

**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
May 18, 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, May 18, 2011, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keese, 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; Randy Brogdan and Mike Copeland, Oklahoma Insurance Department.

MEMBERS ABSENT: Brandy Manek and Andy McPherson.

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Note Andy McPherson arrived at the meeting at 9:02 am and Brandy Manek at 9:13 am.

APPROVAL OF MINUTES OF BOARD MEETING HELD APRIL 20, 2011

Motion by Charles Kerr and second by Randy Scott to approve the Minutes of the Regular Board Meeting held April 20, 2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keese, Charles Kerr, Susan Knight, Randy Scott, W.B. Smith, and Frank Stone. Abstain: Rick Smith. Absent: Brandy Manek 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> |
|-------------------------|-------------|
| Justin C. Layton | Claremore |
| Andrew D. Strange | Claremore |
| Phillip P. Ratliff, Jr. | El Reno |
| Casey K. Torix | Eufaula |
| Kyle D. Coats | Granite |
| Seth R. Barby | Guymon |
| Jeremiah G. Gilkey | Guymon |
| John A. Grimes | Guymon |
| Clinton J. Yandell | Guymon |
| David M. Robbins | Idabel |

Eric L. Gambill	Mangum
Jonathan R. Moore	Marlow
Melinda Pedder	Midwest City
Alan G. Bemo	Muskogee
Rickie Kubiak, II	Muskogee
Steven S. Ray	Okmulgee
Beau R. Bohuslavicky	Shawnee
Gregory J. Shelton	Skiatook
Jeffrey W. Carty	Woodward
Jeffrey A. Crooks	Woodward
Kevin G. Patrick	Woodward
James M. Stilley, Jr.	Yukon

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
Cody Thomas	Bartlesville
John G. Turner	Broken Arrow
Dakotah L. Simpson	Cushing
Shane McLaughlin	Elk City
Christopher M. Leal	El Reno
Michael J. Dollarhide	Grove
Monty Osborne	Guymon
Gary A. McDaniel	Lindsay
Darin Reames	Okmulgee
Robert C. Testerman	Pawhuska
John Brandt	Perry
Jennings D. Gabriele	Tonkawa
Travis Painter	Tonkawa

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>
Daniel J. Steinbroner	Lawton	06/01/2006	06/01/2011
Mary L. Vinson	Oklahoma City	07/01/2006	07/01/2011
David Barnes	Stillwater	05/01/2009	06/01/2011
Joe M. Gann	Tulsa	05/01/2007	05/01/2011
Thomas C. Van Matre	Tulsa	05/01/2006	05/01/2011

d. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Roy Gribble	Shawnee	06/01/2011

e. Application for Service Pension

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Steven Powell	McAlester	06/01/2011
Kevin P. Reed	Okmulgee	06/01/2011

f. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Randall S. Davison	Muskogee	02/26/2015

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

<u>Name</u>	<u>City</u>
Eldon R. Henderson, Personal Rep. of Wilma J. Henderson	Enid
Cynthia L. Smith, Personal Rep. of Evelyn M. Smith	Oklahoma City

h. Death Benefit:

<u>Name</u>	<u>City</u>
Ina A. Feiler, widow of Richard D. Feiler	Ardmore
Bertha I. Stradley, widow of Kenneth W. Stradley	Lawton

i. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Ina A. Feiler, widow of Richard D. Feiler	Ardmore
Bertha I. Stradley, widow of Kenneth W. Stradley	Lawton

j. Termination of Benefit:

<u>Name</u>	<u>City</u>
Wilma J. Henderson	Enid
Evelyn M. Smith	Oklahoma City

Motion by Craig Akard and second by Charles Kerr for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keese, Charles Kerr, Susan Knight, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Brandy Manek. 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 April 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 APRIL 30, 2011, QUARTERLY REPORT FOR QUARTER ENDED MARCH 31, 2011, AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Pulos briefly reviewed with the Board the Quarterly Report for the quarter ended March 31, 2011, a copy of which is attached as Exhibit "E." He also reviewed with the Board the ASAP for the month ended April 30, 2011, a copy of which is attached as Exhibit "F." As of April 30, 2011, the total Fund was approximately \$1,824,366,000.00. The one-year return net of fees for the total Fund is 13.30%.

Mr. Pulos then reviewed the document *Asset Allocation Analysis*, a copy of which is attached as Exhibit "G." Asset Consulting Group recommended the Board adopt a new target asset allocation for the System's portfolio. Three different allocation "mixes" were presented and reviewed.

Motion by Andy McPherson and second by Tom Custer to adopt the target asset allocation as presented as "Mix 2" in the *Asset Allocation Analysis*. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Motion carried.

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REVIEW BUDGET WORK PROGRAM FOR FISCAL YEAR BEGINNING JULY 1, 2011, AND ENDING JUNE 30, 2012. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Tom Custer and second by Andy McPherson to approve the Budget Work Program for Fiscal Year beginning July 1, 2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Motion carried.

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DISCUSSION ON WHETHER TO RETAIN GABLEGOTWALS COUNSEL AS OUTSIDE LITIGATION COUNSEL. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Craig Akard and second by Charles Kerr to approve the retention of GableGotwals Counsel as outside counsel. Ayes: Craig Akard, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Nays: Jeff Cealka. Motion carried.

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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. Bills discussed included the following: HB 1656, HB 2132, SB 0290, SB 0347, SB 0577, SB 0826, and SB 0891.

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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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JEFFREY R. TREAT, OKLAHOMA CITY – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE NORMAN POLICE DEPARTMENT FROM 09/18/1989 TO 01/20/1994. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Tony Davenport and seconded by Randy Scott to approve request to buy back prior service while employed with the Norman Police Department from 09/18/1989 to 01/20/1994. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Motion carried.

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NEW BUSINESS

No new business was discussed.

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BOARD MEMBERS' REPORTS

Mr. Davenport reported that the educational session held at Asset Consulting Group was very beneficial.

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

Mr. Scott reported that he has received his CAPPP certification.

NCPERS annual conference will be held in Miami, FL, May 21-26, 2011.

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

IFEBP conference will be in New Orleans, October 30-November 2, 2011.

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DIRECTOR'S REPORT

Summit Bank, on the first floor of the Columbus Square building will be opening soon. The building is now 100% leased.

Election ballots for District 3 are due by 5:00 pm, May 20, 2011.

The governor has signed our Administrative Rules changes.

Wiggins Properties will be hosting the annual tenant appreciation lunch after the board meeting, June 15, 2011.

Mr. Snyder gave a brief update on the Oklahoma Public Fund Trustee Education Conference, Stillwater, September 28-30, 2011. Oklahoma Police Pension and Retirement System and Asset Consulting Group will be co-hosting this year. The overflow hotel will be the Holiday Inn and Suites – University West. *Save the Date* notices have been emailed to other state pension systems and interested parties.

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At approximately 10:50 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.