

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE CONTRACT COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND**
March 1, 2018

1. Call To Order

The Contract Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on March 1, 2018, at 9:03 a.m. with Contract Chair Reames presiding. On roll call the following members were present.

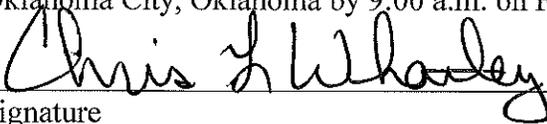
BOARD OF TRUSTEES PRESENT

Contract Committee: Melissa Reames, Chief Financial Officer, City of Stillwater
Timothy Rooney, City Manager, City of Mustang
Joe Don Dunham, City Manager, City of Alva

OTHERS PRESENT

OkMRF Staff: Jodi Cox, CEO/Director
Rhnea Stewart, Fund Accountant

NOTICE: The agenda for the March 1, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 9:00 a.m. on February 26, 2018, by Chris Whatley.



Signature

Contract Committee Chair, Reames extended a welcome to all in attendance and called the meeting to order.

2. Review of Vendor Evaluations

Cox reviewed the vendor evaluations as prepared by Staff for actuary, auditor, investment consultant and recordkeeper, focusing and discussing areas of concern with the Committee. The written evaluation was distributed for each vendor which provided relevant comments on key criteria and an overall rating for each critical component. All vendors were summarized and had an average rating of 4 or better on a 5-point scale. Bottom-line: No recommended vendor changes.

- **Actuary:** Dean Actuaries evaluation was reviewed with Committee. Committee gave a directive to CEO to secure the source code of the Participant Accounting System (PAS) during the vendor evaluation last year. Source code was requested in first quarter of 2017 and was received in January 2018. PAS is OkMRF's intellectual, proprietary system and is vital to the daily operations of the various plans administered by OkMRF. Succession planning has been and is a continuing concern for this service provider. Recent information has been provided from owner, Chuck Dean. Chuck conveyed that he still enjoys being an actuary and intends to continue. He would ultimately prefer his actuarial partner take over the business and hire an experienced actuary to assist; yet, he has a standing offer of a firm willing to take over his business and clients as an alternative. Cox reported that difficulties were experienced related to the amount of time spent reviewing census data, data reliability and stability and errors discovered on participant benefit statements. This past year, steps were taken by Staff to address the problems and a plan was put in motion to make the process of census data review more efficient and effective for both parties on a go-forward basis. Staff also worked with programmer to make sure errors were corrected for projected benefit information prior to statement distribution. The execution and ultimate issuance of the accounting reports for GASB 68 was successful overall in light of the initial struggles with the review of data. CEO further reported to Committee challenging fee discussions and the compromised resolve that impacted FY 17-18 budget. She reported the generation of reports for both funding and accounting continues to improve year over year. CEO complimented the firm by pointing out that the programmer at Dean Actuaries is so adept at programming PAS as well as integrating and exchanging files with the DC recordkeeper. The programmer assisted in conversion and unitization logic with new DB custodian and PAS maintenance is very effective. However, financial reconciliations to PAS data creates challenges at times and have to be resolved with Staff. Dean Actuaries was applauded for providing more concentrated Trustee education and working through complicated assumption changes with the Board. Overall, Dean Actuaries provides solid service, customized programming, actuarial services and considered a valuable resource for the benefit of the plan and participants. Staff has continued confidence in services provided and has no recommended changes at this time.
- **Recordkeeper:** Voya evaluation was reviewed with the Committee. Voya was the highest rated provider. The highlights were summarized as follows: Great

partnership with Voya continues, noticeable participant website enhancement and improved OkMRF promotional pieces as co-developed with Voya. Cox further stated the public relations group is great and very accommodating allowing OkMRF to co-brand. The relationship manager makes routine contact with CEO and takes feedback, both good and bad, back to Voya leadership for consideration. Voya is a strong ethical firm, as evidenced by making plan participants whole when errors occur. They provide legislative and industry news updates, are very supportive on providing resources for retreat and OPFTEC training and established a post conversion dedicated team that participates in a once every two weeks conference call to discuss outstanding issues. Some of the concerns discussed with the Committee were the manual processes performed by Voya that do not go through PAS, their financial and custodial reporting options are very limited but Staff has made adjustments and work arounds to deal with the lack thereof and when programming is needed within their system how long it takes to get it accomplished. The overall partnership has helped OkMRF achieve an improved level of service for DC Participants by offering daily recordkeeping with enhanced and online ability to manage their accounts. Staff has continued confidence in this joint partnership that has been established with Voya and has no recommended changes at this time.

- Auditor: Finley & Cook evaluation was reviewed with the Committee. Finley & Cook continues to provide audit service excellence to OkMRF for financial statement purposes and the specialized GASB reporting requirements. They are very accommodating with Staff in scheduling field work and cognizant of the demands of Staff when other projects may be occurring simultaneously. Staff continues to have extreme confidence with Finley & Cook as a great resource and provider of public pension plan auditing services. No recommended changes at this time.
- Consultant: Asset Consulting Group (ACG) evaluation was reviewed. ACG continues to be a valued partner exhibiting depth and breadth of personnel. The positive points for the year discussed with the Committee was their educational efforts provided for newer trustees, co-sponsorship and hosting the OPFTEC conference with OkMRF, due diligence participation with Staff and Trustees to three (3) money managers and invaluable resource of information during the review of the economic assumptions for lowering the actuarial assumed rate of return and the COLA assumption rate. ACG helped the Trustees with numerous accomplishments in 2017. However during 2017, ACG discussed with Staff a proposal to change long/short platform providers with benefits attractive to OkMRF. Such as: Added level of due diligence review, co-fiduciary responsibilities, established platform provider and lower sliding fee proposal. A representation was made by ACG that in-kind transfers would be able to be made by the underlying managers which is very efficient from an administrative perspective for all parties involved and would eliminate being out of the market in comparison to liquidating activities. However, as final negotiations and agreements were completed, the in-kind transfer option was not available. ACG continues to be a great partner as the DB and DC portfolios change and evolve. Staff has confidence and trust with ACG to serve OkMRF well in the future. No recommended changes at this time.

3. **Discuss and Develop Recommendation for Board Action Regarding Renewal of Liability and Crime Insurance Policies**

Cox briefed the Committee that a new adjustor reviewed the renewal applications and had questions related to the plan withdrawals as reported in the financial statements. All questions were answered. Renewal came back with no fee increase and deductible limits remained the same. Committee was reminded that \$50,000 reserves are established and funded for both the fiduciary liability and crime policies.

Consensus of Committee to recommend to the OkMRF Board of Trustees renewal of the Fiduciary Liability and Crime Policies with Chubb at the same premium and deductibles for the period of April 2, 2018 to April 2, 2019.

4. **Discuss and Develop Recommendation for Board Action Regarding Dean Actuaries GASB 75 Fee Quote**

Cox provided the proposed GASB 75 fee quote. Chair Reames noted the proposed fees for initial set up cost and annual cost of Dean Actuaries seemed reasonable for the requirements of GASB 75 OPEB reporting.

Consensus of Committee to recommend to the OkMRF Board of Trustees 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.

5. **New Business**

None.

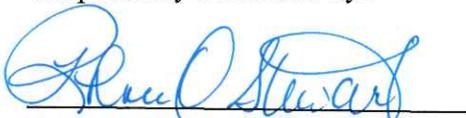
6. **Adjourn**

With no further discussion, meeting adjourned at 9:52 a.m.


Melissa Reames, Contract Chair


Donna Doolen, Chair

Respectfully submitted by:


Rhnea Stewart, Fund Accountant