



OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

PRESENTATION TO
THE JOINT SUBCOMMITTEES
SENATE SELECT AGENCIES
HOUSE A&B NON-APPROPRIATED AGENCIES

BY
CHASE RANKIN
EXECUTIVE DIRECTOR

MISSION STATEMENT

TO BE RESPONSIVE IN ADMINISTERING RETIREMENT BENEFITS TO FIREFIGHTERS OF OKLAHOMA; TO MANAGE THE FIREFIGHTERS' RETIREMENT FUND PRUDENTLY; AND TO EMBRACE THE HIGHEST ETHICAL STANDARDS WITH REGARD TO THESE ENDEAVORS.

BRIEF HISTORY

- GOVERNOR HASKELL SIGNED INTO LAW THE FIRST FIREMAN'S PENSION BENEFIT STATUTE MAY 14, 1908.
- THE NEW LAW CONTAINED A ONE PERCENT TAX ON INSURANCE PREMIUMS TO FUND THE PENSION BENEFITS FOR BOTH PAID AND VOLUNTEER FIREFIGHTERS.
- OKLAHOMA CITIES AND TOWNS ADMINISTERED THE PROGRAM UNTIL THE STATE LEGISLATURE CREATED THE CURRENT OKLAHOMA FIREFIGHTER PENSION AND RETIREMENT SYSTEM IN 1980.
- THE OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM WAS CREATED TO BETTER FUND THE TOTAL SYSTEM AND ADMINISTER THE SYSTEM EQUALLY.
- THE AGENCY IS VESTED WITH THE POWER AND DUTIES SPECIFIED BY STATUTES AND SUCH OTHER POWERS AS MAY BE NECESSARY TO ENABLE IT AND ITS OFFICERS AND EMPLOYEES TO CARRY OUT FULLY AND EFFECTIVELY THE INTENT OF THE LAW TO PROVIDE PENSION BENEFITS TO ALL PARTICIPATING FIREFIGHTERS IN OKLAHOMA.

PARTICIPANT COUNTS AS OF JULY 30, 2018

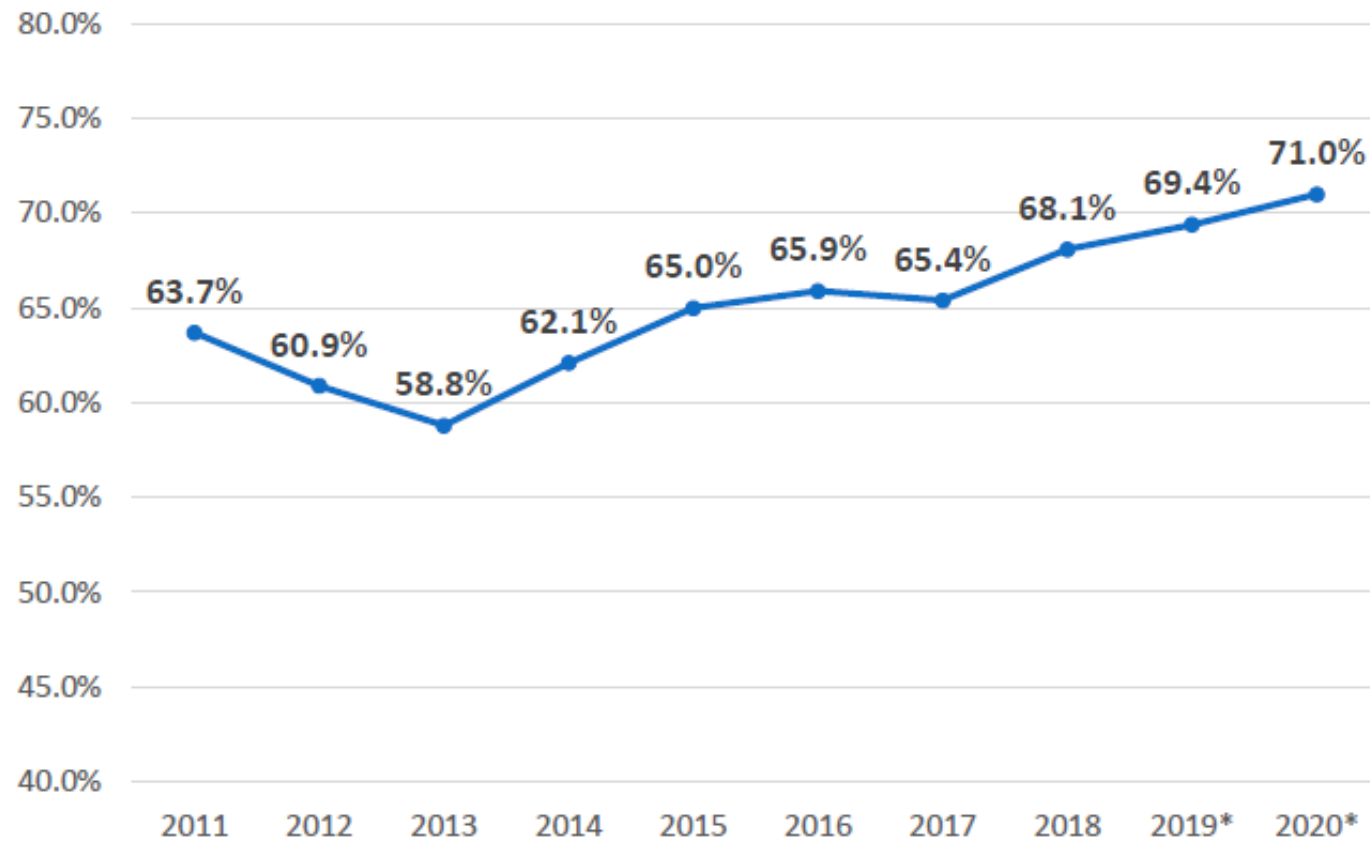
- PAID MEMBERS = 9,709
 - ACTIVE = 4,285
 - IN PAYMENT = 4,983
 - VESTED = 396
 - DROP = 45
- VOLUNTEER MEMBERS = 15,863
 - ACTIVE = 8,067
 - IN PAYMENT = 6,110
 - VESTED = 1,683
 - DROP = 3

1. Valuation Highlights

FUNDING VALUATION	July 1, 2017	July 1, 2018
Fair Value of Assets	\$2,509,471,449	\$2,719,895,921
Average Annual Return prior year	13.6%	11.7%
Actuarial Value of Assets	\$2,464,615,244	\$2,619,169,737
Average Annual Return prior year	9.7%	9.7%
Present Value of Projected Benefits	\$4,437,959,406	\$4,543,920,438
Actuarial Accrued Liability	\$3,767,195,100	\$3,845,542,352
% funded	65.4%	68.1%
Unfunded Actuarial Accrued Liability	\$1,302,579,856	\$1,226,372,615
Actuarially Determined Contribution	\$115,478,708	\$107,540,881

Funded Ratio – AVA as a percent of Accrued Liability

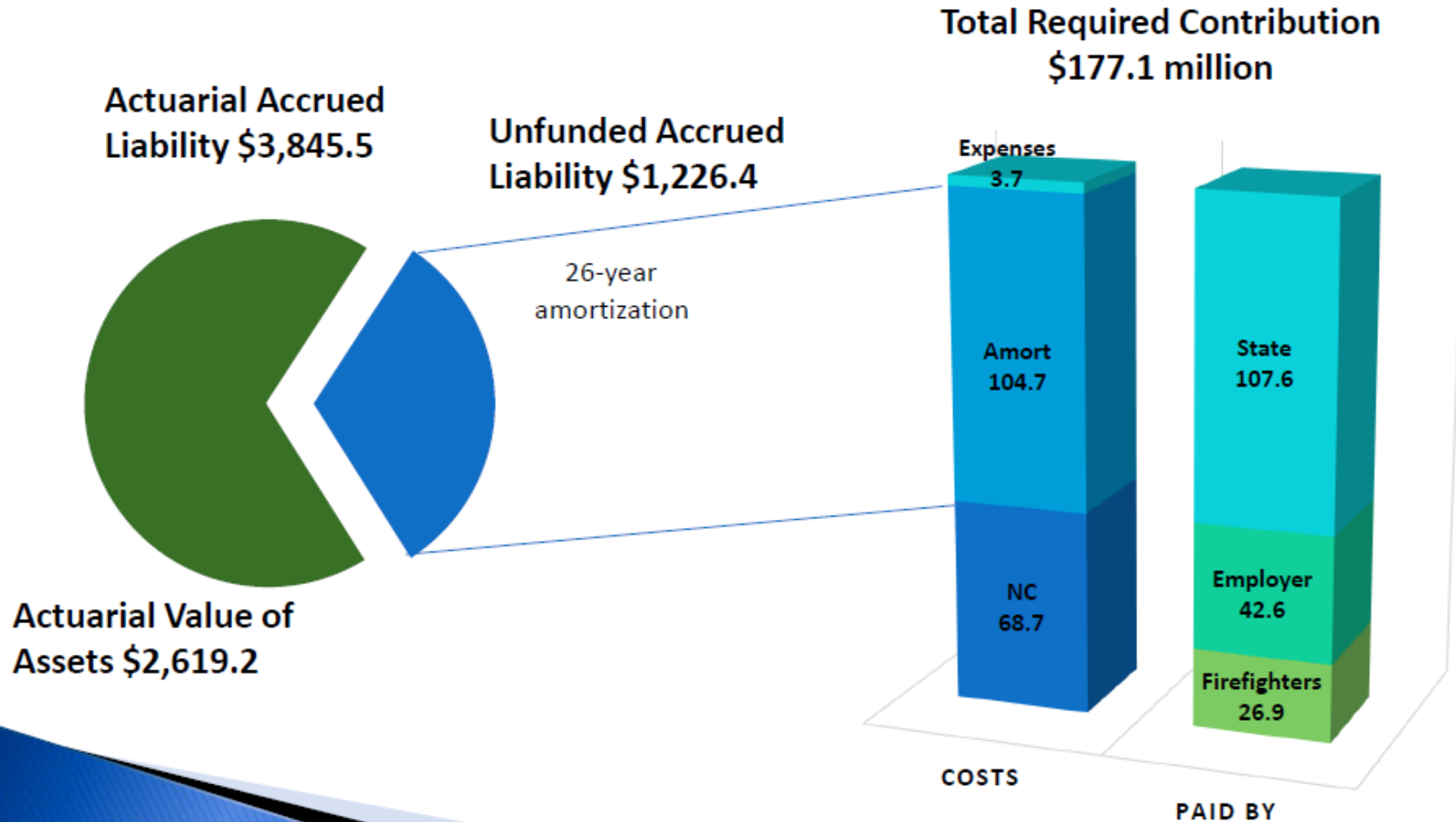
December 31



*Projected based on all assumptions being met and no change in employee, employer, and State Contribution rates.

Contribution Development

(in millions)



GENERAL ADMINISTRATION AND OPERATIONS

- TOTAL BUDGET - \$24,091,707
 - PROFESSIONAL AND ADMINISTRATIVE EXPENSES
 - \$3,726,707
 - INVESTMENT EXPENSES
 - \$20,365,000 (0.75 % OF TOTAL FUND)



PENSION FUNDS

U.S. equities, alts power strongest returns for plans

Heavy weightings
lead to double-digit
performance

BY JAMES COMTOIS · SEPTEMBER 17, 2018

Updated with correction

Large public pension plans that were more heavily weighted toward U.S. equities than international stocks found themselves seeing double-digit returns well above their benchmarks in the fiscal year ended June 30.



The plan that saw the largest annual return among those *P&I* tracked was the \$2.7 billion Oklahoma Firefighters Pension & Retirement System, Oklahoma City, which posted an annual gross return of 11.8% for the year ended June 30, above its benchmark of 9.4%.

Not surprisingly, the plan was overweight to domestic equities at 42% and underweight to international, 15%.

But Executive Director Chase Rankin mentioned another factor that contributed to the plan's double-digit gains: patience.

"We implemented performance-based fees (in 2014), which gives us the ability to be more patient with a manager that's underperforming," Mr. Rankin said in a phone interview.

He cited a situation during the past fiscal year in which the board stuck with a struggling manager. That decision paid off, because the manager's performance eventually rebounded and doubled its benchmark. Mr. Rankin would not identify the manager or the strategy.

OKLAHOMA STATE PENSION COMMISSION

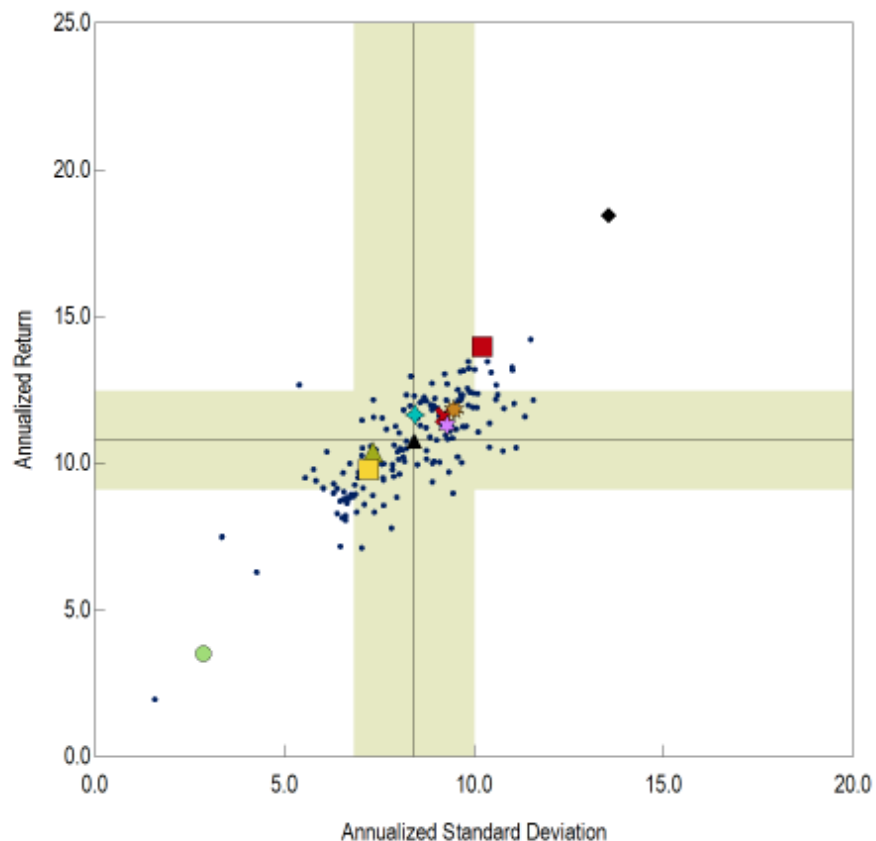
Total Fund Performance Detail

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Oklahoma State Pension Commission	24,196,098,464	100.0	0.7	23	7.3	7	14.9	8	12.6	10	6.6	6	7.9	13
<i>S&P 500</i>			2.9	1	13.8	1	20.6	1	18.5	1	7.0	1	7.3	31
<i>Barclays Aggregate</i>			-2.3	98	-2.4	99	-0.7	99	3.5	99	5.2	59	4.5	99
<i>60% S&P 500 / 40% BC Agg</i>			0.8	16	7.1	10	11.7	51	12.5	11	6.7	4	6.5	73
<i>MSCI EAFE</i>			-1.0	86	4.1	74	18.6	1	10.0	65	-0.6	99	7.7	18
Teachers	11,801,499,597	48.8	1.3	4	9.2	1	17.8	1	14.0	1	7.8	1	8.9	1
<i>TEACHERS Allocation Index</i>			0.8	20	8.0	4	15.0	8	12.6	10	6.6	6	7.7	18
<i>TEACHERS Policy Index</i>			0.3	40	7.2	9	14.3	15	13.2	3	6.3	17	7.7	18
PERS	7,424,757,562	30.7	-0.4	72	5.0	56	12.0	47	11.6	33	6.0	24	7.3	30
<i>PERS Allocation Index</i>			-0.6	79	4.5	64	11.2	63	10.7	51	5.9	31	6.7	61
<i>PERS Policy Index</i>			-0.7	81	4.3	70	10.9	67	11.2	44	5.4	48	6.6	66
Firefighters	1,884,967,711	7.8	1.1	9	7.7	4	14.3	15	11.8	30	4.8	67	6.9	50
<i>FIREFIGHTERS Allocation Index</i>			1.1	9	8.0	4	14.5	11	12.7	8	5.7	37	6.6	65
<i>FIREFIGHTERS Policy Index</i>			0.9	12	7.5	6	13.8	19	13.1	7	6.5	7	7.2	33
Police	1,968,538,692	8.1	1.0	10	5.8	35	12.6	37	10.4	60	4.5	77	7.1	39
<i>POLICE Allocation Index</i>			-0.1	58	4.5	65	10.7	69	12.0	27	5.3	53	6.4	75
<i>POLICE Policy Index</i>			-0.7	79	3.7	79	11.2	64	12.4	12	5.5	43	6.6	65
Law	769,493,782	3.2	0.6	27	5.9	34	12.1	45	11.7	32	5.9	27	7.0	50
<i>LAW Allocation Index</i>			-0.2	62	4.4	67	10.3	75	11.4	37	5.6	41	6.7	61
<i>LAW Policy Index</i>			0.7	21	6.5	22	12.4	41	11.6	34	5.7	35	7.3	30
Judges	262,691,810	1.1	-0.6	77	4.5	65	11.5	55	11.3	38	5.8	31	6.8	58
<i>JUDGES Allocation Index</i>			-0.7	79	4.4	68	11.1	65	10.8	50	5.3	54	6.3	80
<i>JUDGES Policy Index</i>			-0.7	81	4.3	70	11.0	66	11.2	44	5.4	51	7.3	31
Wildlife	84,149,310	0.3	0.3	40	5.6	39	10.0	78	9.8	72	4.5	77	5.7	94
<i>WILDLIFE Allocation Index</i>			-0.1	57	4.8	60	9.5	85	9.7	72	5.5	43	6.0	88
<i>WILDLIFE Policy Index</i>			0.5	32	6.1	30	10.5	72	11.1	46	6.6	6	6.3	77
<i>IFx Public DB Gross Median</i>			0.0		5.2		11.7		10.8		5.4		6.9	

OKLAHOMA STATE PENSION COMMISSION

Total Fund Risk/Return - 3 Years

3 Years Ending June 30, 2013



- Teachers
- ◆ Law
- Barclays Aggregate
- ✱ PERS
- ✱ Judges
- ▲ Universe Median
- Firefighters
- Wildlife
- 68% Confidence Interval
- ▲ Police
- ◆ S&P 500
- IFx Public DB Gross

3 Years Ending June 30, 2013

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Oklahoma State Pension Commission	12.6%	10	9.4%	74
Teachers	14.0%	1	10.2%	91
PERS	11.6%	33	9.2%	67
Firefighters	11.8%	30	9.5%	75
Police	10.4%	60	7.3%	27
Law	11.7%	32	8.4%	51
Judges	11.3%	38	9.3%	70
Wildlife	9.8%	72	7.2%	26

3 Years Ending June 30, 2013

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Oklahoma State Pension Commission	1.33	35	1.99	31
Teachers	1.36	25	2.04	26
PERS	1.25	58	2.02	29
Firefighters	1.24	61	1.80	63
Police	1.41	19	1.92	44
Law	1.37	23	1.98	32
Judges	1.21	69	1.97	33
Wildlife	1.35	30	2.02	28

Oklahoma State Pension Commission

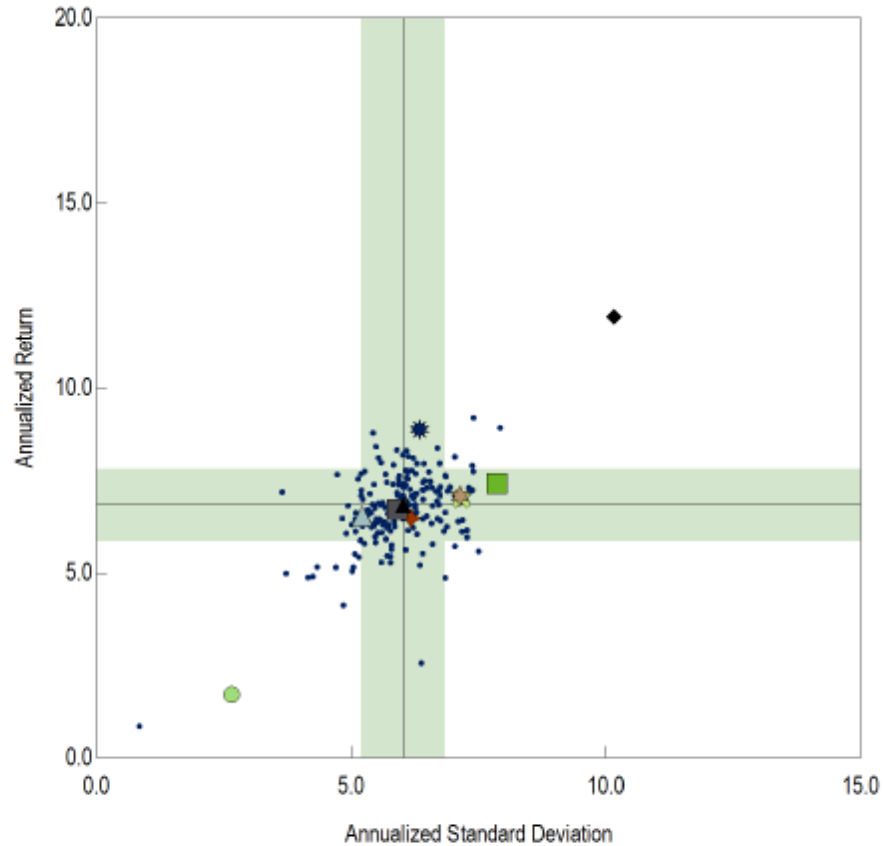
TOTAL FUND PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Oklahoma State Pension Commission	32,854,844,727	100.0	2.0	6	1.4	21	9.5	14	7.3	26	9.0	10	7.8	7
<i>S&P 500</i>			3.4	1	2.6	4	14.4	1	11.9	1	13.4	1	10.2	1
<i>BBgBarc US Aggregate TR</i>			-0.2	92	-1.6	99	-0.4	99	1.7	99	2.3	99	3.7	99
<i>60% S&P 500 / 40% BBgBarc Aggregate</i>			2.0	6	1.0	34	8.3	37	7.9	9	9.0	10	7.8	6
<i>MSCI EAFE</i>			-1.2	99	-2.7	99	6.8	80	4.9	98	6.4	94	2.8	99
Teachers	16,478,463,253	50.2	2.7	1	1.9	10	10.0	7	7.4	22	9.5	3	8.6	1
<i>TEACHERS Allocation Index</i>			1.8	8	0.9	42	8.2	44	7.0	43	8.8	12	7.7	8
<i>TEACHERS Policy Index</i>			2.3	3	1.1	29	8.1	48	7.0	41	8.0	42	7.1	19
PERS	9,684,794,944	29.5	1.0	46	0.0	85	8.3	37	7.0	42	8.3	28	7.2	18
<i>PERS Allocation Index</i>			1.0	44	-0.1	89	8.0	52	7.0	40	8.2	36	7.0	25
<i>PERS Policy Index</i>			1.0	44	0.0	85	8.1	47	7.1	36	8.2	34	6.8	35
Firefighters	2,705,595,511	8.2	1.6	10	3.0	2	11.7	1	8.9	1	10.0	1	7.4	14
<i>FIREFIGHTERS Allocation Index</i>			2.3	3	2.2	7	10.4	4	8.2	5	9.2	7	7.4	13
<i>FIREFIGHTERS Policy Index</i>			1.9	6	1.1	29	8.9	26	8.4	3	9.5	3	8.0	5
Police	2,539,722,003	7.7	1.6	12	2.2	7	8.7	30	6.5	62	7.7	57	6.1	72
<i>POLICE Allocation Index</i>			0.6	67	0.9	39	8.1	47	5.9	87	7.0	82	6.2	69
<i>POLICE Policy Index</i>			0.3	82	-0.3	92	7.2	74	5.9	87	6.9	84	6.2	66
Law	994,136,797	3.0	1.5	16	1.7	12	9.0	22	6.5	64	7.9	44	6.9	27
<i>LAW Allocation Index</i>			1.3	26	1.0	35	8.4	34	7.1	36	8.1	39	6.8	34
<i>LAW Policy Index</i>			2.1	4	1.7	14	8.5	32	7.2	29	8.4	25	7.0	24
Judges	337,946,836	1.0	1.2	34	0.1	81	8.3	38	7.1	39	8.2	33	7.0	24
<i>JUDGES Allocation Index</i>			1.0	47	-0.1	87	8.1	50	6.9	47	8.0	41	6.7	43
<i>JUDGES Policy Index</i>			1.0	44	0.0	85	8.1	47	7.1	36	8.2	34	6.8	36
Wildlife	114,185,383	0.3	1.6	12	1.5	20	8.2	41	6.7	56	7.9	50	6.2	69
<i>WILDLIFE Allocation Index</i>			1.6	11	0.7	49	7.8	56	6.9	46	7.8	50	6.7	42
<i>WILDLIFE Policy Index</i>			1.7	10	0.8	44	7.5	67	6.8	53	8.0	44	7.3	16
<i>InvestorForce Public DB Gross Median</i>			0.9		0.7		8.0		6.8		7.8		6.5	

Oklahoma State Pension Commission

TOTAL FUND RISK/RETURN - 3 YEARS

3 Years Ending June 30, 2018



- Teachers
- ◆ PERS
- Firefighters
- ▲ Police
- ◆ Law
- ◆ Judges
- ◆ Wildlife
- ◆ S&P 500
- BBgBarc US Aggregate TR
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

3 Years Ending June 30, 2018

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Oklahoma State Pension Commission	7.31%	26	7.17%	94
Teachers	7.43%	22	7.86%	99
PERS	7.00%	42	7.16%	94
Firefighters	8.89%	1	6.34%	70
Police	6.54%	62	5.21%	13
Law	6.47%	64	6.17%	62
Judges	7.08%	39	7.13%	93
Wildlife	6.71%	56	5.90%	44

3 Years Ending June 30, 2018

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Oklahoma State Pension Commission	0.92	77	1.32	81
Teachers	0.86	89	1.21	92
PERS	0.88	85	1.34	76
Firefighters	1.29	5	1.93	4
Police	1.12	23	1.71	25
Law	0.94	76	1.44	65
Judges	0.89	82	1.34	78
Wildlife	1.02	52	1.55	46

QUESTIONS