

**Lubbock Fire Pension Fund**  
**Wednesday, April 8, 2015**  
**#15 Briercroft Office Park, Lubbock Texas**  
**The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, April 8, 2015 at 11:00 A.M.**

**Members Present**

Roger Lindsey, Chairman  
Kevin Ivy, Vice-Chairman  
Linda Cuellar, Secretary  
Randy Butcher, Member  
Steve Exter, Member  
Alva Littlejohn, Member  
Dub Wade, Member

**Members Absent**

None

**Staff Present**

Jack Watkins  
Kayla Burcham

**Contractors Present**

Tim Sharpe (Morgan Stanley Wealth Management)  
David Ainsworth (Blackstone)  
Dwight Walker (Huff Energy)  
Rick D'Angelo (Huff Energy)

Roger Lindsey, Chairman, called the meeting to order at 11:00 a.m.

**1. March 10, 2015 and March 11, 2015 Board meeting minutes**

Randy Butcher made a motion to approve the March 10, 2015 and March 11, 2015 Board meeting minutes. The motion was seconded by Alva Littlejohn and approved by the Board.

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

Alva Littlejohn made a motion to terminate Robert Barley's retirement benefit, due to death, and to approve a spousal benefit for Lois Diane Barley. The motion was seconded by Randy Butcher and approved by the Board.

**3 Review sales and purchases**

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

**4 Consultant presentation by Tim Sharpe with Morgan Stanley Wealth Management**

Tim Sharpe with Morgan Stanley Wealth Management presented the results of a comparative review of several other TLFFRA Funds served by Mr. Sharpe, relative to performance results for the year ending December 31, 2014, and how the Fund ranked in that review. He gave details of asset allocation variations within the group as well as investment opportunities taken and not. He discussed in general terms opportunities considered and/or presented to the Board and requested input as to scheduling and format. After questions, Mr. Sharpe deferred to Mr. Ainsworth to make his presentation.

David Ainsworth, with Blackstone, handed out materials and began his presentation by giving a history of the fund represented by the BRIEF opportunity. He reviewed events of the Savings and Loan Crisis of 1991, leading to the founding of the fund, and described how subsequent events changed the business model under which the investment team operated. He discussed the types of real estate bonds and investments held, as well as leverage, equity, and holding periods. He touched on the opportunities revealed in the 2008 crisis and discussed hedging strategies utilized on commercial mortgage backed loans.

**Steve Exter entered the meeting at 11:30 a.m.**

Mr. Ainsworth reviewed geographical locations on investments, as well as pricing and competition in these particular markets. He compared and contrasted commercial backed loans and residential loans, and discussed credit risk involved. After discussing fees and the structure of involvement in the investment in the product, Mr. Ainsworth answered questions, clarified involvement details and closed his presentation.

**5. Board action on presentation by David Ainsworth of Blackstone**

After discussion of the investment by the Board, Kevin Ivy made a motion to invest \$10,000,000.00 in the Blackstone Real Estate Income Fund (BRIEF), to be funded from current fixed income account holdings managed by Luther King Capital Management. The motion was seconded by Alva Littlejohn and approved by the Board.

**The Chairman returned the floor to Mr. Sharpe to continue his presentation. (Agenda Item #4)**

Tim Sharpe resumed his presentation with comments on WHV performance and the March 31, 2015 meeting with Mr. Hirayama. He advised market cycle considerations when interpreting "no growth" performance data.

**Roger Lindsey called for a lunch break at 12:25 p.m.**

**Tim Sharpe and David Ainsworth left the meeting.**

**The meeting reconvened at 12:55 p.m.**

**6. Portfolio review by Dwight Walker and Rick D'Angelo of Huff Energy**

Dwight Walker and Rick D'Angelo, with Huff Energy introduced themselves and gave brief backgrounds as to experience and longevity with the firm. Mr. D'Angelo gave a quick overview of the highlights contained in the presentation and then reviewed the development and investment strategy of the firm.

**Randy Butcher left the meeting at 1:05 p.m.**

Mr. D'Angelo traced oil production and reserves over the last several years and reviewed the four active portfolio companies. "Additional upside to current value" concepts were explained, leading into a review of the key fund investments. Mr. D'Angelo reviewed portfolio activities and holding in the Western Gulf Basin, Permian Basin, and the Midland Basin. After bringing the Board up to date on the case of litigation against the firm, Mr. D'Angelo closed his presentation after answering questions and discussing potential exit strategy timelines on the investments and market effects on that timeline.

**Dwight Walker and Rick D'Angelo left the meeting at 2:05 p.m.**

**Roger Lindsey called for a 5 minute break.**

**The meeting resumed at 2:10 p.m.**

**7. Discussion and Action on proposal by Champion Capital Research for independent assessment of current Lubbock Fire Pension Investment Policy and Asset Allocation**

Alva Littlejohn reviewed with the Board, the presentation made by Mary Campion with Champion Capital Research at the March 30, 2015 meeting.

Mr. Littlejohn briefly explained the concepts of portfolio monitoring relative to peer groups and fiduciary assessment of investment policy and investments. After discussion by the Board of fees and services available, Alva Littlejohn made a motion to table the item until the June Board meeting. The motion was seconded by Kevin Ivy and approved by the Board.

**8 Consider expenses from the TEXPERS Conference, March 29 - April 1, 2015 in Austin, Texas**

Steve Exter made a motion to approve the expenses from the TEXPERS conference in the amount of \$4,530.46. The motion was seconded by Kevin Ivy and approved by the Board.

**9 Consider expenses for Glenn Goldwater from the TEXPERS Conference, March 29 - April 1, 2015 in Austin, 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 \$1,412.41. The motion was seconded by Steve Exter and approved by the Board.

**10. Administrator's Report**

- Custodial bank balance report: \$186,713,001.21
- Office expenses
- March financial worksheet
- Investments update

**11. Committee reports**


Investment Committee – Alva Littlejohn reported that he had visited with several fixed income managers while at the TEXPERS Conference.  
Building Committee – Roger Lindsey gave an update on correspondence with a local construction company about building an office building with rental space for the Fund.

**12. Public comment**

No public comment was made.

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

  
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Roger Lindsey, Chairman

  
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Linda Cuellar, Secretary