MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
April 28, 2023

1. Call To Order

The Board of the Oklahoma Municipal Retirement Fund met at the Oklahoma Municipal Retirement Fund Offices, Oklahoma City, Oklahoma, on April 28, 2023, at 10:00 a.m. with Chair Doolen presiding.

2. Roll Call

Chair Doolen requested Whatley take the roll call. A quorum was declared. On the roll call, the following members were present.

BOARD OF TRUSTEES:

Chair:	Donna Doolen, Retiree, City of Ada
Vice Chair:	Robert Johnston, City Manager, City of Clinton
Treasurer:	Jim Luckett, Jr., Retiree, City of Thomas
Secretary:	Robert Part, 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
	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
Other:	Haley Rives, ACG
	Phinney Troy, ACG
	Larry Ostow, JPMorgan
	Gar Chung, Financial Investment News *(via video)*
	Joe Ebisa, WithIntelligence *(via video)*

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for April 28, 2023, was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe, by 10:00 a.m. on April 27, 2023.

Gloria Cudjoe

Signature(s)

3. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of March 31, 2023 Meeting(s)**

B. **Monthly Valuation of Fund Assets & Unit Values by Custodian as of March 31, 2023**

Option	Value By Fund
Defined Benefit	$ 669,572,972.78
International Investment Equity	$ 8,337,035.21
Aggressive Equity	$ 16,889,438.83
Real Assets Fund	$ 871,435.84
ESG US Stock Fund	$ 1,525,297.59
Global Equity	$ 10,494,585.58
Growth and Value Equity	$ 21,760,896.67
S & P 500 Index	$ 34,137,092.69
Target Retirement 2065	$ 170,364.78
Target Retirement 2060	$ 7,588,937.39
Target Retirement 2055	$ 7,925,101.08
Target Retirement 2050	$ 12,569,306.20
Target Retirement 2045	$ 15,731,500.26
Target Retirement 2040	$ 20,391,860.73
Target Retirement 2035	$ 26,569,971.18
Target Retirement 2030	$ 29,458,575.06
Target Retirement 2025	$ 38,304,415.66
Target Retirement 2020	$ 23,288,922.63
Target Retirement Income	$ 18,887,594.57
Total Yield Bond Fund	$ 5,748,307.14
Bond Index	$ 13,649,551.61
Voya Fixed Plus III	$ 53,789,623.42
Loan Portfolio	$ 7,375,212.61
Self Directed Brokerage	$ 286,820.63
Total Assets	$ 1,045,324,820.14

C. Purchases and Sales of Assets for March 2023

D. Administrative Expenses and Fees

Expenses and Fees for April

Actuary & Recordkeeping	$ 44,692.64
Administration	118,820.69
Attorney	3,750.00
Audit	0.00
Board Travel	3,594.74
Employer Directed Expense	4,200.00
Insurance	0.00
Investment Advisors	91,536.77
Custodial	7,800.28
Investment Consultant	38,434.50
Public Relations	0.00
Representative Travel	3,173.42
EXPENSES	$ 316,003.04

E. Benefit Payments and Contribution Refunds for March 2023

F. Acknowledgement of Receipt of the PIMCO Real Assets Amended and Restated Declaration of Trust and Disclosure Memo Effective February 2023

G. Acknowledgement of Receipt of the WCM Focused International Growth Fund Amended and Restated Private Placement Memorandum and Limited Partnership Agreement Effective April 2023

H. Acknowledgement of Receipt of a Warburg Pincus Consent Form Amending Exhibit A

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

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

NAY: None

4. Consideration and Possible Action of Items Removed from the Consent Agenda
No action taken.

5. **Comments from the Public**
None.

6. **JPMorgan Real Estate: Annual Update from Investment Managers – Larry Ostow**
Ostow began the presentation by providing an analysis of the core flagship open-ended real estate fund, Strategic Property Fund (SPF). Over the past few years, JPMorgan has actively adjusted its portfolio allocations to enhance performance. Notably, they increased their industrial allocation from 18.0% to 32.5% by focusing on prime infill industrial markets. Additionally, they raised their residential allocation from 22.0% to 26.1%. To achieve this, JPMorgan selectively sold over $5 billion worth of profitable properties, reducing their office allocation from 37.2% to 23.0% and their retail allocation from 21.6% to 16.7%. Moving forward, the fund intends to prioritize new acquisitions in the residential sector, including extended sectors such as single-family rentals in suburban areas and affordable class-A housing, as well as embedded industrial development pipelines.

Rives expressed concern about the portfolio's office allocation and sought clarification from Ostow regarding their comfort with the current allocation. Ostow reassured that the strategy focuses on owning unconventional top-quality office properties with occupancy rates ranging from 80% to 90%. They continually monitor the market for opportune moments to sell these properties.

SPF experienced a 6.7% growth in net operating income in 2022 and projected further growth of 9.7% 2023. This growth is driven by mark-to-market opportunities in residential, industrial, and retail sectors. Additionally, the allocation toward extended sectors, such as truck terminals, single-family residential, age-restricted housing, and self-storage, has been increased to 9.0% and is expected to continue growing over the next three years. Ostow reviewed the performance of the last three quarters, which were aggregated to represent an earlier period of real estate repricing in comparison to benchmarks. After enjoying historically high returns of around 20% in the past two years, the real estate market is encountering challenges with a higher cost of capital, limited availability of debt, and a 70% decline in market-wide transaction activity. This resulted in an overall depreciation of 11.5% with office allocations as the main detractors and will continue to face operational difficulties.

Ostow highlighted the fund's balance sheet, emphasizing that its loan-to-value ratio falls within the optimal range of 25%, and with, 81% of the fund's debt profile protected against interest rate fluctuations and manageable debt maturities. Additionally, the fund maintains a slightly higher cash balance. Although there is a committed contribution queue of approximately $700 million, it will be funded gradually over time. The fund has experienced increased partial redemption requests due to client rebalancing policies, following the historically high returns of the past two years. In line with the ODCE index, partial redemption payments are made every quarter.

Rives reiterated the ongoing monitoring of additional real estate investments in the portfolio to identify attractive entry points to achieve DB asset allocation real estate levels.

Ostow then provided a high-level overview of the core-plus open-ended real estate fund, Special Situation Property Fund (SSPF). The fund's performance aligns with that of SPF, displaying strong returns until the second quarter of 2022 when assets took early write-downs, resulting in a 15.7% depreciation over the past three quarters. Like SPF, the office sector was the main detractor, particularly in the slow-recovering Chicago and Washington D.C. markets. The fund's future focus remains on residential and industrial sectors, which they consider their highest conviction strategies for the long term. The fund consistently delivers strong long-term returns relative to the index, with most years reporting over 200 basis points of outperformance. Ostow highlighted SSPF's balance sheet noting 72% of the assets in the portfolio are less than ten (10) years old, 70% of the fund's debt profile is interest rate protected, and 47% of leverage is in the normal range. SSPF does have a redemption queue similar to SPF due to client portfolio rebalancing. SSPF's net operating income grew by 8.0% in 2022 and is projected to grow by 8.4% in 2023. The portfolio is well balanced with no more than one-third of the fund in a specific sector. Properties within the office sector were sold off at a profit beginning in 2018 arriving at the current allocation of 31.9% which will continue to decrease as the market permits and with funds being redeployed to industrial and residential. While development and building costs have increased 15-35%, projects within SSPF were locked in at a lower cost, creating a healthy built-in profit which will drive performance.

7. Consideration and Possible Action Regarding Investment Committee Report

A. ACG: Review of Monthly ASAP Reports

Rives opened the presentation by introducing her colleague, Phinny Troy, an ACG institutional and private client consultant. Troy was in Oklahoma City, meeting with another public pension fund.

Rives proceeded to provide a market update, highlighting the ongoing divergence in economic data and market performance. The projected gross domestic product (GDP) for the first quarter of 2023 was initially estimated at approximately 2.0%. However, the actual reported GDP stood at a lower 1.1%, which would typically trigger a market downturn. Surprisingly, markets performed exceptionally well despite this disparity. Nevertheless, it is important to note that business spending, as indicated in the GDP report, showed a contraction. This contraction has the potential to create a "domino effect," impacting consumer spending if layoffs become inevitable. Furthermore, inflation remains stubbornly high at around 6.0%, although it is gradually trending downward towards the Fed's long-term goal of 2.0%. Given that the market thrives on expectations, it is worth acknowledging that current events have already been factored into prices. This knowledge provides investors with some reassurance that an impending recession, if any, would likely be mild. Looking ahead, the Federal Reserve is scheduled to convene in the first week of May to discuss a probable 25 basis points interest rate increase. There is hope that the Fed might then pause future rate hikes, providing stability and relief to the market. Year-to-date, global equities are up 8.0%, bonds are up 3.0%, and cash is yielding over 4.0%.

Rives continued with a review of the DB Portfolio's end-of-quarter performance. The portfolio currently stands at $672 million in assets. From a relative allocation standpoint, there have been adjustments made due to redemptions from long/short positions, resulting from the approved increased allocation to real estate and private equity. The overall performance of the portfolio is in line with expectations, although trailing the one-year returns of the index. The focus has been on minimizing losses rather than chasing higher gains. In the small/mid-cap sector, there has been a significant shift from growth to value over the past year. However, in 2023, the trend has almost reversed, with the growth index up 4% and the value index down 4%. Investors are trying to understand the underlying dynamics of the markets. Year-to-date, River Road has outperformed by 700 basis points. Markets have noted a shift from U.S. to non-U.S. markets, which have shown stronger performance. Favorable valuations in the non-U.S. markets have prompted expectations of better performance. WCM had a strong quarter, outperforming by 400 basis points. Year-to-date, non-U.S. performance is 200 basis points above the index. The fixed income sector has been actively managed, providing downside protection and aligning with the index. In the real estate sector, the challenges faced in 2023 were not surprising after a successful 2022. There has been a lagged effect of market trends. Public exposure, such as REITs, has started to rebound, and there is a general trend among investors to increase their industrial allocation. Private equity was briefly discussed, with a new page introduced in the ASAP report.

Rives provided a high-level review of the DC portfolio noting that the comments mirrored the DB portfolio. The growth portion of the Growth & Value Equity option has outperformed value following a rebound, indicating a possible shift in market dynamics. The Aggressive Equity Option has exhibited strong performance, particularly from Integrity as a value manager, even during the period of growth outperformance. The International Investment Equity Fund has experienced improved diversification with the inclusion of Axiom after replacing Harding Loevner. In the ESG investment option, it was highlighted that there is currently $1.5 million in assets. Notably, the trailing one-year performance shows a 60% reduction in downside risk compared to the broad Russell index. Target Retirement Date funds performed in line with expectations.

B. **Consideration and Possible Action on Reallocation and/or Rebalancing of Assets 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.

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 Trustees at the Meeting**
Johnston stated Cox presented a comprehensive review of her highlights from FY 2022-23 goals to the Administrative Committee. Cox expressed gratitude towards the supportive Board and Staff. Cox emphasized the importance of concentrating efforts on three key areas: Trustees, Staff, and Membership.

Several highlights from FY 22-23 were shared, including the successful trademarking of our slogan, "Together We Are Stronger", a revamp of public relations materials, the implementation of QR codes, and the introduction of a population compare tool utilizing Power BI. Cox recognized Staff member, Porter, for her extensive work on the designs and tools. Additionally, it was noted that the organization received the IRS filing and qualification letter on the DB plan, cross-training initiatives were undertaken, and an updated Authorized Agent manual was developed. Cox expressed gratitude to the Staff for their contributions to these accomplishments.

Other Board members were reminded if they have input regarding OkMRF goals for the upcoming fiscal year, please submit them to the Administrative Committee. Johnston reminded Trustees that the Board Retreat is scheduled for Thursday June 29th to be held at OkMRF offices.

Motion made by Johnston, seconded by Park to accept the Executive Director review as presented.

Motion carried:	AYE:	Barnett, Doolen, Johnson, Johnston, Luckett, Park, Reames, and Tinker
	NAY:	None

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 and announced the welcome back to DC Member, The Village. Girardi was recognized for her efforts.

11. **OkMRF Staff Report**
Whatley reported on recent attendance at the TEXPERS conference held in Austin, Texas. The conference was also attended by Trustees, Tinker and Luckett. He stated it was a great educational experience and urged Trustees to attend future conferences.

Girardi reported on Trustee Rooney's honor of being inducted into the City of Mustang Hall of Fame. The surprise included many family members present and in attendance.

Cox reported on the following items:

- Next month, Sean Sullivan with Dean Actuaries will present the GASB 68 results. Finley & Cook will present the GASB audit results. The Administrative Committee will present the upcoming fiscal year's 23-24 budget for approval.
- Rescinded statement made at March's Board meeting regarding election being held for District 4. District 4 election will not be held until 2024.
- Election notices for District 1 will be mailed the first week of May. Incumbent, Tinker, will be actively seeking a nomination and re-election. Nominations will be accepted through June 30, 2023.
- Working with Administrative Committee on next fiscal year's goals. Trustees were encouraged if they have input, please let her or the Administrative Committee know.
- OML Annual Conference, Public Funds Conference, and Annual Board Retreat information was provided. Trustees who would like to attend, please complete the registration forms.

12. **New Business**
None.

13. **Trustee/Member Comments**
Johnston invited other Trustees and Staff to join the 'Cool Kids Reading Club' if they have any interest in sharing books with the group.

Luckett provided a recap on TEXPERS presenters and topics.

14. **Roll Call**
Whatley reported a quorum present.

15. **Adjourn**
With no further business to conduct the meeting adjourned.

Robert Park, Secretary

Donna Doolen, Chair

OKLAHOMA MUNICIPAL RETIREMENT FUND OFFICIAL SEAL

Respectfully submitted by:

Katie Girardi