

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE INVESTMENT COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND**
February 28, 2020

1. Call To Order

The Investment Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on February 28, 2020, at 8:39 a.m. with Chair Doolen 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: Donna Doolen, Finance Director, City of Ada
Joe Don Dunham, City Manager, City of Alva (*arrived at 9:07 a.m.*)
Tammy Johnson, Retiree, City of Shawnee (*arrived at 9:33 a.m.*)
Robert Johnston, City Manager, City of Frederick
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*arrived at 9:07 a.m.*)
Tim Rooney, City Manager, City of Mustang (*arrived at 9:07 a.m.*)

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Executive Director (*arrived at 9:07 a.m.*)
Chris Whatley, Plan Advisor & Portfolio Strategist
Katie Girardi, Retirement Plan Administrator
Rhnea Stewart, Fund Accountant (*arrived at 9:07 a.m.*)

Others: Haley Rives, ACG
Tom Janisch, ACG

NOTICE: The agenda for the February 28, 2020, meeting was posted in the Columbus Square, first floor by 8:30 a.m. on February 26, 2020, by Gloria Cudjoe.

Signatures

Jodi S. Cox, Signed for Gloria Cudjoe

Investment Committee Chair, Luckett, extended a welcome to all in attendance and presided over the meeting.

2. Conduct Semi-Annual Investment Performance Review and Receive Quarterly Performance Report for December 31, 2019, as Presented by Asset Consulting Group

Rives reviewed peer group rankings and portfolio risk/return metrics for the Defined Benefit (DB) Plan. The DB portfolio has a 20% percentile ranking to a universe of portfolios with similar allocations over all measured time periods and a 10% percentile ranking over the last three (3) months and one (1) year period. Furthermore, for the first time, the portfolio has beaten all four (4) objective benchmarks over the last five (5) and ten (10) year periods combined. Rives stated the portfolio risk/return metrics have been very good over the last ten years, however such excellent performance makes ACG cautious in their outlook for the next ten years. Most individual managers have generally done well against their peer groups over the same time periods measured.

Within the Defined Contribution (DC) portfolio, active manager performance provided strong results. Growth and Value managers have performed in the top 33% versus their peer group and the Aggressive Equity managers posted a nice rebound for calendar year 2019. The Total Yield Option provided participants excellent risk reduction and return enhancement.

3. Conduct DB Long/Short Portfolio Review

Janisch reviewed the Long/Short portfolio. The portfolio outperformed the HFRI FOF benchmark by almost 4% net of fees in 2019. Underlying managers were appropriately positioned to receive the benefits of diversification by country and holdings. The total portfolio is currently positioned to be overweight to U.S. equity and underweight to Asian equity. Reames questioned ACG regarding changes within an underlying manager that would cause concern. Janisch stated the two biggest red flags are personnel/management team turnover and large changes in the underlying portfolio investments which are out of the norm. Both instances would cause ACG to contact managers and request further information. Janisch stated if all projected clients invest by the end of 2020, the annual expense charged by K2 Mauna Kea should be reduced to approximately 0.27%. This represents a dollar savings of approximately \$165k per year after moving funds from Conway Investment Research to K2 Mauna Kea platform.

4. Discuss and Develop a Recommendation for Board Action Regarding Recommendation from ACG Reinvestment of Long/Short Portfolio to Include Additional Underlying Long/Short Managers

Janisch stated ACG is recommending the Swiftcurrent (Bridger) Fund and the Engaged Capital Flagship fund as additional managers for the Long/Short portfolio. The Swiftcurrent fund is primarily managed by founder Roberto Mignone. The portfolio typically holds fifty (50) long and fifty (50) short equity investments. Mignone is supported by co-portfolio manager, Blake Goodner, along with a team of seven (7) analysts. Mignone is the largest individual investor of the fund and prides himself on turning a profit by performance rather than through fees. Swiftcurrent has a rolling one (1) year lockup where investors may only redeem yearly or pay a 5% penalty to exit early. This additional manager will be funded by proceeds from Cevian, projected to be received in March 2020.

Janisch described Engaged Capital as a friendly activist manager. As a result, they will not invest in companies that do not express interest in their assistance. Engaged will acquire board seats when deemed appropriate and currently sit on approximately half of their 100% long equity

positions. The portfolio is a concentrated West Coast small-cap equity portfolio with approximately ten (10) core holdings and twenty (20) prospective holdings. This additional manager will be funded by proceeds from White Elm, received in January 2020.

Motion by Luckett, seconded by Tinker, to recommend to the OkMRF Board of Trustees to rebalance and include two (2) additional managers to the underlying long/short portfolio as recommended by ACG as follow:

Bridger Management LLC	\$5,000,000
Engaged Capital Flagship Fund Series Class C	\$2,650,000
SQN Investors Fund Series Class C	\$850,000
Redmile Capital Fund Series Class C	\$439,000


Luckett: Yes

Tinker: Yes

Park: Yes

5. Adjourn

With no further discussion, meeting adjourned at 9:51 a.m.

 **SEAL**
Jim Luckett, Jr., Investment Chair


Donna Doolen, Chair

Respectfully submitted by:


Chris Whatley