

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

**FEBRUARY 15, 2012**

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Charles Kerr at approximately 9:00 a.m. on Wednesday, February 15, 2012, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Preston Doerflinger, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone.

OTHERS: Steven K. Snyder, Executive Director; Andrea Houston, Administrative Officer; Darcie Gordon, Administrative Assistant; Nan J. Patton, Legal Advisor; George Tarlas, Asset Consulting Group; Ashley VanDeburgh, City of Weatherford; Pat Hall, Chesapeake Energy; and Ford Price, Price Edwards & Company.

MEMBERS ABSENT: Jim Keesee and Susan Knight

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\*\*\*Note\*\*\* Susan Knight arrived at approximately 9:05 a.m.

**APPROVAL OF MINUTES OF BOARD MEETING HELD JANUARY 18, 2012**

Motion by Craig Akard and second by Jeff Cealka to approve the Minutes of the Regular Board Meeting held January 18, 2012. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Preston Doerflinger, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Jim Keesee and Susan Knight. Motion Carried.

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**APPROVAL OF CORRECTED MINUTES OF BOARD MEETING HELD DECEMBER 21, 2011**

Motion by Tony Davenport and second by Randy Scott to approve the Corrected Minutes of the Board Meeting held December 21, 2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Preston Doerflinger, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Jim Keesee and Susan Knight. Motion Carried.

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**HEARING - BOARD TO CONSIDER WRITTEN COMMENTS AND HEAR PUBLIC COMMENTS REGARDING PROPOSED AMENDMENTS TO THE FOLLOWIING PERMANENT RULES:**

TITLE 550: OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

CHAPTER 1. ADMINISTRATIVE OPERATIONS  
Subchapter 5. Petition Procedures  
550:1-5-2 [AMENDED]

CHAPTER 1. ADMINISTRATIVE OPERATIONS  
Subchapter 7. Collections and Disbursements  
550:1-7-2.1 [AMENDED]

Mr. Snyder advised the Board that the system has not received any requests to make public comments nor has the System received any written comments.

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**DISCUSS PROPOSED AMENDMENTS TO PERMANENT RULES LISTED IN AGENDA ITEM 4**

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**CONSIDERATION AND VOTE ON WHETHER TO ADOPT THE PROPOSED AMENDMENTS TO PERMANENT RULES LISTED IN AGENDA ITEM 4 AS PRESENTED OR AS MAY BE REVISED AFTER PUBLIC HEARING AND DISCUSSION**

A copy of the proposed amendments for Chapter 1; Administrative Operations is attached as Exhibit "A"

Motion by Frank Stone and second by Randy Scott to adopt the proposed amendments to OAC 550, Chapter 1. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Preston Doerflinger, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Jim Keesee and Susan Knight. Motion Carried

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**PROPOSED CONTINUATION, IF REQUIRED, OF THE RULEMAKING PROCESS CONTAINED IN AGENDA ITEMS 4, 5, AND 6**

Due to no action taken on the previous agenda items, this agenda item was not necessary.

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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>
Donald J. Long	Ardmore
Derek J. Hunt	Chickasha
Steven G. Lanier	Chickasha
Austin L. Overturff	Chickasha
Shaun D. Holmes	Claremore

Jordan D. Keesler	Claremore
John R. Field	Drumright
Johnny L. Johnston	Elk City
Miles D. Keene	Eufaula
Timothy M. Carr	Haskell
Smokey L. Patchin	Henryetta
Buddy D. Townes, Jr.	Henryetta
Nicholas G. Dees	Idabel
Kevin J. Storey	Idabel
Cameron D. Arthur	Jenks
Johnny L. Porter	Mannford
Matthew D. Cline	Nicoma Park
Brandon A. VanVleck	Okmulgee
Matthew D. Ellis	Sallisaw
Darren C. Briley	Shawnee
Jeremiah P. Johnson	Stillwater
Newly R. McSpadden	Stillwater
Megan L. Pfeiffer-Wells	Stillwater
Kristen B. Johnson	Tonkawa
Kendal A. Bradshaw	Claremore
Casab E. Vang	Claremore
Zachary T. Chael	Enid
Samantha D. Chenausky	Enid
Matthew R. Pringle	Enid
Thomas C. Rhyne	Enid
Bryan D. Robison	Nowata
Timothy S. Harkrider	Okmulgee
Johnny J. Adams, Jr.	Skiatook
Danny L. Aytes	Woodward

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
Brian C. Almberg	Ardmore
Stacy C. Neafus	Bartlesville
Sonya J. Worthington	Bartlesville
Eric L. Gambill	Mangum
William Toothman	Nowata
Danny W. Rawls	Pauls Valley
Chad W. Greenwood	Sayre
Jerrold D. Mixon	Atoka
Kent L. Annis	Cushing
Jose J. Puentes, Jr.	Frederick
Shawn Culver	Hugo
Dee Gregory	Lindsay
Brian A. Kinney	Nowata
Christopher A. Garrett	Oklahoma City
Aaron J. Folsom	Yukon

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>
Juan F. Ayala	Lawton	03/01/2009	03/01/2012
Richard S. Worley	Oklahoma City	11/01/2010	02/01/2012
Brenda Weeks, widow of Mitchell D. Weeks	McAlester	02/01/2007	02/01/2012
Larry T. Peterson	Oklahoma City	03/01/2007	03/01/2012

d. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
James E. Withrow	Harrah	12/01/2021
Rocky D. Pinson	Drumright	09/11/2015

e. Death Benefit:

<u>Name</u>	<u>City</u>
Deborah J. McCumber, widow of Stafford McCumber	Oklahoma City
Brenda Weeks, widow of Mitchell D. Weeks	McAlester
Martha Garrison, widow of Elzy Garrison	Oklahoma City

f. Application for Monies Due the Estate from the System

<u>Name</u>	<u>City</u>
C.A. Kastner, Personal Rep, of Ruth M. Nation	Altus

g. Continuation of Benefit

<u>Name</u>	<u>City</u>
Deborah J. McCumber, widow of Stafford McCumber	Oklahoma City
Brenda Weeks, widow of Mitchell D. Weeks	McAlester
Martha Garrison, widow of Elzy Garrison	Oklahoma City

h. Termination of Benefit

<u>Name</u>	<u>City</u>
Ruth M. Nation	Altus

i. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Glynn Moore, II	Ponca City	03/01/2012

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

**NATHAN MELLEN, BARTLESVILLE – REQUEST TO PURCHASE PARTIAL AMOUNT OF TRANSFERRED CREDITED SERVICE FROM THE OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM FOR THE PERIOD OF 09/11/06 TO 11/11/08; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Mr. Snyder advised the board that Mr. Mellon was only purchasing 3/4 of a year's time back.

Motion by Tony Davenport and second by Jeff Cealka to approve request to purchase partial amount of transferred credited service from the Oklahoma Firefighters Pension & Retirement System for the period of 9/11/06 – 11/11/08. Ayes: Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Preston Doerflinger, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Jim Keesee, Craig Akard. Motion Carried.

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**REVIEW OF BOARD REPORTS**

The Account #6000, Fund 20000 (operating expenses), report is attached as Exhibit "B"; the Account #8557A, Fund Expenditures (receipts and disbursements), report for January 2012 is attached as Exhibit "C"; the Broker Commission Report is attached as Exhibit "D"; and the report for the Statement of Total Fund is attached as Exhibit "E."

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**ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED JANUARY 31, 2012, QUARTERLY REPORT FOR QUARTER ENDED DECEMBER 31, 2011, YEAR END REVIEW 2011; AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Mr. Tarlas briefly reviewed the 2011 Year End Review, a copy of which is attached as Exhibit "F". Mr. Tarlas discussed with the board that 2011 was a reversal of 2010. The safest investments did the best and the most volatile investments did the worst. The risk changed from day-to-day, week-to-week, and month-to-month. It was a risk on, risk off environment. The bonds outperformed the stocks, large cap outperformed mid/small cap and domestic outperformed foreign. The more conservative investments were safe and emerging markets had the most growth as opposed to developed markets.

Mr. Tarlas briefly reviewed the Quarterly Report for Quarter ended December 31, 2011, a copy of which is attached as Exhibit "G". The portfolio was up 4.5% overall and in the 90th percentile for the 4th quarter. The portfolio will have the least attractive relative results in the strongest market. The current portfolio is built to be more protective. The return was up 5.32% relative to the 4.6 benchmark.

Mr. Tarlas briefly reviewed the ASAP report for the month ended January 31, 2012, a copy of which is attached as Exhibit "H". As of January 31, 2012, the total Fund was approximately \$1,746,747.00. The one-year return net of fees for the total Fund is 1.13%. He stated the year had started off good and we had lots of activity in our private portfolio with some money coming back to us.

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**ASSET CONSULTING GROUP – UPDATE ON LONG/SHORT EQUITY MANAGER RFP; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Mr. Tarlas briefly reviewed the Long/Short Equity RFP Respondents handout, a copy of which is attached at Exhibit “I”. Mr. Tarlas advised we had received 34 responses from varied strategies and ACG was going to spend more time looking deeper into how they fit within the portfolio and with the other managers. He will have a finalist list to present at the May meeting.

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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 reviewed with the board 13 bills that could potentially affect OPPRS or other retirement systems in the state.

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**DISCUSSION OF STATUS OF REAL ESTATE SEARCH AND SALE OF REAL ASSETS. - PROPOSED EXECUTIVE SESSION, TO DISCUSS AND DELIBERATE STATUS OF REAL ESTATE SEARCH AND SALE OF REAL ASSETS PURSUANT TO 25 O.S. § 307(B)(3)**

Motion by Craig Akard and second by Tom Custer that the board go into Executive Session (at approximately 9:55am). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Preston Doerflinger Andy McPherson, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim Keesee. Motion Carried.

Motion by Craig Akard and second by Tom Custer that the board go back into Open Session (at approximately 10:20 am). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Preston Doerflinger Andy McPherson, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim Keesee. Motion Carried.

Motion by Craig Akard and second by Tom Custer that the Chairman sign the letter of intent with Chesapeake Energy to purchase Columbus Square. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Preston Doerflinger Andy McPherson, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Jim Keesee. Motion Carried.

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**DISCUSSION AND POSSIBLE VOTE REGARDING THE DEVELOPMENT OF A RETIREE SATISFACTION SURVEY; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Jeff Cealka asked the board about developing a post retirement survey for those people 30-60 days into retirement. Ms. Snyder advised that the staff would work on putting together a survey.

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**LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. 2:10-CV-01061-NBF-RCM, IN RE EDUCATION MANAGEMENT CORPORATION (UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF PENNSYLVANIA); CASE NO. 2-11-CV-00173-DLB-CJS IN RE OMNICARE, INC (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF KENTUCKY); 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. Snyder gave a brief overview of pending cases.

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**NEW BUSINESS**

No new business

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**BOARD MEMBERS' REPORTS**

No board members reports

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

The board discussed NCPERS timing and arrangements for arriving.

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**DIRECTOR'S REPORT**

Mr. Snyder reported to the Board that there was an Economic Development, Tourism, & Financial Services meeting today at 3pm in room 412(c) at the capitol.

The deadline to return nomination petitions is Friday, March 9th. The nomination petitions are on the website.

The new CFO will start on March 1st. He comes to us from Office of State Finance.

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**DISCUSSION OF ACTUARIAL REPORT REGARDING HB 2319; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Mr. Snyder reviewed with the board a letter from Buck Consultants regarding the Actuarial Impact of House Bill 2319, a copy is attached as Exhibit "J". He advised the board the current funded ratio was 90.5%, but if HB 2319 passed it would lower the funded ratio to 90.3%. It would also initially reduce our funded term from 13 years to 10 years, but the funded ratio would immediately decrease by 0.3%.

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**DISCUSSION OF POSSIBLE REAL ESTATE PURCHASE. - PROPOSED EXECUTIVE SESSION, TO DISCUSS AND DELIBERATE POSSIBLE REAL ESTATE PURCHASE PURSUANT TO 25 O.S. § 307(B)(3).**

Motion by Craig Akard and second by Jeff Cealka that the Board go into Executive Session (at approximately 10:30 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith and Frank Stone. Absent: Jim Keesee, Preston Doerflinger. Motion Carried.

Motion by Craig Akard and second by Jeff Cealka that the Board go back into Open Session (at approximately 11:05 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith and Frank Stone. Absent: Jim Keesee, Preston Doerflinger. Motion Carried.

Motion by Craig Akard and second by Tony Davenport to approve the contract, dependent on both parties agreement, to purchase 4700 Gallardia Parkway. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith and Frank Stone. Absent: Jim Keesee, Preston Doerflinger. Motion Carried.

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The meeting was adjourned at approximately 11:32 a.m.

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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 DARCI GORDON, ADMINISTRATIVE ASSISTANT.