

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE INVESTMENT COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND**
August 28, 2024

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 28, 2024, at 2:00 p.m. with Investment Chair Luckett presiding. On roll call the following members were present:

BOARD OF TRUSTEES PRESENT

Investment Committee: Jim Luckett, Jr., Retiree, City of Thomas
 Robert Park, Retiree, City of Sallisaw

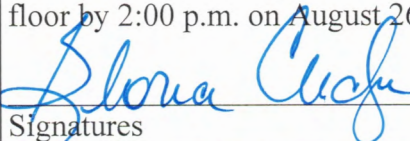
Others: Shaun Barnett, City Manager, City of Woodward
 Donna Doolen, Retiree, City of Ada
 Robert Johnston, City Manager, City of Clinton
 Tamera Johnson, Retiree, City of Shawnee
 Melissa Reames, Retiree, City of Stillwater

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Executive Director
 Kevin Darrow, Retirement Administrator
 Rhnea Stewart, Fund Accountant
 Regina Story, Fund Accountant

Others: Haley Rives, ACG

NOTICE: The agenda for the August 28, 2024, meeting was posted in Columbus Square, first floor by 2:00 p.m. on August 26, 2024, by Gloria Cudjoe.


Signatures

Investment Committee Chair, Lockett, extended a welcome to all in attendance and called the meeting to order.

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

Rives stated the OkMRF target allocation for real estate, according to the Investment Policy Statement, is 15%. However, the current allocation stands at 10% due to a sharp downturn in real estate markets and strong growth in equity markets over the last year. Within OkMRF's real estate holdings, Rives indicated that a balanced target would be 60% invested in Core Real Estate, comprised of the JPMorgan Strategic Property Fund, and 40% invested in value added and opportunistic, comprised of the JPMorgan Special Situation Fund and Clarion Lion Industrial Trust. Rives advised that while the current allocation within the OkMRF real estate portfolio is 50% to Core and 50% to Value Added/Opportunistic and diversified across the real estate sector, considering the current redemption queues in place with JPMorgan, ACG wanted to bring options on how to put proceeds to work and get the real estate allocation closer to the target.

ACG presented two (2) real estate manager funds for consideration. Within Real Estate, the Core peer universe is only comprised of 28 possible investment options due to the resources needed to purchase Class A properties. The two options were being presented as a fit within the OkMRF portfolio due to the current allocation.

One of the options, AEW Property Trust has been around since 2007. AEW is a niche real estate firm focused solely on real estate investing. Office, retail, industrial, and multi-family real estate holdings comprise their typical core investments. However, AEW is willing to seek some non-core investments. Furthermore, AEW holds a significantly higher percentage in the industrial sector, since that is where growth has occurred. An example of non-core growth is in cold storage.

The other option, Morgan Stanley Prime Property Fund, has been in business since the 1970's. Many managers are now following what Morgan Stanley has been doing since 2010, pursuing opportunities in non-core real estate. They currently hold 16% in the non-core space.

While fees were comparable, Morgan Stanley had a lower basis point fee along with a performance fee component. For core real estate investments, the expectation is for 20% of the return to come from market appreciation 80% from income.

Rives stated trends in real estate indicate exit queues are slowing. ACG recommended deploying \$30 million initially from U.S. Large Cap allocation and as received, the redemption proceeds from the JP Morgan Strategic Property Fund to increase the real estate allocation closer to target. While Rives indicated both options are well vetted and possible good fits, when the Committee pressed for a preference, Rives recommended the Morgan Stanley Prime Property Fund due to lower industrial holdings within the fund and concern of possibly having an over-concentration in that sector when paired with Clarion Lion Industrial Trust.

Motion by Lockett, seconded by Park, to recommend to the Board of Trustees to retain Morgan Stanley Prime Property Fund to add to the OkMRF Real Estate holdings in the Defined Benefit portfolio in the amount of \$30 million as well as future redemptions from the JP Morgan Strategic Property Fund and directing Staff and Trust Attorney to prepare all necessary documents as soon as administratively possible.

Luckett: Yes

Park: Yes

3. Discussion and Develop a Recommendation for Board Consideration and Possible Action, if Deemed Necessary, Regarding ACG Recommendation to the Underlying Money Managers in the Fixed Income Component of the Defined Benefit Portfolio, and to Conduct a Search to Replace any of the Managers.

Rives began by providing background information related to the fixed income asset class held within both the DB and DC plans. Rives stated that Fixed Income is one of the largest and most critical components of the DB portfolio with the main goal to provide down-side protection and risk reduction relative to equity volatility.

The Defined Benefit fixed income portfolio and the Total Yield Option in the Defined Contribution plan consists of a core bond manager, JP Morgan Core Bond Trust, a multisector manager, Amundi Core Plus Bond Fund, and an unconstrained manager, Blackrock Strategic Income Opportunities Fund. These strategies have different combinations of risk other than interest rate risk, which is the primary risk for core bond strategies.

As expected, Rives indicated there are up and down capture differences across the three holdings and stated ACG is comfortable with the fixed income construct OkMRF currently has in place. Rives also indicated ACG will always be looking for other opportunities to complement the portfolio construct.

Motion by Luckett, seconded by Park to make no recommendation to replace any underlying money managers in the Fixed Income component of the Defined Benefit Portfolio.

Luckett: Yes

Park: Yes

4. Discussion and Develop a Recommendation for Board Consideration and Possible Action, if Deemed Necessary, Regarding ACG Recommendation to the Underlying Money Managers in the Total Yield Bond and Bond Index Options in the Defined Contribution Program and to Conduct a Search to Replace any of the Managers.

Motion by Luckett, seconded by Park to make no recommendation to replace any underlying managers in the Total Yield Bond and Bond Index options in the Defined Contribution Program.

Luckett: Yes

Park: Yes

5. Discussion and Develop a Recommendation for Board Consideration on Possible Action Regarding Reallocation and/or Rebalancing of Assets Among Investment Managers

Rives reminded the Committee as a follow up from the Real Estate discussion in Item 2 above, that ACG recommends taking \$40 million from SSgA S&P 500, Large Cap Equity fund and reallocate \$30 million to Real Estate for the anticipated Morgan Stanley Prime Property Fund and \$10 million into the JP Morgan Core Bond Trust to better align with the Investment Policy Statement targets.

Motion made by Luckett, seconded by Park to approve ACG's recommendation to rebalance the Defined Benefit portfolio as follows: Deploy \$40 million of SSgA S&P 500 Large Cap Equity fund with proceeds of \$30 million to be invested in the newly proposed Morgan Stanley Prime Property fund and \$10 million to the JP Morgan Core Bond Trust.

Luckett: Yes

Park: Yes

6. **Conduct Semi-Annual Investment Performance Review and Receive Quarterly Performance Report for June 30, 2024, as Presented by Asset Consulting Group**

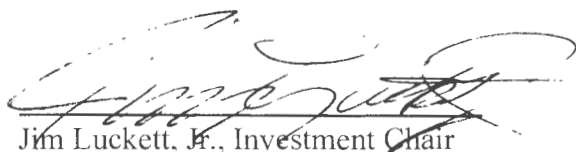
Rives reviewed the Defined Benefit Portfolio's report card from the quarterly report highlighting the five and ten-year risk/return metrics. The Fund beat the benchmark in seven (7) out of the eight (8) categories measured. The Fund fell short in one of the categories by underperforming the actuarially assumed return of 7.25% by .15% over the 10-year period. When measuring against peer groups over a 10-year period, the Fund ranks in the top 30 to 35% percentile.

7. **New Business**

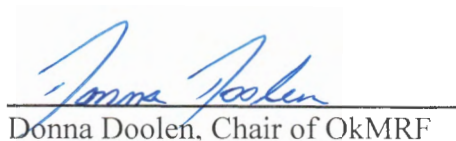
None.

8. **Adjourn**

With no further discussion, meeting adjourned at 3:13 p.m.



Jim Luckett, Jr., Investment Chair



Donna Doolen, Chair of OkMRF

Respectfully submitted by:

Regina Story

Luckett: Yes

Park: Yes

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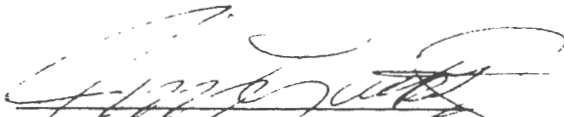
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7. **New Business**

None.

8. **Adjourn**

With no further discussion, meeting adjourned at 3:13 p.m.




Jim Luckett, Jr., Investment Chair



Donna Doolen, Chair of OkMRF

Respectfully submitted by:



Regina Story