

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
April 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 April 29, 2016, at 10:00 a.m. with Vice-Chair Lamb presiding. On roll call, the following members were present:

BOARD OF TRUSTEES

Chair: Marcy Lamb, Retiree, City of Stillwater
Vice-Chair: John Shugart, Retiree, City of Bethany
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
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

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

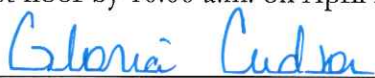
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Nate Atchison, Finley & Cook
Andrew Feltus, Pioneer
Mike Dirstine, Pioneer
Erin Wikander, JPMorgan
Wally Theado, JPMorgan
Jennifer Ciullo, JPMorgan
Jim Lockett, Jr.

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

Lamb welcomed everyone and called the meeting to order.

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



Signature

2. Ratify Marcy Lamb to Serve as Chair per Trust Indenture until Annual Election of Officers

Motion made by Shugart, seconded by Park to ratify Lamb to serve as Chair until the annual election of officers.

Motion carried:

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

NAY: None

Agenda item 13 and 14 moved up to this point in agenda and Oath of Office administered

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of March 31, 2016, Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$ 477,481,534.30
International Investment Equity	\$ 8,218,536.89
Aggressive Equity	\$ 19,509,782.75
Global Equity	\$ 1,537,296.19
Growth and Value Equity	\$ 19,235,632.19
S & P 500 Index	\$ 20,601,064.97
Target Retirement 2060	\$ 411,559.57
Target Retirement 2055	\$ 1,889,286.75
Target Retirement 2050	\$ 4,445,785.36
Target Retirement 2045	\$ 7,617,244.66
Target Retirement 2040	\$ 11,406,255.93
Target Retirement 2035	\$ 15,828,997.95
Target Retirement 2030	\$ 20,035,370.21
Target Retirement 2025	\$ 32,095,735.49
Target Retirement 2020	\$ 31,845,006.46
Target Retirement Income	\$ 27,811,338.80
Total Yield Bond Fund	\$ 8,301,713.71
Bond Index	\$ 12,537,252.17
Voya Fixed Plus III	\$ 38,427,540.31
Loan Portfolio	\$ 9,538,542.31
Self Directed Brokerage	\$ 41,924.46
Total Assets	\$ 768,817,401.43

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for April

Actuary & Recordkeeping	35,659
Administration	69,186
Attorney	14,450
Audit	0
Board Travel	1,172
DC Plan Est. 10-2015 Expenses¹	0
Employer Directed Expense	0
Insurance	0
Investment Advisors	137,661
Custodial	13,640
Investment Consultant	0
Public Relations	0
Representative Travel	1,180
EXPENSES BEFORE CREDITS	272,948

E. Benefit Payments and Contribution Refunds

Motion made by Doolen, seconded by Lage to approve all items on the Consent Agenda.

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

NAY: None

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

No action taken.

5. Comments from Public

None.

6. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2015, OkMRF Examination Report Over Selected Management Assertions Related to DB Census Data**

Atchison reviewed the report and outlined the assertions on the census data. All census data discrepancies were evaluated and resolved by staff. Opinion was issued that the agreed upon assertions of census data is fairly stated in all material aspects and can be relied upon by employers of the OkMRF defined benefit plans for their reporting requirements of GASB 68.

Motion made by Shugart, seconded by Luckett to receive the report.

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

NAY: None

7. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2015, OkMRF DB Schedule of Changes in Fiduciary Net Position by Employer**

Atchison reviewed the report, discussing the large sample of cities audited. Opinion issued based on audit evidence obtained that the Schedule presents fairly and in all material respects, the fiduciary net position of OkMRF and each individual employer in accordance with generally accepted accounting principles.

Motion made by Shugart, seconded by Luckett to receive the schedule.

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

NAY: None

Item 12 A. and 12 B. moved up to this point in agenda

8. **Pioneer: Annual Update from Investment Managers – Andrew Feltus and Mike Dirstine**

Feltus provided a review of the product and recent portfolio performance. Dirstine discussed specifics of the portfolio for calendar year 2015, noting that currency, shorter duration and high concentration of credits resulted in lag of performance to the benchmark. However, they were adding TIPS to hedge against inflation and to shorten duration. First quarter performance off to a good start.

9. **JPMorgan: Annual Update from Investment Managers – Erin Wikander and Wally Theado (Bonds) and Jennifer Ciullo (Real Estate)**

Wikander introduced the group and provide a handout of the servicing team for OkMRF. Theado provided an update on the recent changes in the top leadership of the portfolio team. The original team based strategy remains intact and will continue as junior level staff is hired and molded with the team strategy culture. The Columbus office will now have additional resources for credit research from the NY office. Portfolio had a net gain of inflows despite personnel exits. Portfolio is short duration, underweight on long end of curve, biased toward MBS and ABS and underweight Treasuries. Ciullo provided updates on the real estate portfolios. Real estate has provided excellent returns over the past years, but expectations should be lowered going forward. The SPF fund is limited development, lower leverage, diversified in top 10 metro areas and overweight to office space but will be trimming down in the near future. The SSPF tends to hold properties three to seven years, then sells and reinvests. This portfolio is

also well diversified in the top 10 metro areas and does not participate in long term development but will utilize cash to provide stage funding.

(Johnston left the meeting at 11:40 a.m.)

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

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

Rives reviewed the ASAP reports noting a “V” shaped market during the first quarter of 2016. Portfolio’s experienced good growth in March, especially real estate and international sectors while the long/short allocation did not provide as much expected protection during the quarter. ACG continues to monitor JPM staffing circumstances related to the core bond portfolio.

B. **ACG: Consideration and Possible Action to Add International Growth Manager as a 25% Component in the DC International Equity Fund Option**

Rives discussed using Harding Loevner International Equity in the DC investment option. Since they already have a 25% emerging market component, this will create 13% holdings overlap. However, they have separate portfolio managers for the emerging market and proposed growth allocations with long-term track records.

Motion made by Shugart, seconded by Tinker to add 25% of Harding Loevner International Equity portfolio to the DC International Investment Equity Fund Option, reducing SSgA’s Daily MSCI/ACWI allocation from 50% to 25% and implementing by June 30, 2016.

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

NAY: None

(Young left the meeting at 12:01 p.m.)

C. **Consideration and Possible Action on Reallocation and/or Rebalancing of Assets**

Cox reviewed the DB cash needs of \$400,000 to pay monthly DB periodic payments. ACG recommended selling a portion of SSgA S&P 500 index fund to raise the necessary cash.

Motion made by Shugart, seconded by Tinker to ratify the action of staff on April 25, 2016 of raising cash in the amount of \$400,000 from SSgA S&P 500 index fund.

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

NAY: None

11. **Consideration and Possible Action Regarding Administrative Committee Report**

None.

12. **Consideration and Possible Action Regarding Contract Committee Report**

A. **Finley & Cook: Consideration and Possible Action Regarding Annual Audit Engagement Letter (Chair proposed moving up on agenda under Item 7)**

Cox reported last year of 5 year contract reflects a \$750.00 increase for a total of \$54,500.

B. Finley & Cook: Consideration and Possible Action Regarding GASB 68 Engagement Letters (Chair proposed moving up on agenda under Item 7)

Cox reported cost for the census data will remain \$11,000, no increase and the schedule of fiduciary net position will increase \$500 for a total of \$18,500.

Motion made by Shugart, seconded by Doolen to approve all three engagement letters with Finley & Cook.

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

NAY: None

13. Consideration and Possible Confirmation of Chair's Appointment of Jim Lockett, Jr. to Fill District 7 (Chair proposed moving up on agenda under Item 2)

Lamb presented Jim Lockett, Jr. for consideration to fill the District 7 position.

Motion made by Shugart, seconded by Park to confirm Lamb's appointment of Jim Lockett, Jr. to fill the vacancy in District 7.

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

NAY: None

14. Consideration and Possible Approval of Chair's Committee Assignments as Administrative Committee: Doolen (Chair), Young and Lamb; Contract Committee: Lage (Chair), Johnston and Lockett, Jr. and Investment Committee: Shugart (Chair), Park and Tinker (Chair proposed moving up on agenda under Item 2)

Lamb presented the committee assignments for consideration.

Motion made by Tinker, seconded by Shugart to confirm the committee assignments as presented by Chair Lamb.

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

NAY: None

15. Consideration and Possible Action Regarding Election of a Vice Chair

Motion made by Lockett, seconded by Tinker to elect John Shugart as Vice Chair.

Motion carried: AYE: Doolen, Lage, Lamb, Lockett, Park and Tinker

NAY: None

ABSTAIN: Shugart

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

None.

17. OkMRF Staff Report

Cox reported on the following items:

- Trustee retreat Casual attire on Wednesday May 25th, at the Garden Room in the Colcord Hotel with Board meeting Thursday May 26th.
- Presentation of the Proclamation, trophy and trustee emeritus status to George Wilkinson was summarized for those who were unable to attend.
- Voya presented staff a class on their Account Consolidation Team (ACT) in which they assist participants with assets/rollovers coming into Voya by trouble shooting paperwork, signatures, forms, etc. (fliers handed out).
- Administrative Committee will meet next month at 8:30 to go over budget.
- Stillwater Medical DC assets have a preliminary transfer date of September 7, 2016.
- Official nomination notices for District 5 and 6 will be mailed today.

18. New Business

None.

19. Trustee/Member Comments

Tinker reported Wilt Brown passed away this past Wednesday and Glenpool Authorized Agent has been very ill.

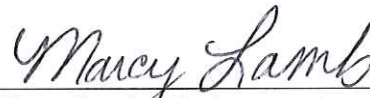
Shugart welcomed Jim Luckett Jr. back to the Board and commented on his extensive experience and knowledge that he brings to the table.

20. Adjourn

With no further business to conduct meeting adjourned.



Bertha Ann Young, Secretary



Marcy Lamb, Chair

Respectfully submitted by:



Rhnea Stewart