

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
July 27, 2018

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on July 27, 2018, 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
Treasurer: Jim Lockett, Jr., Retiree, City of Thomas (*arrived at 10:03 am*)
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, HR Director, City of Shawnee
Melissa Reames, Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang

OTHERS PRESENT:

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

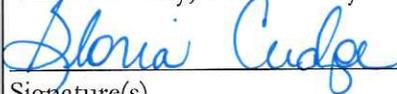
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Grant Babyak, TimesSquare
Jeffrey Braemer, TimesSquare
Sean Sullivan, Dean Actuaries

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the July 27, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on July 26, 2018, by Gloria Cudjoe



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of June 29, 2018 Meeting(s)

Revised meeting minutes presented to Board.

Motion made by Dunham, seconded by Park to receive the revised meeting minutes.

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

NAY: None

Lockett arrived at 10:03 a.m.

B. Monthly Valuation of Fund Assets by Custodian

Option	Value by Fund
Defined Benefit	\$570,973,171.89
International Investment Equity	\$ 8,859,835.53
Aggressive Equity	\$ 20,629,549.23
Real Assets Fund	\$ 354,237.37
Global Equity	\$ 6,321,057.13
Growth and Value Equity	\$ 20,306,712.59
S & P 500 Index	\$ 26,196,371.16
Target Retirement 2060	\$ 1,317,060.42
Target Retirement 2055	\$ 3,160,120.30
Target Retirement 2050	\$ 5,954,294.47
Target Retirement 2045	\$ 8,663,228.09
Target Retirement 2040	\$ 12,444,466.09
Target Retirement 2035	\$ 17,393,346.49
Target Retirement 2030	\$ 21,034,782.53
Target Retirement 2025	\$ 34,709,809.23
Target Retirement 2020	\$ 32,360,550.05
Target Retirement Income	\$ 21,647,038.60
Total Yield Bond Fund	\$ 5,388,247.20
Bond Index ¹	\$ 11,392,317.07
Voya Fixed Plus III	\$ 36,148,179.29
Loan Portfolio	\$ 8,190,746.59
Self Directed Brokerage	\$ 121,688.62
Total Assets	\$873,566,809.94

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for July

Actuary & Recordkeeping	\$38,924
Administration	109,146
Attorney	5,230
Audit	0
Board Travel	1,355
Employer Directed Expense	4,655
Insurance	15,543
Investment Advisors	142,446
Custodial	13,540
Investment Consultant	0
Public Relations	3,000
Representative Travel	<u>1,767</u>
EXPENSES	<u>\$335,606</u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

4. Comments from Public

Doolen welcomed Babyak and Braemer from TimesSquare and Sullivan from Dean Actuaries.

5. TimesSquare: Annual Update from Investment Manager – Grant Babyak and Jeffrey Braemer

Braemer reported on TimesSquare's current management structure noting portfolio analyst changes in the Healthcare and Technology sector within the past year. He reassured these changes do not interfere with their current bottom-up, research driven investment approach. Braemer continued with a portfolio review of small and mid-cap growth year-to-date returns. While commodities and industrials faced headwinds from tariff headlines, healthcare and technology were driving sectors for growth in the second quarter and strong performance overall in smaller cap markets. Small cap portfolio returns have outpaced the benchmark, while mid-cap portfolio returns have fallen slightly behind their target. Luckett questioned TimesSquare's plan for future investments in an unpredictable market environment. Babyak reiterated their plan to

stay invested in companies that generate strong returns, have a niche in the market and maintain a lower debt to equity ratio.

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

A. **ACG: Review of Monthly ASAP Reports and Global Economic Update**

Rives provided a global economic update related to both DB and DC portfolios. Dramatically positive July returns for U.S. equities offset first quarter losses, while emerging markets continue to struggle amidst geopolitical tensions and fixed income returns remain muted based on rising interest rates. Economic factors such as a lower unemployment rate and an inverted yield curve point to a recession on the horizon, but continued positive economic growth initiated by tax cuts and expectations of infrastructure spending are keeping return expectations higher for the remainder of the year. Rives commented on ACG's continuous focus to stay within Board approved investment policy standards to keep the portfolio ahead of anticipated bear market conditions.

Rives reviewed DB and DC sector returns commenting on equity triumphs and fixed income headwinds. Reported end of fiscal year returns of 8.10% for combined DB portfolio, noting the return hits above our actuarial target.

Rives closed with an update on the long/short portfolio transition. Girardi and Whatley stated the second tranche of funds transferred has been smooth and will be invested on K2's platform within the following week. Rives reminded all that because of ACG's aggregate client base, the fund will be receiving a break in fees later in the year totaling approximately \$29k.

B. **Consideration and Possible Action Regarding Exhibit D-4 J.P. Morgan Fee Agreement on the Defined Benefit Plan – Core Bond Fund**

Cox presented an amendment to J.P. Morgan's Core Bond fee agreement regarding fee calculation methodology and language cleanup. Amended agreement language will reflect fees being calculated based on the average daily net asset value versus the market value at quarter end.

Motion made by Rooney, seconded by Luckett to approve fee language amendment to J.P. Morgan Core Bond Fund agreement.

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

NAY: None

C. **Consideration and Possible Action Regarding WCM Power of Attorney Reclaiming Taxes in Foreign Jurisdictions**

Cox discussed WCM's decision to use Global Tax Services, a firm specializing in foreign tax reclamation, to track and reclaim over-withheld taxes on behalf of WCM Focused International Growth Fund. OkMRF has been asked to provide a limited Power of Attorney to allow WCM to act on our behalf with respect to foreign tax reclamation.

Motion made by Luckett, seconded by Park to grant limited Power of Attorney to WCM regarding foreign tax reclamation.

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

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

None

8. Consideration and Possible Action Regarding Contract Committee Report

A. Discussion and Possible Action to Renew Liability Protection Plan with OMAG

Cox reported on annual renewal for liability protection held with OMAG. Premium cost is up \$241 from previous year.

Motion made by Ronney, seconded by Lockett to renew liability protection plan with OMAG for the period of August 1, 2018 through July 31, 2019.

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

NAY: None

B. Discussion and Possible Action to Renew Business Personal Property Coverage with Hartford

Cox reported on annual renewal for business personal property coverage held with Hartford. Premium increased due to coverage of the larger square footage of office space and new equipment purchases.

Motion made my Rooney, seconded by Lockett to renew business personal property coverage with Hartford for the period of September 1, 2018 through August 31, 2019.

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

NAY: None

C. Discussion and Possible Action to Renew Cyber Security Insurance

Cox discussed the competitive process that was completed to determine coverage and price comparison for renewal of cyber security insurance. Cox noted that Beasley's quoted price for optimal coverage was well below other competitors.

Motion made my Lockett, seconded by Rooney to renew cyber security insurance coverage with Beasley for the period of August 26, 2018 through August 27, 2019.

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

NAY: None

Rooney left at 12:05p.m.

9. **Dean Actuaries, LLC: Discussion and Possible Action on the Projected Impact of Asset Experience on OkMRF Funding Requirements**

Sullivan presented the projected impact of investment returns for period ending June 30, 2018. Projected impact to funding rates will be minimal due to a market return of 7.72% compared to the smoothed actuarial value return of 7.249%. The impact due to asset experience is favorable with 87% of member cities funding costs projected to be within $\pm .05\%$ of previous years funding rates. No supplemental letter to be mailed to member cities this year due to insignificant changes.

Motion made by Luckett, seconded by Park to receive the report from Dean Actuaries of the Projected Impact of Asset Experience on OkMRF Funding Requirements, effective for plan year starting July 1, 2019.

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

NAY: None

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

Whatley reported on the plan changes for the OkMRF members and the addition of two (2) new plans. The Town of Calumet and Town of Arapaho & APWA were noted as new DC Members and Whatley was recognized for his efforts.

11. **OkMRF Staff Report**

Cox reported on the following items:

- Reminder next month's board meeting will be on Thursday, August 30, 2018.
- Investment committee will meet next month for quarterly review and discussion of private market investments.
- Defined Benefit custodian, Northern Trust, and Defined Contribution custodian and recordkeeper, Voya, will be presenting at next board meeting.
- Voya advisor, Paul Smith, worked with Whatley on completion of transfer and implementation of Voya's 457(b) plan with the City of McAlester at the end of June.
- Trustee election ballots for District 1 have been mailed, but no ballots have been returned. Ballots will be accepted through August 30th.
- Will be presenting the Annual George Wilkinson award for year's outstanding authorized agent at the City of Owasso council meeting. This year's recipient is Michele Dempster, Human Resources Director.

Girardi reported on the following items:

- Attended the City Manager's Association of Oklahoma summer conference in Ardmore with Cox. She participated in the annual golf tournament. Both made valuable connections with city managers.

12. **New Business**

None.

13. Trustee/Member Comments

None.

14. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary

Donna Doolen, Chair

Respectfully submitted by:

K. Girardi

Katie Girardi

