

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 October 7, 2020, suspending certain requirements of the Open Meetings Act, convened via a telephone/video conference on Tuesday, October 20, 2020 at 10:01 a.m.

Trustees present were Brett R. Besselman (Chair), Stephen R. Whitehead (Vice Chair), Lisa R. Slagle (Secretary), Gerard L. Daniels, Pete Ng, David O. Lantrip, Arif Rasheed (City Treasurer Designee), Earnest W. Wotring (Mayor's Representative), and Albertino "Al" Mays (Citizen Member). Trustee absent was David Riegler. Also present were Eric Ernest, Johnson Olatunji, and Arshad Haque, representatives from McConnell & Jones LLP, Michael Ribble and Salvador Nakar, representatives from Buck, and 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 10:01 a.m.

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

The Board observed a moment of silence to honor Arson Investigator Lemuel Bruce who died in the line of duty on October 16, 2020.

There was a motion by Lisa R. Slagle, seconded by Albertino "Al" Mays to approve the following items listed on the Consent Agenda:

- A. Approval of the minutes of the regular Board meeting held on Tuesday, September 15, 2020.
- B. Approval of the report of the Pension Benefits Committee meeting held on Monday, September 28, 2020.
- C. Deferred Retirement Option Plan application(s) effective November 1, 2020.

The motion carried.

Gerard L. Daniels entered the meeting at 10:08 a.m.

Eric Ernest, with additional comments from Johnson Olatunji, presented the "Audited Financial Statements and Supplemental Information" for fiscal year ended June 30, 2020, noting that there were no irregularities identified.

After a thorough discussion, there was a motion by Lisa R. Slagle, seconded by David O. Lantrip, to accept the audited financial statements and its supplemental information for fiscal year ended June 30, 2020, as presented. The motion carried.

After the presentation, Eric Ernest, Johnson Olatunji, and Arshad Haque departed the meeting at 10:33 a.m.

The Director of Finance and Administration reviewed the Fund's consolidated financials and highlights for the fourth quarter fiscal year ending June 30, 2020, noting the Plan's Net Position at approximately \$4.102 billion.

The Executive Director reviewed several financial trends between fiscal year 2020 and previous fiscal years.

The Director of Finance and Administration reviewed the fourth quarter fiscal year ending June 30, 2020 expenses, highlighting expenses that are under or over budget. She stated that overall expenses were under budget by approximately \$1.3 million at the end of the fiscal year.

The Chair informed the Board that the actuarial experience study discussed at a previous Board meeting is ready for adoption.

There was a motion by Stephen R. Whitehead, seconded by Gerard L. Daniels, that pursuant to section 13D of HFRRF's governing statute, and solely for the purpose of any applicable risk sharing valuation study prepared pursuant to section 13B, the Board adopt the actuarial assumptions as recommended. The motion carried.

Michael Ribble reviewed the proposed Risk Sharing Valuation Study that reflects the benefit provisions of the Fund, as amended, and the funding policies mandated by Senate Bill 2190.

After the presentation, Michael Ribble and Salvador Nakar departed the meeting at 11:13 a.m.

The Senior Investment Analyst (SIA), with additional comments from the Chief Investment Officer (CIO), presented an overview of the proposed investment with Torchlight Debt Fund VII, LP.

There was a motion by David O. Lantrip, seconded by Albertino "Al" Mays, to authorize the CIO to commit up to US\$25 million in Torchlight Debt Fund VII, LP, a real estate partnership, pending final diligence and contract discussions and negotiations between HFRRF and Torchlight Investors. The motion carried.

The CIO reviewed the Allocation and Activity Summary and noted the market value of the Fund's assets as of September 30, 2020 to be approximately \$4.261 billion with an estimated rate of return of 5.07%. He also reviewed the Fiscal Year 2021 Private Equity and Real Estate commitment targets and the monthly investment actions taken.

The Chair announced that the Board was going into closed session pursuant to Government Code Section 551.089 of the Texas Open Meetings Act.

The Board went into closed session at 11:52 a.m.

The Board resumed open session at 12:20 p.m.

Arif Rasheed was not able to join the closed session at 11:52 a.m. because his location lost power. He was able to rejoin the meeting at 12:20 p.m.

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.

The following were noted for future agenda items:

The Chair requested a follow up discussion regarding Cyber security with Trustee Earnest Wotring and John D. Moore II, Director of Technology & Building Services.

The Vice Chair requested discussion regarding the Fund's strategy for the upcoming 87th Texas legislative session.

There being no further business, the meeting adjourned at 12:28 p.m., on a motion by David O. Lantrip, seconded by Stephen R. Whitehead. The motion carried.

Respectfully submitted,

Lisa R. Slagle
Board Secretary