

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
November 19, 2021

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on November 19, 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
Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater
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 video*)
Katie Girardi, Plan Administrator (*via video*)

OkMRF Attorney: David Davis

Others: Kevin Moore, ACG (*via video*)
Casey Hackett, ACG (*via video*)
Brian Huerta, WCM (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the November 19, 2021, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on November 18, 2021.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

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

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

Option	Value By Fund
Defined Benefit	\$ 764,527,784.79
International Investment Equity	\$ 10,169,430.75
Aggressive Equity	\$ 22,442,223.42
Real Assets Fund	\$ 881,268.40
ESG US Stock Fund	\$ 1,476,102.61
Global Equity	\$ 11,813,680.41
Growth and Value Equity	\$ 28,601,684.46
S & P 500 Index	\$ 40,226,614.18
Target Retirement 2065	\$ 182,908.65
Target Retirement 2060	\$ 6,072,791.86
Target Retirement 2055	\$ 8,175,370.39
Target Retirement 2050	\$ 12,938,479.37
Target Retirement 2045	\$ 16,610,863.01
Target Retirement 2040	\$ 22,315,621.98
Target Retirement 2035	\$ 30,159,022.62
Target Retirement 2030	\$ 33,653,512.97
Target Retirement 2025	\$ 46,511,929.36
Target Retirement 2020	\$ 33,526,284.19
Target Retirement Income	\$ 23,438,765.54
Total Yield Bond Fund	\$ 6,738,969.41
Bond Index	\$ 16,422,300.25
Voya Fixed Plus III	\$ 44,654,965.25
Loan Portfolio	\$ 7,987,780.06
Self Directed Brokerage	\$ 309,220.15
Total Assets	\$ 1,189,837,574.08

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for November

Actuary & Recordkeeping	\$ 45,970.82
Administration	98,838.54
Attorney	4,250.00
Audit	0.00
Board Travel	1,590.86
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	12,394.19
Investment Consultant	0.00
Public Relations	4,407.42
Representative Travel	<u>1,407.87</u>
EXPENSES	<u>\$168,859.70</u>

E. Benefit Payments and Contribution Refunds

Motion made by Lockett, seconded by Park 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. Comments from the Public

None.

5. **WCM: Annual Update from Investment Manager – Brian Huerta**

Huerta began presentation by introducing himself as Client Portfolio Manager at WCM. He continued presentation with a performance review noting minimal positive returns while equity markets were down in the third quarter. Year-to-date returns were up 12.3%, outperforming the benchmark by 600 bps. Huerta credited stock selection, without taking on more risk, for the strategy's remarkable outperformance. Since implementation of the strategy with OkMRF, Huerta noted only two (2) years, 2015 and 2018, of negative performance, highlighting the fund's downside protection. The portfolio's sector positioning is more active in technology, healthcare, and consumer discretionary while being underweight in financials and energy. Capital allocation of the portfolio is overweight in Europe and Americas relative to the index, but the geographical region selections contributed to the success of the strategy. Huerta reviewed the top contributors and detractors of the strategy, noting underweight of companies based in China due to regulatory volatility.

Huerta concluded the presentation with a review of the portfolio construction. The portfolio consists of 35-40 stocks with an average portfolio turnover of 25% each year. WCM are long-term investors with a concentrated portfolio construct to provide downside protection with companies exhibiting strong corporate culture. Defensive, secular, and cyclical growth are used to help mitigate risk by providing stability and durability for the long-term. Moore requested an update on succession planning for Kurt Winrich, co-CEO of WCM. Huerta confirmed Winrich's retirement after 38 years with WCM and anticipates a smooth transition as the portfolio is managed by a strong team.

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

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

Moore provided overview of monthly ASAP reports. From a long-term standpoint, performance remains strong while not taking on as much risk as the policy index. Moore discussed the new target allocations based on the approved increase to Real Assets and decrease from Fixed Income. Over time, actual allocations will gravitate to the target allocations. October was a strong month across global equity markets due to positive earnings reports, with nearly 80% of companies within the S&P 500 outperforming expectations. Also, the Federal Reserve announced their plans to taper balance sheets over the next several quarters and how the rate hiking cycle will move forward with a possibility of two (2) to three (3) increases in 2022.

Market value of the DB portfolio is nearing \$765 million at the end of October. Long-term performance for the portfolio remains strong and continues to exceed the 7.25% assumed rate of return. Moore noted quarterly performance continues to meet all objectives on both the risk and return standpoint. The DB portfolio ranks in the top quartile relative to other DB plans and relative to other investors with similar asset allocations. Small/mid cap equities reported relative underperformance due to managers holding higher quality companies rather than speculative companies, such as Game Stop. A full review of the small/mid cap equity space will be conducted early in 2022. Non-U.S. equities benefited from active management reporting relative outperformance of the index over all time periods. The global long/short portfolio has seen disappointing underperformance year-to-date, but ACG continues to monitor all managers. The transition to Impactive was executed and AKO will be returning approximately 10% of capital at the beginning of 2022 due to meeting market cap conditions. Fixed Income has outperformed the index over all time frames due to active management, which is not dependent on any particular interest rate environment. Real Assets is up 13.15% net of fees year-to-date due tailwinds from industrials.

Moore continued with a general overview of the DC portfolio. The Growth & Value option slightly underperformed year-to-date relative to the S&P 500 index but has outperformed over longer periods. Aggressive Equity continues to perform, and managers collectively reported over 52% return in the past year. ESG U.S. Stock Fund performance has normalized over the last few months due to strong stock selection in industrials and health care. Total Yield reported strong performance over all time frames. As inflation continues to increase, Real Assets benefited due to their investment in inflation protected securities such as REITS, TIPs and commodities. Target Retirement Date funds totaled over \$235 million through the end of October and performed in-line with expectations.

B. ACG: Discussion and Consideration Regarding Adopting the Real Estate Allocation Transition Timeline and to Clarify the Anticipated Strategy Implementation of 10% of the overall DB Assets to be Dedicated to this allocation in the DB Portfolio, as Approved in the August 27, 2021 Board meeting, using a 40%, 30% and 30% approach to JPMorgan Strategic Property Fund, JPMorgan Special Situation Property Fund and Clarion Lion Industrial Trust, Respectively as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Cox discussed conference call with Staff, portfolio manager and managing directors of Clarion Partners. Staff was extremely pleased with the quality time the portfolio managers gave them and the concerned approach to the provided due diligence questions. The portfolio is highly diversified with approximately 7.0% invested in the Midwest and 13% in the Southwest, which is appraised by an independent third-party appraiser. Clarion evaluates each tenant to determine their strength as a creditor prior to leasing.

Moore discussed proposed timeline transition. Due to the time constraints of private real estate funds, ACG constructed a transition timeline which will span in to the second quarter of 2022. During the fourth quarter of 2021, new target allocations are reflected in the monthly ASAP reports, along with the submission of additional subscription documents to both JPMorgan Real Estate funds and submission of initial subscription documents to Clarion Lion Industrial Trust. The additional investment to the JPMorgan funds will deploy capital within the first quarter of 2022. Due to the queue within the industrial focused strategy, Clarion Lion Industrial Trust has communicated it will be six (6) to twelve (12) months before the entire commitment to the new strategy can be fulfilled. ACG will provide guidance on actual dollars with a proposed rebalancing schedule to be presented at the December Board meeting. Lastly, Moore discussed dividend reinvestment (DRIP) within the new strategy and ACG's recommendation of automatically reinvesting the dividends received.

Motion made by Lockett, seconded by Tinker to approve proposed timeline as presented to fund 10% Real Asset position to reflect 40% to JPMorgan Strategic Property Fund, 30% to JPMorgan Special Situation Property Fund, and 30% to Clarion Lion Industrial Trust contingent upon Staff and David Davis securing an agreeable contract with Clarion Lion to be presented at the December Board meeting for approval.

Motion carried:

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

NAY: None

C. 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

No action taken.

8. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on plan changes for the OkMRF members and new DC member, Town of Spavinaw, recognizing Girardi for her efforts.

10. OkMRF Staff Report

Cox reported on the following items:

- Provided an update on OkMRF's annual family in need gives back project. OkMRF has adopted a family of six (6) through the El Reno Youth & Family Services. Expressed gratitude to Trustees and Staff for their donations. Donations accepted through 12/1/2021.
- At next month's Board meeting:
 - Dean Actuaries will present topics of interest for public funds
 - Finley & Cook will present financial audit report
 - Educational opportunities will be distributed to Trustees for consideration
 - Trustees and Staff are invited to wear their ugly sweaters and join in a meal afterwards with Staff
- New Year's cards have been ordered and digital signatures for both Staff and Trustees will be included.

11. New Business

None.

12. Trustee/Member Comments

Dunham shared he will be leaving his City Manager position in Guymon at the end of December and will start his new position as the Finance Director at the City of Lawton on January 10th.

Tinker questioned the Staff's return to the office. Cox confirmed offices are open and Staff is operating on a voluntary hybrid schedule with three (3) days in office and an optional two (2) days working from home. Guests are welcome to the office and are meeting in the Board room.

13. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary

Respectfully Submitted by:

A handwritten signature in black ink, which appears to read "K. Girardi".

Katie Girardi

A handwritten signature in blue ink, which appears to read "Donna Doolen".

Donna Doolen, Chair