

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 30, 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 August 30, 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 Luckett, Jr., Retiree, City of Thomas
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, HR Director, City of Shawnee
Tim Rooney, City Manager, City of Mustang
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
Rhnea Stewart, Fund Accountant
Katie Girardi, Plan Administrator

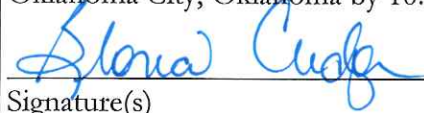
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Deltra Hayes, Voya
Jane Spatola, Voya
Kevin McGrath, Voya
Peter Winterbottom, Voya
Fred Blue, Voya
Scott Darcy, Voya
Gerald "Jerry" Sinish, Jr., Northern Trust

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the August 30, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on August 29, 2018, by Gloria Cudjoe


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of July 27, 2018 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value by Fund
Defined Benefit	\$579,176,310.88
International Investment Equity	\$ 9,105,746.57
Aggressive Equity	\$ 21,055,426.69
Real Assets Fund	\$ 454,929.57
Global Equity	\$ 6,503,726.60
Growth and Value Equity	\$ 21,021,508.68
S & P 500 Index	\$ 27,293,947.45
Target Retirement 2060	\$ 1,388,565.24
Target Retirement 2055	\$ 3,303,669.93
Target Retirement 2050	\$ 6,139,513.39
Target Retirement 2045	\$ 8,689,635.73
Target Retirement 2040	\$ 12,812,211.55
Target Retirement 2035	\$ 17,827,616.73
Target Retirement 2030	\$ 21,266,601.78
Target Retirement 2025	\$ 35,314,699.95
Target Retirement 2020	\$ 32,617,185.92
Target Retirement Income	\$ 21,537,090.75
Total Yield Bond Fund	\$ 5,403,929.20
Bond Index ¹	\$ 11,463,157.17
Voya Fixed Plus III	\$ 35,716,645.98
Loan Portfolio	\$ 8,112,929.43
Self Directed Brokerage	\$ 119,280.49
Total Assets	\$886,324,329.68

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for August

Actuary & Recordkeeping	\$39,948
Administration	95,723
Attorney	3,950
Audit	0
Board Travel	3,082
Employer Directed Expense	980
Insurance	10,407
Investment Advisors	0
Custodial	12,674
Investment Consultant	0
Public Relations	1,629
Representative Travel	<u>2,606</u>
EXPENSES	<u><u>\$170,999</u></u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnson, 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

Doolen welcomed Voya, Northern Trust and ACG visitors.

5. Northern Trust: Annual Update on DB Custodial Services - Gerald "Jerry" Sinish, Jr.

Sinish provided an update on Northern Trust's Corporate and Institutional custodial services and Wealth Management citing growth of assets under management to \$6.1 trillion. He discussed Northern Trust's continued commitment to providing customer service that allows for quicker processing turnaround times via 24-hour web portal. Focusing on future trends, Sinish discussed Northern Trust's dedication to cybersecurity by investing approximately \$2.4 billion towards IT development. Additionally, the dedicated funds will provide further transparency of information to help manage risk and performance. Sinish concluded with discussing Northern Trust's class action tracking process for OkMRF. They track outstanding settlements and provide earned dollar reports after settlements have been closed. Sinish confirmed that Northern Trust is not currently involved in any litigation proceedings regarding class action suits as a company.

6. Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Manager -Deltra Hayes and Jane Spatola (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 introduced team members. Voya Financial has seen a 27% growth in assets and a 12% growth in the number of plans over the past year. Hayes discussed customer service enhancements including enhancing customer call center experience, updating participant retirement statements and offering a new program called SAFE (Secure Accounts For Everyone) Guarantee that will provide fraud protection.
- McGrath discussed Voya's Fixed Income fund. Repeatedly raised interest rates have caused an inverted yield curve due to Voya's market driven interest rates rather than Federal Reserve driven. Due to lag time in the maturity of bonds in Voya's broadly diversified portfolio, the declared interest rate in Voya's Fixed Plus III account has not risen with Fed increases. McGrath indicated that as bond maturity lag times catch up, we will see an increase in the declared rate.
- Spatola summarized OkMRF's plan statistics noting an increase of 541 participants and a 7% increase in assets as of June 30, 2018. Target retirement funds account for approximately 52% of all assets due automatic enrollment at time of initial plan participation. She indicated total additions outpaced total deductions including member withdrawals and defaulted loans by \$20 million for 2017. Participant accounts with loans have decreased by 2% over the past year.
- Winterbottom reviewed the professionally managed account services noting 99 participants are currently enrolled, 67 participants received personalized advice and a total of \$10.2 million assets under advisory services. Those with professionally managed accounts had approximately 1.18% more investment return in 2017.
- Darcy discussed Voya's Financial Wellness Assessment that rolled out in February 2018 and will be completed by the end of the year. Assessments will allow participants to receive advice on savings goals, debt management, retirement, emergency savings, financial protection and budget. Resources will include articles and videos.

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 a strong fiscal month. Domestic equities continued to rally with corporate profits remaining high. Non-US equities saw a slight decline to due the strength of the US dollar. Emerging markets are down approximately 5% based on geopolitical and trade war events. She briefly discussed the monthly reports noting fixed income headwinds, strong positive returns from active managers and solid target retirement returns despite fixed income volatility.

B. ACG: Overview from Committees' Educational Discussion Regarding Private market Investment Implementation and Concepts

Moore reviewed discussion of private market investment. He highlighted on investment committees' concerns of illiquidity, high fees and administrative burden. Discussion continued regarding investment amounts into private markets and if a larger amount would be appropriate a future date. Education will continue on private market investments, but OkMRF will not implement investment.

C. 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**

None

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

None

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

Whatley reported on the plan changes for the OkMRF members including Ada CMO, Sapulpa CMO and Eufuala.

11. **OkMRF Staff Report**

Cox reported on the following items:

- Reminder next month's board meeting will be offsite at Hard Rock Hotel following Oklahoma Public Funds Trustee Education Conference.
- ACG Due Diligence trip was confirmed by Cox, Girardi, Reames, Dunham and Johnson for October.
- Trustee election ballots for District 1 will be accepted through end of business on August 30th. Current count is: Tinker-8 votes, McGowen-1 vote and Whinnery-2 votes

Girardi reported on recent member city visits noting multiple discussions on Plan upgrades.

Whatley reported on recent member city visits and city council meetings.

12. **New Business**

None.

13. **Trustee/Member Comments**

Staff and Trustees extended birthday wishes to Rooney and commended Moore on passing Level III of CFA test.

14. **Adjourn**

With no further business to conduct meeting adjourned.



Respectfully submitted by:



Donna Doolen, Chair



Katie Girardi

