

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
May 26, 2016

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Offices, Oklahoma City, Oklahoma, on May 26, 2016, at 10:00 a.m. with 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
Jim Luckett, Jr., Retiree, Thomas
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
Jeff Julius, JPM Client Services
Joseph Ruggerio, JPM Securities Lending

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

Lamb welcomed everyone and called the meeting to order.

NOTICE: The agenda for the May 26, 2016, meeting was posted in the Central Park Tower, first floor by 10:00 a.m. on May 25, 2016, by Gloria Cudjoe


Signature

2. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of April 29, 2016, Meeting(s)**

B. **Monthly Valuation of Fund Assets by Custodian**

Option	Value By Fund
Defined Benefit	\$480,680,544.92
International Investment Equity	8,312,736.38
Aggressive Equity	19,641,160.83
Global Equity	1,836,183.79
Growth and Value Equity	19,278,594.83
S & P 500 Index	20,847,359.68
Target Retirement 2060	443,988.89
Target Retirement 2055	1,994,352.17
Target Retirement 2050	4,535,545.48
Target Retirement 2045	7,818,537.33
Target Retirement 2040	11,554,611.22
Target Retirement 2035	16,093,736.31
Target Retirement 2030	20,226,450.77
Target Retirement 2025	32,404,363.97
Target Retirement 2020	32,471,236.56
Target Retirement Income	27,331,642.45
Total Yield Bond Fund	7,622,958.33
Bond Index	12,605,714.84
Voya Fixed Plus III	37,776,992.10
Loan Portfolio	9,533,403.41
Self-Directed Brokerage	42,100.43
Total Assets	\$773,052,214.69

C. **Purchases and Sales of Assets**

D. **Administrative Expenses and Fees**

Expenses and Fees for May

Actuary & Recordkeeping	\$35,837
Administration	98,923
Attorney	3,950
Audit	11,000
Board Travel	1,396
DC Plan Est. 10-2015 Expenses	-
Employer Directed Expense	-
Insurance	-
Investment Advisors	14,837
Custodial	13,412
Investment Consultant	-
Public Relations	7,505
Representative Travel	<u>1,322</u>
EXPENSES	<u>\$188,182</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Johnston, Lage, Lamb, Luckett, 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.

Agenda item 6. A through 6. E moved up to this point in agenda

5. JPMorgan: Annual Update DB Custodial Services and Securities Lending

Julius provided an update on personnel who serviced OkMRF and their restructured lines of business, with custodial services under the Corporate and Investment Bank. With a strong balance sheet, new leadership and improvements for data and technology, he is expecting the future of JPM to be solid. The transition from the SEI to the Titan platform was briefly

discussed, requiring evaluation of current pricing with a new service contract. Julius stated there was meaningful improvements to data technology and reporting with Titan. Trustees, Staff and Consultant expressed that the transition be as close to cost neutral as feasible since we are not initiating this change. He further reported that FRT is used as a third party provider of class action administration for JPM.

Ruggerio provided updates on staff changes in the securities lending operations as it related to OkMRF. The demand has been leveling off but supply is increasing, seeing a shift from cash collateral to specific securities and they are looking to provide better tools to manage and provide reporting to clients. Brief discussion on the indemnification benefits and changes for lender protection. He reported on some issuer downgrades and Board requested further information.

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

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

Rives reviewed the ASAP reports. Market continues to be volatile and a rate hike appears to already be priced into the market. Defined Benefit active managers are struggling and performance on long/short allocation has been disappointing. There was some out performance in the fixed income sector and real estate continues to do very well. In the Defined Contribution investment options, growth and value active managers are struggling, while the passively managed target retirements funds are outperforming active.

B. **Ratification of Amendment with State Street Global Advisors on Management Fee Pricing Terms for the S&P 500 Flagship Lending and Non-Lending Funds for the Defined Benefit Plan**

Cox reported that SSgA submitted an amended fee arrangement as a result of the annual fee verification procedure. Fee reduced from 0.04% on the first \$50 million and 0.02% thereafter to 0.03% on the first \$50 million to 0.01% thereafter with an effective date of April 1, 2016.

Motion made by Shugart, seconded by Park to ratify amendment with SSgA to reduce fees on the S&P 500 Flagship Lending and Non-Lending Funds for the Defined Benefit Plan with an effective date of April 1, 2016.

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

NAY: None

C. **Discussion and Possible Action to Approve Harding Loevner International Equity Collective Trust Participation Agreement as a 25% Component to the DC International Equity Fund Option**

Harding Loevner was approved April 29, 2016, Item 10.B. as an underlying manager within the white label DC International Investment Equity Fund. A new collective trust participation agreement was required.

Motion made by Park, seconded by Luckett to approve the Harding Loevner Collective Trust Participation Agreement for the 25% growth component to the DC International Investment Equity Fund.

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

NAY: None

D. ACG: Consideration and Possible Action on Trustee Retreat Topics and to Prioritize Task

Rives summarized and recommended three prioritized tasks resulting from education and discussion at the Retreat.

- Real Assets Fund investment option for DC line-up with ACG to work on the construct of a customized white label fund with 1/3 real estate, 1/3 TIPs and 1/3 commodities over the next quarter.
- Absolute return manager search with intent to expand fixed income portfolio by adding a liquid absolute return manager during second half of 2016.
- Opportunistic real estate discussions to continue with potential implementation factors of an enhancement to real estate portfolio by adding an opportunistic manager during 2017.

Motion made by Shugart, seconded by Tinker to approve the recommendation of ACG for the prioritized task of proceeding with the DC Real Assets Fund investment option, adding an absolute return manager to fixed income allocation and continuing discussions on opportunistic real estate.

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

NAY: None

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

Cox reviewed the DB cash needs of \$200,000 to pay monthly DB periodic payments. ACG recommended transferring cash from River Road and TimesSquare in the amount \$100,000 each for the necessary cash.

Motion made by Tinker, seconded by Park to ratify the action of staff on May 25, 2016 of transferring cash in the amount of \$100,000 each from River Road and TimesSquare manager accounts.

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

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

A. Report and Discussion Regarding 2016-2017 OkMRF Budget

Doolen reported the committee had met and reviewed the budget in detail with CEO. Cox provided a summary of the proposed budget, overall budget based on 5% asset growth, administrative fees by plan, 28 bps and 28.43 bps for DB and DC respectively, slight increase in the total of all administrative fees to 28.16 bps with an overall decrease in total

budget of 9.7% under 2015-2016 approved budget. Cox proposed DC service provider to charge a total of 29 bps to cover 2016-2017 expenses.

Motion made by Doolen, seconded by Lage, to authorize and approve the 2016-2017 Budget as presented.

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

NAY: None

8. **Consideration and Possible 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 Chair and Secretary.
No action taken.

10. **OkMRF Staff Report**

Cox reported on the following items:

- District 5 nomination received for Lamb.
- District 6 nominations received for Rooney of Mustang and Hort of Nichols Hills.
- Nominations close June 30, 2016.
- Cox, Whatley and Voya representative met with the City of Lawton on a potential new DC plan.
- Patti Shelite, Ft. Cobb, retirement party June 3, 2016.
- CMAO conference in Ada, June 13 through 15th.
- Two potential new members were provided legal documents: Wilburton and Snyder.
- Final June expenses will not be available for agenda mailing, but will be presented at the meeting.

11. **New Business**

None.

12. **Trustee/Member Comments**

Lamb expressed thanks for the informative retreat information, Voya's involvement and the good efforts of staff and ACG.

13. **Adjourn**

With no further business to conduct meeting adjourned.



Bertha Ann Young, Secretary



Marcy Lamb, Chair

Respectfully submitted by:



Rhnea Stewart