

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 16, 2016

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund, Oklahoma City, Oklahoma, on December 16, 2016, at 10:05 a.m. with Chair Doolen presiding. On roll call, the following members were present:

BOARD OF TRUSTEES

Chair: Donna Doolen, Finance Director, City of Ada
Vice-Chair: Robert Johnston, City Manager, City of Frederick
Secretary: Bertha Ann Young, Retiree, City of Shawnee
Treasurer: Leroy Lage, Retiree, City of Watonga
Members: Jim Lockett, Jr., Retiree, City of Thomas
Melissa Reames, CFO, City of Stillwater
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

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

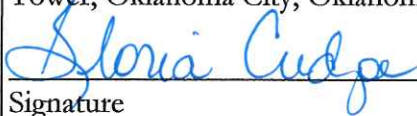
OkMRF Attorney: David Davis

Others: Haley Rives, ACG (*via phone*)
Kevin Moore, ACG (*via phone*)
Tom Janisch, ACG (*via phone*)
Nate Atchison, Finley and Cook
Chuck Dean, Dean Actuaries
Sean Sullivan, Dean Actuaries (*10:15 a.m. arrival*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 16, 2016, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on December 15, 2016, by Gloria Cudjoe.


Signature

2. Melissa Reames Trustee Oath of Office

Melissa Reames, District 5 was administered the constitutional and statutory oath of office by Jody Elliott, OkMRF.

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

- A. **Minutes of November 18 Meeting(s)**
- B. **Monthly Valuation of Fund Assets by Custodian**

Option	Value By Fund
Defined Benefit	\$495,780,406.78
International Investment Equity	8,101,249.01
Aggressive Equity	21,721,588.56
Real Assets Fund	-
Global Equity	2,748,868.85
Growth and Value Equity	20,723,466.39
S & P 500 Index	22,808,925.07
Target Retirement 2060	677,002.67
Target Retirement 2055	2,457,312.47
Target Retirement 2050	5,105,788.75
Target Retirement 2045	8,843,173.32
Target Retirement 2040	12,248,517.34
Target Retirement 2035	16,755,980.74
Target Retirement 2030	20,961,397.74
Target Retirement 2025	33,073,139.10
Target Retirement 2020	33,943,654.93
Target Retirement Income	25,689,971.13
Total Yield Bond Fund	7,477,556.81
Bond Index	12,849,706.49
Voya Fixed Plus III	39,127,424.84
Loan Portfolio	9,062,924.15
Self Directed Brokerage	120,666.51
Total Assets	\$ 800,278,721.65

C. Purchases and Sales of Assets

**D. Administrative Expenses and Fees
Expenses and Fees for December**

Actuary & Recordkeeping	\$38,266
Administration	82,395
Attorney	3,950
Audit	16,500
Board Travel	1,464
Employer Directed Expense	240
Insurance	0
Investment Advisors	15,105
Custodial	15,217
Investment Consultant	29,203
Public Relations	989
Representative Travel	744
EXPENSES	<u>\$204,073</u>

E. Benefit Payments and Contribution Refunds

F. Ratification of Northern Trust Authorization, Appointment and Instruction Forms

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

Motion carried: AYE: Doolen, Johnston, Lage, Lockett, Reames, 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 2015-2016 OkMRF Audit Report

Atchison presented the audit report with an unmodified opinion issued. GASB 72 was implemented, no material weakness noted. The required communication letter was reviewed, noting no noncompliance items to report or issues with management. The audit went well with

staff's full cooperation. Additional audit confirmations letters were issued due to the DC system conversion and the upcoming GASB 68 audit and attestation to actuarial data.

Motion made by Tinker, seconded by Lockett to accept the 2015-2016 OkMRF Audit Report.

Motion carried: AYE: Doolen, Johnston, Lage, Lockett, Reames,
Tinker and Young

NAY: None

Trustee Young left meeting at 10:40 a.m.

7. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review and Discussion of Monthly ASAP Reports

Rives briefly discussed the ASAP reports. The DB November returns were modestly positive as compared to the benchmarks. Bonds provided protection on the downside even with slight negative returns. Bonds will continue to add value to portfolio as rates begin to increase. Updates were provided on: SSgA regulatory structural changes, the Guggenheim platform purchase/conversion to Conway Investment Research and potential purchase of Pioneer Investments by France's Amundi.

Janisch briefly reported on the strong performance of some the hedge funds for the year, noting portfolio is positioned well going forward.

Rives reported on the DC Investment options. The growth and value active managers are doing better, the aggressive managers are providing protection on the downside and the emerging market allocation/timing turns out to be positive add for the portfolio. Target Retirement Date funds performing as expected. No manager concerns at this time.

Rives expressed appreciation to OkMRF for their client relationship.

B. ACG: Report and Update on Year-end Capital Markets

Moore provided a global update. Diversification paid off and was rewarded during 2016, the U.S. dollar remained strong, growth trended upward, unemployment fell from 5% to 4.6% for the year, rate hikes in last quarter benefited Pioneer, blue chip stocks paid off, financials expected to improve due to relaxed regulations, Russell 2000 was on the rise after election and expected spending in infrastructure and gold ended the year strong. During 2017, the markets will have their eyes on the U.S. and OPEC and its related politics.

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

None.

8. Consideration and Possible Action Regarding Administrative Committee Report

A. Discussion and Possible Action on Resolution 2016-4 Amending the 457 Deferred Compensation Retirement Plan to Permit Loans and Designated Roth Provisions

Johnston reported on the proposed amendments to the 457 Deferred Compensation Plan that is the voluntary and secondary retirement plan for OkMRF staff.

Motion made by Johnston, seconded by Tinker to amend the employee voluntary 457 Deferred Compensation Plan, administered through ICMA-RC, to permit employee loans,

allow in-plan Roth conversions and to make Roth (after-tax) contributions through payroll deduction.

Motion carried: AYE: Doolen, Johnston, Lage, Lockett, Reames and Tinker

NAY: None

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

None.

10. **Consideration and Possible Approval of Chair's Committee Assignments as Administrative Committee: Johnston (Chair), Doolen and Young; Contract Committee: Lage (Chair), Reames and Rooney and Investment Committee; Lockett (Chair), Park and Tinker**

Motion made by Tinker, seconded by Lockett to accept the Chair's Committee Assignments and designated Chairs as presented for 2017.

Motion carried: AYE: Doolen, Johnston, Lage, Lockett, Reames and Tinker

NAY: None

11. **Dean Actuaries: Receive Update and Comments on Industry Topics**

Dean provided newspaper articles related to the Dallas Police and Fire Pension Fund investment holdings and the massive withdrawals of DROP account balances. Information was provided on 2017 qualified plan limitations, summarization of articles related to public pension plan issues, discussion of a potential actuarial update to the mortality tables and an experience study (5 year cycle) to be conducted August 2017.

Trustee Young returned to the meeting at 11:10 a.m.

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

Whatley reported on plan amendments.

No action taken.

13. **OkMRF Staff Report**

Cox and Girardi reported on the following items:

- Girardi described the Christmas project undertaken by staff, providing an array of gifts and food for a single father and two young boys.
- Cox provided various contact lists for trustees and staff with a meeting calendar for reference purposes.
- CMAO winter conference being held in Midwest City at the Reed Center, January 11-13, 2017.
- Additional Northern Trust Authorizations, Appointment and Instruction forms were reviewed with Davis related to upcoming transition of assets and implementation as ratified and made available to Board under agenda item 3. F.
- The transition of assets is scheduled for January 9, 2017 to move from JPMorgan to Northern Trust.

- Northern Trust will be on site providing Staff training on December 20, 2016.
- No Committee meetings next month.
- The City of Lawton is progressing with possible date of February 1, 2017.
- Various vendors were thanked who provided Christmas baskets which served as desserts for today's breakfast.
- Trustees were personally thanked with a Christmas basket made by Staff recognizing their service commitment to the Board, Staff and Participants.
- All were wished a Merry Christmas and a bright New Year.

14. New Business

None.

15. Trustee/Member Comments

Tinker commented on the issues reported by Dean Actuaries for the City of Dallas, noting this will likely be the first of many due to lucrative benefit structures with deficient funding available now and for future participants. These types of situations make it tough on public pension plans and especially defined benefit plans.

Luckett provided an update on George Wilkinson. Chair Doolen remarked that Luckett has been a true friend to George during his recent health concerns.

Tinker suggested doing a similar Christmas activity of providing to a needy family instead of the current tradition of "Dirty Santa" among those in attendance at the December meeting. All seemed to be in agreement.

16. Adjourn

With no further business to conduct meeting adjourned.



Bertha Ann Young, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart