

**MINUTES**  
**BOARD OF TRUSTEES**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**February 28, 2020**

**1. Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on February 28, 2020, at 10:00 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 Frederick  
Secretary: Robert Park, Retiree, City of Sallisaw  
Treasurer: Jim Luckett, Jr., Retiree, City of Thomas  
Members: Joe Don Dunham, City Manager, City of Alva  
Tamera Johnson, Retiree, City of Shawnee  
Tim Rooney, City Manager, City of Mustang  
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater  
Ed Tinker, Retiree, City of Glenpool

**OTHERS PRESENT:**

OkMRF Staff: Jodi Cox, CEO & Director  
Chris Whatley, Plan Advisor & Portfolio Strategist  
Katie Girardi, Plan Administrator  
Rhnea Stewart, Fund Accountant

OkMRF Attorney: David Davis

Others: Haley Rives, ACG  
Tom Janisch, ACG  
Jonathan Scott, Amundi Pioneer  
Katie Warmington, Amundi Pioneer

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

Doolen welcomed everyone and called the meeting to order.

**NOTICE:** The agenda for the February 28, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on February 27, 2020.

Signature(s)

*Jodi S. Cox, signed for Gloria Cudjoe*

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

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

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

Option	Value By Fund
Defined Benefit	\$ 626,330,808.92
International Investment Equity	\$ 8,792,813.75
Aggressive Equity	\$ 18,907,809.70
Real Assets Fund	\$ 492,804.55
Global Equity	\$ 8,411,163.93
Growth and Value Equity	\$ 21,899,717.98
S & P 500 Index	\$ 31,351,771.64
Target Retirement 2060	\$ 2,690,478.67
Target Retirement 2055	\$ 4,528,887.84
Target Retirement 2050	\$ 7,975,503.13
Target Retirement 2045	\$ 11,361,061.50
Target Retirement 2040	\$ 15,298,856.99
Target Retirement 2035	\$ 21,493,771.68
Target Retirement 2030	\$ 25,643,290.04
Target Retirement 2025	\$ 39,234,069.12
Target Retirement 2020	\$ 31,500,799.26
Target Retirement Income	\$ 21,782,550.05
Total Yield Bond Fund	\$ 5,975,171.73
Bond Index	\$ 15,206,564.22
Voya Fixed Plus III	\$ 38,681,424.71
Loan Portfolio	\$ 8,618,504.89
Self Directed Brokerage	\$ 178,815.85
<b>Total Assets</b>	<b>\$ 966,356,640.15</b>

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for February

Actuary & Recordkeeping	\$ 44,522.17
Administration	99,425.52
Attorney	3,950.00
Audit	0.00
Board Travel	1,253.44
Employer Directed Expense	3,710.00
Insurance	0.00
Investment Advisors	0.00
Custodial	13,532.67
Investment Consultant	0.00
Public Relations	1,000.00
Representative Travel	<u>1,525.50</u>
EXPENSES	<u>\$ 168,919.30</u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

4. Comments from Public

None.

5. **Amundi Pioneer Annual Update from Investment Manager – Jonathan Scott & Katie Warmington**

Warmington provided a firm update noting the finalization of the 2017 acquisition of Pioneer by Amundi in May 2019. She stated all asset classes and sectors are being handled on Amundi's proprietary global platform. Christine Todd was hired in 2019 as the Head of Fixed Income to provide strategic guidance for the team rather than being tasked with portfolio management responsibilities. They continue to monitor their employee base to fill any gaps recognized during evaluations.

Scott continued with a portfolio overview of Amundi Pioneer's outlook on global growth and the U.S. economy. While in June of 2019, their outlook remained fairly bullish on the market, recent challenges faced by companies due to the coronavirus outbreak has caused them to reduce their corporate credit exposure and move focus towards the structured product sector. Scott mentioned new attention being brought to bonds that have a maturity matching their underlying business risks, such as pipeline bonds. The current portfolio has an average quality bond rating of A, a duration of 4.47 years and an average life of 7.48 years. The biggest benefactor to Amundi Pioneer's performance through 2019 of 9.35% was their sector allocation to agency mortgage-backed securities. Looking forward, due to global fears and possible movement into lower quality bond holdings, these factors may increase performance. With the Fed's anticipation of cutting interest rates this year, many companies will be forced to go to market at a discount rate allowing investors to take advantage.

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

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

Rives began discussion addressing current extremely volatile market conditions. Investor fear has developed as the coronavirus traveled outside Chinese borders to Europe and the U.S. All U.S. and non-U.S. equities are facing headwinds as many companies will be looking to diversify their supply chains outside of China to allow for higher growth. ACG anticipates a frustrating one (1) to two (2) quarter decline, but as warmer weather continues a likely decline in coronavirus cases should be seen.

Rives reminded Trustees and Staff of the strong 2019 DB portfolio performance of over 14.0%. The strong performance will provide a shock absorber throughout the upcoming declining months. The long/short allocation demonstrated its downside protection by being the only equity holdings reporting positive performance in the previous month. Fixed income performed in line with their relative benchmarks, with JPMorgan outperforming on an absolute basis, as well. Real Assets are continuing to see positive minimal performance due to the continued incoming income from high quality real estate.

The DC portfolio performed in line with their respectable benchmarks. The Growth & Value fund is among one of the highest ranked against peers and the Aggressive Equity fund provided downside protection in a difficult month for small cap markets. The Real Assets fund faced headwinds as oil prices continually decline and inflation is currently nonexistent. Target Retirement funds reported negative performance for the previous month but Rives reminded everyone of the long-term focus for these investors.

**B. Discussion and Possible Action Regarding Long/Short Allocation**

Janisch summarized recommendations of two (2) additional managers to the Global Long/Short portfolio, Engaged Capital and Swiftcurrent Partners, as well as, reallocation of Cevian redemption proceeds.

Luckett, Investment Committee Chair, reported that Investment Committee met and brings forth recommendations for Board consideration on Agenda Items 6.C through 6.E.

**C. ACG: Consideration and Possible Action to Add K2 Mauna Kea LLC – K2 Engaged Capital Flagship Fund Series to the DB Long/Short Allocation**

Motion made by Luckett, seconded by Tinker to add K2 Engaged Capital Flagship as an additional manager to the long/short portfolio, as recommend by ACG, with an allocation of \$2.65 million.

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

NAY: None

**D. ACG: Consideration and Possible Action to Add K2 Mauna Kea LLC – K2 Swiftcurrent Partners Series to the DB Long/Short Allocation**

Motion made by Luckett, seconded by Tinker to add K2 Swiftcurrent Partners as an additional manager to the long/short portfolio as recommend by ACG, with an allocation of \$5 million.

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

NAY: None

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

Motion made by Luckett, seconded by Tinker to allocate White Elm redemption proceeds as recommended by ACG, in the long/short portfolio as follows; \$439k to Redmile Capital, \$850k to SQN Investors and \$2.65 million to Engaged Capital Flagship.

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

NAY: None

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

Johnston, Administrative Committee Chair, and Cox presented recommendation of conducting this year's Trustee Retreat offsite at The Dominion House in Guthrie, OK. Both Trustee education and May's Board meeting will be held at Dominion House. Notification of location change will be made to appropriate agencies. Cox instructed Trustees and Staff to complete the provided information form regarding attendance and room accommodations.

No action taken.

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

**A. Approve Renewal of Fiduciary Liability and Crime Insurance Policies**

Reames, Contract Committee Chair, presented a recommendation to renew the Fiduciary Liability insurance by Federal Insurance Company with the same terms and premium as previous year and to renew the Crime Policy insurance from Travelers Casualty and Surety Company of America, reflecting the same coverage as previous year with an increase in social engineering coverage, new coverage related to telecommunication fraud, a slight increase in the aggregated deductible amount with a decrease of \$31 in the premium.

Motion made by Reames, seconded by Rooney to accept the renewal for both the Fiduciary Liability policy and the Crime policy for the term April 2, 2020 to April 2, 2021.

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

NAY: None

**B. Consideration and Possible Action on Obtaining Additional Excess Fiduciary Liability Policy**

Reames, Contract Committee Chair, discussed Committee's recommendation of needing an additional layer of Fiduciary Liability coverage due to the increase in the number of lawsuits/claims reported in the fiduciary area and OkMRF's steady growth. Quotes were obtained by David Dutton, Insurica Vice President, and the best quote came from Travelers Casualty and Surety Company of America. The additional layer will add excess coverage of \$10 million per loss for a premium of approximately \$40,000.

Motion made by Reames, seconded by Rooney to approve the additional tier of Fiduciary Liability insurance coverage provided by Travelers Casualty and Surety Company of America to procure this current fiscal year and establish a reserve for the deductible in the Administrative account of \$50,000.

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

NAY: None

**C. Finley & Cook: Consideration and Possible Action Regarding Annual Audit Engagement Letter**

Motion made by Reames, seconded by Rooney to approve the annual audit engagement letter for fiscal year end 2020 with Finley & Cook, authorizing Doolen and Cox to sign.

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

NAY: None

**D. Finley & Cook: Consideration and Possible Action Regarding GASB 68 Engagement Letters**

Motion made by Reames, seconded by Rooney to approve the two related GASB 68 engagement letters with Finley & Cook for the fiscal year end 2020, authorizing Doolen and Cox to sign.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett, Park, Reames, Rooney and Tinker  
NAY: None

**E. Consideration and Possible Action Regarding Review of Vendor Evaluations**

Reames, Contract Committee Chair, reported that vendor evaluations were well documented and discussed with Staff. At this time, no changes are recommended to existing service providers.

Motion made by Reames, seconded by Rooney to retain Voya, Dean Actuaries, ACG and Finley & Cook as service providers for the upcoming year.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett, Park, Reames, Rooney and Tinker  
NAY: None

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

Whatley reported on plan changes for the OkMRF members and those members who have adopted the restated Master Plan and Joinder.

**10. OkMRF Staff Report**

Cox reported on the following items:

- INTECH will be presenting an investment overview at the next meeting.
- Investment Policies and Guidelines will be on the agenda for review at the March meeting.
- Sean Sullivan, Dean Actuaries, will be presenting the funding rates and results from actuarial studies.
- Trustees were reminded of the importance of their waiver recourse insurance and to pay David Davis \$25 for their personal coverage premium.
- Cheryl Lowe was recently hired as the Distribution Assistant. Cheryl brings various skills to the position, as well as a great attitude and professionalism.
- Four (4) remaining members need to adopt the restated Master Plan. Members have until April 30<sup>th</sup> to adopt.
- Reminded Trustees and Staff of the Real ID update that will require travelers to present either a Real ID or Passport after October 1, 2020. Residents of Oklahoma can begin to obtain new Real IDs beginning April 30<sup>th</sup>.

**11. New Business**

Janisch discussed recent news of the acquisition of Legg Mason by Franklin Templeton. K2 Mauna Kea LLC is a subsidiary of Franklin Templeton and will not be impacted by the acquisition.

**12. Trustee/Member Comments**

None.

13. Adjourn

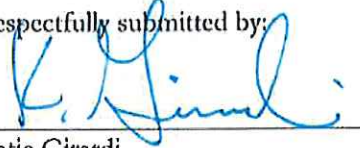
With no further business to conduct meeting adjourned.

  
The seal is circular with a dotted border. The text around the border reads "OFFICIAL SEAL" at the top, "MUNICIPAL RETIREMENT FUND" on the right, and "OKLAHOMA CITY, OKLA." at the bottom. In the center, there is a signature in blue ink that reads "Joe S. Cox" and "Robert Park".

Robert Park, Secretary

  
A handwritten signature in blue ink, appearing to read "Donna Doolen", is written over a horizontal line.

Donna Doolen, Chair

Respectfully submitted by:  
  
A handwritten signature in blue ink, appearing to read "K. Girardi", is written over a horizontal line.

Katie Girardi