

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
January 29, 2016

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Offices, Oklahoma City, Oklahoma, on January 29, 2016, at 10:00 a.m. with Vice-Chair Lamb presiding. On roll call, the following members were present:

BOARD OF TRUSTEES

Vice-Chair: Marcy Lamb, Retiree, City of Stillwater
Secretary: Bertha Ann Young, Retiree, City of Shawnee
Treasurer: Leroy Lage, Retiree, City of Watonga
Members: Donna Doolen, Finance Director-Treasurer, City of Ada
Robert Johnston, City Manager, City of Frederick
Robert Park, Retiree, City of Sallisaw
John Shugart, City Manager, City of Bethany
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant

OkMRF Attorney: David Davis

Others: Haley Rives ACG
Kevin Moore, ACG
Nate Atchison, Finley & Cook

Shugart opened the meeting with prayer and Whatley led the Pledge of Allegiance.

Lamb welcomed everyone and called the meeting to order.

NOTICE: The agenda for the January 29, 2016, meeting was posted in the Central Park Tower, first floor by 10:00 a.m. on January 28, 2016, by Gloria Cudjoe



Signature

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of December 18, 2015, Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$474,182,570.67
International Investment Equity	8,366,985.39
Aggressive Equity	20,623,065.35
Global Equity	500,462.49
Growth and Value Equity	20,375,251.12
S & P 500 Index	20,586,909.07
Target Retirement 2060	329,128.76
Target Retirement 2055	1,695,783.13
Target Retirement 2050	4,229,163.42
Target Retirement 2045	7,196,414.80
Target Retirement 2040	11,026,228.66
Target Retirement 2035	15,378,389.80
Target Retirement 2030	19,070,675.76
Target Retirement 2025	32,824,401.26
Target Retirement 2020	31,074,306.55
Target Retirement Income	29,434,980.35
Total Yield Bond Fund	7,938,166.13
Bond Index	10,784,828.95
Voya Fixed Plus III	37,282,310.88
Loan Portfolio	9,712,746.23
Self Directed Brokerage	41,290.26
Total Assets	\$762,654,059.03

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for January

Actuary & Recordkeeping	\$36,219
Administration	66,333
Attorney	3,950
Audit	2,000
Board Travel	1,076
DC Plan - Prefunded Expenses	-
Employer Directed Expense	690
Insurance	-
Investment Advisors	180,727
Custodial	12,598
Investment Consultant	-
Public Relations	152
Representative Travel	814
EXPENSES	<u>\$304,559</u>

E. Benefit Payments and Contribution Refunds

Motion made by Shugart, seconded by Tinker to approve all items on the Consent Agenda.

Motion carried: AYE: Doolen, Johnston, Lage, Lamb, Park, Shugart, Tinker and Young

NAY: None

3. Consideration and Possible Action of Items Removed from the Consent Agenda

No action taken.

4. Comments from Public

None.

5. Finley & Cook: Consideration and Possible Action Regarding Discussion Draft of 2014-2015 OkMRF Audit Report

Atchison presented the audit report with a clean opinion issued. The audit went well and additional audit confirmations letters were issued due to the upcoming GASB 68 report and attestation to actuarial data. The required communication letter was reviewed, noting no noncompliance items to report or issues with management.

Motion made by Tinker, seconded by Young to receive the OkMRF Audit report of 2014-2015.

Motion carried: AYE: Doolen, Johnston, Lage, Lamb, Park, Shugart, Tinker and Young

NAY: None

6. **Consideration and Possible Action Regarding Investment Committee Report**

A. **ACG: Review of Monthly ASAP Report**

Moore reviewed the ASAP reports. Within the Defined Benefit Fund, the emerging market created a drag on the portfolio while the real estate allocation had strong returns for the past year. The hedge funds should provide protection during these choppy markets and the active managers should fare better if the markets remain volatile. The Defined Contribution Fund options performed as expected with the Growth and Value Option providing strong long term growth but the core plus bond fund within the Total Yield Bond Option will most likely experience lower returns in the short term.

No action taken.

B. **ACG: Review of OkMRF 2015 Highlights and 2016 Initiatives**

Rives summarized the accomplishments for 2015: restructured and funded the three new international managers, added an emerging market component to the International allocation within the Defined Benefit Fund; hosted an on-site due diligence visit for client; completed extensive restructuring and changes to the Defined Contribution Fund options that transitioned to the daily recordkeeper, terminated a hedge fund manager and funded the replacement hedge fund manager within the Defined Benefit Fund.

The goals for 2016 were discussed. The primary goals for the year will be to revisit the diversification of the Defined Contribution investment options by evaluating the addition of an international growth manager, further diversification within the fixed income line up and establishing a real assets white label fund. Other annual activities will include providing more education of fixed income/liquid absolute return strategies and adding diversification to real estate mandate, assisting with due diligence visits, updating policy statements and providing manager updates.

No action taken.

C. **Ratification of Schedule for Emergency Placement of Proceeds from Liquidation of GW Capital Small Cap Value Manager using Northern Trust Transition Management Services**

Notice received from manager of their dissolution as a continuing business. Based on information, discussions and recommendations from ACG, an emergency type situation was declared as defined in Resolution 2015-5. An addendum, to an existing agreement with Northern Trust transition management, was completed so immediate liquidation of the account could commence.

Motion made by Shugart, seconded by Park to ratify the action of staff and the addendum schedule with Northern Trust, providing transition management services, for the liquidation and temporary placement of the cash proceeds from the liquidation of GW Capital's account.

Motion carried:

AYE: Doolen, Johnston, Lage, Lamb, Park, Shugart,
Tinker and Young

NAY: None

D. ACG: Consideration and Possible Action Regarding Small Cap Value Manager Search

Due to the ceasing of GW Capital, ACG provided an analysis of a manager search and three firms were interviewed by the Investment Committee on January 28, 2016. Based on the interviews, ACG's search analysis and discussions, a motion was made to select River Road Asset Management to replace the small cap value manager in the Defined Benefit Fund.

Motion made by Shugart, seconded by Tinker to pursue River Road Asset Management as the small cap value manager, requesting Staff to negotiate fees and notable items in side letter agreements that address application of specific Oklahoma law with all subject to approvals by Director and Attorney.

Motion carried: AYE: Doolen, Johnston, Lage, Lamb, Park, Shugart, Tinker and Young

NAY: None

E. Consideration and Possible Action on Reallocation and/or Rebalancing of Assets Among Investment Managers

No action taken.

7. Consideration and Possible Action Regarding Administrative Committee Report

A. Consideration and Possible Action Regarding Resolution 2016-1 Approving the Destruction of Certain Records

Motion was made by Doolen, seconded by Shugart, to approve Resolution 2016-1, destroying records for actual physical destruction in accordance with the Record Retention and Destruction Policy.

Motion carried: AYE: Doolen, Johnston, Lage, Lamb, Park, Shugart, Tinker and Young

NAY: None

8. Consideration and Action Regarding Contract Committee Report

None.

9. Receive Report on Newly Adopted or Amended OkMRF Member Plans

Whatley reported on the plan changes for the OkMRF members. The newly adopted or amended OkMRF member plans received and signed by the Vice-Chair and Secretary.

No action taken.

10. OkMRF Staff Report

Cox and Whatley reported on the following items:

- An investment committee meeting will be held at 9:00 a.m. before next board meeting to conduct semi-annual investment performance review.
- A contract committee meeting will be held at 9:00 a.m. before next board meeting to review vendor performance.
- The final filings on DB specialized plans with the IRS are now 100% complete.
- The CMAO conference held in Norman this month had great topics. Cox and Whatley were able to make valuable contacts.

- Cox indicated that the hiring process will start to replace the open Plan Administrator position.
- Whatley, Cox and a Voya representative were at Midwest City for a week, assisting the participants logging into Voya, naming their beneficiaries and showing them how to function within the website.
- Whatley will be focusing on making intentional DC city visits, assisting participants and exposing them to the new recordkeeping website.
- 2015 stock market pick winners were revealed and new predictions made for 2016.

11. **New Business**

None.

12. **Trustee/Member Comments**

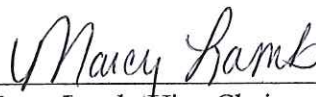
None.

13. **Adjourn**

With no further business to conduct meeting adjourned.

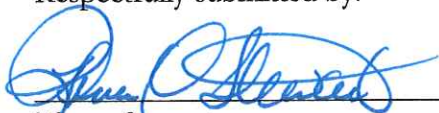


Bertha Ann Young, Secretary



Marcy Lamb, Vice-Chair

Respectfully submitted by:



Rhnea Stewart