

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
November 18, 2022

1. **Call To Order**

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on November 18, 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 Luckett, Jr., Retiree, City of Thomas
Secretary: Robert Park, Retiree, City of Sallisaw
Members: Shaun Barnett, City Manager, City of Woodward
Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Assistant City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang

OTHERS PRESENT:

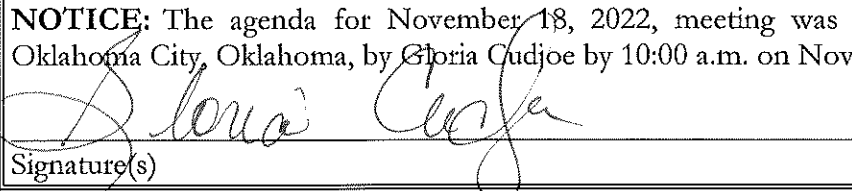
OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant
Katie Girardi, Plan Administrator

Others: Kevin Moore, ACG
Craig Coleman, ACG (*via video*)
Sean Sullivan, Dean Actuaries
Troy Bradley, City of Midwest City (*via video*)
Kevin Balaod, With Intelligence (*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 November 18, 2022, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on November 17, 2022.


Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of October 28, Meeting(s)

B. Monthly Valuation of Fund Assets & Unit Values by Custodian as of October 31, 2022

Option	Value By Fund
Defined Benefit	\$ 633,756,739.86
International Investment Equity	\$ 7,046,708.05
Aggressive Equity	\$ 16,385,220.25
Real Assets Fund	\$ 910,490.42
ESG US Stock Fund	\$ 1,287,950.78
Global Equity	\$ 9,668,716.17
Growth and Value Equity	\$ 20,801,498.37
S & P 500 Index	\$ 32,457,482.57
Target Retirement 2065	\$ 158,502.66
Target Retirement 2060	\$ 6,172,840.52
Target Retirement 2055	\$ 6,741,719.49
Target Retirement 2050	\$ 10,880,667.03
Target Retirement 2045	\$ 13,902,421.33
Target Retirement 2040	\$ 17,785,617.87
Target Retirement 2035	\$ 23,632,976.77
Target Retirement 2030	\$ 26,569,655.09
Target Retirement 2025	\$ 35,415,467.92
Target Retirement 2020	\$ 22,930,480.92
Target Retirement Income	\$ 18,610,095.88
Total Yield Bond Fund	\$ 5,174,053.50
Bond Index	\$ 13,606,237.92
Voya Fixed Plus III	\$ 54,590,829.06
Loan Portfolio	\$ 7,426,454.35
Self Directed Brokerage	\$ 254,374.77
Total Assets	\$ 986,167,201.55

C. Purchases and Sales of Assets for October 2022

D. Administrative Expenses and Fees

Expenses and Fees for November

Actuary & Recordkeeping	\$ 41,727.06
Administration	107,374.06
Attorney	3,750.00
Audit	0.00
Board Travel	1,450.01
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	11,730.26
Investment Consultant	0.00
Public Relations	0.00
Representative Travel	<u>3,328.63</u>
EXPENSES	<u>\$ 169,360.02</u>

E. Benefit Payments and Contribution Refunds for October 2022

F. Acknowledgment of Receipt of the Clarion Lion Industrial Trust Amended and Restated Confidential Private Placement Memorandum Dated October 2022

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

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

NAY: None

ABSTAIN: Reames

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

No action taken.

4. Comments from the Public

None.

5. Consideration and Possible Action Regarding Investment Committee Report

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

Moore began the presentation with a high-level economic review. In October, investors saw a glimmer of light at the end of the volatility tunnel, as markets took a breather due to communications from the Fed stating future interest rate hikes could potentially decrease from 75 bps to 50 bps after aggressive tightening earlier in the year caused headwinds for markets. Analysts are hopeful positive Fed comments may provide tailwinds for markets and bring inflation back to a normal state. In November, mid-term elections ended in gridlock which markets viewed positively. Historically, political gridlock has resulted in market rallies for the following 12 to 18 months.

Moore reviewed the DB portfolio noting assets totaling \$636 million and outperforming the policy index at 7.44% for the trailing ten (10) year return. Target versus actual allocations continue to evolve as the transition from the long/short portfolio to private equity is in the early stages. Year-to-date returns remain in negative territory but improved due to the one (1) month return of 3.6%, net of fees. William Blair's allocation within the U.S. small/mid cap equity sleeve was fully funded in October and returns will be reported starting in November. Non-U.S. equities faced similar challenges as domestic equities in recent months, however longer-term returns remain strong. Proceeds from the first tranche of long/short redemptions are expected to be received in the first quarter of 2023. ACG will bring recommendations to the Board regarding where the received funds will be allocated prior to funding new private equity allocations.

BlackRock announced the retirement of Bob Miller, one of the portfolio managers of the Strategic Income Opportunities strategy, at the end of March 2023. BlackRock intends to transition Russell Brownback, managing director, into the position of portfolio manager. ACG indicated no concerns with the transition as BlackRock's team and resources are deep but will continue to monitor. Clarion Lion Industrial Trust announced the retirement of John Killian, CFO, in 2023. David Confer, co-portfolio manager, along with Bohdy Hedgcock, co-portfolio manager, will assume his CFO responsibilities. ACG has no concerns with this transition from a strategy standpoint.

Real Estate has been additive to the portfolio during recent volatility, but Moore stated muted or negative returns are expected in the future due to markdowns in the public markets.

Moore provided a high-level review of the DC portfolio, mirroring comments on the DB portfolio. The Growth & Value Equity option had strong one (1) month performance as equities saw a snapback in the past month. The Aggressive Equity option continues to see short term pain, however underlying long-term performance has been strong. The ESG U.S. Stock option, which is underweight in information technology and healthcare, lagged the benchmark during last month's market surge. Target Date Retirement Funds performed as expected and reported positive one (1) month returns.

Moore reviewed highlights of the third quarter report. Despite negative returns for the past quarter, the DB portfolio ranked in the 23rd percentile relative to other public fund investors with similar portfolios. Trailing five (5) and ten (10) year returns fell below the stated rate of return hurdle, but the portfolio did see outperformance over the policy index while assuming less risk.

B. ACG: Consideration and Possible Action Regarding Hiring an Emerging Markets Equity Manager for the Defined Benefit Portfolio and as a Component of the International Equity Option in the Defined Contribution Plan as Recommended by

the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustee at the Meeting

Moore began with an introduction of Craig Coleman, research analyst for global equity and fixed income markets at ACG. In October, the Board voted to terminate Harding Loevner's Emerging Markets strategy within the Emerging Markets equity allocation due to their lack of movement to sell Russian securities held within the fund when the Russia/Ukraine war began, as well as the replacement of the strategy's co-portfolio manager.

Coleman presented the four (4) potential candidates: Aberdeen, Axiom Investors, Allspring, and Macquarie Asset Management, all of which are held within other ACG client portfolios. Coleman reviewed the characteristics of each strategy pertaining to ownership and team location, firm assets under management, investment style, holdings range, annual turnover range, vehicle type, and fee schedules. Due to the volume of clients ACG has invested with each candidate, they were able to negotiate a lower fee schedule for OkMRF. Next, Coleman reviewed the comparison of each potential mandate from a market cap standpoint, sector allocations, regional breakdown, and performance highlighting common trends with some mandates and standouts of others. Lastly, Coleman reviewed combinations with each potential candidate exchanged for the current mandate. The illustrations indicated the potential candidates provided marginal improvement in all measures of performance over multiple time horizons. After reviewing, ACG recommended Axiom as a replacement for the current mandate due to their consistent outperformance over rolling time frames, efficiency in managing the fund, and lower fee schedule.

Motion made by Lockett, seconded by Park to allow Staff and Davis to secure an investment management agreement to hire Axiom Investors as the replacement Emerging Markets manager with the intent of liquidating Harding Loevner and rebalancing the non-U.S. Equity component in the DB portfolio. Also, to ask Staff and Davis to secure a similar investment management agreement to hire Axiom Investors to replace Harding Loevner Emerging Markets strategy within the International Equity option in the DC plan and furthermore, request Voya to rebalance as appropriate on their investment platform.

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

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 by the Trustees at the Meeting
No action taken.

6. Consideration and Possible Action Regarding Administrative Committee Report
No action taken.

7. Consideration and Possible Action Regarding Contract Committee Report
No action taken.

Johnston left room at 11:37 a.m.

8. Dean Actuaries, LLC: Discussion and Possible Action Regarding Actuarial Experience Study and Changes to Actuarial Methods and Assumption as a Result

Sullivan presented the study on the Analysis of Demographic Experience through calendar year 2021. He reviewed the various actuarial terms and concepts utilized in the study. Demographic factors considered were termination, retirement, pay increase rates, and annuitant mortality. Economic experience and the demographics of active participant mortality, deferred terminee mortality, and disablement were not reviewed.

Sullivan presented the following recommendations:

Termination experience

- no increase to incremental service rates independent of age
- revision to ultimate rates to adopt asymmetric U-shape, with increase age 65 bend point from 10% to 15% and level out at 15% for ages 65 and above

Retirement experience

- changes to unreduced retirement experience, increasing age 55 from 25% to 35%, decreasing ages 56 through 61 from 17% to 15%, increasing age 62 from 30% to 35% and decreasing age 63 from 20% to 15%
- changes to early retirement ages, age 62 decreased to 20% from 30% and ages 63 and 64 increased to 20% from 17.5%.

Pay increase experience

- maintain the shape of the pay increase curve

increase all ages by .5%

Annuitant mortality experience

- increase healthy life mortality 20% at all ages
- adopt the ultimate disabled life mortality rates from the 2022 OASDI (Social Security) Trustees report

Motion made by Luckett, seconded by Park to implement recommended assumption changes based on Analysis of Demographic Experience study through calendar year 2021 as presented by Dean Actuaries.

Motion carried:

AYE: Barnett, Doolen, Johnson, Luckett, Park,
Reames, and Rooney

NAY: None

Johnston returned at 12:07 p.m.

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

Whatley reported on plan changes for the OkMRF Members.

10. OkMRF Staff Report

Girardi provided an update for this year's philanthropic event sponsoring a family in need during the Holidays. The committee has chosen a family of two (2) sets of twins; eleven (11) month-old girls and four (4) year-old boys. Donations will be accepted by cash or electronically through December 8th.

Cox reported on the following items:

- Thanked Trustees for their continued support for OkMRF's annual philanthropic event.
- At next month's Board meeting:
 - Finley & Cook will present financial audit report
 - 2023 Educational opportunities will be distributed to Trustees for consideration
 - Trustees, Staff, and Power Team members are invited to wear ugly sweaters and join in appetizers afterward with Staff
- New Year's cards have been ordered with digital signatures of Staff and Trustees.

11. New Business

None.

12. Trustee/Member Comments

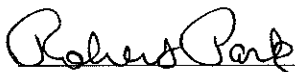
A. Discussion, at the Request of a Board Member, Regarding Board Resolution 96-2 Establishing a Policy for Attendance of the OkMRF Trustees

Trustee Rooney discussed his concerns over the fact that the existing policy did not allow any alternative provisions in the event of hardship. Cox obtained attendance policies from other agencies around the State. OkMRF's current policy is more lenient in comparison to OMAG and OML, except they did allow a review of absences by the Board Chair and/or Board members. Cox asked what the Trustees' cities did regarding Council attendance policy and most expressed it was similar and they did not have absenteeism issues. Discussion ensued. No direction was provided with three (3) trustees stating they were good with the existing policy.

No further action was taken.

13. Adjourn

With no further business to conduct the meeting adjourned.


Robert Park, Secretary


Donna Doolen, Chair

Respectfully submitted by:


Katie Girard