

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE ADMINISTRATIVE COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND**
May 24, 2018

1. Call To Order

The Administrative Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on May 24, 2018, at 9:00 a.m. with Administrative Chair Johnston presiding.

BOARD OF TRUSTEES

Administrative Committee:

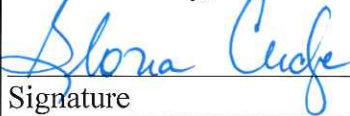
Robert Johnston, City Manager, City of Frederick
Donna Doolen, Finance Director-Treasurer, City of Ada
Tamera Johnson, Human Resources Director, City of Shawnee

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, Executive Director/CEO

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

NOTICE: The agenda for the May 24, 2018, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 9:00 a.m. on May 22, 2018, by Gloria Cudjoe.


Signature

2. Review of 2018-2019 Budget

Cox described the various columns on the budget schedules. Each category was reviewed in detail and discussed as follows:

Actuary & Recordkeeping: Up \$24,700, main contributing factors for change:

- 2.1% increase in CPI-U per contract
- New fee concurrent DB unitization report \$350/month or \$4,200 annually
- New fee GASB 75 study \$2,000
- Complexity up-charge and new DB Member growth (5%)
- Anticipated 5% growth on plan assets for DC recordkeeping
- Less anticipated PAS programming needs
- No experience study required (ran every fifth year recently completed in 2017) reduction of \$12,500

Administration: Up \$93,300, main contributing factors for change:

- Proposed 3% Staff raise, subject to management discretion
- Cox went into detail on succession planning, potential promotions and pay increases
- Health insurance up 2.5% with 12.1% for spousal coverage (OkMRF pays 70% of premium)
- Full 12 months of 3Nines managed monthly retainer, copier lease and dedicated fiber
- Possible phone upgrade and scanner software upgrade approximately \$19,000
- Purchase new server (last purchased in June 2012) and iPads for digital agendas approximately \$15,000 and \$6,000, respectively
- Lease payments according to lease agreement with 2018 base year resulting in no operating costs
- New back-up solution, replacing portable drives approximately \$9,000

Attorney: Up \$5,000, main contributing factor anticipates a \$5,000 IRS document legal fee to restate DB Master and Joinder now that volume submitter was approved.

Audit: Up \$1,000 per contract agreed to in March 2018 meeting (expires after FY 21-22).

Board Travel: Down \$2,000, main contributing factors for change:

- Monthly meetings up with unknown election results and anticipation of gas & food CPI
- Anticipate due diligence trip for Trustees to St. Louis (ACG)
- Anticipate less for CAPPP®'s program, each certification is approximately \$4,000, Trustee attendance will depend on election results

Custodial: Up \$8,500, main contributing factor for change was a 5% growth rate on DB anticipated assets and DB distribution payments.

Employer Directed Expenses: Up \$2,000, main contributing factor for change is due to costs outside normal OkMRF shared expenses being up. Examples are: Split hire groups, early retirement windows, upgrades, etc. which call for special actuarial studies and/or legal opinions on complex plan provisions/rules. This is a flow through account for direct expenses charged by Dean Actuaries and/or McAfee & Taft passed onto the underlying Member, either by direct bill or use of plan assets. No budget impact.

Insurance: Up \$700 for property insurance coverage due to larger space based on square footage. All except property insurance was budgeted the same as prior year; using actual premiums charged in FY 17-18 plus 7% anticipated premium increase. The last three (3) years, all premiums came in cost neutral with little to no escalation.

Investment Advisors: Down \$69,974 even with a 5.0% estimated asset growth, we only directly pay three (3) separately managed DB accounts. Last year we had an unrealistic expectation (too high) of Intech's incentive fee projection. The most recent 36 month average was used for projection on this budget, we expect to be more in line with actual. Reminder: Indirect fees are paid inside the investment options and do not impact budget.

Investment Consultant/ACG: Up \$3,800, main contributing factor for change was a 2.1% increase in CPI-U per contract.

Public Relations: Up \$2,250, main contributing factors for change:

- Anticipating OkMRF to pay more at OML conference Exhibit Hall
- Continued momentum on enhanced PR materials, sponsorships and advertising

Representative Travel: Down \$600, anticipating keeping costs neutral with slightly less for Staff due diligence expenses for St. Louis (ACG). This trip is more reasonable than other due diligence trips to money managers

Credit offset: Up by \$8,500 main contributing factors for change:

- More expected on employer directed reimbursements (flow through)
- More interest earnings for entire year on DB deposit account (interest rates up and invested in a higher interest bearing vehicle with Northern Trust)

The DC Administrative Expense/Errors account was discussed in detail. The Committee is comfortable with the reserve to offset unforeseen market losses but asked CEO to monitor the next fiscal year and take the reserve into account when preparing FY 19-20 budget. They discussed a comfortable reserve amount of approximately \$100,000.

Budget as proposed, results in total administrative fees as a percent of total assets of 26.60 bps. Administrative fees by plan are 24.66 bps for DB and 30.43 bps for DC. Proposed budget for FY 18-19 is for a total of \$2,965,390 and for the DC administrative fee to be decreased to 31 bps based on budget and the excess in the reserve account.

Chair wanted to explore options with the Committee to recognize Cox for her leadership identifying the OkMRF accomplishments, conversions and office move. Doolen commended Cox for her dedication and commitment to OkMRF. The Committee discussed various options for additional compensation. After discussion, Committee concluded they would recommend to the Board a 5% raise for the CEO. Committee thanked Cox for her hardwork.

Administrative Committee felt budget is fine as presented with a proposed amendment of a 5% raise for the CEO. They will propose a recommendation to the Board to accept the proposed budget with amendment consideration and 31 bps be charged for administrative fees to the DC accounts.

3. **Review of Executive Director 2018-19 Goals and Objectives**

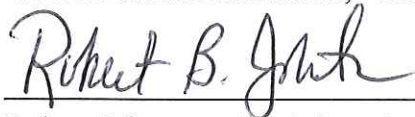
Cox distributed Executive Director/CEO goals for the upcoming fiscal year. Goals are outlined on three (3) primary focus categories: Trustees, Staff and Membership with underlying objectives and corresponding action plans. Committee had no recommended changes and asked CEO to make available to the entire Board.

4. **New Business**

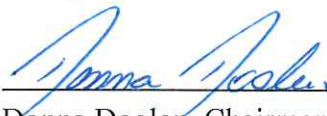
None. No Committee meeting necessary next month.

5. **Adjourn**

With no further discussion, Johnston declared the meeting adjourned at 10:12 a.m.



Robert Johnston, Administrative Chair



Donna Doolen, Chairman

Respectfully submitted by:



Jodi S. Cox, CEO/Executive Director