

Lubbock Fire Pension Fund
Wednesday, December 14, 2011
#15 Briercroft Office Park, Lubbock Texas
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, December 14, 2011 at 1:00 P.M.

Members Present

Randy Butcher, Chairman
Jake Browning, Vice-Chairman
Steve Exter, Member
Kevin Ivy, Member
Alva Littlejohn, Member
Dub Wade Member

Members Absent

Andy Burcham, Secretary/Treasurer

Randy Butcher, Chairman, called the meeting to order at 1:05 p.m.

1. November 9, 2011 Board meeting minutes

Kevin Ivy made a motion to approve the minutes from the November 9, 2011 Board meeting. The motion was seconded by Alva Littlejohn 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 Dois Rosson's benefit, due to death and to begin Lucille Rosson's spousal benefit. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to terminate Garland Henderson's benefit due to death and to begin Linda Henderson's spousal benefit. The motion was seconded by Alva Littlejohn and approved by the Board.

Kevin Ivy made a motion to approve Andy Favier's Certificate of Vested Benefit. The motion was seconded by Jake Browning and approved by the Board.

Jake Browning made a motion to approve Danny Davis's service retirement benefit. The motion was seconded by Kevin Ivy and approved by the Board.

Alva Littlejohn made a motion to approve Lewis Treadwell's service retirement benefit. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to approve Ted Mclain's service retirement benefit. The motion was seconded by Steve Exter and approved by the Board.

3. Review sales and purchases

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

4. Westwood Holdings Group investment update by Kim Calhoun

Kim Calhoun presented an update on behalf of Westwood Holdings. Ms. Calhoun opened by thanking the Fund for the continued business, adding that later in the update she would like to brief the board on a SMID Cap Plus offering which had been discussed with the Fund's consultants, Tim Sharpe and Tim Ng. Ms. Calhoun quickly recapped that the Fund had invested with Westwood in 2005 in a comingled fund, the SMID Cap Value Fund. Westwood currently has 13 billion in assets under management. The Fund's original investment was 12 million, while the current value is approximately 19 million. Ms. Calhoun gave a general overview of the market, stating that volatility of late had been a reaction to macro concerns. A crisis of confidence over European debt issues and domestic political stagnation had led to a flight to safety which was not necessarily a flight to stability. Ms. Calhoun pointed out that returns for the Fund had been consistently strong compared to the benchmark since 2005. For the month, the return was down 1.3% and 3.7% year to date, both well ahead of the benchmark.

Ms. Calhoun traced the growth of the asset from the original 12 mil investment. She went on to discuss weighting of the portfolio compared to the benchmark, weakness of return based on weighting and gave a brief overview of the upgraded portfolio weighting. Alva Littlejohn expressed a question about the Diamondrock Hospitality Co investment. Ms. Calhoun explained the investment and the relationship of RIETS within the portfolio, adding a comment on the value of consumer staples in the present market. Steve Exter asked if there was a target percentage for cash on hand within the portfolio. Ms. Calhoun affirmed, stating that the cash on hand within the account was close to that target. Ms. Calhoun closed her review, commenting that the SMID Cap Value returns by Westwood were in the 3rd percentile. Ms. Calhoun briefly discussed a SMID Cap Plus strategy which had started last summer when the SMID Cap Value fund closed to new investment. The new product expanded the upper limit of market capitalization from 10 billion to 15 billion resulting in a strategy overlap for increased exposure to the SMIDCap offerings. Alva Littlejohn asked about diversification benefit. Ms. Calhoun declined, commenting that increased exposure was the only benefit. Kevin Ivy asked about minimum funding to the account, to which Ms. Calhoun explained that for existing customers there was no minimum. Mr. Littlejohn asked about reopening the SMID Cap Value account in the event of an economic downturn. Ms. Calhoun commented that the idea had been discussed but since Westwood had never closed a product before, there was not a definitive answer. Ms. Calhoun went on to discuss the Income Opportunity product which acted as a supplement to fixed income components of portfolios. Jake Browning asked about how this product fit into the Funds investment strategy. Ms. Calhoun explained that the product was a mixture of equities and bonds, offerings which generated dividend and interest income. Mr. Browning questioned as to fees for the product, to which Ms. Calhoun responded that fees were similar to our current rate of 90 basis points. She closed with a discussion of correlation of the product based on the components within the product. With no further questions, Ms. Calhoun again thanked the Board for the continued business.

5. Administrator's Report

- The Fund balance as of 12/13/11 was \$149,897,86.44 .
- Office expenses
- November financial worksheet
- Investments update
- The Administrator informed the Board of Glenn Goldwater's diligence in payroll accuracy.
- The Administrator reported retiree verification was complete with 100% of retirees forms accounted for.

6. Engage Globe Tax Services, Inc. for recovery of foreign taxes paid on investments

Alva Littlejohn made a motion to hire Globe Tax Services, Inc. to recover foreign taxes withheld. Kevin Ivy seconded the motion. Steve Exter and Dub Wade discussed practical aspects of foreign taxes withheld on dividends paid on foreign investments relative to the Fund. The Chairman called for a vote and the motion passed. Steve Exter commented on possible charges by Frost for download of information for use in the claims process. The Administrator was instructed to ascertain with Mr. Peschke whether or not that would be the case.

7. Resignation letter from Jake Browning, current Board Vice-Chairman, effective December 31, 2011

The Board accepted Jake Browning's letter of resignation from the Board effective December 31, 2011, thanking him for his time and effort on the Board. Mr. Browning explained the circumstances surrounding his decision for resignation and offered assistance with the 2013 TLFFRA conference.

8. Board interpretation of Plan intent concerning lump sum death benefits for disability retired members

The Administrator briefly recounted discrepancies in retiree file records concerning the administration of the Lump Sum Death Benefit to retirees. The Board discussed the nature of these discrepancies. Alva Littlejohn gave a historical perspective of the intent of the Plan relative to the Lump Sum Death Benefit, summarizing that all retirees were entitled to receive the benefit. Steve Exter interjected that in Department of Labor inquiries, benefits ascribed by a plan were interpreted liberally, it was very hard to validate depriving a recipient of a benefit. Alva Littlejohn made a motion for the Administrator to review the forms on file for the Lump Sum Death Benefit and make the necessary corrections. The Administrator asked about the cash out option for the benefit relative to retirees who were not at the Normal Retirement Age when the application for benefits took place. Mr. Littlejohn amended the motion to read: "The Administrator is to review all forms on file for the Lump Sum Death Benefit and make the necessary corrections taking into account having met the requirement of Normal Retirement Age." Kevin Ivy seconded the amended motion. The Chairman called for a vote and the motion passed. The Board further directed the Administrator to review Plan text specific to retirement year for each retiree in question and ascertain there were no exclusions cited.

9. Amendment to the Plan document as advised by Fund Attorney, Kim Wilkerson, to maintain favorable qualification under the IRS determination letter, dated November 19, 2011.

Dub Wade made a motion that the Board adopt the Amendment to the Plan as advised by the Fund attorney, Kim Wilkerson, to maintain favorable qualification under the the IRS determination letter, dated November 19, 2011. The motion was seconded by Jake Browning and approved by the Board

10. Consider invoice in the amount of \$696 for renewal of the office property insurance policy with Frost Insurance

Jake Browning made a motion to approve payment of the invoice in the amount of \$696 for renewal of the property insurance policy with Frost Insurance. The motion was seconded by Kevin Ivy and approved by the Board.

11. Consider invoice from John Crider, Jr. in the amount of \$280 for actuarial services

Alva Littlejohn made a motion to approve the invoice from John Crider in the amount of the 280. The motion was seconded by Kevin Ivy and approved by the Board.

12. Consider an invoice from Hund, Krier, Wilkerson & Wright, P.C. in the amount of \$125 for legal services

Kevin Ivy made a motion to approve the invoice from Hund, Krier, Wilkerson & Wright, P.C. in the amount of \$125 for legal services. The motion was seconded by Dub Wade and approved by the Board

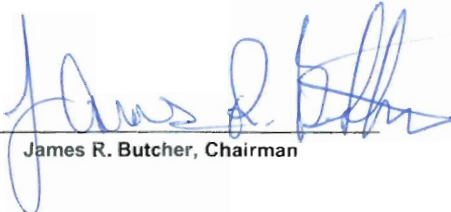
13. Committee reports

Alva Littlejohn reported on the latest PRB meeting, explaining that the PRB had adopted guidelines requiring an amortization period of less than 25 years for benefit enhancement. He continued that the review process for amortization over the 30 year upper limit was amended so that the PRB staff reviewed the specifics of the case before the case went to the board. Mr. Littlejohn also relayed that he had spoken with Mr. Wilkens at the Commissioners Office and was unable to find specific rulings about use of conference calls involving vendors during board meetings.

14. Public comment

No public comment was made.

Kevin Ivy made a motion to adjourn the meeting. The motion was seconded by Alva Littlejohn and approved by the Board. The meeting adjourned at 2:55 p.m.



James R. Butcher, Chairman



Andy Burcham, Secretary