

**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 20, 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, July 20, 2011, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Preston Doerflinger, Jim Keesee, Charles Kerr, Susan Knight, 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; Jason Pulos, Asset Consulting Group.

MEMBERS ABSENT: Andy McPherson

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Note Andy McPherson arrived at approximately 9:03 am.

APPROVAL OF MINUTES OF BOARD MEETING HELD MAY 18, 2011.

Motion by Charles Kerr and second by Craig Akard to approve the Minutes of the Regular Board Meeting held June 15, 2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: Andy McPherson. Motion Carried.

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HEARING: CASE NO. 11-032, APPLICATION FOR DISABILITY BENEFIT IN LINE OF DUTY FOR JOSEPH KOSS, DRUMRIGHT.

Mr. Snyder introduced the following documents into the record:

- Exhibit 1 – Notice of Hearing, dated 07/05/2011 to Joseph Koss.
- Exhibit 2 – Application for Disability Benefit in Line of Duty, received 03/30/2011.
- Exhibit 3 – Letter from Rocky D. Pinson, Chief of Police, City of Drumright, dated 04/12/2011.
- Exhibit 4 – Reports relating to surgery 06/04/2009.
- Exhibit 5 – Reports relating to surgery 06/24/2010.
- Exhibit 6 – Most current reports from physicians.
- Exhibit 7 – Report from Susan K. Smith, DO, dated 04/26/2011.
- Exhibit 8 – Report from John A. Munneke, MD, dated 06/22/2011.
- Exhibit 9 – Letter from Joseph Koss, received 07/19/2011.

Mr. Koss was not present at the hearing and was not represented by legal counsel. Mr. Koss submitted a letter to the Board in lieu of his testimony.

Judge Patton recommended that the Board go into Executive Session to discuss Case No. OPRB 11-03.

Motion by Rick Smith and second by Andy McPherson that the Board go into Executive Session as recommended by Judge Patton (at approximately 9:05 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

Motion by Rick Smith and second by Jeff Cealka that the Board go back into Open Session (at approximately 9:20 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

Motion by Tony Davenport and second by Jeff Cealka to award Mr. Koss a disability benefit in line of duty based on an impairment of 48% to the whole person, which equates to 50% of the normal disability benefit. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. 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>
Dustan A. Chandler	Anadarko
Jared D. Martinez	Anadarko
Cheyenne B. Lee	Bartlesville
David M. Harper-Head	Chickasha
Stephen E. Isedeh	Chickasha
Anthony P. Libel	Choctaw
Brandon M. Groves	Coweta
Amanda S. Mathews	Coweta
Michael William B. Faulkner	Durant
Blake A. Conditt	Durant
Delbert L. Taylor	Elk City
Zachery W. Stephens	Haskell
Robert W. Heath	Henryetta
Chad E. Allen	Hugo
Jason A. Richardson	Idabel
Angela M. Criner	Jenks
Juan F. Legarreta	Jenks
Randy L. Minyard	Lindsay
James R. McGinley, III	Nichols Hills
Brent J. V. Holmes	Nowata
Robert J. Popp, Jr.	Nowata

Matthew C. Wilson	Oklahoma City
Cory D. White	Okmulgee
Eric S. Gregus	Prague
Adam H. Carner	Sapulpa
Patricia J. Davis	Sapulpa
Shawn R. Snelling	Sapulpa
Richard B. Mantooth	Tecumseh
Clinton D. Johnson	Tuttle
James D. Nunn	Tuttle
Bobby J. Floyd, Jr.	Vinita
Brian A. Johnson	Watonga
Matthew L. Durkee	Woodward
Kenton D. Love	Woodward

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
Tabitha A. Caserta	Altus
Quinton S. Short	Clinton
Thomas A. Duran	El Reno
Keith Smith	Hugo
Robert W. Green	Lawton
Kyle A. Meek	Moore
Keith Marks, II	Shawnee
Steven M. Rouse	Stillwater
David Hale	Tulsa
Kevin Hall, Jr.	Tulsa
Kenneth Long	Warner
Dana Hajek	Watonga
Perry Rackley	Watonga
Joel P. Delp	Weatherford

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>
Don S. Selle	Jenks	07/01/2009	07/01/2011
Larry D. Barton	Lawton	10/01/2008	07/01/2011
Gregory K. Ritchie	Norman	08/01/2006	08/01/2011
Lorie A. Ardle, widow of Robert E. Ardle	Oklahoma City	06/01/2006	06/01/2011
Kevin Thompson	Oklahoma City	10/01/2006	08/01/2011
Robert Daine	Ponca City	08/01/2006	08/01/2011

d. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Denise Warren	OSBI	06/16/2021
William H. Holthuis	Tulsa	12/18/2025

e. Application for Service Pension

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Nathan C. Jacobs	Ponca City	09/01/2011
Paul Luna	Sulphur	07/01/2011

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

<u>Name</u>	<u>City</u>
George R. Mangham, Personal Rep of Ola B. Mangum	Oklahoma City
Phyllis Shipley, Personal Rep of Bertha M. Raper	Stillwater

- g. Death Benefit:

<u>Name</u>	<u>City</u>
Ramona F. Hervey, widow of Robert G. Hervey	Oklahoma City
Lorie A. Ardle, widow of Robert E. Ardle	Oklahoma City
Mary J. Spurgeon, widow of Walter E. Spurgeon	Skiatook

- h. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Ramona F. Hervey, widow of Robert G. Hervey	Oklahoma City
Lorie A. Ardle, widow of Robert E. Ardle	Oklahoma City
Mary J. Spurgeon, widow of Walter E. Spurgeon	Skiatook

- i. Termination of Benefit:

<u>Name</u>	<u>City</u>
Ola B. Mangham	Oklahoma
Bertha M. Raper	Stillwater

- j. Terminate Deferred Option Plan to Begin Service Pension

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
James E. Cumings, Sr.	Del City	07/01/2011
Daryl Marang	Oklahoma City	09/01/2011

Motion by Craig Akard and second by Tom Custer for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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STEPHEN J. MILLER, ENID - REQUEST TO RESCIND APPLICATION FOR REFUND OF CONTRIBUTIONS APPROVED BY THE BOARD ON JUNE 15, 2011 AND REQUEST FOR APPROVAL OF APPLICATION FOR VESTED BENEFIT. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Tony Davenport to approve request to rescind application for refund of contributions approved by the board on June 15, 2011 and request for approval of application for vested benefit. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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TIMOTHY R. GIBSON, EL RENO – REQUEST TO AMEND PREVIOUSLY APPROVED APPLICATION FOR PARTICIPATION APPROVED 06/15/2011. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Charles Kerr and second by Randy Scott to approve request to amend previously approved Application for Participation approved 06/15/2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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MICHAEL W. MCKETHAN, JR, OKLAHOMA CITY – REQUEST TO RESCIND APPLICATION FOR VESTED BENEFIT APPROVED ON 01/19/2011 AND REQUEST FOR APPROVAL OF APPLICATION FOR REFUND OF CONTRIBUTIONS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Craig Akard and second by Charles Kerr to approve request to rescind application for vested benefit approved on 01/19/2011 and request for approval of Application for Refund of Contributions. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. 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 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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ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED JUNE 30, 2011, 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, 2011. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Pulos briefly reviewed the ASAP report for the month ended June 30, 2011, a copy of which is attached as Exhibit "E." As of June 30, 2011, the total Fund was approximately \$1,798,148,000.00. The one-year return net of fees for the total Fund is 18.18%.

Motion by Craig Akard and second by Tom Custer to approve the return rate of 18.18% for the Deferred Option Plan. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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

Mr. Pulos distributed the *Statement of Investment Policy Objectives and Guidelines*, a copy of which is attached as Exhibit “F” and *Appendix A*, a copy of which is attached as Exhibit “G”.

Motion by Andy McPherson and second by Randy Scott to approve the written guidelines and expectations of the Fund’s investment managers as presented. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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

Mr. Pulos reviewed with the Board the *Private Real Estate and Private Equity Recommendations*, a copy of which is attached as Exhibit “H”.

Motion by Tony Davenport and second by Craig Akard to commit \$7,500,000.00 to Thompson Street Capital Partners III. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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ASSET CONSULTING GROUP – REAL ESTATE PROGRAM REVIEW AND RECOMMENDATION ON NEW COMMITMENTS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Craig Akard and second by Charles Kerr to commit \$10,000,000.00 to Siguler Guff Distressed Real Estate Opportunities Fund. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

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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-01061-NBF-RCM, IN RE EDUCATION MANAGEMENT CORPORATION (UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF PENNSYLVANIA); 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 stated that it would not be necessary for the Board to go into Executive Session on these matters. He then briefly updated the Board on the status of litigation impacting the Oklahoma Police Pension and Retirement System.

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NEW BUSINESS

No new business was discussed.

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BOARD MEMBERS' REPORTS

Jeff Cealka reported that 266 members of the Tulsa Police Department have 20 years of service or more.

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

Oklahoma Public Fund Trustee Education Conference will be in Stillwater, September 28-30, 2011.

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DIRECTOR'S REPORT

The latest appraisal of the Columbus Square Building was received at \$3.7 million.

The System received satisfactory results from the follow up audit of Pension Gold by Finley & Cook.

Mr. Snyder announced that the House Speaker has announced the members of the Pension Committee.

Mt. Lucas will be making a presentation at the August meeting.

The newsletter is at the printers and should be mailed out in the next week or two.

The cut off for the RFP's for International Growth and Emerging Markets is August 4, 2011.

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DISCUSSION OF APPRAISAL AND SALE OF REAL ESTATE. PROPOSED EXECUTIVE SESSION TO DISCUSS AND DELIBERATE APPRAISAL AND OFFER TO PURCHASE REAL ESTATE PURSUANT TO 25 O.S. § 307(B)(3).

Motion by Craig Akard and second by Charles Kerr that the Board go into Executive Session to discuss and deliberate appraisal and offer to purchase real estate pursuant to 25 O.S. § 307(B)(3) at approximately 10:25 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None. Motion Carried.

Motion by Jeff Cealka and second by Susan Knight that the Board go back into Open Session (at approximately 11:20 a.m.). Ayes: Craig Akard, Jeff Cealka, Tom Custer, Preston Doerflinger, Tony Davenport,

Jim Keesee, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W.B. Smith, and Frank Stone. Absent: None.
Motion Carried.

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

Nominations for Chairman were opened to the Board.

Craig Akard nominated Charles Kerr and Rick Smith seconded the nomination.

Hearing no additional nominations, Charles Kerr was declared Chairman by acclamation.

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

Nominations for Vice Chairman were opened to the Board.

Craig Akard nominated Tom Custer and Rick Smith seconded the nomination.

Hearing no additional nominations, Tom Custer was declared Vice Chairman by acclamation.

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The meeting was adjourned at approximately 11:30 am.

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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.