

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
July 28, 2017

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund, Oklahoma City, Oklahoma, on July 28, 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
Vice-Chair: Robert Johnston, City Manager, City of Frederick
Treasurer: Leroy Lage, Retiree, City of Watonga
Members: Jim Luckett, Jr., Retiree, City of Thomas
Tamera Johnson, City of Shawnee
Timothy Rooney, City Manager, City of Mustang *(arrived 10:25 a.m.)*

OTHERS PRESENT:

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

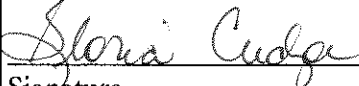
OkMRF Attorney: David Davis

Others: Sean Sullivan, Dean Actuaries
Kevin Moore, ACG
Jeffrey Braemer, TimesSquare
Andrew Beck, River Road

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the July 28, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on July 27, 2017, by Gloria Cudjoe.


Signature

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

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

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$542,006,627.25
International Investment Equity	8,383,125.87
Aggressive Equity	19,600,097.02
Real Assets Fund	295,735.61
Global Equity	3,819,159.48
Growth and Value Equity	19,840,900.86
S & P 500 Index	22,887,438.02
Target Retirement 2060	885,499.26
Target Retirement 2055	2,461,884.78
Target Retirement 2050	4,850,224.57
Target Retirement 2045	7,369,072.34
Target Retirement 2040	10,452,829.52
Target Retirement 2035	14,977,394.43
Target Retirement 2030	19,604,289.49
Target Retirement 2025	31,580,343.36
Target Retirement 2020	32,542,136.23
Target Retirement Income	22,686,435.06
Total Yield Bond Fund	6,306,062.89
Bond Index	10,028,718.36
Voya Fixed Plus III	35,398,076.83
Loan Portfolio	7,875,986.16
Self Directed Brokerage	121,576.34
Total Assets	\$823,973,613.73

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for July

Actuary & Recordkeeping	\$36,521
Administration	80,909
Attorney	3,950
Audit	-
Board Travel	1,296
Employer Directed Expense	4,487
Insurance	14,618
Investment Advisors	142,485
Custodial	13,211
Investment Consultant	-
Public Relations	4,511
Representative Travel	<u>1,196</u>
EXPENSES	<u>\$303,184</u>

E. Benefit Payments and Contribution Refunds

F. Ratification of Northern Trust Level Determination Reporting Service Agreement

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

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett and Park

NAY: None

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

No action taken.

4. Comments from Public

Chair welcomed TimesSquare, Dean Actuaries and ACG presenters.

5. TimesSquare: Annual Update from Investment Manager – Jeffrey Braemer

Braemer provided updates on the firm, ownership structure, portfolio manager changes and performance. He reported fund is in a soft close since 2003 with 50% portfolio turnover and

maintaining around 100 different stocks in both U.S. and non-U.S. markets. The portfolio is seeing a comeback during the first two quarters of 2017 in comparison to benchmark. Style remains consistent with small and mid-cap growth and a concern for valuation and price. TimesSquare uses a bottom up approach, desires long-term consistent growth and finding companies who act like fiduciaries with their capital.

Rooney arrived at 10:25 a.m.

6. **River Road: Annual Update from Investment Managers – Andrew Beck**

Beck thanked the Board for the appointment eighteen months ago for the small cap value award. Updates provided on the firm, ownership structure, stable portfolio manager and performance. Beck reported high cash position, turnover ratio averaging 47% since firm inception and portfolio maintains 50 to 60 stocks. Market has been tough for small cap value, less rise in market than expected. He expects performance to outperform 2% to 4% over the index if and when a declining market is experienced. He reported, the underweight to the financial sector created the biggest drag on the portfolio returns. River Road has a negative outlook on the market due to lack of action on corporate tax reform; however, if and when tax reform occurs or there is a market correction, outlook should improve for small cap value.

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

A. **ACG: Review of Monthly ASAP Report and Global Economic Update**

Moore provided a review of the ASAP reports, noting DB equity returns, both U.S. and non-U.S., were really strong for the month. The Long/Short allocation will be reviewed in more detail at next month's Investment Committee. Moore discussed the lack of a standardized benchmark for the Black Rock's Absolute Return portfolio; Black Rock's has established the benchmark to outperform cash plus four percent. The DC investment white label funds continue to do well.

The portfolio has implemented various investment strategies to deal with geopolitical and policy uncertainty, to improve global growth expectations, participate in the fixed income market headwinds, and retain core real estate assets to protect against uncertainties related to global inflation conundrum and exposure to emerging markets to mute return expectations.

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

No action taken.

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

No action taken.

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

A. **Discussion and Possible Action Regarding Lease Agreement for Office Space Contingent upon Execution of Agreement that is acceptable to Director, Legal Counsel and Board of Trustees**

Lage requested Cox to provide an update on the status of office space relocation and applicable lease agreement negotiations as discussed in the Administrative Committee earlier this morning. Cox reported that negotiations on a new lease agreement are almost complete, pending a few minor items. Some of the terms of new lease agreement include building security and restricted access, building at full occupancy, tenant improvements at \$24 per square foot granted, underground parking spaces and open surface parking available, ten

year lease with five year renewal option started at \$17 per square foot. Cox and Davis will continue negotiations to achieve suitable terms.

Motion made by Lage, seconded by Rooney to allow CEO and OkMRF Attorney to continue negotiations to obtain a lease agreement that is acceptable on behalf of the Board and to secure Chair's signature once finalized with ratification of said agreement at next meeting.

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett,
Park and Rooney

NAY: None

B. Discussion and Possible Action to Renew Liability Protection Plan with OMAG

Lage reported renewal came in at the same rate as previous year. No increase.

Motion made by Rooney, seconded by Lage to renew liability protection plan insurance with OMAG for the period of August 1, 2017 through July 31, 2018.

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett,
Park and Rooney

NAY: None

C. Discussion and Possible Action to Renew Business Personal Property Coverage with Hartford

Lage reported renewal for personal property has a slight premium increase of \$119.

Motion made by Rooney, seconded by Lage to renew business personal property insurance with Hartford for the period of September 1, 2017 through August 31, 2018.

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett, Park
and Rooney

NAY: None

D. Discussion and Possible Action to Renew Cyber Security Insurance with Beazley

Lage reported renewal for cyber security insurance has a premium increase of \$300.00.

Motion made by Lage, seconded by Rooney to renew cyber security insurance with Beazley for the period of August 26, 2017 through August 25, 2018.

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett,
Park and Rooney

NAY: None

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

Sullivan presented the projected impact of investment returns for the period ended June 30, 2017, explaining the two things that impact funding requirements; demographic changes and asset experience. Projected impact to funding rates will be minimal due to a market return of 12.62% compared to the smoothed actuarial value return of 7.58% compared to the actuarial assumption of 7.5%. The impact due to asset experience is favorable with 87% of member cities funding costs projected to be within $\pm .05\%$ of previous years funding rates.

Motion made by Luckett, seconded by Park to receive the report from Dean Actuaries of the Projected Impact of Asset Experience on OkMRF Funding Requirements, effective for plan year starting July 1, 2018.

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett and Park

NAY: None

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

Whatley reported on the plan changes for the OkMRF members.

12. OkMRF Staff Report

Girardi reported on the following items:

- Attended the Mayor's Council of Oklahoma summer conference at Idabel, participated in golf tournament, Veteran's Museum facility was interesting and heard a good presentation on economic development by Mayor of Oklahoma City.

Cox reported on the following items:

- Custodians, Northern Trust and Voya will be presenting at next board meeting.
- Investment Committee will meet next month at 8:30 a.m. for quarterly review and replacement manager within Long/Short allocation.
- Still awaiting the CAPPP® certification program results.
- Trustee election are final, with Doolen reelected to District 3 and Joe Don Dunham, City of Alva elected for District 8. Oaths will take place at the October meeting.
- Update on the new security features for Voya's log in process for authorized agents and users.
- Commented on the new coasters being a gift to each and the design work of staff, Lindsay Porter.
- Seeking volunteers in the exhibit hall activities and provide exposure for OkMRF during the OML conference in Tulsa.
- Reminder of donations needed for the fund raising project at the conference that is benefiting the Community Food Bank of Eastern Oklahoma.
- Will be presenting the Annual George Wilkinson award for the year's outstanding authorized agent at the City of Bethany council meeting on August 1, 2017. This year's recipient is Steven C. Harzman, Human Resource Director of Bethany.
- Provided photo's received from a citizen of Shawnee of Bertha Ann Young's reception in May.

13. New Business

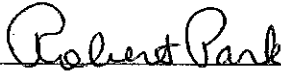
None.

14. Trustee/Member Comments

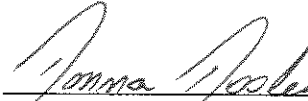
None.

15. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Dooler, Chair

Respectfully submitted by:



Rhnea Stewart