

Lubbock Fire Pension Fund
Wednesday, February 9, 2011
#15 Briercroft Office Park, Lubbock Texas
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, February 9, 2011 at 12:30 P.M.

Members Present

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

Members Absent

None

Randy Butcher, Chairman, called the meeting to order at 12:40 p.m.

1. January 12, 2011 Board meeting minutes

Alva Littlejohn made a motion to approve the January 12, 2011 minutes with the following amendment:

Under item #5, the amended minutes with read as follows: "A QDRO will be paid to Debbie McLaurin in the amount of \$1,600.00 per month."

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

2. Service Retirement Applications, Disability Applications, Widow's Benefit Applications, Dependent Child Applications, Contributions Refunds and Benefit Termination, and QDRO's (Qualified Domestic Relations Order).

Alva Littlejohn made a motion to terminate benefits for Donald Wade Brand who passed away on 1/10/2011. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to approve service retirement benefits for Woody Bilbrey who retired on 1/28/2011 in the amount of \$██████████ and a partial lump sum in the amount ██████████. 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 custodial report was included in the agenda packet. The Fund balance as of February 9, 2011 was \$157,789,846.13.

5. Presentation by John Crider, consulting actuary, and Donna Hamaker, support actuary

John Crider and Donna Hamaker were unable to attend the Board meeting. They will make their presentation at the next Board meeting.

6. Board direction for the December 31, 2010 actuarial valuation

No Board action was taken

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

Mr. Sharpe provided a quarterly and year-end review to the Board.

- **Rebalancing**--Mr. Sharpe recommended a \$2M reduction in the Luther King equities account and a \$270K reduction in the Wentworth Hauser account.

Those funds are to be allocated to the following accounts:

- a. \$1.4M to Luther King fixed income account
- b. \$870K to the disbursement account due to negative cash flows.

Andy Burcham made a motion to rebalance as recommended by Tim Sharpe. The motion was seconded by Jake Browning and approved by the Board.

Mr. Sharpe recommended revising the cash flow policy by directing Luther King to make available \$900K at the beginning of each quarter. Frost Bank will transfer the funds into the operating account.

Alva Littlejohn made a motion to instruct provide Luther King with a letter instructing him to sell securities in order to have the \$900K available at the beginning of each quarter. The motion was seconded by Kevin Ivy and approved by the Board.

- **Discussion and possible action on CB Richard Ellis**--CBRE believes now is the best time to generate attractive risk-adjusted returns by originating new commercial real estate loans and acquiring existing debt from sellers. Investment is led by Ethan Penner and Frank Scavone. The Lubbock Fund could get into the vintage fund by the end of the month. There would be a capital call at the end of the month, totaling 15%.

Jake Browning made a motion to invest in CB Richard Ellis in an amount not to exceed the 8% allocation in real estate less the amount currently invested, or an amount not to exceed \$4 million. The motion was seconded by Alva Littlejohn and approved by the Board.

- **Dan McCulloch with investing in alternative funds**

- **Conference call with Govind Kilambi at 1:30 p.m.**
 - a. Identifying and sourcing managers--real estate, private equity
 - b. Investment due diligence/operational due diligence

The Board was concerned about the selection process of managers. Alva Littlejohn mentioned that when the Fund consultant brings a manager to the Board for consideration, that the Board wishes to be informed about the other manager that were considered, and why the one that the Board is reviewing is being presented and why the others were disqualified.

8. Administrator's Report

- Office expenses
- Investment update
- January financial worksheet

9. Fund Administrator position

The Board discussed the open Fund Administrator position. After discussion, Alva Littlejohn made a motion to hire Jack Watkins as the Fund Administrator and pay Mr. Watkins commensurate with what the current Administrator (Karla Schmidt) is making, which is \$20,000 per year. The motion was seconded by Kevin Ivy. After discussion, Alva Littlejohn amended his original motion to pay Jack Watkins \$25,000. The amended motion was seconded by Kevin Ivy and approved by the Board.

10. Invoice from Jack Watkins in the amount of \$625.00 for computer programming and support services

Kevin Ivy made a motion to approve the invoice from Jack Watkins in the amount of \$625.00 for computer services. The motion was seconded by Jake Browning and approved by the Board.

11. Committee Reports:

- Investment Committee-- Alva Littlejohn informed the Board that he will be attending the Senate Budget Review in Austin.

12. Public comment.

No public comment was made.

Kevin Ivy made a motion to adjourn the meeting. The motion was seconded by Jake Browning and approved by the Board.
The meeting adjourned at 3:40 p.m.


James R. Butcher, Chairman


Andy Burcham, Secretary/Treasurer