

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
January 26, 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 January 26, 2018, at 10:01 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 Luckett, Jr., Retiree, City of Thomas
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, Human Resource Director, City of Shawnee
Melissa Reames, Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang (*arrived 10:37 a.m.*)
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

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

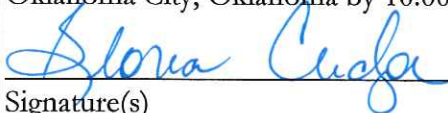
OkMRF Attorney: David Davis

Others: Dan Bledsoe, Finley & Cook
Haley Rives, ACG
Kevin Moore, ACG
Deltra Hayes, Voya Financial
Jane Spatola, Voya Financial
Debbie Fonseca, Voya Financial

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the January 26, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on January 25, 2018, by Gloria Cudjoe.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of December 21, 2017 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$573,665,652.45
International Investment Equity	9,413,005.43
Aggressive Equity	20,824,376.37
Real Assets Fund	356,706.34
Global Equity	4,717,919.30
Growth and Value Equity	20,667,071.68
S & P 500 Index	24,832,670.85
Target Retirement 2060	1,128,713.60
Target Retirement 2055	2,996,966.78
Target Retirement 2050	5,656,162.82
Target Retirement 2045	8,611,493.80
Target Retirement 2040	12,032,563.80
Target Retirement 2035	16,978,151.12
Target Retirement 2030	21,380,226.78
Target Retirement 2025	35,289,871.51
Target Retirement 2020	34,666,420.98
Target Retirement Income	23,833,573.81
Total Yield Bond Fund	5,842,621.36
Bond Index ¹	10,311,004.18
Voya Fixed Plus III	33,922,756.78
Loan Portfolio	7,904,479.29
Self Directed Brokerage	124,297.69
Total Assets	\$875,156,706.72

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for January

Actuary & Recordkeeping	\$51,523
Administration	96,785
Attorney	3,950
Audit	3,000
Board Travel	1,359
Employer Directed Expense	0
Insurance	0
Investment Advisors	143,519
Custodial	13,383
Investment Consultant	0
Public Relations	1,226
Representative Travel	930
EXPENSES	<u>\$315,675</u>

E. Benefit Payments and Contribution Refunds

F. Revised A-1 Freeman Moving Group Invoice

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

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

NAY: None

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

No action taken.

4. Comments from Public

Doolen welcomed the guests from Voya, ACG and Finley & Cook. Introductions were made. Hayes, Voya Financial, updated the Board on the DC Participant mailer proving for three (3) free months of personalized advice and expressed that the past year had been good and wishes the same for 2018.

5. **Finley & Cook: Consideration and Possible Action Regarding 2016-2017 OkMRF Audit Report**

Bledsoe reviewed the required communication letter, discussing new GASB statement impacts, noting no noncompliance items to report or issues with management. The financial audit report with an unmodified opinion issued was reviewed with attention to certain schedules within the report. He further reported that the audit went well and received full cooperation by Staff. Cox noted there will be additional GASB 75 implementation costs from Dean Actuaries for Board consideration next month. She further commended Stewart and her audit team (Lindsay and Katie) for a job well done especially challenged by our move and thanked Finley & Cook for the completion of the report.

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

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

NAY: None

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

A. **ACG: 2017 Year in Review with Global Economic Update**

Rives presented the year in review and global economic outlook. 2017 was a good year for corporate profitability with strong market returns due to global synchronization of growth in all countries. 2018 economic outlook and factors are still favorable, but expect markets to have more volatility, expecting about half the return of 2018. Additionally, the economy will be dealing with unknown factors related to the new tax reform measures and expected Fed tightening(s).

Rooney arrived at 10:37 a.m.

B. **ACG Asset Allocation and Capital Market Assumptions Review**

Moore reviewed the capital market assumptions for 2018, comparing long-term and intermediate term assumptions to the 10-year Treasury yield and then the applying the 2018 capital assumptions to the DB target allocation to determine an intermediate 10-year median return of 6.03% and a long-term 30-year median return of 8.13%.

C. **ACG Review of Monthly ASAP Reports**

Moore reviewed the ASAP reports. The DB fund had a 10-year annualized return of 6.16% vs. benchmark at 6.33%, indicative of keeping up with benchmark with less risk. Return for calendar year 2017 was 16.3% with 15.51% net of fees. Long/short allocation will protect value of portfolio as markets experience volatility in the future. The fixed income allocation continues to outperform the benchmark.

The DC investment options continue to perform as expected. TimesSquare sent notice that they were lowering the management fees and Integrity filed an S-1 with the SEC to register their securities and expect to go public.

D. **ACG: Revision to Timeline Adopted August 25, 2017, on Transition to K-2 Access Platform**

Rives provided an updated transition timeline to the K-2 platform. One of the underlying managers lock up period had been miscommunicated. Initial information was for a lock up

of an initial three year period with a 90 day notice, but it was actually a rolling block of three years; therefore, the fund may have to hold asset until 2020 on Conway Investment Research platform with the rest transitioning to K-2. ACG is still trying to negotiate an in-kind transaction. This, coupled with other factors, changed the funding times frames to the new platform with K-2.

Motion made by Tinker, seconded by Luckett to approve the revised timeline as presented by ACG on transition to the K-2 Access platform.

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

NAY: None

E. ACG: Review of OkMRF 2017 Highlights and 2018 Initiatives

Moore summarized the 2017 accomplishments: expanded the fixed income portfolios by adding liquid absolute return; conducted on-site due diligence visits to three (3) different money managers including our DC recordkeeper/custodian; updated Investment Policy Statements; liquidated one (1) underlying manager of the long/short equity allocation; assisted in organizing and hosting the OPFTEC in Sulphur; performed due diligence to select K-2 for the access platform provider as the replacement for Conway Investment Research; provided research and recommendation for lowering the actuarial rate of return assumption to 7.25% for the DB plan and continuing educational sessions as needed for new trustees and asset allocation changes.

The goals for 2018 were discussed: execute and complete the transition of the long/short allocation from Conway to K-2 Access platform with continued oversight of managers; conduct manager search to replace Bridger with possible addition of one or two additional managers in the long/short allocation; host an on-site due diligence visit to ACG office and other managers as applicable; conduct educational training to consider private equity and further diversification of real estate portfolio and continued discussion of broader investment options within the DC plan.

F. 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 Resolution 2018-1 Approving the Destruction of Certain Records

Motion made by Johnston, seconded by Rooney to approve Resolution 2018-1, destroying records for actual physical destruction in accordance with the Record Retention and Destruction Policy.

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

NAY: None

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

No action taken.

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

Whatley reported on the plan changes for the OkMRF members.

10. **OkMRF Staff Report**

Whatley reported on the following items:

- He and Katie attended CMAO winter conference and made some good contacts for two potential new plans. OkMRF provided the backpacks for the conference. Katie is still in attendance which is the reason for her absence.
- Expressed appreciation for the assistance provided in the booth from Tinker and Johnston.
- 2017 stock market prediction winners were revealed and new predictions made for 2018.

Cox reported on the following items:

- Investment committee meeting at 2:30 p.m. on Thursday before February board meeting.
- Contract committee meeting next month prior to board meeting for vendor reviews, fiduciary liability renewals and GASB 75 quote from Dean Actuaries.
- Nate Atchison with Finley & Cook has retired. We wish him well and Dan Bledsoe will now be the partner on our audit engagements.
- Conference and educational schedule was provided for upcoming opportunities in 2018.
- Briefed on a luncheon attended, sponsored by Wellington Investments, with a speaker on various geopolitical policies and drivers. Presentation will be requested to share with Trustees and Staff.

11. **New Business**

None.

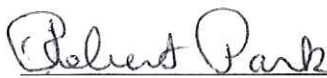
12. **Trustee/Member Comments**

Luckett inquired of Deltra Hayes, Voya Financial, concerning the fixed annuity business sell off. Hayes responded that they will be using the cash from sale to continue to build up the retirement administration business of Voya.

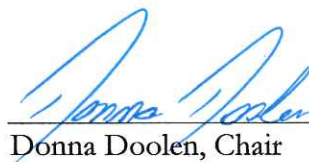
Luckett inquired of Bledsoe about the old and new offices of Finley & Cook in Shawnee, remarked on the moving company revised invoice and the upcoming participant mailer expected from OkMRF and Voya on Retirement Readiness.

13. **Adjourn**

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart