

**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

**JULY 16, 2014**

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Jim Keesee at approximately 9:06 a.m. on Wednesday, July 16, 2014, in the Board Room of the Oklahoma Police Pension and Retirement System.

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

OTHERS: Steven K. Snyder, Executive Director; Darcie Gordon, Administrative Officer; Deric Berousek, Chief Financial Officer; Sean Ruark, Pension Administration Officer; Jan Presler, Attorney General's Office; Tom Meagher and David Flinn, Grosvenor Capital Management; and Ray Ix, Mount Lucas Management.

MEMBERS ABSENT: Susan Knight, Brandy Manek, and Frank Stone

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**APPROVAL OF MINUTES OF BOARD MEETING HELD JUNE 18, 2014**

Motion by W.B. Smith and second by Tony Davenport to approve the Minutes of the Regular Board Meeting held June 18, 2014. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, 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>  |
|---------------------|--------------|
| Andrew R. Peck      | Chickasha    |
| Jason W. Czapansky  | Collinsville |
| Alexandro Perez     | Commerce     |
| Robert M. Johnson   | Dewey        |
| Daniel R. Fulton    | Guthrie      |
| Michael L. Copeland | Hominy       |
| James A. Sykes      | Hominy       |
| John D. Troussel    | Krebs        |
| Franco Barone       | Mangum       |
| Nathan P. Hicks     | Marlow       |
| Justin D. Ireton    | Nicoma Park  |
| James L. Clutter    | Owasso       |
| Leila R. Rau        | Owasso       |
| Brayley P. Running  | Perry        |

Renne J. Millsap	Piedmont
Christopher A. Hawkins	Tecumseh
Travis L. Sanford	Tecumseh
William L. Shahan	Alva
Jesse Hernandez	Enid
Zachary G. Gales	Guthrie
Will L. Hardiman	Guthrie
John S. Albertson	Purcell
Daniel J. Twist	Sand Springs
Steven E. Rose	Vinita

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Zachary Wallis	Chickasha
George J. McKinnis, Jr.	Choctaw
Sabrina Lee	Dewey
Trey T. Fairchild	Haskell
Jacob Williams	Hugo
James D. McDaniel, Jr.	Mangum
James C. Allen	Oklahoma City
Manuel A. Tarin-Hernandez	Spencer
Derrell L. Sanders	Anadarko
Keith A. Siragusa	Enid
Kyle Massey	Oklahoma City
Matthew D. Hodges	Tecumseh

c. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
William Loftis	Oklahoma City	09/01/2014
Michael J. Morrow	Purcell	09/01/2014
Fred LeValley	Blackwell	07/01/2014

d. 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>
Jay Barnett	Oklahoma City	04/01/2010	07/01/2014
Lisa K. Camacho	Oklahoma City	11/01/2010	08/01/2014
Don Evans	Oklahoma City	08/01/2009	08/01/2014
David Gage	Oklahoma City	10/01/2009	09/01/2014
Jeffrey Harrison	Tulsa	08/01/2009	08/01/2014
Kelly E. Young	Tulsa	08/01/2009	08/01/2014
Kenneth T. Davis	Enid	08/01/2009	08/01/2014

e. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Stacy L. Daugherty	Sand Springs	07/20/2021
Kelly D. Kent	Tecumseh	08/15/2021

f. Death Benefit:

<u>Name</u>	<u>City</u>
Myrtle Prather, widow of Jerry W. Prather	Claremore
Mary N. Day, widow of James E. Day	Sulphur
Douglas R. Tuttle, widower of Mylora E. Tuttle	Bristow
Barbara Atkinson, widow of Edward Atkinson	Oklahoma City

g. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Myrtle Prather, widow of Jerry W. Prather	Claremore
Mary N. Day, widow of James E. Day	Sulphur
Douglas R. Tuttle, widower of Mylora E. Tuttle	Bristow
Barbara Atkinson, widow of Edward Atkinson	Oklahoma City

h. Application for Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Dennis M. Craig	Mustang	10/01/2014

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

<u>Name</u>	<u>City</u>
Glenda Howard, Personal Rep. of Doris A. Kindley	Bartlesville

j. Termination of Benefit:

<u>Name</u>	<u>City</u>
Doris A. Kindley	Bartlesville

Motion by W.B. Smith and second by Ryan Perkins 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, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, 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 2014 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, 2014 AND 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, 2014. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Ms. Patty Karolczak (via telephone) reviewed the ASAP report for the month ended June 30, 2014, a copy of which is attached as Exhibit “E”. As of June 30, 2014, the total Fund was approximately \$2,228,994.00. The one-year return net of fees for the total Fund is 14.99%.

Motion by Ryan Perkins and second by Craig Akard to approve the rate of return of 14.99% for Deferred Option Plan. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. 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.**

Ms. Patty Karolczak (via telephone) reviewed the Oklahoma Police Pension and Retirement Fund Statement of Investment Policy, including Appendix A, a copy of which is attached as Exhibit “F”. She advised that the only addition to the policy was the word commodities, to include the new commodities mandate. She stated that an entire section had been added to the appendix, to reflect the new commodities allocation.

Motion by Ryan Perkins and second by Craig Akard to approve changes to the Oklahoma Police Pension and Retirement Fund Statement of Investment Policy including Appendix A. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. Motion Carried.

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**GROSVENOR CAPITAL MANAGEMENT – GLOBAL LONG/SHORT EQUITY ALLOCATION AND PORTFOLIO STRUCTURE REVIEW. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. Tom Meagher and Mr. David Flinn presented an update on the Grosvenor portfolio, a copy of which is attached as Exhibit “G”.

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**CONSIDERATION AND POSSIBLE VOTE ON RFP SUBMISSIONS FOR ACTUARIAL AUDIT SERVICES. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

The board reviewed the submissions for Actuarial Audit Services; Cavanaugh Macdonald Consulting, a copy of which is attached as Exhibit “H”; Cherion, Inc., a copy of which is attached as Exhibit “I”; Gabriel Roeder Smith & Company, a copy of which is attached as Exhibit ‘J’; Pension Trustee Advisors/KMS, a copy of which is attached as Exhibit “K”; and Segal Consulting, a copy of which is attached as Exhibit “L”.

Motion by W.B. Smith and second by Tony Davenport to select Cavanaugh Macdonald Consulting to perform a full scope actuarial audit. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. Motion Carried.

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**PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS THE LEGAL RECOMMENDATION FROM ROBBINS GELLER REGARDING POSSIBLE SECURITIES LITIGATION CLAIM 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**

Motion by W.B. Smith and second by Tony Davenport to enter into executive session (at approximately 10:05 am). Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. Motion Carried.

Motion by Tony Davenport and second by Andy McPherson to enter into open session (at approximately 10:09 am). Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. Motion Carried.

Motion by W.B. Smith and second by Ryan Perkins to enter into The Bancorp, Inc. Securities Litigation with Robbins Geller Rudman and Dowd, LLP. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keese, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Tim Foley and Jeff Pierce. Absent: Susan Knight, Brandy Manek, and Frank Stone. Motion Carried.

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**LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. 3:14-CV-02564, IN RE INFOBLOX, INC. (UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA); CASE NO. 1:14-CV-01997-LAK, IN RE WEIGHT WATCHERS INTERNATIONAL, INC. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 8703-VCL, IN RE DOLE FOOD COMPANY, INC. (STATE OF DELAWARE COURT OF CHANCERY); 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. Snyder advised that all the cases were in the same status as previous months, with OPPRS being named lead plaintiff in the Weight Watchers case.

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**NEW BUSINESS**

Mr. Snyder advised the board that it has been discovered that four municipalities are not in compliance with OPPRS state statutes. The cities/towns of Lexington, Valley Brook, Waurika, and Weleetka all have officers who are not members of the systems. Cindy Birley with Davis Graham and Stubbs is working on the issue and it may require an official opinion from the Attorney General's office.

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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**

Mr. Snyder advised the board that IFEBP would be in Boston, MA, October 12-15 2014 and OPFTEC would be in Norman, OK September 24-26, 2014. Mr. Snyder also advised that Asset Consulting Group was looking at September 9-10, 2014 for the Due Diligence Conference in St. Louis, MO.

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**DIRECTOR'S REPORT**

Mr. Snyder reported the auditors will be here most of August and September. He stated that the rules would be effective September 12, 2014. He also advised that there were two proposed Interim Studies regarding the pension systems. The first one was Interim Study S14-041 regarding members of the system staying with the system once they move to the county sheriff's office and the regular study of the pension systems by Rep. McDaniel.

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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, a copy of which is attached as Exhibit "M."

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

Nominations for Chairman were opened to the Board.

Tom Custer nominated Ryan Perkins and Craig Akard seconded the nomination.

Hearing no additional nominations, Ryan Perkins 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.

Tom Custer nominated Jeff Pierce and Craig Akard seconded the nomination.

Hearing no additional nominations, Jeff Pierce was declared Vice Chairman by acclamation.

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The meeting was adjourned at approximately 11:01 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 DARCIE GORDON, ADMINISTRATIVE OFFICER.