

**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 19, 2012**

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Tom Custer at approximately 9:00 a.m. on Wednesday, September 19, 2012, in the Board Room of the Oklahoma Police Pension and Retirement System.

**MEMBERS PRESENT:** Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith and Frank Stone

**OTHERS:** Steven K. Snyder, Executive Director; Darcie Gordon, Administrative Officer; Sean Ruark, Pension Analyst; Christina Hirschman, Executive Legal Assistant; Angela McCullough, Pension Analyst; Deric Berousek, Chief Financial Officer; Judy Cong, Comptroller; Regina Switzer, Attorney General's Officer; Nate Atchison, Finley & Cook; Traci Keel, Finley & Cook; David Kent, Buck Consultants; Matthew Smith, Buck Consultants; George Tarlas, Asset Consulting Group; and Brian Hopkins.

**MEMBERS ABSENT:** Craig Akard, Susan Knight, Brandy Manek, and Rick Smith

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**INTRODUCTION OF STAFF**

Mr. Steven Snyder introduced the two newest members of the OPPRS staff, Angela McCullough, Pension Analyst and Christina Hirschman, Executive Legal Assistant.

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**APPROVAL OF MINUTES OF BOARD MEETING HELD AUGUST 15, 2012**

Motion by W.B. Smith and second by Charles Kerr to approve the Minutes of the Regular Board Meeting held August 15, 2012. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Randy Scott, W. B. Smith and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek and Rick Smith. Abstain: Ryan Perkins. Motion Carried.

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**HEARING: CASE NO. OPPRB 12-02, APPLICATION FOR DISABILITY BENEFIT IN LINE OF DUTY FOR MARSHA VANHOUTTE, CHOCTAW**

Mr. Snyder advised the board that Ms. VanHoutte had requested a 90 day continuance due to some new medical issues.

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**HEARING: CASE NO. OPPRB 11-08, APPLICATION FOR DISABILITY BENEFIT IN LINE OF DUTY FOR BRIAN HOPKINS, NORMAN**

Mr. Brian Hopkins was in attendance at the hearing and he was not represented by legal counsel.

Mr. Snyder gave a brief update of the case to the Board and introduced the following documents into the record:

- Exhibit 1 – Notice of Hearing, dated August 1, 2012
- Exhibit 2 – Application for Disability Benefit in Line of Duty, dated October 21, 2011
- Exhibit 3 – Letter from the City of Norman stating there was no position for the officer, dated September 8, 2011
- Exhibit 4 – City of Norman Injury Report, dated October 16, 2010
- Exhibit 5 – Medical Report from Dr. David E. Johnsen, dated April 10, 2012
- Exhibit 6 – Medical Report from Dr. John Munneke, dated May 10, 2012

Mr. Brian Hopkins did testify before the board.

Motion by Tony Davenport and second by Randy Scott to go into Executive Session (at approximately 10:10 am). Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

Motion by Randy Scott and second by Ryan Perkins to go back into Open Session (at approximately 10:15 am). Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

Motion by Jim Keesee and second by Ryan Perkins to award Mr. Brian Hopkins a disability benefit in line of duty based on an impairment of 15% to the whole person which equates to 50% of the normal disability retirement. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. 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>
Lacie M. Wood	Ardmore
Jade A. Cardenas	Alva
David Garcia	El Reno
Thomas R. Glasser	El Reno
Dallas M. Owens	Guymon
Christopher L. Calvert	Hobart
Isaac E. Cervantes	Jenks
Patrick M. Fecteau	Jenks
Thomas M. Johnson	Jenks
Jason R. Bissell	Miami
David M. Hanson	Mustang

Nicole M. Jones	Noble
Thomas J. Brewster	Perkins
Jerimy R. Emmert	Poteau
Dwight W. Roam	Poteau
Brandon S. Richie	Poteau
Jody B. Thompson	Poteau
Michael S. Glasco	Sayre
Michael D. Robinson	Spencer
Roberto C. Vargas	The Village
Nickolas G. O'Bryant	Warr Acres
Robert M. Bartel	Weatherford
Steven C. Yeager	Bethany
Jared L. Montgomery	Davis
Shawna M. Elrod	Hobart
James D. Hansen	Stillwater
Terry J. Low	Stillwater
Jared P. Noles	Stillwater
Sammie J. Seal	Stillwater
Jacob A. Secrest	Stillwater
Chet F. Skimbo	Stillwater
Cory R. Drain	Warr Acres

b. Application for Refund of Contributions

<u>Name</u>	<u>City</u>
Richard K. Glasgow	Ardmore
Kristopher M. Franta	Alva
Brandon S. Randles	Enid
Marcus Tartsah	Enid
Clay Hegwood	Guymon
Lowell J. Flippo	Henryetta
Alexandro Solis	Hobart
Joshua R. Caughron	Lawton
Michael L. Hulsey	Moore
David Potts	Oklahoma City
Christina Penick	El Reno
Anthony W. Bowdoin	Elk City
Michael Osgood	Enid
Royce A. Glass	Lindsay
Randy Minyard	Lindsay
Keith Ooten	Moore
Steven M. Paul	Noble
Richard Mantooth	Tecumseh
Emily S. Olubunmi	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>
David C. Rodgers	Bethany	10/01/2011	10/01/2012
Gregory I. Brown	Oklahoma City	07/01/2011	09/01/2012
Thomas F. Picchione	Oklahoma City	10/01/2007	10/01/2012
James L. Phillips	Duncan	08/01/2010	10/01/2012

- d. Application for Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Melvin Parker	Claremore	11/01/2012
Shawn D. Shropshire	Oklahoma City	10/01/2012
Norman D. Meadows	Altus	01/01/2013

- e. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Karri A. Andrews	Moore	12/09/2021
Russell J. Moore	Ponca City	08/15/2027

- f. Death Benefit:

<u>Name</u>	<u>City</u>
Kelly Gregg, Personal Rep. of Terry W. Gregg	Edmond
Janice M. Brixey, widow of Abraham T. Brixey, Jr	Oklahoma City
Mary L. Calvert, widow of Dale E. Calvert	Tulsa

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

<u>Name</u>	<u>City</u>
Kelly Gregg, Personal Rep. of Terry W. Gregg	Edmond
Cynthia K. McGowan, Personal Rep. of Ramona F. Hervey	Oklahoma City

- h. Termination of Benefit:

<u>Name</u>	<u>City</u>
Terry W. Gregg	Edmond
Ramona F. Hervey	Oklahoma City

- i. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Janice M. Brixey, widow of Abraham T. Brixey, Jr.	Oklahoma City
Mary L. Calvert, widow of Dale E. Calvert	Tulsa

- j. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Ronald R. Thrasher	Stillwater	10/1/2012

Motion by W.B. Smith and second by Jim Keesee for approval of applications for Police Deferred Option Plan, Participation, Service Pension, Refunds and Benefits and the Addendum. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**BRUCE R. SMITH, BLANCHARD – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE BETHANY POLICE DEPARTMENT FROM 5/1/1982 TO 4/11/1985. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY**

Motion by Tony Davenport and second by Andy McPherson approve request to buy back prior service while employed with the Bethany Police Department from 5/1/1982 to 4/11/1985. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. 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 August 2012 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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**BUCK CONSULTANT, LLC – ACTUARIAL VALUATION REPORT AS OF JULY 1, 2012. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

The "*Actuarial Valuation Report as of July 1, 2012*," is attached as Exhibit "E," and a summary of the actuarial valuation entitled "*July 1, 2012 Actuarial Valuation Presentation to the Retirement Board*" is attached as Exhibit "F." The GASB Project "Finally Finalized" is attached as Exhibit "G".

Mr. Kent reviewed with the Board the summary of the actuarial valuation. As of July 1, 2012, the System's Funded Ratio is 90.2%. During fiscal year 2012, the actual State Contribution to the System was \$28,092,000.00. The actuarial report shows that the required State Contribution for the current year is \$44,891,731.

Mr. Kent also reviewed with the Board the *GASB Project "Finally Finalized"* which details GASB N0. 67 and the effects it will have on the Oklahoma Police Pension and Retirement Board as well as the participating municipalities.

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

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**FINLEY & COOK, PLLC – AUDIT REPORT AS OF JUNE 30, 2012. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

A copy of the "*Financial Statements, June 30, 2012 and 2011 (With Independent Auditors' Report Thereon)*" is attached as Exhibit "H," and a copy of a letter to the Board of Trustees of the Oklahoma Police Pension and Retirement System dated September 17, 2012, is attached as Exhibit "I"

Nate Atchison and Traci Keel appeared before the Board. Mr. Atchison briefly reviewed the Independent Auditors' Report to the Board of Trustees (Page 1-2 of Exhibit "H"). 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 46 of Exhibit "H").

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

Motion by Randy Scott and second by W. B. Smith to accept the Audit Report as presented by Finley and Cook, PLLC. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED AUGUST 31, 2012, AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. George Tarlas briefly reviewed the ASAP report for the month ended August 31, 2012, a copy of which is attached as Exhibit "J". As of August 31, 2012, the total Fund was approximately \$1,823,481.00. The one-year return net of fees for the total Fund is 8.28%.

Mr. Tarlas stated that the 2<sup>nd</sup> Quarter had positive growth He also stated that markets are up into double digits so far this year, but they are very unpredictable.

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**ASSET CONSULTING GROUP – REVIEW OF CURRENT PORTFOLIO AND SPECIFIC RECOMMENDATIONS FOR NEW PRIVATE EQUITY COMMITMENTS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. George Tarlas reviewed the 2012 Private Equity Portfolio Review, a copy of which is attached as Exhibit "K", with the board.

Motion by Tony Davenport and second by Charles Kerr to commit \$7.5 million to Warburg Pincus Private Equity XI. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**DISCUSSION OF STATUS OF REAL ESTATE SEARCH AND SALE OF REAL ASSETS. - PROPOSED EXECUTIVE SESSION, TO DISCUSS AND DELIBERATE STATUS OF REAL ESTATE SEARCH AND SALE OF REAL ASSETS PURSUANT TO 25 O.S. § 307(B)(3)**

Motion by W.B. Smith and second by Charles Kerr to go into Executive Session (at approximately 11:15 am). Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

Motion by Jim Keesee and second by Charles Kerr to go back into Open Session (at approximately 11:35 am). Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

Motion by W.B. Smith and second by Randy Scott for the Executive Director to prepare and deliver a Letter of Intent to purchase and build, on the NE corner of Hefner Rd and Broadway Extension to Vanguard Development; pending the sale of Columbus Square and realization of monetary proceeds by 5pm on October 3<sup>rd</sup>. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**DISCUSSION OF NOVEMBER 2012 BOARD MEETING DATE; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. Snyder advised the board that the November board meeting is currently set for Nov. 21<sup>st</sup>, which is the Wednesday before Thanksgiving. He stated due to the holiday and IFEBP meetings in San Diego it would be best to reschedule the November meeting.

Motion by W.B. Smith and second by Jim Keesee to reschedule the November Board Meeting to November 28, 2012. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**DISCUSSION OF POSSIBLE CONTRACT WITH THE OKLAHOMA OFFICE OF THE ATTORNEY GENERAL FOR LEGAL SERVICES; BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. Snyder presented the board with two possible options for contracting with the Oklahoma Attorney General's Office. The first option is an hourly contract at a rate of \$80 per hour or the second option is a 1/10<sup>th</sup> contract equaling 16 hours per month for \$1000.00.

Motion by Tony Davenport and second by Charles Kerr enter into a 1/10<sup>th</sup> contract with the Oklahoma Attorney Generals' Office.. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**DISCUSSION AND POSSIBLE SELECTION OF NEW INDEPENDENT MEDICAL EXAMINER. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

Mr. Snyder presented the board with a list of 17 Occupational Medicine doctors currently practicing as Independent Medical Examiners.

Motion by W.B. Smith and second by Tony Davenport to select John W. Ellis, M.D., William R. Gillock, M.D., Carl B. Pettigrew, D.O., and LeRoy E. Young, D.O. as the Independent Medical Examiners for the Oklahoma Police Pension and Retirement System. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Charles Kerr, Andy McPherson, Ryan Perkins, Randy Scott, W. B. Smith, and Frank Stone. Absent: Craig Akard, Susan Knight, Brandy Manek, and Rick Smith. Motion Carried.

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**LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO 1:12-CV-00276, IN RE CAREER EDUCATION CORPORATION (UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS); CASE NO. 5:12-CV-00195-KKC, IN RE TEMPUR-PEDIC INTERNATIONAL, INC (UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF KENTUCKY); 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 an Executive Session was not necessary as there had been no change on any of the cases.

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**NEW BUSINESS**

No New Business

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**BOARD MEMBERS' REPORTS**

Mr. W.B. Smith reported that the Oklahoma Public Funds Trustee Education Conference was good.

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

Mr. Snyder advised that the IFEBP Annual Conference would be in San Diego, CA in November.

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**DIRECTOR'S REPORT**

Mr. Snyder reported that the Pension Books would be going to the printers next week and the Attorney General's Opinion Request had been assigned to Jeff Long. He also stated that IS12-008 and IS12-052 are the two Interim Studies going to be conducted related to the pension systems. He advised the board that at the Pension Committee Meeting he received information that they would be seeking the 1%/1%/1% increase again during legislative session. Mr. Snyder also reminded the board that the October Board meeting would include the Investment Managers Meeting in the afternoon and dinner would follow at Twelve Oaks, Edmond.

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The meeting was adjourned at approximately 11:50 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 DARCIÉ GORDON, ADMINISTRATIVE OFFICER.