

OKLAHOMA STATE PENSION COMMISSION
Minutes
November 12, 2019

1. Call to Order

A meeting of the Oklahoma State Pension Commission convened on November 12 at 9:00 a.m. at the Oklahoma State Capitol, Oklahoma City, OK. Written notice was sent to Commission members and interested parties, posted 24 hours prior to the meeting and filed with the Secretary of State in compliance with the Open Meeting Law. The meeting was called to order once quorum was made.

Members Present: Commissioner Randy McDaniel – State Treasurer; Commissioner Cindy Byrd – State Auditor; Commissioner Doug Lawrence – Governor Appointee; and Commissioner Dow Hughes – Designee for Director, OMES.

Others: Ruth Ann Chicoine – Administrator; Don Stracke and Tony Ferrara - NEPC; Lyn Martin-Diehl – Legal Counsel, Office of the Oklahoma Attorney General; Andrew Messer and Tim Allen – Oklahoma State Treasurer; Joseph Cappello and Sarah Green – Oklahoma Teachers Retirement System; Brad Tillberg – Oklahoma Public Employees Retirement System; Ginger Sigler and Sean Ruark – Oklahoma Police Pension and Retirement System; Duane Michael – Oklahoma Law Enforcement Retirement System; Tim Van Horn – Oklahoma Firefighters Pension and Retirement System; Kris Masterman – K of P; Tommy Chism – Oklahoma City Retired Firefighter; and Paul Pustmueller and Michael Sweeney – Bank of Oklahoma.

2. Approval of Minutes dated August 13, 2019

A motion was made by Commissioner Byrd to accept the minutes of the August 13 meeting with a second from Commissioner Lawrence; all approved.

3. Investment Performance and Impact Investing & ESG Overview Reports – Don Stracke and Tony Ferrara - NEPC

The meeting was turned over to NEPC to report on the Investment Performance.

The unemployment rate decreased to 3.5% in the third quarter; the rolling 12-month seasonally-adjusted CPI saw a down-tick to 1.74% from 1.78%; Fed Funds rate was decreased by 0.50% in the third quarter to a targeted range of 1.75%-2.00%; S&P valuations decreased, but remained above the 10-year and long-term averages.

For the quarter US equities outperform over international equities; large cap stocks are up during the quarter; growth versus value, growth outperforms; domestic fixed income international stocks outperformed the US; commodities have been down for a long period, but private equity has done well.

Negative yields continue to spread, yields continue to come down, but the amount of negative domestic debt continues to grow. Year to date return have been strong, but the quarter was mixed; the economic outlook has deteriorated. The 2019 trade timeline, there have been steps to try and ease tariffs between the US and China.

Asset allocation summary of the plans shows that the plans are in compliance with ranges and asset allocations and all plans are above the averages of the median public fund. For the quarter, the first of the fiscal year, the returns weren't as good as they have been in the past, but they are still in the black, the systems, as a whole, are up 9% and in the 11-percentile rank for the last 10 years. The advice to the systems is to stay the course, they may not be making what some other funds may be, but they are doing very well and it's not the time to move.

A second report on Impact Investing and ESG Integration was presented. Impact investing is a term used to encompass investing approaches that seek to achieve both a financial return and a societal contribution, this is not an endorsement, but informational. Today's impact landscape has four strategies: Negative screening for screening out certain securities for non-financial reasons, ESG Integration with factors built-in as part of the investment process, Thematic which pro-actively seeks opportunities in targeted areas, and Shareholder engagement to actively engage in corporate voting process to push key agendas.

No further discussion by the Commission.

4. **REP Process – Bids Received, Opening, and Ranking Process – Chairman McDaniel and Administrator Ruthie Chicoine**

Chairman McDaniel asked Commissioner Lawrence and legal counsel, Lyn Martin-Diehl, to assist in the opening and reviewing of the bids received by the firms that responded to the RFP sent out August 2019. Ruthie will make contact to arrange a date and location to open the bids. A motion was made to approve by Commissioner Byrd and a second by Commissioner Hughes, all approved.

5. **Approval of 2020 Meeting Dates – Chairman McDaniel**

A motion was made by Commissioner Lawrence and a second by Commissioner Byrd to accept the 2020 meeting dates of February 18, June 16, August 18, and November 17, all approved.

6. **Adjournment**

Chairman McDaniel made a motion to adjourn; all in favor, meeting adjourned. The next regular commission meeting will meet February 2020.

Respectfully Submitted: _____
Ruth Ann Chicoine, Administrator