

**Lubbock Fire Pension Fund  
Wednesday, February 8, 2017  
4223 85th Street, Lubbock, Texas**

**The Lubbock Fire Pension Fund met in a Regular Meeting on Wednesday, February 8, 2017, at 1:00 P.M.**

**Members Present**

Randy Butcher, Chairman  
Kevin Ivy, Vice-Chairman  
Kevin Rule, Secretary  
Randy Lammons, Member  
Alva Littlejohn, Member

**Members Absent**

Steve Exter, Member  
Dub Wade, Member

**Staff Present**

Jack Watkins  
Kayla Burcham

**Contractors Present**

Tim Sharpe  
Jim Stoker  
Mark Simone  
Ken Cooley  
Jon Donahue  
Glenn Goldwater

Randy Butcher, Chairman, called the meeting to order at 1:00 p.m.

Several agenda items were taken out of order. The minutes reflect the order each item was taken.

**4. Presentation by Ken Cooley, Jon Donahue, and Bridgid Seay with Harvest Interests**

Ken Cooley opened his presentation, commenting that the issues with Dallas Police and Fire had been resolved. The lawsuits were dismissed and a settlement agreement was executed on Friday, February 3rd. He offered that there may be press coverage associated with that process but it should be minimal. Mr. Cooley continued, outlining the schedule for finalizing the name change of the firm and the associated investment funds. Mr. Cooley began portfolio review by summarizing each of the current projects in the portfolio, their progress schedules and highlighted aspects of each project that might be presenting special challenges, along with corrective steps. Mr. Donahue added comments as prompted. An analysis of the Medical District Drive was jointly presented with options outlined for liquidation and for project retention. Lease considerations, cash flow, and neighboring property stabilization were discussed relative to effect on both options. Mr. Cooley closed his review, and presented an investment opportunity in retail development. He discussed the partnership structure, as well as the management specific to the project and presented metrics proving favorable to the development. Two distinct scenarios for participation in the investment were offered. Pros and cons of participating as an individual partner or thru investment in the existing Strategic Partners fund were outlined. Mr. Cooley briefly reviewed the existing projects in that investment pool and outlined the benefits of accessing the opportunity through that investment structure. After stating the specifics of closing, Mr. Cooley closed his presentation, thanking the Board.

**At 2:10 p.m., Randy Butcher called for a 5 minute break.**

**Ken Cooley and Jon Donahue left the meeting.**

**The meeting reconvened at 2:15. p.m.**

**6. Consultant presentation by Tim Sharpe and Mark Simone with Morgan Stanley Wealth Management**

Tim Sharpe quickly presented the 2016 4th Quarter performance review to the Board, touching on general market trends and projections, and then discussing each investment within the portfolio. He identified benchmarks and made comparative analysis. Explaining a need to allow sufficient time for investment opportunity presentation, Tim Sharpe diverted from the review and introduced the firm Ares Capital, relaying the presentation to Mark Simone. Mr. Simone expanded and elaborated on the firm disclosing management and tenure, operational structure, principal business foci, and assets currently managed. He reviewed handout materials, highlighting pertinent information where necessary. Continuing, Mr. Simone explained that banks vacating the mezzanine financing space because of tightening regulatory constraints had revealed a growing opportunity for investment in that space. He discussed the specifics of the investment focused on second lien, mezzanine, and other high yield private debt opportunities.

Competition in the space as well as invested partners, cash flows, distributions and frequency, liquidity aspects, and companies utilizing that form of debt were summarized. Closing details, historic return data on similar investment funds, and exit fee structure for borrowers ensuring predictable loan duration were discussed. Mr. Simone quickly closed his portion of the presentation and returned the lead to Mr. Sharpe.

**At 3:05 p.m. Mark Simone left the meeting.**

Mr. Sharpe entertained questions and comments from the Board on the investment opportunity, then continued with his performance review, discussing asset allocations, international investments, emerging markets and areas of expected growth within general sectors. Mr. Stokers interjected comments and answered questions as approached. After discussion of the upcoming TEXPERS conference, Mr. Sharpe closed his presentation.

**At 3:40 p.m., Randy Butcher called for a 5 minute break  
Tim Sharpe and Jim Stoker left the meeting.  
The meeting reconvened at 3:45 p.m.**

**1. January 11, 2017 Board meeting minutes**

Kevin Ivy made a motion to approve the minutes from the January 11, 2017 Board meeting. 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 the Service Retirement of Dan Reid, due to death, and to approve a Widow's benefit for Linda Reid. The motion was seconded by Kevin Ivy and approved by the Board.

Kevin Ivy made a motion to approve a Return of Contribution for Hunter Neel. The motion was seconded by Alva Littlejohn and approved by the Board.

Kevin Ivy made a motion to approve a Return of Contributions for Matt Fischer. The motion was seconded by Kevin Lammons and approved by the Board.

**3. Review sales and purchases**

The Board reviewed sales and purchases.

**5. Discussion and Action on investment opportunities with Harvest Interests**

The Board discussed the investment opportunity as presented by Ken Cooley. No action was taken.

The Board discussed the disposition of the Medical District drive investment. No action was taken. The Administrator was instructed to inform Mr. Cooley that the investment was to remain intact with continued monitoring for a favorable disposition.

**7. Discussion and Action on investment opportunities with Morgan Stanley Wealth Management**

The Board discussed the investment opportunity as presented by the Consultant. No action was taken.

**8. Consider updated contract with Glenn Goldwater for pension information services**

Kevin Ivy made a motion to execute the updated contract with Glenn Goldwater for pension information services. The motion was seconded by Alva Littlejohn and approved by the Board.

9. **Consider invoice from Hund, Krier, Wilkerson & Wright in the amount of \$711.00 for legal services**

Kevin Ivy made a motion to approve payment of the invoice from Hund, Krier, Wilkerson & Wright in the amount of \$711.00 for legal services. The motion was seconded by Randy Lammons and approved by the Board.

10. **Administrator's Report**

- Custodial Bank Report-- \$178,021,882.23
- Office expenses
- January financial worksheet
- Investments updates

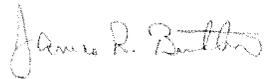
11. **Committee reports**

There were no committee reports.

12. **Public comment**

No public comment was made.

**Randy Lammons made a motion to adjourn. The motion was seconded by Kevin Ivy and approved by the Board.**



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Randy Butcher, Chairman



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Kevin Rule, Secretary