

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
March 25, 2022

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on March 25, 2022, at 10:03 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, Finance Director, City of Lawton
Tamera Johnson, Retiree, City of Shawnee
Melissa Reames, Deputy City Manager & Chief Financial Officer, City of Stillwater
Tim Rooney, City Manager, City of Mustang, Non-voting Board Member
(via phone) (left at 11:29 a.m.)
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

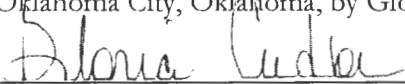
OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant *(via video)*
Katie Girardi, Plan Administrator *(via video)*

Others: Kevin Moore, ACG *(via video)*
Haley Rives, ACG *(via video)*
Connor Ortolf, BlackRock *(via video)*
Sean McLain, BlackRock *(via video)*
Sean Sullivan, Dean Actuaries *(via phone)*
Troy Bradley, City of Midwest City *(via video)*
Gar Chung, FIN News *(via video)*
Joe Ebisa, With Intelligence *(via video)*

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for the March 25, 2022, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on March 24, 2022.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 28, 2022 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 740,282,253.30
International Investment Equity	\$ 9,919,508.29
Aggressive Equity	\$ 19,524,352.69
Real Assets Fund	\$ 937,451.99
ESG US Stock Fund	\$ 1,450,617.07
Global Equity	\$ 11,967,796.51
Growth and Value Equity	\$ 27,112,375.62
S & P 500 Index	\$ 39,830,556.25
Target Retirement 2065	\$ 175,316.68
Target Retirement 2060	\$ 5,907,164.23
Target Retirement 2055	\$ 7,540,306.95
Target Retirement 2050	\$ 12,650,076.48
Target Retirement 2045	\$ 16,187,574.47
Target Retirement 2040	\$ 21,648,475.03
Target Retirement 2035	\$ 28,969,857.59
Target Retirement 2030	\$ 32,506,034.63
Target Retirement 2025	\$ 44,247,138.38
Target Retirement 2020	\$ 31,695,789.71
Target Retirement Income	\$ 23,163,597.08
Total Yield Bond Fund	\$ 6,582,419.74
Bond Index	\$ 16,143,244.57
Voya Fixed Plus III	\$ 45,363,521.76
Loan Portfolio	\$ 7,772,903.59
Self Directed Brokerage	\$ 291,298.72
Total Assets	\$ 1,151,869,631.33

C. Purchases and Sales of Assets for January 2022

D. Ratification of Administrative Expenses and Fees for February 2022

Expenses and Fees for February

Actuary & Recordkeeping	\$ 44,570.05
Administration	94,260.91
Attorney	1,750.00
Audit	0.00
Board Travel	1,511.64
Employer Directed Expense	1,100.00
Insurance	0.00
Investment Advisors	0.00
Custodial	13,157.63
Investment Consultant	0.00
Public Relations	0.00
Representative Travel	<u>1,893.08</u>
EXPENSES	<u><u>\$ 158,243.31</u></u>

E. Benefit Payments and Contribution Refunds for January 2022

F. Monthly Valuation of Fund Assets & Unit Values by Custodian as of February 28, 2022

Option	Value By Fund
Defined Benefit	\$ 718,760,461.54
International Investment Equity	\$ 9,312,454.25
Aggressive Equity	\$ 19,542,008.61
Real Assets Fund	\$ 1,013,740.00
ESG US Stock Fund	\$ 1,332,541.76
Global Equity	\$ 11,602,781.72
Growth and Value Equity	\$ 25,631,229.01
S & P 500 Index	\$ 38,584,447.32
Target Retirement 2065	\$ 145,906.13
Target Retirement 2060	\$ 6,344,189.94
Target Retirement 2055	\$ 7,481,483.86
Target Retirement 2050	\$ 12,471,909.82
Target Retirement 2045	\$ 15,925,258.09
Target Retirement 2040	\$ 21,215,391.57
Target Retirement 2035	\$ 28,674,769.30
Target Retirement 2030	\$ 31,025,951.12
Target Retirement 2025	\$ 43,617,987.10
Target Retirement 2020	\$ 30,324,247.16
Target Retirement Income	\$ 23,072,223.62
Total Yield Bond Fund	\$ 5,972,340.03
Bond Index	\$ 16,095,563.95
Voya Fixed Plus III	\$ 46,870,902.99
Loan Portfolio	\$ 7,575,471.29
Self Directed Brokerage	\$ 302,797.83
Total Assets	\$ 1,122,896,058.01

G. Purchase and Sales of Assets for February 2022

H. Administrative Expenses and Fees for March 2022

Expenses and Fees for March

Actuary & Recordkeeping	\$ 44,401.25
Administration	105,005.52
Attorney	1,750.00
Audit	0.00
Board Travel	2,000.35
Employer Directed Expense	0.00
Insurance	137,578.00
Investment Advisors	0.00
Custodial	13,424.42
Investment Consultant	0.00
Public Relations	462.58
Representative Travel	<u>2,785.55</u>
EXPENSES	<u>\$ 307,407.67</u>

I. Benefit Payments and Contribution Refunds for February 2022

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

Motion carried: AYE: Doolen, Dunham, Johnson, Johnston, Lockett, Park, Reames, 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. BlackRock: Annual Update from Investment Managers – Connor Ortolf and Sean McLain

Ortolf began the presentation by discussing the ongoing conflict between Russia and Ukraine and its impact on the current market environment. Reiterated BlackRock's opportunistic strategy of navigating volatility and unpredictability to the best of its ability during uncertain times. Next, Ortolf introduced Sean McLain, a strategist for BlackRock's Opportunistic Income Fund. McLain began

the presentation with a recap of 2021. Year-end performance for the strategy was reported at .97% while the index was down 1.5% due to the strategy's flexibility within the fixed income market. At the beginning of 2021, a larger allocation of high yield proved to be a benefactor towards the positive return, but the allocation was reduced to 3.5% as prices began to rise throughout the year. Mortgage-backed securities were another benefactor due to their low correlation to corporate bonds. The strategy's main detractor throughout 2021 was its geographical exposure to Emerging Markets, as their valuations were attractive, but recovery was suppressed due to the headwind of rising interest rates.

Next, McLain provided a forward outlook for 2022. The fixed income market will continue to be challenging as the Fed completed the first of eight (8) proposed rate increases in the second week of March. BlackRock does not foresee eight (8) rate increases, but rather five (5) to six (6) increases at 25 basis points each time. As interest rates increased at the beginning of the year, all asset classes saw a major sell-off making it difficult to find any positive investment. Year-to-date, the strategy is down 2.9%, but still provides more downside protection than the index which is down 6.18%. Positioning of the portfolio remains defensive with an increase in cash balances between 10-11% as it is difficult to find sectors to diversify within. BlackRock intends to be opportunistic with investments towards higher-quality securities, such as AAA agency mortgage back securities and investment-grade corporate bonds. Due to the high uncertainty in the geopolitical environment, BlackRock will remain patient within the Emerging Markets sector and high yield opportunities.

6. Consideration and Possible Action Regarding Investment Committee Report

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

Moore confirmed all objectives from a risk and return standpoint for the five (5) year and ten (10) year timeframes were met for the DB plan in the last quarter of 2021. From a market standpoint through the first quarter of 2022, all asset classes, except Real Estate, are in a negative territory based on the uncertainty of the Russia and Ukraine conflict. As inflation continues to rise so does the possibility of slowing economic growth, putting the Fed in a tricky situation and increasing the risk of recession if there is a policy error.

DB portfolio performance reported in line with the policy index. Real Estate portfolio transition will continue throughout 2022 with an additional capital call to JPMorgan Special Situation Property Fund in early April and an initial investment to Clarion Partners later in the year. Moore reiterated the uncertainty and volatility around Russia and Ukraine which continues to negatively impact markets with the DB plan reporting negative returns of 6.60%, year-to-date. Relative underperformance bled into fiscal year-to-date, but strong long-term returns were reported for all other periods. Active management for all asset classes continues to meet current market dynamics' headwinds, especially in the growth sector due to higher borrowing costs than 2021. Non-U.S. equities have been dramatically impacted in the first quarter. Both WCM and Harding Loevner hold minimal investment, 0.55% exposure at the end of 2021, in Russia and due to illiquidity, their relative performance has seen a dramatic markdown. Both managers continue to assess their situation and plan to exit their positions when possible. The long/short portfolio continues to provide beneficial downside protection. The holdback amount, approximately \$320k, from Trian's redemption in September 2021 is expected in late July or early August. Real Estate portfolio performance remains strong.

Moore transitioned to a high-level review of the DC plan. The Growth & Value Equity option reported relative outperformance in the longer term of S&P 500, which is difficult considering the all-time high performance recently. T. Rowe Price is down 9.3% fiscal year-to-date due to a higher allocation to the information technology sector. Integrity has been a strong performer

for the Aggressive Equity option, providing relative outperformance across all time frames. ESG U.S. Stock option has had cash inflows of \$1.4M and seen a dramatic performance improvement as the one (1) year trailing return was reported at 13.51%. Real Assets option is up 20.15% gross of fees over the past trailing year. Target Retirement Date funds performed in line with expectations during volatile conditions.

B. ACG: Discussion and Possible Action Regarding the Long/Short Portfolio and Reallocation and/or Rebalancing of the K2 Long/Short DB Portfolio as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Motion made by Lockett, seconded by Tinker to approve ACG's recommendation to rebalance the Equity Long/Short portfolio as follows: deploy \$800k of long/short cash to be split with investment of \$400k to Redmile and \$400k to SQN as of May 1st; partial redemption of \$1.5M from Engaged and \$1.5M from Southpoint as of June 30th; and, invest proceeds of \$1.5M to Suvretta, \$750k to Redmile, and \$750k to SQN as soon as administratively feasible depending on redemption timing.

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

NAY: None

C. ACG: Consideration and Possible Action to Conduct a search to Replace SMID Growth Manager, if Deemed Necessary, within the Defined Benefit Portfolio as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

No action taken.

D. ACG: Consideration and Possible Action to Conduct a Search to Replace Small Value Manager, if Deemed Necessary, within the Defined Benefit Portfolio as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

No action taken.

E. ACG: Consideration and Possible Action Regarding DB and DC Investment Policies & Guidelines as Recommended by the Investment Committee

Hackett presented changes in both policies. Amendments were related to the consistency of terms throughout both DB and DC documents, the addition of cryptocurrency within liquid absolute return fixed income guidelines, the expansion of the open records section, the addition of industrial real estate guidelines, updated asset allocation in the DB document, and the addition of geographical benchmark in the DC document.

Motion made by Tinker, seconded by Lockett to approve the amendments to the Statement of Investment Policy Guidelines and Objectives for both DB and DC as recommended by ACG.

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

NAY: None

F. 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

Johnston reminded the Board of the upcoming in-house retreat to be held June 23rd, 2022. More information will be forthcoming.

8. Consideration and Possible Action Regarding Contract Committee Report

A. Approve Renewal of Fiduciary Liability, Excess Fiduciary Liability, and Crime Insurance Policies as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames, Contract Committee Chair, presented a recommendation to renew the fiduciary liability, excess fiduciary liability, and crime insurance policies. Terms and premium remain the same at \$83,196 for the main fiduciary liability policy. Premium increased by \$2,040 for the excess fiduciary liability policy. Premium increased by \$624 for the crime policy.

Motion made by Dunham, seconded by Reames to accept the renewal of the fiduciary liability policy issued by Federal Insurance Company for the term April 2, 2022, to April 2, 2023, and to accept the renewal of the excess fiduciary liability policy and crime policy issued by Travelers Casualty and Surety Company of America for the term April 2, 2022, to April 2, 2023.

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

NAY: None

B. Finley & Cook: Consideration and Possible Action Regarding Annual Audit Engagement Letter as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames, Contract Committee Chair, presented a recommendation to approve the annual audit engagement letter with Finley & Cook. Due to audit complexity, the annual audit fee increased by \$1,500 from 2021 and each year thereafter will increase by \$500 increments. The proposed fee for 2022 is \$30,500.

Motion made by Dunham, seconded by Reames to approve the annual audit engagement letter for fiscal year-end 2022 with Finley & Cook, authorizing Doolen and Cox to sign.

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

NAY: None

C. Finley & Cook: Consideration and Possible Action Regarding GASB 68 Engagement Letters as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames, Contract Committee Chair, presented a recommendation to approve the two (2) GASB-related engagement letters. The engagement letter related to an examination of census data is a five (5) year agreement ending in fiscal year 2026-2027 with a fee of \$11,750 and an annual \$250 increment increase each year thereafter. The engagement letter related to GASB 68 information, the changes in fiduciary net positions by employers within the plan, is a five (5) year agreement ending in fiscal year 2026-2027 with a fee of \$19,750 and an annual \$250 increment increase each year thereafter.

Motion made by Dunham, seconded by Reames to approve the two GASB 68 related engagement letters with Finley & Cook for fiscal year-end 2022, authorizing Doolen and Cox to sign.

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

NAY: None

D. Consideration and Possible Action Regarding Review of Vendor Evaluations as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames, Contract Committee Chair, reported a review of in-depth vendor evaluation workpapers stating strong performance from all vendors. At this time, no changes are recommended to existing service providers.

Motion made by Dunham, seconded by Reames to retain Voya, Dean Actuaries, Asset Consulting Group, Northern Trust, and Finley & Cook as service providers for the upcoming year.

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

NAY: None

9. Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of Actuarial Funding Results July 1, 2021 – Sean Sullivan

Sullivan presented the results of the actuarial funding reports as of July 1, 2021, with funding rates effective July 1, 2022. The overall contribution rate decreased by 1.5% for all Members, the overall funding ratio increased to 93.7%, and is very strong compared to other public plans. Due to all-time high investment returns of 27.49% through June 30, 2021, forty-seven (47) plans are over 100% funded with over two-thirds of the Membership exceeding a 90% funding level.

Sullivan continues to monitor the funded status for non-active plans. No proposed changes to actuarial assumptions. The five (5) year experience study to compare the actual OkMRF membership demographics to assumptions will determine if adjustments are needed. The study will be presented at the end of 2022.

Motion made by Lockett, seconded by Tinker to accept the Summary of Actuarial Funding Results with contribution rates effective July 1, 2022, as prepared by Dean Actuaries, LLC.

Motion carried:

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

NAY: None

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

Whatley reported on plan changes for the OkMRF members, including a new CMO plan for OMUSA and Catoosa and those members who have adopted the restated master plan and joinder.

11. OkMRF Staff Report

Cox reported on the following items:

- Next month, Ninety One will provide an investment review and Sean Sullivan, Dean Actuaries, will present the actuarial GASB 68 results.
- Trustees were reminded of the importance of their waiver recourse insurance and to pay David Davis \$25 for their personal coverage premium.
- Whatley and Girardi will attend OMCTFOA Institute & Academy in Stillwater from March 28th through April 1st.
- Whatley and Tinker to attend TEXPERS conference in Fort Worth, TX on April 2nd.
- Rooney and Girardi to attend NCPERS conference in Washington D.C. on May 20th.
- Reiterated the annual Board retreat will be held on Thursday, June 23rd at OkMRF offices.
- Oklahoma Public Funds Conference will be hosted by OLEERS in Tulsa from September 28th through September 30th. More information to follow.
- Election notices for District 3 and District 8 will be mailed the first week of May. Nominations will remain open until June 30, 2022.
- Cox will be collaborating with the Administrative Committee to review the previous year's goals of the CEO and set goals for fiscal year 2022-2023. Any suggestions for upcoming goals can be sent to her or Johnston, as Administrative Chair.
- Shared a letter of appreciation from a Glenpool participant for Whatley's service.
- Expressed appreciation to Board for the support, kind words, and beautiful flowers during the loss of her mother-in-law.

12. New Business

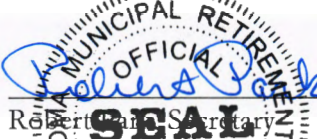
None.

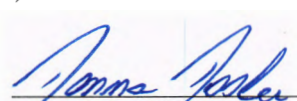
13. Trustee/Member Comments

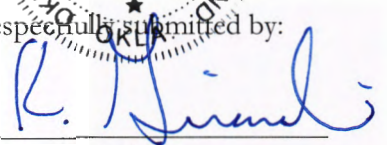
None.

14. Adjourn

With no further business to conduct the meeting adjourned.


Respectfully submitted by:
Katie Girardi


Donna Doolen, Chair

Respectfully submitted by:

Katie Girardi