

Lubbock Fire Pension Fund
Wednesday, July 13, 2011
#15 Brjercroft Office Park, Lubbock Texas
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, July 13, 2011 at 1:00 P.M.

Members Present

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

Members Absent

Andy Burcham, Secretary/Treasurer
Dub Wade, Member

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

1. June 8, 2011 Board Meeting minutes

Kevin Ivy made a motion to approve the minutes from the June 8, 2011 Board meeting. The motion was seconded by Alva Littlejohn. Kevin Ivy discussed the wording of the motion in item #9 concerning emergency management personnel. After discussion, Alva Littlejohn amended Kevin Ivy's motion to approve the minutes with the following:

Under item #9, the minutes will read, "Alva Littlejohn made a motion to exclude employees of Emergency Management from membership in the Fund, except for employees who are participating members in the system."

The motion was seconded by Jake Browning. Randy Butcher called for a vote and the amendment carried. The minutes with the stated amendment were voted on and approved by the Board.

2. Presentation by Lisa Grinstead of Visit Lubbock in regards to hosting a TLFRA Conference in Lubbock

Lisa Grinstead of Visit Lubbock gave a presentation to the Board. Ms. Grinstead addressed potential hotel accommodations and meeting space at Holiday Inn Hotel and Towers, Memorial Civic Center, and the Overton Hotel and Conference Center. Additionally, Ms. Grinstead offered to schedule a tour of the facilities at the Board's convenience. If the Board decides to bid for the 2013 TLFRA conference, Ms. Grinstead stated that a Visit Lubbock staff member would be available to give a presentation at the 2011 TLFRA Conference in Midland, Texas on September 12th. Visit Lubbock will provide a \$1,500 incentive if the conference is held in Lubbock.

3. 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 approve service retirement benefits for Brad Smith who retired on 6/3/11 in the amount of [REDACTED]. The motion was seconded by Jake Browning and approved by the Board.

Kevin Ivy made a motion to approve service retirement benefits for Marlin Phillips who retired on 6/17/11 in the amount of [REDACTED]. Mr. Phillips will receive a net amount of [REDACTED] per month and a [REDACTED] partial lump sum in the amount of [REDACTED]. A QDRO will be paid to Marcy Tyler in the amount of \$[REDACTED]. The motion was seconded by Jake Browning and approved by the Board.

Alva Littlejohn made a motion to approve the QDRO for Marcy Tyler in the amount of [REDACTED]. The motion was seconded by Kevin Ivy and approved by the Board.

4. Review sales and purchases

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

5. Custodial bank report by Ed Peschke of Frost Bank

- The Fund balance as of July 12, 2011 was \$155,868,584.37.
- Mr. Peschke stated that two wire transfers are scheduled to occur and that the funds are in place.

6. Preliminary actuarial valuation by John Crider, consulting actuary

John Crider stated that the results of the valuation should be considered "preliminary" since final data checks have not been completed. Benefit related input data has been reviewed thoroughly and considered accurate. Asset date and individual benefit progressions have not been checked. Mr. Crider stated that if the final review reveals significant differences from values used in the preliminary report, he will initiate contact.

The principal reason that the amortization period is 24 years as opposed to 77 years as projected in the 2008 valuation is the increase in City contributions of approximately 2%. Had the contribution rate not changed from 20.77% to 22.83% of covered payroll, the amortization period would have been 33 years for this valuation. Other factors shortening the amortization period were: an investment return of 19.4%, and 10.9% for 2009 and 2010 respectively, giving an average return of 15% for the last two years instead of the assumed 8%; actual payroll growth was 4.6% instead of the assumed 4%; addition of 18 firefighters' positions, all which were young, with the potential to pay in for a long period of time before being able to draw a benefit. To a lesser degree, the last valuation engaged the 120% limit on asset market valuation, whereas the limit didn't apply in calculations for this valuation.

Other areas of discussion by board members and Mr. Crider were: assumed rate of return of 7.75% stated by investment consultants, normal cost to the City, and 5-year smoothing effects and progressions. Mr. Crider further discussed priority positions of the various assumptions used in the valuation relative to their effect of the amortization period. Alva Littlejohn added that consistency should be maintained in assumptions in order to maintain the most accurate valuation relative to past valuations.

Mr. Crider discussed the lowering of the Pension Review Board's limit of acceptable amortization period to 25 years, and the August GASB exposure draft calling for the unfunded accrued actuarial liability to be listed on the city's balance sheet as a liability. He stated that he would not approve any benefit increases at this time.

Mr. Crider closed with a proposal to make the final report to the Board and the membership on August 10, 2011.

7. Administrator's Report:

- Office expenses
- Investments update
- June financial worksheet

8. Consider invoice from Glenn Goldwater in the amount of \$2,100 for pension information services

Alva Littlejohn made a motion to approve the invoice from Glenn Goldwater in the amount of \$2,100. The motion was seconded by Steve Exter and approved by the Board.

9. Consider invoice from Robinson Burdette Martin & Seright, L.L.P. in the amount of \$12,750 for the 2010 audit

Kevin Ivy made a motion to approve the invoice from Robinson Burdette Martin & Seright in the amount of \$12,750 for the 2010 audit. The motion was seconded by Alva Littlejohn and approved by the Board.

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

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

11. Committee reports

Alva Littlejohn, Randy Butcher, and Jake Browning discussed the new service engines and "spiking" issues, concluding that benefits from increased contributions far outweigh the potential for spiking from occurrence in the last four years of service. Mr. Crider commented that a recent Attorney General opinion stated that change of criteria for calculating benefits could be unconstitutional under the Pension Protection Amendment.

12. 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 3:10 p.m.


James R. Butcher, Chairman


Andy Burcham, Secretary