

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
July 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 July 29, 2016, at 10:03 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 Lockett, Jr., Retiree, City of Thomas (*arrived at 10:20*)
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

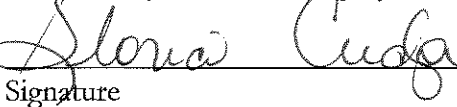
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Jeffrey Braemer, TimesSquare

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

Lamb welcomed everyone and called the meeting to order.

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


Signature

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of June 24, 2016, Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$ 486,535,529.64
International Investment Equity	8,244,048.25
Aggressive Equity	19,906,372.77
Global Equity	2,311,232.77
Growth and Value Equity	19,454,381.52
S & P 500 Index	21,684,677.14
Target Retirement 2060	498,961.93
Target Retirement 2055	2,077,028.78
Target Retirement 2050	4,707,062.86
Target Retirement 2045	8,022,872.36
Target Retirement 2040	11,799,587.82
Target Retirement 2035	15,992,708.69
Target Retirement 2030	20,788,801.54
Target Retirement 2025	32,384,360.48
Target Retirement 2020	33,450,466.42
Target Retirement Income	26,417,915.08
Total Yield Bond Fund	7,672,532.03
Bond Index	13,361,824.40
Voya Fixed Plus III	37,513,966.55
Loan Portfolio	9,456,144.91
Self Directed Brokerage	42,496.50
Total Assets	\$ 782,322,972.44

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for July

Actuary & Recordkeeping	\$36,282
Administration	80,738
Attorney	3,950
Audit	0
Board Travel	785
Employer Directed Expense	8,640
Insurance	14,499
Investment Advisors	188,501
Custodial	13,127
Investment Consultant	0
Public Relations	2,077
Representative Travel	812
EXPENSES	<u>\$349,411</u>

E. Benefit Payments and Contribution Refunds

Motion made by Shugart, seconded by Young 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. TimesSquare: Annual Update from Investment Manager – Jeffrey Braemer

Braemer provided an update on TimesSquare noting additional personnel were added to the international group, the smid cap fund was recently opened, but the DC mutual fund remains closed to investors. The returns, sector weightings and stock selection contributors and distractors were highlighted.

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

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

Rives began by giving an overall global update on the market. She noted upcoming political election, continued difficult market for active managers, U.S. market share decreasing globally, no Fed action on rates, emerging markets and real estate showed strong performance.

The portfolios had a good recovery at the very end of June to end in positive territory.

Rives reported that Pioneer/UniCredit deal with Banco Santander merger probably won't be proceeding. ACG will keep the board apprised and was not overly concerned with Pioneer's ability to continue asset management.

Rives also advised that additional analyst have left JPM bond team, two from Columbus and one from New York, adding to the recent departures from this group. ACG will keep the board advised of other changes.

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

Motion made by Shugart, seconded by Luckett to ratify the action of the CEO signing the revised agreement with SSgA to aggregate both S&P Flagship funds for the fee pricing terms and calculations, with an effective date of April 1, 2016.

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

NAY: None

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

Cox reported that staff and ACG will monitor the DB cash flow needs on a quarterly basis rather than needing monthly Trustee action. DB cashflow trends have been analyzed and the monthly net cash outflow determined. ACG made the recommendation to raise cash for three months at \$400,000 plus as additional month for a total of \$1.6 million from the SSgA S&P 500 fund. Staff raised the cash as recommended.

Motion made by Shugart, seconded by Park to accept the recommendation of ACG and to evaluate cash position on a quarterly basis and ratify the action of staff in raising cash from the SSgA S&P 500 fund in the amount of \$1.6 million to meet the cash needs of the DB fund.

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

NAY: None

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

None.

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

A. **Discussion and Possible Action Regarding Defined Benefit Custodial Services including Authorizing ACG and Staff to Issue a Request For Information**

Rives previously discussed with staff continued apprehensions surrounding JPM custodial services and personnel concerns with JPM's fixed income investment management group. Rives and Cox outlined factors for Board consideration to support the issuance of a RFI for custodial services to ensure pricing competitiveness prior to signing the custody agreement requiring OkMRF to convert to JPM Titan platform.

Motion made by Shugart, seconded by Lage to authorize ACG to issue an RFI for pricing Defined Benefit Master Trust/Custodial services with a potential effective date of January 1, 2017.

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

NAY: None

9. **Dean Actuaries, LLC: Discussion and Possible Action on the Projected Impact of Asset Experience on OkMRF Funding Requirements**

Sullivan presented the report on projected impact of asset experience on the upcoming funding requirements. No major concerns on increase or decreases to contribution rates based on market experience as of June 30, 2016. Sullivan reminded the Board that an experience study needs to be completed during 2017 with an expected government plan mortality table update next year. No changes to methods and assumptions were recommended this year.

Motion made by Doolen, seconded by Lockett to receive the report, effective for year starting July 1, 2017, of projected impact of asset experience and accept no changes to methods and assumptions to be used in the July 1, 2016 valuations.

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

NAY: None

10. **Receive Report on Newly Adopted or Amended OkMRF Member Plans**

Whatley reported on one new member joining the system and one plan amendment for the OkMRF members. The City of Snyder was noted as a new DC Member and Whatley was recognized for his efforts. The newly adopted or amended OkMRF member plans were received and signed by the Chair and Secretary.

No action taken.

11. **OkMRF Staff Report**

Cox reported on the following items:

- Oklahoma Public Funds Conference registration information provided, trustees requested to return attendance forms to Executive Office Assistant.

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- Whatley nominated for the Regional Oklahoma Food Bank, Pie in the Face fund raiser. Trustees are welcomed and encouraged to help in the Exhibit Hall during conference.
- Trustee election in progress. Two votes have been received for District 6 for Shugart, nominations remain open until August 30th.
- Follow-up to Davis's observation last month, ownership resides with OkMRF on all PR materials developed jointly with Voya.
- Investment Committee meeting will be held August 25th at 3:00 p.m. ACG quarterly report will be reviewed, real asset construct discussed, securities lending program continued participation and upcoming changes in money market funds.
- Contract Committee will meet at 8:30 a.m. on August 26th to review the results of the RFI for Master Trust/Custodial services.
- New OkMRF employee starts August 8th.
- CMAO was attended by Cox and Whatley. Set up a booth and experienced good networking opportunities.
- The City of Lawton update: Dean & Co is working on an impact study of their existing DB plan. Strong indication from management that if they proceed with a new hire DC plan, OkMRF would be provider.
- Stillwater Medical Center termination has been delayed to February 2017. OkMRF recommended termination documents were provided back in April. Davis and Cox had recent conference call with SMC advisors to review documents, fiduciary liability issues, retention of tax qualified status, and dismissal of OkMRF Trustee duties and release of assets.

12. New Business

None.

13. Trustee/Member Comments

None.

14. Adjourn

With no further business to conduct meeting adjourned.

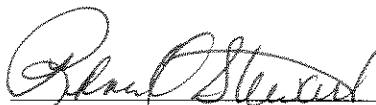


Bertha Ann Young, Secretary



Marcy Lamb, Chair

Respectfully submitted by:



Rhnea Stewart