

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE INVESTMENT COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND
OCTOBER 25, 2019**

1. Call To Order

The Investment Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on October 25, 2019, at 9:00 a.m. with Vice-Chair Johnston calling the meeting to order due to quorum. On roll call the following members were present.

BOARD OF TRUSTEES PRESENT

Investment Committee: Jim Lockett, Jr., Retiree, City of Thomas
 Robert Park, Retiree, City of Sallisaw
 Ed Tinker, Retiree, City of Glenpool

Others: Joe Don Dunham, City Manager, City of Alva
 Tammy Johnson, Retiree, City of Shawnee
 Robert Johnston, City Manager, City of Frederick
 Melissa Reames, Assistant City Manager & Chief Financial Officer,
 City of Stillwater

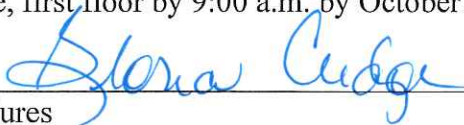
OTHERS PRESENT:

OkMRF Staff: Jodi Cox, Executive Director and CEO
 Chris Whatley, Plan Advisor & Portfolio Strategist
 Katie Girardi, Plan Advisor

Others: Haley Rives, Asset Consulting Group
 Kevin Moore, Asset Consulting Group

NOTICE: The agenda for the October 25, 2019, meeting was posted in the Columbus Square, first floor by 9:00 a.m. by October 23, 2019, by Gloria Cudjoe.

Signatures



Vice-Chair Johnston extended a welcome to all in attendance and presided over the meeting.

2. Overview of ESG Mandate and Investment Managers as Presented by Asset Consulting Group

Moore reviewed the past educational presentations leading up to today's meeting. He then reviewed what ESG means and how it fits within the portfolio. As a good business practice, existing managers already focus on the governance aspect of ESG as they evaluate investment opportunities. Today's discussion focused on managers that evaluate investments from the environmental and social aspects, in addition to governance. Moore then reviewed the opportunity set available in the marketplace. Approximately 8% of the market consists of ESG focused firms and approximately 3% of investment strategies focus on ESG.

Moore confirmed the strategies presented are either currently available on the Voya platform or can be easily added. Furthermore, all offerings consist of no revenue sharing arrangements. After applying ACG's screens, the available candidate list was trimmed to three (3) prospective managers.

Calvert Equity Fund is owned by Eaton Vance Corporation and works closely with Atlanta Capital, another Eaton Vance manager. The team at Atlanta Capital consists of four (4) portfolio managers who pick securities based on fundamental factors seeking high quality mid-to-large cap companies. Calvert has developed a proprietary ESG scoring system. Calvert overlays their ESG screen onto Atlanta Capital's stock positions to come up with an ESG portfolio of 45 - 55 stocks by excluding companies that do not meet Calvert's scoring standard. Moore then reviewed the performance and statistical measures of the Calvert Equity Fund. Moore pointed out the Calvert Equity Fund has a large cap growth tilt which has been the best place to be in the recent market environment. Hence, the performance and statistical measures look excellent when compared to the other candidates.

The Northern Trust U.S. Quality ESG Fund invests primarily in large and mid-cap U.S. securities included in the Russell 1000 Index. Northern Trust leverages their research analysts from other areas to help screen the available opportunity set for their ESG fund. They evaluate past and present carbon footprints, workplace issues, and revenue sources over a long period of time. A determining factor to retain an underlying holding is how the company addresses ESG issues. ACG is very familiar with Northern Trust's Global Sustainability strategy; however, the Northern Trust U.S. Quality ESG strategy has a shorter track record and would need to be added to the Voya Platform, if selected. Voya has already pre-approved the addition.

The Vanguard FTSE Social Index Fund is a passively managed "full-replication" approach using the overall rating from the FTSE Russell's ESG ratings. This candidate strategy is the U.S. sleeve of the benchmark and has a relatively long track record with a June 2000 inception date. The overall rating breaks down into underlying pillar, theme and scores. It considers over 300 factors that are applied to each company's ESG risk exposures. The Vanguard FTSE Social Index Fund risk is like the S&P 500 with a Sharpe ratio that is a bit higher than the index. Therefore, it was benchmarked against the S&P 500. ACG believes Vanguard has a very attractive solution because of the low cost and the risk adjusted returns.

Cox asked if the Vanguard Fund was like the S&P 500 or what differentiates it from the S&P 500 Index Fund already offered. Moore explained it was very close to the S&P 500 because the management style was attempting to mimic the overall look of the S&P 500. She questioned the

Trustees and Staff representing DC Participants, if OkMRF wanted to offer a like fund with similar characteristics as existing DC options or offer an ESG fund that differentiates itself.

Park asked how many ACG clients had started investing in ESG. Moore explained their firm is currently either speaking with or conducting education for numerous clients on the ESG topic.

Reames asked if there was a downside to opening an ESG investment option for DC Participants. Moore said he does not believe there is a downside as compared to other funds. The potential downside is if a Participant wanted to invest 100% of their assets into one (1) single fund and subsequently that fund did not perform well.

Girardi asked if Voya Retirement Advisors would allocate assets to the selected ESG fund which is a follow up question to Voya.

3. Discuss and Develop a Recommendation for Board Action for the Purpose of Adding an ESG U.S. Stock Fund as an Investment Option in the Defined Contribution Lineup on the Voya Platform

Motion by Tinker, seconded by Park to recommend to the OkMRF Board of Trustees to add the Calvert Equity Fund as the ESG U.S. Stock Fund investment option in the Defined Contribution lineup on the Voya Platform authorizing Staff and Board attorney to negotiate applicable agreements.


Luckett: Yes

Tinker: Yes


Parks: Yes

4. Adjourn

With no further discussion, meeting adjourned at 9:57 a.m.



Jim Luckett, Jr., Investment Chair



Robert Johnston, Vice-Chair

Respectfully submitted by:



Chris L. Whatley



The seal is circular with the text "OKLAHOMA MUNICIPAL RETIREMENT FUND" around the perimeter and "OFFICIAL SEAL" in the center. There is a star at the bottom.