

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
September 25, 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 September 25, 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 (*via telephone*)
Vice-Chair: Robert Johnston, City Manager, City of Frederick
Treasurer: Jim Luckett, Jr., Retiree, City of Thomas
Secretary: Robert Park, Retiree, City of Sallisaw (*via video*)
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*)
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*via video*)
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*)

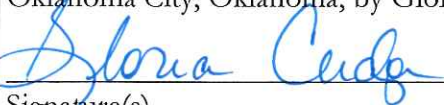
OkMRF Attorney: David Davis (*via video*)

Others: Haley Rives, ACG (*via phone*)
Ryan Sieber, ACG (*via video*)
Gar Chung, Financial Investment News (*via telephone*)
Unknown Participant (*via phone +44 20 7139 1664*)

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 September 25, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on September 24, 2020.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of August 28, 2020 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 649,286,332.25
International Investment Equity	\$ 8,229,641.77
Aggressive Equity	\$ 17,468,371.23
Real Assets Fund	\$ 321,015.59
ESG US Stock Fund	\$ 797,199.33
Global Equity	\$ 8,919,791.72
Growth and Value Equity	\$ 23,105,627.52
S & P 500 Index	\$ 33,186,218.92
Target Retirement 2065	\$ 13,296.18
Target Retirement 2060	\$ 3,772,515.87
Target Retirement 2055	\$ 5,392,483.90
Target Retirement 2050	\$ 9,326,200.09
Target Retirement 2045	\$ 12,440,406.77
Target Retirement 2040	\$ 16,789,296.94
Target Retirement 2035	\$ 22,704,380.69
Target Retirement 2030	\$ 27,946,309.44
Target Retirement 2025	\$ 40,682,819.82
Target Retirement 2020	\$ 31,555,760.16
Target Retirement Income	\$ 21,983,701.22
Total Yield Bond Fund	\$ 6,636,921.90
Bond Index	\$ 17,665,648.81
Voya Fixed Plus III	\$ 41,643,917.02
Loan Portfolio	\$ 8,275,323.65
Self Directed Brokerage	\$ 248,001.88
Total Assets	\$ 1,008,391,182.67

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for September

Actuary & Recordkeeping	\$ 46,481.04
Administration	106,280.52
Attorney	4,250.00
Audit	3,500.00
Board Travel	810.45
Employer Directed Expense	265.00
Insurance	0.00
Investment Advisors	0.00
Custodial	10,541.11
Investment Consultant	0.00
Public Relations	59.98
Representative Travel	1,490.40
EXPENSES	<u>\$ 173,678.50</u>

E. Benefit Payments and Contribution Refunds

F. Acknowledgement of Receipt of PIMCO Real Assets Amended and Restated Declaration of Trust dated July 14, 2020

G. Acknowledgement of Receipt of JPMorgan Core Bond Institutional Trust Amended and Restated Confidential Offering Memorandum and the Offering Supplement dated June 29, 2020

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

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

ABSTAIN: Reames

NAY: None

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

No action taken.

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

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

Rives began by introducing her colleague, Ryan Sieber, Global Equity Analyst. She continued discussion by highlighting factors supporting the continuous rebound of markets throughout August; additional fiscal stimulus negotiations, Fed policy remaining accommodative, high recovery expectations and significant growth and performance from mega cap technology stocks. Fast forward to September, volatility increased due to the monetary stimulus battle within Congress and possible second lockdown in the United Kingdom. Coupled with the quickly approaching election in November and globally increased COVID-19 case counts, markets will continue to see increased volatility in the fall.

All major indices were positive at the end August with S&P 500 continuing its fifth straight month of positive returns, reporting 9.70% year-to-date. Emerging markets continued to struggle against developed market counterparts, as only South Korea, Taiwan and China reported a positive year-to-date return.

Rives continued with a review of ASAP reports noting portfolio assets totaling over \$1 billion at the end of August. The DB's total portfolio 10-year annualized return of 9.66% outperformed the policy index and assets totaled \$652 million at the end of August. Active management in the DB portfolio proved beneficial during volatile times, with all equity sub-asset classes outperforming their respective indexes. Value strategies continue to struggle, especially in the small cap space, against growth strategies due to strong tech and healthcare performance. A healthy allocation to fixed income benefited portfolio returns; however, interest rates will remain low for the foreseeable future. Real Estate continues to be challenged as the possibility of a second wave of coronavirus cases lingers.

Rives concluded with a high-level review of DC white label fund managers, highlighting the dispersion between growth and value. Growth fund, Fred Alger Capital Appreciation reported returns of over 35% while Value fund, Vanguard Windsor II remains flat, year-to-date. The headline topic of sustainable investing increased cashflow to the ESG U.S. Stock Fund option to over \$785k in assets over the past month. The Total Yield Bond fund reported strong absolute performance, year-to-date and the combination of active managers remains important in upcoming years to obtain yield and mitigate risk. Target Retirement Date fund options performed in line with their respective asset allocations.

B. **ACG: Consideration and Possible Action Regarding the Defined Benefit Large Cap Implementation Review and Resulting Proposed Changes**

Rives began discussion with a general overview of the current passive and active allocations to the U.S. Large Cap Equity sector within the DB portfolio. Of the \$179 million in assets for this asset class, INTECH actively manages approximately 20% and State Street Global Advisors passively manages approximately 80%. Rives confirmed this discussion was not based on INTECH's credibility as a money manager, but rather whether passive or active management was appropriate for the large cap space.

Sieber continued the discussion with INTECH's unique investment strategy for the U.S Large Cap fund. Hired in 2004, INTECH follows a quantitative process based on a mathematical approach. Their active management of the fund requires higher trading activity resulting in a higher fee structure and includes applicable performance fees. Whatley confirmed OkMRF has not paid out a performance fee since third quarter 2017. Sieber noted while active management has greater potential for higher out-performance, INTECH's investment in a smaller range of

companies rather than mega cap companies carries additional risk. Seiber reviewed multiple active versus passive exhibits highlighting asset classes where active management is appropriate and when passive management with a lower expense ratio proves to be additive.

To conclude, Seiber confirmed ACG's due diligence in researching multiple U.S. Large Cap strategies from a diverse range of money managers. It was determined State Street's investment strategy provided optimal performance and the most competitive fee structure.

Motion made by Lockett, seconded by Park to accept ACG's recommendation to fully liquidate INTECH's U.S. Large Cap active investment and park the proceeds with State Street Global Advisor's passive S&P 500 non-lending fund in the DB portfolio.

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

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 SSgA S&P 500 Non-Lending to fund monthly DB payments for the upcoming quarter.

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

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

NAY: None

5. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

6. Consideration and Possible Action Regarding Contract Committee Report

A. Discussion and Possible Action to Update Trustees on Self-Directed DC Plans with TD Ameritrade

Reames presented the Plan Trustee Update form to be modified to include the individuals authorized to act as plan fiduciaries on behalf of OkMRF in the self-directed brokerage accounts within the DC plan. Reames recommended the agreement be updated to include Board Chair, Vice-Chair, Treasurer and CEO as authorized signers.

Motion made by Reames, seconded by Dunham to update Trustees and Staff authorized to act as plan fiduciaries on behalf of OkMRF on self-directed brokerage account within DC plan with TD Ameritrade.

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

NAY: None

B. Discussion and Possible Action Regarding Other Interested Parties Online Access on Self-Directed DC Plans with TD Ameritrade

Reames presented the Self-Directed Plan Services, Other Interested Party Agreement to provide the CEO the ability to acquire online view-only access to accounts held through TD Ameritrade. The agreement will authorize the CEO to grant access to other individuals for audit purposes.

Motion made by Reames, seconded by Dunham to approve TD Ameritrade's Self-Directed Plan Services, Other Interested Parties Agreement form for the CEO to acquire online, view-only access.

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

NAY: None

7. Consideration and Possible Action Regarding the Trustee Election Results

Cox presented the Trustee election results for District 7 – Jim Lockett, Jr. declaring him the winner. District 2 resulted in a tie between Robert Park and LouAnn Moore. Runoff ballots for District 2 were mailed on September 10th and are due by October 20th.

Motion made by Rooney, seconded by Park to approve Trustee election results for District 7.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett, 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 and new DC plan member, City of Jenks.

9. OkMRF Staff Report

Cox reported on the following items:

- At October's meeting, BlackRock will be presenting, officers will be elected and proposed 2021 calendar will be adopted.
- Reminded Trustees to return continuing education forms to Debbie McMillen at ACG.
- NCPERS will hold a virtual conference on October 29th – 30th. Doolen, Park, Reames, Dunham and Staff were registered. Confirmation emails with login instructions to be emailed.
- Reminder to self-register for educational sessions presented by OML during September 30th through October 2nd.
- Lockett will be sworn in as District 7 Trustee at next month's Board meeting. District 2 runoff ballots were mailed. Cox proactively emailed the thirty-eight (38) members within District 2 to hopefully increase voting and break the tie.
- Trustee and Staff professional pictures is rescheduled for November's meeting. Dress should be business attire.

- Oklahoma Senate Bill 661, which temporarily amended the Open Meeting Act and as approved by Governor Stitt on March 18, 2020 to host a virtual meeting to conduct business will expire on November 15th. Cox spoke with OML and there is no extension in the works at this time. Cox and Davis will review November meeting options.

10. **New Business**

None.

11. **Trustee/Member Comments**

Luckett acknowledged Staff's diligent efforts over the past year to acquire City of Jenks as a new OkMRF member.

Rooney appreciated Cox's presentation of the George Wilkinson Award to Laura Anderson at Mustang's Council meeting. Recipient was very appreciative and surprised.

12. **Adjourn**

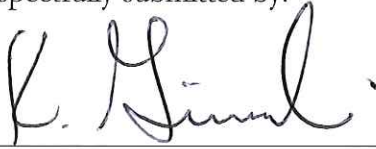
With no further business to conduct meeting adjourned.


Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:


Katie Girardi