

**Lubbock Fire Pension Fund**  
**Wednesday, August 10, 2011**  
**#15 Briercroft Office Park, Lubbock Texas**  
**The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, August 10, 2011 at 1:00 P.M.**

**Members Present**

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

**Members Absent**

Jake Browning, Vice-Chairman

Kevin Ivy called the meeting to order at 1:02 p.m.

**1. July 13, 2011 Board Meeting minutes**

Alva Littlejohn made a motion to approve the minutes from the July 13, 2011 Board meeting. The motion was seconded by Steve Exter 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)**

Alva Littlejohn made a motion to terminate retirement benefits for Eugene Woods who passed away 7/26/2011. The motion was seconded by Andy Burcham and approved by the Board.

**3. Review sales and purchases**

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

**Randy Butcher entered the meeting. Kevin Ivy relinquished the Chairman position to Mr. Butcher.**

**4. Actuarial valuation by John Crider, consulting actuary , and Donna Hamaker, support actuary**

John Crider presented the results of the December 31, 2010 actuarial study. The resulting amortization period is 22.8 years. Mr. Crider reviewed the report, commenting on reasons the amortization period was lower than previously anticipated. Mr. Crider discussed the development of the normal cost, the unfunded actuarial accrued liability and the amortization period. He also discussed the three funding ratios cited in the report. Donna Hamaker presented a summary of the master assumptions used in the study. Andy Burcham asked for an explanation of how salary increases were calculated. Mr. Crider explained the calculation of that assumption. Mr. Crider commented on the ability of the Fund to meet returns relative to the amortization period. Steve Exter commented that a higher assumption on returns tends toward taking higher risks to meet that assumption. Mr. Burcham asked for an explanation of the projection figures on page 26 of the report. Mr. Crider explained the progress from projected 31.5 years for amortization to 22.8 years amortization based on realized differences in the basic assumptions for the study. He also commented on proposed legislation to have the Unfunded Actuarial Accrued Liabilities listed on City financial statements. Mr. Crider closed with an explanation of the membership statements provided and the relevance of 415 Limits on those statements.

**5. Consultant presentation by Tim Ng of Morgan Stanley Smith Barney**

Tim Ng presented the second quarter review. He listed slow GDP growth (1.9%), high unemployment (9%-9.2%), and continued soft housing market as deterrents in the forecast and listed low inflation, and good corporate profits as incentives in the forecast. Mr. Ng stated that the forecast of a positive return by year end had not been revised. He went on to discuss the various sectors of the market, adding that the current volatility was more likely a correction to the bull market rather than the beginnings of a bear market. Similarly, Mr. Ng stated that it was slow recovery to the world economy rather than a double dip recession that the market is experiencing. He went on to discuss the current international markets decline and the "flight to safety" evidenced by the bond market. Mr. Ng then reviewed the performance on all accounts. Alva Littlejohn questioned the performance lag of the international managers below their benchmark. Mr. Ng discussed the selection and the monitoring of current international managers. Steve Exter commented that a performance period of 3-5 years and quartile ranking for the manager were necessary to consider performance. Dub Wade concurred with the 3-5 year period. Steve Exter commented on over diversification by having too many managers. Mr. Ng continued his discussion with general statements as to immediate account balances, closing with a comment that no rebalance was necessary at this time.

**6. Administrator's Report:**

- The Fund balance as of 8/10/2011 was \$146,950,940.56.
- Office expenses
- Investments update
- July financial worksheet
- The Administrator discussed the determination letter status as relayed by the Fund's attorney, Kim Wilkerson.
- The Administrator commented on the progress made on formulation of an updated sample QDRO.

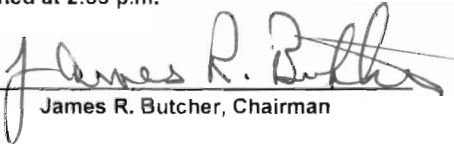
**7. Committee Reports**

No committee reports were given.

**8. 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 2:55 p.m.

  
James R. Butcher, Chairman

  
Andy Burcham, Secretary