

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
November 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 November 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, Human Resources Director, City of Shawnee
Melissa Reames, Assistant City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang (*arrived at 10:17 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
Katie Girardi, Plan Administrator

OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Tom Janisch, ACG
Warren DeKinder, Intech

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

Doolen welcomed everyone and called the meeting to order.

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



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of October 26, 2018 Meeting(s) and September 28, 2018 Meeting, revised

B. Monthly Valuation of Fund Assets by Custodian

Option	Value by Fund
Defined Benefit	\$553,607,422.03
International Investment Equity	\$ 7,888,558.64
Aggressive Equity	\$ 19,036,031.67
Real Assets Fund	\$ 461,673.69
Global Equity	\$ 6,153,644.73
Growth and Value Equity	\$ 19,825,214.54
S & P 500 Index	\$ 25,766,168.69
Target Retirement 2060	\$ 1,429,474.15
Target Retirement 2055	\$ 3,140,155.97
Target Retirement 2050	\$ 5,872,997.65
Target Retirement 2045	\$ 8,417,367.06
Target Retirement 2040	\$ 12,293,868.79
Target Retirement 2035	\$ 16,818,620.52
Target Retirement 2030	\$ 20,685,114.89
Target Retirement 2025	\$ 33,490,020.70
Target Retirement 2020	\$ 31,894,278.81
Target Retirement Income	\$ 20,468,963.53
Total Yield Bond Fund	\$ 5,443,915.34
Bond Index	\$ 11,226,797.36
Voya Fixed Plus III	\$ 35,808,025.09
Loan Portfolio	\$ 8,343,832.15
Self Directed Brokerage	\$ 114,923.02
Total Assets	\$848,187,069.02

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees
Expenses and Fees for November

Actuary & Recordkeeping	\$38,440
Administration	80,497
Attorney	19,950
Audit	17,000
Board Travel	2,907
Employer Directed Expense	4,051
Insurance	0
Investment Advisors	0
Custodial	11,848
Investment Consultant	0
Public Relations	2,747
Representative Travel	<u>3,997</u>
EXPENSES	<u>\$181,437</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Luckett,
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

None.

5. Intech: Annual Update from Investment Manager – Warren DeKinder

DeKinder began discussion with an overview of Intech and recent personnel changes. DeKinder continued with a high-level overview of Intech's investment process that involves constant portfolio rebalancing due to market volatility. Year-to-date returns lagged the S&P 500 Index benchmark due to being underweight in market driving FAAMA (Facebook, Apple, Amazon, Microsoft and Alphabet) stocks. DeKinder explained Intech focuses on being overweight in smaller market capitalization companies rather than stable big name companies which became a headwind in the current market environment. Whatley posed a question regarding Intech's high-volume trading and possible high trading costs. DeKinder explained that prior negotiated commissions and a reward-based system allows Intech to keep trading costs in the bottom quartile related to peers. To close, DeKinder discussed future enhancements that could be strategy specific while remaining close to Intech's fundamental processes.

Rooney arrived at 10:17 a.m.

6. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review and Discussion of Monthly ASAP Reports

Rives provided an update on current market conditions that delivered disappointing monthly returns. In the longest bull market in history, investors are nervously making knee-jerk reactions to worldwide headlines creating a domino effect in the market. In order to lock in profits, managers began selling their winners resulting in market downturn. Other economic factors involved in the turmoil is the possibility of the Fed raising interest rates multiple times in 2019 and tariff and trade wars with China.

After her market review, Rives reported on the DB portfolio. The DB portfolio has outperformed the policy index while taking on less risk and volatility. Disappointing monthly returns are on a relative basis since fundamentals in the portfolio are not changing.

Cox asked if there were any concerns in the DC portfolio or the underlying managers and Rives indicated there were none.

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

Due to market volatility and disappointing performance, Janisch presented an overview of the DB plan's long/short portfolio. After discussing the construction and guidelines for the portfolio, Janisch reviewed each manager's strategy, exposure, liquidity and sector allocations. Rives commented that ACG had met with every portfolio manager on-site except two that were handled via phone. Rives stated the current month's market can be seen as a temporary pull-back and losses are not realized, but ACG fully understood the Board's concerns.

Discussion between Trustees and ACG continued. Janisch reiterated the purpose of the long/short portfolio is to manage risk and provide asset class diversification while meeting long-term portfolio objections. ACG still feels a long/short allocation belongs in the portfolio. David Davis asked ACG to put together some talking points for the Trustees. Janisch and Rives closed with the possibility of adding another sector specific manager in 2019 to the long/short portfolio.

C. Consideration and Possible Action Providing Affirmative Consent to JPMorgan Chase Bank to Continue Investment in the Restructured Strategic Property Fund and Acceptance of Third and Fourth Amendments to the Declaration of Trust for Strategic Property Fund

Cox presented proposed disclosure statement from JPMorgan concerning OkMRF's continued investment in the restructured Strategic Property Fund that will create new feeder investment vehicles for a broad range of investors. Staff confirmed with ACG that the restructuring will be a net positive and allow for additional capital in the fund increasing its liquidity profile. Cox also presented the side letter and the Third and Fourth amendments to the Declaration of Trust for the Strategic Property Fund.

Motion made by Luckett, seconded by Tinker authorizing Chair to sign consent and side letter agreement to continue investment and accept Third and Fourth amendments to the declaration of trust for JPMorgan's Strategic Property Fund.

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

Park was absent for vote

NAY: None

D. Consideration and Possible Acceptance of Third and Fourth Amendments to the Declaration of Trust for Special Situation Property Fund

Cox presented Third and Fourth Amendments to the Declaration of Trust for the Special Situation Property Fund.

Motion made by Lockett, seconded by Tinker to approve Third and Fourth amendments to the declaration of trust for JPMorgan's Special Situation Property Fund.

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

NAY: None

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

Cox reviewed ACG's proposed rebalancing recommendation to redeem \$3 million from WCM International Growth to fund DB pension payments.

Motion made by Lockett, seconded by Park to approve redemption of portfolio assets as recommended by ACG.

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

NAY: None

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. Receive Report on Newly Adopted or Amended OkMRF Member Plans

Whatley reported on the plan changes for Bethany, Garber, Mannford and Guymon.

10. OkMRF Staff Report

Whatley reported on Christmas family from Youth & Family Services out of El Reno. Envelope was passed around for donations.

Cox reported on the following items:

- IRS application for Master Defined Contribution and Joinder to be filed by end of year. Staff worked with McAfee & Taft to update plan document with required IRS language and minor clean-up.
- Upcoming meeting, Dean Actuaries to discuss potential impact of new mortality tables being proposed.

- Finley & Cook completed field work for 2017-2018 audit. The audit report and findings will be presented at December meeting.
- Voya annual evaluation campaign kicking off in January 2019 to increase DC web experience and advisory services awareness.
- Design for board room dedication, to honor long-time board member Bertha Ann Young, was a collaborative effort thanks to MTM Recognition and specifically Luckett's stepson John Crawford. Hopeful to bless the board room to be known as 'The Bay' during January's meeting.
- Next month, Trustees are invited to participate in ugly sweater tradition and have a Christmas meal together.
- OkMRF will be mailing New Year's cards to the entire Membership.

11. New Business

None.

12. Trustee/Member Comments

13. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by



Katie Graceli

