

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
February 24, 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 February 24, 2023, at 10:00 a.m. with Chair Doolen presiding.

2. Roll Call

Chair Doolen requested Whatley take roll call. A quorum was declared. 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 (*left at 10:45 a.m.*)
Tamera Johnson, Retiree, City of Shawnee
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

OkMRF Attorney: David Davis

Others: Kevin Moore, ACG
David Hetzer, Artisan Partners
Gene McCullough, City of Clinton
Troy Bradley, City of Midwest City (*via video*)
Zack Cziryak, Financial Investment News (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for February 24, 2023, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on February 23, 2023.


Signature(s)

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of January 27, 2023 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 675,711,659.27
International Investment Equity	\$ 8,475,304.15
Aggressive Equity	\$ 17,829,870.87
Real Assets Fund	\$ 950,555.76
ESG US Stock Fund	\$ 1,538,186.72
Global Equity	\$ 10,538,534.36
Growth and Value Equity	\$ 21,670,852.06
S & P 500 Index	\$ 33,554,756.63
Target Retirement 2065	\$ 172,199.56
Target Retirement 2060	\$ 7,347,984.94
Target Retirement 2055	\$ 7,909,595.81
Target Retirement 2050	\$ 12,424,829.59
Target Retirement 2045	\$ 15,630,814.45
Target Retirement 2040	\$ 20,234,949.32
Target Retirement 2035	\$ 26,365,979.93
Target Retirement 2030	\$ 29,971,644.22
Target Retirement 2025	\$ 38,038,047.74
Target Retirement 2020	\$ 24,022,757.24
Target Retirement Income	\$ 19,330,889.50
Total Yield Bond Fund	\$ 5,517,183.70
Bond Index	\$ 14,564,927.21
Voya Fixed Plus III	\$ 53,927,598.73
Loan Portfolio	\$ 7,433,054.97
Self Directed Brokerage	\$ 283,790.36
Total Assets	\$ 1,053,445,967.09

C. Purchases and Sales of Assets for January 2023

D. Administrative Expenses and Fees

Expenses and Fees for February

Actuary & Recordkeeping	\$ 43,273.16
Administration	102,948.26
Attorney	3,750.00
Audit	0.00
Board Travel	1,820.72
Employer Directed Expense	0.00
Insurance	0.00
Investment Advisors	0.00
Custodial	11,754.45
Investment Consultant	0.00
Public Relations	0.00
Representative Travel	2,167.82
EXPENSES	<u>\$ 165,714.41</u>

E. Benefit Payments and Contribution Refunds for January 2023

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

Motion carried: AYE: Barnett, Doolen, Johnson, Johnston, Lockett, Park, Rooney, 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. Artisan: Annual Update from Investment Managers – David Hetzer

Hetzer introduced himself as Artisan Partners Director of the Institutional Client Services team. Prior to joining Artisan in September 2022, Hetzer was a client portfolio manager with GQG Partners. He has been working with David Samra, Lead Portfolio Manager of the International Value Fund, and Ed Omata, Managing Director of the International Value team, for many years.

Hetzer discussed non-U.S. market performance in past years being trounced by domestic markets. However, the Artisan International Value strategy has outperformed the S&P 500 index by approximately 100 basis points over the last twenty (20) years without including the mega-companies in their investment mix. The international value strategy ended 2022 down 6.80%, however, with the local non-U.S. currency down approximately 7.0%, performance was relatively flat. Factors benefiting the fourth quarter performance of 19.01% included China's abrupt about-face regarding their hawkish COVID zero policy, a milder than expected European winter, and the pressure valve created when the market priced in inflation.

Moore questioned the portfolio's emerging market exposure. Hetzer discussed the more robust opportunity set within emerging markets in the past few years stating ten (10) years ago exposure was practically 0.0%, but exposure has increased to approximately 15-18%, mainly in Korea. Despite low valuations in China, exposure within the portfolio remains low as the strategy focuses on company specific stocks. Hetzer confirmed the strategy has zero exposure to Russia.

Looking toward the next eighteen (18) months, due to the rally in the non-U.S. market, the strategy plans to focus more on selling than buying to increase their dry powder for future opportunities.

7. Consideration and Possible Action Regarding Investment Committee Report

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

Moore reviewed the DB portfolio noting assets totaling over \$681 million with a ten (10) year annualized return of 7.66% while taking on less risk relative to the policy index. After a challenging year end, January performance rebounded due to high consumer confidence around the Fed pulling back on future interest rate increases. Moore reminded Trustees of the flux in target versus actual portfolio allocations during the winding down of the long/short portfolio and the long term transition to private equity. As inflation fears decreased, both domestic and non-U.S. equity markets performed as expected reporting fiscal year to date returns of 11.39% and 12.88% net of fees, respectively. Approximately half of the long/short redemption portfolio proceeds have been received, but due to shifting dynamics in the real estate market, ACG will continue to monitor the timing prior to making recommendations for future real estate commitments based on previously approved asset allocation. Moore noted both JPMorgan real estate strategies contain Class A properties which remain in demand in larger metropolitan areas, but the funds are expected to see multiple quarters of negative performance due to markdowns and lag in reporting.

Moore provided a brief overview of the DC portfolio. All white-label equity fund managers participated in the market rebound, but a few had muted performance due to their growth structure being hindered by rising interest rates. Target Retirement Date funds performed in line with expectations. SSgA will be a potential onsite visit during a scheduled due diligence trip later in the year.

B. ACG: Discussion and Possible Action Regarding Commitment to Private Equity Asset Class in the Defined Benefit Portfolio and Proposed Implementation Timeline as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Moore provided an overview of the private equity asset class discussing expectations, types of strategies available, and the intentional approach toward the approved 5% target allocation. The allocation strategy will be reviewed on an annual basis to verify projections remain in line.

Moore discussed ACG's recommendation of the Warburg Pincus Global Growth 14 Fund. Warburg Pincus is a pioneer in the private equity market. Established in 1966, they have invested more than \$108 billion in over 1,055 companies in more than 40 Countries. Their long-term history has provided experience in multiple market environments.

Motion made by Luckett, seconded by Tinker to approve ACG's recommendation to commit \$20 million to the Warburg Pincus Global Growth 14 Fund and to allow Staff and Davis to secure an investment agreement as soon as administratively feasible.

Motion carried: AYE: Doolen, Johnson, Johnston, Luckett, Park, Rooney, 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

No action taken.

8. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

9. Consideration and Possible Action Regarding Contract Committee Report

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

Rooney, Contract Committee member, presented a recommendation to renew the fiduciary liability, excess fiduciary liability, and crime insurance policies. Premium decreased to \$83,184 for the main fiduciary liability policy. Premium decreased to \$48,264 for the excess fiduciary liability policy. Premium increased to \$6,213 for the crime insurance policy. Cox discussed the need to increase the insurance deductible funding reserves to cover the maximum possible deductible of the \$250,000, if ever needed, for a mass class action lawsuit.

Motion made by Rooney and seconded by Tinker to accept the recommendation from the Contract Committee to renew the fiduciary liability policy issued by Federal Insurance Company for the term April 2, 2023, to April 2, 2024, and to accept the recommendation to renew the excess fiduciary liability policy and crime policy issued by Travelers for the term April 2, 2023, to April 2, 2024. Further authorizing Staff to transfer \$100,000 from the unreserved balance in the Administrative Account to the Insurance Deductible Funding Reserves, resulting in a reserve increase from \$150,000 to \$250,000.

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

NAY: None

B. Consideration and Possible Action Regarding Review of Vendor Evaluations as Proposed and Considered by the Trustees at the Meeting

Rooney, Contract Committee member, reported an in-depth review was conducted for OkMRF service providers. Rooney pointed out that all ratings stayed the same or improved

except Voya who still had a very high overall score. He further noted, CEO received an updated succession plan for Dean Actuaries and ACG ranked highest of all vendor evaluations. Currently, there are no recommended changes to the existing service providers.

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

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

NAY: None

C. Consideration and Possible Action Regarding the Staff's Deferred Compensation Retirement Plan as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Rooney, Contract Committee member, discussed Staff's customer service frustrations with the current deferred compensation 457(b) provider, MissionSquare, and Staff's desire to transfer to Voya Financial.

Motion made by Rooney, seconded by Tinker to accept the recommendation from the Contract Committee to allow OkMRF Staff to pursue a change in OkMRF Staff's deferred compensation service provider from MissionSquare to Voya Financial, and allow Staff and Davis to proceed in negotiating contracts as soon as administratively feasible.

Motion carried: AYE: Doolen, Johnson, Johnston, Lockett, Park, Rooney, 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 DC plan for Carlton Landing. Whatley was recognized for his efforts.

11. OkMRF Staff Report

Cox reported on the following items:

- Next month, WCM will provide an investment review and Sean Sullivan, Dean Actuaries, will present the actuarial funding results.
- Trustees were reminded of the importance of their waiver recourse insurance and to pay David Davis \$25 for their personal coverage premium.
- Whatley, Tinker, and Lockett to attend TEXPERS conference in Austin, TX on April 2nd.
- Girardi to attend OMCTFOA's Institute & Academy in Stillwater from March 27th through March 31st.

12. New Business

None.

13. Trustee/Member Comments

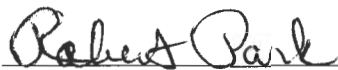
Lockett recognized Joe Nugent, ACG consultant, for the private equity education and presentation during the Investment Committee meeting. The presentation was concise, clear, and engaging.

14. Roll Call

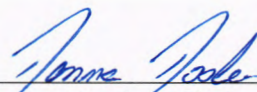
Whatley reported a quorum present.

15. Adjourn

With no further business to conduct the meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Katie Girardi



The seal is circular with a dotted border. The text around the border reads "OKLAHOMA MUNICIPAL RETIREMENT FUND" at the top and "OKLA." at the bottom. In the center, the word "SEAL" is printed in large, bold, capital letters.