

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 18, 2020

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on December 18, 2020, at 10:01 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 Clinton
Treasurer: Jim Lockett, Jr., Retiree, City of Thomas
Secretary: Robert Park, Retiree, City of Sallisaw
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 – arrived at 10:06 a.m.*)
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater

OTHERS PRESENT:

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

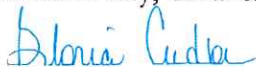
OkMRF Attorney: David Davis (*via video*)

Others: Kevin Moore, ACG (*via video*)
Jonathan Alden, BlackRock (*via video*)
Shayan Hussain, BlackRock (*via video*)
Dan Bledsoe, Finley & Cook (*via video*)
Chuck Dean, Dean Actuaries (*via video*)
Gar Chung, Financial Investment News (*via video*)
Nina Lindholm, Pagent Media (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 18, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on December 17, 2020.



Signature(s)

2. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of November 20, 2020 Meeting(s)**

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

Option	Value By Fund
Defined Benefit	\$ 678,876,638.51
International Investment Equity	\$ 8,869,067.28
Aggressive Equity	\$ 19,268,205.62
Real Assets Fund	\$ 359,168.99
ESG US Stock Fund	\$ 1,022,147.01
Global Equity	\$ 9,449,203.37
Growth and Value Equity	\$ 23,639,976.37
S & P 500 Index	\$ 33,134,898.56
Target Retirement 2065	\$ 9,154.62
Target Retirement 2060	\$ 4,235,950.91
Target Retirement 2055	\$ 5,852,981.72
Target Retirement 2050	\$ 10,071,973.42
Target Retirement 2045	\$ 12,922,968.84
Target Retirement 2040	\$ 18,089,443.74
Target Retirement 2035	\$ 24,269,812.04
Target Retirement 2030	\$ 29,458,114.33
Target Retirement 2025	\$ 42,166,111.88
Target Retirement 2020	\$ 32,482,363.62
Target Retirement Income	\$ 22,177,641.55
Total Yield Bond Fund	\$ 6,692,274.50
Bond Index	\$ 18,031,858.47
Voya Fixed Plus III	\$ 41,664,762.41
Loan Portfolio	\$ 7,947,585.18
Self Directed Brokerage	\$ 213,220.24
Total Assets	\$ 1,050,905,523.18

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	\$ 47,868.28
Administration	98,776.12
Attorney	5,193.00
Audit	18,500.00
Board Travel	690.88
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	10,232.04
Investment Consultant	0.00
Public Relations	3,172.65
Representative Travel	382.60
EXPENSES	<u>\$184,815.57</u>

E. Benefit Payments and Contribution Refunds

Motion made by Lockett, seconded by Park to approve all items on the Consent Agenda.

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

NAY: None

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

No action taken.

4. Comments from the Public

None.

5. BlackRock: Annual Update from Investment Manager – Jonathan Alden and Shayan Hussain

Alden began presentation by thanking OkMRF for their continued relationship in both the DB and DC portfolio. Alden then introduced his colleague, Shayan Hussain, who provided a general overview of BlackRock, noting \$7.8 trillion in assets under management. Staying true to the fund's motto, "making a little bit of money a lot of the time", the fund reported a year-to-date return of 5.94% while maintaining a lower volatility than other nontraditional bond funds.

Hussain discussed portfolio sector allocations regarding current cash positioning of 22.7%, noting a large, short position in U.S. agency and mortgage-backed securities due to Fed driven pricing creating a richness in the market. Coming in to 2020, BlackRock began reducing risk which helped protect against the severe drawdown in March. At that time, BlackRock put their cash position to work by increasing their exposure to high yield sectors. This proved to be a key part of their success when markets began their upward trend in the second quarter. With the economy in a healthy spot and continued monetary policy support, BlackRock projects to maintain a healthy exposure to credit, but in a diversified fashion, as modestly higher levels of inflation are to be expected.

6. Finley & Cook: Consideration and Possible Action Regarding 2019-2020 OkMRF Audit Report

Bledsoe presented the audited financial report for the Fund, stating an unmodified clean opinion with no major discrepancies or issues working with management or staff. He reviewed the required communication letter, confirmed there were no fraud issues, illegal acts or material weakness in the internal control structure discovered during audit process. Bledsoe noted no new GASB Statements were implemented but additional disclosures added related to pandemic and the CARES Act. Sample size of test work increased, as normal, with good responses and no exceptions. Positive income for both DB and DC funds, \$11 million and \$14 million, respectively.

Motion made by Reames, seconded by Dunham to accept 2019-2020 OkMRF Audit Report

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

NAY: None

7. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review and Discussion of Monthly ASAP Reports

Moore began presentation with a broad overview of market conditions. Strong absolute returns through the end of November due to Pfizer and Moderna vaccine rollouts and presidential election results announced sooner than anticipated. While ACG is pleased with performance during this unprecedented year, they continue to have a cautious long-term outlook. Moore noted the portfolio's diversified investment allocations have been a benefactor to performance over time as yields are projected to remain low for an indefinite period.

Strong U.S. equity performance proved to be a large benefactor for year-to-date DB portfolio return of 11.33%, which outperformed the policy index by 64 basis points. While the U.S. dollar has begun weakening over the past few months, this has provided a higher rate of return for non-U.S. markets. Moore noted WCM's extraordinary year-to-date return of 26.88%. The volatility of this year has played well for the long/short portfolio with its diversified managers focused on different investment strategies. Fixed income continues to struggle as rates remain low, but BlackRock's active management assisted in positive relative performance. JP Morgan's high quality real estate portfolio remains well positioned as rent collections trend upward and industrials begin to report positive performance.

Moore provided high-level review of DC portfolio. While value equities struggled for most of the year, performance for the month of November was stronger than growth counterparts and combined for a year-to-date return of 19.72%. Despite global struggles with a pandemic, non-U.S. equities reported positive 6.74%, year-to-date. OkMRF is continuing to see transfer of funds into the recently added investment option, ESG U.S. Stock option, with over \$1 million

in assets at the end of November. Target Retirement Date fund options performed in line with their respective asset allocations. Moore noted SSGA's addition of intermediate government bond exposure to their portfolio to mitigate interest rate risk.

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

No action taken.

8. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

9. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

10. Dean Actuaries: Receive Update and Comments on Industry Topics

Dean provided a Public Retirement News Summary, compiled by Dean Actuaries, with various summaries of pension related articles. Focusing on '2020 Public Pension Funding Study' published by Milliman, Dean presented funding, investment and expected return results for the hundred largest pension plans compared to OkMRF. He was happy to report OkMRF recorded a higher funding ratio of 88.9% compared to 72.5% in study and investment return of 6.88% compared to 6.43% for fiscal year ending 2019.

Dean discussed an upcoming revision to Actuarial Standards of Practice to add investment, contribution, and demographic risk to actuarial reports. Dean Actuaries is continuing to track and will present at a future date. To end, Dean discussed The Actuarial Foundation and its climate risk research and development of index and mathematical formula to measure climate change and reviewed mortality risk versus investment risk assumptions.

Cox expressed gratitude to Dean and team members for their trusted service throughout the years.

11. Receive October and November 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:

- The representation letter to Finley & Cook related to the financial audit will be signed by her and Board Chair.
- Provided an update on class action lawsuit with HIIQ; A settlement of \$11 million was approved on December 3rd. Saxena White will be working to notify potential class members. A final fairness hearing will be the morning of March 23, 2021.
- Upcoming January meeting, Ninety One to provide investment review and ACG to present 2020 highlights with 2021 initiatives and capital market assumption review.
- Expressed appreciation on behalf of Staff to Trustees for their annual 457(b) match bonus incentive. Staff was presented an award letter documenting OkMRF's 2020 accomplishments.
- Thanked the Board of Trustees for their strong leadership and guidance through a distressing year, especially those willing to attend Board meetings in-person.
- Expressed gratitude to David Davis for his 45 years of loyal dedicated service to OkMRF's Board.

- Trustees, Power team partners and Staff received OkMRF masks with a poem thanking each of them for their dedication to the Fund and making OkMRF a better system.

13. New Business

None.

14. Trustee/Member Comments

Davis thanked Board and Staff for their cooperation over the past 45 years.

Under the Open Meeting Act, five (5) trustees must be physically present during the meeting. Davis asked Whatley to validate the Trustees that were physically present. Whatley confirmed.

15. Adjourn

With no further business to conduct meeting adjourned.



Donna Doolen
Donna Doolen, Chair

Respectfully submitted by:

K. Girardi

Katie Girardi