

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 28, 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 August 28, 2020, at 10:06 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
Treasurer: Jim Lockett, Jr., Retiree, City of Thomas
Secretary: Robert Park, Retiree, City of Sallisaw (*via telephone*)
Members: Joe Don Dunham, City Manager, City of Guymon (*via video*)
Tamera Johnson, Retiree, City of Shawnee (*via video*)
Tim Rooney, City Manager, City of Mustang (*via video; left at 11:54 a.m.*)
Ed Tinker, Retiree, City of Glenpool (*via telephone*)

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: Gerald "Jerry" Sinish, Jr., Northern Trust (*via video*)
Kevin Moore, ACG (*via video*)
Tom Janisch, ACG (*via telephone*)
Deltra Hayes, Voya (*via telephone*)
Jane Spatola, Voya (*via telephone*)
Kevin McGrath, Voya (*via telephone*)
Peter Winterbottom, Voya (*via telephone*)
Scott Darcy, Voya (*via telephone*)
Troy Bradley, Guest (*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 August 28, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on August 27, 2020.


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of July 31, 2020 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 629,393,054.91
International Investment Equity	\$ 8,025,933.88
Aggressive Equity	\$ 16,617,367.34
Real Assets Fund	\$ 304,743.48
ESG US Stock Fund	\$ 455,616.00
Global Equity	\$ 8,079,275.59
Growth and Value Equity	\$ 21,758,362.07
S & P 500 Index	\$ 31,040,880.21
Target Retirement 2065	\$ 9,605.70
Target Retirement 2060	\$ 3,477,000.48
Target Retirement 2055	\$ 5,115,276.79
Target Retirement 2050	\$ 8,809,045.66
Target Retirement 2045	\$ 11,875,862.53
Target Retirement 2040	\$ 16,032,469.04
Target Retirement 2035	\$ 21,780,722.46
Target Retirement 2030	\$ 26,931,859.62
Target Retirement 2025	\$ 39,771,129.25
Target Retirement 2020	\$ 30,793,007.38
Target Retirement Income	\$ 21,521,655.67
Total Yield Bond Fund	\$ 6,641,132.68
Bond Index	\$ 17,287,401.50
Voya Fixed Plus III	\$ 42,577,886.91
Loan Portfolio	\$ 8,288,078.22
Self Directed Brokerage	\$ 223,787.66
Total Assets	\$ 976,811,155.03

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for August

Actuary & Recordkeeping	\$ 48,225.71
Administration	106,403.51
Attorney	11,837.00
Audit	0.00
Board Travel	210.45
Employer Directed Expense	795.00
Insurance	10,153.74
Investment Advisors	0.00
Custodial	12,506.38
Investment Consultant	0.00
Public Relations	750.00
Representative Travel	78.38
EXPENSES	<u>\$190,960.17</u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

4. Northern Trust: Annual Update on DB Custodial Services – Gerald “Jerry” Sinish, Jr.

Sinish began presentation with a business resiliency plan overview during current pandemic state. Majority of Northern Trust employees are working off-site with plans to begin returning to the office in January 2021. Sinish stated there have been no interruptions regarding issuing pensioner payments or daily reporting.

Sinish provided an update on Northern Trust’s Corporate and Institutional custodial services and Wealth Management, reporting assets under custody of \$9.3 trillion. Focusing on their core business and organic growth provides a strong capital position for the size and risk of assets on their high-quality balance sheet. Northern Trust has been assigned the highest credit rating of any

comparable U.S. based bank due to low risk assets with high liquidity and less focus on interest income from loans and leases. Currently, there are no pending litigation cases against Northern Trust.

Sinish reviewed current custodial services utilized by OkMRF including class action monitoring/filings of claims and benefit payment services. Both services are handled by dedicated teams while operating on a single company-wide platform.

Sinish concluded with presenting a new data driven and client personalized Passport 'Tomorrow' platform to be rolled out over the next few years. The new interactive platform will provide client focused solutions tailored towards behaviors and preferences while integrating a multi-layer approach to information security.

5. **Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Manager – Deltra Hayes (Voya Financial Trust Company); Jane Spatola and Debbie Fonseca (Plan Review); Kevin McGrath (Voya Fixed Account); Peter Winterbottom (Wealth Management); and Scott Darcy (Communication)**

The Voya team updates were as follows:

- Hayes began with an overview of Voya's business continuity plan stating most employees are continuing to work off-site with plans to begin returning to the office in January 2021. She provided an overview of Voya Institutional Trust Company citing the addition of over 500 new Defined Contribution plans and increasing total assets to \$116 billion since last year. Voya continues to strive to be 'America's Retirement Program' by implementing their Corporate Responsibility Pillars: Empowering employees, servicing clients, protecting the environment, and investing in communities. Voya received numerous third-party awards in 2020 reflecting their inclusion policies and ESG practices.
- Hayes discussed current retirement trends including participant financial stress due to job loss during the pandemic and repayment of student loan debt. Voya offers student debt education and assistance solutions tailored to participants seeking pre-college planning and post-college repayment.
- Winterbottom discussed Voya's 'futureReady Reset' program designed to support participants during the transition from accumulation to drawdown. The program uses a professional management service to provide a more conservative investment option for participants within five (5) years of retirement age and seeks to retain assets to provide monthly payments throughout retirement. Fees are based on tiered professional management schedule negotiated with OkMRF.
- Spatola summarized OkMRF plan statistics noting 11 new member plans, an increase of 474 participants, and 4.70% increase in assets as of June 30, 2020. Target retirement funds continue to account for approximately half of all assets under management due to auto-enrollment on initial participation. Total additions including contributions and rollovers outpaced total deductions, including member withdrawals and defaulted loans, by approximately \$16.2 million. Loan fund totals decreased to 2.4% of plan assets since last year. Plan improvements include the addition of ESG U.S. Stock Fund, addition of SSgA Target Retirement 2065 fund and ability for participants to pay off loans via ACH.
- Hayes confirmed Voya Fixed Plus III investment option offers a current rate of 2.05% with no change from July. McGrath discussed Voya's fixed income assets. Of the \$238 billion assets under management, \$152 billion is allocated to fixed income and \$25 billion to senior loans. The core investment allocation continues to be investment grade credit. McGrath noted minimal sector allocation changes and similar maturity scale and credit ratings over the past year.

- Winterbottom provided a summary of the Reach & Impact Executive Summary stating 12% of OkMRF participants are engaging with Voya services. Approximately 50% of all participants are invested in Target Retirement Date funds, while 2% engage in professional management of their accounts. Winterbottom presented two(2) new nearing retirement materials: Nearing Retirement Checklist, which provides a quick view of ten (10) steps individuals need to take to prepare for retirement and a Nearing Retirement Workbook, which allows individuals to complete a fillable workbook and take necessary steps to prepare for retirement. Participants can obtain a checklist or workbook by contacting a Voya representative.
- Darcy reviewed marketing and communication efforts during the past year. Voya collaborated with OkMRF to distribute an annual Momentum Newsletter, CARES Act notice and multiple new member welcome emails. Darcy reviewed participant engagement trends, noting an increase in both web logins and phone calls during past pandemic months. October will be designated as National Retirement Security Month with Voya planning to deliver educational videos, articles, and calculators.

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

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

Moore began presentation by discussing the continued strong disconnect between the market and leading economic indicators. Markets are at all-time highs, up over 50% since its late March low, while unemployment claims remain high and consumer spending remains low. Moore discussed the Fed's recent announcement regarding a shift in their inflation policy to influence long term trends by averaging 2.0% inflation rather than fixating on a ceiling of 2.0%.

Moore continued with a review of ASAP reports noting the DB's total portfolio return of 9.02% and assets totaling \$630 million at the end of July. Asset allocations continue to prove to be appropriate by providing 6.71% return over the course of five (5) years with growth continuing to outperform value. Fixed income returns continue to be challenging over the longer term, but the Fed's intervention helped relative performance.

DC white label funds continue to perform in-line with DB asset classes. White label funds are outperforming their benchmarks, net of fees, in the three (3), five (5), and seven (7) year timeframes. Moore noted ESG U.S. Stock Fund option cashflow has increased over the past month with assets now totaling \$450k. Target Retirement Date fund options are all back in positive territory and SSgA is doing a sufficient job of managing the glide path.

B. **ACG: Discussion and Possible Action on Long/Short Allocation**

Investment education provided at Investment Committee meeting prior to regular Board meeting. No action taken.

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

Luckett presented ACG's recommendation of rebalancing in the DB portfolio between the active managers from growth to value within the U.S. small/mid cap equity allocation and the International allocation.

Motion made by Luckett, seconded by Tinker, to approve the recommendation of ACG to sell \$3.5 million from TimesSquare SMID Growth and reinvest it River Road Small Cap

Value and sell \$6.5 million from WCM International Focused Growth and reinvest with Artisan International Value.

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

NAY: None

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

No action taken.

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

No action taken.

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

Whatley reported on plan changes for the OkMRF members.

10. **OkMRF Staff Report**

Cox reported on the following items:

- Public Funds conference hosted by Oklahoma Firefighter's Pension has been cancelled for 2020. They intend to host the event next year.
- Upcoming educational opportunities:
 - NCPERS Fall Conference will be held virtually September 29th and 30th. The two-day program is structured in three tracks to equip attendees with valuable insights on Financial, Actuarial, Legislative & Legal matters impacting pension plans. Material is extremely relevant, and registration is reasonable without travel costs. Mentioned she participated in a virtual NCPERS Public Pension Funding Forum earlier in the week and it was extremely well done.
 - OML is hosting a virtual Education Series on September 30th through October 2nd, free of charge. This education is in lieu of the annual conference which was cancelled due pandemic. The virtual series will offer 50-minute sessions over the three-day event. Enrollment information will be forwarded once received. However, there is a one day overlap with NCPERS training above.
 - Voya is hosting their annual Client Summit virtually on October 1st and 2nd from 1:00-3:00 p.m. each day. Both Whatley and Girardi have attended this event in person and found the information beneficial.
- Update on Trustee Election: District 2 incumbent Park has received four votes while opponent LouAnn Moore has also received four votes. If no additional votes are received over the weekend, there will be a runoff election. OkMRF will prepare a second ballot to be mailed before September 10th, following the same procedure as provided for the first ballot. The tie-vote ballots must be returned by October 20th. District 7 incumbent has received eight votes while opponent, Lisa Young has received five.
- Update on new member, City of Jenks: Next Tuesday night, Jenks City Council is expected to approve the OkMRF DC plan documents, along with Voya's 457(b) plan documents to become Members effective January 15, 2021. After nearly a year of discussions and various events, OkMRF is excited to welcome Jenks to our membership, bringing with them approximately \$3 million in assets.

- Whatley and Cox attended the virtual CMAO Summer Conference. CMAO and OMMS did a great job on the virtual conference. Trustee Reames, is presenting at a morning session, resulting in her absence for today's meeting.
- Annual financial audit has begun with the issuance of numerous confirmation letters.

11. **Enter Executive Session for Discussion of Class Action Litigation Against Health Insurance Innovations, Inc. (HHIQ) for Alleged Securities Violations.** *(Proposed executive session is authorized by Title 25 Oklahoma Statute Section 307B4 which allows executive sessions for confidential communication 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 of the trust, the participants and the class members.)* **The Trust attorney has advised that this action qualifies for executive session.**

Motion made by Luckett, seconded by Dunham to enter Executive Session at 12:16 p.m.

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

NAY: None

Chair Doolen declared Executive Session over at 12:34 p.m.

12. **Consideration and Possible Action to Authorize the Executive Director to Enter into a Tentative Settlement Agreement of the Class Action Litigation Against HHQ, Subject to and Contingent upon Ratification by the OkMRF Board of Trustees**

Motion made by Luckett, seconded by Park to authorize the Executive Director the ability to enter into a tentative settlement agreement, if offered, of the class action litigation case against HHQ.

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

NAY: None

13. **New Business**

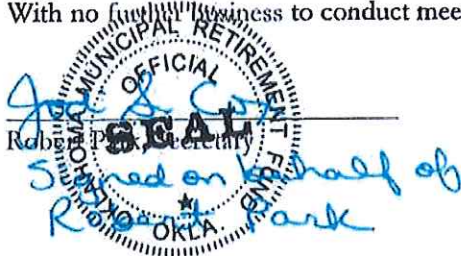
None.

14. **Trustee/Member Comments**

Tinker requested hard copy of Board packet be mailed to him.

15. Adjourn

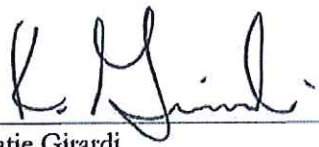
With no further business to conduct meeting adjourned.


Official Seal of the Oklahoma Municipal Retirement Board (OMRB). The seal is circular with the text "OKLAHOMA MUNICIPAL RETIREMENT BOARD" around the perimeter and "OFFICIAL" in the center. A handwritten signature in blue ink, "Katie Girardi", is written across the seal. Below the seal, the text "Signed on behalf of Robert P. ..." is written in blue ink.



Donna Dooley, Chair

Respectfully submitted by:



Katie Girardi