

**Lubbock Fire Pension Fund
Wednesday, January 14, 2015
#15 Briercroft Office Park, Lubbock Texas**

The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, January 14, 2015 at 1:00 P.M.

Members Present

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

Members Absent

Steve Exter, Member

Staff Present

Jack Watkins
Kayla Burcham

Contractors Present

Luther King
Paul Greenwell
Vince Melashenko
Tim Sharpe
David Ainsworth

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 1:00 p.m.

1. Election of Board officers

Randy Butcher made a motion to nominate Roger Lindsey to serve as Chairman. The motion was seconded by Alva Littlejohn. Roger Lindsey was elected to serve as Chairman.

Randy Butcher made a motion to nominate Kevin Ivy to serve as Vice-Chairman. The motion was seconded by Alva Littlejohn. Kevin Ivy was elected to serve as Vice-Chairman.

Alva Littlejohn made a motion to nominate Linda Cuellar as Secretary. The motion was seconded by Randy Butcher. Linda Cuellar was elected to serve as Secretary.

2. December 10, 2014 Board meeting minutes

Alva Littlejohn made a motion to approve the minutes from the December 10, 2014 Board meeting. The motion was seconded by Kevin Ivy and approved by the Board.

5. Presentation of portfolio review by Luther King, Paul Greenwell, and Vince Melashenko of Luther King Capital Management

Luther King, Paul Greenwell and Vince Melashenko presented a portfolio review to the Board. After passing out the presentation, Mr. King opened the discussion with comments about his visit to Lubbock to meet with the Board in 1970. He briefly apprised the Board about the conditions of the firm: stable client base, good referrals, and no staff changes. Mr. King then reflected on the market environment of 2014, indicating anticipation of 2015 being very similar. He commented on current oil pricing and offered interpretation of the effect on market pricing due to "trickle down" effect and corporate profits. Mr. King also offered an opinion that the lower pricing would not spike back up to levels before the decrease. He summarized the current business environment as very somber. Mr. Melashenko interjected comments on international demand for U.S. fixed income indicative of relative stability. Mr. King closed his comments and asked Mr. Greenwell to review the portfolio. Mr. Greenwell presented the review, covering the material provided page by page for the Board. He reviewed both equities and fixed income portfolios, presenting holdings, performance and sales and purchases for the year. Mr. Greenwell completed the review, thanking the Board for their continued confidence in the firm.

**The Chairman called for a 10 minute break.
Mr. King, Mr. Greenwell and Mr. Melashenko left the meeting.
The meeting reconvened at 2:10 p.m.**

6. Consultant presentation by Tim Sharpe with Morgan Stanley Wealth Management

Mr. Sharpe opened his presentation with comments on the total Fund return for 2014 and explained that the market rally evidenced in the last quarter was specific to select tech stocks. After asking approval to move ahead because of flight considerations, Mr. Sharpe introduced David Ainsworth.

Mr. Ainsworth opened his presentation with statistics on his firm. Blackstone is a publically traded company, with over \$300 billion under management and 700 employees. He quickly gave an overview of the business model the firm operates under and gave background on start up and key persons. Mr. Ainsworth then explained the Tactical Opportunites Fund II investment to the Board, giving performance and other relevant data for the first fund. He explained the investment process used and the structure of the resulting portfolio, using the handout material where needed for clarification. He outlined time line, fees and distribution for the investment. Mr. Ainsworth closed his presentation after answering questions by the Board.

7. Board action on presentation by David Ainsworth of Blackstone

After discussion by the Board, Alva Littlejohn made a motion to invest \$5M in the Blackstone Tactical Opportunites Fund II, contingent on approval of a side letter confirming statutorily required conditions. The motion was seconded by Kevin Ivy and approved by the Board.

Mr. Ainsworth left the meeting at 3:20 p.m.

The Chairman returned the floor to Mr. Sharpe to continue his presentation. (Agenda Item #6)

Mr. Sharpe resumed his review, covering performance data for all the accounts and collectively for the Fund. He commented on positive and negative contributions to performance by the different alternatives held in the portfolio. After discussing underperformance by the individual accounts with the portfolio, Mr. Sharpe made recommendations to the Board to liquidate commodities stock holdings.

Acting on the recommendation by Mr. Sharpe, Randy Butcher made a motion to liquidate holdings of the DJ Commodities ETF and reallocate the proceeds to the Abbey Capital account. The motion was seconded by Alva Littlejohn and approved by the Board.

Mr. Sharpe commented that rebalance would be reconsidered at the next quarterly review considering the changes directed by the Board. He closed his presentation by recounting directives given by the Board.

**The Chairman called for a 5 minute break.
Mr. Sharpe left the meeting.
The meeting reconvened at 3:45 p.m.**

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

Alva Littlejohn made a motion to approve service benefits for Ross Alexander, Bret Austin, Richard Barnett, Read Fowler, Mark Hampton, Roger Jeffcoat, and Alan Tidmore as presented by the schedule provided by the Administrator. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to terminate Gale Goldwater's benefit , due to death, and to approve a spousal benefit for Carole Goldwater. The motion was seconded by Randy Butcher and approved by the Board.

4. Review sales and purchases.

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

8. Administrators Report

- Custodial Bank Balance Report- \$182,396.505.15
- Office expenses
- December financial worksheet
- Investments update

9. Committee reports

Alva Littlejohn made comments on the recent change of the Director for the PRB and briefed the Board on required Trustee CE standards expected to be adopted by the PRB.

Roger Lindsey and Kevin Ivy reported on building committee progress.


10. Public comment

No public comment was made.

Randy Butcher made a motion to adjourn the meeting. The motion was seconded by Alva Littlejohn and approved by the Board. The meeting adjourned at 4:15 p.m.



Roger Lindsey, Chairman



Linda Cuellar, Secretary