



**MINUTES
BOARD OF TRUSTEES MEETING
MONDAY DECEMBER 15, 2025, 9:00AM**

Board Members Present

Aaron Woolverton, Vice Chair
Belinda Weaver, Treasurer
Ryan Alter, Trustee (virtual)
John Bass, Trustee (virtual)
Doug Fowler, Trustee

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Debbie Hammond, AFRF Benefits Manager
Gina Gleason, AFRF Board & Operations Specialist (virtual)
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibaudeau, AFRF Benefits Specialist
Chuck Campbell, Jackson Walker
Alyca Garrison, Jackson Walker
Laurel Malone, Jackson Walker
Heath Merlak, Cheiron (virtual)
Coralie Taylor, Cheiron (virtual)

Community Members Present

Andrew Ratoza
Jie Li
Rene Vallejo
Virtual attendees not listed

Vice Chair Woolverton called the meeting to order at 9:08am.

Public Comments:

No public comments.

I. Consent Agenda for the following:

- a. Minutes of the regular meeting of November 17, 2025
- b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Trustee Fowler made a motion to approve both items on the consent agenda. Trustee Weaver seconded the motion. The motion passed unanimously.

II. Consider Committee Charters

Chuck Campbell reported that the board had recognized three standing committees through their last revision to the Governance Policy, which included an Investment Committee, a Benefits Committee, a Policy Committee, and the option to create ad hoc committees as needed. He presented the committee charters that Jackson Walker had drafted for the board, which outlined concise duties, responsibilities, and procedures based on those used by other public retirement systems. He explained that there were no legal requirements for the charters, and that while the committees would be tasked with providing recommendations to the full board, they would not be authorized to take any formal action. Mr. Campbell outlined the purpose of each committee, reporting that the Investment Committee would meet quarterly before each board meeting to

handle all investment related items, including the Investment Policy Statement; the Benefits Committee would handle all benefit related claims, including disability claims, benefit appeals, and any changes to the Disability Policy and procedures; and the Policy Committee would handle all other policies, COLA determinations, and changes to governing documents. Trustee Weaver asked some clarifying questions regarding the frequency of committee meetings and how the committee compositions would be determined. Anumeha Kumar confirmed that the Benefits and Policy Committees would only meet as needed and explained that after the charters were approved by the board, staff would survey all current and incoming trustees regarding their level of interest for each committee, which would later be provided to the Board Chair elected at the January meeting. She explained that the Chair could use the information to determine committees either during or after the January meeting, so that the Investment Committee could meet with Meketa to discuss the quarterly investment report in February.

Trustee Fowler made a motion to approve the Investment Committee Charter as presented. Trustee Weaver seconded the motion. The motion passed unanimously.

Trustee Fowler made a motion to approve the Policy Committee Charter as presented. Trustee Weaver seconded the motion. The motion passed unanimously.

Trustee Fowler made a motion to approve the Benefits Committee Charter as presented. Trustee Weaver seconded the motion. The motion passed unanimously.

III. Discussion regarding Benefit Payment Options for Group B Members

Anumeha Kumar introduced the actuaries from Cheiron with a reminder that the new Group B tier established by the pension reform changes for hires on or after January 1, 2026, would have Single Life Annuity (SLA) as their default retirement benefit. She explained that the actuaries were in attendance to educate the board on possible alternate benefit options which would allow Group B members to designate a beneficiary in exchange for a benefit reduction that would remain cost-neutral for the Fund. She noted that while there would be no Group B retirees for a long time, it was prudent for the board to consider payment options while the new pension administration software was still in development, rather than incurring additional customization expenses later. Coralie Taylor presented the five alternate retirement payment forms recommended by Cheiron, based on options that were common to other pension plans and were consistent with the benefit payment options offered to Group A. She explained how the benefit reductions were calculated with actuarial factors to keep each payment form cost-neutral for the Fund and equal in present value for the members. Ms. Taylor described the Certain and Life Annuity (C&L) option, which would ensure payments continued for a guaranteed set period if the member passed away shortly after retirement. She described four variations of Joint and Survivor Annuity (J&S) options, which included a 75% or 50% J&S, both with and without a pop-up feature. She explained that the 75% option was default for Group A, but suggested that 50% should also be offered because the benefit would come at a price for Group B members. She further explained that the pop-up feature would allow a member to revert to a full SLA payment if the beneficiary predeceased the member. Ms. Kumar added that the pop-up feature was contemplated due to Group B being restricted from making any beneficiary changes after retirement. Ms. Taylor presented some examples of how an SLA benefit amount would be impacted for each alternate payment option. Trustee Weaver requested clarification regarding the C&L period, to which Ms. Taylor explained that for a 10-year C&L, the member would be guaranteed payments for ten years, the remainder of which would go to a beneficiary if the member passed away during that period. Heath Merlak added that the option would be most attractive to a member who was single but wanted to ensure that a

dependent child received guaranteed payments in the event of their death. Ms. Kumar added that participation in Forward DROP would impact that period, to which Mr. Merlak confirmed that if a member participated in Forward DROP for seven years, the 10-year guarantee would effectively become a 3-year guarantee. Trustee Bass voiced his support for offering Group B the flexibility of alternate payment options and asked if Experience Studies would be used to update actuarial equivalence to keep the options cost-neutral on a present value basis. Mr. Merlak confirmed that one of Cheiron's recommendations for actuarial equivalence would be to review it every five years with the Experience Study and make minor adjustments accordingly. He further explained that actuarial equivalence was defined by three assumptions: mortality, interest rates, and any cost-of-living assumptions, which included the age of the participant and their beneficiary at retirement. Mr. Merlak recommended using the same assumptions for actuarial equivalence as used for the annual actuarial valuation, with some modifications to the mortality table to avoid unnecessary additional work. He presented the specific assumptions that Cheiron recommended and explained how age at retirement would impact the adjustment to the SLA benefit amount for C&L option and how the age gap between the member and their beneficiary would impact the benefit amount for any J&S option. Mr. Merlak also recommended updating the actuarial equivalence for Group A and reviewing it in conjunction with the Experience Study every five years. He noted that current actuarial equivalence for Group A had been set sometime prior to 2013 using a mortality table from 1994. Trustee Fowler directed staff to work with Cheiron and Jackson Walker to update the Fund Rules to include the actuarial equivalence for Groups A and B, and to include the benefit payment options for Group B members as discussed. Ms. Kumar stated that she would present the proposed updated Fund Rules at the January board meeting. No motion necessary.

IV. Consideration of initial application for disability retirement benefits for Applicant #2025-02 (Closed Session)

The board entered closed session at 9:51am pursuant to Texas Government Code Section 551.0785 for deliberations involving the medical records of a recent disability applicant. The board resumed open session at 10:26am with no action taken during the closed session. Trustee Fowler made a motion to approve the application for disability retirement benefits for Applicant #2025-02. Trustee Weaver seconded the motion. The motion passed unanimously.

V. Annual Performance Evaluation of the Executive Director (Closed Session)

The board remained in the closed session that began at 9:51am pursuant to Texas Government Code Section 551.074 to discuss personnel matters. The board resumed open session at 10:26am with no action taken during the closed session. Trustee Fowler made a motion to approve the Executive Director's salary, effective as of January 1, 2026, as discussed. Trustee Weaver seconded the motion. The motion passed unanimously.

VI. Consider approval of the proposed 2026 Budget

Chuck Campbell informed the board that new Open Meetings Act requirements had been passed during the last legislative session that required governmental entities to post a proposed budget and a taxpayer impact statement with any agenda where a budget was to be considered. He explained that the Fund was not a taxing authority, and while the budget had been posted with the taxpayer statement, the agenda was not, he recommended taking a cautious approach of withholding final approval of the budget until January when a statement of no impact could be included on the agenda. Mr. Campbell assured the board that their Governance Policy did not require approval of the budget to occur in December and offered the option to either take no action until January or to authorize the budget subject to final approval. Trustee Fowler made a

motion to authorize the 2026 budget subject to final approval. Trustee Weaver seconded the motion. The motion passed unanimously.

Anumeha Kumar summarized the changes contained in the 2026 budget which had resulted in an overall budget decrease of 12%. She attributed the savings to bringing payroll processing in-house, noting that the State Street payroll processing fees would cease after the final quarter of 2025 had been paid, the decrease in investment management fees, the cessation of fees related to legislative work, and the reduction of fees associated with the pension software as development neared conclusion. Ms. Kumar attributed some increased expenses to the expectation of more disability retirement applications and their associated medical disability review costs and to a larger travel budget associated with trustee training conferences for the additional trustees on the expanded board. She added that the SEP-related reallocation for staff in the administrative expense portion had been addressed at a prior meeting.

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

a. General comments

Anumeha Kumar reported that a letter had been sent out to all retirees and payees to inform them that State Street would cease to issue bank advices by mail starting in January 2026 when the Fund brings payroll in house. She explained that the monthly benefit payment receipts would be generated by the Fund's new pension administration software and would become available to retirees through the online member portal in May. Logistically, she explained, it would not be realistic for staff to produce and mail out those receipts for the approximately 900 members who received them, while also engaging in payroll and the software transition. Ms. Kumar emphasized that there would be no change to the actual benefit payments and stated that members could call the office regarding any payment concerns. She added that she would organize a member informational session if warranted by member concerns.

b. Final internal financial statements, transactions, and Fund expense reports for month ending October 31, 2025

Anumeha Kumar stated that there was nothing additional to report regarding the final version of the October financial statements, which had been presented in draft form in November. The trustees had no questions regarding the financial statements.

c. Draft internal financial statements, transactions, and Fund expense reports for month ending November 30, 2025

Anumeha Kumar informed the board that due to the early meeting date, State Street had not closed their books for November, and that staff did not have the bandwidth to prepare draft versions of the documents in advance of the meeting due to their parallel processing efforts. She stated that the final November and December statements would be available for the board to review at the January meeting.

VIII. Roadmap for future meetings

Trustee Weaver expressed her preference for the Fund staff to work with the newly elected Chair after the January meeting, rather than during the meeting, to determine the committee assignments based on the survey results. Anumeha Kumar confirmed that they would take that

approach to the assignments. No motion necessary.

IX. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Vice Chair Woolverton adjourned the meeting at 10:41am.

Board Members

Aaron Woolverton, Vice Chair

Belinda Weaver, Treasurer

Ryan Alter, Trustee

John Bass, Trustee

Doug Fowler, Trustee