purposes of DROP and not the member's actual date of termination of active service.

5. ~~5.~~ Election Forms. All elections for optional forms of benefit under this Section X will be made through forms and procedures established by the Fund and shall not be valid unless made pursuant to these forms and procedures. In the event of any inconsistencies between the terms of the election forms and the Act or these Rules, the Act and these Rules shall control.

6. ~~6.~~ Irrevocability. All elections made by members for optional forms of benefit shall be irrevocable and cannot be changed by members after monthly annuity payments have commenced.

XI. Procedure to Adopt or Amend Certain Rules or Policies

1. ~~1.~~ Background. Section 2.11 of the Act provides the Board with the authority to adopt rules it considers necessary or desirable for the efficient administration of the Fund. The Rule under this Section XI is intended to set out a standard process that the Board must follow to create, approve, or revise certain rules or policies of the Fund ~~and will take effect on February 21, 2017~~that have a direct impact on the benefits payable to members and beneficiaries. Any rule or policy shall be consistent with applicable laws and regulations, case law, and other Fund rules and policies.

2. Application. This procedure only applies to the adoption (or subsequent amendment) of a rule or policy (or section thereof) that has a direct impact on a member or beneficiary's eligibility for a Benefit (as such term is defined in Rule XIII), service credit under the Fund, or the amount or determination of a Benefit. This procedure does not apply to the adoption (or subsequent amendment) of a rule or policy that (i) does not have a direct impact on Benefits, including but not limited to the Board of Trustees' Governance Policy, Code of Ethics, the Investment Policy Statement or related procedures, or any staff related employment policies or (ii) is required to comply with federal or state law or otherwise necessary to maintain the qualified status of the plan.

3. ~~2.~~ Raising a Rule or Policy Issue. Any member of the Board may request that an item be placed on the agenda of a future meeting of the Board relating to the consideration of a new rule or policy or amendment to an existing one.

4. ~~3.~~ Proposed Draft of a Rule or Policy. Following discussion of a proposed rule or policy, or amendment to a rule or policy, at a meeting of the Board, the Board may instruct staff or legal counsel to prepare a draft of a proposed rule or policy or an amendment to an existing rule or policy for consideration at a future meeting ("***Proposed Draft***"). The Board may consider and, at its discretion, approve the Proposed Draft during any regular or special meeting of the Board. Once approved, a copy of the Proposed Draft shall be included with the Board meeting minutes and posted on the Fund's website. The posting on the website will include a request for Member comments.

5. ~~4.~~ Membership Comment Period and Adoption of the Proposed Draft. The approved Proposed Draft may not be considered for final adoption by the Board before the first regular monthly Board meeting that is two months following the month during which the Board approved the Proposed Draft. Prior to final adoption of the Proposed Draft, the Board shall consider any written comments from Members and provide the opportunity for Members to provide public comments at a Board meeting.

   After hearing the Member's comments, the Board may (1) vote to adopt the Proposed Draft during the same meeting without changes or with minor changes, (2) defer the vote to adopt the Proposed Draft until any subsequent meeting if the Board determines that significant revisions to the Proposed Draft should be considered, or (3) determine not to proceed with the Proposed Draft.

6. ~~5.~~ Emergency Procedure. The Board may be faced with an emergency situation in which the need for a rule or policy or amendment to existing rule or policy is immediate and urgent. The Board may expedite the adoption process by introducing and adopting a proposed rule or policy during a single meeting if the Board determines that the expedited timing of such adoption is required for the best interest of the Fund and the circumstances surrounding the adoption were unforeseeable.

7. ~~6.~~ Posting of Rules. All ~~Board~~Benefit-related rules and policies that are subject to this Rule XI will be posted on the Fund's website.

XII. Retirement Upon Indefinite Suspension

1. ~~1.~~ Background. The purpose of the Rule in this Section XII is to establish a standard procedure to address the circumstance in which a member who is indefinitely suspended commences his or her service retirement benefit upon the indefinite suspension.

2. ~~2.~~ Election to Commence Retirement Benefit. If a member is indefinitely suspended from active service, the member may elect to commence his or her service retirement benefit if he or she is otherwise eligible for such benefit under Article V of the Act in accordance with the requirements under this Section XII and procedures established by the Fund. A member is not required to immediately commence his or her benefit upon an indefinite suspension.

3. ~~3.~~ Indefinite Suspension with No Intent to Appeal. If the member is indefinitely suspended and does not intend to appeal such suspension, the member must certify in writing to the Fund his or her intent not to appeal. Upon receiving such certification, the Fund will treat the indefinite suspension as a standard termination of active service for purposes of the Fund as of the effective date of the suspension. If the Fund subsequently obtains knowledge that such member in fact has appealed the indefinite suspension, the Fund will take any action it deems appropriate with respect to the member's benefits, including suspend all annuity payments, prohibit distributions from DROP, or treat the member as if the member agreed to the terms of the Indefinite Suspension Addendum described below.

4. ~~4.~~ Indefinite Suspension with Intent to Appeal. If the member is indefinitely suspended and does intend to appeal such suspension, the member shall agree to the terms and conditions set forth in an Indefinite Suspension Addendum (the

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"Addendum") to his or her retirement benefit election forms. The terms and conditions of the Addendum will be established by the Fund and shall provide for the following:

(A) The member's service retirement benefit shall be calculated as if the effective date of the member's indefinite suspension was the member's date of termination of active service;

(B) If the member elects to participate in the Deferred Retirement Option Plan ("DROP") upon his or her indefinite suspension, no DROP distributions shall be made until a final ruling denying the member's appeal;

(C) If the member is reinstated to active service upon appeal, the member's retirement benefit election shall be deemed to be revoked as of the effective date of the member's return to active service, and all monthly annuity payments will immediately cease and the member's DROP account will be discontinued in the records of the Fund; and

(D) The member shall make repayments to the Fund to account for all monthly benefit payments made to the member during the period from the commencement of service retirement benefits upon indefinite suspension through the effective date of the member's return to active service (the "Suspension Period") in accordance with paragraph 5 below.

5. ~~5.~~ Repayment Obligation Upon Reinstatement. If the member commenced his or her service retirement benefit upon indefinite suspension and is reinstated following appeal, the member shall pay to the Fund the aggregate amount of all monthly annuity payments received by the member during the Suspension Period (the "Repayment Amount") within six (6) months of the effective date of the member's return to active service. If a member does not fully repay the Repayment Amount within six (6) months, the Fund has the authority to take any and all action necessary to recover the Repayment Amount plus interest accrued at the actuarially assumed rate of return of the Fund for the period beginning with the commencement date of the member's service retirement benefit through the date that no further repayment obligation under this paragraph 5 exists, including taking legal action against the member or adjusting or otherwise recovering such amounts from a member's monthly annuity payments or DROP account upon a subsequent retirement from the Fund.

6. ~~6.~~ Qualified Domestic Relations Orders.

(a~~.~~) If a court of competent jurisdiction has issued a domestic relations order as part of a member's divorce proceedings and the Fund has determined that such order is a qualified domestic relations order ("QDRO"), the service retirement benefits provided under this Section XII shall be subject to division between the member and the alternate payee pursuant to such QDRO and this paragraph 6.

(b~~.~~) The Fund shall make a reasonable attempt to contact the alternate payee and provide the alternate payee with notice of his or her rights under this Section XII once a member elects to commence a service retirement benefit upon his or her indefinite suspension.

(c~~.~~) If the member certifies to the Fund that the member does not intend to appeal his or her indefinite suspension as provided in paragraph 3 above, the

Fund shall administer the service retirement benefits in accordance with the terms of the QDRO as if the indefinite suspension was a standard termination of active service as of the effective date of the suspension.

(d~~.~~) If the member does intend to appeal his or her indefinite suspension and has completed the Addendum such that the member's service retirement benefits paid during the Suspension Period are subject to a potential repayment obligation as set forth in paragraphs 4 and 5 above, the Fund will hold any portion of the benefit due to an alternate payee under the QDRO in escrow until a final ruling denying the member's appeal has been entered, unless the alternate payee agrees in writing to repay the aggregate amount of all monthly annuity payments received during the Suspension Period to the Fund in accordance with the terms and conditions set forth in the Addendum.

(e~~.~~) In the event the member is reinstated to active service following appeal and the alternate payee did not agree to the terms and conditions of the Addendum, all payments will immediately cease, the entire balance of the escrow account will be immediately returned to the Fund, and the alternate payee will not be entitled to receive any other payment from the Fund until benefits from the Fund subsequently commence and in accordance with the terms of the QDRO.

(f~~.~~) In the event the member is reinstated to active service following appeal and the alternate payee agreed to the terms and conditions of the Addendum, all payments will immediately cease, and the alternate payee shall pay to the Fund the aggregate amount of all monthly annuity payments received by the alternate payee during the Suspension Period within six (6) months of the effective date of the member's return to active service in accordance with paragraph 5. If the alternate payee does not fully repay such amount, the Fund has the authority to take any and all action necessary against the alternate payee in accordance with paragraph 5.

(g~~.~~) If the member is not reinstated to active service following appeal and the alternate payee did not agree to the terms and conditions of the Addendum, the Fund shall pay any amount accumulated in the escrow account to the alternate payee as soon as administratively feasible after the final ruling denying the member's appeal. The Fund shall continue to make all subsequent payments owed to the alternate payee pursuant to the QDRO directly to the alternate payee.

7. ~~7.~~ Subsequent Service Retirement. If a member who commenced a retirement benefit under this Section XII is reinstated and has satisfied the requirements in paragraph 5, when the member subsequently retires from active service, the member's service retirement benefit upon such retirement will be calculated as of the member's subsequent retirement date and as if the member never commenced retirement under this Section XII.

8. ~~8.~~ Effective Date. The Rules under this Section XII will apply to any member who is indefinitely suspended on or after September 1, 2017.

XIII. Appeal of Benefit Determinations

1. ~~1.~~ Purpose. Pursuant to Section 2.09 of the Act, the Board is responsible for determining all matters related to a Member's participation in the Fund and eligibility for any benefits provided under the Fund. The Board has determined that it is in the best interest of the Fund and its Members to set forth a process for Members and other beneficiaries of the Fund to appeal a decision of the Board or the ~~Fund Administrator~~Executive Director with respect to benefit determinations under the Fund. All appeals must be made in accordance with this Rule and otherwise be consistent with the provisions of the Act. The Board will perform a full and fair review of all appeals in an independent and impartial manner, and its final decision on appeals will be final and binding.

2. ~~2.~~ Defined Terms. As used in this Rule, the following terms shall have the meanings prescribed to them below:

(a) "***Adverse Decision***" means any determination made by the Board or the ~~Fund Administrator~~Executive Director that denies or adversely impacts a Benefit of an individual Member (whether active or retired), a surviving spouse or child, alternate payee or other eligible beneficiary under the Fund. An Adverse Decision may be made in connection with a Member's application or other request for a Benefit under the Fund or a determination that relates to a Member or other beneficiary's Benefit including, without limitation, a determination related to the eligibility of any person to participate in the Fund or to receive, or continue to receive, a Benefit and the amount of that Benefit. An Adverse Decision does not include a determination or decision that (i) does not involve or directly impact Benefits or (ii) generally impacts Benefits under the Fund for all similarly-situated individuals.

(b) "***Benefit***" means any amount payable by the Fund to a Member, a surviving spouse or child, alternate payee or other eligible beneficiary under the Act, including, without limitation, a service retirement benefit under Article 5 of the Act, a disability retirement benefit under Article 6 of the Act, a survivor's benefit under Article 7 of the Act, a Member's participation in the Deferred Retirement Option Plan ("DROP") under Article 8 of the Act, or the right of an alternate payee to receive a portion of a Member's benefit under a qualified domestic relations order.

(c) "***Claimant***" means any Member, surviving spouse or child, alternate payee or other eligible beneficiary who appeals an Adverse Decision of his or her Benefit pursuant to this Rule.

3. ~~3.~~ Adverse Decision relating to Benefits.

(a) *Notice of Adverse Decision.* If the ~~Fund Administrator~~Executive Director or the Board make an Adverse Decision with respect to a Benefit under the Fund, the ~~Fund Administrator~~Executive Director will provide the Member, surviving spouse or child, alternate payee or other eligible beneficiary, as applicable, with written notice of such Adverse Decision within a reasonable period of time, but not later than thirty (30) days after the Adverse Decision was made (the "***Notice of Adverse Decision***").

(b) *Content of Notice of Adverse Decision.* The Notice of Adverse Decision will include, at a minimum, the following information:

(i) the specific reason(s) for the Adverse Decision,

(ii) reference to the provisions of the Act upon which the Adverse Decision is based and/or the section of the Fund's Rules or policies that was relied upon in making the Adverse Decision,

(iii) description of any information that was not provided which may have been a reason for such Adverse Decision and an explanation of why such information is necessary,

(iv) notice of the right of the Member, surviving spouse or child, alternate payee or other eligible beneficiary to appeal the Adverse Decision, a copy of this Rule (or directions for where to find the Rule on the Fund's website), and the deadline for filing such appeal, and

(v) a statement that the Member, surviving spouse or child, alternate payee or other eligible beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all public documents, records, and other information relevant to the Adverse Decision.

4. ~~4.~~ Initiating the Appeal Process.

(a) *Filing a Notice of Appeal.* To begin an appeal, the Claimant, or an authorized representative of the Claimant, must send written notice of the appeal to the ~~Fund Administrator~~Executive Director ("***Notice of Appeal***") which must be delivered or postmarked no later than sixty (60) days after the date that the Notice of Adverse Decision was received by the Claimant. The Notice of Appeal may be hand-delivered or mailed to the ~~Fund Administrator~~Executive Director at the Fund's address or emailed to the ~~Fund Administrator~~Executive Director.

(b) *Content of Notice of Appeal.* The Notice of Appeal must include all relevant information regarding the Claimant and the Adverse Decision being appealed, including, without limitation, the following information:

(i) the Claimant's name, address, phone number, TX FIR number (if applicable), and the last four (4) digits of his or her social security number,

(ii) the Adverse Decision being appealed and the specific reason(s) that the Claimant disagrees with the Adverse Decision, and

(iii) any additional evidence that the Claimant wants the Board to consider in connection with the appeal, including, without limitation, written comments, documents, records, medical records, and other information related to the appeal, even if the Claimant had not previously submitted such documents or information to the Fund.

(c) *Failure to Timely Submit a Notice of Appeal.* A Claimant will forfeit his or her right to appeal an Adverse Decision if the Notice of Appeal is not received or postmarked within sixty (60) days after the Claimant's receipt of the Notice of Adverse Decision.

(d) *No Third-Party Rights.* No person other than the Claimant, or the Claimant's authorized representative, may appeal an Adverse Decision with respect to the Benefit payable to such Claimant.

5. ~~5.~~ Board's Review of Appeal.

(a) *Standard of Review.* All appeals will be given a full and fair review, and the Board will take into account all comments, documents, records, and other information submitted by the Claimant with the Notice of Appeal, without regard to whether such information was submitted or considered in the initial Adverse Decision.

(b) *Meeting for Review of Appeal.* The Board will review the Claimant's appeal at one of its regular monthly meetings or at a special meeting called for purposes of the appeal. The date of the meeting at which the appeal will be considered will be communicated to the Claimant at least fifteen (15) days prior to the meeting. The Claimant may request a delay or rescheduling of the meeting within five (5) days after receiving notice of the meeting if he or she can demonstrate good cause for such request, and the ~~Fund Administrator~~Executive Director will consider and respond to any such request. Portions of the meeting may be held in closed session for consultation with the Fund's attorney, discussions involving disability determinations or personal medical records, or other items if and as permitted under the Texas Open Meetings Act.

(c) *Right of Claimant to Appear.* During the meeting at which the appeal is reviewed, the Claimant, or his or her representative, may appear before the

Board to make a brief statement concerning any facts or arguments he or she wishes to present with respect to the appeal. The Board may ask the Claimant to respond to its questions or ask the Claimant to provide additional information related to the appeal. The presiding officer of the Board for the meeting has final authority to set the amount of time the Claimant may have to present information. The Claimant may be represented by legal counsel or another duly authorized representative to appear on the Claimant's behalf.

(d) *Independent Evaluation.* With respect to an appeal related to a disability retirement Benefit, the Board may request that an Independent Evaluation (as defined in the Fund's "Disability Retirement Benefit Policy") be performed in connection with its review of the appeal. Any Independent Evaluation performed in connection with the Board's review of an appeal must be performed by an individual who was neither consulted in connection with the original Adverse Decision nor served on the Medical Board that reviewed the Member's application for disability retirement Benefits. The Fund will be responsible for any fees or costs incurred to obtain an Independent Evaluation requested by the Board under this section. The Fund will provide the results of such Independent Evaluation, and any tests, reports, images, documents or other information generated in connection with such Independent Evaluation, to the Claimant within a reasonable period of time prior to its final decision of the appeal in order to provide the Claimant an opportunity to respond to the results. The Board may employ the Medical Board to assist with the review of any appeal involving a disability determination, including an appeal in which an Independent Evaluation is performed.

6. ~~6.~~ Final Decision on Appeal.

(a) *Timing of Final Decision.* The Board will make a final decision on an appeal, or determine that an extension of time to make a final decision is required, on or before the next monthly meeting following the meeting at which the Board initially considers the appeal. If the Board requires more time to make a final decision, the ~~Fund Administrator~~Executive Director will provide the Claimant notice of such extension within fifteen (15) days following the Board's determination that such extension is required and will indicate the special circumstances requiring an extension of time and the date by which the Board expects to make its final decision. Such extension will generally not exceed more than sixty (60) days from the date of such extension notice unless good reason exists for a longer extension period. Once the Board has made a final decision on an appeal, the ~~Fund Administrator~~Executive Director will communicate the Board's final decision to the Claimant in writing no later than fifteen (15) days after the meeting at which the Board makes its final decision ("***Notice of Final Decision***").

(b) *Content of Notice of Final Decision.* The Notice of Final Decision will include, at a minimum, the following information:

(i) the reason(s) for the Board's final decision,

(ii) any new or additional evidence or rationale that formed the basis for the Board's final decision,

(iii) the provisions of the Act upon which the final decision is based and/or the section of the Fund's Rules or policies that was relied upon in making the Board's final decision,

(iv) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all public documents, records, and other information relevant to the Board's final decision, and

(v) a statement of the Claimant's rights to seek judicial review of the Board's final decision.

(c) *Effect of Final Decision*. The Board's final decision following its full and fair review of the appeal will be made in its sole and absolute discretion and shall be final and binding on all involved parties.

XIV. Designation of Member Trustee Positions

1. Background. In connection with the legislative changes to the Act during the 89th Legislative session, the number of members of the Fund who may be elected to serve on the Board increased from three to four. Pursuant to Section 2.02(c), the Legislature granted the Board authority to specify by rule the number of such elected members who must be firefighters or retirees of the Fund. The Board believes it is in the best interest of the Fund to ensure the Board is composed of representatives from both the active firefighter members and retired members.
2. Designation. Effective as of January 1, 2026, (i) one of the four member Trustee positions is designated for and shall be filled by an active firefighter member, and (ii) one of the four member Trustees positions is designated for and shall be filled by a retired member. The two remaining member Trustee positions will continue to be elected at large from the entire member population and may be either an active firefighter or a retiree.
3. Exception. Notwithstanding as otherwise provided above, the Board may suspend the requirements set forth in Paragraph 2 above in the event the Fund does not receive a nomination for an eligible individual to serve in one of the designated positions in a given year. The Board may adopt reasonable procedures to fill such position.

XV. Military Service Credit Purchase

1. Background. Pursuant to Section 4.02 of the Act, a member of the Fund who performs active military service on or after January 1, 2026 while actively employed by the Austin Fire Department is permitted to purchase service credit under the Fund for each month that the member actively serves in the armed forces or armed forces reserves of the United States (or their auxiliaries) in accordance with rules adopted by the Board as well as the applicable requirements of Section 414(u) of the Code and USERRA. The purpose of this Rule is to outline the requirements to purchase such service credit and establish a standard process for purchasing such service credit under the Fund. This Rule shall take effect as of January 1, 2026.
2. Qualified Military Service. For purposes of this Rule, the term "***Qualified Military Service***" means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any member on or after January 1, 2026 if such member is entitled to reemployment rights under USERRA with respect to such service. In order to be recognized as Qualified Military Service, the member must have been honorably discharged.
3. Requirements to Purchase Military Service Credit.

   (a) A Member who is absent from employment with the Austin Fire Department because of active duty military service may – but is not required to – purchase one month of service credit for each month during which the member performs Qualified Military Service ("***Military Service Credit***"), provided that in no event shall a member be entitled to purchase more than a total of sixty (60) months of Military Service Credit under the Fund.

   (b) To be eligible to purchase Military Service Credit, the Member must (1) return to employment with the Austin Fire Department no later than the 180th day after the date of discharge or release from Qualified Military Service or from hospitalization continuing after discharge for no more than one year and (2) leave the member's accumulated contributions in the Fund during the period of absence.

   (c) After returning to employment with the Austin Fire Department, the member must submit a written application with the Fund to purchase Military Service Credit which must be accompanied by satisfactory proof of such service, including at a minimum a copy of the military service record related to such Qualified Military Service showing the member's dates of service and discharge/separation, such as a DD-214 or equivalent documentation.

   (d) To purchase Miliary Service Credit, the member must pay to the Fund an amount equal to the total amount of contributions that the member would have made during the period of Qualified Military Service if the member had remained in active employment with the Austin Fire Department during such period.

(e) After the member makes the contribution set forth in subsection (d), the Fund will notify the City of the amount of Military Service Credit purchased by the member and the applicable period of Qualified Military Service. As soon as reasonably practicable, the City shall deposit an amount equal to the total amount of contributions that the City would have made during the period of Qualified Military Service if the member had remained in active employment with the Austin Fire Department during such period.

(f) Once the Fund has received contributions from both the member and the City, the member's records in the Fund shall be updated to reflect the purchased Military Service Credit. Military Service Credit shall be recognized by the Fund for all purposes, including to determine eligibility for retirement and benefit accrual.

4. Timing and Form of Contributions.

(a) Military Service Credit may only be purchased in increments of one (1) full month.

(b) Contributions required to be paid to the Fund by this rule shall be made in a single lump-sum payment. The member may make the lump-sum contribution payment either: (1) using after-tax funds paid to the Fund via check, wire transfer, or other method approved by the Fund, or (2) through a pre-tax rollover from an eligible retirement plan or account. A member may be required to provide a statement from the eligible retirement plan or account or other satisfactory proof of the qualified status of such plan or account before a rollover will be accepted by the Fund.

(c) The Member must complete the purchase of Military Service Credit within five (5) years from the date of discharge associated with the Qualified Military Service to which the Military Service Credit relates.

(d) All service purchases must be made prior to the commencement of a monthly annuity benefit from the Fund.

(e) Notwithstanding the above, a member will not be eligible to purchase Military Service Credit under the Fund if the member has established credit for the same military service with another retirement system.

5. Purchase of Military Service Credit After Member's Death.

(a) If a member dies while performing Qualified Military Service, the member's spouse may purchase Military Service Credit on behalf of the member in accordance with the terms of this rule, provided that such purchase must be made no later than ninety (90) days after the member's death.

(b) In no event will a designated beneficiary of a member or other non-spousal beneficiary be eligible to purchase Military Service Credit on behalf of the member.

ADOPTED ~~pursuant to Section XI of these Rules in final form~~ at the meeting of the Board of Trustees of the Fund on ~~May 27, 2021~~[DATE], as recorded in the minutes of such meeting.

APPENDIX A

Actuarial Assumptions for Actuarial Equivalence Factors

Mortality:	1994 Group Annuity Mortality Table			
Member:	Males:	97%	Females:	3%
Spouse:	Males:	3%	Females:	97%
Non-spouse Beneficiary:	Males:	50%	Females:	50%
Interest Rate:	8.00%			
COLA:	1.00%			
Retirement Age:	50			
Spouse Age:	50			
Non-spouse Beneficiary Age:	50			

APPENDIX B

Reduction of Benefit for Beneficiary 10 or More Years Younger

10-Year Rule Joint & Survivor Benefit Forms

Age Difference (Retiree minus Beneficiary)	Percent Continued to Beneficiary
Less than 10	75%
10 – 14	45%
15 – 19	40%
20 – 34	35%
35+	30%

Please note the above table represents the percentage of the retiree's accrued benefit that is payable if the retiree predeceases the selected beneficiary.

Summary report: Litera Compare for Word 11.11.0.158 Document comparison done on 7/16/2025 10:15:02 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://imanagework.jw.com/jwdocs/45729896/1 - DRAFT Fund Rules (Amended and Restated July 2025).docx	
Modified DMS: iw://imanagework.jw.com/jwdocs/45729896/6 - DRAFT Fund Rules (Amended and Restated July 2025).docx	
Changes:	
Add	216
~~Delete~~	176
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	392

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CONFIDENTIAL INFORMATION

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Austin Firefighters Retirement Fund
Operating Budget
Fiscal Year 2025

	Approved Budget	Jan - Jun Expensed	Remaining Budget	Percent Expended
Administrative Expenses				
Salaries and Benefits				
Salary - Executive Director	244,800.00	132,499.98	112,300.02	54.13%
Salary - Staff	511,500.00	239,500.02	271,999.98	46.82%
Health Insurance	127,310.00	62,894.64	64,415.36	49.40%
Health Insurance - Retired Staff	6,000.00	720.72	5,279.28	12.01%
Payroll Taxes	58,504.00	28,640.89	29,863.11	48.96%
SEP Contribution	182,825.00	93,000.00	89,825.00	50.87%
Subtotal	**1,130,939.00**	**557,256.25**	**573,682.75**	**49.27%**
SS Retiree Payroll Process Fees	34,000.00	17,244.08	16,755.92	50.72%
Building	22,943.00	3,479.44	19,463.56	15.17%
Utilities	6,775.00	1,957.49	4,817.51	28.89%
Office Expenses	18,950.00	3,449.17	15,500.83	18.20%
Computer and Software	34,300.00	10,650.57	23,649.43	31.05%
Insurance	42,800.00	-	42,800.00	0.00%
Travel	23,500.00	300.90	23,199.10	1.28%
Operational Cost	24,000.00	11,254.90	12,745.10	46.90%
Investment Expenses				
Financial Consulting Fee	229,650.00	112,848.00	116,802.00	49.14%
Investment Management Fees	1,800,000.00	773,463.41	1,026,536.59	42.97%
Bank Custodian Services	117,000.00	61,259.81	55,740.19	52.36%
Professional Services Expenses				
Accounting	25,000.00	10,750.00	14,250.00	43.00%
Actuarial Fees				
Actuarial Valuation	46,300.00	11,575.00	34,725.00	25.00%
COLA & Additional Travel	10,000.00	-	10,000.00	0.00%
Pension Funding Research	186,000.00	133,432.50	52,567.50	71.74%
Legal Fees				
Administrative	132,000.00	53,000.00	79,000.00	40.15%
Board Meeting	18,000.00	7,500.00	10,500.00	41.67%
Investment Review	50,000.00	-	50,000.00	0.00%
Summary Plan Descr, Records Retention & Forms	150,000.00	-	150,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	200,000.00	205,618.00	(5,618.00)	102.81%
Legislative Consulting	72,000.00	46,612.00	25,388.00	64.74%
Medical Disability Review	3,000.00	-	3,000.00	0.00%
Pension Software	670,000.00	309,342.86	360,657.14	46.17%
Total Expenses	**$ 5,047,157.00**	**$ 2,330,994.38**	**$ 2,716,162.62**	**46.18%**

Austin Firefighters Retirement Fund
Contributions and Deductions (Unaudited)
as of June 30, 2025

Additions

Contributions	
City of Austin Contribution (22.05%)	13,414,250.26
Fire Fighter Contribution (18.7%)	11,376,257.62
Interest -Bank	218,360.84
Commission Recapture	5,775.63
Class Action Proceeds	625.00
Securities Litigation Recovery	896.04
Total Contributions	**$ 25,016,165.39**

Deductions

Pension Retiree Payroll Expenses	
Retirees Monthly Annuity	28,654,581.92
Medical Ins.	1,567,191.97
Dental Ins	237,758.23
Vision Ins.	24,369.40
Retiree W/H Tax Payable	3,967,929.36
Benevolent Fund	24,160.00
Union Dues	14,066.28
Misc.	9,899.64
PAC Dues	4,493.00
Total Retiree Payroll Expenses	**$ 34,504,449.80**
Pension Lump Sum Expenses	
Contribution Refunds	133,265.24
DROP Distributions	20,659,615.72
# of Requested DROP Distributions: 117	
Total Pension Lump Sum Expenses	**$ 20,792,880.96**

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through June 2025

	Total		
	Jan - Jun	Budget	% of Budget
Ordinary Income/Expense			
Income			
City of Austin Contrib (22.05%)	13,414,250.26	27,242,000.00	49.24%
Commission Recapture	5,775.63	5,000.00	115.51%
Fire Fighter Contrib (18.7%)	11,376,257.62	23,108,000.00	49.23%
Securities Litigation Recovery	896.04		
Other Income			
Class Action Proceeds	625.00	5,000.00	12.50%
Interest - Frost Bank	5,477.32	5,000.00	109.55%
Interest - State Street	208,579.75	300,000.00	69.53%
Securities Lending - State St.	4,303.77	9,000.00	47.82%
Total Income	25,016,165.39	50,674,000.00	49.37%
Operating Expenses			
Administrative Expenses			
Payroll Expenses			
Payroll Expenses - Other	372,000.00	756,300.00	49.19%
Health Insurance - Staff	62,894.64	127,310.00	49.40%
Health Insurance - Retired Staff	720.72	6,000.00	12.01%
Taxes	28,640.89	58,504.00	48.96%
SEP Contribution	93,000.00	182,825.00	50.87%
Total Payroll Expenses	557,256.25	1,130,939.00	49.27%
SS Retiree Payroll Process Fees	17,244.08	34,000.00	50.72%
Building Expenses			
Assessment toward 2019 Project	998.20	1,883.00	53.01%
Building Maintenance/Improvemen	0.00	15,250.00	0.00%
Condo Association Dues	2,481.24	5,810.00	42.71%
Utilities			
Electric	930.39	2,250.00	41.35%
HVAC Program	0.00	50.00	0.00%
Internet & Cable & Telephone	724.90	3,500.00	20.71%
Water, Waste, Drainage	302.20	975.00	30.99%
Total Utilities	1,957.49	6,775.00	28.89%
Total Building Expenses	5,436.93	29,718.00	18.30%
Office Expenses			
Furniture (FFE)	0.00	2,000.00	0.00%
Meeting Refreshments	357.43	1,600.00	22.34%
Notary Services	142.27	250.00	56.91%
Office Maintenance	1,782.00	3,600.00	49.50%
Office Supplies (Office supplies expense)	244.80	2,500.00	9.79%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through June 2025

	Total		
	Jan - Jun	Budget	% of Budget
Postage and Delivery	442.67	5,000.00	8.85%
Printing and Reproduction	480.00	4,000.00	12.00%
Total Office Expenses	3,449.17	18,950.00	18.20%
Computer and Internet Expenses			
Hosting & Other Expenses	313.84	3,000.00	10.46%
Laptop/Computer	372.45	3,000.00	12.42%
Software/IT Services	9,964.28	28,300.00	35.21%
Total Computer and Internet Expenses	10,650.57	34,300.00	31.05%
Insurance Expense			
Board & Directors Liability Ins	0.00	29,600.00	0.00%
Commercial	0.00	2,000.00	0.00%
Cybersecurity Ins.	0.00	10,000.00	0.00%
Workers Comp Ins. (Workers Comp)	0.00	1,200.00	0.00%
Total Insurance Expense	0.00	42,800.00	0.00%
Travel Expense			
Lodging/Transportation/Per Diem	250.90	16,000.00	1.57%
Registration fees	50.00	7,500.00	0.67%
Total Travel Expense	300.90	23,500.00	1.28%
Operational Cost			
Association Fees (TXPERS /NCEPRS)	9,080.00	9,100.00	99.78%
Election Services	146.44	4,400.00	3.33%
Death Verification Services	0.00	4,200.00	0.00%
Operational Cost - Other	2,028.46	6,300.00	32.20%
Total Operational Cost	11,254.90	24,000.00	46.90%
Investment Expenses			
Bank Custodian Services	61,259.81	117,000.00	52.36%
Financial Consulting Fee	112,848.00	229,650.00	49.14%
Investment Management Fees	773,463.41	1,800,000.00	42.97%
Total Investment Expenses	947,571.22	2,146,650.00	44.14%
Professional Fees			
Audit	10,750.00	25,000.00	43.00%
Actuarial Fees			
Actuarial Valuation	11,575.00	46,300.00	25.00%
COLA & Additional Travel	0.00	10,000.00	0.00%
Pension Funding Research	133,432.50	186,000.00	71.74%
Total Actuarial Fees	145,007.50	242,300.00	59.85%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through June 2025

	Total		
	Jan - Jun	Budget	% of Budget
Legal Fees			
Administrative	53,000.00	132,000.00	40.15%
Board Meeting	7,500.00	18,000.00	41.67%
Investment Review	0.00	50,000.00	0.00%
Summary Plan Descr, Records Retention & Forms	0.00	150,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	205,618.00	200,000.00	102.81%
Total Legal Fees	266,118.00	550,000.00	48.39%
Legislative Consulting	46,612.00	72,000.00	64.74%
Medical Disability Review	0.00	3,000.00	0.00%
Pension Software			
Pension Software PG I	5,310.00	50,000.00	10.62%
Pension Software PG IV	304,032.86	620,000.00	49.04%
Total Pension Software	309,342.86	670,000.00	46.17%
Total Professional Fees	777,830.36	1,562,300.00	49.79%
Total Operating Expenses	2,330,994.38	5,047,157.00	46.18%
Monthly Pension Retiree Payroll			
Retirees Monthly Annuity	28,654,581.92	56,000,000.00	51.17%
Medical Ins.	1,567,191.97	3,700,000.00	42.36%
Dental Ins	237,758.23	466,000.00	51.02%
Vision Ins.	24,369.40	47,000.00	51.85%
Retiree W/H Tax Payable	3,967,929.36	7,750,000.00	51.20%
Benevolent Fund	24,160.00	59,000.00	40.95%
Misc.	9,899.64	20,000.00	49.50%
PAC Dues	4,493.00	9,200.00	48.84%
Union Dues	14,066.28	25,000.00	56.27%
Total Monthly Pension Retiree Payroll	34,504,449.80	68,076,200.00	50.69%
Pension Lump Sum			
Contribution Refunds	133,265.24	1,000,000.00	13.33%
DROP Distributions	20,659,615.72	30,000,000.00	68.87%
Total Pension Lump Sum	20,792,880.96	31,000,000.00	67.07%
Total Expense	57,628,325.14	104,123,357.00	55.35%

Austin Firefighters Retirement Fund
Assets & Liabilities Report (Unaudited)
as of June 30, 2025

Assets

Checking/Savings		
	Frost Bank - Benefits	207,441.15
	Frost Bank - Operating	26,595.16
	State Street T009-Cash Agg	5,104,836.04
Total Checking/Savings		5,338,872.35
Investments, at fair value		
	Domestic Equites	274,952,792.37
	Fixed Income Securities	358,884,402.64
	International Equities	293,799,767.36
	Real Asset	26,154,469.78
	Private Equity	151,018,807.61
	Real Estate	87,964,349.99
Total Investments		1,192,774,589.75
Total Assets		**$ 1,198,113,462.10**

Liabilities

Current Liabilities		
	Payroll Liabilities	5,606.86
	Operating Admin Liabilities	2,119.71
	Investment Liabilities	-
	Professional Liabilities	80,002.50
Long Term Liabilities		
	DROP (Guaranteed 5%)	160,013,769.74
	% of Total Assets	13.36%
Total Liabilities		**$ 160,101,498.81**

Austin Firefighters Retirement Fund
Balance Sheet
As of June 30, 2025

	June
ASSETS	
Current Assets	
Checking/Savings	
Frost Bank - Benefits	207,441.15
Frost Bank - Operating	26,595.16
State Street T009-Cash Agg	5,104,836.04
Total Checking/Savings	5,338,872.35
Other Current Assets	
Investments	
DEQ	
SSgA S&P 500 Flagship Fund	145,519,709.62
VAUGHAN NELSON	61,624,304.74
Westfield Capital Management	67,808,740.66
Westwood Capital	37.35
Total DEQ	274,952,792.37
FI	
ABERDEEN	69,216,144.77
Loomis Sayles Core Plus Bond	49,206,430.94
Pacific Asset Management	25,546,594.50
Pyramis Tactical Bond (Fidelity	28,397,966.62
SSgA Bond Fund	126,040,526.28
SSGA TIPS	60,476,739.53
Total FI	358,884,402.64
IEQ	
Baillie Gifford	41,481,125.37
DFA Emerging Markets	31,981,647.41
DFA International Small Company	34,666,678.90
Highclere	0.00
SSgA MSCI EAFE Fund	146,777,558.07
TT International	38,892,757.61
Total IEQ	293,799,767.36
NR	
Aether Real Assets II	1,765,874.42
Aether Real Assets III	7,039,054.38
Aether Real Assets IV	9,473,413.57
Aether Real Assets V	7,876,127.41
Total NR	26,154,469.78
PE	
57 Stars Global Opportunity	4,735,605.60
Arcmont (Bluebay)Direct Lending	1,777,608.85
Constitution Ironsides Fund VII (50/50)	5,538,835.58
Constitution Ironsides III	1,591,720.71
Cross Creek Capital Partners II	8,224,264.87
Cross Creek Capital Parts III	9,028,351.95
Deutsche Bank SOF III	1,520,379.48
Dover Street X	34,554,234.01
Greenspring Global Partners V	6,621,503.99

Austin Firefighters Retirement Fund
Balance Sheet
As of June 30, 2025

GREENSPRING VI	9,815,143.96
Harbourvest 2013 Direct	2,394,823.05
HarbourVest Coinvestment 4	6,838,039.95
HighVista Flag V	1,367,656.71
HighVista Flag VI	4,616,765.89
LGT C Europe Small Buyouts 3	1,369,237.90
LGT Crown Asia 2	6,032,275.97
LGT Crown Global Secondaries 2	78,096.00
LGT Crown Global VI	20,068,852.01
LGT Global Secondaries III	1,533,067.00
Partners Group EM 2015	6,407,602.86
Partners Group US Dist PE 2009	60,847.01
Private Advisors Co-Inv FundIII	516,322.01
Private Equity Investors V	1,247,887.30
SVB Strategic Investors Fund IX	15,079,684.95
Total PE	151,018,807.61
RE	
Clarion Partners	63,987,623.99
Crow Holdings Realty Partners X	8,608,781.75
Partners Group Distressed '09	0.00
Partners Group RE Second 2011	98,869.00
Partners Group RE Second 2017	10,587,190.62
Portfolio Advisors Fund 5	4,681,884.63
Total RE	87,964,349.99
Total Investments	1,192,774,589.75
Total Other Current Assets	1,192,774,589.75
Total Current Assets	1,198,113,462.10
TOTAL ASSETS	**1,198,113,462.10**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	2,119.71
Investment Liabilities	0.00
Professional Liabilities	80,002.50
Total Other Current Liabilities	87,729.07
Total Current Liabilities	87,729.07
Long Term Liabilities	
DROP (Guaranteed 5%)	160,013,769.74
% of Total Assets	13.36%
Total Long Term Liabilities	160,013,769.74
Total Liabilities	**160,101,498.81**

Austin Firefighters Retirement Fund
General Ledger
June 2025

Date	Name	Memo/Description	Split	Amount	Balance
Frost Bank - Benefits					
Beginning Balance					**$ 213,123.70**
06/05/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-175,000.00	38,123.70
06/06/2025	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,750,000.00	-1,711,876.30
06/06/2025	City of Austin	City and Member's Contributions	-Split-	1,917,751.27	205,874.97
06/13/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-150,000.00	55,874.97
06/20/2025	City of Austin	City and Member's Contributions	-Split-	1,870,949.80	1,926,824.77
06/23/2025	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,650,000.00	276,824.77
06/23/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-70,000.00	206,824.77
06/30/2025	Frost Bank	Interest Jun 2025	Interest:Interest - Frost Bank	616.38	207,441.15
Total for Frost Bank - Benefits				**-$ 5,682.55**	**$ 207,441.15**
Frost Bank - Operating					
Beginning Balance					**$ 35,838.83**
06/05/2025	TASC (FSA Health Care)	FSA Jun 2025	-Split-	-433.34	35,405.49
06/05/2025	State Street Bank & Trust	Q1 2025 State Street Retiree Payroll Process F	Fees:SS Retiree Payroll Process Fees	-8,754.09	26,651.40
06/05/2025	State Street Bank & Trust	Q3 2024 State Street Retiree Payroll Process F	Fees:SS Retiree Payroll Process Fees	-8,489.99	18,161.41
06/05/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	175,000.00	193,161.41
06/05/2025	Schlueter Group	Legislative Consulting	Professional Fees:Legislative Consulting	-4,000.00	189,161.41
06/05/2025	Jani-King of Austin	Jun 2025	Office Expenses:Office Maintenance	-297.00	188,864.41
06/05/2025	City of Austin	Health Insurance Retired Staff Jun 2025	Payroll Expenses:Health Insurance - Retired Staff	-449.02	188,415.39
06/05/2025	Shira K. Herbert	Meeting Refreshments	Office Expenses:Meeting Refreshments	-31.09	188,384.30
06/05/2025	Anumeha Kumar	Legislative Parking Reimbursement	Travel Expense:Lodging/Transportation/Per Diem	-49.25	188,335.05
06/05/2025	Meketa Investments	May 2025	Fees:Financial Consulting Fee	-18,808.00	169,527.05
06/05/2025	City of Austin	Health Insurance Jun 2025	-Split-	-10,720.74	158,806.31
06/06/2025	Cheiron	Actuarial Valuation Payment #1	Professional Fees:Actuarial Fees:Actuarial Valuation	-11,575.00	147,231.31
06/10/2025	Austin FF Relief & Retirement Fund	Union Reimbursement for Legislative Consultin	Professional Fees:Legislative Consulting	2,000.00	149,231.31

06/10/2025	Montemayor Britton Bender	2024 Audit Report & Progress Bill	Professional Fees:Accounting:Audit	-10,750.00	138,481.31
06/10/2025	Austin FF Relief & Retirement Fund	L. Adney Health Insurance Payment Jun 2025	Payroll Expenses:Health Insurance - Retired Staff	218.90	138,700.21
06/10/2025	Austin FF Relief & Retirement Fund	L. Adney Reimbursement Payment Jun 2025	Payroll Expenses:Health Insurance - Retired Staff	125.00	138,825.21
06/11/2025	Gabriel, Roeder, Smith & Company	Pension Funding Research	Professional Fees:Actuarial Fees:Pension Funding Rese	-18,787.50	120,037.71
06/13/2025	Anumeha Kumar	Legislative Parking Reimbursement	Travel Expense:Lodging/Transportation/Per Diem	-201.65	119,836.06
06/13/2025	Levi Ray & Shoup	PGIV Implementation- Payment #10	Professional Fees:Pension Software PG IV	-152,016.43	-32,180.37
06/13/2025	Jackson Walker	Legislative Matters Apr 2025	Professional Fees:Legal Fees:Pension Funding Researc	-79,436.50	-111,616.87
06/13/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	150,000.00	38,383.13
06/17/2025	Frost Bank	Bank Service Charges May 2025	Operational Cost:Bank Service Charges	-249.76	38,133.37
06/23/2025	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	70,000.00	108,133.37
06/24/2025	Fidelity	Jun 2025	Payroll Expenses:SEP Contribution	-15,500.00	92,633.37
6/27/2025	Payroll	Pay Period: 06/01/2025-06/30/2025	Direct Deposit Payable	-47,531.02	45,102.35
06/30/2025	Payroll	Tax Payment for Period: 06/01/2025-06/30/202	Payroll Liabilities:Federal Taxes (941/943/944)	-18,507.19	26,595.16
Total for Frost Bank - Operating				**-$ 9,243.67**	**$ 26,595.16**

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Road Map of Items for Board Meetings

July 2025 Board Meeting

- 2024 Actuarial Valuation
- 2024 Financial Audit Report
- 2024 Annual Report
- Third reading of proposed amendment to Investment Policy Statement (IPS)
- Review Governance Policy and Fund Rules pertaining to HB 2802
- Pension Administration System (PAS) implementation update
- Election timeline
- Mid-year Budget Update

August 2025 Board Meeting

- Meketa 2Q25 Report
- Meketa 2024 Fee Review
- Update on Aether Natural Resources investment
- Discussion and consideration of vendor review schedule
- Review Governance Policy and Fund Rules pertaining to HB 2802

September 2025 Board Meeting

- Annual Board of Trustees Nomination and Election update
- Election of Chair for interim period between September 1 – December 31, 2025
- Consideration and adoption of Governance Policy and Fund Rules
- Fund Newsletter
- Pension Administration System (PAS) implementation update

October 2025 Board Meeting

- Pension Administration System (PAS) implementation update
- Review of Board Rules

November 2025 Board Meeting

- Meketa 3Q25 Report
- Meketa Annual Fee Review
- Meketa Asset/Liability Study Discussion
- Update on Trustee Election and possible election certification

December 2025 Board Meeting

- Consideration and approval of 2026 Budget
- 2026 Board Meeting Dates
- Executive Director Evaluation

January 2026 Board Meeting

- Chair Election
- Vice-Chair Election
- Annual DROP Account Statements
- Revisit maximum number of DROP distributions permitted
- End-of-year Budget Report