

COMMISSIONERS OF THE LAND OFFICE

Regular Investment Meeting Minutes

**Wednesday, October 9, 2019 at 9:00 a.m.
Large Conference Room
Commissioners of the Land Office – Ninth Floor
Oklahoma City, Oklahoma**

Notice was posted online with the Secretary of State on October 2, 2018. Public notice was also posted on the Commissioners of the Land Office website and at the Commissioners of the Land Office on Tuesday, October 8, 2019 at 8:00 a.m.

PRESENT:

Mathangi Shankar, Investment Committee Member
Cindy Byrd, State Auditor and Inspector, Investment Committee Member
Bob Mareburger, Investment Committee member

CLO STAFF PRESENT:

Brandt Vawter, Acting Secretary
Keith Kuhlman, Assistant Secretary
Karen Johnson, Chief Financial Officer
Mike Lyons, Assistant Director of Financial Services
Bennett Abbott, General Counsel
Emma Thomas, Financial Manager
Edward Romero, Financial Manager/Comptroller
Susan City, Special Projects CPA
Katy Janz, Executive Assistant
Andrea Bair, Assistant General Counsel
Erin Morgan, Internal Auditor
Shahnaz Parekh, Internal Auditor

VISITORS:

Mark Higgins, RVK
Greg Kantor, RVK

Karen Johnson called the meeting to order at 9:20 a.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Byrd: Present
Mareburger: Present
Shankar: Present

1. Educational Session

Mark Higgins and Greg Kantor presented a new board member education session. Topics included an overview of the RVK firm, Investment Committee responsibilities and best practices. Additionally, CLO Investment strategy, asset allocation and performance reporting were discussed.

2. Request Approval of Minutes for Regular Meeting held August 7, 2019

- a. *Presented by Karen Johnson, CFO*
- b. *Discussion*
- c. *Action in which the Committee may approve or disapprove the matter and/or direct staff to take further action*

Byrd: Aye

Mareburger: Aye

Shankar: Aye Motion Carried

3. Presentation of Performance Review by RVK (Informational Purposes Only)

- a. *Presented by Mark Higgins, RVK*
- b. *Discussion*

RVK stated the CLO Permanent Trust was approximately \$2.46 billion as of September 30, 2019. During the third quarter of 2019, market returns were mixed by asset class. Increased political uncertainty in the US and UK also contributed to the flight to safety provided by high quality fixed income securities.

4. Consideration and Possible Action to Terminate an Equity Manager with reinvestment of funds to be reallocated to an existing manager.

- a. *Presented by Mark Higgins, RVK*

A MOTION was made by Committee Member Mareburger and seconded by Commissioner Byrd to recommend terminating AJO as an investment manager.

5. Consideration and Possible Action to Hire a Transition Manager

- a. *Presented by Mark Higgins, RVK*

A MOTION was made by Committee Member Mareburger and seconded by Commissioner Shankar to recommend hiring CAPIS as a transition manager using a Vanguard confirmed purchase agreement, if contracting is difficult, CLO will use a short settlement strategy.

Byrd: Aye
Mareburger: Aye
Shankar: Aye Motion Carried

6. Discussion and Possible Action for Reallocation and Rebalance of CLO Permanent Trust Funds

- a. *Presented by Mark Higgins, RVK*
- b. *Discussion*
- c. *Action in which the Committee may approve, disapprove or table the matter and/or direct staff to take further action*

A MOTION was made by Commissioner Byrd, seconded by committee member Mareburger to approve the reallocation and portfolio rebalance of reducing BlackRock \$40 million, Guggenheim (BBB) \$15 million, CenterSquare US REIT, \$8 million. Funds will be reallocated to Harvest Fund Advisors, \$20 million, Cutwater \$30 million, JP Morgan MBS, \$10 million, Guggenheim CMBS, \$3 million.

Byrd: Aye
Mareburger: Aye
Shankar: Aye Motion Carried

7. New Business

There was not any new business presented.

A MOTION was made by Commissioner Byrd seconded by Committee Member Mareburger to adjourn the meeting.

Byrd: Aye
Mareburger: Aye
Shankar: Aye Motion Carried

The meeting was adjourned at 3:05 p.m.