

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
April 29, 2022

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on April 29, 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: 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
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*)

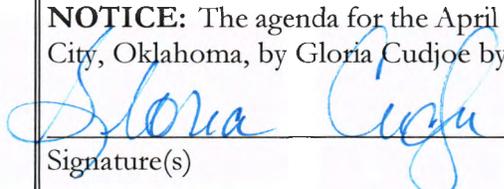
OkMRF Attorney: David Davis

Others: Kevin Moore, ACG
Sean Sullivan, Dean Actuaries
Doug Doucette, Ninety One (*via video*)
Adam Child, Ninety One (*via video*)
Gar Chung, FIN News (*via video*)
Joe Ebisa, With Intelligence (*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 April 29, 2022, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on April 28, 2022.



Signature(s)

2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of March 25, 2022 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 724,954,278.57
International Investment Equity	\$ 9,039,299.18
Aggressive Equity	\$ 19,366,363.77
Real Assets Fund	\$ 1,164,901.18
ESG US Stock Fund	\$ 1,387,449.14
Global Equity	\$ 11,603,330.75
Growth and Value Equity	\$ 25,802,955.84
S & P 500 Index	\$ 39,141,987.49
Target Retirement 2065	\$ 147,301.59
Target Retirement 2060	\$ 6,438,058.70
Target Retirement 2055	\$ 7,558,655.99
Target Retirement 2050	\$ 12,641,115.70
Target Retirement 2045	\$ 16,242,752.93
Target Retirement 2040	\$ 21,364,573.98
Target Retirement 2035	\$ 28,359,937.03
Target Retirement 2030	\$ 30,508,816.37
Target Retirement 2025	\$ 44,034,267.27
Target Retirement 2020	\$ 28,938,239.59
Target Retirement Income	\$ 23,035,674.46
Total Yield Bond Fund	\$ 5,809,832.03
Bond Index	\$ 15,391,636.32
Voya Fixed Plus III	\$ 48,524,896.55
Loan Portfolio	\$ 7,528,401.71
Self Directed Brokerage	\$ 306,326.17
Total Assets	\$ 1,129,291,052.31

C. Purchase and Sales of Assets for March 2022

D. Administrative Expenses and Fees

Expenses and Fees for April

Actuary & Recordkeeping	\$ 45,907.68
Administration	94,319.53
Attorney	0.00
Audit	0.00
Board Travel	2,240.45
Employer Directed Expense	5,219.00
Insurance	0.00
Investment Advisors	169,582.79
Custodial	8,805.13
Investment Consultant	36,086.00
Public Relations	1,074.00
Representative Travel	4,557.62
EXPENSES	<u>\$ 367,792.20</u>

E. Benefit Payments and Contribution Refunds for March 2022

Motion made by Lockett, seconded by Tinker to approve items A. through E. on the Consent Agenda, with item 2.F. removed for individual consideration.

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

NAY: None

F. Acknowledgement and Receipt of Amendment to Voya Performance Guarantees Adding Percentage at Risk Parameters

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

Motion made by Dunham, seconded by Park to table agenda item 2.F. under advisement of Executive Director, due to further negotiation considerations.

Motion carried:

AYE: Doolen, Dunham, Johnson, Johnston, Luckett,
Park, Reames, Rooney, and Tinker

NAY: None

4. **Comments from the Public**

None.

5. **Ninety One: Annal Update from Investment Managers – Doug Doucette and Adam Child**

Doug Doucette began the presentation and expressed appreciation for the long-term relationship. Introduced Adam Child, assistant Portfolio Manager, working on International Dynamic Equity strategy. Doucette provided a firm update and confirmed no organizational changes since January 2021. Employee ownership has increased to 25% of the firm. Ninety One has appointed a Chief Sustainability Officer and Sustainability Director focused on ESG integration into the portfolio. Assets under management at the end of March were \$189 billion, a \$13 billion increase since last year. Dynamic Equity Strategy assets were reported as \$420 million as of the end of March.

Child continued presentation confirming Doucette's team update and included the promotion of a portfolio manager in their European strategy. Improvements with Ninety One's investment process, 4Factor Screen, have been made to utilize over three hundred features to provide a more in-depth fundamental analysis and provide results of higher-quality companies with attractive values. Child reviewed the strategy's historical performance noting positive returns, both gross and net of fees, in the three (3), five (5), and since inception time frames. The non-U.S. asset class has delivered positive returns and the strategy has outperformed the benchmark. Year-end returns for 2021 were reported as positive for the asset class and the strategy due to contributors of information technology (IT) and the reshoring of manufacturing. The main detractors during 2021 were the macro environment in China and supply chain bottlenecks which started in semiconductors and bled in other industries such as auto and shoe manufacturing. The first quarter of 2022 has been challenging and subsequently dragged down the twelve (12) month performance. First, the central bank's aggressive interest rate hikes to attempt to shrink balance sheets caused the cost of capital to raise and increase share price weakness. Second, geopolitical issues within Russia and Ukraine dramatically upended expectations of economic growth in Europe. The portfolio has an overweight allocation to Europe due to the historical favorable macroeconomic environment causing a negative return of 10.3%, gross of fees, for the first quarter of 2022.

Recently, the portfolio increased its position in banks to capture the rate hike effect. Looking forward, the strategy intends to increase the defensiveness of allocations into the food, retail, pharmaceutical, and healthcare sectors. As volatility continues, major factors such as geopolitical issues, interest rates, and China will be key swing factors for the remainder of 2022. Ninety One will be targeting companies that exhibit positive earnings with a reasonable cash yield, strong shareholder returns, and can demonstrate strong pricing power. Moore questioned the strategy's outlook on emerging markets. Child stated while they see a glaring opportunity in China, it carries higher risk due to the uncertainty around how officials are planning on regulating platform companies.

6. **Dean Actuaries, LLC: Consideration and Possible Acceptance of the Summary of GASB Accounting Results June 30, 2022 – Sean Sullivan**

Sullivan presented an overview of the accounting valuations under GASB 68 and results for the measurement date of July 1, 2021. Sullivan reviewed the general rules for the single blended discount rate to determine if a member faces a possible depletion date. The general conclusion

stated if members faithfully contribute their actuarially determined contribution rate, they will not face a depletion date using the fund's long-term expected rate of return (7.25%) as the discount rate, which is net of administrative expenses of .25%. The rate of 7.50% is used in the GASB study which is net of investment expenses only.

Sullivan reviewed changes in net pension liability for all member plans combined. A standout number of \$166 million in investment earnings was noted. Sullivan reviewed Retiree Health Plans covered by GASB 75 noting plan fiduciary net position as 202.87%.

Motion made by Lockett, seconded by Rooney to accept the Summary of GASB Accounting Results for the fiscal year ending on or before effective July 1, 2022, as prepared by Dean Actuaries, LLC.

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

NAY: None

7. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review of Monthly ASAP Reports

Moore began the presentation by extending an invite for Staff and Trustees to attend a quarterly webinar hosted by ACG on May 11th. Next, he thanked staff for their cooperation in completing the Greenwich survey measuring ACG's services against other consultants in the industry. Results indicated ACG has been recognized as a Greenwich Quality Leader for the fourth consecutive year.

Moore continued with an economic overview citing a challenging first quarter due to equity markets reacting to geopolitical issues in Russia and Ukraine, inflation, and supply chain disruptions. Bond markets are also being negatively impacted due to rising interest rates. Moore reminded, all these issues are near-term disruptions and diverse asset allocations will provide downside protection. Total DB portfolio returns over the trailing ten (10) years was reported at 8.98%, outperforming the benchmark of 8.87%. Total assets were reported at \$726 million at the end of March. Due to the dramatic downswing, first quarter returns were down 5.81%, net of fees. Moore reiterated focus on the longer term returns of 7.62% and 8.28% for the seven (7) and ten (10) year time frames.

U.S. equity markets saw a large tech stock sell-off as interest rates begin to rise, while financials are anticipated to perform better as interest rate spreads increase. ACG is continually monitoring River Road's larger cash position, as well as recent large withdrawals from the TimesSquare strategy. Both non-U.S. equity and long/short managers have been the most impacted by geopolitical issues causing a struggle for active managers to find attractive investments. As interest rates increase and bond prices go down, JPMorgan seeks to provide downside protection, while Amundi seeks alpha in bank loans and TIPs. Black Rock utilizes its broad investment approach to look for opportunities. Real Estate has been the only positive asset performer reporting a 28.13% gross of fees return for the trailing one (1) year. Industrial assets have appreciated more than 60% in JPMorgan's Strategic Property Fund, which bodes well for the upcoming allocation to Clarion's industrial asset focus.

Moore reviewed DC portfolio stating the same challenging first quarter. Longer term results continue to be strong on a relative basis. Many active managers, such as T. Rowe Price and

Calvert have been penalized for what they do not own, such as mega-cap companies. The International Equity and Total Yield Bond white-label funds continue to report strong longer-term results. SSgA will be presenting in June to review Target Retirement Date funds.

B. 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.

8. Consideration and Possible Action Regarding Administrative Committee Report

A. Consideration and Possible Action Regarding Executive Director Review as Recommended by the Administrative Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustee at the Meeting

Johnston, Administrative Committee Chair, referred to the CEO's memo providing an impressive overview of accomplishments for fiscal year 21-22. Copies are available for Board members. Goals for the upcoming fiscal year of 22-23 will be reviewed at the Administrative Committee meeting on May 25th along with budget and performance evaluation. If other Board members have input regarding goals for the upcoming fiscal year, please submit to the Administrative Committee. Johnston reminded Trustees that the Board Retreat is scheduled for June 23rd to be held at OkMRF offices.

9. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on plan changes for the OkMRF members, announced a new DC member, Town of Lehigh, recognizing Whatley for his efforts. Additionally, reflecting the members who have adopted the restated master plan and joinder.

Doolen thanked Whatley and Girardi for their efforts in servicing the members and participants.

11. OkMRF Staff Report

Whatley reported on TEXPERS conference attended by himself, Trustee, Ed Tinker, ACG consultant, Kevin Moore, and actuary, Sean Sullivan. Largest attendance to date. Noted presentation of risk/return profiles for Texas plans, and OkMRF's plan was outstanding in comparison. The summer conference will be held in El Paso in 2023.

Cox reported on the following items:

- Next month, Harding Loevner will present an overview of the Emerging Markets and International Equity strategies. Finley & Cook will present the GASB audit results. Administrative Committee will present the upcoming fiscal year's budget for approval.
- GASB 68 audit fieldwork was completed virtually. Showed appreciation to staff member, Lindsay Porter, for leading the effort this year under Stewart's supervision.
- Working with Administrative Committee on next fiscal year's goals. If Board members have input regarding goals, please let her or the Administrative Chair know.
- Election notices for District 3 and District 8 will be mailed next week. Incumbent, Dunham, will not be actively seeking re-election for District 8. Incumbent, Doolen, will be actively seeking a nomination and re-election for District 3. Nominations will be accepted through June 30, 2022.

- OML Annual Conference and Public Funds Conference information has been provided. If Trustees would like to attend, please complete the registration form provided.
- She will be on vacation the first week of May. Contact Whatley or Girardi with any questions in her absence.

12. **New Business**

None.

13. **Trustee/Member Comments**

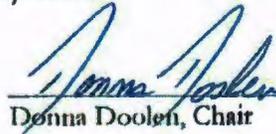
None.

14. **Adjourn**

With no further business to conduct the meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Katie Girardi