

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
January 26, 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 January 26, 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
Treasurer: Jim Lockett, 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, Retiree, City of Stillwater
Tim Rooney, City Manager, City of Mustang
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

OkMRF Staff: Jodi Cox, CEO & Director
Chris Whatley, Chief Investment Officer & Plan Advisor
Rhnea Stewart, Fund Accountant

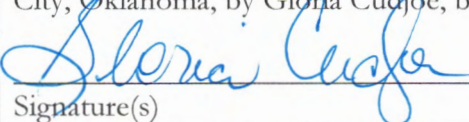
OkMRF Attorney: David Davis

Other: Kevin Moore, ACG
Trey Smith, BlackRock
Pat Sproule, BlackRock
Russ Brownback, BlackRock *(via video)*
Kevin Balaod, WithIntelligence *(via video)*

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for January 26, 2024, was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe, by 10:00 a.m. on January 25, 2024.


Signature(s)

3. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of December 21, 2023 Meeting(s)

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

Option	Value By Fund
Defined Benefit	\$ 706,324,440.13
International Investment Equity	\$ 8,747,797.90
Aggressive Equity	\$ 18,539,814.76
Real Assets Fund	\$ 779,665.68
ESG US Stock Fund	\$ 1,872,540.64
Global Equity	\$ 11,614,486.31
Growth and Value Equity	\$ 24,754,597.83
S & P 500 Index	\$ 40,363,875.07
Target Retirement 2065	\$ 189,725.76
Target Retirement 2060	\$ 9,937,722.20
Target Retirement 2055	\$ 9,945,234.11
Target Retirement 2050	\$ 15,010,852.39
Target Retirement 2045	\$ 18,840,244.55
Target Retirement 2040	\$ 23,603,640.36
Target Retirement 2035	\$ 30,004,906.75
Target Retirement 2030	\$ 34,608,659.36
Target Retirement 2025	\$ 41,904,767.74
Target Retirement 2020	\$ 21,603,594.01
Target Retirement Income	\$ 18,304,586.75
Total Yield Bond Fund	\$ 6,523,815.04
Bond Index	\$ 14,219,641.74
Voya Fixed Plus III	\$ 51,125,641.69
Loan Portfolio	\$ 7,705,461.27
Self Directed Brokerage	\$ 332,829.24
Total Assets	\$ 1,116,858,541.28

C. Purchases and Sales of Assets for December 2023

D. Administrative Expenses and Fees

Expenses and Fees for January

Actuary & Recordkeeping	\$	47,322.56
Administration		106,882.30
Attorney		3,750.00
Audit		6,500.00
Board Travel		4,067.23
Employer Directed Expense		0.00
Insurance		0.00
Investment Advisors		101,101.17
Custodial		8,031.74
Investment Consultant		40,978.25
Public Relations		5,594.71
Representative Travel		<u>1,377.11</u>
EXPENSES	\$	<u><u>325,605.07</u></u>

E. Benefit Payments and Contribution Refunds for December 2023

F. Approval of Disposal of Miscellaneous Obsolete Office Furniture, Equipment and Supplies

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

Motion carried: AYE: Barnett, Doolen, Johnson, Luckett, Park, Reames, 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. BlackRock: Annual Update from Investment Manager – Trey Smith and Pat Sproule

Smith as the relationship manager, provided introductions, expressed appreciation for the relationship and to ACG. A brief update was provided on the status of the State Treasurer's blacklist related to the "Energy Discrimination Elimination Act of 2022". BlackRock is still

trying to work with the State Treasurer's office, but they remain on the blacklist and discussions are continuing. This fund does not have any type of ESG benchmark of any kind, or any type of mandate related to the oil and gas industry.

Sproule presented additional information on the characteristics of the fund, pointing out the diversification within the fund, current duration at 3.33 years with a 6.84% yield as of December 31, 2023, with no sole source contributing more than 25% of total performance since inception of this strategic opportunities fund. The fourth quarter of 2023 return of 5.5% made up most of the return for the year and was better than 2022. Contributing factors for the fourth quarter were the spreads in mortgages, strong European credit market with hedging back to U.S. dollars, and non-agency structured, high quality products. During 2022 and 2023, the portfolio's managed duration started at a short duration of zero to two (0 to 2) years with a healthy cash buffer as a defensive stance compared to the end of 2023, with a duration of four to five (4 to 5) years and improved high-end quality of securities, providing improved yields and higher returns as rates changed.

7. Consideration and Possible Action Regarding Investment Committee Report

A. BlackRock: 2023 Year in Review with Global Economic Update – Russ Brownback

Brownback gave a presentation on BlackRock's global economic position. After a unique prior four-year period of abnormality with some paranormality, they think 2024 may look a lot more normal than the past four (4) years. At the beginning of 2023, getting inflation under control was a big concern, however, with the rate cuts during the year, it appears that the Federal Reserve is getting inflation under control and trending in the right direction. The supply disruption has corrected, and corporate profits are improving. The labor market has been repairing itself and wages are starting to stabilize, due to resumption of services especially in the manufacturing sector, care givers reentering the workforce, with continued development of technology and AI innovations, options being made available to work from home, and the influx of foreign participation.

With the economic factors trending back to somewhat normal, BlackRock is predicting more normalcy for the markets as well. They are of the opinion that the Fed will be making "maintenance cuts" later this year, perhaps starting in May 2024 for a period of eighteen (18) months. Credit spreads have tightened, but they believe there is ample room for the risk-free rate to offset any spread widening. BlackRock predicts: 1) cash built up from the past four (4) abnormal years will get put back to work, 2) probability of losses in the fixed income sector will be low even with the spread and duration risk embedded, and (3) the three (3) year track record for various fixed income classes will flip to positive by the end of 2024. BlackRock is excited about the future of fixed income return potential by owning spread assets on yield in 2024, with the coupons on high yield to help overwhelm price swings in the markets.

B. ACG: Review and Discussion of Monthly ASAP Reports

Moore briefly reviewed the Market Snapshot and provided the asset quilt schedule to show that asset class returns move around throughout the years, reiterating the need for diversification. The DB portfolio has \$713 million in assets with the allocation to domestic large cap and non U.S. equity being slightly overweight, private equity hitting the initial target, and both fixed income and real estate slightly under target. The DB portfolio had a net one-year net return of 12.4%, with the five-year return exceeding the assumed rate, the seven-year just nearly meeting the assumed rate, while the ten-year return is at 6.22%,

lower than the assumed rate of 7.25%. River Road has been putting cash to work in the market since the end of the year. The non U.S. equity allocation exhibited strong performance for the one-year at 15.35% net of fees. All other classes performing as expected.

Moore concluded with a high-level review of the DC investment options. The active managers had strong, good returns for the year. The non U.S. equity option, Artisan International Value, added good additional value over the benchmarks and all other options are performing as expected. No concerns currently.

C. ACG: Asset Allocation and Capital Market Assumptions Review

Moore reviewed ACG's capital market assumptions for 2024. The intermediate-term assumptions were limited to minor changes from the previous year of 2023. Most rates were slightly higher over 2023 due to the increases in interest rates and lower valuations. The equities are similar to 2023, but noticeably higher than the 2022 expectations. The fixed income is moderately higher than 2023 from higher yields but tighter spreads and is significantly higher than the 2022 expectations. Real estate shows slight increases over 2023 due to recovery of lower valuations due to write downs.

Overall, the simulated portfolio statistics increased to 8.05% for the ten (10) year median return and 8.56% for the twenty (20) year median return. The updated asset allocation mix is appropriate to achieve the portfolio's long-term rate of return hurdle of 7.25%.

D. ACG: Review of OkMRF 2023 Highlights and 2024 Initiatives

Moore began discussion by thanking the Board for their continued commitment to education and guidance of both the DB and DC portfolios. There was much to be proud of during 2023. Moore reviewed the highlights from the past year: multiple Trustee and Staff education sessions; accomplished initial and funding commitment plan for private equity and established a policy for capital distributions of private equity; completed annual investment manager fee review with peer comparisons; conducted a review of the international equity allocations for both DB and DC; on-site due diligence to Voya for a review of management, operations and future initiatives; and, the continuation of the transition of long/short allocation and related funding for real estate and private equity.

Initiatives for 2024 will include: a continuation of oversight on both the DB and DC portfolios, educational sessions highlighting infrastructure, fixed income allocation manager review, continued private equity education considering initial transition steps, on-site due diligence trip for three portfolio managers to Boston area, investment manager fee and peer group comparisons, continuation of the transition of long/short allocation, and related funding for real estate and private equity with updates to pacing plan.

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.

8. Consideration and Possible Action Regarding Administrative Committee Report

A. Consideration and Possible Action Regarding Resolution 2024-1 Approving the Destruction of Certain Records as Recommended by the Administrative

Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Motion made by Johnston, seconded by Reames to approve Resolution 2024-1, approving the destruction of certain records.

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

NAY: None

B. Consideration and Possible Action Approving the Usage of Unreserved Fund Balance to Add Office Space, Furniture and Equipment to Support Additional Traveling Position as Recommended by the Administrative Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Cox discussed the growth of the Membership, the need for visibility and service throughout the state, and the need for office remodeling and equipment for an additional position. In addition, our existing suite access system is no longer being supported. The unreserved fund balance within the Administrative account is the recommended funding source.

Motion made by Tinker, seconded by Rooney to approved the usage of the unreserved fund balance in the Administrative account in an amount not to exceed \$25,000 for the purpose of establishing office space and equipment for an additional position due to growth in the Membership.

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

NAY: None

(Trustee Tinker left meeting after vote on Item 8.B. 11:45 a.m.)

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. Two (2) new DC members added. Recognition to Whatley for the Town of Quinton and Cox for the Town of Dewar.

11. OkMRF Staff Report

Cox provided reported on the following:

- Two (2) Committee meetings for the next month of February:
 - Investment Committee meeting on February 28, 2024, Wednesday at 2:00 p.m.
 - Contract Committee meeting on February 29, 2024, Thursday at 9:30 a.m. for vendor evaluations and insurance quotes and monitoring.
- Regular Board meeting on Thursday at 10:00 a.m., the 29th.
- Explained upcoming Microsoft meeting notice updates that will be forthcoming from Whatley.
- Whatley and Cox had a booth at the CMAO meeting. This was time well spent and OkMRF made good contacts with City Managers and Assistant City Managers. One

of the City Managers expressed gratitude for the customer service that Whatley provided related to a Voya system challenge.

- Promotions announced for Whatley to Chief Investment Officer and Plan Advisor and for Lindsay Porter to Recordkeeping and IT Manager.

12. New Business

None.

13. Trustee/Member Comments

Doolen expressed appreciation to staff for receiving her first monthly retirement check.

14. Roll Call

Whatley reported a quorum present.

15. Adjourn

With no further business to conduct the meeting adjourned.

The seal is circular with a dotted border. The text around the border reads "OKLAHOMA MUNICIPAL RETIREMENT FUND" at the top and "OKLAHOMA" at the bottom. In the center, it says "OFFICIAL SEAL" with a star below it. A signature is written across the seal, and a horizontal line is drawn below it.
Robert Park, Secretary

Respectfully submitted by:

A handwritten signature in blue ink, appearing to read "Donna Doolen", is written over a horizontal line.
Donna Doolen, Chair

A handwritten signature in black ink, appearing to read "Rhnea Stewart", is written over a horizontal line.

Rhnea Stewart