

**Lubbock Fire Pension Fund
Wednesday, April 11, 2012
#15 Briercroft Office Park, Lubbock Texas**

The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, April 11, 2012 at 1:00 P.M.

Members Present

**Kevin Ivy, Chairman
Randy Butcher, Vice-Chairman
James Capps, Secretary
Steve Exter, Member
Alva Littlejohn, Member
Dub Wade, Member**

Members Absent

Roger Lindsey, Member

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

1. Resignation letter of City of Lubbock CFO, Andy Burcham

The Board acknowledged the resignation of Andy Burcham as a Board member by reviewing his resignation letter.

2. Certify appointment of City of Lubbock CFO designee to the Lubbock Fire Pension Fund

The Board certified the appointment of James Capps to the Board to serve as the City of Lubbock CFO designee.

3. Give Oath of Office to new Board member

The Oath of Office was given to James Capps.

4. Elect Board Secretary

Alva Littlejohn made a motion to elect James Capps as Board Secretary. The motion was seconded by Steve Exter and approved by the Board.

5. March 14, 2012 Board meeting minutes

Randy Butcher made a motion to approve the March 14, 2012 Board meeting minutes. The motion was seconded by Steve Exter and approved by the Board.

6. 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 Billy Scott's benefit due to death. The motion was seconded by Randy Butcher and approved by the Board.

7. Presentation by Tim Sharpe of Morgan Stanley Smith Barney

Mr. Sharpe introduced John Barber with Cohesive Capital.

- Mr. Barber cited 12 years experience in private equity, 20 years as a banker in bringing small to medium sized companies to public offering.
- Outlined private equity as an equity substitute in portfolios, with the standard 4-5 year pay-in, 4-5 year pay-out, yield 500-1000 BP above public equity
- Reviewed statistics on returns and rankings of previously managed funds
- Better control based on alignment of management team with the investment team, main focus on leveraged buyouts, invested alongside other investors.
- Fund comprised of 15-17 deals, norm is 10% on one deal, 15% limit in one sector.
- Minimum investment \$5 M, fees of 3.5 plus 25 for over 8 incentives. Mr. Sharpe added that the opportunity would be a good strategic fit for realizations from Huff and Goldman Sachs when they start distributions. Mr. Barber discussed specific investments already underway and closed after explaining valuation methods used on the investments.

Mr. Barber left the meeting.

Tim Sharpe discussed the following with the Board:

- CBRE personnel change: fund is over 80% invested, personnel change should not adversely affect the investment. Newly appointed CEO was involved these specific investments from inception. All should still net a 10% annualized return. The Board requested a recommendation at the next Board meeting.
- Tradewinds underperformance and personnel change was detailed. The Board requested a recommendation within the context of asset allocation at the next meeting. Morgan Stanley Smith Barney declined continued membership in TEXPERS based on business interest in service to other than defined benefit plans.
- Mr. Sharpe discussed characteristics of "mature" plans and briefly described possible income-producing strategies for the portfolio, encouraging the Board considerations to be based on needs analysis and asset allocation.

8. Review sales and purchases.

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

9. Administrator's Report

- Asset balance according to a report sent by Ed Peschke at Frost Bank -- \$155,037,205.79
- Office expenses
- March financial worksheet
- Investments update
- Other items: Paperwork requested by the auditor is complete, Globe Tax paperwork has been submitted, newsletter scheduled for next month, Peer Review Training in Austin (April 19-20)

10. Consider expenses from the TEXPERS Conference, March 25-28, 2012, in Corpus Christi, Texas

Alva Littlejohn made a motion to approve the expenses from the TEXPERS Conference in the amount of \$6,497.31. The motion was seconded by Randy Butcher and approved by the Board.

11. Consider expenses for Glenn Goldwater from the TEXPERS Conference, March 25-28, 2012, in Corpus Christi, Texas (Per Service and Software License Agreement)

Alva Littlejohn made a motion to approve the expenses for Glenn Goldwater from the TEXPERS Conference in the amount of \$1,364.70. The motion was seconded by Dub Wade and approved by the Board.

12. Consider invoice from Hund Krier Wilkerson and Wright P.C. in the amount of \$62.50 for legal services

Randy Butcher made a motion to approve the invoice from Hund Krier Wilkerson and Wright P.C. in the amount of \$62.50 for legal services. The motion was seconded by Alva Littlejohn and approved by the Board.

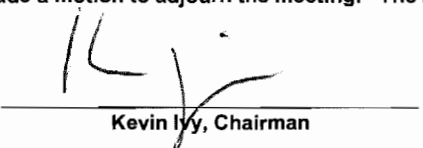
13. Committee Reports

Investment Committee--Several Board members had meetings with firms while at the TEXPERS Conference. Alva Littlejohn, Kevin Ivy, and Roger Lindsey met with David Schwarzenberger (WHV). Alva Littlejohn, Randy Butcher, and Kevin Ivy met with Mary Champion (Champion Capital Research). Mr. Littlejohn reported that the Commissioners Office had sent an amended letter of opinion on use of teleconference during Board meetings. The opinion advised against the practice. Funds other than TLFFRA have had changes made to the statues in order to utilize the practice. Further discussion may occur at Peer Review Training.

14. Public Comment

No public comment was made

Randy Butcher made a motion to adjourn the meeting. The motion was seconded by Alva Littlejohn and approved by the Board. The meeting adjourned at 3:45 p.m.


Kevin Ivy, Chairman


James Capps, Secretary