

MINUTES
BOARD OF TRUSTEES
OKLAHOMA MUNICIPAL RETIREMENT FUND
January 27, 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 January 27, 2023, at 10:00 a.m. with Chair Doolen presiding. On roll call, the following members were present.

BOARD OF TRUSTEES

Chair: Donna Doolen, Finance Director, City of Ada (*via video*)
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, Deputy City Manager & Chief Financial Officer, 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, Plan Advisor & Portfolio Strategist
Rhnea Stewart, Fund Accountant
Katie Girardi, Plan Administrator

OkMRF Attorney: David Davis

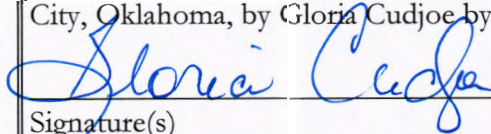
Others: Kevin Moore, ACG
Mariko Boswell, PIMCO (*via video*)
Sheldon Fox, PIMCO (*via video*)
Bransby Whitton, PIMCO (*via video*)
Tony Crescenzi, PIMCO (*via video*)
Troy Bradley, City of Midwest City (*via video*)
Joe Ebisa, With Intelligence (*via video*)

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

Doolen welcomed everyone and called the meeting to order.

NOTICE: The agenda for January 27, 2023, meeting was posted in Columbus Square, Oklahoma City, Oklahoma, by Gloria Cudjoe by 10:00 a.m. on January 26, 2023.

Signature(s)



2. Approval of Consent Agenda

The following items were presented under the consent agenda.

A. Minutes of December 16, Meeting(s)

B. Monthly Valuation of Fund Assets & Unit Values by Custodian as of December 31, 2022

| Option | Value By Fund |
|---------------------------------|---------------------|
| Defined Benefit | \$ 647,128,290.02 |
| International Investment Equity | \$ 7,795,376.05 |
| Aggressive Equity | \$ 16,100,278.35 |
| Real Assets Fund | \$ 932,087.60 |
| ESG US Stock Fund | \$ 1,354,056.95 |
| Global Equity | \$ 9,889,361.68 |
| Growth and Value Equity | \$ 20,116,192.88 |
| S & P 500 Index | \$ 31,777,458.48 |
| Target Retirement 2065 | \$ 159,849.09 |
| Target Retirement 2060 | \$ 6,592,219.75 |
| Target Retirement 2055 | \$ 7,200,660.96 |
| Target Retirement 2050 | \$ 11,345,424.27 |
| Target Retirement 2045 | \$ 14,390,559.45 |
| Target Retirement 2040 | \$ 18,704,970.01 |
| Target Retirement 2035 | \$ 24,527,944.65 |
| Target Retirement 2030 | \$ 28,082,705.08 |
| Target Retirement 2025 | \$ 36,183,892.22 |
| Target Retirement 2020 | \$ 23,029,185.13 |
| Target Retirement Income | \$ 18,752,798.16 |
| Total Yield Bond Fund | \$ 5,430,424.05 |
| Bond Index | \$ 14,193,729.89 |
| Voya Fixed Plus III | \$ 54,963,550.33 |
| Loan Portfolio | \$ 7,549,213.63 |
| Self Directed Brokerage | \$ 283,227.12 |
| Total Assets | \$ 1,006,483,455.80 |

C. Purchases and Sales of Assets for December 2022

D. Administrative Expenses and Fees

Expenses and Fees for January

| | |
|---------------------------|----------------------|
| Actuary & Recordkeeping | \$ 42,197.71 |
| Administration | 102,126.42 |
| Attorney | 3,750.00 |
| Audit | 8,000.00 |
| Board Travel | 2,222.89 |
| Employer Directed Expense | 2,075.00 |
| Insurance | 0.00 |
| Investment Advisors | 89,837.95 |
| Custodial | 8,869.88 |
| Investment Consultant | 38,434.50 |
| Public Relations | 817.21 |
| Representative Travel | 529.03 |
| EXPENSES | \$ 298,860.59 |

E. Benefit Payments and Contribution Refunds for December 2022

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

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

NAY: None

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

No action taken.

4. Comments from the Public

None.

5. PIMCO: Annual Update from Investment Manager – Mariko Boswell and Georgi Popoc

Boswell introduced colleagues Sheldon Fox, Relationship Manager, Bransby Whitton, Product Strategist, and Tony Crescenzi, Portfolio Manager. She thanked OkMRF for their continued support of the Real Assets strategy since 2016.

Whitton began the presentation with an overview of the historical frequency of different market environments and which asset classes best perform under certain economic conditions. The Real Assets strategy allows PIMCO to seek opportunities across the global market and have flexibility during various market conditions. Whitton reviewed the strategy's composition; 40% TIPS, 25% commodities, and 35% REITs. The allocations are all actively managed on a moderate scale and based on the weights of each sector within the Consumer Price Index (CPI). Whatley questioned whether the REITs allocation was composed of residential housing only and Whitton confirmed the allocation holds residential, commercial, and industrial exposures.

Whitton continued the presentation by reviewing the multi-real asset investment team. Portfolio managers are supported by a large team of specialists in each sector. Despite a bounce back in the fourth quarter, the strategy reported negative returns of 9.62%, net of fees for the year. Both TIPS and REITs were challenged throughout the year due to the Fed's continued monetary policy tightening. However, during the fourth quarter, the expectation of a looser monetary policy going forward caused U.S. yields to rally and the strategy outperformed the respective benchmark by 55 bps. Commodities, especially energy, had robust performance in the first three (3) quarters of 2022, but as energy prices fell, the sector ended the fourth quarter in negative territory.

Looking forward, as inflation begins to moderate and growth appears to be slowing, PIMCO will continue active management across TIPS with an underweight duration positioning overall, a focused effort on individual securities selection within the REITs sector and continue their broad market assessment in the commodities sector.

6. Consideration and Possible Action Regarding Investment Committee Report

A. PIMCO: 2022 Year in Review with Global Economic Update – Tony Crescenzi

Crescenzi provided an economic recap of 2022 noting how the investor's assumption of the Fed increasing interest rates by around 1%, but in reality, the Fed increased rates by 4% was one of the largest detractors for market returns and a main reason for muted GDP growth.

Looking forward to 2023, Crescenzi discussed attractive areas of the market for investors to look to gain alpha. Bonds appear favorable in a long-term portfolio as average yields have increased to 4.3% in the Bloomberg U.S. Aggregate and investment grade credit bonds could potentially see yields above 5.0%. As core fixed income begins to stabilize, interest rate and equity market volatility ought to decline in the coming year. Crescenzi discussed reasons not to be pessimistic in 2023, noting those investors with a long-term orientation should have 'dry powder' on hand to allow for flexibility within their portfolio.

B. ACG: Review and Discussion of Monthly ASAP Reports

Moore began the presentation with a quick recap of 2022 noting nearly every sector faced challenges, except for private real estate which is lagging in reporting the negative impacts of rising inflation and geopolitical events. Returns began to rebound in January as investors expect the Fed to pause monetary tightening and China to reopen. International equities have rallied during the first month of 2023 reporting returns of almost 10.0%. Domestic equities and bonds are in positive territory despite a slowing economy.

Moore reviewed the DB portfolio noting assets totaling over \$646 million with a ten (10) year annualized return of 7.42% while taking on less risk relative to the policy index. Moore reviewed the long-term transition plan as the long/short portfolio unwinds and investment into private equity begins to form over the next several years. Until the transition is complete, target versus actual portfolio allocations will remain underweight. A challenging year concluded with the majority of investors being in negative territory due to rising inflation and geopolitical

events. Moore encouraged Trustees to view the market downturn as creating a buying opportunity to support the sustainability of the portfolio long term and not forget how well markets have performed over the past decade. The funding for Emerging Market manager, Axiom Investors, was completed in the first week of January and will be listed in the reports presented at the February meeting.

Moore concluded his presentation with a high-level review of the DC portfolio stating value managers fared better than growth managers in 2022. Long term performance remains strong even with the drawdown in 2022. The replacement manager, Axiom, in the white-label international sleeve for the Emerging Market underlying manager, was also funded in the first week of January and will be listed in the reports presented at the February meeting.

C. ACG: Asset Allocation and Capital Market Assumptions Review

Moore reviewed ACG's capital market assumption modeling tool which utilizes two (2) sets of assumptions, intermediate (5-10 years) and long term (10+ years). While 2022 was a challenging year, intermediate assumptions increased from the previous year due to higher interest rates and lower valuations for Fixed Income and Equities. Real Estate assumptions were reduced due to lower cap rates. Overall, the simulated portfolio statistics increased to 7.86% for the ten (10) year median return and 8.47% 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 but could be harder to achieve over the intermediate term.

D. Review of OkMRF 2022 Highlights and 2023 Initiatives

Moore began discussion by thanking the Board for their continued commitment to education and guidance of both the DB and DC portfolios. Moore reviewed the highlights from the past year noting multiple Trustee and Staff education sessions, the executed transition within the Real Estate portfolio resulting in additional investments into JPMorgan SPF and SSPF, and an initial investment with Clarion Lion Industrial Trust, replacement of TimesSquare with William Blair within the small-mid cap equity allocations in the DB and DC plans, replacement of Harding Loevner with Axiom Investors within the emerging market equity allocations in the DB and DC plans, the approval of the long term goal of liquidating the long/short portfolio and initiating an allocation to the private equity within the DB plan, an investment manager fee and peer group comparison, and on-site due diligence with JPMorgan Core Bond team to review management and operations.

Initiatives for 2023 will include a continuation of oversight on both the DB and DC portfolios, educational sessions highlighting infrastructure, international equity allocation manager review, continued private equity education with initial transition steps, on-site due diligence trip to Boston, and investment manager fee and peer group comparison.

E. Consideration and Possible Action Regarding SSgA Proxy Voting Program Investor Letter as Recommended by the Investment Committee and Rejection tor Approval of any Amendments Proposed and Considered by the Trustees at the Meeting

Luckett referred to the memo provided by CEO. Both Davis and ACG agree the Institutional Shareholder Services (ISS) proxy voting policies presented by SSgA align with OkMRF practices.

Motion made by Luckett, seconded by Park to authorize Staff to work with SSgA Relationship Manager to begin the process to direct that the ISS Public Fund Policy applies with respect to OkMRF's investments in the eligible SSgA funds and any future fund that become available with SSgA.

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

NAY: None

F. 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 by the Trustees at the Meeting

Luckett referred to the rebalancing recommendation provided by ACG, as well as the memo provided by CEO.

Motion made by Luckett, seconded by Park to approve the transactions proposed by ACG's rebalancing recommendation. Transactions cover monthly pension payments by moving \$7 million from cash within the long/short equity portfolio, with \$4.5 million on hand, plus an anticipated \$2.5 million from liquidation proceeds. All residual long/short liquidation proceeds received in January are to be invested in SSgA S&P 500 Index Fund.

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

NAY: None

7. Consideration and Possible Action Regarding Administrative Committee Report

A. Consideration and Possible Action Regarding Resolution 2023-1 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 Johnson, seconded by Reames to approve Resolution 2023-1, approving the destruction of certain records.

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

NAY: None

8. Consideration and Possible Action Regarding Contract Committee Report

No action taken.

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

Whatley reported on the plan change for the OkMRF Member.

10. OkMRF Staff Report

Girardi reported on her and Whatley's attendance at the Winter City Management Association of Oklahoma. Girardi attended a recent OML Municipal Clerks & Treasurers training held in Elk City. She will continue to attend the quarterly training sessions. The training is attended by smaller communities that are unable to attend conferences.

Cox reported on the following items:

- Next month, Artisan will present an overview of the International Value investment in the non-U.S. allocation in the DB plan and the International Equity option in the DC plan.

- Two (2) in-person Committee meetings will be held next month, and all Trustees are welcome to attend:
 - Investment Committee meeting to be held on Thursday, February 23rd at 2:00 p.m. to discuss a semi-annual review of quarterly performance and private equity education and transition.
 - Contract Committee meeting to be held on Friday, February 24th at 9:30 a.m. to discuss vendor evaluations and possible fiduciary liability and crime policy renewals.
- Discussed potential 457(b) provider replacement for OkMRF Staff. MissionSquare has provided unsatisfactory customer service and higher expense ratios. Staff has had initial conversations with Voya to discuss a potential pricing platform and transition.
- Provided an update on the DB Volume Submitter IRS review. Three (3) IRS representatives reviewed the DB plan and OkMRF received a preliminary compliance letter.
- TEXPERS Annual Conference to be held in Austin, April 2nd through April 5th. Luckett and Tinker are planning to attend.

11. New Business

None.

12. Trustee/Member Comments

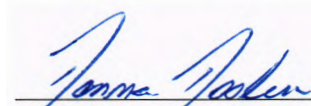
None.

13. Adjourn

With no further business to conduct the meeting adjourned.



Robert Park, Secretary



Donna Doolen, Chair

Respectfully submitted by:



Katie Girardi