

**MINUTES**  
**BOARD OF TRUSTEES**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**July 26, 2019**

**1. Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on July 26, 2019, 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 *(arrived at 10:07 a.m.)*  
Members: Joe Don Dunham, City Manager, City of Alva  
Tamera Johnson, Retiree, City of Shawnee  
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

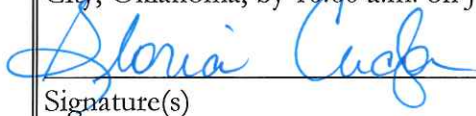
OkMRF Attorney: David Davis

Others: Haley Rives, ACG  
Doug Doucette, Investec  
Adam Child, Investec  
Sean Sullivan, Dean Actuaries, LLC.

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

Doolen welcomed everyone and called the meeting to order.

**NOTICE:** The agenda for the July 26, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on July 25, 2019, by Gloria Cudjoe.

  
Signature(s)

**2. Approval of Consent Agenda**

The following items were presented under the consent agenda.

**A. Minutes of June 28, 2019 Meeting(s)**

**B. Monthly Valuation of Fund Assets & Unit Values by Custodian**

Option	Value By Fund
Defined Benefit	\$595,481,294.61
International Investment Equity	\$ 8,562,628.71
Aggressive Equity	\$ 19,461,881.70
Real Assets Fund	\$ 316,340.40
Global Equity	\$ 7,707,367.58
Growth and Value Equity	\$ 20,223,855.17
S & P 500 Index	\$ 28,524,694.67
Target Retirement 2060	\$ 2,044,869.87
Target Retirement 2055	\$ 3,916,163.43
Target Retirement 2050	\$ 6,952,711.75
Target Retirement 2045	\$ 10,318,373.33
Target Retirement 2040	\$ 13,571,819.21
Target Retirement 2035	\$ 19,251,688.28
Target Retirement 2030	\$ 23,848,203.31
Target Retirement 2025	\$ 37,414,537.91
Target Retirement 2020	\$ 32,916,817.56
Target Retirement Income	\$ 19,857,074.04
Total Yield Bond Fund	\$ 5,550,885.96
Bond Index <sup>1</sup>	\$ 13,847,507.20
Voya Fixed Plus III	\$ 37,409,460.99
Loan Portfolio	\$ 8,666,293.07
Self Directed Brokerage	\$ 134,759.53
Total Assets	\$915,979,228.28

**C. Purchases and Sales of Assets**

**D. Administrative Expenses and Fees**

**Expenses and Fees for July**

Actuary & Recordkeeping	\$41,757
Administration	88,763
Attorney	3,950
Audit	0
Board Travel	1,842
Employer Directed Expense	4,590
Insurance	14,784
Investment Advisors	143,414
Custodial	11,711
Investment Consultant	0
Public Relations	2,907
Representative Travel	<u>1,320</u>
EXPENSES	<u><u>\$315,038</u></u>

**E. Benefit Payments and Contribution Refunds**

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

Motion carried: AYE: Doolen, Dunham, Johnson, 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**

None.

**5. Investec: Annual Update from Investment Manager – Doug Doucette and Adam Child**

Doucette provided an update on the demerger that is expected to be completed during third quarter 2019. The group of portfolio managers will provide stability and continuity of leadership and be operating as “Investec Asset Management”, with ample capacity to grow business. New branding and contractual agreements are to be expected.

Child reviewed the four-factor investment philosophy, in which they search for high quality, attractively valued companies with improving operating performance that are receiving increased investor attention by utilizing their proprietary technology to identify good ideas to increase fundamental analysis. They are not considered an activist but will vote no on proxies when deemed appropriate. There are no sector constraints within the portfolio, but it is limited to five percent (5%) of any given position within the portfolio. Child commented on the various global markets and thinks the trade issues will drive the markets in the future.

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

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

Rives reviewed the ASAP reports, indicating bond returns have been additive to the portfolios. Inflation continues to remain low, growth is still positive, consumer confidence beginning to show some downturn and markets have priced in an expected Fed rate cut at the end of July. The OkMRF portfolio for the ten (10) year snapshot reflects higher return with lower risk. Growth is outperforming value, international performance and fixed income returns are doing well. Other asset allocations are performing as expected in both DB and DC portfolios.

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**

No action taken.

8. **Consideration and Possible Action Regarding Contract Committee Report**

Contract Committee Chair, Reames commented that staff recommends the following three renewals be approved.

A. **Discussion and Possible Action to Renew Liability Protection Plan with OMAG**

Motion made by Rooney, seconded by Tinker to approve renewal liability protection plan with OMAG for the period of August 1, 2019 through August 1, 2020.

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

NAY: None

B. **Discussion and Possible Action to Renew Business Personal Property Coverage with Hartford**

Motion made by Tinker, seconded by Rooney to approve renewal of business personal property coverage with Hartford for the period of September 1, 2019 through September 1, 2020.

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

NAY: None

C. **Discussion and Possible Action to Renew Cyber Security Insurance with Lloyds/Beazley**

Motion made by Lockett, seconded by Rooney to approve renewal of cyber security insurance with Beazley, underwritten by Lloyds of London, for the period of August 26, 2019 through August 26, 2020.

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

NAY: None

9. **Dean Actuaries, LLC: Discussion and Possible Action on the Projected Impact of Asset Experience on OkMRF Funding Requirements**

Sullivan presented his report on the projected impact of asset experience on the OkMRF funding requirement by plan for the period ending June 30, 2019. Market experience resulted in a very minor impact overall, with 83% of member cities funding costs projected to be within  $\pm 0.05\%$  of previous years funding rates with the average change being .16% and the median change at .10%.

Motion made by Lockett, seconded by Tinker to receive report from Dean Actuaries, LLC. for the Projected Impact of Asset Experience on OkMRF Fund Requirements, effective for year starting July 1, 2019.

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

NAY: None

10. **Dean Actuaries, LLC: Discussion and Possible Action on Changes to the Actuarial Assumptions and Methods due to Public Plan Mortality Study to be Effective on the 7/1/2019 Actuarial Valuations**

Sullivan provided an overview of an actuarial assumption change for plan mortality rates for consideration, resulting from the final release of the first of its kind public plan mortality study issued by the Society of Actuaries (SOA). Three (3) options were presented for this actuarial assumption change consideration and discussion: use of combined tables (combined approach) for the total population of OkMRF membership; use of weighted average/blended tables (blended approach) for OkMRF population of membership; or use of select tables by each individual (individual approach) within the OkMRF membership. Various statistics were presented for the active and retiree membership with the projected impact utilizing the three (3) options. The average increases ranged from 1.03% for the blended approach, to 1.10% for the individual approach and a high of 1.78% for the combined approach. The combined approach was not recommended.

Additionally, a recommended actuarial method change was proposed and discussed to reset the unfunded actuarial liability amortization period back to 30 years for determining the funding rates beginning July 1, 2020. Schedules were provided showing the impact of resetting this actuarial method and in combination with the actuarial assumption change using two (2) of the mortality rate options: blended approach and individual approach. The average increase was .65% with the blended and .72% with the individual tables.

Motion made by Rooney, seconded by Dunham to receive from Dean Actuaries, LLC. the Projected Impact of Actuarial Assumption and Method Changes for OkMRF Fund Requirements report, effective for year starting July 1, 2019, and to implement the actuarial assumption change

for plan mortality rates using the weighted/average blended option and for the actuarial method change to reset the amortization of the unfunded actuarial liability back to 30 years.

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

NAY: None

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

Whatley reported on plan changes for the OkMRF members. Carlton Landing was noted as a new DC member and Whatley was recognized for his efforts.

**12. OkMRF Staff Report**

Whatley reported the following items:

- Attendance at the CMAO Summer Conference at Quartz Mountain Lodge.
- Travel itinerary schedule for the November money manager due diligence trip is expected to be available at the August meeting.

Cox reported on the following items:

- August board meeting will be on Thursday, August 29<sup>th</sup>. Investment Committee will meet at 9:00 to review the June 30, 2019 quarterly report and receive additional ESG educational information.
- District 4 Trustee will be Johnson due to the fact she did not draw an opponent. The At-Large Trustee position is currently in the election period with incumbent Johnston currently leading in votes. Votes will be accepted through August 30, 2019.
- The George F. Wilkinson Award for Outstanding OkMRF Authorized Agent will be presented to Kristi Hort on August 13<sup>th</sup> at the City of Nichols Hills Council Meeting.
- The Muskogee Redevelopment Authority will be joining OkMRF membership.
- Saxena White provided notification that the class action period has been expanded on the Health Insurance Innovations, Inc class action lawsuit. The expanded period will now include the purchases made by River Road.

**13. Discussion and Possible Action to use the DC Administrative Expense/Error Reserve Account as originally intended, when established, to Correct four (4) Defined Contribution (DC) Forfeiture Allocations and make Affected Participants Whole *(Proposed executive session as authorized by Title 25 Oklahoma Statutes Section 307B4 which allows executive sessions for the purpose of preserving attorney-client privilege, litigation strategy and settlement strategies for current and potential litigation matters.)***

Motion made by Rooney, seconded by Dunham to enter Executive Session at 12:43 p.m.

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

NAY: None

Chair Doolen declared Executive Session over at 1:05 p.m.

Motion made by Rooney, seconded by Luckett to use the DC Administrative Reserve Account to correct and make the affected participant accounts whole with additional specific directions given to staff.

Motion carried:

AYE: Doolen, Johnson, Johnston, Luckett, Park,  
Reames, Rooney and Tinker

ABSTAIN: Dunham

NAY: None

**14. New Business**

None.

**15. Trustee/Member Comments**

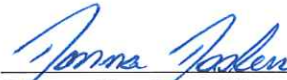
None.

**16. Adjourn**

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen - Chair

Respectfully submitted by:



SEAL  
RENA STEWART  
OKLA