

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
January 28, 2022

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on January 28, 2022, 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: Tamera Johnson, Retiree, City of Shawnee (*via video*)
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
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant (*via video*)
Katie Girardi, Plan Administrator (*via video*)

OkMRF Attorney: David Davis

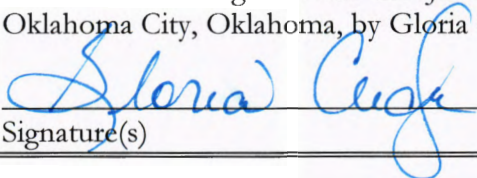
Others: Kevin Moore, ACG (*via video*)
Haley Rives, ACG (*via video*)
Larry Ostow, JPMorgan Real Estate (*via video*)
Mike Edwards, JPMorgan Real Estate (*via video*)
Troy Bradley, Midwest City (*via video*)
Gar Chung, Fin News (*via video*)
+63 32 252 1136 (*unknown participant via phone*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the January 28, 2022, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on January 27, 2022.

Signature(s)



2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of December 17, 2021, Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 771,543,429.31
International Investment Equity	\$ 10,139,728.26
Aggressive Equity	\$ 21,836,246.95
Real Assets Fund	\$ 913,898.44
ESG US Stock Fund	\$ 1,658,468.03
Global Equity	\$ 12,431,411.42
Growth and Value Equity	\$ 29,117,338.32
S & P 500 Index	\$ 42,361,458.17
Target Retirement 2065	\$ 183,884.90
Target Retirement 2060	\$ 6,076,083.22
Target Retirement 2055	\$ 8,023,423.63
Target Retirement 2050	\$ 13,164,544.58
Target Retirement 2045	\$ 16,848,972.37
Target Retirement 2040	\$ 22,531,087.59
Target Retirement 2035	\$ 30,365,092.67
Target Retirement 2030	\$ 34,446,281.19
Target Retirement 2025	\$ 45,910,980.09
Target Retirement 2020	\$ 33,609,663.98
Target Retirement Income	\$ 23,946,053.47
Total Yield Bond Fund	\$ 6,721,038.39
Bond Index	\$ 16,606,971.46
Voya Fixed Plus III	\$ 44,680,626.45
Loan Portfolio	\$ 7,803,157.95
Self Directed Brokerage	\$ 306,349.15
Total Assets	\$ 1,201,226,189.99

C. Purchases and Sales of Assets

D. Administrative Expenses and Fees

Expenses and Fees for December

Actuary & Recordkeeping	\$ 46,310.40
Administration	93,592.90
Attorney	1,750.00
Audit	9,000.00
Board Travel	897.16
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	182,291.23
Custodial	10,306.65
Investment Consultant	36,086.00
Public Relations	1,941.16
Representative Travel	602.09
EXPENSES	<u>\$ 382,777.59</u>

E. Benefit Payments and Contribution Refunds

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

Motion carried: AYE: Doolen, Johnson, Johnston, Luckett, 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. JPMorgan Real Estate: Annual Update from Investment Manager – Larry Ostow and Mike Edwards

Ostow began with an overview of the Strategic Property Fund's (SPF) strategy, the flagship core asset within the Real Estate allocation. Strong returns for the third and fourth quarters of 2021, produced a one (1) year return of 20.9%, being driven by broad based rent growth, historically accretive debt due to low funding costs, and strong relative value versus other financial alternatives.

While all four (4) sectors of the portfolio are valuable to the strategy, industrial continues to lead the way with properties located in Southern California being a large contributor. Urban multi-family residencies saw a third quarter recovery benefiting the residential sector, while both office and retail sectors positively contributed to strong returns due to increased leasing activity. Geographic and sector exposures fall in line with the NFI-ODCE index, in which SPF remains the largest fund representing 18% of the index. Currently, SPF has no redemption queue and expects to call new capital in one (1) to three (3) months. Prospectively, the SPF strategy will focus on strong asset selection within high growth markets, increasing their development pipeline to single family rentals and industrial joint ventures, and increasing development within sectors such as labs, single family rentals, and truck terminals.

Ostow reviewed the Special Situation Property Fund (SSPF) by providing an overview of the open-end value add fund. High quality assets and high growth markets were the main contributors to SSPF's year-end return on 24.3%, outperforming the index by 210 bps. The industrial sector was the primary driver of appreciation within SSPF during the past year noting new developments within the office portfolio and life science space. Currently, SSPF has no redemption queue and expects to call new capital within one (1) to three (3) months. Future returns are projected to fall within the mid-teens over the next three (3) years with additional life science development in Boston, industrial development in Huntington Beach, and suburban multi-family development.

6. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: 2021 Year in Review with Global Economic Update

Rives began presentation by reviewing broad asset class performance over the last ten (10) years, reiterating the importance of a long-term strategic allocation. 2021 looked similar to 2020 with U.S. equities continuing to be the primary driver of returns. Concentrated outperformance was apparent within the S&P 500 with the top ten (10) holdings providing two-thirds of the return. Global developed market equities outperformed international developed markets, mainly due to their U.S. exposure, reporting returns of over 18.0% while Europe and Japan markets were up around 10.0%. Emerging markets were the most challenged due to China's recovery beginning earlier than the rest of the globe and reported negative returns of 2.5%. Within the bond market, interest rates continue to be low in absolute terms, but with rates projected to rise, prices of bonds will fall causing negative performance.

ACG remains focused on the macro-economic picture, projecting muted return expectations based on how strong returns have been over the past few years. While the COVID-19 variant, Omicron, heightened fears of potential lockdowns and decreased spending, many people across the globe were determined to get back to normalcy. Growth for the fourth quarter of 2021 was reported at 7.0% and totaled one of the strongest economic years since 1984. Growth expectations for 2022 are projected to fall above the GDP growth rate trend, but not as strong due to geopolitical risks between Russia and Ukraine, as well as China's relationship with the United States. Yields are expected to tick up as the Fed announced interest rate increases expected to begin in March, along with their plan to wind down bond purchases.

B. ACG: Review and Discussion of Monthly ASAP Reports

Rives reviewed monthly ASAP reports. At the end of the calendar year, the DB portfolio is modestly overweight to equities due to strong performance and relatively underweight in Real Assets due to anticipated capital calls. December was a strong month and provided benefit to the ten (10) year annualized return of 10.46%, exceeding the portfolio's rate of return hurdle. Rives continued with an individual asset class review discussing significant dispersion between growth and value within both the U.S. and non-U.S. equity space, citing value add money manager Artisan Partners outperforming the index between 500-600 bps. The Long/Short

portfolio will receive a deeper review at February's meetings, but the portfolio did face struggles in 2021 due to low quality stocks outperforming high quality stocks. Fixed income indexes were down 1.5% while this allocation reported a positive 0.5%, demonstrating the active management component can mitigate the rising U.S. interest rate environment. Real Estate reported the strongest quarter and year ever for the NFI-ODCE and JPMorgan kept pace with returns over 20.0% gross of fees.

Rives concluded the presentation by reviewing the DC fund line-up citing similar remarks to the DB portfolio. The Growth & Value Fund Option reported strong absolute return due to Vanguard Windsor II's value investment strategy. The Aggressive Equity option outperformed the index due to both TimesSquare and Victory Integrity's energy exposure in the fourth quarter of 2021. ESG U.S. Stock Fund continues to see cash inflow and participation, as well as strong returns due to stock selection and health care exposure. Due to the rising inflationary environment, there has been an uptick in cash inflow to the Real Assets option as investors look towards the strength of the REITs market and increase in demand and prices of commodities and oil.

C. ACG: Asset Allocation and Capital Market Assumptions Review

Moore reviewed ACG's capital market assumption modeling tool which utilizes two sets of assumptions, intermediate term (5-10 years) and long term (10+ years). Due to an increase in yields in 2021 and a better starting point for investments moving forward, assumptions for Fixed Income, Equities, and Real Estate all improved with the ten (10) year median return increasing 30 bps. Over the longer term, the current asset allocation mix is appropriate to achieve the portfolio's long-term rate of return hurdle but could be harder to achieve over the next decade for the intermediate term.

Motion made by Rooney, seconded by Tinker to accept the Asset Allocation Analysis as presented by ACG.

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

NAY: None

D. ACG: Review of OkMRF 2021 Highlights and 2022 Initiatives

Moore began discussion with thanking the Board for their continued commitment to education and guidance of both the DB and DC portfolios. Moore reviewed the highlights from the past year noting online seminar education for Trustees, major education in the Real Assets space which led to the addition of Clarion Lion Industrial Trust, replacement of Fred Alger with T. Rowe Price within the DC Growth & Value Fund option, and virtual due diligence with Northern Trust to review underlying services. Initiatives for 2022 will be a continuation of oversight on portfolios and managers, educational sessions, real estate portfolio transition, a small/mid cap equity allocation review, and investment manager fee and peer group comparisons.

Motion made by Tinker, seconded by Park to accept the OkMRF 2021 Highlights and 2022 Initiatives presented by ACG.

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

NAY: None

E. 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 Action Regarding Resolution 2022-1 Approving the Destruction of Certain Records as Recommended by the Administrative Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Motion made by Johnston, seconded by Rooney to approve Resolution 2022-1, approving destruction of certain records.

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

NAY: None

8. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

9. Consideration and Possible Action on Resolution 2022-2 Regarding an Amendment to OkMRF CEO Customized Manager Option Plan Adopting the OkMRF Revised and Restated Master Defined Contribution Retirement Plan

Motion made by Tinker, seconded by Park to approve the amendment to the OkMRF CMO plan and adopt the revised and restated Defined Contribution Master Plan and Joinder Agreement.

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

NAY: None

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

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

11. OkMRF Staff Report

Cox reported on the following items:

- Implementation completed of the newly approved tiered DC fee schedule. Process went very smoothly.
- Next month, BlackRock will present an overview of the Liquid Absolute Return investment within the Fixed Income allocation.
- Two (2) in-person Committee meetings will be held next month, and all Trustees are welcome to attend:

- Investment Committee meeting to be held on Thursday, February 24th at 2:00 p.m. to discuss semi-annual review of quarterly performance, long/short portfolio, and small/smld cap portfolio.
- Contract Committee meeting to be held on Friday, February 25th at 9:30 a.m. to discuss vendor evaluations and possible fiduciary liability and crime policy renewals.
- Provided InnovAge Holding Corp. securities litigation update, stating Saxena White filed a notice for OkMRF to withdraw application for Lead Plaintiff in early January.
- Discussed upcoming continuing educational opportunities for Trustees. Let Cox know of interest.
- Provided return-to-work and pandemic update:
 - Staff continues to serve our Members and Participants while keeping Staff and Trustees safe
 - Outside visitors are welcome in Board room to conduct business
 - Whatley and Girardi are willing to travel and conduct safety protocols upon return to office
 - Offices are open daily with work from home employees on a voluntary in-office rotation basis
 - Hybrid return-to-work implementation is postponed until April 1st due to Oklahoma's continued hospital crisis and record number of new COVID-19 cases
 - Protection of Staff and Trustee well-being is top priority while continuing to carry on the business of the Trust

12. New Business

None.

13. Trustee/Member Comments

Rooney thanked Girardi for discussing CMO plans at conference.

14. Adjourn

With no further business to conduct meeting adjourned.



Robert Park, Secretary

Donna Doolen, Chair

Respectfully submitted by:

Katie Girardi

Katie Girardi