

**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**

July 21, 2010

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Vice Chairman W. B. Smith at approximately 9:00 a.m. on Wednesday, July 21, 2010, in the Board Room of the Oklahoma Police Pension and Retirement System.

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

OTHERS: Steven K. Snyder, Executive Director; Marla Hensley, Administrative Officer; Darcie Gordon, Administrative Assistant; Dusty Brassfield, Pension Administration Officer; Judy Cong, Comptroller; Nan J. Patton, Legal Advisor; Ray Ix, Mt. Lucas.

MEMBERS ABSENT: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone.

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APPROVAL OF MINUTES OF BOARD MEETING HELD JUNE 16, 2010.

Motion by Rick Smith and second by Jim Keesee to approve the Minutes of the Regular Board Meeting held June 16, 2010. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. 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>
Brandon W. Cathey	Ardmore
Robbie G. Frazier	Ardmore
David D. Gilliam	Ardmore
Matthew D. Miller	Ardmore
Rachel C. Hentges	Cushing
William S. Kays	Duncan
Michelle L. Singh	Duncan
Jeffery S. Adams	Enid
Aaron E. Barber	Enid
Charles S. Daniels	Enid

James C. Kennedy	Enid
James R. Koch	Jenks
Kelly J. Cassidy	Norman
Dakota B. Cook	Norman
Jeffrey A. Elder	Norman
Ashlie D. Livingston	Norman
Casey G. McCallister	Norman
Glenda M. Vassar	Norman
Joshua P. Yager	Norman
Derek D. Sinor	Ponca City

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Brandon S. Mitchell	Chandler
Marlin L. Keys	Chickasha
Damon Lewis	Durant
Ronald R. Williamson, Jr.	Durant
Clayton Yarbrough	Durant
Alexandro Solis	Elk City
Christopher Bennett	Enid
Brentley R. Glover	Hobart
Seth B. Ryan	Moore
Richard Coombs	Newcastle
Brent J. Mackerelle	Oklahoma City
Dennis Cummings	Ponca City
Travis Buchanan	Sallisaw
Larry E. Holden	Skiatook
Samuel J. Jackson	Tahlequah
John N. King	Tahlequah
Robyn Jones	Tulsa
Kimberly J. McCollough	Tulsa
Kendra L. Miller	Tulsa
Travis Daugherty	Watonga

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>
Kevin D. Sharp	ABLE	03/01/2010	08/01/2010
Willard T. Williams	Ardmore	07/01/2004	07/01/2009
William S. Owen	Bartlesville	10/01/2005	08/01/2010
Eddie Holland	Harrah	06/01/2008	08/01/2010
Anthony D. Germany	Oklahoma City	11/01/2009	07/01/2010
John Gray	Tulsa	03/01/2010	07/01/2010

d. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Gary L. Anderson	Miami	07/01/2010

e. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Floyd D. Smith	Tulsa	7/21/2016

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

<u>Name</u>	<u>City</u>
Brenda Howeth & Melba Bales, Surviving Heirs of Betty L. Kirby	Altus
Brett Bilyeu, Personal Representative of Oscar Bilyeu	Tulsa

g. Termination of Benefit:

<u>Name</u>	<u>City</u>
Betty L. Kirby	Altus
Oscar Bilyeu	Tulsa

h. Death Benefit:

<u>Name</u>	<u>City</u>
Mary J. Lee, widow of Winton A. Lee	Muskogee
Brett Bilyeu, Personal Representative of Oscar Bilyeu	Tulsa
Shantel Etienne, widow of Dwayne Etienne	Tulsa

i. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Mary J. Lee, widow of Winton A. Lee	Muskogee
Shantel Etienne, widow of Dwayne Etienne	Tulsa

Motion by Tom Custer and second by Randy Scott for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. 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 June 2010 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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FINANCIAL CONSULTANT REPORT FOR MONTH ENDED JUNE 30, 2010, DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS, AND CERTIFICATION OF INVESTMENT FUND ANNUAL RATE OF RETURN THROUGH PERIOD ENDED JUNE 30, 2010. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Via telephone conferencing, Mr. George Tarlas reviewed with the Board the ASAP report for the month ended June 30, 2010 (a copy of which is attached as Exhibit “E”).

As of June 30, 2010, the total Fund was approximately \$1,555,889,000.00. The one-year return net of fees for the total Fund is 11.40%.

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ANNUAL REVIEW OF WRITTEN GUIDELINES AND EXPECTATIONS OF THE FUND’S INVESTMENT MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Via telephone conferencing, Mr. Jason Pulos reviewed with the Board the proposed amendments to the Statement of Investment Policy Objectives and Guidelines (a copy of which is attached as Exhibit “F”).

Motion by Jim Keesee and second by Charles Kerr to approve suggested changes to the Statement of Investment Policy Objectives and Guidelines. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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PRIVATE EQUITY PROGRAM REVIEW AND RECOMMENDATION ON NEW COMMITMENTS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Joe Nugent with Asset Consulting Group reviewed with the Board, via telephone conferencing, the document titled “Private Equity Portfolio Overview” (a copy of which is attached as Exhibit “G”). No recommendations on new commitments were made at this time.

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DISCUSSION OF MOVING NOVEMBER 17, 2010 BOARD MEETING DATE. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Randy Scott to change the November 17, 2010 Board meeting to November 23, 2010. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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REVIEW OF INTERIM STUDIES BY LEGISLATURE WHICH WOULD IMPACT THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM AND/OR OTHER STATE RETIREMENT SYSTEMS.

Mr. Snyder reviewed with the Board the Interim Studies by the Legislature which would impact the Oklahoma Police Pension and Retirement System and/or other state retirement systems.

1. Study will look at moving all attorneys working for the State of Oklahoma under the Attorney General's Office.
2. Study will examine the possibility of converting all public pension plans in the State of Oklahoma to defined contribution plans effective for new hires only.
3. Study will look into what state assets can be transferred to retirement systems to help the capitalization of the pension systems.

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DISCUSS PROPOSED LEGISLATION REGARDING CONTINUATION OF BENEFITS AND DEATH BENEFIT FOR COMMON LAW MARRIAGES.

Mr. Snyder discussed with the Board recent situations that have arisen regarding continuation of pension benefits for a common law spouse after the death of a member.

The Board requested Mr. Snyder research the subject and advise the Board to a plan of action.

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REVIEW LEGISLATION TO BE PROPOSED IN THE NEXT LEGISLATIVE SESSION. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Snyder discussed with the Board the summary of tax changes from our tax counsel, Davis Graham and Stubbs, that will be introduced in the legislature and will be included in our IRS determination letter.

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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); 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.

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

Motion by Randy Scott and second by Tom Custer that the Board go into Executive Session to discuss litigation matters as recommended by Judge Patton (at approximately 10:35 a.m.). Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

Motion by Tom Custer and second by Randy Scott that the Board go back into Open Session (at approximately 11:00 a.m.). Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

Motion by Charles Kerr and second by Tom Custer to accept the PSI settlement. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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NEW BUSINESS

Howard E. Nave, Blackwell – Application for Participation (Application received after addendum was posted.)

Motion by Jim Keesee and second by Randy Scott to approve the Application for Participation for Howard E. Nave, Blackwell. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

Mr. Cealka distributed an article from a Syracuse, NY newspaper about how the New York legislature changed legislation to take care of the family of a state trooper that was killed.

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BOARD MEMBER’S REPORT

No discussion.

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

Five Board members are planning on attending the IFEBP Conference in November.

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DIRECTOR’S REPORT

Mr. Snyder reported that the Governmental Accounting Standards Board will possibly be changing from an actuarially smoothing effect regarding funded ratio to actual market value. If this occurs, the OPPRS’ funded ratio will decrease.

Ms. Dusty Brassfield gave a brief update on the status of Pension Gold.

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MICHAEL W. WALLACE, MUSTANG – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE MUSTANG POLICE DEPARTMENT FROM 04/01/2000 TO 12/23/2005. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Jeff Cealka to approve the Request to Michael W. Wallace, Mustang to buy back prior service while employed with the Mustang Police Department from 04/01/2000 to 12/23/2005. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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DARON K. HENRY, ARDMORE - REQUEST TO RESCIND APPLICATION FOR VESTED BENEFIT APPROVED BY THE BOARD ON SEPTEMBER 16, 2009 AND REQUEST FOR APPROVAL OF APPLICATION FOR REFUND OF CONTRIBUTION. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Tom Custer to approve the Request of Daron K. Henry, Ardmore to rescind his Application for Vested Benefit approved by the Board on September 16, 2009 and request approval of Application for Refund of Contributions. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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BOARD TO RATIFY EXECUTIVE DIRECTOR'S ACTIONS REGARDING AUTHORIZING BERMAN DEVALERIO TO SEEK LEAD PLAINTIFF ON BEHALF OF OPPRS IN LITIGATION RELATED TO BP, PLC (BRITISH PETROLEUM).

Motion by Charles Kerr and second by Jim Keesee to ratify Executive Director's actions regarding authorizing Berman DeLalerio to seek lead plaintiff on behalf of OPPRS in litigation related to BP, PLC. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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ELECTION OF CHAIRMAN OF THE BOARD PURSUANT TO 11 O.S. § 50-103.1(F).

The only board member nominated for Chairman was W. B. Smith.

Motion by Randy Scott and second by Rick Smith that W. B. Smith be elected by Chairman by acclamation. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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ELECTION OF VICE CHAIRMAN OF THE BOARD PURSUANT TO 11 O.S. § 50-103.1(F).

The only board member nominated for Vice Chairman was Charles Kerr.

Motion by Tom Custer and second by W. B. Smith that Charles Kerr be elected as Vice Chairman by acclamation. Ayes: Jeff Cealka, Tom Custer, Jim Keesee, Charles Kerr, Randy Scott, Rick Smith, and W. B. Smith. Absent: Craig Akard, Tony Davenport, Susan Knight, Jim McGoodwin, Andy McPherson, and Frank Stone. Motion Carried.

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MOUNT LUCAS MANAGEMENT CORPORATION – PERFORMANCE AND PRODUCT UPDATE. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Ray Ix provided a brief update on the performance of Mount Lucas Management and reviewed with the Board the handout attached as Exhibit "H."

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At approximately 11:40 am, Vice 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.