

## **MINUTES OF REGULAR MEETING OF DIRECTORS OF SA F&P PROPERTY HOLDING CORP.**

A regular meeting of the Board of Directors of SA F&P PROPERTY HOLDING CORP. (“Corporation”) was held at the San Antonio Fire & Police Pension Fund Office on the 8th day of November 2023, in accordance with the provisions of the Bylaws of the Corporation.

At 9:30 a.m., President Shawn Griffin called the meeting to order. Warren Schott, Secretary of the Corporation, called the roll and announced that a quorum was present. President Griffin and Second Vice President Amanda Viera were present. First Vice President Dean Pearson was absent. Harry Griffin, Pension Fund Police Retiree Representative; Pension Fund Staff Mark Gremmer, Gail Jensen, Rick Matye, and Christine Tejada were also in attendance.

The Board of Directors recessed to Executive Session at 9:31 a.m. pursuant to Texas Gov. Code §551.071 and §551.072, and reconvened at 9:45 a.m.

The first order of business was the approval of the Minutes of the September 21, 2023, Regular Meeting of the Board of Directors. Upon motion by Second Vice President Viera, seconded by President Griffin, the Minutes were approved unanimously.

Pete Tassos from Sullivan Commercial provided a brief leasing update on the Corporation’s three buildings. Sullivan reviewed some of the new leases that had been finalized and reported that Shavano Center III is now 87% leased, Shavano Center IV is 88% leased and Parkway Center is 71% leased. Sullivan noted that they are currently in negotiations with a large tenant in Parkway Center for a lease renewal. When asked about the 15,000 square feet on the second floor of Parkway Center that has been vacant for several years, Sullivan stated that there has been more interest in the space now that it has been sub-divided to accommodate leases for the Healthcare Fund and Spectrum Financial.

The Corporation then received a briefing from General Counsel Gail Jensen on a current tenant that is in default on their lease. Ms. Jensen noted that several notices have been sent to the tenant with no response. As a result, Ms. Jensen recommended the Corporation retain outside counsel to pursue all available remedies under the lease. The Corporation was in agreement, and President Griffin moved to authorize Mr. Schott to retain counsel and pursue legal action as necessary. The motion was seconded by Second Vice President Viera, and it passed unanimously.

Sullivan next reviewed the updated costs associated with the proposed renovations for the common areas in Shavano Center III and the Pension Fund Office in Parkway Center. John Mansfield of Sullivan noted that at the September meeting, the costs for the Shavano Center III refresh were projected to be \$640,000, and that the Corporation had approved an amendment to the 2023 Budget accordingly. However, in further developing the scope of the construction project, the costs had risen to approximately \$750,000. He indicated that a further 2023 budget amendment might be needed, depending upon how much of the construction occurred in 2023 versus 2024. He requested additional time to analyze that breakdown and indicated he would bring that information to the next Board Meeting.

Sullivan then reviewed the projected costs associated with the Pension Fund Office updates, which were estimated to be \$283,000. Based upon that information, Sullivan indicated that an amendment to the 2023 budget for Parkway Center would be needed to move forward with the project. Second Vice President Viera moved to approve a 2023 budget amendment of \$283,000 to renovate the Pension Fund office. The motion was seconded by President Griffin, and it passed unanimously.

Finally, Sullivan presented the proposed 2024 annual budgets for the three buildings. Shavano Center IV is projecting a net loss of \$1.4 million for the year (largely due to the \$1.7 million in tenant improvements for a new, large tenant). Shavano Center III is projecting a net income of \$577,000 for the year, but Mr. Mansfield noted that figure would need to be adjusted to reflect the apportionment of the construction costs between the 2023 and 2024 budget years previously discussed. He stated he would bring a revised 2024 budget to the next meeting. For Parkway Center, the proposed 2024 budget reflected a net loss of \$139,000 for the year. Mr. Mansfield explained that the loss is largely attributable to updates to the building's HVAC system (recommended by Sullivan in association with the lease renewal currently being negotiated), the projected cost of \$450,000 in tenant improvements to finish out the remaining vacant space on the second floor and the anticipated renovations to the Pension Fund Office. It was noted that the costs estimated for the HVAC project contemplated upgrading the system for the entire building, which was not needed at this time. The Corporation directed Sullivan to revise the proposed budget to reflect the HVAC costs associated only with the upgrades needed for the lease renewal. Because the proposed budgets required further refining, the Corporation postponed any action on them until they were finalized and presented at the next meeting.

There being no further business, upon motion duly made by President Griffin, seconded by Second Vice President Viera, the meeting was adjourned at 10:41 a.m.

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Warren Schott, Secretary

APPROVED:

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Shawn Griffin, President