

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
June 28, 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 June 28, 2019, at 10:01 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, Retiree, City of Shawnee
Melissa Reames, Assistant City Manager & Chief Financial Officer, City of Stillwater
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Katie Girardi, Plan Administrator
Rhnea Stewart, Fund Accountant

OkMRF Attorney: David Davis

Others: Andrew Beck, River Road

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 28, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on June 27, 2019, by Gloria Cudjoe.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of May 30 and May 31, 2019 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$574,271,920.09
International Investment Equity	\$ 8,044,710.98
Aggressive Equity	\$ 18,281,715.54
Real Assets Fund	\$ 361,199.82
Global Equity	\$ 7,205,454.59
Growth and Value Equity	\$ 18,921,901.69
S & P 500 Index	\$ 26,647,740.48
Target Retirement 2060	\$ 1,903,971.86
Target Retirement 2055	\$ 3,752,704.55
Target Retirement 2050	\$ 6,595,198.42
Target Retirement 2045	\$ 9,656,797.94
Target Retirement 2040	\$ 13,051,418.42
Target Retirement 2035	\$ 18,501,226.04
Target Retirement 2030	\$ 22,633,879.34
Target Retirement 2025	\$ 36,049,638.99
Target Retirement 2020	\$ 31,886,378.25
Target Retirement Income	\$ 19,684,171.31
Total Yield Bond Fund	\$ 5,463,028.05
Bond Index ¹	\$ 13,467,441.33
Voya Fixed Plus III	\$ 36,638,899.81
Loan Portfolio	\$ 8,495,842.04
Self Directed Brokerage	\$ 131,463.74
Total Assets	\$881,646,703.28

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for June

Actuary & Recordkeeping	\$	40,699
Administration		88,876
Attorney		8,033
Audit		11,000
Board Travel		4,252
Employer Directed Expense		0
Insurance		0
Investment Advisors		15,746
Custodial		10,080
Investment Consultant		30,442
Public Relations		8,000
Representative Travel		<u>5,804</u>
EXPENSES	\$	<u>222,932</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: 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. **River Road: Annual Update from Investment Managers – Andrew Beck**

Beck began the firm overview discussion with an update of assets under management of \$6.98 billion and attributed much of the growth over the past year to their Focused Absolute Value fund which touches all capitalization amounts in the market. Next, he described the hiring experience as a “layering” technique that allows for no anticipated staff changes in the next 5 years.

Performance for the Small Cap Value fund has been almost 800 bps over the Russell 2000 Value index year-to-date, but Beck warned strong performance should not be expected to last. Future outlooks are targeting 200-300 bps over the index through a full market cycle while maintaining only 70% of index volatility. Beck reviewed the portfolio’s largest contributors and losers that have been mainly macro driven through year-to-date.

As requested, Beck described River Road’s recent purchase of Health Insurance Innovations, Inc. (HIIQ), whom had securities class action complaint filed against them, and of which OkMRF is a co-lead plaintiff in the class action lawsuit. Beck indicated it is one of the most flexible cloud-based technology platforms in the healthcare industry, HIIQ has also shown to be a leader in trending ESG investing which River Road sees an opportunity for growth. Beck reiterated River Road’s openness to transparency and posed the option of removing the “for conviction” stock from the portfolio, if requested. Cox stated that the Board will not interfere with River Road’s investment strategy and thanked him for his detailed report on this stock.

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

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

Whatley gave a brief market overview of the second quarter. Strong returns were reported in April, while May brought back tariff uncertainty causing negative returns. Global negotiations continued to be favorable in June and returns appear to be finishing strong for the quarter.

Whatley gave a summary of each asset class within the DB portfolio, highlighting strong performers such as River Road, TimesSquare, WCM, JPM Real Estate and JPM Fixed Income. Risk is continuing to go down within the portfolio while maintaining an annualized 10-year return of 9.67%. To conclude, Whatley discussed DC white label investment options and Target Retirement Date funds. OkMRF and Voya will begin efforts in the spring of 2020 to promote the SSgA 2065 Target Retirement Date fund. He also indicated that ACG is working with Voya and their investment platform to see what is available for an ESG investment option and possible addition of ESG money managers.

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

Whatley reviewed ACG’s proposed rebalancing recommendation to redeem \$2 million from SSgA S&P 500, \$1.5 million from River Road Small Cap Value and \$1.5 million from TimesSquare to fund DB monthly pension payments.

Motion made by Lockett, seconded by Tinker to accept ACG’s recommendation to rebalance and approve redemption of DB portfolio assets.

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

NAY: None

7. **Consideration and Possible Action Regarding Administrative Committee Report**

A. Consideration and Possible Approval of Revised 2018-2019 OkMRF Budget

Cox reported on 2018-2019 budget amendment, citing a net total of \$197k under budget.

Motion made by Dunham, seconded by Park to approve revised 2018-2019 OkMRF budget.

Motion carried: AYE: Dunham, Johnson, Johnston, Lockett, Park
Reames 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 reported on plan amendments for Ada, Checotah, Coweta, Meeker, Meeker CMO, Blackwell, McLoud and McLoud CMO.

10. OkMRF Staff Report

Whatley reported on the pending due diligence trip for money manager visits to New York City, with tentative dates of 11/4/19 through 11/8/19 and attendees of Park, Lockett, Tinker, Rooney, Whatley and Girardi. Staff is working with ACG to propose an itinerary at next month's meeting.

Girardi reported on "Hometown Hero" nominations for the upcoming OML Conference in September. Communications have been sent by mail, email and social media promoting municipalities to nominate a hometown hero to be recognized at the conference.

Cox reported on the following items:

- Next month, Investec will be presenting on the International Dynamic strategy in the DB portfolio and Sean Sullivan, Dean Actuaries, will be discussing market impact and proposed mortality table assumption changes.
- A formal response has been sent to the IRS pertaining to the 25 questions on the DC Master Plan and Joinder review process.
- Saxena White is in the process of drafting a formal consolidated class action complaint against Health Insurance Innovations, Inc. Davis and Cox will review prior to submission.
- Trustee Election Nomination period is open through 6/30/19 for District 4 and the At-Large position. District 4 has one (1) nomination, Tammy Johnson. The At-Large position currently has three (3) nominations, Robert Johnston, Mark Whinnery and Madonna Sanders.
- Recent state conferences (Mayor's and Court Clerks) were attended by Cox, Whatley and Girardi.
- Next month's meeting will occur during the summer CMAO Conference. Communication requested of Trustees as to who will or will not be attending the July Board meeting.

11. New Business

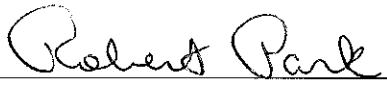
None.

12. Trustee/Member Comments

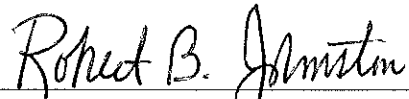
None.

13. Adjourn

With no further business to conduct meeting adjourned.

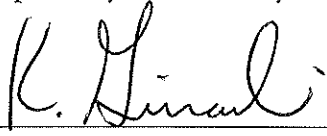


Robert Park, Secretary



Robert Johnston, Vice-Chair

Respectfully submitted by:



Katie Girardi