

**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  
September 21, 2011

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Charles Kerr at approximately 9:00 a.m. on Wednesday, September 21, 2011, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith.

OTHERS: Steven K. Snyder, Executive Director; Marla Hensley, Administrative Officer; Darcie Gordon, Administrative Assistant; Nan J. Patton, Legal Advisor; George Tarlas and Lori Mills, Asset Consulting Group; Lauren Walk, Oklahoma Insurance Department; Traci Keel and Nate Atchison, Finley and Cook, PLLC; and Ryan Falls and James Sisk, Buck Consultants.

MEMBERS ABSENT: Susan Knight and Frank Stone

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\*\*\*Note\*\*\* Frank Stone arrived at approximately 9:03 am and Susan Knight arrived at approximately 9:07 am. Frank Stone left at approximately 10:35 am.

**APPROVAL OF MINUTES OF BOARD MEETING HELD AUGUST 17, 2011.**

Motion by Jeff Cealka and second by Randy Scott to approve the Minutes of the Regular Board Meeting held August 17, 2011. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Brandy Manek, Randy Scott, Rick Smith, and W.B. Smith. Abstain: Andy McPherson. Absent: Susan Knight and Frank Stone. Motion Carried.

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**FINLEY & COOK, PLLC – AUDIT REPORT AS OF JUNE 30, 2011. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

A copy of the "*Financial Statements, June 30, 2011 and 2010 (With Independent Auditors' Report Thereon)*" is attached as Exhibit "A," and a copy of a letter to the Board of Trustees of the Oklahoma Police Pension and Retirement System dated September 19, 2011, is attached as Exhibit "B."

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 "A"). 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 47 of Exhibit "A").

Mr. Atchison pointed out that the Fund's Total Investments (at fair value) was \$1,526,032.00 as of June 30, 2010 and was \$1,800,742.00 as of June 30, 2011. Net Assets went from \$1,548,827.00 as of June 30, 2010 to \$1,800,742.00 as of June 30, 2011.

Ms. Keel briefly reviewed what Finley & Cook calls their "management letter" (Exhibit "B"). 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 reminded the Board that, due to a note on the 2010 Audit, Finley & Cook returned in December 2010 to perform a review of the pension software program Pension Gold. This review concluded that Pension Gold was functioning properly.

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**BUCK CONSULTANT, LLC – ACTUARIAL VALUATION REPORT AS OF JULY 1, 2011.  
BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

The "Actuarial Valuation Report as of July 1, 2011," is attached as Exhibit "C," and a summary of the actuarial valuation entitled "July 1, 2011 Actuarial Valuation Presentation to the Retirement Board" is attached as Exhibit "D."

Mr. Falls reviewed with the Board the summary of the actuarial valuation. As of July 1, 2011, the System's Funded Ratio is 93.0%, compared to 74.9% as of July 1, 2010. During fiscal year 2011, the actual State Contribution to the System was \$24,645,000.00. The actuarial report shows that the required State Contribution for the current year is \$31,270,062.00.

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**HEARING: CASE NO. 11-04, APPLICATION FOR DISABILITY BENEFIT IN LINE OF DUTY FOR  
JULIE HUSKINS, SHAWNEE.**

Mr. Snyder introduced the following documents into the record:

- Exhibit 1 – Notice of Hearing dated August 24, 2011.
- Exhibit 2 – Application for Disability Benefit in Line of Duty, received May 18, 2011.
- Exhibit 3 – Letter from Tamera R. Johnson, City of Shawnee, dated May 12, 2011.
- Exhibit 4 – Letter from Julie Huskins, dated May 17, 2011.
- Exhibit 5 – Report from Richard Hastings, DO, dated February 2, 1997
- Exhibit 5a – Workers' Compensation Court Order, dated May 6, 1997.
- Exhibit 6 – Report from Joseph C. McKenna, MD, dated October 2, 2009.
- Exhibit 7 – Report from Steven D. Coupens, MD, dated April 7, 2011.
- Exhibit 8 – Report from David Holland, MD, dated May 16, 2011.
- Exhibit 9 – Report from John A. Munneke, MD, dated August 16, 2011.

Ms. Huskins was present at the hearing, but was not represented by legal counsel.

Judge Patton recommended that the Board go into Executive Session to discuss Case No. OPPRB 11-04.

Motion by W. B. Smith and second by Craig Akard that the Board go into Executive Session as recommended by Judge Patton (at approximately 10:05 a.m.). 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. Absent: None. Motion Carried.

Motion by Tony Davenport and second by Craig Akard that the Board go back into Open Session (at approximately 10:15 a.m.). 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. Absent: None. Motion Carried.

Motion by Craig Akard and second by Tony Davenport to award Ms. Huskins a temporary disability benefit in line of duty based on an impairment of 55% to the whole person, which equates to 75% of the normal disability benefit until Ms. Huskins is determined to be at maximum medical improvement. 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. Absent: None. Motion Carried.

After Ms. Huskins is determined to be at maximum medical improvement, she will be reexamined by an independent medical examiner to review her condition. The Board will reconsider her disability rating at that time.

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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>
Brian D. Carpenter	Atoka
Jimmy D. Taylor	Atoka
Rodney D. Garner	Broken Arrow
Paul A. Hughes	Broken Arrow
Zachary D. Jordan	Broken Arrow
Joshua D. Mathews	Broken Arrow
Joshua B. McCoy	Broken Arrow
Michael D. Orcutt	Broken Arrow
Leon E. Rademacher, III	Broken Arrow
Brannon C. Taylor	Broken Arrow
Ian E. Wasson	Broken Arrow
David W. Rose	Clinton
Michael D. Sack	Clinton
Jeremy T. Gore	El Reno
Richard T. Hill	El Reno
Jarren A. Loggins	El Reno
Benjamin S. Plank	El Reno
Jason J. Hall	Harrah
Stephen A. Lee	Haskell
Michael D. Martin	Hominy
Michael D. Guthrie	Nowata

Brian A. Kinney	Nowata
William M. Toothman	Nowata
Lyndee E. Black	Oklahoma City
Anthony T. Breshers, Jr.	Oklahoma City
Michael S. Callaway	Oklahoma City
Jesse C. Childers	Oklahoma City
Steven R. Cholity	Oklahoma City
Jeff S. Dutton	Oklahoma City
Stephanie M. Hernandez	Oklahoma City
Daniel K. Holtzclaw	Oklahoma City
David M. Jehle	Oklahoma City
Jacob D. Jones	Oklahoma City
Jonathon A. Jones	Oklahoma City
Danny R. McMillan	Oklahoma City
Kyle W. Maly	Oklahoma City
Kyle J. Neller	Oklahoma City
Pably G. Ortiz, III	Oklahoma City
Samuel L. Pagel	Oklahoma City
Jennifer A. Robinson	Oklahoma City
Ryan T. Tyson	Oklahoma City
Gregory L. VanNess	Oklahoma City
Michael W. Veasey	Oklahoma City
Ryan C. White	Oklahoma City
Jonathan D. Wilson	Oklahoma City
Jason F. Zimmerman	Oklahoma City
Christopher K. Cantrell	Okmulgee
Billy D. Bussell	Pauls Valley
Kenneth P. Qualls	Piedmond
Darrel G. Armstrong	Sawyer
Tod J. Duncan	Shawnee
Nathan A. Helm	Shawnee
Shawne D. Hogue	Shawnee
Dennis R. Rains	Shawnee
Richard Ruiz	Shawnee
Adam M. Good	Tecumseh
Michael J. Randall	Tecumseh
Robert B. Russell	Wetumka

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
Euclid A. Dulaune	Anadarko
William B. Jackson	Atoka
Jeffrey W. Cardwell	Clinton
Matthew D. Ousley	Clinton
Cody Wyatt	Coweta
Timothy McEachern	Durant
Lane Henry	Elk City
Andrew S. Barr	Guthrie
Gilbert C. Mussman	Guymon
Dustin Carney	Hinton
Amy Robbins, widow of David M. Robbins	Idabel
Steven A. E. Dodson	Lindsay
Christopher L. Wagstaff	Lindsay
Lesa Mendonca	Nicoma Park

Holly S. Panak	Norman
Daniel C. King	Sand Springs
Basil Valkanas	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>
Allen R. Chute	Oklahoma City	09/01/2010	09/01/2011
Paula J. Morgan	Oklahoma City	10/01/2006	10/01/2011
Robert S. Jackson	Tulsa	09/01/2006	09/01/2011
Jim Scott	Tulsa	06/01/2008	10/01/2011

- d. Terminate Deferred Option Plan to Begin Service Pension

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Dennis F. Davis	Del City	10/01/2011
William T. Terhune	Oklahoma City	10/01/2011

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

<u>Name</u>	<u>City</u>
Sherrie L. Oder, Personal Representative of Charles A. Cormack	Blackwell
Cora T. Boyd, Personal Representative of Dovie O. Turner	Oklahoma City
M. Ann Hembree, Personal Representative of Jewell Vaughn	Oklahoma City
Renea Johnson, Personal Representative of Roy G. Cheatham	Oklahoma

- f. Death Benefit:

<u>Name</u>	<u>City</u>
Janet S. Willaford, Widow of Kyle S. Willaford	Bartlesville
Sherrie L. Oder, Personal Representative of Charles A. Cormack	Blackwell
Amy Robbins, Widow of David M. Robbins	Idabel
Renea Johnson, Personal Representative of Roy G. Cheatham	Oklahoma City
Patsey A. Smith, Widow of Raymond L. Smith	Oklahoma City

- g. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Janet S. Willaford, Widow of Kyle S. Willaford	Bartlesville
Patsey A. Smith, Widow of Raymond L. Smith	Oklahoma City

- h. Termination of Benefit:

<u>Name</u>	<u>City</u>
Charles A. Cormack	Blackwell
Dovie O. Turner	Oklahoma City
Jewell Vaughn	Oklahoma City
Roy G. Cheatham	Oklahoma City

Motion by W. B. Smith 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, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, 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 "E"; the Account #8557A, Fund Expenditures (receipts and disbursements), report for August 2011 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."

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**ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED AUGUST 31, 2011 AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. Tarlas briefly reviewed the ASAP report for the month ended August 31, 2011, a copy of which is attached as Exhibit "I." As of August 31, 2011, the total Fund was approximately \$1,716,932,000.00. The one-year return net of fees for the total Fund is 10.94%.

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**ASSET CONSULTING GROUP – DISCUSSION AND POSSIBLE VOTE ON EMERGING MARKET EQUITY SEARCH FINALISTS AS RECOMMENDED BY ASSET CONSULTING GROUP. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Mr. Tarlas and Ms. Mills reviewed with the Board the document "Emerging Markets Candidates," attached as Exhibit "J," explaining the strategies of the various investment managers.

Motion by Craig Akard and second by Randy Scott to invite the following investment managers to make presentations at the November 2011 Board meeting: Brandes Investment Partners, Wasatch Funds, William Blair & Company, Wells Capital Management and Vontobel Asset Management. Ayes: Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith. Absent: 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. 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**

Tony Davenport reported that he submitted a copy of his most current appointment letter from the Oklahoma Municipal League to the OPPRS office.

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

Mr. Snyder gave an update on the planning of the Oklahoma Public Fund Trustee Education Conference which will be in Stillwater, September 28-30, 2011.

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**DIRECTOR'S REPORT**

Pension books have been mailed to the limited number of members who have requested that a hard copy be sent to them.

Interim Study 2011-40 "Pension Investment Management Review" is scheduled for October 6, 2011, 10:00 am in Room 412C at the State Capitol Building.

There will be no investment managers' dinner following the next board meeting due to the RFP presentations.

The State travel policy has changed, stating that when traveling by air, one cannot receive rewards points for personal use from the airline, if the ticket was purchased with a state purchase card.

The System's Chief Financial Officer, Chris Pembroke, has resigned and the search for a replacement will begin shortly.

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**ROBERT RANDOLPH, TULSA – REQUEST TO CONVERT DEFERRED OPTION PLAN RETIREMENT TO DISABILITY BENEFIT. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Motion by W. B. Smith and second by Randy Scott to deny the request to convert deferred option plan retirement to disability benefit. Ayes:

Craig Akard, Jeff Cealka, Tom Custer, Tony Davenport, Jim Keese, Charles Kerr, Susan Knight, Brandy Manek, Andy McPherson, Randy Scott, Rick Smith, and W. B. Smith. Absent: Frank Stone. Motion Carried.

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The meeting was adjourned at approximately 11:42 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.