

**Lubbock Fire Pension Fund
Wednesday, February 13, 2013
#15 Briercroft Office Park, Lubbock Texas**

The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, February 13, 2013 at 1:00 P.M.

Members Present

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

Members Absent

Steve Exter, Member
Dub Wade, Member

Staff Present

Jack Watkins

Public

Glenn Goldwater

Contractors Present

John Crider, Jr.
Donna Hamaker
Tim Sharpe

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

An agenda item was taken out of order. The minutes reflect the order each item was taken.

1. January 9, 2013 Board meeting minutes

Alva Littlejohn made a motion to approve the January 9, 2013 Board meeting minutes. The motion was seconded by Randy Butcher and approved by the Board.

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

Alva Littlejohn made a motion to terminate the service benefit to W.C. Johnson, due to death, and to begin a widow's benefit to Faye Johnson. The motion was seconded by Randy Butcher 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 identified the Fund balance at approximately \$165 million on Friday the 8th and pointed out the potential for a new high for the Fund. Mr. Sharpe handed out the quarterly review booklets to the Board as he announced the Fund's return for 2012 was 8.44%.

- Easing by all major monetary systems was not enough to stop decline in equities.
- In the 4th Quarter, Dow Jones was down 1.7%, S&P fell 0.4%, and NASDAQ declined 3.1%.
- In spite of the results for the quarter, the year was good for equities.
- Returns for the quarter were cited and discussed.

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- Each manager was reviewed , compared to the benchmark and cited if they contributed to any overall underperformance.
- Fixed income was identified as the largest contributor to underperformance. Mr. Sharpe was directed by the Board to bring a more in depth discussion of alternatives at the next review.
- Mr. Sharpe updated the Board on the Abbey Capital account, relaying information received from communication with the account manager. Present market conditions generally result in similar returns for that particular type of investment.
- The consultant then gave an update on the Goldman Sachs investment, giving specifics on the investments made within the account and expectations of the account managers.
- Mr. Sharpe gave a summary of the recently terminated Tradewinds account.

Mr. Sharpe then presented recommendations for account rebalance. After discussion by the Board, Randy Butcher made a motion to rebalance according the recommendations presented by the consultant. The motion was seconded by Roger Lindsey and approved by the Board. Mr. Sharpe thanked the Board and left the meeting.

Kevin Ivy called for a 5 minute break. Mr. Ivy called the meeting back to order at 2:40 p.m.

4. Presentation by John M. Crider, Jr., Consulting Actuary and Donna Hamaker, Support Actuary

Mr. Crider made a presentation to the Board, clarifying the upcoming actuarial valuation.

- Assumptions are strictly long-term and do not change the impact of the contributions, earnings, and benefits paid out by the Fund.
- Amortization period from the last valuations was 22.8 years. It must be under 25 years for benefits to increase. Large losses from 2008 will still impact the 5 year smoothing process for this valuation.
- Time line identified: Preliminary presentation July 10th meeting, final presentation to be made at the August 14th meeting.
- Salary increase assumption assigned at 3.5% (2008 was 4%, 2010 was 3.75%)
- City contribution rate identified at 23.02%, assumed return to remain at 8%
- 5 year cash flow to be done, same as last valuation
- Because of 2008 losses, amortization period expected to rise significantly
- Changes in GASB reports according to newly adopted standards were discussed

Mr. Crider expressed that the only significant change for this valuation would be updating the mortality tables and identifying the date of the valuation as January 1, 2013, rather than December 31, 2012 as in the past. There being no further questions or discussion , Mr. Crider concluded his presentation. Ms. Hamaker left the meeting.

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

Alva Littlejohn made a motion to accept the proposal as written for audit of financial statements by Robinson, Burdette, Martin and Seright, L.L.P. The motion was seconded by Randy Butcher and approved by the Board.

7. Approval of the completed 2012 Annual Report for submission to the TLFRA Commissioner's Office

Randy Butcher made a motion to approve the Annual Report as presented. The motion was seconded by Roger Lindsey and approved by the Board.

8. Administrator's Report

The Administrator delivered his report to the Board:

- Custodial Bank Balance Report- \$166,396,005.52
- Office expenses
- January financial worksheet
- Investment updates
- TEXPERS RSVPs were identified for the upcoming conference in March

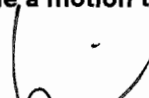
9. Committee reports

Alva Littlejohn reported that there would likely be a legislative meeting during the upcoming TEXPERS conference to discuss the Sunset proceedings for the Fire Fighters' Pension Commissioner Office and potential TLFRA statutes changes.


10. Public comment.

No public comment was made.

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



Kevin Ivy, Chairman



James Capps, Secretary