

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
April 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 April 26, 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
Members: Joe Don Dunham, City Manager, City of Alva
Tamera Johnson, Retiree, City of Shawnee
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
Larry Ostow, JPMorgan Real Estate
Mike Edwards, JPMorgan Core Bonds
Sean Sullivan, Dean Actuaries

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

Doolen welcomed everyone and called the meeting to order.

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



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of March 29, 2019 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$ 576,907,018.37
International Investment Equity	\$ 8,352,900.71
Aggressive Equity	\$ 18,879,897.81
Real Assets Fund	\$ 420,617.62
Global Equity	\$ 7,177,435.92
Growth and Value Equity	\$ 19,678,739.75
S & P 500 Index	\$ 27,973,938.99
Target Retirement 2060	\$ 1,800,921.00
Target Retirement 2055	\$ 3,659,665.71
Target Retirement 2050	\$ 6,617,064.23
Target Retirement 2045	\$ 9,683,551.03
Target Retirement 2040	\$ 13,093,345.23
Target Retirement 2035	\$ 18,773,709.30
Target Retirement 2030	\$ 22,180,612.53
Target Retirement 2025	\$ 35,503,295.96
Target Retirement 2020	\$ 33,196,980.20
Target Retirement Income	\$ 19,877,143.32
Total Yield Bond Fund	\$ 5,359,049.52
Bond Index	\$ 12,550,646.17
Voya Fixed Plus III	\$ 36,596,708.05
Loan Portfolio	\$ 8,177,679.83
Self Directed Brokerage	\$ 134,394.55
Total Assets	\$ 886,595,315.80

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for April

Actuary & Recordkeeping	\$	40,716
Administration		95,774
Attorney		3,950
Audit		0
Board Travel		10,551
Employer Directed Expense		1,789
Insurance		0
Investment Advisors		154,398
Custodial		10,779
Investment Consultant		30,442
Public Relations		206
Representative Travel		<u>1,908</u>
EXPENSES	\$	<u>350,513</u>

E. Benefit Payments and Contribution Refunds

Motion made by Luckett, seconded by Johnston to approve all items on the Consent Agenda.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Luckett,
Park, 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. **JPMorgan Real Estate: Annual Update from Investment Managers – Larry Ostow and Mike Edwards**

Ostow began with a brief summary of the Strategic Property Fund (SPF), the flagship core asset in the Real Estate allocation. Currently the largest fund in the NFI-ODCE index, previous month end assets were reported at \$43 billion which allows for large, well-diversified opportunities. Currently, the redemption queues are approximately three months. Ostow credited 10-year outperformance of 30 bps to focusing investments on high quality, stabilized and traditional property types. Future performance is estimated to be in the mid 5% range for 2019.

Ostow continued discussion with the value-added Special Situation Property Fund (SSPF). The industrial sector has been a large benefactor to outperformance of 200 bps over the past 10 years and will continue to provide strong projected 2019 returns of approximately 10-11%. Currently, there is no redemption queue. Looking forward, Ostow explained JPMorgan will continue to grow their industrial allocation, becoming more conservative with retail space and reduce office allocations to around 50%.

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

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

Moore opened the presentation by recognizing ACG's achievement of receiving a Quality Award for investment consulting services from Greenwich Associates. This award was presented to three firms out of forty-five midsize investment consulting firms. He further added that ACG received a higher score than all the large size firms.

Moore continued with a positive market update with trends continuing to move upwards. U.S. year-to-date returns have been extremely strong with the S&P 500 reporting 13.65% at the end of the first quarter. Moore commented on the strong 2018 market that quickly diminished in the last quarter of the year. Yet, both DB and DC portfolios saw strong gains from both domestic and international allocations due to progression in trade discussions throughout the first quarter.

Moore ended portfolio discussion with the transition to the new TimesSquare collective investment trust (CIT) from current mutual fund holding in the DC Aggressive Investment Option. This new fund vehicle will offer the same investment teams and strategies, while decreasing expense ratio to 80 bps versus its mutual fund counterpart of 99 bps. Cox stated related documents will be presented at the next Board meeting.

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**

A. **Consideration and Possible Action Regarding Executive Director Review**

Johnston, Administrative Committee Chair, reported that the committee had received an annual update from Cox related to goals and objectives of the Executive Director. Cox thanked Trustees and Staff for helping to achieve the following collective accomplishments in FY 18-19; dedication of "The BAY", digital agenda packets, DB volume submitter approval, key staff turnover/transition, Staff DISC perception training, GASB 75 implementation, revamp of Staff evaluation process, improvement to the DB Participant statements with a more professional look and DC balance integration for those Members with both a DB and DC program. Distractions included; multiple open records requests, Participant's

bankruptcies/reaffirmations, McAfee & Taft consultation regarding Member legal matters, HR matters and numerous QDRO reviews and subpoenas. Johnston requested Trustees to forward any suggestions for FY 19-20 goals and objectives for CEO.

Motion made by Johnston, seconded by Tinker to accept the Executive Director/CEO review of FY 18-19 goals and objectives.

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

NAY: None

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

No action taken.

9. **Dean Actuaries LLC: Consideration and Possible Acceptance of the Summary of GASB Accounting Results June 30, 2019 – Sean Sullivan**

Sullivan presented an overview of GASB 68 and results for the fiscal years ending on or before July 1, 2019. Sullivan reviewed differences between funding and accounting valuation terms, dates covered by measurement and case study of Stillwater Medical Center. In conclusion, all Members that faithfully contribute their actuarially determined contribution rate will not face a projected depletion date. Members can expect the report mailing in early to mid-June.

Motion made by Lockett, seconded by Tinker to accept the Summary of Actuarial Funding Results for fiscal years ending on or before July 1, 2019, as prepared by Dean Actuaries, LLC.

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

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

Whatley reported on plan changes for Medford and Covington.

11. **OkMRF Staff Report**

Stewart reported on the early conclusion of the GASB 68 audit process. Porter was credited for coordinating the data for audit exceptions and creating a more efficient comparative procedure. Great teamwork was exhibited by all Staff for GASB 68 compliance and data gathering.

Whatley, Lockett, Tinker and Dunham provided feedback on recently attended TEXPERS conference noting heightened discussion on private equity, interesting real estate topics, proxy voting, population shifting from baby boomers to millennials and numerous leadership takeaways.

Cox reported on the following items:

- The Trustee Retreat is scheduled for Thursday, May 30th at 9:00 a.m. noting casual attire and anticipating a day of listening, learning and laughter. Packets with retreat agenda and maps were distributed.
- Next month:
 - ✓ Administrative Committee will meet at 8:45 a.m. on May 31th to review CEO's FY 19-20 goals and proposed FY 19-20 budget.
 - ✓ Black Rock will be presenting on Strategic Income Opportunities in Fixed Income portfolio.

- ✓ Finley & Cook will present audit reports for GASB 68.
- District 4 and At-Large election notices will be sent out next week with nominations to be returned to OkMRF no later than June 30th.
- Update on Health Insurance Innovations Inc (HIIQ) Class Action Lawsuit: joint declaration has been signed with Birmingham to file as co-lead plaintiffs in lawsuit; deadline for competing funds to file an opposition to the motion is May 6th, Saxena White sees the possibility of co-lead plaintiff appointment as high and Staff is tracking time spent related to this lawsuit.

12. New Business

None.

13. Trustee/Member Comments

Luckett inquired on the progress of implementing Voya 457(b) Plan. Cox stated that Voya has not made much progress for a single log-in process and is currently at a standstill, but it is on Voya's radar.

14. Adjourn

With no further business to conduct meeting adjourned.


Robert Park, Secretary


Donna Doolen, Chair

Respectfully submitted by:


Katie Girardi