

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
February 24, 2017

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund, Oklahoma City, Oklahoma, on February 24, 2017, at 10:10 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
Robert Park, Retiree, City of Sallisaw
Melissa Reames, CFO, City of Stillwater
Timothy Rooney, City Manager, City of Mustang
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

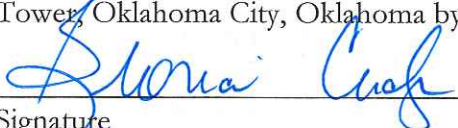
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Kevin Moore, ACG
Sean Sullivan, Dean Actuaries, LLC
Deltra Hayes, Voya

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 February 24, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on February 23, 2017, by Gloria Cudjoe.



Signature

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 27, 2017 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$510,029,846.59
International Investment Equity	8,603,539.92
Aggressive Equity	22,300,699.00
Real Assets Fund	68,118.65
Global Equity	3,036,671.87
Growth and Value Equity	21,778,189.26
S & P 500 Index	23,999,028.31
Target Retirement 2060	756,199.76
Target Retirement 2055	2,673,211.49
Target Retirement 2050	5,471,225.87
Target Retirement 2045	9,450,426.66
Target Retirement 2040	13,018,978.56
Target Retirement 2035	17,722,298.85
Target Retirement 2030	21,606,828.30
Target Retirement 2025	34,240,885.81
Target Retirement 2020	35,158,246.54
Target Retirement Income	25,827,626.23
Total Yield Bond Fund	6,873,759.14
Bond Index	12,337,502.41
Voya Fixed Plus III	39,395,750.87
Loan Portfolio	8,904,970.62
Self Directed Brokerage	125,266.64
Total Assets	\$823,379,271.35

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees
Expenses and Fees for February

Actuary & Recordkeeping	\$39,555
Administration	78,047
Attorney	16,588
Audit	-
Board Travel	1,128
Employer Directed Expense	-
Insurance	-
Investment Advisors	35,043
Custodial	242
Investment Consultant	-
Public Relations	-
Representative Travel	2,356
Total Expenses	<u>\$172,959</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Johnston, Lage, Lockett, Park,
Reames, Rooney, 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. Voya Financial: Update on Plan Sponsor and DC Participant Websites

Cox provided a summary of the Voya website being down for participants. The website was not totally functional for the period of February 8 thru 13, 2017. Daily contributions were not being posted daily, but Voya simulated trades for the respective days and made the plan participants whole. A written explanation from Voya was requested to explain what happened and how it will be prevented in the future.

Hayes reported that ten (10) Voya clients were affected during this time frame. This was not a security breach and participants were still able to complete some maintenance on their accounts. The primary reason for the outage was an isolated hardware failure. The performance storage

ARRAYS (IBM) drive/disk failed. There was no precedence in the technology sector related to failure of an array. The Voya IT team and IBM worked around the clock until resolved. An independent consultant and IBM are conducting detailed analysis of the issue to determine what happened. Consideration is being given to provide OkMRF a form of performance reimbursement.

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

A. **ACG: Review of Monthly ASAP and Quarterly Performance Report**

Rives and Moore provided a brief overview of the December ASAP Reports and Quarterly Performance Report. Markets overall were good during January. Discussions were: Impact of the "Trump Bump" driving the markets, small cap lagging, emerging markets up 10% for 2017, and inflation has begun. They expect the Feds to raise rates three (3) times during 2017. The U.S. markets are expensive and well above the long term averages for the past 25 years. Therefore, more downside potential than all other markets who are still in stages of recoveries and have more upside potential. Portfolio is positioned to react when opportunity arises and to provide protection on the downside. The fixed income allocation is positioned for the long-term, real estate should continue with reasonable and stable returns, River Road was underweighted in the financial sector resulting in lower returns, Integrity achieved very good returns due to their overweight in financials and Hoplite within the long/short allocation is being evaluated due to lackluster performance.

B. **ACG: Consideration and Possible Action to Add Liquid Absolute Return to the Fixed Income Component of the DB Portfolio and DC Plan Investment Lineup**

Luckett, Investment Committee Chair, reported that the Investment Committee had met early. ACG presented information to add a Liquid Absolute Return to complement and control risk in the Fixed Income allocations.

Motion made by Luckett, seconded by Park to move forward to add Liquid Absolute Return to complement the Fixed Income strategies of both the DB and DC plans; interview three (3) firms next month; for a 25% allocation position of the Fixed Income component and reduce the multi-sector allocation within the Fixed Income sector for the DB plan and the multi-sector in the Total Yield Bond option in the DC plan.

Motion carried: AYE: Doolen, Johnston, Lage, Luckett, Park,
Reames, Rooney, Tinker and Young

NAY: None

C. **Consideration and Possible Action to Ratify Consent of Assignment of Participation Agreement(s), Pursuant to SSgA Investments from State Street Bank Trust Company to SSgA Trust Company**

Cox reported that SSgA requested a trustee to trustee transfer with the contractual terms remaining unchanged and in full force. This is requesting ratification of the execution of the requested form from SSgA.

Motion made by Tinker, seconded by Reames to ratify the Consent of Assignment of Participation Agreement(s), Pursuant to SSgA Investments from State Street Bank Trust Company to SSgA Trust Company.

Motion carried: AYE: Doolen, Johnston, Lage, Luckett, Park,
Reames, Rooney, Tinker and Young

NAY: None

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

No action taken.

7. Consideration and Possible Action Regarding Administrative Committee Report

A. Approve Renewal of Fiduciary Liability and Crime Insurance Policies

Motion made by Johnston, seconded by Rooney to approve renewal for the Fiduciary Liability policy with The Chubb Corporation for the term of April 2, 2017 to April 2, 2018 and to approve renewal for the Crime Policy with Travelers Casualty and Surety Company of America for the term of April 2, 2017 to April 2, 2018.

Motion carried: AYE: Doolen, Johnston, Lage, Luckett, Park,
Reames, Rooney, Tinker and Young

NAY: None

8. Consideration and Possible Action Regarding Contract Committee Report

A. Consideration and Possible Action Regarding Contract Committee Report

Lage, Contract Committee Chair, reported that vendor evaluations were reviewed and discussed with Staff. At this time, no changes are recommended to existing service providers.

Motion made by Lage, seconded by Tinker to retain Voya, Dean Actuaries, ACG and Finley and Cook as service providers for upcoming year.

Motion carried: AYE: Doolen, Johnston, Lage, Luckett, Park,
Reames, Rooney, Tinker and Young

NAY: None

B. Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of Actuarial Funding Results July 1, 2017 – Sean Sullivan

Sullivan presented the results of the actuarial funding report as of July 1, 2016, with the funding rates effective July 1, 2017. The overall total contribution rate slightly decreased .31% for all cities, overall funding ratio increased to 90.3% and is very strong compared to many public plans making headlines. Twenty-eight (28) plans are over 100% funded. He noted with current market conditions and the end of amortized gains from prior years being extinguished, member cities should anticipate increased contribution rates.

Motion made by Luckett, seconded by Reames to receive the Summary of Actuarial Funding Results for July 1, 2017 report.

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

NAY: None

Trustee Young unavailable for roll call vote.

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

No report. No action taken.

10. OkMRF Staff Report

Cox and Girardi reported on the following items:

- DB Asset conversion from JPM to Northern Trust was accomplished beginning of January.
- January unitization by member city was delayed by Northern Trust.
- January pension checks were issued on time by Northern Trust.
- Majority of February pension checks were issued timely but two cities (Yale and Yukon) were delayed a few days due to printing issues.
- Still expecting Lawton as a new member.
- Stillwater Medical Center DC assets were transitioned out at the beginning of month. She notes, they are still a Member due to their DB retiree only plan.
- Public Funds conference site has been selected. Conference site is the Chickasaw Resort & Cultural Center (CRCC) in Sulphur, Oklahoma.
- Comments were received from the IRS on the review of the DB plans documents. John Papahronis & Staff provided a written response for the 32 observations.
- The due diligence trip for money manager is coming up in April. Attendees are Lockett, Park, Whatley and Cox. Doolen will join the group for the Voya portion of the due diligence visit.
- Rooney, Reames and Johnston are scheduled to attend the CAPPPs training June 13, 2017.
- Reminder that Oklahoma Driver's Licenses are not considered a valid form of identification when traveling by air beginning January 1, 2018.
- Girardi reported that she had attended her first board meeting as the liaison to the OMCTFOA. Cox thanked Stewart for her past service as the OkMRF liaison and commending Katie on her new role.

11. New Business

None.

12. Trustee/Member Comments

Birthday wishes given to Sean Sullivan.

13. Adjourn

With no further business to conduct meeting adjourned.

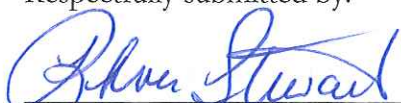


Bertha Ann Young, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart