

**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**

**October 20, 2010**

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, October 20, 2010, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone.

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; George Tarlas, Asset Consulting Group; Rich Mackesey and Ryan Falls, Buck Consultants; Nate Atcheson & Traci Keel, Finley & Cook.

MEMBERS ABSENT: Tom Custer, Tony Davenport, and Susan Knight.

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**APPROVAL OF MINUTES OF BOARD MEETING HELD SEPTEMBER 15, 2010.**

Motion by Frank Stone and second by Charles Kerr to approve the Minutes of the Regular Board Meeting held September 15, 2010. Ayes: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith and Frank Stone. Absent: Tom Custer, Tony Davenport and Susan Knight. Motion Carried.

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**BUCK CONSULTANTS, LLC – ACTUARIAL VALUATION REPORT AS OF JULY 1, 2010.  
BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

The "*Actuarial Valuation Report as of July 1, 2010*," is attached as Exhibit "A," and a summary of the actuarial valuation entitled "*July 1, 2010 Actuarial Valuation Presentation to the Retirement Board*" is attached as Exhibit "B."

Mr. Falls and Mr. Mackesey reviewed with the Board the summary of the actuarial valuation. As of July 1, 2010, the System's Funded Ratio is 74.9%, which is a 1.3% decrease from the funded ratio as of July 1, 2009. During fiscal year 2010 the actual State Contribution to the System was \$22,292,000.00. The actuarial report shows that the required State Contribution for the current year is \$113,892,443.00.

There was discussion about the projections of a continued decrease in the System's funded ratio. Mr. Falls reported that without the assumption of a COLA the funded ratio would be much higher. Because a COLA was not passed in this legislative session, the System's funded ratio did not decrease as much as it would have had a COLA been passed.

Discussion also included the continued decrease in the amount of funding that the System receives from the Insurance Premium Tax.

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

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**FINLEY & COOK, PLLC – AUDIT REPORT AS OF JUNE 30, 2010. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

A copy of the "*Financial Statements, June 30, 2010 and 2009 (With Independent Auditors' Report Thereon)*" is attached as Exhibit "C," and a copy of a letter to the Board of Trustees of the Oklahoma Police Pension and Retirement System dated October 15, 2010, is attached as Exhibit "D."

Nate Atchison and Traci Keel appeared before the Board. Mr. Atchison briefly reviewed the Independent Auditors' Report to the Board of Trustees (Page 1 of Exhibit "C"). Mr. Atchison stated that Finley & Cook has rendered a clean opinion and is able to indicate that the financial statements are fairly stated. He noted that not only is Finley & Cook rendering an opinion on the financial statements, but they also have to report on the internal controls and their compliance as far as State rules and regulations, etc. (Page 51 of Exhibit "C"). Mr. Atchison stated that there were two (2) new footnotes added to the report for the year: GASB 51 requires the financial statement to capitalize and amortize certain intangible assets (which include the Pension Gold software). GASB 53 deals with direct derivative investments, which did not have a material impact on the financial reporting of the System.

Ms. Keel briefly reviewed what Finley & Cook calls their "management letter" (Page 45 of Exhibit "A"). She pointed out that there were no control deficiencies or material weaknesses noted. She reported no uncorrected misstatements and no disagreements with management.

Mr. Atchison stated that from the audit side, they found no fraud or improprieties. The cooperation received from management and the staff was excellent. As far as the financial statements, there were a couple of minor adjustments; but, the staff does an excellent job of balancing, reconciling, and having the numbers ready for the auditors to begin their work. Mr. Snyder reported that Finley and Cook would return in December 2010 for a follow up audit regarding the reporting status of the Pension Gold system.

Motion by Randy Scott and second by Jim Keesee to accept the Audit Report as presented by Finley & Cook, PLLC and to approve a follow up audit in December. Ayes: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith and Frank

Stone. Absent: Tom Custer, Tony Davenport and Susan Knight.  
Motion Carried.

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**CONSIDERATION AND VOTE, SUBJECT TO BOARD'S EXCEPTION, ON THE FOLLOWING APPLICATIONS:**

a. Application for Participation:

Trenton C. Keasler	Elk City
Devin C. Weaver	Elk City
Kelly D. Smith	Enid
Patrick T. O'Neal	Madill
Matthew D. Clawson	Midwest City
William A. McGurk	Midwest City
Paul S. Newman	Owasso
Joshua G. Reed	Sand Springs
Adrian Gascon, Jr.	Shawnee
Michael T. Hobbs	Shawnee
Keith A. Marks II	Shawnee
Kevin L. Nichols	Shawnee
Jacob D. Branscum	Skiatook
Thomas D. Hankins, Jr.	Tishomingo
Robert L. Blankenship	Tulsa
Micheal S. Elliott	Tulsa
Matthew C. Rose	Tulsa
James A. Slay	Tulsa
Basil Valkanas	Tulsa
Matthew L. Stephenson	Warr Acres
Jordan K. Westbrook	Wister

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Charles S. Carroll	Atoka
Jamie Gonzalez	Bartlesville
Michael Randall	Bristow
Claude T. Whisenhunt	Checotah
William Gann	Coweta
Matthew Pinson	Coweta
Johnathan D. Walker	Durant
Thomas A. Watts	Enid
Jordan Westbrook	Guymon
Tim R. Rice	Haskell
Joel Weber	Haskell
Kelsey Stevick	Lawton
David J. Warren	Lawton
David J. Deal	Lindsay
Allen Adams	Madill
Thomas D. Bailey	Nowata
Christopher Figueroa	Pauls Valley
Jeremy D. Griffin	Pauls Valley
Kenneth C. Petrashek	Stillwater
Joel Isaacs	Tulsa
James D. Lowry	Tulsa

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>
Tommy Harrell	Lawton	06/01/2006	11/01/2010
Bruce Funderburk	Nichols Hills	11/01/2005	11/01/2010
Leonard D. Judy	Norman	11/01/2005	11/01/2010
Phillip J. Richey	Oklahoma City	10/01/2005	10/01/2010
Charles L. Allen	Oklahoma City	10/01/2005	10/01/2010
Paul F. Williams	Tulsa	11/01/2005	11/01/2010

d. Application for Service Pension

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
James G. Wheatley	Oklahoma City	11/01/2010
Annette Q Williams	Tulsa	11/01/2010

e. Application for Monies Due the Estate form the System

<u>Name</u>	<u>City</u>
Penny C. Stahlman, Personal Rep/ Surviving Heir of Evelyn Jones	Woodward

f. Death Benefit:

<u>Name</u>	<u>City</u>
Arthur L. Hackler, widower of Edna L. Hackler	Oklahoma City
Loretta J. Riley Goodman, widow of Harold E Goodman	Ponca City
Sylvia Foster, widow of Billy G Foster	The Village

g. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Arthur L. Hackler, widower of Edna L. Hackler	Oklahoma City
Loretta J. Riley Goodman, widow of Harold E Goodman	Ponca City
Sylvia Foster, widow of Billy G Foster	The Village

h. Termination of Benefit:

<u>Name</u>	<u>City</u>
Evelyn W. Jones	Woodward

i. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Kevin W. Towler	Chandler	10/13/2021

j. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Philip Brice	Miami	03/01/2011

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, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Smith, Rick Smith, W. B. Smith and Frank Stone. Absent: Tom Custer, Tony Davenport, and Susan Knight. Motion Carried.

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**SHAWN PRESLEY, TAHLEQUAH – REQUEST TO RESCIND APPLICATION FOR VESTED BENEFITS APPROVED ON 01/20/2010 AND REQUEST FOR APPROVAL OF APPLICATION FOR PARTICIPATION. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Motion by Andy McPherson and second by Rick Smith to approve request to rescind application for vested benefits approved on 01/20/2010 and request for approval of application for participation. Ayes: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Tom Custer, Tony Davenport, and Susan Knight. Motion Carried.

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**CITY OF TECUMSEH – RESOLUTION TO AFFILIATE AND JOIN THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Motion by Charles Kerr and second by Randy Scott to approve City of Tecumseh’s resolution to affiliate and join the Oklahoma Police Pension and Retirement System, effective 11/01/2010. Ayes: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, W. B. Smith, and Frank Stone. Absent: Tom Custer, Tony Davenport, and Susan Knight. Motion Carried.

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**REVIEW OF BOARD REPORTS**

The Account #6000, Fund 20000 (operating expenses), report is attached as Exhibit "E"; the Account #8557A, Fund Expenditures (receipts and disbursements), report for September 2010 is attached as Exhibit "F"; the Broker Commission Report is attached as Exhibit "G"; and the report for the Statement of Total Fund is attached as Exhibit "H."

Note: Susan Knight arrived at approximately 11:10 am.

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**ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED AUGUST 31, 2010; AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. George Tarlas reviewed with the Board the ASAP report for the month ended September 30, 2010 (a copy of which is attached as Exhibit "1"). As of September 30, 2010, the total Fund was approximately \$1,647,915,000.00. The one-year return net of fees for the total Fund is 8.83%.

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

Note: Frank Stone left the meeting at approximately 11:20 am.

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**DISCUSSION OF POSSIBLE AMENDMENTS TO THE ADMINISTRATIVE RULES PROMULGATED BY THE OKLAHOMA POLICE PENSION AND RETIREMENT BOARD. AREAS TO BE DISCUSSED MAY INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: CLARIFICATION OF NEW CITY MEMBERSHIP AND COMMON LAW MARRIAGE AS IT RELATES TO BENEFICIARY RIGHTS.**

Mr. Snyder explained that it is necessary to amend the rules regarding the date a city becomes a member in the System. The city would become a member city the first day of the following month after Board approval.

It has become necessary to review the rules regarding common law marriage as it relates to beneficiary rights.

Language for these rule amendments will be reviewed in the next Board meeting.

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**BOARD TO RATIFY EXECUTIVE DIRECTOR'S ACTIONS REGARDING AUTHORIZING SCOTT & SCOTT TO SEEK LEAD PLAINTIFF ON BEHALF OF OPPRS IN LITIGATION RELATED TO CORINTHIAN COLLEGES, INC.**

**BOARD TO RATIFY EXECUTIVE DIRECTOR'S ACTIONS REGARDING AUTHORIZING BERMAN DEVALERIO TO SEEK LEAD PLAINTIFF ON BEHALF OF OPPRS IN LITIGATION RELATED TO EDUCATION MANAGEMENT, CORP.**

Motion by Craig Akard and second by Charles Kerr to the ratify Executive Director's actions regarding authorizing Scott & Scott to seek lead plaintiff on behalf of OPPRS in litigation related to Corinthian Colleges, Inc. and Berman DeValerio to seek lead plaintiff on behalf of OPPRS in litigation related to Education Management Corp. Ayes: Craig Akard, Jeff Cealka, Jim Keesee, Charles Kerr, Susan Knight, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith. Absent: Tom Custer, Tony Davenport, and Frank Stone. 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. 5514-CC IN RE PSYCHIATRIC SOLUTIONS, INC. (COURT OF CHANCERY OF THE STATE OF DELAWARE); CASE NO. 2:10-CV-02013 OPPRS ET AL VS. BP, PLC (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF LOUISIANA); 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**

No discussion.

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

W. B. Smith stated that he felt the Oklahoma Public Fund Trustee Education Conference in Stillwater was well worth attending.

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**DIRECTOR'S REPORT**

Investment Managers' Meeting will be held after the Board Meeting.

The dates for the 2011 Board meetings will be approved at the November 2010 meeting.

The November meeting has been changed to the 23<sup>rd</sup> of November.

Administrative rule changes will be discussed at the November meeting.

Annual Report will be published and distributed in the next few weeks.

Trustee Education Seminar will be included in the November meeting.

Mr. Snyder introduced Ms. Andrea Houston who recently joined the OPPRS staff as a Pension Analyst.

Ms. Dusty Brassfield gave a brief update on the status of Pension Gold. Web member services will soon be available to member from our website.

**DANIEL L. PETERSON, MIDWEST CITY – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE PONCA CITY POLICE DEPARTMENT FROM 10/17/1983 TO 03/11/1985. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Motion by Charles Kerr and second by Rick Smith to approve request to buy back prior service while employed with the Ponca City Police Department from 10/17/1983 to 03/11/1985. Ayes: Craig Akard, Jeff Cealka, Jim Keese, Charles Kerr, Susan Knight, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith. Absent: Tom Custer, Tony Davenport and Frank Stone. Motion Carried.

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**LOUIS A. MORRIS, STILLWATER – REQUEST TO RESCIND APPLICATION FOR VESTED BENEFITS APPROVED ON 08/19/2009. REQUEST FOR APPROVAL OF APPLICATION FOR REFUND OF CONTRIBUTIONS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Motion by Charles Kerr and second by Jeff Cealka to approve request to rescind application for vested benefits approved on 08/19/2009 and approve request for approval of application for refund of contributions. Ayes: Craig Akard, Jeff Cealka, Jim Keese, Charles Kerr, Jim McGoodwin, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith. Absent: Tom Custer, Tony Davenport and Frank Stone. Abstain: Susan Knight. Motion Carried.

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Mr. Joe Nugent, Asset Consulting Group, gave a brief introduction of the Private Equity Managers who made presentations at the afternoon session.

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At approximately 12:00 noon, Chairman Smith announced that the meeting was recessed until 1:00 pm.

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Chairman W. B. Smith did not return to the meeting after lunch. At approximately 1:30 pm. Vice Chairman Kerr announced the meeting was back in order.

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The representatives of the investment managers listed below made presentations to the Board which included a brief overview of the presenter and their firm, any relevant changes within their organization, their outlook on the financial marketplace, and how their portfolio is positioned to take advantage of that outlook, etc.:

THOMPSON STREET

Jim Cooper

WEATHERGAGE

Tim Bliamptis

Brad Hammond

SIGULER GUFF

Jim Gereghty

Mike Keough

ATTALUS CAPITAL

John Boles

Jeremy Connor

GROSVENOR

Tom Meagher

Diana Di Iorio

A quorum of the Board did attend a reception/dinner, during which business of the System was not discussed. The reception/dinner was held at the Petroleum Club North, 2 N. Sooner Road, Edmond Oklahoma.

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.