

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
June 29, 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 June 29, 2018, at 10:00 a.m. with Vice Chair Johnston presiding. On roll call, the following members were present:

BOARD OF TRUSTEES

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
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

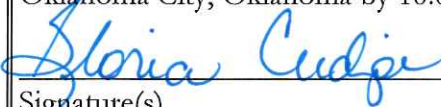
OkMRF Attorney: David Davis

Others: Kevin Moore, ACG (*via telephone*)
Haley Rives, ACG (*via telephone*)
Elise Jarvi, SSgA
Brian Murtagh, SSgA
Toni Ervin, Chief Financial Officer, McAlester

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

Johnston welcomed everyone and called the meeting to order.

NOTICE: The agenda for the June 29, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 10:00 a.m. on June 28, 2018, by Gloria Cudjoe


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of May 24, 2018 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value by Fund
Defined Benefit	\$573,561,282.38
International Investment Equity	\$ 9,144,431.63
Aggressive Equity	\$ 20,565,344.39
Real Assets Fund	\$ 352,564.70
Global Equity	\$ 6,387,915.58
Growth and Value Equity	\$ 20,222,667.57
S & P 500 Index	\$ 26,042,486.19
Target Retirement 2060	\$ 1,333,685.47
Target Retirement 2055	\$ 3,281,613.56
Target Retirement 2050	\$ 5,934,030.66
Target Retirement 2045	\$ 8,682,197.47
Target Retirement 2040	\$ 12,476,512.89
Target Retirement 2035	\$ 17,341,418.20
Target Retirement 2030	\$ 21,149,294.86
Target Retirement 2025	\$ 35,078,785.36
Target Retirement 2020	\$ 32,114,480.56
Target Retirement Income	\$ 21,888,688.89
Total Yield Bond Fund	\$ 5,431,239.50
Bond Index ¹	\$ 11,294,955.44
Voya Fixed Plus III	\$ 36,414,697.41
Loan Portfolio	\$ 8,169,960.74
Self Directed Brokerage	\$ 122,868.43
Total Assets	\$876,991,121.88

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for June

Actuary & Recordkeeping	\$39,192
Administration	84,352
Attorney	4,750
Audit	13,300
Board Travel	7,412
Employer Directed Expense	0
Insurance	0
Investment Advisors	15,422
Custodial	10,075
Investment Consultant	29,816
Public Relations	664
Representative Travel	6,294
EXPENSES	<u>\$211,277</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: Dunham, Johnson, Johnston, Luckett, 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

None.

5. SSgA: Annual Update from Investment Managers – Elise Jarvi and Brian Murtagh

Jarvi and Murtagh reported on SSgA's headquarter relocation approximately a mile from downtown Boston, and a few upper management positions shifting, notably Craig DeGiacomo returning to SSgA from Pioneer Investments. Murtagh discussed total assets under management totaling \$322.6 million for the fund. Murtagh's review continued with an in-depth look at passively managed target date funds that represents approximately 52% of the defined contribution assets. Growth in target date funds has grown substantially over the past three (3) years and SSgA is predicting \$1 billion cash inflow for 2018. Jarvi stated OkMRF will be notified in first quarter 2020 to begin the process of adding the target date 2065 fund to Voya. Murtagh closed the discussion with SSgA's future focus on circumventing inflation risk in retirement income funds due to longer life spans of participants.

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

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

Rives provided a brief overview of the ASAP reports to follow up SSgA's market discussion and review. Rives noted portfolio outperformance of the broad market over the past ten (10) years due to underlying manager performance providing an overall lower risk and higher return model. Year-to-date returns are in line with expectations and downside protection has proven valuable in volatile market conditions. Investor confidence has begun to waiver due to rising interest rates causing fixed income headwinds during previous quarter and forecasted to continue through year end. Emerging and international markets continued to struggle this month following news of continuing trade wars.

ACG continually advocates for OkMRF to negotiate the lowest possible fee structure for each underlying manager. Moore reported ACG's achievement in having Tremblant to view all client investments in aggregate instead of on an individual basis, therefore lowering Tremblant's management fee for all ACG clients from 1.5% to 1% effective July 1.

Lastly, ACG reported on Amundi Pioneer's recent Portfolio Manager resignation. ACG has continued confidence in Amundi Pioneer's deep team of investment professionals and does not see this change as a cause for concern.

B. **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 Approval of Revised 2017-2018 OkMRF Budget**

Cox reviewed 2017-2018 budget noting actual expenses came in at \$192k less than budgeted. Revisions included an overage in the Administration category due to purchasing of office furnishings, cabling and a security system to accommodate the office move.

Motion made by Rooney, seconded by Tinker to approve revised 2017-2018 budget.

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

NAY: None

B. **Consideration and Possible Approval of the 2018-2019 OkMRF Budget**

Cox reviewed final 2018-2019 budget noting an increase of \$21k from the previously approved budget. Revisions included an increase in Administration and Attorney categories. Based on May 31, 2018, market value of assets with final budget, administrative fees as a percentage of assets by Plan type changed as follows: Defined Benefit decreased from 25.47 to 24.58 bps and Defined Contribution decreased from 30.95 to 30.62 bps. Cox proposed lowering the DC administrative fees charged from 32 bps to 31 bps.

Motion made by Tinker, seconded by Rooney to approve 2018-2019 budget and lowering DC administrative fees to 31 bps.

Motion carried:

AYE: Dunham, Johnson, Johnston, Lockett, 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 and Girardi reported on the plan changes for the OkMRF members. The City of Walters was noted as a new DC Member and Girardi was recognized for her efforts.

10. **OkMRF Staff Report**

Cox reported on the following items:

- Extended congratulations and appreciation to Dunham, Johnson, and Girardi for attending the International Foundation Certificate of Achievement in Public Plan Policy (CAPPP®) program.
- Nominations for the Trustee election for District 1 are due by June 30. As of meeting time, nominations included Rachelle McGowen from Westville PWA, Ed Tinker from Glenpool and Mark Whinnery from Drumright. Ballots will be mailed mid-July and must be returned by August 30th.
- Long-time City Manager of Harrah, Earl Burson, was congratulated on his retirement noting his retirement party is this afternoon at City Hall. Clayton Lucas formerly from Sallisaw has accepted the open position.
- Digital agendas are on the horizon for future board meetings. Apple iPads have been purchased and Staff is working diligently to set up app's and configure security on the iPads for this new project.

Girardi reported on the following items:

- Mayors Council of Oklahoma Summer Conference was held in Enid this year and attendance was up. She enjoyed meeting and networking with state officials.

11. **New Business**

None.

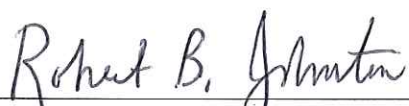
12. **Trustee/Member Comments**

None.


13. **Adjourn**

With no further business to conduct meeting adjourned.


Robert Park, Secretary


Robert Johnston, Vice Chair

Respectfully submitted by:


Katie Girardi