

**Lubbock Fire Pension Fund**  
**Wednesday, October 13, 2010**  
**#15 Briercroft Office Park, Lubbock Texas**  
**The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, October 13, 2010 at 12:30 P.M.**

**Members Present**

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

**Members Absent**

Alva Littlejohn, Member

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

Randy Butcher, Chairman, called the meeting to order at 12:35 p.m.

**6. September 8, 2010 Board Meeting minutes**

Andy Burcham made a motion to approve the minutes from the September 8, 2010 Board meeting. The motion was seconded by Steve Exter and approved by the Board.

**7. 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 cease benefits for Oliver Emery who passed away on 9/8/10. The motion was seconded by Jake Browning and approved by the Board.

Jake Browning made a motion to cease benefits for Frank Jones who passed away on 9/8/10. The motion was seconded by Kevin Ivy and approved by the Board.

**10. Expenses from the TLFRA conference in McAllen, Texas, September 12-15, 2010 in the amount of \$5,516.19.**

Kevin Ivy made a motion to approve the expenses from the TLFRA conference in the amount of \$5,516.19. The motion was seconded by Jake Browning and approved by the Board.

**11. Invoice from Hund, Krier, Wilkerson & Wright, P.C. in the amount of \$150.00.**

Andy Burcham made a motion to approve the invoice from Hund, Krier, Wilkerson & Wright, P.C. in the amount of \$150.00. The motion was seconded by Jake Browning and approved by the Board.

**12. 2011 NCPERS membership renewal in the amount of \$150.00**

Jake Browning made a motion to approve the 2011 NCPERS membership renewal in the amount of \$150.00. The motion was seconded by Kevin Ivy and approved by the Board.

**13. 2011 TEXPERS membership renewal in the amount of \$670.14**

Andy Burcham made a motion to approve the 2011 TEXPERS membership renewal in the amount of \$670.14. The motion was seconded by Kevin Ivy and approved by the Board.

**14. 16th Annual National Pension & Institutional Investor Conference, November 15-16, 2010 in Dallas, Texas**

Andy Burcham made a motion to allow Karla Schmidt, Fund Administrator, to attend the National Pension & Institutional Investor Conference in Dallas. The motion was seconded by Jake Browning and approved by the Board.

**1. Conference call with CB Richard Ellis, featuring Mr. Ethan Penner, President of CBRE Capital Partners**

Mr. Penner addressed the Board regarding an opportunity in alternative investments. He stated that the minimum investment is \$150,000 with a relatively short investment period of 12-18 months. CBRE believes that there is an opportunity to generate attractive risk-adjusted returns by originating new commercial real estate loans and acquiring existing debt from motivated sellers.

Dub Wade entered the meeting during the conference call.

**2. Consultant presentation Tim Sharpe of Morgan Stanley Smith Barney**

- Quarterly review --The Fund performance (IRR) was 7.87% for the quarter and 5.34% for the fiscal YTD.
- Rebalancing-- Mr. Sharpe recommended rebalancing as follows:
  - a. Take \$750,000 from the Luther King Equity account and put it into Luther King Fixed Income
  - b. Take \$250,000 from the Tradewinds account and \$200,000 from the Wentworth Hauser & Violich account and put into the operating account
  - c. Instruct Luther King to not make the \$750,000 transfer to the operating account in October
- Explanation regarding an error that occurred with Morgan Stanley Smith Barney-- Mr. Sharpe read a letter to the Board addressing the error. The letter stated that funds were transferred to the commodities accounts on July 27th. No one at Morgan Stanley Smith Barney was aware that the funds were in the account, and buy orders were not entered. The error was discovered on September 28th. MSSB accepted responsibility for the mistake and immediately made the Lubbock Fire Pension Fund whole. New measures have been taken to ensure that this error is not repeated.

**3. Custodial bank report by Ed Peschke of Frost Bank**

- The Fund balance as of October 12, 2010 was \$142,100,941.07.
- Mr. Peschke stated that he and Mr. Ng are reviewing the managers' fees that the Fund is paying.

**4. Huff Energy Fund**

Bill Huff and Dwight Walker updated the Board on the Fund's investment in the Huff Energy Fund. Additionally, Bill Huff presented a potential investment to the Board.

**5. Update of real estate investments by Ken Cooley, Denise Cannefax, Brent Kroener, and Bill Whitworth**

Ken Cooley, Denise Cannefax, Brent Kroener, and Bill Whitworth updated the Board on CityView Apartments in Austin.

In July, Jones Lang LaSalle was hired to secure construction financing. The new market study was completed in August. Bill Whitworth has received approval on all outstanding issues with the City of Austin. Construction will begin in December.

Ken Cooley will present the real estate appraisals at the November Board meeting.

**8. Review sales and purchases**

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

**9. Administrator's Report:**

- Office expenses
- Karla Schmidt stated that the Fund website is under construction.
- Benefit verification forms have been mailed out to all retirees and are being returned to the office.
- September financial worksheet

**15. Discussion and Action on the conference call with CB Richard Ellis**

The Board discussed the conference call with CB Richard Ellis. No Board action was taken.

**16. Discussion and Action on the consultant presentation by Tim Sharpe of Morgan Stanley Smith Barney**

Kevin Ivy made a motion to accept Tim Sharpe's recommendation for rebalancing as follows:

- a. Take \$750,000 from the Luther King Equity account and put it into Luther King Fixed Income
- b. Take \$250,000 from the Tradewinds account and \$200,000 from the Wentworth Hauser & Violich and put into the operating account
- c. Instruct Luther King to not make the \$750,000 transfer to the operating account in October

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

**17. Discussion and Action on the Huff Energy review and potential investment**

The Board discussed the Huff Energy Fund review and the potential investment presentation by Bill Huff. No Board action was taken.

Andy Burcham left the meeting at this point.

**18. Conduct an executive session pursuant to section 551.074 of the Government Code regarding: a). Employee evaluations, and b). Employee raises and compensation**

The Board entered into executive session at 3:55 p.m.

The Board reconvened into regular session at 4:10 p.m.

**19. Employee evaluations**

Kevin Ivy made a motion to accept the employee evaluations as presented. The motion was seconded by Jake Browning and approved by the Board.

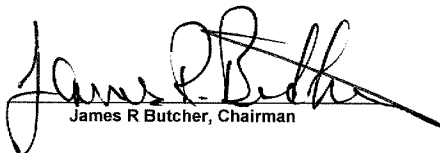
**20. Employee raises and compensation**

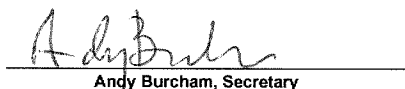
Kevin Ivy made a motion to give the Administrator and the Administrator-Assistant a 3% raise and a 10% bonus based on year-to-date total earnings. The motion was seconded by Steve Exter and approved by the Board.

**21. Public comment**

No public comment was made.

Kevin Ivy made a motion to adjourn the meeting. The motion was seconded by Steve Exter and approved by the Board. The meeting adjourned at 4:20 p.m.

  
James R Butcher, Chairman

  
Andy Burcham, Secretary