

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
April 24, 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 March 18, 2020, hosted a virtual meeting to conduct business on April 24, 2020, at 10:02 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*)
Secretary: Robert Park, Retiree, City of Sallisaw (*via telephone*)
Treasurer: Jim Luckett, Jr., Retiree, City of Thomas
Members: Joe Don Dunham, City Manager, City of Guymon (*via video*)
Tamera Johnson, Retiree, City of Shawnee (*via telephone*)
Tim Rooney, City Manager, City of Mustang (*via video*)
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*via video*)
Ed Tinker, Retiree, City of Glenpool

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*)

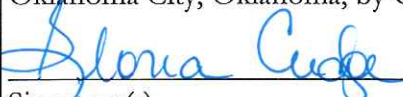
OkMRF Attorney: David Davis (*via telephone*)

Others: Haley Rives, ACG (*via telephone*)
Kevin Moore, ACG (*via telephone*)
Mike Edwards, JPMorgan Core Bonds (*via telephone*)
Wally Theado, JPMorgan Core Bonds (*via telephone*)
Sean Sullivan, Dean Actuaries (*via telephone*)
Gar Chung, Financial Investment News (*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 April 24, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on April 23, 2020.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of March 27, 2020 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 539,461,973.99
International Investment Equity	\$ 6,430,713.58
Aggressive Equity	\$ 12,300,425.87
Real Assets Fund	\$ 413,036.33
Global Equity	\$ 6,508,804.31
ESG US Stock Fund	\$ 67,909.59
Growth and Value Equity	\$ 16,377,981.77
S & P 500 Index	\$ 24,168,677.11
Target Retirement 2065	\$ -
Target Retirement 2060	\$ 2,351,498.73
Target Retirement 2055	\$ 3,719,094.91
Target Retirement 2050	\$ 6,632,328.68
Target Retirement 2045	\$ 8,983,693.28
Target Retirement 2040	\$ 12,972,261.76
Target Retirement 2035	\$ 16,995,953.47
Target Retirement 2030	\$ 22,035,561.97
Target Retirement 2025	\$ 32,807,661.05
Target Retirement 2020	\$ 27,534,382.50
Target Retirement Income	\$ 19,765,300.70
Total Yield Bond Fund	\$ 6,212,938.27
Bond Index ¹	\$ 17,526,959.25
Voya Fixed Plus III	\$ 44,448,564.95
Loan Portfolio	\$ 8,612,234.48
Self Directed Brokerage	\$ 153,525.95
Total Assets	\$ 836,481,482.50

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for April

Actuary & Recordkeeping	\$ 40,859.20
Administration	94,172.84
Attorney	3,950.00
Audit	0.00
Board Travel	(4,785.05)
Employer Directed Expense	5,965.00
Insurance	0.00
Investment Advisors	134,091.68
Custodial	10,568.03
Investment Consultant	31,020.77
Public Relations	0.00
Representative Travel	<u>(87.11)</u>
EXPENSES	<u><u>\$ 315,755.36</u></u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

2. Consideration and Possible Action of Items Removed from the Consent Agenda

No action taken.

3. JPMorgan Core Bonds: Annual Update from Investment Managers – Mike Edwards and Wally Theado

Theado began presentation with a quick review of the investment team and their consistent investment process which has provided long-term outperformance of the benchmark in 23 out of the last 25 calendar years.

Theado continued discussion with a market and portfolio overview. Investors distanced themselves from virtually all types of credit risk and increased demand for the highest quality U.S. dollar assets. At the beginning of 2020, the portfolio allocated approximately 26.0% to U.S. Treasuries and looks to increase this exposure in the future based on the Fed's decision to support the flow of credit throughout markets and restore market liquidity. On a go-forward basis, JPMorgan plans to remain underweight in corporate credit and remain overweight in U.S. Treasuries, relative to the benchmark.

Edwards discussed management's decision to keep duration on holdings slightly longer than their relative benchmark due to JPMorgan's market environment outlook. With a difficult market environment forecasted through the end of 2020 and low policy rates through possibly 2022, there is no pressure to move rates higher, therefore allowing JPMorgan to hold a longer duration average.

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

A. ACG: Review and Discussion of Monthly ASAP Reports

Rives began discussion highlighting both good and bad news within the past month. Although over 26 million people have filed for unemployment, the Federal deficit surpassed \$4 trillion and companies reported historic revenue loss due to stay-in-place orders. However, the S&P 500 has rebounded in April reporting approximately 12.8% increase for the month. Leading economic indicators, like the market, are anticipating bad news; therefore, based on market volatility, it is likely the market has fully priced in the declining trends. An expected short-lived rebound has active managers positioning their portfolios accordingly.

Moore discussed current portfolio asset allocations due to the equity selloff in March. Although, equity allocations are underweight, ACG is monitoring market values on a weekly basis to determine if a rebalancing is recommended. At this time, no rebalancing is recommended. The 10-year trailing return for the DB portfolio of 7.02% is lagging the long-term goal of 7.25% but is continually incurring less risk than the benchmark. While relative performance has not been ideal, longer time frames are providing outperformance.

Sectors such as tech, healthcare and consumer staples were outperformers during these unprecedented times, while financials and energy have been hit the hardest. U.S. markets outperformed non-U.S. markets, while growth has continued to outperform value. On a relative basis, the Fixed Income allocation looks substandard because of recent movement in U.S. Treasury markets. Active managers, such as Amundi Pioneer and BlackRock, are expected to succeed during these types of markets due to their ability to veer from these types of securities. Since Real Estate lags to the stock market, ACG is predicting negative returns for the second and third quarters. ACG and Staff recently spoke with JPMorgan concerning future outlooks on real estate due to shifts in everyday life during this pandemic.

Moore concluded presentation with reviewing performance of the DC fund lineup. While short-term performance is reported as negative, long-term performance is holding strong.

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

No action taken.

5. **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 their continued support in collective goals in FY 19-20; all Trustees and Staff completed DISC perception training, implementation of public plan mortality tables with the help of Dean Actuaries, DB administrative forms updated to be more professional and similar to DC forms, updated employee handbook and currently under review by Nextep, personally interviewed each Staff member to openly discuss questions and receive feedback, participation as lead plaintiff in HIIQ securities litigation case and continued update of website resources, Voya PR materials, links and websites. Distractors included new legislation and bills resulting from COVID-19 pandemic, forfeiture error with related executive sessions, 1099R coding error, tax payor inquiry, subpoenas, QDROs and a significant increase in open records requests.

Motion made by Luckett, seconded by Johnson to accept the Executive Director/CEO review of FY 19-20 goals and objectives.

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

NAY: None

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

No action taken.

7. **Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of GASB Accounting Results June 30, 2020 – Sean Sullivan**

Sullivan presented an overview of the actuarial valuations under GASB 68 and results for the fiscal years ending on or before July 1, 2020. Sullivan reviewed the general rules for the discount rate determination and the letter provided to CEO for the Members and their respective auditors. In conclusion, all Members that faithfully contribute their actuarially determined contribution rate should not face a projected depletion date. Due to the current stay-at-home orders, members could see a delay in receiving their report.

Motion made by Luckett, seconded by Tinker to accept the Summary of GASB Accounting Results for fiscal years ending on or before effective July 1, 2020, as prepared by Dean Actuaries, LLC.

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

NAY: None

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

Whatley reported on plan changes for the OkMRF members.

9. **Consideration and Possible Action to Adopt Resolution 2020-2 Providing Direction on the CARES Act**

Cox provided background regarding Coronavirus Aid, Relief and Economic Security (CARES) Act signed into law on March 27, 2020, because of the COVID-19 pandemic, aimed to ease financial pressures facing Americans. For Defined Contribution and/or Customized Manager Option Plan Participants; all 2020 Required Minimum Distributions (RMDs) are suspended, enhanced loan provision increased the amount available from \$50k to \$100K or 100% of vested balance, whichever is less, ability to postpone loan repayments until January 1, 2021, in-service coronavirus-related distributions (CRDs) with the ability to spread taxation of distribution ratably over a three-year period and waiver of 10% early withdrawal tax penalty. Cox emphasized Participants must self-certify with a Voya Customer Service Rep on a recorded line that they have been directly impacted by COVID-19 virus. Neither OkMRF nor Members will be required to obtain evidence that the Participant meets stated criteria.

The proposed Resolution provides for a directional letter to Voya as the DC recordkeeper and has been discussed at length with Voya, Tax Attorney and Trust Attorney. OkMRF must commit to amend the master plan accordingly by the last day of the first plan year of January 1, 2024.

Motion made by Tinker, seconded by Park to adopt Resolution 2020-2 providing a directional letter to Voya Financial to take advantage of the remedies of the CARES Act and to commit to subsequent master plan amendments.

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

NAY: None

10. **OkMRF Staff Report**

Cox reported on the following items:

- The 2020 Trustee Retreat originally scheduled for May has been cancelled due to COVID-19 pandemic.
- Next month:
 - ✓ Administrative Committee will meet virtually at 9:00 a.m. on May 28th to review CEO's FY 20-21 goals and proposed FY 20-21 budget to hopefully present at May 29th meeting.
 - ✓ May 29th meeting will be conducted virtually. Trustees are asked to join by video or telephone.
 - ✓ Artisan Partners will be presenting on International Value in the non-U.S. Equity portfolio.
 - ✓ Finley & Cook will present audit reports for GASB 68.
- GASB audit fieldwork is underway and being completely done remotely. Stewart and Porter are assisting.
- Received preliminary approval from IRS on DC Master Plan and Joinder Agreements. No determination letter has been received yet.
- District 2 and District 7 elections notices will be sent out next week with nominations to be returned to OkMRF no later than June 30th.
- Provided HIIQ litigation case update – Cox, Davis and Saxena White participated in a conference call at the end of March regarding an email query request for Cox, Whatley, Stewart and Girardi. Query completed by 3Nines and provided to Saxena White.

11. New Business

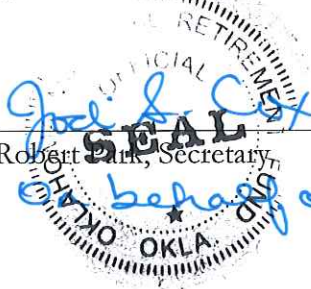
None.

12. Trustee/Member Comments

None.

13. Adjourn

With no further business to conduct meeting adjourned.

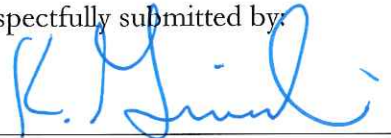
The seal is circular with a dotted border. The text "OFFICIAL SEAL" is at the top, "OKLAHOMA RETIREMENT SYSTEM" is around the inner edge, and "OKLA. OKLA. OKLA." is at the bottom. A star is in the center. A signature in blue ink is written over the seal.

Robert Park, Secretary



Donna Doolen, Chair

behalf of Bob Park

Respectfully submitted by:


Katie Girardi