

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
October 27, 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 October 27, 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
Secretary: Robert Park, Retiree, City of Sallisaw
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, City of Shawnee
Jim Luckett, Jr., Retiree, City of Thomas
Melissa Reames, Chief Financial Officer, City of Stillwater
Timothy Rooney, City Manager, City of Mustang

OTHERS PRESENT:

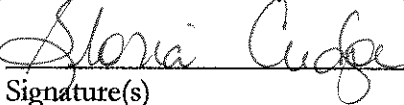
OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant

Others: Haley Rives, ACG
Kevin Moore, ACG
Aaron Rogers, Artisan Partners
John Karl, WCM Investment Management

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the October 27, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on October 26, 2017, by Gloria Cudjoe.


Signature(s)

2. Donna Doolen and Joe Don Dunham Trustee Oaths of Office

Donna Doolen, District 3 was administered the constitutional and statutory oath of office by Jody Elliott, OkMRF.

Joe Don Dunham, District 8 was administered the constitutional and statutory oath of office by Jody Elliott, OkMRF.

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of September 29, 2017 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$556,042,231.77
International Investment Equity	9,115,673.10
Aggressive Equity	20,304,081.15
Real Assets Fund	317,413.58
Global Equity	4,345,148.74
Growth and Value Equity	20,406,518.71
S & P 500 Index	23,622,361.26
Target Retirement 2060	986,401.92
Target Retirement 2055	2,712,100.83
Target Retirement 2050	5,282,424.73
Target Retirement 2045	7,852,487.94
Target Retirement 2040	11,252,981.06
Target Retirement 2035	15,925,356.82
Target Retirement 2030	20,088,305.09
Target Retirement 2025	32,523,167.53
Target Retirement 2020	33,194,076.48
Target Retirement Income	23,347,923.68
Total Yield Bond Fund	6,107,141.06
Bond Index	10,173,482.49
Voya Fixed Plus III	34,991,453.82
Loan Portfolio	8,042,199.57
Self Directed Brokerage	122,417.99
Total Assets	\$846,755,349.32

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for October

Actuary & Recordkeeping	40,834
Administration	131,309
Attorney	3,950
Audit	0
Board Travel	3,774
Employer Directed Expense	0
Insurance	0
Investment Advisors	149,477
Custodial	11,700
Investment Consultant	0
Public Relations	437
Representative Travel	<u>3,743</u>
EXPENSES	<u>345,224</u>

E. Benefit Payments and Contribution Refunds

F. Ratification of Disposal of miscellaneous Obsolete Furniture, Equipment and Supplies

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

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

NAY: None

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

No action taken.

5. Comments from Public

None.

6. Artisan Partners: Annual Update from Investment Manager – Aaron Roberts

Roberts presented an update on their boutique business. Artisan began this account eight (8) years ago in February. They focus on high-quality, undervalued business that offer potential for superior risk reward outcomes and look for strong financial strength with shareholder oriented

management. Cash on hand is currently at 12 to 13% due to a lack of volume of shares being available to purchase, resulting in it taking a period of time to buy into a maximum of five percent (5%) stake in a given company. Portfolio is currently up 22.5% for the current year with an 11.04% return since inception of the fund.

7. **WCM Investment Management: Annual Update from Investment Manager – John Karl**

Karl reported that the firm is growing with three new hires with a continued focus on internal healthy corporate atmosphere programs. Likewise, they strive to invest in companies that have strong internal employee cultures as well as strong growth potential. Portfolio is designed to protect on the downside. Year to date performance is currently 25.2%, since inception 11.8% net of fees over benchmark with 20 to 22% turnover of holdings. WCM is excited about the technology within the health care industry for the future.

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

A. ACG: Review and Discussion of Monthly ASAP Reports

Rives briefly reviewed the ASAP reports. The Fed is expected to raise rates in December. U.S. S&P market has been up for 11 straight months, last time this happened was in 1959. Small cap outperformed large cap with non U.S. markets still outperforming and U.S. Value continues to outperform growth. U.S. bond yields were all negative in September with some uptick in the short end of the yield curve. The fixed income allocations are adding value compared to benchmarks and with the addition of BlackRock mitigating the underperformance of core bonds.

B. ACG: Actuarial Rate of Return Discussion

ACG provided information continuing the discussion from last month's board meeting to consider a revision to the assumed rate of return for actuarial assumptions. Based on portfolio mix, ACG's capital market assumption for the intermediate term of ten years would be 6.16% and long term of 30 years would be 8.32%. A conference call has been scheduled with ACG, Dean Actuaries and Staff to collaborate on the assumed rate of return. Continued education and discussion to be expected for future consideration. This will be in combination with assumption changes resulting from the demographic study presented by actuary at the September meeting. Cox reported that trends tend to be lowering the actuarial assumed rate of return nationwide, but not necessarily in Oklahoma.

C. Consideration and Possible Action Regarding K-2 Subscription Agreement and Application

Moore provided an update on the status of transitioning the long/short allocation to the K-2 access platform. Agreements are currently being reviewed by all parties with dialogue being exchanged by all. Subject to negotiation of agreement and application, the transitioning will commence during the first and second quarter of 2018. In kind transfers of holdings are not an option between Conway and K-2.

Motion made by Luckett, seconded by Rooney to defer until next meeting or when all agreements are negotiated and acceptable to OkMRF staff and attorney.

Motion carried:

AYE: Doolen, Dunham, Johnson, Johnston,
Luckett, Park, Reames and Rooney

NAY: None

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

No action taken.

9. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

10. Consideration and Possible Action Regarding Contract Committee Report

A. Consideration and Possible Action Regarding Standley Full Maintenance Agreement and Smart Rental Agreement

Cox provided information related to printer equipment needs for the move to new office space. Information was provided on existing equipment and related maintenance agreements and options for purchasing versus leasing a multifunctional printer.

Motion made by Rooney, seconded by Park to authorize CEO to execute five year lease for an additional multifunctional printer and applicable maintenance agreements needed.

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

NAY: None

B. Consideration and Possible Action Regarding Cox Cable Enhancements

Cox consulted with Cox Communications account representatives related to upcoming move of telephone and internet services. The new location has a dedicated fiber-optic network versus the current, shared non-dedicated residential grade network option. By utilizing state contract pricing, telephone long distance services pricing decreases with increases for enhanced fiber-optic internet services.

Motion made by Rooney, seconded by Johnston to authorize CEO to execute agreement with Cox Communications under state pricing terms and conditions for telephone and network services.

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

NAY: None

11. Consideration and Possible Action Regarding the Election of Officers

Officers are annually elected to serve one year terms. Cox provided a summary of duties for Chairman, Vice-Chairman, Secretary and Treasurer.

Motion made by Rooney, seconded by Dunham to approve the following slate of officers.

Chairman:	Donna Doolen, Finance Director, City of Ada
Vice-Chairman:	Robert Johnston, City Manager, City of Frederick
Secretary:	Robert Park, Retiree, City of Sallisaw
Treasurer:	Jim Lockett, Jr., Retiree, City of Thomas

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

NAY: None

12. Consideration and Possible Approval of Chair's Committee Assignments

The Chairman appointed committees as follows:

Administrative Committee: Johnston as Chair, Johnson and herself.

Contract Committee: Reames as Chair, Dunham and Rooney

Investment Committee: Luckett as Chair, Park and Tinker

Motion made by Luckett, seconded by Park to accept the Committee assignments.

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

NAY: None

13. Consideration and Possible Approval of 2018 Trustee Meeting Schedule and Staff Holidays

Cox reviewed the meeting schedule and staff holidays, pointing out three meetings are proposed to meet on Thursday for the months of March, May and December 2018.

Motion made by Rooney, seconded by Luckett to approve calendar for board meetings and staff holidays as proposed; except for, moving the August meeting to Thursday, August 30th, 2018.

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

NAY: None

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

Whatley reported on the addition of a new DC member Town of Bennington joining. Girardi was recognized for her efforts.

15. OkMRF Staff Report

Whatley reported on the following items:

- Update on securities litigation information.
- Attended OMCTFOA Annual Conference. Girardi presented her first training session on Investment Basics and did a great job.
- Girardi is currently attending the City of Claremore's Employee Benefit Fair.

Cox reported on the following items:

- Envelop passed for donations for Christmas project.
- Favorable telephone calls have been received from constituents about the public fund conference hosted in Sulphur.
- OkMRF giving back an additional \$3,000 to the conference funding for next year.
- The coalition of organizations cooked for City of Woodward employees, who were the west side food bank donation winners at the OML Conference. Approximately 70 employees were fed. The City of Shawnee, as the east winner, is expecting approximately 150 employees to be fed in the upcoming week.

- Updates provided on office move; email signature updated, post card "Notice of Moving" and labels to be provided to members. Luckett toured the new office space, and majority of upgrades and costs are in the Board Conference Room.
- The November meeting will be the last meeting and Thanksgiving meal at our current location.
- Movers are coming to office next week to bring supplies and provide information on the moving process for staff.

16. **New Business**

None.

17. **Trustee/Member Comments**

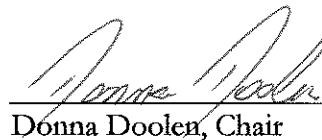
- Luckett recommended having the Board meeting before the public funds conference next year.
- ACG is working on local trustee training and education for spring 2018.

18. **Adjourn**

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart