

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
December 16, 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 December 16, 2022, at 10:02 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: Shaun Barnett, City Manager, City of Woodward
Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang (*via video*)
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

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

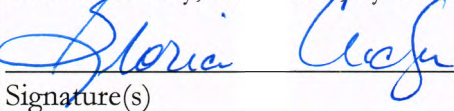
OkMRF Attorney: David Davis

Others: Haley Rives, ACG
Traci Keel, Finley & Cook
Chuck Dean, Dean Actuaries
Deltra Hayes, Voya

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for December 16, 2022, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on December 15, 2022.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of November 18, Meeting(s)

B. Monthly Valuation of Fund Assets & Unit Values by Custodian as of November 30, 2022

| Option | Value By Fund |
|---------------------------------|----------------------------|
| Defined Benefit | \$ 664,683,963.92 |
| International Investment Equity | \$ 7,985,305.67 |
| Aggressive Equity | \$ 17,128,381.07 |
| Real Assets Fund | \$ 964,693.56 |
| ESG US Stock Fund | \$ 1,372,368.70 |
| Global Equity | \$ 10,349,381.95 |
| Growth and Value Equity | \$ 21,509,112.34 |
| S & P 500 Index | \$ 33,757,808.12 |
| Target Retirement 2065 | \$ 170,540.17 |
| Target Retirement 2060 | \$ 6,840,101.17 |
| Target Retirement 2055 | \$ 7,414,742.94 |
| Target Retirement 2050 | \$ 11,814,070.69 |
| Target Retirement 2045 | \$ 14,990,533.58 |
| Target Retirement 2040 | \$ 19,262,620.35 |
| Target Retirement 2035 | \$ 25,443,836.87 |
| Target Retirement 2030 | \$ 28,812,199.21 |
| Target Retirement 2025 | \$ 37,217,908.12 |
| Target Retirement 2020 | \$ 23,841,011.81 |
| Target Retirement Income | \$ 19,363,080.73 |
| Total Yield Bond Fund | \$ 5,359,558.24 |
| Bond Index | \$ 14,338,713.63 |
| Voya Fixed Plus III | \$ 54,390,534.93 |
| Loan Portfolio | \$ 7,376,838.31 |
| Self Directed Brokerage | \$ 274,986.42 |
| Total Assets | \$ 1,034,662,292.50 |

C. Purchases and Sales of Assets for November 2022

D. Administrative Expenses and Fees

Expenses and Fees for December

| | |
|---------------------------|----------------------|
| Actuary & Recordkeeping | \$ 59,992.67 |
| Administration | 107,774.05 |
| Attorney | 3,750.00 |
| Audit | 19,000.00 |
| Board Travel | 1,472.92 |
| Employer Directed Expense | 1,500.00 |
| Insurance | 0.00 |
| Investment Advisors | 0.00 |
| Custodial | 7,663.10 |
| Investment Consultant | 0.00 |
| Public Relations | 1,825.46 |
| Representative Travel | 1,629.94 |
| EXPENSES | \$ 204,608.14 |

E. Benefit Payments and Contribution Refunds for November 2022

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

Motion carried: AYE: Barnett, Doolen, 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. **Finley and Cook: Consideration and Possible Action Regarding 2021-2022 OkMRF Audit Report**

Keel presented the audited financial report for the Fund, stating an unmodified clean opinion with no major discrepancies or issues working with management or Staff. After further consideration, it was determined that the implementation of GASB 87, adopted in 2021, to recognize a lease liability at the outset did not have a significant enough impact on financial statements to be included. While there were no changes in the audit or approach procedures, Keel noted the expanded wording in the opinion letter. Significant changes in fiduciary net position for both the DB and DC funds were decreases of \$105 million and \$56 million, respectively. This was primarily due to net investment losses.

Keel then reviewed the required communication letter and confirmed there were no fraud issues, illegal acts, or material weaknesses in the internal control structure discovered during the audit process. Sample size of test work confirmations did not increase for this audit year with no material discrepancies noted.

Motion made by Tinker, seconded by Reames to accept the 2021-2022 Audit Report.

Motion carried:

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

NAY: None

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

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

Rives began presentation with a recap of 2022 market movements and economic events that impacted portfolio performance. The main benefactor of the turbulent year was the Fed's tightening of monetary policy and the Russia/Ukraine war. Interest rates were raised seven (7) times throughout the year and the federal funds target range landed at 4.25-4.50 at year end. As the Fed remained hawkish on interest rates throughout the year, investors saw shorter term bond rates increase as lenders required a higher rate to lend funds. While normally bond and equity markets maintain an inverse relationship, equity markets decreased dramatically due to Russia's unsuspecting attack on Ukraine causing geopolitical tensions globally. Inflation continued to rise until hitting a high in July causing investors to assume interest rate increases would be easing. This assumption increased consumer confidence throughout October and November causing a powerful performance in global markets in the fourth quarter, but not strong enough to end the year in positive territory.

Looking forward to 2023, Rives discussed the inevitability of a recession, however, economic indicators suggest the significance will be minimal and should provide markets a chance to breathe and get prices back to normal levels. Due to the Fed's aggressive view throughout 2022, if the economy moves towards a recession, they have built-in room to cut interest rates and propel the economy forward, if needed. ACG's long-term capital market assumptions will increase for 2023 due to the dramatic downturn in 2022.

Rives provided a high-level review of the DB portfolio noting assets totaling \$667 million at the end of November. Target allocations remain out of balance due to the transition from the long/short portfolio to private equity and the significant underperformance of non-U.S. equity markets during the past year. Total portfolio returns for the past month of 4.93%, net of fees, improved year to date returns that remain in negative territory. The new SMID manager, William Blair, is fully funded and will complement value manager, River Road in the upcoming

year. Emerging Market manager, Harding Loevner, will be terminated in the first week of January with the funding of the replacement manager, Axiom Investors.

Rives' market comments on the DC plan mirrored those of the DB plan. Strong performance in the fourth quarter alleviated a portion of loss throughout the year. Managers within the Aggressive Equity option saw significant outperformance of their respective benchmarks in the fourth quarter. As in the DB portfolio, the transition from Emerging Markets manager Harding Loevner to Axiom Investors within the DC International Equity option will occur at the beginning of January.

Rooney left at 10:45 a.m.

B. Consideration and Possible Approval of Axiom Investors Collective Investment Trust Application Form, Declaration of Trust, and Related Documents Prepared for DB and DC Implementation as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Cox stated the application form, declaration of trust, and side letter has been reviewed by Staff and Davis.

Motion made by Lockett, seconded by Park to approve Axiom Investor's Collective Investment Trust Application Form, Declaration of Trust, and related documents for the DB and DC portfolios as recommended by the Investment Committee.

Motion carried: AYE: Barnett, Doolen, Johnson, Johnston, Lockett,
Park, Reames, 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 by the Trustees at the Meeting

Motion made by Lockett, seconded by Park to approve the reallocation and rebalancing recommendations as proposed by ACG and the Investment Committee for the DB portfolio.

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

NAY: None

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 a new DC CMO plan for Oklahoma Municipal League's Director. Girardi was recognized for her efforts.

10. **OkMRF Staff Report**

Girardi provided an update on this year's philanthropic event sponsoring a family in need during the Holidays. Donations from Staff, Trustees, and ACG were used to purchase all wants and needs for the four (4) children. Gifts were delivered to Youth & Family Services who expressed sincere appreciation to our organization. Girardi presented the Trustees and Power Team Partners with their annual appreciation gift of favorite recipes submitted by Staff and compiled into an OkMRF Family Favorite Recipe Book.

Cox reported on the following items:

- Presented potential upcoming Trustee continuing education opportunities. Discussed parameters around Trustee educational requirements and highlighted multiple conference opportunities.
- The representation letter to Finley & Cook related to the financial audit will be signed by her and the Board Chair. She expressed appreciation to Stewart and Porter for leading the audit process.
- Next month, PIMCO to provide a global economic update and investment overview. ACG to present 2022 highlights and 2023 initiatives with their capital markets assumption review.
- Expressed appreciation on behalf of Staff to Trustees for the annual 457(b) match bonus incentive. Staff was presented with an award letter documenting OkMRF's 2022 accomplishments.
- Thanked David Davis and Power Team partners for their continued partnership and leadership throughout the past year.
- Expressed gratitude to the Board of Trustees for their strong leadership and strategic guidance throughout the past year.
- Announced a 25 bps increase to the Voya Fixed Plus III fund's declared interest rate effective January 1, 2023. The declared rate will be reflected as 2.0%. Cox thanked Hayes for her diligence in discussing OkMRF's concerns with Voya's investment team to increase the declared interest rate for OkMRF Participants.
- Updated Board on her vacation plan scheduled between Christmas and New Year's and requested Board to reach out to Whatley or Girardi for assistance in her absence.

11. **New Business**

None.

12. **Trustee/Member Comments**

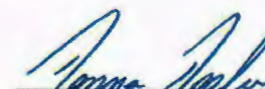
Rives, Dean, and Hayes each personally introduced themselves and thanked OkMRF for their continued support, commending the Board and Staff for their commitment to serving Members and Participants.

Luckett discussed upcoming education opportunities including webcasts hosted by JPMorgan, which feature Dr. David Kelly, and BlackRock's Educational Academy.

13. **Adjourn**

With no further business to conduct the meeting adjourned.


Robert Park, Secretary


Donna Doolen, Chair

