

MINUTES OF THE AUSTIN
FIRE FIGHTERS' RELIEF AND RETIREMENT FUND BOARD OF TRUSTEES
AUSTIN, TEXAS

The regular meeting convened at the pension office at 4101 Parkstone Heights Drive, Suite 270, Austin, Texas, on August 26, 2019 at 9:00 a.m., with the following present:

Keith Johnson	Vice-Chair	Cliff Alexander	JP Leasure
Belinda Weaver	Treasurer	Chuck Campbell	Donald G. Lowe
Jeremy Burke	Trustee	Leo Festino	Randy Moreno
Bill Stefka	Administrator	Patrick Glavey	Alyca Riley
Linda Adney	Adm. Asst.	Bob Hickey	Tommy L. Rutledge
Premal Amin	Adm. Asst.	Aaron Lally	David Spidel
			Michael Spitler

Minutes of the regular meeting held July 16, 2019 were reviewed by the Board. A motion was made by Jeremy Burke to approve the minutes of the regular meeting held July 16, 2019. With a second from Belinda Weaver, the Board unanimously approved.

The second agenda item was approval of retirement benefits for recent applicants. After review of the benefit information, Jeremy Burke made a motion to approve benefits as stated on the benefit calculation form for retirees. With a second from Belinda Weaver, the Board unanimously approved.

The third item on the agenda was the approval of survivor benefits for recent applicants. After review of the benefit information, Jeremy Burke made a motion to approve benefits as stated on the benefit calculation form. With a second from Belinda Weaver, the Board unanimously approved.

Next up was an update on XTP Implementation Services. This company reviews pension funds' portfolios for optimization of costs, fees, and processes. They offered to run a free of charge pre-analysis of the Fund's portfolio. Premal Amin noted he is working on providing the information requested and will update the Board at the next meeting. No motion was necessary.

Disability policy and medical board charter was the next agenda item for discussion. The draft of the proposed disability policy and medical board charter had been posted to the pension fund's website for comment for the appropriate timeframe. With there being no additional input, Jeremy Burke made a motion to approve the policy and charter as written. With a second from Belinda Weaver, the Board unanimously approved.

Agenda item 8 was to review a draft of the appeals of benefit determinations rule. Chuck Campbell noted he updated the rules with the suggestions from the last meeting. After further discussion, a motion was made by Jeremy Burke to approve the revised rule dated August 27, 2019 and post on the website for any membership commentary in keeping with the plan's Fund Rules policy. With a second from Belinda Weaver, the Board unanimously approved.

Next on the agenda was to consider the interpretation of and approval of draft amendment to the procedure to adopt or amend rules or policy by the Board. Chuck Campbell noted that membership commentary would be invited before adopting any items that would impact benefits for members or their beneficiaries. No action was necessary.

The governance policy including agenda procedures was tabled for a future meeting. No motion was necessary.

Agenda item 11 was an 86th Legislative Session update from Alyca Riley with Jackson Walker. Alyca noted SB 322 now requires pension funds' annual reports to include a listing of all investment fees and commissions paid by all asset classes. The bill also requires an independent investment evaluation be done every 3 years. This evaluation is an overall review of the investment policy, procedures, and appropriateness of investment fees and commissions, and best practices.

This independent consultant's report must be filed by May 1 of each year and the first report is due to the pension board by May 1, 2020. In addition, SB 2224 becomes effective September 1, 2019. It requires pension funds to adopt a written funding policy by January 1, 2020. This policy is to detail pension

funds' plans for achieving 100% funded status. For us, the funding plan must be provided to the City of Austin and State Pension Review Board within 31 days after the policy is adopted by the Board. The Pension Review Board will be meeting September 19 and 20th, to set the rules for the policy and further August 26, 2019

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clarification will be provided. No motion was necessary.

At 9:56 a.m. the meeting paused due to there being no quorum. With a quorum now present, the meeting resumed at 10:39 a.m.

Next on the agenda were interviews with bank loan managers THL Credit and Pacific Asset Management who will replace Western Asset Management. First to present were Patrick Glavey and Bob Hickey who gave an overview of THL Credit's process, strengths, and performance in this area. Next up were Michael Spitler and JP Leasure, with Pacific Asset Management, who reviewed their entire process. Their strategy has outperformed 84% of its peer group since inception. They seek to outperform over both the short-and long-term periods through credit selection, sector rotation, and down-side protection. The Board thanked all the presenters for their reports.

Agenda item 4 was the Q2 2019 investment performance report from the plan's investment consultant, Meketa Investment Group. Aaron Lally and Leo Festino noted the Fund was up 2.8% for the quarter. Nearly all asset classes produced positive returns in the second quarter. Leo and Aaron next summarized the above manager interviews focusing on each firm's strengths, noting either firm should perform admirably for the Fund. Mr. Festino and Lally concurred with the Board that the down-side protection exhibited by Pacific Asset Management may give them an important edge. After further discussion, a motion was made by Jeremy Burke to hire Pacific Asset Management to replace the entire Western Asset Management portfolio (approximately \$18 million). With a second from Belinda Weaver, the Board unanimously approved.

Next was our roadmap for future meetings. Chuck Campbell and Alyca Riley presented a roadmap of items for review and discussion for the remainder of FY 2019 through early FY 2020. This will keep the timelines and deadlines to be addressed by the Board on schedule. Jeremy Burke suggested a couple of items to be added to the roadmap. No motion was necessary.

The monthly staff update was the next item. Premal Amin noted the free of charge pre-analysis of the Fund's portfolio by XTP, to measure the Fund's optimization of manager costs, fees, and processes, was still in progress. They should have results and any recommendations by the September meeting. Premal next reviewed the July 2019 income statement, balance sheet and general ledger reports. No motion was necessary on these items.

Call for future agenda items was the next item for discussion. Future items are to call the election to begin November 1, 2019, for the trustee position whose 3-year term begins January 2020; an update from XTP, appeals of benefit determinations rule, governance policy and review of drafts of disability benefit policy documents.

Belinda Weaver made a motion to adjourn. With a second from Jeremy Burke, the Board unanimously approved.

BOARD MEMBERS

Mayor Steve Adler, Chair

Keith Johnson, Vice-Chair

Belinda Weaver, Treasurer

Jeremy Burke, Trustee

Brad Landi, Trustee

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