



STATE OF OKLAHOMA
FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

December 15, 2023

Statement from Chase Rankin, Executive Director
Oklahoma Firefighters Pension and Retirement System

Today the Board of Trustees (the "Board") of the Oklahoma Firefighters Pension and Retirement System (the "System") took action that represents the culmination of the System's extensive work to evaluate and comply with the Energy Discrimination and Elimination Act of 2022 (EDEA).

Prior to today, the System has already terminated vendors on the EDEA's Restricted Financial Company List including issuing an RFP to replace the System's custodian bank and index fund provider, State Street, which has been completed and is in the process of transitioning to Northern Trust. The System also terminated its real estate investments with JP Morgan and liquidation proceeds are being received on an ongoing basis.

In addition to vendors, the System has evaluated the potential cost of divestment of the securities of the companies on the Restricted Financial Company List including the opportunity cost of preventing future purchase of these securities. The Board relied on data provided by the portfolio's separate account investment managers and holdings information gathered from the custodian. The Board's investment consultant, AndCo, compiled this data and presented it to the Board. The Board reviewed divestment cost estimates for the portfolio's current equity and fixed income holdings as well as the investment managers' estimate of potential future opportunity cost of not being able to purchase and hold these securities in the future.

Based on its review of the information, the Board updated its Investment Policy today to prevent the future purchase of equity securities on the Restricted Financial Company List and is instructing its equity investment managers to divest from current holdings in these companies in an expedited manner consistent with prudent standards, best execution, and their fiduciary responsibility to the System.

However, in the case of fixed income securities, the Board voted to take a fiduciary exemption provided in the EDEA. While the divestment cost estimate to liquidate current holdings was de minimis, the investment managers identified significant future opportunity cost in alpha generation relative to their benchmark, under certain economic conditions, if securities on the current Restricted Financial Company List were prevented from purchase. As a result, the Board voted to take the fiduciary exemption on fixed income securities since directing the current divestment and preventing the future purchase of these securities would be inconsistent with its fiduciary responsibility with respect to the investment of the Sytem's assets.

I am proud of the work the Board has done over the past several months, under the guidance of AndCo and general counsel, to understand the EDEA and to get into compliance with the new law. While we did take one small exception in the fixed income portion of the portfolio, all other areas of the portfolio are in compliance with the EDEA and the companies on the Restricted List are actively being removed from the portfolio.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chase Rankin', with a stylized, flowing script.

Chase Rankin

Executive Director