

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 17, 2021

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on December 17, 2021, at 10:01 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 (*arrived at 10:14 a.m.*)
Members: Joe Don Dunham, City Manager, City of Guymon
Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang, Non-voting Board Member (*via video*) (*left at 11:30 a.m.*)

OTHERS PRESENT:

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

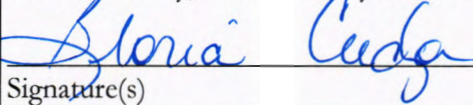
OkMRF Attorney: David Davis

Others: Kevin Moore, ACG (*via video*)
Haley Rives, ACG (*via video*)
Dan Bledsoe, Finley & Cook (*via video*)
Chuck Dean, Dean Actuarics (*via video*)
Troy Bradley, City of Midwest City (*via video*)
Sam Slade, With Intelligence (*via phone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the December 17, 2021, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on December 16, 2021.


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of November 19, 2021, Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 753,675,163.29
International Investment Equity	\$ 9,630,851.60
Aggressive Equity	\$ 21,255,214.55
Real Assets Fund	\$ 869,311.99
ESG US Stock Fund	\$ 1,490,306.17
Global Equity	\$ 11,610,378.55
Growth and Value Equity	\$ 28,109,516.20
S & P 500 Index	\$ 40,117,589.90
Target Retirement 2065	\$ 177,632.05
Target Retirement 2060	\$ 5,854,576.33
Target Retirement 2055	\$ 7,884,712.75
Target Retirement 2050	\$ 12,639,505.14
Target Retirement 2045	\$ 16,298,316.49
Target Retirement 2040	\$ 21,883,443.30
Target Retirement 2035	\$ 29,658,518.50
Target Retirement 2030	\$ 33,321,280.30
Target Retirement 2025	\$ 45,626,990.37
Target Retirement 2020	\$ 32,997,210.62
Target Retirement Income	\$ 22,906,929.68
Total Yield Bond Fund	\$ 6,673,759.30
Bond Index	\$ 16,676,935.18
Voya Fixed Plus III	\$ 43,815,076.77
Loan Portfolio	\$ 8,042,413.29
Self Directed Brokerage	\$ 301,429.82
Total Assets	\$ 1,171,517,062.14

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	\$ 45,730.52
Administration	99,005.17
Attorney	4,250.00
Audit	18,000.00
Board Travel	1,105.11
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	9,607.28
Investment Consultant	0.00
Public Relations	1,346.51
Representative Travel	1,808.75
EXPENSES	\$ 180,853.34

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

4. Comments from the Public

None.

5. **Finley & Cook: Consideration and Possible Action Regarding 2020-2021 OkMRF Audit Report**

Bledsoe presented the audited financial report for the Fund, stating an unmodified clean opinion with no major discrepancies or issues working with management or staff. He reviewed the required communication letter and confirmed there were no fraud issues, illegal acts or material weakness in the internal control structure discovered during the audit process. Bledsoe noted no new GASB Statements were implemented, GASB 84 was discussed, and the Administrative Account will continue to be disclosed as a footnote. Future GASB statement implementation under consideration includes GASB 87 for lease accounting and GASB 96 for expense related software subscriptions. Sample size of test work confirmations increased to 582, as normal, good response rate with no exceptions. Strong positive income for both DB and DC funds, primarily due to investment income, of \$142 million and \$79 million, respectively.

Motion made by Reames, seconded by Dunham to accept the 2020-2021 Audit Report.

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

NAY: None

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

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

Rives began presentation with an economic review of 2021. The new variant of COVID-19, Omicron, along with inflation concerns caused a pullback of markets at the end of November. During the Fed's final meeting of the year, indications of a hawkish rhetoric to contain inflation were announced, stating more aggressive steps towards reducing their bond buying program and three (3) potential rate increases expected in 2022. This forward guidance from the Fed will reduce volatility in global markets in the coming months. Global markets are up 17%, year-to-date, as U.S. equity's strong performance overshadowed emerging markets contraction. Dispersion between asset classes remains prevalent. While both large and small cap stocks remained positive throughout the year, growth stocks within the small cap space reported negative returns of 2% but value stocks were up 23%.

Moore provided overview of monthly ASAP reports. The DB portfolio's market value at the end of November was \$752 million with year-to-date returns of 9.07%, net of fees. The DB portfolio continues to report a higher rate of return while taking on less risk than the policy index. Moore reiterated ACG's position of muted return expectations for the next five (5) years, but longer-term returns continue to prove strong on both an absolute and relative basis.

An asset allocation review, highlights and initiatives, an evaluation of small/mid cap managers, and long/short portfolio review is scheduled in the beginning of 2022. DC white-label funds continue to perform in-line with expectations with good performance on both an absolute and relative basis. Moore highlighted both the ESG U.S Stock Fund and Real Assets option for their strong performance over the past year.

B. **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 Trustee at the Meeting**

Luckett discussed DB rebalancing recommendations prepared by ACG. Proposed adjustments include implement new asset allocation mix of 10% overall real estate, reduce fixed income allocation, fund Clarion Lion Industrial Trust investment, and raise cash for pension payments.

Motion made by Luckett, seconded by Park to accept ACG's recommendation of reallocation and rebalancing within the Defined Benefit portfolio.

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

NAY: None

C. Consideration and Possible Approval of Clarion Partners Lion Industrial Trust Subscription Agreement with Dividend Reinvestment Plan Election and Related Documents as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Staff and Davis reviewed proposed subscription agreement and related documents effective January 1, 2022, with Clarion Partners. Funds for Lion Industrial Trust are not expected be called until later in 2022.

Motion made by Luckett, seconded by Park to approve Clarion Partners Lion Industrial Trust subscription agreement with dividend reinvestment plan election and related documents.

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

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

9. Consideration and Possible Approval of the Amended and Restated Defined Contribution Master Plan and Joinder Agreement

Cox provided overview of process to approve the amended and restated Defined Contribution Master Plan and Joinder agreement. The IRS deadline to submit final filing July 31, 2022, will close out cycle three (3) for pre-approved Defined Contribution plan documents. The minor changes incorporate IRS required clarifying language and language for state law and administrative purposes.

Next month, CMO Staff plan will be presented to adopt the amended and restated plan documents.

Motion made by Johnston, seconded by Park to approve the amended and restated Defined Contribution Master Plan and Joinder Agreement.

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

NAY: None

10. Dean Actuaries: Receive Update and Comments on Industry Topics

Dean provided a Public Retirement News Summary, compiled by Dean Actuaries, with various summaries of pension related articles. Dean highlighted funding, investment, and expected return results for the hundred largest pension plans compared to OkMRF in a study published by Milliman. Projections for fiscal year ending 2021 included a higher funding ratio of 93.6% for OkMRF compared to 85% for peers and an investment return of 27.3% for OkMRF compared to 20.1% for peers.

Cox expressed gratitude to Dean and team members for their trusted service throughout the years.

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

Whatley reported on plan changes for the OkMRF members.

12. OkMRF Staff Report

Cox reported on the following items:

- The representation letter to Finely & Cook related to the financial audit will be signed by her and Board Chair.
- Provided an update on potential class action lawsuit with InnovAge; four (4) sets of movants came forth, including a public pension fund involved in the initial public offering. As such, the public fund with a larger loss will likely represent the entire class allowing OkMRF to withdraw. Saxena White will continue to review and advise OkMRF as the deadline to withdraw is January 3, 2022.
- Upcoming January meeting, JPMorgan to provide a real estate investment review and ACG to present 2021 highlights and 2022 initiatives with their capital markets assumption review.
- Expressed appreciation on behalf of Staff to Trustees for their annual 457(b) annual match bonus incentive. Staff was presented an award letter documenting OkMRF's 2021 accomplishments.
- Expressed gratitude to David Davis for his 46 years of loyal dedicated service to OkMRF's Board.
- Thanked the Board of Trustees for their strong leadership and guidance throughout the past year.
- Updated Board on her vacation plans scheduled between Christmas and New Year's and asked Board to reach out to Whatley or Girardi for assistance in her absence.

13. New Business

None.

14. Trustee/Member Comments

Luckett commended Cox on her role as a panelist during Northern Trust's (NT) webcast "The Ever-Evolving Workplace". The online seminar was moderated by Pete Cherecwich, President of Asset Servicing at NT, also on the panel was Cheryl Alston, Executive Director and CIO of Employees' Retirement Fund of the City of Dallas and Rod June, CIO and Investment Division Manager of Los Angeles Employee's Retirement System. Panelists reviewed culture, social activities, and hybrid working options going forward, along with how each organization handled employee concerns, burnout, emotional toll, and virtual training. Cox discussed how Staff and herself compiled a COVID-19 Tracker capturing the Fund's Covid 19 Pandemic journey to prepare the Trust and future leadership to help handle unforeseen emergencies. Luckett encouraged Trustees and Staff to listen to the webcast.

15. **Adjourn**

With no further business to conduct meeting adjourned.



Donna Doolen, Chair

Respectfully submitted by:

Katie Girardi