

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 19, 2019

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on December 19, 2019, at 10:02 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
Members: Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Assistant City Manager & Chief Financial Officer, City of Stillwater
Ed Tinker, Retiree, City of Glenpool (*arrived at 10:06 a.m.*)

OTHERS PRESENT:

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

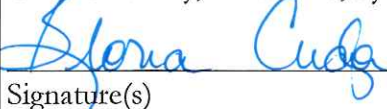
OkMRF Attorney: David Davis

Others: Dan Bledsoe, Finley & Cook
Chuck Dean, Dean Actuaries
Deltra Hayes, Voya
Kevin Moore, ACG (*via telephone*)
John Papahronis, McAfee & Taft (*arrived at 12:04 p.m.*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 19, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on December 18, 2019.


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of November 22, 2019 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 614,351,933.39
International Investment Equity	\$ 8,643,543.55
Aggressive Equity	\$ 18,933,712.70
Real Assets Fund	\$ 395,102.77
Global Equity	\$ 8,216,939.46
Growth and Value Equity	\$ 21,180,951.24
S & P 500 Index	\$ 30,212,383.97
Target Retirement 2060	\$ 2,523,838.32
Target Retirement 2055	\$ 4,322,377.08
Target Retirement 2050	\$ 7,730,689.56
Target Retirement 2045	\$ 10,984,845.42
Target Retirement 2040	\$ 14,732,860.08
Target Retirement 2035	\$ 20,857,554.45
Target Retirement 2030	\$ 25,364,563.30
Target Retirement 2025	\$ 38,429,937.69
Target Retirement 2020	\$ 31,864,217.42
Target Retirement Income	\$ 22,231,136.48
Total Yield Bond Fund	\$ 5,787,856.60
Bond Index ¹	\$ 14,494,904.06
Voya Fixed Plus III	\$ 37,582,323.02
Loan Portfolio	\$ 8,829,259.54
Self Directed Brokerage	\$ 173,182.01
Total Assets	\$ 947,844,112.11

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	43,690.13
Administration	101,689.96
Attorney	13,216.00
Audit	13,000.00
Board Travel	1,454.26
Employer Directed Expense	-
Insurance	-
Investment Advisors	-
Custodial	12,273.62
Investment Consultant	-
Public Relations	336.45
Representative Travel	<u>1,288.90</u>
EXPENSES	<u>\$186,949.32</u>

E. Benefit Payments and Contribution Refunds

F. Acknowledgement and Receipt of Amended and Restated Declaration of Trusts for JPMorgan Strategic Property Fund and Special Situation Property Fund Effective January 1, 2020 with Updated Confidential Private Placement Memorandum for Strategic Property Fund dated October 2019

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

Motion carried: AYE: Doolen, Johnson, Johnston, Lockett, 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. **Finley & Cook: Consideration and Possible Action Regarding 2018-2019 OkMRF Audit Report**

Bledsoe presented the audited financial report for the Fund, stating an unmodified clean opinion with no major discrepancies or issues working with management or staff. He reviewed the required communication letter, confirmed there were no fraud issues, illegal acts or material weakness in the internal control structure discovered during audit process. Bledsoe mentioned future audits may be impacted by GASB 84 and 87 auditing standards. Cox expressed her appreciation to Finley & Cook and their audit team for their dedicated work.

Motion made by Luckett, seconded by Tinker to accept the 2018-2019 OkMRF Audit Report.

Motion carried:

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

NAY: None

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

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

Moore (*via telephone*) began discussion with information regarding the closure of White Elm Capital Partners, LLC. within the Long/Short portfolio on the K2 Platform. Based on investor letter, White Elm will close the fund as of December 31, 2019. Assets will be liquidated and proceeds to be paid no later than January 30, 2020, with a 5% audit holdback. ACG will be presenting a replacement recommendation at February 2020 Board meeting.

Moore continued with a broad overview of the market for the calendar year. Stronger than expected economic numbers, including GDP and unemployment, proved to be a driving factor of higher returns through the year. Through November, the DB portfolio reflected 18.04% return, net of fees, with U.S. equity holdings outperforming their benchmark by 167 basis points. International markets have become less volatile after loosened trade tariff announcements, but potential instability due to the future of Brexit. Due to falling rates and an increase in bond prices, Fixed Income trailed their benchmark by approximately 47 basis points. Consistent income inflow for Real Estate funds kept returns in single digits and were reflective of how real estate markets could perform in the future.

DC funds managers performed well on a relative basis to their benchmarks for the month and year-to-date. No concerns on any individual underlying manager in white label funds. Target Retirement Date funds performed in line with market conditions.

Moore noted communication from Vanguard concerning replacement of subadvisor Barrow, Hanley, Mewhinney & Strauss fund by Aristotle Capital in its Windsor II fund. ACG sees this as a positive replacement for the fund.

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

Luckett and Cox reviewed ACG's proposed rebalancing recommendation to redeem \$5 million from SSgA S&P 500 to fund monthly DB payments for upcoming quarter.

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

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

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

Reames led questions and discussion points with Dean on the recent succession plan correspondence. A written document was provided by Dean and distributed to Trustees prior to meeting. Lockett and Reames requested the document be modified to add retirement/disability/death clause and be signed/dated by Dean. Dean agreed to forward amended document once completed.

Dean discussed a new staff member who is attending college and working closely with John Kaspar. At this time, Dean does not foresee additional staff members being added.

9. Consideration and Possible Action on Resolution 2019-2 Regarding an Amendment to Staff OkMRF Defined Benefit Plan Providing for IRS Required Changes, State Law Changes and Clarification of Language

Cox explained this is for the Board to act on the OkMRF Staff DB program incorporating the new and restated Master Plan and Joinder document. Cox noted 70 out of 130 Members have adopted the restated DB plan.

Motion made by Tinker, seconded by Johnston to approve Resolution 2019-2 to amend Staff OkMRF DB Plan.

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

NAY: None

10. Dean Actuaries: Receive Update and Comments on Industry Topics

Dean discussed recent legislation, the SECURE Act, which proposes smaller employers to share costs associated with retirement plans and to provide more flexibility within plans. If signed into law, the legislation would increase the required minimum distribution age from 70 ½ to age 72. Hayes will keep OkMRF informed on any approved legislation.

Dean provided a Public Retirement News Summary, compiled by Dean Actuaries, with various summaries of pension related articles. To conclude, Dean presented *Improving Retirement Income for Participants* which demonstrated five (5) different strategies for participants entering retirement and the probability of depletion of their balances during retirement.

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

Whatley reported on plan changes for the OkMRF members and those members who have adopted the restated Master Plan and Joinder.

12. OkMRF Staff Report

Girardi reported on her recent trip to Youth & Family Services in El Reno to deliver gifts purchased by donations from Trustees and Staff. They were overwhelmingly thankful for the gifts and gave her a tour of their facility. Girardi expressed her gratitude to the Trustees for their support in our annual OkMRF philanthropic event.

Cox reported on the following items:

- Upcoming for January meeting, TimesSquare to provide investment review of Small and Small/Mid Cap Funds and ACG to present 2019 highlights, 2020 initiatives and capital markets assumption review.
- The Representation letter to Finley & Cook related to the financial audit will be signed by her and Board Chair.
- Jody Elliott will be retiring after eleven (11) years of Service with OkMRF on February 3, 2020, Jody was thanked for her Service. The positions for Distribution Manager and Distribution Assistant were opened internally and after receipt of application and a formal interview, Catherine McCartney was offered and accepted the Distribution Manager position. The Distribution Assistant position will be opened and posted externally by Nextep, as OkMRF did not receive any internal candidates.
- Provided an update on Jenks transition. Currently working with Jenks' leadership team to obtain original plan documents to move forward. Jenks hopes to use OkMRF/Voya solution to mimic their current 457(b) plan with Voya and 401(a) with OkMRF.
- Expressed appreciation on behalf of Staff to Trustees for their annual 457(b) match bonus incentive. Staff was presented an award letter documenting OkMRF's 2019 accomplishments. Cox offered a copy upon Trustee request.
- Expressed gratitude to the OkMRF Power Team members for their continued dedication to OkMRF.
- Thanked the Board of Trustees for their strong leadership and guidance, stating their dedication and hard work was noticeable.
- Staff presented Trustees with gifts of friendship soup and a holiday treat to recognize their commitment to the Board, Staff, Members and Participants.

13. New Business

None.

12. Trustee/Member Comments

None.

13. Adjourn

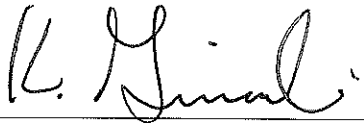
With no further business to conduct meeting adjourned.





Donna Doolen, Chair

Respectfully submitted by:

A handwritten signature in black ink, appearing to read "K. Girardi". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline that extends across the width of the signature.

Katie Girardi