

**MINUTES**  
**BOARD OF TRUSTEES**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**March 31, 2017**

**1. Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund, Oklahoma City, Oklahoma, on March 31, 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  
Vice-Chair: Robert Johnston, City Manager, City of Frederick  
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  
Tom Janisch, ACG  
Sean Sullivan, Dean Actuaries, LLC  
Warren DeKinder, INTECH  
Nancy Holden, INTECH

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

Doolen welcomed everyone and called the meeting to order.

**NOTICE:** The agenda for the March 31, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on March 30, 2017, by Gloria Cudjoe.

  
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Signature

**2. Approval of Consent Agenda**

The following items were presented under the consent agenda.

**A. Minutes of February 24, 2017 Meeting(s)**

**B. Monthly Valuation of Fund Assets by Custodian**

Option	Value By Fund
Defined Benefit	\$519,087,506.84
International Investment Equity	7,379,721.97
Aggressive Equity	19,559,419.24
Real Assets Fund	253,315.10
Global Equity	3,132,012.48
Growth and Value Equity	19,441,925.65
S & P 500 Index	21,639,759.82
Target Retirement 2060	757,951.09
Target Retirement 2055	2,290,064.86
Target Retirement 2050	4,472,460.91
Target Retirement 2045	7,028,805.54
Target Retirement 2040	9,863,657.38
Target Retirement 2035	14,032,001.88
Target Retirement 2030	19,293,179.90
Target Retirement 2025	30,385,610.40
Target Retirement 2020	30,898,337.52
Target Retirement Income	23,438,109.15
Total Yield Bond Fund	6,325,908.67
Bond Index	10,559,351.82
Voya Fixed Plus III	35,725,603.60
Loan Portfolio	7,718,883.11
Self Directed Brokerage	129,008.74
Total Assets	\$793,412,595.67



5. **INTECH: Annual Update from Investment Manager**

Holden provided an executive update on the firm. Intech will be merging with Henderson Group. No effect to Intech's investment process is expected, but merger should improve with non U.S. market exposure. A brief overview was provided for new trustees on how Intech utilizes mathematical models and enhanced trading methods to generate excess returns.

DeKinder reviewed the results and correlated the 2016 under-performance to the continuation of the long term bull market. He stated it should prove easy to catch up from underperformance due to the protection provided during down markets. The management fee and performance based fee structure was reviewed for the benefit of new trustees. He further commented that the mathematical model is constant as to their investment process; yet, they try to enhance the trading methods to increase returns on the margin.

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

A. **ACG: Review of Monthly ASAP Reports**

Rives provided brief comments related to the portfolios for the first two months of 2017, noting the portfolios are positioned for downside protection, River Road is improving, fixed income portfolio will mitigate losses during an expected rising rate environment, active managers should improve their returns as the markets have started changing course and ACG has no concerns with any of the managers.

B. **ACG: Consideration and Possible Action Regarding DB and DC Investment Policies & Guidelines**

Moore reviewed the recommended changes to both policies. The primary changes are summarized as follows:

- Language clean up
- Added board position's on revenue sharing agreements
- Removed securities lending references
- Added SSAE 16/SOC 1 reporting of custodian
- Updated the addition of Real Assets investment option
- Added Liquid Absolute Return within the Fixed Income Asset Class
- Added emergency action option
- DC Exhibit A updated accordingly

Motion made by Tinker, seconded by Luckett, to amend the Statement of Investment Policy Guidelines and Objectives for both the DB and DC plans as recommended by ACG.

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

NAY: None

C. **ACG: Discussion and Possible Action Regarding Long/Short Allocation**

Janisch reviewed the long/short portfolio started in 2014. The performance of various managers were highlighted and discussed. For the benefit of new trustees, this strategy was summarized as follows:

- Long term approach with purpose to dampen volatility, protect the portfolio in a down market and meet the overall long term return of the global markets
- Overall portfolio construction is by region and by sector
- Combination of managers picked to represent all aspects of global markets

- Each portfolio manager was reviewed as to their different characteristics within global markets

**D. ACG: Consideration and Possible Action to Add a 25% Liquid Absolute Return Component to the DB Fixed Income Allocation and a 25% Liquid Absolute Return Component to the Total Yield Bond Fund in the Fixed Income Option of the DC Investment Lineup**

Luckett, Investment Committee Chair, reported that three money managers, as recommended by ACG, were interviewed on March 30, 2017. Moore briefly provided the characteristics of this type of allocation as containing volatility within a fixed income allocation, shorter performance track records because the need has evolved since “crash” of 2008, ability to go short, allows derivatives and below investment grade securities, shifts sector exposures and higher turnover within portfolios focusing on risk control.

Motion made by Luckett, seconded by Tinker to authorize staff and attorney to negotiate agreement with BlackRock Strategic Income Opportunities for an allocation of 25% for Liquid Absolute Return, 50% allocation to core bond and 25% allocation to multi-sector within the DB Fixed Income allocation with the same allocations within the DC Total Yield Bond Investment Option.

**E. 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. Consideration and Possible Action Regarding Executive Director Review**

Johnston, Administrative Committee Chair, reported that the committee had received an annual update from Cox related to goals and objectives of the Executive Director. Committee is satisfied with progress on goals and will work on 17-18 goals and objectives for the upcoming year. Other trustees were requested to submit ideas to the Administrative Committee for consideration in the development of the next year’s goals and objectives.

Doolen asked Cox to provide highlights of her accomplishments within the three categories: Trustees, Staff and Membership initiatives.

No action taken.

**B. Consideration and Possible Action to Authorize Executive Director to Sign Buyer Brokerage Service Agreement to Assist with Lease of OkMRF Offices upon Expiration of Current Lease**

Johnston, Administrative Committee Chair, requested Cox provide an overview of office space status.

Cox reported that OkMRF will be at the end of a five year lease in December 2017 for current office location. Nothing has been received from building owner for possible renegotiation on the existing lease. Therefore, approval was requested to utilize a Broker/Realtor. The Buyer Broker Service Agreement was presented for authorization to begin this process to seek office space. The lessor provides the compensation to the Broker, resulting in no OkMRF expense for this service agreement.

Motion made by Johnston, seconded by Tinker to authorize Executive Director to sign the Buyer Brokerage Service Agreement to assist with negotiating a new lease for OkMRF offices with a possible alternate option to include property ownership.

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

NAY: None

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

None.

**9. Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of GASB Accounting Result June 30, 2016 – Sean Sullivan**

Sullivan presented an overview of GASB 68 and the results of the 2017 GASB 68 Accounting results. For the benefit of new Trustees, he described differences between funding valuations and the accounting valuations which were effective for fiscal years beginning after June 15, 2014. This is the third accounting valuation report prepared for the benefit of member cities who utilize the accrual basis of accounting. Example reports were reviewed. 77 accounting reports will be issued with a measurement date of July 1, 2016.

Motion made by Park, seconded by Johnston to accept the Summary of GASB 68 Accounting Results, measurement date of July 1, 2016.

Motion carried: AYE: Doolen, Johnston, Lage, Park and Reames

NAY: None

*(Agenda Item 9 was moved to the heel of the docket and presented during lunch. The following Trustees left at lunch break: Luckett and Tinker. Then, one left before the vote: Rooney and one left after the vote: Lage)*

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

Whatley reported on the plan changes for the OkMRF members.

**11. OkMRF Staff Report**

Cox reported on the following items:

- Auditors on site for GASB 68 report
- Reminder to pay Davis for waiver recourse coverage
- Thank-you card received from the Tinker family
- Due diligence trip will be next week with visits to SSgA, Pioneer and Voya
- Trustees who expressed interest in attending the Public Funds conference are registered
- Went over the improved single sign on changes for DC participants, original PIN still valid for calling into customer service and a state-wide explanation memo was issued concerning this improvement
- IRS requested responses on three (3) additional questions in their review of DB plan documents. Conference call was held, resulting in good interaction with IRS reviewer.

**12. New Business**

None.

13. **Trustee/Member Comments**

Luckett reported that he and Cox had met with Trustee Young on March 9, 2017. A variety of emotions were experienced by all during this visit and discussion. During this meeting Young submitted her verbal resignation to Luckett and Cox as a board member of OkMRF. The verbal resignation was accepted by Luckett to be presented on her behalf to the Board.

Young worked in city government for 51 plus years and served as a Board member and Secretary for 39 consecutive years.

Davis suggested that the board meeting room be named in her honor.

Chairman Doolen will appoint an existing Trustee as Secretary and will bring forth a recommendation for District 4 to the next board meeting.

14. **Adjourn**

With no further business to conduct meeting adjourned.

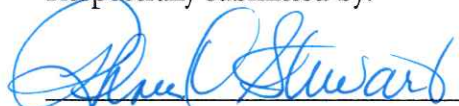
*(Trustees present at adjournment: Doolen, Johnston, Reames and Park)*

  
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Bertha Ann Young, Secretary

  
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Donna Doolen, Chair

Signed by for:   
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Respectfully submitted by:

  
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Rhnea Stewart