

**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

MARCH 15, 2017

The regular meeting of the Oklahoma Police Pension and Retirement Board was called to order by Chairman W.B. Smith at approximately 10:03 a.m. on Wednesday, March 15, 2017, in the Board Room of the Oklahoma Police Pension and Retirement System.

MEMBERS PRESENT: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, and Jeff Pierce.

OTHERS: Steven K. Snyder, Executive Director; Darcie Gordon, Administrative Officer; Lauren Holmes, Administrative Assistant; Deric Berousek, Chief Financial Officer; Sean Ruark, Pension Administration Officer; Kim Heaton, Attorney General's Office; Jason Pulos, Asset Consulting Group; and Craig and Kelly Akard.

MEMBERS ABSENT: Susan Knight, Andy McPherson, and Ryan Perkins.
Tim Foley arrived at approximately 10:06am

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HEARING: 10:00 A.M. – BOARD TO CONSIDER WRITTEN COMMENTS AND HEAR PUBLIC COMMENTS REGARDING PROPOSED AMENDMENTS TO THE FOLLOWING PERMANENT RULES:

TITLE 550: OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

CHAPTER 1. ADMINISTRATIVE OPERATIONS

550:1-5-7: Common Law Beneficiary Requirements [AMENDED]

CHAPTER 10. RETIREMENT AND PENSION BENEFIT PROGRAM

550:10-1-6: Impairment Guidelines [NEW]

CHAPTER 10. RETIREMENT AND PENSION BENEFIT PROGRAM

550:10-1-7: Physician Certificate of Disability [NEW]

Mr. Steven Snyder advised the Board that the system had not received any request to make public comments nor had the system received any written comments.

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DISCUSS PROPOSED AMENDMENTS TO PERMANENT RULES LISTED IN AGENDA ITEM 2

No discussion of the above item.

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CONSIDERATION AND VOTE ON WHETHER TO ADOPT THE PROPOSED AMENDMENTS TO PERMANENT RULES LISTED IN AGENDA ITEM 2 AS PRESENTED OR AS MAY BE REVISED AFTER PUBLIC HEARING AND DISCUSSION.

A copy of the proposed amendments for Chapter 1 and Chapter 10 is attached as Exhibit "A".

Motion by Jim Keesee and second by Tony Davenport to adopt the proposed amendments to OAC 550, Chapter 1 and Chapter 10. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, and Jeff Pierce. Absent: Susan Knight, Andy McPherson, Ryan Perkins, and Tim Foley. Motion Carried.

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RECOGNITION OF CRAIG AKARD 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.

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RECOGNITION OF TOM CUSTER 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.

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APPROVAL OF MINUTES OF REGULAR BOARD MEETING HELD FEBRUARY 15, 2017

Motion by Tony Davenport and second by Jim Keesee to approve the Minutes of the Regular Board Meeting held February 15, 2017. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, Jeff Pierce, and Tim Foley. Absent: Susan Knight, Andy McPherson, and Ryan Perkins. 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>
Kevin M. Salzwedel	Ada
Anthony J. Garvin	Atoka
Jonathan M. DuBois	Blanchard
Edwin L. Hershberger	Chouteau
Aaron K. Murry	Chouteau
Brad T. Rowland	Chouteau
James P. Turner	Chouteau
William J. Straily	Comanche
Keith R. Pitman	Duncan
Larry J. Marcy, II	Durant
Trevor M. Munday	Lexington
Tony S. Walker	Luther
Karey J. Phillips	Mangum
Jacob M. Schiller	McAlester
Tiffany M. Metzger	Midwest City
Taylor P. Hignite	Muskogee
Nathan L. Wells	Newcastle
John T. Revel	Oklahoma City
Zachary W. Medlock	Okmulgee
Charles F. Starkey, II	Okmulgee
Zachary M. Beasley	Yukon
Zane A. Nitzel	Yukon

Zachary D. VanDyke	Yukon
Tucker B. Blackburn	Weatherford
Jesse N. Lingerfelt	Weatherford

b. Application for Refund of Contributions:

<u>Name</u>	<u>City</u>
Dirk A. Day	Clinton
Jeremy L. Pierce	McAlester
Bandy Rackley	Oklahoma City
Nathan Warren	Oklahoma City
Roy Aston	Ringling
Siearra M. Young,	Tulsa
Personal Rep. of Albert L. Young	
Kaitlyn D. Collier	Tuttle

c. Application for Deferred Option Plan:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
James J. Geery	Oklahoma City	04/01/2017

d. Terminate Deferred Option Plan to Begin Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
James M. Hale	Cleveland	05/01/2017
Stephen L. Allen	Oklahoma City	04/01/2017

e. 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>
Charles D. Sandusky	Claremore	04/01/2012	04/01/2017
Tom K. Custer	Edmond	04/01/2012	04/01/2017
Craig R. Akard	Lawton	04/01/2012	04/01/2017
Stephen R. Handy	Lawton	04/01/2012	04/01/2017
Allen J. Bentley	Oklahoma City	03/01/2014	03/01/2017
Rhett Brotherton	Oklahoma City	04/01/2012	04/01/2017
Todd A. Deaton	Oklahoma City	03/01/2014	03/01/2017
Charles E. Hill, Jr.	Oklahoma City	04/01/2012	04/01/2017
Kenneth S. McDonald	Oklahoma City	04/01/2012	04/01/2017
Ronal D. Benningfield	Stillwater	02/01/2012	02/01/2017
Bryan E. Hall	Tulsa	03/01/2012	03/01/2017
Christopher T. Hubeli	Tulsa	03/01/2012	03/01/2017
Margaret E. Loveall	Tulsa	03/01/2012	03/01/2017
Rufus Newsome, Sr.	Tulsa	03/01/2012	03/01/2017

f. Application for Service Pension:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Calvin M. McCarty	Bartlesville	06/01/2017

g. Application for Vested Benefit:

<u>Name</u>	<u>City</u>	<u>Eff. Date</u>
Michael A. Shelts	Bartlesville	08/21/2023
Charles Rogers	McAlester	11/28/2026
Christopher L. McBee	Sapulpa	05/29/2031

h. Death Benefit:

<u>Name</u>	<u>City</u>
Siearra M. Young, Personal Rep. of Albert L. Young	Tulsa

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

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REVIEW OF BOARD REPORTS

The Account #6000, Fund 20000 (operating expenses), report is attached as Exhibit "B"; the Account #8557A, Fund Expenditures (receipts and disbursements), report for February 2017 is attached as Exhibit "C"; the Broker Commission Report is attached as Exhibit "D"; and the report for the Statement of Total Fund is attached as Exhibit "E".

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ASSET CONSULTING GROUP – FINANCIAL CONSULTANT REPORT FOR MONTH ENDED FEBRUARY 28, 2017 AND DISCUSSION ON REBALANCING PORTFOLIO ASSETS AMONG VARIOUS ASSET STRATEGIES AND MANAGERS. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Jason Pulos reviewed the ASAP report for the month ended February 28, 2017, a copy of which is attached as Exhibit "F". As of February 28, 2017, the total Fund was approximately \$2,336,148,000.00. The one-year return net of fees for the total Fund is 14.03%.

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CONSIDERATION AND VOTE TO ESTABLISH A TIME FRAME FOR A SPECIAL ELECTION TO FILL THE STATE BOARD DISTRICT 1 POSITION WHICH BECOMES VACANT MARCH 24, 2017 AND STATE BOARD DISTRICT 2 POSITION WHICH BECAME VACANT MARCH 12, 2017, DIFFERENT FROM THAT OF THE NORMAL NOMINATION/ELECTION PROCESS PURSUANT TO OAC 550:1-3-5. BOARD TO TAKE APPROPRIATE ACTION AS DEEMED NECESSARY.

Mr. Steven Snyder presented the proposed time frame, a copy of which is attached as Exhibit "G".

Motion by Tony Davenport and second by Jim Keesee to accept the proposed time from for the Special Election. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, Jeff Pierce, and Tim Foley. Absent: Susan Knight, Andy McPherson, and Ryan Perkins. Motion Carried.

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CONSIDERATION AND VOTE ON WHETHER TO RENEW OR TERMINATE CONTRACTS FOR THE FOLLOWING PROFESSIONAL SERVICES:

- a. BNY Mellon Trust – Custodial Services
- b. Asset Consulting Group, Inc. – Investment Consulting Services
- c. Cavanaugh Macdonald Consulting – Actuarial Services
- d. Finley & Cook, PLLC – Auditing Services
- e. Davis Graham & Stubbs LLP – Legal Services (Tax/Litigation)
- f. Wiggins Properties – Property Management Services
- g. Oklahoma Attorney General – Legal Services

Motion by Tony Davenport and second by Jim Keesee to renew the professional service contracts listed (a-g). Ayes: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, Jeff Pierce, and Tim Foley. Absent: Susan Knight, Andy McPherson, and Ryan Perkins. Motion Carried.

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CONSIDERATION AND VOTE ON WHETHER TO RENEW OR TERMINATE CONTRACTS FOR THE FOLLOWING INVESTMENT MANAGERS:

International Equity:

- AllianceBernstein Trust Company, LLC
- Baring Investment Series, LLC
- Mondrian Investment Partners
- Wasatch Advisors

Domestic Equity:

- Boston Partners Asset Management LP
- Cortina Capital

Long/Short Equity:

- Grosvenor Long/Short Equity Fund, Ltd
- Grosvenor Class-B

Index Fund:

- Northern Trust Asset Management

Core Bonds:

- Agincourt Capital Management LLP

Multi-Sector Fixed Income:

- Loomis Sayles
- Oaktree Capital Management LLC

Absolute Return:

- Pacific Alternative asset Management Company (PAAMCO)
- Wellington Trust Company, NA

Real Assets:

- Blackstone Property Partners
- Gresham Investments (TAP Fund)
- J.P. Morgan Asset Management
- MLM Macro – Peak Partners LP

Motion by Jim Keesee and second by Tony Davenport to renew the investment managers' contracts listed. Ayes: Tom Custer, Tony Davenport, Jim Keesee, Brandy Manek, W.B. Smith, Frank Stone, Jeff Pierce, and Tim Foley. Absent: Susan Knight, Andy McPherson, and Ryan Perkins. Motion Carried.

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REVIEW OF BILLS INTRODUCED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE WHICH WOULD IMPACT THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM.

Mr. Steven Snyder reviewed the 2017 Bill Portfolio, a copy of which is attached as Exhibit "H".

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LITIGATION REPORT – PROPOSED EXECUTIVE SESSION, IF DEEMED NECESSARY BY LEGAL COUNSEL TO DISCUSS CASE NO. CIV536013, IN RE SIENRA, INC. (SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF SAN MATEO); CASE NO. 15-CV-07759-LAK IN RE FIFTH STREET FINANCE CORP. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 2:15-CV-01398-SRB, IN RE LIFELOCK, INC. (UNITED STATES DISTRICT COURT, DISTRICT OF ARIZONA); CASE NO. 3:15-CV-01797, IN RE MAGNACHIP SEMICONDUCTOR CORP. (UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA); CASE NO. 1:15-CV-00679, IN RE BOULDER BRANDS, INC. (UNITED STATES DISTRICT COURT, DISTRICT OF COLORADO); CASE NO. 1:14-CV-10136-GBD, IN RE RCS CAPITAL CORP. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 1:14-CV-01997-LAK, IN RE WEIGHT WATCHERS INTERNATIONAL, INC. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 5:12-CV-00195-KKC, IN RE LAYDON VS. MIZUHO BANK, LTD. ET AL. (TIBOR LITIGATION) (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 1:15-CV-08149, OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM VS. BANK OF NOVA SCOTIA ET.AL (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); CASE NO. 4:16-CV-838, IN RE TAILORED BRANDS, INC. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF TEXAS); CASE NO. 12584-VCG, IN RE STARZ STOCKHOLDER LITIGATION. (COURT OF CHANCERY OF THE STATE OF DELAWARE); CASE NO. 1:16-CV-05203, IN RE BANK OF AMERICA CORP. (UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK); 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 all cases were status quo.

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NEW BUSINESS

No new business.

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BOARD MEMBERS' REPORTS

No board members' reports.

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

Mr. Steven Snyder advised the board of the following conferences:

- o ACG Meeting – Location TBD
 - o April 24, 2017
- o NCPERS Annual Conference & Exhibition with TEDS and Accredited Fiduciary Program
 - o May 20-24, 2017 – Hollywood, FL

- NCPERS Public Pension Funding Forum – San Francisco, CA
 - September 10-12, 2017
- OPFTEC
 - September 27-29, 2017
- NCPERS Public Safety Employees' Pension and Benefits Conference – Hyatt Regency, San Antonio, TX
 - October 1-3, 2017
- IFEBP Annual Conference– Mandalay Bay, Las Vegas, NV
 - October 22 – 25, 2017

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DIRECTOR'S REPORT

Mr. Snyder stated nomination petitions are due by March 17, 2017. He advised the April Managers Dinner would be at Deep Fork Grill and the Annual Tenant Appreciation Picnic will be after the May board meeting. He also noted that Ray Ix with Mt. Lucas will be here in July and a New Trustee Educational Conference will follow the July meeting.

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The meeting was adjourned at approximately 10:36am.

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 DARCI GORDON, ADMINISTRATIVE OFFICER.