

## **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, last extended on July 10, 2020, suspending certain requirements of the Open Meetings Act, convened via a telephone/video conference on Tuesday, July 21, 2020 at 10:00 a.m.

Trustees present were Brett R. Besselman (Chair), Stephen R. Whitehead (Vice Chair), Lisa R. Slagle (Secretary), Gerard L. Daniels, Pete Ng, David Riegor, David O. Lantrip, Arif Rasheed (City Treasurer Designee), and Albertino "Al" Mays (Citizen Member). Trustee absent was Earnest W. Wotring (Mayor's Representative). Others present were Eric Ernest, Johnson Olatunji, and Arshad Haque, representatives from McConnell & Jones LLP, Michael Ribble and Salvador Nakar, representatives from Buck. 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 (General Counsel), and Ryan Splawn (Senior Investment Analyst).

The Chair called the meeting to order at 10:00 a.m.

The Chair invited comments from the public and retired Fund member Nick Salem expressed his thoughts on DROP/PROP statements.

Stephen R. Whitehead entered the meeting at 10:02 a.m.

David O. Lantrip entered the meeting at 10:03 a.m.

There was a motion by Pete Ng, seconded by David Riegor, to approve the minutes of the regular Board meeting held on Tuesday June 16, 2020. The motion carried.

Eric Ernest introduced himself, Johnson Olatunji, and Arshad Haque, representatives from McConnell & Jones LLP. Eric Ernest presented the scope of services involved in connection with the annual audit for fiscal year ended June 30, 2020, noting their responsibilities under auditing standards generally accepted in the United States. The Executive Director informed the Board that the final audit will be presented for Board approval at the October 2020 board meeting.

After the presentation, the representatives from McConnell & Jones LLP departed the meeting at 10:13 a.m.

The Chair introduced Michael Ribble and Salvador Nakar. Michael Ribble reviewed the modified draft of the 2020 Actuarial Experience Study stating they presented the preliminary results of the Experience Study to the City actuary and they have mutually agreed on a set of modified assumptions and methods that serve as an appropriate basis for the Risk Sharing Valuation Study (RSVS). The Board expects to adopt the final experience study at the October 2020 board meeting.

After the presentation, Michael Ribble and Salvador Nakar departed the meeting at 10:44 a.m.

The Board reviewed the Deferred Retirement Option Plan (DROP) applications effective August 1, 2020.

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

The Director of Member Services discussed the applications for service retirements.

There was a motion by David O. Lantrip, seconded by Gerard L. Daniels, to approve the applications for service retirements. The motion carried.

The Chair discussed the June 16, 2020 Board meeting decision to stop mailing the DROP/PROP quarterly statements. The Chair stated that members have access to their accounts online, saving on mailing and printing expenses along with associated personnel costs, all totaling approximately \$7,500 annually. David O. Lantrip stated that this change caused concerns to some Fund members. The Board made suggestions to Fund staff on how to help these members access their accounts electronically. The Director of Member Services stated that there is a short video available to the members showing how to create an online account and access their MemberDirect secure data. The Chair concluded that the Fund would continue to monitor the situation and do its best to make this change effective for Fund members.

The Chair announced that agenda item #11 needed to be taken out of order to discuss the BNYM Mellon NSL Dynamic U.S. Equity Fund/BNYM Mellon DB NSL Dynamic Global ex-U.S. Equity Fund.

The Senior Investment Analyst (SIA) presented an overview, with additional comments from the Chief Investment Officer (CIO), of the proposed increase in the investment limit for the BNYM Mellon NSL Dynamic U.S. Equity Fund and the BNYM Mellon DB NSL Dynamic Global ex-U.S. Equity Fund.

There was a motion by Arif Rasheed, seconded by Albertino "Al" Mays, to authorize the CIO to increase the maximum investment limit for the BNY Mellon MCM Dynamic U.S. Equity Strategy and the BNY Mellon MCM Dynamic Global ex-U.S. Equity Strategy to \$500 million each, from their current limit of \$300 million each, with the timing of the transactions to be determined by the CIO. The motion carried.

The Chair returned to agenda item #9 to discuss EQT IX.

The CIO presented an overview of the proposed investment with EQT IX.

There was a motion by Lisa R. Slagle, seconded by Stephen R. Whitehead, to authorize the CIO to commit up to €35 million in EQT IX Euro Sleeve, a Luxembourg common limited partnership (societe en comandite), pending final diligence and legal negotiations between HFRRF and EQT Partners. The motion carried.

The SIA presented an overview, with additional comments from the Chief Investment Officer (CIO), of the proposed investment with Stellex Capital Partners II LP.

There was a motion by Lisa R. Slagle, seconded by Albertino "Al" Mays, to authorize the CIO to commit up to \$30 million USD to Stellex Capital Partners II LP, a distressed debt closed end partnership, pending final diligence, contract discussions and negotiations. The motion carried.

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The CIO reviewed the Allocation and Activity Summary and noted the market value of the Fund's assets as of May 31, 2020 to be approximately \$4.138 billion with an estimated rate of return of 2.84%.

The CIO reviewed the Fiscal Year 2021 Private Equity and Real Estate commitment targets.

The CIO reviewed the monthly investment actions taken.

The Chair gave an update on the Fund's operations conveying how the Fund staff is functioning during this pandemic.

The General Counsel provided updates on the Fund's 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 12:37 p.m., on a motion by David O. Lantrip, seconded by Stephen R. Whitehead. The motion carried.

Respectfully submitted,

Lisa R. Slagle  
Board Secretary