

Lubbock Fire

Est.  
1937



Pension Fund

# Lubbock Fire Pension Fund

4223 85<sup>th</sup> Street

Lubbock, Texas 79423

806-762-1590



Office Hours: Monday, Wednesday, Friday 9:00 a.m. -12:00 p.m.

Jack Watkins, Administrator Kayla Burcham, Administrator-Assistant

<http://lubbockfirepensionfund.com/>

## Board/Pension News

The City of Lubbock hired a new Chief Financial Officer in August, Mr. Blu Kostelich. As is his option, he chose to serve on the Board of Trustees personally rather than be represented by an appointee. He was sworn in at the September 13<sup>th</sup> meeting, replacing Kevin Rule. Mr. Kostelich is originally from Denver City, so he is no stranger to the area. He comes to the City from the City of Bridgeport. His background and experience should prove to be an immediate asset to the Board! If you have a need to come by the office for changes or updates, be mindful of our new location. We're east of Quaker on 85<sup>th</sup> Street. It is much easier to access than the old office.

### Current Board

- Randy Butcher (Chairman)
- Kevin Ivy (Vice Chairman)
- Randy Lammons (Elected Active FF)
- Blu Kostelich (City CFO)
- Steve Exter (Mayor's Appointee)
- Alva Littlejohn (Elected Civilian)
- Dub Wade (Elected Civilian)

### Remembering Retirees Who Have Passed

- May 2017  
James Vaughn  
Christine Smith (Widow of Norvin Smith)
- July 2017  
Jay Watson

Keep their family and friends in your thoughts and prayers

### Congratulations to New Retirees

- June 2017  
Courtney Crowley (Vested Terminated)  
Pete Dzuik
- July 2017  
Steve Setliff
- Sept 2017  
Steve Yocham
- Oct 2017  
Robert Loveless

## Markets/Investments/Actuarial Study

As we head into the fourth quarter of 2017, market conditions seem more promising than the past several years. Fund performance for 2017 is already above our assumed rate of return, but any market correction between now and the end of the year could significantly impact the end of the year reports.

The actuary delivered the final report to the Board at the October meeting. The amortization period for actuarially accrued liabilities rose to 33.5 years from 27.6 years. That is greater than what the Pension Review Board guidelines consider acceptable, but not sufficient to require submission of a formal plan for correction. Poor performance by the investments was cited as the reason for the increase. It is critical that 2017 and 2018 returns be sufficient to bring that number back within PRB guidelines. Poor returns for 2014 (.46%) and 2015 (-2.78%) along with a weak return for 2016 (5.24%) all provide for a challenging basis to start the next valuation in two years.

The Board, under the advice of the Consultant has adopted a more conservative strategy of investment, consisting of a mix of passive and active management. With this change came significant fund and manager reallocation and replacement. The Board Trustees have been very mindful of the returns cited in the above paragraph and took an appropriate course of corrective action.

Since the office move in January, the office has similarly experienced a lot of change. Succession planning is a concern. An intern administrator was hired in August to begin the training process for eventual succession in office staff.

## Department News

Lubbock Fire Rescue maintains a TIFMAS (Texas Intrastate Fire Mutual Aid System) unit that was paid for by a grant. The truck was dispatched to the Houston area during the hurricane with 15-20 LFR members manning the unit during its service there.

New hires for January are expected to number 10-12 to fill for past and anticipated retirements. The new Emergency Operations Center, under construction behind Admin, should open 1Q2018. The 2018 budget calls for a new Quint for St. #2 and a new engine (destination to be determined).

**As of October 11, Lubbock Fire Pension Fund assets totaled \$190,483,044**  
At year end 2016, that amount was \$172,756,973.

Lubbock Fire Pension Fund  
4223 85<sup>th</sup> Street  
Lubbock TX 79423

October 13, 2017

Beneficiary  
Beneficiary Address  
City, State Zip Code

### **CITY OF LUBBOCK INSURANCE CHANGES**

For those of you that retained City insurance when you retired:

**PRE-65** Retirees and spouses/dependents, changes are effective January 1, 2018. Premiums are increasing, as well as co-pays, deductibles, etc. Out of network expenses no longer allowed; Exclusive Providers only. Be sure to return the HIPPA (yellow) and the Acknowledgement (grey/purple?) forms to HR.

**Post-65** Retirees and spouses/dependents

Medicare-eligible members, your participation in City insurance is terminating.

1. In lieu of City health and dental insurance, Each Medicare eligible participant will receive a tax free stipend administered through a Health Reimbursement Account (HRA). BCBS will provide claims administration on the HRA's.
2. A BCBS Marketplace is provided as an avenue for you to secure other coverage.
3. In the future, as retirees and/or their spouses/dependents reach Medicare eligibility this will apply to them

Call the numbers (City HR/Benefits) in the packet for answers to your questions.

Lubbock Fire Pension Fund Office Staff