

**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**

SEPTEMBER 18, 2013

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman Jim Keesee at approximately 9:00 a.m. on Wednesday, September 18, 2013, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone and Jeff Pierce.

OTHERS: Steven K. Snyder, Executive Director; Darcie Gordon, Administrative Officer; Christina Hirschman, Executive Legal Assistant; Deric Berousek, Chief Financial Officer; Judy Cong, Comptroller; George Tarlas, Asset Consulting Group; Nate Atchison, Finley and Cook; Traci Keel, Finley and Cook; David Kent, Buck Consultants; and Matthew Smith, Buck Consultants.

MEMBERS ABSENT: Tony Davenport, Susan Knight, and Tim Foley

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Note Tim Foley arrived at approximately 9:10 a.m

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APPROVAL OF MINUTES OF BOARD MEETING HELD AUGUST 21, 2013

Motion by W.B. Smith and second by Tom Custer to approve the Minutes of the Regular Board Meeting held August 21, 2013. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, and Jeff Pierce. Absent: Tony Davenport, Susan Knight, and Tim Foley. Motion Carried.

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RECOGNITION OF CHARLES KERR FOR HIS SERVICE TO THE STATE OF OKLAHOMA AS A TRUSTEE OF THE OKLAHOMA POLICE PENSION AND RETIREMENT BOARD. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by W.B. Smith and second by Tom Custer to accept the Recognition of Charles Kerr for his service to the State of Oklahoma as a trustee of the Oklahoma Police Pension and Retirement Board. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, and Jeff Pierce. Absent: Tony Davenport, Susan Knight and Tim Foley. Motion Carried.

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**BUCK CONSULTANTS, LLC – ACTUARIAL VALUATION REPORT AS OF JULY 1, 2013.
BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.**

The "Actuarial Valuation Report as of July 1, 2013," is attached as Exhibit "A," and a summary of the actuarial valuation entitled "July 1, 2013 Actuarial Valuation Presentation to the Retirement Board" is attached as Exhibit "B."

Mr. Kent reviewed with the Board the summary of the actuarial valuation. As of July 1, 2013, the System's Funded Ratio is 89.3%.

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

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**FINLEY & COOK, PLLC – AUDIT REPORT AS OF JUNE 30, 2013. BOARD TO TAKE
APPROPRIATE ACTION AS DEEMED NECESSARY.**

A copy of the "Financial Statements, June 30, 2013 and 2012 (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 September 16, 2013, 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 1-2 of Exhibit "C"). Mr. Atchison stated that Finley & Cook has changed the format of the report. However, Finley and Cook rendered a clean opinion on the statements and had no issues on compliance. He stated a new accounting guidance, GASB No. 63 had been added. Mr. Atchison stated the audit went very smoothly, the requested information was furnished in a timely manner, and staff was very helpful.

Ms. Keel briefly reviewed what Finley & Cook calls their "Required Communication Letter" (Exhibit "D"). She stated that GASB No. 63 had been adopted by the system. She noted that no transactions with lack of authoritative guidance had been entered into the system. She stated there was no difficulty with management, no adjustments to the financial statements, and no disagreements with management.

Motion by W.B. Smith and second by Craig Akard to accept the Audit Report as presented by Finley and Cook, PLLC. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: 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:

<u>Name</u>	<u>City</u>
Michael S. Larimer	Blanchard
Christopher L. Wagstaff	Davis
Craig A. Patterson, Jr.	Dewey
Royce A. Glass	Lindsay
Gilbert L. Hensley, III	Lindsay
Ronnie C. Gilmore	Miami
Bradyn R. Nucci	Midwest City
Cody A. Adkins	Norman
Matthew D. DeWalt	Norman
Colt J. Franklin	Norman
Neelon T. Greenwood	Norman
Aaron M. Hebert	Norman
Ali W. Jaffery	Norman
Brian J. Pacholski	Norman
Shalee D. Erwin	Pauls Valley
George W. Hannon, III	Perkins
Shawn R. Degan	Sand Springs
Kaylee D. Johnson	Sand Springs
Andrew P. Knapp	Sand Springs
Kejaun D. Joseph	Watonga
William S. Kays	Watonga
Jentry D. Brown	Altus
Brad D. Edmonds	Altus
Tony G. Favalora	Altus
Matthew L. Hyso	Elk City
Johnathan J. Stryker	Elk City
Lee C. Phillips	Fort Gibson
Charles J. Shirley	Guthrie
Elliot G. Gribaudo	Norman
Alexander L. Webb	Norman
Daniel J. Walters	Skiatook
Codie L. Bolin	Sulphur
Ariana R. Rice	Sulphur
Robert B. Hill	Tecumseh
Joshua R. Lenz	Tecumseh

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Jared Martinez	Anadarko
Matthew Senchhuom	Arapaho
Jonathan Bailey	Norman
Shawna Burley	Oklahoma City
Rodney Galloway	Oklahoma City
Jacob Nunez	Oklahoma City

Thomas Brewster	Perkins
Marvin Blades, Jr.	Tulsa
Ryan Entwistle	Tulsa
Steven Lane	Warner
Troy Magers	Watonga
Jim Dillard	Claremore
Marchmont H. BigEagle	Nowata
John M. Leebron	The Village

c. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Ted W. Glover	Oklahoma City	09/01/2013

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>
Scott A. Botkin	Bethany	11/01/2008	11/01/2013
Eric N. Helveston	Broken Arrow	10/01/2008	10/01/2013
Robert W. Lynn	Duncan	07/01/2011	09/01/2013
Robert Bishop	Lawton	10/01/2008	10/01/2013
Lawrence R. LaFrance	Lawton	10/01/2008	10/01/2013
Greg Clark	Tulsa	04/01/2011	09/01/2013
Art Trujillo	Midwest City	10/01/2008	10/01/2013

e. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Jeffrey T. Weber	Enid	03/26/2027
Roberto Peralta	Lawton	07/03/2018
Kris Hunter	Oklahoma City	02/01/2027
Ryan Rodgers	Perry	04/15/2031
Travis Foster	Skiatook	05/03/2021

f. Death Benefit:

<u>Name</u>	<u>City</u>
Carolyn Marston, Personal Rep. of David P. Pierce	Midwest City
Jessie L. Kennedy, widow of Phil G. Kennedy	Oklahoma City
Helen E. Vickers, widow of Don Vickers	Tulsa
Mary K. Driggs, widow of Hilary A. Diggs	Stillwater
Gloria G. Bishop, widow of Richard L. Bishop	Tulsa

g. Continuation of Benefit:

<u>Name</u>	<u>City</u>
Jessie L. Kennedy, widow of Phil G. Kennedy	Oklahoma City
Helen E. Vickers, widow of Don Vickers	Tulsa
Mary K. Driggs, widow of Hilary A. Diggs	Stillwater
Gloria G. Bishop, widow of Richard L. Bishop	Tulsa

h. Termination of Benefit:

<u>Name</u>	<u>City</u>
David P. Pierce	Midwest City

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

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WILLIAM J. STRAILY, LAWTON – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE LAWTON POLICE DEPARTMENT FROM 07/24/2000 TO 12/31/2004. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by Rick Smith and second by Ryan Perkins to approve request to buy back prior service while employed with the Lawton Police Department from 7/24/2000 to 12/31/2004. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Tony Davenport and Susan Knight, Motion Carried.

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STEPHEN FRUEN, POTEAU – REQUEST TO BUY BACK PRIOR SERVICE WHILE EMPLOYED WITH THE POTEAU POLICE DEPARTMENT FROM 01/22/2003 TO 03/21/2008. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Motion by W.B. Smith and second by Ryan Perkins to approve request to buy back prior service while employed with the Poteau Police Department from 1/22/2003 to 3/21/2008. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: 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 August 2013 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, 2013, AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS.

Mr. George Tarlas reviewed the ASAP report for the month ended August 31, 2013, a copy of which is attached as Exhibit “I”. As of August 31, 2013, the total Fund was approximately \$1,972,942.000.00. The one-year return net of fees for the total Fund is 10.38%. He stated that September was shaping up to be a strong month. He noted what was lost in August had more than been made up for thus far in the September Equity Markets.

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DISCUSSION AND POSSIBLE VOTE ON SELECTION OF HEDGE FUND MANAGERS FOR SHARE CLASS B, OF GROSVENOR LONG/SHORT EQUITY FUND. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. George Tarlas reviewed the GLSEF Direct Portfolio (Class B) Action Plan a copy of which is attached as Exhibit “J”. He recommended the board make a \$5 million investment in Starboard Value and Opportunity Fund, Ltd. and a \$15 million investment in Starboard Leaders Fund, LP.

Motion by W.B. Smith and second by Andy McPherson to commit \$5 million in Starboard Value and Opportunity Fund, Ltd. and \$15 million in Starboard Leaders Fund, LP. Ayes: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, Frank Stone, Jeff Pierce and Tim Foley. Absent: Tony Davenport and Susan Knight, Motion Carried.

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CONSIDERATION AND VOTE ON WHETHER TO INCREASE THE SALARY OF THE EXECUTIVE DIRECTOR TO THE MAXIMUM LIMIT RECOMMENDED BY OMES PURSUANT TO 74 O.S. SUPP 2013 § 3601.2.

The board discussed the current salary of the Executive Director and the new maximum salary set forth in 74 O.S., Section 3601.2.

Motion by W.B. Smith and seconded by Tom Custer to increase the salary of the Executive Director to \$125,000.00 Ayes: W.B. Smith. Nays: Craig Akard, Tom Custer, Jim Keesee, Brandy Manek, Andy McPherson, Ryan Perkins, Rick Smith, Frank Stone, Jeff Pierce, and Tim Foley. Absent: Tony Davenport and Susan Knight. Motion Failed.

Motion by W.B. Smith and seconded by Tom Custer to increase the salary of the Executive Director to the maximum amount of \$130,818.00. Ayes: Tom Custer, Jim Keesee, Andy McPherson, Ryan Perkins, Rick Smith, W.B. Smith, and Tim Foley. Nays: Craig Akard, Brandy Manek, Frank Stone and Jeff Pierce. Absent: Tony Davenport and Susan Knight. Motion Carried.

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LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. TBD, IN RE DOLE FOOD COMPANY, INC. (STATE OF DELAWARE COURT OF CHANCERY)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. Steven Snyder advised the board that no executive session was necessary, also that all the lawsuits were still pending and there had been no change in status. OPPRS was selected with two other pension systems as lead plaintiff in the Dole Food case. The court has been asked to accept a \$37 million settlement in the Career Education case. OPPRS is co-lead plaintiff with OLEERS in the Career Education case. Tempur-Pedic is still pending. The judge has not ruled on the motion to dismiss.

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NEW BUSINESS

W.B. Smith wanted to make sure the OPPRS staff only gave options to members of the system and no advice as they are not financial advisors.

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BOARD MEMBERS' REPORTS

W.B. Smith applauded Mr. Jim Keesee for doing a great job as the new chairman.

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

Mr. Snyder advised that OPFTEC is September 25-27, 2013 in Tulsa, IFEBP including CAPPP and Trustee Masters Program is in Las Vegas, NV in October, NCPERS Public Safety Conference was coming up in Rancho Mirage, CA., and NCPERS Annual Conference would be in San Antonio next year. He also stated CAPPP would hold programs next year in Boston, MA and San Jose, CA.

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DIRECTOR'S REPORT

Mr. Snyder reported that the pension books were being mailed today. The RFP deadline has passed and ACG is reviewing the candidates. Interim Study IS-H13-012 will meet September 19, 2013 at 10am in room 412c. He also stated that the October Board Meeting would include the Managers Meeting with dinner to follow at Boulevard Steakhouse.

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The meeting was adjourned at approximately 11:37 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.