

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
July 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 July 26, 2024, at 10:02 a.m. with Vice Chair Johnston calling the meeting to order.

2. Roll Call

Vice Chair Johnston 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 (*via conference call*)
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
Ed Tinker, Retiree, City of Glenpool

OTHERS PRESENT:

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


OkMRF Attorney: David Davis

Other: Kevin Moore, ACG
Katie Warrington, Amundi Asset Management
Brad Komenda, Amundi Asset Management
Sean Sullivan, Dean Actuaries
Troy Bradley, City of Midwest City (*via conference call*)
Gar Chung, Financial Investment News, (*via conference call*)
Unidentified, (*via conference call*)

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

Doolen called the meeting to order.

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



Signature(s)

3. **Approval of Consent Agenda**

The following items were presented under the consent agenda.

A. **Minutes of June 28, 2024 meeting and Retreat minutes of June 27, 2024**

B. **Monthly Valuation of Fund Assets & Unit Values by Custodian as of June 30, 2024**

	Value By Fund
Defined Benefit	\$ 749,017,434.27
International Investment Equity	9,243,773.84
Aggressive Equity	18,432,792.81
Real Assets Fund	742,565.18
ESG US Stock Fund	1,825,616.43
Global Equity	12,691,813.03
Growth and Value Equity	28,301,159.20
S & P 500 Index	45,893,919.16
Target Retirement 2065	259,716.18
Target Retirement 2060	11,935,579.99
Target Retirement 2055	11,034,999.81
Target Retirement 2050	16,631,479.28
Target Retirement 2045	21,457,625.97
Target Retirement 2040	25,583,370.55
Target Retirement 2035	32,033,535.97
Target Retirement 2030	37,150,027.25
Target Retirement 2025	42,274,194.06
Target Retirement 2020	19,607,200.30
Target Retirement Income	18,350,034.11
Total Yield Bond Fund	7,132,660.27
Bond Index	14,244,407.35
Voya Fixed Plus III	47,161,710.32
Loan Portfolio	8,576,338.96
Self Directed Brokerage	409,409.86
Total Assets	\$ 1,179,991,364.15

C. Purchases and Sales of Assets for June 2024

D. Administrative Expenses and Fees

Expenses and Fees for July

Actuary & Recordkeeping	\$	48,781.32
Administration		139,452.12
Attorney		3,750.00
Audit		0.00
Board Travel		4,332.79
Employer Directed Expense		5,440.00
Insurance		19,456.00
Investment Advisors		83,472.12
Custodial		8,204.10
Investment Consultant		0.00
Public Relations		805.00
Representative Travel		<u>5,150.41</u>
EXPENSES	\$	<u><u>318,843.86</u></u>

E. Benefit Payments and Contribution Refunds for June 2024

F. Acknowledgment of Receipt of Amended and Restated Declaration of Trusts (DOTs) for JPMorgan Strategic Property Fund and Special Situation Property Fund Effective July 1, 2024

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

Motion carried: AYE: Barnett, Doolen, Johnson, Johnston, 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. **Amundi Asset Management: Annual Update from Investment Manager – Katie Warmington and Brad Komenda**

Warmington kicked off the presentation with a firm and team update. The CIO is stepping back into a portfolio manager role and still engaged in the portfolio strategy. Marco Pirondini is the new CIO.

Regarding ownership, an announcement was made in mid-April about a Memorandum of Understanding between Amundi and Victory Capital Management, which was signed on July 9th. Amundi, the global parent, will be contributing Amundi U.S. to Victory Capital Management in exchange for 26.1% ownership and two (2) board seats, or 5⁰% voting interest. Amundi is owned by Credit Agricole group, a French bank with a presence in the U.S. That bank ownership requires Fed oversight, which can be burdensome to the global owner. This agreement is attractive to Amundi as it allows Amundi to operate more freely. This provides benefit to Victory because it offers them global expansion where there is already an existing sales force. There are no planned changes to the investment teams. Warmington indicated that there will be new branding, no anticipated change of office geography, and no intention of any new agreements.

Komenda gave an overview of the performance within OkMRF's strategy offered within the defined contribution portfolio. While the position is relatively low risk, it has still outperformed the benchmark by 2⁰% (over a 1-year period).

Transitioning to economic outlook, Komenda stated the environment is restricted and has slowed down, the current market has priced in a Fed funds rate cut but does not expect a rate cut until September. Komenda stated the U.S. economy is in an environment of strong economic growth until recently, and with the spread environment being high, the portfolio has been in a mode over the past couple of years of reducing risk. Government spending has continued to grow, and immigration has increased, adding to pressure on the government deficits. Komenda pointed to this data along with labor market data and yield spreads to predict moderation, not necessarily recession, but a weaker economy. Komenda indicated that due to these factors, this strategy is positioned conservatively.

Looking at the historical sector allocation in the portfolio, due to the conservative view, the high yield investments have come down since the pandemic, and there has been a shift towards investment grade non-U.S. The risk-free components, such as agency mortgage-backed securities, treasuries, and cash, comprise about 40⁰% of the portfolio, which is at a relatively historic high. Despite the conservative positioning, the portfolio still delivered 275 basis points of excess return above the benchmark over the past year. Komenda pointed to commercial mortgage-backed securities as well as CMO (non-agency mortgages) as the best performers. Those two components, along with the portfolio being overweight in the banking sector has helped to drive the performance.

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

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

Moore began by reviewing the DB Portfolio based upon the June reports. A couple of allocations that have been a little more challenged include the equity long/short portfolio, that OkMRF is actively getting out of, as well as real estate, which has been discussed in recent meetings. Outside of those two segments, Moore stated the portfolio is doing well. Moore touched on the economic picture and stated that overall things are in line with long term trends and signs are still good in the United States. He indicated that everyone will be looking at central banks here and in Europe for the foreseeable future.

On a YTD basis, large cap stocks have been up about 15%, small cap up about 10%, non-U.S. stocks up around 7% depending on which measure you look at. For our portfolio, looking at gross of fees basis, the return is at 7.1% over ten years. Being overweight to large cap equities is a contributor to the performance. On a fiscal year-to-date basis, the performance is 10.8% net of fees, which is underperforming the policy index performance of 11.7% due to getting out of the long/short equity position and real estate, which is being addressed. No concerns as it relates to U.S. managers.

On the non-U.S. side, on a YTD basis the portfolio has had performance of 9%, which is a pretty significant outperformance of the benchmark. Reiterating what was discussed at the trustee retreat, Moore stated that clearly nothing is broken but at a future board meeting, if desired, ACG could present more information about small and mid-cap international to see if that is a path desired for the group.

Moore pointed out that Fixed Income as a whole has performance of 5.6% net of fees for the fiscal year to date, which is outperforming the benchmark by almost 3%. ACG may be looking at the fixed income allocation to determine sector and geographic exposures in more detail. Touching on the Real Estate allocation, Moore revealed that JPMorgan has added a new Head of Portfolio Strategy for both the Special Situation and Strategic Property strategies, and it is an indication that they are looking to turn things around. Regarding Private Equity, the commitment to Berkshire has been added to the statement, when activity starts occurring, this will be reflected on the statements.

Moore moved to the DC reports and had no concerns with any of the underlying white label funds. When looking at the S&P 500 Option, he commented it is difficult to outperform the index, this option has been able to do so, and was even very close to the benchmark when looking at the 10 year mark. Aggressive Equity Option has had a good year and no issues with managers. Since international equities were just discussed on the DB side, Moore did not have any comments to add except the timing of the Emerging Markets option is the only thing that has caused it to lag the benchmark. Moore reiterated that the ESG Option is not holding the top concentrated performers in the broader market, and its performance is reflective of this.

No comments on the total yield options and no concerns on the target date funds. Moore did indicate that a due diligence trip to visit SSgA in Boston is in the works for the Fall.

B. ACG: Consideration and Possible Action to Consider JPMorgan Fee Credit Program Authorizing Staff to Submit Withdrawal Modifications for the Strategic Property Fund and the Special Situation Property Fund Lowering to a 20% Redemption Threshold as Recommended by the Investment Committee and Rejection or Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Moore began by recapping the fee credit program as presented at last month's Board meeting regarding the JPMorgan Strategic Property Fund and JPMorgan Special Situation Property Fund. JPMorgan is offering a fee reduction of 30% of what would normally be paid if the Board rescinds at least 80% of the previously submitted redemption requests. So, 20% of the investment can be in the redemption queue or less in order to participate in the fee credit program. Upon review, ACG believes the program is straightforward, and it should result in fee savings of approximately \$245,000 over the next 18 months. ACG recommends the Board take advantage of the 30% fee credit program by rescinding 80% of the redemption requests for each fund.

Motion made by Lockett, seconded by Park to authorize staff to submit withdrawal modifications for the Strategic Property Fund and the Special Situation Property Fund lowering to a 20% redemption threshold as recommended by ACG.

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

Contract Committee Chair reported that the committee recommends renewal of the liability protection plan through OMAG at the increased rate of \$15,726 per year. Trust Attorney also noted that there are employment related coverages that are beneficial to OkMRF.

Motion made by Reames, seconded by Rooney to renew liability protection plan with OMAG for period August 1, 2024, through August 1, 2025.

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

Contract Committee Chair reported that the committee recommends renewal of the business personal property coverage with Hartford with a nominal increase to a current rate of \$3,730 per year.

Motion made by Reames, seconded by Rooney to renew business personal property coverage with Hartford for the period of September 1, 2024, to September 1, 2025.

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

NAY: None

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

Contract Committee Chair reported that the committee recommends renewal of cyber security insurance with Coalition reflecting a nominal increase to a current rate of \$26,729.56 per year.

Motion made by Reames, seconded by Rooney to renew cyber security insurance with Coalition for the period of August 26, 2024, to August 26, 2025.

Motion carried: AYE: Barnett, Doolen, Johnson, Johnston, Lockett, 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 a report on the projected impact of asset experience on the OkMRF funding requirements by Member plans as of June 30, 2024. The market weighted return was reported at 11.1% on a dollar weighted basis for the period, while the smoothed actuarial return reported at 6.6%. The actuarial value as a percentage of market value was reported at 101%. Even though the smoothed actuarial return does not meet the assumed rate of return, the market experience resulted in an average cost decrease of .06% and a median cost decrease of .04% due to anticipated payroll growth. There are no recommended changes to valuation assumptions or methods for this upcoming valuation. The next experience study is slated for 2026, which will be performed in 2027.

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

Whatley reported on plan upgrades and change of vesting schedules for the OkMRF members, as well as a new plan for Bartlesville creating a CMO plan for their Assistant City Manager effective on 10/1/24.

12. OkMRF Staff Report

Whatley reported he would be resending the Board meeting invitation to make Darrow the meeting owner.

Whatley and Darrow reported attending the Newly Elected Officials Institute and meeting many new municipal leaders.

Cox reported on the following:

- Investment Committee meeting is scheduled for Wednesday, August 28th to review Real Estate long term plan as well as evaluate Fixed Income. All board members are encouraged to attend at 2:00 p.m.
- Thursday, August 29th at 9:00 a.m., the Administrative Committee will meet in person to further explore the proposed DB special incentive feature in the OkMRF plan.
- The next board meeting is scheduled for Thursday August 29th. The Board will be hearing from our two custodial banks, Voya, and Northern Trust.
- Let Gloria know if you need hotel arrangements. Staff is working on smoothing out processes with the Ellison hotel.

- Election update – District Four did not draw another candidate so congratulations to Tammy Johnson on another five-year term representing District Four. The term starts in October so the results will be in the September board packet.
- The at-large position is in an election run-off with seven nominees and the votes must be physically received in the OkMRF office by Friday, August 30th. The seven nominees running for the at-large position are:
 - Incumbent, Robert Johnston, Clinton City Manager
 - Greg Buckley, Carlton Landing Town Administrator
 - Ryan Dawson, Union City Vice Mayor
 - Kamie Brookshire, El Reno Human Resources Director
 - Cody Roe, McCloud City Manager
 - Cindy Shivers, Yukon Human Resources Director
 - Shawn Gibson, Drumright City Manager
- This year's George F. Wilkinson Award recipient will be Michelle Cogdill, Finance and Human Resource Director of Harrah. Cox reported she would be presenting the award to Cogdill at an upcoming Harrah City Council meeting.
- Next month trustees should expect to receive conference folders for either OML or the public funds conference, or both. For those who volunteered to help at the OML conference, you will be receiving booth assignments from Lindsay Porter. Porter has been doing much of the preparation and design work for the conference and Whatley and Darrow have also been planning conference topics. Reminder that the Exhibit Hall activities are Wednesday, September 11th and Thursday, September 12th.

13. New Business

None.

14. Trustee/Member Comments

None.

15. Acknowledge the Review and Acceptance of ACG, Amundi Asset Management, and Dean Actuaries Reports as Presented During this Meeting

Motion made by Johnston, seconded by Luckett to accept the reports as received from ACG, Amundi Asset Management, and Dean Actuaries.

Motion carried:

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


NAY: None

16. Roll Call

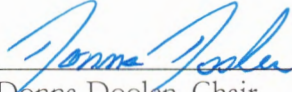
Whatley reported a quorum present.

17. Adjourn

With no further business to conduct, the meeting adjourned at 11:30 a.m.




Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Regina Story