

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
March 1, 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 March 1, 2018, at 10:02 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
Members: Joe Don Dunham, City Manager, City of Alva
Melissa Reames, Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang
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 (via conference call)
Tom Janisch, ACG (via conference call)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the March 1, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on February 28, 2018, by Gloria Cudjoe & Jodi Cox.

Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 26, 2018 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$590,336,645.23
International Investment Equity	9,808,634.53
Aggressive Equity	21,327,697.20
Real Assets Fund	331,796.84
Global Equity	5,268,738.08
Growth and Value Equity	21,645,114.62
S & P 500 Index	26,489,770.71
Target Retirement 2060	1,223,550.48
Target Retirement 2055	3,253,626.64
Target Retirement 2050	5,952,878.46
Target Retirement 2045	8,979,924.78
Target Retirement 2040	12,606,402.27
Target Retirement 2035	17,508,659.95
Target Retirement 2030	22,032,703.81
Target Retirement 2025	35,839,384.71
Target Retirement 2020	34,541,809.61
Target Retirement Income	23,932,853.86
Total Yield Bond Fund	6,012,706.98
Bond Index1	10,391,415.65
Voya Fixed Plus III	34,372,650.12
Loan Portfolio	7,800,928.68
Self Directed Brokerage	126,399.16
Total Assets	\$899,784,292.37

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for February

Actuary & Recordkeeping	\$40,053
Administration	81,329
Attorney	3,950
Audit	5,500
Board Travel	1,503
Employer Directed Expense	1,225
Insurance	0
Investment Advisors	0
Custodial	13,884
Investment Consultant	0
Public Relations	117
Representative Travel	<u>2,717</u>
EXPENSES	<u><u>\$150,278</u></u>

E. Benefit Payments and Contribution Refunds

F. Consideration and Possible Action on Open Records Administrative Policy Amendment

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

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

NAY: None

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

No action taken.

4. Comments from Public

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

A. ACG: Review of Monthly ASAP Reports and Quarterly Performance Report

Rives presented an overview related to February's activity and market conditions. February markets were volatile and provided a quick correction in light of the past couple of years positive returns. U.S. market returns for February were negative but yet still a net positive return year to date. Emerging markets appear to continue strong growth into 2018. Expect more volatility and lower positive returns during 2018.

The ASAP and Quarterly Performance Reports were reviewed by Rives. DB portfolio for the month of January was strong at 3.2% with each allocation performing as expected. Fixed income managers are reducing various risk factors in anticipation of rising interest rates. The DC investment options continue to perform as expected, the fixed income options are positioned well to protect for rising interest rates and the target allocation options provide good diversification options for participants and is an increasing percentage of portfolio. The Quarterly Performance Report as of December 31, 2017, was briefly reviewed, reflecting a stronger report card and rankings to peer groups than in prior years, validating market returns as well as manager selection and performance.

B. ACG: Discussion and Possible Action Regarding Long/Short Allocation

Janisch reviewed the timeline for the transition to the K2 platform and discussed the three (3) year block on the Cevian Capital position potentially requiring this piece of the long/short portfolio to remain with Conway Investment Research until 2020. The "Opportunistic Net Exposure" was presented and net exposure concepts were reviewed in depth with brief overviews of the specific underlying managers. Due to recently obtained information, ACG will be conducting additional due diligence on one of the underlying managers. They will report back to the Board before the K2 transition is complete.

C. Consideration and Possible Action to Rescind August 25, 2017, Action Item 7.B. to Add Bridger Swiftcurrent Fund to the DB Long/Short Portfolio

The Investment Committee met February 28, 2018, with ACG, to discuss the necessity to rescind the previous approval of Bridger as the replacement for Hoplite. ACG reported that the Bridger would not be available on the K2 platform.

Motion made by Lockett, seconded by Tinker to rescind the approval of Bridger Swiftcurrent Fund as an underlying manager of the DB long/short portfolio from Action Item 7.B, previously approved on August 25, 2017.

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

NAY: None

D. ACG: Consideration and Possible Action on Addition of Suvretta to the DB Long/Short Portfolio

The Investment Committee met February 28, 2018, with ACG to review and discuss the addition of Suvretta Partners on the K2 platform as the replacement for Hoplite liquidation.

Motion made by Lockett, seconded by Park to authorize Staff to add Suvretta Partners to the DB long/short portfolio when transitioning to the K-2 Access platform.

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

NAY: None

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

ACG and staff took the opportunity to rebalance the overall portfolio between asset classes and styles. It provides additional funding for Blackrock as approved June 2017 from the market gains in the S&P500 allocation, usage of the extra cash available in the Real Estate portfolio, rebalancing from growth to value manager and long/short underlying portfolio reallocation and funding of Suvretta Partners.

Motion made by Tinker, seconded by Luckett, to accept ACG's recommendation to implement, as administratively feasible by staff, the funding of Suvretta Partners as a new underlying manager within long/short allocation and the overall plan for rebalancing the total DB portfolio among managers.

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

NAY: None

6. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

7. Consideration and Possible Action Regarding Contract Committee Report

A. Approve Renewal of Fiduciary Liability and Crime Insurance Policies

Reames, Contract Committee Chair, reported the Committee met and renewals did not have any fee or coverage changes.

Motion made by Rooney, seconded by Dunham, to approve renewal for both the Fiduciary Liability policy and the Crime policy for the term of April 2, 2018, to April 2, 2019.

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

NAY: None

B. Consideration and Possible Action Regarding Review of Vendor Evaluations

Reames, Contract Committee Chair, reported that vendor evaluations were well documented, detailed, reviewed and discussed with Staff. At this time, no changes are recommended to existing service providers.

Motion made by Tinker, seconded by Dunham to retain Voya, Dean Actuaries, ACG and Finley and Cook as service providers for upcoming year.

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

NAY: None

C. Consideration and Possible Action Regarding Dean Actuaries GASB 75 Fee Quote

Reames, Contract Committee Chair, reported the proposed fees for initial set up cost and annual cost from Dean Actuaries seemed reasonable for the requirements of GASB 75 OPEB reporting.

Motion made by Dunham, seconded by Rooney to accept the fee proposal from Dean Actuaries to implement the initial set up cost and ongoing annual cost for the required reporting for GASB 75 for the fiscal year ending June 30, 2018, measurement date of July 1, 2017.

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

NAY: None

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

Girardi reported on the addition of a returning DC CMO member, City of Comanche. Girardi was recognized for her efforts. At the request of Davis, Girardi provided a status update on the Town of Bennington, who recently joined and has since terminated the plan due to 100% staff turnover and no contributions ever being made.

9. OkMRF Staff Report

Girardi and Whatley reported on the following items:

- Attended the OMCTFOA institute classes in Stillwater.
- Conducted a training session on Investment Basics noting OkMRF training session was accredited for certification purposes of the institute.
- Established a contact with the Town of Oologah for a potential new member.

Cox reported on the following items:

- Administrative Committee will be working with CEO to review last year's goals and accomplishments and setting her 18-19 goals. Trustees were asked to submit goal suggestions, if any.
- Trustees were reminded of the importance of their waiver recourse insurance and to be sure to pay David Davis for their respective premium.
- Trustee Retreat will be Wednesday May 23rd, a preliminary agenda has been set primarily focusing on investment related issues.
- A thank you note was received from George Tarlas and is being passed around.
- Stillwater Medical Retiree Only plan no longer has any active participants and all liabilities have been satisfied; therefore, expecting plan to be terminated.
- Next month: Investment Policies and Guidelines will be reviewed and Dean Actuaries will present the new contribution rates with new assumptions incorporated.

10. New Business

None.

11. Trustee/Member Comments

Doolen expressed gratitude to Whatley for visiting with Ada employees about their DC Retirement Plan.

Luckett made comments about updating and amending the Open Records Request Administrative Policy. CEO was asked to explain.

Luckett remarked that he and Cox attended the retirement party of Bob Jones. He stated that he received comments on how good the OPFTEC, sponsored by OkMRF, was in Sulphur this past fall.

Davis inquired of ACG to determine if K-2, in the future, will allow in-kind transfers as opposed to requiring full liquidations, if OkMRF has to transition to another platform from K2.

12. **Adjourn**

With no further business to conduct meeting adjourned.

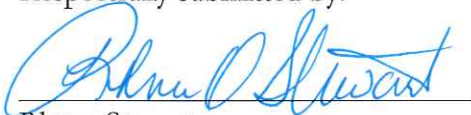


Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart

