

## **COMMISSIONERS OF THE LAND OFFICE**

### **Regular Investment Meeting Minutes**

**Wednesday, June 10, 2020 at 1:00 p.m.  
Large Conference Room  
Commissioners of the Land Office – Ninth Floor  
Oklahoma City, Oklahoma**

Notice was posted online with the Secretary of State on November 22, 2019. Public notice was also posted on the Commissioners of the Land Office website and at the Commissioners of the Land Office on Monday, June 8, 2020 at 4:00 p.m.

#### **INVESTMENT COMMITTEE MEMBERS:**

Mathangi Shankar, Investment Committee Member  
Bob Mareburger, Investment Committee Member

#### **CLO STAFF PRESENT:**

Keith Kuhlman, Assistant Secretary  
Karen Johnson, Chief Financial Officer  
Mike Lyons, Assistant Director of Financial Services  
Bennett Abbott, General Counsel  
Jessica Grogis, Director of Communications  
Emma Thomas, Financial Manager  
Edward Romero, Financial Manager  
John Fischer, Commercial Property Group Manager  
Erin Morgan, Internal Auditor  
Katy Janz, Executive Assistant and HR Director  
Andrea Bair, Assistant General Counsel (teleconference)

#### **VISITORS:**

Mark Higgins, RVK (teleconference)  
Sandra Rochell, Bank of Oklahoma (teleconference)  
Mark Beffort, Robinson Park

Karen Johnson called the meeting to order at 1:00 p.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Byrd: Absent  
Mareburger: Present  
Shankar: Present

## **1. Request Approval of Minutes for Regular Meeting held May 13, 2020**

- 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*

Bob Mareburger made a motion to approve the minutes from the May 13, 2020 meeting. Mathangi Shankar seconded the motion.

Mareburger: Aye  
Shankar: Aye Motion Carried

## **2. Presentation of Performance Review by RVK (Informational Purposes Only)**

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

The first quarter of 2020 was defined by the sharpest selloff in risk assets in history over such a short period of time. However, unlike prior market crises, the rapid and nearly simultaneous enactment of massive, accommodative monetary and fiscal policy drove a nearly proportional rebound in markets over a similarly short period of time. In response to these policy measures, virtually all asset classes mounted substantial recoveries during April, May, and early June. Participation in this rally enabled the total value of the CLO Permanent Trust to return 9.80% (net of fees) as of May 31, 2020 and ended with a market value of \$2.30 billion.

## **3. Asset Allocation Review**

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

The CLO is expected to exist in perpetuity and annual distributions are funded entirely by income generated from the investments. As such, liquidity needs are modest, which enables the Trust to invest a meaningful portion of the portfolio in equities and higher yielding fixed income assets in order to increase long-term return expectations. Changes to the target allocations of MLPs and Preferred Stock were discussed.

#### **4. Discussion and Possible Action on Portfolio Rebalancing**

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

Bob Mareburger made a motion to direct staff to move towards the target allocation by using an additional \$20 million. Mathangi Shankar seconded the motion.

Mareburger: Aye  
Shankar: Aye Motion Carried

#### **5. Consideration and possible action regarding the recommendation of the Investment Consultant and Staff for changes to the CLO Investment Plan and the Real Estate Property Acquisition Guidelines.**

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

Bob Mareburger made a motion to recommend the Commissioners approve the CLO Investment Plan and the Real Estate Property Acquisition Guidelines. Mathangi Shankar seconded the motion.

Mareburger: Aye  
Shankar: Aye Motion Carried

#### **6. Request Approval to Renew the Following Investment Manager Contracts for the Fiscal Year Beginning July 1, 2020:**

- Allianz Global Investors
- Blackrock Russell 1000 Index Fund
- CenterSquare Investment Management
- Cohen & Steers Capital Management, Inc.
- Cutwater Asset Management (Insight Investment)
- Dodge & Cox Investment Managers
- FortWashington Investment Advisors
- Guggenheim Partners, LLC
  - Bond-BBB
  - Bond-CMBS
- Harvest Fund Advisors
- J.P. Morgan Asset Management

- Robeco Investment Management (Boston Partners)
- Silvercrest Asset Management
- Vanguard Institutional Investor Group
  - International Stock
  - High Dividend Yield Index
  - International High Dividend
- Robinson Park LLC

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

Bob Mareburger made a motion to recommend the Commissioners approve the Investment Manager contract renewals for FY 21. Mathangi Shankar seconded the motion.

Mareburger: Aye  
 Shankar: Aye Motion Carried

**7. Consideration and Possible Action to Approve Contracts or Purchases in Excess of \$50,000 beginning July 1, 2020**

- Bank of Oklahoma

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

Bob Mareburger made a motion to recommend the Commissioners approve the Bank of Oklahoma contract renewal for FY 21. Mathangi Shankar seconded the motion.

Mareburger: Aye  
 Shankar: Aye Motion Carried

**8. Consideration and Possible Action for Approval of Operational and Capital Budgets for Management of Commercial Investment Property**

The following commercial investment properties with the associated operating expenses and capital budgets and reserve funds are presented for FY 2021 approval:

<u>Building Address</u>	<u>Operating Expenses</u>	<u>Capital Budget</u>
3017 N. Stiles Av.	\$165,858.00	\$00.00
119 N. Robinson	\$820,333.00	\$635,900.00
5005 N. Lincoln	\$152,049.00	\$373,805.00
City Place Floors 4,8,9 & 10	\$253,717.00	\$25,000.00
5727 S. Lewis (Tulsa)	\$758,477.00	\$195,216.00
Yukon Industrial Properties	\$6,963.00	\$54,990.00
Miller Industrial Properties	\$3,253.00	\$25,000.00
Kickapoo Restaurant	\$2,562.00	\$7,500.00
Corken Industrial Property	\$48,660.00	\$25,000.00

Capital Reserve Fund for seven (7) Trusts - \$1,155,987. 00

Expected total net income for the commercial investment properties is \$4,384,803.00. Projected yield 9.37%.

- a. *Presented by Keith Kuhlman, Assistant Secretary*
- b. *Discussion*
- c. *Committee action in which the Committee may approve, disapprove or table the matter and/or direct staff to take further action.*

Bob Mareburger made a recommendation the Commissioners approve the operational and capital budgets and reserve funds for FY2021 for the listed commercial investment properties. Mathangi Shankar seconded the motion

Mareburger: Aye  
Shankar: Aye Motion Carried

## **9. Request Approval of the Consideration and Possible Action to Approve Contract for an Investment Consultant**

- a. *Presented by Karen Johnson, Chief Financial Officer*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

*Mathangi Shankar recommended the Commissioners approve the contract for RVK for investment consultant services. Bob Mareburger seconded the motion.*

Mareburger: Aye  
Shankar: Aye Motion Carried

## **10. Executive Session**

Executive Session may be convened pursuant to 25 O.S. § 307(B) (3) & (D) for discussing the purchase, exchange or appraisal of real property.

- a. Recommendation of General Counsel, Bennett Abbott to adjourn to Executive Session*
- b. Motion and Vote to Convene Executive Session*
- c. Executive Session*
- d. Motion and Vote to Return to Regular Session*

*Mathangi Shankar made a motion for the Investment Committee to adjourn to Executive Session. Bob Marburger seconded the motion.*

Mareburger: Aye  
Shankar: Aye Motion Carried

*Mathangi Shankar made a motion for the Investment Committee to return to Regular Session. Bob Marburger seconded the motion.*

Mareburger: Aye  
Shankar: Aye Motion Carried

## **11. Proposed Action on Executive Session Items**

The Investment Committee may further consider and take action in open session related to executive session agenda items.

- a. Action in which the Investment Committee may approve, disapprove or table the matter and/or direct staff to take further action*

Bob Mareburger moved for the Investment Committee to recommend to the Commissioners of the Land Office to authorize the CLO Assistant Secretary to execute up to four land exchange agreements and a Purchase and Sales Agreement with the intent to acquire the property discussed in executive session. The first exchange property is 40 acres in the NW/4NW/4 Sec. 24-11N-2WIM, Oklahoma County; the second exchange property is 33.22 acres in the SE/4SW/4 Sec. 16-13N-3WIM, Oklahoma County; the third exchange property is

640 acres in Section 36-11N-3WIM, Oklahoma County; the fourth exchange property is 25.58 acres in the E/2SE/4 Sec. 16-13N-5WIM, Canadian County. The Purchase and Sales Agreement will be in the amount of \$35,500,000 along with associated acquisition costs and exchange property and cash if necessary, for the real estate investment property located at 123 Robert S. Kerr, Oklahoma City, Oklahoma in the SE/4 Sec. 33-12N-3WIM, Oklahoma County. Mathangi Shankar seconded the motion.

Mareburger: Aye  
Shankar: Aye Motion Carried

## **12. New Business**

There was not any new business presented.

## **13. Adjourn**

A MOTION was made by Mathangi Shankar seconded by Bob Mareburger to adjourn the meeting.

Mareburger: Aye  
Shankar: Aye Motion Carried

The meeting was adjourned at 2:15 p.m.