

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 29, 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 August 29, 2019, at 10:07 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
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
Katie Girardi, Retirement Plan Administrator

OkMRF Attorney: David Davis

Others: Kevin Moore, ACG
Gerald "Jerry" Sinish, Jr., Northern Trust
Ashley Olsen, Northern Trust
Deltra Hayes, Voya
Jane Spatola, Voya
Kevin McGrath, Voya

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the August 29, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on August 28, 2019, by Gloria Cudjoe.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of July 26, 2019 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$598,183,043.45
International Investment Equity	\$ 8,482,548.95
Aggressive Equity	\$ 19,337,007.07
Real Assets Fund	\$ 322,942.22
Global Equity	\$ 7,817,682.10
Growth and Value Equity	\$ 20,506,830.81
S & P 500 Index	\$ 29,269,723.82
Target Retirement 2060	\$ 2,132,163.75
Target Retirement 2055	\$ 3,975,382.64
Target Retirement 2050	\$ 7,071,384.38
Target Retirement 2045	\$ 10,387,204.55
Target Retirement 2040	\$ 13,711,033.15
Target Retirement 2035	\$ 19,649,058.94
Target Retirement 2030	\$ 23,960,524.78
Target Retirement 2025	\$ 37,072,971.25
Target Retirement 2020	\$ 32,607,950.62
Target Retirement Income	\$ 20,058,430.62
Total Yield Bond Fund	\$ 5,682,040.49
Bond Index	\$ 13,891,201.84
Voya Fixed Plus III	\$ 36,788,361.55
Loan Portfolio	\$ 8,679,039.27
Self Directed Brokerage	\$ 138,865.22
Total Assets	\$919,725,391.47

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for August

Actuary & Recordkeeping	42,637
Administration	90,711
Attorney	3,950
Audit	0
Board Travel	2,153
Employer Directed Expense	1,403
Insurance	10,407
Investment Advisors	0
Custodial	13,077
Investment Consultant	0
Public Relations	2,805
Representative Travel	3,634
EXPENSES	<u>\$170,777</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett, 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. Northern Trust: Annual Update on DB Custodial Services – Gerald “Jerry” Sinish, Jr.

Sinish provided an update on Northern Trust’s Corporate and Institutional custodial services and Wealth Management, reporting assets under custody at \$8.5 trillion. Of those assets, he distinguished \$740 billion allocated to public funds across the country. Sinish confirmed Northern Trust has no current open litigation cases, pay-to-play investigations or Department of Justice actions against them.

Sinish reviewed current custodial services utilized by OkMRF including class action monitoring/filing of claims and benefit payment services. Both solutions are handled by dedicated teams focused on providing full circle customer service.

In conclusion, Sinish provided an overview of new emerging technologies clients could be seeing in the future. Since clients are no longer satisfied with “off the shelf” products, customized solutions are being developed that include voice recognition and blockchain technologies. Northern Trust’s robust engagement with their investment arm, 50 South Capital, allows them to be on the forefront of advancing innovative opportunities. Northern Trust is the only financial services member of the R3 consortium.

6. **Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Manager – Delta Hayes (Voya/Legislative Update); Jane Spatola (Financials); Kevin McGrath (Voya Fixed Plus III/Voya Trust Company); Peter Winterbottom (Wealth Management) and Scott Darcy (Communication/Enhancement)**

Cox commented on the continued partnership that Voya has with OkMRF. This was demonstrated on a recent presentation and proposal to a new prospective member in the Tulsa area. Voya team members, Hayes and Paul Smith along with OkMRF were present and gave a joint overview of the retirement services available for their employees.

The Voya team updates were as follows:

- Hayes began by reviewing current Plan Administration team members, citing no turnover within the past four years. Voya has been named a Fortune 500 Most Admired Company and listed on Forbes’ Great Places to Work in the recent year. Hayes credited these achievements to Voya’s four focus points; to provide customers with seminars, online content, personalized management and financial wellness. She ended her overview discussing Voya Cares, a new venture with Wellthy, providing support and resources to help caregivers be more engaged at work.
- McGrath discussed Voya’s Fixed Income assets. Of the \$220 billion assets under management, \$129 billion is allocated to fixed income and \$26 billion to senior loans. Currently, Voya Fixed Plus III Investment Option is paying 2.25%. McGrath stated with an expected slowing of the U.S. economy, this will allow the Fed the ability to have more leverage when increased market volatility begins to accommodate a lower interest rate environment.
- Hayes provided an overview of Voya Institutional Trust Company citing growth in assets due to new clients of City of New York City, City of San Francisco and Washington State. Voya recently moved from the number five (5) ranked governmental recordkeeper to the number three (3).
- Spatola summarized OkMRF plan statistics noting an increase of 393 participants, 5.92% increase in assets and 14 new member plan as of June 30, 2019. Target retirement funds account for approximately 53.07% of all assets due to automatic enrollment defaulting to age-based target retirement funds at the time of initial participation. Total additions including contributions and rollovers outpaced total deductions, including member withdrawals and defaulted loans, by approximately \$17.9 million for 2019. Loan fund totals increased approximately \$475,000 this past year.
- Hayes provided a summary of the Reach & Impact report, stating 11.6% of participants have accessed Retirement Help, 3.2% have utilized Online Advice and 2.4% engaged in using Professional Management of their account. While advice usage is less than other Voya client averages, those utilizing Online Advice and engaging in Professional Management have appropriately aligned asset allocations with their time remaining until retirement.
- Hayes concluded the presentation by providing an update on Voya’s venture to be “America’s Retirement Program”. Since launching in 2018, Voya’s Financial Wellness Experience offers a comprehensive understanding of a participant’s financial position

based on six foundational pillars; Protection, Spending & Saving, Emergency Funds, Debt Management, Retirement and Other Saving Goals. Currently, the Financial Wellness Experience is only available to participants, but in 2020 Voya will be providing the Financial Wellness assessments to the public. Therefore, when available, all OkMRF Participants will have access.

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

A. **ACG: Review of Monthly ASAP and Quarterly Performance Reports**

Moore began by providing a firm update regarding Lori Mills, Director of Research. Mills will be joining one of ACG's key private wealth clients as their Chief Investment Officer in late September. Roger Willis, who has been with ACG as a Senior Consultant for nine years, will be transitioning into the Director of Research position.

Moore continued with a high-level market review noting very strong, double digit returns through the end of July, but indicating a significant decline in equity markets at the beginning of August based on the Fed's decision to lower interest rates on the last day of July. In order to ease monetary policy throughout the rest of year, ACG expects an additional rate reduction by the end of year.

Year-to-date total DB portfolio returns are up 14% and outperforming the policy index by 125 basis points. Strong performance in both U.S. large and small/mid cap equities have been credited to outperformance, in conjunction with robust fixed income returns. Long/short returns have been valuable to the portfolio, with niche managers using their specific exposures to their benefit.

Moore continued with a brief DC portfolio discussion noting the same trends as the DB portfolio. Strong double digit returns in the Real Asset Investment Option were credited due to the large dividend payments in the REIT's market and due to international bonds being issued with a negative yield causing a continual monetary inflow into the REIT's market.

B. **ACG: Consideration and Possible Action to Approve a Defined Contribution (DC) ESG Fund Investment Option in the OkMRF DC Investment Lineup on the Voya Platform and Authorize ACG to Conduct ESG Search.**

Luckett provided a brief overview of Moore's Environmental, Social and Governance (ESG) Investment Option presentation during the Investment Committee meeting. Investment committee brings forth a recommendation for ACG to start moving forward with a money manager search to fulfill the addition of an ESG Investment Option in the DC fund lineup only, options should be limited to those that offer a U.S. only based fund.

Motion made by Luckett, seconded by Tinker to add an ESG Fund Investment Option to the DC lineup on the Voya platform and directed ACG to begin the search for ESG, U.S. based only, candidates.

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

NAY: None

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

No action taken.

8. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

9. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on plan changes for the OkMRF members. Cox was recognized for new member Muskogee Redevelopment Authority; Girardi was recognized for Inola and Whatley was recognized on his efforts to retain Velma and upgrade their DB plan.

Whatley indicated that Fairfax will be terminating their DB plan due to all liabilities being satisfied. Remaining assets will be paid to Fairfax.

11. OkMRF Staff Report

Whatley reported the following items:

- Whatley and Johnston recently attended TEXPERS conference in Frisco, TX. Whatley commended the content and speakers. He urged other Board members to attend the spring conference in Galveston, TX.
- Flight and hotel reservations have been made for the fall due diligence trip to New York City. Whatley thanked ACG for coordinating the schedules with the various money managers.

Girardi provided an update on the upcoming OML conference. She presented the Trustees with the ability to purchase raffle tickets towards multiple giveaways that will benefit Folds of Honor. Trustees attending the conference were presented with their t-shirts and work schedules for the OkMRF booth.

Cox reported on the following items:

- Reminder next month's board meeting will be offsite at Hyatt Regency in downtown Tulsa following the Oklahoma Public Funds Trustee Education Conference.
- Trustee election ballots for the At-Large position will be accepted through end of business tomorrow, August 30th. Current count is Johnston-50 votes, Whinnery-3 votes and Sanders-2 votes.
- Delegate attendees of the OML Conference can stop by the OkMRF booth to pick up a soft-touch journal designed by staff member, Lindsay Porter. These journals will be given away at future CMAO and Mayor conferences in 2020.
- Working with City of El Reno administrators regarding funds currently held with Jackson Life in a separate account. These funds could potentially be rolled over into El Reno's DB plan to improve their funded status. Resulting from this discovery, Cox reached out to the City of Bartlesville, they too are now asking Jackson Life to ascertain if any surplus funds are available for their respective plan.

12. Discussion of Potential Action Regarding Investigation of Claims Concerning Mistakes in Recordkeeping Conversion of Defined Contribution Accounts *(Proposed executive session as authorized by Title 25 Oklahoma Statutes Section 307B4 authorizing confidential communications between a public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct a pending investigation, litigation, or proceeding in the public interest. The Trust Attorney recommends the discussion take place in executive session.)*

Motion made by Rooney, seconded by Park to enter Executive Session at 12:00 p.m.

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

NAY: None

Chair Doolen declared Executive Session over at 12:38 p.m.

13. Consideration and Possible Action on Matters Discussed in the Executive Session

Motion made by Tinker, seconded by Rooney directing Cox and Davis to issue a co-authored response back to the concerned party as to the Board's sentiments.

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

NAY: None

14. New Business

None.

15. Trustee/Member Comments

Johnston expressed thanks for the support received during the election process. Additionally, he encouraged Trustees to attend a TEXPERS conference if they have not done so.

16. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen - Chair

Respectfully submitted by:



Katie Cowart

Katie Cowart

