

**MINUTES**  
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA  
MUNICIPAL RETIREMENT FUND AND THE INVESTMENT COMMITTEE OF  
OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**August 24, 2023**

**1. Call To Order**

The Investment Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on August 24, 2023 at 2:00 p.m. with Investment Chair Lockett opening the meeting. 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

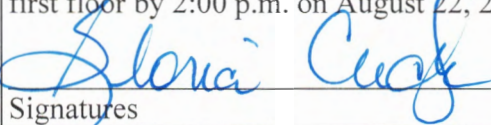
Others: Shaun Barnett, City Manager, City of Woodward  
Donna Doolen, Retiree, City of Ada  
Tamera Johnson, Retiree, City of Shawnee  
Robert Johnston, City Manager, City of Clinton  
Melissa Reames, Retiree, City of Stillwater

**OTHERS PRESENT:**

OkMRF Staff: Jodi Cox, CEO & Executive Director  
Chris Whatley, Plan Advisor & Portfolio Strategist  
Katie Girardi, Retirement Plan Administrator  
Rhnea Stewart, Fund Accountant

Others: Haley Rives, ACG

**NOTICE:** The agenda for the August 24, 2023, meeting was posted in Columbus Square, first floor by 2:00 p.m. on August 22, 2023, by Gloria Cudjoe.

  
Signatures

Chair Doolen called the special meeting to order and extended a welcome to all in attendance. A quorum of the Board of Trustees was present; however, Investment Committee Chair Lockett presided.

2. **Discuss and Develop a Recommendation for Board Consideration and Possible Action, if Deemed Necessary, Regarding ACG Recommendation on the Defined Benefit Portfolio Real Estate Asset Allocation Construct and Adjustments**

Rives reviewed past implementation decisions used to develop current real estate portfolio allocations. Real estate assets provide the portfolio with income from rents, the opportunity for capital appreciation, and an excellent hedge against inflationary environments. The Defined Benefit (DB) Real Estate portfolio consists of the JPMorgan Strategic Property Fund, the JPMorgan Special Situation Property Fund and the Clarion Lion Industrial Trust. Because of their size and expertise, these investment managers have the ability to effectively deploy assets and add value in different market environments. During calendar year 2022, while equity and fixed income markets experienced significant declines, real estate investments were the best performing asset class in the total OkMRF DB portfolio. Because of equity and fixed income market declines, most institutional investors inadvertently developed significant allocation overweights in their real estate portfolios forcing redemptions in an effort to rebalance back to target weights. As a result, investment managers have implemented redemption queues to prevent forced selling. Real estate investments experienced declines for the first six months of 2023 and significantly lagged equity and fixed income market returns. This provides OkMRF with the ability to deploy capital in a very favorable environment and reallocate dollars up to the approved 15% target allocation. Currently, a large portfolio overweight exists in large-cap U.S. equities and should be used as the primary source for rebalancing to target weighting. Therefore, ACG recommends reallocating \$30,000,000 from the State Street Global Advisors S&P 500 Non-Lending Fund and redeploying \$17,500,000 into the JPMorgan Strategic Property Fund, \$7,500,000 into the JPMorgan Special Situation Property Fund and \$5,000,000 into the Clarion Lion Industrial Trust with each manager respectively receiving one-half of the investment in the 4<sup>th</sup> quarter 2023 and the remaining one-half in the 1<sup>st</sup> quarter 2024. The purpose of investing in two tranches is to avoid market timing/impact and be aware of the investment environment.

Motion by Lockett, seconded by Park, to recommend to the Oklahoma Municipal Retirement Fund Board of Trustees to reallocate \$30,000,000 from the State Street Global Advisors S&P 500 Non-Lending Fund and redeploying \$17,500,000 into the JPMorgan Strategic Property Fund, \$7,500,000 into the JPMorgan Special Situation Property Fund and \$5,000,000 into the Clarion Lion Industrial Trust with each manager respectively receiving one-half of the investment in the 4<sup>th</sup> quarter 2023 and the remaining one-half in the 1<sup>st</sup> quarter 2024 in order to bring the real estate investment up to the existing target allocation.

Lockett: Aye

Park: Aye

3. **Discuss and Develop a Recommendation for Board Consideration and Possible Action, if Deemed Necessary, Regarding ACG Recommendation to Replace any Underlying Money Managers in the International Investment Sleeve in the Defined Benefit Plan Portfolio and Propose an Implementation Timeline**

Rives began with a review of global equity market dynamics. According to Rives, the split between domestic versus international equity has varied from approximately 40% - 60% since the mid-90s. At the end of the Global Financial Crisis, domestic equity markets represented approximately 40% of the overall global stock market value. Since then, strong domestic equity gains have captured more value and changed this dynamic. Now, international markets represent

40% of the overall global stock market value. Rives believes differing market dynamics, investment opportunities, and risks, highlight why OkMRF should invest dedicated allocations to both domestic and international portfolios. Furthermore, history has shown actively managed strategies in the international arena can provide greater opportunity for outperformance when compared to a benchmark.

Rives also stated there are approximately 800 stocks in Europe, Australasia and Far East (EAFE) Index and 2,300 in All Country World Index (ACWI) ex U.S. When considering diversification benefits, U.S. market capitalization has become very concentrated in mega-cap names whereas international markets are more broad-based. Furthermore, small and mid-cap value has outperformed large cap value, and large cap growth has outperformed small and mid-cap growth over the last twenty (20) years. These reasons highlight why the international allocation is a key piece of the OkMRF portfolio.

The current construct of Artisan International Value, WCM Focused International Growth, Ninety-One International Dynamic Equity, and Axiom Emerging Markets has provided OkMRF with excellent returns. The DB International portfolio, on a net of fees basis, has beat the index by approximately 2.0%, 1.5%, and 1.5% respectively over a 5-, 7- and 10-year basis. As a result, ACG recommends no changes to the underlying international managers in the DB portfolio at this time.

No action will be recommended to the Board by the Investment Committee.

**4. Discuss and Develop a Recommendation for Board Consideration and Possible Action, if Deemed Necessary, Regarding ACG Recommendation to Replace any Underlying Money Managers in the International Investment Equity Option in the Defined Contribution Plan and Propose an Implementation Timeline**

Rives stated the majority of comments related to the DB International portfolio allocations also apply to the Defined Contribution (DC) International Investment Equity Option. However, due to platform structural differences, State Street MSCI ACWI ex U.S. Index takes the place of Ninety-One International Dynamic Equity and Harding Loevner International Equity takes the place of WCM International Focused Growth. When considering these differences, the International Equity Option has beat the benchmark over 1-, 3- and 5-years on a gross of fees basis and 7- and 10-years on a net of fees basis. As a result, ACG recommends no changes at this time to the underlying international managers in the DC investment option.

No action will be recommended to the Board by the Investment Committee.

**5. Conduct Semi-Annual Investment Performance Review and Receive Quarterly Performance Report for June 30, 2023, as Presented by Asset Consulting Group**

Rives reviewed risk and return metrics for the DB portfolio. As of the end of 2<sup>nd</sup> Quarter 2023, the DB portfolio outperformed the policy portfolio benchmark in seven (7) of eight (8) categories measured. When compared to other funds with a 55-70% equity allocation, the DB portfolio measured in the top 24% on a 5-year basis and the top 27% on a 10-year basis. Rives noted ACG currently has no concerns with any portfolio managers and no managers are on a watchlist.

Motion by Lockett, seconded by Park, to receive the report.

Lockett: Aye

Park: Aye

6. New Business.

None

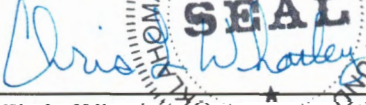
7. Adjourn

With no further discussion, meeting adjourned at 3:25 p.m.

  
Jim Lockett, Jr., Investment Chair

  
Donna Doelen, Chair

Respectfully submitted by:

  
Chris Whatley

