

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 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 August 25, 2017, at 10:03 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
Treasurer: Leroy Lage, Retiree, City of Watonga
Members: Tamera Johnson, City of Shawnee
Jim Luckett, Jr., Retiree, City of Thomas
Melissa Reames, Chief Financial Officer, 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

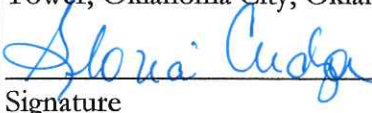
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Tom Janisch, ACG
Caitlin Wysocki, Northern Trust
Kevin Cox, Voya
Deltra Hayes, Voya
Kevin McGrath, Voya
Peter Winterbottom, Voya
Scott Darcy, Voya
Joe Don Dunham, City of Alva City Manager

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 August 25, 2017, meeting was posted in the Central Park Tower, Oklahoma City, Oklahoma by 10:00 a.m. on August 24, 2017, by Gloria Cudjoe.



Signature

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of July 28, 2017 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$549,345,942.85
International Investment Equity	8,692,684.62
Aggressive Equity	19,903,662.91
Real Assets Fund	395,223.43
Global Equity	4,168,880.20
Growth and Value Equity	19,992,831.71
S & P 500 Index	23,297,251.04
Target Retirement 2060	939,490.33
Target Retirement 2055	2,583,822.05
Target Retirement 2050	5,073,287.13
Target Retirement 2045	7,627,595.65
Target Retirement 2040	10,833,571.50
Target Retirement 2035	15,560,100.26
Target Retirement 2030	20,201,328.08
Target Retirement 2025	31,680,807.33
Target Retirement 2020	33,436,659.81
Target Retirement Income	22,818,846.12
Total Yield Bond Fund	6,103,765.38
Bond Index	10,062,771.15
Voya Fixed Plus III	35,116,755.11
Loan Portfolio	7,884,655.19
Self Directed Brokerage	122,738.44
Total Assets	\$835,842,670.29

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for August

Actuary & Recordkeeping	\$37,672
Administration	82,013
Attorney	3,950
Audit	-
Board Travel	881
Employer Directed Expense	-
Insurance	10,407
Investment Advisors	-
Custodial	14,193
Investment Consultant	-
Public Relations	894
Representative Travel	2,457
Total Expenses	<u>\$152,467</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Johnson, Johnston, Lage, Luckett,
Park, Reames except Item A. and Tinker

ABSTAIN: Reames, Item A.

NAY: None

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

No action taken.

4. Comments from Public

Chair welcomed representatives of Northern Trust, Voya and newly elected Trustee, Joe Don Dunham.

5. Northern Trust: Annual Update on DB Custodial Services – Caitlin Wysocki

Wysocki provided information on her tenure at Northern Trust and the transitioning status of being our relationship manager. She discussed the commitment of Northern Trust to the relationship, the business strategy focusing on asset servicing and management, banking services, financial stability and credit rating strength. Northern Trust has experienced asset base growth, serves one hundred seventy-three (173) public clients including six (6) Oklahoma clients, assists

clients with regulatory requirements and continues technology reinvestment. Custodial services being provided were highlighted.

6. **Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Manager – Kevin Cox and Deltra Hayes (Recordkeeping/Custody); Kevin McGrath (Voya Fixed Plus III); Peter Winterbottom (Financial Engines) and Scott Darcy (Marketing/Web Enhancements/DC Trends)**

The Voya team updates were as follows:

- Hayes provided introductions of the team, stating Voya continues to grow with members and assets. She reviewed Voya giving back, the summer student programs and their partnership and commitment to service the special needs community.
- McGraff reviewed the fixed income investment management team. Voya has \$131 billion under management in the fixed plus account of which OkMRF invests in. This fund seeks alpha opportunities across fixed income sectors by utilizing sector specialists with a culture of collaboration and risk discipline. The guaranteed rate will be a minimum of one percent. The rate is evaluated quarterly and the fund continues to receive a good overall credit rating.
- Cox summarized the recordkeeping/custodial function, stating they service 3,145 plans and accounts which is an increase of 100 plans and nine billion in assets over the past year. The characteristics of the OkMRF plan were reviewed, noting that 52% of all assets are in the target date funds and 12.5% in the Fixed Plus account with loan participation remaining stable. He highlighted the forthcoming updates on security standards for sponsor web. Cox updated the Board on the service disruption back in February 2017, noting participants were made whole. Both internal and external audits were completed on participant accounts, a new array of servers were added for duplication and redundancy and all functions can be replicated and operational in 15 minutes.
- Winterbottom highlighted the investment advice and managed account services noting 5.7% of participants got help from Voya Retirement Advisors, 99 participants received personalized advice and a total of \$10.2 million assets under advisory services. The average management fee for the managed accounts is 57 basis points. The future focus will be on the need for the improvement of retirement by ongoing communications, the experience of engaging in myOrangeMoney®, building of relationships on participant terms, integration of a participant's OkMRF Defined Benefit plan, impact of loans on retirement goals, social security guidance and continued participant website streamlining.
- Darcy reviewed the marketing and communications strategies utilized by Voya. Much time is spent on behaviors of participants, effects of communication types, utilizations of digital aids, tools and financial wellness. Voya's current research is focusing on how to measure digital decision making with an integrated retirement check-up report (anticipated rollout late 2017). The next promotional topic will be to encourage participants to save more.
- Hayes did a wrap up of the presentations.

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

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

Rives provided a brief market overview, noting markets continue to rally, the Fed has not been increasing short-term rates as projected, Japan fighting inflation, unemployment is down, limited inflationary pressures and improving growth by both developed and non-developed markets. The ASAPs were briefly reviewed noting growth performing at 10%

over value year-to-date, fixed income still producing low returns and modest more stable returns in real estate, noting no manager concerns at this time.

B. ACG: Discussion and Possible Action Regarding Long/Short Review with Possible Addition of Bridger Swiftcurrent to the DB Long/Short Portfolio

Janisch highlighted the discussion of the Investment Committee to replace Hoplite with the Bridger Swiftcurrent Fund in the long/short portfolio. Bridger picks stocks on both long and short side with a moderate net exposure. Bridger wants better returns versus charging high management fees. They have more concentrated healthcare exposure and obtain extensive knowledge before stock selection. The fund has been closed for a number of years and was just opened up.

Motion made by Luckett, seconded by Tinker to authorized staff and ACG to add Bridger Swiftcurrent Fund to the Defined Benefit long/short portfolio following suggested ACG timeline.

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

NAY: None

C. ACG: Consideration and Possible Action Regarding Conway Feeder Fund Management, LLC to Transition to K-2 Access Platform

Rives reviewed the discussion previously held in the Investment Committee meeting related to the transition to the K-2 Access platform for the long/short portfolio. ACG's search for a long term platform provider resulted in K-2 being the best partner for this conduit. K-2 has deep resources, collective scale of reduced fees for ACG clients, performs their own due diligence, assumes a fiduciary role and employs their own in-house legal and accounting services.

Motion made by Luckett, seconded by Tinker to authorized staff and ACG to transition from the Conway Feeder Fund to the K-2 Access platform following suggested ACG timeline.

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

NAY: None

D. 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. Ratify Lease Agreement for Office Space on Columbus Square located at 1001 NW 63rd Street

Cox reported that the final lease agreement that is agreeable to all parties was signed by OkMRF Chair on August 1, 2017, and countersigned by OPPRS Executive Director on August 3, 2017, with occupancy anticipated on December 1, 2017. Lease effective date begins January 1, 2018, and expires December 31, 2027, with option to extend for an additional five years.

Motion made by Lage, seconded by Johnston to ratify lease agreement for office space on Columbus Square, second floor, located at 1001 NW 63rd Street.

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

NAY: None

10. Discussion and Possible Action on Resolution 2017-3 Commending Leroy Lage for Service

Doolen recognized Lage and read Resolution 2017-3 commending him for service on the OkMRF Board. Lage received standing ovation from the Board. Trustees and staff expressed their appreciation and wished him well. Lage reflected on his experience during his tenure on the Board.

Motion made by Johnston, seconded by Park to approve Resolution 2017-3 of commendation for Leroy Lage.

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

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

Whatley reported on the following items:

- Saxena White update on Computer Sciences Corporation Settlement Notice and Proof of Claim.
- While on vacation, due diligence visit was conducted to one of the properties of the Strategic Property Fund, the Royal Island Center mall in Hawaii.

Cox reported on the following items:

- Called attention to revised minutes and pink sheets handed out at beginning of meeting.
- September Board meeting will be in Sulphur after public funds conference.
- Dean Actuaries, Sean Sullivan, will present the five year study on demographic actual experience and any recommendations for changes in actuarial assumptions and methods.
- Trustees Johnston, Reames and Rooney passed the CAPP[®] certification exam. All three (3) were commended.
- Information provided, as applicable, for the OML conference with assigned duties and hotel confirmations.
- Agenda provided for the 21st Annual Oklahoma Public Fund Trustee Education Conference in Sulphur, Oklahoma.
- Reminder of donations request for the Community Food Bank of Eastern Oklahoma.

- The second George Wilkinson annual award was presented at the Bethany City Council meeting on August 1, 2017 to Steven C. Harzman, Human Resources Director.
- The coalition group met with the new OML Director and discussed various issues related to coalition group as well as cities and towns.

13. New Business

None.

14. Trustee/Member Comments

General discussion on inherited issues confronting new OML Director.

15. Adjourn

With no further business to conduct meeting adjourned.




Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart