

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
June 25, 2021

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on June 25, 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 (*arrived at 10:03 a.m.*)
Secretary: Robert Park, Retiree, City of Sallisaw
Members: Tamera Johnson, Retiree, City of Shawnee (*via video*)
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
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant (*via telephone*)

Others: Kevin Moore, ACG (*via video*)
Haley Rives, ACG (*via video*)
Andrea Leistra, Victory Integrity (*via video*)
Crystal D. Doyle, Victory Integrity (*via video*)
Daniel Bandi, Victory Integrity (*via video*)
Kevin Balaod, Fundmap Journalist (*via video*)
Gar Chung, FIN News (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the June 25, 2021 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on June 24, 2021.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of May 27, 2021 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 744,291,705.44
International Investment Equity	\$ 10,275,320.33
Aggressive Equity	\$ 23,084,558.35
Real Assets Fund	\$ 694,022.61
ESG US Stock Fund	\$ 1,223,305.12
Global Equity	\$ 10,792,766.97
Growth and Value Equity	\$ 27,196,776.22
S & P 500 Index	\$ 37,266,817.84
Target Retirement 2065	\$ 147,923.21
Target Retirement 2060	\$ 5,290,233.86
Target Retirement 2055	\$ 7,329,866.54
Target Retirement 2050	\$ 12,413,693.16
Target Retirement 2045	\$ 15,740,426.23
Target Retirement 2040	\$ 20,849,358.39
Target Retirement 2035	\$ 28,267,728.60
Target Retirement 2030	\$ 32,418,249.09
Target Retirement 2025	\$ 45,568,539.82
Target Retirement 2020	\$ 34,740,963.76
Target Retirement Income	\$ 23,802,985.05
Total Yield Bond Fund	\$ 6,605,109.47
Bond Index	\$ 16,555,694.67
Voya Fixed Plus III	\$ 41,089,524.57
Loan Portfolio	\$ 8,131,290.03
Self Directed Brokerage	\$ 247,589.43
Total Assets	\$ 1,154,024,448.76

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for June

Actuary & Recordkeeping	\$53,357.55
Administration	93,539.24
Attorney	4,250.00
Audit	7,500.00
Board Travel	4,697.58
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	16,414.29
Custodial	9,090.74
Investment Consultant	31,734.23
Public Relations	1,524.67
Representative Travel	<u>3,615.36</u>
EXPENSES	<u><u>\$225,723.66</u></u>

E. Benefit Payments and Contribution Refunds

F. Consideration and Possible Action on Open Records Administrative Policy Amendment and Rejection or Approval of any Amendments Proposed and Considered by the Trustee at the Meeting

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

Motion carried: AYE: Doolen, 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. **Victory Integrity: Annual Update from Investment Managers – Andrea Leistra and Daniel Bandi**

Leistra provided introductions and provided a brief update on personnel changes.

Bandi as the portfolio manager discussed what happened during the past year and half in their portfolio. At the end of 2019, and continuing into January and February of 2020, the economy and portfolio were doing well, and they were not overly concerned with companies that were overloaded with debt. But when the pandemic was declared in March, companies with heavy debt suffered and dragged performance. This portfolio effect happened within twenty (20) days in comparison to the 2008 financial crisis which took around a five (5) month period. Victory made decisions to exit companies with heavy debt they thought would not survive the shutdown. Valuations began resembling the 2008 financial crisis, so the portfolio began to incrementally expand the number of holdings with an opportunity of adding value for clients. By the end of 2020, they were down as compared to the benchmark but had made up a lot of ground with healthcare being the distractor to performance and by end of first quarter 2021 had recovered to the benchmark and was over their benchmark at end of quarter. This value cycle has aspects of the tech bubble of being cheap with an eight (8) year of good performance and growth potential going forward. The past five (5) year performance for Victory Integrity has been very choppy but they stayed to the discipline of their value investing. And they believe they are in a good position to benefit going forward for their clients and are beginning to reduce holdings.

Bandi discussed various aspects of the reconstituting of the Russell 2000 value index. The portfolio is going to overweight in the energy sector, energy demand should be increasing for the economy as a whole and is attractive to Victory Integrity.

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

A. **ACG: Review of Monthly ASAP Reports**

Rives provided a review of the DB ASAP. Portfolio had good absolute performance for the year as well as relative performance. Equities overweight to fixed income as expected due to challenging fixed income markets. The non-U.S. equities continue with good performance and over respective benchmarks for all managers. Long/short underperformed for the month of May and has been challenged for the calendar year. As a reminder, Impactive will be going into the long/short allocation using the liquidation of Triam proceeds. Impactive has changed the fund for the K2 platform by eliminating the 50% shorting allocation to index funds due to how much inflow their new fund was receiving; therefore, the new Impactive fund for the K2 platform will be without the required shorting.

Fixed income short term rates have been slightly increasing, resulting in bond yields suffering on the core fixed income allocation to JPM. Again, supporting the reason for active management for fixed income by BlackRock and Amundi Pioneer which helps to mitigate risk and manage rising rates.

Real estate allocation continues to be additive to portfolio with the high quality of holdings within the JPM funds.

Rives reviewed the DC investment options noting that the growth and value option had good performance due to the strong equity markets. Effective in June, T Rowe Price replaces Fred Alger in the aggressive portfolio. The Aggressive investment option has strong performance for the year with Artisan coming on strong as the value manager. The Real Assets option

benefited from REITS gaining traction. As participation and assets accumulate to \$1 million plus, then we could start looking at other options to add and compliment this option.

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

No action taken.

7. Consideration and Possible Action Regarding Administrative Committee Report

A. Consideration and Possible Approval of Revised 2020-2021 OkMRF Budget as Recommended by the Administrative Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Administrative Committee Chair Johnson presented two (2) line items for budget amendment consideration with overall budget being under target.

Motion made by Johnston, seconded by Reames to approve revised 2020-2021 OkMRF Budget as recommended by the Administrative Committee.

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

NAY: None

8. Consideration and Possible Action Regarding Contract Committee Report

A. Consideration and Possible Approval of Amended Asset Consulting Group Agreement Effective July 1, 2021, as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Contract Committee Chair Reames presented proposed amendments to original 2014 consulting agreement with ACG, for a stage-in approach to increase the fee retainer for the next three (3) years. The budget approved last month for FY 21-22 did include this fee increase for year one.

Motion made by Reames, seconded by Rooney to approve amended ACG agreement as recommend by the Contract Committee.

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

NAY: None

9. Consideration and Possible Action on Trustee Retreat Topics and to Help Staff Prioritize Task

Cox led discussion to summarize the retreat conversations and future concepts to be undertaken by the Trustees. Desire was expressed for more education on real asset options and consideration for investment opportunities within Oklahoma to begin exploring at the August Investment Committee meeting.

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:

- JPM will be reporting on the core bond portfolio at next month's meeting.
- Dean Actuaries will have the actuarial market value impact review next month.
- DB Master plan document will be submitted to the IRS in July, starting a new six (6) year review and approval cycle.
- Nomination status for the Districts 5 and 6 elections were provided. Currently, District 5 has one nomination and District 6 has received five nominations with June 30, 2021, being the deadline for submissions.
- OML booth volunteer sheet provided for sign up and to notify Staff if a meal ticket purchase is needed for attendance at the Hall of Fame banquet.
- The City Manager Association of Oklahoma Summer Conference will be held in Enid, July 21-23, 2021. Girardi and Cox will be attending.
- A virtual due diligence session was conducted by the Contract Committee, Staff and ACG with Northern Trust (NT). Time was well spent with NT leadership. They answered a questionnaire very quickly and thoroughly with the consensus being a much-improved custodian and service provider over previous provider.
- Due to vacation, she will not be available until July 6th. Contact Girardi, Baser or Stewart for any Trustee needs during this time frame.

12. **New Business**

Rooney requested Cox look into the recent addition of a new Federal Holiday, Juneteenth (June 19). Cox will be presenting the calendar for OkMRF proposed holidays at the October board meeting for consideration.

13. **Trustee/Member Comments**

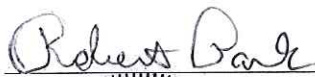
Reames expressed appreciation for the information that Davis presented at the Trustee retreat on the Prudent Investor Rules as fundamental and refresher of Trustee duties.

Tinker requested a plan of action for returning to a normal meeting and work environment within the pandemic situation. Additionally, inquired as to the status of the Stillwater Medical Center Request for Proposal.

Luckett requested a nomination for David Davis to be considered for the Oklahoma Hall of Fame for City and Town Officials.

14. **Adjourn**

With no further business to conduct meeting adjourned.



Robert Bask, Secretary



Donna Doolen, Chair

Respectfully submitted by:


Rhonda Stewart