

Lubbock Fire Pension Fund  
Wednesday, November 14, 2012  
#15 Briercroft Office Park, Lubbock Texas  
The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, November 14, 2012 at 1:00 P.M.

**Members Present**

Kevin Ivy, Chairman  
Randy Butcher, Vice-Chairman  
James Capps, Secretary  
Roger Lindsey, Member  
Alva Littlejohn, Member  
Dub Wade, Member

**Members Absent**

Steve Exter, Member

**Staff Present**

Jack Watkins  
Kayla Burcham

**Contractors Present**

Tim Sharpe (Morgan Stanley Wealth Management)

**Other**

David Springer (Lazard Asset Management)

Kevin Ivy, Chairman, called the meeting to order at 1:00 p.m.

**1. October 10, 2012 Board meeting minutes**

Randy Butcher made a motion to approve the minutes from the October 10, 2012 Board meeting. The motion was seconded by Alva Littlejohn and approved by the Board.

**2. Benefit Applications, Changes and QDROs (Qualified Domestic Relations Order)**

Randy Butcher made a motion to approve a Service Retirement Benefit for Chris Angerer. The motion was seconded by Roger Lindsey and approved by the Board.

**3. Review sales and purchases**

The Board reviewed sales and purchases.

**4. Consultant presentation by Tim Sharpe of Morgan Stanley Wealth Management**

Tim Sharpe thanked the Board for continued business and introduced David Springer with Lazard Asset Management. Mr. Sharpe delivered the quarterly report to the Board pointing out there was a market self-off in the second quarter but the market had rebounded in the third quarter. Current and coming challenges are:

- Quantitative easing by the four main world banks
- Economic slow down in China
- Fiscal cliff anticipation and discussions
- Speculation that the next 6-12 months might be a tough time for the market

Mr. Sharpe reported that the Fund was up 4.63% for the quarter, with commodities holdings as the best performer. Mr. Sharpe continued delivering returns and rankings on each manager.

Goldman Sachs was reviewed and an update was delivered on status of contribution, investments and anticipated returns.

Mr. Sharpe commented that he would deliver an update on Abbey Capital at the next quarterly review.

All accounts were within acceptable range, so no rebalance was recommended.

Mr. Sharpe reviewed progress on the search for an international value manager and turned the presentation over to David Springer of Lazard .

Mr. Springer handed out his presentation and pointed out that Lazard Asset Management

- Midsized firm 135 Billion in assets, 650 employees worldwide
- Two primary businesses: Asset management and financial advisory
- Largest area of growth has been surplus capital in emerging market sovereignties
- Portfolio structure is "bottom up" stock-by-stock, stock driven
- Predictable pattern of return is sought by investing in high quality businesses at reasonable price. Generally better returns in down and mid market conditions.
- Cash flow component of portfolio based on dividend producing stocks

Mr. Springer closed by outlining index composition comparisons and thanked the Board

Kevin Ivy called for a 5 minute break at 2:35 and Mr. Springer left the meeting. At 2:40 p.m., Mr. Ivy called the meeting to order.

Mr. Sharpe reviewed fee structure and contract compliance with the Board for engaging Lazard as an asset manager and answered individual questions from the Board members. After further discussion by the Board, Randy Butcher made a motion to terminate NWQ Tradewinds as an asset manager and engage Lazard Asset Management as a replacement, subject to finalizing successful contract negotiations. The motion was seconded by Roger Lindsey and approved by the Board.

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

Randy Butcher made a motion to approve the invoice from Glenn Goldwater in the amount of \$2,100 for pension information services. The motion was seconded by Roger Lindsey and approved by the Board.

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

Roger Lindsey made a motion to approve the invoice from John Crider in the amount of \$280 for actuarial services. The motion was seconded by Randy Butcher and approved by the Board.

**7. Consider Board expenses to attend TLFRA Legislative Meeting and Sunset Review proceedings November 12-13, 2012 in Austin**

Dub Wade made a motion to approve payment of Board expenses to attend the TLFRA Legislative Meeting and Sunset Review proceedings in the amount of \$561.80. The motion was seconded by Randy Butcher and approved by the Board.

**8. Administrators Report**

- Custodial Bank Balance Report -- \$155,319,940.89
- Office Expenses
- July financial worksheet
- Other Items: Retiree verification update, John Crider proposed valuation schedule, update on Board's request to the City attorney ,  
Globe Tax statements, and TEXPERS Regional Training in Dallas Dec. 7th

**9. Committee reports**

Alva Littlejohn briefed the Board on the TLFRA Legislative Meeting in Austin. Proposed changes in the TLFRA Statute were discussed:

- Residential requirements
- Election of an unopposed Board member
- Book Value to Market Value of administrative expenses limit
- Elimination of Volunteer systems out of the statute

Mr. Littlejohn also recounted the results of the Sunset Review proceedings, saying that the agencies under review were terminated with one added amendment, to allocate funding for the appeals process in pension appeals. He added that requests for reconsideration should be directed at the legislators themselves.

**10. Public Comment**

No public comment was made.

Roger Lindsey made a motion to adjourn the meeting. The motion was seconded by Randy Butcher and approved by the Board.

The meeting adjourned at 3:35 p.m.

  
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Kevin Ivy, Chairman

  
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James Gapps, Secretary