

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.~~ Nonforfeitable 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.

- ~~10.~~ (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.
- ~~10.~~ (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.
- ~~10.~~ (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~~ 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 Minimis 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

“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 Military 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 <u>(Retiree minus Beneficiary)</u>	Percent Continued to <u>Beneficiary</u>
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:	
<u>Add</u>	216
Delete	176
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	392



AFRF
AUSTIN FIREFIGHTERS
RETIREMENT FUND

**MINUTES
BOARD OF TRUSTEES MEETING
FRIDAY JULY 25, 2025, 9:00AM**

Board Members Present

Mayor Kirk Watson, Chair
Aaron Woolverton, Vice Chair
Belinda Weaver, Treasurer
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
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibodeau, AFRF Benefits Specialist
Alyca Garrison, Jackson Walker
Elizabeth Wiley, Cheiron
Heath Merlak, Cheiron
Sean Bender, Montemayor

Community Members Present

Max Lars, City of Austin
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 June 27, 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 June. Trustee Fowler made a motion to approve both items on the consent agenda. Trustee Weaver seconded the motion. The motion passed without objection.

- II. Third reading and possible adoption 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, on second reading in June, and that three separate readings were required to formally adopt the proposed changes. Trustee Fowler made a motion to adopt the IPS on third reading. Vice Chair Woolverton seconded the motion. The motion passed without objection.

- III. Consider adoption of the December 31, 2024 Actuarial Valuation

Elizabeth Wiley introduced herself and Heath Merlak as the actuaries from Cheiron and stated that the 2024 Actuarial Valuation provided good news about the Fund's condition in reflection of the proactive legislative action taken by the board. She clarified that this valuation was the first

performed with the pension reform from House Bill 2802 in place and was also the first to include a Risk Sharing Valuation Study (RSVS) to set the schedules for the new actuarially determined contribution (ADC) funding model over the next 30 years, as required by statute. Ms. Wiley provided an educational overview on the mechanics of pension funding and the processes that Cheiron followed to conduct the Actuarial Valuation. She reviewed historical trends over the last decade regarding assets and liabilities, noting that the Fund had strengthened some assumptions during that timeframe. She also highlighted that due to an HB 2802 provision that required the actuarial value of assets (AVA) be reset to the market value of assets (MVA), the AVA and MVA were the same for the 2024 valuation. Ms. Wiley next reviewed historical trends with payroll and member population. She stated that the active count had increased steadily on an annualized basis of 1.5% over the last 10 years, which was good for the Fund in terms of incoming contributions. In context with the rest of the membership, Ms. Wiley explained that the support ratio had been trending upwards as expected for a maturing pension plan but remained relatively low compared to most public retirement systems that typically have more than one inactive for each active member. She noted that as plans mature and benefit outflows outpace contributions, plans become more sensitive to assets changing. Ms. Wiley reviewed the contribution history, stating that contributions remained fixed through 2025 and had been fixed at a rate of 18.7% for members and 22.05% for the City of Austin for several decades. She explained the mechanics of how contributions cover normal cost and unfunded actuarial liability (UAL) and stated that the tread-water rate had increased following the 2022 down market, which contributed to the need for pension reform. Last, Ms. Wiley reviewed the amortization period, or funding period, history as a key measure of funding progress. She stated that the amortization period had been steadily increasing over the last 10 years, with the prior two years exceeding the 30-year maximum guideline set forth by the Pension Review Board (PRB). Ms. Wiley informed the board that if they had taken no action, the current amortization period would have reached 69.3 years. However, she continued, with the plan set forth in HB 2802, the amortization period will be exactly 30 years from the time when the contribution determined by the RSVS goes into effect and will continue on a declining path for a minimum of ten years. As a result of the reforms, she stated that the Fund would be very unlikely to trigger a Funding Soundness Restoration Plan in the foreseeable future.

Mr. Merlak provided an overview of the core results of the initial Risk Sharing Valuation Study. He reported that the unfunded accrued and unfunded actuarial liability was just shy of \$350 million, which set the legacy liability that would be funded over a 30-year period. He also reported that the funded ratio on an AVA and MVA basis was at 76.9%, noting that the MVA had decreased slightly due to 2024 investment returns coming in under the 7.3% assumption, and the AVA had decreased more significantly from the prior year because the actuarial value had been reset to the market value under HB 2802. He reported that the total normal cost came in at 31.32%, which was a slight increase from the prior year due to the added COLA assumption, offset by no longer providing interest on contribution refunds, which translated to an employer normal cost rate of 12.62%. Mr. Merlak further explained that the City of Austin's contribution under the ADC model would consist of three components: the employer normal cost rate, the post-2024 unfunded actuarial liability amortization rate (zero for the first year of implementation), and the legacy liability payment. He described how the corridor midpoint was calculated based on the projected membership ratio of Group A versus Group B over the next 30 years, the normal cost of each group, and the portion of the cost covered by firefighter contributions, resulting in a starting corridor midpoint of 12.62% for the 2026 calendar year that would gradually decrease over time with a corridor minimum and maximum of $\pm 5\%$ from the midpoint. He added that the additional legacy liability payment would equate to approximately 12.44% of payroll for the 2026 calendar year. Ms. Wiley summarized the quantitative metrics included in the report to gauge and evaluate potential risks for the Fund in recognition of the tendency for reality to deviate from assumptions. Mr. Merlak noted that

assumption changes have been common across all public pension funds over the last 10 years due to factors such as decreased discount rates and the release of new mortality tables to reflect mortality improvements, which increased plan liabilities. Ms. Wiley added that it was common for pension plans to make their asset allocations more conservative as the plans mature.

Mr. Merlak used Cheiron's P-Scan model to demonstrate risk and how various market scenarios would impact the funded ratio and contribution levels over the next 30 years. He explained that under the baseline scenario with the assumed rate of return, the funded ratio would start with a few years of negative amortization during the ADC phase-in, then reach 100% funded in 2055. He further described that under the baseline scenario, the City's rate would gradually decline as Group A members retired and were replaced by Group B at a lower normal cost, and the firefighter rate would not experience a corridor increase. Trustee Weaver thanked Cheiron for their presentation and emphasized the importance of the information from a funding perspective. Trustee Bass also expressed his appreciation and reiterated that economic experience would always be independent from accounting, therefore reflecting projected experience does not change the liability but rather prepares for it. Ms. Wiley noted that the GASB 67-68 valuation was also included for financial reporting and stated that it contained the same asset information presented in accounting terms. Vice Chair Woolverton made a motion to approve the 2024 Actuarial Valuation as presented. Trustee Fowler seconded the motion. The motion passed without objection.

IV. Consider adoption of the 2024 Financial Audit

Sean Bender introduced himself as the Fund's auditor from Montemayor. He presented his clean opinion that the financial statements were presented fairly in accordance with Generally Accepted Accounting Principles (GAAP). Mr. Bender disclosed that the audit offered reasonable, but not absolute, assurance that the financial statements were presented fairly based on risk assessment and a sample of the transactions that occurred in the general ledger during the year. He stated that it was a clean and routine audit consistent with the prior year without any new accounting principles or auditing standards. Mr. Bender reviewed the accompanying *Communications with Those Charged with Governance* letter, noting that it contained no negative commentary regarding management or internal controls. Mayor Watson reiterated that it was a clean report and asked if Montemayor had identified anything that required follow-up. Mr. Bender confirmed that there were no concerns in any regard. Trustee Fowler made a motion to adopt the 2024 Financial Audit Report as presented. Trustee Weaver seconded the motion. The motion passed without objection.

V. Consider adoption of the 2024 Annual Financial Report

Anumeha Kumar outlined the content of the Annual Financial Report, which complied the Actuarial Valuation Report and the Financial Audit Report with some additional information about investments and fee reporting as required by the Pension Review Board (PRB). Ms. Kumar stated that once approved, the Annual Financial Report would be submitted to the PRB and posted to the Fund's website. Trustee Fowler made a motion to approve the 2024 Annual Financial Report as presented. Vice Chair Woolverton seconded the motion. The motion passed without objection.

VI. Update on Pension Review Board (PRB) Report Submissions

Anumeha Kumar identified the PRB-1000 as an additional report that would be submitted to the PRB, which tracked investment performance over multiple rolling periods. She noted that the 2022 down market had weighed heavily on recent rolling returns, particularly over shorter periods. No motion necessary.

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

Mayor Watson announced that the agenda item had been withdrawn. He stated that while the work for the Voluntary FSRP and its corresponding legislation had been completed, the Fund was still working to determine the proper follow-up steps for formal submission to the PRB.

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

Alyca Garrison provided an overview of the most significant changes that were made to the Governance Policy to align the policy with the statutory changes made under HB 2802. She noted that changes pertaining to the September 1, 2025, and January 1, 2026, implementation dates had been prioritized but indicated that there would be additional revisions for the board to consider at a later date. Ms. Garrison first identified changes pertaining to board composition, which included adding place numbers to identify each position on the expanded board. She explained that Place 1 and 2 would be the City of Austin designated positions, Places 3 through 6 would be the elected firefighter positions and Place 7 would be the newly added citizen position. She noted that the law gave the board authority to specify how the four firefighter positions would be filled, and based on board direction from the prior meeting, Place 5 would be designated as an active member position and Place 6 would be designated as a retiree position, with both positions coming up for election during the 2025 election cycle. She added that the law stipulated that the position receiving the highest number of votes during the 2025 general election would be granted a 4-year term while the second highest would be granted a 3-year term to initiate the transition of all four firefighter positions to staggered 4-year terms. Ms. Garrison noted that nomination provisions had been left in the Fund Rules while any true election rules were pulled into the Governance Policy. She explained that the Governance Policy now outlined the responsibilities of the board Chair and Vice Chair, both of which would become elected positions selected by the board annually at their first meeting each year. Ms. Garrison highlighted some administrative changes that were added to the Governance Policy to comply with legislative changes to the Texas Open Meetings Act (TOMA). She next described three standing board committees that were added to the Governance Policy: an investment committee, a benefits committee, and a policy committee, noting that the Chair would be able to create special or ad hoc committees as necessary. She explained that committees would consist of three board members to avoid quorum issues but emphasized that all matters would eventually be brought in front of the full board. Trustee Weaver raised concerns regarding the draft language which granted the Chair sole authority to appoint committees without receiving trustee input on preferences and contained no requirements for equal distribution of committee appointments amongst trustees. Mayor Watson voiced his agreement and suggested that the Fund follow similar procedures as City Council, allowing for appointment only after board consultation. He added that the consultation would have to occur at a meeting to avoid difficulties with TOMA. Trustee Weaver followed up with an additional concern about non-committee trustees being barred from attendance due to TOMA concerns and requested that the option remain open for committee meetings to be posted as open meetings. Mayor Watson and Trustee Fowler voiced their agreement with Trustee Weaver's concerns. Ms. Garrison clarified the requests and confirmed that Jackson Walker would make those revisions. She concluded with the final change to the Governance Policy, which formalized the previously adopted title of Executive Director and clarified the Executive Director's responsibilities pertaining to staff employment and staff policy matters. Trustee Fowler made a motion to approve the revised draft of the Governance Policy as presented for member comment. Vice Chair Fowler seconded the motion. Trustee Weaver confirmed with Ms. Garrison that the motion would include the revisions requested by the board. The motion passed without objection.

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

Alyca Garrison stated that the first update to the Fund Rules was a clear establishment of the Fund operating under the name of Austin Firefighters Retirement Fund for branding purposes, as previously adopted by board rule in accordance with statute. She clarified that the legal name of the Fund had not changed. She reiterated that portions of the Fund Rules pertaining to board elections had been moved to the Governance Policy, narrowing the Fund Rules to only the nomination process. Next, she explained that the Fund Rules had been updated to reflect a statutory change under which alternate payees awarded a DROP balance would be required to take a full distribution as soon as administratively practical after becoming entitled to the balance. Next, Ms. Garrison described a new rule pertaining to post-retirement beneficiary designations for Group A, stating that under statute, post-retirement marriages occurring after September 1, 2025, would no longer be eligible for an automatic spousal benefit after 24 months, due to the actuarial impact the former rule had on the Fund. She clarified that a spouse could still be designated as a beneficiary post-retirement, but the same rules would apply as with a non-spouse beneficiary. She further explained that members of Group B would be entitled to a single life annuity by default but added that the board would have the authority to offer joint and survivor options to Group B with future rulemaking. Ms. Garrison pointed to rules that had been repealed due to statutory changes, including two COLA rules and a benefit improvement policy. She revisited an administrative change that had been presented at the prior meeting and incorporated into the Fund Rules, which would streamline the policy process and align it with state agencies by requiring only policies pertaining to the membership, such as benefits, eligibility or service credit, to go through the member comment process. She clarified that all policies would still be discussed during an open meeting and members would still be welcome to make a public comment at that time. Ms. Garrison also revisited a prior concern from the board regarding nominations for the two designated elected trustee positions and stated that a rule had been added to allow for suspension of the active or retiree requirement if no nominations were received for the specified class. Ms. Garrison concluded with the addition of a military leave service credit purchase rule. She explained that the new law aligned with federal law and would require both the member and the City of Austin to pay the contributions that would have been made during the military service period, up to five years, to receive optional service credit under the Fund for the military leave time. Trustee Fowler made a motion to approve the revised draft of the Fund Rules as presented for member comment. Vice Chair Woolverton seconded the motion. The motion passed without objection.

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

Mayor Watson explained that the motion for this item would be to establish a three-week election period beginning on October 17, 2025, and ending on November 6, 2025, to elect an active member to Place 5 and a retired member to Place 6 as Alyca Garrison had outlined in the revised Governance Policy. Trustee Weaver made a motion to adopt the election period as described. Trustee Fowler seconded the motion. The motion passed without objection.

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

a. General comments

No general comments.

- b. Pension Administration System (PAS) software update

Anumeha Kumar explained that the PAS software development remained on track and that staff was continually working to implement the legislative changes within the software by the January 2026 deadline to avoid incurring additional costs related to the PAS implementation timeline.

- c. Mid-year budget update

Anumeha Kumar postponed this agenda item pending a formal quote from the software vendor for the cost of applying the legislative changes to the new software pursuant to House Bill 2802. She noted that the item would be added to the August agenda.

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

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

- XII. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

- XIII. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Mayor Watson adjourned the meeting at 10:43am.

Board Members

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