

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
March 27, 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 March 27, 2020, at 10:02 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 video*)
Vice-Chair: Robert Johnston, City Manager, City of Frederick (*via video*)
Secretary: Robert Park, Retiree, City of Sallisaw (*via telephone*)
Treasurer: Jim Lockett, Jr., Retiree, City of Thomas (*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

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*)

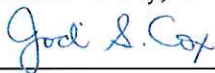
OkMRF Attorney: David Davis (*via telephone*)

Others: Haley Rives, ACG (*via telephone*)
Kevin Moore, ACG (*via telephone*)
Warren DeKinder, Intech (*via telephone*)
Sean Sullivan, Dean Actuaries (*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 March 27, 2020 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Jodi Cox by 10:00 a.m. on March 26, 2020.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

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

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

Option	Value By Fund
Defined Benefit	\$ 600,073,812.04
International Investment Equity	\$ 7,993,057.12
Aggressive Equity	\$ 16,732,108.87
Real Assets Fund	\$ 472,779.26
Global Equity	\$ 7,641,320.41
Growth and Value Equity	\$ 19,775,611.52
S & P 500 Index	\$ 28,106,633.84
Target Retirement 2060	\$ 2,601,755.97
Target Retirement 2055	\$ 4,274,732.36
Target Retirement 2050	\$ 7,535,826.42
Target Retirement 2045	\$ 10,574,807.51
Target Retirement 2040	\$ 14,538,535.21
Target Retirement 2035	\$ 20,187,648.54
Target Retirement 2030	\$ 24,667,246.28
Target Retirement 2025	\$ 36,910,914.87
Target Retirement 2020	\$ 30,043,899.36
Target Retirement Income	\$ 21,442,575.73
Total Yield Bond Fund	\$ 6,221,495.48
Bond Index	\$ 16,761,934.87
Voya Fixed Plus III	\$ 40,747,327.94
Loan Portfolio	\$ 8,595,123.96
Self Directed Brokerage	\$ 170,720.88
Total Assets	\$ 926,069,868.44

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for March

Actuary & Recordkeeping	\$ 43,039.69
Administration	89,721.64
Attorney	3,950.00
Audit	0.00
Board Travel	6,469.22
Employer Directed Expense	0.00
Insurance	122,728.00
Investment Advisors	0.00
Custodial	14,978.29
Investment Consultant	0.00
Public Relations	0.00
Representative Travel	<u>3,872.33</u>
EXPENSES	<u>\$ 284,759.17</u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

4. Intech: Annual Update from Investment Manager – Warren DeKinder

DeKinder began discussion with an overview of Intech personnel including recent hire, Peter Cotton, PhD as Chief Data Scientist, to help expand Intech's data science efforts through a crowdsourced research platform. In the fourth quarter of 2019, Intech introduced a new research enhancement, Enhanced Volatility Estimates (EVE) which will assist analysts in better predicting market volatility.

DeKinder provided insight on 2019 year-end outperformance of benchmark of 123 bps. Due to their unique investment process involving continual rebalancing to optimal portfolio target weights and investing in low correlated stock, Intech is normally underweight in the largest market cap stocks dominating the market. This process allows them to hold more companies with larger growth potential. DeKinder highlighted companies held in their current 184 security portfolio that proved to be benefactors in 2019, including Mastercard and Best Buy. To conclude, DeKinder discussed the performance-based fee structure. OkMRF pays a low management fee of 10bps and is assessed a performance fee when Intech exceeds benchmark performance on a rolling three (3) year basis by quarter.

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

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

Rives began discussion by highlighting ACG's business continuity plan during current unprecedented times. ACG is required to have a business continuity and disaster plan in place allowing employees to conduct business seamlessly on a remote basis. This plan allows ACG to have continued oversight of our downside protected portfolio with no interruptions and seek attractive investment opportunities as long-term investors. ACG does not recommend rebalancing investments as current balances remain within target asset allocations.

Moore continued presentation with a broad overview of current volatile market conditions. In March, markets entered an event driven recession causing a shock to the system. With global markets struggling, the FED has cut interest rates to 0.00% and the government has proposed large stimulus packages to assist in economic recovery.

Over the past ten years, the DB portfolio has been constructed to prepare for current downturn. Active investment managers will be seeking attractive investment opportunities to meet the portfolio's long-term goals.

While negative returns in equity markets were reported for month-end, active management and target asset allocations provided downside protection for the DB portfolio. The 10-year annualized return is continuing to outperform the benchmark while taking on less risk. Both Fixed Income and Real Estate components delivered small positive returns. Due to the shift from onsite office work to work from home and social distancing requirements, the office space and retail sectors of the Real Estate allocation could face struggles to produce income in the upcoming year. The DC investment lineup performed in-line with markets. White-label funds, Growth & Value and Aggressive, were supported by active management and concentrated exposure to consumer discretionary and retail. Target Date funds focused on mitigating downside effects based on their allocations.

B. **ACG: Consideration & Possible Action Regarding DB and DC Investment Policies & Guidelines**

Moore presented the changes in both policies. Amendments were related to "cleaning up" standardize word usage throughout, addition of language towards mutual, commingled and LLC portfolio managers to adhere to respective prospectuses, relaxing language allowing portfolio managers to hold larger cash balances during unique market environments, refinement of specific duties within parties associated with the Plan and the addition of a Securities Litigation compliance statement within the DB policy. An ESG Investment option guideline was added to the DC policy.

Motion made by Luckett, seconded by Park to approve the amendments to the Statement of Investment Policy Guidelines and Objectives for both the DB and DC as recommended by ACG.

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

NAY: None

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

No action taken.

6. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

7. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

8. Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of Actuarial Funding Results July 1, 2019 – Sean Sullivan

Sullivan presented the results of the actuarial funding report as of July 1, 2019, with funding rates effective July 1, 2020. The overall total contribution rate increased by 1.01% for all cities, overall funding ratio is at 88.9% and is very strong compared to other public plans. Thirty (30) plans are over 100% funded with 99 plans above the 80% funding level.

Sullivan continued the review by discussing funding issues and historical perspectives of members who continue to exhibit limited progress toward their unfunded status, historical market returns vs. the actuarial value returns were reviewed, assumption method change of resetting the amortization period to 30 years, the actuarial assumption change of utilizing new mortality tables specific to public plan participants and a brief overview of the plan summary and census statistics of active vs. passive participants.

Motion made by Tinker, seconded by Luckett to accept the Summary of Actuarial Funding Results, effective July 1, 2020, as prepared by Dean Actuaries, LLC.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Luckett, 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:

- JPMorgan will be presenting a core bond investment overview at the next meeting.
- Sean Sullivan, Dean Actuaries, will return next month to present GASB 68 information.

- Trustees were reminded of the importance of their waiver recourse insurance and to pay David Davis for their personal coverage premium.
- Plans for the Trustee Retreat will be discussed in the upcoming weeks to determine if Retreat will be held, postponed till later or cancelled.
- Election notices for District 2 and District 7 designations will be mailed the first week of May. Nominations will be accepted through June 30.
- Expressed appreciation for Trustee and Staff patience during unprecedented times. Staff worked diligently with 3Nines to set-up teleconference.

11. New Business


None.

12. Trustee / Member Comments

Davis complimented the Staff for quick response to teleconferencing and facilitating this meeting.

13. Adjourn

With no further business to conduct meeting adjourned.

The seal is circular with a double border. The outer border contains the text "OKLAHOMA MUNICIPAL RETIREMENT FUND" at the top and "OKLA." at the bottom, separated by a star. The inner border contains the word "OFFICIAL". In the center, there is a signature and the word "SEAL" in large, bold, black letters.
Robert P. [Signature]
on behalf of Robert Pate


Donna Doolen, Chair

Respectfully submitted by:



Katie Girardi