

MINUTES OF THE HOUSTON FIREFIGHTERS' RELIEF AND RETIREMENT FUND

A regular meeting of the Houston Firefighters' Relief and Retirement Fund (HFRRF) Board of Trustees as authorized under sections 551.125 & 551.127 of the Texas Government Code and in accordance with the order of Governor Greg Abbott on March 16, 2020 suspending certain requirements of the Open Meetings Act, convened via a telephone/video conference on Tuesday, May 19, 2020 at 10:06 a.m.

Trustees present were Brett R. Besselman (Chair), Stephen R. Whitehead (Vice Chair), Lisa R. Slagle (Secretary), Gerard L. Daniels, Pete Ng, David Riegler, David O. Lantrip, Arif Rasheed (City Treasurer Designee), Earnest W. Wotring (Mayor's Representative), and Albertino "Al" Mays (Citizen Member). Others present were Robert Rackind, Henrik Orrbeck, Eric Lemer, and Molly Wilson, representatives from EQT Real Estate II, L.P., Daniel Wolf, Keith Read, Kevin McLeod, and Marcy Copeland, representatives from Cerberus Group. Also present were staff members Ralph D. Marsh (Executive Director), Ajit Singh (Chief Investment Officer), Claudia McInnis (Director of Finance and Administration), Dalia "Dolly" De La Cruz (Director of Member Services), Andrea Sharayha (Director of Human Resources), John D. Moore II (Director of Technology & Building Services), Adam E. Smith (Acting General Counsel), and Ryan Splawn (Senior Investment Analyst).

The Chair called the meeting to order at 10:06 a.m.

The Chair invited comments from the public. No comments were received.

There was a motion by David O. Lantrip, seconded by Albertino "Al" Mays, to approve the minutes of the regular Board meeting held on Tuesday, April 21, 2020. The motion carried.

The Senior Investment Analyst (SIA) presented an overview of the proposed investment with EQT Real Estate II, L.P.

During the SIA's presentation, Pete Ng entered the meeting at 10:12 a.m.

EQT representatives joined the meeting at 10:38 a.m. and presented an overview of the EQT Real Estate II fund.

After their presentation, the EQT representatives all departed the meeting at 11:20 a.m.

There was a motion by David Riegler, seconded by David O. Lantrip, to authorize the CIO to commit up to €30 million in EQT Real Estate II, L.P., a real estate closed end partnership, pending final diligence, contract discussions, and negotiations between HFRRF and EQT Partners. The motion carried.

The Chief Investment Officer (CIO) presented an overview of the proposed investment with Cerberus Levered Loan Opportunities Fund IV, L.P.

Brett R. Besselman departed the meeting at 11:35 a.m. and returned at 11:41 a.m.

The representatives from Cerberus Capital Management, LP (Cerberus) joined the meeting at 11:46 a.m. and provided a further overview and presentation of Cerberus Levered Loan Opportunities Fund IV, L.P.

After their presentation, the Cerberus representatives departed the meeting at 12:14 p.m.

There was a motion by Lisa R. Slagle, seconded by David O. Lantrip, to authorize the CIO to commit up to \$70 million in Cerberus Levered Loan Opportunities Fund IV, L.P., a private credit closed end partnership, pending final diligence, contract discussions, and negotiations. The motion carried.

The CIO and SIA each reviewed the Allocation and Activity Summary and noted the market value of the Fund's assets as of March 31, 2020 to be \$3.900 billion with an estimated rate of return of -9.5%.

The CIO and SIA each reviewed the Private Equity and Real Estate allocation and activity summary as of March 31, 2020 and their commitment targets as of Fiscal Year 2020.

The CIO reviewed the monthly investment actions taken.

The Director of Finance and Administration reviewed the third quarter fiscal year 2020 expenses, highlighting expenses that are under or over budget and discussed the impact that Covid-19 pandemic has on Fund expenses. She stated that overall expenses are expected to be under budget by approximately \$1.3M by the end of the fiscal year.

Earnest W. Wotring departed the meeting at 1:05 p.m.

The Executive Director reviewed the Fiscal Year 2021 budget.

The CIO and SIA each made a comment about the budgeted expense related to Investments Consultation.

There was a motion by Albertino "Al" Mays, seconded by Lisa R. Slagle, to accept the Fiscal Year 2021 budget, as presented. The motion carried.

The Director of Member Services informed the Board that the May 1, 2020 Deferred Retirement Option Plan (DROP) applications approved at the April 21, 2020 board meeting were not processed as they were not ready for approval.

There was a motion by Lisa R. Slagle, seconded by David O. Lantrip, to approve the Deferred Retirement Option Plan (DROP) application effective June 1, 2020, as presented. The motion carried.

The Executive Director informed the Board that the annual financial disclosure statements and/or conflict of interest affidavits for each calendar year is due on April 30th each year per Fund's policy. However, due to the closure of the Fund offices since March 25, 2020 in compliance with the stay-at-home order due to the Covid-19 pandemic, this deadline was not met for calendar year 2019. He requested for a deadline extension to 30 days after the Fund staff returns to work.

There was a motion by David O. Lantrip, seconded by Lisa R. Slagle, to make an exception to the Fund's Ethics policy and extend the deadline to 30 days after the Fund staff returns to work for submission of the financial disclosure statements and/or conflict of interest affidavits for calendar year 2019. The motion carried.

The Acting General Counsel provided updates on the Fund lawsuits against the City of Houston and City officials related to Senate Bill 2190 in the 85th Texas legislature and on the appeal of a disability determination.

There being no further business, the meeting adjourned at 1:21 p.m., on a motion by David O. Lantrip, seconded by Albertino "Al" Mays. The motion carried.

Respectfully submitted,

Lisa R. Slagle
Board Secretary