

**MINUTES**  
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA  
MUNICIPAL RETIREMENT FUND AND THE INVESTMENT COMMITTEE OF  
OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**August 25, 2016**

**1. Call To Order**

The Investment Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on August 25, 2016, at 3:00 p.m. with Investment Chair Shugart presiding. On roll call the following members were present.

**BOARD OF TRUSTEES PRESENT**

Investment Committee:

John Shugart, City Manager, City of Bethany  
Robert Park, Retiree, City of Sallisaw  
Ed Tinker, Retiree, City of Glenpool

Members:

Donna Doolen, Finance Director, City of Ada  
Jim Lockett, Jr, Retiree, City of Thomas

**OTHERS PRESENT:**

OkMRF Staff:

Jodi Cox, Executive Director and CEO  
Chris Whatley, Plan Advisor and Portfolio Strategist  
Katie Girardi, Plan Advisor  
Rhnea Stewart, Fund Accountant

Others:

Haley Rives, Asset Consulting Group  
Kevin Moore, Asset Consulting Group

Shugart extended a welcome to all in attendance, declared a quorum and called the meeting to order.

**NOTICE:** The agenda for the August 25, 2016, meeting was posted in the Central Park Tower I, first floor by 3:00 p.m. on August 23, 2016, by Gloria Cudjoe.

  
\_\_\_\_\_  
Signatures

**2. Discuss and Develop a Recommendation for Board Action Regarding Selection of a Money Market Fund for Excess Defined Benefit Cash Balances**

Moore reviewed the issues related to the new money market fund rules proposed by the Securities and Exchange Commission and its impact on floating rate NAV money market funds versus fixed NAV Government money market funds. Moore then reviewed the various options available on the existing custodial platform and recommended the Committee consider proposing using the JP Morgan US government Money Market Fund Premier share class. Motion by Lockett, seconded by Tinker to make a recommendation to the Board to accept ACG's recommendation to move into current or future custodian's government money market fund.

Shugart: Yes    Park: Yes    Tinker: Yes    Lockett: Yes    Doolen: Yes

3. **Discuss and Develop a Recommendation for Board Action Regarding SDBA Cash Sweep Vehicle Effective August 31, 2016, Agreeing to Recommended Move from TD Asset Management Money Market Fund to TD Bank Issued Deposit Account**

Cox described this as a similar issue to the one listed above. TD Ameritrade notified OkMRF of the new money market rules and proposed cash balances be moved to a TD Bank Insured Deposit Account. Motion by Luckett, seconded by Park, to make a recommendation to the Board to move the Defined Contribution Self Directed Brokerage Account cash sweep vehicle to the TD Ameritrade Bank Insured Deposit Account.

Shugart: Yes Park: Yes Tinker: Yes Luckett: Yes Doolen: Yes

4. **Discuss and Develop a Recommendation for Board Action Regarding the Construct and Underlying Manager(s) of the Real Assets Fund Investment Option in the OkMRF DC Daily Valued Investment Lineup on the Voya Recordkeeping Platform**

Moore reviewed the proposed lineup of managers, the background of the fund and the proposed construct of the Real Assets Fund Option. Moore explained since this would be a startup fund with no assets, the previously suggested white label construct is not feasible at this time. Moore shared that an off-the-shelf, pre-blended fund is optimal. He reviewed the three (3) potential candidate managers highlighting the firm's assets under management, management style, history, track record, research techniques, benchmark measurements and risk/return metrics. The PIMCO Diversified Real Asset Collective Trust was the closest match to what was discussed at the OkMRF retreat. It has 40% invested in TIPS, 25% in Commodities and 35% in REITs. Motion by Tinker, seconded by Luckett, to make a recommendation to the Board to use the PIMCO Diversified Real Asset Collective Trust as the underlying manager for the new Real Assets Fund Option on the Voya DC daily valued recordkeeping platform.

Shugart: Yes Park: Yes Tinker: Yes Luckett: Yes Doolen: Yes

5. **Discuss and Develop a Recommendation for Board Action Regarding Continued Participation in JPMorgan Securities Lending Program**

Cox reviewed discussions with the OkMRF Board Attorney highlighting his concerns about continued participation in Securities Lending. Shugart asked the question of whether or not it was a best practice for Defined Benefit Plans to participate in securities lending. Rives reviewed what other custodial banks had done for their clients as a result the Financial Crisis in 2008. Motion by Luckett, seconded by Park, to make a recommendation to the Board to discontinue participation in the JP Morgan Securities Lending Program and CASHCO and authorize staff to negotiate a lower amount owed on Lehmen and Sigma deficiencies.

Shugart: Yes Park: Yes Tinker: Yes Luckett: Yes Doolen: Yes

6. **Discuss and Develop a Recommendation for Board Action Regarding Continued Participation on Securities Lending within the SSgA components of the Defined Contribution Bond Index Fund and Defined Contribution International Investment Equity Fund**

Cox reviewed the issues involved with two SSgA funds offered on the Voya DC daily valued recordkeeping platform and how these funds currently participate in securities lending. She suggested the Committee develop a Board policy in regards to Securities Lending participation. It was discussed that in light of the recommendation on agenda item 5 above to no longer participate in

CASHCO perhaps the Board should be consistent and recommend the DC Plans follow suit. Motion by Park, seconded by Tinker, to make a recommendation to the Board to discontinue participation in all securities lending funds on Voya DC daily valued recordkeeping platform with SSgA and move into the equivalent non-lending funds for the Bond Index and International Index (ACWI ex US Index) Funds.

Shugart: Yes Park: Yes Tinker: Yes Lockett: Yes Doolen: Yes

7. **Discuss and Develop a Recommendation for Board Action Regarding Continued Participation on Securities Lending within the SSgA components of the Defined Benefit Balanced Fund**

Cox described this as a continuation of the previous two agenda items relating to Securities Lending except in the DB Plan OkMRF participates in lending in the SSgA S&P 500 index fund. Motion by Tinker, seconded by Lockett, to make a recommendation to the Board to discontinue participating in the S&P 500 securities lending funds with SSgA and move into the equivalent S&P 500 non-lending.

Shugart: Yes Park: Yes Tinker: Yes Lockett: Yes Doolen: Yes

8. **Conduct Semi-Annual Investment Performance Review and Received Quarterly Performance Report for June 30, 2016, as Presented by Asset Consulting Group**

Rives reviewed the market environment and factors driving performance. Diversification has hurt the DB Fund in the short run. However, US large cap equities are up 8%, US small/mid equities are up 10% and US core bonds have also done well on a year-to-date basis. Developed international equities have struggled this year, but emerging market equities are up 15% and we are starting to see the benefits of the Pioneer Core Plus bond portfolio. The total portfolio was reviewed for risk/return and performance metrics and peer group rankings were good for the overall DB portfolio. The DC fund options were also examined for risk/return and performance metrics. Motion by Shugart, seconded by Tinker to receive the report.

Shugart: Yes Park: Yes Tinker: Yes Lockett: Yes Doolen: Yes

9. **New Business**

No new business was considered.

10. **Adjourn**

With no further business to conduct meeting adjourned at 4:20 p.m.

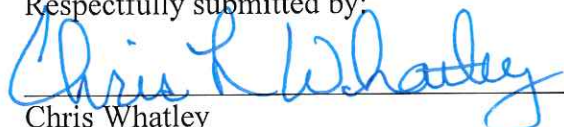
  
\_\_\_\_\_

John Shugart, Investment Chair

  
\_\_\_\_\_

Marcy Lamb, Chair

Respectfully submitted by:

  
\_\_\_\_\_

Chris Whatley