

**Lubbock Fire Pension Fund**  
**Wednesday, August 14, 2013**  
**#15 Briercroft Office Park, Lubbock Texas**  
**The Lubbock Fire Pension Fund met in a Regular Wednesday, August 14, 2013 at 12:00 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

**Staff Present**

Jack Watkins  
Kayla Burcham

**Contractors Present**

John Crider, Jr.  
Donna Hamaker

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 12:00 p.m.

**1. July 10, 2013 Board Meeting minutes**

Alva Littlejohn made a motion to approve the minutes from the July 10, 2013 Board meeting. The motion was seconded by Randy Butcher and approved by the Board.

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

Randy Butcher made a motion to terminate the widow's benefit to Lucille Rosson due to death. The motion was seconded by Alva Littlejohn and approved by the Board.

**3. Review sales and purchases**

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

**6. Presentation by Tim Sharpe with Morgan Stanley Wealth Management**

Mr. Sharpe presented the quarterly review to the Board. He outlined significant market factors, commenting on the Federal Reserve Chairman's statements indicating a relaxing of asset purchases. He then reviewed sector indices within the market, commenting as needed on underlying causes and effects. Mr. Sharpe continued with his presentation by reviewing general Fund performance, followed by performance review for each of the managers and accounts in the portfolio. After handing out a schedule of returns for the various TLFFRA Funds that he serves as consultant to, he reviewed with the Board the impact of tactical allocation and rebalance on the Fund's performance, concluding that previous reports were skewed because of the rebalance resistance of non-liquid assets within the portfolio, specifically private equity and real estate. Removal of those accounts gave results slightly lower than other funds, but comparable. Continuing with performance review, Mr. Sharpe briefly outlined each manager's comparison to their benchmark with additional comments on long term performance and "out of favor" sector effects on underperformance. He presented rebalance recommendations to the Board as outlined in the quarterly report. After discussion by the Board, Randy Butcher made a motion to rebalance down to the top end of the acceptable range for those accounts over target rather than back to the target allocation and distribute the rebalanced funds proportionally to those accounts under target. Mr. Sharpe recalculated the amounts according to the intent of Mr. Butcher's motion and presented them to the Board. The motion was seconded by Alva Littlejohn and approved by the Board. Mr. Sharpe concluded his presentation.

Mr. Sharpe left the meeting at 1:20 p.m.

Kevin Ivy called for a 5 minute break. At 1:25 p.m., the meeting resumed.

**4. Presentation of actuarial valuation as of January 1, 2013 by John Crider, consulting actuary, and Donna Hamaker, supporting actuary**

John Crider and Donna Hamaker presented the final report of the January 1, 2013 Valuation. Along with copies of the report, Mr. Crider distributed copies of recent changes in Government Codes 801 and 802 along with a schematic of Plan funding. Thanking the Board for the opportunity to perform the valuation, Mr. Crider began his presentation by commenting that the valuation resulted in an amortization period of 24.3 years. Continuing, he explained that the purpose of amortizing the actuarial unfunded liability was to spread the cost of the Plan over appropriate generations. He explained the rationale behind the concept, and discussed the effect of new hires on the results of the valuation. He briefly reviewed the assumptions used for the valuations, adding comments on those updated. Turning the presentation over to Ms. Hamaker, she reviewed the active member data used, relative to retirement averages, retirement age, payroll growth, average salary, etc. She commented on return and smoothing calculations and returned the presentation to Mr. Crider.

He compared/contrasted individual and aggregate payroll growth before making more in-depth comments on retirement ages and returns. Continuing through the valuation report with the Board, Mr. Crider outlined trends present in various exhibits within the report and presented cash flow projections for the next two valuations. Mr. Crider closed his presentation with comments on the difference between the liability to continue the Plan and that needed to terminate the Plan, consideration of credit accrual for Plan structure, and the scheduling for the next qualifying determination by the IRS.

**5. Approval of actuarial valuation as of January 1, 2013**

Dub Wade made a motion to approve the January 1, 2013 Valuation as presented by Mr. Crider and Ms. Hamaker. The motion was seconded by Steve Exter and approved by the Board.

**7. Consider expenses from the TEXPERS Conference, August 3-6, 2013, in San Antonio, Texas in the amount of \$5,204.30**

Randy Butcher made a motion to approve the expenses from the TEXPERS Conference in the amount of \$5,024.30. The motion was seconded by Alva Littlejohn and approved by the Board

**8. Consider expenses for Glenn Goldwater from the TEXPERS Conference, August 3-6, 2013, in San Antonio, Texas in the amount of \$1,149.21 (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 \$1,149.21 per service and software license agreement. The motion was seconded by Randy Butcher and approved by the Board

**9. Consider expenses for real estate due diligence trip to Odessa and Midland, Texas, July 30, 2013, in the amount of \$155.38**

Randy Butcher made a motion to approve the expenses for Jack Watkins' and Alva Littlejohn's due diligence trip to Odessa and Midland, Texas in the amount of \$155.38. The motion was seconded by James Capps and approved by the Board.

**10. Administrator's Report**

- Custodial Bank Balance Report- \$172,674,692.72
- Office expenses
- July financial worksheet
- Investments update

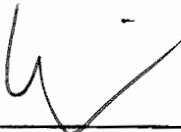
**11. Committee reports**

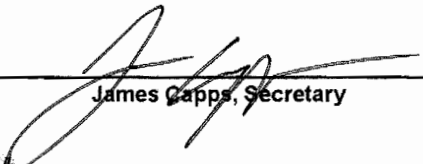
Mr. Littlejohn gave an update on the upcoming TLFFRA Conference. Speakers have been confirmed and hotel and conference space has been secured. The Buddy Holly Center has been identified for reception location, but has not been confirmed. Registration and attendee numbers and amounts were presented.

**12. Public comment**

No public comment was made.

**Alva Littlejohn made a motion to adjourn the meeting. The motion was seconded by Randy Butcher and approved by the Board. The meeting adjourned at 2:45 p.m.**

  
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Kevin Ivy, Chairman

  
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James Capps, Secretary