

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
May 29, 2020

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund, in accordance with Oklahoma Senate Bill 661 which temporarily amended the Open Meeting Act and as approved by Governor Stitt on May 29, 2020 hosted a virtual meeting to conduct business on May 29, 2020, at 10:03 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 (*via telephone*)
Vice-Chair: Robert Johnston, City Manager, City of Frederick (*via video*)
Treasurer: Jim Luckett, Jr., Retiree, City of Thomas *arrived at 10:08 a.m.*
Members: Tamera Johnson, Retiree, City of Shawnee (*via video*)
Tim Rooney, City Manager, City of Mustang (*via video*)
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*via video*)

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Katie Girardi, Plan Administrator (*via video*)
Rhnea Stewart, Fund Accountant (*via telephone*)

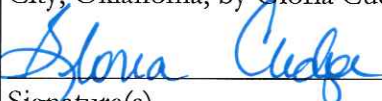
OkMRF Attorney: David Davis (*via telephone*)

Others: Kevin Moore, ACG (*via telephone*)
Ed Omata, Artisan (*via telephone*)
Dan Bledsoe, Finley & Cook (*via telephone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the May 29, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on May 28, 2020.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of April 24, 2020 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 570,054,630.43
International Investment Equity	\$ 6,960,904.66
Aggressive Equity	\$ 14,149,220.64
Real Assets Fund	\$ 364,855.37
ESG US Stock Fund	\$ 31,847.02
Global Equity	\$ 7,237,235.38
Growth and Value Equity	\$ 18,582,574.95
S & P 500 Index	\$ 27,138,443.18
Target Retirement 2065	\$ 221.08
Target Retirement 2060	\$ 2,849,061.73
Target Retirement 2055	\$ 4,241,550.21
Target Retirement 2050	\$ 7,489,694.38
Target Retirement 2045	\$ 10,171,468.76
Target Retirement 2040	\$ 14,164,928.93
Target Retirement 2035	\$ 19,001,235.23
Target Retirement 2030	\$ 24,379,398.71
Target Retirement 2025	\$ 35,419,376.73
Target Retirement 2020	\$ 28,939,860.27
Target Retirement Income	\$ 20,466,771.12
Total Yield Bond Fund	\$ 6,378,990.54
Bond Index	\$ 17,098,758.09
Voya Fixed Plus III	\$ 44,894,129.86
Loan Portfolio	\$ 8,395,769.74
Self-Directed Brokerage	\$ 159,639.09
Total Assets	\$ 888,570,566.10

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for May

Actuary & Recordkeeping	\$ 42,499.92
Administration	88,859.59
Attorney	3,950.00
Audit	22,300.00
Board Travel	39.50
Employer Directed Expense	4,770.00
Insurance	0.00
Investment Advisors	0.00
Custodial	13,574.99
Investment Consultant	0.00
Public Relations	3,044.55
Representative Travel	0.00
EXPENSES	<u>\$ 179,038.55</u>

E. Benefit Payments and Contribution Refunds

F. Ratification of OkMRF Staff 457(b) Plan to Adopt the CARES Act Provisions

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

Motion carried: AYE: Doolen, Johnson, Johnston, Reames, and
Rooney

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 Managers – Ed Omata**

Omata began presentation with brief comments on the current economic environment. All securities saw a massive draw down in late February and early March causing some economic data to be reported near or worse as during the Great Depression. Global economies have started to rebound based on when countries were hit with the pandemic. China was the first to see recovery followed by Southeast Asia and then Europe and U.S. Stimulus offer by both government and central banks is one of the main benefactors in the current recovery.

At the beginning of 2020, Artisan held a self-imposed maximum cash holding of 15.0%. This offensive tactic allowed Artisan to be proactive in the market during the downturn. Actively tracking companies valued at a minimum of a 30% discount, they were able to deploy cash to become 100% fully vested.

Omata concluded the presentation with strategies Artisan will be focusing on in the future. On the defense, they will be reviewing companies currently held in the portfolio and determining their current debt leverage. If a company is deemed to be leveraging too much debt, shares will be sold. On the offense, they will be rebalancing the portfolio and selling well-performing companies and redeploying capital into best value opportunity companies, such as those in energy or travel sectors.

6. **Finley & Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2019, Defined Benefit Examination Report Over Selected Management Assertions Related to Census Data**

Bledsoe reviewed report and stated no exceptions or variances exceeding 5.0% were found related to census data. The opinion was issued that the agreed upon assertions of census data are fairly stated in all material aspects and can be relied on by employers of the OkMRF Defined Benefit plans for their GASB 68 reporting requirements.

Motion made by Luckett, seconded by Johnston to receive the Report.

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

NAY: None

7. **Finley and Cook: Consideration and Possible Action Regarding the Receipt of June 30, 2019, Defined Benefit Schedule of Changes in Fiduciary Net Position by Employer**

Opinion issued based on audit evidence obtained that the Schedule presents fairly and in all material aspects, the fiduciary net position of OkMRF and each individual employer in accordance with generally accepted accounting principles. Implementations of GASB 84 and 87 have been postponed until 2021 due to pandemic challenges and will be revisited in the fall.

Cox commended Finely & Cook, Stewart, and Porter for completing the entire audit remotely. Bledsoe agreed Staff was able to accommodate audit requests without any complications.

Motion made by Luckett, seconded by Johnston to receive the Schedule.

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

NAY: None

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

A. ACG: Review of Monthly ASAP Reports

Moore began discussion with an economic update. May markets reacted favorably to both fiscal and monetary stimulus partnered with states beginning to open back up after lockdown. In the opinion of ACG, the dispersion between weak economic data points and market increases may cause future issues and the potential for another downturn in the markets.

Moore highlighted the DB portfolio's strategic allocations that provided protection against larger losses in the previous month and only trailed the policy index by .13 bps. U.S. equities recorded large one-month gains of 12.74% with growth continuing to outperform value. The long/short allocation continued to provide downside protection yielding a negative 2.66% year-to-date while the benchmark reported a much greater loss of 12.78%. Fixed income reported relative underperformance due to the continued stress on markets. Federal Reserve intervention has proved to be a backstop and to help stabilize fixed income markets. Real Estate continued to see more pain from pandemic and lockdown concerns. ACG and JPMorgan anticipate second quarter results to reflect the majority of loss during previous months due to the lag effect. JPMorgan proactively worked with tenants to develop a payment plan or restructure lease agreements to ease the burden of the adverse effects of stay-at-home orders.

Moore concluded his presentation with an overview of the DC white-label funds reiterating many comments from his DB review. The Growth and Value option has continued to be resilient in various markets and is currently outperforming S&P 500. Both the Aggressive and International options reported relative underperformance but continue to outperform in the long-term. The ESG option went live on April 1st and dollars were invested during the month. Target date retirement funds performed in line with current markets. Participants in longer term funds saw more volatility, while shorter term funds were provided protection with a larger allocation towards fixed income. The Target retirement date 2065 fund became effective April 1st and will be the default investment option for any new participant born in 1998 or later. Cox reported that the declared base rate for May remained unchanged from the previous month at 2.05% for the Voya Fixed Plus III option.

B. Ratification of Modified Allocation to K2 Swiftcurrent from \$5,000,000 to \$4,500,00

Motion made by Lockett, seconded by Johnston to ratify staff actions and lower the allocation from \$5,000,000 to \$4,500,000 to K2 Swiftcurrent, as recommended by ACG.

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

NAY: None

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

Lockett reviewed ACG's proposed rebalancing recommendation to redeem \$5 million from JPMorgan Fixed Income to fund monthly DB payments for the upcoming quarter.

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

Motion carried:

AYE: Doolen, Johnson, Johnston, Lockett, Reames,
and Rooney

NAY: None

9. Consideration and Possible Action Regarding Administrative Committee Report

A. Approval of the 2020-2021 OkMRF Budget

Chairman of the Administrative Committee, Johnston virtually met with Cox and respective committee members to review in detail the proposed budget. Johnston reviewed highlights of the proposed budget for the upcoming fiscal year; overall budget increasing 4.0%, previous year estimated final expenses compared to actual expenses is under budget by approximately \$232,000, DB estimated administrative expenses to increase from 25 bps to 26 bps and DC estimated administrative expenses to increase from 28 bps to 32 bps. A budget adjustment to the Insurance category will be proposed in June due to excess fiduciary liability policy premium.

Motion made by Johnston, seconded by Lockett to approve 2020-2021 OkMRF Budget increasing DB administrative expenses to 26 bps and DC administrative expenses to 32 bps.

Motion carried:

AYE: Doolen, Johnson, Johnston, Lockett, Reames,
and Rooney

NAY: None

10. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on plan changes for the OkMRF members.

12. OkMRF Staff Report

Cox reported on the following items:

- WCM will be presenting an overview on the international growth component at June's meeting.
- Expressed appreciation for Administrative committee's time and effort to review upcoming fiscal year budget and CEO's goals. A copy can be provided upon request.
- Both Chairman Doolen and Cox will sign representation letters on behalf of OkMRF for Finley & Cook.
- Cox and Stewart are working on a Covid-19 business continuity tracker to document various events and actions taken by OkMRF should future administrations face pandemic or disaster circumstances.
- Nomination period is open for District 2 and District 7 through June 30th. One nomination has been received for both Districts nominating the two incumbents, Park and Lockett. However, Checotah notified OkMRF that a nomination will be forthcoming for LouAnn Moore.
- Provided HIIQ litigation case update that OkMRF signed a lead plaintiffs' motion for class certification along with the City of Birmingham and submitted to the Courts in May. Cox is working with Saxena White to prep for deposition at the end of June to most likely be conducted virtually.

13. New Business

None.

14. Trustee/Member Comments

None.

15. Adjourn

With no further business to conduct meeting adjourned.

The seal is circular with the text "OKLAHOMA MUNICIPAL RETIREMENT BOARD" around the perimeter and "OFFICIAL SEAL" in the center. A star is at the bottom. The seal is partially obscured by a signature.
Robert [Signature]
Robert [Signature], Vice-Chair

Donna Doolen
Donna Doolen, Chair

Respectfully submitted by:

K. Girardi
Katie Girardi