

**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**

February 16, 2011

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman W. B. Smith at approximately 9:00 a.m. on Wednesday, February 16, 2011, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone.

OTHERS: Steven K. Snyder, Executive Director; Marla Hensley, Administrative Officer; Darcie Gordon, Administrative Assistant; Nan J. Patton, Legal Advisor; George Tarlas, Asset Consulting Group.

MEMBERS ABSENT: Tony Davenport, Susan Knight, Jim McGoodwin, and Andy McPherson.

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APPROVAL OF MINUTES OF BOARD MEETING HELD JANUARY 19, 2011.

Mr. Cealka asked that the word "retired" be added to his comment made on Board Members Reports. The correction should read: "Mr. Cealka stated that he had several reports from retired members of the Tulsa Police Department regarding unpaid health insurance bills. The situation has been remedied."

Motion by Charles Kerr and second by Jeff Cealka to approve the Minutes of the Regular Board Meeting held January 19, 2011, as corrected. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: Tony Davenport, Susan Knight, Jim McGoodwin, and Andy McPherson. Motion Carried.

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

a. Application for Participation:

<u>Name</u>	<u>City</u>
Tabitha A. Caserta	Altus
Rodney A. Hawkins	Altus
Ethel E. Woods	Altus
Clifton R. Johnson	Bartlesville
Robert M. Johnson	Bartlesville
James F. Brown	Chandler
Richard T. Beaty	Checotah
Jeremy Barnett	Coweta

David A. Ward	Davis
Gary R. Carter	Dewey
Timothy K. Badke	Elk City
Joel E. Pierce	Elk City
Matthew W. Sherwood	Eufaula
William D. Lackey	Guymon
Bellan N. Gornick	Lindsay
Bryan S. Janz	Marlow
Stephen N. Brown	Muskogee
Jarad R. Forbes	Muskogee
Bradlee M. Odom	Muskogee
Nichole L. Usko	Muskogee
Edward W. Stephens	Nowata
Jonathon D. Cotner	Sand Springs
James M. Stacy	Sand Springs
Shane L. Mustard	Spencer
Christopher A. Hawkins	Spencer
Manuel A. Tarin-Hernandez	Spencer
Jeremy A. Rager	Stillwater
Jeremy R. Traylor	Tishomingo
Jacob W. Pool	Weatherford

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
David A. Dickerson	Altus
David M. Bell	Ardmore
Timothy J. Farlow	Broken Arrow
Brad Beesley	Checotah
Timothy Gibson	El Reno
Todd Anthony	Marlow
Kattie S. Moore	Marlow
Ronald J. Skeen	Muskogee
Daniel Bean	Tulsa

c. 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>
Patrick W. Calhoun	Tulsa	02/01/2007	02/01/2011
Ross Ford	Tulsa	02/01/2006	02/01/2011

d. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Joseph S. McMahon	Oklahoma City	04/01/2011
Scott Stutzman	Moore	03/01/2011
Thomas C. Hawkins	Muskogee	03/01/2011

e. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Gary S. Shields	Muskogee	03/01/2011
Gary M. Carter	Oklahoma City	02/01/2011

f. Application for Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Richard D. Bercher	Edmond	04/01/2011

g. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Jason M. Maddox	Chickasha	11/06/2027

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

<u>Name</u>	<u>City</u>
Karin A. Whitfield, Surviving Heir of Mary J. Hamilton	Claremore
Shelia J. Peir, Personal Rep. of George W. Hicks	Vinita

i. Death Benefit:

<u>Name</u>	<u>City</u>
Geraldine McBride, widow of Robert McBride	Blackwell
Wilma J. Henderson, widow of Lloyd E. Henderson	Enid
Leona F. Smith, widow of Louie G. Smith	Shawnee
Shelia J. Pier, Personal Rep. of George W. Hicks	Vinita

j. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Geraldine McBride, widow of Robert McBride	Blackwell
Wilma J. Henderson, widow of Lloyd E. Henderson	Enid
Leona F. Smith, widow of Louie G. Smith	Shawnee

k. Termination of Benefit:

<u>Name</u>	<u>City</u>
Mary J. Hamilton	Claremore
George W. Hicks	Tulsa

Motion by Charles Kerr and second by Jeff Cealka for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Tony Davenport, Susan Knight, Jim McGoodwin, and Andy McPherson. Motion Carried.

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DAVID D. LYONS - REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE MUSKOGEE POLICE DEPARTMENT FROM 01/16/1991 TO 06/24/1991. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Jim Keesee for approval of request to buy back prior service while employed with the Muskogee Police Department from 01/16/1991 to 06/24/1991. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Tony Davenport, Susan Knight, Jim McGoodwin, and Andy McPherson. Motion Carried.

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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 January 2011 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."

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*** Note: Tony Davenport arrived at 9:08 am and Susan Knight arrived at 9:30 am.

ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED JANUARY 31, 2011; QUARTERLY REPORT FOR QUARTER ENDED DECEMBER 31, 2010; YEAR END REVIEW 2010; AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Tarlas reviewed a handout entitled "2010 Year in Review," a copy of which is attached as Exhibit "E." Subjects covered in the handout include the global economy, broad asset class performance, global equities, global fixed income, and real assets.

Mr. Tarlas also reviewed with the Board the quarterly report for period ending December 31, 2010, which is attached as Exhibit "F."

Mr. Tarlas briefly reviewed the ASAP report for the month ended January 31, 2011, a copy of which is attached as Exhibit "G." As of January 31, 2011, the total Fund was approximately \$1,756,592,000.00. The one-year return net of fees for the total Fund is 14.54%.

Mr. Tarlas requested that an agenda item be added to next month's meeting for a review of portfolio re-balancing and specific recommendations as to new commitments for 2011.

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REVIEW OF BILLS INTRODUCED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE WHICH WOULD IMPACT THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM AND/OR OTHER STATE RETIREMENT SYSTEMS.

Mr. Snyder briefly updated the Board on the current status of bills introduced in the legislature that would impact the Oklahoma Police Pension and Retirement System or other State retirement systems. He discussed the following bills: HB 1221, HB 1558, HB 1656, HB 2057, HB 2132, SB 0074, SB 0119, SB 0290, SB 0291, SB 0347, SB 0577, SB 0787, SB 0891, and SJR 0017.

Mr. Snyder also mentioned several legislative committee meetings that have been scheduled for the coming week.

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REVIEW AND DISCUSS DRAFT OF PROPOSED AMENDMENTS TO THE SYSTEM'S ADMINISTRATIVE RULES. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

No discussion.

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LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. 07-MD-1898 (TCP) IN RE AMERICAN HOME MORTGAGE SECURITIES LITIGATION (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF NEW YORK); CASE NO. 08-CV-22572-COOKE-BANDSTRA, IN RE BANKUNITED FINANCIAL CORPORATION (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF FLORIDA); CASE NO. 2:10-CV-02013 OPPRS ET AL VS. BP, PLC (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF LOUISIANA); CASE NO. 2:10-CV-01061-NBF-RCM, IN RE EDUCATION MANAGEMENT CORPORATION (UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF PENNSYLVANIA); CASE NO. 1:10-CV-990-LPS IN RE WILMINGTON TRUST CORPORATION (UNITED STATES DISTRICT COURT, DISTRICT OF DELEWARE); 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.

PROPOSED EXECUTIVE SESSON, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS AND DETERMINE WHETHER TO AUTHORIZE THE EXECUTIVE DIRECTOR TO INITIATE LEGAL ACTION AGAINST CUSTODIAN BANK REGARDING FX TRADING AND SECURITIES LENDING BREACH OF FIDUCIARY DUTY 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.

Judge Patton recommended that the Board go into Executive Session pursuant to 25 O.S. § 307(B)(4).

Motion by Tony Davenport and second by Craig Akard that the Board go into Executive Session to discuss litigation matters as recommended by Judge Patton (at approximately 9:50 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim McGoodwin and Andy McPherson. Motion Carried.

Motion by Tony Davenport and second by Jim Keesee that the Board go back into Open Session (at approximately 10:00 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim McGoodwin and Andy McPherson. Motion Carried.

No board action necessary regarding Securities Litigation.

Motion by Jim Keesee and second by Charles Kerr to authorize the Executive Director to initiate legal action against custodian bank regarding FX trading and securities lending breach of fiduciary duty. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim McGoodwin and Andy McPherson. Motion Carried.

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NEW BUSINESS

No new business was discussed.

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BOARD MEMBERS' REPORTS

Mr. Scott stated that the Director's Letter has been mailed regarding how to obtain a nomination petition. Election process is underway for Districts 3 and 6.

Mr. Scott also stated that he is planning to have a training session for Oklahoma City police officers, furnishing information regarding pension options.

Mr. Keesee stated that he has heard rumors that HB 1221 would affect those members who are not vested. Mr. Snyder said that it will affect only new hires after November 1, 2011.

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

NCPERS annual conference will be held in Miami, FL, May 22-26, 2011.

Mr. Scott will be attending the second part of CAPP's in San Antonio, March 5-6, 2011.

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DIRECTOR'S REPORT

Oklahoma Pension Commission meeting is scheduled for February 22, 2011, at 10:00 am. Mr. Snyder stated that he would update when he has a location.

The Investment Managers Dinner will be April 20, 2011.

Mr. Snyder reminded the board members that the March meeting date was changed to March 23, 2011.

A Chief Financial Officer has been hired by the System, Chris Pembroke, who will be starting work on February 17, 2011.

Mr. Snyder stated that he has not received any notification from the new Director of the Office of State Finance regarding maintaining Jim McGoodwin as his designation on the Board.

Mr. Snyder also stated that the Governor will not be making an appointment to the Board until July.

A letter was received from Insurance Commissioner John Doak naming Frank Stone as his designee to the Board.

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At approximately 10:25 am, Chairman Smith adjourned the meeting.

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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 MARLA HENSLEY, ADMINISTRATIVE OFFICER.