

Lubbock Fire Pension Fund
Wednesday, November 10, 2010
#15 Briercroft Office Park, Lubbock Texas
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, November 10, 2010 at 1:00 P.M.

Members Present

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

Members Absent

Steve Exter, Member

Jake Browning, Vice- Chairman, called the meeting to order at 1:05 p.m.

1. October 13, 2010 Board meeting minutes

Kevin Ivy made a motion to approve the minutes from the October 13, 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)

There were no Service Retirement Applications, Disability Applications, Widow's Benefit Applications, Dependent Child Applications, Contribution Refunds and Benefit Terminations, or QDRO's (Qualified Domestic Relations Order)

3. Review sales and purchases

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

Randy Butcher entered the meeting at this point. Jake Browning relinquished the Chairman position to Randy Butcher.

4. Presentation by Ken Cooley and Denise Cannefax of CDK Realty Advisors

– **Property appraisals** –Ken Cooley pointed out that the value is defined as what you could sell the property for. He stated that the biggest problem for appraisers is the lack of comps in the market. Mr. Cooley suggested that the Board not mark down any of the properties unless there is impairment of value.

The real estate properties have the following appraisals:

- a. Motor Street - \$2,304,396, which is \$695,604 below the Fund's investment in this property.
- b. Keller - \$2,019,865, which is \$871,385 below the Fund's investment in this property.
- c. City View-- \$1,329,546, which is \$1,569,665 below the Fund's investment in this property. Mr. Cooley stated that the appraisers used comps within the Austin market as a benchmark. Appraisers were provided with developer plans, but they did not incorporate any of these items in their assumptions.

Ken Cooley stated that CDK will talk with the Fund's auditor about the appraisals and how to book. Tim Sharpe, the Fund's consultant pointed out, and Andy Burcham confirmed that GASB rules typically state that investors book investments at the lower of cost or market value. Using this method, the Fund would mark down the appraised real estate investments by approximately \$3M.

Mr. Cooley discussed a new investment opportunity in Flower Mound that is a master-planned multi-use development. The media household income in the area is \$144K. The project will contain 307 units. The duration of the construction loan will be 5 years. Mr. Cooley recommended that the Lubbock Fund invest \$2M on this project.

No action was taken on this item.

5. Presentation by Porter Montgomery of Westwood Holdings Group

Porter Montgomery stated that the annualized returns since 2005 have been 11.9% which has surpassed the Russell 2500 return of 4.5 %.

6. Administrator's Report

- The Fund balance as of 11/9/2010 was \$148,588,717
- Office expenses
- October financial worksheet

7. Conference call with Seamus O'Donnchadha of Abbey Capital Limited

The Board engaged in a conference call with Seamus O'Donnchadha of Abbey Capital regarding Alternative Investments. No Board action was taken.

Jake Browning left the meeting as this point.

8. Consultant update by Tim Sharpe of Morgan Stanley Smith Barney

Mr. Sharpe overviewed the Abbey Capital product. The Board would need to update the investment policy. The Board expressed interest in amending the investment policy and pursuing an investment in Abbey Capital. These items will be placed on the December agenda. Mr. Sharpe stated that the Board needs to work on a cash flow policy. Currently, monthly benefit payments exceed revenues, so the monthly transfer from the Luther King Equities account to the disbursement account needs to be increased from \$750,000 to \$950,000.

9. Renewal of the Directors and Officers fiduciary insurance policy in the amount of \$13,403.00 and renewal of the office property policy in the amount of \$690.00 with Frost Insurance

Alva Littlejohn made a motion to approve the renewal of the D&O fiduciary insurance policy in the amount of \$13,403.00 and office property policy in the amount of \$690.00. The motion was seconded by Kevin Ivy and approved by the Board.

10. Invoice from Glenn Goldwater in the amount of \$2,100.00 for pension information services

Kevin Ivy made a motion to approve the invoice from Glenn Goldwater in the amount \$2,100.00. The motion was seconded by Alva Littlejohn and approved by the Board.


11. Committee reports

Investment committee--Alva Littlejohn stated that the Pension Review Board will have a meeting on November 17th.

12. Public comment

No public comment was made.

Kevin Ivy made a motion to adjourn the meeting. The motion was seconded by Andy Burcham and approved by the Board. The meeting adjourned at 3:30 p.m.


James R. Butcher, Chairman


Andy Burcham, Secretary