

Lubbock Fire Pension Fund
Wednesday, May 12, 2010

#15 Briercroft Office Park, Lubbock Texas

The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, May 12, 2010 at 1:00 P.M.

Members Present

Randy Butcher, Chairman
Jake Browning, Vice-Chairman
Andy Burcham, Secretary/Treasurer
Steve Exter, Member
Kevin Ivy, Member
Alva Littlejohn, Member
Dub Wade, Member

Members Absent

None

Randy Butcher, Chairman, called the meeting to order at 1:00 p.m.

1. April 7, 2010 Board meeting minutes

Alva Littlejohn made a motion to amend the April 7, 2010 Board meeting minutes. Under Item #2, the amended minutes will read as follows:

"Alva Littlejohn made a motion to approve the start of terminated vested benefits for Marty Fanning in the amount of [REDACTED]"

The motion was seconded by Jake Browning and approved by the Board.

Alva Littlejohn made a motion to approve the amended minutes from the April 7, 2010 Board meeting. The motion was seconded by Andy Burcham and approved by the Board.

2. 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 Marlin Hamilton who retired on 4/2/2010 in the amount of \$7,947.79 per month. The motion was seconded by Jake Browning and approved by the Board.

3. Review sales and purchases.

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

4. Custodial bank report by Ed Peschke of Frost Bank

Ed Peschke was unable to attend the Board meeting.

The Fund balance as of 5/5/2010 was \$147,954,171.81.

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

- Quarterly report--Mr. Sharpe stated that the Fund gained 3.22% during the quarter and that investment returns are 29.89% for the past 12 months. During the quarter, Westwood SMID performed the best with a 7.18% return.
- Investment policy--
- Abbey capital--Discussion was postponed until a later date.
- Fund rebalancing--Mr. Sharpe recommended a \$2.3M reduction in the Luther King equity account and a \$480K reduction in the Westwood SMID account.

Those funds are to be allocated to the following accounts:

1. \$2M to the Luther King fixed income account
2. \$126,762 to the Huff Energy account for a capital call
3. \$653,238 to the disbursement account to finish rebalancing

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

6. Presentation by Hund, Krier, Wilkerson & Wright P.C. regarding the review of the proposed amended agreement of CDK-Star Riverside, LLC

Terry Wright of Hund, Krier, Wilkerson & Wright, P.C. has reviewed the proposed amended agreement of CDK-Star Riverside, LLC, but was not present at the meeting.

7. Real estate investments update by Ken Cooley, Brent Kroener, and Denise Cannefax of CDK Realty Advisors

- Village Pointe-- The property is 91% occupied. Red Development has obtained offers on the property and currently is analyzing the details of each offer.
- Keller--Contract negotiations for 2.7 acres with Cook Children's Hospital continue. The current loan has been renewed for one year. The lender required a 15% reduction and one year of interest escrow to renew the loan. A capital call of \$390K was made in late February to cover Lubbock's portion of these costs.
- Star Riverside-- A new partnership agreement between Lubbock and Dallas Police and Fire has been drawn up by legal counsel and been sent out for comments. CDK has met with original architect for the property, and is going forward with preconstruction planning.
- Motor Street--Parkland hospital has completed construction of their office space. The property is 100% leased.
- Riverstone--ARA has received final offers from potential buyers of the property. The anticipated closing date is late July or early August. Year-to-date distributions are \$168K.

Andy Burcham left the meeting at the point.

8. Administrator's Report

- Office expenses
- Investment update
- April financial worksheet

9. Expenses from the TEXPERS conference in Galveston, Texas, April 11-14, 2010 in the amount of \$2,915.86.

Alva Littlejohn made a motion to approve the expenses from the TEXPERS conference in Galveston, Texas, April 11-14, 2010 in the amount of \$2,915.86. The motion was seconded by Jake Browning and approved by the Board.

10. Expenses for Glenn Goldwater from the TEXPERS conference in Galveston, Texas, April 11-14 in the amount of \$917.70 (Per Service and Software License Agreement)

Jake Browning made a motion to approve the expenses for Glenn Goldwater from the TEXPERS Conference in Galveston, Texas, April 11-14, 2010 in the amount of \$917.70. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy left the meeting at this point.

11. Committee reports

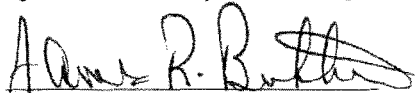
Charter review--No report


Investment Committee--Alva Littlejohn informed the Board that he had spoken with Donna Waiton with Morgan Keegan regarding investment in hedge funds.

12. Public comment

No public comment was made.

Jake Browning made a motion to adjourn the meeting. The motion was seconded by Alva Littlejohn and approved by the Board. The meeting adjourned at 3:05 p.m.


James R. Butcher, Chairman


Andy Burcham, Secretary