

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
October 29, 2021

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on October 29, 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 Luckett, Jr., Retiree, City of Thomas
Secretary: Robert Park, Retiree, City of Sallisaw
Members: Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang

OTHERS PRESENT:

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

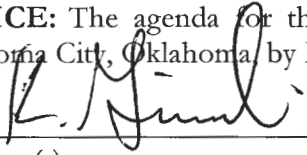
OkMRF Attorney: David Davis

Others: Kevin Moore, ACG (*via video*)
Haley Rives, ACG (*via video*)
Casey Hackett, ACG (*via video*)
Ed Omata, Artisan (*via video*)
Troy Bradley, Midwest City (*via video*)
Zack Cziryak, Financial Investments (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the October 29, 2021 meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Katie Girardi by 10:00 a.m. on October 28, 2021.



Signature(s)

2. Consideration and Possible Action to Administer Trustee Oaths of Office to Melissa Reames and Timothy Rooney and Acknowledge General Incumbency Certificate

Melissa Reames, District 5 and Tim Rooney, District 6 were administered the constitutional and statutory oath of office by OkMRF attorney, David Davis.

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of September 24, 2021, Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 744,727,989.59
International Investment Equity	\$ 9,927,939.30
Aggressive Equity	\$ 21,451,501.95
Real Assets Fund	\$ 875,625.19
ESG US Stock Fund	\$ 1,421,815.26
Global Equity	\$ 11,268,137.25
Growth and Value Equity	\$ 27,065,719.87
S & P 500 Index	\$ 37,738,571.98
Target Retirement 2065	\$ 148,644.04
Target Retirement 2060	\$ 5,569,602.22
Target Retirement 2055	\$ 7,685,367.21
Target Retirement 2050	\$ 12,181,858.13
Target Retirement 2045	\$ 15,894,313.65
Target Retirement 2040	\$ 21,469,228.69
Target Retirement 2035	\$ 28,887,018.09
Target Retirement 2030	\$ 32,442,272.24
Target Retirement 2025	\$ 45,098,120.01
Target Retirement 2020	\$ 35,019,863.84
Target Retirement Income	\$ 22,949,962.35
Total Yield Bond Fund	\$ 6,716,922.86
Bond Index	\$ 16,293,497.04
Voya Fixed Plus III	\$ 42,991,144.97
Loan Portfolio	\$ 8,090,199.36
Self Directed Brokerage	\$ 292,824.76
Total Assets	\$ 1,156,208,139.85

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for October

Actuary & Recordkeeping	\$ 45,071.94
Administration	104,013.02
Attorney	4,250.00
Audit	3,500.00
Board Travel	4,097.19
Employer Directed Expense	4,125.00
Insurance	0.00
Investment Advisors	176,960.52
Custodial	9,509.20
Investment Consultant	36,086.00
Public Relations	1,581.88
Representative Travel	4,294.04
EXPENSES	<u>\$ 393,488.79</u>

E. Benefit Payments and Contribution Refunds

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

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

NAY: None

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

No action taken.

5. Comments from the Public

None.

6. Consideration and Possible Action to Authorize Saxena White to File a Motion for Lead Plaintiff Status Regarding Potential Allegations Against InnovAge Holding Corporation with Violations of Section 11 of the Securities Exchange Act *(Proposed executive session as authorized by Title 25 Oklahoma Statutes Section 307B4 which allows executive sessions for the purpose of preserving attorney-client privilege litigation strategy and settlement strategies for current and potential litigation matters)*

Motion made by Rooney, seconded by Reames to enter Executive Session at 10:06 a.m.

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

NAY: None

Motion made by Rooney, seconded by Park to end Executive Session at 10:34 a.m.

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

NAY: None

Motion made by Rooney, seconded by Reames to proceed with necessary actions to file for lead plaintiff status with Saxena White P.A. regarding the potential allegations against InnovAge Holding Corporation.

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

NAY: None

7. Artisan Partners: Annual Update from Investment Manager – Ed Omata

Omata began presentation with a review of performance for the fund. Year-to-date, the fund has reported 11.99% and one (1) year returns of 36.45%, outperforming the benchmarks significantly for both time periods. However, for the previous quarter, Omata discussed negative returns of (2.79%) relative to two (2) benchmarks, MSCI EAFE Index, down (0.45%), and MSCI All Country World ex USA index, down (2.99%). The large gap between the indexes and negative returns was driven by weightings in China. Omata noted the fund has dedicated 4.0% of the portfolio to Chinese companies. Throughout 2021, the Chinese government continued their regulatory crackdown of different industries, by levying fines and imposing regulations causing growth to pull back. However, in Artisan's opinion these regulations are rational and logical due to China's ability to streamline processes and handle issues around the globe without political parties becoming involved. By having a long-term time horizon and evading short-term turmoil, this viewpoint allows Artisan to purchase high-quality companies at extremely low valuations.

To conclude his presentation, Omata discussed prevalent inflation of which no sector or company is immune. Artisan's investment strategy is to buy companies who have strong pricing power which allows them to pass their rising costs on to consumers. Once the price of the commodity to produce their goods decreases, the company will maintain the inflated price of the goods, therefore widening their profit margin.

Rives questioned Artisan's U.S. exposure within the portfolio. Omata confirmed zero U.S. exposure based on Artisan's definition of a country being domiciled in the U.S., of which they own none of.

8. **Consideration and Possible Action Regarding Administrative Committee Report**

A. **Consideration and Possible Action Regarding Resolution 2021-2 Declaring Intent to Consider Acquisition of a Building to House OkMRF Offices Upon Expiration of Existing Lease and a Means of Investing Trust Assets in Oklahoma as Recommended by the Administrative Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting**

Johnston presented Resolution 2021-2 detailing terms of current lease through end of 2027, intent of the Board of Trustees to consider acquiring a building to house OkMRF Staff, and proposed responsibilities of the Investment and Administrative Committees. Evaluations, suggested timeline, and recommendations to be presented to the Board on or before July 31, 2022.

Motion made by Johnston, seconded by Park to approve Resolution 2021-2 as presented.

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

NAY: None

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

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

Rives began by introducing colleague, Casey Hackett, who has been with ACG for four (4) months. Rives continued her presentation by providing an economic market update noting a sell-off of equities in September caused by peak delta variant figures, a continued debt ceiling struggle in Congress, and the Fed's shift towards an interest rate hike in 2022. Equities were down 3.0-4.0% by the end of September but saw a significant rebound in October. Third quarter GDP growth was reported at 2.0%, slightly less than economist's projections.

Rives continued with an overview of the DB portfolio noting slight underweight of target allocations for fixed income and a portfolio pullback of 2.74% for the month of September. Year-to-date and longer time horizons remain strong with a one (1) year return of 19.83%, outperforming the policy index by 138 bps, referring to active managers in the portfolio participating in the upside market more than normal. The long/short portfolio provided downside protection and performed inline with expectations. Impactive will be added to the line-up of managers within the long/short portfolio at the beginning of November. Fixed income reported modestly positive performance, year-to-date, while the broader index was down. Real Estate proved to be additive in both capital appreciation and income performing components and continues to serve as a strong inflationary hedge.

Rives provided a high-level overview of the DC portfolio noting all managers are performing in line with respectable benchmarks.

B. **ACG: Consideration and Possible Action Regarding Real Assets Open-ended Manager Review as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting**

Moore presented information on two (2) open-end private value-add real estate managers, Clarion Lion Industrial Trust and PGIM PRISA III. He reviewed risk/return graphs with the addition of each potential manager, as well as potential real asset exposure with each different manager.

Motion made by Luckett, seconded by Park to receive Real Assets open-ended manager report from ACG.

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

NAY: None

C. ACG: Consideration and Possible Action on Real Assets Implementation using open-ended or closed-ended Funds and/or to Seek Additional Education to Introduce Private Equity to the overall DB Portfolio Structure as Recommended by the Investment Committee and Rejection or Approval of any Amendments proposed and Considered by the Trustees at the Meeting

By request of Investment Committee, ACG compiled a comparison report of closed-end vs. open-end real estate funds for Board education. This request resulted after Trustees attended OPFTEC and heard a presentation from a closed-end private equity manager who invests in Oklahoma capital improvement. Whatley and Girardi met with Deric Berousek, OPPRS, to discuss administrative, audit, and reporting involved with OPPRS' private equity portfolio. Both Whatley and Girardi felt Staff will be able to support administrative and audit requirements. Moore reviewed presentation of historical timeline of real assets portfolio construction and closed-end vs. open-end fund structures.

Trustees, Staff, and ACG had a lengthy discussion regarding pros and cons of each investment vehicle and whether a closed-end fund is appropriate for OkMRF structure. Cox pointed out the extremely high leverage component to real estate closed-ended vehicles with longer lock-ups and only modest additional return did not seem to substantiate the higher risk component. ACG agreed, noting if OkMRF were to reconsider longer lock-ups that private equity would be more of a value add to the overall DB portfolio than real estate closed-end fund structures.

Motion made by Luckett, seconded by Park to commit approximately \$30 million to open-ended value-add real estate fund of Clarion Lion Industrial Trust.

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

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 Trustee at the Meeting

No action taken.

10. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

11. Consideration and Possible Action Regarding Election of Officers

Officers are elected annually to serve one (1) year terms.

Motion made by Rooney, seconded by Reames to approve the current slate of officers as follows:

Chair: Doolen
Vice-Chairman: Johnston
Secretary: Park
Treasurer: Lockett

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

NAY: None

12. Consideration and Possible Approval of Chair's Committee Assignments

Chair Doolen appointed Trustees to continue to serve on the same Committee as the prior year with the Chair appointments as follows:

Administrative Committee Chair: Johnston
Contract Committee Chair: Reames
Investment Committee Chair: Lockett

Motion made by Doolen, seconded by Rooney to accepts the Chair's Committee assignments.

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

NAY: None

13. Consideration and Possible Approval of 2022 Trustee Meeting Schedule and Staff Holidays

Cox presented a proposed 2022 Trustee meeting schedule and Staff holidays.

Motion made by Rooney, seconded by Lockett to approve schedule for Board meeting and Staff holidays as proposed.

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

NAY: None

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

Whatley reported on plan changes for the OkMRF members.

15. OkMRF Staff Report

Whatley discussed this year's philanthropic event to sponsor a family or families in need during the Holidays through Youth & Family Services out of El Reno. Donations will be accepted by cash or electronically through the first of December.

Cox reported on the following items:

- At next month's meeting, WCM will present on their International Growth Equity Fund.
- Holiday dinner with Trustees and Staff is schedule for December 17th.
- Thanked Trustees for attending OPFTEC in-person or virtually. Next year will be hosted by OLERS.
- Finley & Cook has begun financial audit remotely. Thanked Stewart and Porter for their hard work.
- New Recordkeeping Assistant, Tamara Fox, has joined the OkMRF family. She brings a broad background and great attitude to the Fund.

16. New Business

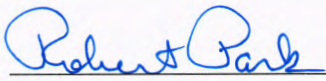
None.

17. Trustee/Member Comments

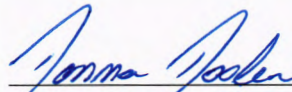
None.

18. Adjourn

With no further business to conduct meeting adjourned.

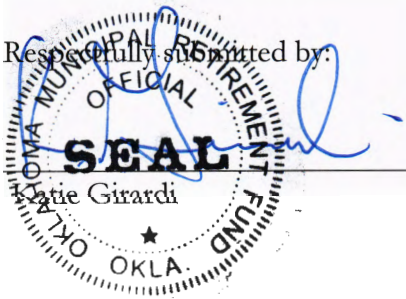


Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Catie Girardi