

**MINUTES OF THE REGULAR MEETING OF THE
OKLAHOMA POLICE PENSION AND RETIREMENT BOARD
Board Room
1001 N.W. 63rd Street, Suite 305
Oklahoma City, Oklahoma 73116**

DECEMBER 18, 2013

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Jim Keesee at approximately 9:00 a.m. on Wednesday, December 18, 2013, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce, and Tim Foley

OTHERS: Steven K. Snyder, Executive Director; Darcie Gordon, Administrative Officer; Christina Hirschman, Executive Legal Assistant; Deric Berousek, Chief Financial Officer; Sean Ruark, Pension Administration Officer; George Tarlas, Asset Consulting Group; Mike Widell and Melvin Mungai. State of Oklahoma Office of Management and Enterprise Services.

MEMBERS ABSENT: Susan Knight, Brandy Manek, and Ryan Perkins

* * * * *

Note Susan Knight arrived at approximately 9:04 a.m. and Brandy Manek arrived at approximately 9:15 a.m.

* * * * *

APPROVAL OF MINUTES OF BOARD MEETING HELD NOVEMBER 20, 2013

Motion by Tom Custer and second by Craig Akard to approve the Minutes of the Regular Board Meeting held November 20, 2013. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Susan Knight, Brandy Manek and Ryan Perkins. Motion Carried.

* * * * *

HEARING: CASE NO. OPPRB 13-04, APPLICATION FOR DISABILITY BENEFIT IN LINE OF DUTY FOR LEIGH ANN UPTON, TULSA

Ms. Upton was not present but was available by conference call. She was not represented by legal counsel. Mr. Steven Snyder introduced the following exhibits into the record:

- Exhibit #1 Notice of Hearing, dated December 10, 2013
- Exhibit #2 Application for Disability Benefit In Line of Duty, dated July 9, 2013
- Exhibit #3 Official Oklahoma Traffic Collision Report, dated April 14, 2009 (7 pages)
- Exhibit #4 Letter from City of Tulsa, dated June 20, 2013 -
- Exhibit #5 Medical Report from Dr. William Gillock, - dated September 20, 2013 (10 pages)

Motion by Tony Davenport and second by Tom Custer to go into Executive Session (at approximately 9:29 am). Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

Motion by Tony Davenport and second by Craig Akard to go back into Open Session (at approximately 9:32 am). Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

Motion by Tony Davenport and second by Craig Akard to award Ms. Leigh Ann Upton a disability benefit in line of duty based on an impairment of 28% to the whole person which equates to 50% of the normal disability retirement. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

DISMISSAL OF HEARING: CASE NO. OPRB 13-05, IN THE MATTER OF IVAN R. ORNDORFF, SR.

Ms. Snyder advised the board that the case had been heard in the Tulsa County District Court. On December 6, 2013, Judge Damon Cantrell had entered an Agreed Journal Entry of Judgment. Paula Young Orndorff gave up all rights and claims to the Oklahoma Police Pension and Retirement System benefits and pension on behalf of the decedent Ivan Randall Orndorff Sr.. It also stated that Jeanette Kay Orndorff is the lawful wife and widow of the decedent Ivan Randall Orndorff Sr.

Motion by Tony Davenport and second by W.B. Smith to dismiss OPRB 13-05, In the Matter of Ivan R. Orndorff, Sr., per Agreed Journal Entry of Judgment. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

CONSIDERATION AND VOTE, SUBJECT TO BOARD’S EXCEPTION, ON THE FOLLOWING APPLICATIONS

a. Application for Participation:

<u>Name</u>	<u>City</u>
Derrell L. Sanders	Anadarko
Christopher R. Haywood	Cushing
Jason A. Priest	Enid
Anthony M. Porter	Frederick
Randy L. Ramming	Lindsay
William A. Bright	Nowata
Alfred R. Bell	Owasso
Robert R. Barton	Shawnee
Larry D. Lane, Jr.	Tahlequah
Brady A. Schmiedeberg	Bethany
Zachery L. Fore	Guthrie
Richard N. Bedford	McAlester
Justin G. Dodson	Poteau

James W. Miller Purcell

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Holly Atkinson	Duncan
Cary M. Breeze	Duncan
Trenton Keasler	Elk City
Sam J. Remis	Henryetta
Kacy Wallace	Lamont
Gregory D. Munholland	McAlester
Cody Fassett	Norman
Saul Cimet	Oklahoma City
Andrea Fox	Oklahoma City
Darrel Armstrong	Sawyer
Stephen Campbell	Anadarko
Jeffrey D. Poteet	Lindsay

c. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Terry V. Gillock, Jr.	El Reno	01/01/2014

d. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Glynn Moore, II	Ponca City	12/01/2013

e. Application for Participation in the Oklahoma Police Deferred Option Plan Under the Back Drop Provision:

<u>Name</u>	<u>City</u>	<u>DOP Eff. Date</u>	<u>Service Pension Eff. Date</u>
Steven N. Roberts	Altus	01/01/2013	02/01/2014
Freddy Brown	Mustang	01/01/2009	01/01/2014
Rocky J. Davis	Skiatook	01/01/2009	01/01/2014
Robert G. Loyd	Purcell	11/01/2012	01/01/2014
Tina Kennemer	Tulsa	01/01/2009	01/01/2014

f. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Jack R. Jenks	Bethany	05/04/2017

g. Death Benefit:

<u>Name</u>	<u>City</u>
Karen R. Cook, widow of Jack W. Cook	Claremore
Jeanette Kay Orndorff, widow of Ivan R. Orndorff	Tulsa
Barbara S. Dale, widow of Patrick A. Dale	Miami
Karel N. Goodenough, widow of Johnny R. Goodenough	Tulsa

h. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Karen R. Cook, widow of Jack W. Cook	Claremore
Jeanette Kay Orndorff, widow of Ivan R. Orndorff	Tulsa
Barbara S. Dale, widow of Patrick A. Dale	Miami
Karel N. Goodenough, widow of Johnny R. Goodenough	Tulsa

j. Application for Monies Due the Estate from the System:

<u>Name</u>	<u>City</u>
Glen R. Byrd, Personal Rep. of Audrey M. Byrd	Chickasha

k. Termination of Benefit:

<u>Name</u>	<u>City</u>
Audrey M. Byrd	Chickasha

Motion by Craig Akard and second by Tom Custer for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits and the Addendum Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

BRUCE K. GIBBS, STILLWATER – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE ADA POLICE DEPARTMENT FROM 08/23/1984 TO 09/05/1986. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by W.B. Smith and second by Tony Davenport to approve request to buy back prior service while employed with the Ada Police Department from 08/23/1984 – 09/05/1986. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

REVIEW OF BOARD REPORTS

The Account #6000, Fund 20000 (operating expenses), report is attached as Exhibit "A"; the Account #8557A, Fund Expenditures (receipts and disbursements), report for November 2013 is attached as Exhibit "B"; the Broker Commission Report is attached as Exhibit "C"; and the report for the Statement of Total Fund is attached as Exhibit "D."

* * * * *

ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED NOVEMBER 30, 2013 AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Pulos reviewed the ASAP report for the month ended November 30, 2013, a copy of which is attached as Exhibit “E”. As of November 30, 2013, the total Fund was approximately \$2,114,158,000.00. The one-year return net of fees for the total Fund is 15.48%.

* * * * *

DISCUSSION AND POSSIBLE VOTE ON SELECTION OF HEDGE FUND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Tarlas reviewed the GLSEF Direct Portfolio (Class B) Action Plan a copy of which is attached as Exhibit “F”. He recommended the board make a \$7.5 million investment in Sheffield Intl Ltd.

Motion by W.B. Smith and second by Tony Davenport to commit \$7.5 million to Sheffield Intl. Ltd.. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

REVIEW OF INVESTMENT POLICY GUIDELINES. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Tarlas reviewed the Statement of Investment Policy Objectives and Guidelines, a copy of which is attached as Exhibit “G”. He stated the changes that had been made were to broaden the Real Assets and Small/Mid Cap allocations to include the current allocations. Additionally, the other change was related to the 60% of all trades directed to brokerage firms. Cortina has some resistance to this as it is currently written. The recommended change asks the manager to use directed brokerage on best execution basis.

Mr. Tarlas also reviewed Oklahoma Police Pension and Retirement Fund Investment Policy - Appendix A, a copy of which is attached as Exhibit “H”. Mr. Tarlas explained the only change was one sentence relating to using an Index Fund as a place holder for additional funds. It states the expectations in an Index Fund are to meet the risk/reward of the benchmark. The change was due in part to excess money that would be left out of the William Blair account as Cortina can only take \$50 million of it and there is approximately \$100 million with William Blair.

Motion by W.B. Smith and second by Tom Custer to adopt the Investment Policy Guidelines. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

CONSIDERATION AND VOTE TO HIRE MELLON RUSSELL 2000 GROWTH FUND TO MANAGE THE EXCESS ALLOCATION FROM THE CURRENT SMALL CAP GROWTH PORTFOLIO. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Tarlas reviewed the Russell 2000 Growth Index Option, a copy of which is attached as Exhibit “I”. Mr. Tarlas stated this was the fund where the balance of the William Blair Fund would be placed, which is approximately \$50 million.

Motion by Tony Davenport and second by Craig Akard to hire Mellon Russell 2000 Growth Fund to manage the excess allocation from the current Small Cap Growth Portfolio. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

DISCUSSION OF RETAINING SECURITIES TRANSITION MANAGER RELATED TO THE SMALL CAP GROWTH MANAGER LIQUIDATION. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Tarlas advised the board that ACG had contacted BNY Mellon in regards to using them as a Securities Transition Manager and received a favorable proposal. Mr. Tarlas advised that they would coordinate the liquidation from William Blair and the funding of Cortina and the Russell 2000.

Motion by Craig Akard and second by W.B. Smith to hire BNY Mellon as Securities Transition Manager related to the Small Cap Growth Manager Liquidation. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

DISCUSSION OF POSSIBLE AMENDMENTS TO THE ADMINISTRATIVE RULES PROMULGATED BY THE OKLAHOMA POLICE PENSION AND RETIREMENT BOARD. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Steven Snyder presented the board with five proposed rule changes; 550:1-7-1, 550:1-7-4, 550:1-7-6, 550:15-1-2 and 550:20-1-2. A copy of which is attached as, Exhibit "J".

Motion by W.B. Smith and second by Tony Davenport to approve the amendments to the Administrative Rules. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Susan Knight, Brandy Manek, Andy McPherson, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Ryan Perkins. Motion Carried.

* * * * *

LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. 8703-VCL, IN RE DOLE FOOD COMPANY, INC. (STATE OF DELAWARE COURT OF CHANCERY)CASE NO. 1:12-CV-00276, IN RE CAREER EDUCATION CORPORATION (UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS); CASE NO. 5:12-CV-00195-KKC, IN RE TEMPUR-PEDIC INTERNATIONAL, INC (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF KENTUCKY); CASE NO. 1:11-CV-08066-JGK, IN RE OPPRS V. U.S. BANK NATIONAL ASSOCIATION, (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); AND TO DISCUSS OTHER POTENTIAL LITIGATION WITH LEGAL COUNSEL PURSUANT TO 25 O.S. § 307(B)(4) IN THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE BODY TO CONDUCT A PENDING PROCEEDING IN THE PUBLIC INTEREST

Mr. Steven Snyder advised the board that no Executive Session was necessary, also that all the lawsuits were still pending and there had been no change in status. Mr. Snyder did notify the board that the Proof of Claim has been filed in the Career Education Corporation case and we are currently awaiting pay-out.

* * * * *

NEW BUSINESS

No new business

* * * * *

BOARD MEMBERS' REPORTS

No board members reports

* * * * *

DISCUSSION OF SEMINARS/CONFERENCES. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY

Mr. Snyder advised the board that NCPERS would be held in San Antonio, TX, April 27 – May 1, 2014 and IFEBP would be in Boston, MA in October 2014.

* * * * *

DIRECTOR'S REPORT

Mr. Snyder reported that the OPPRS Newsletter was at the printers and would hopefully be in mailboxes by Christmas.

* * * * *

The meeting was adjourned at approximately 10:40 p.m.

* * * * *

Notice of this meeting was filed with the Secretary of State and the agenda for the meeting was posted in compliance with the Open Meeting Act.

RESPECTFULLY SUBMITTED BY DARCI GORDON, ADMINISTRATIVE OFFICER.