

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 20, 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 December 20, 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
Members: Joe Don Dunham, City Manager, City of Alva
Melissa Reames, Assistant City Manager & 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
Rhnea Stewart, Fund Accountant
Katie Girardi, Plan Administrator

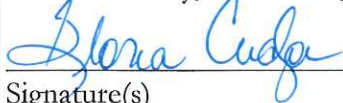
OkMRF Attorney: David Davis

Others: Dan Bledsoe, Finley & Cook
Sean Sullivan, Dean Actuaries
Chuck Dean, Dean Actuaries (*arrived at 10:04 a.m.*)
Deltra Hayes, Voya
Jane Spatola, Voya
Haley Rives, ACG (*via telephone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 20, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on December 19, 2018, by Gloria Cudjoe.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of November 30, 2018 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value by Fund
Defined Benefit	\$556,143,295.28
International Investment Equity	\$ 7,896,482.20
Aggressive Equity	\$ 19,220,719.71
Real Assets Fund	\$ 424,473.14
Global Equity	\$ 6,264,308.45
Growth and Value Equity	\$ 20,165,082.23
S & P 500 Index	\$ 26,394,824.23
Target Retirement 2060	\$ 1,533,546.53
Target Retirement 2055	\$ 3,227,596.64
Target Retirement 2050	\$ 6,100,257.59
Target Retirement 2045	\$ 8,703,049.67
Target Retirement 2040	\$ 12,469,484.96
Target Retirement 2035	\$ 17,307,492.28
Target Retirement 2030	\$ 20,934,790.64
Target Retirement 2025	\$ 33,967,984.26
Target Retirement 2020	\$ 31,821,660.05
Target Retirement Income	\$ 20,557,347.04
Total Yield Bond Fund	\$ 5,438,349.09
Bond Index	\$ 11,199,761.94
Voya Fixed Plus III	\$ 36,175,613.37
Loan Portfolio	\$ 8,331,967.46
Self Directed Brokerage	\$ 121,823.83
Total Assets	\$854,399,910.59

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	\$38,867
Administration	89,308
Attorney	3,950
Audit	0
Board Travel	1,376
Employer Directed Expense	1,010
Insurance	0
Investment Advisors	0
Custodial	14,282
Investment Consultant	0
Public Relations	0
Representative Travel	879
EXPENSES	<u>\$149,672</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnston, 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 extended welcome to guests.

5. Finley & Cook: Consideration and Possible Action Regarding 2017-2018 OkMRF Audit Report

Bledsoe reviewed the communication letter that included an update on the implementation and future impact on GASB auditing standards, noting the estimates of the fair value of investments the most sensitive estimate that affect the financial statements. He further stated no issues with management during performance and completion of audit. Bledsoe cited one immaterial misstatement related to a prior year accrual. The misstatement was not reported as a prior period audit adjustment due to immateriality. He further reported that there were no issues on significant or material weakness in the internal control structure, no findings of fraud or illegal acts were found during audit process.

Various financial highlights of the audited financial statements and notes were presented by Bledsoe. Cox expressed appreciation to Finley & Cook and her audit team for their dedicated work.

Motion made by Rooney, seconded by Tinker to accept the 2017-2018 OkMRF Audit Report.

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

NAY: None

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

A. **ACG: Review and Discussion of Monthly ASAP Reports**

Rives (via conference call) prefaced her November portfolio review stating that most gains have since been erased by December's losses. While economic factors such as unemployment, wage growth, inflation and corporate earnings are all trending positively, the market has reacted negatively for 2018 causing losses within all diversified asset classes. Rives reviewed the DB ASAP report. Portfolio returns have outperformed policy index returns on a 10-year annualized basis while keeping the portfolio's standard deviation lower than the policy index. Year-end returns for 2018 will probably fall short of assumed actuarial long-term investment return but Rives reiterated OkMRF's long-term goals and fundamentals. Rives gave a quick overview of the DC ASAP reports stating relative results for white-label funds have been mixed with non-US equities outperforming the benchmark and the total yield option proving additive to the portfolio.

B. **Consideration and Possible Action to Initiate a Full Liquidation of K2 Mauna Kea LLC – K2 Kingdon Associates Series as of January 31, 2019**

Rives reported on organizational changes within Kingdon Associates that prompted a recommendation from ACG to fully liquidate this position within long/short portfolio.

Motion made by Park, seconded by Tinker to approve full liquidation and direct staff to proceed with process of liquidation for Kingdon Associates Series as of January 31, 2019.

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

NAY: None

C. **Acknowledgement of Receipt of State Street Global Advisors Seventh Amended and Restated Declaration of Trust**

Cox presented the Seventh Amendment and Restated Declaration of Trust for State Street Global Advisors for both DB and DC portfolios.

Motion made by Tinker, seconded by Dunham to approve Seventh Amendment to the Declaration of Trust for State Street Global Advisors.

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

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

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

9. Dean Actuaries: Receive Update of Public Plan Mortality Study and Potential Impact on 7/1/2019 Actuarial Valuations

Sullivan presented potential impacts on actuarial valuations based on proposed plan mortality studies. The presented mortality table improvements will include data collected from public-sector pension plans. Revised tables will reflect gender-specific mortality by factors that include job category, geographic region, and above or below median salary classifications. Sullivan provided estimated liability, normal cost and contribution rate increases for each proposed mortality improvement scale based on 07/01/17 valuation results for each member. Dean Actuaries will continually analyze public plan mortality studies and work with OkMRF staff and Trustees for options to implement the impact of mortality updates which will affect the 07/01/19 actuarial valuations.

Motion made by Park, seconded by Rooney to receive update from Dean Actuaries on Public Plan Mortality Study.

Motion carried:

AYE: Doolen, Dunham, Johnston, Park, Reames,
Rooney and Tinker

NAY: None

10. Dean Actuaries: Receive Update and Comments on Industry Topics

Dean provided his *Benefits Briefing* publication on “Mortality Experience of Public Pension Systems-A Major Funding Issue”. Dean discussed future audits becoming more technical based on proposed implementation of mortality rate tables and how to apply updated mortality tables to their actuarial valuations.

Dean also provided and discussed an article about Dallas Police and Fire Pension System over their continued battles in the court system. The System recently filed a lawsuit alleging neglect against their longtime actuary and adviser due to the lack of providing and informing their Board of Directors of important risk information regarding the fiscal crisis of their funding status.

Dean provided a Public Retirement Plan News Summary, as assembled by Dean Actuaries, with various summaries of pension related articles.

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

Whatley reported on plan changes for the OkMRF members. The City of Kaw City was noted as a new DC Member and Girardi was recognized for her efforts.

12. OkMRF Staff Report

Cox reported on the following items:

- Upcoming for January meeting, JPMorgan to provide investment review and ACG to discuss capital market assumptions and 2019 initiatives.
- Expressed appreciation on behalf of Staff to Trustees for their annual 457(b) match bonus incentive.
- Provided updated timeline on 'The Bay' board room dedication. Hoping to "bless" the board room in February or March.
- Expressed gratefulness to OkMRF Power Team members and their continued dedication to our Board, Staff and Participants.
- Thanked the Board of Trustees for their strong leadership and guidance.
- Staff presented Trustees with hand-blown Christmas ornaments to recognize their commitment to the Board, Staff and Participants.

13. New Business

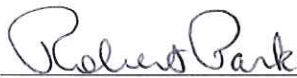
None.

14. Trustee/Member Comments

None.

15. Adjourn

With no further business to conduct meeting adjourned.




Robert Park, Secretary



Donna Doelen, Chair

Respectfully submitted by:


Katie Girardi