BOARD OF TRUSTEES MEETING
REGULAR MEETING AGENDA

Monday September 29, 2025, 9:00am

The regular meeting will be held in the **Board and Commissions Room at Austin City Hall, 301 W 2nd Street, Austin, Texas 78701** and will be open to the public. The meeting will also be available to the public through **signin.webex.com/join** with **meeting number 2550 866 6983** and **password Sep2025,** or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 7372025.** Some non-routine agenda items will have the trustee or individual who requested the item in parentheses.

How to Register for Public Comments
Members of the public may address the Board of Trustees on any matter during the Public Comment portion of the meeting. Public comments may be provided in person at the physical location of the regular meeting, virtually through WebEx, or through the toll-free dial-in number provided above. A sign-up sheet will be available at the physical location of the meeting. The Board requests that any member of the public who desires to address the Board virtually sign up to speak in advance by contacting the Fund at **staff@AFRFund.org no later than 5:00 p.m. on September 26, 2025**. All parties are asked to limit comments to 3 minutes. No discussion or action will be taken by the Board during public comments.

Public Comments

To Approve

1. Consent Agenda for the following:
    a. Minutes of regular meeting of August 22, 2025
    b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

To Discuss and Possibly Act On

2. Consider adoption of proposed changes to Governance Policy
3. Consider adoption of proposed changes to Fund Rules
4. Consider approval of proposed 2025 mid-year Amended Operating Budget
5. Consider approval of updated vendor review schedule
6. Consider approach to 2026 meeting schedule, including the following:

a. Number of annual board meetings, pursuant to House Bill 2802

b. Committee meetings and development of associated charters

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

   a. General comments
   b. Board of Trustees nomination and election update
   c. City of Austin Chief Financial Officer board designation update
   d. Voluntary Funding Soundness Restoration Plan (FSRP) update
   e. Fund Newsletter
   f. Pension Administration System (PAS) implementation update
   g. Internal financial statements, transactions, and Fund expense reports for month ending August 31, 2025

8. Roadmap for future meetings

9. Call for future agenda items

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

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

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

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AFRF
AUSTIN FIREFIGHTERS RETIREMENT FUND

MINUTES
BOARD OF TRUSTEES MEETING
FRIDAY AUGUST 22, 2025, 8:30AM

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
Amy Thibaudeau, AFRF Benefits Specialist
Alyca Garrison, Jackson Walker
Chuck Campbell, Jackson Walker
Leo Festino, Meketa
Aaron Lally, Meketa

Community Members Present

Max Lars, City of Austin
Rene Vallejo
Jessica Walton
Virtual attendees not listed

Mayor Watson called the meeting to order at 8:30am.

Public Comments:

No public comments.

I. Consent Agenda for the following:

a. Minutes of the regular meeting of July 25, 2025

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

Trustee Fowler made a motion to approve the consent agenda as presented. Vice Chair Woolverton seconded the motion. Trustee Weaver was not present to vote. The motion passed without objection. Trustee Weaver later requested her vote be recorded in favor of the agenda item. Mayor Watson motioned to record her vote and clarified that it would not impact the outcome. Vice Chair seconded the motion. The motion passed without objection.

II. Meketa 2Q25 Investment Performance review, including the following:

Mayor Watson addressed Agenda Item IV prior to Agenda Item II.

Trustee Weaver joined the meeting at 8:34am.

a. Aether Natural Resources Analysis

Leo Festino addressed this item following Agenda Item II.c.

Leo Festino followed up on previous board discussions from the May and June meetings regarding Aether Natural Resources. He recalled for the board that Aether had been the Fund's real assets manager invested in privately owned enterprises, such as energy exploration and mining, which had experienced challenges and decreased demand in recent years. He explained that Aether had decided to wind down the enterprise and would begin to function as a pass-through entity to manage the orderly liquidation of the remaining funds. Mr. Festino stated that the Aether investments had not lost any money but had caused the Fund to suffer opportunity costs. He recalled that at the prior meetings the board had asked questions regarding the decision to sell the positions on the secondary market versus waiting until the funds liquidate in the coming years. Mr. Festino informed the board that Meketa had performed the requested exercises and prefaced that the results were based on general assumptions and indicative pricing rather than on any concrete offers. He stated that the Fund could expect to receive around 60% of value on the secondary market, and that if the Fund were to reinvest those proceeds, it would take approximately seven years to make up for the loss, based on a 7.3% assumed rate of return.

Mayor Watson left the meeting at 9:12am. A quorum of three trustees remained on location.

Trustee Weaver thanked Meketa for their analysis and questioned how long it would take Aether to liquidate the remaining funds, noting her concern about further opportunity cost. Mr. Festino explained that the funds were mature and the better assets, such as the farm assets, would likely be sold within 6 to 18 months, while the remaining assets, such as the mining assets, would likely linger before being packaged and sold by the general partner at some level of discount. Mr. Lally further clarified that the Fund could expect to receive approximately half of their money within the next couple of years and could reconsider secondary sale for the smaller lingering balance at that point in time. Trustee Bass stated that the secondary value was likely a realistic representation of the remaining present value and questioned the true fair value of the funds. He agreed with Meketa's plan in hopes that the better assets would sell early, then the Fund could seek sale on the secondary market to offload the remaining assets. Trustee Fowler echoed the concerns of Trustee Bass and agreed with the plan to revisit secondary sale after receiving the more immediate distributions. Mr. Festino stated that Meketa would continue to monitor the assets and would notify the board if they uncovered a more lucrative opportunity for monetization. No motion necessary.

b. 2Q25 Investment Report

Leo Festino reviewed the two benchmarks used by the Fund, explaining that the dynamic benchmark is more short-term in nature, while the total fund benchmark serves as a long-term strategic benchmark. He stated that 2Q25 was positive overall with a return of 5.9%, which beat the 5.7% dynamic benchmark for the quarter and matched peer performance. Mr. Festino detailed the market conditions that defined the quarter, stating that the quarter had a volatile start due to the noise surrounding tariffs, but markets began to rebound and stabilize within a few weeks as more certainty became available. He further explained that most individual managers performed well versus their peers and stated benchmarks and the Fund remained in compliance with all its targets. On a ten-year annualized basis, Mr. Festino explained that the Fund exceeded peer performance approximately 75% of the time, which was more meaningful than the shorter one-year metrics which indicated that the Fund exceeded peer performance approximately 50% of the time. Mr. Festino reported that the Fund had lagged for the quarter versus its total fund benchmark, but explained that the total fund benchmark had been difficult to beat due to its heavy allocation to U.S. equities, which had performed strongly over the past

15 years. Regarding calendar year returns, Mr. Festino reported that the Fund had posted losses for only four of the previous 20 years, which included 2008 and 2022, when both stocks and bonds performed poorly. He stated that the growth of the Fund overall had been strong, increasing from $300 million to $1.2 billion over 15 years. He followed up to note that the Fund had also matured, meaning that cash-flow dynamics had worsened. Aaron Lally provided further explanation, stating that net outflow had increased over the last five years, due in part to market dynamics, but primarily to increased benefit payments. Mr. Festino stated that benefit payments had nearly doubled over 10 years from $45 million to $96 million annually. Mr. Lally emphasized how important it was that the board had taken legislative action to reform its contribution structure and prevent the Fund from furthering the negative cash-flow trend. He next addressed private equity, stating that despite a recent slump, there were merits to the asset class and it had created significant value for the Fund over the long-term. Mr. Festino reported that the trailing net performance of domestic equity had lagged despite positive performance by the three holdings in the Fund's US equities book, which included one index fund and two small cap products, and noted that outperforming in US equities would have required a very concentrated tech portfolio over recent years. Mr. Lally stated that many pension programs had been discussing the merits of keeping small cap, but explained that markets would eventually turn. Mr. Festino provided an example of the internet stock and tech boom in the 1990s eventually reversed in the early 2000s; he emphasized the importance of maintaining diversification within a portfolio. Regarding overseas investments, Mr. Festino stated that all managers had beaten their peers and benchmarks except for TT, so Meketa would continue to monitor their performance. No motion necessary.

c. Core Infrastructure Education

Aaron Lally recalled for the board that Meketa had made some recommendations for asset allocation changes in May, which the board formally adopted into their Investment Policy Statement at the July meeting. Mr. Lally stated that one of the changes was to eliminate the private natural resources target and start a core infrastructure allocation in its place. He explained that core infrastructure included assets for everyday use, such as roads and cell towers, which have become privatized and owned by large asset managers instead of the local municipalities. Mr. Lally stated that pension plans had increasingly invested in those products and presented the merits of the asset class, which included inflation protection, diversification from stock and bond markets, a cash-yield component, and some defensive risk. Mr. Lally further explained how core infrastructure funds were run, including fee structures, liquidity, and strategy classifications. Regarding strategy, Mr. Lally recommended that the Fund invest in the lower risk core infrastructure option, which would include established assets in North America and Europe with stable, predicable cash flows. He explained how two recent challenging market environments, COVID and 2022, had provided a real-world stress test for the asset class, during which core infrastructure had continued to produce stable returns while other asset classes suffered. Mr. Lally informed the board that the next steps would be for Meketa to return with a comparison of strategies and then schedule interviews for possible allocation. Trustee Weaver asked a question to clarify the timeline. Trustee Bass expressed a concern that the diversification effect may not be as strong as it appeared to be due to lagged appraisal and asked if Meketa had any concerns with the asset class on a moving forward basis. Mr. Lally stated that he was cautious about the growth of the asset class, since it had experienced rapid growth in recent years. No motion necessary.

d. Private Markets Monitoring Progress

Leo Festino followed up on a prior request from the board to provide further information about the process that Meketa engaged in to monitor private markets and private investments. He made a brief presentation to summarize how Meketa operated internally, including the structure of the team that provided private markets oversight. Mr. Festino stated that Meketa was continuously reviewing opportunities in private markets, many of which were re-up opportunities from existing managers raising a next fund in a series of funds. He explained that Meketa typically reviewed a thousand private markets funds, of which approximately a hundred would be added to clients' portfolios. Mr. Festino further explained the stages involved in Meketa's due diligence process, which included manager questionnaires, refence checks, site visits, committee votes and legal reviews, over a timeframe that ranged from six weeks to many months. He stated that theirs was a proven process that had been utilized for over 25 years. Mr. Festino added that Meketa also performed annual benchmarking for their clients to comment on performance across all investments. No motion necessary.

e. Annual Private Equity Pacing Analysis

Aaron Lally provided an overview of the Fund's private equity pacing in terms of investments versus distributions received. He explained that the investment pacing had been most significant from 2015 through 2020 and had flattened out in recent years as the program matured, while the capital received had accelerated since 2020. Mr. Lally described the program as cash-flow positive, which meant that exposure was decreasing. He added that the cumulative value created had been $245 million, most of which had been used as a source of capital to pay benefits rather than being reinvested. Mr. Lally stated that the private equity program was in good shape and that there would be no need for the Fund to make any private equity commitments for the next couple of years, due in part to the reduced private equity target. He explained how Meketa had worked with the Fund when they first came onboard to streamline the early private equity program and establish a consistent investment cycle, which would restart with a new phase in the next few years. No motion necessary.

III. Update on proposed changes to the Governance Policy

Anumeha Kumar provided an updated copy of the Governance Policy to the board in reflection of the changes requested by Trustee Weaver at the July meeting. She stated that the new version of the Governance Policy would allow for the Board Chair to solicit feedback from trustees during an open meeting prior to assigning any committee roles. Ms. Kumar stated that the proposed changes to both the Governance Policy and the Fund Rules had been posted to the Fund's website to solicit member feedback prior to final approval of the proposed changes. She noted that no comments had been received to date. No motion necessary.

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

Anumeha Kumar explained that for the administrative purpose of submitting a Voluntary FSRP to the Pension Review Board (PRB), the board would need to formally approve the Memorandum of Understanding (MOU) that the Fund and the City of Austin had previously signed to take joint legislative action through House Bill 2802. Vice Chair Woolverton made a motion to approve the Voluntary FSRP as presented and further set forth in HB 2802 for submission to the PRB. Trustee Fowler seconded the motion. Trustee Weaver was not present to vote. The motion passed without objection. Trustee Weaver later requested her vote be recorded in favor of the agenda item. Mayor Watson motioned to record her vote and clarified that it would not impact the outcome. Vice Chair

seconded the motion. The motion passed without objection.

V. Consider vendor review schedule

Anumeha Kumar provided the trustees with the vendor review schedule that had been laid out according to the process set forth in the Governance Policy. She explained that the board had completed reviews of the actuary, depository bank, and legal counsel in 2022 and 2023, which resulted in changes to the actuary and depository bank, but no change to the legal counsel. Ms. Kumar provided an overview of the reviews that were currently due or coming due in the next year. She stated that the custodian bank would be up for review in 2026. She noted that there were no current issues or concerns with the custodian bank and explained that it would be a significant endeavor to consider making a change to that vendor. She welcomed the board to engage in that conversation next year. Ms. Kumar stated that the investment consultant was currently up for review. She recalled for the board that they had hired a third-party to perform an Investment Practices and Performance Evaluation (IPPE) in 2024 to review Meketa's work and the Fund's investment program, which served as a robust evaluation that resulted in a positive report with no concerns. She offered for the board to either treat the IPPE as the review, or to engage in further evaluation. Lastly, Ms. Kumar informed the board that the independent auditor, who had worked with the Fund since 2015, had been up for review in 2024, but was postponed due to the extensive work being put into the legislation and software development. She offered for the board to either proceed with the review of the auditor or to further postpone the review until the conclusion of the legislation rulemaking and software implementation. Ms. Kumar indicated that the Governance Policy did not require the board to partake in a formal RFP process for each vendor review; she stated that a discussion regarding vendor performance could be sufficient to meet the evaluation requirement. Vice Chair Woolverton asked if the vendor review schedule would be amended to reflect the IPPE serving as the investment consultant review, to which Ms. Kumar confirmed that the board had that option. Trustee Weaver agreed that the IPPE should serve as review of the investment consultant and voiced support for delaying the review of the auditor until the software implementation had been completed. Trustee Fowler asked if the software would be fully implemented by the end of 2026, and after receiving confirmation, voiced support for completing that project before moving onto any vendor review. Ms. Kumar stated that she would bring an updated vendor review schedule to the September meeting. No motion necessary.

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

a. General comments

No general comments.

b. Newsletter update

Anumeha Kumar stated that the fall newsletter was in progress and would be released in September.

c. Board of Trustees election update

Anumeha Kumar informed the board that staff had begun their work with the election vendor, and a copy of the nomination letter had been sent to the membership outlining the election timeline and procedures. She stated that the nomination period would be open from September 1st through 15th for two firefighter positions designated for an active member and

a retiree. She provided a brief overview of how term-length would be determined as the board transitioned into four-year terms for elected trustees.

d. Pension Administration System (PAS) pension reform implementation update

Anumeha Kumar provided a high-level overview of the PAS implementation status and timeline in consideration of the recent pension reform changes that would need to be integrated into the software. Ms. Kumar informed the board that staff and the software vendor, LRS, were in the completion stage for the third and final deliverable of the base software development. She stated that during November and December staff would enter the parallel processing period in which all software functions would be performed in both the legacy software and the new software to confirm the integrity of the new software prior to its release. She explained that parallel processing was anticipated to be a very demanding time for staff, and therefore from October through January, the membership had been asked to limit any benefit estimate requests to retirements within a six-month timeframe. Ms. Kumar revisited the cost-saving measure that staff had taken through their decision to bring payroll in-house. She noted that State Street would continue to function as the custodian bank to process the payments. Ms. Kumar further explained that LRS had been working on the first stage of integrating the pension reform changes into the new software. She detailed that the first stage entailed any changes that were clearly laid out in statute and would need to be implemented by January 1, 2026, such as DROP interest crediting and the base benefit structure for Group B. She explained that the two additional stages would pertain to any changes impacted by board rulemaking, such as military service purchase, additional benefit payment options for Group B, and the actuarial tables that apply to Group B benefit calculations. Ms. Kumar added that there were still a few additional administrative pieces to the software development that staff were still working on, such as workflows and correspondences, but all necessary components for the software were on track to meet the January 1, 2026, deadline. Ms. Kumar explained that one component that had to be delayed due to the additional reform work was the rollout of the Member Direct portal. She stated that the current goal was to provide retirees with access to the portal by April 2026 and to provide active members with access by August 2026. Ms. Kumar provided an overview of Member Direct's security features and functionality and informed the board that LRS would provide a warranty period for both the software and the portal through the end of 2026. Trustee Weaver asked if the membership had been consulted regarding Member Direct, to which Ms. Kumar explained that the functionality of the portal would have to remain within scope of the project, but she would provide further education to both the membership and the board later this year regarding its base functions and security controls.

e. Mid-year budget update

Anumeha Kumar presented an amended operating budget to the board for their consideration prior to adoption at the September meeting. She explained that the operational costs had increased to reflect three components: the final cost of the legal fees and actuarial fees associated with the legislative work through June 2025, a slight increase to the election vendor expense in reflection of the second position added to the ballot, and the cost associated with integrating pension reform changes within the PAS software. She added that the additional cost to the PAS software would be divided into three parts, with the amended budget reflecting only the first part, which pertained to changes that needed to be made by January 1, 2026. The trustees had no questions or concerns regarding the amended operating budget.

f. Internal financial statements, transactions, and Fund expense reports for month ending July 31, 2025

Anumeha Kumar stated that there was nothing notable to report beyond the operating budget amendments addressed in the previous agenda item. The trustees had no questions regarding the financial statements.

VII. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

VIII. Call for future agenda items

No future agenda items were called for.

Hearing no objections, Vice Chair Woolverton adjourned the meeting at 10:07am.

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CONFIDENTIAL INFORMATION

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

Board of Trustees' Governance Policy

Amended and Restated,* *Effective* ~~*January 23*~~*[●],* ~~*2023*~~*2025

ARTICLE 1: PURPOSE

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

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

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

ARTICLE 2: BOARD GOVERNANCE

§2.1. Composition of Board

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

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

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

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

(b) Terms and Vacancies

(i) *Appointed Trustees.*

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

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

(ii) *Elected Trustees.*

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

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

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

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

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

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

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

~~45708384v.1~~

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

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

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

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

(iii) *Citizen Trustee.*

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

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

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

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

(c) Trustee Elections

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

(ii) ~~(d)~~ Regular elections for the Elected Trustee positions shall be held annually by secret ballot ~~some time~~ between November 1 of each year and the first Monday in January of the following year in accordance with the Act. ~~The Board has adopted Rule IV "Trustee Election Procedures" that sets forth the process for the nomination of candidates for Elected Trustee positions, the effect if only one candidate is nominated and the appointment of such person as an Elected Trustee, and the election timing and process.~~Each year, the Board will establish a period of time during which election ballots may be submitted (the "***Election Period***") and the method for submitting such ballots which may include the use of a third-party vendor to conduct the election (e.g., regular mail, electronic submission, etc.).

(iii) For ballots that are submitted through regular mail, a ballot that is postmarked by the last day of the Election Period will be considered timely submitted. The Fund will allow for a period of seven (7) days after the end of the Election Period for additional ballots that were timely postmarked to be received by the Fund before the ballots are counted or the results are certified by the Board, provided that if the seventh (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.

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

§2.2. Board Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§2.3. Board Officers

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

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

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

(b) Election of Officers and Vacancies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Appointing members to serve on committees;

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

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

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

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

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

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

§2.4. Review of Vendors

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

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

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

ARTICLE 3: BOARD MEETINGS AND CONDUCT

§3.1. Meeting Conduct; Voting Requirements

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

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

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

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

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

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

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

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

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

§3.2. Public Comment at Meetings.

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

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

§3.3. Notice of Meetings; Setting of Agenda

(a) Regular Meetings.

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

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

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

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

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

(b) Special Meetings.

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

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

(c) Emergency Meetings.

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

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

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

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

(d) Closed Session.

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

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

§3.4. Code of Ethics; Conflicts of Interest

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

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

§3.5. Compensation; Reimbursements

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

ARTICLE 4: BOARD COMMITTEES

§4.1. Board Committees

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

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

- (i) Investment Committee
- (ii) Benefits Committee
- (iii) Policy Committee

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

(d) Each Trustee will be designated to serve on at least one standing committee of the Board for a one-year term. Committee appointments will be made by the Chairman in his/her sole discretion at the beginning of each calendar year after consultation with each Trustee. In making such appointments, the Chairman may consider each individual Trustee's experience or expertise in the matters to be delegated to such committee and the individual Trustee's ability, interest, and willingness to serve on a given committee.

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

§4.2. Committee Governance

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

(b) Committee members are expected to attend and be prepared for each meeting of a committee to which they are appointed.

(c) Any member of the Board may attend a meeting of a committee of which he or she is not a member. Public notice of a committee meeting where a quorum of the Board may be present will be posted as a Board meeting under TOMA in accordance with Article 3.

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

ARTICLE 5: EXECUTIVE DIRECTOR OVERSIGHT

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

(a) Executive Director and Fund Staff

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Bachelor's degree in business administration, accounting, finance or a related field;

(ii) A minimum of 5 years' experience with comparable duties at a public pension fund, trust, foundation, endowment, or a similar entity;

(iii) Knowledge of pension plan design, accounting principles related to defined benefit pension plans, and basic principles of business law;

(iv) Knowledge of investment terminology and methods of investments analysis;

(v) Knowledge and skills required for commonly used software packages and ability to apply computerized automated applications to standard operating procedures;

(vi) Ability to effectively interface with individual Trustees and the Board, active members, retirees, City of Austin staff, and Fund staff;

(vii) Ability to organize effectively; and

(viii) Ability to effectively and accurately communicate, both verbally and in writing.

(c) The Board may set forth other requirements for the Executive Director position in a written job description maintained at the Fund and may vary from any position requirements in connection with an individual hire.

ARTICLE ~~5~~6: TRAINING AND EDUCATION

§~~5.1~~6.1. Required Training

(a) Education of Trustees and the Executive Director is essential to ensure that Trustees and the Executive Director have a full understanding of the issues facing the Fund. Each Trustee and the Executive Director must comply with the minimum and continuing education requirements under state law, including ethics and fiduciary training.

(b) Trustees are required to complete training courses regarding their responsibilities under TOMA and the Texas ~~Open Records~~Public Information Act. Trustees must complete the training not later than the 90th day after assuming their duties as a Trustee. Qualifying online training courses are offered by the Texas Attorney General's Office at www.texasattorneygeneral.gov. Certificates are awarded at completion of each online training course, which must be submitted to the Executive Director for retention and proof of education compliance.

(c) Texas law provides that the Texas Pension Review Board ("***PRB***") establish a Minimum Education Training ("***MET***") program for Trustees and the Executive Director. The MET program requires seven (7) credit hours of core content training for the first year of service as a Trustee or Executive Director and at least four (4) credit hours of continuing education in core and/or non-core content within each two (2) year period subsequent to the first year of service as a Trustee or Executive Director. The PRB requires semi-annual reporting of training hours and courses to verify compliance. Information regarding MET can be obtained on the PRB website.

§~~5.2~~6.2. Educational Opportunities

(a) After the first year of service, Trustees and the Executive Director shall attend at least one continuing education program every two (2) years. Continuing education programs that satisfy this requirement may include:

(i) Certain training classes sponsored by the Texas Association of Public Employee Retirement Systems (TEXPERS) or the National Conference on Public Employee Retirement Systems (NCPERS); or

(ii) Any other conference or training designed to educate public pension administrators and trustees.

(b) Attendance at all education conferences will be consistent with the *Board of Trustees' Code of Ethics.*

§~~5.3~~6.3. Reporting

The Executive Director will file the required reports on Trustee and Executive Director training activity with the PRB, keep Trustees informed on the status of their compliance with training requirements, and maintain records of Board education and travel expenses related to education and training.

ARTICLE ~~6~~7: BOARD COMMUNICATIONS

§~~6.1~~7.1. Trustee Communications with Fund Staff

(a) The Executive Director is the Trustees' primary link to Fund operations and administration. Trustees shall direct all questions regarding any aspect of the Fund's operations to the Executive Director.

(b) In the spirit of open communication, individual Trustees shall share any information pertinent to the Fund with the Executive Director in a timely manner, and the Executive Director shall similarly share with the Board any information pertinent to the Board's role and responsibilities in a timely manner.

(c) Fund staff ~~work for~~serve the full Board~~,~~ and not individual Trustees. A Trustee may not exercise authority over individual Fund staff members. Trustees are entitled to information necessary to make informed decisions relating to their role and responsibilities as a Trustee. However, to avoid the appearance of undue influence, all requests by individual Trustees for information should be directed to the Executive Director or presented at a Board meeting as opposed to being directed to individual Fund staff. Any requests by a Trustee for confidential information will be presented to the Board as a whole for consideration as to whether such information may be disclosed to the Trustee.

§~~6.2~~7.2. Trustee Communications with Members

(a) Information provided to members of the Fund regarding the Fund or benefits provided under the Fund is best communicated by the Fund staff who have the knowledge and expertise on the Fund's eligibility and benefit provisions. To avoid miscommunications to members, Trustees shall refrain from providing specific advice, counsel or education with respect to the rights or benefits a member or beneficiary may be entitled to pursuant to the ~~Fund~~Act or any ~~Board~~relevant rules or policies.

(b) In the event a member or beneficiary requests that a Trustee provide explicit advice with respect to Fund benefits or related policies, the Trustee should refer the member or beneficiary to the Executive Director or ask the Executive Director to contact the member or beneficiary. The Executive Director shall inform the Trustee of the outcome.

§~~6.3~~7.3. Trustee Communications with Vendors and Prospective Vendors

(a) The Executive Director shall be solely responsible for managing relationships and communications with Vendors and prospective Vendors.

(b) Vendors are hired by and work for the full Board and not individual Trustees. Trustees shall not communicate directly with Vendors or prospective Vendors on any matters relating to the Fund without the permission and coordination of the Executive Director, except for communications with the Fund's attorney relating to the performance of the Trustee's duties.

(c) If a Trustee wishes to communicate with a Vendor or prospective Vendor, the Trustee shall make a request to the Executive Director in advance of any communication. Communications at conferences and events with Vendors that are attended by the Trustee do not require pre-approval if such attendance is authorized by the policies of the Board.

(d) If the request for communication with a Vendor or prospective Vendor is granted, the Trustee shall include the Executive Director in all written and electronic communications and shall notify the Executive Director within 48 hours following the completion of any oral communications. In the event the request for communication with a Vendor or prospective Vendor is denied, the Trustee may request that the denial be presented at a future Board meeting for discussion.

(e) The Executive Director shall instruct Vendors and prospective Vendors on the restrictions relating to communications between Vendors and Trustees. Vendors and prospective Vendors will be instructed to communicate directly with the Executive Director and to not communicate with Trustees on any Fund business without the prior permission of the Executive Director. If a Vendor or prospective Vendor contacts a Trustee directly without including the Executive Director, the Trustee shall direct the Vendor to the Executive Director and immediately notify the Executive Director. Communication with Trustees that is inconsistent with this policy shall be communicated to the full Board and is grounds for termination of any contract.

(f) All requests by individual Trustees for information or for additional work to be performed by a Vendor should be directed to the Executive Director or presented at a Board meeting for discussion by the full Board. If the Executive Director determines that an individual Board member request for a Vendor to perform additional work would incur significant costs or is overly burdensome, the Executive Director will present the request at the next Board meeting.

(g) Trustee communications with Vendors and prospective Vendors shall also be consistent with the provisions of the *Board of Trustees' Code of Ethics*, including provisions related to the no-contact period.

§~~6.4~~7.4. Trustee Communications with Third Parties and the Public

(a) The Executive Director shall serve as the spokesperson for the Fund with respect to all written or oral communication to third parties, unless the Board designates another individual to serve as spokesperson on a specified issue. To the extent possible, in situations where Board policy concerning an issue has not been established, the Board shall meet to discuss the issue prior to the spokesperson's engaging in external communications.

(b) Trustees may indicate publicly that they disagree with a policy or decision of the Board, but shall do so respectfully and shall abide by such policy or decision of the Board to the extent consistent with their fiduciary duties. When speaking in a public setting where it is clear that the Trustee is speaking solely because of the Trustee's position on the Board, the Trustee will preface his or her remarks with the following disclaimer: "The views I express here are my own and do not necessarily reflect the views of the Board, my fellow Trustees or Fund staff."

(c) When asked to be interviewed or otherwise approached by the media for substantive information concerning the affairs of the Fund, Trustees should generally refer the matter to the Executive Director or spokesperson and shall make no commitments to the media on behalf of the Board or the Fund. Trustees shall inform the Executive Director in a timely fashion if a personal position, opinion, or analysis was publicly communicated, such that it could receive media coverage. The Trustee shall advise as to whom the communication was made and what was discussed.

(d) Written press releases concerning the business of Fund shall be the responsibility of the Executive Director and shall clearly and accurately reflect the provisions of the Fund and the policies of the Board. The Executive Director shall, when feasible, submit all press releases of a sensitive or high-profile nature or pertaining to Board policy to the ~~presiding officer of the Board~~Chairman for approval. Such press releases shall be shared with the Board concurrently with their release. Trustees should not prepare materials for publication or general distribution which are related to the affairs of the Fund.

ARTICLE ~~7~~8: AMENDMENT OF GOVERNANCE POLICY

The Board will review this Policy periodically and may amend this Policy from time to time, in its sole and absolute discretion, by a majority vote of the Board~~ and in accordance with Section XI of the Fund's Rules, "Procedure to Adopt or Amend Rules or Policies"~~.

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

Fund Rules

Amended and ~~restated, effective November 30, 2022~~Restated, Effective [●], 2025

I. Purpose

Pursuant to Section 2.11 of Vernon's Texas Civil Statutes Article 6243e.1 (the "***Act***"), the board of trustees (the "***Board***") of the Austin ~~Fire Fighters Relief and~~Firefighters Retirement Fund (the "***Fund***") may adopt rules desirable for the efficient administration of the Fund and in order to ensure that the Fund may satisfy the qualified plan requirements under the Internal Revenue Code of 1986, as amended (the "***Code***"). In addition, the Board has specific authority to adopt rules and procedures under ~~Section 2.03(b) (certain election procedures), Section 7.09(d) (beneficiary designations), 8.05(d) (DROP distributions), and 9.10(d) (Optional Retirement Annuity)~~various sections of the Act. These rules (the "***Rules***") are adopted pursuant to the applicable provisions of the Act as ~~set forth above~~referenced below.

II. ~~Definitions~~General Fund Rules

1. Definitions. Unless otherwise specifically provided in these Rules, the terms and phrases used herein have the meanings assigned by Section 1.02 of the Act.
2. Operating Name. Pursuant to the authority granted to the Board in Section 1.031 of the Act, the Fund has adopted the name "Austin Firefighters Retirement Fund" as the name under which the Fund may operate and brand itself. Notwithstanding the previous sentence, the Fund's legal name shall remain as the "Austin Fire Fighters Relief and Retirement Fund" as prescribed by Section 1.03 of the Act. References to "Austin Firefighters Retirement Fund" and "Austin Fire Fighters Relief and Retirement Fund" in any Fund documents and communications shall be understood as synonymous.

III. Qualified Plan Rules

1. ~~1.~~ Qualified Plan. All assets contributed to the Fund will be held in trust, separate from the assets of the municipality, and maintained and administered by the Board for the exclusive purpose and benefit of all members, retirees, and beneficiaries of the Fund. At no time before the termination of the Fund and the satisfaction of all liabilities with respect to members, retirees, and their beneficiaries shall any part of the principal or interest of the assets of the Fund be used for or diverted to purposes other than the exclusive benefit of members, retirees, and their beneficiaries. The Fund and the assets held in trust thereunder are intended to qualify under Section 401(a) of the Code, be exempt from federal ~~income~~ taxes under Section 501(a) of the Code, and conform at all times to applicable requirements of law, regulations, and orders of duly constituted federal governmental authorities. Pursuant to Section 2.015 of the Act, the Fund shall be administered in a manner that maintains the qualified status of the Fund under

Section 401(a) of the Code. Accordingly, if any provision of the Act and these Rules is subject to more than one construction, one of which will permit the qualification of the Fund, that construction that will permit the Fund to qualify and conform will prevail. At no time shall any part of the assets of the Fund revert back to the municipality unless the reversion is due to a good faith mistake of fact.

2. ~~2.~~ Required Minimum Distributions.

Effective January 1, 2003, a member's entire interest under the Fund shall be distributed, or begin to be distributed, by the required beginning date prescribed by Code Section 401(a)(9) and Treasury Regulations §§1.401(a)(9)-1 through 1.401(a)(9)-9 (the "***401(a)(9) Requirements***"), and any distribution under the Fund shall at all times comply with the 401(a)(9) Requirements. Any distribution required under the incidental death benefits requirements of Code Section 401(a) shall be treated as a distribution required by the 401(a)(9) Requirements. For purposes of clarity, provisions of the Act and these Rules may provide for the timing of distribution of benefits that is earlier than the required beginning date under the 401(a)(9) Requirements, including distributions from the DROP (as defined in Section V of these Rules), as long as such distributions otherwise comply with the 401(a)(9) Requirements.

3. ~~3.~~ Rollovers. Effective January 1, 1993, any member or eligible beneficiary who is entitled to receive any distribution that is an eligible rollover distribution is entitled to have that distribution transferred directly to another eligible retirement plan of the member's or eligible beneficiary's choice on providing direction to the Fund regarding that transfer in accordance with procedures established by the Board. For purposes of this Rule, the following terms shall be defined as provided below:

(a~~.~~) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's eligible beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities described in Code section 402(e)(4)); and other amounts determined to not be eligible rollover distributions under applicable law, including the Code and regulations issued pursuant to the Code (see, e.g., Regulation § 1.402(c)-2, Q&A-4).

Effective January 1, 1999, an "eligible rollover distribution" also does not include any amount that is distributed on account of hardship or unforeseeable emergency.

(b~~.~~) An "eligible retirement plan" is an individual retirement account described in Code section 408(a), an individual retirement annuity (other than an endowment contract) described in Code section 408(b), that accepts the distributee's eligible rollover distribution, a qualified retirement plan described in section 401(a) or section 403(a), of the Code. The definition of eligible retirement plan shall also apply in the case of a distribution to an eligible beneficiary, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code; provided, however, if the distributee is an eligible beneficiary of a deceased member who is not a surviving Spouse, a direct rollover is only available to an individual retirement account described in Code section 408(a) or an individual retirement annuity (other than an endowment contract) described in Code section 408(b) that has been established on behalf of the eligible beneficiary as an inherited IRA (within the meaning of Code section 408(d)(3)(C)) and is subject to the requirements of Code section 401(a)(9).

Effective January 1, 2002, an "eligible retirement plan" also includes a tax sheltered annuity plan described in section 403(b) of the Code, and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Fund.

(c~~.~~) A "distributee" includes a member and a participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p).

Effective January 1, 2007, a "distributee" also includes the eligible beneficiary of a deceased member to the extent permitted in Code Section 402(c)(11).

(d~~.~~) A "direct rollover" is a payment by the Fund to the eligible retirement plan specified by the distributee. The Fund shall be responsible for providing, within a reasonable period of time prior to making an eligible rollover distribution, an explanation to a member of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

4. ~~4.~~ Nonforfeitability upon Plan Termination. The retirement benefit earned by a member shall become nonforfeitable, to the extent funded (if not already nonforfeitable), upon the termination or partial termination of the Fund or the complete discontinuance of contributions to the Fund.

5. ~~5.~~ Forfeitures. Amounts representing forfeited nonvested benefits of terminated members may not be used to increase benefits payable from the Fund but may be used to offset obligations for future plan years.

6. ~~6.~~ Code Section 401(a)(17) Limits. Effective for plan years beginning on or after January 1, 1996, the total compensation taken into account for any purpose for any member of the Fund may not exceed that annual compensation limit under

Code Section 401(a)(17), as shall be periodically adjusted in accordance with guidelines provided by the United States Secretary of the Treasury. For plan year 2021, such annual compensation limit is $290,000.

7. ~~7.~~ USERRA. Notwithstanding any provision in the Act to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u), effective January 1, 1998, and Code Section 401(a)(37), effective as set forth below, including, without limitation, in accordance with the provisions set forth below.

(a~~.~~) Definitions. For purposes of this paragraph 7, the following terms shall be defined as provided below:

(i) Differential Wage Payment. The term "Differential Wage Payments" means any payment as defined in Code Section 3401(h) which is made by the municipality for a pay period after December 31, 2008, and that (a) is made to a member with respect to any period during which a member is performing Qualified Military Service; and (b) represents all or a portion of the remuneration such member would have received from the municipality if the individual was performing services for the fire department.

(ii) Qualified Military Service. The term "Qualified Military Service" means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any member if such member is entitled to USERRA Reemployment Rights under such chapter with respect to such service.

(iii) USERRA Reemployment Rights. The term "USERRA Reemployment Rights" means the rights and benefits to which a member covered under USERRA is entitled upon his or her return from Qualified Military Service. A member will not be entitled to USERRA Reemployment Rights if (a) such member did not provide advance notice of his or her military service to the fire department; or (b) such individual had more than five years of cumulative Qualified Military Service measured from his or her date of hire to his or her date of return to employment with the fire department.

(b~~.~~) Death Benefits.

(i) Deemed Reemployment Date. A member who dies on or after January 1, 2007, while performing Qualified Military Service (an "Eligible Deceased Member") will be deemed (a) to have resumed employment with the fire department as of the day preceding the date of his or her death (the "Deemed Reemployment Date" for purposes of this paragraph); and (b) to have terminated service on the date of his or her death.

(ii) Additional Benefits. To the extent the Fund provides for any benefits that are contingent upon the member's death, then an Eligible Deceased Member will be provided with such benefits. Such benefits must be provided to all similarly-situated individuals in a uniform, non-discriminatory manner.

(iii) Service. An Eligible Deceased Member shall receive service under the Fund for the period of the Qualified Military Service during which the member died for purposes of attaining eligibility to receive the benefits provided under the Fund and, to the extent the requirements of Section 4.02 of the Act and Rule XV are otherwise satisfied, for purposes of calculating benefits. For purposes of Section 4.02 and consistent with subparagraph 7(b)(i) above, an Eligible Deceased Member will be treated as returning to service on the day preceding the date of his or her death, and an eligible spouse or other beneficiary may file the application, make the required contributions, and provide the proof required under Section 4.02 of the Act and in accordance with Rule XV.

(c~~.~~) Differential Wage Payments.

(i) Employee Status. Effective January 1, 2009, an individual receiving Differential Wage Payments from the municipality will be treated as an active member and will receive service under the Fund during such period for purposes of attaining eligibility to receive the benefits under the Fund and the calculation of such benefits.

(ii) Compensation. The term "Compensation" as used under the Act for purposes of calculating benefits or determining contributions will include any amounts paid by the municipality as a Differential Wage Payment.

8. ~~8.~~ Code Section 415 Limits. Pursuant to Section 9.03(a) of the Act, a member or beneficiary of a member of the Fund may not accrue a benefit, in excess of the benefit limits applicable to the Fund under Section 415 of the Code. The Board shall reduce the amount of any benefit that exceeds those limits by the amount of the excess. If the total benefits under this Fund and the benefits and contributions to which any member is entitled under any other qualified defined benefit plan maintained by the municipality that employs the member would otherwise exceed the applicable limits under Section 415 of the Code, the benefits the member would otherwise receive from the Fund shall be reduced to the extent necessary to enable the benefits to comply with Section 415 of the Code. For purposes of determining applicable benefit limitations under Code section 415, the limitation year shall be the calendar year.

9. ~~9.~~ Actuarial Assumptions. The Fund's actuarial equivalence assumptions shall be those as specified in Appendix A of these Rules.

~~.~~ (a) Notwithstanding such Appendix A or any other plan provisions to the contrary, effective January 1, 2008, the applicable mortality table used for purposes of adjusting any benefit or limitation under §415(b)(2)(B), (C), or (D) of the Code and the applicable mortality table used to satisfy the requirements of §417(e) of the Code (if and as such requests are applicable) is the table prescribed in Treasury Regulation § 1.430(h)(3)-1.

~~.~~ (b) For distributions with annuity starting dates after December 31, 2002 and before January 1, 2008, the applicable mortality table shall be the applicable mortality table provided in Rev. Rul. 2001-62.

~~.~~ (c) For distributions with annuity starting dates on or prior to December 31, 2002, the applicable mortality table shall be the applicable mortality table provided in Rev. Rul. 92-19.

10. ~~10.~~ Exemption of Benefits from Judicial Process, Assignment or Alienation

~~a.~~ (a) All assets held in trust under the Fund, and all rights and all accrued and accruing benefits of any member, may not be (A) held, seized, taken, subjected to, or detained or levied on by virtue of any execution, attachment, garnishment, injunction, or other writ, order, or decree, or any process or proceedings issued from or by any court for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demands, or judgment against any member entitled to benefits, or (B) assigned or otherwise alienated.

~~b.~~ (b) The preceding provisions of these Rules shall not preclude the withholding of Federal taxes from pension benefits, the recovery by the Board of overpayments of benefits previously made to any person, the direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided such arrangement is not an alienation), or, pursuant to any policy adopted by the Board and uniformly applied to any voluntary arrangement for the withholding and direct payment of health care or life insurance premiums or similar payments from his or her monthly benefit payments. An attachment, garnishment, levy, execution or other legal process is not considered a voluntary arrangement.

IV. Trustee ~~Election~~Nomination Procedures

1. ~~1.~~ Background. Section 2.03(b) of the Act provides that, in the event only one firefighter or retiree is nominated for a position pursuant to Section 2.03(c) of the Act, the Board may appoint the sole nominated candidate through procedures established by the Board prior to any nominations, with such appointment to be held at the first board meeting in January in lieu of holding an election. The Rules in this Section IV set forth such procedures and take effect for the nominations period beginning September 1, 2015. ~~In addition, the Board has adopted Paragraph 6 of this Section IV to clarify the timing of when election ballots will be counted~~

~~pursuant to Section 2.03 of the Act and Paragraph 7 of this Section IV to provide general rules regarding a special election to fill a Trustee vacancy.~~

2. ~~2.~~ Notice of Nomination Period. Pursuant to Section 2.03(c) of the Act, the period for nominating candidates for the election of a member of the Board begins on September 1 and ends September 15 of each calendar year (“***Nomination Period***”). Prior to each election period, the Fund will provide notice to active members of the ~~nomination period~~Nomination Period through posting at fire stations (either electronically or in a physical location where postings typically are made) and will provide notice to retirees through regular mail. In addition, notice of the ~~election period~~Nomination Period will be posted on the Fund’s website.

3. ~~3.~~ Form of Nominations. Pursuant to Section 2.03(c) of the Act, nominations may be made in person, by mail, ~~or by telephone to the Fund’s office. The Fund will also accept nominations in electronic format via~~by telephone, or by any other method approved by the Board, including by e-mail or facsimile. Nominations must be received prior to the end of ~~a nomination period~~the Nomination Period, between September 1 and September 15. A nomination sent prior to the end of ~~a nomination period~~the Nomination Period, but not received by the Fund until after the ~~period~~Nomination Period, does not satisfy the above requirement.

4. ~~4.~~ Re-opening of Nominations Period. In the event that no candidate has been nominated following the ~~nominations period~~Nomination Period ending September 15, the Board will re-open the ~~nominations period~~Nomination Period and establish the final day of such period, which will not be later than October 31 of the same calendar year. Notice of the re-opening of the ~~nominations period~~Nomination Period will be provided in the same manner as described in paragraph 2 in this Section IV.

5. ~~5.~~ Nomination of Sole Candidate. If at the end of a ~~nomination period~~Nomination Period, only one candidate has been nominated, the Fund will notify members and retirees in the same manner as described in paragraph 2 in this Section IV that only one candidate has been nominated and that no election will be held. The Board will appoint this candidate to the Board at its January meeting following the nomination.

~~6. Election Ballots. Pursuant to Section 2.03(c) of the Act, each election is to be conducted by secret written ballot on a date the Board determines. Each year, the Board will establish a period of time during which election ballots may be submitted to the Fund (the “***Election Period***”). Any ballot that is postmarked by the last day of the Election Period will be considered timely submitted. The Fund will allow for a period of seven (7) days after the end of the Election Period for additional ballots that were timely postmarked to be received by the Fund before the ballots are counted or the results are certified by the Board, provided that if the seventh (7th) day falls on weekend or a federal holiday, the period for receiving ballots shall be extended until the first business day following such weekend or holiday.~~

~~7. Special Elections due to Vacancy. In the event a vacancy of an elected position of the Board occurs, the Board will approve procedures for a special election in order to elect a replacement to serve the remainder of the term, with such election to be held within sixty (60) days after the event that caused the vacancy as provided under Section~~

~~2.03(f) of the Act. The Board may consider the principles set forth in this Section IV in determining special election procedures, but such procedures need not be identical to the election procedures set forth in this Section IV.~~

V. DROP Distributions ~~(as amended, November 30, 2022)~~

1. Background. Section 8.05(d) of the Act provides that the Board may adopt

rules that modify the availability of distributions under the deferred retirement option plan (the "***DROP***"), provided that the modifications do not (A) impair the distribution rights under Section 8.05(a) of the Act, which provides for four lifetime payments prior to April 1 of the year after the member attains 70 ½ years of age or (B) cause distributions to occur later than as required under Section 401(a)(9) of the Code. The Rules in this Section V modify the availability of DROP distributions as contemplated under Section 8.05(d) of the Act.

2. Additional Distributions from DROP Account for Members. In addition to the distribution options available under Section 8.05(a) of the Act, a member who participates in the DROP may take up to twelve distributions prior to April 1 of the year after the member attains 70 ½, but no more than four distributions in any given calendar year. ~~The distribution option provided in this paragraph 2 of~~

3. Distributions from DROP Account by Non-Member.
   (a) *Alternate Payees*. In accordance with Section ~~V will not be available~~9.11(b) of the Act, any portion of a member's DROP account that is awarded to an alternate payee ~~under a~~pursuant to a qualified domestic relations order ~~that has been approved by the Fund and awards~~(QDRO) shall be distributed in a single lump-sum payment as soon as administratively practicable after the alternate payee ~~a right to a portion of the member's DROP account. Such alternate payee will be limited~~is first entitled to the distribution ~~options in Section 8.05(a)~~of such amounts as determined by the Fund.
   (b) *Designated Beneficiaries*. In accordance with Section 8.07 of the Act, if a member who participates in the DROP dies before distribution of the member's entire DROP account, distributions will be made to the designated beneficiary for the DROP account. Distributions to the designated beneficiary must begin no later than one (1) year after the member's death and shall be made as either a single-payment distribution or in not more than four equal annual installments over a period of not more than 37 months.

4. ~~3.~~ Implementation~~. The Rules under this Section V will take effect after the effective date of these rules as amended~~. The distribution option under paragraph 2 of this Section V will apply (A) to all DROP accounts established on or after the effective date of these Rules as amended, and (B) to DROP accounts of a member established prior to the effective date of these Rules as amended, provided that any distributions taken by a member from his or her DROP account prior to the effective date of these Rules as amended will be counted against both the twelve

total distribution limit and the four annual distribution limit provided in paragraph 2 of this Section V.

VI. Beneficiary Designations ~~(as amended, September 20, 2016)~~

1. ~~1.~~ Background. Section 7.09 of the Act provides that a retiree or member eligible to retire may designate a beneficiary for a survivor benefit on a form provided by the Fund if the Act does not otherwise provide a benefit payable to a spouse or child of the member or retiree upon his or her death. Pursuant to Section 2.11 of the Act, the Board may adopt rules it considers necessary or desirable for the efficient administration of the Fund. In addition, Section 7.09 of the Act provides that the Board may adopt rules to establish procedures for and requirements governing beneficiary designations. Through this Section VI, the Board adopts rules and procedures for designating beneficiaries under Section 7.09 of the Act, including limiting the circumstances under which such designations can be made. This Section VI is intended to replace and supersede any previous policy relating to beneficiary designations established by the Board and only applies to Group A members.
2. ~~2.~~ Form. A form established by the staff of the Fund shall be utilized for purposes of designating a beneficiary under Section 7.09 of the Act, and such form shall be the only method by which a beneficiary may be designated under such section. Any attempt by the member to designate a beneficiary other than through the form established by the Fund's staff, whether electronically, in writing or verbally, shall have no effect.
3. ~~3.~~ Eligibility—Active Members. An active member who is vested and eligible to retire may designate or change a beneficiary under Section 7.09 if such member (A) is unmarried and (B) does not have a living child who is unmarried and under the age of twenty-two (a "***Dependent Child***"). Any form submitted to the Fund following September 1, 2012 that is executed on a date on which the member submitting the form is either married or has a Dependent Child shall have no effect and be null and void. An active member is not subject to a benefit reduction described in paragraph 4 below.
4. ~~4.~~ Eligibility—Retired Members. ~~Effective November 1, 2016, if such member agrees to the benefit adjustment described in the paragraph below,~~
   (a) ~~a~~A retired member may designate or change a beneficiary under Section 7.09 if ~~such member (A) is unmarried, (B) married, but only if the retiree's marriage occurred after retirement and the term of the marriage is less than twenty-four months, and (C) does not have a Dependent Child.~~ no survivor benefit is otherwise payable to a surviving spouse or Dependent Child of the member if such member agrees to the benefit adjustment described in subsection (d) below.
   (b) Notwithstanding the above, a retiree will not be eligible to designate or change a beneficiary after retirement if such retiree has already made two designations or changes following his or her date of retirement, and such two designations or changes occurred on or after January 1, 2017.
   (c) For a post-retirement marriage that occurs on or after September 1, 2025, the retiree's spouse will not automatically become eligible for a survivor

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benefit from the Fund. The retiree may name such individual as a designated beneficiary in accordance with this rule if the member is otherwise eligible to do so.

For a post-retirement marriage that occurs prior to September 1, 2025, the retiree's spouse will be eligible for the survivor benefit provided under Section 7.02 of the Act if the spouse was married to the retiree on the retiree's death and for at least 24 consecutive months prior to the retiree's death. This change in beneficiary shall occur without a reduction to the member's benefit as described in subsection (d) below.

(d) A retiree who designates or changes a beneficiary must agree to a benefit reduction for the designation or change to take effect. The benefit reduction will be determined by treating the monthly benefit amount that the retiree is receiving at the time of the designation or change of beneficiary as a single life annuity for the life of the retiree and converting such single life annuity into the form of benefit that the retiree was receiving under the Fund at the time of the designation or change, taking into account the current age of the beneficiary. The method of the conversion described above will be determined by the Fund's actuary and based on the actuarial assumptions in effect under the Fund at the time of the designation or change. The reduction described in this paragraph will apply to any designations or changes in beneficiaries on or after January 1, 2017.

5. ~~5.~~ Requirements for Beneficiaries. A beneficiary may be any living person selected by the member.

6. ~~6.~~ Termination of Beneficiary Designation. ~~In the event a member who has previously submitted a valid~~ A previously-submitted beneficiary designation ~~subsequently becomes married or has Dependent Children, the previously submitted~~ form shall ~~be~~become null and void as of (i) in the event of a ~~subsequent~~post-retirement marriage prior to September 1, 2025, the date that the member's spouse would be eligible for survivor benefits under Article 7 of the Fund (~~which, in the case of a spouse who married a retiree after his or her retirement, would be twenty-four months following the date of such marriage~~if at all), or (ii) in the event of the birth or adoption of a Dependent Child, the date that the member's Dependent Child would be eligible for survivor benefits under Article 7 of the Fund. For the avoidance of doubt, a post-retirement marriage that occurs on or after September 1, 2025 shall not nullify a previously-submitted beneficiary designation form. The nullification of a beneficiary designation pursuant to this paragraph 6 shall be permanent and shall not be reinstated.

7. ~~7.~~ Reduction of Benefit for Beneficiary 10 or More Years Younger. The reduction of a beneficiary's benefit as described in Section 7.09(c) for a beneficiary of a member (active or retired) who is 10 or more years younger than the member at the time of the member's death will be determined in accordance with tables provided by the Fund's actuary and approved by the Board, as may be updated from time to time at the recommendation of the Fund's actuary. The tables as approved by the Board are set forth in Appendix B.

8. ~~8.~~ Administration. The application, administration and interpretation of this Section VI shall be at the full and absolute discretion of the Fund. Any decision relating to a beneficiary designation under this policy by the Fund shall be final and binding.

9. ~~9.~~ Termination of Provisional Beneficiary Designation. All provisional beneficiary designations made by members during the period beginning May 1, 2016 through June 1, 2016, on the special form provided by the Fund for such purpose (the "Provisional Designations") will expire at 12:00 am on November 1, 2016 (the "Expiration Date") and be null and void. No individual named under Provisional Designations will have any right or interest in the Fund following the Expiration Date solely by virtue of being named in such Provisional Designation. The Board did through action at its meeting of August 18, 2016 extend the survival period for Provisional Designations through the Expiration Date.

VII. ~~Procedures for Adoption of Annual COLA~~[Repealed]

~~1. Background. Section 9.04 of the Act provides for the circumstances under which a benefit being provided to a retiree or survivor is subject to a cost-of-living adjustment (COLA). This Section VII sets forth the procedures for (A) determining whether or not an Annual COLA (as defined below) is available, and, if so, the amount of such COLA and (B) implementing the Annual COLA.~~

~~2. Annual COLA. The process and procedures set forth in this Section VII relate to an annual COLA contemplated to be provided by the Fund that would be effective for eligible benefits payable after January 1 of a given calendar year if the requirements of Section 9.04 are satisfied (the "Annual COLA"). These procedures would not apply to a COLA to take effect as of some other date during a calendar year as permitted under Section 9.04(a-1)(2) of the Act.~~

~~3. Calculation of the Collective Adjustment Amount. For purposes of calculating the collective adjustment amount as provided in Section 9.04(a-2) of the Act for the Annual COLA:~~

~~(A) the CPI-U (all items) for the 12-month period ending September 30th will be utilized; and~~

~~(B) the Fund's actuary will utilize the methodology described in Section VIII in order to determine whether the collective adjustment amount (i) must be adjusted to maintain the financial stability of the Fund under Section 9.04(a-2)(A) or (ii) can be increased without impairing the financial stability of the Fund under Section 9.04(b).~~

~~The standards for determining the financial stability of the Fund as it relates to the collective adjustment amount are set forth in Section VIII of these Rules (COLA Adjustment Policy). The Fund's actuary will provide the collective adjustment amount and any other information required by the Board relating to the Annual COLA prior to the November meeting of the Board.~~

~~4. Board Approval of the Collective Adjustment Amount. At its November meeting, the Board will approve the collective adjustment amount for the Annual COLA as determined by the Fund's actuary and the method for allocating the Annual COLA. Generally, it is the Board's intention to allocate the collective adjustment amount for the Annual COLA equally on a percentage basis as applied to the benefits eligible for a COLA being received by members and survivors. However, the Board may in its discretion adopt an alternative allocation method as permitted under Section 9.04(a-1)(1).~~

~~5. Effective Date of Annual COLA. The Annual COLA will take effect as to all eligible benefits payable after January 1st of the calendar year subsequent to the calendar year in which Board approves the Annual COLA at its November meeting. The Fund will take all necessary steps following approval to implement the Annual COLA by such January 1st.~~

VIII. ~~COLA Adjustment Policy~~[Repealed]

~~1. Background. The purpose of the policy in this Section VIII is to provide the actuarial basis for the determination of the collective adjustment amount available for cost-of-living adjustments under Section 9.04 of the Act. Satisfaction of actuarial soundness and financial stability of the Fund must be met prior to any post-retirement adjustments under Section 9.04 of the Act.~~

~~2. Methodology. Subject to the terms of the Act, including without limitation, Section 9.04(a-4) and (b-1), a projection to measure the liabilities associated with a cost-of-living adjustment under a specified set of actuarial assumptions will be performed to demonstrate the soundness and stability of the Fund over an extended period following such adjustment.~~

~~The period for the projection will be a ten-year period beginning with the effective date of most recent actuarial valuation (which must be no more than 12 months prior to the effective date of the cost-of-living adjustment). Such projection will be based on the actuarial methods and assumptions typically utilized by the Plan, except for the following:~~

~~(A) the investment rate of return assumed for the experience on plan assets for the initial year of the projection will be equal to the product of the actual rate of return on Plan assets realized from January 1 through September 30 of such year and the Plan's actuarial rate of return for the period October 1 through December 31 of such year; and~~

~~(B) the applicable determination period for the increase in the CPI-U under Section 9.04 (a-2)(1) shall be the 12 month period ending on the September 30 of the initial year of the projection.~~

~~3. Standards. Actuarial soundness and financial stability for purposes of adoption of a cost-of-living adjustment will be demonstrated by satisfying the following two parameters for all years in the projection period:~~

~~(A) the funding period to amortize the unfunded accrued actuarial liability after the cost-of-living adjustment may not exceed 25 years for any year during the ten-year projection period; and~~

~~(B) the ratio of the actuarial value of assets divided by the actuarial accrued liability after the cost-of-living adjustment would not be less than 80% for any year in the ten-year projection period~~

~~4. De Minimus Adjustment. A "de minimis" cost-of-living adjustment will not be considered to adversely impact actuarial soundness or financial stability of the Fund and will not subject to the requirements in paragraph 3 above. A cost-of-living adjustment will be defined as de minimis if the following criteria are satisfied:~~

~~(A) the increase in the normal cost rate arising from the cost-of-living adjustment is 0.1% of covered payroll or less; and~~

~~(B) the increase in the funding period to amortize the unfunded accrued actuarial liability is 0.2 years or less.~~

~~5. Policy for Minimum Benefits. In its discretionary allocation of the collective adjustment amount among persons eligible for a cost-of-living adjustment under Section 9.04 of the Act, the Board may, in its sole discretion, allocate a portion of an available collective adjustment amount in a manner to ensure that the monthly retirement benefit of identified retirees, surviving spouses, or beneficiaries is equal to or greater than an identified minimum amount (the "Minimum Benefit"). Under this discretion provided by the Act, the Board through resolution previously established a Minimum Benefit of $2,000.00 to specifically identified retirees and surviving spouses at its meeting of May 15, 2012. A copy of this resolution is attached to these Rules as Appendix C.~~

~~Beginning in 2018, the Board intends to consider no less than every three (3) years at its August meeting whether an allocation of the collective adjustment amount for a given year should be applied toward establishing or increasing the Minimum Benefit for identified retirees, surviving spouses or beneficiaries. In determining whether to establish or increase the Minimum Benefit, the Board may, but is not required to, consider how any existing Minimum Benefit compares to the amount equal to 50% of a current entry-level firefighter's monthly base pay.~~

~~Any Minimum Benefit established or increased is subject to the requirements of Section 9.04 of the Act and compliance with the actuarial soundness and financial stability requirements of this Section VIII prior to the approval of such amount. The persons eligible for the Minimum Benefit will be determined by the Board in its sole discretion and applied in a uniform manner.~~

~~This paragraph 5 does not intend to and should not be interpreted as (A) obligating the Board to consider the Minimum Benefit or to establish or increase the Minimum Benefit in any given year, (B) providing rights to any person to a future Minimum Benefit, or (C)~~

~~limiting the Board's discretion to allocate any available collective adjustment amount among eligible persons in any amounts.~~

IX. ~~Benefit Improvement Policy~~[Repealed]

~~1. Background. The purpose of the policy in this Section IX is to provide the actuarial basis for adoption of benefit improvements to the Fund, including without limitation, changes to the factor used for normal service retirement benefit calculations under Section 5.04(b) and (b-1) of the Act. Satisfaction of actuarial soundness and financial stability of the Fund must be met prior to any benefit improvement.~~

~~2. Methodology. Subject to the terms of the Act, including without limitation, Section 5.04(b-1), a projection to measure the liabilities associated with a benefit improvement under a specified set of actuarial assumptions will be performed to demonstrate the soundness and stability of the Fund over an extended period following such improvement.~~

~~The period for the projection will be a ten-year period beginning with the effective date of most recent actuarial valuation (which must be no more than 12 months prior to the effective date of the benefit improvement). Such projection will be based on the actuarial methods and assumptions typically utilized by the Plan, except for the following:~~

~~(A) the investment rate of return assumption utilized for the projection period will be equal to the net market rates over immediately preceding ten-year period;~~

~~(B) the annual rate of salary increase would be assumed to be equal to a rate that is 1% greater than the assumption otherwise in effect and to be used during the 10-year projection period; and~~

~~(C) the projection will also be subject to producing results no more favorable than if the actuarial rate of return was earned on assets.~~

~~3. Standards. Actuarial soundness and financial stability for purposes of adoption of a benefit improvement will be demonstrated by satisfying a minimum of three of the following parameters for all years in the projection period:~~

~~(A) the funding period to amortize the unfunded accrued actuarial liability after the benefit improvement may not exceed 25 years for any year during the ten-year projection period;~~

~~(B) the ratio of the actuarial value of assets divided by the actuarial accrued liability after the benefit improvement would not be less than 80% for any year in the ten-year projection period;~~

~~(C) the FASB 35 funded ratio of the present value of accrued benefits to the market value of assets after the benefit improvement would not be less than 90% during any year in the ten-year projection period; or~~

~~(D) the increase in the funding period of the unfunded accrued actuarial liability in any year of the projection period may not exceed 5 years over the funding period stated in the most current actuarial valuation.~~

~~4. De Minimis Improvements. A "de minimis" benefit improvement will not be considered to adversely impact actuarial soundness or financial stability of the Fund and will not subject to the requirements in paragraph 3 above. A benefit improvement will be defined as de minimis if the following criteria are satisfied:~~

~~(A) the increase in the normal cost rate arising from the benefit improvement is 0.1% of covered payroll or less for the year in which the benefit improvement takes effect; and~~

~~(B) The increase in the funding period to amortize the unfunded accrued actuarial liability is 0.2 years or less for the year in which the benefit improvement takes effect.~~

X. Optional Forms of Benefit ~~**(effective, November 1, 2016)**~~

1. ~~1.~~ Background. Section 9.10 of the Act provides the Board with the authority to approve an optional retirement annuity instead of the normal form of annuity payable under Section 5.04 of the Act (the "Normal Form of Benefit"), as long as such optional form is certified by the Fund's actuary to be the actuarial equivalent of the Normal Form of Benefit. The Rule under this Section X is intended to provide additional optional forms of benefit which Group A members may elect upon retirement and the requirements and procedures with respect to such optional forms and the member's election and will take effect November 1, 2016. This Rule X applies only the Group A members.

2. ~~2.~~ Single Life Annuity. Instead of the Normal Form of Benefit, a member upon retirement may elect to choose to receive a life annuity with no survivor benefit (the "Life Annuity Option") that is actuarially equivalent to the Normal Form of Benefit, provided that the spousal consent requirements in paragraph 3 of this Section X are satisfied. The conversion from the Normal Form of Benefit to the Life Annuity Option will be based on the actuarial assumptions in effect under the Fund at the time of retirement with the assumption that the member's spouse or beneficiary under the Normal Form of Benefit is the same age as the member, regardless of the actual age of the spouse or designated beneficiary. The method and process for such conversion to the Life Annuity Option will be determined by the Fund's actuary.

   If the member elects to participate in the deferred optional retirement program ("DROP"), the amounts credited to a member's DROP account that relate to annuity payment amounts will be adjusted to reflect the Life Annuity Option election.

3. ~~3.~~ Spousal Consent. A spouse of a member who elects the Life Annuity Option must consent to such election for the election to be valid and take effect.

The consent must be in writing and witnessed by an employee or officer of the Fund or acknowledged by a notary public. If a member's spouse has been adjudicated incompetent, the consent may be given by the spouse's guardian (see Section 9.10(g) of the Act).

If a physician determines that a member's spouse is not mentally capable of managing the spouse's affairs, the consent may be given by the member if (A) the member would be qualified to serve as a guardian of the spouse and (B) the Board determines that a guardianship of the estate is not necessary (see Section 9.10(h) of the Act).

Spousal consent is not required if the Board determines that (A) no spouse exists, (B) the spouse cannot be located, (C) the first anniversary of the marriage will not occur before the date that the first annuity from the Life Annuity Option becomes payable, or (D) a former spouse is entitled to receive a portion of the member's optional retirement benefit under a qualified domestic relations order (see Section 9.10(i)). To clarify (D) above, the spousal consent requirement will still apply as to any current spouse of a member, even if the member has a qualified domestic relations order on file with the Fund for a former spouse.

With respect to all Board determinations under this paragraph 3 of Section X, (A) the Board may request action, information and documentation as it deems necessary to make any determinations, including, without limitation, a statement by an independent physician of the spouse's mental condition, and shall not be required to make a determination if it has not received such requested information or documentation; and (B) all such determinations will be made at sole and absolute discretion of the Board, and its determination shall be final and binding.

4. ~~4.~~ Guaranteed Term of Payments. A member upon retirement may elect to receive a reduced monthly annuity benefit that would guarantee that either the member's spouse, designated beneficiary or estate, as applicable, would receive a 100% survivor benefit if the member dies within the first ten years after annuity payments commence for the remainder of such ten-year period (referred to as "Option 2"). Option 2 is available for members who elect the Life Annuity Option. Following the end of the ten-year period, the amount of the survivor benefit (if any) to be paid under Option 2 will be based on the applicable terms of the Fund and these Rules, the member's monthly annuity at the time of death, the form of benefit that the member has elected, and in the case of a survivor who is a designated beneficiary, the age of such beneficiary. An estate is not eligible to receive a survivor benefit beyond the guaranteed 10-year period. The amount of the member's monthly annuity will be reduced if Option 2 is elected so that such is the actuarial equivalent of the Normal Form of Benefit (taking into consideration any Life Annuity Option election, if applicable) that the member would otherwise receive, with the method for such reduction to be determined by the Fund's actuary and based on the actuarial assumptions in effect under the Fund at the time of retirement.

If the member elects to participate in DROP, (A) the amounts credited to a member's DROP account that relate to annuity payment amounts will be adjusted to reflect the Option 2 election, and (B) the ten-year period will commence as of the retirement date that is selected by the member for purposes of DROP and not the member's actual date of termination of active service.

5. ~~5.~~ Election Forms. All elections for optional forms of benefit under this Section X will be made through forms and procedures established by the Fund and shall not be valid unless made pursuant to these forms and procedures. In the event of any inconsistencies between the terms of the election forms and the Act or these Rules, the Act and these Rules shall control.

6. ~~6.~~ Irrevocability. All elections made by members for optional forms of benefit shall be irrevocable and cannot be changed by members after monthly annuity payments have commenced.

XI. Procedure to Adopt or Amend Certain Rules or Policies

1. ~~1.~~ Background. Section 2.11 of the Act provides the Board with the authority to adopt rules it considers necessary or desirable for the efficient administration of the Fund. The Rule under this Section XI is intended to set out a standard process that the Board must follow to create, approve, or revise certain rules or policies of the Fund ~~and will take effect on February 21, 2017~~that have a direct impact on the benefits payable to members and beneficiaries. Any rule or policy shall be consistent with applicable laws and regulations, case law, and other Fund rules and policies.

2. Application. This procedure only applies to the adoption (or subsequent amendment) of a rule or policy (or section thereof) that has a direct impact on a member or beneficiary's eligibility for a Benefit (as such term is defined in Rule XIII), service credit under the Fund, or the amount or determination of a Benefit. This procedure does not apply to the adoption (or subsequent amendment) of a rule or policy that (i) does not have a direct impact on Benefits, including but not limited to the Board of Trustees' Governance Policy, Code of Ethics, the Investment Policy Statement or related procedures, or any staff related employment policies or (ii) is required to comply with federal or state law or otherwise necessary to maintain the qualified status of the plan.

3. ~~2.~~ Raising a Rule or Policy Issue. Any member of the Board may request that an item be placed on the agenda of a future meeting of the Board relating to the consideration of a new rule or policy or amendment to an existing one.

4. ~~3.~~ Proposed Draft of a Rule or Policy. Following discussion of a proposed rule or policy, or amendment to a rule or policy, at a meeting of the Board, the Board may instruct staff or legal counsel to prepare a draft of a proposed rule or policy or an amendment to an existing rule or policy for consideration at a future meeting ("***Proposed Draft***"). The Board may consider and, at its discretion, approve the Proposed Draft during any regular or special meeting of the Board. Once approved, a copy of the Proposed Draft shall be included with the Board meeting minutes and posted on the Fund's website. The posting on the website will include a request for Member comments.

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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 Miliary Service Credit, the member must pay to the Fund an amount equal to the total amount of contributions that the member would have made during the period of Qualified Military Service if the member had remained in active employment with the Austin Fire Department during such period.

(e) After the member makes the contribution set forth in subsection (d), the Fund will notify the City of the amount of Military Service Credit purchased by the member and the applicable period of Qualified Military Service. As soon as reasonably practicable, the City shall deposit an amount equal to the total amount of contributions that the City would have made during the period of Qualified Military Service if the member had remained in active employment with the Austin Fire Department during such period.

(f) Once the Fund has received contributions from both the member and the City, the member's records in the Fund shall be updated to reflect the purchased Military Service Credit. Military Service Credit shall be recognized by the Fund for all purposes, including to determine eligibility for retirement and benefit accrual.

4. Timing and Form of Contributions.

(a) Military Service Credit may only be purchased in increments of one (1) full month.

(b) Contributions required to be paid to the Fund by this rule shall be made in a single lump-sum payment. The member may make the lump-sum contribution payment either: (1) using after-tax funds paid to the Fund via check, wire transfer, or other method approved by the Fund, or (2) through a pre-tax rollover from an eligible retirement plan or account. A member may be required to provide a statement from the eligible retirement plan or account or other satisfactory proof of the qualified status of such plan or account before a rollover will be accepted by the Fund.

(c) The Member must complete the purchase of Military Service Credit within five (5) years from the date of discharge associated with the Qualified Military Service to which the Military Service Credit relates.

(d) All service purchases must be made prior to the commencement of a monthly annuity benefit from the Fund.

(e) Notwithstanding the above, a member will not be eligible to purchase Military Service Credit under the Fund if the member has established credit for the same military service with another retirement system.

5. Purchase of Military Service Credit After Member's Death.

(a) If a member dies while performing Qualified Military Service, the member's spouse may purchase Military Service Credit on behalf of the member in accordance with the terms of this rule, provided that such purchase must be made no later than ninety (90) days after the member's death.

(b) In no event will a designated beneficiary of a member or other non-spousal beneficiary be eligible to purchase Military Service Credit on behalf of the member.

ADOPTED ~~pursuant to Section XI of these Rules in final form~~ at the meeting of the Board of Trustees of the Fund on ~~May 27, 2021~~[DATE], as recorded in the minutes of such meeting.

APPENDIX A

Actuarial Assumptions for Actuarial Equivalence Factors

Mortality:	1994 Group Annuity Mortality Table			
Member:	Males:	97%	Females:	3%
Spouse:	Males:	3%	Females:	97%
Non-spouse Beneficiary:	Males:	50%	Females:	50%
Interest Rate:	8.00%			
COLA:	1.00%			
Retirement Age:	50			
Spouse Age:	50			
Non-spouse Beneficiary Age:	50			

APPENDIX B

Reduction of Benefit for Beneficiary 10 or More Years Younger

10-Year Rule Joint & Survivor Benefit Forms

Age Difference (Retiree minus Beneficiary)	Percent Continued to Beneficiary
Less than 10	75%
10 – 14	45%
15 – 19	40%
20 – 34	35%
35+	30%

Please note the above table represents the percentage of the retiree's accrued benefit that is payable if the retiree predeceases the selected beneficiary.

Summary report: Litera Compare for Word 11.11.0.158 Document comparison done on 7/16/2025 10:15:02 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://imanagework.jw.com/jwdocs/45729896/1 - DRAFT Fund Rules (Amended and Restated July 2025).docx	
Modified DMS: iw://imanagework.jw.com/jwdocs/45729896/6 - DRAFT Fund Rules (Amended and Restated July 2025).docx	
Changes:	
Add	216
~~Delete~~	176
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	392

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Austin Firefighters Retirement Fund
Amended Operating Budget
Fiscal Year 2025

	2025 Approved Budget	2025 Amended Budget Request	Value Change	Percent Change
Administrative Expenses				
Salaries and Benefits				
Salary - Executive Director	244,800.00	-	-	
Salary - Staff	511,500.00	-	-	
Health Insurance - Staff	127,310.00	-	-	
Health Insurance - Retired Staff	6,000.00	-	-	
Payroll Taxes	58,504.00	-	-	
SEP Contribution	182,825.00	-	-	
Subtotal	**1,130,939.00**	**-**	**-**	
SS Retiree Payroll Process Fees	34,000.00	-	-	
Building	22,943.00	-	-	
Utilities	6,775.00	-	-	
Office Expenses	18,950.00	-	-	
Computer and Software	34,300.00	-	-	
Insurance	42,800.00	-	-	
Travel	23,500.00	-	-	
Operational Cost	24,000.00	24,500.00	500.00	
Investment Expenses				
Financial Consulting Fee	229,650.00	-	-	
Investment Management Fees	1,800,000.00	-	-	
Bank Custodian Services	117,000.00	-	-	
Professional Services Expenses				
Accounting	25,000.00	-	-	
Actuarial Fees				
COLA & Additional Travel	10,000.00	-	-	
Actuarial Valuation	46,300.00	-	-	
Pension Funding Research	186,000.00	189,360.00	3,360.00	
Legal Fees				
Administrative	132,000.00	-	-	
Board Meeting	18,000.00	-	-	
Investment Review	50,000.00	-	-	
Summary Plan Descr, Records Retention & Forms	150,000.00	-	-	
Pension Funding Research/Legislation (2024/2025)	200,000.00	220,593.00	20,593.00	
Legislative Consulting	72,000.00	-	-	
Medical Disability Review	3,000.00	-	-	
Pension Software	670,000.00	741,445.00	71,445.00	
Total Expenses	**5,047,157.00**	**5,143,055.00**	**95,898.00**	**1.90%**

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Type of Vendor	Current Provider	Hire Date	Frequency of Review	Last Completed	Next Reviews			
Actuary	Cheiron	2022	Every **5** years	**2022** RFP - Cheiron replaced Foster & Foster	2028	2033	2038	2043
Custodial Bank	State Street	2003	Every **7** years	***2025** (Board discussion)	2030	2037	2044	2051
Depository Bank	Frost Bank	2024	Every **4** years	**2023** RFI - Frost replaced Sunflower	2028	2032	2036	2040
Independent Auditor	Montemayor	2015	Every **5** years	***2025** (Board discussion)	2027	2032	2037	2042
Investment Consultant	Meketa	2014	Every **5** years	***2024** IPPE performed by an independent firm	2029	2034	2039	2044
Legal Counsel	Jackson Walker	2008	Every **5** years	**2023** Reviewed - No change	2028	2033	2038	2043

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MONTHLY MEETINGS | Essential Recurring Topics

Month	Plan	Topics
January	Standard Board Meeting	Election certification (if runoff occurred); board election of Chair and Vice Chair; confirmation of dates for annual board meetings & pension conferences; annual review of Code of Ethics and Governance Policy
February	Investment Committee | Board Meeting	Meketa Q4 report
March	*Scheduled only as needed*	
April	*Scheduled only as needed*	
May	Investment Committee | Board Meeting	Meketa Q1 report
June	*Scheduled only as needed*	
July	Standard Board Meeting	Annual Financial Report; Actuarial Valuation; Financial Report; update on PRB report submissions; establish Election Period; mid-year budget update
August	Investment Committee | Board Meeting	Meketa Q2 report
September	*Scheduled only as needed*	
October	*Scheduled only as needed*	
November	Investment Committee | Board Meeting	Meketa Q3 report; Election certification (if no runoff); COLA discussion (when applicable)
December	Standard Board Meeting	Annual Performance Evaluation for Executive Director (could be moved to January in future years); Annual Budget Approval (could be moved to November in future years)

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FINANCIAL SERVICES DEPARTMENT
PO Box 1088, Austin, TX 78767

July 28, 2025

Anumeha Kumar, Executive Director
Austin Firefighters Retirement System
4101 Parkstone Heights Drive, Suite 270
Austin, TX 78746
akumar@afrfund.org

Dear Ms. Kumar,

In accordance with HB2802, Sec. 2.02., Regarding the Composition of the Austin Firefighters Retirement System Board, the board of trustees shall include, “the chief financial officer of the municipality or a person designated by the chief financial officer”.

As Chief Financial Officer, effective September 1, 2025, I am naming Belinda Weaver, City of Austin Treasurer, as my CFO designee for the Austin Firefighters Retirement System.

Sincerely,

Ed Van Eenoo
Chief Financial Officer
City of Austin

Cc: T.C. Broadnax, City Manager
Kim Olivares, Finance Director
Belinda Weaver, Treasurer

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TEXAS PENSION REVIEW BOARD

August 28, 2025

Austin Firefighters Retirement Fund
City of Austin City Council

Re: 2025 Funding Soundness Restoration Plan (FSRP)

We are writing to notify you that the Pension Review Board (PRB) has received your materials submitted to fulfill the FSRP requirements, including the separate analysis. The PRB staff actuary has reviewed this analysis and determined it is consistent with actuarial standards of practice and that the system is projected to be 100 percent funded by 2042, which is below the 30-year required funding period as of September 1, 2025.

With this determination, your FSRP is considered completed as described in Rule §610.30(b) of the Texas Administrative Code. We have attached with this letter a copy of your FSRP coversheet with the staff signature as a record of this determination.

As your FSRP was submitted before September 1, 2025, it makes your system eligible for the Revised FSRP Exemption under §802.2015(d-1) of the Texas Government Code. Under this exemption, if your system again became subject to the FSRP requirement within the next 10 years, you would be required to complete a standard FSRP rather than a revised FSRP. To remain under this exemption, your system must adhere to this FSRP during that 10-year period by ensuring your funding period or funded ratio remain within the compliance corridors created under Rule §610.32 of the Texas Administrative Code. We have attached these compliance corridors with this letter.

Please feel free to contact us if you have any questions related to this information or the FSRP requirement in general.

Sincerely,

Amy Cardona
box SIGN 4KYPLQW4-42ZP3ZL7

Amy Cardona
Executive Director

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September 2025
Issue #6

AFRF News

Austin Firefighters Retirement Fund

INSIDE

Adobe Stock Image

Letter from the Board

- By Vice Chair Aaron Woolverton

House Bill 2802, passed during the most recent session of the Texas Legislature, represents a crucial milestone for the Austin Firefighters Retirement Fund. Developed through extensive collaboration between AFRF leadership, City of Austin officials, and key stakeholders, the bill was the product of months of negotiation aimed at strengthening the Fund's long-term sustainability while preserving core benefits for active and retired members. Though the final legislation included a few necessary compromises, its passage is ultimately a success that will protect the integrity of the Fund for years to come.

One victory with HB 2802 was the preservation of firefighter representation on the AFRF Board. The bill will increase the number of firefighter board members to four, ensuring a continued strong voice for those who are most directly impacted by board decisions. In addition, the bill will also introduce an independent community member who is unaffiliated with the Austin Fire Department or the City of Austin. This individual must have financial or investment experience; the intent is for this citizen member to contribute a valuable layer of objectivity and professional insight to enhance the board's oversight responsibilities. Another important governance provision will provide the City of Austin with greater flexibility for their positions by allowing the Mayor and Chief Financial Officer to appoint designees to serve on the board.

Continued on next page →

Letter from the Board, Continued

Beyond governance changes, the bill largely protects the existing benefits of current active and retired members. The Deferred Retirement Option Plan (DROP) remains predominantly unchanged for Group A members, preserving an important retirement benefit for those nearing the end of their careers. For Group B members, the Forward DROP remains a valuable option, with a maximum participation period of seven years and a competitive interest rate of 4%. These outcomes reflect AFRF's continued commitment to honoring the service of firefighters and ensuring they have access to meaningful retirement options.

The process of passing HB 2802 also required difficult compromises. While AFRF had strongly advocated for a modest guaranteed cost-of-living adjustment (COLA) to help retirees keep pace with inflation, this issue became a major point of contention between the Fund and the City of Austin. In order to move forward with a unified and actionable bill, and to avoid the collapse of the legislative process into two competing and potentially unpassable bills, AFRF agreed to compromise on this point. As a result, the COLA structures now differ by member group. For Group A, the existing COLA formula was retained but is now subject to more stringent financial stability tests. In addition, the COLA will be capped at 1.5% and will not begin until age 67 or five years after retirement. Group B members will receive a performance-based COLA ranging from 0% to 2%, also deferred until age 67 or five years post-retirement, and they will be ineligible to receive a COLA while maintaining a DROP account. These changes reflect a careful balance between financial prudence and the long-term value of member benefits.

Most importantly, HB 2802 prevented the Fund from triggering a mandatory Funding Soundness Restoration Plan (FSRP), which would have been required under state law following the 2024 valuation, completed in July of this year. The bill proactively reduced the Fund's amortization period to 30 years, a key benchmark for actuarial health. The Fund's legacy liability was carved out to be paid off by the City over 30 years for a total cost of $1 billion. Avoiding the FSRP not only spared the Fund from being subjected to more rigid and externally imposed reforms but also ensured the benefit changes were modest and based on input from the members the Fund serves.

In summary, HB 2802 was a major legislative achievement that reflects AFRF's continued dedication to its members and its mission. Though not without compromise, the bill strengthens board governance, maintains key benefits, and secures the Fund's future health. It represents a forward-looking approach to pension reform—one built on collaboration, transparency, and a shared commitment to the financial well-being of Austin firefighters.

2024 Annual Report

The AFRF 2024 Annual Report is now available at AFRFund.org. This report provides Fund members and stakeholders with key information related to the Fund's financial position, including investment performance, funding health, and overall operations and management. It includes the Independent Auditor's Report, the Actuarial Valuation as of December 31, 2024, GASB Statements No. 67 and No. 68, and an overview of the Fund's benefits and historical plan provision changes.

At a high level, the report confirms that the legislative action taken through HB 2802 successfully restored the amortization period to the Pension Review Board's 30-year maximum, allowing the Fund to narrowly avoid triggering the Funding Soundness Restoration Plan (FSRP). HB 2802 also established a durable framework to continue to reduce and better manage the amortization period. Despite a long-term, diversified investment strategy, the Fund reported a net annual investment return of 4.7% for 2024, falling short of the 7.3% assumed rate of return. The Fund ended the year with $1.16 billion in total market value of assets, nearly equal to the prior year's total. The funded status declined to 76.9%, primarily due to two changes under HB 2802: the required reset of the Actuarial Value of Assets (AVA) to the Market Value of Assets (MVA), and the addition of a 0.25% COLA assumption for Group A members. The funded status is expected to decline further in the short term before improving, due to negative amortization. However, the Fund remains on track to improve over the long term, with a projected path to full funding over the next 30 years.

The 89th Legislative Session and House Bill 2802

After eighteen months of negotiations, the Fund reached an agreement with the City of Austin to consolidate their competing bills into a single, joint legislative proposal that reflected meaningful compromises by both parties. The resulting bill, filed as HB 2802, received its first hearing on April 23, 2025, with supportive testimony from representatives of the AFRF Board, the City of Austin, the Austin Firefighters Association, and the Austin Retired Firefighters Association. HB 2802 advanced through both the House Pensions Committee and the Senate Finance Committee with unanimous support. Representative Bucy, the original author of the bill, concurred with the Senate's minor amendments, and HB 2802 was officially approved by both the House and Senate on May 25, 2025. Governor Abbott signed the bill into law on June 20, 2025. Some governance-related provisions took effect on September 1, 2025. Other major provisions including AFRF board expansion and all member-related provisions, such as the implementation of a second benefit tier, will take effect on January 1, 2026. This legislative reform positions the Fund on a path toward long-term financial stability and has protected the Fund from triggering a mandatory Funding Soundness Restoration Plan (FSRP) following the 2024 valuation. By acting proactively, the Fund and the City of Austin were able to shape the reform process with meaningful input from Fund members and negotiate a reform package that preserved competitive benefits for future hires while safeguarding the benefits of current retired and active members.

Member Impact

Retiree Impact | Retirees will experience some impact under the legislative reform. The most notable change is that all post-retirement beneficiary designations, regardless of marital status, will now be subject to the same benefit reduction and actuarial adjustment based on the beneficiary's age. Additionally, discretionary COLAs will be subject to enhanced financial stability testing and capped at an annual maximum of 1.5%. Eligibility for any COLA granted will begin at age 67 for members with at least five years in retirement (age 69 for those who retire early). For DROP participants, the interest crediting methodology will switch from monthly interest crediting to annual 5% compounding.

Active Impact | Members hired by Austin Fire Department (AFD) before January 1, 2026, will be subject to the same changes as retirees described above. Additional changes for active members who terminate and members who take leaves of absence to serve in the US military are listed on the next page.

New Hire Impact | Members hired by AFD on or after January 1, 2026, will participate in the new Group B benefit tier, with a 3.0% multiplier based on the highest average salary over 60 months. Upon reaching normal retirement eligibility, these members will be eligible for a Single Life Annuity only and may participate in the Forward DROP program for up to seven years. DROP accumulation will include annuity payments as well as 50% of member contributions, earning a guaranteed interest rate of 4%. After retirement, DROP balances will earn 4% interest, with a potential reduction to 2% after negative investment years. Performance-based COLAs of 0–2% will begin at age 67 for members with at least five years in retirement, but will be unavailable to members while they maintain a DROP balance.

Continued on next page →

ADC Funding Model

Beginning January 1, 2026, the Fund will transition from a fixed rate funding model to an Actuarially Determined Contribution (ADC) model, aimed at reducing the Fund's amortization period. Under this model, employer contributions will be set annually based on actuarial valuations to ensure the amortization period does not exceed 30 years (excluding the legacy liability). Currently, the City of Austin contributes a fixed rate of 22.05%. Under the ADC model, this rate will increase to cover the employer normal cost, any unfunded liability accrued after 2024, and a separate payment toward the legacy liability. The City will phase in the full legacy liability payments over a three-year period. The ADC model incorporates a risk-sharing mechanism, including a ±5% contribution corridor for the City. If the City reaches the upper limit of this corridor, member contributions may increase by up to 2%. While the base member contribution rate remains at 18.7%, it could rise to a maximum of 20.7% during periods of financial strain for the Fund. Additionally, a cost-of-living adjustment (COLA) freeze will be triggered if the City's contribution rate reaches 4% or more above the corridor midpoint. To address the legacy liability, the City will make additional fixed contributions over 30 years, based on the unfunded actuarial accrued liability as of December 31, 2024.

Member Impact, Continued

Non-Vested Terminated Impact | Members who separate from AFD before (or after) becoming vested in the Fund and seek contribution refund, will no longer receive interest on their refund of accumulated contributions.

Military Service Impact | Members who take a leave of absence from AFD to serve in the US military after September 1, 2025, may purchase up to five years of service credit toward their retirement.

QDRO Impact | Individuals awarded a DROP balance through a Qualified Domestic Relations Order (QDRO) will no longer be eligible to maintain a DROP account. All funds will require immediate withdrawal.

Board Impact | The AFRF Board of Trustees will expand from five to seven members, adding one elected firefighter representative and one community member appointed by the City Council. The Mayor will be allowed to appoint a designee to their position, and the City Treasurer role will be replaced by the Chief Financial Officer, who may also appoint a designee. To accommodate these changes, the 2025 annual trustee election will follow one-time revised procedures. For more details, see the *Trustee Election* section (pg. 5)

The State of the Fund

Investment Performance | Meketa reported a positive 5.9% return for the Fund at the close of the second quarter, following a sharp first quarter recovery from a -19% downturn at the start of the year. The initial decline was driven by heightened market volatility and the negative impact of widespread U.S. tariff increases announced in early 2025. By second quarter-end, the Fund's total value stood at $1.2 billion. At the board's direction, Meketa implemented several active manager changes: Westwood Large Cap Value was terminated with partial reinvestment into the S&P 500; Highclere was terminated with full reinvestment into Dimensional International Small Cap; and a gradual exit from Aether Natural Resources began, in line with the Board's decision to eliminate the asset class. Additional asset allocation adjustments were approved and incorporated into the revised IPS, as outlined below.

Investment Policy Statement | In July, the Board formally adopted a revised IPS following a three-reading approval process, as required by statute. The updated IPS reflects changes to the Fund's asset allocation policy, including the introduction of a new asset class approved by the board at their May meeting. Key allocation changes included a 3% shift from private equity to U.S. public equity; a 2% shift from emerging market debt to investment-grade bonds; and a 3% reallocation from natural resources, eliminated as an asset class, to core infrastructure, the newly added asset class.

Continued on next page →

2024 Actuarial Valuation

Cheiron presented the valuation to the board in July, highlighting the positive impact of HB 2802 on the Fund's financial health. The most significant improvement was the reduction in the amortization period from a pre-reform projection of 69.3 years down to 30 years. Historical trends indicated that the number of active members has grown at an annualized rate of 1.5% over the past decade, with the support ratio trending upwards, consistent with expectations for a maturing pension plan. Contribution rates will remain fixed through the end of 2025 with the transition to the ADC model beginning January 1, 2026.

The full Actuarial Valuation includes detailed information on Fund assets, liabilities, and contribution requirements, as well as risk assessment and stress-testing. The report is available at AFRFund.org under the Publications menu.

Risk Sharing Valuation

As part of the recent legislative reform, the Fund will now produce an annual Risk Sharing Valuation Study (RSVS), alongside the Actuarial Valuation, to establish the City of Austin's Actuarially Determined Contribution (ADC) rate schedule. According to Cheiron's initial RSVS, the Fund's unfunded accrued liability was approximately $350 million on a market value basis. This liability will be paid down by the City over a 30-year period, with a three-year phase-in. The total normal cost for the plan was calculated at 31.32%, which, after accounting for firefighter contributions, resulted in an employer normal cost rate of 12.62%. Since there is no post-2024 unfunded actuarial liability in the first year of ADC implementation, the 12.62% employer rate will also serve as the corridor midpoint for 2026, with a risk-sharing range of ±5%. The City's first-year legacy liability payment was set as an additional fixed dollar amount, equivalent to approximately 12.44% of payroll for calendar year 2026. The city's ADC payment will be reviewed annually through the RSVS. The employer contribution rate is expected to decline over time as Group B members gradually replace Group A.

The State of the Fund, Continued

PAS Software Update | AFRF is nearing completion of its Pension Administration System (PAS) implementation. Staff recently finalized User Acceptance Testing (UAT) for the third and final set of software designs, which included actuarial reporting and member portal functionality. The next phase will involve parallel processing, duplicating all transactions from the legacy system in the new system, to ensure all components of the new software are functioning accurately and consistently. Full transition to the new software is scheduled for January 1, 2026, at which point AFRF will begin processing monthly annuity payments in-house. Aside from customization expenses related to HB 2802 benefit changes, the project has remained on schedule and within budget.

Member Portal | As part of the PAS implementation, AFRF will roll out a new member portal in phases beginning in 2026. Members will receive invitations to enroll based on their retirement status. Once enrolled, members will be able to easily update contact information, view annuity and DROP details, and generate retirement estimates on demand. Please note that during the parallel processing and system transition period from October through January, staff will produce manual retirement estimates only for members planning to retire within six months of their request date. Those considering later retirements will be asked to wait until after the software transition has been completed.

Trustee Election | Trustees of the AFRF board serve staggered terms, with one position up for election each year. This year's election will follow revised procedures to introduce the recent legislative reforms under HB 2802. The board will expand to include one additional firefighter trustee, with a new Fund Rule requiring both active and retired member representation. In 2025, two trustee positions will be on the ballot. The new firefighter seat will be designated for an active member while the seat currently held by Vice Chair Woolverton will be designated for a retiree. The other two positions (currently held by Trustees Bass and Fowler) will remain without designation. All members may vote for both designated positions. The candidate with the highest vote count during the general election will receive a 4-year term; the second highest will receive a 3-year term. All future elections will follow standard election procedures for 4-year terms. Nominations for both active and retired positions will be accepted from September 1 through September 15, 2025. Voting will take place from October 17 through November 6, 2025, managed by YesElections, AFRF's eternal election vendor since 2022. Watch for your voting materials to arrive by mail or email in early October. Voting materials will include candidate biographies and instructions for digital or paper ballot submission. For any questions about this year's updated election procedures, including nomination, please contact the pension office. Technical questions regarding the voting process should be directed to YesElections using the contact information provided in the voting materials.

2026-2027 COLA Decision | Due to the implementation process for the Fund's legislative reform, the board will not be able to consider COLAs for 2026 or 2027. The Fund will resume financial stability testing in late 2027 to determine if a COLA can be granted in 2028. Under HB 2802, significant reforms were made to the COLA framework. More rigorous financial stability requirements will include an escalating Amortization Period test and Funded Ratio test, two investment return tests (single-year and 5-year average), and a corridor test. For details on member-specific changes and further COLA-related reforms, please refer to *Member Impact* and *ADC Funding Model* (pg.3).

Member Services

Contact Information | Remember to keep your contact information up to date with the Fund, including your phone number, mailing address, and personal email address.

ACH Advice Letters | Effective January 1, 2026, State Street will cease to process monthly annuity payments or issue monthly ACH advice letters by mail. This administrative change is due to the capabilities of the new pension software, which will enable the Fund to process payroll in-house as of that date, and will save the Fund some administrative fees. Members will soon be able to track their payments online through the member portal, which will be launched in phases throughout 2026. Until the portal becomes available, members who require documentation of their monthly payments may contact the AFRF office for payment confirmation. This service will be discontinued once the portal is live and all members are eligible to enroll.

Considering Retirement? | Please contact us for retirement estimates or to schedule a benefits counseling session at least 30 days in advance of your intended retirement date to minimize potential delays. Counseling can be conducted virtually or at the AFRF office.

2025 Retirement Party – Courtesy of Craig Braddock

Important Dates

September
01 | Office Closed for Labor Day
01 | Trustee Nomination Period Begins
15 | Deadline for September DROP Request
15 | Trustee Nomination Period Ends
28 | September Regular Board Meeting

October
15 | Deadline for October DROP Requests
17 | Trustee Election Opens
24 | October Regular Board Meeting

November
06 | Trustee Election Closes
11 | Office Closed for Veterans Day
15 | Deadline for November DROP Request
17 | November Regular Board Meeting
17 | Trustee Election Results Certified
27-28 | Office Closed for Thanksgiving

December
15 | December Regular Board Meeting
15 | Deadline for December DROP Request
24-25 | Office Closed for Christmas

January
01 | Office Closed for New Year's Day
01 | PAS Software Transition Effective
15 | Deadline for January DROP Request
19 | Office Closed for Martin Luther King Day

February
15 | Deadline for February DROP Request
16 | Office Closed for Presidents Day

March
15 | Deadline for March DROP Request

Updates to this calendar can be found on AFRFund.org.

Connect with Us

Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, TX 78746

Business Hours | M-F 8am – 5pm

Web | AFRFund.org

Email | Staff@AFRFund.org

Phone | 512-454-9567

Fax | 512-453-7197

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Austin Firefighters Retirement Fund
Operating Budget
Fiscal Year 2025

	Approved Budget	Jan - Aug Expensed	Remaining Budget	Percent Expended
Administrative Expenses				
Salaries and Benefits				
Salary - Executive Director	244,800.00	176,666.64	68,133.36	72.17%
Salary - Staff	511,500.00	352,333.36	159,166.64	68.88%
Health Insurance	127,310.00	83,859.52	43,450.48	65.87%
Health Insurance - Retired Staff	6,000.00	930.96	5,069.04	15.52%
Payroll Taxes	58,504.00	40,549.95	17,954.05	69.31%
SEP Contribution	182,825.00	124,000.00	58,825.00	67.82%
Subtotal	**1,130,939.00**	**778,340.43**	**352,598.57**	**68.82%**
SS Retiree Payroll Process Fees	34,000.00	17,244.08	16,755.92	50.72%
Building	22,943.00	4,876.92	18,066.08	21.26%
Utilities	6,775.00	2,611.08	4,163.92	38.54%
Office Expenses	18,950.00	4,646.70	14,303.30	24.52%
Computer and Software	34,300.00	15,255.73	19,044.27	44.48%
Insurance	42,800.00	-	42,800.00	0.00%
Travel	23,500.00	300.90	23,199.10	1.28%
Operational Cost	24,000.00	18,075.38	5,924.62	75.31%
Investment Expenses				
Financial Consulting Fee	229,650.00	151,122.28	78,527.72	65.81%
Investment Management Fees	1,800,000.00	1,177,936.25	622,063.75	65.44%
Bank Custodian Services	117,000.00	91,952.73	25,047.27	78.59%
Professional Services Expenses				
Accounting	25,000.00	21,400.00	3,600.00	85.60%
Actuarial Fees				
Actuarial Valuation	46,300.00	46,300.00	-	100.00%
COLA & Additional Travel	10,000.00	-	10,000.00	0.00%
Pension Funding Research	186,000.00	189,360.00	(3,360.00)	101.81%
Legal Fees				
Administrative	132,000.00	86,000.00	46,000.00	65.15%
Board Meeting	18,000.00	12,000.00	6,000.00	66.67%
Investment Review	50,000.00	7,923.00	42,077.00	15.85%
Summary Plan Descr, Records Retention & Forms	150,000.00	-	150,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	200,000.00	220,593.00	(20,593.00)	110.30%
Legislative Consulting	72,000.00	58,112.00	13,888.00	80.71%
Medical Disability Review	3,000.00	-	3,000.00	0.00%
Pension Software	670,000.00	315,940.08	354,059.92	47.16%
Total Expenses	**$ 5,047,157.00**	**$ 3,219,990.56**	**$ 1,827,166.44**	**63.80%**

Austin Firefighters Retirement Fund
Contributions and Deductions (Unaudited)
as of August 31, 2025

Additions

Contributions	
City of Austin Contribution (22.05%)	18,578,648.01
Fire Fighter Contribution (18.7%)	15,751,245.99
Interest -Bank	267,909.95
Commission Recapture	9,819.92
Class Action Proceeds	625.00
Securities Litigation Recovery	896.04
Total Contributions	**$ 34,609,144.91**

Deductions

Pension Retiree Payroll Expenses	
Retirees Monthly Annuity	38,399,911.57
Medical Ins.	2,096,417.13
Dental Ins	318,933.16
Vision Ins.	32,685.20
Retiree W/H Tax Payable	5,316,153.97
Benevolent Fund	24,160.00
Union Dues	18,983.76
Misc.	13,199.52
PAC Dues	5,993.00
Total Retiree Payroll Expenses	**$ 46,226,437.31**
Pension Lump Sum Expenses	
Contribution Refunds	133,265.24
DROP Distributions	24,076,998.94
# of Requested DROP Distributions: 145	
Total Pension Lump Sum Expenses	**$ 24,210,264.18**

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through August 2025

	Total		
	Jan - Aug	Budget	% of Budget
Ordinary Income/Expense			
Income			
City of Austin Contrib (22.05%)	18,578,648.01	27,242,000.00	68.20%
Commission Recapture	9,819.92	5,000.00	196.40%
Fire Fighter Contrib (18.7%)	15,751,245.99	23,108,000.00	68.16%
Securities Litigation Recovery	896.04		
Other Income			
Class Action Proceeds	625.00	5,000.00	12.50%
Interest - Frost Bank	8,453.56	5,000.00	169.07%
Interest - State Street	251,909.89	300,000.00	83.97%
Securities Lending - State St.	7,546.50	9,000.00	83.85%
Total Income	34,609,144.91	50,674,000.00	68.30%
Operating Expenses			
Administrative Expenses			
Payroll Expenses			
Payroll Expenses - Other	529,000.00	756,300.00	69.95%
Health Insurance - Staff	83,859.52	127,310.00	65.87%
Health Insurance - Retired Staff	930.96	6,000.00	15.52%
Taxes	40,549.95	58,504.00	69.31%
SEP Contribution	124,000.00	182,825.00	67.82%
Total Payroll Expenses	778,340.43	1,130,939.00	68.82%
SS Retiree Payroll Process Fees	17,244.08	34,000.00	50.72%
Building Expenses			
Assessment toward 2019 Project	1,397.48	1,883.00	74.22%
Building Maintenance/Improvemen	0.00	15,250.00	0.00%
Condo Association Dues	3,479.44	5,810.00	59.89%
Utilities			
Electric	1,176.14	2,250.00	52.27%
HVAC Program	0.00	50.00	0.00%
Internet & Cable & Telephone	1,014.86	3,500.00	29.00%
Water, Waste, Drainage	420.08	975.00	43.09%
Total Utilities	2,611.08	6,775.00	38.54%
Total Building Expenses	7,488.00	29,718.00	25.20%
Office Expenses			
Furniture (FFE)	0.00	2,000.00	0.00%
Meeting Refreshments	505.12	1,600.00	31.57%
Notary Services	142.27	250.00	56.91%
Office Maintenance	2,376.00	3,600.00	66.00%
Office Supplies (Office supplies expense)	700.64	2,500.00	28.03%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through August 2025

	Total		
	Jan - Aug	**Budget**	**% of Budget**
Postage and Delivery	442.67	5,000.00	8.85%
Printing and Reproduction	480.00	4,000.00	12.00%
Total Office Expenses	4,646.70	18,950.00	24.52%
Computer and Internet Expenses			
Hosting & Other Expenses	451.84	3,000.00	15.06%
Laptop/Computer	1,616.35	3,000.00	53.88%
Software/IT Services	13,187.54	28,300.00	46.60%
Total Computer and Internet Expenses	15,255.73	34,300.00	44.48%
Insurance Expense			
Board & Directors Liability Ins	0.00	29,600.00	0.00%
Commercial	0.00	2,000.00	0.00%
Cybersecurity Ins.	0.00	10,000.00	0.00%
Workers Comp Ins. (Workers Comp)	0.00	1,200.00	0.00%
Total Insurance Expense	0.00	42,800.00	0.00%
Travel Expense			
Lodging/Transportation/Per Diem	250.90	16,000.00	1.57%
Registration fees	50.00	7,500.00	0.67%
Total Travel Expense	300.90	23,500.00	1.28%
Operational Cost			
Association Fees (TXPERS /NCEPRS)	9,080.00	9,100.00	99.78%
Election Services	146.44	4,400.00	3.33%
Death Verification Services	4,353.99	4,200.00	103.67%
Operational Cost - Other	4,494.95	6,300.00	71.35%
Total Operational Cost	18,075.38	24,000.00	75.31%
Investment Expenses			
Bank Custodian Services	91,952.73	117,000.00	78.59%
Financial Consulting Fee	151,122.28	229,650.00	65.81%
Investment Management Fees	1,177,936.25	1,800,000.00	65.44%
Total Investment Expenses	1,421,011.26	2,146,650.00	66.20%
Professional Fees			
Audit	21,400.00	25,000.00	85.60%
Actuarial Fees			
Actuarial Valuation	46,300.00	46,300.00	100.00%
COLA & Additional Travel	0.00	10,000.00	0.00%
Pension Funding Research	189,360.00	186,000.00	101.81%
Total Actuarial Fees	235,660.00	242,300.00	97.26%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through August 2025

	Total		
	Jan - Aug	Budget	% of Budget
Legal Fees			
Administrative	86,000.00	132,000.00	65.15%
Board Meeting	12,000.00	18,000.00	66.67%
Investment Review	7,923.00	50,000.00	15.85%
Summary Plan Descr, Records Retention & Forms	0.00	150,000.00	0.00%
Pension Funding Research/Legislation (2024/2025)	220,593.00	200,000.00	110.30%
Total Legal Fees	326,516.00	550,000.00	59.37%
Legislative Consulting	58,112.00	72,000.00	80.71%
Medical Disability Review	0.00	3,000.00	0.00%
Pension Software			
Pension Software PG I	11,907.22	50,000.00	23.81%
Pension Software PG IV	304,032.86	620,000.00	49.04%
Total Pension Software	315,940.08	670,000.00	47.16%
Total Professional Fees	957,628.08	1,562,300.00	61.30%
Total Operating Expenses	3,219,990.56	5,047,157.00	63.80%
Monthly Pension Retiree Payroll			
Retirees Monthly Annuity	38,399,911.57	56,000,000.00	68.57%
Medical Ins.	2,096,417.13	3,700,000.00	56.66%
Dental Ins	318,933.16	466,000.00	68.44%
Vision Ins.	32,685.20	47,000.00	69.54%
Retiree W/H Tax Payable	5,316,153.97	7,750,000.00	68.60%
Benevolent Fund	24,160.00	59,000.00	40.95%
Misc.	13,199.52	20,000.00	66.00%
PAC Dues	5,993.00	9,200.00	65.14%
Union Dues	18,983.76	25,000.00	75.94%
Total Monthly Pension Retiree Payroll	46,226,437.31	68,076,200.00	67.90%
Pension Lump Sum			
Contribution Refunds	133,265.24	1,000,000.00	13.33%
DROP Distributions	24,076,998.94	30,000,000.00	80.26%
Total Pension Lump Sum	24,210,264.18	31,000,000.00	78.10%
Total Expense	73,656,692.05	104,123,357.00	70.74%

Austin Firefighters Retirement Fund
Assets & Liabilities Report (Unaudited)
as of August 31, 2025

Assets

Checking/Savings		
	Frost Bank - Benefits	204,803.51
	Frost Bank - Operating	14,586.19
	State Street T009-Cash Agg	10,334,458.53
Total Checking/Savings		10,553,848.23
Investments, at fair value		
	Domestic Equites	288,599,016.91
	Fixed Income Securities	364,583,131.40
	International Equities	291,768,494.13
	Real Asset	25,549,963.78
	Private Equity	151,850,595.46
	Real Estate	89,245,123.98
Total Investments		1,211,596,325.66
Total Assets		**$ 1,222,150,173.89**

Liabilities

Current Liabilities		
	Payroll Liabilities	5,606.86
	Operating Admin Liabilities	4,345.02
	Investment Liabilities	-
	Professional Liabilities	15,400.00
Long Term Liabilities		
	DROP (Guaranteed 5%)	164,196,135.43
	% of Total Assets	13.44%
Total Liabilities		**$ 164,221,487.31**

Austin Firefighters Retirement Fund
Balance Sheet
As of August 31, 2025

	August
ASSETS	
Current Assets	
Checking/Savings	
Frost Bank - Benefits	204,803.51
Frost Bank - Operating	14,586.19
State Street T009-Cash Agg	10,334,458.53
Total Checking/Savings	10,553,848.23
Other Current Assets	
Investments	
DEQ	
SSgA S&P 500 Flagship Fund	151,798,223.88
VAUGHAN NELSON	66,911,743.34
Westfield Capital Management	69,889,049.69
Westwood Capital	0.00
Total DEQ	288,599,016.91
FI	
ABERDEEN	71,607,908.78
Loomis Sayles Core Plus Bond	49,845,836.54
Pacific Asset Management	25,767,059.00
Pyramis Tactical Bond (Fidelity	28,681,060.49
SSgA Bond Fund	127,204,808.73
SSGA TIPS	61,476,457.86
Total FI	364,583,131.40
IEQ	
Baillie Gifford	31,079,156.33
DFA Emerging Markets	32,973,106.81
DFA International Small Company	35,946,815.18
Highclere	0.00
SSgA MSCI EAFE Fund	150,873,878.05
TT International	40,895,537.76
Total IEQ	291,768,494.13
NR	
Aether Real Assets II	1,397,196.58
Aether Real Assets III	6,862,595.85
Aether Real Assets IV	8,805,316.42
Aether Real Assets V	8,484,854.93
Total NR	25,549,963.78
PE	
57 Stars Global Opportunity	4,608,908.12
Arcmont (Bluebay)Direct Lending	1,768,528.90
Constitution Ironsides Fund VII (50/50)	8,250,084.65
Constitution Ironsides III	1,597,670.86
Cross Creek Capital Partners II	7,597,884.38
Cross Creek Capital Parts III	8,914,352.05
Deutsche Bank SOF III	1,555,610.62
Dover Street X	35,243,201.15
Greenspring Global Partners V	6,621,503.99

Austin Firefighters Retirement Fund
Balance Sheet
As of August 31, 2025

GREENSPRING VI	9,027,643.94
Harbourvest 2013 Direct	2,608,492.03
HarbourVest Coinvestment 4	5,777,684.01
HighVista Flag V	1,356,786.02
HighVista Flag VI	4,616,765.89
LGT C Europe Small Buyouts 3	1,367,671.73
LGT Crown Asia 2	5,796,300.00
LGT Crown Global Secondaries 2	79,688.00
LGT Crown Global VI	20,005,788.00
LGT Global Secondaries III	1,541,162.00
Partners Group EM 2015	5,615,012.64
Partners Group US Dist PE 2009	60,056.98
Private Advisors Co-Inv FundIII	516,322.01
Private Equity Investors V	1,225,967.23
SVB Strategic Investors Fund IX	16,097,510.26
Total PE	151,850,595.46
RE	
Clarion Partners	63,683,723.00
Crow Holdings Realty Partners X	10,160,499.29
Partners Group Distressed '09	0.00
Partners Group RE Second 2011	103,964.32
Partners Group RE Second 2017	11,158,328.32
Portfolio Advisors Fund 5	4,138,609.05
Total RE	89,245,123.98
Total Investments	1,211,596,325.66
Total Other Current Assets	1,211,596,325.66
Total Current Assets	1,222,150,173.89
TOTAL ASSETS	**1,222,150,173.89**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	5,606.86
Operating Admin Liabilities	4,345.02
Investment Liabilities	0.00
Professional Liabilities	15,400.00
Total Other Current Liabilities	25,351.88
Total Current Liabilities	25,351.88
Long Term Liabilities	
DROP (Guaranteed 5%)	164,196,135.43
% of Total Assets	13.44%
Total Long Term Liabilities	164,196,135.43
Total Liabilities	**164,221,487.31**

Austin Firefighters Retirement Fund
General Ledger
August 2025

Date	Name	Memo/Description	Split	Amount	Balance
Frost Bank - Benefits					
Beginning Balance					**$ 35,617.27**
08/01/2025	City of Austin	City and Member's Contributions	-Split-	1,880,102.23	1,915,719.50
08/04/2025	Austin FF Relief & Retirement	Transfer to State Street	State Street T009-Cash Agg	-1,450,000.00	465,719.50
08/04/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Operating	-230,000.00	235,719.50
08/15/2025	City of Austin	City and Member's Contributions	-Split-	1,941,335.06	2,177,054.56
08/19/2025	Austin FF Relief & Retirement	Transfer to State Street	State Street T009-Cash Agg	-1,800,000.00	377,054.56
08/19/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Operating	-150,000.00	227,054.56
08/27/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Operating	-20,000.00	207,054.56
08/29/2025	Austin FF Relief & Retirement	Transfer to State Street	State Street T009-Cash Agg	-1,950,000.00	-1,742,945.44
08/29/2025	Austin FF Relief & Retirement	Interest Aug 2025	Interest:Interest - Frost Bank	1,289.22	-1,741,656.22
08/29/2025	City of Austin	City and Member's Contributions	-Split-	1,946,459.73	204,803.51
Total for Frost Bank - Benefits				**$ 169,186.24**	**$ 204,803.51**
Frost Bank - Operating					
Beginning Balance					**$ 8,676.49**
08/04/2025	Meketa Investments	Jul 2025	Fees:Financial Consulting Fee	-19,466.28	-10,789.79
08/04/2025	Jani-King of Austin	Aug 2025	Office Expenses:Office Maintenance	-297.00	-11,086.79
08/04/2025	TASC (FSA Health Care)	FSA Aug 2025	-Split-	-433.34	-11,520.13
08/04/2025	City of Austin	Health Insurance Retired Staff Aug 2025	Payroll Expenses:Health Insurance - Retired Sta	-449.02	-11,969.15
08/04/2025	City of Austin	Health Insurance Aug 2025	-Split-	-10,720.74	-22,689.89
08/04/2025	Aberdeen Asset Mgmt.	Q2 2025 Investment Management Fees	Fees:Investment Management Fees	-76,078.16	-98,768.05
08/04/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Benefits	230,000.00	131,231.95
08/04/2025	Schlueter Group	Legislative Consulting	Professional Fees:Legislative Consulting	-4,000.00	127,231.95
08/04/2025	Vaughn Nelson	Q2 2025 Investment Management Fees	Fees:Investment Management Fees	-107,684.92	19,547.03
08/07/2025	Montemayor Britton Bender	Final Bill 2024 Audit	Professional Fees:Accounting:Audit	-2,750.00	16,797.03
08/08/2025	Austin FF Relief & Retirement	L. Adney Health Insurance Payment Aug 2025	Payroll Expenses:Health Insurance - Retired Sta	218.90	17,015.93
08/08/2025	Austin FF Relief & Retirement	L. Adney Reimbursement Payment Aug 2025	Payroll Expenses:Health Insurance - Retired Sta	125.00	17,140.93

08/08/2025	Austin FF Relief & Retirement	Union Reimbursement for Legislative Consulting	Professional Fees:Legislative Consulting	2,000.00	19,140.93
08/18/2025	Frost Bank	Bank Service Charges Jul 2025	Operational Cost:Bank Service Charges	-1,912.64	17,228.29
08/19/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Benefits	150,000.00	167,228.29
08/20/2025	Levi Ray & Shoup	PIR 167971, 191775, 191774	Professional Fees:Pension Software PG I	-930.00	166,298.29
08/20/2025	State Street Bank & Trust	Q2 2025 Investment Management Fees	Fees:Investment Management Fees	-24,917.30	141,380.99
08/21/2025	Cheiron	Actuarial Valuation Payment #4	Professional Fees:Actuarial Fees:Actuarial Valu	-11,575.00	129,805.99
08/27/2025	Fidelity	Aug 2025	Payroll Expenses:SEP Contribution	-15,500.00	114,305.99
08/27/2025	Austin FF Relief & Retirement	Transfer to Operating	Frost Bank - Benefits	20,000.00	134,305.99
08/27/2025	Jackson Walker	Administrative Matters Jul 2025	Professional Fees:Legal Fees:Administrative	-11,000.00	123,305.99
08/27/2025	Jackson Walker	Board Meeting Jul 2025	Professional Fees:Legal Fees:Board Meeting	-1,500.00	121,805.99
08/28/2025	Levi Ray & Shoup	Maintenance Q4 2025	Professional Fees:Pension Software PG I	-5,667.22	116,138.77
08/28/2025	Xerox	Aug 2025	Operational Cost	-25.00	116,113.77
08/29/2025	Payroll	Pay Period: 08/01/2025-08/31/2025	Direct Deposit Payable	-70,438.30	45,675.47
08/29/2025	Payroll	Tax Payment for Period: 08/01/2025-08/31/2025	Payroll Liabilities:Federal Taxes (941/943/944)	-31,089.28	14,586.19
Total for Frost Bank - Operating				**$ 5,909.70**	**$ 14,586.19**

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Road Map of Items for Board Meetings

September 2025 Board Meeting

- Annual Board of Trustees Nomination and Election update
- Consideration and adoption of Governance Policy and Fund Rules
- Consider approval of mid-year Amended Operating Budget
- Consider updated vendor review schedule
- Fund Newsletter
- Pension Administration System (PAS) implementation update

October 2025 Board Meeting

- Pension Administration System (PAS) implementation update
- Review of Board Rules
- Disability Retirement Application Review

November 2025 Board Meeting

- Meketa 3Q25 Report
- Meketa Annual Fee Review
- Meketa Asset/Liability Study Discussion
- Update on Trustee Election and possible election certification

December 2025 Board Meeting

- Consideration and approval of 2026 Budget
- 2026 Board Meeting Dates
- Executive Director Evaluation

January 2026 Board Meeting

- Chair Election
- Vice-Chair Election
- Annual DROP Account Statements
- Revisit maximum number of DROP distributions permitted
- End-of-year Budget Report