

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
February 26, 2021

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on February 26, 2021, at 10:04 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 Luckett, Jr., Retiree, City of Thomas (*arrived at 10:09 a.m.*)
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 (*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: Kevin Moore, ACG (*via video*)
Tom Janisch, ACG (*via video*)
Jared Tramutola, Harding Loevner (*via video*)
Ray Vars, Harding Loevner (*via video*)
Gar Chung, Financial Investment News (*via video*)

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 February 26, 2021 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on February 25, 2021.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 29, 2021 Meeting(s)

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

Option	Value by Fund
Defined Benefit	\$ 706,028,268.62
International Investment Equity	\$ 9,433,791.14
Aggressive Equity	\$ 21,075,949.79
Real Asscets Fund	\$ 365,615.60
ESG US Stock Fund	\$ 932,272.42
Global Equity	\$ 9,809,846.70
Growth and Value Equity	\$ 24,450,875.64
S & P 500 Index	\$ 32,877,662.24
Target Retirement 2065	\$ 9,649.21
Target Retirement 2060	\$ 4,636,035.73
Target Retirement 2055	\$ 6,373,466.04
Target Retirement 2050	\$ 10,943,015.86
Target Retirement 2045	\$ 14,225,792.09
Target Retirement 2040	\$ 19,034,076.62
Target Retirement 2035	\$ 25,247,214.86
Target Retirement 2030	\$ 30,027,276.48
Target Retirement 2025	\$ 43,395,365.87
Target Retirement 2020	\$ 33,689,065.07
Target Retirement Income	\$ 22,621,772.82
Total Yield Bond Fund	\$ 6,838,215.74
Bond Index	\$ 18,313,323.17
Voya Fixed Plus III	\$ 41,811,879.86
Loan Portfolio	\$ 8,118,191.75
Self Directed Brokerage	\$ 240,532.73
Total Assets	\$ 1,090,499,156.05

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for February

Actuary & Recordkeeping	\$ 49,220.35
Administration	90,275.05
Attorney	4,586.00
Audit	0.00
Board Travel	1,032.73
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	12,625.41
Investment Consultant	0.00
Public Relations	0.00
Representative Travel	322.65
EXPENSES	\$158,062.19

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, 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. **Harding Loevner: Annual Update from Investment Manager – Jared Tramutola and Ray Vars**

Tramutola began presentation by providing an organizational firm update. Harding Loevner offices reopened in the middle of last year, but many employees continue to work from home. No plans to require attendance until July 2021. Strategy assets remain stable with 50% of assets in International Equity strategy and 25% of assets in Emerging Market strategy. A new Chinese Equity strategy was launched at the end of 2020 with employee capital and will work towards gaining a track record prior to marketing towards clients. There was limited turnover in the past year with two (2) additional analysts hired and the passing of Rusty Johnson, Emerging Markets co-lead portfolio manager, in May. A tenured analyst was added to the International Equity portfolio team to aid in their long-term succession planning.

Vars began discussion of the Emerging Markets strategy with an overview of markets for the past year. The unique year for markets was particularly extreme within emerging markets in terms of market movement. Harding Loevner's philosophy remains to seek out high-quality growing businesses regardless of the market conditions, but still being mindful of prices paid for those stocks to maintain their diversified portfolio. Good absolute performance, but disappointing relative performance of 13.51% over the past year versus index performance of 18.31%. Dramatic movements throughout the year caused more than a 30% sell-off of emerging markets within the first few months and a later rebound of almost 74%, which is the strongest absolute performance within emerging markets in the last twenty years. Harding Loevner's disciplined philosophy paid off in the fourth quarter of 2020 by outperforming the index and returning 22.58%. Information technology, geared towards e-commerce, and healthcare, with the innovation of the vaccine, sectors were the strongest performers. The main headwind for the portfolio was the strong contributions from the top ten stocks in the index whose price was not reasonably attractive for the strategy. Few transactions were made last year, which is in line with their long-term perspective and contributed to the 17.5% five (5) year annualized average of portfolio turnover.

Tramutola began discussion on the International Equity strategy. As financials are reported for the end of the year, earnings and cash flow growth are expected to go up relative to peers because the quality businesses held in the portfolio are expected to perform better. Both relative and absolute performance has been strong, with the portfolio outpacing the index by over 10% throughout 2020. The fastest growing, highest quality, and most expensive companies outperformed their counterparts by 30 bps in 2020, even with the huge shift in the fourth quarter based on the vaccine rollouts. The information technology sector performance was nearly double the next best sector, consumer discretionary, and was four times greater than the index. The portfolio's overweight positioning in the information technology sector was beneficial during the past year with four (4) of the five (5) top performing companies being held in this sector. Few transactions were made in 2020, 11% turnover, with the majority occurring in the first quarter when cash was put to work for opportunities. Forecasts for the international markets are difficult to predict based on previous metrics of performance and earnings.

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

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

Moore began presentation with reminders about ACG's quarterly webcast which will give a general update on the firm and market conditions, along with an ESG portion and a Trustee education session which will dive into bitcoin and cryptocurrency. Moving to market conditions for January, volatility has been present due to some speculative short trading around GameStop and AMC, which caused mixed equity market results. Economists see an improved outlook on the economy related to GDP and predict around 5% growth for this year. This positive economic outlook will cause fixed income yields to rise and the yield curve to steepen

as investors start to assess the attractiveness of bonds versus stocks. Small caps stocks are up over 11% due to the improved economic outlook.

Moore began review of DB portfolio, noting \$705 million in assets at the end of January. Target allocations have been updated to reflect decisions at January's meeting with a slight reduction in fixed income allocated to international developed market equities. Performance of the portfolio is strong on long-term time frames. January's volatility caused negative relative performance of (0.67%), slightly below the policy index, while long-term time frames report outperformance in all measured years, gross of fees. Equities provided double-digit returns due to their offensive position in the portfolio. Small/Mid Cap equity manager, River Road, struggled on a relative basis due to less exposure to cyclical companies which proved to be a headwind at the end of 2020. Non-U.S. equities, outside of one month returns, reported strong outperformance of the benchmark over all time periods benefiting from active management during volatile markets. Long/short equity portfolio, net of fees, is up over 21% over the past trailing one (1) year and providing the downside protection. As interest rates began to tick up in January, bond prices have declined causing negative performance in January, but active management proved beneficial in the longer time horizons. Real Assets remain flat for January with industrials being a main benefactor along with upward trending rent collections of the underlying properties. Returns over the next ten (10) years are expected to remain in the mid-single digits.

Moore began review of DC portfolio, noting good positioning amongst peer rankings across all white-label funds. Growth and Value option benefited from both passive and active management with the underlying funds generating outperformance in all measured time horizons. Candidate replacements for underlying manager, Fred Alger, will be presented at next month's Board meeting due to an update in portfolio personnel. Both the Aggressive and International options reported outperformance on longer term time frames with no concerns of underlying managers. Short lived performance with ESG U.S. Stock option, but Calvert has done a good job managing the fund despite slight underperformance. Stronger relative short-term results have bled into longer term results in the Total Yield option. Commodities, within the Real Assets options, have performed well over the past few months due to the increase in demand with the expectation of more normalization happening over the next two (2) years. Target Date Funds are performing in-line with expectations and reporting double-digit returns.

B. ACG: Discussion and Possible Action Regarding Long/Short Allocation as Recommended by the Investment Committee

Janisch discussed recommendation provided to Investment Committee. In order to focus on smaller-cap exposure, assets are recommended to be reallocated from activist Manager K, who focuses on large-cap exposure, to Manager I., an ESG small-cap activist. Redemption from Manager K will occur on September 30th and subscription to Manager L is targeted for November 1st.

C. ACG: Consideration and Possible Action to Reallocate Capital from Existing Manager to a New Manager in the K2 Long/Short DB Portfolio as Recommended by the Investment Committee

Motion made by Luckett, seconded by Park to accept ACG's recommendation to redeem all capital from Triam Partners and reallocate capital to Impactive Capital, as soon as administratively feasible.

Motion carried: AYE: Doolen, Dunham, Johnson, 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

Moore discussed DB rebalancing recommendation. Proposed adjustments include new asset allocation targets, raise cash for pension payments, distribution for a plan termination (City of Stillwater Retiree Only) and long/short reallocation.

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, Reames, Rooney and Tinker

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

A. Approve Renewal of Fiduciary Liability and Crime Insurance Policies as Recommended by the Contract Committee

Reames, Contract Committee Chair, presented a recommendation to renew the Fiduciary Liability insurance by Federal Insurance Company with the same terms and 10% increase in premium due to asset growth. Renewal premium will remain flat through 2023. Recommendation presented to renew the Crime Policy insurance from Travelers Casualty and Surety Company of America with the same coverage as previous year, no increase in aggregated deductible amount and 1.77% (\$133) premium increase.

Motion made by Reames, seconded by Dunham to accept the renewal for both the Fiduciary Liability policy and the Crime policy for the term April 2, 2021 to April 2, 2022.

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

NAY: None

B. Finley & Cook: Consideration and Possible Action Regarding Annual Audit Engagement Letter as Recommended by the Contract Committee

Reames, Contract Committee Chair, presented a recommendation to approve the annual audit engagement letter with Finley & Cook. Annual audit fee to increase by \$1,000. Reames stated this is the final year of the current contract, but based on niche audit expertise, it is recommended to sign subsequent five (5) year renewal contract with Finley & Cook.

Motion made by Reames, seconded by Dunham to approve the annual audit engagement letter for fiscal year end 2021 with Finley & Cook, authorizing Doolen and Cox to sign.

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

NAY: None

C. Finley & Cook: Consideration and Possible Action Regarding GASB 68 Engagement Letters as Recommended by the Contract Committee

Reames, Contract Committee Chair, presented recommendation to approve the two (2) GASB related engagement letters. No increase in cost from previous year.

Motion made by Reames, seconded by Rooney to approve the two related GASB 68 engagement letter with Finley & Cook for fiscal year end 2021, authorizing Doolen and Cox to sign.

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

NAY: None

D. Consideration and Possible Action Regarding Review of Vendor Evaluation as Recommended by the Contract Committee

Reames, Contract Committee Chair, reported that vendor evaluations were well documented and discussed with Staff. At this time, no changes are recommended to existing service providers.

Motion made by Reames, seconded by Rooney to retain Voya, Dean Actuaries, ACG, Northern Trust and Finley & Cook as service providers for the upcoming year.

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett,
Park, 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.

10. OkMRF Staff Report

Cox reported on the following items:

- SSgA will be presenting an investment overview at the next meeting.
- Investment Policies and Guidelines will be on the agenda for review at the March meeting.
- Sean Sullivan, Dean Actuaries will be presenting the funding rates and results from actuarial studies.
- Trustees were reminded of the importance of their waiver recourse insurance and to pay David Davis \$25 for their personal coverage premium. Checks or cash can be mailed to his office at 4312 N. Classen Blvd., Oklahoma City, OK 73118.
- Virtual Trustee Retreat is scheduled for Wednesday, May 26th. Check calendars for 'EXPERTS conflicts and determine if a reschedule in June is needed.
- Retreat topics or suggestions should be provided to Robert Johnston, Administration Chair, or herself.

11. New Business

None.

12. Trustee/Member Comments


Luckett requested Cox to report to Trustees regarding distribution team's due diligence in locating participants with outstanding checks. Cox explained that the distribution team with Catherine McCartney's leadership, worked to locate and pay individuals, reducing the outstanding checks in the administrative account by \$40k. Outstanding checks of \$42k remain and the team will continue to work on locating individuals for payment.

Doolen presented a letter sent by a Glenpool participant regarding Staff's outstanding work.

Whatley confirmed attendance of the following Trustees: In-person; Doolen, Luckett, Johnston and Dunham. Video; Reames, Johnson, Rooney and Park. Phone; Tinker

13. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:


The seal is circular with the text "OKLAHOMA MUNICIPAL RETIREMENT FUND" around the perimeter and "OFFICIAL SEAL" in the center. A handwritten signature "K. Girardi" is written across the seal. Below the seal, the name "Katie Girardi" is printed with a star symbol underneath.

Katie Girardi