

**Lubbock Fire Pension Fund**  
**Wednesday, February 8, 2012**  
**#15 Briercroft Office Park, Lubbock Texas**  
**The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, February 8, 2012 at 1:00 P.M.**

**Members Present**

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

**Members Absent**

**None**

**Several agenda items were taken out of order. The minutes reflect the order each item was taken.**

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

**1. January 11, 2012 Board meeting minutes**

Andy Burcham made a motion to approve the January 11, 2012 minutes. The motion was seconded by Randy Butcher and approved by the Board.

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

Alva Littlejohn made a motion to terminate Billy Estep's benefit due to death and to begin Esther Estep's spousal benefit. The motion was seconded by Andy Burcham and approved by the Board.

Randy Butcher made a motion to approve the service retirement benefit for Kelley Reeves. The motion was seconded by Andy Burcham and approved by the Board.

Randy Butcher made a motion to approve the service retirement benefit for Layne Stanford. The motion was seconded by Roger Lindsey and approved by the Board.

Randy Butcher made a motion to approve the QDRO payment for Norma Stanford, contingent on filing of the necessary paperwork. The motion was seconded by Dub Wade and approved by the Board.

Randy Butcher made a motion to approve the service retirement benefit for Buddy Davis. The motion was seconded by Roger Lindsey and approved by the Board.

**3. Review sales and purchases**

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

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

Tim Sharpe thanked the Board for his continued role as consultant as he passed out the quarterly review to the Board members.

– The 4th Quarter was dismal, but the Fund balance was back to \$158 M as of 2/7/12.

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- Equities bounced back during the quarter despite concerns over European debt issues.
- 2012 domestic growth expectations of 1.7% to 2.7% and global 3% to 3.5%
- Returns for the quarter and year were cited and discussed.
- Each manager was reviewed, compared to the appropriate benchmark, and cited if they contributed to any overall performance.
- In response to Board inquiry, Mr. Sharpe discussed underperformance by specific managers reasons, and appropriate steps to take, if needed.
- Mr. Sharpe agreed to bring representatives from Tradewinds Global Investments for an update at the next available meeting.
- Performance review was concluded with a handout on "Equity Strategy" and comments on historical bull market occurrence after recessions.

Mr. Sharpe recommended a \$1M reduction in the Luther King equities account and a \$500K reduction in the Westwood account. Mr. Sharpe recommended moving the \$1.5M to the Luther King Fixed Income account. Alva Littlejohn commented on moving funds out of Westwood's account since that account had been "hard closed" and was not accepting deposits. briefly discussed alternative and suggested dealing with that issue when it arose, adding that it may be time to discuss the strategic direction of the Fund in light of that issue and increasing cash flow deficits.

Randy Butcher made a motion to rebalance as advised by the Fund's consultant. The motion was seconded by Steve Exter and approved by the Board.

Mr. Sharpe exited the meeting.

#### **8. Board interpretation of Definition 1.1 ("Final 48-Month Average Salary") of the Plan document concerning pay periods at termination**

Glenn Goldwater expressed a 20 year perspective on calculating the Service Retirement benefit and asked for direction from the Board to correct programming issues which recently arose. Alva Littlejohn made comments on the development of the definition cited in 1.1. After discussion, the Board concluded that all requirements within the definition must be met for inclusion in the Final 48-month Average Salary" i.e. "completed", "consecutive", and "received compensation".

#### **4. Custodial bank report by Ed Peschke of Frost Bank**

Ed Peschke with Frost Bank gave a custodial bank report:

- The Fund balance was \$156,152,433.51 as of 2/7/12.
- The December 31st Fund balance was also included in the handout: \$149,897,886.44.
- Because benefit payments are increasing, it may be time to revisit cash deficit funding.
- Frost Bank is converting from a national charter to a state charter, the motivator being that it is easier to do business, lowering compliance costs.
- Reconciliation reports are being received by all managers for fees charged.

#### **6. Proposal for the audit of the 2012 financial records by Robinson, Burdette, Martin & Seright, L.L.P.**

Alva Littlejohn made a motion to accept the proposal by Robinson, Burdette, Martin & Seright for the audit of the 2011 financial records. The motion was seconded by Dub Wade. The Board discussed the proposed cost of the audit compared to previous years, as well as benefits of having the same firm conduct that function year after year. After discussion, a vote was called and the motion was approved by the Board.

**7. Approval of the completed 2011 Annual Report for submission to the TLFRA Commissioner's Office**

Andy Burcham made a motion to approve the 2011 Annual Report. The motion was seconded by Alva Littlejohn and approved by the Board.

**9. Administrator's Report**

Jack Watkins delivered his report to the Board:

- Office expenses
- January financial worksheet
- Investment updates
- Other items: Corrected statements were sent to the actives, Peer review training in Austin 4/19 - 4/20, Delegate form for TEXPERS, Corporate resolution for Morgan Stanley Smith Barney

**10. Committee appointments and reports**

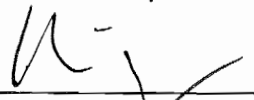
Kevin Ivy appointed Roger Lindsey to replace Jake Browning on the Building Committee. Kevin Ivy, Alva Littlejohn, and Andy Burcham will continue to serve on the Investment Committee. Mr. Ivy dissolved the Charter Committee and Long Range Planning Committees until future need arose.


Alva Littlejohn reported that the Commissioner's Office had received an opinion on the Randy's Butchers Open Meetings request and would be forwarding that opinion.

**11. Public comment.**

No public comment was made.

**Roger Lindsey made a motion to adjourn the meeting. The motion was seconded by Andy Burcham and approved by the Board. The meeting adjourned at 2:50 p.m.**

  
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Kevin Ivy, Chairman

  
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Andy Burcham, Secretary