

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 25, 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 August 25, 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 Lockett, 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, Retiree, City of Stillwater
Tim Rooney, City Manager, City of Mustang

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
Karson Wattles, Northern Trust
Adria Campbell, Voya
Deltra Hayes, Voya
Scott Darcy, Voya
Michelle Albers, Voya (*via video*)
Lisa Morgan, Voya (*via video*)
Chris Trovato, Voya (*via video*)
Troy Bradley, City of Midwest City (*via video*)
Joe Ebisa, WithIntelligence (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for August 25, 2023, was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe, by 10:00 a.m. on August 24, 2023.



Signature(s)

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of July 28, 2023 Meeting(s)

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

| Option | Value By Fund |
|---------------------------------|---------------------|
| Defined Benefit | \$ 703,837,837.95 |
| International Investment Equity | \$ 8,578,625.54 |
| Aggressive Equity | \$ 18,094,865.55 |
| Real Assets Fund | \$ 786,780.40 |
| ESG US Stock Fund | \$ 1,671,686.31 |
| Global Equity | \$ 11,178,545.58 |
| Growth and Value Equity | \$ 24,393,634.17 |
| S & P 500 Index | \$ 38,676,046.98 |
| Target Retirement 2065 | \$ 187,982.00 |
| Target Retirement 2060 | \$ 8,741,855.38 |
| Target Retirement 2055 | \$ 9,050,328.15 |
| Target Retirement 2050 | \$ 14,038,577.59 |
| Target Retirement 2045 | \$ 17,589,279.30 |
| Target Retirement 2040 | \$ 22,388,808.24 |
| Target Retirement 2035 | \$ 28,590,086.19 |
| Target Retirement 2030 | \$ 32,065,778.21 |
| Target Retirement 2025 | \$ 40,264,430.21 |
| Target Retirement 2020 | \$ 22,303,640.52 |
| Target Retirement Income | \$ 18,476,886.26 |
| Total Yield Bond Fund | \$ 6,586,433.28 |
| Bond Index | \$ 13,328,396.87 |
| Voya Fixed Plus III | \$ 52,369,961.92 |
| Loan Portfolio | \$ 7,766,608.19 |
| Self Directed Brokerage | \$ 301,058.05 |
| Total Assets | \$ 1,101,268,132.84 |

C. Purchases and Sales of Assets for July 2023

D. Administrative Expenses and Fees

Expenses and Fees for August

| | |
|---------------------------|---------------|
| Actuary & Recordkeeping | \$ 45,887.27 |
| Administration | 125,544.02 |
| Attorney | 4,942.50 |
| Audit | 0.00 |
| Board Travel | 5,587.01 |
| Employer Directed Expense | 1,050.00 |
| Insurance | 25,541.76 |
| Investment Advisors | 0.00 |
| Custodial | 10,271.81 |
| Investment Consultant | 0.00 |
| Public Relations | 814.98 |
| Representative Travel | 7,436.24 |
| EXPENSES | \$ 227,075.59 |

E. Benefit Payments and Contribution Refunds for July 2023

F. Consideration and Possible Action Regarding Great Gray Trust Company Participant Agreements as Replacement Trustee and Sponsor for the Pioneer Multi-Sector Fixed Income Portfolio for Class R (DB) and Class R1 (DC) Superseding Existing Agreements with Wilmington Trust, Amended and Restated Declaration of Trusts for Both Classes and Letter of Understanding with Great Gray and Amundi Pioneer

G. Acknowledgement of Receipt of Amended and Restated Declaration of Trust for JPMorgan Strategic Property Fund and Special Property Fund Effective August 31, 2023, with Update Confidential Private Placement Memorandum for JPMorgan Strategic Property Fund dates June 2023 and Letter of Understanding

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

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

NAY: None

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

No action taken.

5. **Comments from the Public**

None.

6. **Northern Trust: Annual Update on DB Custodial Services – Karson Wattles**

Wattles began her presentation by expressing gratitude to OkMRF for their ongoing partnership and emphasized Northern Trust's commitment to maintaining a strong relationship. Wattles provided a firm overview stating as of the end of 2023, Northern Trust had \$11.0 trillion in assets under custody and \$1.3 trillion in assets under management. Northern Trust operates on one global platform for both clients and employees.

Wattles provided an overview of Northern Trust's public funds business stating the addition of five (5) new clients added since June 2022, highlighting the Oklahoma Commissioners of the Land Office, and public fund assets under custody totaling \$1.1 trillion. Due to the rise in new client business, Northern Trust has seen a large growth in staff over the past two (2) years of 27%. Northern Trust has budgeted \$4.3 billion for new technology through 2024, as they see interaction and efficiency for clients as one of their top priorities. Wattles reviewed the management team for the public fund's client services group stating no changes in the past year or near future. At the fiscal year-end, OkMRF assets totaled \$691 million.

Wattles reviewed the class action process for their dedicated team who utilizes Securities Class Action Services for class action notifications to ensure all impacted cases are filed on OkMRF's behalf. Wattles stated OkMRF has recouped over \$10k in losses over the past year. Lastly, Wattles reviewed the benefit payments process and statistics stating an average of \$2.25 million payments are processed for OkMRF each month with 87% of the payments delivered by direct deposit.

7. **Voya Financial: Annual Update on DC Recordkeeping/Custodial Services and Investment Management – Adria Campbell and Deltra Hayes (Voya Team/News, Institutional Trust Company, and Voya Financial Update); Michelle Albers (Plan Review); Lisa Morgan (Voya Fixed Account); Chris Trovato (Voya Advisory Services); and Scott Darcy (DC Market Trends & Communication News)**

The Voya team updates were as follows:

- Campbell introduced team members, Michelle Albers, Lisa Morgan, Chris Trovato, and Scott Darcy. Both Campbell and Albers are new members of the administrative management team, while Mark Kay and Mark Sopata have been added to the support team. With the turnover in team members over the past year, the transition has been rather seamless.
- Voya announced their second-quarter financial results during a recent webcast along with a Voya Foundation new initiative launch which focused on strengthening mental health as a key component of overall financial wellness.
- Amy Valliancourt replaced Jeff Cinimi as Senior Vice President of Voya Institutional Trust Company (VITC). Assets totaled over \$173 billion at fiscal year-end.
- Campbell discussed call center and web statistics, plus the introduction of artificial intelligence (AI) technology to support the customer experience through fraud protection, a Voya PAL chatbot, back office operations, and personalized participant nudges via email or text. She also touched on Voya's continued support for plan administrators for the latest SECURE 2.0 provisions.

- Recent plan enhancements included the availability of Spanish statements, ability to view up to twelve (12) months of contribution history on the participant website, expansion of resources for employees under the age of 50, and enhancing the employee journey with nudges towards their next best actions using AI. Looking forward, Voya intends to introduce mobile app abilities to streamline the rollover process, increase security with one-time verification codes for participants contacting Voya by phone and for specific transactions on their participant website, and implementing gamification interaction for the participant dashboard on the web.
- Albers summarized OkMRF plan statistics noting the addition of eight (8) new Member plans and one (1) plan adding the loan feature during the last fiscal year. Due to decent market performance, plan assets were valued at \$388.6 million at the end of the fiscal year with an additional 606 Participants. Total contributions for the fiscal year were reported at \$26.2 million with over \$20 million being allocated to the Target Retirement Date funds. Total additions, including contributions and rollovers, outpaced deductions including member withdrawals and defaulted loans, by approximately \$29 million. Loan fund represent 2.0% of all plan assets. Customer service statistics, including telephone and internet interactions, were within reasonable expectations.
- Morgan provided a general overview of the Voya Fixed Plus III investment option confirming a declared rate of 2.15% and a floor rate of 1.0%. Of the \$53.4 million balance, 47.2% is held by retired/term Participants and the remainder is held by active Participants, of which 35% hold the fund as their only investment. The core investment allocation for Voya Fixed Plus III continues to be investment grade credit followed by mortgage loans on real estate and private credit. Whatley questioned when we should expect the declared interest rate to increase and be comparable to other stable value investments due to the Fed's rapid interest rate increase over the past year. Morgan stated she would follow up with Staff concerning the lag time expectations.
- Trovato provided a summary of the Reach & Impact Executive Summary noting approximately 10% of OkMRF's 9,249 Participants utilize either professional management, online advice, or online guidance. Due to the high utilization of Target Retirement Date funds, the plan's investment high score of 90 contributed to the outperformance of many other governmental agencies. Trovato discussed the rollout of Income Beyond Retirement tools to provide further support for all eligible Participants who are 55 years of age or seven (7) years from retirement for a spend down strategy.
- Darcy discussed Voya Perspectives in which Voya's team conducted research on employee communities by examining six (6) plan sponsor clients across various industries and analyzed 163k employees representing Black/African American, Hispanic/Latino, Asian, and White communities. Research revealed key findings of Black and Latino employees faced higher financial pressures with lower average balances, reduced financial confidence, decreased plan participation, and lower savings rates. Voya intends to become personalized on diversity, equity, and inclusion practices to help close the retirement savings gap and improve financial outcomes.

8. Consideration and Possible Action Regarding Investment Committee Report

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

Rives began with a high level market update. From an economic market standpoint, there have not been many significant updates, but there is a more positive trend than analysts previously anticipated. Despite downward indicators, economic growth has proven to be resilient, with second quarter growth exceeding expectations by over 2%, and third quarter growth expectations even higher at over 6%. Services are driving

economic activity, and while there is still a possibility of a technical recession in the first quarter of 2024, the Federal Reserve is aiming for a soft landing to curb inflation. Inflation is on a downward trend, but the Fed remains more hawkish than dovish, indicating a reluctance to cut rates should inflation resurface. Strong market performance is attributed to better than expected economic growth, with global equities up 12%, large-cap U.S. stocks up 15%, and bonds performing at about 0.5% while yields remain high.

Rives reviewed the DB portfolio noting \$705 million in assets and an overweight allocation in U.S. equities for anticipated funding in private equity and real estate. Performance reported a 10.67% return year to date and a 2.09% return for the fiscal year to date for July. Equity strategies have not kept pace with broader markets due to the portfolio's better performance in downturns. Fixed income has faced challenges with increasing rates, but managers have compensated and outperformed benchmarks.

The quarterly report indicates that all objectives have been met, except for reaching the 7.25% assumption hurdle for the five (5) year time horizon. Compared to peers with similar equity allocations, the plan ranks in the top quartile, and among all peers, it is in the top third quartile, taking on lower volatility for higher returns.

Rives reviewed the DC plan noting Vanguard Windsor II and T. Rowe Price have outperformed their benchmark by over 200 basis points, while ESG investments, consisting of higher-quality stocks, faced challenges due to higher overall market performance. In general, there are no concerns with any of the money managers.

B. ACG: Consideration and Possible Action Regarding the Defined Benefit Portfolio Real Estate Asset Allocation Construct and Adjustments, if any, as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Rives discussed the proposed recommendation from ACG for the Real Estate asset allocation implementation. The additional \$30 million contribution to each Real Estate manager will be completed in two (2) tranches; the first tranche will occur in the fourth quarter of 2023 and the second tranche will occur in the first quarter of 2024. Funding for each tranche will come from the SSgA S&P 500 Index fund and will be deployed as follows: \$17.5 million to JPMorgan Strategic Property fund, \$7.5 million to JPMorgan Special Situation fund, and \$5 million to Clarion Lion Industrial Trust.

Motion made by Luckett, seconded by Park to approve the recommendation from ACG to fulfill the Board's fiduciary duty to achieve the 15% approved Real Estate asset allocation by deploying a total of \$30 million from the SSgA S&P 500 Index fund in two (2) tranches totaling \$17.5 million to JPMorgan Strategic Property fund, \$7.5 million to JPMorgan Special Situation fund, and \$5 million to Clarion Lion Industrial Trust.

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

NAY: None

C. ACG: Consideration and Possible Action Regarding the Underlying Money Managers in the International Investment Allocation of the Defined Benefit Portfolio, and to Conduct a Search To 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 Regarding the Underlying Money Managers of the International Investment Equity Option in the Defined Contribution Program, and to Conduct a Search To Replace any of the Managers, if Deemed Necessary, 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. 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.

9. Consideration and Possible Action Regarding Administrative Committee Report

A. Report on Next Steps Regarding the Adoption of the Code of Conduct as Recommended by the Administrative Committee and Rejection or Approval of any Amendment Proposed and Considered by the Trustees at the Meeting

Johnston, Committee Chair, thanked Trustees for their input on the Code of Conduct. The Administrative Committee met to review and discuss the draft Code of Conduct presented by Davis at the Board retreat. The final proposed policy will be presented at the September 29th meeting for Trustee consideration.

10. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on plan changes for the OkMRF Members and a new DC Member, Town of Amber. Girardi was recognized for her efforts.

12. OkMRF Staff Report

Girardi provided an update on the upcoming OMI Annual Conference. For attending Trustees, hotel information and work schedules have been provided. Hall of Fame banquet attendees are Rooney, Barnett, Johnson, and Johnston plus guests. donations are being accepted for a raffle drawing benefiting OK Kids Korral, a Toby Keith Foundation.

Cox reported on the following items:

- Next month's meeting will be in person only and held offsite on September 29th at the Choctaw Casino Resort in Durant immediately following the conclusion of the Oklahoma Public Funds Trustee Education Conference (OPFTTEC).
- The OMI Annual Conference will be held on September 20th and 21st with the Hall of Fame banquet on the evening of the 21st.

- OPFTEC will be held September 27th through September 29th in Durant, Oklahoma at the Choctaw Casino Resort.
- Due diligence trip to visit Voya is scheduled for October 3rd through October 5th. Trustees Doolen and Reames will attend with Cox and Girardi.
- The annual audit has started. Finley & Cook has selected numerous confirmation samples which will be mailed out shortly.

13. New Business

None.

14. Trustee/Member Comments

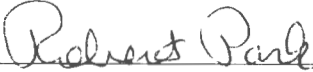
None.

15. Roll Call

Whatley reported a quorum present.

16. Adjourn

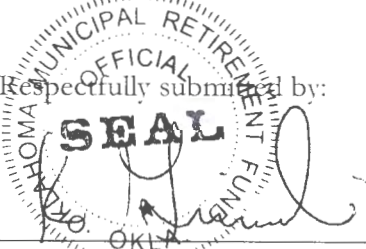
With no further business to conduct the meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:


Katie Girardi