

Lubbock Fire Pension Fund
Wednesday, July 14, 2010
#15 Briercroft Office Park, Lubbock Texas
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, July 14, 2010 at 1:00 P.M.

Members Present

Randy Butcher, Chairman
Steve Exter, Member
Kevin Ivy, Member
Alva Littlejohn, Member
Dub Wade, Member

Members Absent

Jake Browning, Vice-Chairman
Andy Burcham, Secretary/Treasurer

Alva Littlejohn called the meeting to order at 1:05 p.m.

Several agenda items were considered out of order. The minutes reflect the order each item was taken.

1. June 9, 2010 Board Meeting minutes

Kevin Ivy made a motion to approve the minutes from the June 9, 2010 Board meeting. The motion was seconded by Steve Exter and approved by the Board.

2. Presentation and review of 2009 audit by Brent Redford of Robinson Burdette Martin & Seright, L.L.P.

Brent Redford of Robinson Burdette Martin & Seright, L.L.P. presented and reviewed the 2009 audit.

4. Review sales and purchases

The Board reviewed sales and purchases. No Board action was taken.

5. Custodial bank report by Ed Peschke of Frost Bank

- The Fund balance as of July 13, 2010 was \$136,042,587.37.
- Mr. Peschke stated that the Fund had received a wire from CDK in the amount of \$258,000.
- Mr. Peschke stated that the Fund is required to complete Form 8216 yearly and submit it to the IRS in order to claim foreign tax withholding.

6. Consultant presentation by Tim Sharpe of Morgan Stanley Smith Barney

- **Quarterly review**—The Fund performance (IRR) was -5.81% for the quarter and -2.76% for the fiscal YTD.
- **Discussion of non-traditional investments**—Mr. Sharpe recommended that the Board give consideration to bi-directional strategies. After discussion, several members of the Board expressed interest in scheduling a presentation at a future Board meeting.

Randy Butcher entered the meeting at this point.

- **Rebalancing**—Mr. Sharpe recommended a \$2M reduction in the Westwood SMID account.

Those funds are to be allocated the following accounts:

1. \$1M to the Luther King Equity account
2. \$200,000 to the Wentworth Hauser Intl. account
3. \$380,000 to the DBC Commodity account
4. \$200,000 to the DJP Commodity account
5. \$220,000 to the disbursement account to finish rebalancing

Steve Exter made a motion to accept Tim Sharpe's recommendations on the Fund rebalancing. The motion was seconded by Randy Butcher and approved by the Board.

Alva Littlejohn relinquished the Chairman position to Randy Butcher at this point.

3. Service Retirement Applications, Disability Applications, Widow's Benefit Applications, Dependent Child Applications, Contribution Refunds and Benefit Terminations, and QDRO's (Qualified Domestic Relations Order)

Kevin Ivy made a motion to approve service retirement benefits for Gary Combs, who retired on 6/25/2010, in the amount of [REDACTED]. Additionally, Mr. Combs took a partial lump sum in the amount [REDACTED]. The motion was seconded by Alva Littlejohn and approved by the Board.

Kevin Ivy made a motion to approve service retirement benefits for Michael Stroud, who retired on 6/15/2010, in the amount of \$3,059.12 per month. Additionally, Mr. Stroud took a partial lump sum in the amount of \$26,024.48. The motion was seconded by Dub Wade and approved by the Board.

Alva Littlejohn made a motion to terminate benefits for Ronald Smith who passed away 6/6/2010. The \$5,000 death benefit will be paid to Mr. Smith's estate. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to terminate widow's benefits for Myrtle Porter who passed away 6/12/2010. The motion was seconded by Dub Wade and approved by the Board.

Kevin Ivy made a motion to approve a refund of contributions for Wes Richardson in the amount of \$69,683.96. Mr. Richardson terminated employment on 6/6/2010.

7. Administrator's Report:

- Office expenses
- Investments update
- May and June financial worksheets
- The TEXPERS conference will be August 22-24 in San Antonio, Texas. The TLFRA conference will be held September 12-15 in McAllen, Texas.

8. Amendments to current Plan document recommended by Kim Wilkerson of Hund, Krier, Wilkerson & Wright P.C.

Alva Littlejohn made a motion to adopt the amendments to the current Plan document as recommended by Kim Wilkerson. The motion was seconded by Kevin Ivy and approved by the Board.

9. Invoice from Kim Wilkerson of Hund, Krier, Wilkerson & Wright P.C. in the amount of \$675.00 for legal services.

Alva Littlejohn made a motion to approve the invoice from Kim Wilkerson of Hund, Krier, Wilkerson & Wright P.C. in the amount of \$675.00 for legal services. The motion was seconded by Dub Wade and approved by the Board.

10. Appraisals for CDK properties

The Board reviewed discussed obtaining appraisals on the CDK properties. Alva Littlejohn made a motion to have the CDK real estate properties appraised according to the investment policy. The motion was seconded by Steve Exter. After discussion, Kevin Ivy amended the motion to exclude the Riverstone Apartments property from the appraisals pending the sale of the property. The motion was seconded by Steve Exter and approved by the Board.

11. Invoices from Terry Wright of Hund, Krier, Wilkerson & Wright P.C. in the amount of \$2,125.00 for legal services pertaining to CDK-Riverside, LLC

Kevin Ivy made a motion to approve the invoices from Terry Wright of Hund, Krier, Wilkerson & Wright P.C. in the amount of \$2,125.00 for legal services. The motion was seconded by Alva Littlejohn and approved by the Board.

12. Invoice from John Crider in the amount of \$280.00 for actuarial services

Alva Littlejohn made a motion to approve the invoice from John Crider in the amount of \$280.00 for actuarial services. The motion was seconded by Kevin Ivy and approved by the Board.

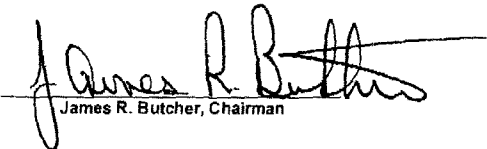
13. Committee reports

- Investment Committee—Alva Littlejohn stated that he and Randy Butcher had spoken with Jack Sadden of Valesco Commerce Street Capital regarding Mezzanine debt-equity capital. They also spoke with Larry Thompson of Larry Thompson & Associates regarding investment management and consulting.

14. Public comment

Randy Butcher informed the Board about SNS Coordinator, Rachel Strickland's Pension eligibility status.

Alva Littlejohn made a motion to adjourn the meeting. The motion was seconded by Kevin Ivy and approved by the Board.


James R. Butcher, Chairman


Andy Burcham, Secretary