

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
November 20, 2020

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on November 20, 2020, at 10:05 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 (*via video*)
Members: Joe Don Dunham, City Manager, City of Guymon
Tamera Johnson, Retiree, City of Shawnee (*via video*)
Tim Rooney, City Manager, City of Mustang
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*via video*)

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*)

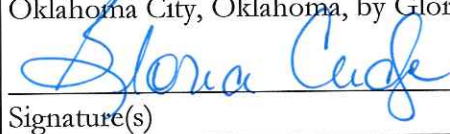
OkMRF Attorney: David Davis (*via video*)

Others: Haley Rives, ACG (*via video*)
Andrew Beck, Rived Road (*via video*)
Ben Brady, River Road (*via video*)
Troy Bradley, Midwest City (*via telephone*)
Maja Ben Saed, Pageant Media (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the November 20, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on November 19, 2020.



Signature(s)

2. Consideration and Possible Action Regarding the District 2 Trustee Election Results with Jim Luckett, Jr., and Robert Park Trustee Oaths of Office

Jim Luckett, Jr., District 7 and Robert Park, District 2 were administered the constitutional and statutory oath of office by OkMRF Attorney, David Davis.

Motion made by Dunham, seconded by Luckett to approve Trustee election results of District 2.

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

NAY: None

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of September 25, 2020 Meeting(s)

B. Monthly Valuation of Fund Assets & Unit Values by Custodian as of September 30, 2020

| Option | Value By Fund |
|---------------------------------|-------------------|
| Defined Benefit | \$ 640,909,095.15 |
| International Investment Equity | \$ 8,018,604.95 |
| Aggressive Equity | \$ 16,589,533.68 |
| Real Assets Fund | \$ 317,687.89 |
| ESG US Stock Fund | \$ 716,823.41 |
| Global Equity | \$ 8,540,665.10 |
| Growth and Value Equity | \$ 22,314,097.52 |
| S & P 500 Index | \$ 31,650,300.27 |
| Target Retirement 2065 | \$ 10,177.82 |
| Target Retirement 2060 | \$ 3,653,422.27 |
| Target Retirement 2055 | \$ 5,202,373.39 |
| Target Retirement 2050 | \$ 9,113,670.83 |
| Target Retirement 2045 | \$ 11,994,011.78 |
| Target Retirement 2040 | \$ 16,370,551.74 |
| Target Retirement 2035 | \$ 22,482,721.52 |
| Target Retirement 2030 | \$ 27,059,366.03 |
| Target Retirement 2025 | \$ 39,720,875.16 |
| Target Retirement 2020 | \$ 30,699,483.12 |
| Target Retirement Income | \$ 21,692,728.51 |

| | |
|-------------------------|-------------------|
| Total Yield Bond Fund | \$ 6,512,452.01 |
| Bond Index | \$ 17,221,340.42 |
| Voya Fixed Plus III | \$ 42,082,200.95 |
| Loan Portfolio | \$ 8,222,962.91 |
| Self-Directed Brokerage | \$ 216,786.91 |
| Total Assets | \$ 991,311,933.34 |

C. Purchases and Sales of Assets for September 2020

D. Ratification of Administrative Expenses and Fees for October 2020

Expenses and Fees for October

| | |
|---------------------------|----------------------|
| Actuary & Recordkeeping | \$ 45,558.06 |
| Administration | 105,825.65 |
| Attorney | 8,309.00 |
| Audit | 0.00 |
| Board Travel | 748.00 |
| Employer Directed Expense | 680.00 |
| Insurance | 0.00 |
| Investment Advisors | 155,839.87 |
| Custodial | 11,017.80 |
| Investment Consultant | 31,734.22 |
| Public Relations | 0.00 |
| Representative Travel | 3,671.67 |
| EXPENSES | <u>\$ 363,384.27</u> |

E. Benefit Payments and Contribution Refunds for September 2020

F. Monthly Valuation of Fund Assets & Unit Value by Custodian as of October 31, 2020

| Option | Value By Fund |
|---------------------------------|-------------------|
| Defined Benefit | \$ 633,421,915.71 |
| International Investment Equity | \$ 7,890,559.47 |
| Aggressive Equity | \$ 16,337,169.51 |
| Real Assets Fund | \$ 312,781.64 |
| ESG US Stock Fund | \$ 713,277.89 |
| Global Equity | \$ 8,370,274.89 |
| Growth and Value Equity | \$ 21,281,203.20 |
| S & P 500 Index | \$ 30,475,277.89 |
| Target Retirement 2065 | \$ 8,171.60 |
| Target Retirement 2060 | \$ 3,667,352.61 |
| Target Retirement 2055 | \$ 5,143,549.77 |
| Target Retirement 2050 | \$ 8,938,257.24 |
| Target Retirement 2045 | \$ 11,653,343.66 |
| Target Retirement 2040 | \$ 16,260,102.57 |
| Target Retirement 2035 | \$ 21,994,426.69 |
| Target Retirement 2030 | \$ 26,469,039.48 |
| Target Retirement 2025 | \$ 38,959,546.27 |
| Target Retirement 2020 | \$ 30,702,456.19 |
| Target Retirement Income | \$ 21,381,563.12 |
| Total Yield Bond Fund | \$ 6,585,061.75 |
| Bond Index | \$ 17,752,665.96 |
| Voya Fixed Plus III | \$ 41,733,370.97 |
| Loan Portfolio | \$ 7,922,095.79 |
| Self Directed Brokerage | \$ 219,006.14 |
| Total Assets | \$ 978,192,470.01 |

G. Purchase and Sales of Assets in October 2020

H. Administrative Expenses and Fees for November 2020

Expenses and Fees for November

| | |
|------------------------------------|---------------|
| Actuary & Recordkeeping | \$ 45,395.45 |
| Administration | 105,452.26 |
| Attorney | 4,947.00 |
| Audit | 0.00 |
| Board Travel | 350.80 |
| Employer Directed Expense | 530.00 |
| Insurance | 0.00 |
| Investment Advisors | 8,963.22 |
| Custodial | 15,000.70 |
| Investment Consultant | 0.00 |
| Public Relations | 0.00 |
| Representative Travel | 431.91 |
| EXPENSES | \$ 181,071.34 |

I. Benefit Payments and Contribution Refunds for October 2020

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 and Rooney

NAY: None

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

No action taken.

5. Comments from the Public

None.

6. River Road: Annual Update from Investment Manager – Andrew Beck and Ben Brady

Beck provided a firm update confirming no changes to key personnel over the previous year. Their organization continues to grow as they search for new analysts. While staff has been working from home for a considerable part of 2020, Beck reported no trading errors throughout their business continuity plan. Over the past year, River Road saw a net inflow of approximately \$1 billion distributed over multiple fund strategies. All strategies are capacity constrained as the Small-Mid Cap Value strategy remains closed to new investors and the Small-Cap Value strategy is within \$2 to \$3 million of capacity.

Beck shifted the discussion to how markets have evolved over the year, noting River Road's cautious assessment of long-term markets. He provided a general month-by-month breakdown of

topics directly impacting markets including small cap stock's peak in January after Trump signed legislation pertaining to tariffs with China and quick descent into the steepest bear market in history in March. Beck noted River Road's increased buying and decreased cash holdings in March when markets were at their lowest and outperformed the index by approximately 500 basis points. Recovery began in July when stimulus funds were distributed, discretionary spending increased and reported COVID-19 cases were down. At the end of the third quarter, growth continued to outperform value and Beck anticipates underperformance of around 1000 basis points due to River Road's high exposure to travel stocks. From an absolute valuation standpoint, higher quality stocks continue to be over-valued, moving many companies out of River Road's buying window. Looking forward, Beck anticipates a decrease in valuations after a third COVID-19 wave perhaps shifting high quality companies within their purchasing criteria.

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

A. **ACG: Review and Discussion of September 30, 2020 and October 31, 2020 ASAP Reports**

Rives began discussion with a high-level overview of markets through November. Pullbacks during September and October were ratified with a surge in performance after election day at the beginning of November. Markets rallied after the possibility of a "blue wave" in the election and expectations of fiscal stimulus to generate economic recovery. Equity growth has been driven by companies benefiting from the work from home shift and those anticipated to perform better during a recovery. Rives noted as markets continue their day-to-day shift based on good or bad COVID-19 news, promises of a vaccine will hopefully lead to our ability to discuss more than COVID-19 in the upcoming year.

Rives continued with a review of September and October's DB portfolio performance. Performance is strong on both an absolute and relative basis with target allocations remaining very close. Total year-to-date portfolio returns through October are up 2.19% net of fees, outperforming the policy index by 20 basis points. Rives discussed the completion of the transition in the U.S. Large Cap portfolio from INTECH to SSgA S&P 500. SSgA agreed to reduce their fee structure from 3 bps to 1 bps providing the cheapest fee exposure for the largest allocation in the portfolio. ACG is comfortable with concentrated investment in the U.S. Large Cap portfolio due to the fund being passively managed and the large amount of assets under management with SSgA. Growth continues to outperform value but as recovery begins, the very distinct asset classes are expected to begin to level each other out. Non-U.S. equities reported relative outperformance with Harding Loevner struggling due to their underweight allocation to China. Long/short equity portfolio continued to perform as expected. AKO Partners notified ACG of a 10% return of investor capital due to significant asset growth and ability to manage fund. Fixed income reported mixed performance through the end of October due to the yield curve steepening. Real Estate performance remained flat but did benefit from industrial growth.

The DC funds performed in line with DB asset classes. The Growth & Value option reported year-to-date outperformance of 4.0% over the policy index due to Fred Alger's relative outperformance and Vanguard Windsor II's downside protection. Integrity was a large benefactor to the Aggressive Growth option strong relative performance, year-to-date. ESG U.S. Stock Fund option continues to gain traction with assets totaling \$713k at the end of October. Real Assets had mixed performance through October due to REIT exposure, but an increase in cash inflow is possible if monetary and fiscal stimulus leads towards higher inflation at the end of next year. As bond returns were healthy and equity markets performed well, target retirement funds reported tight dispersion, year-to-date, amongst all funds.

B. Ratification of Amendment with State Street Global Advisors on Management Fee Pricing Terms for the S&P 500 Flagship Non-Lending Fund for the Defined Benefit Plan

Cox presented amendment to agreement with SSgA to reduce their management fee to a flat 1 basis point to be retroactively applied beginning October 1, 2020.

Motion made by Lockett, seconded by Rooney to ratify the amendment to the management fee agreement with State Street Global Advisors for the S&P 500 Non-Lending Fund for the Defined Benefit Plan.

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

NAY: None

C. 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 the Election of Officers

Officers are annually elected to serve one-year terms.

Motion made by Lockett, seconded by Dunham to approve the same slate of officers as follows:

Chair: Doolen
Vice-Chairman: Johnston
Secretary: Park
Treasurer: Lockett

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

NAY: None

10. Consideration and Possible Approval of Chair's Committee Assignments

Chair Doolen appointed Trustees to continue to serve on the same Committee as the prior year with the Chair appointments as follows:

Administrative Committee Chair: Johnston
Contract Committee Chair: Reames
Investment Committee Chair: Lockett

Motion made by Dunham, seconded by Park to accept the Chair's Committee assignments.

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

NAY: None

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

A. Consideration and Possible Approval of Northern Trust Authentication of Client Instructions

Reames provided reasoning behind Northern Trust's request to annually review and authenticate client instructions for audit purposes. The Client Instructions form allows listed individuals to authenticate investment transactions. Committee recommends keeping the same named individuals of record plus removing Howard and adding Girardi.

Motion made by Reames, seconded by Rooney to approve the Northern Trust Authentication of Client Instructions as presented.

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

NAY: None

B. Consideration and Possible Approval of Northern Trust Certification of Delegation of Authority

Reames provided reasoning behind Northern Trust's request to annually review and authenticate client instructions for audit purposes. The Certification of Delegation of Authority form designates the CEO to act individually and on behalf of OkMRF to take all actions with respect to the initial agreement. For best practices, the Committee recommends adding Whatley to be able to perform the same duties in the event the CEO is unable to act.

Motion made by Reames, seconded by Park to approve the Northern Trust Certification of Delegation Authority as presented.

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

NAY: None

C. Consideration and Possible Approval of Northern Trust Certificate of Incumbency

Reames provided reasoning behind Northern Trust's request to annually review and authenticate client instructions for audit purposes. The Certificate of Incumbency notifies Northern Trust of the duly elected acting officers of the Board and designates authority to named persons.

Motion made by Reames, seconded by Park to approve the Northern Trust Certificate of Incumbency as presented.

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

NAY: None

12. **Consideration and Possible Approval of 2021 Trustee Meeting Schedule and Staff Holidays**

Cox presented proposed 2021 Trustee meeting schedule and Staff holidays, noting Board meetings and Staff holidays. Rooney proposed the addition of February 15th (Presidents' Day) as a staff holiday due to the closure of banks and the New York Stock Exchange. Discussion ensued.

Motion made by Rooney, seconded by Reames to approve the 2021 Trustee meeting schedule and Staff holiday calendar as presented with the addition of Presidents' Day as a Staff holiday.

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

NAY: Lockett

13. **Receive October and November Report on Newly Adopted or Amended OkMRF Member Plans**

Whatley reported on plan changes for the OkMRF members, new DC plan Members, New Prue and Waynoka Mental Health Authority, and new DB Member, Valliant.

14. **OkMRF Staff Report**

Stewart reported audit is under way and being completed remotely. Should be in the final stages in the upcoming weeks.

Cox reported on the following items:

- Charles Schwab announced the completion of their acquisition of TD Ameritrade on October 6th. OkMRF will be notified of any agreement updates.
- Deltra Hayes has been promoted to Senior Vice President and given responsibility for Voya's NYC branch office servicing the City of New York. The City's plan has approximately \$24.4B in assets and over 220,000 participants. When Hayes accepted the position, her request was to retain one client, OkMRF. Hayes praised OkMRF Staff and Trustees as the best business partners Voya has contracted with and our kindness and attentiveness to Voya and plan participants is unmatched. On behalf of OkMRF, Cox extended Hayes congratulations.
- Update from Christmas Committee (Stewart, Porter and Cox): An overwhelming amount of generosity has been received for our adopted family of five (5) through the Youth & Family Services of El Reno. Gratitude was expressed to all who donated. Donations will continue to be accepted through 11/27/20. Rooney was thanked for his help in connecting OkMRF with Youth & Family Services of El Reno.
- At December's meeting, BlackRock will be reviewing Strategic Income Opportunities allocation, Dean Actuaries will be presenting topics of interest and Finley & Cook will present audit reports. Trustees and Staff are encouraged to wear ugly Christmas sweaters if attending in person.
- New Year's cards were ordered and will be mailed at the beginning of the year.

15. **New Business**

None.

16. Trustee/Member Comments

Doolen expressed appreciation for keeping OkMRF operations running effectively during pandemic conditions.

Luckett made recognition of the due diligence of staff and ACG in the fee reduction with SSgA.

Davis noted to anticipate the December board meeting as a repeat process to this month's meeting under the Open Meetings Act, five (5) trustees must physically be present during the meeting. He further asked Whatley to validate the Trustees that were physically present. Whatley confirmed.

17. Adjourn

With no further business to conduct meeting adjourned.

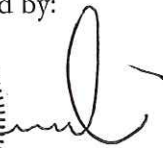


Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Katie Girardi
★
OKLA. OKLA.

