



BOARD OF TRUSTEES MEETING REGULAR MEETING AGENDA

Friday, January 24, 2025, 8:30am

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 2556 383 3974** and **password Jan2025**, or through a telephone conference call, **toll-free dial-in number 408-418-9388** with **access code 5262025**. Some non-routine agenda items will have the trustee or individual who requested the item in parentheses.

Public Comments

Members of the public may address the Board of Trustees on any matter during this 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 January 23, 2025**. All parties are asked to limit comments to 3 minutes. No discussion or action will be taken by the Board during public comments.

To Approve

1. Consent Agenda for the following:
 - a. Minutes of regular meeting of December 20, 2024
 - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

To Discuss and Possibly Act On

2. Update and possible Board certification of 2024 Board of Trustees Runoff Election results
3. Election of the Vice Chair for 2025
4. Second reading of proposed changes to the Investment Policy Statement (IPS)
5. Update on proposed changes to the Investment Policy Operating Procedures
6. Texas Legislative Session 89(R) status update
7. Consider maximum number of permitted distributions for DROP participants
8. Executive Director Report, including the following (Discussion Only)
 - a. General comments



- b. Annual DROP Account Statements update
 - c. Board Meeting Dates for 2025
 - d. Update on 2025 Pension Conferences
 - e. Pension Administration System (PAS) software update
 - f. Newsletter update
 - g. Internal financial statements, transactions, and Fund expense reports for month ending December 31, 2024
9. Roadmap for future meetings
10. 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 DECEMBER 20, 2024, 9:00AM**

Board Members Present

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

Staff and Consultants Present

Anumeha Kumar, AFRF Executive Director
John Perryman, AFRF CFO
Debbie Hammond, AFRF Benefits Manager
Gina Gleason, AFRF Board & Operations Specialist
Shira Herbert, AFRF Accounting & QC Specialist
Amy Thibaudeau, AFRF Benefits Specialist
Chuck Campbell, Jackson Walker
Alyca Garrison, Jackson Walker
Denise Rose, Jackson Walker
Aaron Lally, Meketa (virtual)
Brad Schlueter, Schlueter Group

Community Members Present

Rene Vallejo
Kate Alexander, City of Austin (virtual)
Virtual attendees not listed

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

Public Comments:

No public comments.

- I. Consent Agenda for the following:
 - a. Minutes of the regular meeting of November 18, 2024
 - b. Service retirement benefits for new retirees, beneficiaries, and alternate payees

Vice Chair Bass requested a moment of silence for the active firefighter who had passed in November. Trustee Fowler made a motion to adopt both items on the consent agenda. Trustee Woolverton seconded the motion. The motion passed unanimously.

- II. Consider Initiatives for 2025 Texas Legislative Session 89(R), including granting authorization to Executive Director with respect to legislative initiatives

Anumeha Kumar stated that the board had approved the voluntary Funding Soundness Restoration Plan (FSRP) pension reform proposal at the November board meeting. She explained that the sole intent of this item was for the board to determine whether to grant authorization to the Executive Director to proceed with legal counsel to draft and file a bill. Trustee Fowler moved to approved granting authorization to the Executive Director with respect to legislative initiatives. Trustee Woolverton seconded the motion. Trustee Fowler questioned the status with the City of Austin, to which Ms. Kumar confirmed that the City was still at impasse with the Fund regarding the increase to the legacy unfunded liability and intended to file a competing bill during the legislative session.

She explained that the Fund would continue to reach out to the City in an attempt to work toward an agreed solution and would continue to work with Cheiron to consider options regarding the legacy unfunded liability. Trustee Fowler questioned whether refraining from filing a bill would put the Fund at a disadvantage, to which Ms. Kumar confirmed that it would put the Fund in a difficult strategic position due to the City filing a bill. Regardless of the impasse, she continued, the consensus between both parties was that the issue should be addressed as soon as possible to put the Fund back on sound financial footing. Trustee Fowler stated that due to the impasse with the City and the need to defend the Fund's position against their competing bill, Ms. Kumar should have the authority to do whatever is necessary to help protect the Fund. Ms. Kumar thanked Trustee Fowler and clarified that the bill would be reflective of the pension reform proposal approved by the Board at its November meeting with the only major difference being an 18.7% member contribution rate for both Group A and Group B. Trustee Weaver voiced her support for taking legislative action to improve the financial health of the Fund, but noted that she would not be able to support the motion due to the components that remained at issue from the initial reform proposal. She expressed her continued hope that the Fund and the City would come together with a joint legislative proposal. Trustee Woolverton echoed that hope and noted his skepticism regarding the success of either proposal if the two remained significantly different. Vice Chair Bass thanked the trustees for their perspectives and voiced his agreement with granting Ms. Kumar the authority to move forward with the bill. The motion passed with a 3-1 vote. Trustee Weaver voted in opposition to the motion.

III. Consider contract approval for Fund Lobbyist

Anumeha Kumar explained that passing a reform package through the legislative session would be a difficult process, and while the Schlueter Group would continue to provide general guidance, staff was recommending that the board hire a legislative consultant for this session, who would partner with the Schlueter Group from January through June. Ms. Kumar introduced Denise Rose and stated that she was uniquely positioned for the role due to her extensive experience working with the legislature as well as her position as a partner at Jackson Walker, which would allow her to work closely with Chuck Campbell and Alyca Garrison as they draft the bill. Ms. Rose introduced herself and provided the board with an overview of her qualifications. Trustee Weaver asked if the contract would only involve the legislative initiative or if it would also involve legislative monitoring of pension-related bills, to which Ms. Kumar confirmed that it would be all-encompassing for the upcoming legislative session. Trustee Fowler asked about the expectations for Fund members to be present at the Capitol to testify or support the Fund's position, to which Ms. Rose replied that presence would be important to show the Fund's investment in the bill, but many aspects still needed to be determined, such as the Speaker of the House and the members sponsoring the legislation. She stated that she would continually monitor the process and would inform the board in advance regarding that timing. Trustee Weaver noted that moving forward, the Fund should also consider a lobbyist contract, separate from the Schlueter Group, that would be specific to pension-related matters and not stray into firefighter issues outside of the Fund. Trustee Woolverton voiced his agreement. Trustee Fowler moved to approve the Fund lobbyist contract. Trustee Woolverton seconded the motion. The motion passed unanimously.

IV. Investment Policy Statement (IPS) and Operating Procedures Review

Anumeha Kumar explained that staff had worked with Jackson Walker to make sure that the two critical governing documents, the Investment Policy Statement (IPS) and Operating Procedures, went through a robust legal review when implementing the changes recommended by Callan and Meketa. Ms. Kumar further explained that, at a high level, the proposed changes pertained to three main categories: recommendations from Callan through the Investment Practices and

Performance Evaluation (IPPE), the passive investment approach that the board had engaged in over the past couple years with Meketa, and cleanup related changes for consistency between the documents, which also included a revision to the securities litigation policy. Ms. Kumar noted that the Pension Review Board (PRB) IPS Guidelines recommended that current practices be reflected in the IPS for future board members and that the benchmark used to evaluate Fund performance be fully investible and consistent with the Fund's actual asset allocation. Regarding the securities litigation policy, Ms. Kumar explained that the changes reflected an increase to the loss threshold from \$250K to \$500K, in relation to the Fund's asset size, and permission for the Executive Director to determine the level of Fund involvement if the deadline to pursue lead plaintiff status were to precede the regular board meeting date. Ms. Kumar introduced the Fund's investment consultant, Aaron Lally, to provide further details on the changes that were made to the documents. Mr. Lally stated that the changes were all consistent with the discussion from the prior meeting and with other board discussions that had taken place over the past year and a half. He explained that many of the redline edits pertained to cleanup changes within the text, but noted that an important one was the benchmarking approach. Mr. Lally explained that Meketa's recommended benchmarking approach was two-fold, with one benchmark that is long-term and another that is short-term. He explained that the total Fund performance benchmark was fully investable and consisted of three index funds that the Fund could easily invest in at a low cost, which would serve as a measurement to discern whether added complexity equated to added value for the portfolio. Mr. Lally further explained that regression analysis had determined that the simple benchmark, which consisted of stock and bond securities, did a good job replicating the Fund's return pattern over the long term. Over a shorter period, he continued, the Fund would refer to the dynamic benchmark that was already included in Meketa's quarterly performance reports but was now formally memorialized in policy. Mr. Lally reported that active management had been a historical default for pension plans due to past affordability and availability of index funds, but passive was now a better baseline and low-cost starting point to which more complexity could be added through active management when warranted. Mr. Lally added that there was some additional cleanup language under the proxy-voting section to ensure proxy-voting was only used in the best interest of the Fund and its beneficiaries. The trustees had no questions regarding the changes to the IPS. Mr. Lally explained that the Operation Procedures had become more streamlined as a result of key elements being moved to the IPS. He highlighted some new language under "Investment Manager Selection and Termination" that reflected a recommendation from Callan to formally document the Fund's processes. He added that Ms. Kumar had already addressed the changes to the securities litigation policy. Vice Chair Bass thanked Mr. Lally for his explanation and rationale. He reiterated that the changes to the total Fund benchmark were considered gold standard per many entities, such as the PRB, Meketa, and the CFA Institute, and emphasized that the benchmark was statistically representative of the Fund. He thanked both Meketa and Jackson Walker for all the work they had done behind the scenes to amend those two documents. Ms. Kumar explained that approving the changes to the IPS would statutorily require three readings with board approval at each juncture, with the second reading occurring in January and the final approval considered in February. Chuck Campell added that no commentary period would be required for the IPS review. Trustee Weaver requested a modification to the securities litigation section to include a required notification to the Chair or Vice Chair before the Executive Director can make a decision regarding the Fund's level of involvement in a case. Ms. Kumar confirmed that language could be added to reflect Trustee Weaver's request and clarified that the situation would only arise if there was no regularly scheduled board meeting prior to the deadline. Alyca Garrison stated that Jackson Walker would make the requested revision to the securities litigation policy language prior to the second reading. Trustee Fowler made a motion to adopt the Investment Policy Statement and Operating Procedures review with modifications on first reading. Trustee Woolverton seconded the motion. The motion passed unanimously.

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

The board entered closed session at 9:39am pursuant to Texas Government Code Section 551.074 to discuss personnel matters related to agenda item V. The board resumed open session at 10:13am with no action taken during the closed session. Trustee Fowler moved to approve the Executive Director's salary, effective as of January 1, 2025, as discussed. Trustee Weaver seconded the motion. Trustee Fowler emphasized that there had been an enormous amount of change-over in the pension office over the last three years, which included rebuilding the office staff, moving into an updated and higher-performing pension software, and dealing with the current legislative process and Funding Soundness Restoration Plan. Trustee Fowler acknowledged the difficulty of those changes and expressed his appreciation for Anumeha Kumar's performance throughout each step. Vice Chair Bass reiterated Trustee Fowler's sentiments and added that Ms. Kumar was relentless in her work. He thanked both Ms. Kumar and the staff for their hard work behind the scenes, noting that few people fully understand the amount of time, energy, and effort that goes into the work that they do. Vice Chair Bass explained that the Executive Director compensation adjustment was reflective of what was agreed upon during the prior year's review, which had been implemented over the course of the year and put into effect now. The motion passed unanimously.

VI. Consider approval of the proposed 2025 Budget

Anumeha Kumar presented the proposed operating budget for 2025 and explained that the increase in total expense from 2024 was predominately reflective of additional expenses that the Fund expected to incur in association with the legislative session work, including actuarial, legal, and legislative consulting. She described some additional increases, which included retiree payroll, the inbuilt annual increases for regular contracts such as for the financial consultant, legal counsel, and IT consultant, and increased condo association fees for the office building that the Fund owns. Ms. Kumar informed the board that she had negotiated with Cheiron to define a scope of actuarial work for the legislative session which would include a fee cap. She explained that the insurances that had been in place since she started with the Fund had also increased, and that she would evaluate whether the insurances continued to meet Fund needs after concluding the legislative process and software implementation. Regarding administrative expenses, Ms. Kumar requested a lump sum of \$20K-\$25K to use for merit-based adjustments to staff salaries, which would translate to a potential 3-4% raise for each staff member, if earned. She recommended that the board reevaluate total staff compensation in 2026 based on the Logic Compensation study findings from the prior year. Vice Chair Bass made a motion to approve the proposed 2025 budget as presented with the adjustments for merit pay in addition compensation of \$20K-\$25K for staff, as well as the compensation adjustment for the Executive Director. Trustee Fowler seconded the motion. The motion passed unanimously.

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

a. General comments

No general comments.

b. Securities Litigation update

Alyca Garrison provided a brief report on a case that had been brought to the Fund by one of the securities monitoring firms with a recommendation to consider pursuing a lead plaintiff status. Ms. Garrison explained that the lead plaintiff filing deadline had passed prior to the board meeting, but Jackson Walker had still gone through the process of evaluating their recommendation in accordance with Fund policy. She stated that after full consideration and a discussion with the monitoring firm, Jackson Walker determined that it was not in the best interest of the Fund to pursue lead plaintiff status at that time. Ms. Garrison added that the situation had illustrated a reason for the recommendation to change the securities litigation policy, as discussed in item IV. The trustees had no questions and declined the option to enter closed session for further discussion about the case.

c. Pension Administration System (PAS) software implementation update

Anumeha Kumar thanked the staff for their hard work throughout the software implementation process. She informed the board that while Provaliant had been approved to provide implementation oversight, staff had decided to take on the additional workload themselves and the Provaliant expense had been removed from the proposed 2025 budget. Ms. Kumar explained that the software implementation process consisted of three main deliverables, of which the first and second had been completed and the third had been recently initiated. She described the process for each deliverable, which included documenting every step that the staff follows for all possible internal processes; then the vendor, LRS, would come back with designs related to each of those steps for the staff to review, answer questions, and provide additional feedback on to inform the development of the software. Then, she continued, the staff would be tasked with running hundreds of lengthy test cases through the software to identify any potential errors. Ms. Kumar emphasized that the design review process had been cumbersome and time-consuming, and that staff had been doing the groundwork as well as managing and monitoring the process without Provaliant, on top of performing all the other daily tasks for the Fund, such as processing payroll, responding to member inquiries, generating retirement estimates, and handling member visits and consultations. She reiterated that she could not thank staff enough for their hard work. Ms. Kumar also thanked Jackson Walker for their role in answering the critical questions from the staff week to ensure that proper precedents were set for the future. She informed the trustees that additional changes would need to be made to the software if the reform package passes through legislation, and that she would provide an update accordingly. Trustee Weaver thanked the staff and noted her personal experience with arduous system implementations.

d. Board Meeting Dates for 2025

Anumeha Kumar advised the trustees to add the proposed board meeting dates to their calendars. Trustee Fowler noted that he would be available for all dates except for the date in May. Ms. Kumar stated that staff would consider alternate dates for May and would bring another schedule to the board once all dates were confirmed.

e. Final internal financial statements, transactions, and Fund expense reports for month ending October 30, 2024

Anumeha Kumar stated that there was nothing additional to report in the final version of the

October financial reports. The trustees had no questions regarding the financial reports.

- f. Internal financial statements, transactions, and Fund expense reports for month ending November 30, 2024

Anumeha Kumar stated that there was nothing notable to report for November. She informed the board that the final end-of-year financial reports would be presented at the January meeting and that the only over-budget items were those associated with the Funding Soundness Restoration Plan, as previously discussed. Trustee Weaver asked about staff experience with the transition to Frost Bank, to which John Perryman replied that the transition had been a very positive experience, and that Frost provided outstanding customer service in comparison to the prior bank. He noted that the Frost savings account also participated in a money market, so the interest earned from that account was superior to that of the prior bank.

- VIII. Roadmap for future meetings

The trustees had no questions or requests regarding the roadmap.

- IX. Call for future agenda items

Trustee Fowler requested that a discussion on the number of allowed DROP distributions be added to a future agenda, based on some discussions that had taken place on the retiree Facebook page. He also requested that staff provide some background information regarding the process that the board underwent when the number of allowed DROP distributions was last increased from 8 to 12, and some information regarding the impact of an increase on staff workload, including the consideration of hiring an additional staff member at a future date. Anumeha Kumar confirmed that the item could be added to the January agenda and that staff would come prepared with the requested information.

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

Board Members

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

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CONFIDENTIAL INFORMATION

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Results

Race	Candidate/Choice	Votes
Board of Trustees	John Bass	345
	AJ Padilla	211

1775 I St NW
Suite 1150
Washington, DC 20006

155 Mineola Blvd.
Suite 102
Mineola, NY 11501

4275 Executive Sq.
Suite 200
San Diego, CA 92037

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Revised ~~February 2022~~ November 2024

Statement of Investment Policies and Objectives

for

Austin ~~Fire Fighters Relief and~~ Firefighters Retirement Fund

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[Investment Policy](#)

~~Investment Policy~~ Revised **February 2025**

Investment Policy	Revised February 2022
<i>Table of Contents</i>	
I.	1
II.	2
III.	2
IV.	3
V.	4
VI.	4
VII.	5
VIII.	6
IX.	6
X.	7
XI.	7
XII.	7

Original Adoption Date: 12/10/2002

Revised: 12/12/2006

Revised: 6/29/2009

Revised: 10/25/2010

~~Austin Fire Fighters Relief and Retirement Fund~~ [Link-to-previous setting changed from on in original to off in modified.].

[Link-to-previous setting changed from on in original to off in modified.]

[Investment Policy](#)

~~Investment Policy~~ [Revised February 2025](#)

[Revised: 8/24/2012](#)

[Revised: 9/16/2014](#)

[Revised: 2/11/2016](#)

[Revised: 2/26/2018](#)

[Revised: 6/28/2021](#)

[Revised: 2/28/2022](#)

[Revised: / /2024](#)

~~Austin Fire Fighters Relief and Retirement Fund~~ *[Link-to-previous setting changed from on in original to off in modified.]*

[Austin Firefighters Retirement Fund](#)
[Investment Policy](#)

Table of Contents

<u>I.</u>	<u>Statement of Policy</u>	<u>2</u>
<u>II.</u>	<u>Investment Objectives</u>	<u>2</u>
<u>III.</u>	<u>Investment Constraints</u>	<u>4</u>
<u>IV.</u>	<u>Allocation of Investment Responsibilities</u>	<u>4</u>
<u>V.</u>	<u>Fiduciary Conduct</u>	<u>6</u>
<u>VI.</u>	<u>Available Asset Classes and Investment Guidelines</u>	<u>6</u>
<u>VII.</u>	<u>Investment Principles</u>	<u>6</u>
<u>VIII.</u>	<u>Asset Allocation</u>	<u>7</u>
<u>IX.</u>	<u>Evaluation and Review</u>	<u>8</u>
<u>X.</u>	<u>Securities Lending</u>	<u>9</u>
<u>XI.</u>	<u>Trading</u>	<u>9</u>
<u>XII.</u>	<u>Voting of Proxies</u>	<u>9</u>
<u>XIII.</u>	<u>Investment Costs</u>	<u>9</u>
<u>Appendix A:</u>	<u>Permissible Asset Classes</u>	<u>10</u>
<u>Appendix B:</u>	<u>Dynamic Benchmark Components</u>	<u>11</u>

Statement of Investment Policies and Objectives
for
Austin ~~Fire Fighters Relief and~~ Firefighters Retirement Fund

Original Adoption Date: 12/10/2002

Revised: 12/12/2006

Revised: 6/29/2009

Revised: 10/25/2010

Revised: 8/24/2012

Revised: 9/16/2014

Revised: 2/11/2016

Revised: 2/26/2018

Revised: 6/28/2021

Revised: 2/28/2022

I. ~~I.~~ STATEMENT OF POLICY

A. Purpose

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

B. Investment Goals

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

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

costs, and provide investment management in compliance with this document and the manager's contract with the Fund or other operating documents.

II. ~~H.~~ INVESTMENT OBJECTIVES

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

A. ~~A.~~ Risk Objectives

- ~~•~~ To accept the minimum level of risk required to achieve the Fund's return objective as stated immediately below.
- ~~•~~ ~~To minimize the likelihood of experiencing a loss over any full market cycle.~~
- ~~•~~ To use diversification to minimize exposure to company and industry-specific risks in the aggregate investment portfolio.

B. ~~B.~~ Return Objective

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

C. ~~C.~~ Performance ~~Objective~~ Objectives

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

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

- ~~Long-Term Investment Objective: The Fund's primary investment objective is to invest the Fund's assets so as to achieve a high likelihood of earning total Fund returns that meet or exceed the Total Fund Benchmark over a long-term investment horizon. The Board believes that evaluating the total Fund performance against a fully investable and transparent benchmark (which is representative of a portfolio that is feasible to invest in) is the best measure of overall Fund performance.~~
- ~~Total Fund Benchmark: The "Total Fund Benchmark" will be a combination of low-cost, investable index returns that matches the subject return series as well or better than others in terms of (1) measures of statistical fit and (2) market exposures. The Total Fund Benchmark should be representative of the Fund's overall risk and return preferences. The subcomponents and weights of the Total~~

Fund Benchmark will be developed in consultation with the Investment Consultant using statistical regression analysis relative to historical exposure and historical returns of the Fund. The current Total Fund Benchmark is outlined below. The Total Fund Benchmark is intended to be revised only if there is a fundamental change in the Board's risk/return preferences.

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

- ~~To manage the Fund's assets so as to achieve a high likelihood of outperforming the total return of an index composed of a mix of asset class benchmarks over a market cycle. The benchmarks used for each asset class, as well as the mix of such benchmarks to determine the Fund's composite index, will be determined by the Board and set forth in its Operating Procedures.~~

2. Investment Selection Performance (Short-Term Horizon)

- Short-Term Investment Objective: In addition to evaluating the long-term Fund investment performance against the Total Fund Benchmark, the Board recognizes the need to evaluate its investment selections and managers against a dynamic benchmark to measure net performance against a custom composite benchmark developed based on how the Fund's assets are actually allocated and invested.
- Dynamic Benchmark: The custom composite benchmark, or the "Dynamic Benchmark", will be composed of a mix of the individual asset class benchmarks, weighted based on the actual asset class composition for the Fund. The individual asset class benchmarks are set forth in Appendix B. The benchmarks used for each asset class will be determined by the Board in consultation with the Investment Consultant. The weight is determined by the preceding month end percentage of each asset class.

III. ~~III.~~ INVESTMENT CONSTRAINTS

A. ~~A.~~ Legal and Regulatory

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

B. ~~B.~~ Time Horizon

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

C. ~~C.~~ Liquidity

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

D. ~~D.~~ Over-Concentration

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

IV. ~~IV.~~ ALLOCATION OF INVESTMENT RESPONSIBILITIES

A. ~~A.~~ Board of Trustees

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

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

B. ~~B.~~ Fund Staff

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

C. ~~C.~~ Investment Consultant

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

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

Fund allocation and performance will be regularly reviewed, and recommendations will be made as appropriate. The ~~consultant~~Investment Consultant will assist the Board in investment manager selection, when needed, and will promptly inform the Board and

discuss the impact of material changes taking place within any current manager's organization and/or investment process. Within this process, the ~~investment consultant~~Investment Consultant assumes fiduciary responsibility for advice given regarding the management of the investment process.

D. ~~D.~~ Investment Managers

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

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

E. ~~E.~~ Custodian Bank

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

V. ~~V.~~ FIDUCIARY CONDUCT

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

VI. ~~VI.~~ AVAILABLE ASSET CLASSES AND INVESTMENT GUIDELINES

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

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

The investment guidelines for available asset classes, if applicable, are reflected in the Fund's Operating Procedures. In addition, specific investment guidelines for investment managers of separately managed accounts will be incorporated in the agreement with the Fund. Within their investment guidelines, each investment manager will also be furnished

with a list of asset types and investment strategies that are forbidden. Investment guidelines

Austin Fire Fighters Relief and Retirement Fund

for pooled investment vehicles or private market investment vehicles will be set forth in the governing instruments of such vehicles.

VII. INVESTMENT PRINCIPLES

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

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

VIII. ~~VII.~~ ASSET ALLOCATION

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

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

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

public proxies exist for private assets, private asset investment is active by nature and will present better opportunities for utilizing active strategies.

~~A. Long-Term Allocation Ranges~~

~~Based on its determination of the appropriate risk posture for the Fund and its long-term return expectations, the Board and investment consultant have established the following asset mix guidelines for the Fund:~~

<u>Asset Class</u>	<u>Fund Guidelines</u>
Equity Investments	30-55%
Fixed Income Investments	20-40%
Alternatives	10-40%

~~Unneeded cash reserves can be a drag on the Fund's performance and the overall level of cash held by the Fund shall typically remain under 5% unless extraordinary circumstances warrant otherwise.~~

A. B. Long-Term Allocation Targets

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

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

~~Austin Fire Fighters Relief and Retirement Fund~~

B. ~~C.~~ Rebalancing

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

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

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

IX. ~~VIII.~~ EVALUATION AND REVIEW

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

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

~~Austin Fire Fighters Relief and Retirement Fund~~

- • At least annually, the Board will formally review this Policy to determine whether it continues to be appropriate in light of the Board’s investment goals and objectives and changes in the capital markets and/or the Fund’s condition or circumstances.

X. ~~IX.~~ SECURITIES LENDING

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

XI. ~~X.~~ TRADING

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

XII. ~~XI.~~ VOTING OF PROXIES

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

XIII. ~~XII.~~ INVESTMENT COSTS

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

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

Appendix A

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

Appendix B

<u>Asset Class</u>	<u>Target (%)</u>	<u>Range (%)</u>	<u>Asset Class Benchmarks</u>
<u>Public Domestic Equity</u>	<u>20</u>	<u>13-27</u>	<u>Russell 3000</u>
<u>Public Foreign Equity</u>	<u>22</u>	<u>15-29</u>	<u>MSCI ACWI (ex. U.S.)</u>
<u>Private Equity</u>	<u>15</u>	<u>5-25</u>	<u>MSCI ACWI +2% on a 3 Month Lag</u>
<u>Investment Grade Bonds</u>	<u>13</u>	<u>10-20</u>	<u>Bloomberg Barclays Aggregate</u>
<u>TIPS</u>	<u>5</u>	<u>0-10</u>	<u>Bloomberg Barclays U.S. TIPS</u>
<u>High Yield/Bank Loans</u>	<u>5</u>	<u>0-10</u>	<u>50% Merrill Lynch High Yield 50% Credit Suisse Leverage Loan Index</u>
<u>Emerging Market Debt</u>	<u>7</u>	<u>0-10</u>	<u>Custom EMD Benchmark¹</u>
<u>Core Real Estate</u>	<u>5</u>	<u>0-10</u>	<u>NCREIF ODCE Equal Weighted (net)</u>
<u>Value Add Real Estate</u>	<u>5</u>	<u>0-10</u>	<u>NCREIF Property NPI</u>
<u>Private Natural Resources</u>	<u>3</u>	<u>0-5</u>	<u>S&P North American NR</u>
<u>Cash</u>	<u>0</u>	<u>0-5</u>	

¹ Custom EMD Benchmark is 50% JPMorgan EMBI Global Diversified, 25% JPMorgan GBI-EM Global Diversified
~~Austin Firefighters Retirement Fund~~

Summary report:	
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Changes:	
<u>Add</u>	151
Delete	104
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	3
Table Delete	2
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Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	260

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Revised ~~May 2022~~ [February 2025]

Investment Policy Operating Procedures

for

Austin ~~Fire Fighters Relief and~~ Firefighters Retirement Fund

~~Austin Fire Fighters Relief and Retirement Fund~~
~~Operating Procedures~~

Table of Contents

Operating Procedures Revised May 2022

Table of Contents

I.	Available Asset Classes	3
II.	Market Assumptions	4
III.	Asset Allocation Targets	5
IV.	Asset Class Diversification: Sub-Asset Class Targets	6
V.	Investment Manager Selection and Termination	7
VI.	Investment Manager Fee Reconciliation and Payment	7
VII.	Performance Objectives	7
VIII.	Asset Class Guidelines	8
IX.	Class Action Lawsuit Policy	10
	Appendix A: Benchmark Table	13

~~I. Available Asset Classes~~

~~In accordance with Section VI of the Statement of Investment Policies and Objectives (the “Policy”) for the Austin Fire Fighters Relief and Retirement Fund (the “Fund”), the Board of Trustees of the Fund (the “Board”), with advice from the investment consultant, has determined the following asset classes will be available for investment by the Fund.~~

<u>I.</u>	<u>Market Assumptions</u>	<u>2</u>
<u>II.</u>	<u>Investment Manager Selection and Termination</u>	<u>3</u>
<u>III.</u>	<u>Investment Manager Fee Reconciliation and Payment</u>	<u>3</u>
<u>IV.</u>	<u>Asset Class Guidelines</u>	<u>3</u>
<u>V.</u>	<u>Securities Litigation / Class Action Lawsuit Policy</u>	<u>5</u>

~~Public Domestic Equity~~.....

~~Public Foreign Equity~~

~~Emerging Market Equity
Frontier Market Equity
Private Equity
Private Debt
Real Estate~~

~~Investment Grade Bonds~~

TIPS

~~High Yield Bonds
Bank Loans
Developed Market Bonds
Emerging Market Bonds

Natural Resources

Infrastructure
Commodities
Hedge Funds
Cash~~

I. II. Market Assumptions

In accordance with Section ~~VH~~VIII of the Fund’s Investment Policy Statement (the “Policy”), the Board has adopted the following market assumptions for use in determining the asset allocation plan for the Fund; ~~including the various asset class targets set forth in these Operating Procedures.~~ These expected return and standard deviation assumptions are based on a twenty-year forecast for broad asset classes and sub-asset classes from Meketa Investment Group’s ~~2022~~2024 Annual Asset Study. Expected returns are annualized compounded returns.

<u>Asset Class</u>	<u>Annualized Average Return</u> <u>Asset Class (%)</u>	<u>Annualized Standard Deviation</u> <u>(%) (%)</u>
Fixed Income		
Cash Equivalents	1.72 <u>1.5</u>	1.0
Investment Grade Bonds	2.44 <u>2.8</u>	4.0
Long-term Government Bonds	2.85 <u>3.0</u>	12.0
TIPS	2.44 <u>2.7</u>	7.0
High Yield Bonds	4.46 <u>4.8</u>	11.0
Bank Loans	4.06 <u>4.6</u>	10.0
Emerging Market Bonds (local; unhedged)	4.66 <u>4.2</u>	13.0 <u>12.0</u>
Emerging Market Bonds (major)	4.26 <u>4.8</u>	12.0
Mezzanine <u>Private</u> Debt	7.29 <u>7.2</u>	16.0 <u>15.0</u>
Distressed Debt	7.7	21.0
Equities		
Public U.S. Equity	6.88 <u>6.5</u>	18.0 <u>17.0</u>
Public Developed Market Equity	7.58 <u>7.9</u>	19.0 <u>18.0</u>
Public Emerging Market Equity	8.48 <u>8.9</u>	24.0 <u>22.0</u>
Public Frontier Market Equity	8.7 <u>10.0</u>	21.0 <u>20.0</u>
Private Equity	10.0 <u>11.2</u>	28.0 <u>25.0</u>
Private Equity Fund of Funds	8.69 <u>9.9</u>	24.0 <u>26.0</u>
Long-Short Hedge Funds	4.15 <u>3.3</u>	10.0
Real Assets		
Core Private Real Estate	6.16 <u>6.9</u>	12.0
Value Added Real Estate	8.19 <u>9.0</u>	20.0
Opportunistic Real Estate	9.6 <u>10.3</u>	26.0
Natural Resources (Private)	8.59 <u>9.3</u>	24.0 <u>22.0</u>
Commodities	4.65 <u>5.3</u>	17.0
Infrastructure (Core)	7.38 <u>8.0</u>	14.0
Infrastructure (Non-Core)	9.3 <u>10.0</u>	22.0
Other		
Hedge Funds	4.45 <u>4.8</u>	7.0
Hedge Fund of Funds	3.65 <u>5.0</u>	7.0

~~III. Asset Allocation Targets~~

~~In accordance with Section VI of the Policy, the Board has established its strategic asset allocation mix so as to achieve its long-term investment goal of accumulating reserves necessary to provide the established benefits to the participants and their beneficiaries.~~

~~Market movements may cause a portfolio to differ from this strategic mix. The desire to maintain this constant strategic mix must be balanced with the real cost of portfolio rebalancing. Therefore, a range has been set for the actual asset allocation of the Fund's assets to allow for the fluctuations that are inherent in marketable securities.~~

~~The target allocations and rebalancing trigger percentages are:~~

Broad Asset Classes	Low-	Tar	High-
Equities	30%	42	55%
Fixed Income	20%	30	40%
Alternatives*	10%	28	40%

~~*(Including Private Equity, Real Estate, and Natural Resources)~~

~~It is the responsibility of the custodian to calculate market values and report these to staff and consultant monthly.~~

IV. ~~Asset Class Diversification: Sub-Asset Class Targets~~

~~Within the broad definition of equities and fixed income for allocation purposes, the Trustees, with advice from the consultant, believe it is prudent to diversify within asset classes. The sub-asset class categories, as well as the asset allocation among such sub-asset classes, are set forth below. The Policy Benchmarks set forth below are used to determine the composite Policy Index described in Section VII of these Operating Procedures.~~

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

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

II. ~~V.~~ Investment Manager Selection and Termination

When hiring or terminating investment managers, the Fund Staff, in consultation with the ~~investment consultant~~ Investment Consultant, will summarize in the Board meeting minutes, the key factors that led to the decision.

For new hires, typically the Investment Consultant will prepare a “search document” when the Board is considering hiring a new manager. The search document will include a mix of qualitative and quantitative characteristics on high conviction strategies that should help guide the Board in understanding the potential risks and opportunities across different investment options. The Board may (but is not required to) interview candidates prior to hire.

For terminations, the Investment Consultant will typically prepare a memo or analysis explaining its recommendation for termination. Termination could result from any of the following (non-exhaustive) reasons:

- Failure to deliver on performance expectations
- Asset allocation changes
- Strategy style drift
- Investment staff departures at the investment manager
- Firm instability or change in ownership at the investment manager

III. ~~VI.~~ Investment Manager Invoice Fee Reconciliation and Payment

The majority of investment manager fees are paid indirectly through each investment’s fund vehicle (i.e. debited from performance).

For the investment strategies that invoice the Fund directly, Fund Staff is primarily responsible for reconciliation and payment of all invoiced investment manager fees. ~~Independently a pre-identified Trustee shall verify each requested manager fee payment.~~

If ~~either party identifies~~ a discrepancy ~~relative to the invoice~~ is identified, Fund Staff shall request additional explanation from the investment manager prior to payment. If an error is found, Fund Staff must request a correction from the investment manager prior to payment.

~~VII. Performance Objectives~~

~~In accordance with Section II.C. of the Policy, the overall performance objective of the Fund is to achieve a high likelihood of outperforming the total return of an index composed of a mix of asset class benchmarks over a market cycle. This composite “Policy Index” will be calculated using the sub-asset class target percentages and the Policy Benchmarks set forth in Section IV of these Operating Procedures. The investment consultant will set forth the composition of the Policy Index in its quarterly reports to analyze the overall performance of the Fund.~~

~~With respect to investment manager performance, over a market cycle or five years, whichever is shorter, the performance objective for each manager is to add value after fees to a specified benchmark representing a particular investment style, net of fees. These specific style benchmarks for investment managers are set forth in Appendix~~

~~A. Short term examination of each manager's performance will also focus on style adherence and peer comparisons.~~

~~Passive investment products are expected to match the return of their respective benchmark, gross of fees.~~

IV. ~~VIII.~~ Asset Class Guidelines

In accordance with Section VI of the Policy, set forth below are the investment guidelines applicable to each broad asset class available for investment by the Fund. Additional investment guidelines are contained within each agreement between the Fund and individual investment managers (for separately managed accounts).

A. ~~A.~~ Public Equities

1. ~~1.~~ Eligible holdings:
The portfolios will be invested in publicly traded marketable securities.
~~Restricted or letter stock are not permitted.~~
2. ~~2.~~ Style Adherence:
Managers are expected to not deviate from the particular style they were selected to manage. Quarterly, fundamental portfolio characteristics and style benchmarks comparisons will be monitored for adherence to a manager's identified style. The capitalization of each stock in an equity manager's portfolio shall be within the cap range of the above identified style benchmark when purchased. Managers are expected to stay within the cap range of their dedicated strategy and are instructed to provide notification of any material changes to strategy. Currency management is at the discretion of active international managers.

B. ~~B.~~ Public Fixed Income

1. ~~1.~~ Eligible holdings:
The portfolios shall be invested in ~~publically~~publicly traded marketable securities. Private placement bonds are not permitted. 144(a) fixed income securities are allowable.
2. ~~2.~~ Portfolio Quality – Core:
Dedicated core fixed income products should be predominantly invested in investment grade securities, as defined by market ratings agencies (e.g. Moody's, Standard & Poor's). Money market instruments shall have a minimum quality rating comparable to an A3 (Moody's) or A (standard & Poor's) bond rating and commercial paper shall be rated A1/P1 unless held in a diversified short term commingled fund.

C. ~~C.~~ Closed End Alternatives (Private Equity, Real Estate, Natural Resources)

1. ~~1.~~ Management:
Investments in closed end vehicles shall be made only through professionally managed, institutional limited partnerships or limited liability corporate vehicles.

2. ~~2.~~ Diversification:

The closed end alternatives portfolio will be prudently diversified. Further, the private equity portfolio in aggregate shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and vintage year. Investment in non-U.S. limited partnerships is permitted. The long-term nature of private equity investments and vintage year diversification shall be emphasized so that the Fund, as a long-term investor, may properly take advantage of the private negotiation of transactions and the liquidity premium associated with private markets investments.

3. ~~3.~~ Over-commitment:

The implementation of a private markets program by the Fund shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one-year. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private markets investments in order to achieve the target allocation and subsequently maintain it. The Investment Consultant shall monitor the amount of capital committed, drawn, invested and distributed and make recommendations to the Board ~~of Trustees~~ as needed.

4. ~~4.~~ Monitoring:

The Fund Staff, Board and Investment Consultant will collectively monitor and administer the underlying limited partnership investments in a prudent manner, in part, by:

- (a) ~~1.~~ administering capital calls and distributions,
- (b) ~~2.~~ employing financial monitoring and reporting systems,
- (c) ~~3.~~ maintaining an understanding of the limited partnership's holdings and activities, including periodic discussions with the general partners and attending partnership investor meetings as appropriate,
- (d) ~~4.~~ attending to partnership amendments or other matters related to the underlying partnerships in the best interest of the Fund, and
- (e) ~~5.~~ liquidating stock distributions.

D. ~~Passive Investment Products~~

Passive investment products are expected to match the return of their respective benchmark, gross of fees.

V. ~~IX.~~ Securities Litigation / Class Action Lawsuit Policy

From time to time, the Board may determine, with the advice and assistance of the Fund's Outside Counsel (if requested), that it is in the best interest of the Fund's participants and beneficiaries to participate in securities class action lawsuits where the Fund has been harmed due to securities fraud or other violations that negatively impact the value of securities held by the Fund.

A. ~~A.~~ Monitoring Securities Litigation Matters

It shall be the Fund custodian's primary responsibility to (1) monitor all securities class action litigation matters on behalf of the Fund, ~~to~~ (2) manage the timely and effective filing of proofs of claim in securities class action litigation matters that have already reached settlement in respect of investments held by the Fund, and ~~to~~ (3) report to the ~~Fund Administrator~~ Executive Director as necessary. In addition, the ~~Fund Administrator~~ Executive Director shall notify the investment manager(s) who manage the affected securities of any potential or pending legal action.

However, in those securities class action lawsuits or other securities litigation matters in which the Fund has retained a law firm to represent the Fund as lead plaintiff or class representative or to actively monitor the progress of the case in accordance with Section D, then the law firm shall be responsible for the timely and effective filing of proofs of claim in such lawsuits on behalf of the Fund and will notify, in writing, the ~~Fund Administrator~~ Executive Director, the Fund's custodian and any applicable investment manager(s) of the proofs of claim that have been filed on behalf of the Fund.

B. ~~B.~~ Active Involvement in Securities Litigation Cases

In addition to the routine filing of proofs of claim as described above, the Fund at its sole discretion may consider and assess whether and under what circumstances it may choose to become more actively involved in securities class action litigation or other securities litigation matters from time to time.

To this end, the Fund may at its discretion retain one or more law firms experienced in securities litigation matters to review and monitor potential and filed securities class action lawsuits and/or other securities litigation lawsuits and to bring to the attention of the Fund meritorious cases that the law firm concludes are worthy of further monitoring or involvement by the Fund and for which the Fund has suffered losses on its investment.

Generally, the Fund will not seek lead plaintiff status, opting instead for filing a proof of claim when appropriate, unless after consultation with the Fund's Outside Counsel ~~and any law firm retained by the Fund to monitor and report securities litigation to the~~

Fund, the Board believes that serving as lead plaintiff would be in the best interest of the Fund. ~~It~~ Except as expressly provided herein, it is within the sole discretion of the Board to determine if and when it would be in the best interest of the Fund to seek lead plaintiff status or to become more actively involved in a securities litigation case.

~~Operating Procedures~~ ~~Revised May 2022~~

If one of the Fund's retained law firms believes that a securities litigation case has merit and the Fund would be a good candidate to serve as the lead plaintiff in the case, the law firm shall present its recommendations in writing to the ~~Fund Administrator~~ Executive Director, including a statement as to whether the law firm would recommend that the Fund actively monitor the case, seek lead plaintiff status or class representative status, or take some other course of action with respect to the particular securities class action lawsuit or other securities litigation lawsuit.

The ~~Fund Administrator~~ Executive Director, in consultation with the Fund's Outside Counsel, will review all such recommendations and will evaluate the case and the law firm's recommendation considering the factors listed below. After such review and further consultation with the securities litigation law firm, ~~the Fund Administrator (as needed), the Executive Director~~ will present, or may request that the law firm present, to the Board a recommendation regarding the Fund's involvement in the case if the securities litigation firm continues to recommend active involvement after consultation with the ~~Fund Administrator~~ Executive Director.

After receiving the presentation described above, the Board shall have sole authority and discretion to decide whether the Fund should actively monitor the case, seek lead plaintiff status or class representative status, or take some other course of action. The Board may seek the advice of its Outside Counsel on such matters. Notwithstanding the above, if a decision regarding the Fund's involvement in a securities litigation lawsuit is required prior to the date of the next regularly scheduled Board meeting, the Executive Director may make a decision regarding the Fund's level of involvement without a presentation to the full Board after consultation with the Chair or Vice-Chair of the Board and the Fund's Outside Counsel.

In evaluating any securities litigation case, the Board (or Executive Director) shall consider all relevant factors related to the Fund's participation in such lawsuit, including, without limitation, the following:

1. ~~1.~~ Strength of the merits of the claims and defenses involved in the case;
2. ~~2.~~ Alleged losses or damages to the Fund equal or exceed a minimum of ~~\$250,000~~ 500,000, unless there are unique or special circumstances about the Fund's interest in the case or the losses sustained by the Fund that may support the Fund's involvement at a lesser threshold;
3. ~~3.~~ Facts unique to the Fund that make it well-suited to serve as lead plaintiff, including the Fund's standing to represent a broad class of claimants or investors;
4. ~~4.~~ The estimated time and expense required of Fund staff and the Fund's Outside Counsel in order for the Fund to serve as lead plaintiff (i.e., certification of the class, assistance with discovery, review of pleadings and court filings, monitoring litigation and outside securities litigation counsel,

settlement negotiations, etc.) and the ability to recover such costs through a favorable judgment or otherwise;

5. ~~5.~~ Estimated court costs;
6. ~~6.~~ Venue of litigation;
7. ~~7.~~ Reasonable potential for monetary recovery under a judgment (i.e., available resources of defendants, insurance coverage, possibility of bankruptcy, other suitable lead plaintiffs, etc.);

8. ~~8.~~ Whether the Fund is involved in other litigation; and
9. ~~9.~~ Qualifications of the law firm (or firms) bringing the recommendation based on the factors set forth in Section D below.

C. ~~C.~~ **Securities Litigation Matters in Foreign Jurisdictions**

The Fund may consider participating in securities litigation lawsuits that are brought or filed in foreign jurisdictions. The Fund will follow the same process set forth in Section B above in evaluating an international case and its involvement in such case.

In addition to the factors set forth in Section B above, the Board shall also consider all applicable foreign laws and regulatory requirements and the related risks that may apply to securities litigation claims brought in the particular jurisdiction, including without limitation, any unique jurisdictional requirements to prove the claim, the level of participation required by the Fund pursuant to foreign law, and the identity and qualifications of foreign counsel, if any, and their experience in pursuing litigation of this nature.

D. ~~D.~~ **Selection of Securities Litigation Law Firm to Actively Represent the Fund**

If the Board decides to seek lead plaintiff status or become actively involved in a case, the Board may hire one of the Fund's retained securities litigation law firms or another law firm experienced in securities litigation matters to advise and represent the Fund as lead plaintiff or otherwise in the case.

Generally, the Board will select the law firm (or one of the law firms) that brought the case to its attention to actively represent the Fund in the case. In the event more than one law firm recommends that the Fund actively seek participation in a case, the Board will select the firm that the Board believes will best represent the interests of the Fund in such case after considering all relevant factors, including, without limitation, the firm's:

1. ~~1.~~ Prior experience and demonstrated success in similar cases;
2. ~~2.~~ Experience and prior appearances in the particular venue of the case;
3. ~~3.~~ Quality of the analysis and presentation of the case to the Board,

including the analysis of the factors relevant to the Fund's participation in the case as set forth in Section B above; and

4. ~~4.~~ Willingness and financial security of the firm to fund the cost of the litigation on a contingent fee arrangement (i.e., availability and timing of reimbursements for Fund staff time and expense and/or Outside Counsel involvement, specific terms of fee or reimbursement arrangement, sufficient level of malpractice insurance, etc.).

Appendix A: Style Benchmarks

Asset Class and Style	Index Benchmark
Core Fixed Income	Bloomberg Barclays Aggregate Bond Index
Core Plus Fixed Income	Bloomberg Barclays Aggregate Bond Index
TIPS	Bloomberg Barclays U.S. Treasury TIPS Index
Emerging Market Debt	JPM EMBI Global Diversified or Custom Benchmark
High Yield	Merrill Lynch High Yield
Bank Loans	Credit Suisse Leveraged Loan Index
Large Cap Core	S&P 500 or Russell 1000
Large Cap Value	Russell 1000 Value
Large Cap Growth	Russell 1000 Growth
Mid Cap Core	Russell Mid Cap
Mid Cap Value	Russell Mid Cap Value
Mid Cap Growth	Russell Mid Cap Growth
Smid Cap Core	Russell 2500
Smid Cap Value	Russell 2500 Value
Smid Cap Growth	Russell 2500 Growth
Small Cap Core	Russell 2000
Small Cap Value	Russell 2000 Value
Small Cap Growth	Russell 2000 Growth
Micro Cap	Russell Micro Cap
International Developed	MSCI EAFE
International Developed w/ EM exposure	MSCI ACWI ex-US
International Developed Small Cap	MSCI EAFE Small Cap
Emerging Market Equity	MSCI Emerging Markets
Real Estate	NCREIF ODCE Equal Weighted (net) or NCREIF Property NPI
Private Equity	MSCI ACWI +2% on a Three Month Lag

Natural Resources	S&P North American NR
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Intelligent Table Comparison: Active	
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Delete	168
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Move To	0
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Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	321

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2025 Pension Conferences

Host	Conference	Date	Location
TEXPERS	Legislative Advocacy Workshop	February 4-5	Hyatt House Austin
NASRA	Winter Meeting	March 1-3	Washington, D.C.
TEXPERS	Annual Conference	March 31-April 2	Renaissance Austin Hotel
NCPERS	Accredited Fiduciary (NAF) Program	May 17-18	Denver, Colorado
NCPERS	Trustee Educational Seminar (TEDS)	May 17-18	Denver, Colorado
NCPERS	Annual Conference & Exhibition (ACE)	May 18-21	Denver, Colorado
TEXPERS	Summer Educational Forum	August 4-5	El Paso, Texas
NASRA	Annual Conference	August 9-13	Seattle, Washington

2025 Confirmed Board Meeting Dates

January	Friday, January 24 at 8:30am	July	Friday, July 25 at 9:00am
February	Friday, February 28 at 9:00am	August	Friday, August 22 at 9:00am
March	Friday, March 28 at 9:00am	September	Monday, September 29 at 9:00am
April	Friday, April 25 at 9:00am	October	Friday, October 24 at 9:00am
May	Friday, May 24 at 8:30am	November	Friday, November 21 at 9:00am
June	Friday, June 27 at 9:00am	December	Monday, December 15 at 9:00am

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Austin Firefighters Retirement Fund
Operating Budget
Fiscal Year 2024

	Approved Budget	Jan - Dec Expensed	Remaining Budget	Percent Expended
Administrative Expenses				
Salaries and Benefits				
Salary - Executive Director	200,000.00	244,800.00	(44,800.00)	122.40%
Salary - Staff	486,500.00	483,833.36	2,666.64	99.45%
Health Insurance	127,310.00	126,948.50	361.50	99.72%
Health Insurance - Retired Staff	9,900.00	1,612.80	8,287.20	16.29%
Payroll Taxes	52,920.00	51,180.38	1,739.62	96.71%
SEP Contribution	165,375.00	178,783.37	(13,408.37)	108.11%
Subtotal	1,042,005.00	1,087,158.41	(45,153.41)	104.33%
SS Retiree Payroll Process Fees	34,000.00	33,431.15	568.85	98.33%
Building	9,783.00	7,657.62	2,125.38	78.27%
Utilities	6,525.00	5,959.21	565.79	91.33%
Office Expenses	18,450.00	19,833.42	(1,383.42)	107.50%
Computer and Software	33,200.00	34,403.33	(1,203.33)	103.62%
Insurance	41,500.00	65,396.36	(23,896.36)	157.58%
Travel	23,500.00	12,622.07	10,877.93	53.71%
Operational Cost	23,300.00	25,378.34	(2,078.34)	108.92%
Investment Expenses				
Financial Consulting Fee	218,000.00	219,400.44	(1,400.44)	100.64%
Investment Management Fees	1,800,000.00	1,831,541.62	(31,541.62)	101.75%
Bank Custodian Services	110,000.00	116,874.01	(6,874.01)	106.25%
Professional Services Expenses				
Accounting	25,000.00	23,000.00	2,000.00	92.00%
Actuarial Fees				
Actuarial Valuation	45,100.00	45,100.00	-	100.00%
COLA & Additional Travel	14,000.00	6,453.48	7,546.52	46.10%
Experience Study	23,000.00	23,000.00	-	100.00%
Pension Funding Research	70,000.00	282,606.50	(212,606.50)	403.72%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	-	100.00%
Legal Fees				
Administrative	108,000.00	108,000.00	-	100.00%
Board Meeting	18,000.00	18,000.00	-	100.00%
Investment Review	40,000.00	69,671.10	(29,671.10)	174.18%
Summary Plan Descr, Records Retention & Forms	20,000.00	16,824.00	3,176.00	84.12%
Pension Funding Research/Legislation (2024/2025)	75,000.00	102,892.50	(27,892.50)	137.19%
Legislative Consulting	24,000.00	20,000.00	4,000.00	83.33%
Medical Disability Review	3,000.00	5,345.96	(2,345.96)	178.20%
Pension Software	700,000.00	636,314.59	63,685.41	90.90%
Pension Software Oversight	60,000.00	2,728.13	57,271.87	4.55%
Total Expenses	\$ 4,635,363.00	\$ 4,869,592.24	\$ (234,229.24)	105.05%

**Austin Firefighters Retirement Fund
Contributions and Deductions (Unaudited)
as of December 31, 2024**

Additions

Contributions

City of Austin Contribution (22.05%)	26,024,962.59
Fire Fighter Contribution (18.7%)	22,071,056.70
Interest -Bank	420,300.93
Commission Recapture	15,391.93
Class Action Proceeds	1,504.39
Securities Litigation Recovery	10,779.37

Total Contributions	<u>\$ 48,543,995.91</u>
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Deductions

Pension Retiree Payroll Expenses

Retirees Monthly Annuity	54,633,838.49
Medical Ins.	3,562,458.08
Dental Ins	457,832.93
Vision Ins.	45,882.12
Retiree W/H Tax Payable	7,730,268.29
State Tax	68,071.04
Benevolent Fund	59,000.00
Union Dues	24,796.66
Misc.	19,799.28
PAC Dues	9,151.00
Museum	72.00

Total Retiree Payroll Expenses	<u>\$ 66,611,169.89</u>
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Pension Lump Sum Expenses

Contribution Refunds	247,779.25
DROP Distributions	29,649,633.04

Total Pension Lump Sum Expenses	<u>\$ 29,897,412.29</u>
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Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through December 2024

	Total		
	Jan - Dec	Budget	% of Budget
Ordinary Income/Expense			
Income			
City of Austin Contrib (22.05%)	26,024,962.59	25,700,000.00	101.26%
Commission Recapture	15,391.93	5,000.00	307.84%
Fire Fighter Contrib (18.7%)	22,071,056.70	21,800,000.00	101.24%
Securities Litigation Recovery	10,779.37		
Other Income			
Class Action Proceeds	1,504.39	5,000.00	30.09%
Interest - Frost Bank	4,394.05		
Interest - State Street	405,372.51	250,000.00	162.15%
Interest - Sunflower Bank	3,238.56	4,000.00	80.96%
Securities Lending - State St.	7,295.81	9,000.00	81.06%
Total Income	48,543,995.91	47,773,000.00	101.61%
Operating Expenses			
Administrative Expenses			
Payroll Expenses			
Payroll Expenses - Other	728,633.36	686,500.00	106.14%
Health Insurance - Staff	126,948.50	127,310.00	99.72%
Health Insurance - Retired Staff	1,612.80	9,900.00	16.29%
Taxes	51,180.38	52,920.00	96.71%
SEP Contribution	178,783.37	165,375.00	108.11%
Total Payroll Expenses	1,087,158.41	1,042,005.00	104.33%
SS Retiree Payroll Process Fees	33,431.15	34,000.00	98.33%
Building Expenses			
Assessment toward 2019 Project	1,882.32	1,883.00	99.96%
Building Maintenance/Improvement		2,500.00	0.00%
Condo Association Dues	5,775.30	5,400.00	106.95%
Utilities			
Electric	1,956.61	2,000.00	97.83%
HVAC Program	24.17	50.00	48.34%
Internet & Cable & Telephone	3,269.90	3,500.00	93.43%
Water, Waste, Drainage	708.53	975.00	72.67%
Total Utilities	5,959.21	6,525.00	91.33%
Total Building Expenses	13,616.83	16,308.00	83.50%
Office Expenses			
Furniture (FFE)	5,235.26	2,000.00	261.76%
Meeting Refreshments	1,125.76	1,600.00	70.36%
Notary Services		250.00	0.00%
Office Maintenance	3,084.00	3,100.00	99.48%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through December 2024

	Total		
	Jan - Dec	Budget	% of Budget
Office Supplies (Office supplies expense)	1,035.34	2,500.00	41.41%
Postage and Delivery	6,020.62	5,000.00	120.41%
Printing and Reproduction	3,332.44	4,000.00	83.31%
Total Office Expenses	19,833.42	18,450.00	107.50%
Computer and Internet Expenses			
Hosting & Other Expenses	2,222.63	3,000.00	74.09%
Laptop/Computer	2,601.45	3,000.00	86.72%
Software/IT Services	29,579.25	27,200.00	108.75%
Total Computer and Internet Expenses	34,403.33	33,200.00	103.62%
Insurance Expense			
Board & Directors Liability Ins	53,258.00	28,500.00	186.87%
Commercial	1,412.00	2,000.00	70.60%
Cybersecurity Ins.	9,424.36	10,000.00	94.24%
Workers Comp Ins. (Workers Comp)	1,302.00	1,000.00	130.20%
Total Insurance Expense	65,396.36	41,500.00	157.58%
Travel Expense			
Lodging/Transportation/Per Diem	8,972.07	16,000.00	56.08%
Registration fees	3,650.00	7,500.00	48.67%
Total Travel Expense	12,622.07	23,500.00	53.71%
Operational Cost			
Association Fees (TXPERS /NCEPRS)	9,010.00	9,100.00	99.01%
Election Services	5,566.68	4,000.00	139.17%
Death Verification Services	4,131.00	4,200.00	98.36%
Operational Cost - Other	6,670.66	6,000.00	111.18%
Total Operational Cost	25,378.34	23,300.00	108.92%
Investment Expenses			
Bank Custodian Services	116,874.01	110,000.00	106.25%
Financial Consulting Fee	219,400.44	218,000.00	100.64%
Investment Management Fees	1,831,541.62	1,800,000.00	101.75%
Total Investment Expenses	2,167,816.07	2,128,000.00	101.87%
Professional Fees			
Audit	23,000.00	25,000.00	92.00%
Actuarial Fees			
Actuarial Valuation	45,100.00	45,100.00	100.00%
COLA & Additional Travel	6,453.48	14,000.00	46.10%
Experience Study	23,000.00	23,000.00	100.00%

Austin Firefighters Retirement Fund
Profit & Loss vs Actual
January through December 2024

	Total		
	Jan - Dec	Budget	% of Budget
Pension Funding Research	282,606.50	70,000.00	403.72%
Total Actuarial Fees	357,159.98	152,100.00	234.82%
Investment Performance Evaluation (IPPE)	50,000.00	50,000.00	100.00%
Legal Fees			
Administrative	108,000.00	108,000.00	100.00%
Board Meeting	18,000.00	18,000.00	100.00%
Investment Review	69,671.10	40,000.00	174.18%
Summary Plan Descr, Records Retention & Forms	16,824.00	20,000.00	84.12%
Pension Funding Research/Legislation (2024/2025)	102,892.50	75,000.00	137.19%
Total Legal Fees	315,387.60	261,000.00	120.84%
Legislative Consulting	20,000.00	24,000.00	83.33%
Medical Disability Review	5,345.96	3,000.00	178.20%
Pension Software			
Pension Software PG I	28,248.87	50,000.00	56.50%
Pension Software PG IV	608,065.72	650,000.00	93.55%
Total Pension Software	636,314.59	700,000.00	90.90%
Pension Software Oversight	2,728.13	60,000.00	4.55%
Total Professional Fees	1,409,936.26	1,275,100.00	110.57%
Total Operating Expenses	4,869,592.24	4,635,363.00	105.05%
Monthly Pension Retiree Payroll			
Retirees Monthly Annuity	54,633,838.49	53,000,000.00	103.08%
Medical Ins.	3,562,458.08	3,900,000.00	91.35%
Dental Ins	457,832.93	425,000.00	107.73%
Vision Ins.	45,882.12	43,000.00	106.70%
Retiree W/H Tax Payable	7,730,268.29	7,500,000.00	103.07%
State Tax	68,071.04	60,000.00	113.45%
Benevolent Fund	59,000.00	50,000.00	118.00%
Misc.	19,799.28	20,000.00	99.00%
PAC Dues	9,151.00	8,200.00	111.60%
Union Dues	24,796.66	25,000.00	99.19%
Museum	72.00	72.00	100.00%
Total Monthly Pension Retiree Payroll	66,611,169.89	65,031,272.00	102.43%
Pension Lump Sum			
Contribution Refunds	247,779.25	1,000,000.00	24.78%
DROP Distributions	29,649,633.04	23,000,000.00	128.91%
Total Pension Lump Sum	29,897,412.29	24,000,000.00	124.57%
Total Expense	101,378,174.42	93,666,635.00	108.23%

**Austin Firefighters Retirement Fund
Assets & Liabilities Report (Unaudited)
as of December 31, 2024**

Assets

Checking/Savings	
Frost Bank - Benefits	181,455.95
Frost Bank - Operating	19,774.75
Sunflower Bank - Operating	-
Sunflower Bank - Benefits	-
State Street T009-Cash Agg	10,080,525.65
Total Checking/Savings	<u>10,281,756.35</u>
Investments, at fair value	
Domestic Equities	270,869,171.81
Fixed Income Securities	342,930,023.99
International Equities	251,441,661.80
Real Asset	29,268,041.15
Private Equity	173,844,153.34
Real Estate	86,712,059.07
Total Investments	<u>1,155,065,111.16</u>
Total Assets	<u><u>\$ 1,165,346,867.51</u></u>

Liabilities

Current Liabilities	
Payroll Liabilities	5,354.86
Operating Admin Liabilities	-
Investment Liabilities	-
Professional Liabilities	-
Long Term Liabilities	
DROP (Guaranteed 5%)	159,426,131.97
% of Total Assets	13.68%
Total Liabilities	<u><u>\$ 159,431,486.83</u></u>

Austin Firefighters Retirement Fund

Balance Sheet

As of December 31, 2024

December

ASSETS	December
Current Assets	
Checking/Savings	
Frost Bank - Benefits	181,455.95
Frost Bank - Operating	19,774.75
State Street T009-Cash Agg	10,080,525.65
Sunflower Bank - Benefits	0.00
Sunflower Bank - Operating	0.00
Total Checking/Savings	10,281,756.35
Other Current Assets	
Investments	
DEQ	
SSgA S&P 500 Flagship Fund	131,933,259.84
VAUGHAN NELSON	62,175,599.26
Westfield Capital Management	66,018,870.59
Westwood Capital	10,741,442.12
Total DEQ	270,869,171.81
FI	
ABERDEEN	65,290,080.53
Loomis Sayles Core Plus Bond	46,899,010.73
Pacific Asset Management	24,706,380.00
Pyramis Tactical Bond (Fidelity)	27,106,345.18
SSgA Bond Fund	121,161,898.55
SSGA TIPS	57,766,309.00
Total FI	342,930,023.99
IEQ	
Baillie Gifford	35,688,965.87
DFA Emerging Markets	27,915,408.37
Highclere	29,795,973.22
SSgA MSCI EAFE Fund	122,522,498.98
TT International	35,518,815.36
Total IEQ	251,441,661.80
NR	
Aether Real Assets II	1,972,915.81
Aether Real Assets III	8,956,003.25
Aether Real Assets IV	9,255,270.02
Aether Real Assets V	9,083,852.07
Total NR	29,268,041.15
PE	
57 Stars Global Opportunity	5,517,345.78
Arcmont (Bluebay)Direct Lending	1,768,506.51
Constitution Ironsides Fund VII (50/50)	2,724,294.39
Constitution Ironsides III	1,522,761.17
Cross Creek Capital Partners II	8,401,339.28
Cross Creek Capital Parts III	9,684,449.87
Deutsche Bank SOF III	1,658,198.46
Dover Street X	35,762,024.25

Austin Firefighters Retirement Fund

Balance Sheet

As of December 31, 2024

Greenspring Global Partners V	6,560,781.99
GREENSPRING VI	10,082,398.92
Harbourvest 2013 Direct	2,990,548.03
HarbourVest Coinvestment 4	7,772,042.04
HighVista Flag V	3,494,336.96
HighVista Flag VI	10,293,846.19
LGT C Europe Small Buyouts 3	2,110,218.52
LGT Crown Asia 2	6,601,381.99
LGT Crown Global Secondaries 2	82,003.00
LGT Crown Global VI	31,133,603.04
LGT Global Secondaries III	1,742,779.00
Partners Group EM 2015	6,919,773.71
Partners Group US Dist PE 2009	70,502.71
Private Advisors Co-Inv FundIII	638,623.01
Private Equity Investors V	1,333,717.51
SVB Strategic Investors Fund IX	14,978,677.01
Total PE	173,844,153.34
RE	
Clarion Partners	64,399,594.01
Crow Holdings Realty Partners X	5,933,258.65
Partners Group Distressed '09	26,072.98
Partners Group RE Second 2011	525,285.79
Partners Group RE Second 2017	11,152,182.17
Portfolio Advisors Fund 5	4,675,665.47
Total RE	86,712,059.07
Total Investments	1,155,065,111.16
Total Other Current Assets	1,155,065,111.16
Total Current Assets	1,165,346,867.51
TOTAL ASSETS	1,165,346,867.51
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	5,354.86
Operating Admin Liabilities	0.00
Investment Liabilities	0.00
Professional Liabilities	0.00
Total Other Current Liabilities	5,354.86
Total Current Liabilities	5,354.86
Long Term Liabilities	
DROP (Guaranteed 5%)	159,426,131.97
% of Total Assets	13.68%
Total Long Term Liabilities	159,426,131.97
Total Liabilities	159,431,486.83

Austin Firefighters Retirement Fund
General Ledger
December 2024

Date	Name	Memo/Description	Split	Amount	Balance
Frost Bank - Benefits					
Beginning Balance					\$ 177,179.68
12/06/2024	City of Austin	City and Member's Contributions	-Split-	1,936,652.58	2,113,832.26
12/09/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-410,000.00	1,703,832.26
12/09/2024	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,500,000.00	203,832.26
12/20/2024	City of Austin	City and Member's Contributions	-Split-	1,946,453.15	2,150,285.41
12/23/2024	Austin FF Relief & Retirement Fund	Transfer to State Street	State Street T009-Cash Agg	-1,900,000.00	250,285.41
12/23/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Operating	-70,000.00	180,285.41
12/31/2024	Frost Bank	Interest Dec 2024	Interest:Interest - Frost Bank	1,170.54	181,455.95
Total for Frost Bank - Benefits				\$ 4,276.27	\$ 181,455.95

Frost Bank - Operating

Beginning Balance					\$ 20,876.76
12/04/2024	American Express	Nov 2024	-Split-	-6,898.82	13,977.94
12/09/2024	Jackson Walker	Nov 2024	Professional Fees:Legal Fees:Administrative	-9,000.00	4,977.94
12/09/2024	Jackson Walker	Nov 2024	Professional Fees:Legal Fees:Board Meeting	-1,500.00	3,477.94
12/09/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	410,000.00	413,477.94
12/09/2024	City of Austin	Health Insurance Retired Staff Dec 2024	Payroll Expenses:Health Insurance - Retired Staff	-478.30	412,999.64
12/09/2024	City of Austin	Health Insurance Dec 2024	-Split-	-10,720.56	402,279.08
12/09/2024	TASC (FSA Health Care)	FSA Dec 2024	Payroll Liabilities:Flextra Health	-200.00	402,079.08
12/09/2024	Levi Ray & Shoup	PG IV Implementation- Payment #8	Professional Fees:Pension Software PG IV	-152,016.43	250,062.65
12/09/2024	Meketa Investments	Nov 2024	Fees:Financial Consulting Fee	-18,808.00	231,254.65
12/09/2024	Vaughn Nelson	Q3 2024 Investment Management Fees	Fees:Investment Management Fees	-136,518.24	94,736.41
12/10/2024	Yes Elections	Trustee Election Services	-Split-	-576.87	94,159.54
12/10/2024	Austin FF Relief & Retirement Fund	L. Adney Reimbursement Payment Dec 2024	Payroll Expenses:Health Insurance - Retired Staff	125.00	94,284.54
12/10/2024	Austin FF Relief & Retirement Fund	L. Adney Health Insurance Payment Dec 2024	Payroll Expenses:Health Insurance - Retired Staff	218.90	94,503.44
12/11/2024	Austin FF Relief & Retirement Fund	Union Reimbursement for Legislative Consulting	Professional Fees:Legislative Consulting	2,000.00	96,503.44

12/17/2024	Austin FF Relief & Retirement Fund	Bank Service Charges Nov 2024	Operational Cost:Bank Service Charges	-253.49	96,249.95
12/17/2024	Yes Elections	Trustee Election Services	-Split-	-3,745.30	92,504.65
12/19/2024	Jackson Walker	Legislative Matters Nov 2024	Professional Fees:Legal Fees:Pension Funding Res	-6,067.50	86,437.15
12/19/2024	Levi Ray & Shoup	Service Request DROP Interest	Professional Fees:Pension Software PG I	-465.00	85,972.15
12/19/2024	Fidelity	SEP Dec 2024	Payroll Expenses:SEP Contribution	-15,079.17	70,892.98
12/20/2024	The Hartford	2024 Workers Comp Insurance	Insurance Expense:Workers Comp Ins.	-1,168.00	69,724.98
12/20/2024	Payroll	Tax Payment for Period: 12/01/2024-12/31/2024	Payroll Liabilities:Federal Taxes (941/943/944)	-15,534.09	54,190.89
12/23/2024	Austin FF Relief & Retirement Fund	Transfer to Operating	Frost Bank - Benefits	70,000.00	124,190.89
12/24/2024	Anco Insurance	2025 Insurance	-Split-	-40,416.36	83,774.53
12/27/2024	Payroll	Pay Period: 12/01/2024-12/31/2024	Direct Deposit Payable	-47,704.46	36,070.07
12/30/2024	Cheiron	Annual COLA Analysis & Nov 2024 Analysis, Consulti	-Split-	-13,071.25	22,998.82
12/30/2024	American Express	Dec 2024	-Split-	-2,116.35	20,882.47
12/31/2024	Parkstone Office Condominium Corr	Dec 2024	-Split-	-855.72	20,026.75
12/31/2024	IRS	Tax Payment for Period: 01/01/2024-12/31/2024	Payroll Liabilities:Federal Unemployment (940)	-252.00	19,774.75

Total for Frost Bank - Operating

-\$ 16,888.10 \$ 19,774.75

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Road Map of Items for Board Meetings

January 2025 Board Meeting

- Update on Trustees Runoff Election and election certification
- Vice-Chair Election
- Annual DROP Account Statements
- 89 (R)Texas Legislative Session Update
- Investment Policy Statement (IPS) Review
- Operating Procedures Update
- Maximum number of DROP distributions permitted
- End-of-year Budget Report
- 2025 Pension Conferences Update
- 2025 Confirmed Board Meeting Dates

February 2025 Board Meeting

- Meketa 4Q24 Report
- Fund Newsletter
- Consideration and adoption of proposed changes to Investment Policy Statement (IPS) & Operating Procedures
- 89 (R)Texas Legislative Session Update
- Pension Administration System (PAS) implementation update

March 2025 Board Meeting

- Annual Ethics and Governance Policy Review
- 89 (R)Texas Legislative Session Update

April 2025 Board Meeting

- Pension Administration System (PAS) implementation update
- 89 (R)Texas Legislative Session Update

May 2025 Board Meeting

- Meketa 1Q25 Report
- 89(R)Texas Legislative Session Update

June 2025 Board Meeting

- 89(R) Texas Legislative Session Conclusion Update
- Proposed changes to Fund Policies and Procedures

July 2025 Board Meeting

- 2024 Actuarial Valuation
- 2024 Financial Audit Report
- 2024 Annual Report
- Pension Administration System (PAS) implementation update

August 2025 Board Meeting

- Meketa 2Q25 Report
- Meketa 2024 Fee Review

September 2025 Board Meeting

- Annual Board of Trustees Election
- Fund Newsletter
- Pension Administration System (PAS) implementation update