

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
March 5, 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 March 5, 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
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Director
Katie Girardi, Plan Administrator
Rhnea Stewart, Fund Accountant


OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Tom Janisch, ACG
Aaron Roberts, Artisan (*via telephone*)

Cox 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 March 5, 2019 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by 10:00 a.m. on March 1, 2019, by Catherine McCartney.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 25, 2019 Meeting(s)

B. Monthly Valuation of Fund Assets by Custodian

Option	Value By Fund
Defined Benefit	\$ 558,296,752.95
International Investment Equity	\$ 8,103,225.65
Aggressive Equity	\$ 18,167,591.59
Real Assets Fund	\$ 454,073.99
Global Equity	\$ 6,495,011.38
Growth and Value Equity	\$ 18,881,432.07
S & P 500 Index	\$ 26,245,022.96
Target Retirement 2060	\$ 1,613,527.13
Target Retirement 2055	\$ 3,399,993.24
Target Retirement 2050	\$ 6,260,952.00
Target Retirement 2045	\$ 9,083,051.23
Target Retirement 2040	\$ 12,734,109.26
Target Retirement 2035	\$ 17,994,714.74
Target Retirement 2030	\$ 21,233,045.82
Target Retirement 2025	\$ 34,725,508.92
Target Retirement 2020	\$ 33,850,192.11
Target Retirement Income	\$ 20,107,830.64
Total Yield Bond Fund	\$ 5,221,516.44
Bond Index	\$ 11,692,483.82
Voya Fixed Plus III	\$ 36,737,461.93
Loan Portfolio	\$ 8,226,938.31
Self Directed Brokerage	\$ 138,350.47
Total Assets	\$ 859,662,786.65

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for February

Actuary & Recordkeeping	\$	44,880
Administration		83,790
Attorney		3,950
Audit		0
Board Travel		2,241
Employer Directed Expense		675
Insurance		0
Investment Advisors		0
Custodial		12,377
Investment Consultant		0
Public Relations		2,000
Representative Travel		<u>2,661</u>
EXPENSES	\$	<u>152,574</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: Doolen, 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. Artisan: Annual Update from Investment Manager – Aaron Roberts (via telephone)

Roberts began by describing the recent changes to the team structure. The International and Global Value team separated assets equally into two (2) separate teams, improving liquidity, quickening decision making and providing promotion of internal talented portfolio managers.

Portfolio performance for 2018 was disappointing, below benchmark, but not unexpected. However, the fourth quarter provided opportunities to buy into the market at good discounts. This positioned the portfolio for a good turnaround going forward into 2019.

6. Consideration and Possible Action Regarding Investment Committee Report

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

Rives reviewed the Defined Benefit (DB) report, noting that January fared better than the last quarter of 2018 with February and March continuing strong. ACG reasons the sell-off in the last quarter was a market correction due to misinterpreted communication release by the Federal Reserve. The years of 2015 and 2018 were the only two years that both bonds and stocks reflected negative returns. ACG stated the economic cycle still has growth potential due to leading indicators still trending positively and inflation seems to be in check.

B. Consideration and Possible Action to Regarding Wilmington Trust Participant Agreements as Replacement Trustee and Sponsor for the Pioneer Multi-Sector Fixed Income Trust Superseding Existing Agreements with SEI Trust Company

Cox provided a summary of the client communication letter from Amundi Pioneer on the upcoming change in their trustee and sponsor for the Pioneer Multi-Sector Fixed Income Trust due to economic benefits to their investors.

Motion made by Lockett, seconded by Tinker to approve the Wilmington Trust Participant Agreements as the replacement and sponsor for the Pioneer Multi-Sector Fixed Income Trust Fund, superseding all existing agreements with SEI Trust Company as Amundi Pioneer's trustee and sponsor.

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

NAY: None

C. Consideration and Possible Action to Approve Letter of Direction Instructing SEI Trust Company to Place In-kind Transfer of the Plan's Assets to the New Wilmington Trust Sponsored Pioneer Multi-Sector Fixed Income Portfolio

Cox indicated that Staff will prepare the Letter of Direction for the DB in-kind transfer of assets, while Voya will prepare the equivalent for the DC in-kind transfer of assets.

Motion made by Tinker, seconded by Lockett to approve the Letter of Direction to place the in-kind transfer of assets from SEI Trust Company to Wilmington Trust as the trustee and sponsor of the Pioneer Multi-Sector Fixed Income Fund.

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

NAY: None

D. Consideration and Possible Action to Approve Fee letter Agreement for Pioneer Multi-Sector Fixed Income Portfolio and Letter of Direction on Fee Processing Method thereto

Cox reported that the fees related to the trustee administrative fees will be decreasing for both the DB and DC assets. DB will decrease from 20 bps to 8 bps. DC will decrease from 10 bps to 8 bps. This does not impact the investment management fees currently in place with Amundi Pioneer.

Motion made by Lockett, seconded by Park to approve fee letter agreement for DB and DC Pioneer Multi-Sector Fixed Income Fund with Wilmington Trust as the trustee and sponsor and the letter of direction for specific fee processing method on the DB account.

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

NAY: None

E. Consideration and Possible Action to Approve Letter of Understanding with Wilmington Trust and Amundi Pioneer

Cox stated this is commonly referred to as the “side letter” that amends the Declaration of Trust (DoT) as it relates to indemnity agreements, which are in violation of Oklahoma law. This is equivalent to what was in effect with SEI Trust Company.

Motion made by Lockett, seconded by Park to approve amendment letter of understanding to the DoT with Wilmington Trust and Amundi Pioneer.

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

NAY: None

F. Discussion and Possible Action Regarding Long/Short Allocation

Janisch provided brief comments on the long/short allocation and anticipated Board should consider a reallocation within this portfolio within the next six (6) to nine (9) months.

Lockett, Investment Committee Chair, reported that Investment Committee met and brings forth recommendations for Board consideration on Agenda items 6.G through 6.J.

G. ACG: Consideration and Possible Action on Addition of White Elm to the DB Long/Short Portfolio

Motion made by Lockett, seconded by Tinker to add K2 White Elm Capital Partners Series as an additional manager to the long/short portfolio as recommended by ACG, with an allocation of \$4 million.

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

NAY: None

H. ACG: Consideration and Possible Action on Addition of Redmile Capital to the DB Long/Short Portfolio

Motion made by Lockett, seconded by Tinker to add K2 Redmile Capital Fund Series as an additional manager to the long/short portfolio as recommended by ACG, with an allocation of \$2 million.

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

NAY: None

I. ACG: Consideration and Possible Action an Addition of SQN Investors to the DB Long/Short Portfolio

Motion made by Lockett, seconded by Tinker to add K2 SQN Investors Fund Series as an additional manager to the long/short portfolio as recommended by ACG, with an allocation of \$2 million.

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

NAY: None

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

Cox stated the rebalancing scheduled included the upcoming quarter cash flow needs, rebalancing the total portfolio and funding for the three (3) additional managers to the long/short portfolio.

Motion made by Lockett, seconded by Tinker to accept ACG's recommendation to implement, as administratively feasible by staff, the funding of the three (3) new managers within long/short allocation and the overall plan for rebalancing the total DB portfolio among managers.

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

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

Johnston, Administrative Committee Chair, remarked that planning is underway for the Trustee Educational Retreat in May.

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

A. Approve Renewal of Fiduciary Liability and Crime Insurance Policies

Reames, Contract Committee Chair, reported the Committee met and rates and terms were reviewed for both policies.

Motion made by Reames, seconded by Dunham to approve renewal for both the Fiduciary Liability policy and the Crime policy for the term of April 2, 2019, to April 2, 2020.

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

NAY: None

B. Consideration and Possible Action Regarding Review of Vendor Evaluations

Reames, Contract Committee Chair, reported that vendor evaluations were well documented and discussed with Staff. At this time, no changes are recommended to existing service providers.

Motion made by Reames, seconded by Dunham to retain Voya, Dean Actuaries, ACG and Finley and Cook as service providers for upcoming year.

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

NAY: None

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

Girardi reported on plan changes for the OkMRF members. The Town of Olustee was noted as a new member and Girardi was recognized for her efforts.

10. OkMRF Staff Report

Girardi reported on the following items:

- Attended the OMCTFOA Institute at Stillwater. Received good training on cyber security issues in the workplace and information about "1st Amendment Auditors" visiting City halls, police stations or other governmental public buildings.

Cox reported on the following items:

- Investment Policies will be on agenda for review at the March meeting.
- WCM International will be presenting an overview at next meeting.
- Dean Actuaries will be presenting the funding rates and results from the actuarial studies.
- The Board room wall mount unveiling and dedication for "The BAY" will be held at the March meeting.
- Trustees were reminded of the importance of their waiver recourse insurance and to be sure to pay David Davis to personally cover their respective premium.
- Newly designed note pads were distributed, and Lindsay Porter was recognized for the design work.

11. New Business

None.

12. Trustee/Member Comments

Janisch reported that ACG celebrated their 30th anniversary of their business and appreciated OkMRF for being a client.

Talking points were discussed for questions received on long/short portfolio.

13. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Rhnea Stewart