

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

STATEMENT OF INVESTMENT POLICY

OBJECTIVES AND GUIDELINES

The Oklahoma Police Pension and Retirement Board has formulated a statement of investment policy which follows. Included and met therein are requirements such as the retention of money managers who must be granted full discretion and evaluation procedures for purposes of furnishing data necessary for the preparation of periodic financial statements. The investment policy of the Oklahoma Police Pension & Retirement System (“OPPRS” or “System”) has been developed from a comprehensive study and evaluation of many alternatives investigated. The primary objective of this policy is to implement a plan of action which will result in the highest probability of maximum investment return from the System’s assets available for investment within an acceptable level of risk. The cornerstone of our policy rests upon the proposition that there is a direct correlation between risk and return for any investment alternative. While such a proposition is reasonable in logic, it is also provable in empirical investigations. The Board periodically reviews the strategic asset allocation to ensure that the expected return and risk (as measured by standard deviation) is consistent with the System's long-term objectives and tolerance for risk. Additionally, it is appropriate to review investment return in real terms (net of inflation) and to take into consideration the probability of investment return in the decision-making process. All investments will be made in compliance with all applicable laws and regulations.

Because of inflation it is essential that the value added by the System’s investment management be appropriate not only to meet inflationary effects but also to provide additional returns above inflation to meet the investment goals of the System. Meeting the System’s investment goals finances an optimal package of retirement benefits for the Oklahoma Police Pension & Retirement participants and maximizes the utilization of the employees' contributions and the State's contributions.

In order to achieve maximum returns, the policy of the Board may be to diversify between various investments including common stocks, bonds, commodities, real estate, private equity, venture capital, long/short equity and other hedge fund strategies, short-term cash instruments, and other investments deemed suitable.

I **Statement of Investment Policy**

1. The Board will employ strategies to maximize the advantages of diversification for optimal capital protection and to implement appropriate risk acceptance strategies for optimal return on investment.
2. The Board will retain independent professional investment consultants to assist in implementing this policy.
3. The Board will establish an allocation among various asset classes which are calculated to satisfy the requirements of the investment policy.
4. The Board may review and change these investment allocations at any time; however, the Board will review and confirm or change the investment allocations annually.
5. The Board will continually evaluate the trend of investment results in relationship to investment expectations.
6. The Board will evaluate results on a total rate of return basis.
7. The Board will utilize investment managers whose demonstrated results are a matter of public filing or independent financial statements as required by the Board.
8. The Board will evaluate the value-added to the System over a long-term time horizon (5-to-10-year time periods) relative to an unmanaged static Policy Index composed 65% MSCI All Country World Index, of 25% Bloomberg Universal Index and 10% NFI ODCE Net Index.
9. The Board will evaluate each investment manager value-added to the System as compared to each manager's relevant benchmark as well as other investment managers of the same investment style further sub-sectored into peer groups.
10. The Board will evaluate each of the System's investment manager's style for compliance with the System's investment objectives.
11. The Board may contract with Discount Brokerage Houses to recapture commissions.
13. The Board may amend the Statement of Policy and the Statement of Strategy.

II

Statement of Investment Strategy

1. The System's actuarial rate of return of 7.5% nominal will constitute a minimum goal for investment return.
2. The Board will structure its present investment strategy to achieve an expected long-range total return in excess of the actuarial assumed rate.
3. The Board's Policy Allocation will currently maintain approximately 65% of its assets in equity instruments, which may include public equity, long-short equity hedge fund strategies and venture capital and private equity strategies; approximately 25% of its assets in fixed income, which may include investment grade bonds, high yield and non-dollar bonds, convertible bonds, private debt strategies and certain absolute return strategies; and 10%% of its assets in real assets, which may include real estate, commodities and other strategies.
4. The Board will evaluate the total portfolio performance on a quarterly basis relative to its strategic Policy Index and relevant peers with an emphasis on longer term time horizons (5 to 10-year time periods) for the following factors:
 - Total Return
 - Portfolio Risk (Standard Deviation, Beta)
 - Total portfolio risk-adjusted return
 - Performance of portfolio in down markets
 - Performance of portfolio in up-markets
5. The Board will monitor the actual asset allocation percentages relative to strategic target allocations. Actual asset allocation may deviate from strategic target allocations within a specific range as defined in paragraph 9 below. If market returns carry an asset class beyond or to the limit of its allowable range, that class of assets may be reduced or raised to its policy normal level as appropriate.
6. To structure the System's portfolio for maximum investment style diversification and to achieve expected total return investment results, the Board:
 - may retain multiple equity portfolio managers who will be granted full investment discretion. The total return concept as it applies to this portion of the System means dividend income plus realized and unrealized capital appreciation. Complementary style management will be used in structuring the domestic equity asset mix.
 - may retain separate fixed income portfolio managers who will be granted full investment discretion. Fixed income investments will constitute a portion of the System's asset investment to primarily reduce the volatility / risk of the total portfolio in addition to providing lower risk total returns. The total return concept

as it applies to this portion of the System means interest income plus realized and unrealized capital appreciation.

- may retain separate equity real estate portfolio managers. Real estate investment will constitute a portion of the System’s assets to provide long-term income and/or capital appreciation. Investment in this type of asset is deemed prudent for purposes of diversification and to reduce total portfolio volatility.
 - may retain multiple commodities managers or other real asset managers.
 - may retain multiple managers of alternative forms of investment, including but not limited to venture capital, private equity, private credit and other various strategies. Investment in these types of strategies is deemed appropriate as a complement to more traditional equity and fixed income strategies in an effort to further diversify the overall portfolio and enhance portfolio returns.
7. The Board will update and transmit written guidelines and expectations to the System’s existing investment managers, at least annually as appropriate.
8. The Board will evaluate each investment manager for the following areas of performance on at least a quarterly basis with an emphasis on longer term time horizons (5-to-10-year time periods):
- compliance to the System’s investment objectives and guidelines
 - total rate of return
 - volatility of portfolio returns as measured by standard deviation
 - risk-adjusted performance
 - holdings based attribution
 - portfolio characteristics
 - peer group evaluation
9. The Board has established the following strategic asset allocation and acceptable ranges:

Investment Strategy Portfolio Structure

Investment Medium/Style	Target Percentages of Total Assets	Allocation Range
<u>Fixed Income</u>	25%	15% - 35%
Core Bonds	10%	5% - 15%
Multi-Sector	10%	5% - 15%
Absolute Return	5.0%	0% - 10%
<u>Equities</u>	65%	55%-75%
U.S. Large Cap	20%	15%-25%
U.S. Small/Mid Cap	10%	5% -15%
International Equity	20%	15%-25%
Private Equity	15%	5% - 20%
<u>Real Assets</u>	10%	5%-15%
Core Real Estate	5%	0%-10%
Opportunistic Real Estate	5%	0% - 10%

The Board recognizes that transition to the above target allocations will be achieved over an appropriate period of time, based upon market conditions, manager availability, and portfolio needs and constraints, and may temporarily deviate from allocation ranges.

10. The Board has authorized a commission recapture program whereby certain brokers rebate a percentage of their commissions back to The Fund. The investment managers should select brokers based on the most efficient execution and commission results. In the direction of commissions and settlements of contracts the Board will adhere to the following principles:
- All contracts will be paid on a hard dollar basis.
 - All Claims for services and products will be paid through Oklahoma Treasury Funds.
 - All relationships for commission conversion will be directly between the Board and brokerage houses on a contract basis.
 - All credits will be returned directly by the commission conversion into the portfolio of the fund on a monthly basis.
 - No portfolio manager is directed to trade with any one particular brokerage firm.

- f. A monthly report will be provided by the master custodian of per share brokerage fees charged and credits for reconciliation with monthly reports from commission conversion.
- 11. Proxy Voting. The Board of Trustees is mindful of its fiduciary obligations with respect to the voting of proxies of companies whose securities are owned by the Oklahoma Police Pension and Retirement System.

Because of the complexity of issues and further because of the direct impact on investment values, it is the Trustees' considered belief that the Investment Managers that are employed by the Oklahoma Police Pension and Retirement System are best suited to vote the proxies of shares held in the portfolios they manage.

Therefore, as part of the Investment Policy and Guidelines of the Oklahoma Police Pension and Retirement System, the Trustees hereby instruct their Investment Managers to vote proxies on all matters in accordance with their own guidelines and policies which are in the best interest of the System and which do not conflict with any provisions of Federal law. The results of the proxy votes should be reported, in writing, as requested to the Board of Trustees.

- 12. The Board may institute a securities lending program to generate additional income for portfolio securities above and beyond that produced through dividend, interest and capital appreciation.
- 13. The Board will retain a pension consultant to compare the total portfolio and individual Investment Manager's performance based upon a measurement of the portfolio return vs. the amount of risk taken. The pension consultant shall provide information regarding the method of reporting performance considering risk/return. This report should also address total portfolio and individual manager characteristics and results.
- 14. The Board will retain a Master Trustee (Custodian) for all of the assets of the Oklahoma Police Pension & Retirement System and for record keeping for the System.

The Custodian must have the capability to accept possession of securities for safekeeping, collect and disburse income, collect principal of sold, matured or called items, provide periodic accounting statements and process and maintain a securities lending program. The Custodian shall be able to meet as required with the Board and make reports relative to the status of the System.

The Custodian shall provide the following services:

- a. Safekeeping of Securities: To facilitate the prompt settlement of any trade, the Custodian shall be a direct participant of the Depository Trust Company. All securities processing and recordkeeping should be handled "in house" on the site of the Custodian.

The Custodian shall have the capability to price the assets monthly, provide trade date and settlement date reporting and full accrual accounting.

- b. Collection of Income and Principal: The Custodian shall be capable of managing the short-term investment of funds by providing a funds control account with a variety of alternatives for investment and be able to implement the investment policy as established by the Board. The Custodian shall provide a cash management program wherein idle cash is automatically “swept” into a designated short-term investment fund. Also, dividend and interest income should be credited to the account on the date payable. The short term investment fund shall be invested primarily in a diversified portfolio of investment grade money market instruments including, but not limited to commercial paper, notes repurchase agreements and other evidences of indebtedness which are payable on demand or which have a maturity date not more than 13 months from date of purchase. The fund must maintain dollar weighted average portfolio maturity of 90 days or less. The primary objective of this fund is a high level of current income consistent with stability of principal and liquidity.
- c. Periodic Accounting Statements: The statements shall contain a balance sheet by fund and combined total. The balance sheet should include summary totals (cost and market) for cash, due from broker, accrued interest and dividend income, cash equivalents (detailed as to U.S. Treasury Bills, time deposits, commercial paper, etc.) fixed income securities (detailed) equity securities, due from brokers, etc. Supporting schedules for the balance sheet shall be provided by fund and combined account total. Detail transaction registers shall be required for the asset activity as follows:
 - 1. Schedule of Purchases
 - 2. Schedule of Realized Gains and Losses
 - 3. Schedule of Unrealized Gains and Losses
 - 4. Schedule of Dividend and Interest Earned and Received
 - 5. Schedule of Prior Period Trades Settled
 - 6. Schedule of Pending Trades End of Period
 - 7. Schedule of Security Lending Transactions

Statements of Revenue and Expense by Fund and Combined Account Totals: The Statement of Revenue and Expenses should include summary totals for revenue and expenses by the following categories:

Revenue:

- 1. Contributions – Separate totals for city and participant contributions.
- 2. Investment Income – Separate totals for interest, dividends, realized gains and unrealized gains.
- 3. State appropriations.
- 4. Insurance premium tax allocation.
- 5. Net proceeds from securities lending.
- 6. Miscellaneous

Expense:

- 1. Benefit payments
- 2. Refunds to terminated participants

3. Investment expenses
4. Miscellaneous

Supporting schedules for statement of revenue and expense by fund and combined total and detailed transaction register will be required for the above noted categories. Additional required schedules are as follows:

1. Reconciliation of cost and market value (combined fund) from beginning of month to end of month.
 2. Summary of daily transactions (all funds).
 3. Fixed income maturity schedule.
 4. Brokerage summary
 5. General ledger
- d. Securities Lending: The Custodian shall provide a complete securities lending program including: Selection of borrowers/borrower agreements, credit review of borrowers, earnings negotiations, loan deliveries and return/collateral safekeeping and market to market of loans and collateral.

III

Summary

The Board periodically conducts a comprehensive analysis to determine the impact of various expected rates of return and associated risk levels upon pension fund costs. Based upon the investment objectives, risk tolerance, and time horizon stated throughout this document, the results of the most recent study led the Board to conclude that 65% equity / 25% fixed income / 10% real assets (as outlined on page 5 under Investment Strategy Portfolio Structure) is appropriate in its effort to meet an expected long-term rate of return of 7.5% (the current actuarial assumed rate of return). In implementing this asset allocation, the Board makes all efforts to diversify the portfolio by asset class, strategy, style, geography, market capitalization, number of securities, and other means.

The Board and its consultant will continually review and analyze the value added both by strategies and by managers. The Board evaluates returns, risk profiles, consistency with stated style and attribution of performance for each portfolio in order to determine each manager's success in meeting its expectations and their respective contribution to total System results.

The Board will formally review this document at least annually in order to ensure that it reflects the sentiments of the Board and the overall objectives of the System and will make modifications as necessary.

APPENDIX A
Oklahoma Police Pension & Retirement System
U.S. Large Capitalization Equity Managers

General Objectives

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Assets held in commingled accounts should be managed in a style/strategy consistent with the commingled account's stated objectives and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with this Policy.

Asset Allocation

This fund will be structured as a domestic equity fund. You will have complete discretion to determine the proper asset allocation among the approved asset categories within the bounds of the following limitations:

	Maximum Investment as a % of Total Fund
Domestic Equities	100.0%
Cash and/or Cash Equivalents	5.0%

The maximum investment will be based on the market value of each asset category as compared to the market value of the total fund. The maximum investment percentage is intended as a limit on further investments in the applicable asset category and not as a requirement to liquidate assets in the event that the maximum investment limitation is exceeded by an increase in the market value of the applicable asset category.

The maximum percentage designated for the "Cash and/or Cash Equivalents" category is intended to apply after the initial start-up cash has been invested. If, at any time, you should believe that it would be in the best interest of the fund to raise this maximum limitation, you should contact the Board of Trustees for direction.

ADR's or stocks of foreign corporations which trade primarily on a major U.S. exchange, convertible securities and Rule 144A type securities will be considered as eligible investments. The combination of these types of securities shall not constitute more than 10% of the portfolio at any point in time.

Liquidity

The Board of Trustees may have the occasional need to draw on the portion of the funds under your management for money to be used in the payment of expenses, claims, or for other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirements in such a manner to allow the greatest amount of time possible for planning purposes.

Diversification

The Board of Trustees recognizes the need for a high level of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

The following specific limitations reflect, in part, the Board's current investment policy regarding diversification of assets for active managers:

1. No equity investment in any one issue shall be in excess of 5% of the outstanding equities of that issuer.
2. Not more than 7.5% of the equity investments at market (excluding cash or cash equivalents) shall be invested in equity securities of any one issuer.

Performance Expectations

Passive portfolio allocations are expected to match the return and risk profile (as measured by the standard deviation) of their appropriate benchmarks.

Performance Reviews

The Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results.
3. Opportunities available in the equity markets.
4. Your adherence to your professed investment style and discipline.

Voting of Proxies

All proxies shall be voted at your discretion; however, the Board of Trustees desires to monitor the voting of the securities in this fund.

APPENDIX A
Oklahoma Police Pension & Retirement System
U.S Small to Mid Capitalization Equity Managers

General Objectives

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Asset Allocation

This fund will be structured as a domestic equity fund. You will have complete discretion to determine the proper asset allocation among the approved asset categories within the bounds of the following limitations:

	Maximum Investment as a % of Total Fund
Domestic Equities	100.0%
Cash and/or Cash Equivalents	5.0%

The maximum investment will be based on the market value of each asset category as compared to the market value of the total fund. The maximum investment percentage is intended as a limit on further investments in the applicable asset category and not as a requirement to liquidate assets in the event that the maximum investment limitation is exceeded by an increase in the market value of the applicable asset category.

The maximum percentage designated for the “Cash and/or Cash Equivalents” category is intended to apply after the initial start-up cash has been invested. If, at any time, you should believe that it would be in the best interest of the fund to raise this maximum limitation, you should contact the Board of Trustees for direction.

ADR's or stocks of foreign corporations which trade primarily on a major U.S. exchange, convertible securities and Rule 144A type securities will be considered as eligible investments. The combination of these types of securities shall not constitute more than 10% of the portfolio at any point in time.

Liquidity

The Board of Trustees may have the occasional need to draw on the portion of the funds under your management for money to be used in the payment of expenses, claims, or for other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirements in such a manner to allow the greatest amount of time possible for planning purposes.

Diversification

The Board of Trustees recognizes the need for a high level of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

The following specific limitations reflect, in part, the Board's current investment policy regarding diversification of assets:

1. No equity investment in any one issue shall be in excess of 5% of the outstanding equities of that issuer.
2. Not more than 7.5% of the equity investments at market (excluding cash or cash equivalents) shall be invested in equity securities of any one issuer.

Performance Expectations

Your equity portfolio should outperform the broad-based Russell 2000 or Russell 2500 Index, depending on your mandate and/or your relevant style benchmark over a market cycle. Relative performance should be above median over a market cycle when compared to your peer group. Although performance expectations are established for a market cycle, performance comparisons to your peer group will be on an on-going basis.

Passive portfolio allocations are expected to match the return and risk profile (as measured by the standard deviation) of their appropriate benchmarks.

Performance Reviews

The Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results.
3. Opportunities available in the equity markets.
4. Your adherence to your professed investment style and discipline.

Voting of Proxies

All proxies shall be voted at your discretion; however, the Board of Trustees desires to monitor the voting of the securities in this fund.

APPENDIX A
Oklahoma Police Pension & Retirement System
International Equity

General Objectives

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Assets held in commingled accounts should be managed in style/strategy consistent with the commingled account's stated objective and constraints. If assets are held in a commingled account the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with this Policy.

Asset Allocation

This fund will be structured as a non-U.S. equity investment fund. You will have complete discretion to determine the proper asset allocation among the approved asset categories within the bounds of the following limitations:

	Maximum Investment as a % of Total Fund
Non-U.S. Equities	100.0%
Cash and/or Cash Equivalents	10.0%

The maximum investment will be based on the market value of each asset category as compared to the market value of the total fund. The maximum investment percentage is intended as a limit on further investments in the applicable asset category and not as a requirement to liquidate assets in the event that the maximum investment limitation is exceeded by an increase in the market value of the applicable asset category. The maximum percentage designated for the "Cash and/or Cash Equivalents" category is intended to apply after the initial start-up cash has been invested. If, at any time, you should believe that it would be in the best interest of the fund to raise this maximum limitation, you should contact the Board of Trustees for direction.

ADR's, convertible securities and Rule 144A type securities will be considered as eligible investments. No more than 10% of the portfolio shall be committed to Rule 144A type securities.

Liquidity

The Board of Trustees may have the occasional need to draw on the portion of the funds under your management for money to be used in the payment of expenses, claims, or for other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirements in such a manner to allow the greatest amount of time possible for planning purposes.

Diversification

The Board of Trustees recognizes the need for a high level of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

The following specific limitations reflect, in part, the Board's current investment policy regarding diversification of assets:

1. No equity investment in any one issue shall be in excess of 5% of the outstanding equities of that issuer.
2. Not more than 5% of the equity investments at market (excluding cash or cash equivalents) shall be invested in equity securities of any one issuer.

Performance Expectations

Your equity portfolio should outperform the MSCI EAFE Index and/or your relevant style specific benchmark (with reinvestment of net dividends) over a market cycle. Relative performance should be above the median over a market cycle when compared to a non-U.S. equity universe. Performance will be measured in U.S. Dollar denominated returns.

Although performance expectations are established for a market cycle, performance comparisons to other non-U.S. equity managers will be on an on-going basis.

Performance Reviews

The Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results with other non-U.S. equity managers.
3. Opportunities available in the non-U.S. equity markets.
4. Your adherence to your professed investment style and discipline.

Specific Portfolio Authorization, Limitations and Restrictions

The Trustees require that you comply with the following limitations and restrictions:

1. You are specifically permitted to use derivative instruments such as options, forward foreign exchange contracts and futures contracts, for currency hedging and cross hedging purposes. However, the use of currency hedging instruments to establish a leveraged position is not permitted.
2. Not more than 35% of the Portfolio shall be invested in emerging market (non-MSCI EAFE Plus Canada Index countries) securities.
3. It shall be your discretion as to whether cash, cash equivalents and/or the securities held in the Portfolio are denominated in local currency or in U.S. dollars.
4. You are permitted to participate in issues not registered with the United States Securities and Exchange Commission.

Voting of Proxies

All proxies shall be voted at your discretion; however, the Board of Trustees desires to monitor your voting of the securities in this Fund.

APPENDIX A
Oklahoma Police Pension & Retirement System
Emerging Markets Equity Manager

General Objectives

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Assets held in commingled accounts should be managed in style/strategy consistent with the commingled account's stated objective and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with this Policy.

Asset Allocation

This Fund will be structured as an emerging markets equity investment fund. You will have complete discretion to determine the proper asset allocation among the approved asset categories within the bounds of the following limitations:

	Maximum Investment as a % of Total Fund
Emerging Markets Equities	100.0%
Cash and/or Cash Equivalents	10.0%

The maximum investment will be based on the market value of each asset category as compared to the market value of the total fund. The maximum investment percentage is intended as a limit on further investments in the applicable asset category and not as a requirement to liquidate assets in the event that the maximum investment limitation is exceeded by an increase in the market value of the applicable asset category. The maximum percentage designated for the "Cash and/or Cash Equivalents" category is intended to apply after the initial start-up cash has been invested. If, at any time, you should believe that it would be in the best interest of the fund to raise this maximum limitation, you should contact the Board of Trustees for direction.

ADR's, convertible securities and Rule 144A type securities will be considered as eligible investments. No more than 10% of the portfolio shall be committed to Rule 144A type securities.

Liquidity

The Board of Trustees may have the occasional need to draw on the portion of the funds under your management for money to be used in the payment of expenses, claims, or for other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirements in such a manner to allow the greatest amount of time possible for planning purposes.

Diversification

The Board of Trustees recognizes the need for a high level of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

The following specific limitations reflect, in part, the Board's current investment policy regarding diversification of assets:

1. No equity investment in any one issue shall be in excess of 5% of the outstanding equities of that issuer.
2. Not more than 5% of the equity investments at market (excluding cash or cash equivalents) shall be invested in equity securities of any one issuer.

Performance Expectations

Your equity portfolio should outperform the MSCI Emerging Markets Index and/or your relevant style specific benchmark (with reinvestment of net dividends) over a market cycle. Small cap emerging markets strategies will have as the primary benchmark the MSCI Emerging Markets Small Cap Index. Relative performance should be above the median over a market cycle when compared to an emerging markets equity universe. Performance will be measured in U.S. Dollar denominated returns.

Although performance expectations are established for a market cycle, performance comparisons to other non-U.S. equity managers will be on an on-going basis.

Performance Reviews

The Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results with other non-U.S. equity managers.
3. Opportunities available in the non-U.S. equity markets.
4. Your adherence to your professed investment style and discipline.

APPENDIX A
Oklahoma Police Pension & Retirement System
Private Equity Investment Portfolio

General Objective

The Private Equity Investment Portfolio should provide a premium to the return objective of the traditional equity portfolio in order to compensate for the loss in liquidity inherent in private investment vehicles. The portfolio may consist of equity and credit strategies which when combined, produce a portfolio of complementary areas of focus, industries, stages of financing, vintage year and geographic representation designed to diversify the Private Investment Portfolio allocation.

Liquidity

Generally, no liquidity for the term of the investment (5-12 years).

Securities and Strategies

Within the Private Investment Portfolio, the following securities and/or strategies may be included:

- Venture Capital: including seed, early, and late-stage investments
- Growth Equity
- Corporate Finance
- Credit: including stressed and distressed debt and non-performing loans or other hybrid credit-focused investments
- Special Situations: including secondary investments, royalties or other strategies not easily fit into one of the prior categories

Both Domestic and International investments are eligible.

Other strategies that improve the potential risk/reward profile of the Private Investment Portfolio profile may be included.

The private equity investment portfolio should make all attempts to avoid all issues relating to Unrelated Business Taxable Income (UBTI).

Marketable Securities

Marketable securities received as a result of distributions from investments in the Private Investment Portfolio will be liquidated as soon as practical except in the case of abnormal market environments (extreme market volatility, lack of sufficient trading activity to effectively execute a share sale, etc.). Share sales may be facilitated through a designated brokerage account, the System's custodian or through one of the System's traditional equity or fixed income managers.

Performance Expectations

The private equity investment portfolio shall be expected to meet the following objectives over a full market cycle, generally a 5–10-year time period:

- The Private Investment Portfolio should outperform the ACWI Index by 250 or more basis points over a 5–10-year time period.
- Internal rates of return greater than those available in public markets.
- Low relative correlation to public markets.
- IRR of mature partnerships above median versus a relevant peer universe

Performance Reviews

The Board of Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Adherence to your stated objectives.
2. Analysis and comparison of your results to stated objectives and peers.
3. Opportunities available in your relevant market and or strategy.
4. Diversification.

APPENDIX A

Oklahoma Police Pension & Retirement System

Multi-Sector Fixed Income

General Objectives

The multi-sector fixed income allocation may include strategies that invest in liquid publicly traded non-core fixed income as well as strategies that invest in illiquid privately negotiated transactions. The liquid multi-sector managers may invest in a broad range of fixed income securities including domestic, international, emerging market debt as well as high yield securities, TIPS, bank loans, non-agency mortgage-backed securities and asset backed securities, municipals and convertible bonds. Illiquid private credit strategies included in the multi-sector allocation may include funds that invest in a wide variety of private negotiated credit transactions. The managers will have the flexibility to invest in fixed income obligations issued by or guaranteed by national governments, government agencies, supranational organizations, banks and corporations based on their opportunistic views of the market. The portfolios may include exposure to currencies other than the U.S. dollar.

Each portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Assets held in commingled accounts should be managed in a style/strategy consistent with the commingled account's stated objectives and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with this Policy.

Diversification

The Board of Trustees recognizes the need for high levels of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

Liquidity

The Board of Trustees may have the occasional need to draw on a portion of the funds invested in liquid publicly traded strategies for money to be used in the payment of expenses, claims, or other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirement in such a manner as to allow the greatest amount of time possible for planning purposes.

It is understood that strategies investing in illiquid privately negotiated transactions shall offer no liquidity for the term of the investment.

Performance Expectations

Over a market cycle, the multi-sector fixed income allocation and each underlying manager should outperform the relevant style/blended benchmark depending on the mandate. Relative

performance should be above median over a full market cycle against other similar bond funds as compared to by the Systems' consultant. Although performance expectations are established for an interest rate cycle, performance comparisons to similarly managed fixed income portfolios will be on an on-going basis.

Performance Reviews

The Board of Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results.
3. Opportunities available in the fixed income markets.
4. Diversification.

APPENDIX A
Oklahoma Police Pension & Retirement System
Core Bond Managers

General Objectives

The objective of fixed income is to provide a positive rate of return and to dampen the overall volatility of the System. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Asset Allocation

This Fund will be structured as a fixed income fund. You will have complete discretion to determine the proper asset allocation among the approved asset and sector categories including investments such as:

1. U.S. Treasury Securities
2. U.S. Government Agency Securities
3. Mortgage-Back Pass-Through Securities
4. Asset Backed Securities
5. Non-Agency CMO's
6. Money Market Instruments:
 - a. Commercial Paper
 - b. Certificates of Deposit/Time Deposits
 - c. Bankers Acceptances
 - d. Floating Rate Notes
7. Corporate Bonds
8. Repurchase Agreements
9. Yankee Bonds

Diversification

The Board of Trustees recognizes the need for high levels of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

The following specific limitations reflect, in part, the Trustee's current investment policy regarding diversification of assets:

1. No fixed income investment in any one issue shall be in excess of 5% of the outstanding fixed income obligations of the issuer.
2. Not more than 4% of the total market value of the portfolio shall be invested in fixed income securities of any one issuer, except U.S. Government and Agency Obligations.

Liquidity

The Board of Trustees may have the occasional need to draw on a portion of the funds under your management for money to be used in the payment of expenses, claims, or other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirement in such a manner as to allow the greatest amount of time possible for planning purposes.

Performance Expectations

Over a market cycle, this fund should outperform the Bloomberg US Aggregate Index. Relative performance should be above median over a full market cycle against other bond funds as compared to by the Systems' consultant. Although performance expectations are established for an interest rate cycle, performance comparisons to other domestic fixed income managers will be on an on-going basis.

Performance Reviews

The Board of Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results.
3. Opportunities available in the fixed income markets.
4. Diversification.

Specific Portfolio Limitations and Restrictions

The Board of Trustees requires that you comply with the following limitations and restrictions:

1. Investment in corporate bonds shall only be in those companies rated investment grade by at least two of three rating agencies (Standard & Poor's, Moody's and/or Fitch).
2. If a bond's rating is downgraded below investment grade by two of the three ratings agencies (S&P, Moody's and/or Fitch), the investment manager must notify the Board immediately in writing if he or she recommends the security should be held in the portfolio and include the proposed strategy for handling this situation.
3. The Portfolio shall be required to maintain an average credit quality of A+ or higher.
4. Average option adjusted duration of the portfolio shall stay within a range of +/- 20% of the option-adjusted duration of the relevant benchmark.
5. Investment in commercial paper or other similarly rated security shall be made only if such paper or security is rated P1 by Moody's or A1 by Standard & Poor's or better.
6. There shall be no investments in non-dollar denominated securities.

APPENDIX A

Oklahoma Police Pension & Retirement System

Liquid Absolute Return Fixed Income Manager

General Objectives

The liquid absolute return fixed income portfolio has the flexibility to invest in a broad range of fixed income securities, including but not limited to: high yield securities, international securities, emerging markets debt and mortgages. The portfolio may also invest in exchange-traded funds, corporate loans and illiquid securities. The portfolio may short up to 15% of the market value of the portfolio assets and may use derivatives as substitute for taking a position in an underlying asset. The portfolio may also use derivatives for leverage.

The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify the OPPRS if and when any style or process deviations are contemplated.

Assets held in commingled accounts should be managed in a style/strategy consistent with the commingled account's stated objectives and constraints. If assets are held in a commingled account, the Board will make its best efforts to utilize funds that are managed in strategies that are generally consistent with this Policy.

Diversification

The Board of Trustees recognizes the need for high levels of diversification to minimize the risk of large losses to the System. You are charged with the responsibility of maintaining a high level of diversification within your portfolio, which will be monitored by the Board of Trustees.

Liquidity

The Board of Trustees may have the occasional need to draw on a portion of the funds under your management for money to be used in the payment of expenses, claims, or other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirement in such a manner as to allow the greatest amount of time possible for planning purposes.

Performance Expectations

Over a market cycle, each underlying manager should outperform the relevant benchmark. Relative performance should be above median over a full market cycle against other similar bond funds as compared to by the Systems' consultant. Although performance expectations are established for an interest rate cycle, performance comparisons to other similarly managed fixed income portfolios will be on an on-going basis.

Performance Reviews

The Board of Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Your adherence to our guidelines.
2. Review and comparison of your results.
3. Opportunities available in the fixed income markets.
4. Diversification.

APPENDIX A

Oklahoma Police Pension & Retirement System

Core Real Estate Manager

General Objectives

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify OPPRS if and when any style or process deviations are contemplated.

The real estate portfolio is designed with a core mandate: investments in real estate properties will be broadly diversified geographically, by property type, and number of properties. Income and appreciation are dual considerations, however more emphasis will be placed on high quality, income-producing properties in the portfolio. It is expected that the income component will compromise the majority of the portfolio's total return. The manager should not assume excessive risk in terms of developmental properties or leverage utilized.

Liquidity

Generally quarterly, with 45-90 days advance notice required.

The Board of Trustees may have the occasional need to draw on the portion of the funds under your management for money to be used in the payment of expenses, claims, or for other funding purposes. Prior to any withdrawal, the Board of Trustees will communicate their requirements in such a manner to allow the greatest amount of time possible for planning purposes.

Liquidity of the Columbus Square building is property specific and dependent upon local market conditions.

Diversification

The Board of Trustees recognizes the need for high levels of diversification to minimize the risk of large losses to the System. Investments in real estate properties will be broadly diversified by geography, property type and the number of properties.

Specific Portfolio Guidelines

The manager should employ adequate procedures to minimize potential conflicts of interest.

The manager must be a Registered Investment Advisor or otherwise qualified under ERISA to manage pension monies.

The manager's investment vehicle should be a fund of adequate size such that the Oklahoma Police Pension & Retirement System owns no more than 10% of the pooled fund's total assets under management.

The manager should not assume excessive risk in terms of raw land, developmental projects or leverage on properties owned.

The real estate portfolio currently includes an investment in a single property, which contains the System's administrative offices. The purpose of this investment is to provide office space for the System while generating a return competitive with like properties within the local market.

Performance Expectations

Real Estate portfolios should outperform the broad based NFI ODCE Net Index over a market cycle. Relative performance should be above median over a market cycle when compared to relevant peer groups. Although performance expectations are established for a market cycle, performance comparisons to relevant peer groups will be on an on-going basis.

Performance Reviews

The Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Adherence to our guidelines and your stated objectives.
2. Review and comparison of your results.
3. Opportunities available in the real estate markets
4. Diversification

APPENDIX A

Oklahoma Police Pension & Retirement System Opportunistic Real Estate Portfolio

General Objective

The investment management style and process of each manager is important because of the manner in which each style blends with the structure of the total portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the asset manager's other portfolios within the same investment mandate or product. It is incumbent upon the manager to notify OPPRS if and when any style or process deviations are contemplated.

The Opportunistic Real Estate Portfolio should provide a premium to the return objective of the Core Real Estate Portfolio in order to compensate for the loss in liquidity inherent in private real estate investment vehicles. The portfolio may consist of real estate and other real asset strategies which when combined, produce a portfolio with complementary property types, strategies, stages of development, vintage year and geographic representation designed to diversify and augment the Core Real Estate Portfolio allocation.

Liquidity

Generally, no liquidity for the term of the investment (5-12 years).

Securities and Strategies

Within the Opportunistic Real Estate Portfolio, the following securities and/or strategies may be included:

1. Equity, credit or hybrid securities
2. Rehab, redevelopment, lease-up and development business plans
3. Single property type and diversified strategies
4. Traditional and other real asset property types
5. Special situations: including secondary investments, real estate securities, stressed and distressed real estate lending or other strategies that easily defined within one of the prior categories

Both Domestic and International investments are eligible.

The Opportunistic Real Estate investment portfolio should make all attempts to avoid all issues relating to Unrelated Business Taxable Income (UBTI).

Performance Expectations

The Opportunistic Real Estate investment portfolio shall be expected to meet the following objectives over a full market cycle, generally a 5 – 10-year time period:

1. The Opportunistic Real Estate Investment Portfolio should outperform the NFI ODCE Net Index by 200 or more basis points over a 5 - 10-year time period
2. Internal rates of return greater than those available in core real estate markets
3. Low relative correlation to public equity and credit markets
4. IRR of mature partnerships above median versus a relevant peer universe

Performance Reviews

The Board of Trustees will meet with your representative as deemed necessary by the Trustees. Your investment results will be reviewed quarterly regardless of whether your representative is present. These reviews will focus on:

1. Adherence to your stated objectives.
2. Analysis and comparison of your results to stated objectives and peers.
3. Opportunities available in your relevant market and or strategy.
4. Diversification.

APPENDIX B
Oklahoma Police Pension & Retirement System
Competitive Bid Standards

Contractual services with pension fund custodians, investment managers, investment consultants and other professionals which are exempt from competitive bidding procedures of the Oklahoma Central Purchasing Act shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to the following standards:

1. The Board shall approve all solicitations of proposals to be issued by the Oklahoma Police Pension Retirement System (the System).
2. Respondents to a proposal shall comply with the bid procedures set forth in the solicitation of proposals and these standards.
3. The Executive Director and the Board's Investment Consultant are responsible for developing a list of qualified bidders for each approved proposal, including those bidders who have registered with the Central Purchasing Division of the Oklahoma Department of Central Services.
4. Proposals will be mailed by and returned to the System's independent certified public accountant that will verify to the Board whether the solicitation is in compliance with these standards.
5. A solicitation does not commit the Board to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for the proposed services.
6. The Board reserves the right to accept or reject any or all proposals received as a result of a solicitation, to negotiate with any and all qualified bidders, to select any qualified bidder to provide additional or ancillary services to the Board, or to cancel in part or in its entirety a solicitation if it is in the best interest of the System to do so.
7. The Board shall award contracts at a specified time and place, which shall be open to the public pursuant to the provisions of the Oklahoma Open Meeting Act.
8. Proposals shall be evaluated by the Executive Director and the Board's Investment Consultant, and any other person or organization as determined by the Chairman of the Board. The Executive Director, Investment Consultant and other persons or organizations shall present the evaluations and recommendations to the Board.
9.
 - a. No member of the Board or its staff shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, an officer or employee of that party, or a placement agent retained or employed by that party, unless the communication is (1) part of the process expressly described in the request for proposal or other solicitation invitation, or (2) part of a noticed board meeting, or (3) as provided in subsection c. of this section. Any bidder who knowingly participates in a

communication that is prohibited by this subsection shall be disqualified from the contract award.

- b. During the evaluation of any solicitation of proposal, no party who is financially interested in a proposal, an officer or employee of that party, placement agent or a person retained or employed by that party, may knowingly communicate with any Board Member concerning any matter relating to the transaction or its evaluation, unless the financially interested party discloses the content of the communication in a writing addressed and submitted to the Executive Director and the Board prior to the Board's action on the prospective proposal. This subsection shall not apply to communications that are part of a noticed board meeting, or as provided in subsection c of this section.
 1. The writing shall disclose the date and location of the communication, and the substance of the matters discussed. The Board shall prescribe other procedures concerning this disclosure.
 2. Any Board Member who participates in a communication subject to this subsection shall also have the obligation to disclose the communication to the Executive Director and the Board, prior to the Board's action on the proposal. The Board shall prescribe procedures for this disclosure, including procedures to apply to Board Members who fail to disclose communications as required by this subsection.
 3. Consistent with its fiduciary duties, the Board shall determine the appropriate remedy for any knowing failure of a financially interested party to comply this subsection including, but not limited to, outright rejection of the prospective proposal, reduction in fee received, or any other sanction.
 4. The communications disclosed under this subsection shall be made public, either at the open meeting of the Board in which the proposal is considered, or if in closed executive session, upon public disclosure of any closed executive session votes concerning the proposal.
- c. The procedures and prohibitions prescribed by this section shall not apply to:
 1. Communications that are incidental, exclusively social, and do not involve the System or its business, or the Board or staff member's role as a System official.
 2. Communications that do not involve the System or its business and are within the scope of the Board or staff member's private business or public office wholly unrelated to the System.

10. Proposals will be evaluated using various criteria, including but not limited to:
- a. Bidder's demonstrated understanding of the problems and the needs of the solicitation as outlined in the proposal as well as the perceptiveness to address areas not specifically identified.
 - b. Soundness of the bidder's approach to the problems and needs presented by the proposal including methodology for achieving specific tasks and objectives.
 - c. Experience and capacity of bidder including recent, related experience and performance, qualification of personnel and bidder's ability to commit capable staff to support the project requested by the proposal.
 - d. Cost effectiveness and reasonableness of bidder's fees.

Rationale for Establishing Alternative Process for Selection of Certain Private Equity, Private Credit and Private Real Estate Strategies

Certain investment strategies that the Oklahoma Police Pension Retirement System Board of Trustees (Board) have determined to be appropriate and prudent as part of their long-term strategic investment plan are primarily organized as closed end Limited Partnerships or Limited Liability Companies with limited offering periods. The nature of these investments allows for a very short window of opportunity in which to invest. The primary areas where this type of fund structure exists are private equity, private credit, as well as certain real estate and natural resource funds.

A fund selection process that requires solicitation of proposals on a traditional competitive bid basis can severely limit or hinder the ability of the Board to prudently invest in closed end funds with limited offering periods. Best practices in the due diligence and selection of this type of offering require the ability to conduct on-going prospective due diligence in order to make timely decisions when fund options become available. Because of the short window of opportunity available to make investment decisions with respect to this type of offering and the limited capacity of these offerings, a fiduciary must be in a constant search process. Further, each closed end fund is unique in its style, strategy, focus, and timing of investment.

As such the Board finds that the current competitive bid process, adopted by the Board, is not conducive to these offerings in that there are not numerous vendors offering the same or similar products at the same time. Therefore, the Board establishes a selection process for closed end funds with limited offering periods that does not require the issuance of a formal Request for Proposal as is described below, consistent with the authority granted to the Board pursuant to 11 OS section 50-105.4D.

Evaluation and Due Diligence Process

In the development of a diversified private markets investment program, it is the intent of the Board, pursuant to recommendations made by the investment consultant, to implement this program through the recommendation of various investment offerings that are typically structured as illiquid limited partnership interests. Recommended investments may be in individual limited partnerships or in vehicles that invest in multiple partnerships (Fund-of-Funds or Sub-Advisory relationships).

The Investment Consultant's due diligence process and ultimate fund selection criteria considers a variety of attributes of individual managers. This enables the Investment Consultant to recommend funds that show the greatest potential for superior future financial returns. In most cases, these attributes would apply to both individual partnership investments as well as Fund-of-Funds/sub advisory relationships. The following outlines the qualities and attributes to be sought in identifying private equity funds for the Board's consideration.

1. **People / Organization** – Stable, established organization with a committed team that has successfully worked together for a significant period of time, indicating high compatibility and low organizational risk. Key areas of focus include:

- a. Assets under management.
 - b. Industry presence / tenure.
 - c. Significant GP commitment to the fund.
 - d. Significant and relevant experience of senior professionals.
 - e. Low turnover rates and significant tenures.
 - f. Alignment of interests, including:
 - 1. Reasonable distribution of ownership among senior professionals.
 - 2. Reasonable compensation, including the sharing of carried interest.
 - 3. Regular performance reviews.
 - g. Sufficient staffing to support the attention needs of the portfolio.
 - h. Good "bench strength" and a business that is not overly reliant on any single person.
 - i. With respect to "next generation" funds, a history of the principals working together as a team and a clear attribution of prior success to that team.
2. **Operational Expertise** - Operational expertise, either internal or through some proprietary relationship, especially that gained through prior difficult market cycles or leveraged situations. Exceptional returns are driven by post-acquisition operational improvements and not so much by financial engineering. In addition, operational expertise can be crucial in attracting deals and facilitating transactions.
3. **Independence** – Preference is given to truly independent managers because of the lower tendency for conflicts of interests, widely variable investment focus, and potential misalignment of interests among the principals. In general, situations to be avoided include:
- a. Funds sponsored by investment banks or large financial institutions engaged in other activities focused on investment or financing businesses.
 - b. Firms with large or controlling LPs.
4. **Investment Strategy/Philosophy** - A clearly defined and articulated strategy that is supported by the experience of the firm's professionals and consistently applied. Preference is given to firms whose funds are appropriately sized for the stated strategy since they are better able to deliver the type of return required from this illiquid asset class.
5. **Track Record** - Manager track records are examined as an indicator of their ability to add value to companies in which they invest. However, it is often difficult to evaluate managers on Fund returns alone, because data is often immature. As such, considerable emphasis is placed on qualitative factors (i.e. adherence to strategy; team dynamics; etc.). It is important that the track record provide evidence that the strategy employed has been successful and will likely remain so in the future. The track record information will be reviewed in the following manner:

- a. *Historical rates of return:* Internal Rates of Returns (IRR) are calculated on a consistent basis to assure accuracy and some degree of comparability between managers. Returns are analyzed in a variety of ways: absolute and relative to benchmarks; realized and unrealized; returns attributable to current principals; returns attributable to deals following the current strategy, etc. In addition to IRRs, cash-on-cash returns are also considered.
 - b. *Historical quality of returns:* The quality and consistency of returns are as important as the absolute level of returns. Therefore, examination will be conducted of the concentration of returns and the timing of capital deployment and exits. The manager's rate of deploying capital in past funds is analyzed against the size of the new fund and any difference between past and prevailing market conditions, which may affect future deployment.
 - c. *Record of realizations:* A record of realizations from past investments shall be reviewed. This provides a valuable measurement of returns; it indicates a manager's ability to properly manage exits; and it lessens the time required by the manager to manage past funds' investments (where such activity would dilute their attention to the new fund).
6. **Financing Experience** - Firms with solid reputations in the leveraged finance markets, proven ability to access debt and other capital, and a demonstrated ability to manage through difficult periods in the capital markets cycle. A manager's history of dealing with problem investments, loan workouts, and restructurings will be addressed.
7. **Deal Flow / Research** - Firms with proprietary sources of deal flow and, therefore, the ability to make acquisitions at reasonable multiples. In addition, preference will be given to firms that perform target-market research to help focus investment activity and deal sourcing.
8. **Decision Making** - Defined processes and shared decision-making. A concentration of decision-making power is not desirable. A diversity of backgrounds and experience within a firm may add to the quality of decision-making.
9. **Investor Base** - Firms that have a significant number of returning institutional LPs. It can be a warning sign when LPs opt not to return or reduce their commitments to subsequent funds. The quality and diversity of the investor base is also considered.
10. **Terms** - Investments will have suitable financial terms (management fees, carried interest, clawback, key man, etc.) and governance provisions, which will be properly reflected in the underlying partnership documents.

Process for Investment in Closed End Funds with Limited Offering Periods

Pursuant to the recommendation of the Investment Consultant to the Board, the following process in the selection of these types of funds is necessary and prudent for the Board to most effectively carry out its fiduciary responsibility in the on-going development and implementation of its long-term investment strategy. Approval authority for all investment decisions will continue to rest solely with the Oklahoma Police Pension Retirement System Board of Trustees. Therefore, the OPPRS Board of Trustees will adhere to the following process:

1. The Investment Consultant will submit investment recommendations to the OPPRS Board of Trustees following due diligence of candidate fund(s) that fit within strategic guidelines. The recommendation from the Investment Consultant will include:
 - a. Summary Recommendation with recommended commitment amount and anticipated cash flow requirements.
 - b. Evaluation Report.
 - c. Timeframe for decision.
2. Following the submission of the Investment Consultant's recommendation, the OPPRS Board of Trustees will then review the investment recommendation and will take one of the following actions within the time allocated for decisions:
 - a. Approve commitment.
 - b. Request additional information.
 - c. Determine not to proceed with investment.