

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
August 29, 2024

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 29, 2024, at 10:02 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 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
Ed Tinker, Retiree, City of Glenpool
Tim Rooney, City Manager, City of Mustang (non-voting member, due to virtual attendance outside district)

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CFO & Director
Chris Whatley, CIO & Plan Advisor
Rhnea Stewart, Fund Accountant
Kevin Darrow, Retirement Administrator

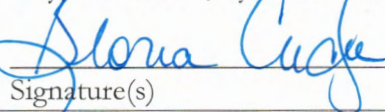
OkMRF Attorney: David Davis

Other: Haley Rives, ACG
Patricia Somerville-Koulouris, Northern Trust
Adria Campbell, Voya
Michelle Ogden (Albers), Voya (via phone)
Lisa Morgan, Voya (via phone)
Chris Trovato, Voya (via phone)
Scott Darcy, Voya (via phone)
Gar Chung, Financial Investment News (via phone)
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 August 29, 2024, was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe, by 10:00 a.m. on August 28, 2024.


Signature(s)

3. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of July 26, 2024 Meeting(s)**

B. **Monthly Valuation of Fund Assets & Unit Values by Custodian as of July 31, 2024**

Option	Value By Fund
Defined Benefit	\$760,328,915.66
International Investment Equity	9,236,751.73
Aggressive Equity	19,217,129.43
Real Assets Fund	713,891.22
ESG US Stock Fund	1,866,132.15
Global Equity	12,795,024.03
Growth and Value Equity	28,538,039.62
S & P 500 Index	46,559,636.95
Target Retirement 2065	260,819.05
Target Retirement 2060	12,322,676.78
Target Retirement 2055	11,450,458.07
Target Retirement 2050	17,113,642.09
Target Retirement 2045	22,416,324.06
Target Retirement 2040	26,416,683.89
Target Retirement 2035	32,871,952.74
Target Retirement 2030	38,218,126.89
Target Retirement 2025	44,075,528.12
Target Retirement 2020	19,424,084.51
Target Retirement Income	18,519,050.85
Total Yield Bond Fund	7,735,954.87
Bond Index	14,359,296.18
Voya Fixed Plus III	46,039,549.59
Loan Portfolio	8,556,836.56
Self Directed Brokerage	408,634.97
Total Assets	\$1,199,445,140.01

C. Purchases and Sales of Assets for July 2024

D. Administrative Expenses and Fees

Expenses and Fees for August

Actuary & Recordkeeping	\$49,585.88
Administration	118,542.31
Attorney	4,000.00
Audit	0.00
Board Travel	3,007.54
Employer Directed Expense	2,560.00
Insurance	26,729.56
Investment Advisors	0.00
Custodial	9,906.91
Investment Consultant	0.00
Public Relations	466.07
Representative Travel	<u>6,009.91</u>
EXPENSES	<u><u>\$220,808.18</u></u>

E. Benefit Payments and Contribution Refunds for July 2024

F. Acknowledgement of Receipt of the Clarion Lion Industrial Trust Special Supplement Dated August 2024 Updating the Special Supplement Dated October 2023 and the Confidential Private Placement Memorandum Dated October 2022

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

Motion carried: AYE: Barnett, Doolen, Johnson, Johnston, Lockett, 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. **Northern Trust: Annual Update on DB Custodial Services – Patricia Somerville-Koulouris**

Somerville-Koulouris began the presentation by expressing gratitude to OkMRF for their ongoing partnership and emphasized Northern Trust's (NT) commitment to maintaining a strong relationship. NT has two (2) major focuses for their business model, with 60% related to asset services and 40% to asset management. They are well positioned for the continuation of investing in their business with a strong capital position and superior credit ratings. The strategic focuses for NT are people, their client experience, technology and innovation, resiliency in infrastructure, and overall risk and control environment. Since the last update to the Board, five (5) new clients have been gained and one (1) lost, with ten (10) Oklahoma representative governmental clients. Over 75% of generated revenue comes from the commitment to asset servicing. NT dedicates a substantial amount to technology spending, \$4.9 billion for 2023-2025, with about 40% to maintain and service existing services and the remaining 60% directed toward new technological product development aligned with client needs and challenges.

Somerville-Koulouris discussed cybersecurity governance aspects utilized, and NT will continue to enhance with the ever evolving threatening landscape. Their Audit Committee has established a new Cyber Security Committee. NT adheres to the National Institute of Standards and Technology (NIST) cybersecurity standards, guidelines, best practices, and other resources to meet the needs of U.S. industry, federal agencies, and the broader public. NT uses various testing methods within the employee groups at NT and uses third party independent services to test within the employee groups, as well as direct attacks against their systems. Additionally, since the last update to the Board, NT has had strong participation in industry groups, continuation to utilize artificial intelligence to identify internal risks within the organization, utilization of internal audit staff, and a self-assessment control and validation process within NT.

Client servicing structure, class action administration, and benefit payment processing were briefly reviewed and discussed.

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

Campbell began the update as our Strategic Relationship Manager and briefly identified other coworkers who will be updating via phone participation. She reported that Voya Financial (Voya) was recognized for the eleventh (11th) consecutive year as one of the World's Most Ethical Companies® by Ethisphere®. The DC plan assets represent nearly 99% of their business. The most recent growth has been in the HSA account business.

Call volume trend is decreasing due to call resolution efforts, educational content available to participants, PAL digital assistant chats, sponsor web and dashboard enhancements, and overall participant sentiment slightly trending up over the last quarter. Voya Cares and Easterseals commissioned a research endeavor together for the purpose of supporting veterans with disabilities and their caregivers within the workplace. Campbell reviewed innovative enhancements to the participant web site, the mobile app, and contact center, along with the redesign of the participant home page for financial life, and the continuation of security enhancements to the website and mobile app. She then provided a summary of enhancements expected for the participant and plan sponsor experience.

An update related to the Account Consolidation Team (ACT), which focuses on assisting participants to rollover other employer retirement accounts to OkMRF, has assisted OkMRF participants with over \$4.6 million of rollover funds since 2021.

Ogden (Albers) then provided an update on the Plan statistics for the past year. There were five (5) new Members added and thirteen (13) new plans added, the Staff 457(b) plan was transitioned to Voya from MissionSquare, and two (2) plans added the loan feature. Plan Participants are currently at 10,144 with assets of \$431 million, an 11% increase in asset value. On June 30, 2024, 852 participants, representing 8.3%, had an outstanding loan balance. Call center web site chatbot statistics were reviewed. The utilization of web site and the chatbot for loan processing showed increased usage with a 91% rate of resolution for loan and withdrawal processing questions.

Morgan provided a briefing on the Fixed Plus III DC investment option with the current declared rate of 2.25%, floor rate of 1.50%, \$47.1 million in assets for OkMRF participants on June 30, 2024. This investment option had no changes to the investment process, with one change to the investment team being a promotion of Stein to CIO to replace Toms, since he was promoted to CEO.

Trovato provided an update on the Advisory Services available to OkMRF. Professional portfolio management is used by 2.2% of the Participants on 6.6% of the assets, online advice sought by 3.3% with 53.1% of that advice dispensed in the past year, and 5.8% utilized the online guidance functionality to include asset class level allocation, savings, and retirement income guidance at no cost. Voya has seen good participation on the Social Security guidance tool. Also noted, 20% of the professional management members utilized the “Income Beyond Retirement” tool for decumulation spending and strategies for overall finances.

Darcy updated the Board on their 2022 research project started and conducted on extensive diversity, equity, and inclusion (DEI) regarding the state of workplace retirement saving gaps among underserved employee populations, including women. Some of the key findings related to females are as follows: 72% of are nervous about their finances; 56% of workforce are concerned about health care cost; 80% worry about the inflationary impact to save for retirement, household wealth levels varied substantially and were impacted by marital status; and 40% indicated their only source of emergency savings was their workplace retirement plan.

8. Consideration and Possible Action Regarding Investment Committee Report

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

Rives briefly reviewed the ASAP reports for both DB and DC portfolios. For the month of July, the DB portfolio was overweight in large-cap equities, underweight in Real Assets and Fixed Income allocations. July returns were good, beating the policy index and the one (1) year returns, and are overall reflective of strong performance. However, she anticipates volatility to be on the uptick within the markets due to the upcoming elections and the potential for an interest rate cut next month.

The DC investment program is operating as expected. Rives pointed out the Growth and Value Investment Option, particularly, T. Rowe Price, has experienced strong performance and returns for the past twelve (12) months. FSG was challenged during 2023 but is doing much better during 2024. The other investment options are performing as expected and with no concerns at this time.

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 stated the OkMRF target allocation for real estate, according to the Investment Policy Statement, is 15%. However, the current allocation stands at 10% due to a sharp downturn in real estate markets and strong growth in equity markets over the last year. ACG presented two (2) real estate manager candidates for consideration. Both options fit within the Real Estate allocation while pursuing opportunities in non-core real estate. ACG favored the firm that had been in business the longest, a pioneer in pursuing expanded options of real estate investing, and held a lower weighting to the industrial sector. While fees were comparable, ACG recommended the Morgan Stanley Prime Property Fund that had a lower basis point fee management fee and included a performance fee component.

Motion made by Lockett, seconded by Park, to add Morgan Stanley Prime Property Fund in the amount of \$30 million as well as future redemptions from the JP Morgan Strategic Property Fund, directing Attorney and Staff and Trust Attorney to prepare all necessary adoption documents as soon as administratively feasible, as recommended by ACG.

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

NAY: None

C. ACG: Consideration and Possible Action Regarding the Underlying Money Managers in the Fixed Income Component of the Defined Benefit Portfolio 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

Rives provided a review of the portfolio construct, which has been in place for some time now, with 50% allocated to core investment grade and the other 50% to diversify beyond core investments. The biggest risk to the fixed income allocation is interest rate risk. So, with the addition of BlackRock and Amundi, this was designed to breakdown the single interest rate risk and diversify across additional sectors, mitigating risk. As recently seen and through the sharply rising interest rate environment, the portfolio construct did exactly what it needed to do, resulting in a one year trailing return just over 7.25%. ACG does not recommend any changes or modifications to the fixed income component.

Motion made by Lockett, seconded by Park, there are no recommendations to replace any fixed income manager or adjust any allocations within the DB portfolio at this time, as recommended by ACG.

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

NAY: None

D. ACG: Consideration and Possible Action Regarding the Underlying Money Managers of the Total Yield Bond and the Bond Index Options 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

ACG does not recommend any changes or modifications to the Total Yield Bond or Bond Index Investment options in the DC program.

Motion made by Lockett, seconded by Park, there are no recommendations to replace any Total Yield Bond or the Bond Index underlying managers offered in the DC program at this time, as recommended by ACG.

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

NAY: None

E. 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 Trustees at the Meeting

Rives reviewed the recommended reallocation and/or rebalancing needed to fund the newly selected Real Estate manager in Item 8. B increasing the current allocation of 10% up to the approved 15% per Investment Policy and lowering the amount overweight to large cap equities.

Motion made by Lockett, seconded by Park, to reallocate and rebalance by transferring \$40 million from SSgA S&P large cap equity fund, and to invest \$30 million into Real Estate, Morgan Stanley Prime Property Fund, and \$10 million into JPMorgan Fixed Income Fund, as recommended by ACG.

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

NAY: None

9. Consideration and Possible Action Regarding Administrative Committee Report

No action taken.

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 Medicine Park. Whatley and Darrow were recognized for their efforts.

12. OkMRF Staff Report

Cox reported on the following items:

- At-Large election is underway. Ballots will still be accepted through close of business on Friday. They can be faxed, emailed, or mailed but must be received in our office on or by August 30, 2024. Through the mail opening today, incumbent Johnston is leading in votes.
- September is conference month. A conference folder was distributed with the details. Please check your reservations for accuracy and let us know if there need to be any changes.
- OML Exhibit Hall events are Wednesday, September 11th and Thursday the 12th. Work schedules are in your conference folders.
- The OML Fund Raiser benefits the Food Bank of Eastern Oklahoma. If you would like to donate, please read the flier information, and forward donations to Lindsay Porter here at OkMRF.
- The Hall of Fame Banquet will be from 5:00 to 9:00 p.m. on Thursday, September the 12th. Congratulations to the Class of 2024 Inductees: Chris Henderson, Ponca City; Tim Lyon, Midwest City; and Tyler Buttram, Mannford. Two (2) Trustees will be attending the banquet.
- OkMRF will be hosting the Public Funds conference in 2025. You have been provided a “mockup” of a Save the Date postcard for October 1st through the 3rd, 2025 at Broken Arrow, Stoney Creek Hotel.
- A due diligence trip is scheduled for Boston to visit SSgA and Amundi on October 7th through the 9th. Trustees Tinker, Luckett, Park and staff members Whatley and Darrow will be participating.
- Annual audit is underway. Finley & Cook selected numerous confirmations and staff has prepared the letters for mailing. OkMRF has been assigned a new audit partner, Chance Allyson. Allyson has public sector experience, most recently with the City of Shawnee and has been rehired by Finley & Cook. Dan Bledsoe and Allyson stopped by and visited with staff related to this upcoming change. Bledsoe will be focused as the audit partner for their tribal affair clients.

13. New Business

None.

14. Trustee/Member Comments

None.

15. Acknowledge the Review and Acceptance of ACG, Northern Trust, and Voya Financial Reports as Presented During This Meeting

Motion made by Reames, seconded by Johnson to accept the reports as received from ACG, Northern Trust, and Voya Financial.

Motion carried:

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

NAY: None

16. Roll Call

Whatley reported a quorum present.


17. Adjourn

With no further business to conduct the meeting adjourned at 12:24 p.m.


Robert Park, Secretary


Donna Doolen, Chair

Respectfully submitted by:


Rhney Stewart