

**MINUTES**  
**BOARD OF TRUSTEES**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**May 25, 2017**

**1. Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund, Oklahoma City, Oklahoma, on May 25, 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  
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  
Melissa Reames, CFO, 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

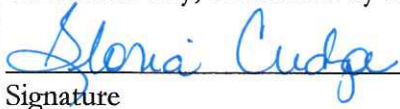
OkMRF Attorney: David Davis

Others: Haley Rives, ACG  
Nate Atchison, Finley & Cook  
Dan Bledsoe, Finley & Cook

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

Doolen welcomed everyone and called the meeting to order.

**NOTICE:** The agenda for the May 25, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on May 24, 2017, by Gloria Cudjoe.

  
Signature

2. **Tamera Johnson Trustee Oath of Office**

Tamera Johnson, District 4 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 April 28, 2017 Meeting(s)**

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

Option	Value By Fund
Defined Benefit	\$530,867,730.12
International Investment Equity	8,115,213.20
Aggressive Equity	19,676,705.31
Real Assets Fund	312,954.85
Global Equity	3,548,213.11
Growth and Value Equity	19,735,378.73
S & P 500 Index	22,582,285.97
Target Retirement 2060	829,398.88
Target Retirement 2055	2,444,512.80
Target Retirement 2050	4,665,082.59
Target Retirement 2045	7,195,621.72
Target Retirement 2040	10,033,068.70
Target Retirement 2035	14,679,431.52
Target Retirement 2030	19,195,195.34
Target Retirement 2025	30,574,180.00
Target Retirement 2020	31,801,396.14
Target Retirement Income	23,120,490.60
Total Yield Bond Fund	6,241,393.29
Bond Index	9,912,607.95
Voya Fixed Plus III	35,407,877.24
Loan Portfolio	7,836,122.66
Self Directed Brokerage	124,174.97
<b>Total Assets</b>	<b>\$808,899,035.69</b>

**C. Purchases and Sales of Assets**

**D. Administrative Expenses and Fees**

**Expenses and Fees for May**

Actuary & Recordkeeping	\$35,975
Administration	80,770
Attorney	3,950
Audit	23,000
Board Travel	7,809
Employer Directed Expense	5,063
Insurance	0
Investment Advisors	131,742
Custodial	39,716
Investment Consultant	0
Public Relations	0
Representative Travel	1,565
EXPENSES	<u>\$329,590</u>

**E. Benefit Payments and Contribution Refunds**

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

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

NAY: None

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

No action taken.

**5. Comments from Public**

None.

**6. Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2016, OkMRF Examination Report Over Selected Management Assertions Related to DB Census Data**

Bledsoe reviewed the report and stated no exceptions found related to the census data. Opinion was issued that the agreed upon assertions of census data is fairly stated in all material aspects and can be relied upon by employers of the OkMRF defined benefit plans for their reporting requirements of GASB 68.

Motion made by Johnson, seconded by Luckett to receive the report.

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

NAY: None

7. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2017, OkMRF DB Schedule of Changes in Fiduciary Net Position by Employer**

Bledsoe reviewed the report, discussing the large sample of cities audited. Opinion issued based on audit evidence obtained that the Schedule presents fairly and in all material respects, the fiduciary net position of OkMRF and each individual employer in accordance with generally accepted accounting principles.

Motion made by Johnston, seconded by Luckett to receive the schedule.

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

NAY: None

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

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

Rives provided a brief market update, indicating that markets may begin to see a shift in leadership as the U.S. markets are in later stages of recovery while Europe and Japan are at the beginning of cyclical recoveries and are attractive. Small cap stocks will most likely start pulling back from their recent rally due to potential federal tax policy changes.

Portfolios are well positioned with good exposure to emerging and developed markets of which are producing solid returns. River Road, SMID cap value manager, is doing well even though value is out of favor. TimesSquare, active growth manager, recently posted disappointing returns. ACG will be visiting with long/short managers – Cevian and AKO in the month of June. The fixed income allocation is performing as expected. The addition of BlackRock to the fixed income allocation will mitigate and provide diversification as the U.S. interest rates change. The real estate allocation continues to outperform the benchmark but by more realistic margins than recent past outperformance.

B. **ACG: Discussion and Possible Action on Pioneer Acknowledgement and Addendum to the Application for Plans Invested in the Multi-Sector Fixed Income Trust**

Rives provided an overview of the addendum to permit Insurance-Linked Securities (ILS) in the Pioneer commingled fund vehicle. The lack of ILS exposure in the commingled fund was detracting from the performance in comparison to Pioneer's comparable mutual fund. Therefore, ACG recommends gaining ILS exposure by way of the Pioneer ILS Interval Mutual Fund as a 3 % to 5% exposure that will be purchased by the commingled fund. This addendum does not require any changes to the Statements of Investment Policy Guidelines and Objectives or any increase in fee structure.

Motion made by Luckett, seconded by Park, to accept ACG's recommendation to consent to the addition of ILS in the Pioneer commingled fund.

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

NAY: None

**C. Consideration and Possible Action Regarding BlackRock Institutional Client Account Application for Strategic Income Opportunities Fund as the Liquid Absolute Return Component of Fixed Income**

Motion made by Lockett, seconded by Park, to approve the BlackRock Institutional Client Account Application for the Strategic Income Opportunities Fund as the Liquid Absolute Return component of the Fixed Income allocation.

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

NAY: None

**D. Consideration and Possible Action to Apply Consistent DB Billing Methods Resulting in Direct Fee Invoicing on Separate Account Money Managers and Internal Fee/Indirect Billing on Non-Separate Account Money Managers**

Whatley reported on the billing methods for paying money manager fees. The proposed consistent billing method for the DB money managers will be as follows:

- Continue being directly invoiced from active/separate account money managers (currently Intech, TimesSquare and River Road).
- Mutual funds net fees against the NAV; therefore, no invoicing of fees.
- Non-separate account DB money managers will sell assets within respective funds, using cash proceeds to pay their fees, and reflecting these transactions when reporting updates to custodian.
- OkMRF has developed procedures to review all fees either invoiced or taken indirectly/internally to validate the money manager fees in compliance with agreements.

Motion made by Lockett, seconded by Park, to approve consistent DB billing methods for money manager types of separate account or non-separate account.

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

NAY: None

**E. Consideration and Possible Action to Approve Pioneer Letter of Direction on Fee Processing Method**

Whatley reported that Pioneer requested a formal letter of direction on billing methods considered in Item 8.D.

Motion made by Lockett, seconded by Park, to approve Pioneer Letter of Direction for the billing method to change to the non-separate account method.

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

NAY: None

**F. 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**

**A. Report And Discussion Regarding 2017-2018 OkMRF Budget**

Johnston reported the committee had met and reviewed the budget in detail with CEO. Cox provided a review of the proposed budget. Budget as proposed is based on 5% asset growth and the allocation for shared costs is proposed at 66% for DB and 34% for DC. Administrative fees by plan are 25.47 bps for DB and 30.95 bps DC, 3.53 bps lower and 1.53 bps higher respectively in comparison to previous year's budget. Proposed budget for FY 2017-2018 is for a total of \$2,905,214 and with the total administrative fees being 27.32 bps as a percent of total assets. Cox proposed DC recordkeeper to charge a total of 32 bps to participants for the DC 2017-2018 administrative expenses.

Additionally, the Administrative account was reviewed in detail. Cox proposes to consider using up to \$25,000 of the unreserved balance for potential office relocation furniture and fixtures needs. Office relocation plans should be known by the July board meeting and a plan will be presented.

Motion made by Johnston, seconded by Tinker, to authorize and approve both the FY 2017-2018 budget as presented and utilization of up to \$25,000 of the unreserved balance of the Administrative account for office relocation furniture and fixtures, if needed.

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

NAY: None

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

No action taken.

**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**

Cox reported on the following items:

- No committee meetings next month.
- Money managers presenting will be SSgA and Integrity.
- Whatley and Girardi have been attending various benefit fairs and assisting participants with the log in process.
- Security authentication changes will be forthcoming from Voya during the month of June.
- Northern Trust and Dean Actuaries will continue running parallel calculations for member ownership.
- All issues have been resolved with the IRS on the DB master plan, trust indenture and joinder documents.
- OMAG 40<sup>th</sup> party is June 22<sup>nd</sup> and 23<sup>rd</sup>, 2017.
- Three RFP's for office space have been sent out, responses pending.
- District 3 and District 8 have upcoming elections, nominations due by June 30<sup>th</sup>. One nomination has been received for District 3 for Donna Doolen.

- Update on Senate Bill: It was approved for State Treasurer to have a seat on both OPERS and OTRS.
- Entertainment for the OPFTEC is going to be Edgar Cruz providing background music during evening meal and concert following from 8:00 to 9:00 p.m.

**13. New Business**

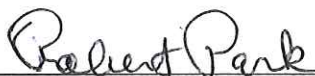
None.

**14. Trustee/Member Comments**

Doolen thanked Cox for the budget analysis and reminded all of the reception for Bertha Ann Young at the Shawnee City Hall honoring her 39 years of service to the OkMRF board. Cox provided a map to the location.

**15. Adjourn**

With no further business to conduct meeting adjourned.




Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart