

MINUTES
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA
MUNICIPAL RETIREMENT FUND AND THE ADMINISTRATIVE COMMITTEE OF
OKLAHOMA MUNICIPAL RETIREMENT FUND**
May 31, 2019

1. Call To Order

The Administrative Committee of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma on May 31, 2019, at 8:45 a.m. with Administrative Chair Johnston presiding.

BOARD OF TRUSTEES

Administrative Committee:

Robert Johnston, City Manager, City of Frederick
Donna Doolen, Finance Director-Treasurer, City of Ada
Tamera Johnson, Retiree, City of Shawnee

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, Executive Director/CEO

Administrative Committee Chair, Johnston extended a welcome to all in attendance and called the meeting to order.

NOTICE: The agenda for the May 31, 2019, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 8:45 a.m. on May 29, 2019, by Gloria Cudjoe.


Signature

2. Review of 2019-2020 Budget

Cox described the various columns on the budget schedules. Each category was reviewed in detail and discussed as follows:

Actuary & Recordkeeping: Up \$36,000, main contributing factors for change:

- 1.90% increase in CPI-U per Dean Actuary contract
- More anticipated DB PAS programming needs
- Complexity up-charge and new DB Member growth
- Anticipated 7.25% growth on plan assets for DC recordkeeping

Administration: Up \$66,500, main contributing factors for change:

- Proposed 1.9% Staff raise with one-time discretionary performance-based merit increases
- Proposed employer contribution rate of 16% to OkMRF DB plan rather than required 12.13%, results in \$26,000 additional contributions to pay off UAL and is in anticipation of Employer cost increase due to new mortality table adoption next year
- Health insurance up 4.0% for all coverages (OkMRF pays 70% of premium)
- Full 12 months of cloud-based data/server back-up solution
- Proposed phone upgrade (current system no longer supported)
- Proposed document management software upgrade to secure text search (however, text search feature will not include hand-written documents)
- Small server needs to update operating system to support document management upgrade
- Lease payments according to lease agreement with OkMRF sharing in operating costs

Attorney: Down \$6,000, main contributing factors for change:

Anticipate less than budgeted last year with these IRS updates: DC which is in second round of IRS review with approval pending and DB Members needing to adopt restated pre-approved plan that received IRS approval last year. The prior year had more attorney hours trying to secure DB qualification letter.

Audit: Up \$1,000, main contributing factor for change:

Per contract agreed to in March 2019 meeting (expires after FY 21-22).

Board Travel: Up \$29,300, main contributing factors for change:

- Monthly meetings up with unknown election results and anticipation of CPI on gas & food
- Anticipate due diligence trip to New York City (NYC) for up to four (4) Trustees with several NYC based money managers, much more expensive than last year's St. Louis (ACG) trip
- Anticipate possibility of two newly elected Trustees for CAPPP® program, Trustee attendance will depend on election results
- More interest from Trustees on educational opportunities; however, national conferences will be limited due to expensive due diligence trip

Custodial: Up \$13,500, main contributing factor for change:

Increased for 7.25% DB anticipated asset growth and DB distribution payments.

Employer Directed Expenses: Up \$7,000, main contributing factor for change:

Costs outside normal OkMRF shared expenses covered by the retainer are increasing.

Examples are: Split hire groups, early retirement windows, upgrades, etc., which call for special actuarial studies and/or legal opinions on complex plan provisions/rules. Cox reminded the Committee: This is a flow through account for direct expenses charged by Dean Actuary and/or McAfee & Taft passed directly to the Member either by invoice or use of plan assets. No budget impact.

Insurance: Up \$2,800, main contributing factor for change:

The last four (4) years, most premiums came in cost neutral with little to no escalation; therefore, left Fiduciary Liability the same as was budgeted last year. All other coverages slightly up in anticipation of a 7% premium increase and an expectation that cyber security premium may go up even more due to the increase in "black hat" crime.

Investment Advisors: Up \$8,429, main contributing factor for change:

7.25% estimated asset growth; with three (3) separately managed DB accounts that we pay directly. Indirect fees are paid inside the investment options which impact returns but does not directly impact budget.

Investment Consultant/ACG: Up \$3,510, main contributing factor for change:

1.90% increase in CPI-U per contract.

Public Relations: Up \$5,250, main contributing factors for change:

- Anticipating more expense for OML conference exhibit hall activities
- Continued momentum on enhanced publication materials, sponsorships and advertising

Representative Travel: Up by \$10,200 main contributing factors for change:

- Anticipate due diligence trip to New York City (NYC) for up to two (2) Staff members with several NYC based money managers, much more expensive than last year's St. Louis (ACG) trip
- New line item budgeted \$2,000 for Employee training/job-related educational opportunities
- Expanding OkMRF state-wide presence by attending municipal conferences and dinner meetings

Credit offset: More by \$154,600 main contributing factors for change:

- Expecting more on employer directed DB actuary and attorney reimbursements (flow through)
- Increase in interest earnings for entire year on DB deposit account (residual operating cash on hand is invested in interest bearing vehicle with Northern Trust)
- Additional transfer from administrative account from miscellaneous DB external sources used to offset expenses that are transferred to admin account such as class action settlements, FOIA reimbursements, etc.
- \$120,000 more in transfers from the DC reserve account (DC administrative expense/errors to be used to offset actual DC administrative expenses); therefore, recommending less fees to be deducted from the DC Participants' accounts, resulting in a proposed reduction of 3 bps from 31 bps last fiscal year to 28 bps this fiscal year

The DC Administrative Expense/Errors account was discussed in detail. The Committee is comfortable with using \$120,000 in reserves; but leave a balance for unforeseen market losses.

In summary, budget as proposed, results in total administrative fees as a percent of total assets of 25.97 bps. Administrative fees by plan are 24.84 and 28.15 bps, for DB and DC plans, respectively. Proposed budget for FY 19-20 is for a total of \$3,009,279. DC administrative fee proposed to decrease to 28 bps based on budget.

Administrative Committee agreed that budget was satisfactory, as presented. Committee determined they will propose a recommendation to the Board to accept the proposed budget and lower to 28 bps being charged for administrative fees to the DC accounts.

3. Review of Executive Director 2019-20 Goals and Objectives

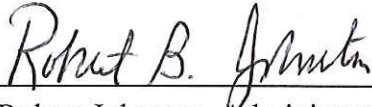
Cox distributed Executive Director/CEO goals for the upcoming fiscal year. Goals are outlined on three (3) primary focus categories: Trustees, Staff and Membership with underlying objectives and corresponding action plans. Committee had no recommended changes and asked CEO to make available to the entire Board.

4. New Business

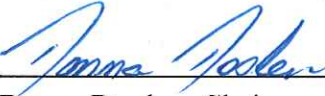
None.

5. Adjourn

With no further discussion, Johnston declared the meeting adjourned at 9:55 a.m.



Robert Johnston, Administrative Chair



Donna Doolen, Chairman

Respectfully submitted by:



Jodi S. Cox, CEO/Executive Director