Investment Industry Steering Committee Notes
December 12, 2023

Attendees:
Jeff Moore, Boyd Street Ventures
Jason Samansky, RVK/CLO Fund Consultant
Patrick Sullivan, Argonaut Private Equity
Doug Anderson, AndCo Consulting/Oklahoma Firefighters Fund
Ben Stewart, Humphrey Capital
Justin Wilson, Plains Ventures
Mike Morati, Cortado Ventures
Matt Stephani, Cavanal Hill Investment Management
Brandon Bradford, Acorn Growth Companies
Hopper Smith, Dept of Commerce
Mark Funke, Oklahoma Business Roundtable
Rick Nagel, Acorn Growth Companies
Michael Craig, Dept of Commerce
James Spann, Boyd Street Ventures
Tracy Poole, FortySix Venture Capital
Matt Lay, Trustee Oklahoma Firefighters Fund
Paula Hagopian, Warwick Investments
Brent Kisling, NexTo LLC

Meeting Purpose

The purpose of the meeting was to brainstorm on ideas that could be pursued to allow for more investments from the nine State managed funds into investment funds that are domiciled in Oklahoma. There is about $40 billion under management by the State today and very little of it is invested here. Keeping more of this funding in the state would allow for an exponential growth in the financial services industry here as well as providing access for additional capital for Oklahoma businesses.

Ideas Generated

- In the "Invest in Oklahoma Act," the Treasurer's Office is encouraged to work with the State managed funds to invest up to 5% of their corpus into Oklahoma domiciled funds. Today that language says the funds "may" invest in Oklahoma funds, we discussed changing the statute to "shall" invest in Oklahoma funds.
    - If this legislative change is pursued, there would need to be significant changes added to the statute to give cover and direction to the consultants who are making the decisions on how best to invest the funds.

- The consultants today are not paid enough to truly vet the Oklahoma funds.
    - If we are going to ask the consultants to carve off part of their portfolio to invest in Oklahoma funds, that should be added to their compensation package during the contract negotiation process. It was also discussed having the Dept of Commerce involved in this vetting process. The framework for how to do this was contemplated in the Invest in Oklahoma Act but would need to be expanded.
    - It was also discussed that the staff at the pension funds are way underpaid for the level of importance of their jobs. These salaries are capped by legislation and might need to be examined going forward.
- Reduce the time it takes the pensions to on-board a new fund.
    - This relates back to the compensation and scope of work given to the consultants today. The funds want the scrutiny required for investment, but it tends to take several years to be fully vetted while the investment cycle for most funds happens in 6-12 months. The pathway to approval needs to be improved.
- Market this effort to the Trustees
    - One of the "low hanging fruit" discussions revolved around the idea of creating more options for interaction between the State managed fund trustees and the Oklahoma investment industry. It was mentioned that Oklahoma fund managers could attend Trustee meetings, or host events where the Trustees and the Oklahoma fund managers would have the opportunity to interact.
    - Creating a database of the consultants, pension Executive Directors, and Trustees would also help with the communication and education strategy.
- Further define what "domiciled" means
    - It was discussed that there are several definitions of "domiciled" and to fully understand what the end game of this effort would look like, the Steering Committee needs to come up with a definition of this term. It could mean that they have at least one fund manager in the state, that a certain percentage of their portfolio is invested here, or that they are actually headquartered here.
- Create a Fund of Funds
    - One of the biggest ideas discussed was to create a fund of funds in the state that would allow for the State managed funds to invest in a separate Oklahoma based fund seeded by dollars from the State's rainy day fund. Matt Stephani is drawing up some ideas on how this could operate.
- Study how other states have done it
    - Illinois was a state identified as doing this process very wrong whereas Alaska and Texas were identified as states that seem to have it figured out. North Dakota has an in-state investment mandate that has mixed reviews. Commerce could do this study.

Brent Kisling, CEO
brent@brentkisling.com | 580.548.7181 | BrentKisling.com/NexTo
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