

MINUTES

The Oklahoma Firefighters Pension and Retirement Board met June 21, 2013 in the Lincoln Plaza Office Building at 4545 N. Lincoln Blvd., Oklahoma City, OK. Written notice was sent to Board members and interested parties, posted 24 hours before the meeting and filed with the Secretary of State in compliance with the Open Meeting Laws.

Chairman Gerald Garrett called the meeting to order.

Members Present: Gerald Garrett, Casey Morrison, Scott Vanhorn, Dana Cramer, Raanon Adams, Jim Long, Mike Duncan, Bob Allen, Janet Kohls, Anita Breen, and Frank Stone arriving at 9:05 A.M.

Others: Robert Jones, Executive Director; James Reynolds, Assistant Director; Terri Williams, Executive Secretary; Chase Rankin, Controller; Marc Edwards, General Counsel

Visitors: Brett Hazen, Bogden Group; Michael Duignan, JP Morgan; Christopher Good & Marcus Berry, TA Associates; Kenneth Wisdom & Harry Pierandri, Portfolio Advisors

Absent: Brandy Manek and Doug Jacobson

APPROVAL/MINUTES DATED MAY 17, 2013:

Motion was made by Mr. Long and seconded by Mr. Vanhorn to approve the minutes dated May 17, 2013 with the amendment that Mr. Thompson made a vote, seconded by Mr. Cramer to deny the request of Mr. Graham for restoration of three years of credited service. Ayes: Messrs. Garrett, Morrison, Vanhorn, Allen, Adams, Cramer, Breen, Thompson, Duncan, Kohls, and Long. None. Motion carried.

JP MORGAN/MICHAEL DUIGNAN:

Mr. Duignan gave a presentation for JP Morgan.

	3 Months Ending <u>05/31/2013</u>	1 Year Ending <u>05/31/2013</u>	3 Years Ending <u>05/31/2013</u>
JP Morgan	2.69%	13.20%	15.26%
NCREIF Property Index	2.57%	10.52%	13.30%

TA ASSOCIATES REALTY/CHRISTOPHER GOOD & MARCUS BERRY:

Mr. Good and Mr. Berry gave a presentation for TA Associates.

	3 Months Ending <u>05/31/2013</u>	1 Year Ending <u>05/31/2013</u>	3 Years Ending <u>5/31/2013</u>
TA Associates Fund VII	17.80%	9.02%	3.42%
TA Associates Fund IX	12.40%	14.5%	6.27%
NCREIF Property Index	2.57%	10.52%	13.30%

PORTFOLIO ADVISORS/KENNETH WISDOM & HARRY PIERANDRI:

Mr. Wisdom & Mr. Pierandri gave a presentation for Portfolio Advisors.

	3 Months Ending <u>05/31/2013</u>	1 Year Ending <u>05/31/2013</u>	3 Years Ending <u>05/31/2013</u>
Portfolio Advisors Fund III	0.61%	1.35%	2.08%
Portfolio Advisors Fund IV	7.40%	11.73%	
NCREIF Property Index	2.5%	10.52%	13.30%

JANET KOHLS & RAANON ADAMS LEFT THE MEETING AT 10:50 A.M.

BOGDEN GROUP/BRETT HAZEN:

1. Presenting Manager Review.

Mr. Hazen reviewed the presenting managers to the Board.

INVESTMENT COMMITTEE/CASEY MORRISON – CHAIRMAN:

1. Review Investment performance.

Mr. Hazen reviewed the monthly investment performance.

	3 Months Ending <u>05/31/2013</u>	1 Year Ending <u>05/31/2013</u>	3 Years Ending <u>05/31/2013</u>
Total Fund	5.00%	19.08%	11.64%
Policy Benchmark	4.67%	18.92%	12.67%

2. Investment Policy revisions.

Mr. Morrison reported that the investment committee had started the process and will come back next month with the updated changes.

3. Asset allocation study.

4. Portfolio roadmap/next steps.

5. Update on lending strategies.

FRANK STONE LEFT THE MEETING.

REQUEST APPROVAL/CONSENT AGENDA, A COPY IS ATTACHED:

Motion was made by Mr. Long and seconded by Mr. Vanhorn to approve the Consent Agenda dated June 21, 2013. Ayes: Messrs. Garrett, Morrison, Cramer, Vanhorn, Duncan, Breen, Long, and Allen. Nays: None. Motion carried.

MARC EDWARDS/LEGAL COUNSEL REPORT. DISCUSSION, VOTE, AND ANY OTHER NECESSARY ACTION TO IMPLEMENT DISCUSSION AND VOTE:

1. In re: Finisar Corp. Sec. Litig., 11-cv-1252-EJD (AFT) (Waddell)
2. In re: Miller Energy Resources Securities Litigation 11-cv-375 (E.D. Tenn.) (Grant)
3. Greg Young vs. Pacific Biosciences of CA, Inc., et al. CIV 509210 Cal Superior Court, San Mateo Div. (Robbins)
4. Oklahoma Firefighters Pension & Retirement System v. Student Loan Corp., et al. 12-cv-895-NRB (S.D.N.Y.) (Grant)
5. In re: Lehman Brothers Equity/Debt Securities Litigation, 08-cv-5523-LAK (S.D.N.Y.) (Saxena White)
6. City of Henryetta v. Oklahoma Firefighters Pension and Retirement System and Raymond Eldridge, Oklahoma County District Court, Case No. CV-2012-772. (PM)

Mr. Edwards reported that he had contacted the attorneys for the City of Henryetta and Mr. Eldridge regarding the fact that Mr. Eldridge was no longer an employee of the City and whether they still desire to continue pursuing the case. He reported that he hopes to have a response from the two attorneys by our next monthly Board meeting.

7. Harrison v. MAKO Surgical Corp., No. 12-cv-60875 (S.D. Fla. May 10, 2012. (Labaton)
8. Oklahoma Firefighters Pension v. Jefferies Group et al, Chancery Court of Delaware, Case No.
9. Reinschmidt v. Zillow, Inc. et al, Securities Litigation, Western District of Washington, Case No. 2:12-cv-02084
10. Scott v. Verifone Systems, Inc., No. C-13-1038 (N.D.Cal) (Saxena White)
11. Report on the current status of all other litigation involving the Pension System.

Mr. Edwards said there was nothing new to report.

CINDY BIRLEY – PROPOSED BOARD RESOLUTIONS REGARDING TAX COMPLIANCE AND PENSION ADMINISTRATION:

Ms. Birley proposed three resolutions regarding tax compliance and pension administration to the Board as follows:

Resolution No. 1

WHEREAS, the Oklahoma Firefighters Pension and Retirement Board (the “State Board”), pursuant to 11 O.S. Section 49-100.7, shall be responsible for the policies and rules for the general administration of the of the Oklahoma Firefighters Pension and Retirement System (the “System”) and pursuant to 11 O.S. Section 49-100.9, has the power to do all acts and things necessary and proper to carry out the purpose of the System and to make the least costly amendments and changes, if any, as may be necessary to qualify the System under the applicable sections of the Internal Revenue Code of 1986, as amended;

WHEREAS, the Oklahoma Legislature amended 11 O.S. Section 49-106.1, the Deferred Option Plan (the “DROP”), at paragraph 2 of subsection I through passage of Senate Bill 1101, which was approved by the Governor of State of Oklahoma on May 29, 2013 (the “Act”), and became effective on such date pursuant to Section 10 of the Act;

WHEREAS, the intent of Section 4 of the Act with respect to the amendment to paragraph 2 of subsection I of 11 O.S. Section 49-106.1 was to modify the reference to certain years related to service credit for members of the Oklahoma Firefighters Pension and Retirement System whose first employment with the System occurs on or after November 1, 2013;

WHEREAS, Section 4 of the Act as passed by the Oklahoma Legislature and approved by the Governor of the State of Oklahoma contains language under paragraph 2 of subsection I of 11 O.S. Section 49-106.1, which is ambiguous and may deprive the surviving spouse of a member whose first employment with the System was prior to November 1, 2013 and who has more than twenty (20) years of creditable service and is eligible to receive a service retirement pension and dies prior to terminating employment of the ability to elect the back DROP provisions in accordance with paragraph 2 of subsection I of 11 O.S. Section 49-106.1;

NOW, THEREFORE, we, a majority of the members of the State Board do hereby resolve to interpret the amendment by the Act to paragraph 2 of subsection I of 11 O.S. Section 49-106.1, effective May 29, 2013 to provide that the surviving spouse of a member whose first employment with the System was prior to November 1, 2013 and who has more than twenty (20) years of creditable service and is eligible to receive a service retirement pension and dies prior to terminating employment is eligible to elect the back DROP provisions in accordance with paragraph 2 of subsection I of 11 O.S. Section 49-106.1.

Motion was made by Mr. Vanhorn and seconded by Mr. Cramer to approve Resolution No. 1. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Duncan, Breen, and Allen. Nays: None Motion carried.

Resolution No. 2

WHEREAS, the Oklahoma Firefighters Pension and Retirement Board (“State Board”), pursuant to 11 O.S. Section 49-100.7, may adopt all necessary actuarial tables to be used in the operation of the Oklahoma Firefighters Pension and Retirement System (the “System”) as recommended by the actuary; and

WHEREAS, the Oklahoma Firefighters Pension and Retirement Board (“State Board”), pursuant to 11 O.S. Section 49-100.9, has the power to do all acts and things necessary and proper to carry out the purpose of the Oklahoma Firefighters Pension and Retirement System (the “System”) and to make the least costly amendments and changes, if any, as may be necessary to qualify the System under the applicable sections of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, we, a majority of the members of the State Board, do hereby resolve to approve and adopt the following resolutions regarding the computation of required minimum distributions:

1. For purposes of calculating the required minimum distribution under the annuity distribution method from the Deferred Option Plan commencing with the December 2012 payment, the required minimum distribution will be determined as a period certain annuity without life contingencies, and such annuity will:

(A) use an assumed interest rate of 3% for purposes of calculating the actuarial gain under paragraph (d)(3) of A-14 of Treas. Reg. Section 1.401(a)(9)-6;

(B) use truncated years in determining the life expectancy or distribution period for purposes of determining the period certain without life contingencies;

(C) use the Uniform Lifetime Table in A-2 of Treas. Reg. Section 1.401(a)(9)-9 as the basis for determining the period for the distribution to a member who is alive when the annuity commences; and

(D) use the Single Life Table in A-1 of Treas. Reg. Section 1.401(a)(9)-9 as the basis for determining the period for the distribution to the spouse designated beneficiary when the member dies before the annuity commences to the member.

2. Any actions taken or to be taken by the Executive Director of the System and/or his staff in connection therewith are hereby ratified and approved.

Motion was made by Mr. Stone and seconded by Mr. Cramer to approve resolution No.

2. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Duncan, Breen, and Allen.

Nays: None Motion carried.

Resolution No. 3

WHEREAS, the Oklahoma Firefighters Pension and Retirement Board (“State Board”), pursuant to 11 O.S. Section 49-100.7, shall be responsible for the policies and rules for the general administration of the of the Oklahoma Firefighters Pension and Retirement System (the “System”) and pursuant to 11 O.S. Section 49-100.9, has the power to do all acts and things necessary and proper to carry out the purpose of the System and to make the least costly amendments and changes, if any, as may be necessary to qualify the System under the applicable sections of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the State Board has the ability to approve any method of payment under the Deferred Option Plan (“Plan B” or “DROP”) pursuant to 11 O.S. Section 49-106.1(F);

NOW, THEREFORE, we, a majority of the members of the State Board do hereby resolve, effective June 21, 2013, to approve the following resolutions regarding the Deferred Option Plan pursuant to 11 O.S. Section 49-106.1:

1. A member participating in the Deferred Option Plan may elect with seven (7) days advance written notice to change a payout period or payout amount and such election may be made more than once per quarter.

2. A member participating in the Deferred Option Plan may elect with seven (7) days advance written notice, a withdrawal that will occur as of the last working day of the month.

3. If a member dies with a balance in the member's Deferred Option Plan, including a back DROP or forward DROP, and a trust is the beneficiary (even if the surviving spouse is a beneficiary under such trust), the deceased member's account balance may not remain in the Deferred Option Plan after the member's death.

4. The foregoing shall also apply to surviving spouse who meets the requirements of 11 O.S. Section 49-100.1(16).

5. Any actions taken or to be taken by the Executive Director of the System and/or his staff in connection therewith are hereby ratified and approved.

Motion was made by Mr. Allen and seconded by Mr. Vanhorn to approve resolution No. 3. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Duncan, Breen, and Allen. Nays: None Motion carried.

DAVID KENT – REPORT ON ACTUARIAL EXPERIENCE STUDY:

Mr. Kent presented the Actuarial Experience Study.

Motion was made by Mr. Vanhorn seconded by Ms. Breen to approve the Actuarial Experience Study presented and to adopt the recommended changes to the actuarial assumption. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Duncan, Breen, and Allen. Nays: None Motion carried.

WILLIAM K. BRANDON/CHOUTEAU - APPLICATION FOR “DISABILITY IN THE LINE OF DUTY” PENSION, EFFECTIVE MAY 1, 2013:

Motion was made by Mr. Allen and seconded by Mr. Vanhorn to approve the Application for “Disability in the Line of Duty, effective May 1, 2013. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Duncan, Breen, and Allen. Nays: None Motion carried.

CURTIS A. DRISCOLL/OKLAHOMA CITY – APPLICATION FOR “DISABILITY IN THE LINE OF DUTY” PENSION, EFFECTIVE JUNE 1, 2013:

Motion was made by Mr. Vanhorn and seconded by Mr. Allen to modify the Application for “Disability in the Line of Duty” to “Service”, effective June 1, 2013. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Breen, Duncan, and Allen. Naves: None
Motion carried.

LESLIE R. GOMEZ/OKLAHOMA CITY - APPLICATION FOR “DISABILITY IN THE LINE OF DUTY” PENSION, EFFECTIVE JUNE 1, 2013:

Motion was made by Mr. Vanhorn and seconded by Mr. Morrison to modify the Application for “Disability in the Line of Duty” to “Service” effective June 1, 2013. Ayes: Messrs. Garrett, Vanhorn, Morrison, Duncan, Breen, Cramer, Long, and Allen. Naves: None. Motion carried.

PAUL R. MUNGER/OKLAHOMA CITY – APPLICATION FOR “DISABILITY IN THE LINE OF DUTY” PENSION, EFFECTIVE JUNE 1, 2013:

Motion was made by Mr. Long and seconded by Mr. Allen to modify the Application for “Disability in the Line of Duty” to “Service”, effective June 1, 2013. Ayes: Messrs. Long Morrison, Garrett, Vanhorn, Cramer, Breen, Duncan, and Allen. Naves: None. Motion carried.

RANDAL R. VANDIVER/OKLAHOMA CITY APPLICATION FOR “DISABILITY IN THE LINE OF DUTY” EFFECTIVE JUNE 1, 2013:

Motion was made by Mr. Vanhorn and seconded by Mr. Long to modify the Application for “Disability in the Line of Duty” to “Service”, effective June 1, 2013. Ayes: Messrs. Long Morrison, Garrett, Vanhorn, Cramer, Breen, Duncan, and Allen. Naves: None. Motion carried.

ROBERT W. PENICK/TULSA – APPLICATION FOR “DISABILITY IN THE LINE OF DUTY”, EFFECTIVE JUNE 1, 2013:

Motion was made by Mr. Vanhorn and seconded by Mr. Long to modify the Application for “Disability in the Line of Duty” to “Service”, effective June 1, 2013. Ayes: Messrs. Morrison, Garrett, Vanhorn, Cramer, Long, Breen, Duncan, and Allen. Naves: None. Motion carried.

AARON D. SOWDER/CROMWELL – APPLICATION FOR “DISABILITY NOT IN THE LINE OF DUTY”, EFFECTIVE AUGUST 21, 2012:

Motion was made by Mr. Cramer and seconded by Mr. Allen to approve the request of Mr. Stuart to modify his pension from “Service” to “Disability in the Line of Duty” based on the medical information submitted. Ayes: Messrs. Long Morrison, Garrett, Vanhorn, Cramer, Breen, Thompson, and Allen. Naves: None. Motion carried.

GREG GRAHAM/POCOLA FIRE DEPARTMENT – REQUEST FOR RESTORATION OF THREE YEARS OF CREDITED SERVICE:

Motion was made by Mr. Long and seconded by Mr. Morrison to approve the request for restoration of three years of credited service. Ayes: Messrs. Long and Morrison. Naves: Messrs. Garrett, Vanhorn, Cramer, Duncan, Allen, and Breen. Motion failed.

WALTER J. WERHUN/EDMOND – DECLARE AS A DEATH IN THE LINE OF DUTY – DECEASED APRIL 27, 2013:

Motion was made by Ms. Breen and seconded by Mr. Cramer to declare Walter J. Werhun’s death as a death in the line of duty. . Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Breen, Duncan, and Allen. Naves: None. Motion carried.

RECEIVE & FILE:

1. Insurance Premium Tax - \$1,046,078.47 – June 2013
2. Realty Associates - \$133,370.00 – Dividends – May 2013
3. Realty Associates - \$272,627.00 – Dividends – May 2013

Motion was made by Mr. Morrison and seconded by Mr. Vanhorn to approve the above listed receive and file. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Breen, Duncan, and Allen. Naves: None. Motion carried.

ROBERT JONES/EXECUTIVE DIRECTOR REPORT:

Mr. Jones said he had nothing to report.

DISCUSSION ON TRAVEL REIMBURSED BY THE SYSTEM. BOARD TO TAKE APPROPRIATE ACTION.

There was no action taken on this item.

QUESTIONS & COMMENTS FROM BOARD MEMBERS & AUDIENCE:

Mr. Allen asked Mr. Jones if he could give an update on the City of Duncan.

NEW BUSINESS:

NEXT MEETING DATE:

The Oklahoma Firefighters Pension and Retirement Board will meet July 19, 2013 at 8:30 A.M. at the Lincoln Plaza Office Building at 4545 N. Lincoln Blvd., Oklahoma City, OK.

ADJOURNMENT:

Motion was made by Mr. Long and seconded by Mr. Duncan to adjourn the Board meeting at 12:13 P.M. Ayes: Messrs. Garrett, Vanhorn, Morrison, Cramer, Long, Breen, Duncan, and Allen. Nays: None. Motion carried.

Submitted by Terri L. Williams, Executive Secretary.