

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 21, 2017

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on December 21, 2017, at 10:00 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
Secretary: Robert Park, Retiree, City of Sallisaw
Treasurer: Jim Luckett, Jr., Retiree, City of Thomas
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, HR Director, City of Shawnee
Melissa Reames, Chief Financial Officer, 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

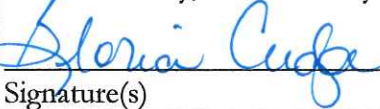
OkMRF Attorney: David Davis

Others: Chuck Dean, Dean Actuaries
Sean Sullivan, Dean Actuaries
John Kasper, Dean Actuaries
John Papahronis, McAfee & Taft (*arrived at 11:48 a.m.*)
Kevin Moore, ACG (*via telephone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 21, 2017, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on December 20, 2017, by Gloria Cudjoe.


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of November 30, 2017 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$569,244,257.96
International Investment Equity	9,252,887.55
Aggressive Equity	20,706,436.88
Real Assets Fund	328,676.93
Global Equity	4,537,902.25
Growth and Value Equity	20,516,668.39
S & P 500 Index	24,351,750.24
Target Retirement 2060	1,111,717.28
Target Retirement 2055	2,948,478.99
Target Retirement 2050	5,555,666.43
Target Retirement 2045	8,440,829.94
Target Retirement 2040	11,778,037.04
Target Retirement 2035	16,632,736.63
Target Retirement 2030	21,013,446.30
Target Retirement 2025	34,754,738.77
Target Retirement 2020	34,407,111.59
Target Retirement Income	23,765,479.20
Total Yield Bond Fund	5,860,363.77
Bond Index	10,225,164.39
Voya Fixed Plus III	33,815,636.40
Loan Portfolio	8,011,228.07
Self Directed Brokerage	121,753.85
Total Assets	\$867,380,968.85

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	\$38,611
Administration	89,969
Attorney	3,950
Audit	13,500
Board Travel	1,253
Employer Directed Expense	0
Insurance	266
Investment Advisors	15,422
Custodial	9,889
Investment Consultant	29,816
Public Relations	983
Representative Travel	1,791
EXPENSES	<u>\$205,450</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnson, Luckett, Park, Reames and Tinker

NAY: None

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

No action taken.

4. Comments from Public

Doolen welcomed the guests from Dean Actuaries.

5. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review and Discussion of Monthly ASAP Reports

Moore, via telephone, briefly reviewed the ASAP Reports. The Defined Benefit plan is exhibiting strong returns through November with the 1-year number at 16.4% and the International and Emerging Markets allocation returning 29.6% for past 12 months. The Fixed Income allocation is well positioned for 2018 as interest rates are expected to rise.

The Defined Contribution Funds are performing as expected with International being the strongest performer and all four (4) of the white label funds outperforming their respective benchmarks. The Fixed Income options have provided some value for Participants.

Update provided on one of Fred Alger's large cap strategy funds that had a substantial withdrawal, noting no direct effect to OkMRF's portfolio since we participate in a different fund.

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

No action taken.

6. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

7. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

8. Consideration and Possible Action Regarding Lowering the Long-term Investment Return Assumption from 7.50% to 7.25%

Cox provided a brief historical perspective on the actuarial assumed rate of return before presentation by actuary and consideration of lowering the rate and other recommended assumption changes.

Sullivan presented a summary of recommendations for demographic and economic assumptions changes resulting from the Five (5) Year Analysis of OkMRF's Demographic Experience Study and extensive collaboration with Staff, Investment Consultants and Actuaries.

Motion made by Lockett, seconded by Park to lower the long-term investment rate assumption from 7.5% to 7.25% for actuarial studies being prepared, effective July 1, 2018.

Motion carried: AYE: Doolen, Dunham, Johnson, Lockett, Park and Reames

NAY: Tinker

9. Consideration and Possible Action Regarding Lowering COLA Increase Assumption from 3.00% to 2.75% (This action would not lower COLA benefits it is lowering the assumption the actuary uses to calculate contribution rates).

Motion made by Lockett, seconded by Park to lower the cost of living assumption rate for actuarial purposes only (with no impact to Participants) from 3.00% to 2.75% for actuarial studies being prepared, effective July 1, 2018.

Motion carried: AYE: Doolen, Dunham, Johnson, Lockett, Park, Reames and Tinker

NAY: None

10. Consideration and Possible Action Approving Recommended Demographic Assumptions for July 1, 2017 Actuarial Valuations Resulting from Experience Study on Termination, Retirement and Pay Increase Assumptions

Motion made by Tinker, seconded by Lockett to approve recommended actuarial demographic assumptions for termination, retirement and pay increase resulting from the Analysis of

Demographic Experience Study, during the years of 2012-2016, for the actuarial studies being prepared, effective July 1, 2018.

Motion carried: AYE: Doolen, Dunham, Johnson, Lockett, Park,
Reames and Tinker

NAY: None

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

Dean remarked that the recent Analysis of Demographic Experience Study that was completed, exhibits good governance by the Trustees. Additionally, OkMRF Trustees have had a tendency to be somewhat conservative on actuarial assumptions and policies in general. He cautioned the potential impact to the contribution rates once the new mortality tables are approved and released within the next few years.

Information was provided on various articles related to public pension plan issues, enterprise risk management as it pertains to pension plan risk and a white paper issued by the Conference of Consulting Actuaries, *Actuarial Funding Policies and Practices for Public Pension Plans*.

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

Whatley reported on the plan changes for the OkMRF members.

Papabronis arrived at 11:48 a.m.

13. OkMRF Staff Report

Whatley reported on the following items:

- Ocwen Financial Corporation settlement notice was filed timely.

Cox reported on the following items:

- Voya sold their fixed income annuity business, but this event had no impact to their recordkeeping business or our participation in the fixed income plus fund option.
- Provided a review of the move and how well the continuity of business was accomplished.
- Expressed a big “Thank You” to the Trustees for the new office space, truly a blessing for all.
- Presented gratuity gift and poem to Trustees as made by Staff.
- Worked with ACG to establish an 18-month rotation calendar for money manager presentations at monthly meetings.
- A New Years’ card, instead of a Christmas card, is being mailed to all member cities with new location and address.
- Staff and Trustees adopted two families as their outreach project this holiday season and today is delivery day. A briefing of the two families was given and the gifts to be provided.

14. New Business

None.

15. Trustee/Member Comments

Papahronis introduced himself to the Trustees and other attendees. Each attendee then provided a brief introduction of themselves.

Luckett requested consideration be given to having the board meeting at the beginning of the Public Funds Conference in the event it coincides with scheduled meeting for respective month.

Luckett suggested having an "open house" at the new offices sometime in the spring.

Doolen expressed thanks to the Staff for physically getting moved and the ability to keep daily operations functioning.

16. **Adjourn**

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart