

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
May 31, 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 May 31, 2019, at 10:01 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
Timothy 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
Katie Girardi, Plan Administrator
Rhnea Stewart, Fund Accountant

OkMRF Attorney: David Davis

Others: Kevin Moore, ACG
Dan Bledsoe, Finley & Cook
Jeff Puckette, BlackRock
Grace McDermott, BlackRock (*via telephone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the May 31, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on May 30, 2019, by Gloria Cudjoe.


Signature(s)

2. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of April 26, 2019 Meeting(s)**

B. **Monthly Valuation of Fund Assets by Custodian**

Option	Value By Fund
Defined Benefit	\$ 589,855,407.04
International Investment Equity	\$ 8,567,293.16
Aggressive Equity	\$ 19,769,571.11
Real Assets Fund	\$ 360,708.18
Global Equity	\$ 7,481,944.95
Growth and Value Equity	\$ 20,454,574.78
S & P 500 Index	\$ 28,643,201.95
Target Retirement 2060	\$ 1,916,688.17
Target Retirement 2055	\$ 3,841,356.45
Target Retirement 2050	\$ 6,831,234.43
Target Retirement 2045	\$ 10,039,504.73
Target Retirement 2040	\$ 13,542,103.11
Target Retirement 2035	\$ 19,349,056.27
Target Retirement 2030	\$ 22,994,926.25
Target Retirement 2025	\$ 36,458,648.77
Target Retirement 2020	\$ 33,711,101.49
Target Retirement Income	\$ 20,010,807.14
Total Yield Bond Fund	\$ 5,359,668.02
Bond Index	\$ 12,569,563.71
Voya Fixed Plus III	\$ 36,423,557.73
Loan Portfolio	\$ 8,369,206.51
Self Directed Brokerage	\$ 133,461.01
Total Assets	\$ 906,683,584.96

C. **Purchases and Sales of Assets**

D. **Administrative Expenses and Fees**

McDermott (*via telephone*) gave a brief introduction of the firm and Puckette. Puckette provided a general overview of the company's diverse asset classes that combine to \$6.51 billion in assets under management. Next, Puckette focused on the strategic income opportunities fund characteristics of being flexible, diversified and risk aware. The strategy's philosophy is to 'make a little bit of money a lot of times' and has provided consistent performance results of 4.13% since inception in 2010. Puckette commented that while no single alpha source has been the driving factor of performance since inception, the fund's ability to keep duration flexible has proven beneficial.

Puckette continued to discuss current positioning of the portfolio. He commented the first half of the year has been more defensively positioned based on factors of slowing growth, the Fed becoming more accommodative to current markets and market volatility. Forward looking trends of more market volatility will allow BlackRock's active management to provide more diversity within the portfolio by building and focusing on high yield bonds that are of higher quality.

6. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2018, Defined Benefit Examination Report Over Selected Management Assertions Related to Census Data**

Bledsoe reviewed report and stated no exceptions or variances were found related to census data. The opinion was issued that the agreed upon assertions of census data are fairly stated in all material aspects and can be relied on by employers of the OkMRF defined benefit plans for their GASB 68 reporting requirements. Bledsoe continued discussion of possible new happenings at GASB regarding short-term versus long-term reporting of lease payments, fiduciary funds and a revisit to GASB 34. Reames questioned future costs of auditing services and actuarial studies based on new regulations. Bledsoe agreed that costs could potentially increase based on the nature of the audit.

Motion made by Dunham, seconded by Rooney to receive the report.

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

NAY: None

7. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2018, Defined Benefit Schedule of Changes in Fiduciary Net Position by Employer**

Bledsoe reviewed report discussing accrual cities, retiree only and retiree medical plans. Opinion issued based on audit evidence obtained that the Schedule presents fairly and in all material aspects, the fiduciary net position of OkMRF and each individual employer in accordance with generally accepted account principles. Bledsoe provided gratitude to OkMRF Staff for completing audit efficiently and quickly. Cox commented that she had removed herself from the audit process this year and was pleased to hear of the Staff's commitment to the project.

Motion made by Tinker, seconded by Rooney to receive the schedule.

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

NAY: None

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

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

Moore began with a general market overview of strong month end performance for April. While there are lingering concerns over global growth, emerging markets are up 8.00% and equities are up around 5.00%.

Moore continued with DB portfolio overview of outperformance of the policy index while incurring less risk. The DB portfolio is up 10.5% over the trailing 10 years. Based on current target allocations, ACG will be recommending a rebalancing schedule to present at June's board meeting. The rebalancing will be used to raise cash for pension payments. Moore continued performance discussion by asset class stating that headwinds have presented themselves for equities and it will be harder for managers to obtain long-term objectives in the near term. At this time, ACG has no specific concerns regarding OkMRF's current money manager lineup.

Performance in the DC lineup has been up through the end of April with a few of the main benefactors being the Growth and Value option outperforming the S&P 500 and the Aggressive Option outperforming the Russell 2500 index. Target-date funds reported a strong market rebound after losses occurring in the last quarter of 2018. Moore stated the Target Retirement 2065 fund will be released this time next year.

For continuing education purposes, ACG provided a one-pager focusing on the scrutinized "sell in May and go away" strategy. The strategy combines selling portfolio holdings in the summer and purchasing those positions in the fall. ACG sees no substance in this type of investment strategy, but rather sees May as a buying opportunity.

B. **Consideration and Possible Action Regarding Global Trust Company Participation Agreement to Replace the Existing AMG TimesSquare Small Cap Growth Class Z Mutual Fund (TSCIX) with the TimesSquare Capital Management Collective Investment Trust Small Cap Growth Fund Class A which is a Component of the Aggressive Equity DC Investment Option**

Cox presented proposed replacement of existing TimesSquare Small Cap Growth mutual fund with TimesSquare Capital Management Collective Investment Trust (CIT) Small Cap Growth Fund. The replacement was reviewed by Staff, ACG and Davis and was determined economically beneficial for DC participants by offering the same investment teams and strategy, resulting in a reduction of the expense ratio from 99 bps to 80 bps.

Motion made by Rooney, seconded by Lockett to approve replacement of TimesSquare Small Cap Growth Mutual Fund with TimesSquare Capital Management CIT Small Cap Growth fund in the DC Aggressive Equity investment option.

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

NAY: None

C. **Consideration and Possible Action to Approve Letter of Understanding with Global Trust Company and TimesSquare Capital Management**

Cox presented proposed approval of letter of understanding drafted by Davis and approved by TimesSquare Capital Management.

Motion made by Lockett, seconded by Rooney to approve Letter of Understanding with Global Trust Company and TimesSquare Capital Management.

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

NAY: None

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

No action taken.

9. Consideration and Possible Action Regarding Administrative Committee Report

A. Approval of the 2019-2020 OkMRF Budget

Chairman of the Administrative Committee, Johnston met with Cox and committee members to review in detail proposed budget. Cox provided overview, noting a favorable trend of decreasing administrative costs. The DB administrative cost was presented at less than 25 bps and the DC administrative cost was presented at 28 bps due to built-up reserves that will be used to offset DC expenses.

Motion made by Dunham, seconded by Rooney to approve 2019-2020 Budget lowering DB administrative expenses to 25 bps and DC administrative expenses to 28 bps.

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

NAY: None

10. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

11. Consideration and Possible Action on Trustee Retreat Topics and to Prioritize Tasks

Cox inquired of Trustees of their desire to consider an implementation of ESG investing option into DC investment lineup. Trustees discussed and agreed more education and information was needed. ACG reiterated that normally education and related discussions need to happen three or four times prior to a new implementation strategy. ACG will start reviewing strategies, asset classes and money managers for future consideration.

Cox thanked ACG and Voya for their participating sponsorship of the evening team building activity.

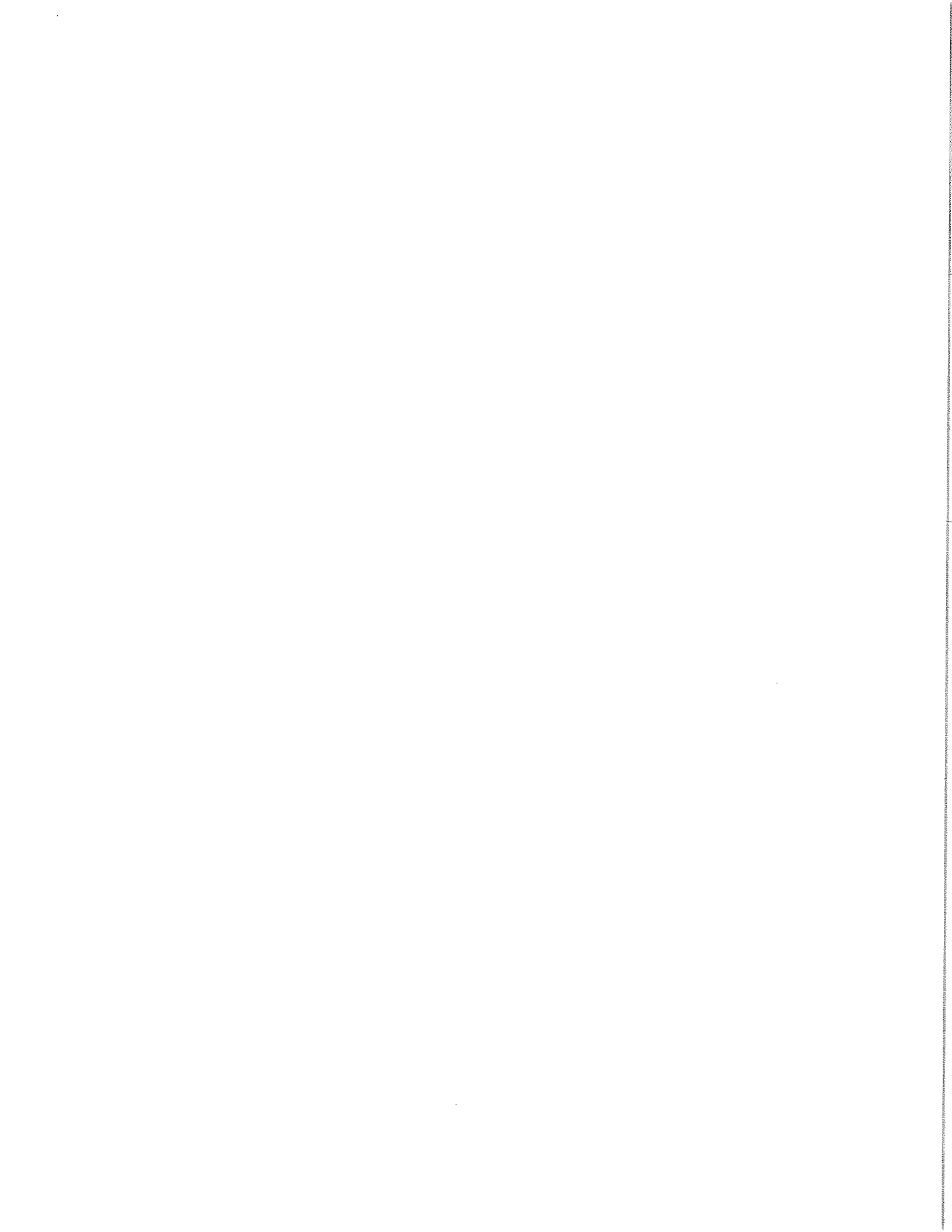
12. Receive Report on Newly Adopted or Amended OkMRF Member Plans

Whatley reported on plan amendments for Durant and Collinsville.

13. OkMRF Staff Report

Girardi provided feedback on her recent trip to New York City to attend Voya's Retirement Summit, noting multiple discussions on ESG investing and customer engagement campaigns.

Stewart commended Girardi's recent trip to the flood devastation in Webbers Falls. She delivered a truck load of bottled water that was funded by OkMRF staff donations.



Cox reported on the following items:

- River Road Asset Management will be presenting on the Small Cap Value strategy in the DB Equity portfolio at the June meeting.
- The DC Master Plan is being reviewed by the IRS. Staff and tax attorney will be responding to 25 questions that have been received from the IRS.
- Doolen and I will be signing the management representation letters to Finley & Cook for the two reports received today.
- Saxena White advised that OkMRF has been appointed as co-lead plaintiff in the class action lawsuit against Health Insurance Innovations, Inc.
- Nomination period is open for District 4 and the At-Large position. One nomination received for District 4 and two for the At-Large position.
- Met with the City of Del City and discussed their funding issue and the contribution risk paragraph issued in the actuarial report by Dean Actuaries. Meeting went well and management was open to ideas to develop long-term solutions.
- The first week of November is being targeted for a due diligence trip to meet with seven (7) of our investment managers. Budget allows for a maximum of four (4) Trustees and two (2) Staff to participate. Moore will start preparing an itinerary for this trip.
- Town of Carlton Landing is a potential new DC Member with an effective date of September 1, 2019.

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:

Katie Girardi