

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
July 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 July 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, 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
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 (*arrived at 10:03 a.m.*)

OTHERS PRESENT:

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

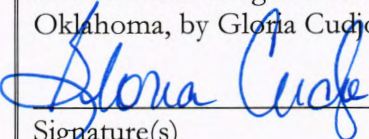
OkMRF Attorney: David Davis

Other: Reza Basharзад, Clarion Partners
Dayton Conklin, Clarion Partners
Josh Turek, Clarion Partners
Sean Sullivan, Dean Actuaries
Kevin Moore, ACG
Kevin Balaod, With Intelligence (*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 July 28, 2023, was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe, by 10:00 a.m. on July 27, 2023.


Signature(s)

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of June 29, 2023, and Retreat Minutes of June 28, 2023 Meeting(s)

B. Monthly Valuation of Fund Assets & Unit Values by Custodian as of June 30, 2023

| Option | Value By Fund |
|---------------------------------|---------------------|
| Defined Benefit | \$ 690,657,470.99 |
| International Investment Equity | \$ 8,466,076.82 |
| Aggressive Equity | \$ 17,329,592.00 |
| Real Assets Fund | \$ 847,367.71 |
| ESG US Stock Fund | \$ 1,559,047.64 |
| Global Equity | \$ 10,954,556.68 |
| Growth and Value Equity | \$ 23,711,376.27 |
| S & P 500 Index | \$ 37,197,520.32 |
| Target Retirement 2065 | \$ 181,602.89 |
| Target Retirement 2060 | \$ 8,206,668.39 |
| Target Retirement 2055 | \$ 8,651,619.99 |
| Target Retirement 2050 | \$ 13,452,015.92 |
| Target Retirement 2045 | \$ 16,881,954.37 |
| Target Retirement 2040 | \$ 21,585,840.15 |
| Target Retirement 2035 | \$ 27,683,217.05 |
| Target Retirement 2030 | \$ 31,158,317.16 |
| Target Retirement 2025 | \$ 38,967,669.76 |
| Target Retirement 2020 | \$ 22,703,806.38 |
| Target Retirement Income | \$ 18,443,588.36 |
| Total Yield Bond Fund | \$ 5,920,167.46 |
| Bond Index ¹ | \$ 13,447,550.08 |
| Voya Fixed Plus III | \$ 53,413,973.92 |
| Loan Portfolio | \$ 7,584,763.01 |
| Self Directed Brokerage | \$ 286,780.57 |
| Total Assets | \$ 1,079,292,543.89 |

6. **Clarion Partners: Annual Update from Investment Manager – Reza Basharзад, Dayton Conklin, Josh Turek**

Basharзад, Managing Director, introduced his colleagues, Conklin, Co-Portfolio Manager, and Turek, Relationship Manager. Each provided a brief background on their responsibilities at the fund. Basharзад continued the presentation and discussed various aspects of the company's operations and investment strategies. Basharзад highlighted the company's \$81.6 billion assets under management which are allocated across 1,499 physical assets. The management team's approach emphasizes consistent growth, preferring steady performance gains rather than high-risk strategies. He provided an overview of Clarion's investment philosophy, which centers on a research-based strategy conducted by a dedicated team that meets monthly to assess investment opportunities. The company maintains a well-structured fund portfolio, with 81% of its assets under management in funds and 19% in separate accounts. A noteworthy detail is that 18% of the firm is owned by employees, with the remainder being owned by Franklin Templeton.

Basharзад continued with discussions on various investment sectors, emphasizing Clarion's strong presence in industrial and multi-family properties. The team is actively working to diminish their office sector holdings. Cybersecurity measures were reviewed, assuring that the company has never experienced a significant breach. They maintain robust IT practices, conduct regular employee training, and implement multi-factor authentication. Conklin touched upon the recent negotiations involving a large client, UPS, and expressed hopes for positive outcomes. He also addressed concerns about supply chain disruptions caused by Yellow Freight's bankruptcy, clarifying that this particular entity is not a Clarion client. The company has taken proactive steps to mitigate the impacts of challenges like port disruptions, strikes, and the ongoing effects of COVID-19.

Conklin reviewed Clarion's investment preferences and portfolio performance. He elaborated on their investment criteria, including property size ranges and occupancy rates. He also reviewed the portfolio's performance against headwinds such as debt market volatility and cap rate expansions. Clarion is focused on stabilizing performance and anticipates stronger results in the coming quarters. Conklin explained the current state of the fund's queue, highlighting an outbound queue of \$2.7 billion due to a large investor departure and investor rebalancing. Despite challenges in the current debt market, the team expects capital raising to increase by the fourth quarter. They aim to navigate the situation with prudent due diligence and the practice of dollar-cost averaging. Whatley questioned the fund's potential for future acquisitions in Oklahoma. Conklin stated there are no intentions to invest in Oklahoma due to the fund's focus on larger metropolitan areas and their pursuit of scalable portfolio growth.

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

A. **ACG: Review of Monthly ASAP Reports**

Moore provided a high level economic review highlighting a positive 2.4% GDP growth for Q2 2023, indicating a reduced likelihood of a recession. The Fed increased interest rates by 25 bps, and the market is pricing in another hike later in the year. The Fed will closely monitor inflation data to determine its next move.

The DB plan reported fiscal year-end growth of 9.28% net of fees, reflecting a fluctuating trend. Assets were reported at \$690 million at the end of the fiscal year, with overweight allocation to U.S. large-cap stocks for future Private Equity and Real Estate investment opportunities. Next month's Investment Committee meeting will focus on the real estate component of the DB portfolio to build up to the 15% target allocation. Notable equity market drivers include FAANG and Information Tech stocks. River Road currently holds a

9% cash position, which is expected to decrease as potential investments are reviewed. Moore confirmed William Blair's removal from the Treasurer's investment blacklist. The Non-U.S. equity managers will be reviewed in the next meeting, analyzing how each manager compliments the asset class. Long/short redemptions are being received and currently under 1% of the total portfolio. Real estate managers are adapting to shifting debt dynamics, leading to lower valuations without impacting strategies or managers.

Moore provided a high level review of the DC plan. The white label funds demonstrate consistent long-term performance, while the ESG U.S. Stock Fund option faced challenges due to its underweight in information technology. Real assets have performed well over the long term. Target Retirement Date funds are utilized by 54% of the DC Participants and meet expectations under SSgA's management.

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

Johnson stated the Administrative Committee will meet next month to review the discussion draft of the Code of Conduct policy as presented by Davis during the Trustee Retreat. The policy will be presented to the Board for possible consideration and adoption at a later meeting.

9. Consideration and Possible Action Regarding Contract Committee Report

Contract Committee Chair Reames, along with Staff conducted an annual review of insurance coverage and recommended the following three (3) renewals be approved.

A. Discussion and Possible Action to Renew Liability Protection Plan with OMAG as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames reported the renewal and liability protections with a premium decrease of \$913 from the prior year.

Motion made by Reames, seconded by Rooney to approve the renewal liability protection plan with OMAG for period August 1, 2023, through August 1, 2024.

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

NAY: None

B. Discussion and Possible Action to Renew Business Personal Property Coverage with Hartford as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames reported the renewal for personal property with a premium increase of \$90 from the prior year.

Motion made by Reames, seconded by Barnett to approve the renewal of business personal property cover with Hartford for the period of September 1, 2023, through September 1, 2024.

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

NAY: None

C. Discussion and Possible Action to Renew Cyber Security Insurance as Recommended by the Contract Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Reames reported on the proposed replacement of the current cyber security insurance coverage provider, from Beazley to Coalition. Due to substantial rate hikes over the past two (2) years of more than 100% combined, Cox worked with Insurica to secure quotes with higher deductibles ranging from \$10k to \$25k for comparison. After careful consideration, a replacement of providers from Beazley to Coalition is proposed. The underwriter will remain as Lloyds of London. The premium will increase by \$2,738.56 from last year but is substantially less than the Beazley renewal quote. Features and advantages of the change to Coalition are as follows:

- No requirement for OkMRF to send 100 notifications of a breach before insurance kicks in
- Additional coverage that OkMRF previously did not have with Beazley, including but not limited to:
 - Regulatory \$3 million coverage protecting the Trust from State non-compliance. All 50 states have different laws that require some level of protection for consumers for the information that we have stored. The penalties for non-compliance vary by state. Regulatory coverage is designed to pay our cost if we are out of compliance with internal protections and have a loss, noting the government assesses a fine for non-compliance.
 - Cyber Extortion \$3 million coverage
 - Electronic Funds Transfer Fraud/Social Engineering \$250k coverage
 - Reputational Harm \$3M coverage

Motion made by Reames, seconded by Rooney to approve the replacement of cyber security insurance provider Beazley with Coalition for the period August 26, 2023, through August 26, 2024.

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

NAY: None

D. Discussion and Possible Action on Resolution 2023-2 Approving the Amended and Restated OkMRF 457 Deferred Compensation Retirement Plan and Trust Effective September 15, 2023, Hiring Voya Financial and Partners as Service Providers and Replacing MissionSquare (formerly ICMA-RC) to Include Exhibits A and B, Summary of the 457 Provisions, and Related Agreements/Contracts

Cox discussed the service provider change for Staff's 457 plan from MissionSquare to Voya Financial citing a decline in customer service after failed re-branding strategy, a decrease in administrative and investment expense from an approximate average of 1.285% to .50%, and Staff's current knowledge of Voya products and tools.

Motion made by Reames, seconded by Rooney to approve Resolution 2023-2 amending and restating the OkMRF 457 Deferred Compensation Retirement Plan and Trust effective September 15, 2023, hiring Voya Financial Partners as the service provider and replacing MissionSquare to include the approval of Exhibits A and B, a summary of 457(b) provisions, and related agreements and contracts.

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

NAY: None

10. Dean Actuaries, LLC: Discussion and Possible Action on the Projected Impact of Asset Experience on OkMRF Funding Requirements

Sullivan presented his report on the projected impact of asset experience on the OkMRF funding requirements by Member plans as of June 30, 2023. Due to a market rebound, the market value weighted return was reported at 9.23%, for the period, meeting the assumed rate of return and the smooth actuarial return reported as 5.59%, which did not meet the assumed rate of return. The actuarial value as a percentage of market value was reported at 105%. The market experience resulted in a low average cost increase of 0.13% and a median increase of 0.04%. There are no recommended changes to valuation assumptions or methods for this upcoming valuation.

Motion made by Tinker, seconded by Luckett to receive the report from Dean Actuaries, LLC for the Projected Impact on Asset Experience on OkMRF Funding Requirements, effective for the year starting July 1, 2024.

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

NAY: None

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

Whately reported on plan changes for the OkMRF Members.

12. OkMRF Staff Report

Girardi reported on her and Whatley's attendance at the CMAO Summer Conference held in Broken Arrow. She felt like the conference was beneficial and they will both follow up on potential new Members or plans.

Cox reported on the following items:

- Next month, the Investment Committee will meet in person at the OkMRF office at 2:00 p.m. on Thursday, August 24th. Other Board members are encouraged to attend. Please let Whatley know if you plan to attend and need hotel accommodations. The Investment Committee will review the proposed Real Estate buildout to achieve the DB plan's 15% target allocation, evaluate the International DC white label fund construction and review underlying money managers for both portfolios and conduct a deeper dive on the June 30, 2023, quarterly report.
- Next month, the Administrative Committee will meet in person at the OkMRF offices at 8:30 a.m. prior to the regular Board meeting on Friday, August 25th. The Administrative Committee will review the Code of Conduct Policy. Trustees are encouraged to have specific verbiage changes or suggestions to Johnston or CEO by August 11th for Committee consideration.

- Next month, at the regular Board meeting, we will receive an annual update from our two (2) custodial banks: Northern Trust and Voya Financial.
- Election update, votes for District 1 were accepted through close of business June 30th. Incumbent, Ed Tinker will serve District 1 for five (5) more years. The Board will officially accept the election results at the September Board meeting.
- Congratulations were extended to the four (4) inductees to the Class of 2023 Oklahoma Hall of Fame to be honored on the evening of September 21st during the OML Annual Conference. Inductees include Bill Tackett (OMAG), Larry Stevens (City of Edmond), Patty Dixon (City of Sand Springs), and posthumously Jonathan Woods (OMAG).
- Provided an update on the specialized DC plan submitted to the IRS for approval. Fourteen (14) of the fifteen (15) determination letters for the specialized plans have been received. The remaining letter for City of Walters is outstanding, with no expected issues.
- Confidentially, this year's 2023 George Wilkinson award for being the OkMRF 2023 outstanding Authorized Agent will be presented to Cindi Shivers, City of Yukon, Human Resources Director at their August 15th City Council meeting. Cindi's performance is exemplary, and she portrays many of George's attributes. Congratulations will be extended to Cindi on behalf of Wilkinson, Board, and Staff.
- Conference packets for the upcoming OML, OPFTEC, and Voya due diligence trip will be provided next month.

13. New Business

None.

14. Trustee/Member Comments

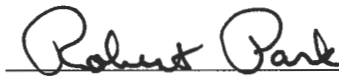
Luckett commented on the trend of municipalities moving away from Empower and MissionSquare as their 457 service providers.

Cox shared an appreciation note from retiree, Glendene Goucher, City of Clinton. Glendene expressed 'a sincere thank you for being such good stewards of OkMRF funds.'

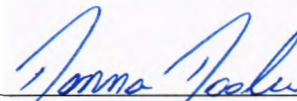
15. Roll Call

16. Adjourn

With no further business to conduct the meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Katie Gandy