

**MINUTES**  
**BOARD OF TRUSTEES**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**August 27, 2021**

**1. Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on August 27, 2021, 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 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  
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater (*via video*)  
Tim Rooney, City Manager, City of Mustang  
Ed Tinker, Retiree, City of Glenpool

**OTHERS PRESENT:**

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

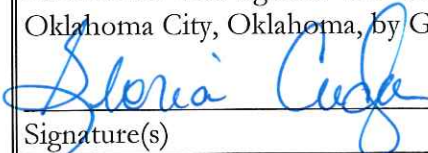
Others: Kevin Moore, ACG (*via video*)  
Patricia Somerville-Koulouris, Northern Trust (*via video*)  
Deltra Hayes, Voya (*via video*)  
Jane Spatola, Voya (*via video*)  
Peter Winterbottom, Voya (*via video*)  
Scott Darcy, Voya (*via video*)  
Troy Bradley, Midwest City (*via phone*)  
Gar Chung, FIN News (*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 August 27, 2021 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on August 26, 2021.

Signature(s)



**2. Approval of Consent Agenda**

The following items were presented under the consent agenda.

**A. Minutes of July 30, 2021 Meeting(s)**

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

Option	Value By Fund
Defined Benefit	\$ 754,311,507.52
International Investment Equity	\$ 10,235,533.27
Aggressive Equity	\$ 22,517,976.94
Real Assets Fund	\$ 753,322.94
ESG US Stock Fund	\$ 1,485,055.60
Global Equity	\$ 11,369,771.47
Growth and Value Equity	\$ 28,328,829.22
S & P 500 Index	\$ 38,745,667.21
Target Retirement 2065	\$ 150,765.45
Target Retirement 2060	\$ 5,546,851.21
Target Retirement 2055	\$ 7,491,999.03
Target Retirement 2050	\$ 12,566,078.96
Target Retirement 2045	\$ 16,186,070.90
Target Retirement 2040	\$ 21,552,995.16
Target Retirement 2035	\$ 28,988,852.38
Target Retirement 2030	\$ 33,102,509.97
Target Retirement 2025	\$ 45,991,108.97
Target Retirement 2020	\$ 36,000,673.29
Target Retirement Income	\$ 22,737,785.67
Total Yield Bond Fund	\$ 6,868,950.32
Bond Index	\$ 16,968,975.91
Voya Fixed Plus III	\$ 41,750,200.73
Loan Portfolio	\$ 8,138,985.59
Self Directed Brokerage	\$ 315,908.36
Total Assets	\$ 1,172,106,376.07

**C. Purchases and Sales of Assets**

**D. Administrative Expenses and Fees**

**Expenses and Fees for August**

Actuary & Recordkeeping	\$ 45,506.36
Administration	103,890.48
Attorney	20,486.17
Audit	0.00
Board Travel	1,478.04
Employer Directed Expense	816.00
Insurance	12,709.40
Investment Advisors	0.00
Custodial	11,901.75
Investment Consultant	0.00
Public Relations	841.98
Representative Travel	<u>3,303.83</u>
EXPENSES	<u>\$200,934.01</u>

**E. Benefit Payments and Contribution Refunds**

**F. Acknowledgement of Receipt of JPMorgan Core Bond Institutional Trust Amended and Restated Confidential Offering Memorandum and the Offering Supplement dated June 28, 2021**

Item 2. G. was pulled from consent agenda to be acted upon separately.

Motion made by Lockett, seconded by Rooney to approve items A. through F. on the Consent Agenda.

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

NAY: None

**G. Acknowledgement of Receipt of K2 Amended and Restated Confidential Private Placement Memorandum in Conjunction with Explanatory Memorandums of Each Series Acknowledging Series Name Change of K2 Mauna Kea LLC to K2 Ascent LLC dated June 2021 with Updated Side letter Agreement**

Motion made by Tinker, seconded by Lockett to approve receipt of K2 Ascent, LLC amended documents, pending updated side letter agreement.

Motion carried:

AYE: Doolen, Dunham, 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. **Comments from the Public**

None.

5. **Northern Trust: Annual Update on DB Custodial Services – Patricia “Patti” Somerville-Koulouris**

Koulouris, Division Manager of Public Funds at Northern Trust, began her presentation by thanking OkMRF for their continued business and provided a brief overview of Northern Trust. The business model used by Northern Trust continues to remain client-centric focused and has provided growth in both their asset servicing and asset management arms for both institutional and high net worth personal clients, with assets under custody totaling \$12.2 trillion and assets under management totaling \$1.5 trillion. Financial strength is demonstrated on Northern Trust’s solid balance sheet, superior credit rating and strong capital position. Koulouris noted there were no key personnel changes over the past year and no pending retirements.

Koulouris discussed Northern Trust’s business response to COVID-19 and their planned ‘Return to Office’ schedule. During the pandemic, over 90% of employees worked remotely and business seamlessly continued due to a resilient workforce and technology innovations. Due to the delta variant of COVID-19, return-to-office has been postponed for the foreseeable future. Northern Trust recognizes the importance of flexible work/life practices and will be implementing optional hybrid work schedules in the future. Discussion continued regarding Northern Trust’s social responsibility role as a good corporate citizen. Koulouris highlighted strategy pillars of perspective, shared values, employees, and sustainable products and services. In 2020, Northern Trust donated over \$20 million towards community programs involving food stability, affordable housing, and healthcare.

Concluding the presentation, Koulouris discussed the Public Funds segment, noting an increase of nine (9) clients over the past year for a total of 200 clients and \$1.3 billion in assets under custody. Relationship manager, Jerry Sinish, is no longer with Northern Trust and Claudiu Besoaga is temporarily filling in until a permanent candidate is hired. Koulouris highlighted services utilized by OkMRF such as cash management, unitization, GASB reporting, security litigation monitoring/filing and benefit payments.

6. **Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Manager – Deltra Hayes (Voya Financial Trust Company and Voya Fixed Account); Jane Spatola (Plan Review); Peter Winterbottom (Wealth Management) and Scott Darcy (Communications)**

The Voya team updates were as follows:

- Hayes introduced team members, Jane Spatola, Peter Winterbottom, and Scott Darcy, noting continued search for replacement of Kevin McGrath, fund management support services. During the past year, employees worked remotely, and business continued seamlessly. Hayes stated a return to the office is slated for October 18<sup>th</sup>, but this date is reassessed daily. Hayes provided a high-level overview of Voya Institutional Trust Company

noting 2,890 Defined Contribution plans totaling over \$141 billion assets under management.

- Voya continues to strive to be 'America's Retirement Company' by increasing individual customers by 1.1 million and increasing market capitalization by \$1.9 million in the past year. Top rated online retirement tools, such as myOrangeMoney<sup>™</sup>, utilized by participants proved to increase their retirement readiness by 33% over those who did not utilize the tools. Voya continues to grow their business and earned their eighth Great Place to Work recognition along with being named as a top Ethical Company. Hayes discussed current DC market trends identified through a Thought Leadership survey conducted by Greenwald & Associates. Key survey results highlighted the momentous decade the 2020's will be for retirement plans with the world of work evolving towards more of a work/life balance to support employees.
- Recent Voya Sponsor web enhancements include improved functionality, new available reports and additional participant demographics. Technology will continue to expand to support the growth of educational programs provided, along with a potential introduction of alternative investments within the DC space.
- Spatola summarized OkMRF plan statistics noting the addition of three (3) new member plans during the past fiscal year, an increase of 806 participants and a 19% increase in assets totaling over \$414 million as of June 30, 2021. Contributions increased by \$2.7 million from the previous year with approximately \$2.6 million allocated towards the target retirement funds. Total additions including contributions and rollovers outpaced total deductions, including member withdrawals and defaulted loans, by approximately \$80.7 million. Loan funds decreased to 2.0% of plan assets. Overall plan improvement included the approval of coronavirus distributions, replacing a money manager in the Growth & Value fund and the project completion of loan ACH payoff option via participant web.
- Hayes confirmed Voya Fixed Plus investment option offers a current competitive rate of 1.85%, unchanged since January 2021. Of the \$40.7 million fund balance, 44.3% is held by retired/termed participants and the remainder is held by active participants, of which only 0.98% of active participants hold the fund as their only investment option. The core investment allocation for the Voya Fixed Plus Fund continues to be investment grade credit followed by senior loans and U.S. Treasuries.
- Winterbottom provided a summary of the Reach & Impact Executive Summary noting of OkMRF's 8,450 participants approximately 12% utilize either professional management, online advice or online guidance. Approximately 52% of participants are invested in Target Retirement Date funds, with an average participant age of 43 and an average balance of \$29 thousand.
- Darcy introduced Voya's Guided Content Experiences which delivers education, tools and technology solutions through information Voya collects about participants, information participants tell Voya and participant behavioral choices. myVoyage<sup>™</sup> will be unveiled to drive greater engagement, keep retirement at the front of participant's minds, provide financial literacy and allow investors to become confident in their retirement. The personalized and innovative programs use feedback from participants and members, infused with technology, to tailor information provided back to participants.

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

### **A. ACG: Review of Monthly ASAPs and Quarterly Performance Report**

Moore began presentation with an economic overview stating the delta variant of COVID-19 has presented market challenges. Consumer confidence began to fall having a direct impact on retail sales, while the Fed will continue to decrease their asset purchases and begin conversations of when rates are projected to increase. The recently approved infrastructure bill

will increase spending by approximately \$1.4 trillion over the next decade. The S&P 500 has doubled since March 2020 becoming the quickest rise in history due to exceptional performance of information technology. Moore reiterated the need for OkMRF's diversified portfolio to weather different economic environments.

Moore continued with a review of ASAP reports noting the DB's total portfolio return year-to-date of 8.9% net of fees and assets totaling \$754 million. Long-term returns continue to outperform the policy index and meet the stated rate of return assumption. Moore commented on River Road's high cash balance and indicated ACG will be meeting with them soon and will provide an update at September's Board meeting. International markets continue to perform in-line with expectations, with emerging market active management providing downside protection from decline in July due to Chinese influence. Interest rates fell in July due to uncertainty around the delta variant causing the fixed income underlying managers to perform as expected. Real Assets continue to perform well, up 6.9% year-to-date.

Moore concluded the presentation discussing the DC portfolio fund managers and highlighting the outstanding peer group rankings for the white-label funds. All white-label funds were ranked in the top half of their peer group over all time frames. Active management within in the Aggressive Equity option has provided outperformance over all time frames. As inflation begins to tick up, cash inflow to the Real Assets option has increased as REITs and commodities are up over 26% in the past year.

**B. ACG: Discussion and Possible Action on Long/Short Allocation as Recommended by the Investment Committee and Rejection or approval of any Amendments Proposed and Considered by the Trustees at the meeting**

Luckett, on behalf of the Investment Committee, stated no proposed changes to the long/short allocation.

**C. Consideration and Possible Action Regarding the Defined Benefit Real Assets Implementation Review and Resulting Proposed Changes to Adjust Asset Allocation as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting**

Moore discussed broad asset allocation and risk/return tradeoff within the three (3) proposed manager mixes, with the asset allocation reduction coming from core bonds and redirected to real assets. He stated proposed Mix 2, increasing the real assets allocation from 5% to 10% and lowering the fixed income allocation from 25% to 20%, is a long-term target ACG recommends gravitating towards with Investment Committee agreement. Tinker stated his view concerning keeping some level of the real asset investment within the State of Oklahoma. Moore reiterated ACG continues to research and meet with managers who have properties within Oklahoma, but in their opinion, these fund products are not appropriate for institutional DB plan investments due to illiquidity and being closed-end funds.

Motion by Luckett, seconded by Park to gravitate the asset allocation towards the proposed Mix 2, increasing the real assets allocation from 5% to 10% and lowering the fixed income allocation from 25% to 20%, in a timely fashion and with continued education.

Motion carried:

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

NAY: None

**D. Consideration and Possible Action on Reallocation and/or Rebalancing of Assets Among Investment Managers as Recommended by the Investment Committee and Rejection or approval of any Amendments Proposed and Considered by the Trustees at the Meeting**

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

Whatley reported on plan changes for the OkMRF members.

**11. OkMRF Staff Report**

Cox reported on the following items:

- At next month's meeting:
  - Board to discuss early implementation of the four-tier DC fee restructure
  - Harding Loevner fee reduction will be put before the Board for approval
- Cox presented Shannon Couch, Sulphur City Clerk, with the 2021 George Wilkinson award at Sulphur's August meeting. Couch was truly honored and humbled.
- The Annual OML conference is less than two (2) weeks away. Exhibit hall events are scheduled for September 8th and 9th. Folders have been provided with conference information including work schedules and daily attire. Cox thanked Girardi and Porter for coordinating this year's exhibit hall activities. Keep Oklahoma Beautiful will be the recipient of raffle ticket sales this year. Speak with Girardi to purchase tickets for the cause and chance to win prizes.
- The Hall of Fame banquet will be held on the evening of the 9th. Attendees noted for the banquet: Park, Dunham, Rooney and Johnston. Hall of Fame inductees for the Class of 2021 are Daniel Bradley, Sand Springs; James Crosby, Yukon; Michael Doublehead, Tahlequah and Randall Ross, Choctaw. All well-deserving.
- Public Funds Trustee Education Conference will be held September 29th through October 1st at Shangri-La Resort. Virtual attendees registered: Doolen, Johnston, Luckett and Rooney. In-person attendees registered: Park, Johnson, Dunham, Reames and Tinker. Inform Cox by August 31st, if any Trustee wishes to change their attendance to virtual.
- Updates on District Elections: District 6: Received six (6) votes for the incumbent, Tim Rooney, two (2) votes for Leroy Alsup, two (2) votes for Troy Bradley, one (1) vote for Cindi Shivers, one (1) vote for Chris Lally and one (1) vote for Jason Orr. Votes will be accepted through Monday, August 30th.
- Girardi attended the CMAO Summer Conference. CMAO and OMMS held an excellent summer conference in Enid.
- The annual audit has started. Finley & Cook has selected numerous confirmation samples and Staff to mail out the letters shortly.
- Linda Ruckman, Recordkeeping Assistant, has accepted another position within a different organization. Ruckman will be greatly missed and OkMRF thanks her for her dedication to the Fund. The position for recordkeeping assistant has been posted. If Trustees have any qualified candidates, speak with Cox.

**12. New Business**

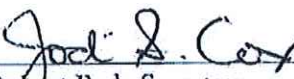
None.

13. Trustee/Member Comments

None.

14. Adjourn

With no further business to conduct meeting adjourned.

  
Robert Park, Secretary

  
Donna Doolen, Chair

On behalf of Bob Park

Respectfully submitted by:

