



Austin Fire Fighters Relief and Retirement Fund
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MINUTES
AUSTIN FIREFIGHTERS RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES MEETING
MONDAY, FEBRUARY 24, 2020 AT 9:00 AM

Board Members Present

Keith Johnson, Vice-Chair
Jeremy Burke, Trustee
Brad Landi, Trustee
Bill Stefka, Administrator
Linda Adney, Admin. Asst.
Premal Amin, Asst. Administrator
Kendall Twomey, Admin. Asst.

Consultants Present

Chuck Campbell
Leo Festino, Meketa
Aaron Lally, Meketa

Community Members Present

Cliff Alexander
Donald G. Lowe
Tommy L. Rutledge
Jan Wesson

Vice-Chair Keith Johnson called the meeting to order at 9:53 a.m. The Board began the meeting with agenda item 4, Meketa Update.

I. Meketa Update

a. 4th Quarter 2019 markets and performance review

Aaron Lally and Leo Festino, with the Fund’s investment consultant Meketa Investment Group, presented the 4Q19 and CY2019 annual performance, the annual investment policy review, and the asset allocation review for 2019. The consultants noted that the total fund performance was +4.7% for 4Q19, and +15.7% for Calendar Year 2019. It was noted that the 3 and 5-year peer rankings were in the top quartile. No motion was necessary.

b. 4th Quarter 2019 asset transfers review

Mr. Lally recapped the plan’s asset transfers for 4Q19. The only transfer was in the amount of approximately \$18.5 million when the former manager Western Asset Management was replaced by Pacific Asset Management in this fixed income bank loan space. No motion was necessary.

c. Private equity secondary fund of funds search document

Mr. Festino and Mr. Lally next presented their report of the top three private equity secondaries managers deemed appropriate for the Fund’s 2020 commitment target of \$40 million. Their overview compared the investment strategies, track record, and fees of the three highly qualified candidates. After lengthy discussion of all three managers and their products, there was a consensus. Jeremy Burke made a motion to commit \$40 million to the HarbourVest Dover Street X Fund, as recommended by the Fund’s investment consultant; and to request HarbourVest representatives attend our next meeting. With a second from Brad Landi, the Board unanimously approved.

d. Asset allocation review

This review is to ensure the plan's long-term asset allocation targets are still reasonable moving forward. The investment consultants feel the targets are appropriate and all asset classes are within their accepted ranges. The review of the Fund's Investment Policy was also addressed with no changes or revisions from last year recommended. The consultants do not recommend increasing the return/risk profile for the plan at this time. No motion was necessary.

e. Memos since last meeting

The investment consultants gave an overview of their recent on-site due diligence meeting with Westwood Holdings Group, the Fund's large cap value investment manager. They noted they were comfortable with retaining their strategy and the fact they have lowered their fees over the past two years. No changes or revisions were recommended for now.

Meketa concluded their presentation by outlining their 2020 Preliminary Road Map for the Fund. Some areas of focus will be their annual private equity performance review and their investment management fee review. They will also monitor any future private equity opportunities for the plan. The Board thanked Mr. Festino and Mr. Lally for their insight. No motion necessary.

The Board moved to agenda item 7 which was addressing potential 2021 legislative changes; due to those that signed up for public commentary. Retiree Jan Wesson requested that the pension board be completely transparent as to why and how changes will be made prior to drafting any pension bill and before meeting with the legislative sponsors of any bill.

AFD Captain Cliff Alexander signed up for public commentary as well but could not stay due to prior obligations. The Board received his comments via email some of which are as follows. Mr. Alexander requested the pension board codify the protections for non-married members in the statute; and shared other concerns such as the number of trustees on the pension board, and the sustainability of guaranteed interest on retiree DROP balances if the pension board's goal is to keep a healthy pension fund in perpetuity.

II. Potential legislative changes for consideration

The Board reviewed potential legislative changes for consideration to overall protect and improve the Fund and its members. The Board narrowed down the list of legislative items to focus on the following sections: 3.01, 6.03, 7.02, 7.09, 8.05 (b), 10.01, and 10.04.

Chuck Campbell will review the statute sections which may be affected by any proposed legislative changes. Also, Premal Amin suggested the plan's actuary, Foster and Foster, review any possible actuarial impact certain changes may have. The Board concurred with this. No motion needed at this time.

III. Minutes of the regular meeting on January 27, 2020

Motion was made by Jeremy Burke to approve the Minutes of the January 27, 2020 meeting as is. Motion was seconded by Brad Landi. Motion passed unanimously.

IV. Service retirement benefits for four applicants

After review of the benefit information presented, Jeremy Burke made a motion to approve benefits as stated on the form. Motion was seconded by Brad Landi. The motion passed unanimously.

V. 30-month review for continuation of disability benefits for one applicant

At 12:55 pm, the Board entered closed session for the 30-month review for continuation of disability benefits for one applicant. Closed session concluded at 1:16 pm. No action was taken by the Board during closed session. Now back in open session, Jeremy Burke made a motion to continue the disability benefits for the member at the current level. Brad Landi seconded the motion. The motion passed unanimously.

February 2020 Minutes (to be approved)

VI. First reading of Governance Policy

The Board reviewed the Governance Policy and a motion was made by Jeremy Burke to approve it as read. Brad Landi seconded the motion. The first reading of the Governance Policy was unanimously approved.

VII. Review draft of forms and documents related to the disability retirement policy

Chuck Campbell reviewed the disability retirement policy draft forms and documents. After further discussion, the Board requested Chuck Campbell make additional revisions for consistency. No motion was necessary.

VIII. Negative economic impact plan

The Board agreed to create a list of contingency plans and ideas to be ready for discussion at a future board meeting. No motion necessary.

IX. Roadmap for future meetings

The Board reviewed the roadmap for future meetings. The Board discussed adding future meeting dates and upcoming disability benefits reviews to the roadmap to help stay on target. No motion needed.

X. Financial statements, transaction, and fund expense reports

Premal Amin presented the January 2020 financial statements, transaction, and fund expense reports. No motion was necessary.

XI. Call for future items

Future agenda items for discussion will be the Governance Policy (second reading), potential legislative changes for consideration, and conference attendance. The Board requested Chuck Campbell and Alyca Riley provide a brief statement concerning the SECURE Act, and any ramifications, to share with fund members.

Motion to adjourn was made by Jeremy Burke. With a second from Brad Landi, the meeting adjourned at 2:45 pm.

Board Members

Mayor Steve Adler, Chair
Keith Johnson, Vice-Chair
Belinda Weaver, Treasurer
Jeremy Burke, Trustee
Brad Landi, Trustee