

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

As Amended and Restated, ~~April 26, 2021~~ [_____, 2023]

I. Purpose

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

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

II. Responsibilities as Trustees

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

III. Professional Requirements

- (a) Trustees shall act with honor and integrity in the administration of the Fund.

- (b) ~~*They~~Trustees shall be responsible for developing and maintaining their skills and competence as Trustees through continuing education and participation in professional associations.
- (c) ~~*They~~Trustees shall not knowingly sign, subscribe to, or permit the issuance of any statement or report which contains any misstatement or which omits any material fact.

- (d) *TheyTrustees shall respect and protect privileged and confidential information to which they have access by virtue of their role as Trustees. For these purposes, “confidential information” includes (4i) any information that is considered confidential under applicable law, including the Texas Public Information Act, and (2ii) any material, nonpublic information belonging to or relating to the Fund which is not made available to the general public, in each case, regardless of whether such information is designated as confidential. Examples of confidential information include, without limitation, personal and/or identifiable information regarding members or beneficiaries of the Fund, information discussed in a closed session of the Board of Trustees (the “Board”), confidential and privileged communications from legal counsel and certain nonpublic information regarding Fund investments.
- (e) *TheyTrustees shall speak with a common voice and shall refrain from speaking on behalf of the Board unless directed by the Chairman or Vice-Chairman.
- (f) *TheyTrustees shall assure that Fund financial information is made available pursuant to applicable law and generally accepted practices, within the framework of Article 6243e.1 and policies adopted by the Board.
- (g) *TheyTrustees shall be responsive to inquiries by assuring that the Fund handles information requests from beneficiaries or participants, members of the public, governmental agencies and the press in a timely manner and in accordance with applicable law.
- (h) *TheyTrustees shall not knowingly be a party to or condone any illegal, improper, or unethical activity.
- (i) *TheyTrustees shall manage all matters within the scope of their authority so that fairness and impartiality govern their decisions.
- (j) *TheyTrustees shall respect the rights, responsibilities and integrity of their colleagues and others with whom they work.
- (k) *TheyTrustees shall maintain the fiscal integrity of the Fund by monitoring the timely flow of monies due to the Fund.
- (l) *TheyTrustees shall assure that the Fund monitors pending legislation, assesses the actuarial impact of material proposals and, if necessary, opposes legislation if in their opinion the effect of such legislation would be detrimental to the fiscal integrity of the Fund.
- (m) *TheyTrustees shall promote equal employment opportunities.

IV. **Conflict of Interest**

- (a) Trustees shall actively avoid both the appearance and the fact of conflict of interests. A conflict of interest exists for a Trustee when a Trustee has a personal or private commercial or business relationship that could reasonably be expected to diminish the Trustee’s independence of judgment in the performance of the Trustee’s duties and responsibilities to the Fund, including, without limitation, a conflict of interest arising under Chapters 171 and 176 of the Texas Local Government Code and other applicable law.
- (b) ~~*They~~Trustees shall discharge their duties without favor and shall refrain from engaging in any outside matters of financial or personal interest that may be incompatible with the impartial and objective performance of their duties.
- (c) ~~*They~~Trustees shall not, directly or indirectly, seek or accept personal gain as the result of any action taken by or on behalf of the Fund.
- (d) ~~*They~~Trustees shall not use Fund property or resources for personal or political gain.
- (e) ~~*They~~Trustees shall promptly disclose any potential conflict of interest of which they become aware. All conflicts of interest shall be submitted in writing to the Fund and shall be reviewed by the ~~Fund Administrator~~Executive Director and the Fund’s legal counsel. Any conflict of interest arising under Chapter 171 or Chapter 176 of the Texas Local Government Code shall be filed in accordance with such law, including any forms required thereunder. The Trustee may be required to disclose additional relevant information with respect to such matter.
- (f) ~~*If~~ a Trustee is uncertain whether a potential conflict of interest exists or seeks guidance with respect to the disclosure of such conflict of interest to the Fund, the Trustee may consult with the Fund’s legal counsel prior to disclosure. After review by the ~~Fund Administrator~~Executive Director and legal counsel, copies of any relevant documents or forms filed with the Fund will be provided to the Board and, to the extent required by applicable law, will be posted on the Fund’s website.
- (g) ~~*They~~Trustees shall excuse themselves from deliberating and voting on any matter that comes before them as to which a conflict of interest, a potential conflict of interest or the appearance of a conflict of interest may exist, unless after full disclosure at a public Board meeting of the facts underlying such conflict, ~~(1i)~~ the other members of the Board determine that no conflict of interest or potential conflict of interest exists and ~~(2ii)~~ if applicable, Chapters 171 and 176 of the Texas Local Government Code otherwise permit participation in the matter.

V. Gifts and Benefits

- (a) *A Trustee or family member of a Trustee shall not solicit any gifts or benefits from any third-party service provider of the Fund, including, without limitation, from any investment or fund manager, ~~consultant, advisor,~~ attorney, actuary ~~or other service provider,~~ accountant, professional investment counselors or consultants, or custodians (the “Vendors”); whether or not such Vendor is under contract with the Fund, is a candidate for hire, or otherwise currently doing business with the Fund.
- (b) *~~A~~ During the “no-contact period”, as defined in Section VI, a Trustee or family member of a Trustee shall not accept under any circumstances gifts or benefits from any Vendor or prospective Vendor who is a candidate under an active search or could potentially be a candidate under an active search by the Fund, ~~including any Vendors who are under contract or otherwise are doing business with the Fund during the search period.~~
- (c) *When not in the process of an active search, a Trustee or family member of a Trustee still shall not accept any gifts or benefits from Vendors or prospective Vendors ~~or Vendors~~ under contract or otherwise doing business with the Fund other than ~~(1i)~~ any gift or benefit given by a family member of a Trustee to such Trustee, ~~(2ii)~~ a political contribution as defined by Title 15 of the Election Code, ~~(3iii)~~ food, lodging, transportation or other entertainment accepted as a guest, provided the Vendor or prospective Vendor is physically present when such gift or benefit is being provided, or ~~(4iv)~~ an item with value of less than \$50, excluding cash or a negotiable instrument ~~or any.~~ In no event shall a Trustee accept an anonymous gift.
- (d) Trustees shall:

 - (i) ~~*With respect to~~ report all gifts ~~and/or~~ benefits, given to a Trustee ~~shall or, to the knowledge of the Trustee, a family member of a Trustee, by a~~ Vendor or prospective Vendor within thirty (30) days following the receipt of such gift or benefit; and
 - (ii) in addition to the required reporting above, comply with the applicable reporting requirements under Texas Local Government Code, Chapter 176, which requires Trustees to report any gifts given to a Trustee or a family member of a Trustee by a Vendor or other person that is either entering into a contract with the Fund or is considering entering into a contract with the Fund that have an aggregate value of more than \$100 ~~in~~ during the 12-month period preceding the date that a Trustee becomes aware that ~~(1)~~ a contract between the Vendor or other person has been executed or ~~(2)~~ the Fund is considering entering into a contract with the Vendor or other person. For purposes of disclosure under Texas Local Government Code, Chapter 176, a political contribution as defined by Title 15 of the Election Code or food accepted as a guest with the Vendor

physically present is not included in determining the \$100 aggregate value. To comply with Texas Local Government Code, Chapter 176, a Trustee must complete Form CIS, the Local Government Officer Conflicts Disclosure Statement.

- (e) Food and entertainment that is expressly included within the published agenda of a conference is not subject to reporting as described in Section V(d) above. However, any food or entertainment not expressly included in a conference agenda shall be reported in accordance with such section.
- (f) The reporting of any gifts or benefits shall be made pursuant to forms and procedures established by the Executive Director. Reports of gifts or benefits to Trustees will be presented to the full Board by the Executive Director within thirty (30) days following the submission of the report.

VI. No-Contact Period

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

VII. Travel Policies

- (a) While Trustees are encouraged to enhance their education through attendance at conferences and seminars, and may be required to perform on-site visits of investment providers for monitoring or due diligence purposes, travel associated with such attendance or visits should be made in accordance with the following

guidelines to ensure Fund assets are utilized solely for reasonable expenses of the Fund.

- (b) *Trustees may attend no more than four educational or training conferences or seminars that require travel outside of the state per calendar year without prior approval of the Board. In-state conferences and seminars do not count toward such limit. Advisory committee meetings and on-site visits of investment providers are permitted and also do not count towards such limit.
- (c) *Attendance at educational seminars or conferences outside the contiguous forty-eight states is not permitted without prior approval of the Board.
- (d) *Trustees will be reimbursed for travel expenses to permitted conferences, seminars and on-site visits in accordance with the Fund's reimbursement procedures established by the ~~Administrator. However,~~Executive Director. Trustees should make all reasonable efforts to minimize travel expenses, including adherence to the following:

 - (i) • Airfare travel should be coach and should be made as far in advance as reasonably possible, ~~and direct.~~ Direct flights should be booked when available.
 - (ii) • Lodging at out-of-town conferences and seminars should be arranged at the hotel where the conference or seminar is being held, or other conference or seminar approved hotel, if available. Only room, tax, and hotel parking are acceptable lodging expenses. Personal expenses at the hotel will not be reimbursed.
 - ~~Ground transportation~~ Trustees will only not be reimbursed for lodging expenses if the permitted conference or seminar is located in Austin, Texas or within a thirty (30) mile radius thereof (a "Local Conference").
 - (iii) Ground transportation for an out-of-town conference or seminar will be reimbursed for travel to the conference site, which may include (1) travel to and from the airport, between the airport and the hotel, and ~~if applicable, from an off site hotel to the conference or seminar/~~ conference site, or between the Trustee's home and conference site, and (2) parking at the airport, hotel or conference site. Ground transportation for a Local Conference may be reimbursed if the Trustee must travel more than [thirty (30) miles] from his or her home to attend. Ground transportation expenses may include the use of a personal vehicle or a third-party service such as Uber. Ground transportation through use of personal vehicle will be reimbursed at the current Federal mileage reimbursement rate.
 - (iv) • Meals and included expenses will be reimbursed, but such reimbursements shall not exceed the Federal per diem rule. No

reimbursements are permitted for (1) alcoholic beverages or ~~(2)~~ (2) any meal if a meal is otherwise provided as part of a conference or seminar that the Trustee is attending.

(v) • Additional expenses related to travel ~~off~~ for Fund business may be reimbursed with Board approval.

(vi) • Requests for reimbursements for travel expenses should be submitted on the form maintained by the ~~Fund Administrator~~ Executive Director.

(e) *Within a reasonable period of time following attendance at an educational seminar or conference, Trustees shall provide the ~~Administrator of the Fund~~ Executive Director with a statement of affirmation of conference attendance.

(f) *Trustees may conduct on-site visits to investment managers or other ~~service providers~~ Vendors of the Fund when an on-site visit is advisable to address organizational or operational concerns or, if necessary, to conduct due diligence in connection with the addition of a new manager or ~~provider~~ Vendor or replacement of an existing manager or ~~provider~~ Vendor. On-site visits of ~~providers~~ Vendors shall only be conducted if prior notification is presented to the Board at its regular meeting, and on-site visits of investment managers should normally be conducted only at the recommendation of the Investment Consultant with the attendance of the Executive Director or his or her designee. The travel guidelines, as well as the other applicable provisions in this ~~policy on Gifts and Benefits~~ Code of Ethics, shall govern on-site visits as applicable; provided, however, Trustees may not accept gifts of meals, lodging or transportation during such on-site visits, unless the meal is in connection with a working session at which the Vendor is present or the transportation is to and from the physical location of the ~~investment manager or provider~~.

~~*Notwithstanding the paragraph above, Trustees may visit a current investment manager or other service provider of the Fund at its offices on an informal basis (i.e. such visit is not associated with investigating organizational or operational concerns or conducting due diligence in connection with the addition or replacement of a manager or provider as described above) if (1) travel to an educational conference or formal on-site visit of another manger or provider places the trustees in geographic proximity to the offices of the existing manager or provider and (2) visiting such manager or provider shall not cause any material increase in travel costs, unless prior Board approval of such additional travel costs is obtained. The standard rules applicable to Gifts and Benefits shall apply to these informal visits~~ Vendor.

VIII. Enforcement

(a) Each Trustee has a duty to be aware of all provisions of this Code of Ethics and to abide by the letter and spirit of this Code of Ethics. The Board shall have the responsibility to enforce this Code of Ethics with respect to violations by an

individual Trustee in accordance with the ~~following~~ guidelines: set forth in this Section VIII.

- (b) *A complaint or allegation of a Trustee’s potential violation of this Code of Ethics must be submitted by a Trustee to the ~~Fund Administrator~~Executive Director in writing. A Trustee may also submit a complaint or allegation on behalf of Fund staff or a member or beneficiary of the Fund if the Trustee is made aware of another Trustee’s potential violation by such individuals.
- (c) *If the ~~Fund Administrator~~Executive Director is notified in writing of an alleged violation or complaint, the ~~Fund Administrator~~Executive Director will promptly notify the Vice-Chair of the Board of the alleged violation. If the potential violation involves the Vice-Chair, the ~~Fund Administrator~~Executive Director will promptly notify the Secretary-Treasurer of the Board, or if the Secretary-Treasurer is also serving as the Vice-Chair or the potential violation involves the Secretary-Treasurer, the Chair of the Board. No retaliatory action will be taken against the reporting person for any such report involving a Trustee made in good faith.
- (d) *Following receipt of a written complaint from the ~~Fund Administrator~~Executive Director, the Vice-Chair (or Secretary-Treasurer or Chair, as applicable) shall:

 - (i) ☐ Perform an initial review of the alleged violation and investigate the accuracy of any factual allegations or claims raised in the complaint (if necessary). The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) may request the Fund’s legal counsel to assist him or her with the review or investigation and may, in consultation with the Fund’s legal counsel, engage additional outside legal counsel to assist with the review or investigation without prior approval from the Board. The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) shall exercise prudence in selecting additional outside counsel and determining the scope of the review and investigation and the reasonableness of costs associated with the review and investigation. The Board may pre-approve law firms or individuals to serve as additional outside legal counsel to assist with the review or investigation, and the Vice-Chair (or Secretary-Treasurer or Chair, as applicable) will utilize such pre-approved law firms or individuals unless impracticable or otherwise imprudent.
 - (ii) ☐ Notify the Trustee who is the subject of the complaint or allegation that a written complaint was filed with the ~~Fund Administrator~~Executive Director and is under review or has been reviewed, as applicable. The Vice-Chair (or Secretary-Treasurer or Chair, as applicable) will determine when such notification is appropriate considering the nature of the complaint or allegation. However, such notification will be prior to the presentation of the complaint or allegation to the Board if at all possible.

(iii) • Present the results of the review and investigation of the alleged violation to the Board. Legal counsel that assisted with such review and investigation may participate in such presentation. Such presentation may, but is not required to, include recommendations for resolution of the matter to the Board.

(e) *Once the alleged violation of the Code of Ethics has been presented to the Board, the Board may, but is not required to, take formal action and determine if a violation of the Code of Ethics occurred. The Trustee who is the subject of the alleged violation may not deliberate or participate in the discussion of or vote with respect to the alleged violation, except such Trustee shall have the opportunity to address the Board, if desired, immediately prior to any vote by the Board on the alleged violation.

(f) *The Board has final decision-making authority with respect to violations of this Code of Ethics, and such decision shall be binding on the Trustee who is found to be in violation of this Code of Ethics.

(g) *If the Board determines that a Trustee has violated this Code of Ethics, the Board may take any of the following actions with respect to the Trustee who is the subject of the alleged violation or complaint:

(i) • Require that the Trustee file the appropriate disclosure or conflicts report(s) within a specified time period,

(ii) • Require that the Trustee attend approved specialized training within a specified time period, or

(iii) • Reprimand, censure, or take other appropriate parliamentary measures, including removal as Vice-Chair, if applicable, or a request for resignation from an elected Trustee.

Document comparison by Workshare Compare on Friday, March 17, 2023
1:25:29 PM

Input:	
Document 1 ID	iManage://imanagerwork.jw.com/JWDOCS/33137672/1
Description	#33137672v1<imanagerwork.jw.com> - Code of Ethics for Austin Fire Fighters Relief and Retirement Fund, Amended and Restated - 04-26-21
Document 2 ID	file://C:\Users\lagarrison\AppData\Roaming\iManage\Work\Recent\133318.00002 - Austin Fire Fighters Relief Retirement_Administrative Matters\DRAFT AFRF Code of Ethics (March 2023)(34524233.8).docx
Description	DRAFT AFRF Code of Ethics (March 2023)(34524233.8)
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	175
Deletions	131
Moved from	0
Moved to	0
Style changes	0
Format changes	0

Total changes	306
---------------	-----



Austin Fire Fighters Relief and Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, TX 78746
Telephone: (512) 454-9567

MINUTES
AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
MONDAY, MARCH 27, 2023 AT 9:00 AM

Board Members Present

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

Staff and Consultants Present

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

Community Members Present

Rene Vallejo
Tom Dodds
Joe Cascino
Virtual attendees not listed

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

Public Comments:

No public comments.

I. Minutes of the Regular Meeting on February 24, 2023

Trustee Bass made a motion to approve the minutes of the regular meeting on February 24, 2023. Trustee Woolverton seconded the motion. Due to a temporary audio issue with WebEx, Trustee Weaver abstained from the vote. The motion passed unanimously.

II. Service retirement benefits for one applicant

Trustee Bass made a motion to approve the benefits for one applicant. Trustee Woolverton seconded the motion. The motion passed unanimously.

III. Annual Review of Code of Ethics and Governance Policy, including consideration of proposed changes to the Code of Ethics

Chuck Campbell presented an overview of the key provisions of the Code of Ethics and Governance policy, noting that the Code of Ethics is a historical document required under state law while the Governance Policy is a relatively new document that was put in place by the Board to clearly define roles and responsibilities. Mr. Campbell informed the Board that the presentation would function both as a refresher training and as an opportunity to update any provisions as desired. Mr.

Campbell offered a reminder of the recent change the Board made to the Governance Policy, wherein any vendor communications must go through the Executive Director. He defined the parameters surrounding gifts and benefits under the Ethics Policy and further defined vendor communication guidelines under Chapter 176. In response to a question from Trustee Weaver, Mr. Campbell clarified that the monetary threshold for permissible gifts is \$50, unless presented as cash or as a negotiable instrument. Mr. Campbell continued to clarify the parameters surrounding a no-contact period with vendors during an active search process.

Alyca Garrison presented an overview of trustee training and education requirements under the Code of Ethics, noting that the Attorney General and Pension Review Board (PRB) have additional requirements for trustees. In relation to the continuing education requirements, Ms. Garrison provided an overview of the travel policy within the Code of Ethics, and some changes that had been proposed in response to a prior request from Trustee Weaver. Within the travel policy, Ms. Garrison explained limits to conference attendance and what trustees are permitted to claim for reimbursement. She noted that some revisions had been made to reflect modern practices such as the use of Uber, and others added clarifying parameters to existing provisions. The trustees were all in agreement with the policy adjustments and made no requests for further alteration. Ms. Garrison revisited the process of trustee communication with vendors going through the Executive Director. Vice Chair Fowler asked if an exception would be made in the situation of a vacancy in the executive director position, to which Mr. Campbell confirmed that an exception could be made, but the Chair or Vice Chair should then take on the role of primary contact. Ms. Garrison briefly reviewed the enforcement policy and indicated that the redline Code of Ethics included a cleanup of language and some renumbering for easier reference to various policies. Trustee Weaver requested an annual notice for the Board regarding training. Ms. Kumar indicated that she would be happy to provide an update in August following PRB reporting and would reach out to trustees individually with any specific training concerns. Vice Chair Fowler asked a clarifying question regarding the timeline for PRB reporting and thanked Jackson Walker for their work. Trustee Weaver made a motion to approve the redline Ethics Policy draft to move forward to public comment. Trustee Woolverton seconded the motion. The motion passed unanimously.

IV. Update on the replication of the 2021 Actuarial Valuation

Elizabeth Wiley introduced the replication of the 2021 Actuarial Valuation and previewed the work that Cheiron would be doing for 2022. Heath Merlak provided an overview of the replication and emphasized its critical role in establishing the relationship between the Fund and Cheiron, as the new actuary. He indicated that the replication acted as a separate audit of the plan because all calculations were done independent from the prior actuary. The industry standard aims to keep replications within a 5% range compared to prior actuary, but Cheiron targeted a narrower range of 3%. Mr. Merlak further explained that the headcount replication confirmed that Cheiron had all the same data as the prior actuary. However, the liability replication was higher than the previous actuary. Cheiron explained that the replication valuation generated additional liability for the Fund due to the following reasons: difference in methodology including the use of a different software by Cheiron; some differences in member dates-of-birth that were discovered last year; DROP account balance discrepancies; and DROP benefit valuation by prior actuary did not account for past COLAs in the retro-DROP for eligible members resulted in actual benefits being higher for a small group of members. Mr. Merlak further explained the replication results, all which fell within industry standards, and noted that if Cheiron had performed the valuation in 2021, the funded ratio would have been 87.87% and the amortization period would have been 26.3 years. Ms. Wiley presented an option to the Board to seek additional information from the prior actuary for Cheiron to perform further analysis. The trustees asked some questions regarding cost implications and voiced support to move forward with requesting the prior actuary for additional information. Ms.

Wiley noted that doing so would incur an additional charge from the prior actuary, but none from Cheiron. With Board support, Anumeha Kumar stated that she would request a quote from Foster & Foster and move forward if the quote was reasonable. No motion necessary.

Ms. Wiley proceeded with the presentation and explained the projection implications of two different methods of mortality assumptions. The prior actuary had been using a method that assumed that mortality ceases to improve five years from the valuation date, resulting in lower liabilities for the Fund and an increased likelihood that the Fund would suffer a loss due to inaccuracy. Ms. Wiley noted that she will be recommending the Board move to a fully generational model at the next meeting. She further explained that a fully generational mortality assumption more appropriately models future mortality. It does result in higher liabilities for the Fund in the short-term, but when inaccurate, results in a gain for the Fund rather than a loss. Ms. Wiley additionally noted differences in how Cheiron would like to approach retro-DROP valuation methodology relative to the prior actuary. Again, Cheiron proposed to take a more conservative approach to assume that members will take the most valuable DROP scenario upon retirement. In response to a question from Trustee Weaver regarding historical data, Ms. Wiley requested additional census files from the Fund and informed the Board that Cheiron could perform additional analysis at an hourly rate. Ms. Kumar offered to provide the census files and agreed that it would be helpful to look at the DROP election pattern over the past years. Trustee Bass voiced support for Cheiron's approach and emphasized that conservative assumptions don't add costs to the Fund but rather reflect reality more closely. Ms. Wiley echoed the sentiments of Trustee Bass and noted that aggressive assumptions negatively impact future generations, leading systems to establish tiers for new members. Ms. Kumar reviewed the actions that the Fund staff and Cheiron would take prior to the April meeting. No motion necessary.

V. Presentation on securities litigation matter

Anumeha Kumar informed the Board of a securities fraud class action case related to a loss suffered by the Fund. Jackson Walker conducted an analysis based on information provided by the securities litigation firm and concluded that the case for the lawsuit was strong. Ms. Kumar noted that she did not seek lead plaintiff status for the Fund due to limited resources, knowledge of existing institutional investors seeking that status, and a filing deadline that preceded the board meeting. Ms. Kumar assured the Board that a coalition of other institutional investors would seek to fill that appointment. The trustees declined the option to move into closed session for further discussion. No motion necessary.

VI. Annual Performance Evaluation of the Executive Director (Executive Session)

Vice Chair Fowler announced that the Board would enter a closed Executive Session pursuant to Texas Government Code Section 55.074 for Personnel Matters at 10:18am. Vice Chair Fowler ended the Executive Session at 11:19am with an announcement that no action had been taken. Trustee Weaver made a motion to modify the Executive Director salary to \$200k annually. Trustee Bass seconded the motion. Vice Chair Fowler praised Ms. Kumar for her hard work and accomplishments over the past year and noted that the salary range for the position is nearing obsolescence due to the changing economy and would need to be updated over the summer for budgeting purposes. Vice Chair Fowler further explained that the trustees were all happy with Ms. Kumar's performance and her greatest accomplishment of assembling a high-quality staff. He thanked Ms. Kumar for her hard work and the improvements she has made to the Fund. Trustee Bass echoed appreciation for the extent of staff accomplishments under Ms. Kumar's leadership, noting his amazement at how much had been accomplished in a single year. The motion passed unanimously.

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

a. General comments

No general comments.

b. Update on 88th Legislative Session

Anumeha Kumar provided an update on the House Pensions and Investments Committee that is now in the process of hearing bills on a weekly basis. Ms. Kumar described the bills that the Fund was currently monitoring. A bill from Senator Hughes would make changes to fiduciary standards and add proxy-voting requirements for retirement systems. Ms. Kumar expressed agreement with the basic tenants of the bill, but pointed out concerning provisions that would create additional burdens from both an administrative and cost standpoint. Ms. Kumar will work with Senator Hughes' office and the PRB to relay concerns from a local system level. Another bill increases employee and employer contributions for the City of Austin Employees Retirement System (COAERS) and adds a risk-sharing component. That bill also includes governance changes, such as adding a city position to the COAERS board. In response to a question from Trustee Bass regarding additional bills pertinent to the Fund, Ms. Kumar informed the Board that she was interested in HB 600, which proposes a new gain-sharing COLA structure for the Teacher Retirement System. Trustee Woolverton asked for clarification on the San Antonio Fire and Police Pension Fund bill, to which Ms. Kumar replied that they were amending their governing statute to increase the death retirement annuity from 50% to 75%, which is what our Fund currently offers. She added that the Dallas Police and Fire Pension bill is also making some death and disability benefit changes.

Alyca Garrison proceeded to update the Board on additional bills that Jackson Walker was following. She noted three different ethics bills related to Chapter 176, a bill regarding sick leave and disability benefits for emergency service providers injured on the job, and some open meetings bills pertaining to audio recordings, livestreaming, and closed-session reporting requirements. The trustees asked a few clarifying questions, to which Ms. Garrison noted that she would report back with additional information when available.

c. Staff Update

Anumeha Kumar announced that the interview process for the vacant Benefits Specialist position had been completed and introduced Amy Thibaudeau to the Board. Ms. Kumar highlighted the experience and skillsets that Ms. Thibaudeau brings to the position.

d. Website Update, including new logo

Anumeha Kumar informed the Board that staff had solicited member feedback regarding the proposed logo and DBA name change for the Fund. All feedback had been positive. The trustees voiced support for moving forward with the proposed changes.

- e. Internal financial statements, transactions and Fund expense reports for month ending February 28, 2023

John Perryman indicated that there were no significant outliers or changes to report. Anumeha Kumar provided a quick update on the recent Silicon Valley Bank (SVB) issue, noting that the Fund had no direct exposure to SVB but did have exposure to SVB Capital through a \$10 million commitment to a fund of funds investment, but SVB Capital is a separate entity from the bank. Ms. Kumar noted staff has been working closely with Meketa to monitor the situation. Meketa recommended to continue funding any quarterly capital calls. Ms. Kumar assured the Board that the Fund had no direct exposure to First Republic or Signature Bank. Following a question from Trustee Woolverton, she also assured that there had been no exposure to Swiss Bank.

VIII. Roadmap for future meetings

Vice Chair Fowler stated no additional requests aside from updating salary ranges, as previously mentioned. Anumeha Kumar recommended issuing an RFP for the auditor during the third or fourth quarter, to align with the schedule for evaluating the auditor next year. The trustees voiced agreement with the recommendation. Trustee Bass suggested starting the process in September, prior to the data collection period.

IX. Call for future agenda items

No future agenda items were requested.

Hearing no objections, Vice Chair Fowler adjourned the meeting at 11:47am.

Board Members

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