

Pursuant to California +Government Code section 54953(e), the Oakland Police & Fire Retirement System Board and Committee Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.

Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-7295.



#### AUDIT COMMITTEE MEMBERS

**John C. Speakman**  
Chairperson

**R. Steve Wilkinson**  
Member

**Kevin Traylor**  
Member

*\*In the event a quorum of the Board participates in the Committee meeting, the meeting is noticed as a Special Meeting of the Board; however, no final Board action can be taken. In the event that the Audit Committee does not reach quorum, this meeting is noticed as an informational meeting between staff and the Chair of the Audit Committee.*

## REGULAR MEETING of the AUDIT / OPERATIONS COMMITTEE of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”)

WEDNESDAY, APRIL 27, 2022

10:00 AM

TELE-CONFERENCE BOARD MEETING  
VIA ZOOM WEBINAR

### OBSERVE

- To observe the meeting by video conference, please click on this link: <https://us02web.zoom.us/j/82880493983> at the noticed meeting time.
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time: Dial (for higher quality, dial a number based on your current location):
- iPhone one-tap: US: +16699006833, 82880493983# or +13462487799, 82880493983#
- US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099
- International numbers available: <https://us02web.zoom.us/j/82880493983>
- Webinar ID: 828 8049 3983.  
If asked for a participant ID or code, press #.

### PUBLIC COMMENTS

There are three ways to submit public comments.

- eComment. To send your comment directly to staff BEFORE the meeting starts, please email to [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov) with “PFRS Board Meeting” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR AUDIT COMMITTEE MEETING  
APRIL 27, 2022**

- To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Instructions on how to “Raise Your Hand” is available at: [https://support.zoom.us/hc/en-us/articles/205566129 - Raise-Hand-In-Webinar](https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar).
- To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing “\*9” to speak when Public Comment is taken. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Please unmute yourself by pressing “\*6.”

If you have any questions, please email Maxine Visaya, Administrative Assistant II at [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov)

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## ORDER OF BUSINESS

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- 1. Subject: Oakland Police and Fire Retirement System (“PFRS”) Audit Committee Meeting Minutes**  
**From:** Staff of the PFRS Board

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**Recommendation: APPROVE** the March 30, 2022 Audit Committee Meeting Minutes
  
- 2. Subject: Administrative Expenses Report**  
**From:** Staff of the PFRS Board

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**Recommendation: ACCEPT** informational report regarding PFRS administrative expenses as of February 28, 2022
  
- 3. Subject: PFRS FY2021-2023 Administrative Expenses Budget Mid-Cycle Adjustment**  
**From:** Staff of the PFRS Board

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**Recommendation: RECOMMEND BOARD APPROVAL** of the PFRS FY2021-2023 Administrative Expenses Budget Mid-Cycle Adjustment

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR AUDIT COMMITTEE MEETING  
APRIL 27, 2022

4. **Subject:** Resolution No. 8047 – Resolution to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2024 with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024

**From:** Staff of the PFRS Board

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**Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 8047 – Resolution to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2024 with annual retainer fees not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024

5. **Subject:** Resolution No. 8048 – Authorization for Travel and Reimbursement of Travel-Related Expenses for PFRS Trustee R. Steven Wilkinson to attend The State Association of County Retirement Systems (SACRS) Spring Conference in Rancho Mirage, CA from May 10, 2022 through May 13, 2022

**From:** Staff of the PFRS Board

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**Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 8048 – Resolution approving request of Oakland Police and Fire Retirement System Trustee R. Steven Wilkinson to attend The State Association of County Retirement Systems (SACRS) Spring Conference from May 10, 2022 through May 13, 2022, in Rancho Mirage, California and reimbursement of travel-related expenses in an amount not to exceed \$2,500.00 Two Thousand Five Hundred Dollars (\$2,500.00)

6. REVIEW OF PENDING AUDIT COMMITTEE MEETING AGENDA ITEMS  
7. OPEN FORUM  
8. FUTURE SCHEDULING  
9. ADJOURNMENT

**AN AUDIT/OPERATIONS COMMITTEE REGULAR MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held on Wednesday, March 30, 2022 via Zoom Webinar.

- |                      |                       |                                     |
|----------------------|-----------------------|-------------------------------------|
| Committee Members    | ▪ John C. Speakman    | Chairperson                         |
|                      | ▪ Kevin R. Traylor    | Member                              |
|                      | ▪ R. Steven Wilkinson | Member                              |
| Additional Attendees | ▪ David Jones         | PFRS Secretary & Plan Administrator |
|                      | ▪ Téir Jenkins        | PFRS Staff Member                   |
|                      | ▪ Maxine Visaya       | PFRS Staff Member                   |
|                      | ▪ Mitesh Bhakta       | PFRS Legal Counsel                  |

The meeting was called to order at 9:31 a.m. PST

- 1. PFRS Audit Committee Meeting Minutes** – Chairperson Speakman made a motion to approve the February 23, 2022 Audit Committee Meeting minutes, second by Member Traylor. Motion passed.

[SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

- 2. Administrative Expenses Report** – Staff Member Jenkins presented an informational report on PFRS’ administrative expenditures as of January 31, 2022. PFRS has an approved annual budget of approximately \$3.5 million and have expensed approximately \$1.5 million fiscal year-to-date. Membership consisted of 702 retired members, which included 433 Police Members and 269 Fire Members.

**MOTION:** Chairperson Speakman made a motion to accept the administrative expenses report as of January 31, 2022 and forward to the Board for approval, second by Member Traylor. Motion passed.

[SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

- 3. Resolution No. 8043** – Resolution Ratifying the Board President’s approval Of Oakland Police and Fire Retirement System Board Plan Administrator David F. Jones request to attend the 2022 CALAPRS General Assembly in San Diego, CA from March 5, 2022 through March 8, 2022 and authorizing reimbursement of the costs for attendance in an amount not to exceed Two Thousand Dollars (\$2,000.00).

Chairperson Speakman inquired about topics of interest on the program agenda and Plan Administrator Jones provided highlights of conference seminars of interest and potentially useful take-aways to the operation of the PFRS Board.

**MOTION:** Chairperson Speakman made a motion to recommend Board approval of Resolution No. 8043, second by Member Wilkinson. Motion passed.

[SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – ABSTAIN]  
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

4. **Review of Pending Audit Committee Meeting Agenda Items** – Plan Administrator Jones reported on the two (2) pending items on the Audit Committee Agenda. Item 1) the 2006 Management Audit remained ongoing due to COVID-19 restrictions in place and as of March 28, 2022 staff resumed work on-site two days a week. It was noted staff will begin to collaborate to determine how best to move the work forward and an update will be provided at the April 2022 Committee Meeting; Item 2) Monitoring & Updates regarding upcoming City Council Agendas with scheduled discussions of the 2026 Actuarial Funding Date is also ongoing to provide for the 2026 Ad-Hoc Committee to take any necessary action.
5. **Open Forum** – No Report
6. **Future Scheduling** – The next regular Audit Committee meeting is tentatively scheduled to occur April 27, 2022. Chairperson Speakman notified the committee he will be unavailable to attend the April Audit Committee and Full Board Meetings. Staff will work with Audit Committee Members Traylor and Wilkinson to determine an acting chairperson for the upcoming meeting.
7. **Adjournment** – Member Wilkinson made a motion to adjourn, second by Member Traylor. Motion passed.

[SPEAKMAN – Y / WILKINSON – Y / TRAYLOR – Y]  
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

The meeting adjourned at 9:45 a.m. PST

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JOHN C. SPEAKMAN  
COMMITTEE CHAIRPERSON

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DATE

**Table 1**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

**Administrative Budget Spent to Date (Preliminary)**

As of February 28, 2022

	Approved Budget					Percent Remaining
		February 2022	FYTD	Remaining		
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,212,000	\$ 91,345	\$ 708,089	\$ 503,911	41.6%	
Board Travel Expenditures	52,500	-	1,711	50,789	96.7%	
Staff Training	20,000	-	-	20,000	100.0%	
Staff Training - Tuition Reimbursement	7,500	-	-	7,500	100.0%	
Board Hospitality	3,600	-	-	3,600	100.0%	
Payroll Processing Fees	40,000	-	-	40,000	100.0%	
Miscellaneous Expenditures	40,000	893	7,577	32,423	81.1%	
Internal Service Fees (ISF)	88,000	-	53,814	34,186	38.8%	
Contract Services Contingency	50,000	-	-	50,000	100.0%	
<b>Internal Administrative Costs Subtotal :</b>	<b>\$ 1,513,600</b>	<b>\$ 92,238</b>	<b>\$ 771,191</b>	<b>\$ 742,409</b>	<b>49.0%</b>	
<b>Actuary and Accounting Services</b>						
Audit	\$ 49,000	\$ -	\$ 48,300	\$ 700	1.4%	
Actuary	46,500	23,681	23,896	22,604	48.6%	
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 95,500</b>	<b>\$ 23,681</b>	<b>\$ 72,196</b>	<b>\$ 23,304</b>	<b>24.4%</b>	
<b>Legal Services</b>						
City Attorney Salaries	\$ 188,000	\$ 17,034	\$ 95,726	\$ 92,274	49.1%	
Legal Contingency	150,000	-	-	150,000	100.0%	
<b>Legal Services Subtotal:</b>	<b>\$ 338,000</b>	<b>\$ 17,034</b>	<b>\$ 95,726</b>	<b>\$ 242,274</b>	<b>71.7%</b>	
<b>Investment Services</b>						
Money Manager Fees	\$ 1,353,000	\$ 36,270	\$ 657,692	\$ 695,308	51.4%	
Custodial Fee	124,000	29,125	58,250	65,750	53.0%	
Investment Consultant	100,000	-	50,000	50,000	50.0%	
<b>Investment Subtotal:</b>	<b>\$ 1,577,000</b>	<b>\$ 65,395</b>	<b>\$ 765,942</b>	<b>\$ 811,058</b>	<b>51.4%</b>	
<b>Total Operating Budget</b>	<b>\$ 3,524,100</b>	<b>\$ 198,348</b>	<b>\$ 1,705,055</b>	<b>\$ 1,819,045</b>	<b>51.62%</b>	

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of February 28, 2022

	February 2022
<b>Beginning Cash as of 1/31/2022</b>	\$ 6,611,043
<b>Additions:</b>	
City Pension Contribution - February	\$ 3,651,667
Investment Draw	\$ 1,000,000
Misc. Receipts	7
<b>Total Additions:</b>	\$ 4,651,673
<b>Deductions:</b>	
Pension Payment (January Pension Paid on 2/1/2022)	(4,291,140)
Expenditures Paid	(255,601)
<b>Total Deductions</b>	\$ (4,546,741)
 <b>Ending Cash Balance as of 2/28/2022*</b>	 \$ 6,715,976

\* On 3/1/2022, February pension payment of appx \$4,258,600 will be made leaving a cash balance of \$2,457,000.

**Table 3**  
**CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

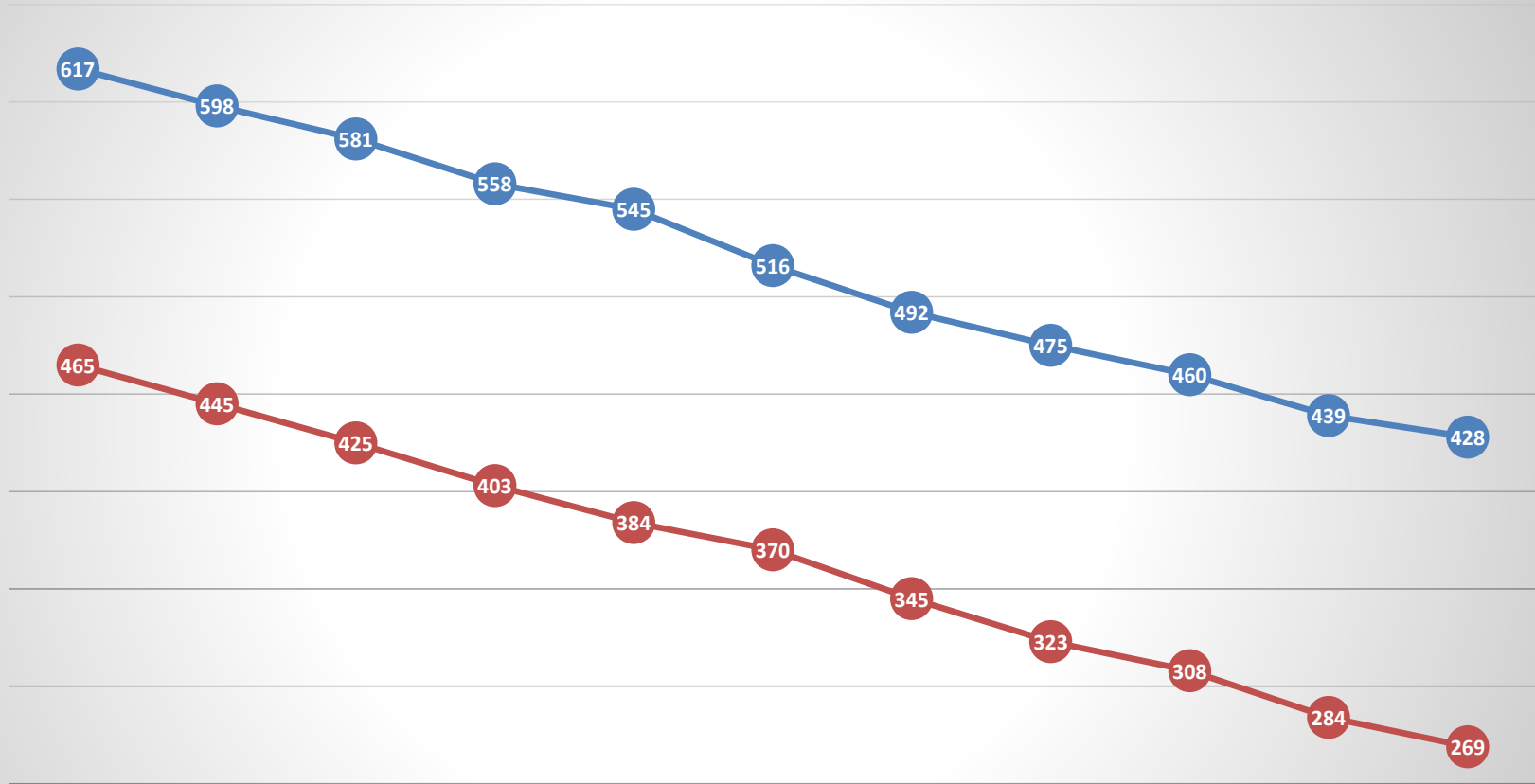
Census  
As of February 28, 2022

COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Retiree	304	173	477
Beneficiary	124	96	220
<b><i>Total Retired Members</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>

COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Service Retirement	288	135	423
Disability Retirement	130	122	252
Death Allowance	10	12	22
<b><i>Total Retired Members:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership as of February 28, 2022:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership as of June 30, 2021:</i></b>	<b>439</b>	<b>284</b>	<b>723</b>
<b><i>Annual Difference:</i></b>	<b>-11</b>	<b>-15</b>	<b>-26</b>



## Oakland Police and Fire Retirement System Pension Plan Membership Count As of February 28, 2022 (FY 2012 - FY 2022)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 FYTD
Police	617	598	581	558	545	516	492	475	460	439	428
Fire	465	445	425	403	384	370	345	323	308	284	269
Total	1082	1043	1006	961	929	886	837	798	768	723	697



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement System Board

**FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** PFRS FY2021-2023  
Administrative Expenses  
Budget Mid-Cycle Adjustment

**DATE:** April 27, 2022

## SUMMARY

Staff has analyzed the Oakland Police and Fire Retirement System's ("PFRS") previously approved two-year budgets for FY 2021-2022 and FY 2022-2023. As a result, staff is recommending some adjustments to the budgeted line items. Staff recommends that the Board approve the nominal budget increase for FY 2022-2023 as attached in **Table 1**.

## BACKGROUND

At their February 24, 2021 Board meeting, the Oakland Police and Fire Retirement System Board ("PFRS Board") approved a 2-year PFRS Administrative Budget of \$3,524,100 for FY 2021-2022 and \$3,584,600 for FY 2022-2023.

## PROPOSED CHANGES

Staff recommends proposed changes to the FY 2022-2023 budgets as shown in **Table 1**. The proposed changes adjust budgeted funds to accurately reflect expected costs. The total annual proposed budget is approximately 0.79% of the Plan's existing investment portfolio.

## KEY CHANGES

The Internal Administrative Budget is proposed to increase by \$71,400 in FY 2022-2023. The Staff Salaries budget are proposed to increase by \$70,000. This proposed increase is mostly due to a 3% Cost of Living Adjustment which was approved in the most recent MOU and additional staffing.

Respectfully submitted,

David F. Jones, Plan Administrator  
Oakland Police and Fire Retirement System

### **Attachment (1):**

**Table 1:** *Oakland Police and Fire Retirement System - Proposed Mid-Cycle Administrative Budget Changes*

Agenda Item B2  
PFRS Board Meeting  
April 27, 2022

# ATTACHMENT 1

## Table 1

### *Oakland Police and Fire Retirement System Proposed Mid-Cycle Administrative Budget Changes*

Table 1

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**  
**Proposed Mid-Cycle Administrative Budget Changes**  
**FY 2021-2022 and FY 2022-2023**

	Approved Budget		Proposed Changes		Proposed Revised Budgets	
	FY 2021-2022	FY 2022-2023	FY 2021-2022	FY 2022-2023	FY 2021-2022	FY 2022-2023
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,212,000	\$ 1,261,000	\$ -	\$ 69,000	\$ 1,212,000	\$ 1,330,000
Board Travel Expenditures	52,500	52,500	-	-	52,500	52,500
Staff Training	20,000	20,000	-	-	20,000	20,000
Staff Training - Tuition Reimbursement	7,500	7,500	-	-	7,500	7,500
Annual Report & Duplicating Services	-	-	-	-	-	-
Board Hospitality	3,600	3,600	-	-	3,600	3,600
Payroll Processing Fees	40,000	40,000	-	-	40,000	40,000
Miscellaneous Expenditures	40,000	45,000	-	-	40,000	45,000
Internal Service Fees (ISF)	88,000	88,000	-	-	88,000	88,000
Contract Services Contingency	50,000	50,000	-	-	50,000	50,000
<b>Internal Administrative Subtotal :</b>	<b>\$ 1,513,600</b>	<b>\$ 1,567,600</b>	<b>\$ -</b>	<b>\$ 69,000</b>	<b>\$ 1,513,600</b>	<b>\$ 1,636,600</b>
<b>Actuary and Accounting Services</b>						
Audit	\$ 49,000	\$ 50,500	\$ -	\$ -	\$ 49,000	\$ 50,500
Actuary	46,500	46,500	-	1,400	46,500	47,900
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 95,500</b>	<b>\$ 97,000</b>	<b>\$ -</b>	<b>\$ 1,400</b>	<b>\$ 95,500</b>	<b>\$ 98,400</b>
<b>Legal Services</b>						
City Attorney Salaries	\$ 188,000	\$ 193,000	\$ -	\$ 1,000	\$ 188,000	\$ 194,000
Legal Contingency	150,000	150,000	-	-	150,000	150,000
<b>Legal Services Subtotal:</b>	<b>\$ 338,000</b>	<b>\$ 343,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 338,000</b>	<b>\$ 344,000</b>
<b>Investment Services</b>						
Money Manager Fees	\$ 1,353,000	\$ 1,353,000	\$ -	\$ -	\$ 1,353,000	\$ 1,353,000
Custodial Fee: (Northern Trust)	124,000	124,000	-	-	124,000	124,000
Investment Consultant (Meketa)	100,000	100,000	-	-	100,000	100,000
<b>Investment Services Subtotal:</b>	<b>\$ 1,577,000</b>	<b>\$ 1,577,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,577,000</b>	<b>\$ 1,577,000</b>
<b>Total Operating Budget</b>	<b>\$ 3,524,100</b>	<b>\$ 3,584,600</b>	<b>\$ -</b>	<b>\$ 71,400</b>	<b>\$ 3,524,100</b>	<b>\$ 3,656,000</b>



# AGENDA REPORT

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**TO:** Oakland Police and Fire Retirement System Board      **FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** Oakland PFRS Actuarial Services Contract Extension Request      **DATE:** April 27, 2022

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## BACKGROUND

In 2013, the Oakland Police and Fire Retirement Board (“PFRS”) issued a Request for Proposal (RFP) seeking a firm to provide the Plan Actuarial services. After interviews and a screening process the PFRS Board selected the actuary firm, Cheiron, Inc. PFRS subsequently entered into a contract with Cheiron, Inc. with an effective date of July 01, 2013 to June 30, 2016. At the June 29, 2016 meeting, the Board exercised an option to extend the contract for two additional years to June 30, 2018. At the August 29, 2018 meeting the Board extended the contract two more years to June 30, 2020. At the September 30, 2020 meeting, the PFRS Board approved the Third Amendment to the Agreement, which extended the Agreement to June 30, 2022.

## RECOMMENDATION

Staff seeks authorization to extend the existing actuary contract an additional two years covering FY2022-2023 and FY2023-2024. This extension is allowable under the current actuary contract terms and conditions. Attached is a memo from Cheiron that states the proposed fee schedule effective July 1, 2022 through June 30, 2024.

Respectfully submitted,

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David F. Jones, Plan Administrator  
Oakland Police and Fire Retirement System

For questions please contact Téir Jenkins, Investment & Operations Manager.

**Attachment (1):** *Cheiron Memo - proposed fees effective July 1, 2022 through June 30, 2024*  
**Attachment (2):** *Resolution 8047*

Agenda Item B2  
PFRS Board Meeting  
April 27, 2022

# ATTACHMENT 1

*Cheiron Memo*  
*Proposed Fees Effective*  
*July 1, 2022 through June 30, 2024*

***Via Electronic Mail***

April 20, 2022

City of Oakland  
Treasury Division  
Retirement Section  
Attn: David Jones, Plan Administrator  
150 Frank Ogawa Plaza, Suite #3341  
Oakland, CA 94601

***Re: Fee Letter***

Dear Mr. Jones:

This letter represents our proposed fees effective July 1, 2022 through June 30, 2024.

**A) Retainer** – \$47,900 FY2022-2023; \$49,400 FY2023-2024

The retainer fee covers the following services:

- Provide valuations of the defined benefit plans, including affirming the validity of benefit calculations
- Complete experience studies of the plans as required and prepare cost analyses and reports regarding proposed plan amendments
- Determine the financial disclosures related to the members pursuant to requirements of the Governmental Accounting Standards Board
- Present the experience study and the actuarial report to the Boards of Administration for PFRS at their regular meetings in Oakland
- Review and assist with the actuarial sections of the Plan's Annual reports
- If PFRS deem necessary, provide the services of a senior staff member for additional assignments or attendance at meetings

**B) Non-Retainer** – With respect to special consulting projects and services above and beyond the scope of valuation services above, we can provide such services on a fixed fee basis or at our hourly billing rates. Fees will be negotiated in advance.

For additional meetings, reasonable out-of-pocket travel expenses will be charged separately, but travel time will not be compensable.

If you would like any special services performed, we can provide a fee quote or provide them based on our normal hourly rates and our cost for out-of-pocket disbursements such as travel and outside copying. The chart on the following page lists our general hourly billing rates for 2022. Hourly billing rates will increase with inflation in future years.

Mr. David Jones

April 20, 2022

Page 2

<b>Standard Billing Rates for the 2022 Calendar Year</b>	
<b><u>Category/Consultant</u></b>	<b><u>Hourly Rate</u></b>
Principal Consulting Actuaries	\$390 – \$525
Consulting Actuaries	\$290 – \$468
Associate Actuaries	\$197 – \$306
Senior Actuarial Analysts	\$183 – \$235
Actuarial Analysts	\$160 – \$200
Administrative Staff	\$111 – \$150

If you have any questions, please feel free to contact us.

Sincerely,

Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA  
Consulting Actuary



# ATTACHMENT 2

## *Resolution 8047*

*Oakland Police & Fire Retirement System  
Actuarial Services Contract Extension*

OAKLAND POLICE AND FIRE RETIREMENT BOARD  
CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 8047

Approved as to  
Form and Legality



ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION TO APPROVE A TWO-YEAR EXTENSION OF THE PROFESSIONAL SERVICE AGREEMENT FOR THE PROVISION OF ACTUARIAL SERVICES BETWEEN THE CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD AND CHEIRON, INC. THROUGH JUNE 30, 2024 WITH ANNUAL RETAINER FEE AMOUNTS NOT TO EXCEED \$47,900 FOR FY2022-2023 AND \$49,400 FOR FY2023-2024**

**WHEREAS**, at their August 28, 2013 meeting, the City of Oakland Police and Fire Retirement System Board ("PFRS Board") approved Resolution No. 6765, appointing Cheiron, Inc. to serve as the PFRS plan actuary for the period of July 1, 2013 through June 30, 2016 plus two one-year options for the PFRS Board to extend the professional service agreement("the Agreement"); and

**WHEREAS**, at their June 29, 2016 Board Meeting, the PFRS Board approved by board motion the First Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which exercised both options and extended the Agreement to June 30, 2018; and

**WHEREAS**, at their August 29, 2018 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2020, as the current Agreement between the PFRS Board and Cheiron, Inc. expired on June 30, 2018; and

**WHEREAS**, at their August 29, 2018 Board Meeting, the PFRS Board approved by board motion the Second Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which extended the Agreement to June 30, 2020; and

**WHEREAS**, at their September 30, 2020 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2022, as the current Agreement between the PFRS Board and Cheiron, Inc. expired on June 30, 2020; and

**WHEREAS**, at their September 30, 2020 Board Meeting, the PFRS Board approved by board motion the Third Amendment to the Agreement between PFRS and Cheiron, Inc., which extended the Agreement to June 30, 2022; and

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**  
CITY OF OAKLAND, CALIFORNIA

**WHEREAS**, at their April 27, 2022 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2024, as the current Agreement between the PFRS Board and Cheiron, Inc. expires on June 30, 2022; and

**WHEREAS**, at their April 27, 2022 Board Meeting, the PFRS Board approved by board motion the Fourth Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which extended the Agreement to June 30, 2024; and

**WHEREAS**, Cheiron, Inc. is desirous of extending the Agreement for two years with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024; now, therefore, be it

**RESOLVED:** The Plan Administrator is hereby authorized to execute an amendment to extend the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. for a two year period ending June 30, 2024 with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024.

IN BOARD MEETING, VIA ZOOM TELE-CONFERENCE April 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement System Board (PFRS)      **FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** Authorization and Reimbursement of Board Member Wilkinson's Travel/Education Expenses      **DATE:** April 27, 2022

**R. Steven Wilkinson**, Board Member of the **Oakland Police and Fire Retirement System Board**, requests authorization for reimbursement of travel and/or board education related funds for the event detailed below. Staff has verified that budgeted funds are available for this Board Member to be reimbursed.

Staff recommends the reimbursement of travel/education funds for the event below be approved by board motion.

Travel/Education Event: SACRS 2022 Spring Conference

Event Location: Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, CA

Event Date: May 10, 2022 - May 13, 2022

Estimated Event Expense: \$2,500.00

Notes: \_\_\_\_\_

\* If enrollment, registration or admission expenses are required, the fund will process a check in advance and pay vendor directly; all other board-approved reimbursements will be made upon delivery of receipts to staff by the travelling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

David F. Jones  
Plan Administrator & Secretary  
Oakland Police & Fire Retirement Systems

*For questions please contact Maxine Visaya, Administrative Assistant II, at 510.238.7295*

Attachments:  
(1) Resolution 8048  
(2) Conference Agenda

Agenda Item B4  
PFRS Board Meeting  
April 27, 2022

# ATTACHMENT 1

## *Resolution 8048*

*Travel Authorization for R. Steven Wilkinson*

*SACRS 2022 Spring Conference  
Rancho Mirage, CA*

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD  
CITY OF OAKLAND, CALIFORNIA  
RESOLUTION NO. 8048

*Approved to Form  
and Legality*



ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION APPROVING REQUEST OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD MEMBER R. STEVEN WILKINSON TO TRAVEL AND ATTEND THE STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) SPRING CONFERENCE FROM MAY 10, 2022 THROUGH MAY 13, 2022 IN RANCHO MIRAGE, CALIFORNIA AND FOR REIMBURSEMENT OF TRAVEL-RELATED EXPENSES IN AN AMOUNT NOT TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00)**

**WHEREAS**, the City of Oakland Police and Fire Retirement System (“PFRS”) Education and Travel Policy (“Travel Policy”) requires that the City of Oakland Police and Fire Retirement System Board (“PFRS Board”) members and staff obtain prior PFRS Board approval of all education and travel-related expenses that will be reimbursed by PFRS; and

**WHEREAS**, PFRS Board Member R. Steven Wilkinson would like to attend The State Association of County Retirement Systems (“SACRS”) Spring Conference (“the Conference”) in Rancho Mirage, California from May 10, 2022 through May 13, 2022; and

**WHEREAS**, in compliance with Section IV(13)(c) of the Travel Policy, Member Wilkinson has submitted documentation showing the registration fees and estimated travel-related expenses to attend the Conference will be Two Thousand Five Hundred Dollars (\$2,500.00); and,

**WHEREAS**, in compliance with Section IV(1)(c) of the Travel Policy, Member Wilkinson seeks PFRS Board authorization to attend the Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022 at an estimated cost of Two Thousand Five Hundred Dollars (\$2,500.00); and, therefore be it

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD**

CITY OF OAKLAND, CALIFORNIA

**RESOLUTION NO. 8048**

**RESOLVED:** That PFRS Board Member R. Steven Wilkinson's request to attend The State Association of County Retirement Systems Spring Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022 at an estimated cost of Two Thousand Five Hundred Dollars (\$2,500.00) is approved; and be it

**FURTHER RESOLVED:** That the PFRS Board authorizes reimbursement of travel-related expenses in an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500.00) for Member Wilkinson's attendance at The State Association of County Retirement Systems Spring Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022.

IN BOARD MEETING, VIA ZOOM CONFERENCE APRIL 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY

# **ATTACHMENT 2**

*SACRS 2022 Spring Conference  
Rancho Mirage, CA Conference Agenda*





# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## TUESDAY, MAY 10

**2:00 PM - 6:30 PM**

### **SACRS CONFERENCE REGISTRATION DESK**

**3:00 PM - 5:00 PM**

### **ETHICS TRAINING FOR TRUSTEES AND STAFF**

This two-hour mandatory bi-annual training for public officials covers conflict of interest rules, public meeting and record requirements, due process requirements and other significant rules for legal compliance by public officials, with a particular focus on how these rules apply to retirement board trustees and senior staff.

\*This class is pending approval for MCLE credit.

**SPEAKERS:** Ashley Dunning, Partner, Nossaman LLP and Peter Mixon, Partner, Nossaman LLP

**3:00 PM - 5:00 PM**

### **SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)**

Nossaman LLP attorneys John Kennedy and Allison Callaghan will present "Sexual Harassment Prevention Training for Local Agency Officials (AB1661)". AB 1661 requires that if a local agency provides any type of compensation, salary, or stipend to its officials, then all local agency officials of the agency shall receive at least two hours of sexual harassment prevention and education training within the first six months of taking office or commencing employment and every two years thereafter. This interactive training session will meet the requirements under AB 1661 and AB 1825 (sexual harassment prevention training to employees who perform supervisory functions) and assist attendees in preventing and effectively responding to complaints of sexual harassment.

\*This class pending approval for MCLE credit.

**SPEAKERS:** Allison Callaghan, Nossaman LLP and John Kennedy, Nossaman LLP

**4:30 PM - 5:30 PM**

### **LABOR ALLIES & SUPPORTERS BREAKOUT - "IN SOLIDARITY"**

Issues, Initiatives and Action. This is an open session to all attendees, please join us.

**MODERATOR:** Michael Ring, SEIU

**5:30 PM - 6:30 PM**

### **SACRS NETWORKING RECEPTION**

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience.



# SACRS SPRING CONFERENCE

SACRS

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

WEDNESDAY, MAY 11

**7:00 AM - 8:00 AM**

### **SACRS WELLNESS SESSION – YOGA**

Fitting in fitness when away from home is often difficult, but not during SACRS Spring Conference 2022! We bring a yoga class onsite to start your day the right way. This class, led by a certified yoga instructor, is intended for everyone, beginner to expert. Yoga mats, water, and towels provided. Pre-registration is required to participate for conference attendees & guests and \$15 participation fee.

**7:00 AM - 8:15 AM**

### **SACRS BREAKFAST**

**7:30 AM - 6:00 PM**

### **SACRS CONFERENCE REGISTRATION DESK**

**8:30 AM - 10:00 AM**

### **WELCOME VIVIAN GRAY, SACRS PRESIDENT AND KEYNOTE SPEAKER**

#### **Leadership in the Toughest of Times with Keisha Lance Bottoms**

In a special conversation, SACRS headliner Keisha Lance Bottoms, CNN Political Commentator and former 60th Mayor of Atlanta, will share insights from her leadership journey, recounting not only how she achieved many accomplishments, but also how she overcame the obstacles, including the bias she faced as a Black woman.

In this session, Bottoms discusses leadership lessons based on her own experiences as a professional and a mom of four. Attend this keynote presentation to find out how her hard-earned lessons learned can be applied across all aspects of your work and life.

**SPEAKER:** Keisha Lance Bottoms, CNN Political Commentator and former 60th Mayor of Atlanta

**10:00 AM - 10:30 AM**

### **SACRS NETWORKING BREAK**

**10:30 AM - 11:30 AM**

### **GENERAL SESSION - Inflation: What it is, Where it's coming from, and What it means for your retirement plan.**

**SPEAKER:** Frances Donald, Manulife

**11:30 AM - 12:30 PM**

### **GENERAL SESSION - Crypto 101: Everything you wanted to know but are afraid to ask**

In the last two years, crypto currency has become more universally accepted, having officially become a mainstream asset class. Despite its tremendous popularity, many of us still struggle to fully understand the concept, how it derives its value and why many believe its impact on our economy is just starting. In this session, Bitwise's Matt Hougan strips out the jargon and takes us back to the basics to help us all better understand this exciting new asset class.

**SPEAKERS:** Matt Hougan, Bitwise and Brian Raimondi, Bitwise

**12:30 PM - 1:45 PM**

### **SACRS LUNCH**



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

WEDNESDAY, MAY 11 CONTINUED

**2:00 PM - 4:30 PM | CONCURRENT SESSIONS**

**ADMINISTRATORS BREAKOUT**

**MODERATOR:** Santos Kreimann, Chief Executive Officer, Los Angeles CERA

**AFFILIATE BREAKOUT**

**Investment Consulting: A View from the Top**

The dynamic world of institutional investing is changing. As the world enters a new economic regime, senior leaders from top consulting firms discuss their business, opportunities, and challenges. This interactive panel will be followed by a networking breakout session with leading consultants that will help guide you through 2022 and beyond.

**SPEAKERS:** David Fann, Vice Chairman and Trevor Jackson, Managing Director, Portfolio Advisory, Aksia; Jim Callahan, President, and Claire Telleen, CFA, Senior Vice President and Consultant, Callan's West Coast Consulting Group, Callan, LLC; Jeff MacLean, Chief Executive Officer and Scott Whalen, Executive Managing Director and Senior Consultant, Verus Advisory, Inc; and Allan Martin, Partner and Dan Hennessy, Senior Consultant, NEPC

**ATTORNEYS BREAKOUT**

\*This class pending approval for MCLE credit.

**MODERATOR:** Nicole McIntosh, Orange County CERS

**INTERNAL AUDITORS BREAKOUT**

**MODERATOR:** Harsh Jadhav, Chief of Internal Audit, Alameda CERA

**INVESTMENT BREAKOUT (closed session) - INVESTMENT OFFICERS ONLY**

**MODERATOR:** TBD

**OPERATIONS/BENEFITS BREAKOUT**

**MODERATORS:** Carlos Barrios, Interim Division Manager, Benefits Division, Los Angeles CERA and Theodore King, Section Head, Special Benefits Services Section, Los Angeles CERA

**SAFETY BREAKOUT**

**MODERATOR:** Brian Williams, Trustee, Sonoma CERA

**TRUSTEE BREAKOUT**

**MODERATOR:** TBD

**6:00 PM - 9:00 PM**

**SACRS ANNUAL WEDNESDAY NIGHT EVENT**





# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## THURSDAY, MAY 12

**7:00 AM - 8:00 AM**

### SACRS FUN RUN

Your morning starts off with an additional opportunity for team-building and networking, while enjoying the early morning air. A SACRS tradition, the 5K (3.1 miles) Fun Run course is the perfect way to get energized for the conference day ahead. Designed for the walker, jogger, or runner, the course is flat and paved. Pre-registration is required and costs \$15 per person. Pocket maps, Fun Run T-shirts, water, and snack at the end of the course will be provided.

**7:30 AM - 8:30 AM**

### SACRS BREAKFAST

**7:30 AM - 6:00 PM**

### SACRS CONFERENCE REGISTRATION DESK

**8:45 AM - 10:00 AM**

### SACRS VOLUNTEER AWARD AND KEYNOTE SPEAKER

A Conversation with Retired General David Petraeus: Perspectives on the Russia - Ukraine Invasion, What the Weeks Ahead Will Bring

**SPEAKER:** Retired General David Petraeus

**10:00 AM - 10:30 AM**

### SACRS NETWORKING BREAK

**10:30 AM - 11:30 AM**

### GENERAL SESSION

**11:30 AM - 12:30 PM**

### GENERAL SESSION

**12:30 PM - 1:45 PM**

### SACRS LUNCH

**2:00 PM - 3:00 PM | CONCURRENT SESSIONS**

#### **CONCURRENT SESSION A - Investing in Crypto Currency: A Public Fund Roadmap**

The pursuit of allocating to a new asset class poses a unique set of challenges for investors. Pioneering public funds hope that the benefits of early adoption outweigh the risks, and in the process blaze a trail for others to follow. In 2021, Santa Clara Valley Transit Authority (VTA) became one of the first public funds in the US to formally approve an allocation to crypto currency. In this session, we explore the journey, discuss lessons learned and key considerations with the people that made it happen.

**SPEAKERS:** Sean Bill, Chief Investment Officer, Santa Clara Valley Transportation Authority; and John Keshner, Chief Investment Officer, San Manuel Band of Mission Indians

**MODERATOR:** Don Stacke, CFA, Senior Consultant, NEPC

#### **CONCURRENT SESSION B**



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## THURSDAY, MAY 12 CONTINUED

### **CONCURRENT SESSION C - Operations and Benefits Session**

**3:00 PM - 3:30 PM**

#### **SACRS NETWORKING BREAK**

**3:30 PM - 4:30 PM | CONCURRENT SESSIONS**

#### **CONCURRENT SESSION A - Private Credit Outlook: Key Trends & the Road Ahead**

This panel seeks to educate the audience on the growing demand for Private Credit and the evolution of the asset class. Our panel will bring together an experienced industry consultant who will help level set the current environment while also leveraging two experienced market participants who will highlight recent market developments in terms of structure, participants, outlook, etc. They will touch on the increasing use of private vs public credit, the natural correlation with private equity fundraising and the current competitive landscape. Appropriately, they will also cover the various risks associated with less liquid and less regulated capital market transactions.

**SPEAKERS:** Audie Apple, Senior Private Credit Specialist, DWS; and John Fiscella, Managing Director, Oak Hill Advisors, L.P.

**MODERATOR:** Dan Hennessey, Senior Consultant, NEPC

#### **CONCURRENT SESSION B - SACRS 2022 Legislative Update**

**SPEAKERS:** Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Smith & Robson, SACRS Legislative Advocates

**MODERATORS:** Eric Stern, Sacramento CERS; and Dave Nelsen, Alameda CERA

#### **CONCURRENT SESSION C - Inflation Part II: Investment Risk and Opportunities in an Inflationary Environment**

Who would have predicted 8% inflation since the last time we met? Come join his panel for a discussion on how to protect your portfolio against rising prices using a strategic and diversified assortment of asset class exposures. This session should enrich your understanding of risk and opportunities of a future world that will be impacted by inflation.

**SPEAKERS:** Vince Childers, CFA, Senior Vice President, Cohen & Steers; Anna Dreyer, CFA, Ph.D., PM & Head of Fixed Income Risk & Portfolio Construction Research, T. Rowe Price; and Abigail Rayner, Principal, Real Assets Investments, HarbourVest

**MODERATOR:** Mika Malone, Managing Principal, Meketa Investment Group

**4:30 PM - 5:30 PM**

#### **SACRS EDUCATION COMMITTEE MEETING**

**4:30 PM - 5:30 PM**

#### **SACRS NOMINATING COMMITTEE MEETING**

**5:30 PM - 6:30 PM**

#### **SACRS RECEPTION**

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience.



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

FRIDAY, MAY 13

<b>7:30 AM - 8:30 AM</b>	
SACRS BREAKFAST	
<b>8:45 AM - 9:45 AM</b>	
GENERAL SESSION	
<b>9:45 AM - 10:00 AM</b>	
SACRS NETWORKING BREAK	
<b>10:00 AM - 11:30 AM</b>	
SACRS ANNUAL BUSINESS MEETING	

SACRS Spring Conference 2022 will be held in accordance with all CDC, WHO, and California state and local agencies COVID-19 guidelines and requirements. All attendees must agree to SACRS Event Health Safety Code of Conduct, Statement of Requirement for Attendance and a Waiver of Covid-19 Liability. Forms may be agreed to at the time of registration electronically. All forms can be found online at **SACRS.org**.

If the forms were accepted electronically during online registration, they do not need to be sent to SACRS. If you are registering on behalf of an attendee, you must provide them with the information and confirm that they agree to comply with the Code of Conduct.



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement System Board (PFRS)      **FROM:** David F. Jones  
Plan Administrator & Secretary

**SUBJECT:** Audit Committee Agenda      **DATE:** April 27, 2022  
Pending List

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Staff Review of the 2006 Management Audit	TBD	Pending
2	Monitor & Update PFRS Board of Upcoming City Council Agendas Regarding Discussion of the 2026 Actuarial Funding Date	Ongoing	Ongoing

Respectfully submitted,

David F. Jones  
Plan Administrator & Secretary  
Oakland Police & Fire Retirement Systems



Pursuant to California Government Code section 54953(e), the Oakland Police & Fire Retirement System Board and Committee Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.

Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-7295.



**Retirement Unit**  
**150 Frank H. Ogawa Plaza**  
**Oakland, California 94612**  
**AGENDA**

**INVESTMENT COMMITTEE MEMBERS**

**Jaime T. Godfrey**  
Chairperson

**R. Steve Wilkinson**  
Member

**Robert W. Nichelini**  
Member

*\*In the event a quorum of the Board participates in the Committee meeting, the meeting is noticed as a Special Meeting of the Board; however, no final Board action can be taken. In the event that the Investment Committee does not reach quorum, this meeting is noticed as an informational meeting between staff and the Chair of the Investment Committee.*

**REGULAR MEETING of the INVESTMENT AND FINANCIAL MATTERS COMMITTEE  
of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”)**

**WEDNESDAY, APRIL 27, 2022**  
**10:30 AM**  
**TELE-CONFERENCE BOARD MEETING**  
**VIA ZOOM WEBINAR**

**OBSERVE**

- To observe the meeting by video conference, please click on this link: <https://us02web.zoom.us/j/82880493983> at the noticed meeting time.
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time: Dial (for higher quality, dial a number based on your current location):
- iPhone one-tap: US: +16699006833, 82880493983# or +13462487799, 82880493983#
- US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099
- International numbers available: <https://us02web.zoom.us/j/82880493983>
- Webinar ID: 828 8049 3983.  
If asked for a participant ID or code, press #.

**PUBLIC COMMENTS**

There are three ways to submit public comments.

- To send your comment directly to staff BEFORE the meeting starts, please email to [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov) with “PFRS Board Meeting” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**



**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR INVESTMENT COMMITTEE MEETING  
APRIL 27, 2022**

- To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Instructions on how to “Raise Your Hand” is available at: [https://support.zoom.us/hc/en-us/articles/205566129 - Raise-Hand-In-Webinar](https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar).
- To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing “\*9” to speak when Public Comment is taken. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Please unmute yourself by pressing \*6.

If you have any questions, please email Maxine Visaya, Administrative Assistant II at [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov)

## ORDER OF BUSINESS

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- 1. Subject:** Police and Fire Retirement System (“PFRS”) Investment Committee Meeting Minutes  
**From:** Staff of the PFRS Board  

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**Recommendation:** **APPROVE** March 30, 2022 Investment Committee Meeting Minutes
- 2. Subject:** Investment Manager Performance Update – Brown Advisory, LLC  
**From:** Brown Advisory, LLC  

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**Recommendation:** **ACCEPT** informational report regarding managerial assessment, diversity and inclusion policy and practices, and investment portfolio performance of Brown Advisory, LLC, a PFRS Active Small-Cap Value Investment Manager
- 3. Subject:** Investment Manager Performance Review – Brown Advisory, LLC  
**From:** Meketa Investment Group  

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**Recommendation:** **ACCEPT** Meketa Investment Group’s review and evaluation of Brown Advisory, LLC, a PFRS Active Small-Cap Value Investment Manager regarding managerial assessment, diversity and inclusion policy and practices, and investment portfolio performance

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR INVESTMENT COMMITTEE MEETING  
APRIL 27, 2022**

**4. Subject: Investment Market Overview as of March 30, 2022**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** informational report regarding the Global Investment Markets as of March 30, 2022

**5. Subject: Preliminary Investment Fund Performance Update as of March 30, 2022**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** informational report regarding the Preliminary Investment Fund Performance Update as of March 30, 2022

**6. Subject: Informational Overview Regarding Stagflation**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** informational overview regarding stagflation

**7. Schedule of Pending Investment Committee Meeting Agenda Items**

**8. Open Forum**

**9. Future Scheduling**

**10. Adjournment**

**A REGULAR MEETING OF THE INVESTMENT AND FINANCIAL MATTERS COMMITTEE** of the Oakland Police and Fire Retirement System (“PFRS”) was held Wednesday, March 30, 2022 via Zoom Webinar.

Committee Members	▪ Jaime T. Godfrey	Chairperson
	▪ Robert W. Nichelini	Member
	▪ R. Steven Wilkinson	Member
Additional Attendees	▪ David F. Jones	PFRS Secretary & Plan Administrator
	▪ Mitesh Bhakta	PFRS Legal Counsel
	▪ Téir Jenkins	PFRS Staff Member
	▪ Maxine Visaya	PFRS Staff Member
	▪ David Sancewich	Meketa Investment Group
	▪ Jason Leong Campbell	Meketa Investment Group
	▪ Lauren Maskell	Rice Hall James & Associates, LLC
	▪ Yossi Lipsker	Rice Hall James & Associates, LLC
	▪ Thao Buuhoan	Rice Hall James & Associates, LLC

The meeting was called to order at 10:06 a.m. PST

1. **Approval of Investment Committee Meeting Minutes** – Member Nichelini made a motion to approve the February 23, 2022 Investment Committee Meeting Minutes, as written, second by Member Wilkinson. Motion Passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
(AYES: 3 / NOES: 0 / EXCUSED: 0)

2. **Investment Manager Performance Update – Rice Hall James & Associates, LLC** – Lauren Maskell, Yossi Lipsker, and Thao Buuhoan of Rice Hall James & Associates, LLC (“RHJ”), a PFRS Domestic Equity Small-Cap Growth Asset Class Investment Manager, presented an informational report regarding a firm overview; investment strategies; PFRS’ investment portfolio performance; and the firm’s Diversity & Inclusion practices.

Member Wilkinson and Plan Administrator Jones made inquiries to further the discussion regarding investment strategies; if any of the founding partners are still with the firm; and the firm’s current and intended Diversity, Equity, and Inclusion practices moving forward.

**MOTION:** Member Nichelini made a motion to accept the informational report presented by Rice Hall James & Associates, LLC and forward to the Board, second by Member Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
(AYES: 3 / NOES: 0 / EXCUSED: 0)

3. **Investment Manager Performance Review – Rice Hall James & Associates, LLC** – David Sancewich of Meketa Investment Group (“Meketa”) provided an overview memo regarding RHJ, a PFRS Domestic Equity Small-Cap Growth Asset Class Investment Manager. Meketa recommended to remove RHJ from watch status based on performance and extend the current professional services agreement. Member Wilkinson expressed long-term concern regarding the firm’s culture, lack of vision, and the ability to remain competitive and recommended to continue watch status. Member Wilkinson requested the CEO be in attendance for the next presentation to the Committee.

**MOTION:** Member Wilkinson made a motion to maintain watch status based on performance and for RHJ to return and provide an update in six to nine months with the CEO present to address the Committee and forward to the Board for approval, second by Member Nichelini. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

4. **Resolution 8044** – Resolution modifying the professional services agreement with Rice Hall James & Associates, LLC in order to (1) provide for unlimited one-year extension options under Section IV(B) and (2) authorize a one-year extension of the professional services agreement for the provision of Domestic Equity Small-Cap Growth Investment Manager Services for the City of Oakland Police and Fire Retirement System.

**MOTION:** Member Nichelini made a motion to recommend Board approval of Resolution 8044, second by Member Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

5. **Investment Market Overview as of February 28, 2022** – Paola Nealon of Meketa presented an informational report regarding the Investment Market Overview as of February 28, 2022 and highlighted Index Returns, Domestic Equity Returns, Foreign Equity Returns, Fixed Income Returns and current factors impacting outcomes.

**MOTION:** Member Wilkinson made a motion to accept the informational report presented by Meketa regarding the Investment Market Overview as of February 28, 2022 and forward to the Board, second by Member Nichelini. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

6. **Market Update: Russian Invasion of Ukraine** – David Sancewich of Meketa presented an informational report regarding Russia’s invasion of Ukraine and the impact across global financial markets and the PFRS portfolio. D. Sancewich noted it is an evolving situation and Meketa will continue to monitor the situation.

**MOTION:** Member Nichelini made a motion to accept the informational report presented by Meketa regarding Russia’s invasion of Ukraine, second by Member Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

7. **Preliminary Investment Performance Update as of February 28, 2022** – David Sancewich of Meketa presented an informational report regarding the Preliminary Investment Fund Performance Update as of February 28, 2022 and highlighted the Asset Class Performance Summary.

**MOTION:** Member Wilkinson made a motion to accept the informational report presented by Meketa regarding the Preliminary Investment Fund Performance Update as of February 28, 2022 and forward to the Board, second by Member Nichelini. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

8. **2022 10-year Capital Market Assumptions Review** – David Sancewich of Meketa presented an informational report regarding the 2022 Capital Market Assumptions. The assumptions of return expectations presented were based on a 20-year period, not 10-years as noted on the agenda.

**MOTION:** Chairperson Godfrey moved to continue to the next item as the purpose of this item was informational. No action was taken on this item.

9. **\$13.9 Million Drawdown for Member Retirement Allowances Fiscal Year 2021/2022 (Quarter Ending June 30, 2022)** – Jason Leong Campbell of Meketa presented an informational report regarding the \$13.9 million drawdown, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund to be withdrawn from Northern Trust Russell 1000 in the Equity Portfolio, to be used to pay for the April 1, 2022 through June 30, 2022 Member Retirement Allowances.

**MOTION:** Member Nichelini made a motion to recommend board approval of the Meketa Investment Group recommendation of a \$13.9 million drawdown, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to be used to pay for the April 1, 2022 through June 30, 2022 Member Retirement Allowances, second by acting Chairperson Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

10. **Schedule of Pending Investment Committee Meeting Agenda Items** – David Sancewich presented the 2022 Ongoing Strategic Investment Agenda for discussion. Meketa will add RHJ to present an update at the October meeting, and collaborate with Chairperson Godfrey to identify topics of interest for upcoming Educational Overview items.

11. **Open Forum** – No Report

12. **Future Scheduling** – The next regular Investment Committee meeting is tentatively scheduled to occur Wednesday, April 27, 2022.

13. **Adjournment** – Member Nichelini made a motion to adjourn, second by Member Wilkinson. Motion passed.

[GODFREY – Y / NICHELINI – Y / WILKINSON – Y]  
[(AYES: 3 / NOES: 0 / EXCUSED: 0)]

The meeting adjourned at 11:23 a.m. PST

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JAIM T. GODFREY  
COMMITTEE CHAIRPERSON

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DATE

DRAFT

# **CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

April 27, 2022

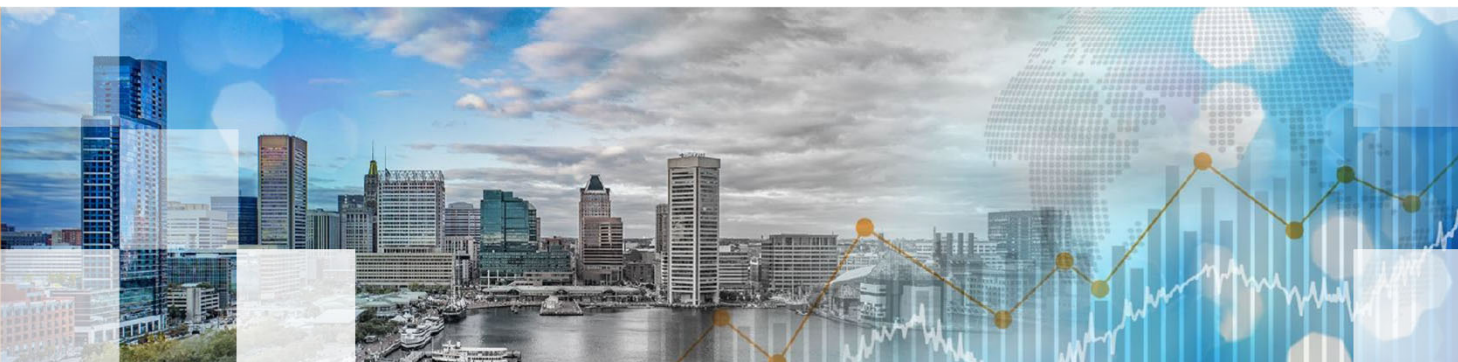
David Schuster, Portfolio Manager  
Christopher Gibson, Institutional Relationship Manager

## OVERVIEW

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# FIRM OVERVIEW



We are a global investment management firm offering a broad range of traditional and sustainable equity and fixed income investment solutions, rooted in our bottom-up, fundamental research and a disciplined, long-term investment approach.

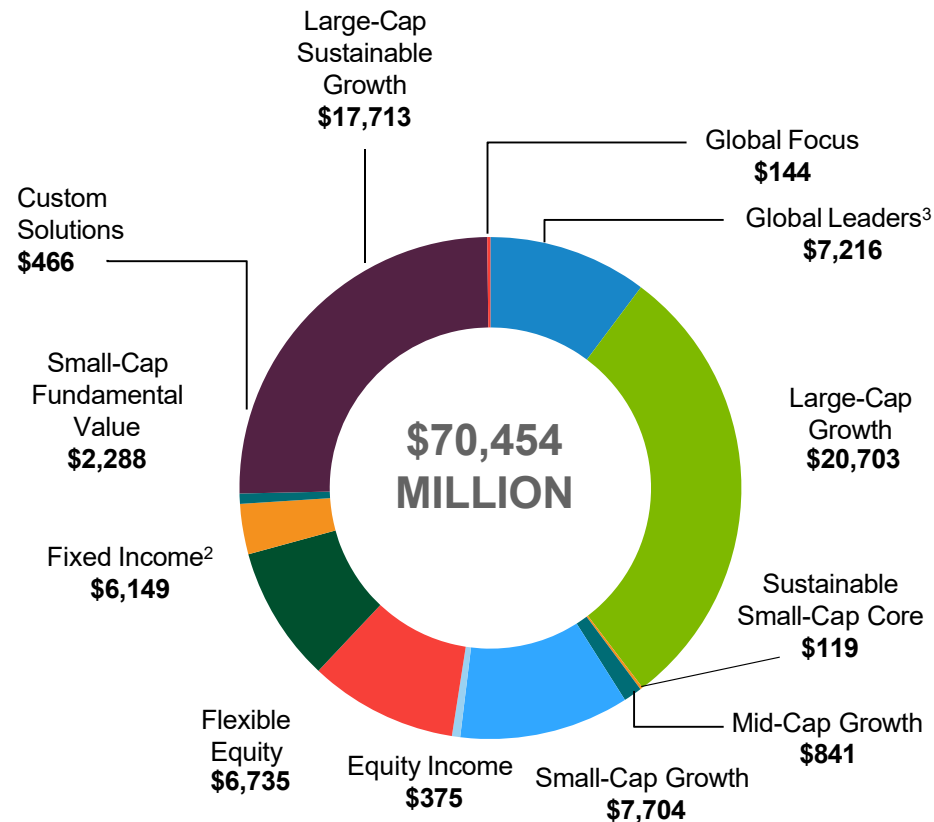
<b>OFFICES</b>	14 global offices United States, United Kingdom and Singapore				
<b>OWNERSHIP</b>	Private and independent since 1998				
<b>CLIENT ASSETS</b>	<b>\$146.5B</b> Total	<b>\$70.4B</b> Institutional Strategies	<b>\$64.3B</b> Institutional Equity Strategies	<b>\$6.1B</b> Institutional Fixed Income Strategies	<b>\$26.3B</b> Institutional Sustainable Strategies
<b>INVESTMENT SOLUTIONS</b>	Global Equity, U.S. Equity, Fixed Income and Sustainable strategies				
<b>INVESTMENT PROFESSIONALS</b>	<b>70+</b> Portfolio Managers, Analysts and Traders <sup>1</sup>			<b>15</b> Average years industry experience	
To read Brown Advisory's latest Sustainability Report, please visit our website at <a href="http://www.brownadvisory.com/us/2021-sustainability-report">www.brownadvisory.com/us/2021-sustainability-report</a>					

<sup>1</sup> Includes Portfolio Managers, Analysts, Traders within the institutional business. Data as of December 31, 2021. Please see the end of the presentation for important disclosures.

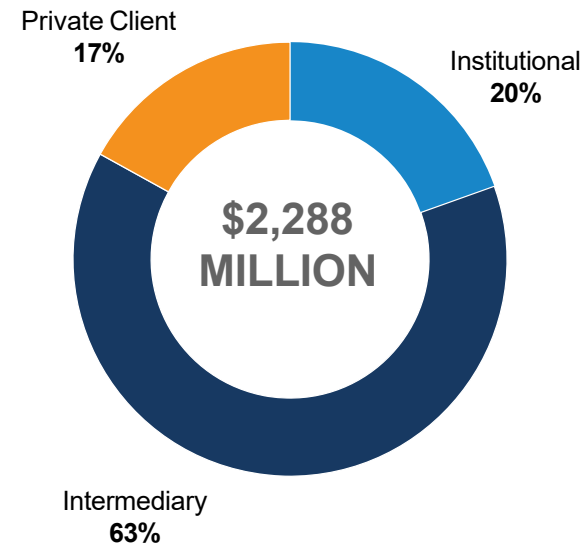
# ASSET SUMMARY

As of 12/31/2021

## Firmwide Institutional Strategy Assets By Strategy Breakdown<sup>1</sup>



## Small-Cap Fundamental Value Assets By Client Type Breakdown<sup>1</sup>



**Intermediary**  
RIAs, Insurance Companies, Broker Dealers, Private Banks

**Institutional**  
Pension Plans, Corporations, Endowments and Foundations

**Private Client**  
High-Net-Worth Individuals, OCIO

<sup>1</sup>Numbers may not total due to rounding. Firmwide Institutional Strategy Breakdown represents assets under management in institutionally marketed strategies. <sup>2</sup>Fixed Income strategy assets include the Core Fixed Income, Sustainable Core Fixed Income, Enhanced Cash, Intermediate Income, Limited Duration, Municipal Bond and Tax-Exempt Sustainable strategies. <sup>3</sup>Global Leaders strategy listed assets include Global Concentrated Equity. This information is supplemental to the Brown Advisory Large-Cap Growth Composite presentation.

# RELATIONSHIP OVERVIEW

## City of Oakland Police and Fire Retirement System

- U.S. Small Cap Fundamental Value
- Benchmark: Russell 2000<sup>®</sup> Value Index
- Primary Contact:
  - Christopher Gibson, *Institutional Relationship Manager*
  - cgibson@brownadvisory.com or 410-537-5331

Since Funding (4/5/2021 to 3/31/2022)	Change in Portfolio (\$)
Beginning Portfolio Value	10,862,408
Market Value Gain/Loss	200,894
Interest, Dividends and Cap Gains Distributions	133,471
Net Contributions and Withdrawals	(511)
Ending Portfolio Value	11,196,264

# PORTFOLIO PERFORMANCE (%)

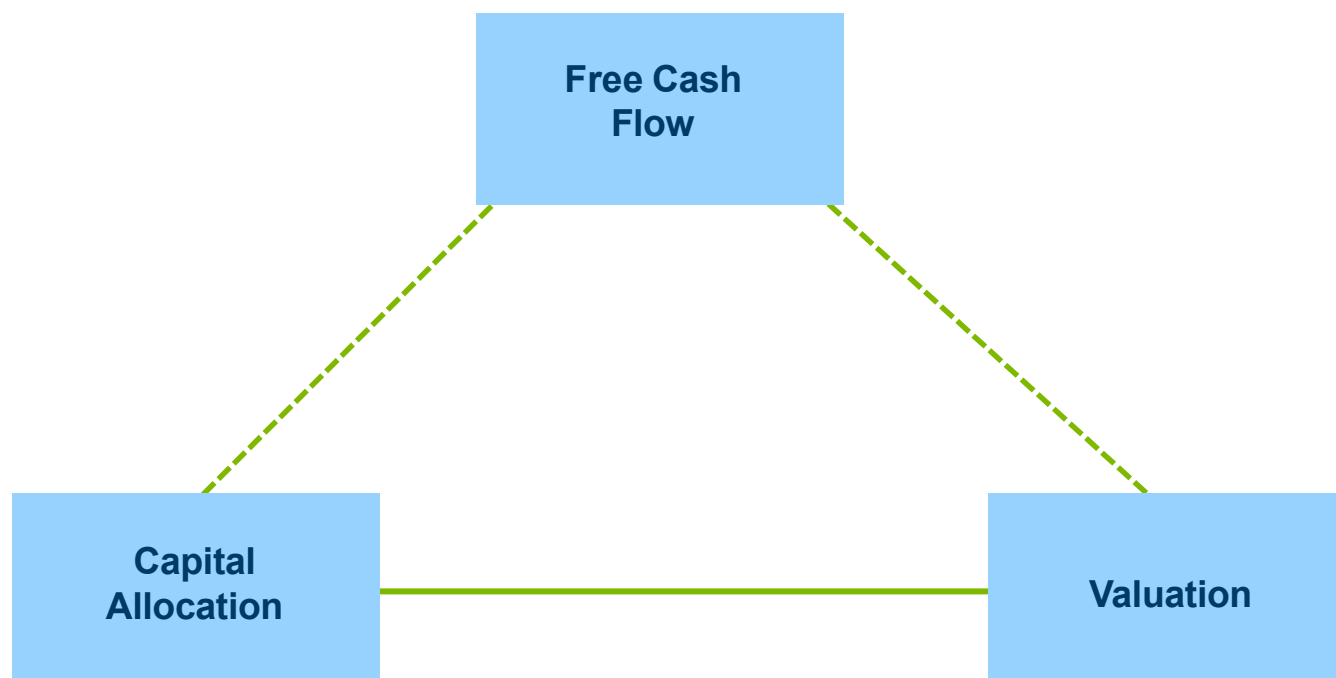
As of 3/31/2022

## City of Oakland Police and Fire Retirement System

	Q-T-D 3/31/2022	INCEPTION TO DATE (4/5/2021)
Total portfolio - gross of fees	-5.29	2.84
<b>Total portfolio - net of fees</b>	<b>-5.29</b>	<b>2.20</b>
Russell 2000® Value Index	-2.40	1.52

Source: APX

We seek to achieve attractive risk-adjusted returns over time by investing in companies that we believe have **sustainable free cash flow** and management that demonstrates **effective capital allocation**. Our research process identifies valuation disparities overlooked by the market. These **valuation gaps** provide a margin of safety and have the potential to generate additional returns.



# SMALL-CAP FUNDAMENTAL VALUE INVESTMENT TEAM

Portfolio Managers	Title	Joined Brown Advisory	Past Work Experience
<b>J. David Schuster</b>	Portfolio Manager	2008	<ul style="list-style-type: none"> <li>• Lazard Frères, Managing Director</li> <li>• Citigroup, Managing Director</li> <li>• Bear Stearns, Vice President</li> <li>• Deloitte &amp; Touche, CPA</li> <li>• U.S. Army, Officer</li> </ul>
<b>Michael W. Poggi, CFA</b>	Associate Portfolio Manager Industrials, Materials & Energy Analyst	2003	<ul style="list-style-type: none"> <li>• Brown Advisory, Research Analyst</li> </ul>
Director of Equity Research			Past Work Experience
<b>Eric Gordon, CFA</b>		2008	<ul style="list-style-type: none"> <li>• Alex. Brown Investment Management, Equity Research</li> <li>• Deutsche Bank Alex. Brown, Investment Banker</li> <li>• Merrill Lynch &amp; Co., Equity Research</li> <li>• Citigroup</li> </ul>
Select Analysts for the Strategy	Sector Coverage	Joined Brown Advisory	Past Work Experience
<b>Alex Trevino</b>	Consumer	2016	<ul style="list-style-type: none"> <li>• Brown Advisory, Research Analyst</li> </ul>
<b>Dan Mooney, CFA</b>	Consumer	2011	<ul style="list-style-type: none"> <li>• CB Richard Ellis Investors, REIT Analyst</li> <li>• Barclays Capital, Investment Banker</li> <li>• Green Street Advisors, Equity Research</li> <li>• Bear Stearns, Fixed Income Research</li> </ul>
<b>Kenneth Coe, CFA</b>	Financials	2013	<ul style="list-style-type: none"> <li>• Analyst, First Annapolis Consulting; Research, Independent Financial Econometrics Study</li> </ul>
<b>Frank O'Donnell</b>	Financials	2021	<ul style="list-style-type: none"> <li>• Brown Advisory, Equity Analyst</li> <li>• Maltese Capital Management, Investment Analyst</li> <li>• MF Development Group, Senior Associate</li> <li>• Sandler, O'Neill + Partners, LP, Associate</li> <li>• Morgan Stanley, Financial Analyst</li> </ul>
<b>Mark Kelly</b>	Health Care	2017	<ul style="list-style-type: none"> <li>• Equity Research, Stifel</li> <li>• Managing Consultant, Navigant</li> </ul>
<b>Emily Wachtmeister, CFA</b>	Technology	2013	<ul style="list-style-type: none"> <li>• Morgan Stanley, Equity Research</li> </ul>
<b>Brandon Woodland, CFA</b>	Generalist	2020	<ul style="list-style-type: none"> <li>• Director, Corporate Development, McGrath Rentcorp</li> <li>• Equity Research, T. Rowe Price</li> <li>• Credit Analyst, Freddie Mac</li> </ul>

## **PORTFOLIO REVIEW AND PERFORMANCE**

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# ATTRIBUTION DETAIL BY SECTOR

Trailing 12 Months Thru 3/31/2022

SECTOR	SMALL CAP FUNDAMENTAL VALUE REPRESENTATIVE ACCOUNT		RUSSELL 2000® VALUE INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	5.46	10.69	3.61	8.94	0.14	0.42	0.57
Consumer Discretionary	12.53	1.70	9.82	-12.54	-0.70	1.95	1.25
Consumer Staples	3.82	-4.10	2.94	0.76	-0.05	-0.22	-0.27
Energy	4.37	14.00	6.43	65.13	-1.34	-1.75	-3.09
Financials	29.21	4.83	26.39	1.40	-0.08	1.06	0.98
Health Care	2.11	42.35	9.20	-19.14	2.18	0.98	3.17
Industrials	19.25	1.39	14.77	5.36	0.21	-0.72	-0.51
Information Technology	8.62	8.78	6.17	-2.16	-0.29	1.23	0.94
Materials	5.1	-8.01	5.09	7.11	0.03	-1.12	-1.10
Real Estate	6.06	24.72	10.96	14.21	-0.51	0.46	-0.05
Utilities	3.07	17.21	4.63	9.38	-0.21	0.23	0.03
Unassigned	--	--	--	--	--	--	--
<b>Total</b>	<b>100.00</b>	<b>5.28</b>	<b>100.00</b>	<b>3.36</b>	<b>-0.62</b>	<b>2.54</b>	<b>1.92</b>

Source: FactSet. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. Performance figures may vary from actual portfolio performance, as calculations are based on end-of-day security prices and do not incorporate the actual cost basis or sale price of individual securities. The portfolio information provided is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution excludes cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.



# CONTRIBUTION TO RETURN

Trailing Twelve Months Thru 3/31/2022

## Top Five Contributors

TICKER	SECURITY	GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
NXST	Nextstar Media Group	Communication Services	3.99	36.67	1.31
MUSA	Murphy USA, Inc	Consumer Discretionary	2.10	39.27	0.75
EGP	EastGroup Properties	Real Estate	1.91	43.97	0.66
ONTO	Onto Innovation	Information Technology	2.28	32.36	0.56
VBTX	Veritex Holdings, Inc.	Financials	2.84	18.95	0.52

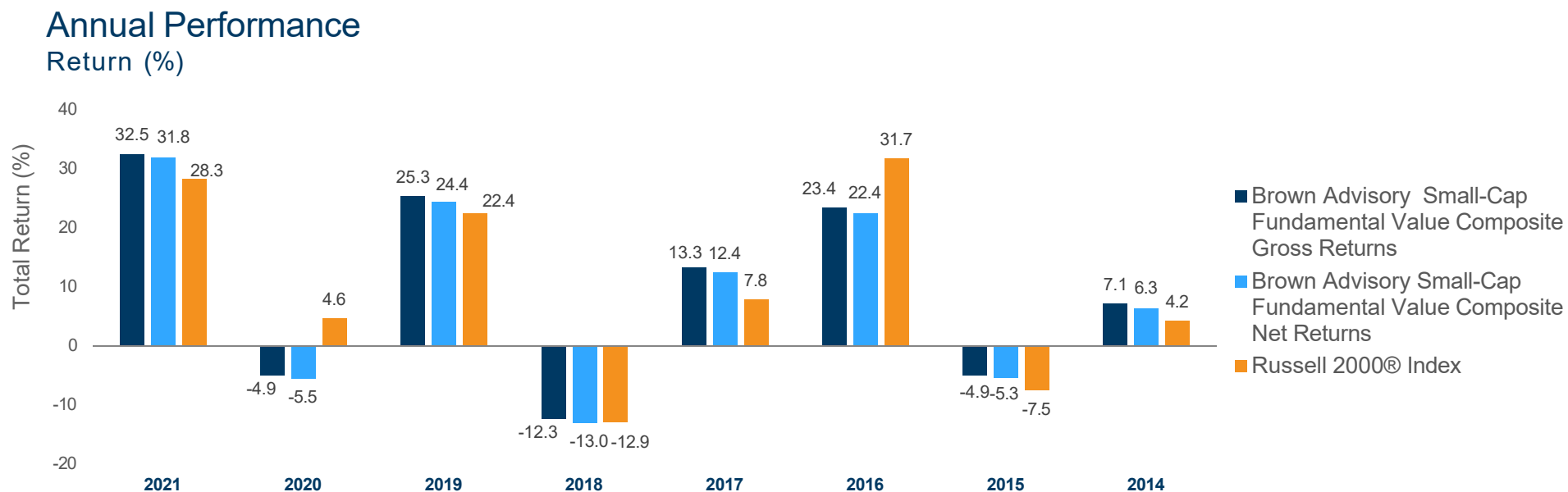
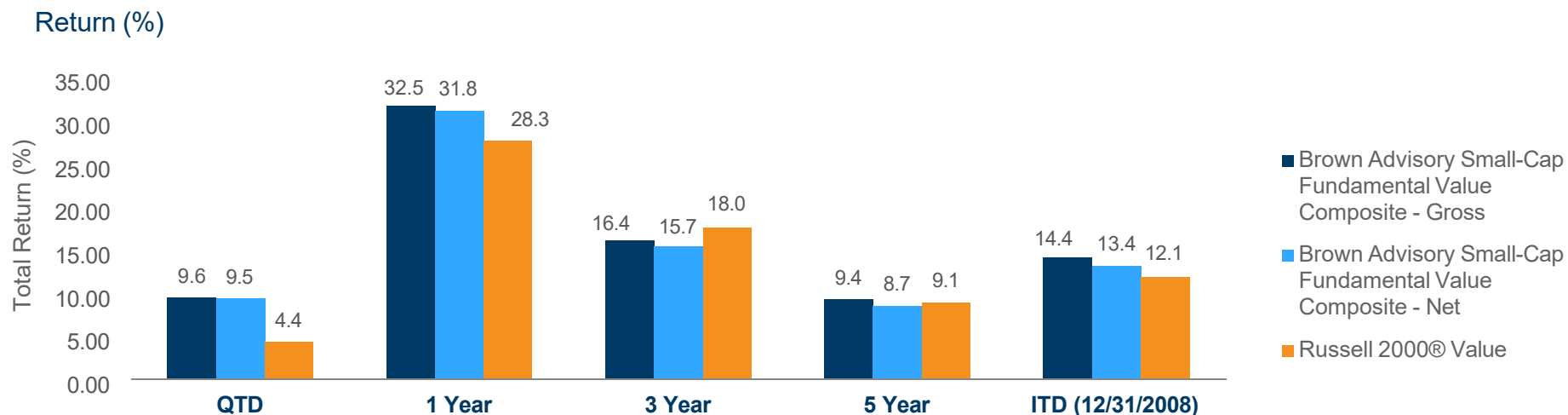
## Bottom Five Contributors

TICKER	SECURITY	GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
LZB	La-Z-Boy Incorporated	Consumer Discretionary	2.10	-36.79	-0.90
THS	TreeHouse Foods	Consumer Staples	1.73	-38.17	-0.88
AMWD	American Woodmark Corp	Industrials	0.86	-30.48	-0.61
NGVT	Ingevity Corporation	Ingevity Corporation	2.09	-10.74	-0.53
PPBI	Pacific Premier Bancorp	Financials	2.74	-16.12	-0.47

Source: FactSet. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Top five contributors exclude cash and cash equivalents. The security returns listed represent the period of when the security was held during the quarter. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# COMPOSITE PERFORMANCE

Performance as of 12/31/2021



Source: FactSet. All returns greater than one year are annualized. The composite performance shown above reflects the Small-Cap Fundamental Value Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the end of this presentation for a GIPS compliant presentation. Past performance is not indicative of future results.

# PORTFOLIO HOLDINGS

Representative Small-Cap Fundamental Value Account as of 12/31/2021

## CASH (%)

Cash & Equivalents	3.7
<b>Total Portfolio</b>	<b>3.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>0.0</b>

## COMMUNICATION SERVICES (%)

Nexstar Media Group, Inc. Class A	3.6
WideOpenWest, Inc.	1.9
Loyalty Ventures, Inc.	0.7
<b>Total Portfolio</b>	<b>6.1</b>
<b>Total % of Russell 2000® Value Index</b>	<b>3.6</b>

## CONSUMER DISCRETIONARY (%)

Vista Outdoor, Inc.	3.2
Murphy USA, Inc.	2.4
La-Z-Boy, Inc.	2.3
Denny's Corp.	1.4
Helen of Troy, Ltd.	1.1
Monarch Casino & Resort, Inc.	1.1
Civeo Corp.	0.2
Culp, Inc.	0.2
JOANN, Inc.	0.2
<b>Total Portfolio</b>	<b>12.2</b>
<b>Total % of Russell 2000® Value Index</b>	<b>8.6</b>

## CONSUMER STAPLES (%)

Sprouts Farmers Markets, Inc.	2.2
TreeHouse Foods, Inc.	1.5
<b>Total Portfolio</b>	<b>3.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>2.9</b>

## ENERGY (%)

ChampionX Corp.	2.3
Rex American Resources Corp.	1.1
Natural Gas Services Group	0.3
<b>Total Portfolio</b>	<b>3.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>6.2</b>

## FINANCIALS (%)

Veritex Holdings, Inc.	2.6
Eastern Bankshares, Inc.	2.4
Ladder Capital Corp.	2.3
Pacific Premier Bancorp, Inc.	2.3
Virtus Investment Partners, Inc.	2.0
MGIC Investment Corp.	1.9
WSFS Financial Corp.	1.8
UMB Financial Corp.	1.7
Primerica, Inc.	1.6
Premier Financial Corp.	1.6
Hanover Insurance Group, Inc.	1.6
Assurant, Inc.	1.2
First Bancorp (North Carolina)	0.9
Peapack-Gladstone Financial Corp.	0.9
The Bancorp, Inc.	0.7
Tristate Capital Holdings	0.2
<b>Total Portfolio</b>	<b>26.0</b>
<b>Total % of Russell 2000® Value Index</b>	<b>26.4</b>

## MATERIALS (%)

Ingevity Corp.	3.6
Eagle Materials, Inc.	2.1
<b>Total Portfolio</b>	<b>5.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>4.6</b>

## REAL ESTATE (%)

Eastgroup Properties Inc	2.2
Essential Properties Realty Trust, Inc.	2.0
Getty Realty Corp.	1.3
Global Medical REIT, Inc.	0.8
CTO Realty Growth, Inc.	0.3
<b>Total Portfolio</b>	<b>6.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>11.9</b>

## INFORMATION TECHNOLOGY (%)

CMC Materials Inc.	2.6
Onto Innovation, Inc.	2.4
Echostar Corp.	1.6
CTS Corp.	1.6
Vectrus, Inc.	0.7
PC Connection, Inc.	0.3
<b>Total Portfolio</b>	<b>9.2</b>
<b>Total % of Russell 2000® Value Index</b>	<b>6.5</b>

## INDUSTRIALS (%)

Comfort Systems USA, Inc.	2.3
Kadant, Inc.	2.0
Simpson Manufacturing Co., Inc.	2.0
Curtiss-Wright Corp.	1.8
Albany International Corp. CI A	1.8
Federal Signal Corp.	1.7
McGrath RentCorp	1.6
SPX Corp.	1.5
Mueller Water Products, Inc.	1.5
CRA International, Inc.	1.5
<b>Total Portfolio</b>	<b>17.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>14.3</b>

## HEALTH CARE (%)

Owens & Minor, Inc.	2.6
<b>Total Portfolio</b>	<b>2.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>10.2</b>

## UTILITIES (%)

Portland General Electric Company	2.1
Star Group LP	0.8
<b>Total Portfolio</b>	<b>2.9</b>
<b>Total % of Russell 2000® Value Index</b>	<b>4.9</b>

Source: FactSet. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Sectors diversification includes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Numbers may not total due to rounding. Please see disclosure statement at the end of this presentation for additional information.

## APPENDIX

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- U.S. Small-Cap Fundamental Value Strategy launched in December 2008
  - Vehicles: Separate accounts and mutual fund
  - Strategy Assets: \$2.3 billion as of 12/31/2021
- Team:
  - **J. David Schuster**, *Portfolio Manager*
    - Joined Brown Advisory 2008
    - Deep analytical approach as well as broad relationships/experience in financials
  - **Mike Poggi, CFA**, *Associate Portfolio Manager/Analyst*
    - Investment experience since 2003; joined Brown Advisory 2003
  - **Brown Advisory in-house research team**
    - Sector research analysts
    - Leverage sector expertise in **energy, consumer, health care, technology, industrials/materials** and **financials**
- As an asset class, small-cap value provides compelling and attractive investment characteristics:
  - Inefficient market due to lack of Wall Street research
  - Historically high number of merger & acquisition take-outs
  - Research process takes advantage of these inherent inefficiencies

# PROCESS-DRIVEN EXCESS RETURN

Based on a Representative Small-Cap Fundamental Value Account as of 12/31/2021

Our strategy has generally **performed well** in a variety of market conditions.

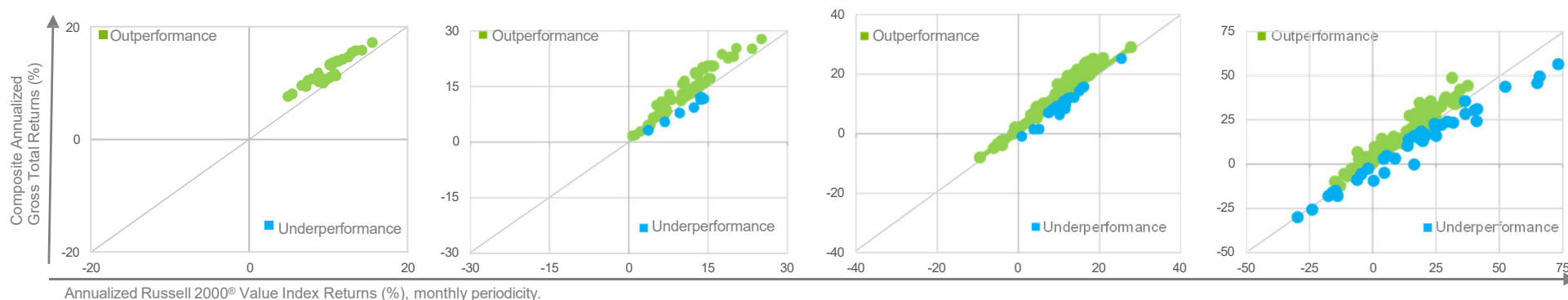
- During some short-term periods of pronounced low-quality rallies we have underperformed.
- However, we have outperformed 86% of the rolling five-year and 100% of the rolling ten-year periods since inception.

## ROLLING MONTHLY TOTAL RETURN ANALYSIS, GROSS OF FEES

Brown Advisory Small-Cap Fundamental Value Composite Vs. Russell 2000® Value Index

Since Strategy Inception (12/31/2008 – 12/31/2021)

10-Year Rolling Returns: 100% Outperformance	5-Year Rolling Returns: 86% Outperformance	3-Year Rolling Returns: 76% Outperformance	1-Year Rolling Returns: 68% Outperformance
Strategy outperformed <b>37</b> times Index outperformed <b>0</b> times	Strategy outperformed <b>83</b> times Index outperformed <b>14</b> times	Strategy outperformed <b>92</b> times Index outperformed <b>29</b> times	Strategy outperformed <b>99</b> times Index outperformed <b>46</b> times



Source: FactSet. Past performance is not indicative of future results. The composite performance shown above reflects the Brown Advisory Small-Cap Fundamental Value Composite,, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the Brown Advisory Small-Cap Fundamental Value disclosure statement at the end of this presentation for a GIPS compliant presentation. Please see the Brown Advisory Small-Cap Fundamental Value composite disclosure for more information.

# PORTFOLIO ATTRIBUTES

Representative Small-Cap Fundamental Value Account as of 12/31/2021

	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT	RUSSELL 2000® VALUE INDEX
Number of Holdings	59	1451
Market Capitalization (\$ B)		
Weighted Average	3.5	3.0
Weighted Median	2.9	2.6
Maximum	9.3	14.0
Minimum	0.1	0.03
Top 10 Equity Holdings (%)	27.7	5.4
Three-Year Annualized Portfolio Turnover (%)	35.4	--

Source: FactSet. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information. Number of equity holdings, characteristics and top 10 equity holdings excludes cash and cash equivalents. Please see the end of this presentation for a complete list of terms and definitions.

# FIRM / DIVERSITY STATISTICS

As of 3/31/2022

Firm Name	Brown Advisory LLC		
Product Name	Brown Advisory Small-Cap Fundamental Value		
Total Number of Employees	824		
	Percentage (%) of Board of Directors / Managing Members	Percentage(%) of Firm (Entire Staff)	Percentage (%) of Firm (Investment Professionals)**
<b>Race and Ethnicity*</b>			
African American/Black	12.50%	9.09%	2.86%
Asian/Hawaiian/Pacific Islander	0.00%	5.88%	11.43%
Latino/Hispanic	0.00%	2.41%	0.00%
White	87.50%	79.68%	84.29%
American Indian/Alaska Native	0.00%	0.00%	0.00%
Other	0.00%	2.94%	1.43%
<b>Gender</b>			
Male	75.00%	55.75%	71.43%
Female	25.00%	44.25%	28.57%
Non-Identified/Other	0.00%	0.00%	0.00%

\*Racial / ethnic categories appear as defined by EEOC guidance

\*\*Investment Professionals include only investment professionals in our institutional equity and fixed income business

Source: FactSet. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information. Number of equity holdings, characteristics and top 10 equity holdings excludes cash and cash equivalents. Please see the end of this presentation for a complete list of terms and definitions.



# COMMISSIONS THRU 2/28/2022

Since inception, the commissions generated for Blaylock for this relationship equate to roughly 44% through February 28, 2022.

## City of Oakland Police and Fire Retirement System – Commissions

	2021	YTD – THROUGH 2/28/2022	TOTAL
Total Commissions	11,946.15	399.70	12,345.85
Blaylock Van	5,441.79	38.28	5,480.87
<b>Total % of Commissions to Blaylock Van</b>			<b>44.4%</b>

Source: APX

# SMALL-CAP FUNDAMENTAL VALUE COMPOSITE

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2020	-4.9	-5.8	4.6	24.3	26.1	43	0.9	1,491	59,683
2019	25.3	24.4	22.4	13.9	15.7	38	0.3	1,442	42,426
2018	-12.3	-13.1	-12.9	13.4	15.8	41	0.2	1,334	30,529
2017	13.3	12.4	7.8	12.2	14.0	48	0.3	1,808	33,155
2016	23.4	22.4	31.7	13.0	15.5	46	0.3	1,660	30,417
2015	-4.6	-5.3	-7.5	12.3	13.5	45	0.2	1,186	43,746
2014	7.1	6.3	4.2	10.7	12.8	41	0.4	1,002	44,772
2013	42.0	41.0	34.5	14.1	15.8	32	0.3	693	40,739
2012	23.0	21.9	18.1	17.7	19.9	13	0.1	269	26,794
2011	2.9	1.9	-5.5	20.6	26.1	9	0.6	190	19,962

Brown Advisory Institutional claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory Institutional has been independently verified for the periods from January 1, 1993 through December 31, 2020. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- \*For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
- The Small-Cap Fundamental Value Composite (the Composite) includes all discretionary portfolios invested in the Small Cap Fundamental Value Strategy. The strategy invests primarily in U.S. smaller market capitalization equities that generate high levels of free cash flow and are currently undervalued by the market. The minimum account market value required for inclusion in the Composite is \$1.5 million.
- The Composite was created in 2009. The Composite inception date is January 1, 2019.
- The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 2000® Value Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- The composite dispersion presented is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Certain accounts in the composite pay asset-based custody fees that include commissions. For these accounts, gross and net returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 1.00% on the first \$25 million; 0.90% on the next \$25 million; 0.80% on the next \$50 million; and 0.70% on the balance over \$100 million. Further information regarding investment advisory fees is described in Part II A of the firm's form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- The investment management fee for the Investor Shares of the Brown Advisory Small Cap Fundamental Value Fund (the Fund), which is included in the Composite, is 0.85%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2020) was 1.12%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Dollar Class B Acc Shares of the Brown Advisory US Small Cap Blend Fund (the UCITS), which is included in the composite, is 1.00%. The total expense ratio for the Dollar Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2020) was 1.19%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented as of December 31, 2009 and December 31, 2010 because 36 month returns for the Composite were not available (N/A).
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
- This piece is provided for informational purposes only and should not be construed as a research report, a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the securities mentioned, including any mutual fund managed by Brown Advisory.

## MEMORANDUM

**TO:** Oakland Police and Fire Retirement System (OPFRS)  
**FROM:** Meketa Investment Group  
**DATE:** April 27, 2022  
**RE:** Brown Advisory – Manager Update

### Manager: Brown Advisory

<b>Inception Date:</b>	April 2021	<b>OPFRS AUM (3/31/2022):</b>	\$11.2 million
<b>Strategy:</b>	Small Cap Value	<b>Firm-wide AUM (3/31/2022):</b>	\$63.6 billion
<b>Benchmark:</b>	Russell 2000 Value	<b>Strategy AUM (3/31/2022):</b>	\$2.2 billion

### Summary & Recommendation

Brown Advisory began managing OPFRS's small cap value portfolio at the beginning of April 2021, which is now approximately \$11.2 million or about 2.6% of OPFRS's total allocation. Over this period, Brown Advisory has maintained an above average ranking and contributed positive excess return; the firm has no significant organizational or personnel changes. ***Meketa does not have any major concerns with Brown Advisory and does not recommend any action be taken at this time.***

### Discussion

Since inception in April 2021, Brown Advisory has produced a net-of-fee excess return of 1.0% and ranked above average in comparison with the other small cap value equity managers. Year-to-date the portfolio has trailed the Russell 2000 Value benchmark by 2.9% while being in the top quartile amongst its peers. As a manager with long-term time horizon, YTD underperformance against its benchmark should be viewed with caution and in comparison with other similar managers.

### OPFRS Portfolio Annualized Returns (as of 3/31/2022)

Manager	Mkt Value (\$000)	Asset Class	YTD	1 YR	3 YR	5 YR	Since Inception	Inception Date
Brown Advisory (Gross)	11,212	Small Cap Value	-5.1	5.2	---	---	5.2	4/2021
<i>Russell 2000 Value</i>	---	---	-2.4	3.3	---	---	3.3	---
Excess Return	---	---	-2.7	1.9	---	---	1.9	---
Rank	---	---	26	43	---	---	43	---
Brown Advisory (Net)	11,212	Small Cap Value	-5.3	4.3	---	---	4.3	4/2021
<i>Russell 2000 Value</i>	---	---	-2.4	3.3	---	---	3.3	---
Excess Return	---	---	-2.9	1.0	---	---	1.0	---
Rank	---	---	25	42	---	---	42	---



### Product and Organization Review Summary

Brown Advisory	Areas of Potential Impact				
	Level of Concern	Investment process (client portfolio)	Investment Team	Performance Track Record	Team/ Firm Culture
Product					
Key people changes	None				
Changes to team structure/individuals' roles	None				
Product client gain/losses	None				
Changes to the investment process	None				
Personnel turnover	None				
Organization					
Ownership changes	None				
Key people changes	None				
Firm wide client gain/losses	None				
Recommended Action	None - X		Watch Status	Termination	

A review of Brown Advisory and the Fundamental Small Cap Value revealed no significant organizational issues or changes. Since Brown Advisory's inception in April 2021, there has been no significant turnover in the portfolio management team.

## Investment Philosophy & Process, per manager

The Small-Cap Fundamental Value Strategy seeks to achieve attractive risk-adjusted returns over time by investing in companies believed to have sustainable free cash flow and management that demonstrates effective capital allocation.

The research process is based on fundamental, bottom-up research to identify valuation disparities overlooked by the market that can provide a margin of safety and have the potential to generate additional returns.

The investment team focuses on the inefficiencies in the small cap market that stem from a lack of analyst coverage and investor interest and result in overlooked, attractively valued investment opportunities. This valuation disconnects provide a margin of safety and potential upside in the stock. Mr. Schuster, the lead portfolio manager of the strategy, wants to make money in a stock through the closure of the valuation gap and the growth of cash flows. He views growth in a company's cash flow as an important part of the potential total return. The team looks for companies in which the reported GAAP net income differs materially from free cash flow.

Brown's investment team evaluates businesses the same way as a potential acquirer. They are long-term oriented with a 3–5 year investment horizon.

Investment ideas come from quantitative screens, investment conferences, company visits, and the industry specific knowledge of the analysts. Ideas emanate from the analysts, and Mr. Schuster will push ideas to the team. The team also monitors corporate actions for potential investment ideas. These often present attractive investment opportunities before they become more familiar to the market.

The investment team follows up on the best potential ideas. The primary purpose of the team's research is to understand the key attributes of each business. The focal points of their analysis area company's ability to generate sustainable free cash flow and the effectiveness of management's capital allocation decisions.

Multiple analysts will often perform due diligence on an idea. Analyzing and modeling financial statements, on-site visits, and reviewing market research are all important components of the research process. The team evaluates business drivers, the competitive landscape, pricing pressures from both suppliers and customers, and historic and projected uses of capital that contribute to a company's fundamental earnings power. The team also leverages the firm's extensive network of venture capital and private equity relationships, clients, directors and outside shareholders.



## Disclosure

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

# Economic and Market Update

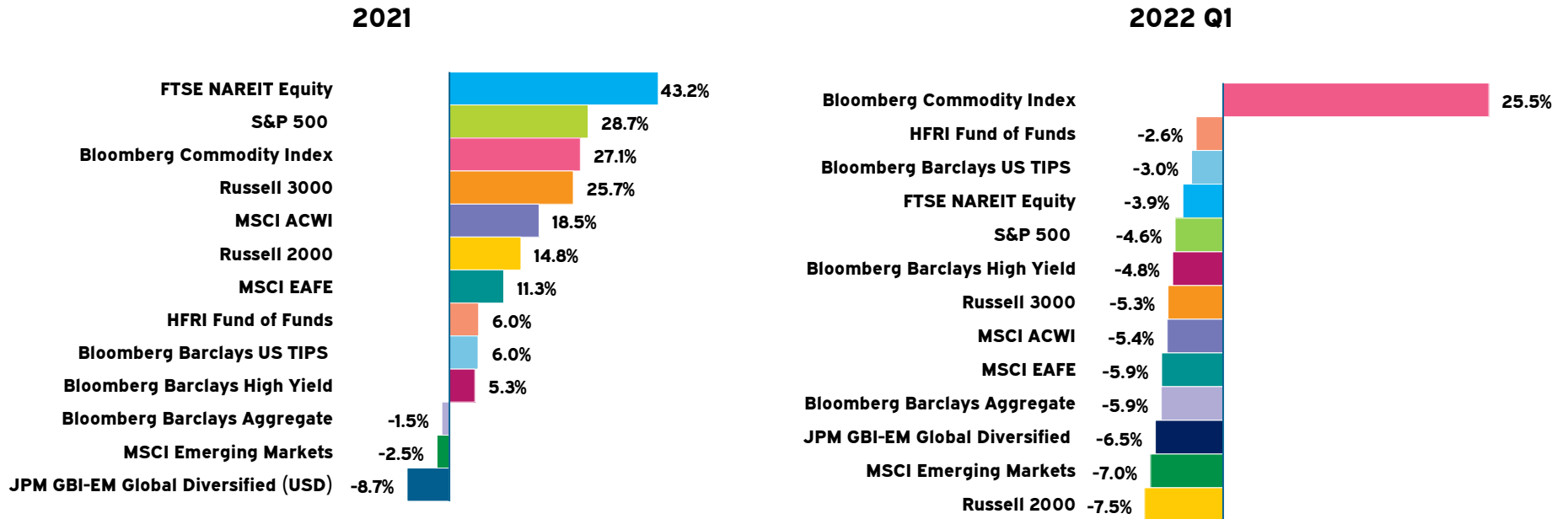
March 2022 Report

### Q1 Commentary

- The first quarter saw market volatility, driven by persistently high inflation, expectations for policy to tighten faster than previously expected, and Russia's invasion of Ukraine.
- Except for commodities, all asset classes declined during the quarter.
  - Equities declined across the board with double-digit losses in China particularly weighing on emerging markets.
  - Value oriented equities outpaced growth in the US influenced by higher interest rates.
  - Bonds in the US had one of their worst quarters on record, declining more than equities.
  - Rates rose across the US yield curve, with the curve inverting by some measures by month-end.
  - Inflation remains high globally given lingering supply issues from the pandemic and the conflict in Ukraine.
  - The pace of policy tightening will likely increase due to persistent inflation.
- The conflict in eastern Europe will have considerable economic and financial consequences for the global economy including the pacing of policy rate tightening, the risk of policy mistakes, and supply shocks pushing inflation even higher around the world.



### Index Returns<sup>1</sup>



→ Outside of emerging markets and the broad US investment grade bond market (Barclays Aggregate), most asset classes appreciated in 2021.

→ Most major asset classes suffered negative returns in the first quarter of 2022 with the notable exception of commodities. TIPS declined less than most other asset classes in the inflationary environment.

<sup>1</sup> Data Source: Bloomberg and FactSet. Data is as of March 31, 2022.

### Domestic Equity Returns<sup>1</sup>

Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.7	-4.6	15.6	18.9	16.0	14.6
Russell 3000	3.2	-5.3	11.9	18.2	15.4	14.3
Russell 1000	3.4	-5.1	13.3	18.7	15.8	14.5
Russell 1000 Growth	3.9	-9.0	15.0	23.5	20.9	17.0
Russell 1000 Value	2.8	-0.7	11.7	13.0	10.3	11.7
Russell MidCap	2.6	-5.7	6.9	14.9	12.6	12.8
Russell MidCap Growth	1.6	-12.6	-0.9	14.8	15.1	13.5
Russell MidCap Value	3.0	-1.8	11.5	13.6	10.0	12.0
Russell 2000	1.2	-7.5	-5.8	11.7	9.7	11.0
Russell 2000 Growth	0.5	-12.6	-14.3	9.9	10.3	11.2
Russell 2000 Value	2.0	-2.4	3.3	12.7	8.6	10.5

#### US Equities: Russell 3000 Index returned -5.3%, and value indices outperformed growth in Q1.

- Despite positive returns in March, US equities posted negative returns for the first quarter of 2022 across all market capitalizations and styles given persistently high inflation and geopolitical uncertainty.
- Value stocks declined far less than growth stocks in the rising rate environment. Strong returns in the energy sector and weakness in the technology sector contributed to the results.
- Large company stocks (Russell 1000) outperformed small company stocks (Russell 2000).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

### Foreign Equity Returns<sup>1</sup>

Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	0.2	-5.4	-1.5	7.5	6.8	5.5
MSCI EAFE	0.6	-5.9	1.2	7.8	6.7	6.3
MSCI EAFE (Local Currency)	2.1	-3.7	6.2	8.2	6.5	8.6
MSCI EAFE Small Cap	0.0	-8.5	-3.6	8.5	7.4	8.3
MSCI Emerging Markets	-2.3	-7.0	-11.4	4.9	6.0	3.4
MSCI Emerging Markets (Local Currency)	-2.1	-6.1	-9.9	6.2	7.5	6.3
MSCI China	-8.0	-14.2	-32.5	-3.0	3.5	4.5

#### International Developed Market Equities: MSCI EAFE -5.9% in Q1.

- Returns in international developed markets were also negative for the first quarter of 2022.
- Declines were driven by a sharp fall in stocks in Europe hurt by a high reliance on Russian oil and gas.
- Continued strength in the US dollar also weighed on results.

#### Emerging Markets: MSCI EM -7.0% in Q1.

- Emerging market stocks declined more than developed market stocks for the quarter.
- China was a key driver of results as its zero COVID-19 policy led to renewed lockdowns in Shanghai. Concerns related to regulations on US-listed China stocks and overall slower growth also weighed on returns.
- Russian stocks and the ruble plunged with sanctions and trading halts.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

### Fixed Income Returns<sup>1</sup>

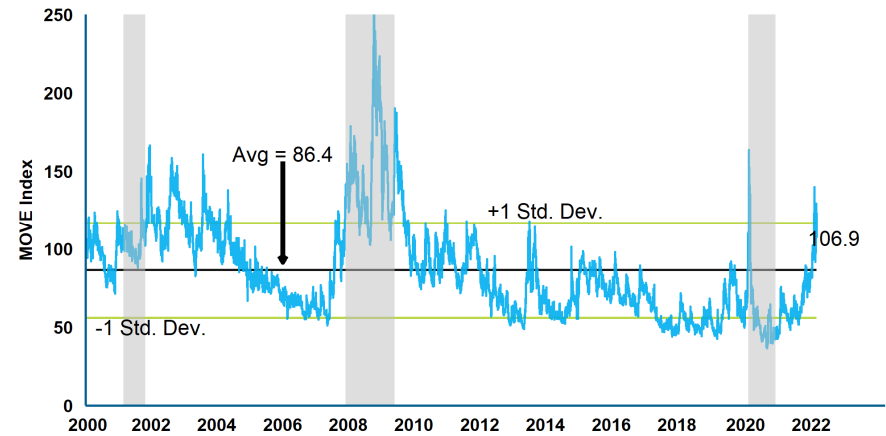
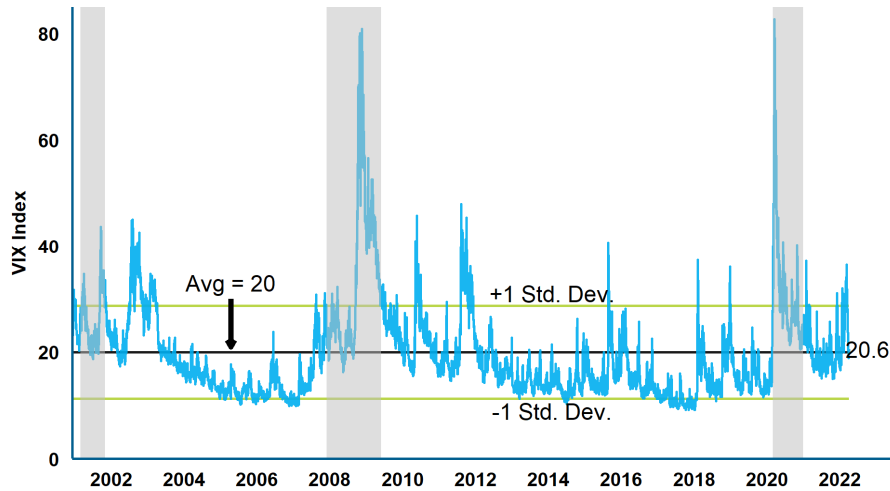
Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-2.7	-6.1	-4.2	1.8	2.3	2.6	3.3	6.6
Bloomberg Aggregate	-2.8	-5.9	-4.2	1.7	2.1	2.2	2.9	6.8
Bloomberg US TIPS	-1.9	-3.0	4.3	6.2	4.4	2.7	2.6	7.6
Bloomberg High Yield	-1.1	-4.8	-0.7	4.6	4.7	5.7	6.0	4.6
JPM GBI-EM Global Diversified (USD)	-1.5	-6.5	-8.5	-1.1	0.2	-0.7	6.4	5.1

#### Fixed Income: Barclays Universal -6.1% in Q1.

- The broad US investment grade bond market (Barclays Aggregate) experienced one of its worst quarters on record given continued concerns about policy tightening and inflation. The nominal 10-year Treasury yield finished the quarter at 2.3%, a level 0.8% above the end of 2021.
- TIPS also declined in the rising rate environment, but less than other bond sectors, helped by their inflation component.
- US credit spreads widened in the first quarter, particularly in high yield, as risk assets fell. Spreads remain at relatively low levels, though, given strong corporate health and high investor demand in the low-rate environment.
- Emerging market debt prices also declined in the quarter driven by the Russian invasion of Ukraine.

<sup>1</sup> Source: Bloomberg. JPM GBI-EM is from InvestorForce. Data is as of March 31, 2022.

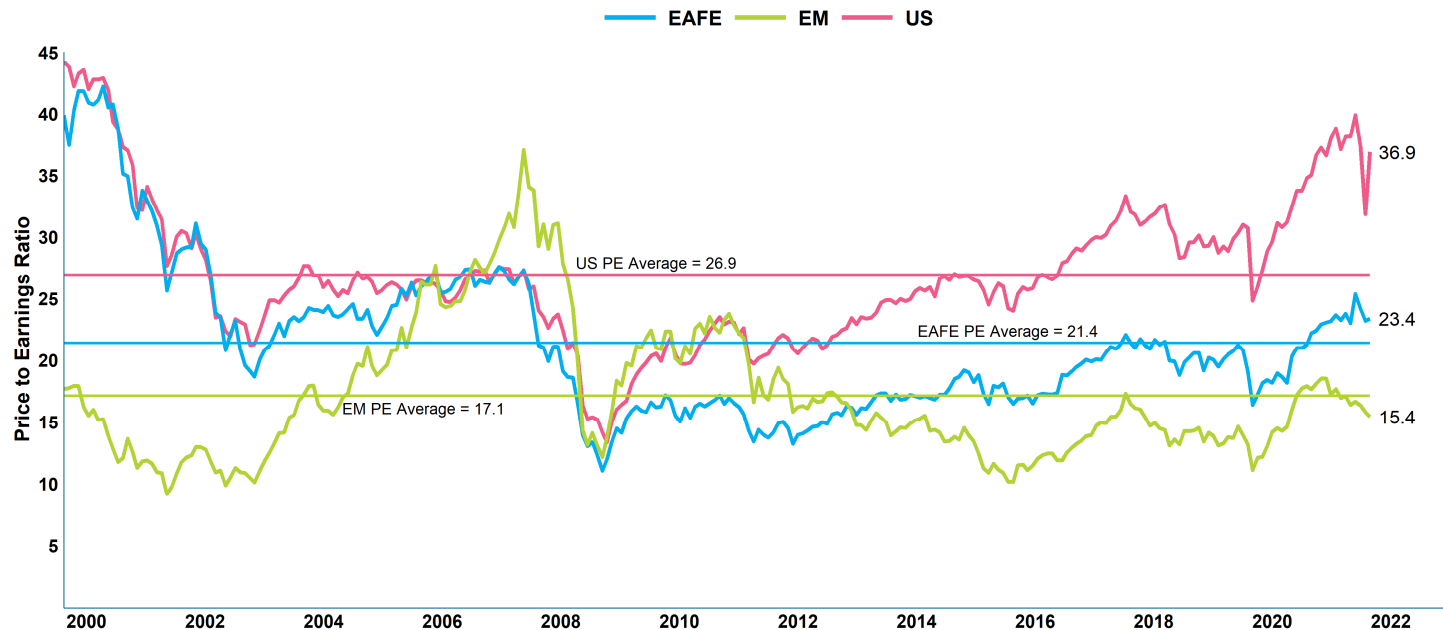
### Equity and Fixed Income Volatility<sup>1</sup>



- Volatility in equities (VIX) increased for the first quarter but finished well below the March peak of 36.5.
- Fixed income volatility (MOVE) also increased and remains elevated driven largely by expectations that the Federal Reserve would tighten monetary policy faster than previously expected.

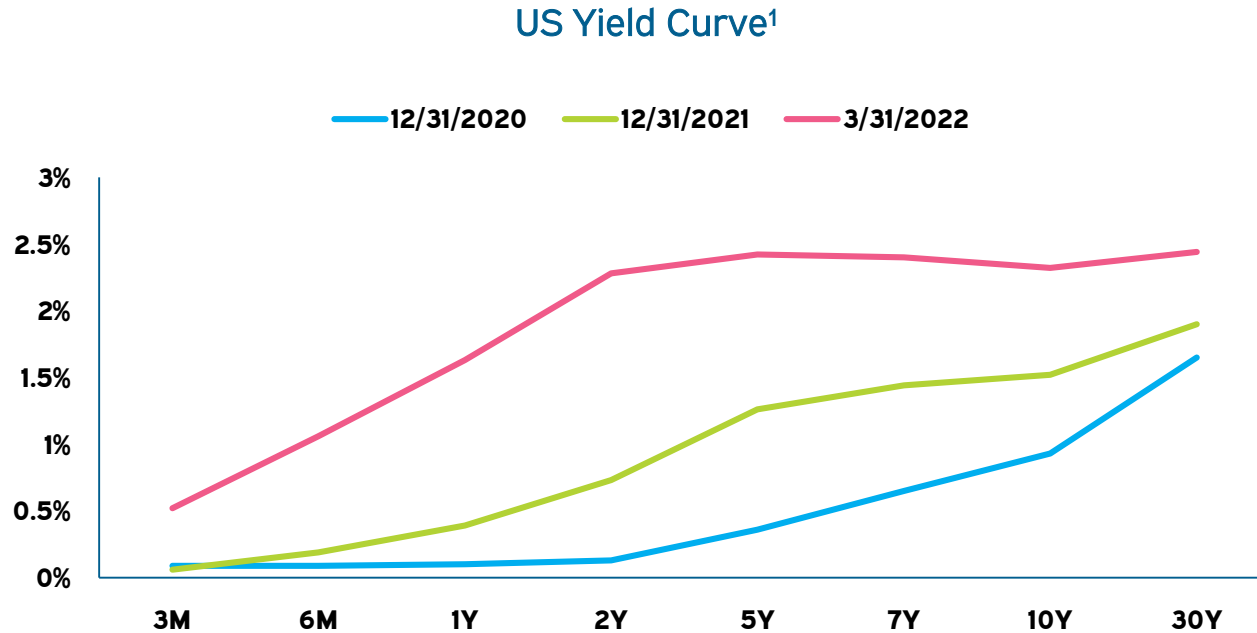
<sup>1</sup> Equity and Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 2022. The average line indicated is the average of the VIX and MOVE values between January 2000 and the present month-end respectively.

**Equity Cyclically Adjusted P/E Ratios<sup>1</sup>**



- US equity valuations retreated in the first two months of 2022, and rebounded in March with the market recovery. They remain well above long-term averages (near +2 standard deviations).
- International developed market valuations remain below the US, with those for emerging markets under its long-term average.

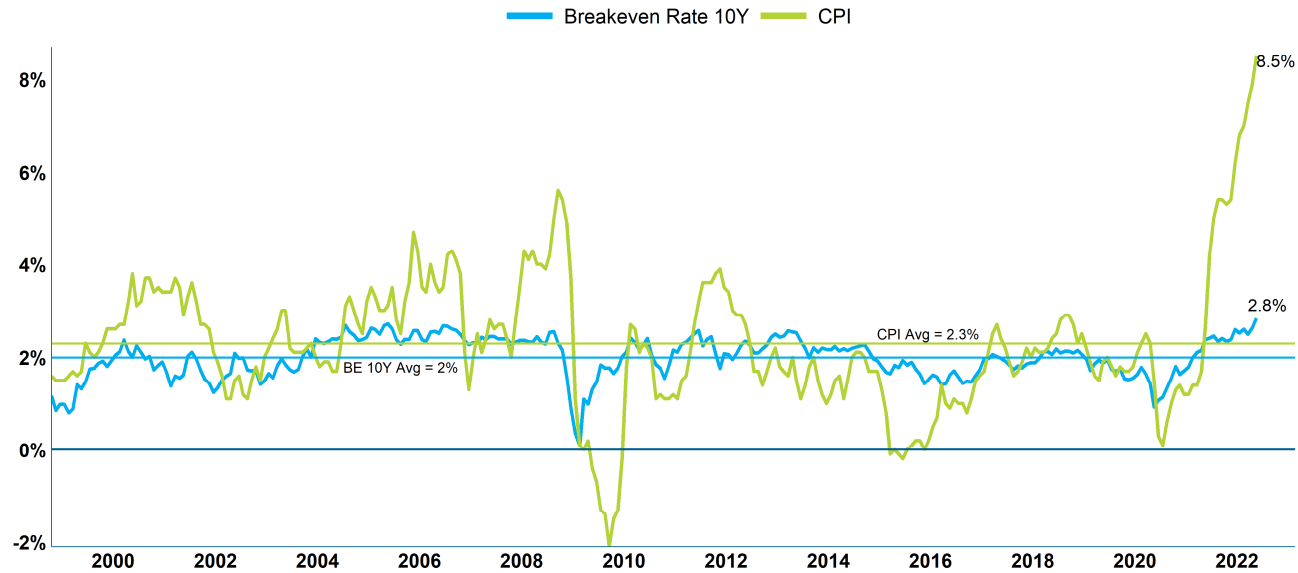
<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of March 31, 2022. The average line is the long-term average of the US, EM, and EAFE PE values from December 1999 to month-end respectively.



- The trends of higher rates across maturities and curve flattening continued during the first quarter of 2022 as markets repriced inflation, rate expectations, and an accelerated pace of the Federal Reserve reducing its balance sheet.
- The spread between two-year and ten-year Treasuries declined significantly over the quarter and became negative after quarter-end which historically has often signaled a recession.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

**Ten-Year Breakeven Inflation and CPI<sup>1</sup>**

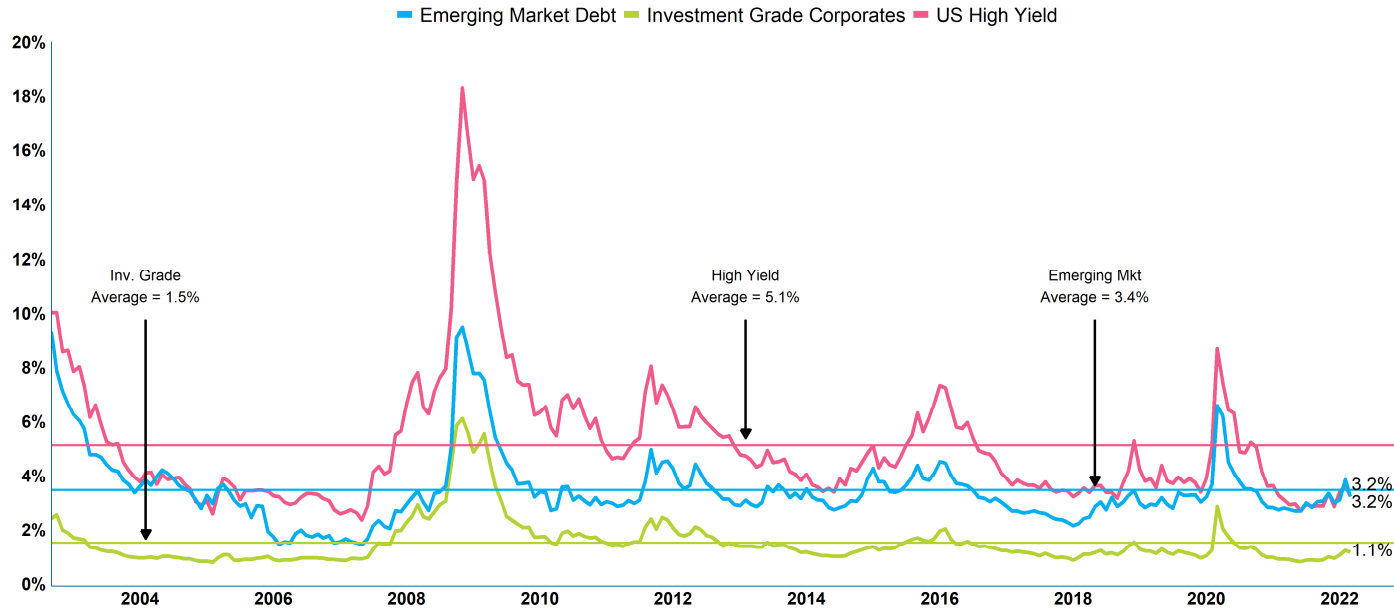


- Inflation expectations (breakevens) increased during the quarter but are off their peak of close to 3.0%. They remain well above the long-term average.
- Trailing twelve-month CPI continued to rise in March, reaching 8.5%, a level not seen since the early 1980s and far above the long-term average of 2.3%.
- Rising prices for energy and food, and for new and used cars, remained key drivers of higher inflation.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. The CPI and 10 Year Breakeven average lines denote the average values from August 1998 to the present month-end respectively. Breakeven values represent month-end values for comparative purposes.



**Credit Spreads vs. US Treasury Bonds<sup>1</sup>**



- Credit spreads (the spread above a comparable maturity Treasury) increased over the quarter leading to negative returns.
- In the US, high yield spreads increased more than investment grade spreads, but declined less due to the higher relative income. Emerging market spreads finished the quarter at the same level as US high yield.
- The search for yield in a low-rate environment and continued strong corporate fundamentals with low default risk have been key drivers in the decline in credit spreads to below long-term averages in the US. High yield spreads remain well below the long-term average.

<sup>1</sup> Sources: Barclays Live and Bloomberg. Data is as of March 31, 2022. Average lines denote the average of the investment grade, high yield, and emerging market spread values from August 2000 to the present month-end respectively.

### Global Economic Outlook

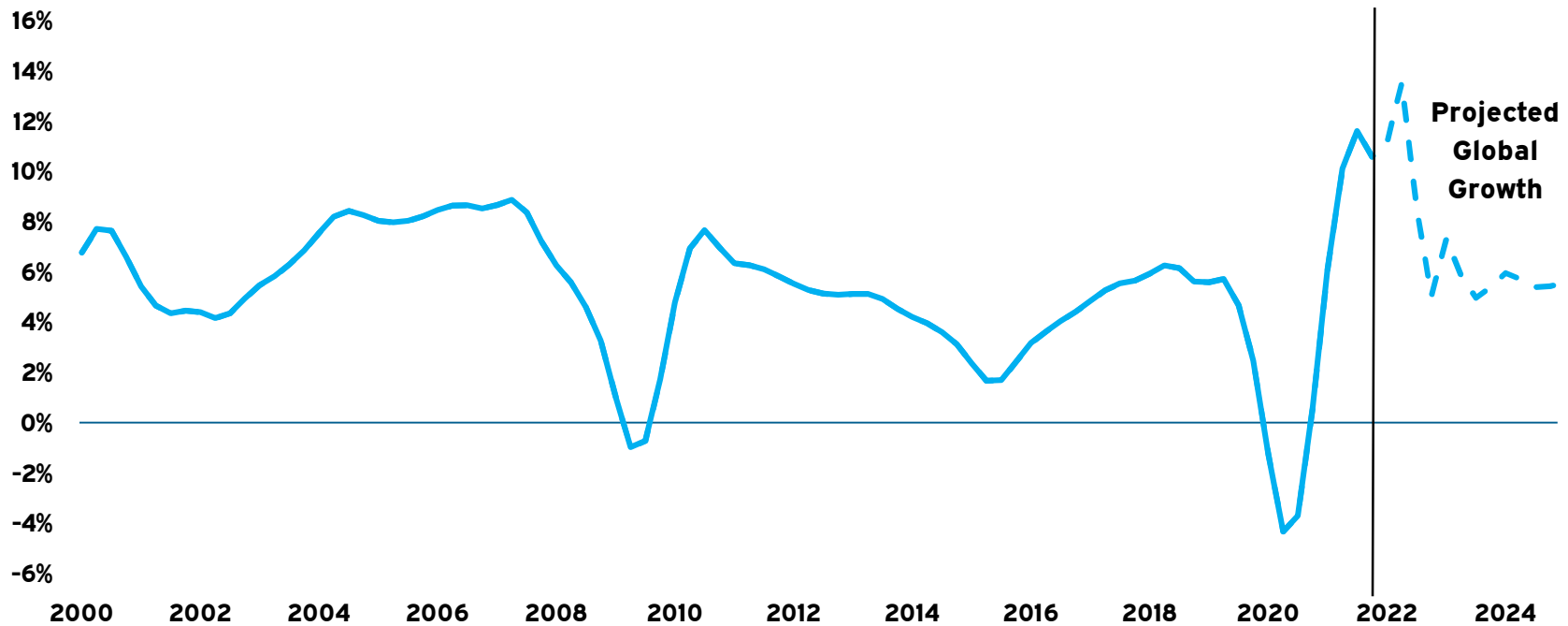
The IMF is forecasting strong growth again this year but continues to downgrade expectations given the lingering pandemic and persistent inflation. The war in Ukraine will likely further depress growth projections going forward.

- The IMF forecasts final global GDP to come in at 5.9% in 2021 and 4.4% in 2022 (0.5% below the prior estimate), both well above the past ten-year average of 3.1%.
- In advanced economies, GDP is projected to increase 3.9% in 2022 and 2.6% in 2023. These levels are still above potential as economies reopen and vaccination progress is made. The US forecast saw a significant reduction for 2022 (4.0% versus 5.2%) given policy reduction earlier than previously expected, high inflation, and struggles in passing fiscal programs. The euro area economy is expected to grow 3.9% in 2022 and 2.5% in 2023, while the Japanese economy is expected to grow 3.3% in 2022 and 1.8% in 2023.
- Growth projections for emerging markets are higher than developed markets, at 4.8% in 2022 and 4.7% in 2023. China's growth was notably downgraded 0.8% to 4.8% in 2022 given tight COVID-19 restrictions and continued property sector problems.
- Globally, inflation is projected to be above long-term averages in 2022 but decline from current levels.

	Real GDP (%) <sup>1</sup>			Inflation (%) <sup>1</sup>		
	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average
World	4.4	3.8	3.1	3.8	3.3	3.4
Advanced Economies	3.9	2.6	1.6	2.3	1.9	1.4
US	4.0	2.6	2.0	3.5	2.7	1.8
Euro Area	3.9	2.5	1.0	1.7	1.4	1.2
Japan	3.3	1.8	0.5	0.5	0.7	0.5
Emerging Economies	4.8	4.7	4.3	4.9	4.3	5.0
China	4.8	5.2	7.0	1.8	1.9	2.1

<sup>1</sup> Source: IMF World Economic Outlook. Real GDP forecasts from January WEO Update. Inflation forecasts are as of the October 2021 Update and do not reflect recent dynamics. "Actual 10 Year Average" represents data from 2012 to 2021.

### Global Nominal Gross Domestic Product (GDP) Growth<sup>1</sup>

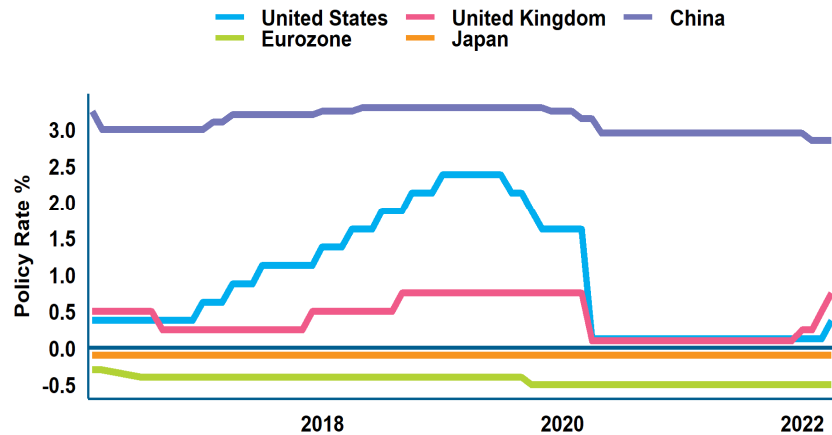


- Global economies are expected to slow in 2022 compared to 2021 but are forecasted to have another year of largely above-trend growth as economies continue to emerge from the pandemic.
- Looking forward, the track of the conflict between Russia and Ukraine, continued supply chain issues, ongoing inflationary pressures, tighter monetary policy, and lingering pandemic problems all remain key.

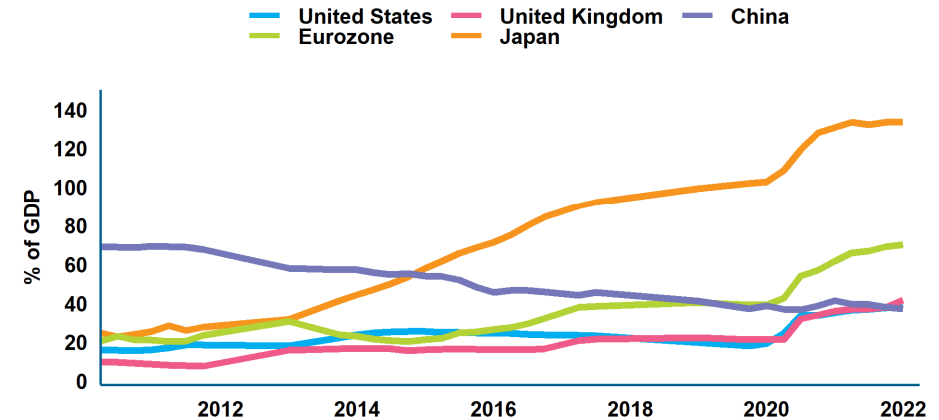
<sup>1</sup> Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, nominal, % change YoY). Updated March 2022.

### Central Bank Response<sup>1</sup>

#### Policy Rates



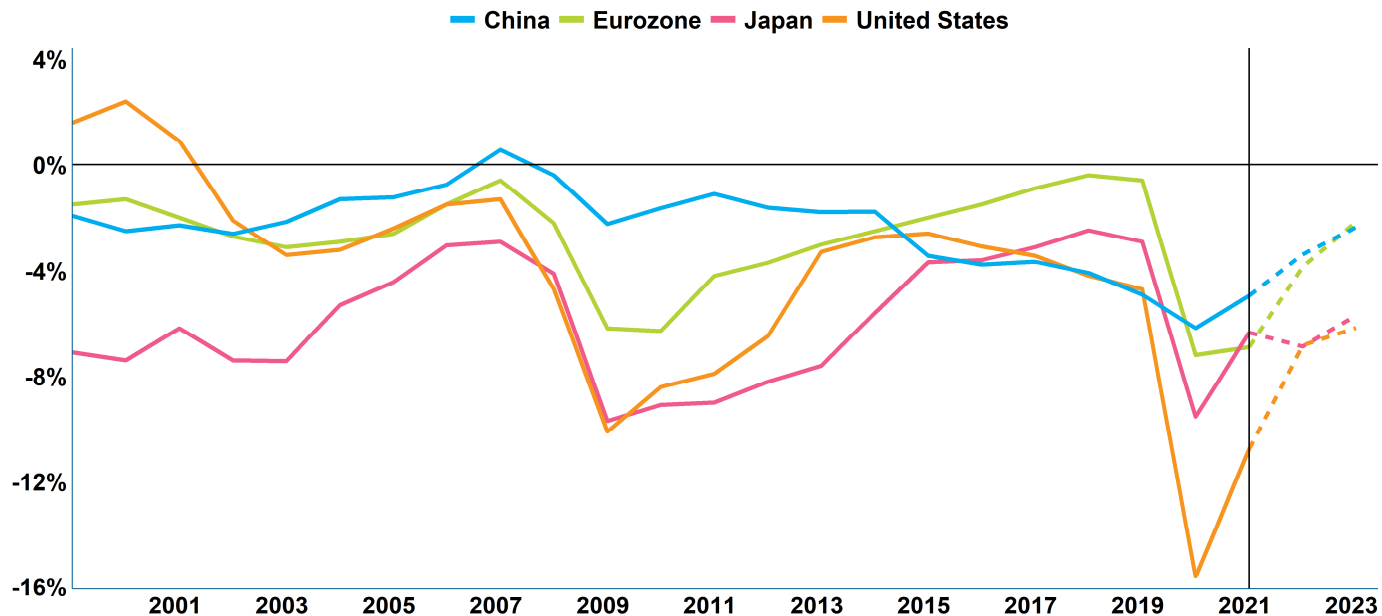
#### Balance Sheet as % of GDP



- After global central banks took extraordinary action to support the economy during the pandemic including policy rate cuts and emergency stimulus through quantitative easing (QE), many are considering reducing support in the face of high inflation.
- The pace of withdrawing support will likely vary across central banks with the US expected to take a more aggressive approach. The risk remains for a policy error, particularly overtightening, as the war in Ukraine could suppress global growth.
- The one notable outlier is China, where the central bank recently lowered rates and reserve requirements in response to slowing growth.

<sup>1</sup> Source: Bloomberg. Policy rate data is as of March 31, 2022. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of December 31, 2021.

### Budget Surplus / Deficit as a Percentage of GDP<sup>1</sup>

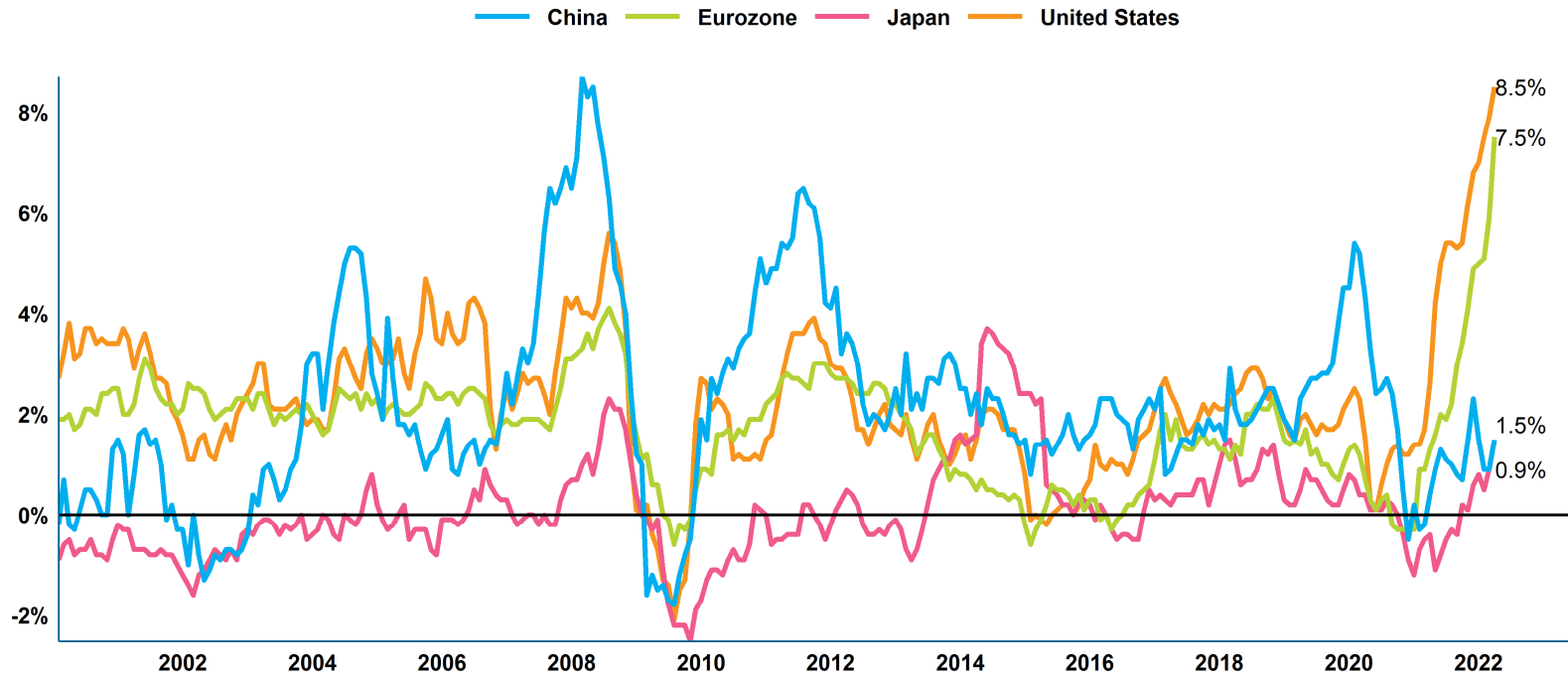


→ Budget deficits as a percentage of GDP drastically increased for major world economies, particularly the US, due to massive fiscal support and the severe economic contraction's effect on tax revenue in 2020 and 2021.

→ As fiscal stimulus programs end, and economic recoveries continue, deficits should improve in the coming years.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. Projections via IMF Forecasts from October 2021 Report. Dotted lines represent 2022 and 2023 forecasts.

**Inflation (CPI Trailing Twelve Months)<sup>1</sup>**

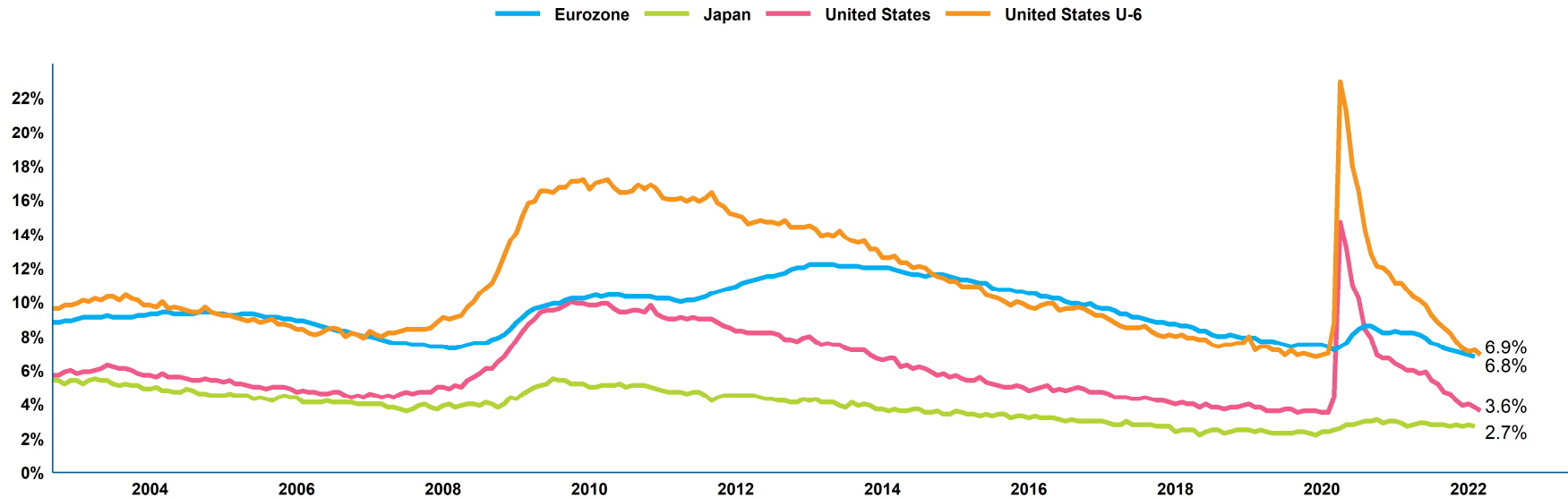


→ Inflation increased dramatically from the lows of the pandemic, particularly in the US and Eurozone where it continues to reach levels not seen in decades.

→ Supply issues related to the pandemic and higher prices in many key commodities driven by the Russia and Ukraine conflict have been key drivers of inflation globally.

<sup>1</sup> Source: Bloomberg. Data is as of March 2022, except for Japan, where the most recent data available is as of February 28, 2022.

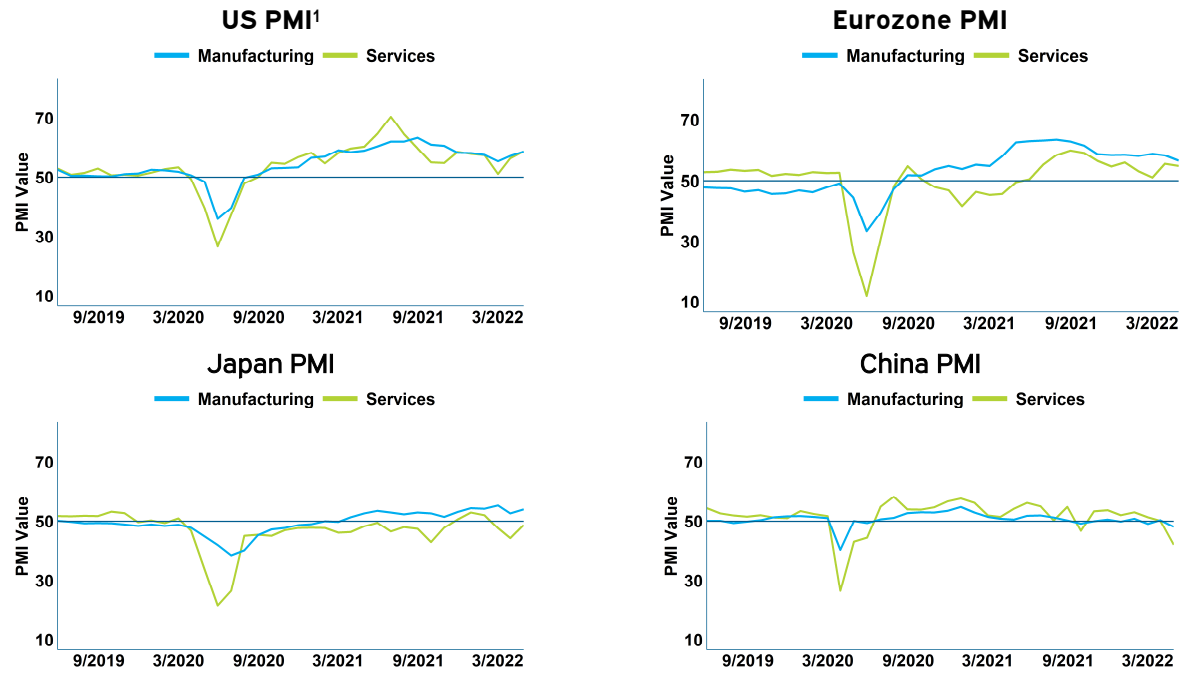
### Unemployment<sup>1</sup>



- As economies have largely reopened due to vaccines for the virus, improvements have been seen in the labor market.
- US unemployment, which experienced the steepest rise from the pandemic, has declined back to pre-pandemic levels. The broader measure (U-6) that includes discouraged and underemployed workers has declined but is much higher at 6.9%.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022, for the US. The most recent data for Eurozone and Japanese unemployment is as of February 28, 2022.

### Global PMIs

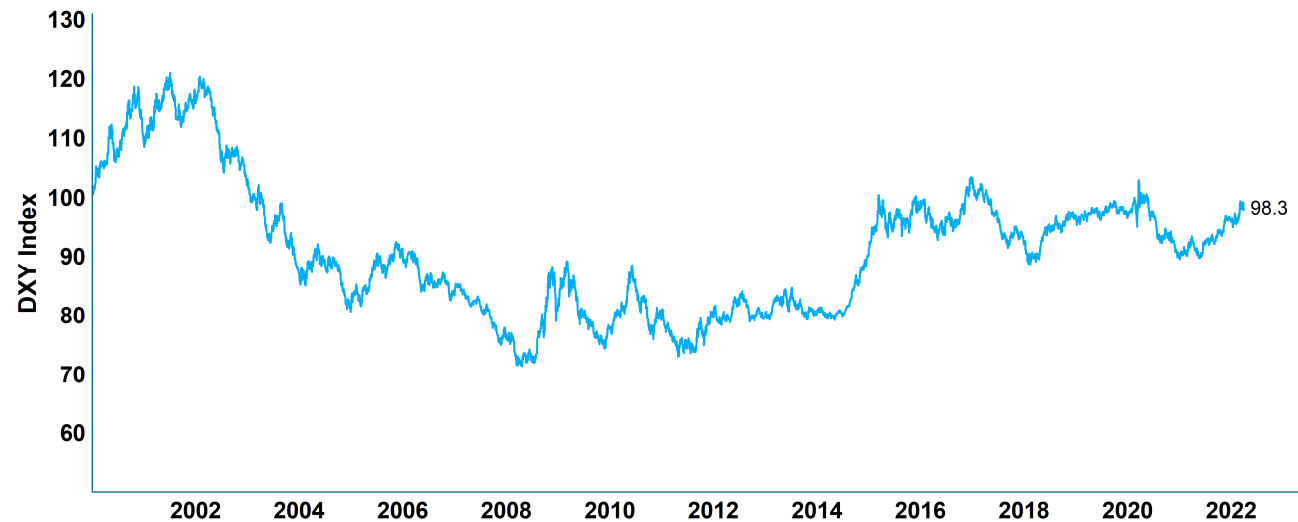


- After improvements from the lows of the pandemic, Purchasing Managers Indices (PMI), based on surveys of private sector companies, have experienced pressures recently.
- Service sector PMIs have seen some improvements in the US and Europe lately as the effects of the Omicron variant wane, while Japan and China remain in contraction due to a rise in COVID-19 cases.
- In most countries, manufacturing PMIs are in expansion territory as pandemic-related production issues ease and orders increase. China is the one exception, though, with the manufacturing PMI falling below 50 in March due to increased COVID-19 restrictions.

<sup>1</sup> Source: Bloomberg. US Market Services and Manufacturing PMI, Caixin Services and Manufacturing PMI, Eurozone Market Services and Manufacturing PMI, Jibun Bank Services and Manufacturing PMI. Data is as of March 2022. Readings below 50 represent economic contractions.



### US Dollar versus Broad Currencies<sup>1</sup>



- The US dollar continued its 2021 trend of strengthening against a broad basket of peers in the first quarter of 2022 with further increases after month-end.
- Safe-haven flows and higher rates have been key drivers of the dollar's continued strength.
- A few commodity-sensitive currencies like the Brazilian real, South African rand, and Mexican peso have recently outpaced the dollar, given persistently high commodity prices.

<sup>1</sup> Source: Bloomberg. Data as of March 28, 2022.

## Summary

### Key Trends in 2022:

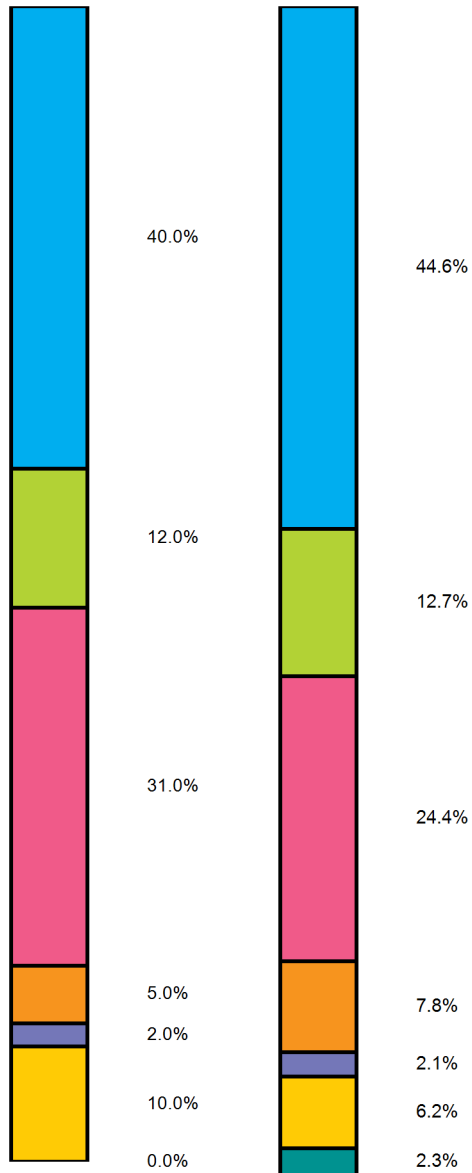
- The war in eastern Europe has created significant uncertainty going forward with a wide range of potential outcomes. Volatility will likely remain high.
- Expect growth to slow globally in 2022 but remain above trend. The track of the pandemic and war will be key.
- Inflationary pressures could linger, particularly if the Russian invasion of Ukraine intensifies or expands.
- The end of many fiscal programs will put the burden of continued growth on consumers. Higher energy and food prices will depress their ability to spend in other areas.
- Monetary policy will likely tighten globally but will remain relatively low. The risk of policy error remains.
- Valuations remain high in the US, but low rates and strong margins should be supportive.
- Outside the US, valuations remain lower in both emerging and developed markets, but risks remain.

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# Oakland Police and Fire Retirement System

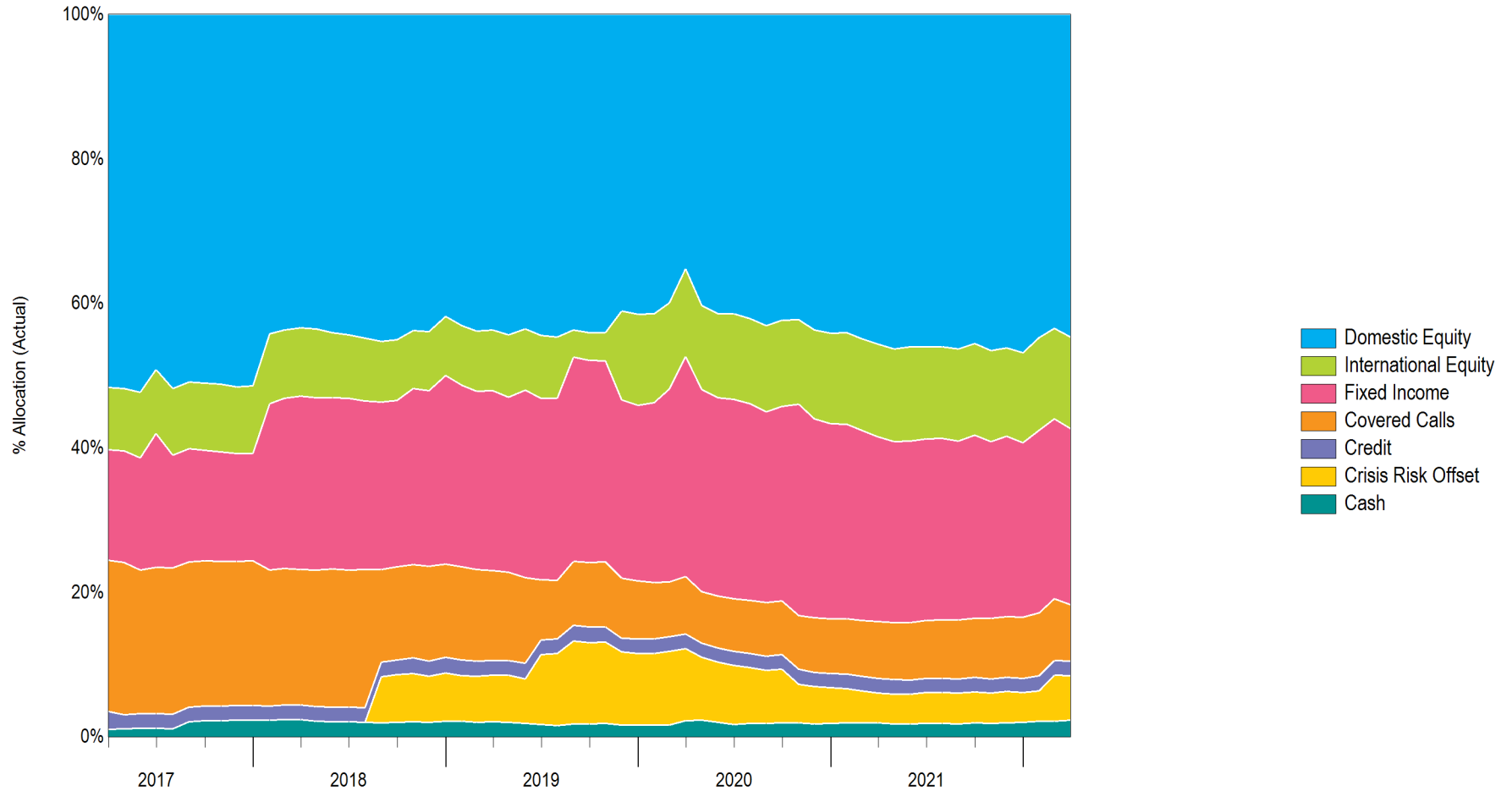
March Flash Report

As of March 31, 2022



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Within IPS Range?	
Domestic Equity	\$200,637,476	44.6%	40.0%	4.6%	Yes	
International Equity	\$56,850,045	12.7%	12.0%	0.7%	Yes	
Fixed Income	\$109,591,367	24.4%	31.0%	-6.6%	No	
Covered Calls	\$35,018,022	7.8%	5.0%	2.8%	Yes	
Credit	\$9,250,051	2.1%	2.0%	0.1%	Yes	
Crisis Risk Offset	\$27,661,952	6.2%	10.0%	-3.8%	Yes	
Cash	\$10,364,533	2.3%	0.0%	2.3%	Yes	
<b>Total</b>	<b>\$449,373,445</b>	<b>100.0%</b>	<b>100.0%</b>			

Asset Allocation History  
5 Years Ending March 31, 2022



As of March 31, 2022

Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>OPFRS Total Plan</b>	<b>449,834,415</b>	<b>100.0</b>	<b>0.5</b>	<b>-0.1</b>	<b>-5.4</b>	<b>5.0</b>	<b>9.4</b>	<b>9.0</b>	<b>8.2</b>	<b>7.0</b>	<b>Dec-88</b>
<i>OPFRS Policy Benchmark</i>			<i>0.4</i>	<i>-1.1</i>	<i>-5.1</i>	<i>4.1</i>	<i>9.4</i>	<i>8.5</i>	<i>7.8</i>	<i>8.2</i>	<i>Dec-88</i>
<b>Domestic Equity</b>	<b>200,637,476</b>	<b>44.6</b>	<b>2.4</b>	<b>3.2</b>	<b>-5.6</b>	<b>10.0</b>	<b>16.7</b>	<b>14.5</b>	<b>13.8</b>	<b>9.4</b>	<b>Jun-97</b>
<i>Russell 3000 (Blend)</i>			<i>3.2</i>	<i>3.4</i>	<i>-5.3</i>	<i>11.9</i>	<i>18.2</i>	<i>15.4</i>	<i>14.3</i>	<i>9.6</i>	<i>Jun-97</i>
<b>International Equity</b>	<b>57,310,971</b>	<b>12.7</b>	<b>1.0</b>	<b>-2.8</b>	<b>-4.6</b>	<b>2.1</b>	<b>9.2</b>	<b>8.3</b>	<b>6.9</b>	<b>5.7</b>	<b>Jan-98</b>
<i>MSCI ACWI ex US (Blend)</i>			<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>5.7</i>	<i>Jan-98</i>
<b>Fixed Income</b>	<b>109,591,411</b>	<b>24.4</b>	<b>-3.1</b>	<b>-5.8</b>	<b>-6.0</b>	<b>-3.5</b>	<b>2.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.1</b>	<b>Dec-93</b>
<i>Bloomberg Universal (Blend)</i>			<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.9</i>	<i>Dec-93</i>
<b>Credit</b>	<b>9,250,051</b>	<b>2.1</b>	<b>0.0</b>	<b>1.3</b>	<b>-1.1</b>	<b>4.6</b>	<b>5.7</b>	<b>6.0</b>	<b>--</b>	<b>6.2</b>	<b>Feb-15</b>
<i>Bloomberg US High Yield TR</i>			<i>-1.1</i>	<i>-3.3</i>	<i>-4.8</i>	<i>-0.7</i>	<i>4.6</i>	<i>4.7</i>	<i>5.7</i>	<i>5.2</i>	<i>Feb-15</i>
<b>Covered Calls</b>	<b>35,018,022</b>	<b>7.8</b>	<b>3.3</b>	<b>7.2</b>	<b>-2.6</b>	<b>14.3</b>	<b>14.8</b>	<b>11.8</b>	<b>--</b>	<b>10.4</b>	<b>Apr-14</b>
<i>CBOE S&amp;P 500 BuyWrite USD</i>			<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
<b>Crisis Risk Offset</b>	<b>27,661,952</b>	<b>6.1</b>	<b>-3.7</b>	<b>-6.8</b>	<b>-8.6</b>	<b>-1.2</b>	<b>-11.3</b>	<b>--</b>	<b>--</b>	<b>-9.7</b>	<b>Aug-18</b>
<i>SG Multi Alternative Risk Premia Index</i>			<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>

Fiscal year begins on July 1.

Cash account market value includes cash balances held in ETF accounts at the custodian and residuals from terminated managers.

As of March 31, 2022

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>OPFRS Total Plan</b>	<b>449,834,415</b>	<b>100.0</b>	<b>--</b>	<b>0.5</b>	<b>-0.1</b>	<b>-5.4</b>	<b>5.0</b>	<b>9.4</b>	<b>9.0</b>	<b>8.2</b>	<b>7.0</b>	<b>Dec-88</b>
<i>OPFRS Policy Benchmark</i>				<i>0.4</i>	<i>-1.1</i>	<i>-5.1</i>	<i>4.1</i>	<i>9.4</i>	<i>8.5</i>	<i>7.8</i>	<i>8.2</i>	<i>Dec-88</i>
<b>Domestic Equity</b>	<b>200,637,476</b>	<b>44.6</b>	<b>44.6</b>	<b>2.4</b>	<b>3.2</b>	<b>-5.6</b>	<b>10.0</b>	<b>16.7</b>	<b>14.5</b>	<b>13.8</b>	<b>9.4</b>	<b>Jun-97</b>
<i>Russell 3000 (Blend)</i>				<i>3.2</i>	<i>3.4</i>	<i>-5.3</i>	<i>11.9</i>	<i>18.2</i>	<i>15.4</i>	<i>14.3</i>	<i>9.6</i>	<i>Jun-97</i>
Northern Trust Russell 1000	103,327,856	23.0	51.5	3.5	4.4	-5.1	13.3	18.7	15.8	14.5	15.0	Jun-10
<i>Russell 1000</i>				<i>3.4</i>	<i>4.4</i>	<i>-5.1</i>	<i>13.3</i>	<i>18.7</i>	<i>15.8</i>	<i>14.5</i>	<i>15.0</i>	<i>Jun-10</i>
EARNEST Partners	48,590,675	10.8	24.2	0.6	3.9	-5.7	8.2	18.3	16.1	14.8	11.2	Apr-06
<i>Russell MidCap</i>				<i>2.6</i>	<i>-0.5</i>	<i>-5.7</i>	<i>6.9</i>	<i>14.9</i>	<i>12.6</i>	<i>12.9</i>	<i>9.6</i>	<i>Apr-06</i>
iShares Edge MSCI Min Vol ETF	22,076,344	4.9	11.0	5.6	6.5	-3.8	13.6	--	--	--	21.8	Apr-20
<i>MSCI USA Minimum Volatility GR USD</i>				<i>5.5</i>	<i>6.5</i>	<i>-3.8</i>	<i>13.8</i>	<i>11.8</i>	<i>12.5</i>	<i>13.0</i>	<i>21.9</i>	<i>Apr-20</i>
Rice Hall James	15,430,352	3.4	7.7	-1.8	-9.6	-11.5	-5.1	11.4	--	--	10.5	Jul-17
<i>Russell 2000 Growth</i>				<i>0.5</i>	<i>-17.6</i>	<i>-12.6</i>	<i>-14.3</i>	<i>9.9</i>	<i>10.3</i>	<i>11.2</i>	<i>9.9</i>	<i>Jul-17</i>
Brown Fundamental Small Cap Value	11,212,249	2.5	5.6	0.0	1.8	-5.1	5.2	--	--	--	5.2	Apr-21
<i>Russell 2000 Value</i>				<i>2.0</i>	<i>-1.2</i>	<i>-2.4</i>	<i>3.3</i>	<i>12.7</i>	<i>8.6</i>	<i>10.5</i>	<i>3.3</i>	<i>Apr-21</i>
<b>International Equity</b>	<b>57,310,971</b>	<b>12.7</b>	<b>12.7</b>	<b>1.0</b>	<b>-2.8</b>	<b>-4.6</b>	<b>2.1</b>	<b>9.2</b>	<b>8.3</b>	<b>6.9</b>	<b>5.7</b>	<b>Jan-98</b>
<i>MSCI ACWI ex US (Blend)</i>				<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>5.7</i>	<i>Jan-98</i>
SGA ACWI ex-U.S. Equity	40,766,479	9.1	71.1	0.7	-1.7	-3.9	2.4	--	--	--	6.3	Dec-19
<i>MSCI ACWI ex USA Gross</i>				<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>7.7</i>	<i>Dec-19</i>
Vanguard Developed Markets ETF	16,083,566	3.6	28.1	0.7	-4.8	-5.8	0.7	--	--	--	10.4	Sep-19
<i>FTSE Developed All Cap Ex US TR USD</i>				<i>1.1</i>	<i>-3.7</i>	<i>-5.2</i>	<i>1.9</i>	<i>9.1</i>	<i>7.6</i>	<i>5.2</i>	<i>11.0</i>	<i>Sep-19</i>

Performance shown is net-of-fees and time-weighted using the Modified Dietz methodology. Fiscal year starts July 1. Since inception date and performance begin in the full calendar month following an investment's initial funding.



As of March 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Fixed Income</b>	<b>109,591,411</b>	<b>24.4</b>	<b>24.4</b>	<b>-3.1</b>	<b>-5.8</b>	<b>-6.0</b>	<b>-3.5</b>	<b>2.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.1</b>	<b>Dec-93</b>
<i>Bloomberg Universal (Blend)</i>				<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.9</i>	<i>Dec-93</i>
Ramirez	74,513,589	16.6	68.0	-3.2	-6.0	-6.1	-3.5	2.1	2.8	--	2.8	Jan-17
<i>Bloomberg US Aggregate TR</i>				<i>-2.8</i>	<i>-5.9</i>	<i>-5.9</i>	<i>-4.2</i>	<i>1.7</i>	<i>2.1</i>	<i>2.2</i>	<i>2.2</i>	<i>Jan-17</i>
Reams	27,928,505	6.2	25.5	-2.8	-5.1	-5.5	-3.2	5.7	4.8	3.9	5.6	Feb-98
<i>Bloomberg Universal (Blend)</i>				<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.5</i>	<i>Feb-98</i>
Wellington Core Bond	7,149,273	1.6	6.5	-3.0	-6.3	-6.3	-4.6	--	--	--	-4.6	Apr-21
<i>Bloomberg US Aggregate TR</i>				<i>-2.8</i>	<i>-5.9</i>	<i>-5.9</i>	<i>-4.2</i>	<i>1.7</i>	<i>2.1</i>	<i>2.2</i>	<i>-4.2</i>	<i>Apr-21</i>
<b>Credit</b>	<b>9,250,051</b>	<b>2.1</b>	<b>2.1</b>	<b>0.0</b>	<b>1.3</b>	<b>-1.1</b>	<b>4.6</b>	<b>5.7</b>	<b>6.0</b>	<b>--</b>	<b>6.2</b>	<b>Feb-15</b>
<i>Bloomberg US High Yield TR</i>				<i>-1.1</i>	<i>-3.3</i>	<i>-4.8</i>	<i>-0.7</i>	<i>4.6</i>	<i>4.7</i>	<i>5.7</i>	<i>5.2</i>	<i>Feb-15</i>
Polen Capital	9,250,051	2.1	100.0	0.0	1.3	-1.1	4.6	5.7	6.0	--	6.2	Feb-15
<i>ICE BofA High Yield Master TR</i>				<i>-0.9</i>	<i>-3.0</i>	<i>-4.5</i>	<i>-0.3</i>	<i>4.4</i>	<i>4.6</i>	<i>5.7</i>	<i>5.1</i>	<i>Feb-15</i>
<b>Covered Calls</b>	<b>35,018,022</b>	<b>7.8</b>	<b>7.8</b>	<b>3.3</b>	<b>7.2</b>	<b>-2.6</b>	<b>14.3</b>	<b>14.8</b>	<b>11.8</b>	<b>--</b>	<b>10.4</b>	<b>Apr-14</b>
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
Parametric DeltaShift	17,664,992	3.9	50.4	4.2	8.3	-3.3	16.8	18.6	14.6	--	12.8	Apr-14
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
Parametric BXM	17,353,030	3.9	49.6	2.2	5.8	-1.6	11.2	10.5	8.8	--	8.2	Apr-14
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>

As of March 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Crisis Risk Offset</b>	<b>27,661,952</b>	<b>6.1</b>	<b>6.1</b>	<b>-3.7</b>	<b>-6.8</b>	<b>-8.6</b>	<b>-1.2</b>	<b>-11.3</b>	<b>--</b>	<b>--</b>	<b>-9.7</b>	<b>Aug-18</b>
<i>SG Multi Alternative Risk Premia Index</i>				<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>
Vanguard Long-Term Treasury ETF	17,883,935	4.0	64.7	-4.9	-8.3	-10.1	-2.8	--	--	--	0.8	Jul-19
<i>Bloomberg US Govt Long TR</i>				<i>-5.3</i>	<i>-7.4</i>	<i>-10.6</i>	<i>-1.5</i>	<i>3.2</i>	<i>3.9</i>	<i>4.0</i>	<i>1.4</i>	<i>Jul-19</i>
Kepos Alternative Risk Premia	9,778,017	2.2	35.3	-1.4	--	--	--	--	--	--	-2.1	Feb-22
<i>SG Multi Alternative Risk Premia Index</i>				<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-1.2</i>	<i>Feb-22</i>
<b>Cash</b>	<b>10,364,533</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.3</b>	<b>0.7</b>	<b>0.6</b>	<b>Mar-11</b>
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.8</i>	<i>1.1</i>	<i>0.6</i>	<i>0.5</i>	<i>Mar-11</i>
Cash - Treasury	6,676,000	1.5	64.4									
Cash	3,688,533	0.8	35.6	0.0	0.0	0.0	0.0	1.2	1.4	0.8	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.8</i>	<i>1.1</i>	<i>0.6</i>	<i>0.5</i>	<i>Mar-11</i>

Cash account market value includes cash balances held in ETF accounts at the custodian and residuals from terminated managers.

**As of March 31, 2022**
**Cash Flow Summary**
**Month to Date**

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Brown Fundamental Small Cap Value	\$11,216,121	\$0	-\$3,872	\$11,212,249
Cash	\$3,083,718	\$604,815	\$0	\$3,688,533
Cash - Treasury	\$6,794,000	-\$118,000	\$0	\$6,676,000
EARNEST Partners	\$48,278,801	\$0	\$311,874	\$48,590,675
iShares Edge MSCI Min Vol ETF	\$20,983,484	\$0	\$1,092,860	\$22,076,344
Kepos Alternative Risk Premia	\$9,924,164	\$0	-\$146,147	\$9,778,017
Northern Trust Russell 1000	\$100,789,424	-\$1,000,000	\$3,538,431	\$103,327,856
Parametric BXM	\$16,986,866	\$0	\$366,165	\$17,353,030
Parametric DeltaShift	\$21,764,108	-\$5,000,000	\$900,884	\$17,664,992
Polen Capital	\$9,252,153	\$0	-\$2,102	\$9,250,051
Ramirez	\$76,989,359	\$0	-\$2,475,770	\$74,513,589
Reams	\$28,744,718	\$0	-\$816,214	\$27,928,505
Rice Hall James	\$15,714,644	\$0	-\$284,292	\$15,430,352
Securities Lending Northern Trust	\$0	-\$11,616	\$11,616	\$0
SGA ACWI ex-U.S. Equity	\$40,471,372	\$0	\$295,107	\$40,766,479
Vanguard Developed Markets ETF	\$16,003,198	\$0	\$80,368	\$16,083,566
Vanguard Long-Term Treasury ETF	\$18,804,824	\$0	-\$920,889	\$17,883,935
Wellington Core Bond	\$7,368,449	\$0	-\$219,176	\$7,149,273
<b>Total</b>	<b>\$453,169,404</b>	<b>-\$5,524,802</b>	<b>\$1,728,843</b>	<b>\$449,373,445</b>

Benchmark History  
As of March 31, 2022

Total Plan x Securities Lending x Reams LD Exception Comp

1/1/2019	Present	40% Russell 3000 / 12% MSCI ACWI ex USA Gross / 33% Bloomberg US Universal TR / 5% CBOE BXM / 6.7% SG Multi Alternative Risk Premia Index / 3.3% Bloomberg US Treasury Long TR
5/1/2016	12/31/2018	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 20% CBOE BXM
10/1/2015	4/30/2016	43% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 15% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
1/1/2014	9/30/2015	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 10% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
3/1/2013	12/31/2013	40% Russell 3000 / 10% MSCI ACWI ex USA Gross / 17% Bloomberg US Universal TR / 33% ICE BofA 3M US Treasury TR USD
8/1/2012	2/28/2013	20% Russell 3000 / 7% MSCI ACWI ex USA Gross / 18% Bloomberg US Universal TR / 55% ICE BofA 3M US Treasury TR USD
10/1/2007	7/31/2012	53% Russell 3000 / 17% MSCI ACWI ex USA Gross / 30% Bloomberg US Universal TR
4/1/2006	9/30/2007	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Universal TR
1/1/2005	3/31/2006	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Aggregate TR
4/1/1998	12/31/2004	50% Bloomberg US Aggregate TR / 10% Russell 1000 / 20% Russell 1000 Value / 5% Russell MidCap / 15% MSCI EAFE
9/1/1988	3/31/1998	40% S&P 500 / 55% Bloomberg US Aggregate TR / 5% FTSE T-Bill 3 Months TR

# Oakland Police and Fire Retirement System

April 2022

Stagflation



# Oakland Police and Fire Retirement System

## Defining Stagflation

### What is stagflation?

- Stagflation is generally considered to be a period of low or negative economic growth combined with high inflation.
  - The term is a combination of stagnant growth and inflation.
- Stagflation is characterized by:
  - Rising unemployment
  - High inflation in prices and wages
  - Growth slowing below potential
- During periods of stagflation, inflation expectations continue to rise even as economic growth stalls and unemployment rises.
- Stagflation is a rare economic condition in advanced economies.
  - Supply shocks are a likely cause.

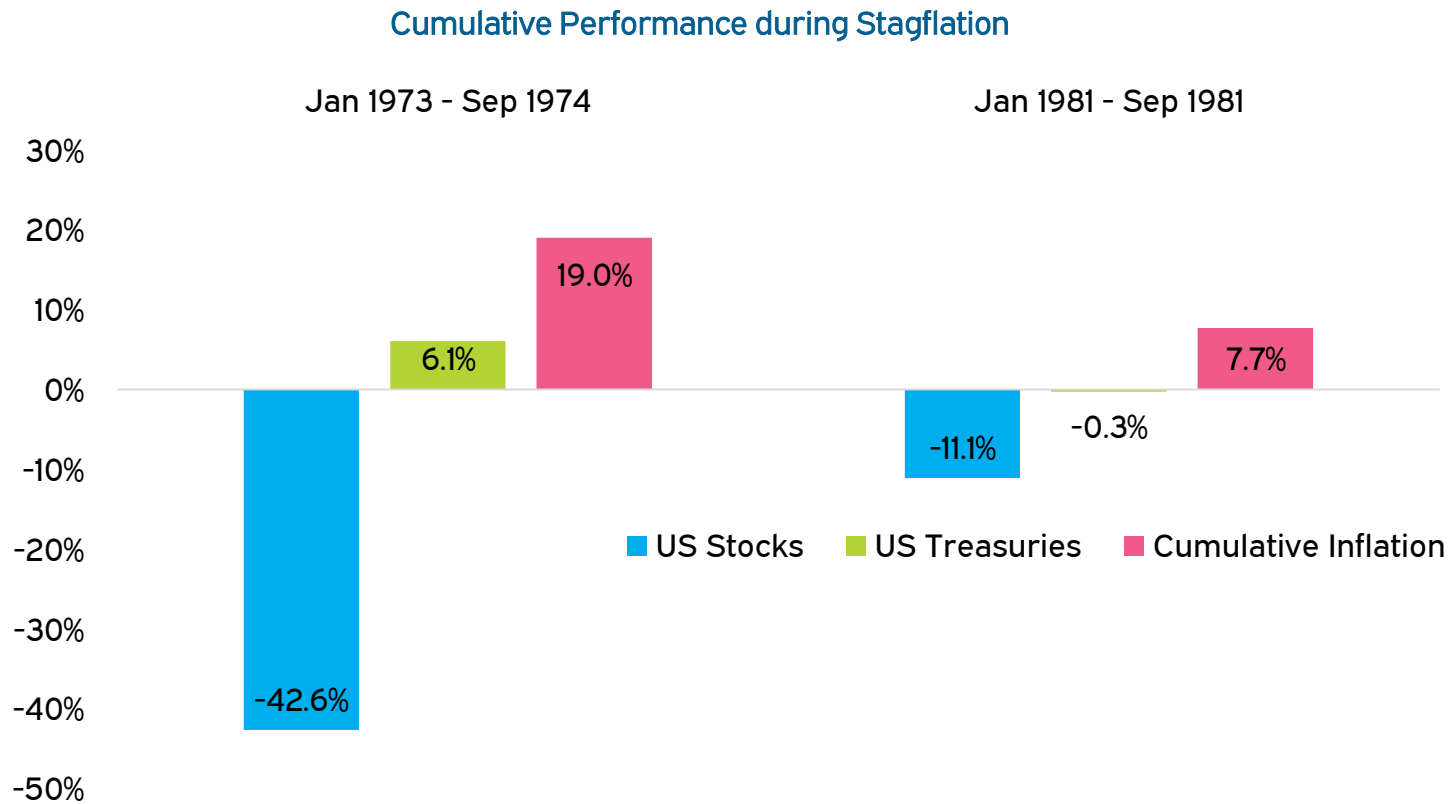


# Oakland Police and Fire Retirement System

## Impact of Stagflation

### What impact does stagflation have on investors?

→ Stocks and bonds both performed poorly during stagflationary periods.



Source: Meketa analysis of Bloomberg data. S&P 500 index used for US stocks and Bloomberg US Treasury index used for US Treasuries.



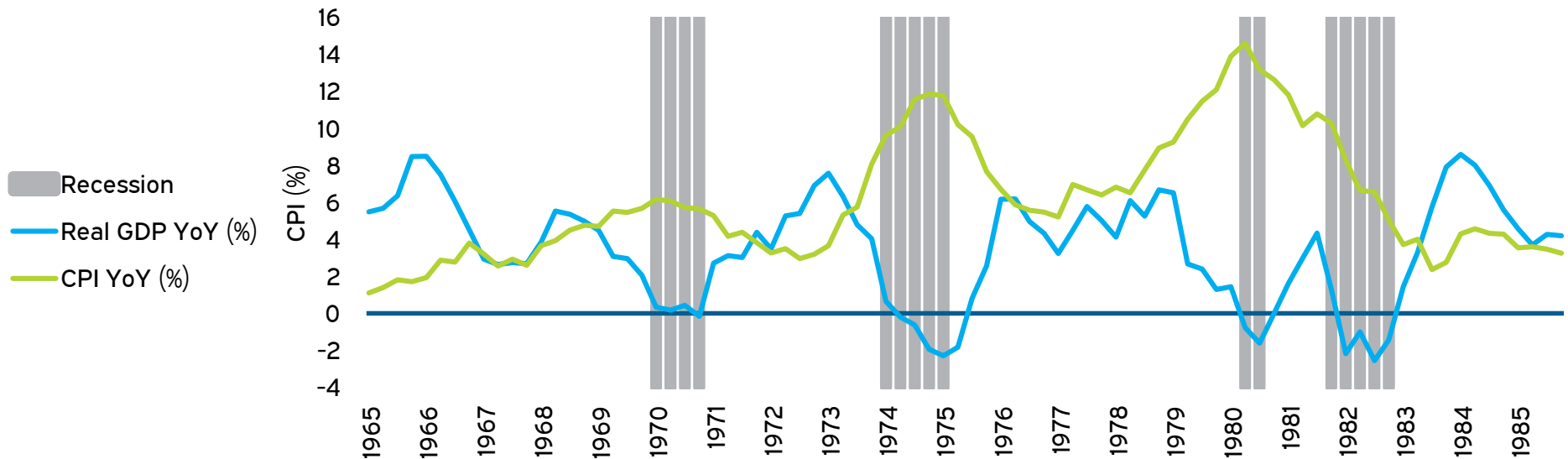
# Oakland Police and Fire Retirement System

## Stagflation in the 1970s and 1980s

### Stagflation history

- Stagflation was coined as a political term in the UK during the 1960s.
- Stagflation in the US occurred for the first time in 1973 – 1974 during the first oil crisis when the price of oil quadrupled.
- Stagflation occurred again in 1979 – 1982 during the Iranian Revolution when the price of oil tripled.
- During both periods, the US experienced high inflation and recessions.

### Historical Growth and Inflation



Source: FRED.



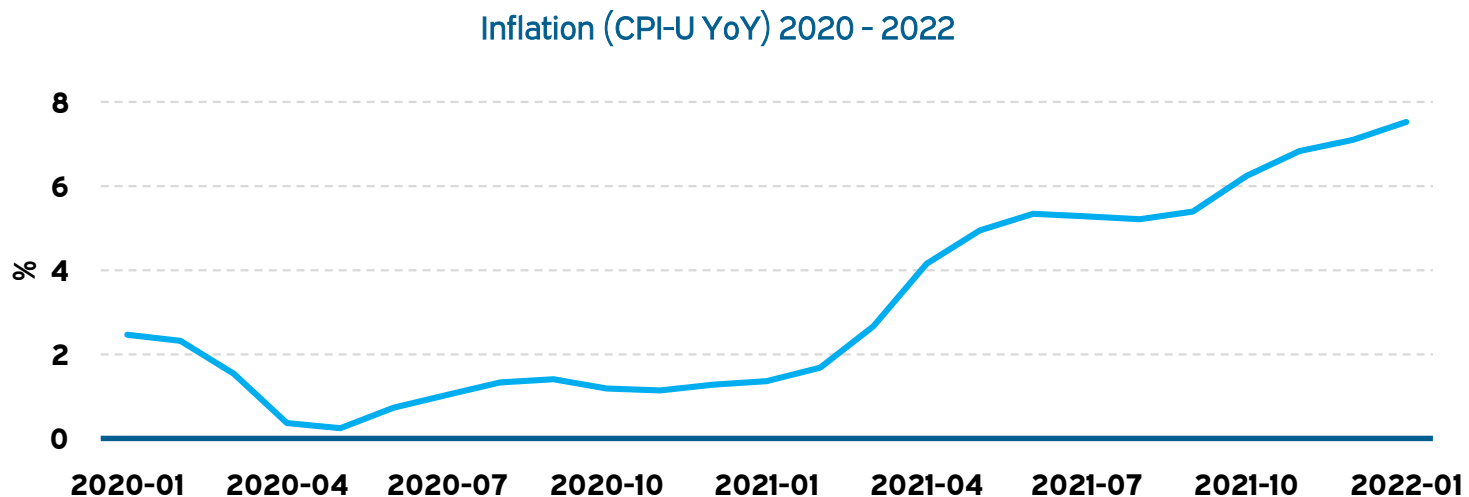


# Oakland Police and Fire Retirement System

## US Economy Today v. Stagflation Episodes

### Why are we talking about stagflation today?

- Inflation has continued to rise, recently hitting 7.5%.
  - It may not be “transitory”.
  - Supply shocks are again present.
- The last time the US experienced such high inflation was in 1982.
  - The high interest rates used to fight inflation tipped the economy into recession.
- The market is worried about a repeat of this event.
  - The Fed could inadvertently tilt the economy into a recession and reignite stagflation with a “policy mistake”.



Source: FRED data as of February 22, 2022.



# Oakland Police and Fire Retirement System

## US Economy Today v. Stagflation Episodes

### How concerned should we be?

- The good news is that most economic factors do not align with stagflationary conditions.
- The US economy is growing well above its long-run potential.
  - Unemployment is falling and is close to pre-pandemic lows.
  - The federal funds rate is at record lows.

Stagflation Criteria	1973-74	1979-82	January 2022
Peak Inflation (CPI)	11.0%	13.5%	7.5%
GDP Annual Growth (YoY)	-0.5%	-0.3%	5.7%
Peak Fed Funds Rate	12.9%	19.1%	0.01%
Peak Unemployment	6.1%	10.8%	3.9%
Peak Hourly Wage Growth	8.9%	9.1%	4.5%

The table is illustrative and historical data showing peaks and averages may differ from monthly and annual data from the period. Sources include Bureau of Labor Statistics, FRED, Bureau of Economic Analysis, and Federal Reserve Fed.



# Oakland Police and Fire Retirement System

## Asset Class Performance When Growth is Low and Inflation is High

### If stagflation returns, what asset classes might prove resilient?

- Some asset classes are likely to perform better than traditional bonds and equities.
- But none are likely to produce strong gains.
  - Bonds and equities could become highly correlated.

### Asset Class Annualized Return Estimates

Asset Class	Low Growth and Moderate Inflation	Low Growth and High Inflation
Cash	0.4	0.7
Long-term Gov't Bonds	-5.6	-7.8
Short-term TIPS	-1.5	-1.5
TIPS	-3.2	-3.4
US Equity	-11.3	-14.0
Global Equities	-16.2	-20.4
Private Equity	-2.8	-2.4
Core Real Estate	1.7	2.0
Public Natural Resources	-10.6	-10.6
Commodities	-3.7	-2.1
Gold	1.0	3.1

Source: Meketa sensitivity analysis based on asset class performance for the period 1973-2021. Asset class returns reflect annualized, nominal returns. Low growth is defined as the bottom quartile of quarter-over-quarter GDP growth (less than 0.3%), Moderate Inflation is the median of month over month inflation (0.28%), High Inflation is the 75th percentile of month over month inflation (0.45%). The benchmarks used for each asset class are: Cash - Bloomberg Barclays US Treasury Bill Index, Long-term Gov't Bonds - Bloomberg Barclays US Treasury: Long Index, Short-term TIPS - Bloomberg Barclays US Treasury Tips 1-5 Years Index, TIPS – Bloomberg Barclays Global Inflation-Linked: US Tips, US Equity – Russell 3000, Global Equity – MSCI ACWI, Core Private Real Estate - NCREIF ODCE Equal Weighted, Public Natural Resources - S&P Global Natural Resources Net TR Index, Commodities – Bloomberg Commodity Index, Gold – LBMA Gold Price PM USD.



# Oakland Police and Fire Retirement System

## Summary

### What can an investor do?

- The current conditions of high inflation and forthcoming policy reversal is cause for concern.
  - However, we do not yet see conditions that would indicate that stagflation is imminent.
- Portfolio construction should take into account various economic outcomes.
  - Consider multiple environments, not just the one that is most likely to occur.
  - Be prepared for the (hopefully low) possibility of stagflation.
  - Discussions on asset allocation and risks are recommended.
- Stagflation would likely be damaging to almost all institutional portfolios with few exceptions.
  - Being well diversified may mitigate – but not eliminate - losses.

# Appendix



# Oakland Police and Fire Retirement System

## Asset Class Performance in High Inflation Periods

### What asset class might hedge inflation?

- Some asset classes have performed quite well during periods of high inflation.
- However, the strongest returns often occurred during periods of high economic growth.

### Asset Class Annualized Return Estimates

Asset Class	Very Brief, Extreme Inflation Spike (1-2 Months)	Brief, Extreme Inflation Spike (4-8 months)	Extended, Extreme Inflation Spike (12+ Months)
Cash	0.8	0.7	0.9
Long-term Gov't Bonds	-5.5	-5.7	-4.9
Short-term TIPS	0.1	0.2	0.0
TIPS	1.0	0.9	1.5
US Equity	-11.6	-10.3	-15.5
Global Equities	-13.1	-12.0	-16.3
Core Private Real Estate	1.5	1.5	1.2
Public Natural Resources	-8.4	-7.6	-11.1
Commodities	10.0	11.1	6.6
Gold (Metal)	40.5	35.9	55.7

Source: Meketa sensitivity analysis based on asset class performance for the period 1973-2021. Asset class returns reflect annualized, nominal returns. Low growth is defined as the bottom quartile of quarter-over-quarter GDP growth (less than 0.3%), Moderate Inflation is the median of month over month inflation (0.28%), High Inflation is the 75<sup>th</sup> percentile of month over month inflation (0.45%). Some asset class performance has been backfilled with representative returns. For detailed information about the modeling methodology, please refer to Meketa's "The Inflation Variable: Evaluating Potential Outcomes"



# Oakland Police and Fire Retirement System

## Disclaimers

This document is for general information and educational purposes only, and must not be considered investment advice or a recommendation that the reader is to engage in, or refrain from taking, a particular investment-related course of action. Any such advice or recommendation must be tailored to your situation and objectives. You should consult all available information, investment, legal, tax and accounting professionals, before making or executing any investment strategy. You must exercise your own independent judgment when making any investment decision.

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Nothing in this document should be interpreted to state or imply that past results are an indication of future performance. Investing involves substantial risk. It is highly unlikely that the past will repeat itself. Selecting an advisor, fund, or strategy based solely on past returns is a poor investment strategy. Past performance does not guarantee future results.

## MEMORANDUM

**TO:** Oakland Police and Fire Retirement System (OPFRS)  
**FROM:** David Sancewich, Paola Nealon – Meketa Inv. Group  
**DATE:** April 27, 2022  
**RE:** 2022 Ongoing Strategic Investment Agenda

On an ongoing (monthly) basis, Meketa develops a list of projects that we expect to work closely with OPFRS to complete over throughout the calendar year (see table below). In an attempt to coordinate the scheduling of these tasks, this memo details a Preliminary Investment Project Agenda by calendaring and prioritizing the expected tasks and deliverables that would be required to fulfill the Agenda. Meketa welcomes any suggestions and/or modifications to the proposed timeline.

### 2022 Preliminary Investment Project Agenda

Expected Completion Date	Task
May 2022	<ul style="list-style-type: none"><li>→ Quarterly Performance Report (1Q 2022)</li><li>→ Flash Performance Report (Apr 2022)</li><li>→ Manager Update: <b>Northern Trust</b></li></ul>
June 2022	<ul style="list-style-type: none"><li>→ Flash Performance Report (May 2022)</li><li>→ Cash Flow Report (3Q 2022)</li><li>→ Watch Update Memo: Rice Hall &amp; James</li><li>→ Manager Update: <b>Wellington Fixed Income</b></li></ul>
July 2022	<ul style="list-style-type: none"><li>→ Flash Performance Report (Jun 2022)</li><li>→ Manager Update: <b>Reams</b></li><li>→ Educational Item: TBD</li></ul>
August 2022	<ul style="list-style-type: none"><li>→ Quarterly Performance Report (2Q 2022)</li><li>→ Flash Performance Report (Jul 2022)</li><li>→ Manager Update: <b>Strategic Global Advisors</b></li></ul>
September 2022	<ul style="list-style-type: none"><li>→ Flash Performance Report (Aug 2022)</li><li>→ Cash Flow Report (4Q 2022)</li><li>→ Manager Update: <b>Ramirez</b></li><li>→ Thermal Coal List Update: 2022</li></ul>
October 2022	<ul style="list-style-type: none"><li>→ Flash Performance Report (Sep 2022)</li><li>→ Manager Update: <b>Rice Hall James</b></li><li>→ Watch status update: <b>Rice Hall James</b></li><li>→ Educational Item: TBD</li></ul>





Expected Completion Date	Task
November 2022	→ Quarterly Performance Report (3Q 2022)
	→ Flash Performance Report (Oct 2022)
	→ Manager Update: <b>Parametric</b>
December 2022	→ Flash Performance Report (Nov 2022)
	→ Cash Flow Report (1Q 2023)

**Bold** are priority strategic items.

This agenda includes only major strategic items. Meketa also expects to work with the Staff and Board to complete more routine tasks and projects, as expected.

Pursuant to California Government Code section 54953(e), the Oakland Police & Fire Retirement System Board and Committee Members, as well as City staff, will participate via phone/video conference, and no physical teleconference locations are required.

Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-7295.



**Retirement Unit**  
**150 Frank H. Ogawa Plaza**  
**Oakland, California 94612**

# AGENDA

## RETIREMENT BOARD MEMBERS

**Walter L. Johnson, Sr.**  
President

**Jaime T. Godfrey**  
Vice President

**Robert W. Nichelini**  
Member

**Kevin R. Traylor**  
Member

**John C. Speakman**  
Member

**R. Steven Wilkinson**  
Member

**Erin Roseman**  
Member

## REGULAR MEETING of the BOARD OF ADMINISTRATION of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”)

**WEDNESDAY, APRIL 27, 2022**

**11:30 AM**

**TELE-CONFERENCE BOARD MEETING  
VIA ZOOM WEBINAR**

### **OBSERVE**

- To observe the meeting by video conference, please click on this link: <https://us02web.zoom.us/j/82880493983> at the noticed meeting time.
- To listen to the meeting by phone, please call the numbers below at the noticed meeting time:  
Dial (for higher quality, dial a number based on your current location):
- iPhone one-tap: US: +16699006833, 82880493983# or +13462487799, 82880493983#
- US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099
- International numbers available: <https://us02web.zoom.us/j/82880493983>
- Webinar ID: 828 8049 3983.  
If asked for a participant ID or code, press #.

### **PUBLIC COMMENTS**

There are three ways to submit public comments.

- eComment. To send your comment directly to staff BEFORE the meeting starts, please email to [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov) with “PFRS Board Meeting” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR BOARD MEETING  
APRIL 27, 2022**

- To comment by Zoom video conference, click the “Raise Your Hand” button to request to speak when Public Comment is being taken on an eligible agenda item at the beginning of the meeting. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Instructions on how to “Raise Your Hand” is available at: [https://support.zoom.us/hc/en-us/articles/205566129 - Raise-Hand-In-Webinar](https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar).
- To comment by phone, please call on one of the above listed phone numbers. You will be prompted to “Raise Your Hand” by pressing “\*9” to speak when Public Comment is taken. You will be permitted to speak during your turn, allowed to comment, and after the allotted time, re-muted. Please unmute yourself by pressing “\*6.”

If you have any questions, please email Maxine Visaya, Administrative Assistant II at [mvisaya@oaklandca.gov](mailto:mvisaya@oaklandca.gov).

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## ORDER OF BUSINESS

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- A. Subject: Police and Fire Retirement System (“PFRS”) Board of Administration Meeting Minutes**  
**From:** Staff of the PFRS Board
- 
- Recommendation:** **APPROVE** the March 30, 2022 PFRS Board of Administration Meeting Minutes
- B. AUDIT & OPERATIONS COMMITTEE AGENDA – APRIL 27, 2022**
- B1. Subject: Administrative Expenses Report**  
**From:** Staff of the PFRS Board
- 
- Recommendation:** **ACCEPT** informational report regarding PFRS administrative expenses as of February 28, 2022
- B2. Subject: PFRS FY2021-2023 Administrative Expenses Budget Mid-Cycle Adjustment**  
**From:** Staff of the PFRS Board
- 
- Recommendation:** **APPROVE** PFRS FY2021-2023 Administrative Expenses Budget Mid-Cycle Adjustment

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR BOARD MEETING  
APRIL 27, 2022

B3. **Subject:** Resolution No. 8047 – Resolution to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2024 with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024

**From:** Staff of the PFRS Board

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**Recommendation:** **APPROVE** Resolution No. 8047 – Resolution to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2024 with annual retainer fee amounts to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024

B4. **Subject:** Resolution No. 8048 – Authorization for Travel and Reimbursement of Travel-Related Expenses for PFRS Trustee R. Steven Wilkinson to attend The State Association of County Retirement Systems (SACRS) Spring Conference in Rancho Mirage, CA from May 10, 2022 through May 13, 2022

**From:** Staff of the PFRS Board

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**Recommendation:** **APPROVE** Resolution No. 8048 – Resolution approving request of Oakland Police and Fire Retirement System Trustee R. Steven Wilkinson to attend The State Association of County Retirement Systems (SACRS) Spring Conference from May 10, 2022 through May 13, 2022, in Rancho Mirage, California and reimbursement of travel-related expenses in an amount not to exceed \$2,500.00 Two Thousand Five Hundred Dollars (\$2,500.00)

C. **INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – APRIL 27, 2022**

C1. **Subject:** Investment Manager Performance Update – Brown Advisory, LLC  
**From:** Brown Advisory, LLC

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**Recommendation:** **ACCEPT** informational report regarding managerial assessment, diversity and inclusion policy and practices, and investment portfolio performance of Brown Advisory, LLC, a PFRS Active Small-Cap Value Investment Manager

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR BOARD MEETING  
APRIL 27, 2022**

**C2. Subject: Investment Manager Performance Review – Brown Advisory, LLC**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** Meketa Investment Group’s review and evaluation of Brown Advisory, LLC, a PFRS Active Small-Cap Value Investment Manager regarding managerial assessment, diversity and inclusion policy and practices, and investment portfolio performance

**C3. Subject: Investment Market Overview as of March 30, 2022**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** informational report regarding the Global Investment Markets as of March 30, 2022

**C4. Subject: Preliminary Investment Fund Performance Update as of March 30, 2022**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** informational report regarding the Preliminary Investment Fund Performance Update as of March 30, 2022

**C5. Subject: Informational Overview Regarding Stagflation**  
**From: Meketa Investment Group**

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**Recommendation: ACCEPT** the informational overview regarding stagflation

**D. Subject: Member Resolution 8049 – 8050**  
**From: Staff of the PFRS Board**

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**Recommendation: APPROVE** Member Resolution Nos. 8049 – 8050

**D1. Resolution No. 8049** Resolution fixing the monthly allowance of surviving spouse of the following retired member of the Oakland Police and Fire Retirement System in the amount indicated:

<u>Deceased Member</u>	<u>Surviving Spouse</u>	<u>Monthly Allowance</u>
▪ Hadwick C. Thompson	Suane Thompson	\$ 4,127.22

**D2. Resolution No. 8050** Resolution approving death benefit payments and directing warrants thereunder in the total sum of \$1,000.00 payable to the beneficiary of the following deceased members of the Oakland Police and Fire Retirement System:

- John E. Fahey

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR BOARD MEETING  
APRIL 27, 2022

E. Subject: Resolution No. 8051 – Resolution Electing to Continue to Conduct Police and Fire Retirement System Board and Committee Meetings Using Teleconferencing in Accordance with California Government Code Section 54953(E).

From: Staff of the PFRS Board

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Recommendation: **APPROVE** Resolution No. 8051 – Resolution Electing to Continue to Conduct Police and Fire Retirement System Board and Committee Meetings Using Teleconferencing in Accordance with California Government Code Section 54953(E)

- F. PENDING ITEMS
- G. NEW BUSINESS
- H. OPEN FORUM
- I. FUTURE SCHEDULING
- J. ADJOURNMENT

**A REGULAR BOARD MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held on Wednesday, March 30, 2022 via Zoom Webinar.

- Board Members:
- Walter L. Johnson            President (Excused)
  - Jaime T. Godfrey           Vice President
  - Robert W. Nichelini        Member
  - Erin Roseman                Member
  - John C. Speakman          Member
  - Kevin R. Traylor            Member
  - R. Steven Wilkinson        Member

- Additional Attendees:
- David F. Jones              PFRS Secretary & Plan Administrator
  - Jennifer Logue              PFRS Legal Counsel
  - Mitesh Bhakta               PFRS Legal Counsel
  - Téir Jenkins                 PFRS Staff Member
  - Maxine Visaya               PFRS Staff Member
  - David Sancewich            Meketa Investment Group
  - Jason Leong Campbell      Meketa Investment Group

The meeting was called to order at 11:32 a.m. PST

BOARD PRESIDENT JOHNSON WAS EXCUSED; THE FULL BOARD MEETING WAS CHAIRED BY VICE PRESIDENT GODFREY. MEMBER WILKINSON EXPERIENCED TECHNICAL DIFFICULTIES AND WAS UNABLE TO RESPOND FOR ROLL CALL.

Burney Matthews introduced himself and offered an update regarding recent changes within the Retired Oakland Police Officers Association (“ROPOA”). Mr. Matthews announced Pete Peterson needed to step down as President of the ROPOA to fulfill family obligations and noticed the Board he will be taking on the role vacated by Mr. Peterson. He thanked Pete for the time and work he has done with the membership, the Board, and President Johnson over the years and offered continued cooperation between ROPOA, City Staff, and the Board. Vice President Godfrey thanked Mr. Matthews and assured him we will continue to work together to make this the best possible organization.

- A. PFRS Board Meeting Minutes** – Member Nichelini made a motion to approve the February 23, 2022 Regular Board Meeting Minutes, second by Member Traylor. Motion passed.

[JOHNSON: EXCUSED / GODFREY: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / TRAYLOR: Y / WILKINSON: ABSENT]

[AYES: 5 / NOES: 0 / ABSENT: 1 / EXCUSED: 1]

MEMBER WILKINSON EXPERIENCED TECHNICAL DIFFICULTIES AND WAS UNABLE TO PARTICIPATE IN THE VOTE

**B. AUDIT AND OPERATIONS COMMITTEE AGENDA – MARCH 30, 2022**

- B1. Administrative Expenses Report** – Staff Member Jenkins presented an informational report on PFRS’s administrative expenditures as of January 31, 2022. PFRS has an approved annual budget of approximately \$3.5 million and have expensed approximately \$1.5 million fiscal year-to-date. Membership consisted of 702 retired members, which included 433 Police Members and 269 Fire Members.

**MOTION:** Member Speakman made a motion to accept the administrative expenses report as of January 31, 2022, second by Member Traylor. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- B2. Resolution No. 8043** – Resolution Ratifying the Board President’s approval Of Oakland Police and Fire Retirement System Board Plan Administrator David F. Jones request to attend the 2022 CALAPRS General Assembly in San Diego, CA from March 5, 2022 through March 8, 2022 and authorizing reimbursement of the costs for attendance in an amount not to exceed Two Thousand Dollars (\$2,000.00).

**MOTION:** Member Speakman made a motion to approve Resolution No. 8043, second by Member Nichelini. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

**C. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – MARCH 30, 2022**

- c1. Investment Manager Performance Update – Rice Hall James & Associates, LLC** – Vice President Godfrey provided a brief summary of the presentation by Rice Hall James & Associates, LLC (“RHJ”), a PFRS Domestic Equity Small-Cap Growth Asset Class Investment Manager.

Vice President Godfrey noted concerns expressed by the Committee regarding a lack of vision and the ability to remain competitive in the current marketplace and the Committee’s desire for the CEO of RHJ to present at the next update. Plan Administrator Jones remarked it was discouraging to listen to the firm’s responses to inquiries regarding Diversity & Inclusion and it was apparent RHJ does not have a vision, plan, or a written Diversity & Inclusion Policy.

**MOTION:** Vice President Godfrey made a motion to accept the informational report regarding the Investment Manager Performance Update regarding RHJ, a PFRS Domestic Equity Small-Cap Growth Asset Class Investment Manager, and to maintain watch status with an update scheduled later in the year, second by Member Nichelini. Motion Passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)



- c2. **Investment Manager Performance Review – Rice Hall James & Associates, LLC** – David Sancewich of Meketa Investment Group (“Meketa”) provided an overview memo regarding RHJ, a PFRS Domestic Equity Small-Cap Growth Asset Class Investment Manager. Meketa recommended to remove RHJ from watch status based on performance and extend the current professional services agreement. However, D. Sancewich acknowledged the desire of the Board to maintain watch status for an additional six to nine months and Meketa will continue to monitor RHJ and schedule them for a presentation in the latter part of this year.

**MOTION:** Vice President Godfrey made a motion to accept the informational report from Meketa regarding an overview of RHJ, second by Member Traylor. Motion Passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c3. **Resolution 8044** – Resolution modifying the professional services agreement with Rice Hall James & Associates, LLC in order to (1) provide for unlimited one-year extension options under Section IV(B) and (2) authorize a one-year extension of the professional services agreement for the provision of Domestic Equity Small-Cap Growth Investment Manager Services for the City of Oakland Police and Fire Retirement System.

**MOTION:** Member Nichelini made a motion to approve Resolution 8044, second by Vice President Godfrey. Motion Passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c4. **Investment Market Overview as of February 28, 2022** – Paola Nealon of Meketa presented an informational report regarding the Investment Market Overview as of February 28, 2022 and noted markets were down with the exception of commodities and TIPS and the current factors impacting outcomes.

**MOTION:** Member Nichelini made a motion to accept the informational report provided by Meketa Investment Group regarding the Investment Market Overview as of February 28, 2022, second by Member Traylor. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c5. **Market Update: Russian Invasion of Ukraine** – David Sancewich of Meketa presented an informational report regarding Russia’s invasion of Ukraine and the impact across global financial markets and the PFRS portfolio. D. Sancewich noted it was a fluid situation and Meketa will continue to monitor and provide updates.

**MOTION:** Vice President Godfrey made a motion to accept the informational report provided by Meketa Investment Group regarding Russia’s invasion of Ukraine, second by Member Traylor. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c6. **Preliminary Investment Fund Performance Update as of February 28, 2022** – David Sancewich of Meketa Investment Group provided a summary of the Preliminary Investment Fund Performance Update as of February 28, 2022 and highlighted the Asset Class Performance Summary.

**MOTION:** Vice President Godfrey made a motion to accept the informational report provided by Meketa Investment Group regarding the Preliminary Investment Fund Performance Update as of February 28, 2022, second by Member Nichelini. Motion Passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c7. **2022 10-year Capital Market Assumptions Review** – David Sancewich of Meketa presented an informational report regarding 2022 Capital Market Assumptions. The assumptions of return expectations presented were based on a 20-year period, not 10-years as noted on the agenda.

**MOTION:** Member Nichelini made a motion to accept informational report regarding 2022 Capital Market Assumptions, second by Member Speakman. Motion Passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

- c8. **\$13.9 Million Drawdown for Member Retirement Allowances Fiscal Year 2021/2022 (Quarter Ending June 30, 2022)** – David Sancewich of Meketa presented an informational report regarding the \$13.9 million drawdown, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund with funds drawn from Northern Trust Russell 1000 in the Equity Portfolio, to be used to pay for the April 1, 2022 through June 30, 2022 Member Retirement Allowances.

**MOTION:** Vice President Godfrey made a motion to approve the informational report regarding the Meketa Investment Group recommendation of a \$13.9 million drawdown, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to be used to pay for the April 1, 2022 through June 30, 2022 Member Retirement Allowances, second by Member Nichelini. The motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

D. **Member Resolution 8045** – Resolution approving death benefit payments and directing warrants thereunder in the total sum of \$1,000.00 payable to the beneficiary of the following deceased members of the Oakland Police and Fire Retirement System:

- Richard A. Schuller

**MOTION:** Member Speakman made a motion to approve Resolution No. 8045, second by Member Traylor. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

E. **Resolution No. 8046** – Resolution Electing to Continue to Conduct Police and Fire Retirement System Board and Committee Meetings Using Teleconferencing in Accordance with California Government Code Section 54953(E).

**MOTION:** Member Nichelini made a motion to approve Resolution No. 8046, second by Member Speakman. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

F. **Pending Items** – No Report

G. **New Business** – No Report

H. **Open Forum** – Member Nichelini notified Board Members and Staff that Former Board Member & President Bob Crawford has been ill and was recently hospitalized and is now recovering at home. Board Members and Staff expressed their desire to send a card of well wishes. Vice President Godfrey welcomed new Legal Counsel to the PFRS Board Mitesh Bhakta and Member Speakman confirmed Legal Counsel was familiar with the 2026 Actuarial Funding Date obligation.

I. **Future Scheduling** – The next regular Board meeting is tentatively scheduled to occur Wednesday, April 27, 2022.

J. **Adjournment** – Member Speakman made a motion to adjourn, second by Member Wilkinson. Motion passed.

[JOHNSON – EXCUSED / GODFREY – Y / NICHELINI – Y / ROSEMAN – Y / SPEAKMAN – Y / TRAYLOR – Y / WILKINSON – Y]  
(AYES: 6 / NOES: 0 / EXCUSED: 1)

The meeting adjourned at 12:09 p.m. PST

**Table 1**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

**Administrative Budget Spent to Date (Preliminary)**

As of February 28, 2022

	Approved Budget					Percent Remaining
		February 2022	FYTD	Remaining		
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,212,000	\$ 91,345	\$ 708,089	\$ 503,911	41.6%	
Board Travel Expenditures	52,500	-	1,711	50,789	96.7%	
Staff Training	20,000	-	-	20,000	100.0%	
Staff Training - Tuition Reimbursement	7,500	-	-	7,500	100.0%	
Board Hospitality	3,600	-	-	3,600	100.0%	
Payroll Processing Fees	40,000	-	-	40,000	100.0%	
Miscellaneous Expenditures	40,000	893	7,577	32,423	81.1%	
Internal Service Fees (ISF)	88,000	-	53,814	34,186	38.8%	
Contract Services Contingency	50,000	-	-	50,000	100.0%	
<b>Internal Administrative Costs Subtotal :</b>	<b>\$ 1,513,600</b>	<b>\$ 92,238</b>	<b>\$ 771,191</b>	<b>\$ 742,409</b>	<b>49.0%</b>	
<b>Actuary and Accounting Services</b>						
Audit	\$ 49,000	\$ -	\$ 48,300	\$ 700	1.4%	
Actuary	46,500	23,681	23,896	22,604	48.6%	
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 95,500</b>	<b>\$ 23,681</b>	<b>\$ 72,196</b>	<b>\$ 23,304</b>	<b>24.4%</b>	
<b>Legal Services</b>						
City Attorney Salaries	\$ 188,000	\$ 17,034	\$ 95,726	\$ 92,274	49.1%	
Legal Contingency	150,000	-	-	150,000	100.0%	
<b>Legal Services Subtotal:</b>	<b>\$ 338,000</b>	<b>\$ 17,034</b>	<b>\$ 95,726</b>	<b>\$ 242,274</b>	<b>71.7%</b>	
<b>Investment Services</b>						
Money Manager Fees	\$ 1,353,000	\$ 36,270	\$ 657,692	\$ 695,308	51.4%	
Custodial Fee	124,000	29,125	58,250	65,750	53.0%	
Investment Consultant	100,000	-	50,000	50,000	50.0%	
<b>Investment Subtotal:</b>	<b>\$ 1,577,000</b>	<b>\$ 65,395</b>	<b>\$ 765,942</b>	<b>\$ 811,058</b>	<b>51.4%</b>	
<b>Total Operating Budget</b>	<b>\$ 3,524,100</b>	<b>\$ 198,348</b>	<b>\$ 1,705,055</b>	<b>\$ 1,819,045</b>	<b>51.62%</b>	

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of February 28, 2022

	February 2022
<b>Beginning Cash as of 1/31/2022</b>	\$ 6,611,043
<b>Additions:</b>	
City Pension Contribution - February	\$ 3,651,667
Investment Draw	\$ 1,000,000
Misc. Receipts	7
<b>Total Additions:</b>	\$ 4,651,673
<b>Deductions:</b>	
Pension Payment (January Pension Paid on 2/1/2022)	(4,291,140)
Expenditures Paid	(255,601)
<b>Total Deductions</b>	\$ (4,546,741)
 <b>Ending Cash Balance as of 2/28/2022*</b>	 \$ 6,715,976

\* On 3/1/2022, February pension payment of appx \$4,258,600 will be made leaving a cash balance of \$2,457,000.

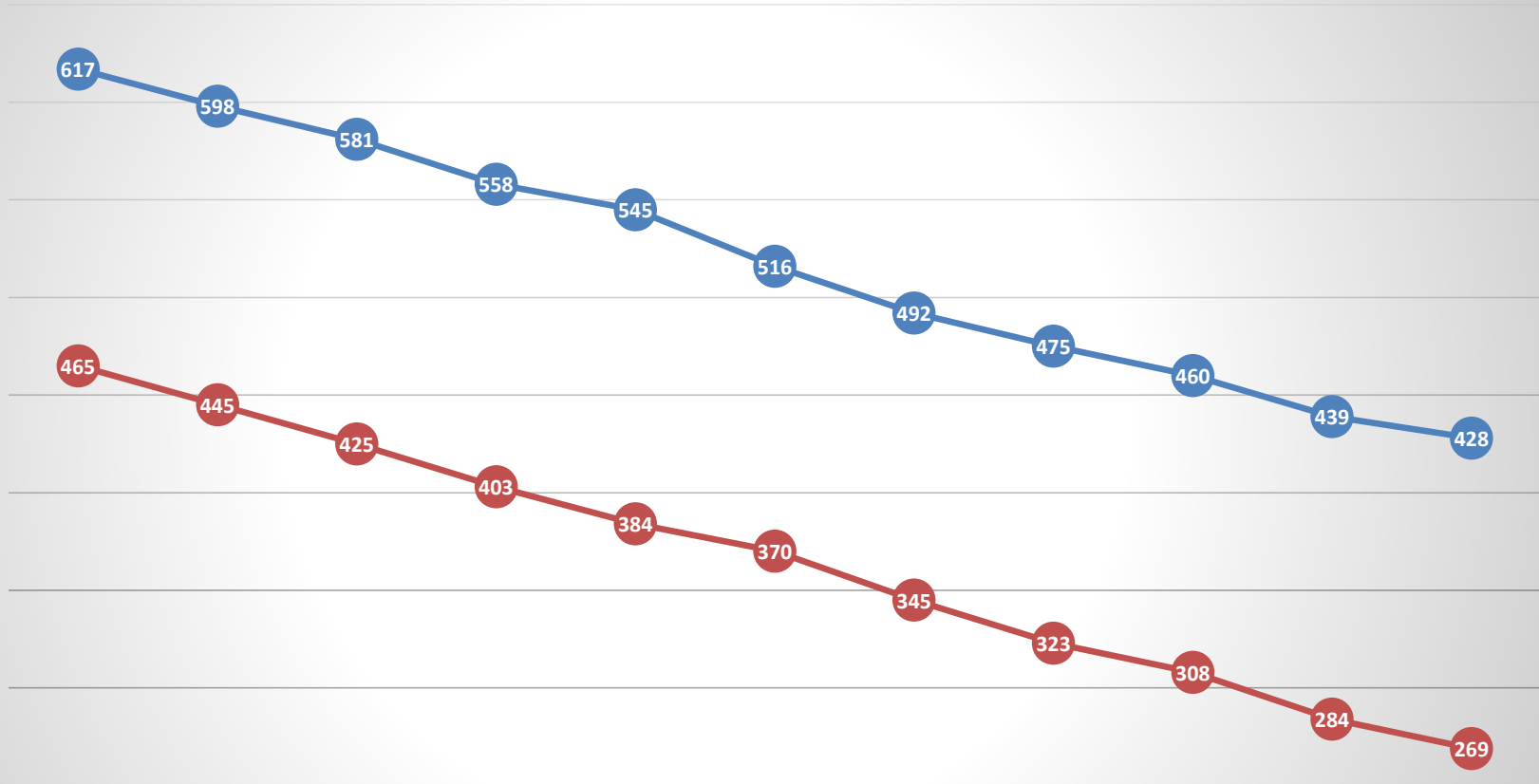
**Table 3**  
**CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

Census  
As of February 28, 2022

COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Retiree	304	173	477
Beneficiary	124	96	220
<b><i>Total Retired Members</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>

COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Service Retirement	288	135	423
Disability Retirement	130	122	252
Death Allowance	10	12	22
<b><i>Total Retired Members:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership as of February 28, 2022:</i></b>	<b>428</b>	<b>269</b>	<b>697</b>
<b><i>Total Membership as of June 30, 2021:</i></b>	<b>439</b>	<b>284</b>	<b>723</b>
<b><i>Annual Difference:</i></b>	<b>-11</b>	<b>-15</b>	<b>-26</b>

## Oakland Police and Fire Retirement System Pension Plan Membership Count As of February 28, 2022 (FY 2012 - FY 2022)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 FYTD
Police	617	598	581	558	545	516	492	475	460	439	428
Fire	465	445	425	403	384	370	345	323	308	284	269
Total	1082	1043	1006	961	929	886	837	798	768	723	697



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement System Board

**FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** PFRS FY2021-2023  
Administrative Expenses  
Budget Mid-Cycle Adjustment

**DATE:** April 27, 2022

## SUMMARY

Staff has analyzed the Oakland Police and Fire Retirement System's ("PFRS") previously approved two-year budgets for FY 2021-2022 and FY 2022-2023. As a result, staff is recommending some adjustments to the budgeted line items. Staff recommends that the Board approve the nominal budget increase for FY 2022-2023 as attached in **Table 1**.

## BACKGROUND

At their February 24, 2021 Board meeting, the Oakland Police and Fire Retirement System Board ("PFRS Board") approved a 2-year PFRS Administrative Budget of \$3,524,100 for FY 2021-2022 and \$3,584,600 for FY 2022-2023.

## PROPOSED CHANGES

Staff recommends proposed changes to the FY 2022-2023 budgets as shown in **Table 1**. The proposed changes adjust budgeted funds to accurately reflect expected costs. The total annual proposed budget is approximately 0.79% of the Plan's existing investment portfolio.

## KEY CHANGES

The Internal Administrative Budget is proposed to increase by \$71,400 in FY 2022-2023. The Staff Salaries budget are proposed to increase by \$70,000. This proposed increase is mostly due to a 3% Cost of Living Adjustment which was approved in the most recent MOU and additional staffing.

Respectfully submitted,

David F. Jones, Plan Administrator  
Oakland Police and Fire Retirement System

### **Attachment (1):**

**Table 1:** *Oakland Police and Fire Retirement System - Proposed Mid-Cycle Administrative Budget Changes*

Agenda Item B2  
PFRS Board Meeting  
April 27, 2022



# ATTACHMENT 1

## Table 1

### *Oakland Police and Fire Retirement System Proposed Mid-Cycle Administrative Budget Changes*

Table 1

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
Proposed Mid-Cycle Administrative Budget Changes  
FY 2021-2022 and FY 2022-2023**

	Approved Budget		Proposed Changes		Proposed Revised Budgets	
	FY 2021-2022	FY 2022-2023	FY 2021-2022	FY 2022-2023	FY 2021-2022	FY 2022-2023
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,212,000	\$ 1,261,000	\$ -	\$ 69,000	\$ 1,212,000	\$ 1,330,000
Board Travel Expenditures	52,500	52,500	-	-	52,500	52,500
Staff Training	20,000	20,000	-	-	20,000	20,000
Staff Training - Tuition Reimbursement	7,500	7,500	-	-	7,500	7,500
Annual Report & Duplicating Services	-	-	-	-	-	-
Board Hospitality	3,600	3,600	-	-	3,600	3,600
Payroll Processing Fees	40,000	40,000	-	-	40,000	40,000
Miscellaneous Expenditures	40,000	45,000	-	-	40,000	45,000
Internal Service Fees (ISF)	88,000	88,000	-	-	88,000	88,000
Contract Services Contingency	50,000	50,000	-	-	50,000	50,000
<b>Internal Administrative Subtotal :</b>	<b>\$ 1,513,600</b>	<b>\$ 1,567,600</b>	<b>\$ -</b>	<b>\$ 69,000</b>	<b>\$ 1,513,600</b>	<b>\$ 1,636,600</b>
<b>Actuary and Accounting Services</b>						
Audit	\$ 49,000	\$ 50,500	\$ -	\$ -	\$ 49,000	\$ 50,500
Actuary	46,500	46,500	-	1,400	46,500	47,900
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 95,500</b>	<b>\$ 97,000</b>	<b>\$ -</b>	<b>\$ 1,400</b>	<b>\$ 95,500</b>	<b>\$ 98,400</b>
<b>Legal Services</b>						
City Attorney Salaries	\$ 188,000	\$ 193,000	\$ -	\$ 1,000	\$ 188,000	\$ 194,000
Legal Contingency	150,000	150,000	-	-	150,000	150,000
<b>Legal Services Subtotal:</b>	<b>\$ 338,000</b>	<b>\$ 343,000</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 338,000</b>	<b>\$ 344,000</b>
<b>Investment Services</b>						
Money Manager Fees	\$ 1,353,000	\$ 1,353,000	\$ -	\$ -	\$ 1,353,000	\$ 1,353,000
Custodial Fee: (Northern Trust)	124,000	124,000	-	-	124,000	124,000
Investment Consultant (Meketa)	100,000	100,000	-	-	100,000	100,000
<b>Investment Services Subtotal:</b>	<b>\$ 1,577,000</b>	<b>\$ 1,577,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,577,000</b>	<b>\$ 1,577,000</b>
<b>Total Operating Budget</b>	<b>\$ 3,524,100</b>	<b>\$ 3,584,600</b>	<b>\$ -</b>	<b>\$ 71,400</b>	<b>\$ 3,524,100</b>	<b>\$ 3,656,000</b>



# AGENDA REPORT

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**TO:** Oakland Police and Fire Retirement System Board      **FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** Oakland PFRS Actuarial Services Contract Extension Request      **DATE:** April 27, 2022

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## BACKGROUND

In 2013, the Oakland Police and Fire Retirement Board (“PFRS”) issued a Request for Proposal (RFP) seeking a firm to provide the Plan Actuarial services. After interviews and a screening process the PFRS Board selected the actuary firm, Cheiron, Inc. PFRS subsequently entered into a contract with Cheiron, Inc. with an effective date of July 01, 2013 to June 30, 2016. At the June 29, 2016 meeting, the Board exercised an option to extend the contract for two additional years to June 30, 2018. At the August 29, 2018 meeting the Board extended the contract two more years to June 30, 2020. At the September 30, 2020 meeting, the PFRS Board approved the Third Amendment to the Agreement, which extended the Agreement to June 30, 2022.

## RECOMMENDATION

Staff seeks authorization to extend the existing actuary contract an additional two years covering FY2022-2023 and FY2023-2024. This extension is allowable under the current actuary contract terms and conditions. Attached is a memo from Cheiron that states the proposed fee schedule effective July 1, 2022 through June 30, 2024.

Respectfully submitted,

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David F. Jones, Plan Administrator  
Oakland Police and Fire Retirement System

For questions please contact Téir Jenkins, Investment & Operations Manager.

**Attachment (1):** *Cheiron Memo - proposed fees effective July 1, 2022 through June 30, 2024*  
**Attachment (2):** *Resolution 8047*

Agenda Item B2  
PFRS Board Meeting  
April 27, 2022

# ATTACHMENT 1

*Cheiron Memo*  
*Proposed Fees Effective*  
*July 1, 2022 through June 30, 2024*

***Via Electronic Mail***

April 20, 2022

City of Oakland  
Treasury Division  
Retirement Section  
Attn: David Jones, Plan Administrator  
150 Frank Ogawa Plaza, Suite #3341  
Oakland, CA 94601

***Re: Fee Letter***

Dear Mr. Jones:

This letter represents our proposed fees effective July 1, 2022 through June 30, 2024.

**A) Retainer** – \$47,900 FY2022-2023; \$49,400 FY2023-2024

The retainer fee covers the following services:

- Provide valuations of the defined benefit plans, including affirming the validity of benefit calculations
- Complete experience studies of the plans as required and prepare cost analyses and reports regarding proposed plan amendments
- Determine the financial disclosures related to the members pursuant to requirements of the Governmental Accounting Standards Board
- Present the experience study and the actuarial report to the Boards of Administration for PFRS at their regular meetings in Oakland
- Review and assist with the actuarial sections of the Plan's Annual reports
- If PFRS deem necessary, provide the services of a senior staff member for additional assignments or attendance at meetings

**B) Non-Retainer** – With respect to special consulting projects and services above and beyond the scope of valuation services above, we can provide such services on a fixed fee basis or at our hourly billing rates. Fees will be negotiated in advance.

For additional meetings, reasonable out-of-pocket travel expenses will be charged separately, but travel time will not be compensable.

If you would like any special services performed, we can provide a fee quote or provide them based on our normal hourly rates and our cost for out-of-pocket disbursements such as travel and outside copying. The chart on the following page lists our general hourly billing rates for 2022. Hourly billing rates will increase with inflation in future years.

Mr. David Jones

April 20, 2022

Page 2

<b>Standard Billing Rates for the 2022 Calendar Year</b>	
<b><u>Category/Consultant</u></b>	<b><u>Hourly Rate</u></b>
Principal Consulting Actuaries	\$390 – \$525
Consulting Actuaries	\$290 – \$468
Associate Actuaries	\$197 – \$306
Senior Actuarial Analysts	\$183 – \$235
Actuarial Analysts	\$160 – \$200
Administrative Staff	\$111 – \$150

If you have any questions, please feel free to contact us.

Sincerely,

Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA  
Consulting Actuary

# ATTACHMENT 2

## *Resolution 8047*

*Oakland Police & Fire Retirement System  
Actuarial Services Contract Extension*

OAKLAND POLICE AND FIRE RETIREMENT BOARD  
CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 8047

Approved as to  
Form and Legality



ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION TO APPROVE A TWO-YEAR EXTENSION OF THE PROFESSIONAL SERVICE AGREEMENT FOR THE PROVISION OF ACTUARIAL SERVICES BETWEEN THE CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD AND CHEIRON, INC. THROUGH JUNE 30, 2024 WITH ANNUAL RETAINER FEE AMOUNTS NOT TO EXCEED \$47,900 FOR FY2022-2023 AND \$49,400 FOR FY2023-2024**

**WHEREAS**, at their August 28, 2013 meeting, the City of Oakland Police and Fire Retirement System Board ("PFRS Board") approved Resolution No. 6765, appointing Cheiron, Inc. to serve as the PFRS plan actuary for the period of July 1, 2013 through June 30, 2016 plus two one-year options for the PFRS Board to extend the professional service agreement("the Agreement"); and

**WHEREAS**, at their June 29, 2016 Board Meeting, the PFRS Board approved by board motion the First Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which exercised both options and extended the Agreement to June 30, 2018; and

**WHEREAS**, at their August 29, 2018 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2020, as the current Agreement between the PFRS Board and Cheiron, Inc. expired on June 30, 2018; and

**WHEREAS**, at their August 29, 2018 Board Meeting, the PFRS Board approved by board motion the Second Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which extended the Agreement to June 30, 2020; and

**WHEREAS**, at their September 30, 2020 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2022, as the current Agreement between the PFRS Board and Cheiron, Inc. expired on June 30, 2020; and

**WHEREAS**, at their September 30, 2020 Board Meeting, the PFRS Board approved by board motion the Third Amendment to the Agreement between PFRS and Cheiron, Inc., which extended the Agreement to June 30, 2022; and



**OAKLAND POLICE AND FIRE RETIREMENT BOARD**  
CITY OF OAKLAND, CALIFORNIA

**WHEREAS**, at their April 27, 2022 Board Meeting, the staff of the PFRS Board recommended that the Agreement be extended through June 30, 2024, as the current Agreement between the PFRS Board and Cheiron, Inc. expires on June 30, 2022; and

**WHEREAS**, at their April 27, 2022 Board Meeting, the PFRS Board approved by board motion the Fourth Amendment to the Agreement between the PFRS Board and Cheiron, Inc., which extended the Agreement to June 30, 2024; and

**WHEREAS**, Cheiron, Inc. is desirous of extending the Agreement for two years with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024; now, therefore, be it

**RESOLVED:** The Plan Administrator is hereby authorized to execute an amendment to extend the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. for a two year period ending June 30, 2024 with annual retainer fee amounts not to exceed \$47,900 for FY2022-2023 and \$49,400 for FY2023-2024.

IN BOARD MEETING, VIA ZOOM TELE-CONFERENCE April 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement System Board (PFRS)      **FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** Authorization and Reimbursement of Board Member Wilkinson's Travel/Education Expenses      **DATE:** April 27, 2022

---

**R. Steven Wilkinson**, Board Member of the **Oakland Police and Fire Retirement System Board**, requests authorization for reimbursement of travel and/or board education related funds for the event detailed below. Staff has verified that budgeted funds are available for this Board Member to be reimbursed.

Staff recommends the reimbursement of travel/education funds for the event below be approved by board motion.

Travel/Education Event: SACRS 2022 Spring Conference

Event Location: Omni Rancho Las Palmas Resort & Spa, Rancho Mirage, CA

Event Date: May 10, 2022 - May 13, 2022

Estimated Event Expense: \$2,500.00

Notes: \_\_\_\_\_

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\* If enrollment, registration or admission expenses are required, the fund will process a check in advance and pay vendor directly; all other board-approved reimbursements will be made upon delivery of receipts to staff by the travelling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

---

David F. Jones  
Plan Administrator & Secretary  
Oakland Police & Fire Retirement Systems

*For questions please contact Maxine Visaya, Administrative Assistant II, at 510.238.7295*

Attachments:  
(1) Resolution 8048  
(2) Conference Agenda

Agenda Item B4  
PFRS Board Meeting  
April 27, 2022

# ATTACHMENT 1

## *Resolution 8048*

*Travel Authorization for R. Steven Wilkinson*

*SACRS 2022 Spring Conference  
Rancho Mirage, CA*

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD  
CITY OF OAKLAND, CALIFORNIA  
RESOLUTION No. 8048

*Approved to Form  
and Legality*



ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION APPROVING REQUEST OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD MEMBER R. STEVEN WILKINSON TO TRAVEL AND ATTEND THE STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) SPRING CONFERENCE FROM MAY 10, 2022 THROUGH MAY 13, 2022 IN RANCHO MIRAGE, CALIFORNIA AND FOR REIMBURSEMENT OF TRAVEL-RELATED EXPENSES IN AN AMOUNT NOT TO EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00)**

**WHEREAS**, the City of Oakland Police and Fire Retirement System (“PFRS”) Education and Travel Policy (“Travel Policy”) requires that the City of Oakland Police and Fire Retirement System Board (“PFRS Board”) members and staff obtain prior PFRS Board approval of all education and travel-related expenses that will be reimbursed by PFRS; and

**WHEREAS**, PFRS Board Member R. Steven Wilkinson would like to attend The State Association of County Retirement Systems (“SACRS”) Spring Conference (“the Conference”) in Rancho Mirage, California from May 10, 2022 through May 13, 2022; and

**WHEREAS**, in compliance with Section IV(13)(c) of the Travel Policy, Member Wilkinson has submitted documentation showing the registration fees and estimated travel-related expenses to attend the Conference will be Two Thousand Five Hundred Dollars (\$2,500.00); and,

**WHEREAS**, in compliance with Section IV(1)(c) of the Travel Policy, Member Wilkinson seeks PFRS Board authorization to attend the Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022 at an estimated cost of Two Thousand Five Hundred Dollars (\$2,500.00); and, therefore be it

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD**

CITY OF OAKLAND, CALIFORNIA

**RESOLUTION NO. 8048**

**RESOLVED:** That PFRS Board Member R. Steven Wilkinson's request to attend The State Association of County Retirement Systems Spring Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022 at an estimated cost of Two Thousand Five Hundred Dollars (\$2,500.00) is approved; and be it

**FURTHER RESOLVED:** That the PFRS Board authorizes reimbursement of travel-related expenses in an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500.00) for Member Wilkinson's attendance at The State Association of County Retirement Systems Spring Conference in Rancho Mirage, California from May 10, 2022 through May 13, 2022.

IN BOARD MEETING, VIA ZOOM CONFERENCE APRIL 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY

# **ATTACHMENT 2**

*SACRS 2022 Spring Conference  
Rancho Mirage, CA Conference Agenda*



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## TUESDAY, MAY 10

**2:00 PM - 6:30 PM**

### **SACRS CONFERENCE REGISTRATION DESK**

**3:00 PM - 5:00 PM**

### **ETHICS TRAINING FOR TRUSTEES AND STAFF**

This two-hour mandatory bi-annual training for public officials covers conflict of interest rules, public meeting and record requirements, due process requirements and other significant rules for legal compliance by public officials, with a particular focus on how these rules apply to retirement board trustees and senior staff.

\*This class is pending approval for MCLE credit.

**SPEAKERS:** Ashley Dunning, Partner, Nossaman LLP and Peter Mixon, Partner, Nossaman LLP

**3:00 PM - 5:00 PM**

### **SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)**

Nossaman LLP attorneys John Kennedy and Allison Callaghan will present "Sexual Harassment Prevention Training for Local Agency Officials (AB1661)". AB 1661 requires that if a local agency provides any type of compensation, salary, or stipend to its officials, then all local agency officials of the agency shall receive at least two hours of sexual harassment prevention and education training within the first six months of taking office or commencing employment and every two years thereafter. This interactive training session will meet the requirements under AB 1661 and AB 1825 (sexual harassment prevention training to employees who perform supervisory functions) and assist attendees in preventing and effectively responding to complaints of sexual harassment.

\*This class pending approval for MCLE credit.

**SPEAKERS:** Allison Callaghan, Nossaman LLP and John Kennedy, Nossaman LLP

**4:30 PM - 5:30 PM**

### **LABOR ALLIES & SUPPORTERS BREAKOUT - "IN SOLIDARITY"**

Issues, Initiatives and Action. This is an open session to all attendees, please join us.

**MODERATOR:** Michael Ring, SEIU

**5:30 PM - 6:30 PM**

### **SACRS NETWORKING RECEPTION**

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience.



# SACRS SPRING CONFERENCE

SACRS

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

WEDNESDAY, MAY 11

**7:00 AM - 8:00 AM**

### SACRS WELLNESS SESSION – YOGA

Fitting in fitness when away from home is often difficult, but not during SACRS Spring Conference 2022! We bring a yoga class onsite to start your day the right way. This class, led by a certified yoga instructor, is intended for everyone, beginner to expert. Yoga mats, water, and towels provided. Pre-registration is required to participate for conference attendees & guests and \$15 participation fee.

**7:00 AM - 8:15 AM**

### SACRS BREAKFAST

**7:30 AM - 6:00 PM**

### SACRS CONFERENCE REGISTRATION DESK

**8:30 AM - 10:00 AM**

### WELCOME VIVIAN GRAY, SACRS PRESIDENT AND KEYNOTE SPEAKER

#### Leadership in the Toughest of Times with Keisha Lance Bottoms

In a special conversation, SACRS headliner Keisha Lance Bottoms, CNN Political Commentator and former 60th Mayor of Atlanta, will share insights from her leadership journey, recounting not only how she achieved many accomplishments, but also how she overcame the obstacles, including the bias she faced as a Black woman.

In this session, Bottoms discusses leadership lessons based on her own experiences as a professional and a mom of four. Attend this keynote presentation to find out how her hard-earned lessons learned can be applied across all aspects of your work and life.

**SPEAKER:** Keisha Lance Bottoms, CNN Political Commentator and former 60th Mayor of Atlanta

**10:00 AM - 10:30 AM**

### SACRS NETWORKING BREAK

**10:30 AM - 11:30 AM**

### GENERAL SESSION - Inflation: What it is, Where it's coming from, and What it means for your retirement plan.

**SPEAKER:** Frances Donald, Manulife

**11:30 AM - 12:30 PM**

### GENERAL SESSION - Crypto 101: Everything you wanted to know but are afraid to ask

In the last two years, crypto currency has become more universally accepted, having officially become a mainstream asset class. Despite its tremendous popularity, many of us still struggle to fully understand the concept, how it derives its value and why many believe its impact on our economy is just starting. In this session, Bitwise's Matt Hougan strips out the jargon and takes us back to the basics to help us all better understand this exciting new asset class.

**SPEAKERS:** Matt Hougan, Bitwise and Brian Raimondi, Bitwise

**12:30 PM - 1:45 PM**

### SACRS LUNCH





# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

WEDNESDAY, MAY 11 CONTINUED

**2:00 PM - 4:30 PM | CONCURRENT SESSIONS**

**ADMINISTRATORS BREAKOUT**

**MODERATOR:** Santos Kreimann, Chief Executive Officer, Los Angeles CERA

**AFFILIATE BREAKOUT**

**Investment Consulting: A View from the Top**

The dynamic world of institutional investing is changing. As the world enters a new economic regime, senior leaders from top consulting firms discuss their business, opportunities, and challenges. This interactive panel will be followed by a networking breakout session with leading consultants that will help guide you through 2022 and beyond.

**SPEAKERS:** David Fann, Vice Chairman and Trevor Jackson, Managing Director, Portfolio Advisory, Aksia; Jim Callahan, President, and Claire Telleen, CFA, Senior Vice President and Consultant, Callan's West Coast Consulting Group, Callan, LLC; Jeff MacLean, Chief Executive Officer and Scott Whalen, Executive Managing Director and Senior Consultant, Verus Advisory, Inc; and Allan Martin, Partner and Dan Hennessy, Senior Consultant, NEPC

**ATTORNEYS BREAKOUT**

\*This class pending approval for MCLE credit.

**MODERATOR:** Nicole McIntosh, Orange County CERS

**INTERNAL AUDITORS BREAKOUT**

**MODERATOR:** Harsh Jadhav, Chief of Internal Audit, Alameda CERA

**INVESTMENT BREAKOUT (closed session) - INVESTMENT OFFICERS ONLY**

**MODERATOR:** TBD

**OPERATIONS/BENEFITS BREAKOUT**

**MODERATORS:** Carlos Barrios, Interim Division Manager, Benefits Division, Los Angeles CERA and Theodore King, Section Head, Special Benefits Services Section, Los Angeles CERA

**SAFETY BREAKOUT**

**MODERATOR:** Brian Williams, Trustee, Sonoma CERA

**TRUSTEE BREAKOUT**

**MODERATOR:** TBD

**6:00 PM - 9:00 PM**

**SACRS ANNUAL WEDNESDAY NIGHT EVENT**



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## THURSDAY, MAY 12

**7:00 AM - 8:00 AM**

### SACRS FUN RUN

Your morning starts off with an additional opportunity for team-building and networking, while enjoying the early morning air. A SACRS tradition, the 5K (3.1 miles) Fun Run course is the perfect way to get energized for the conference day ahead. Designed for the walker, jogger, or runner, the course is flat and paved. Pre-registration is required and costs \$15 per person. Pocket maps, Fun Run T-shirts, water, and snack at the end of the course will be provided.

**7:30 AM - 8:30 AM**

### SACRS BREAKFAST

**7:30 AM - 6:00 PM**

### SACRS CONFERENCE REGISTRATION DESK

**8:45 AM - 10:00 AM**

### SACRS VOLUNTEER AWARD AND KEYNOTE SPEAKER

A Conversation with Retired General David Petraeus: Perspectives on the Russia - Ukraine Invasion, What the Weeks Ahead Will Bring

**SPEAKER:** Retired General David Petraeus

**10:00 AM - 10:30 AM**

### SACRS NETWORKING BREAK

**10:30 AM - 11:30 AM**

### GENERAL SESSION

**11:30 AM - 12:30 PM**

### GENERAL SESSION

**12:30 PM - 1:45 PM**

### SACRS LUNCH

**2:00 PM - 3:00 PM | CONCURRENT SESSIONS**

#### **CONCURRENT SESSION A - Investing in Crypto Currency: A Public Fund Roadmap**

The pursuit of allocating to a new asset class poses a unique set of challenges for investors. Pioneering public funds hope that the benefits of early adoption outweigh the risks, and in the process blaze a trail for others to follow. In 2021, Santa Clara Valley Transit Authority (VTA) became one of the first public funds in the US to formally approve an allocation to crypto currency. In this session, we explore the journey, discuss lessons learned and key considerations with the people that made it happen.

**SPEAKERS:** Sean Bill, Chief Investment Officer, Santa Clara Valley Transportation Authority; and John Keshner, Chief Investment Officer, San Manuel Band of Mission Indians

**MODERATOR:** Don Stacke, CFA, Senior Consultant, NEPC

#### **CONCURRENT SESSION B**



# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

## THURSDAY, MAY 12 CONTINUED

### **CONCURRENT SESSION C - Operations and Benefits Session**

**3:00 PM - 3:30 PM**

#### **SACRS NETWORKING BREAK**

### **3:30 PM - 4:30 PM | CONCURRENT SESSIONS**

#### **CONCURRENT SESSION A - Private Credit Outlook: Key Trends & the Road Ahead**

This panel seeks to educate the audience on the growing demand for Private Credit and the evolution of the asset class. Our panel will bring together an experienced industry consultant who will help level set the current environment while also leveraging two experienced market participants who will highlight recent market developments in terms of structure, participants, outlook, etc. They will touch on the increasing use of private vs public credit, the natural correlation with private equity fundraising and the current competitive landscape. Appropriately, they will also cover the various risks associated with less liquid and less regulated capital market transactions.

**SPEAKERS:** Audie Apple, Senior Private Credit Specialist, DWS; and John Fiscella, Managing Director, Oak Hill Advisors, L.P.

**MODERATOR:** Dan Hennessey, Senior Consultant, NEPC

#### **CONCURRENT SESSION B - SACRS 2022 Legislative Update**

**SPEAKERS:** Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Smith & Robson, SACRS Legislative Advocates

**MODERATORS:** Eric Stern, Sacramento CERS; and Dave Nelsen, Alameda CERA

#### **CONCURRENT SESSION C - Inflation Part II: Investment Risk and Opportunities in an Inflationary Environment**

Who would have predicted 8% inflation since the last time we met? Come join his panel for a discussion on how to protect your portfolio against rising prices using a strategic and diversified assortment of asset class exposures. This session should enrich your understanding of risk and opportunities of a future world that will be impacted by inflation.

**SPEAKERS:** Vince Childers, CFA, Senior Vice President, Cohen & Steers; Anna Dreyer, CFA, Ph.D., PM & Head of Fixed Income Risk & Portfolio Construction Research, T. Rowe Price; and Abigail Rayner, Principal, Real Assets Investments, HarbourVest

**MODERATOR:** Mika Malone, Managing Principal, Meketa Investment Group

**4:30 PM - 5:30 PM**

#### **SACRS EDUCATION COMMITTEE MEETING**

**4:30 PM - 5:30 PM**

#### **SACRS NOMINATING COMMITTEE MEETING**

**5:30 PM - 6:30 PM**

#### **SACRS RECEPTION**

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience.





# SACRS SPRING CONFERENCE

**MAY 10-13, 2022**

**OMNI RANCHO LAS PALMAS  
RESORT & SPA  
RANCHO MIRAGE, CA**

**PRELIMINARY CONFERENCE AGENDA**

FRIDAY, MAY 13

**7:30 AM - 8:30 AM**

SACRS BREAKFAST

**8:45 AM - 9:45 AM**

GENERAL SESSION

**9:45 AM - 10:00 AM**

SACRS NETWORKING BREAK

**10:00 AM - 11:30 AM**

SACRS ANNUAL BUSINESS MEETING

SACRS Spring Conference 2022 will be held in accordance with all CDC, WHO, and California state and local agencies COVID-19 guidelines and requirements. All attendees must agree to SACRS Event Health Safety Code of Conduct, Statement of Requirement for Attendance and a Waiver of Covid-19 Liability. Forms may be agreed to at the time of registration electronically. All forms can be found online at **SACRS.org**.

If the forms were accepted electronically during online registration, they do not need to be sent to SACRS. If you are registering on behalf of an attendee, you must provide them with the information and confirm that they agree to comply with the Code of Conduct.

# **CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

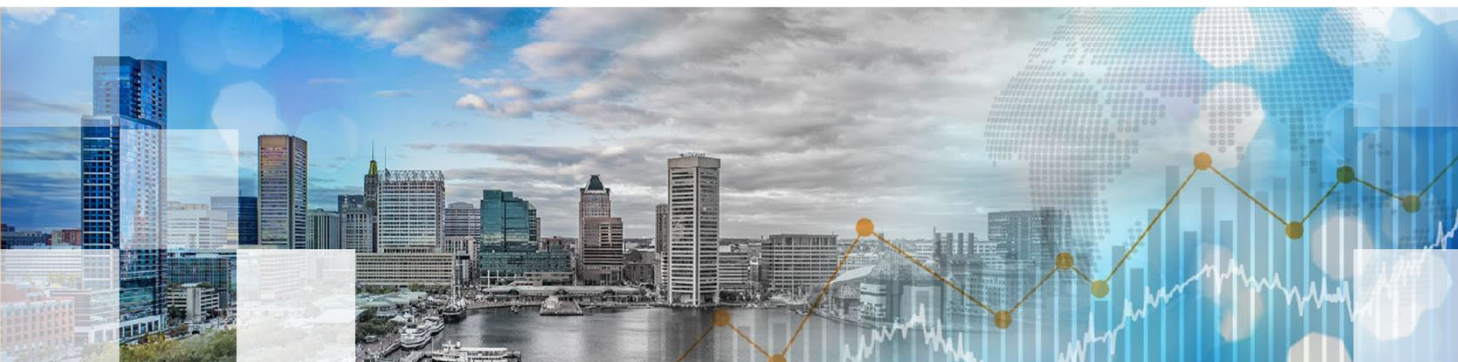
April 27, 2022

David Schuster, Portfolio Manager  
Christopher Gibson, Institutional Relationship Manager

## OVERVIEW

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# FIRM OVERVIEW



We are a global investment management firm offering a broad range of traditional and sustainable equity and fixed income investment solutions, rooted in our bottom-up, fundamental research and a disciplined, long-term investment approach.

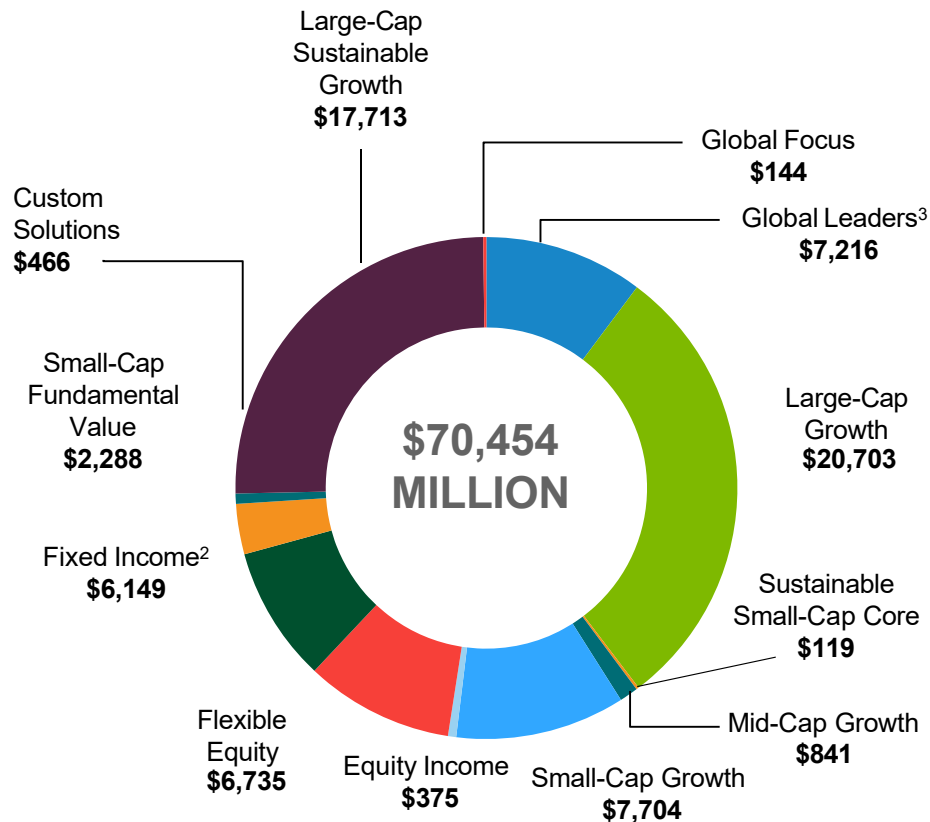
<b>OFFICES</b>	14 global offices United States, United Kingdom and Singapore				
<b>OWNERSHIP</b>	Private and independent since 1998				
<b>CLIENT ASSETS</b>	<b>\$146.5B</b> Total	<b>\$70.4B</b> Institutional Strategies	<b>\$64.3B</b> Institutional Equity Strategies	<b>\$6.1B</b> Institutional Fixed Income Strategies	<b>\$26.3B</b> Institutional Sustainable Strategies
<b>INVESTMENT SOLUTIONS</b>	Global Equity, U.S. Equity, Fixed Income and Sustainable strategies				
<b>INVESTMENT PROFESSIONALS</b>	<b>70+</b> Portfolio Managers, Analysts and Traders <sup>1</sup>			<b>15</b> Average years industry experience	
To read Brown Advisory's latest Sustainability Report, please visit our website at <a href="http://www.brownadvisory.com/us/2021-sustainability-report">www.brownadvisory.com/us/2021-sustainability-report</a>					

<sup>1</sup> Includes Portfolio Managers, Analysts, Traders within the institutional business. Data as of December 31, 2021. Please see the end of the presentation for important disclosures.

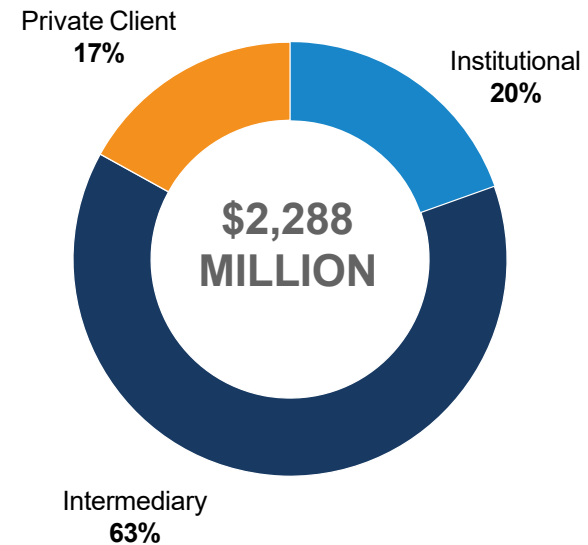
# ASSET SUMMARY

As of 12/31/2021

## Firmwide Institutional Strategy Assets By Strategy Breakdown<sup>1</sup>



## Small-Cap Fundamental Value Assets By Client Type Breakdown<sup>1</sup>



**Intermediary**  
RIAs, Insurance Companies, Broker Dealers, Private Banks

**Institutional**  
Pension Plans, Corporations, Endowments and Foundations

**Private Client**  
High-Net-Worth Individuals, OCIO

<sup>1</sup>Numbers may not total due to rounding. Firmwide Institutional Strategy Breakdown represents assets under management in institutionally marketed strategies. <sup>2</sup>Fixed Income strategy assets include the Core Fixed Income, Sustainable Core Fixed Income, Enhanced Cash, Intermediate Income, Limited Duration, Municipal Bond and Tax-Exempt Sustainable strategies. <sup>3</sup>Global Leaders strategy listed assets include Global Concentrated Equity. This information is supplemental to the Brown Advisory Large-Cap Growth Composite presentation.



# RELATIONSHIP OVERVIEW

## City of Oakland Police and Fire Retirement System

- U.S. Small Cap Fundamental Value
- Benchmark: Russell 2000<sup>®</sup> Value Index
- Primary Contact:
  - Christopher Gibson, *Institutional Relationship Manager*
  - cgibson@brownadvisory.com or 410-537-5331

Since Funding (4/5/2021 to 3/31/2022)	Change in Portfolio (\$)
Beginning Portfolio Value	10,862,408
Market Value Gain/Loss	200,894
Interest, Dividends and Cap Gains Distributions	133,471
Net Contributions and Withdrawals	(511)
Ending Portfolio Value	11,196,264

# PORTFOLIO PERFORMANCE (%)

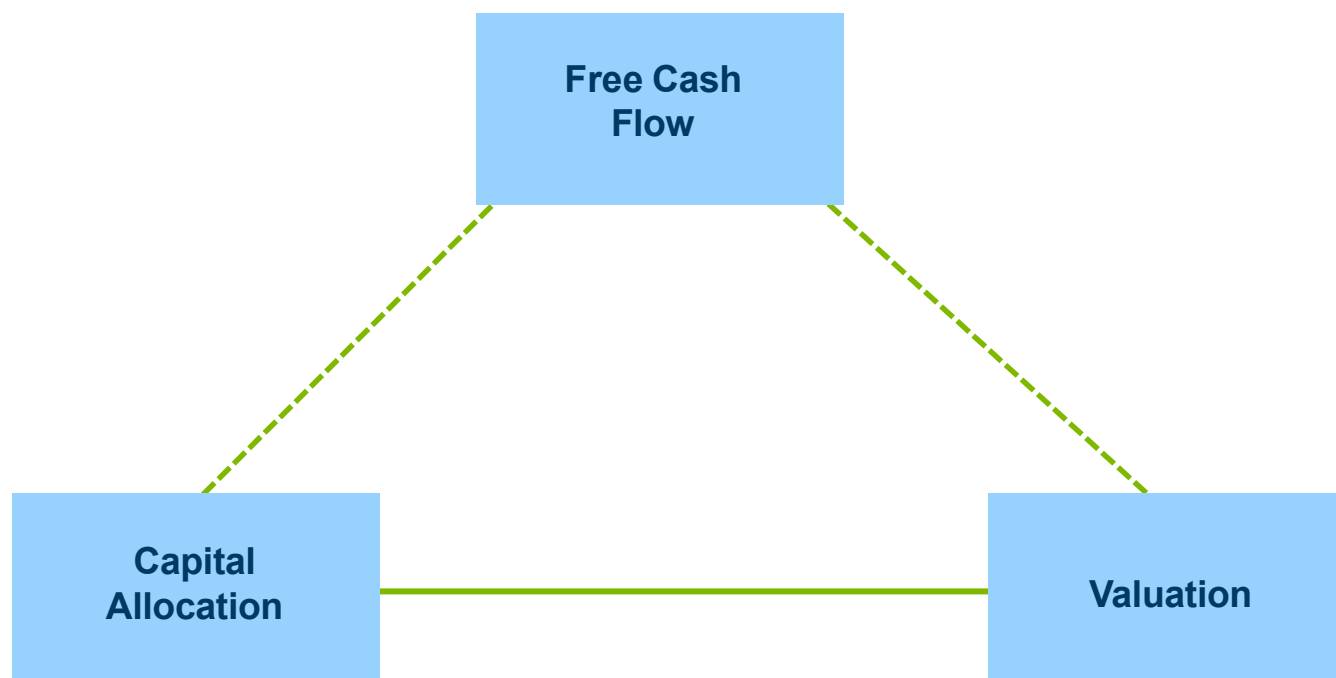
As of 3/31/2022

## City of Oakland Police and Fire Retirement System

	Q-T-D 3/31/2022	INCEPTION TO DATE (4/5/2021)
Total portfolio - gross of fees	-5.29	2.84
<b>Total portfolio - net of fees</b>	<b>-5.29</b>	<b>2.20</b>
Russell 2000® Value Index	-2.40	1.52

Source: APX

We seek to achieve attractive risk-adjusted returns over time by investing in companies that we believe have **sustainable free cash flow** and management that demonstrates **effective capital allocation**. Our research process identifies valuation disparities overlooked by the market. These **valuation gaps** provide a margin of safety and have the potential to generate additional returns.



# SMALL-CAP FUNDAMENTAL VALUE INVESTMENT TEAM

Portfolio Managers	Title	Joined Brown Advisory	Past Work Experience
J. David Schuster	Portfolio Manager	2008	<ul style="list-style-type: none"> <li>• Lazard Frères, Managing Director</li> <li>• Citigroup, Managing Director</li> <li>• Bear Stearns, Vice President</li> <li>• Deloitte &amp; Touche, CPA</li> <li>• U.S. Army, Officer</li> </ul>
Michael W. Poggi, CFA	Associate Portfolio Manager Industrials, Materials & Energy Analyst	2003	<ul style="list-style-type: none"> <li>• Brown Advisory, Research Analyst</li> </ul>
Director of Equity Research			Past Work Experience
Eric Gordon, CFA		2008	<ul style="list-style-type: none"> <li>• Alex. Brown Investment Management, Equity Research</li> <li>• Deutsche Bank Alex. Brown, Investment Banker</li> <li>• Merrill Lynch &amp; Co., Equity Research</li> <li>• Citigroup</li> </ul>
Select Analysts for the Strategy	Sector Coverage	Joined Brown Advisory	Past Work Experience
Alex Trevino	Consumer	2016	<ul style="list-style-type: none"> <li>• Brown Advisory, Research Analyst</li> </ul>
Dan Mooney, CFA	Consumer	2011	<ul style="list-style-type: none"> <li>• CB Richard Ellis Investors, REIT Analyst</li> <li>• Barclays Capital, Investment Banker</li> <li>• Green Street Advisors, Equity Research</li> <li>• Bear Stearns, Fixed Income Research</li> </ul>
Kenneth Coe, CFA	Financials	2013	<ul style="list-style-type: none"> <li>• Analyst, First Annapolis Consulting; Research, Independent Financial Econometrics Study</li> </ul>
Frank O'Donnell	Financials	2021	<ul style="list-style-type: none"> <li>• Brown Advisory, Equity Analyst</li> <li>• Maltese Capital Management, Investment Analyst</li> <li>• MF Development Group, Senior Associate</li> <li>• Sandler, O'Neill + Partners, LP, Associate</li> <li>• Morgan Stanley, Financial Analyst</li> </ul>
Mark Kelly	Health Care	2017	<ul style="list-style-type: none"> <li>• Equity Research, Stifel</li> <li>• Managing Consultant, Navigant</li> </ul>
Emily Wachtmeister, CFA	Technology	2013	<ul style="list-style-type: none"> <li>• Morgan Stanley, Equity Research</li> </ul>
Brandon Woodland, CFA	Generalist	2020	<ul style="list-style-type: none"> <li>• Director, Corporate Development, McGrath Rentcorp</li> <li>• Equity Research, T. Rowe Price</li> <li>• Credit Analyst, Freddie Mac</li> </ul>

## **PORTFOLIO REVIEW AND PERFORMANCE**

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# ATTRIBUTION DETAIL BY SECTOR

Trailing 12 Months Thru 3/31/2022

SECTOR	SMALL CAP FUNDAMENTAL VALUE REPRESENTATIVE ACCOUNT		RUSSELL 2000® VALUE INDEX		ATTRIBUTION ANALYSIS		
	AVERAGE WEIGHT (%)	RETURN (%)	AVERAGE WEIGHT (%)	RETURN (%)	ALLOCATION EFFECT (%)	SELECTION & INTERACTION EFFECT (%)	TOTAL EFFECT (%)
Communication Services	5.46	10.69	3.61	8.94	0.14	0.42	0.57
Consumer Discretionary	12.53	1.70	9.82	-12.54	-0.70	1.95	1.25
Consumer Staples	3.82	-4.10	2.94	0.76	-0.05	-0.22	-0.27
Energy	4.37	14.00	6.43	65.13	-1.34	-1.75	-3.09
Financials	29.21	4.83	26.39	1.40	-0.08	1.06	0.98
Health Care	2.11	42.35	9.20	-19.14	2.18	0.98	3.17
Industrials	19.25	1.39	14.77	5.36	0.21	-0.72	-0.51
Information Technology	8.62	8.78	6.17	-2.16	-0.29	1.23	0.94
Materials	5.1	-8.01	5.09	7.11	0.03	-1.12	-1.10
Real Estate	6.06	24.72	10.96	14.21	-0.51	0.46	-0.05
Utilities	3.07	17.21	4.63	9.38	-0.21	0.23	0.03
Unassigned	--	--	--	--	--	--	--
<b>Total</b>	<b>100.00</b>	<b>5.28</b>	<b>100.00</b>	<b>3.36</b>	<b>-0.62</b>	<b>2.54</b>	<b>1.92</b>

Source: FactSet. Total portfolio return figures provided above reflect the sum of the returns of the equity holdings in the representative account portfolio due to price movements and dividend payments or other sources of income, and exclude cash. Performance figures may vary from actual portfolio performance, as calculations are based on end-of-day security prices and do not incorporate the actual cost basis or sale price of individual securities. The portfolio information provided is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Sector attribution excludes cash and cash equivalents. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# CONTRIBUTION TO RETURN

Trailing Twelve Months Thru 3/31/2022

## Top Five Contributors

TICKER	SECURITY	GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
NXST	Nextstar Media Group	Communication Services	3.99	36.67	1.31
MUSA	Murphy USA, Inc	Consumer Discretionary	2.10	39.27	0.75
EGP	EastGroup Properties	Real Estate	1.91	43.97	0.66
ONTO	Onto Innovation	Information Technology	2.28	32.36	0.56
VBTX	Veritex Holdings, Inc.	Financials	2.84	18.95	0.52

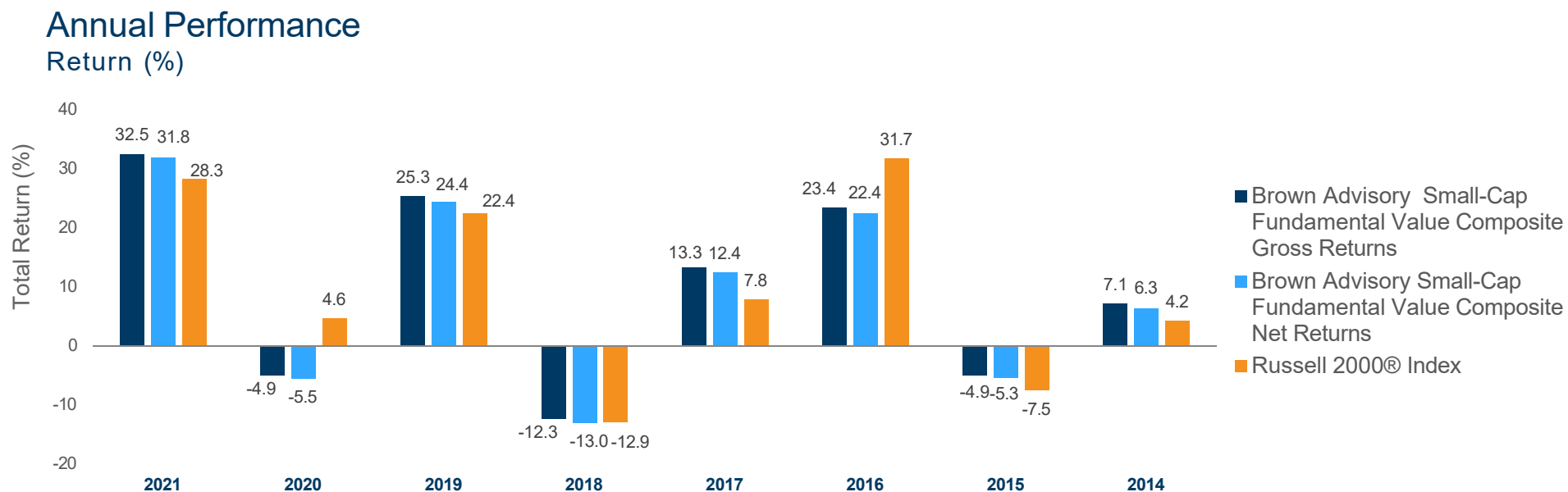
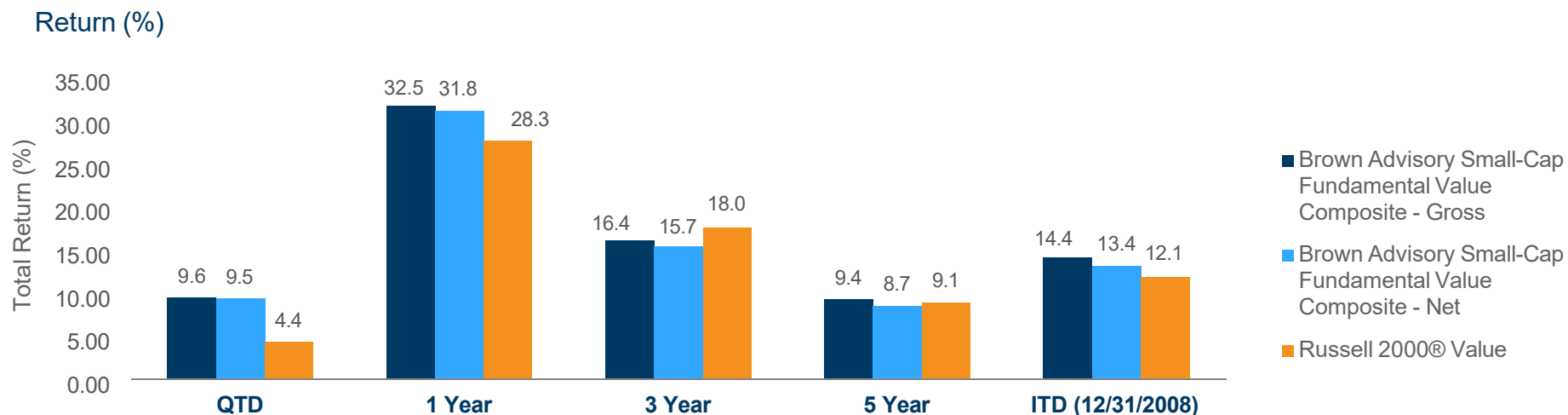
## Bottom Five Contributors

TICKER	SECURITY	GICS SECTOR	AVERAGE WEIGHT (%)	RETURN (%)	CONTRIBUTION TO RETURN (%)
LZB	La-Z-Boy Incorporated	Consumer Discretionary	2.10	-36.79	-0.90
THS	TreeHouse Foods	Consumer Staples	1.73	-38.17	-0.88
AMWD	American Woodmark Corp	Industrials	0.86	-30.48	-0.61
NGVT	Ingevity Corporation	Ingevity Corporation	2.09	-10.74	-0.53
PPBI	Pacific Premier Bancorp	Financials	2.74	-16.12	-0.47

Source: FactSet. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Top five contributors exclude cash and cash equivalents. The security returns listed represent the period of when the security was held during the quarter. Please see disclosure statements at the end of this presentation for additional information and for a complete list of terms and definitions.

# COMPOSITE PERFORMANCE

Performance as of 12/31/2021



Source: FactSet. All returns greater than one year are annualized. The composite performance shown above reflects the Small-Cap Fundamental Value Composite, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the end of this presentation for a GIPS compliant presentation. Past performance is not indicative of future results.



# PORTFOLIO HOLDINGS

Representative Small-Cap Fundamental Value Account as of 12/31/2021

## CASH (%)

Cash & Equivalents	3.7
<b>Total Portfolio</b>	<b>3.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>0.0</b>

## COMMUNICATION SERVICES (%)

Nexstar Media Group, Inc. Class A	3.6
WideOpenWest, Inc.	1.9
Loyalty Ventures, Inc.	0.7
<b>Total Portfolio</b>	<b>6.1</b>
<b>Total % of Russell 2000® Value Index</b>	<b>3.6</b>

## CONSUMER DISCRETIONARY (%)

Vista Outdoor, Inc.	3.2
Murphy USA, Inc.	2.4
La-Z-Boy, Inc.	2.3
Denny's Corp.	1.4
Helen of Troy, Ltd.	1.1
Monarch Casino & Resort, Inc.	1.1
Civeo Corp.	0.2
Culp, Inc.	0.2
JOANN, Inc.	0.2
<b>Total Portfolio</b>	<b>12.2</b>
<b>Total % of Russell 2000® Value Index</b>	<b>8.6</b>

## CONSUMER STAPLES (%)

Sprouts Farmers Markets, Inc.	2.2
TreeHouse Foods, Inc.	1.5
<b>Total Portfolio</b>	<b>3.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>2.9</b>

## ENERGY (%)

ChampionX Corp.	2.3
Rex American Resources Corp.	1.1
Natural Gas Services Group	0.3
<b>Total Portfolio</b>	<b>3.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>6.2</b>

## FINANCIALS (%)

Veritex Holdings, Inc.	2.6
Eastern Bankshares, Inc.	2.4
Ladder Capital Corp.	2.3
Pacific Premier Bancorp, Inc.	2.3
Virtus Investment Partners, Inc.	2.0
MGIC Investment Corp.	1.9
WSFS Financial Corp.	1.8
UMB Financial Corp.	1.7
Primerica, Inc.	1.6
Premier Financial Corp.	1.6
Hanover Insurance Group, Inc.	1.6
Assurant, Inc.	1.2
First Bancorp (North Carolina)	0.9
Peapack-Gladstone Financial Corp.	0.9
The Bancorp, Inc.	0.7
Tristate Capital Holdings	0.2
<b>Total Portfolio</b>	<b>26.0</b>
<b>Total % of Russell 2000® Value Index</b>	<b>26.4</b>

## MATERIALS (%)

Ingevity Corp.	3.6
Eagle Materials, Inc.	2.1
<b>Total Portfolio</b>	<b>5.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>4.6</b>

## REAL ESTATE (%)

Eastgroup Properties Inc	2.2
Essential Properties Realty Trust, Inc.	2.0
Getty Realty Corp.	1.3
Global Medical REIT, Inc.	0.8
CTO Realty Growth, Inc.	0.3
<b>Total Portfolio</b>	<b>6.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>11.9</b>

## INFORMATION TECHNOLOGY (%)

CMC Materials Inc.	2.6
Onto Innovation, Inc.	2.4
Echostar Corp.	1.6
CTS Corp.	1.6
Vectrus, Inc.	0.7
PC Connection, Inc.	0.3
<b>Total Portfolio</b>	<b>9.2</b>
<b>Total % of Russell 2000® Value Index</b>	<b>6.5</b>

## INDUSTRIALS (%)

Comfort Systems USA, Inc.	2.3
Kadant, Inc.	2.0
Simpson Manufacturing Co., Inc.	2.0
Curtiss-Wright Corp.	1.8
Albany International Corp. CI A	1.8
Federal Signal Corp.	1.7
McGrath RentCorp	1.6
SPX Corp.	1.5
Mueller Water Products, Inc.	1.5
CRA International, Inc.	1.5
<b>Total Portfolio</b>	<b>17.7</b>
<b>Total % of Russell 2000® Value Index</b>	<b>14.3</b>

## HEALTH CARE (%)

Owens & Minor, Inc.	2.6
<b>Total Portfolio</b>	<b>2.6</b>
<b>Total % of Russell 2000® Value Index</b>	<b>10.2</b>

## UTILITIES (%)

Portland General Electric Company	2.1
Star Group LP	0.8
<b>Total Portfolio</b>	<b>2.9</b>
<b>Total % of Russell 2000® Value Index</b>	<b>4.9</b>

Source: FactSet. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. References to specific securities are for illustrative purposes only and do not represent all of the securities purchased, sold or recommended for advisory clients. Sectors diversification includes cash and cash equivalents. Sectors are based on the Global Industry Classification Standard (GICS) classification system. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Numbers may not total due to rounding. Please see disclosure statement at the end of this presentation for additional information.

## APPENDIX

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- U.S. Small-Cap Fundamental Value Strategy launched in December 2008
  - Vehicles: Separate accounts and mutual fund
  - Strategy Assets: \$2.3 billion as of 12/31/2021
- Team:
  - **J. David Schuster**, *Portfolio Manager*
    - Joined Brown Advisory 2008
    - Deep analytical approach as well as broad relationships/experience in financials
  - **Mike Poggi, CFA**, *Associate Portfolio Manager/Analyst*
    - Investment experience since 2003; joined Brown Advisory 2003
  - **Brown Advisory in-house research team**
    - Sector research analysts
    - Leverage sector expertise in **energy, consumer, health care, technology, industrials/materials** and **financials**
- As an asset class, small-cap value provides compelling and attractive investment characteristics:
  - Inefficient market due to lack of Wall Street research
  - Historically high number of merger & acquisition take-outs
  - Research process takes advantage of these inherent inefficiencies

# PROCESS-DRIVEN EXCESS RETURN

Based on a Representative Small-Cap Fundamental Value Account as of 12/31/2021

Our strategy has generally **performed well** in a variety of market conditions.

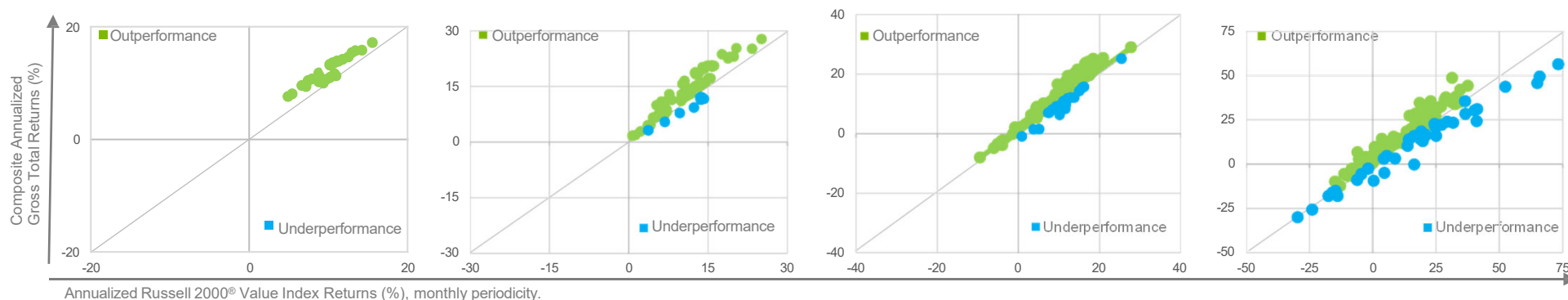
- During some short-term periods of pronounced low-quality rallies we have underperformed.
- However, we have outperformed 86% of the rolling five-year and 100% of the rolling ten-year periods since inception.

## ROLLING MONTHLY TOTAL RETURN ANALYSIS, GROSS OF FEES

Brown Advisory Small-Cap Fundamental Value Composite Vs. Russell 2000® Value Index

Since Strategy Inception (12/31/2008 – 12/31/2021)

10-Year Rolling Returns: 100% Outperformance	5-Year Rolling Returns: 86% Outperformance	3-Year Rolling Returns: 76% Outperformance	1-Year Rolling Returns: 68% Outperformance
Strategy outperformed <b>37</b> times Index outperformed <b>0</b> times	Strategy outperformed <b>83</b> times Index outperformed <b>14</b> times	Strategy outperformed <b>92</b> times Index outperformed <b>29</b> times	Strategy outperformed <b>99</b> times Index outperformed <b>46</b> times



Source: FactSet. Past performance is not indicative of future results. The composite performance shown above reflects the Brown Advisory Small-Cap Fundamental Value Composite,, managed by Brown Advisory Institutional. Brown Advisory Institutional is a GIPS compliant firm and is a division of Brown Advisory LLC. Please see the Brown Advisory Small-Cap Fundamental Value disclosure statement at the end of this presentation for a GIPS compliant presentation. Please see the Brown Advisory Small-Cap Fundamental Value composite disclosure for more information.

# PORTFOLIO ATTRIBUTES

Representative Small-Cap Fundamental Value Account as of 12/31/2021

	REPRESENTATIVE SMALL-CAP FUNDAMENTAL VALUE ACCOUNT	RUSSELL 2000® VALUE INDEX
Number of Holdings	59	1451
Market Capitalization (\$ B)		
Weighted Average	3.5	3.0
Weighted Median	2.9	2.6
Maximum	9.3	14.0
Minimum	0.1	0.03
Top 10 Equity Holdings (%)	27.7	5.4
Three-Year Annualized Portfolio Turnover (%)	35.4	--

Source: FactSet. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information. Number of equity holdings, characteristics and top 10 equity holdings excludes cash and cash equivalents. Please see the end of this presentation for a complete list of terms and definitions.

# FIRM / DIVERSITY STATISTICS

As of 3/31/2022

Firm Name	Brown Advisory LLC		
Product Name	Brown Advisory Small-Cap Fundamental Value		
Total Number of Employees	824		
	Percentage (%) of Board of Directors / Managing Members	Percentage(%) of Firm (Entire Staff)	Percentage (%) of Firm (Investment Professionals)**
<b>Race and Ethnicity*</b>			
African American/Black	12.50%	9.09%	2.86%
Asian/Hawaiian/Pacific Islander	0.00%	5.88%	11.43%
Latino/Hispanic	0.00%	2.41%	0.00%
White	87.50%	79.68%	84.29%
American Indian/Alaska Native	0.00%	0.00%	0.00%
Other	0.00%	2.94%	1.43%
<b>Gender</b>			
Male	75.00%	55.75%	71.43%
Female	25.00%	44.25%	28.57%
Non-Identified/Other	0.00%	0.00%	0.00%

\*Racial / ethnic categories appear as defined by EEOC guidance

\*\*Investment Professionals include only investment professionals in our institutional equity and fixed income business

Source: FactSet. Portfolio information is based on a representative Small-Cap Fundamental Value account and is provided as supplemental information. Please see disclosure statements at the end of this presentation for additional information. Number of equity holdings, characteristics and top 10 equity holdings excludes cash and cash equivalents. Please see the end of this presentation for a complete list of terms and definitions.

# COMMISSIONS THRU 2/28/2022

Since inception, the commissions generated for Blaylock for this relationship equate to roughly 44% through February 28, 2022.

## City of Oakland Police and Fire Retirement System – Commissions

	2021	YTD – THROUGH 2/28/2022	TOTAL
Total Commissions	11,946.15	399.70	12,345.85
Blaylock Van	5,441.79	38.28	5,480.87
<b>Total % of Commissions to Blaylock Van</b>			<b>44.4%</b>

Source: APX

# SMALL-CAP FUNDAMENTAL VALUE COMPOSITE

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	Benchmark Returns (%)	Composite 3-Yr Annualized Standard Deviation (%)	Benchmark 3-Yr Annualized Standard Deviation (%)	Portfolios in Composite at End of Year	Composite Dispersion (%)	Composite Assets (\$USD Millions)*	GIPS Firm Assets (\$USD Millions)*
2020	-4.9	-5.8	4.6	24.3	26.1	43	0.9	1,491	59,683
2019	25.3	24.4	22.4	13.9	15.7	38	0.3	1,442	42,426
2018	-12.3	-13.1	-12.9	13.4	15.8	41	0.2	1,334	30,529
2017	13.3	12.4	7.8	12.2	14.0	48	0.3	1,808	33,155
2016	23.4	22.4	31.7	13.0	15.5	46	0.3	1,660	30,417
2015	-4.6	-5.3	-7.5	12.3	13.5	45	0.2	1,186	43,746
2014	7.1	6.3	4.2	10.7	12.8	41	0.4	1,002	44,772
2013	42.0	41.0	34.5	14.1	15.8	32	0.3	693	40,739
2012	23.0	21.9	18.1	17.7	19.9	13	0.1	269	26,794
2011	2.9	1.9	-5.5	20.6	26.1	9	0.6	190	19,962

Brown Advisory Institutional claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Brown Advisory Institutional has been independently verified for the periods from January 1, 1993 through December 31, 2020. The Verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- \*For the purpose of complying with the GIPS standards, the firm is defined as Brown Advisory Institutional, the Institutional and Balanced Institutional asset management divisions of Brown Advisory. As of July 1, 2016, the firm was redefined to exclude the Brown Advisory Private Client division, due to an evolution of the three distinct business lines.
- The Small-Cap Fundamental Value Composite (the Composite) includes all discretionary portfolios invested in the Small Cap Fundamental Value Strategy. The strategy invests primarily in U.S. smaller market capitalization equities that generate high levels of free cash flow and are currently undervalued by the market. The minimum account market value required for inclusion in the Composite is \$1.5 million.
- The Composite was created in 2009. The Composite inception date is January 1, 2019.
- The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Russell 2000® Value Index and Russell® are trademarks/service marks of the London Stock Exchange Group companies. An investor cannot invest directly into an index. Benchmark returns are not covered by the report of the independent verifiers.
- The composite dispersion presented is an equal-weighted standard deviation of portfolio gross returns calculated for the accounts in the Composite for the entire calendar year period. The composite dispersion is not applicable (N/A) for periods where there were five or fewer accounts in the Composite for the entire period.
- Gross-of-fees performance returns are presented before management fees but after all trading commissions, and gross of foreign withholding taxes (if applicable). Net-of-fee performance returns reflect the deduction of actual management fees and all trading commissions. Certain accounts in the composite pay asset-based custody fees that include commissions. For these accounts, gross and net returns are also net of custody fees. Other expenses can reduce returns to investors. The standard management fee schedule is as follows: 1.00% on the first \$25 million; 0.90% on the next \$25 million; 0.80% on the next \$50 million; and 0.70% on the balance over \$100 million. Further information regarding investment advisory fees is described in Part II A of the firm's form ADV. Actual fees paid by accounts in the Composite may differ from the current fee schedule.
- The investment management fee for the Investor Shares of the Brown Advisory Small Cap Fundamental Value Fund (the Fund), which is included in the Composite, is 0.85%, and represents the highest fee charged excluding Advisor Shares. The total expense ratio for the Investor Shares of the Fund as of the most recent fiscal year end (June 30, 2020) was 1.12%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The investment management fee for the Dollar Class B Acc Shares of the Brown Advisory US Small Cap Blend Fund (the UCITS), which is included in the composite, is 1.00%. The total expense ratio for the Dollar Class B Acc Shares of the UCITS as of the most recent fiscal year end (October 31, 2020) was 1.19%. Further information regarding investment management fees and expenses is described in the fund prospectus and annual report.
- The three-year annualized ex-post standard deviation measures the variability of the Composite (using gross returns) and the benchmark for the 36-month period ended on December 31. The 3 year annualized standard deviation is not presented as of December 31, 2009 and December 31, 2010 because 36 month returns for the Composite were not available (N/A).
- Valuations and performance returns are computed and stated in U.S. Dollars. All returns reflect the reinvestment of income and other earnings.
- A complete list of composite descriptions and broad distribution and limited distribution pooled funds is available upon request.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- Past performance is not indicative of future results.
- This piece is provided for informational purposes only and should not be construed as a research report, a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the securities mentioned, including any mutual fund managed by Brown Advisory.



## MEMORANDUM

**TO:** Oakland Police and Fire Retirement System (OPFRS)  
**FROM:** Meketa Investment Group  
**DATE:** April 27, 2022  
**RE:** Brown Advisory – Manager Update

### Manager: Brown Advisory

<b>Inception Date:</b>	April 2021	<b>OPFRS AUM (3/31/2022):</b>	\$11.2 million
<b>Strategy:</b>	Small Cap Value	<b>Firm-wide AUM (3/31/2022):</b>	\$63.6 billion
<b>Benchmark:</b>	Russell 2000 Value	<b>Strategy AUM (3/31/2022):</b>	\$2.2 billion

### Summary & Recommendation

Brown Advisory began managing OPFRS's small cap value portfolio at the beginning of April 2021, which is now approximately \$11.2 million or about 2.6% of OPFRS's total allocation. Over this period, Brown Advisory has maintained an above average ranking and contributed positive excess return; the firm has no significant organizational or personnel changes. ***Meketa does not have any major concerns with Brown Advisory and does not recommend any action be taken at this time.***

### Discussion

Since inception in April 2021, Brown Advisory has produced a net-of-fee excess return of 1.0% and ranked above average in comparison with the other small cap value equity managers. Year-to-date the portfolio has trailed the Russell 2000 Value benchmark by 2.9% while being in the top quartile amongst its peers. As a manager with long-term time horizon, YTD underperformance against its benchmark should be viewed with caution and in comparison with other similar managers.

### OPFRS Portfolio Annualized Returns (as of 3/31/2022)

Manager	Mkt Value (\$000)	Asset Class	YTD	1 YR	3 YR	5 YR	Since Inception	Inception Date
Brown Advisory (Gross)	11,212	Small Cap Value	-5.1	5.2	---	---	5.2	4/2021
<i>Russell 2000 Value</i>	---	---	-2.4	3.3	---	---	3.3	---
<b>Excess Return</b>	---	---	-2.7	1.9	---	---	1.9	---
<b>Rank</b>	---	---	26	43	---	---	43	---
Brown Advisory (Net)	11,212	Small Cap Value	-5.3	4.3	---	---	4.3	4/2021
<i>Russell 2000 Value</i>	---	---	-2.4	3.3	---	---	3.3	---
<b>Excess Return</b>	---	---	-2.9	1.0	---	---	1.0	---
<b>Rank</b>	---	---	25	42	---	---	42	---



### Product and Organization Review Summary

Brown Advisory	Areas of Potential Impact				
	Level of Concern	Investment process (client portfolio)	Investment Team	Performance Track Record	Team/ Firm Culture
Product					
Key people changes	None				
Changes to team structure/individuals' roles	None				
Product client gain/losses	None				
Changes to the investment process	None				
Personnel turnover	None				
Organization					
Ownership changes	None				
Key people changes	None				
Firm wide client gain/losses	None				
Recommended Action	None - X		Watch Status	Termination	

A review of Brown Advisory and the Fundamental Small Cap Value revealed no significant organizational issues or changes. Since Brown Advisory's inception in April 2021, there has been no significant turnover in the portfolio management team.

## Investment Philosophy & Process, per manager

The Small-Cap Fundamental Value Strategy seeks to achieve attractive risk-adjusted returns over time by investing in companies believed to have sustainable free cash flow and management that demonstrates effective capital allocation.

The research process is based on fundamental, bottom-up research to identify valuation disparities overlooked by the market that can provide a margin of safety and have the potential to generate additional returns.

The investment team focuses on the inefficiencies in the small cap market that stem from a lack of analyst coverage and investor interest and result in overlooked, attractively valued investment opportunities. This valuation disconnects provide a margin of safety and potential upside in the stock. Mr. Schuster, the lead portfolio manager of the strategy, wants to make money in a stock through the closure of the valuation gap and the growth of cash flows. He views growth in a company's cash flow as an important part of the potential total return. The team looks for companies in which the reported GAAP net income differs materially from free cash flow.

Brown's investment team evaluates businesses the same way as a potential acquirer. They are long-term oriented with a 3–5 year investment horizon.

Investment ideas come from quantitative screens, investment conferences, company visits, and the industry specific knowledge of the analysts. Ideas emanate from the analysts, and Mr. Schuster will push ideas to the team. The team also monitors corporate actions for potential investment ideas. These often present attractive investment opportunities before they become more familiar to the market.

The investment team follows up on the best potential ideas. The primary purpose of the team's research is to understand the key attributes of each business. The focal points of their analysis area company's ability to generate sustainable free cash flow and the effectiveness of management's capital allocation decisions.

Multiple analysts will often perform due diligence on an idea. Analyzing and modeling financial statements, on-site visits, and reviewing market research are all important components of the research process. The team evaluates business drivers, the competitive landscape, pricing pressures from both suppliers and customers, and historic and projected uses of capital that contribute to a company's fundamental earnings power. The team also leverages the firm's extensive network of venture capital and private equity relationships, clients, directors and outside shareholders.



## Disclosure

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

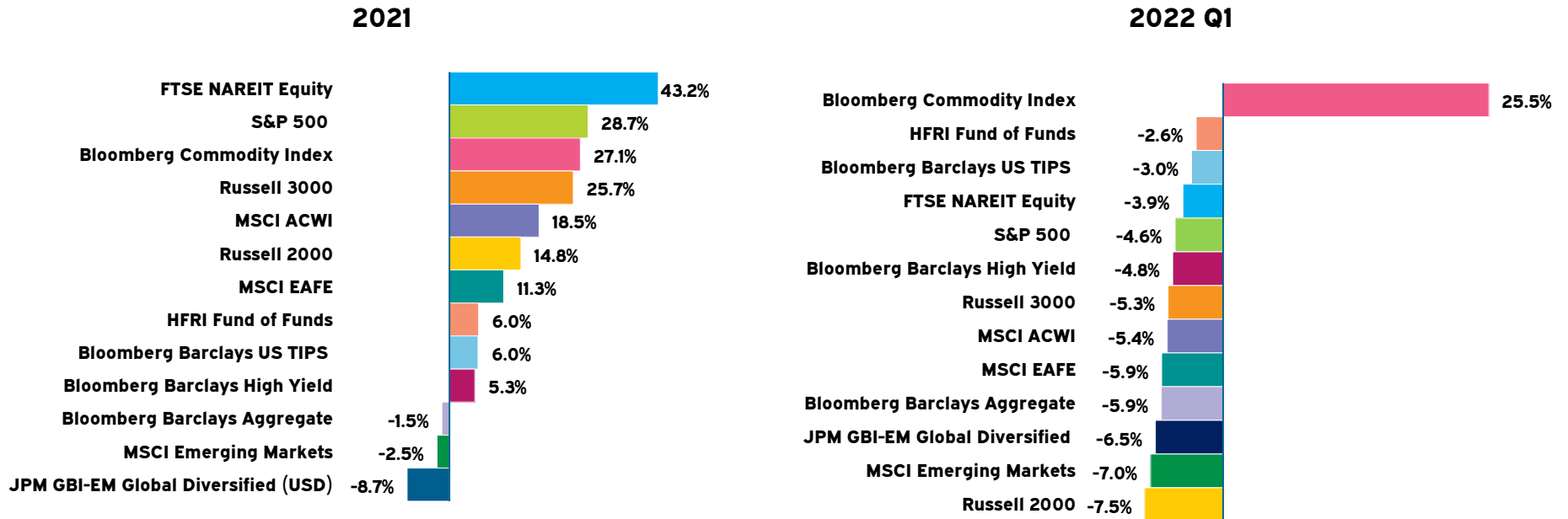
# Economic and Market Update

March 2022 Report

### Q1 Commentary

- The first quarter saw market volatility, driven by persistently high inflation, expectations for policy to tighten faster than previously expected, and Russia's invasion of Ukraine.
- Except for commodities, all asset classes declined during the quarter.
  - Equities declined across the board with double-digit losses in China particularly weighing on emerging markets.
  - Value oriented equities outpaced growth in the US influenced by higher interest rates.
  - Bonds in the US had one of their worst quarters on record, declining more than equities.
  - Rates rose across the US yield curve, with the curve inverting by some measures by month-end.
  - Inflation remains high globally given lingering supply issues from the pandemic and the conflict in Ukraine.
  - The pace of policy tightening will likely increase due to persistent inflation.
- The conflict in eastern Europe will have considerable economic and financial consequences for the global economy including the pacing of policy rate tightening, the risk of policy mistakes, and supply shocks pushing inflation even higher around the world.

### Index Returns<sup>1</sup>



→ Outside of emerging markets and the broad US investment grade bond market (Barclays Aggregate), most asset classes appreciated in 2021.

→ Most major asset classes suffered negative returns in the first quarter of 2022 with the notable exception of commodities. TIPS declined less than most other asset classes in the inflationary environment.

<sup>1</sup> Data Source: Bloomberg and FactSet. Data is as of March 31, 2022.

### Domestic Equity Returns<sup>1</sup>

Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.7	-4.6	15.6	18.9	16.0	14.6
Russell 3000	3.2	-5.3	11.9	18.2	15.4	14.3
Russell 1000	3.4	-5.1	13.3	18.7	15.8	14.5
Russell 1000 Growth	3.9	-9.0	15.0	23.5	20.9	17.0
Russell 1000 Value	2.8	-0.7	11.7	13.0	10.3	11.7
Russell MidCap	2.6	-5.7	6.9	14.9	12.6	12.8
Russell MidCap Growth	1.6	-12.6	-0.9	14.8	15.1	13.5
Russell MidCap Value	3.0	-1.8	11.5	13.6	10.0	12.0
Russell 2000	1.2	-7.5	-5.8	11.7	9.7	11.0
Russell 2000 Growth	0.5	-12.6	-14.3	9.9	10.3	11.2
Russell 2000 Value	2.0	-2.4	3.3	12.7	8.6	10.5

#### US Equities: Russell 3000 Index returned -5.3%, and value indices outperformed growth in Q1.

- Despite positive returns in March, US equities posted negative returns for the first quarter of 2022 across all market capitalizations and styles given persistently high inflation and geopolitical uncertainty.
- Value stocks declined far less than growth stocks in the rising rate environment. Strong returns in the energy sector and weakness in the technology sector contributed to the results.
- Large company stocks (Russell 1000) outperformed small company stocks (Russell 2000).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.



### Foreign Equity Returns<sup>1</sup>

Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	0.2	-5.4	-1.5	7.5	6.8	5.5
MSCI EAFE	0.6	-5.9	1.2	7.8	6.7	6.3
MSCI EAFE (Local Currency)	2.1	-3.7	6.2	8.2	6.5	8.6
MSCI EAFE Small Cap	0.0	-8.5	-3.6	8.5	7.4	8.3
MSCI Emerging Markets	-2.3	-7.0	-11.4	4.9	6.0	3.4
MSCI Emerging Markets (Local Currency)	-2.1	-6.1	-9.9	6.2	7.5	6.3
MSCI China	-8.0	-14.2	-32.5	-3.0	3.5	4.5

#### International Developed Market Equities: MSCI EAFE -5.9% in Q1.

- Returns in international developed markets were also negative for the first quarter of 2022.
- Declines were driven by a sharp fall in stocks in Europe hurt by a high reliance on Russian oil and gas.
- Continued strength in the US dollar also weighed on results.

#### Emerging Markets: MSCI EM -7.0% in Q1.

- Emerging market stocks declined more than developed market stocks for the quarter.
- China was a key driver of results as its zero COVID-19 policy led to renewed lockdowns in Shanghai. Concerns related to regulations on US-listed China stocks and overall slower growth also weighed on returns.
- Russian stocks and the ruble plunged with sanctions and trading halts.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

### Fixed Income Returns<sup>1</sup>

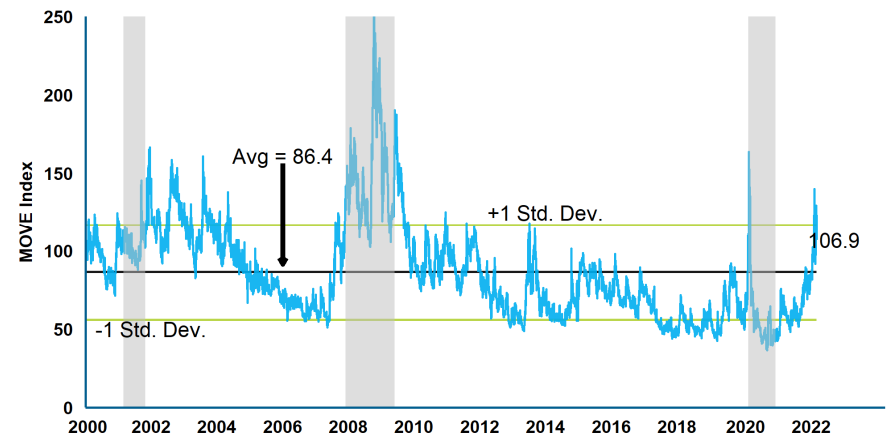
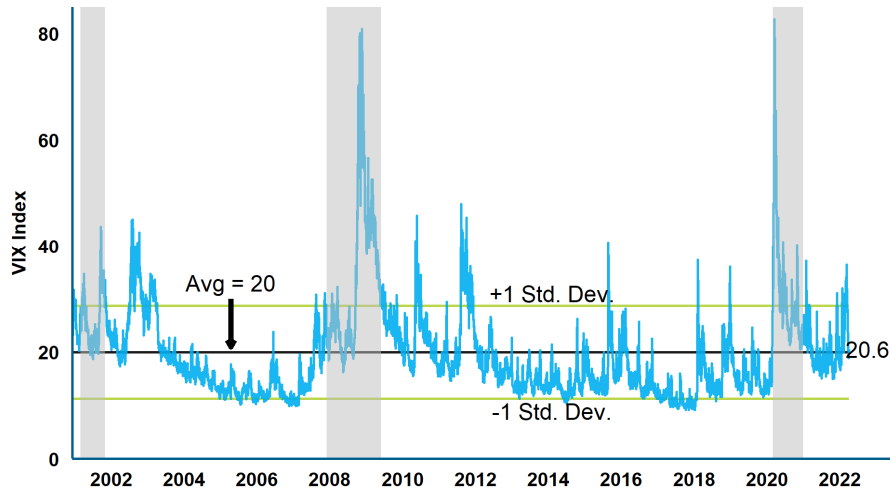
Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-2.7	-6.1	-4.2	1.8	2.3	2.6	3.3	6.6
Bloomberg Aggregate	-2.8	-5.9	-4.2	1.7	2.1	2.2	2.9	6.8
Bloomberg US TIPS	-1.9	-3.0	4.3	6.2	4.4	2.7	2.6	7.6
Bloomberg High Yield	-1.1	-4.8	-0.7	4.6	4.7	5.7	6.0	4.6
JPM GBI-EM Global Diversified (USD)	-1.5	-6.5	-8.5	-1.1	0.2	-0.7	6.4	5.1

#### Fixed Income: Barclays Universal -6.1% in Q1.

- The broad US investment grade bond market (Barclays Aggregate) experienced one of its worst quarters on record given continued concerns about policy tightening and inflation. The nominal 10-year Treasury yield finished the quarter at 2.3%, a level 0.8% above the end of 2021.
- TIPS also declined in the rising rate environment, but less than other bond sectors, helped by their inflation component.
- US credit spreads widened in the first quarter, particularly in high yield, as risk assets fell. Spreads remain at relatively low levels, though, given strong corporate health and high investor demand in the low-rate environment.
- Emerging market debt prices also declined in the quarter driven by the Russian invasion of Ukraine.

<sup>1</sup> Source: Bloomberg. JPM GBI-EM is from InvestorForce. Data is as of March 31, 2022.

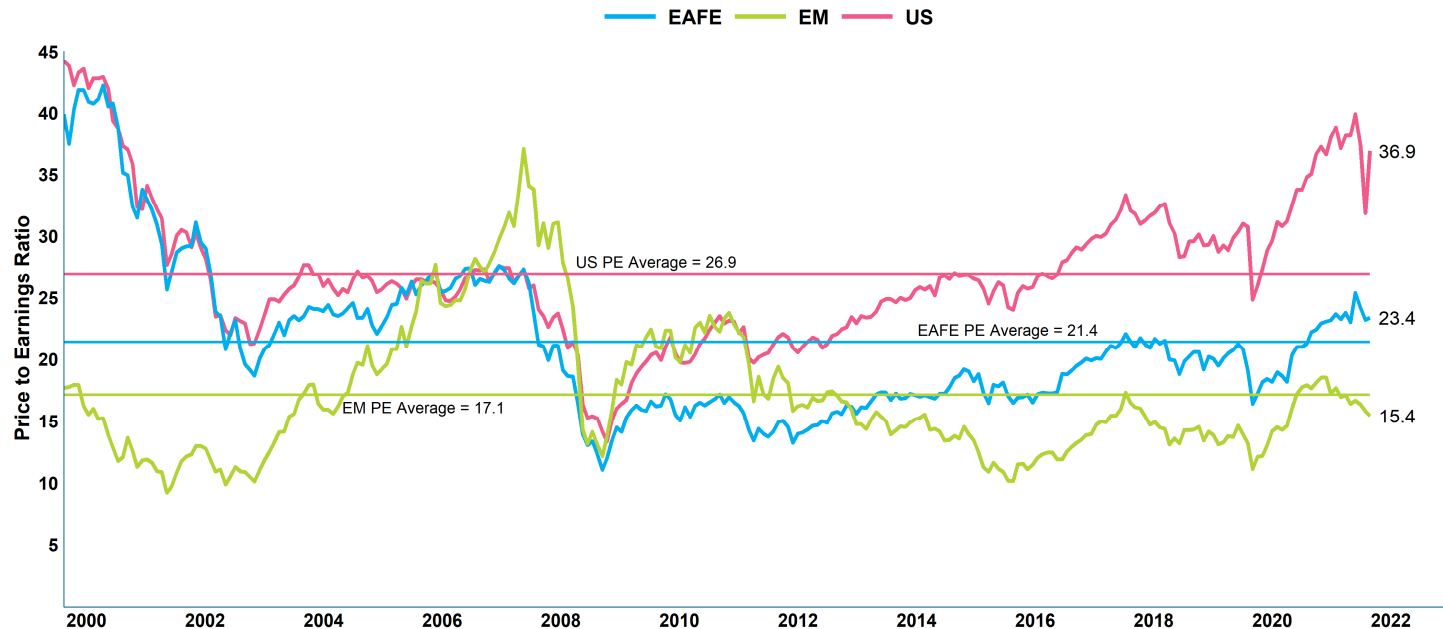
**Equity and Fixed Income Volatility<sup>1</sup>**



- Volatility in equities (VIX) increased for the first quarter but finished well below the March peak of 36.5.
- Fixed income volatility (MOVE) also increased and remains elevated driven largely by expectations that the Federal Reserve would tighten monetary policy faster than previously expected.

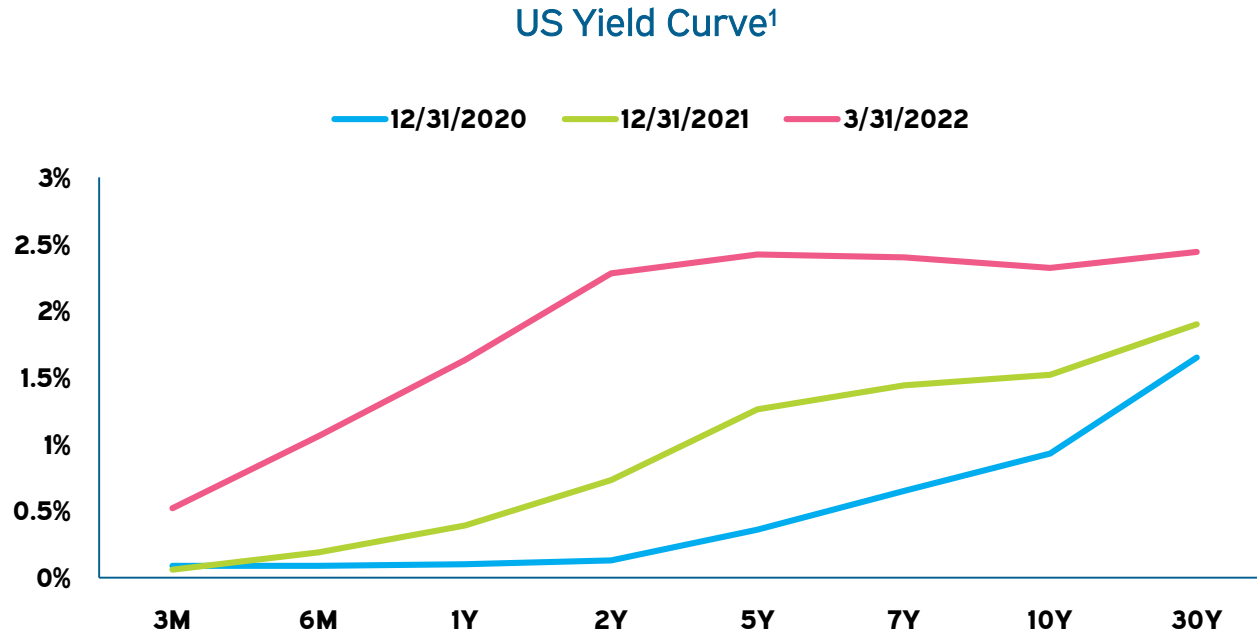
<sup>1</sup> Equity and Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 2022. The average line indicated is the average of the VIX and MOVE values between January 2000 and the present month-end respectively.

**Equity Cyclically Adjusted P/E Ratios<sup>1</sup>**



- US equity valuations retreated in the first two months of 2022, and rebounded in March with the market recovery. They remain well above long-term averages (near +2 standard deviations).
- International developed market valuations remain below the US, with those for emerging markets under its long-term average.

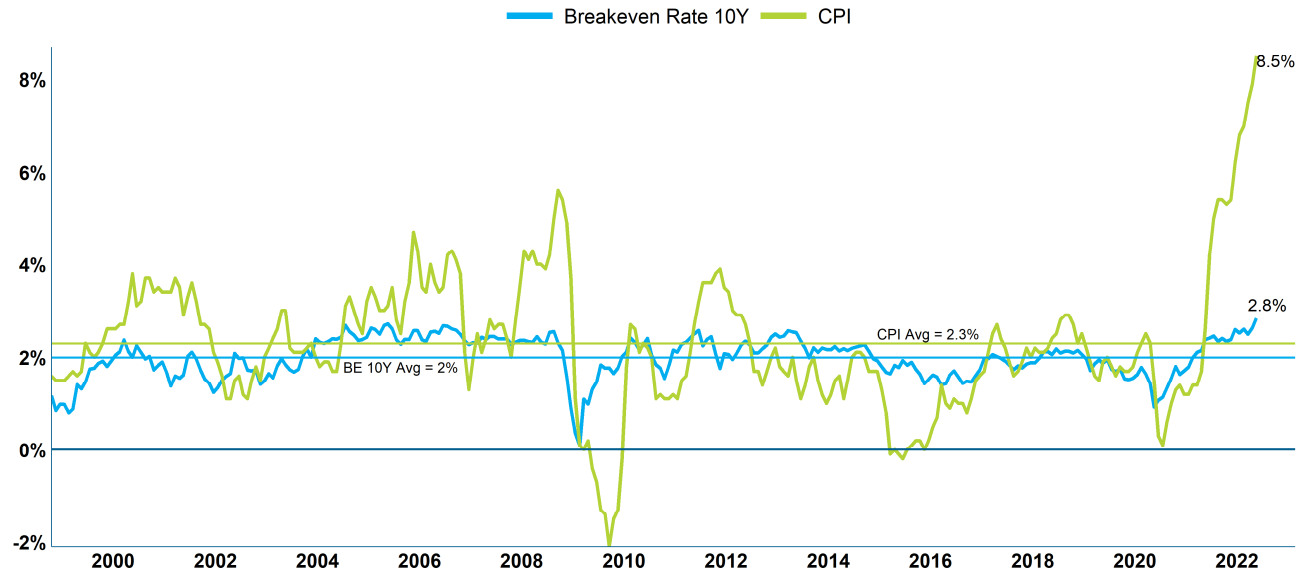
<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of March 31, 2022. The average line is the long-term average of the US, EM, and EAFE PE values from December 1999 to month-end respectively.



- The trends of higher rates across maturities and curve flattening continued during the first quarter of 2022 as markets repriced inflation, rate expectations, and an accelerated pace of the Federal Reserve reducing its balance sheet.
- The spread between two-year and ten-year Treasuries declined significantly over the quarter and became negative after quarter-end which historically has often signaled a recession.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022.

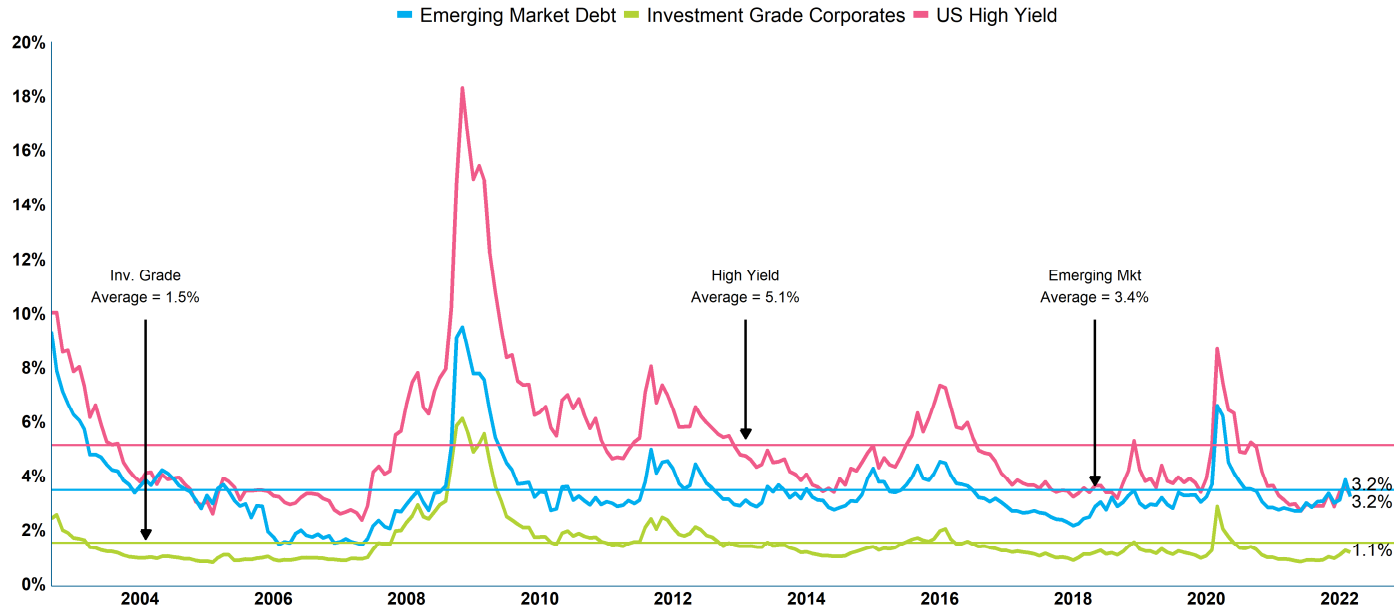
**Ten-Year Breakeven Inflation and CPI<sup>1</sup>**



- Inflation expectations (breakevens) increased during the quarter but are off their peak of close to 3.0%. They remain well above the long-term average.
- Trailing twelve-month CPI continued to rise in March, reaching 8.5%, a level not seen since the early 1980s and far above the long-term average of 2.3%.
- Rising prices for energy and food, and for new and used cars, remained key drivers of higher inflation.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. The CPI and 10 Year Breakeven average lines denote the average values from August 1998 to the present month-end respectively. Breakeven values represent month-end values for comparative purposes.

**Credit Spreads vs. US Treasury Bonds<sup>1</sup>**



- Credit spreads (the spread above a comparable maturity Treasury) increased over the quarter leading to negative returns.
- In the US, high yield spreads increased more than investment grade spreads, but declined less due to the higher relative income. Emerging market spreads finished the quarter at the same level as US high yield.
- The search for yield in a low-rate environment and continued strong corporate fundamentals with low default risk have been key drivers in the decline in credit spreads to below long-term averages in the US. High yield spreads remain well below the long-term average.

<sup>1</sup> Sources: Barclays Live and Bloomberg. Data is as of March 31, 2022. Average lines denote the average of the investment grade, high yield, and emerging market spread values from August 2000 to the present month-end respectively.

### Global Economic Outlook

The IMF is forecasting strong growth again this year but continues to downgrade expectations given the lingering pandemic and persistent inflation. The war in Ukraine will likely further depress growth projections going forward.

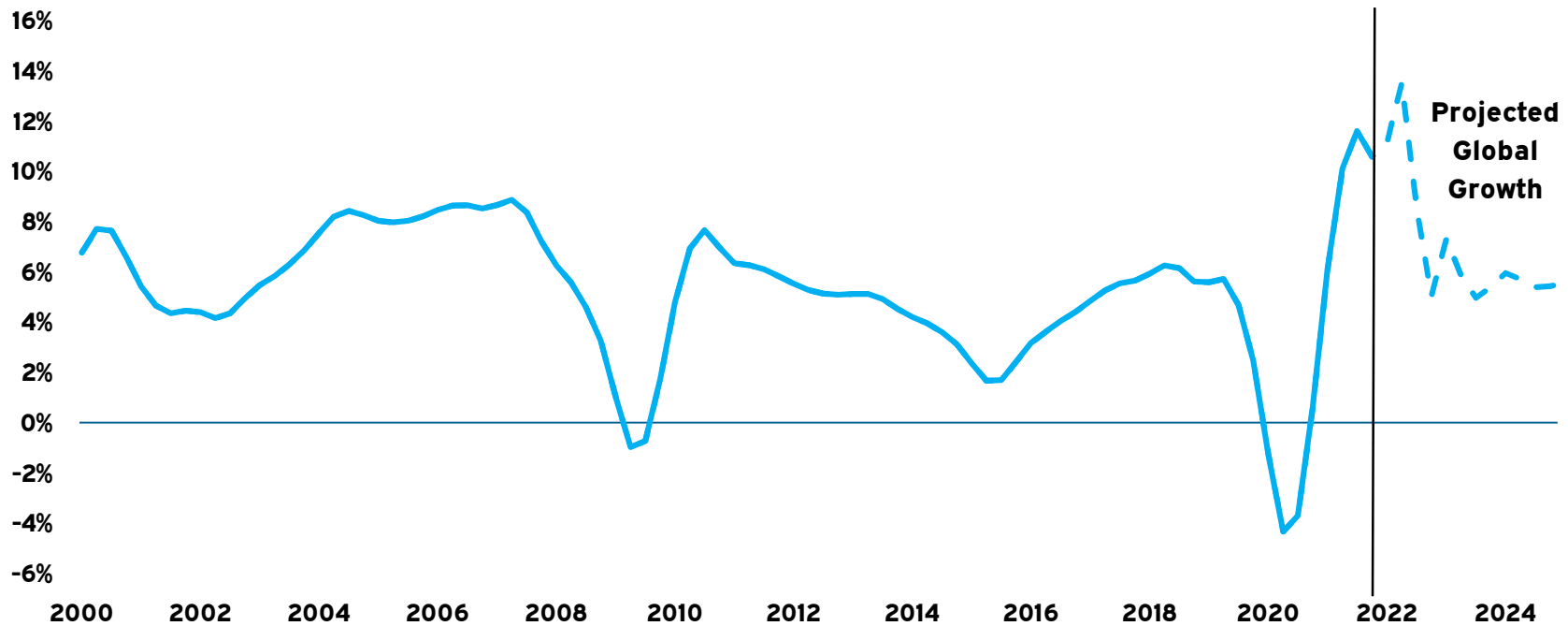
- The IMF forecasts final global GDP to come in at 5.9% in 2021 and 4.4% in 2022 (0.5% below the prior estimate), both well above the past ten-year average of 3.1%.
- In advanced economies, GDP is projected to increase 3.9% in 2022 and 2.6% in 2023. These levels are still above potential as economies reopen and vaccination progress is made. The US forecast saw a significant reduction for 2022 (4.0% versus 5.2%) given policy reduction earlier than previously expected, high inflation, and struggles in passing fiscal programs. The euro area economy is expected to grow 3.9% in 2022 and 2.5% in 2023, while the Japanese economy is expected to grow 3.3% in 2022 and 1.8% in 2023.
- Growth projections for emerging markets are higher than developed markets, at 4.8% in 2022 and 4.7% in 2023. China’s growth was notably downgraded 0.8% to 4.8% in 2022 given tight COVID-19 restrictions and continued property sector problems.
- Globally, inflation is projected to be above long-term averages in 2022 but decline from current levels.

	Real GDP (%) <sup>1</sup>			Inflation (%) <sup>1</sup>		
	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average	IMF 2022 Forecast	IMF 2023 Forecast	Actual 10 Year Average
World	4.4	3.8	3.1	3.8	3.3	3.4
Advanced Economies	3.9	2.6	1.6	2.3	1.9	1.4
US	4.0	2.6	2.0	3.5	2.7	1.8
Euro Area	3.9	2.5	1.0	1.7	1.4	1.2
Japan	3.3	1.8	0.5	0.5	0.7	0.5
Emerging Economies	4.8	4.7	4.3	4.9	4.3	5.0
China	4.8	5.2	7.0	1.8	1.9	2.1

<sup>1</sup> Source: IMF World Economic Outlook. Real GDP forecasts from January WEO Update. Inflation forecasts are as of the October 2021 Update and do not reflect recent dynamics. "Actual 10 Year Average" represents data from 2012 to 2021.



### Global Nominal Gross Domestic Product (GDP) Growth<sup>1</sup>

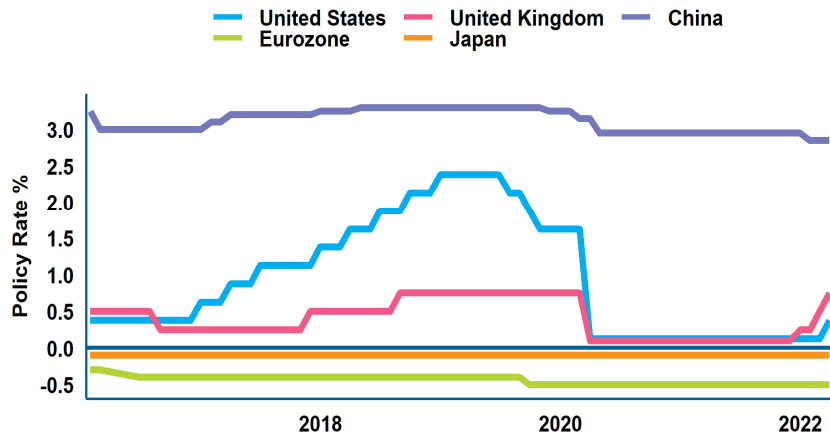


- Global economies are expected to slow in 2022 compared to 2021 but are forecasted to have another year of largely above-trend growth as economies continue to emerge from the pandemic.
- Looking forward, the track of the conflict between Russia and Ukraine, continued supply chain issues, ongoing inflationary pressures, tighter monetary policy, and lingering pandemic problems all remain key.

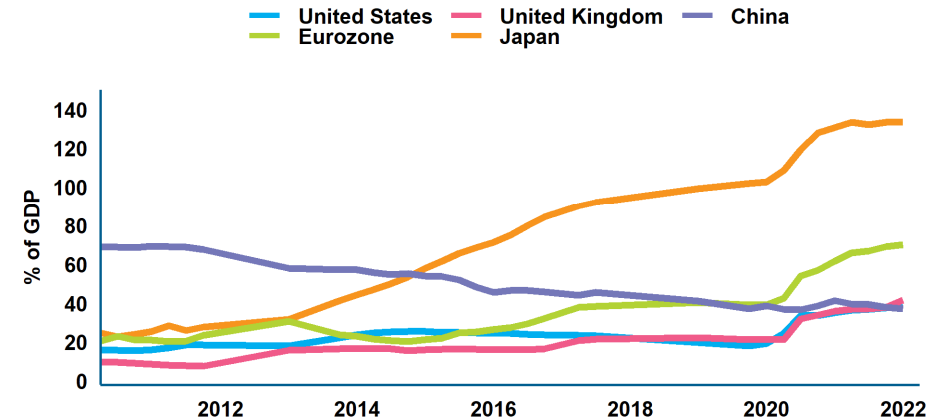
<sup>1</sup> Source: Oxford Economics (World GDP, US\$ prices & PPP exchange rate, nominal, % change YoY). Updated March 2022.

### Central Bank Response<sup>1</sup>

#### Policy Rates



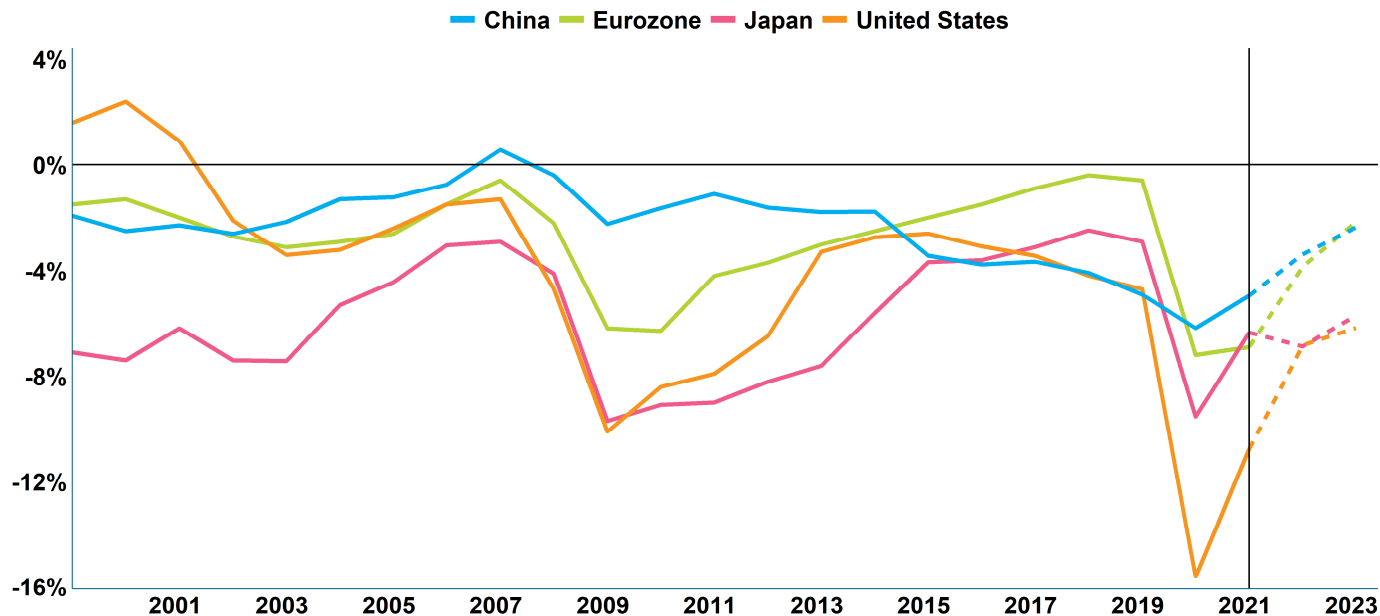
#### Balance Sheet as % of GDP



- After global central banks took extraordinary action to support the economy during the pandemic including policy rate cuts and emergency stimulus through quantitative easing (QE), many are considering reducing support in the face of high inflation.
- The pace of withdrawing support will likely vary across central banks with the US expected to take a more aggressive approach. The risk remains for a policy error, particularly overtightening, as the war in Ukraine could suppress global growth.
- The one notable outlier is China, where the central bank recently lowered rates and reserve requirements in response to slowing growth.

<sup>1</sup> Source: Bloomberg. Policy rate data is as of March 31, 2022. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of December 31, 2021.

**Budget Surplus / Deficit as a Percentage of GDP<sup>1</sup>**

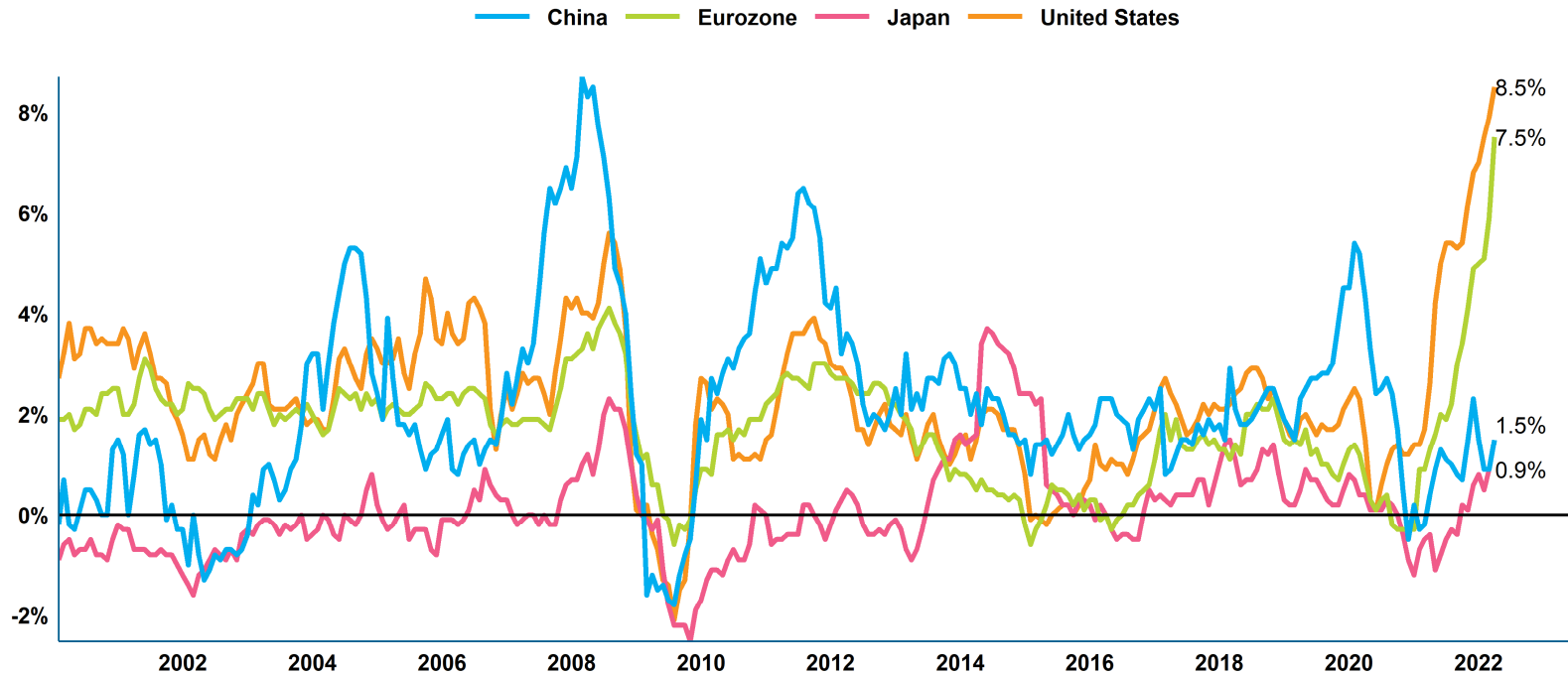


→ Budget deficits as a percentage of GDP drastically increased for major world economies, particularly the US, due to massive fiscal support and the severe economic contraction's effect on tax revenue in 2020 and 2021.

→ As fiscal stimulus programs end, and economic recoveries continue, deficits should improve in the coming years.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022. Projections via IMF Forecasts from October 2021 Report. Dotted lines represent 2022 and 2023 forecasts.

**Inflation (CPI Trailing Twelve Months)<sup>1</sup>**

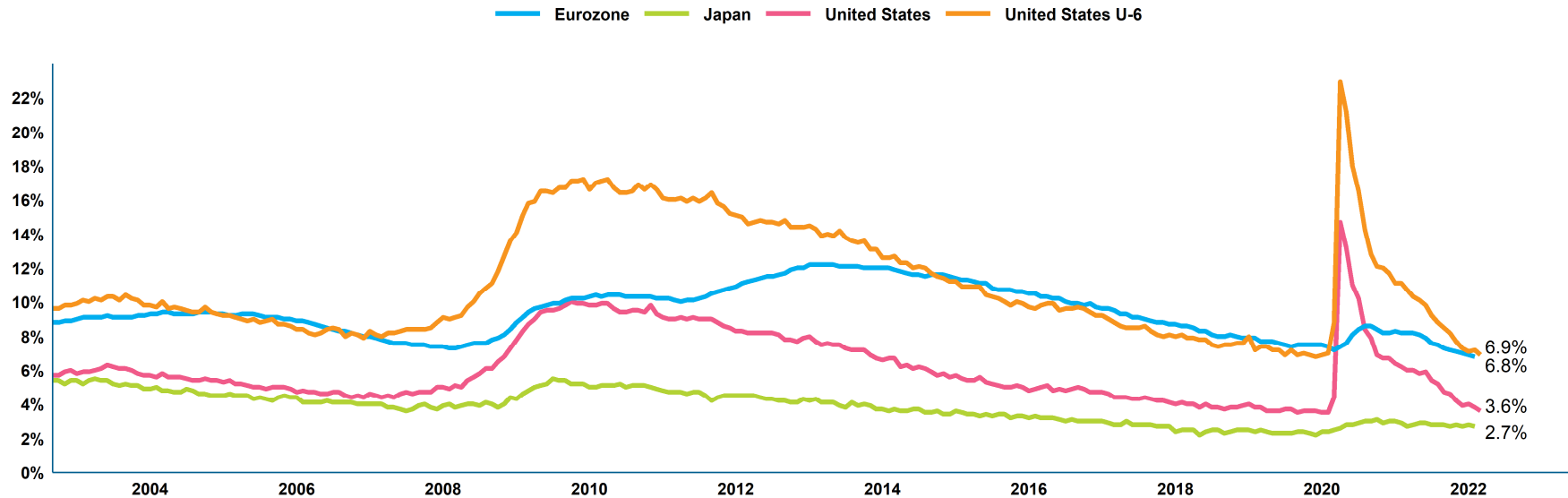


→ Inflation increased dramatically from the lows of the pandemic, particularly in the US and Eurozone where it continues to reach levels not seen in decades.

→ Supply issues related to the pandemic and higher prices in many key commodities driven by the Russia and Ukraine conflict have been key drivers of inflation globally.

<sup>1</sup> Source: Bloomberg. Data is as of March 2022, except for Japan, where the most recent data available is as of February 28, 2022.

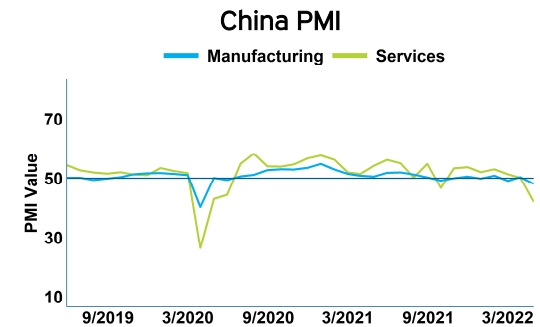
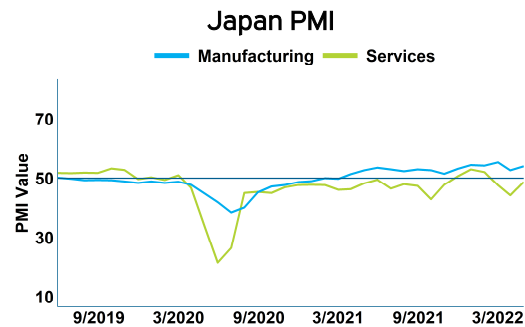
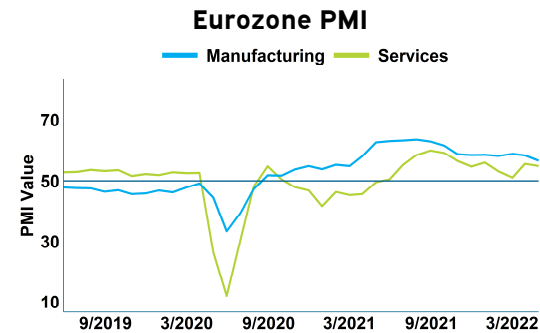
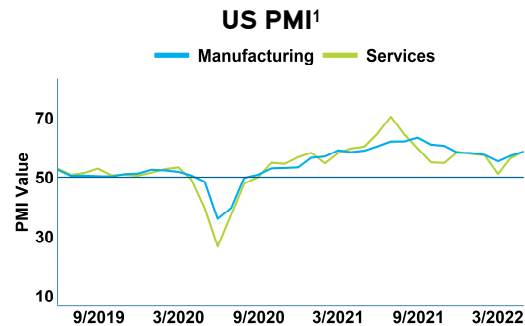
### Unemployment<sup>1</sup>



- As economies have largely reopened due to vaccines for the virus, improvements have been seen in the labor market.
- US unemployment, which experienced the steepest rise from the pandemic, has declined back to pre-pandemic levels. The broader measure (U-6) that includes discouraged and underemployed workers has declined but is much higher at 6.9%.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2022, for the US. The most recent data for Eurozone and Japanese unemployment is as of February 28, 2022.

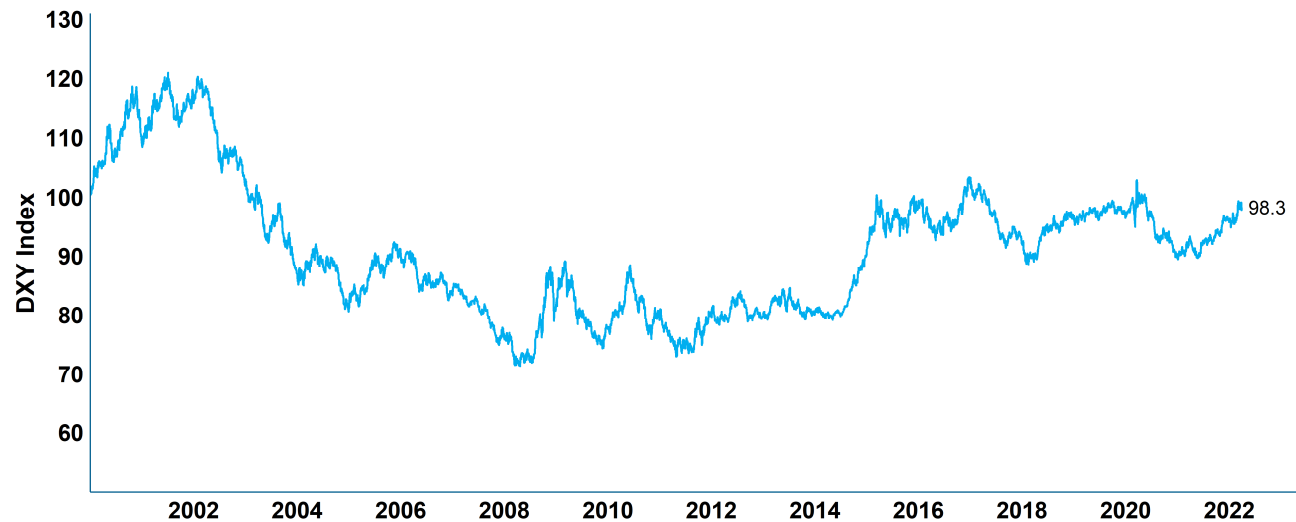
### Global PMIs



- After improvements from the lows of the pandemic, Purchasing Managers Indices (PMI), based on surveys of private sector companies, have experienced pressures recently.
- Service sector PMIs have seen some improvements in the US and Europe lately as the effects of the Omicron variant wane, while Japan and China remain in contraction due to a rise in COVID-19 cases.
- In most countries, manufacturing PMIs are in expansion territory as pandemic-related production issues ease and orders increase. China is the one exception, though, with the manufacturing PMI falling below 50 in March due to increased COVID-19 restrictions.

<sup>1</sup> Source: Bloomberg. US Market Services and Manufacturing PMI, Caixin Services and Manufacturing PMI, Eurozone Market Services and Manufacturing PMI, Jibun Bank Services and Manufacturing PMI. Data is as of March 2022. Readings below 50 represent economic contractions.

US Dollar versus Broad Currencies<sup>1</sup>



- The US dollar continued its 2021 trend of strengthening against a broad basket of peers in the first quarter of 2022 with further increases after month-end.
- Safe-haven flows and higher rates have been key drivers of the dollar’s continued strength.
- A few commodity-sensitive currencies like the Brazilian real, South African rand, and Mexican peso have recently outpaced the dollar, given persistently high commodity prices.

<sup>1</sup> Source: Bloomberg. Data as of March 28, 2022.

## Summary

### Key Trends in 2022:

- The war in eastern Europe has created significant uncertainty going forward with a wide range of potential outcomes. Volatility will likely remain high.
- Expect growth to slow globally in 2022 but remain above trend. The track of the pandemic and war will be key.
- Inflationary pressures could linger, particularly if the Russian invasion of Ukraine intensifies or expands.
- The end of many fiscal programs will put the burden of continued growth on consumers. Higher energy and food prices will depress their ability to spend in other areas.
- Monetary policy will likely tighten globally but will remain relatively low. The risk of policy error remains.
- Valuations remain high in the US, but low rates and strong margins should be supportive.
- Outside the US, valuations remain lower in both emerging and developed markets, but risks remain.

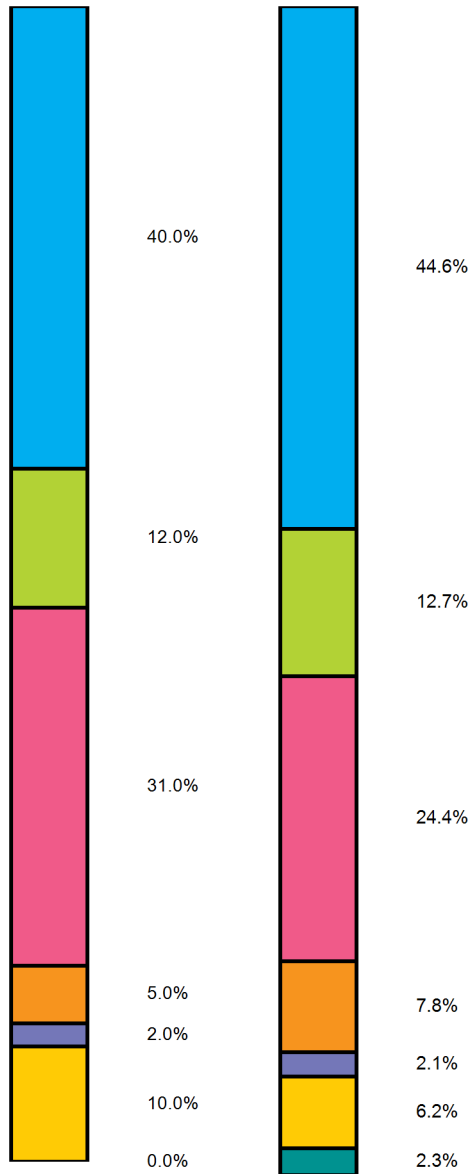


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# Oakland Police and Fire Retirement System

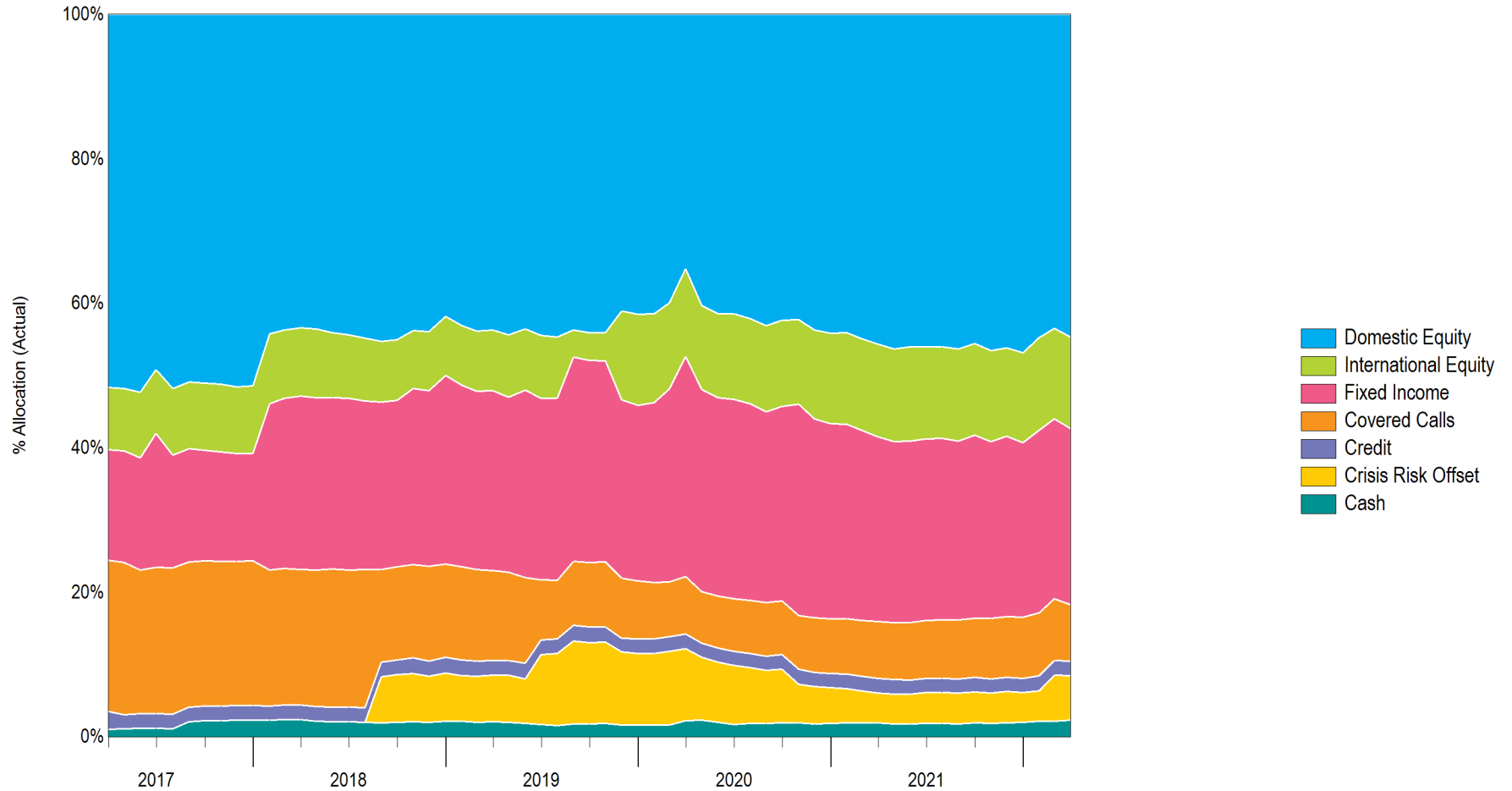
March Flash Report

As of March 31, 2022



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Within IPS Range?	
Domestic Equity	\$200,637,476	44.6%	40.0%	4.6%	Yes	
International Equity	\$56,850,045	12.7%	12.0%	0.7%	Yes	
Fixed Income	\$109,591,367	24.4%	31.0%	-6.6%	No	
Covered Calls	\$35,018,022	7.8%	5.0%	2.8%	Yes	
Credit	\$9,250,051	2.1%	2.0%	0.1%	Yes	
Crisis Risk Offset	\$27,661,952	6.2%	10.0%	-3.8%	Yes	
Cash	\$10,364,533	2.3%	0.0%	2.3%	Yes	
<b>Total</b>	<b>\$449,373,445</b>	<b>100.0%</b>	<b>100.0%</b>			

Asset Allocation History  
5 Years Ending March 31, 2022



As of March 31, 2022

### Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>OPFRS Total Plan</b>	<b>449,834,415</b>	<b>100.0</b>	<b>0.5</b>	<b>-0.1</b>	<b>-5.4</b>	<b>5.0</b>	<b>9.4</b>	<b>9.0</b>	<b>8.2</b>	<b>7.0</b>	<b>Dec-88</b>
<i>OPFRS Policy Benchmark</i>			<i>0.4</i>	<i>-1.1</i>	<i>-5.1</i>	<i>4.1</i>	<i>9.4</i>	<i>8.5</i>	<i>7.8</i>	<i>8.2</i>	<i>Dec-88</i>
<b>Domestic Equity</b>	<b>200,637,476</b>	<b>44.6</b>	<b>2.4</b>	<b>3.2</b>	<b>-5.6</b>	<b>10.0</b>	<b>16.7</b>	<b>14.5</b>	<b>13.8</b>	<b>9.4</b>	<b>Jun-97</b>
<i>Russell 3000 (Blend)</i>			<i>3.2</i>	<i>3.4</i>	<i>-5.3</i>	<i>11.9</i>	<i>18.2</i>	<i>15.4</i>	<i>14.3</i>	<i>9.6</i>	<i>Jun-97</i>
<b>International Equity</b>	<b>57,310,971</b>	<b>12.7</b>	<b>1.0</b>	<b>-2.8</b>	<b>-4.6</b>	<b>2.1</b>	<b>9.2</b>	<b>8.3</b>	<b>6.9</b>	<b>5.7</b>	<b>Jan-98</b>
<i>MSCI ACWI ex US (Blend)</i>			<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>5.7</i>	<i>Jan-98</i>
<b>Fixed Income</b>	<b>109,591,411</b>	<b>24.4</b>	<b>-3.1</b>	<b>-5.8</b>	<b>-6.0</b>	<b>-3.5</b>	<b>2.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.1</b>	<b>Dec-93</b>
<i>Bloomberg Universal (Blend)</i>			<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.9</i>	<i>Dec-93</i>
<b>Credit</b>	<b>9,250,051</b>	<b>2.1</b>	<b>0.0</b>	<b>1.3</b>	<b>-1.1</b>	<b>4.6</b>	<b>5.7</b>	<b>6.0</b>	<b>--</b>	<b>6.2</b>	<b>Feb-15</b>
<i>Bloomberg US High Yield TR</i>			<i>-1.1</i>	<i>-3.3</i>	<i>-4.8</i>	<i>-0.7</i>	<i>4.6</i>	<i>4.7</i>	<i>5.7</i>	<i>5.2</i>	<i>Feb-15</i>
<b>Covered Calls</b>	<b>35,018,022</b>	<b>7.8</b>	<b>3.3</b>	<b>7.2</b>	<b>-2.6</b>	<b>14.3</b>	<b>14.8</b>	<b>11.8</b>	<b>--</b>	<b>10.4</b>	<b>Apr-14</b>
<i>CBOE S&amp;P 500 BuyWrite USD</i>			<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
<b>Crisis Risk Offset</b>	<b>27,661,952</b>	<b>6.1</b>	<b>-3.7</b>	<b>-6.8</b>	<b>-8.6</b>	<b>-1.2</b>	<b>-11.3</b>	<b>--</b>	<b>--</b>	<b>-9.7</b>	<b>Aug-18</b>
<i>SG Multi Alternative Risk Premia Index</i>			<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>

Fiscal year begins on July 1.

Cash account market value includes cash balances held in ETF accounts at the custodian and residuals from terminated managers.

As of March 31, 2022

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>OPFRS Total Plan</b>	<b>449,834,415</b>	<b>100.0</b>	<b>--</b>	<b>0.5</b>	<b>-0.1</b>	<b>-5.4</b>	<b>5.0</b>	<b>9.4</b>	<b>9.0</b>	<b>8.2</b>	<b>7.0</b>	<b>Dec-88</b>
<i>OPFRS Policy Benchmark</i>				<i>0.4</i>	<i>-1.1</i>	<i>-5.1</i>	<i>4.1</i>	<i>9.4</i>	<i>8.5</i>	<i>7.8</i>	<i>8.2</i>	<i>Dec-88</i>
<b>Domestic Equity</b>	<b>200,637,476</b>	<b>44.6</b>	<b>44.6</b>	<b>2.4</b>	<b>3.2</b>	<b>-5.6</b>	<b>10.0</b>	<b>16.7</b>	<b>14.5</b>	<b>13.8</b>	<b>9.4</b>	<b>Jun-97</b>
<i>Russell 3000 (Blend)</i>				<i>3.2</i>	<i>3.4</i>	<i>-5.3</i>	<i>11.9</i>	<i>18.2</i>	<i>15.4</i>	<i>14.3</i>	<i>9.6</i>	<i>Jun-97</i>
Northern Trust Russell 1000	103,327,856	23.0	51.5	3.5	4.4	-5.1	13.3	18.7	15.8	14.5	15.0	Jun-10
<i>Russell 1000</i>				<i>3.4</i>	<i>4.4</i>	<i>-5.1</i>	<i>13.3</i>	<i>18.7</i>	<i>15.8</i>	<i>14.5</i>	<i>15.0</i>	<i>Jun-10</i>
EARNEST Partners	48,590,675	10.8	24.2	0.6	3.9	-5.7	8.2	18.3	16.1	14.8	11.2	Apr-06
<i>Russell MidCap</i>				<i>2.6</i>	<i>-0.5</i>	<i>-5.7</i>	<i>6.9</i>	<i>14.9</i>	<i>12.6</i>	<i>12.9</i>	<i>9.6</i>	<i>Apr-06</i>
iShares Edge MSCI Min Vol ETF	22,076,344	4.9	11.0	5.6	6.5	-3.8	13.6	--	--	--	21.8	Apr-20
<i>MSCI USA Minimum Volatility GR USD</i>				<i>5.5</i>	<i>6.5</i>	<i>-3.8</i>	<i>13.8</i>	<i>11.8</i>	<i>12.5</i>	<i>13.0</i>	<i>21.9</i>	<i>Apr-20</i>
Rice Hall James	15,430,352	3.4	7.7	-1.8	-9.6	-11.5	-5.1	11.4	--	--	10.5	Jul-17
<i>Russell 2000 Growth</i>				<i>0.5</i>	<i>-17.6</i>	<i>-12.6</i>	<i>-14.3</i>	<i>9.9</i>	<i>10.3</i>	<i>11.2</i>	<i>9.9</i>	<i>Jul-17</i>
Brown Fundamental Small Cap Value	11,212,249	2.5	5.6	0.0	1.8	-5.1	5.2	--	--	--	5.2	Apr-21
<i>Russell 2000 Value</i>				<i>2.0</i>	<i>-1.2</i>	<i>-2.4</i>	<i>3.3</i>	<i>12.7</i>	<i>8.6</i>	<i>10.5</i>	<i>3.3</i>	<i>Apr-21</i>
<b>International Equity</b>	<b>57,310,971</b>	<b>12.7</b>	<b>12.7</b>	<b>1.0</b>	<b>-2.8</b>	<b>-4.6</b>	<b>2.1</b>	<b>9.2</b>	<b>8.3</b>	<b>6.9</b>	<b>5.7</b>	<b>Jan-98</b>
<i>MSCI ACWI ex US (Blend)</i>				<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>5.7</i>	<i>Jan-98</i>
SGA ACWI ex-U.S. Equity	40,766,479	9.1	71.1	0.7	-1.7	-3.9	2.4	--	--	--	6.3	Dec-19
<i>MSCI ACWI ex USA Gross</i>				<i>0.2</i>	<i>-6.3</i>	<i>-5.3</i>	<i>-1.0</i>	<i>8.0</i>	<i>7.3</i>	<i>6.0</i>	<i>7.7</i>	<i>Dec-19</i>
Vanguard Developed Markets ETF	16,083,566	3.6	28.1	0.7	-4.8	-5.8	0.7	--	--	--	10.4	Sep-19
<i>FTSE Developed All Cap Ex US TR USD</i>				<i>1.1</i>	<i>-3.7</i>	<i>-5.2</i>	<i>1.9</i>	<i>9.1</i>	<i>7.6</i>	<i>5.2</i>	<i>11.0</i>	<i>Sep-19</i>

Performance shown is net-of-fees and time-weighted using the Modified Dietz methodology. Fiscal year starts July 1. Since inception date and performance begin in the full calendar month following an investment's initial funding.

As of March 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Fixed Income</b>	<b>109,591,411</b>	<b>24.4</b>	<b>24.4</b>	<b>-3.1</b>	<b>-5.8</b>	<b>-6.0</b>	<b>-3.5</b>	<b>2.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.1</b>	<b>Dec-93</b>
<i>Bloomberg Universal (Blend)</i>				<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.9</i>	<i>Dec-93</i>
Ramirez	74,513,589	16.6	68.0	-3.2	-6.0	-6.1	-3.5	2.1	2.8	--	2.8	Jan-17
<i>Bloomberg US Aggregate TR</i>				<i>-2.8</i>	<i>-5.9</i>	<i>-5.9</i>	<i>-4.2</i>	<i>1.7</i>	<i>2.1</i>	<i>2.2</i>	<i>2.2</i>	<i>Jan-17</i>
Reams	27,928,505	6.2	25.5	-2.8	-5.1	-5.5	-3.2	5.7	4.8	3.9	5.6	Feb-98
<i>Bloomberg Universal (Blend)</i>				<i>-2.7</i>	<i>-6.1</i>	<i>-6.1</i>	<i>-4.2</i>	<i>1.9</i>	<i>2.3</i>	<i>2.6</i>	<i>4.5</i>	<i>Feb-98</i>
Wellington Core Bond	7,149,273	1.6	6.5	-3.0	-6.3	-6.3	-4.6	--	--	--	-4.6	Apr-21
<i>Bloomberg US Aggregate TR</i>				<i>-2.8</i>	<i>-5.9</i>	<i>-5.9</i>	<i>-4.2</i>	<i>1.7</i>	<i>2.1</i>	<i>2.2</i>	<i>-4.2</i>	<i>Apr-21</i>
<b>Credit</b>	<b>9,250,051</b>	<b>2.1</b>	<b>2.1</b>	<b>0.0</b>	<b>1.3</b>	<b>-1.1</b>	<b>4.6</b>	<b>5.7</b>	<b>6.0</b>	<b>--</b>	<b>6.2</b>	<b>Feb-15</b>
<i>Bloomberg US High Yield TR</i>				<i>-1.1</i>	<i>-3.3</i>	<i>-4.8</i>	<i>-0.7</i>	<i>4.6</i>	<i>4.7</i>	<i>5.7</i>	<i>5.2</i>	<i>Feb-15</i>
Polen Capital	9,250,051	2.1	100.0	0.0	1.3	-1.1	4.6	5.7	6.0	--	6.2	Feb-15
<i>ICE BofA High Yield Master TR</i>				<i>-0.9</i>	<i>-3.0</i>	<i>-4.5</i>	<i>-0.3</i>	<i>4.4</i>	<i>4.6</i>	<i>5.7</i>	<i>5.1</i>	<i>Feb-15</i>
<b>Covered Calls</b>	<b>35,018,022</b>	<b>7.8</b>	<b>7.8</b>	<b>3.3</b>	<b>7.2</b>	<b>-2.6</b>	<b>14.3</b>	<b>14.8</b>	<b>11.8</b>	<b>--</b>	<b>10.4</b>	<b>Apr-14</b>
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
Parametric DeltaShift	17,664,992	3.9	50.4	4.2	8.3	-3.3	16.8	18.6	14.6	--	12.8	Apr-14
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>
Parametric BXM	17,353,030	3.9	49.6	2.2	5.8	-1.6	11.2	10.5	8.8	--	8.2	Apr-14
<i>CBOE S&amp;P 500 BuyWrite USD</i>				<i>4.1</i>	<i>9.3</i>	<i>0.8</i>	<i>14.9</i>	<i>8.9</i>	<i>7.3</i>	<i>7.2</i>	<i>7.0</i>	<i>Apr-14</i>

As of March 31, 2022

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Crisis Risk Offset</b>	<b>27,661,952</b>	<b>6.1</b>	<b>6.1</b>	<b>-3.7</b>	<b>-6.8</b>	<b>-8.6</b>	<b>-1.2</b>	<b>-11.3</b>	<b>--</b>	<b>--</b>	<b>-9.7</b>	<b>Aug-18</b>
<i>SG Multi Alternative Risk Premia Index</i>				<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-2.0</i>	<i>Aug-18</i>
Vanguard Long-Term Treasury ETF	17,883,935	4.0	64.7	-4.9	-8.3	-10.1	-2.8	--	--	--	0.8	Jul-19
<i>Bloomberg US Govt Long TR</i>				<i>-5.3</i>	<i>-7.4</i>	<i>-10.6</i>	<i>-1.5</i>	<i>3.2</i>	<i>3.9</i>	<i>4.0</i>	<i>1.4</i>	<i>Jul-19</i>
Kepos Alternative Risk Premia	9,778,017	2.2	35.3	-1.4	--	--	--	--	--	--	-2.1	Feb-22
<i>SG Multi Alternative Risk Premia Index</i>				<i>-0.4</i>	<i>1.2</i>	<i>-0.4</i>	<i>3.3</i>	<i>-2.8</i>	<i>--</i>	<i>--</i>	<i>-1.2</i>	<i>Feb-22</i>
<b>Cash</b>	<b>10,364,533</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.3</b>	<b>0.7</b>	<b>0.6</b>	<b>Mar-11</b>
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.8</i>	<i>1.1</i>	<i>0.6</i>	<i>0.5</i>	<i>Mar-11</i>
Cash - Treasury	6,676,000	1.5	64.4									
Cash	3,688,533	0.8	35.6	0.0	0.0	0.0	0.0	1.2	1.4	0.8	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.8</i>	<i>1.1</i>	<i>0.6</i>	<i>0.5</i>	<i>Mar-11</i>

Cash account market value includes cash balances held in ETF accounts at the custodian and residuals from terminated managers.



**As of March 31, 2022**
**Cash Flow Summary**
**Month to Date**

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Brown Fundamental Small Cap Value	\$11,216,121	\$0	-\$3,872	\$11,212,249
Cash	\$3,083,718	\$604,815	\$0	\$3,688,533
Cash - Treasury	\$6,794,000	-\$118,000	\$0	\$6,676,000
EARNEST Partners	\$48,278,801	\$0	\$311,874	\$48,590,675
iShares Edge MSCI Min Vol ETF	\$20,983,484	\$0	\$1,092,860	\$22,076,344
Kepos Alternative Risk Premia	\$9,924,164	\$0	-\$146,147	\$9,778,017
Northern Trust Russell 1000	\$100,789,424	-\$1,000,000	\$3,538,431	\$103,327,856
Parametric BXM	\$16,986,866	\$0	\$366,165	\$17,353,030
Parametric DeltaShift	\$21,764,108	-\$5,000,000	\$900,884	\$17,664,992
Polen Capital	\$9,252,153	\$0	-\$2,102	\$9,250,051
Ramirez	\$76,989,359	\$0	-\$2,475,770	\$74,513,589
Reams	\$28,744,718	\$0	-\$816,214	\$27,928,505
Rice Hall James	\$15,714,644	\$0	-\$284,292	\$15,430,352
Securities Lending Northern Trust	\$0	-\$11,616	\$11,616	\$0
SGA ACWI ex-U.S. Equity	\$40,471,372	\$0	\$295,107	\$40,766,479
Vanguard Developed Markets ETF	\$16,003,198	\$0	\$80,368	\$16,083,566
Vanguard Long-Term Treasury ETF	\$18,804,824	\$0	-\$920,889	\$17,883,935
Wellington Core Bond	\$7,368,449	\$0	-\$219,176	\$7,149,273
<b>Total</b>	<b>\$453,169,404</b>	<b>-\$5,524,802</b>	<b>\$1,728,843</b>	<b>\$449,373,445</b>

Benchmark History  
As of March 31, 2022

Total Plan x Securities Lending x Reams LD Exception Comp

1/1/2019	Present	40% Russell 3000 / 12% MSCI ACWI ex USA Gross / 33% Bloomberg US Universal TR / 5% CBOE BXM / 6.7% SG Multi Alternative Risk Premia Index / 3.3% Bloomberg US Treasury Long TR
5/1/2016	12/31/2018	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 20% CBOE BXM
10/1/2015	4/30/2016	43% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 15% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
1/1/2014	9/30/2015	48% Russell 3000 / 12% MSCI ACWI ex USA Gross / 20% Bloomberg US Universal TR / 10% CBOE BXM / 10% CPI - All Urban Consumers (unadjusted) +3%
3/1/2013	12/31/2013	40% Russell 3000 / 10% MSCI ACWI ex USA Gross / 17% Bloomberg US Universal TR / 33% ICE BofA 3M US Treasury TR USD
8/1/2012	2/28/2013	20% Russell 3000 / 7% MSCI ACWI ex USA Gross / 18% Bloomberg US Universal TR / 55% ICE BofA 3M US Treasury TR USD
10/1/2007	7/31/2012	53% Russell 3000 / 17% MSCI ACWI ex USA Gross / 30% Bloomberg US Universal TR
4/1/2006	9/30/2007	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Universal TR
1/1/2005	3/31/2006	35% Russell 3000 / 15% MSCI ACWI ex USA Gross / 50% Bloomberg US Aggregate TR
4/1/1998	12/31/2004	50% Bloomberg US Aggregate TR / 10% Russell 1000 / 20% Russell 1000 Value / 5% Russell MidCap / 15% MSCI EAFE
9/1/1988	3/31/1998	40% S&P 500 / 55% Bloomberg US Aggregate TR / 5% FTSE T-Bill 3 Months TR

# Oakland Police and Fire Retirement System

April 2022

Stagflation



# Oakland Police and Fire Retirement System

## Defining Stagflation

### What is stagflation?

- Stagflation is generally considered to be a period of low or negative economic growth combined with high inflation.
  - The term is a combination of stagnant growth and inflation.
- Stagflation is characterized by:
  - Rising unemployment
  - High inflation in prices and wages
  - Growth slowing below potential
- During periods of stagflation, inflation expectations continue to rise even as economic growth stalls and unemployment rises.
- Stagflation is a rare economic condition in advanced economies.
  - Supply shocks are a likely cause.

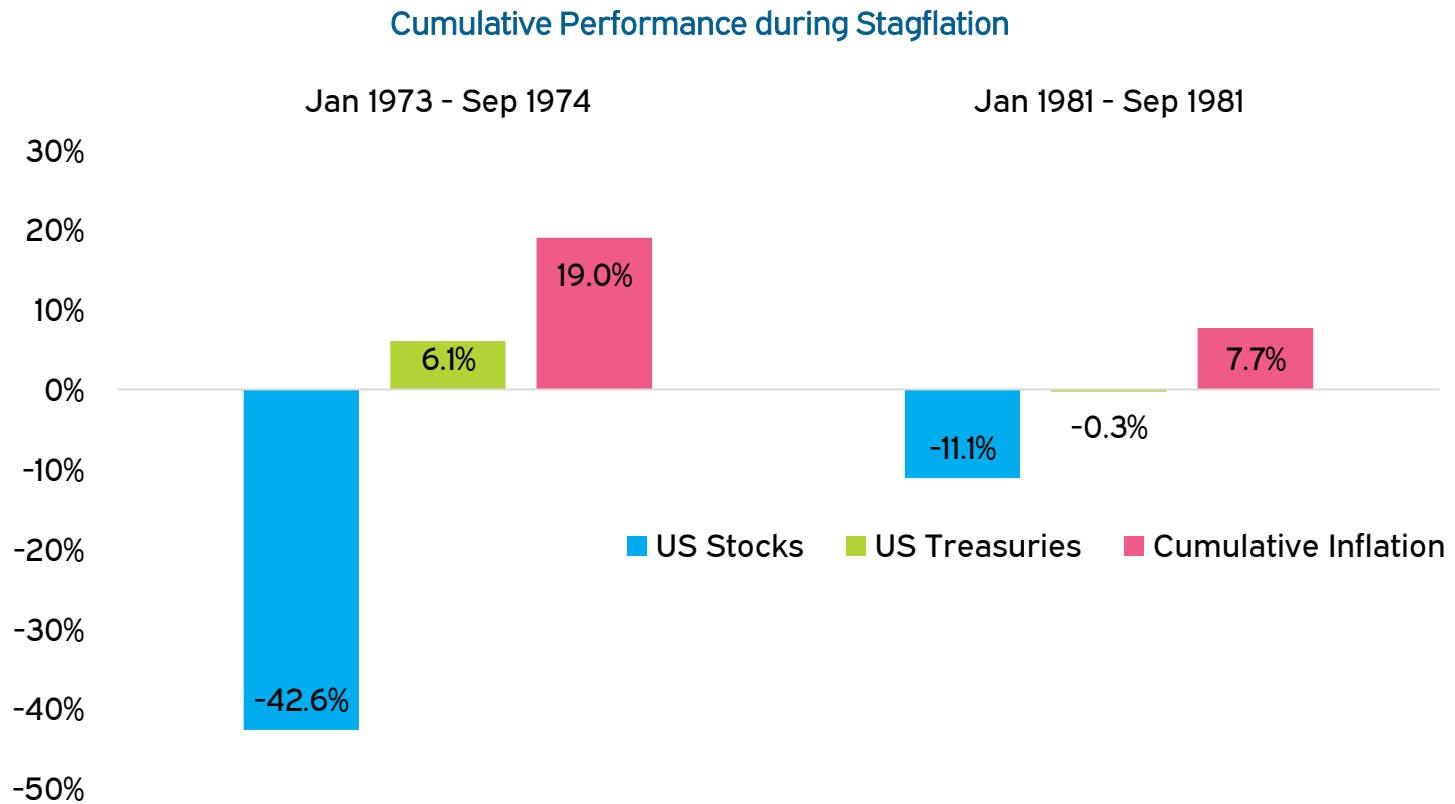


# Oakland Police and Fire Retirement System

## Impact of Stagflation

### What impact does stagflation have on investors?

→ Stocks and bonds both performed poorly during stagflationary periods.



Source: Meketa analysis of Bloomberg data. S&P 500 index used for US stocks and Bloomberg US Treasury index used for US Treasuries.



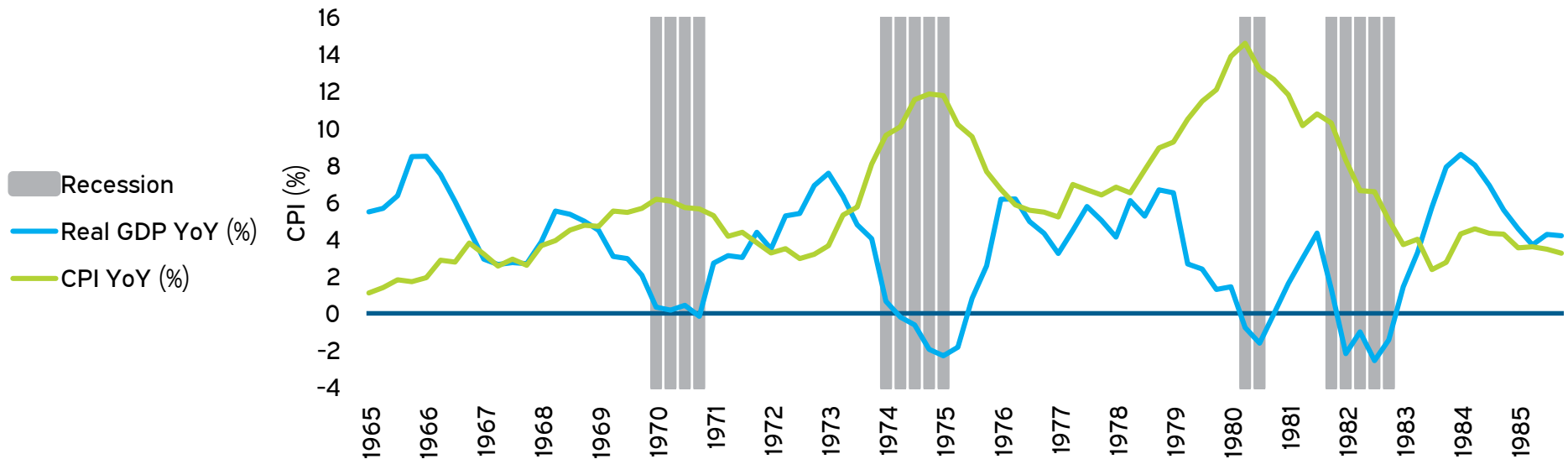
# Oakland Police and Fire Retirement System

## Stagflation in the 1970s and 1980s

### Stagflation history

- Stagflation was coined as a political term in the UK during the 1960s.
- Stagflation in the US occurred for the first time in 1973 – 1974 during the first oil crisis when the price of oil quadrupled.
- Stagflation occurred again in 1979 – 1982 during the Iranian Revolution when the price of oil tripled.
- During both periods, the US experienced high inflation and recessions.

### Historical Growth and Inflation



Source: FRED.

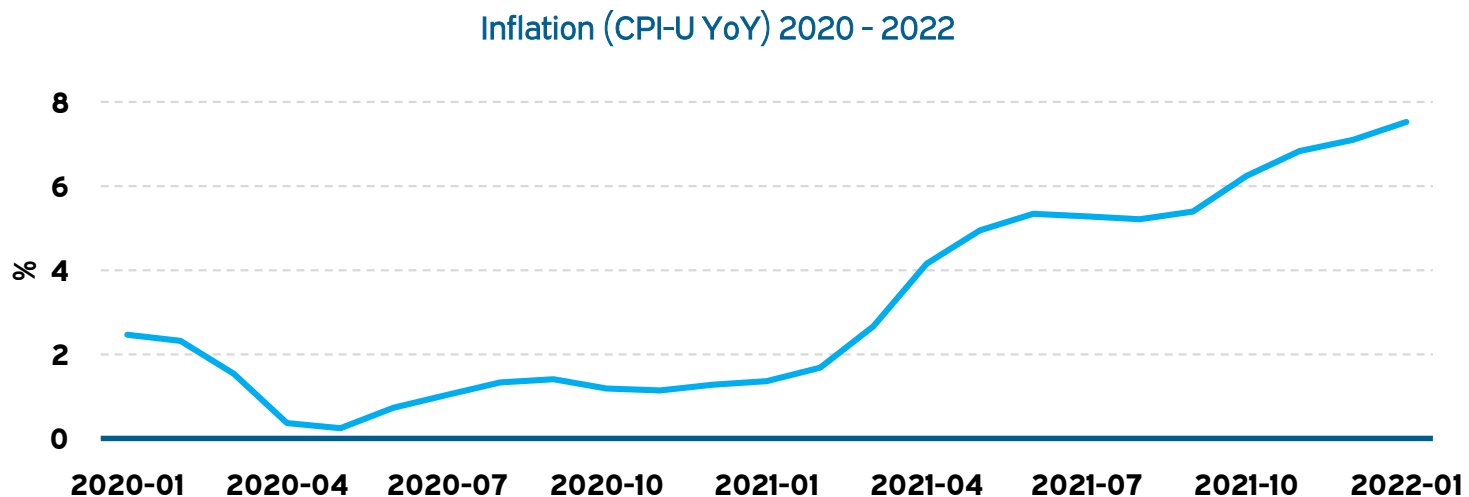


# Oakland Police and Fire Retirement System

## US Economy Today v. Stagflation Episodes

### Why are we talking about stagflation today?

- Inflation has continued to rise, recently hitting 7.5%.
  - It may not be “transitory”.
  - Supply shocks are again present.
- The last time the US experienced such high inflation was in 1982.
  - The high interest rates used to fight inflation tipped the economy into recession.
- The market is worried about a repeat of this event.
  - The Fed could inadvertently tilt the economy into a recession and reignite stagflation with a “policy mistake”.



Source: FRED data as of February 22, 2022.



# Oakland Police and Fire Retirement System

## US Economy Today v. Stagflation Episodes

### How concerned should we be?

→ The good news is that most economic factors do not align with stagflationary conditions.

- The US economy is growing well above its long-run potential.
- Unemployment is falling and is close to pre-pandemic lows.
- The federal funds rate is at record lows.

Stagflation Criteria	1973-74	1979-82	January 2022
Peak Inflation (CPI)	11.0%	13.5%	7.5%
GDP Annual Growth (YoY)	-0.5%	-0.3%	5.7%
Peak Fed Funds Rate	12.9%	19.1%	0.01%
Peak Unemployment	6.1%	10.8%	3.9%
Peak Hourly Wage Growth	8.9%	9.1%	4.5%

The table is illustrative and historical data showing peaks and averages may differ from monthly and annual data from the period. Sources include Bureau of Labor Statistics, FRED, Bureau of Economic Analysis, and Federal Reserve Fed.





# Oakland Police and Fire Retirement System

## Asset Class Performance When Growth is Low and Inflation is High

### If stagflation returns, what asset classes might prove resilient?

- Some asset classes are likely to perform better than traditional bonds and equities.
- But none are likely to produce strong gains.
  - Bonds and equities could become highly correlated.

### Asset Class Annualized Return Estimates

Asset Class	Low Growth and Moderate Inflation	Low Growth and High Inflation
Cash	0.4	0.7
Long-term Gov't Bonds	-5.6	-7.8
Short-term TIPS	-1.5	-1.5
TIPS	-3.2	-3.4
US Equity	-11.3	-14.0
Global Equities	-16.2	-20.4
Private Equity	-2.8	-2.4
Core Real Estate	1.7	2.0
Public Natural Resources	-10.6	-10.6
Commodities	-3.7	-2.1
Gold	1.0	3.1

Source: Meketa sensitivity analysis based on asset class performance for the period 1973-2021. Asset class returns reflect annualized, nominal returns. Low growth is defined as the bottom quartile of quarter-over-quarter GDP growth (less than 0.3%), Moderate Inflation is the median of month over month inflation (0.28%), High Inflation is the 75th percentile of month over month inflation (0.45%). The benchmarks used for each asset class are: Cash - Bloomberg Barclays US Treasury Bill Index, Long-term Gov't Bonds - Bloomberg Barclays US Treasury: Long Index, Short-term TIPS - Bloomberg Barclays US Treasury Tips 1-5 Years Index, TIPS – Bloomberg Barclays Global Inflation-Linked: US Tips, US Equity – Russell 3000, Global Equity – MSCI ACWI, Core Private Real Estate - NCREIF ODCE Equal Weighted, Public Natural Resources - S&P Global Natural Resources Net TR Index, Commodities – Bloomberg Commodity Index, Gold – LBMA Gold Price PM USD.



# Oakland Police and Fire Retirement System

## Summary

### What can an investor do?

- The current conditions of high inflation and forthcoming policy reversal is cause for concern.
  - However, we do not yet see conditions that would indicate that stagflation is imminent.
- Portfolio construction should take into account various economic outcomes.
  - Consider multiple environments, not just the one that is most likely to occur.
  - Be prepared for the (hopefully low) possibility of stagflation.
  - Discussions on asset allocation and risks are recommended.
- Stagflation would likely be damaging to almost all institutional portfolios with few exceptions.
  - Being well diversified may mitigate – but not eliminate - losses.

# Appendix



# Oakland Police and Fire Retirement System

## Asset Class Performance in High Inflation Periods

### What asset class might hedge inflation?

- Some asset classes have performed quite well during periods of high inflation.
- However, the strongest returns often occurred during periods of high economic growth.

### Asset Class Annualized Return Estimates

Asset Class	Very Brief, Extreme Inflation Spike (1-2 Months)	Brief, Extreme Inflation Spike (4-8 months)	Extended, Extreme Inflation Spike (12+ Months)
Cash	0.8	0.7	0.9
Long-term Gov't Bonds	-5.5	-5.7	-4.9
Short-term TIPS	0.1	0.2	0.0
TIPS	1.0	0.9	1.5
US Equity	-11.6	-10.3	-15.5
Global Equities	-13.1	-12.0	-16.3
Core Private Real Estate	1.5	1.5	1.2
Public Natural Resources	-8.4	-7.6	-11.1
Commodities	10.0	11.1	6.6
Gold (Metal)	40.5	35.9	55.7

Source: Meketa sensitivity analysis based on asset class performance for the period 1973-2021. Asset class returns reflect annualized, nominal returns. Low growth is defined as the bottom quartile of quarter-over-quarter GDP growth (less than 0.3%), Moderate Inflation is the median of month over month inflation (0.28%), High Inflation is the 75<sup>th</sup> percentile of month over month inflation (0.45%). Some asset class performance has been backfilled with representative returns. For detailed information about the modeling methodology, please refer to Meketa's "The Inflation Variable: Evaluating Potential Outcomes"



# Oakland Police and Fire Retirement System

## Disclaimers

This document is for general information and educational purposes only, and must not be considered investment advice or a recommendation that the reader is to engage in, or refrain from taking, a particular investment-related course of action. Any such advice or recommendation must be tailored to your situation and objectives. You should consult all available information, investment, legal, tax and accounting professionals, before making or executing any investment strategy. You must exercise your own independent judgment when making any investment decision.

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All investments involve risk. There can be no guarantee that the strategies, tactics, and methods discussed in this document will be successful.

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Nothing in this document should be interpreted to state or imply that past results are an indication of future performance. Investing involves substantial risk. It is highly unlikely that the past will repeat itself. Selecting an advisor, fund, or strategy based solely on past returns is a poor investment strategy. Past performance does not guarantee future results.

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 8049

Approved to Form and Legality

[Signature]

ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

RESOLUTION FIXING THE MONTHLY ALLOWANCE OF SUANE THOMPSON, SURVIVING SPOUSE OF HADWICK C. THOMPSON; RETIRED MEMBER OF THE CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

WHEREAS, the retired member of the Police and Fire Retirement System, whose name appear in Column (1) below, died on the date shown in Column (2) below; and

WHEREAS, the surviving spouse, whose name appears in Column (3) below, does not claim that their spouse's death was by reason of an injury received in, or illness caused by or arising out of the performance of duty; and

WHEREAS, there is now presented to this Board, the monthly allowance shown in Column (7) below and as calculated by the Actuary in accordance with Article XXVI of the Charter of the City of Oakland; now, therefore, be it

RESOLVED: That the Police and Fire Retirement Board does hereby fix the amount shown in Column (7) as the monthly allowance that said surviving spouse shall receive beginning on the date shown in Column (4):

Table with 7 columns: (1) Name of Deceased Member, (2) Date of Death, (3) Name of Surviving Spouse, (4) Effective Date of Allowance, (5) Form of Retirement, (6) % of Compensation Attached to Avg. Rank Held, (7) Monthly Allowance. Row 1: Hadwick C. Thompson, 2/18/2022, Suane Thompson, 2/19/2022, DIS, 33.333%, \$ 4,127.22

IN BOARD MEETING, VIA ZOOM CONFERENCE APRIL 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_ PRESIDENT

ATTEST: \_\_\_\_\_ SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD  
CITY OF OAKLAND, CALIFORNIA  
RESOLUTION No. 8050

Approved to Form  
and Legality  
*Nitesh Bhatta*

ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION APPROVING DEATH BENEFIT PAYMENT  
AND DIRECTING A WARRANT THEREUNDER IN THE  
AMOUNT OF \$1,000.00 PAYABLE TO THE BENEFICIARY  
OF DECEASED CITY OF OAKLAND POLICE AND FIRE  
RETIREMENT SYSTEM MEMBER JOHN E. FAHEY.**

**WHEREAS**, due proof having been received in accordance with Article XXVI of the Charter of the City of Oakland of the death of the retired member of the Oakland Police or Fire Department identified in Column (1) below; and

**WHEREAS**, the beneficiary to whom the death benefit provided in Charter Section 2612 is payable, is the person whose name is stated in Column (2) opposite the name of the deceased retired member; and

**WHEREAS**, the amount of said death benefit is stated in Column (3) opposite the name of the beneficiary; now, therefore, be it

**RESOLVED:** That the Police and Fire Retirement System Board does hereby approve the Death Benefit payment to the person named in Column (2); and be it

**FURTHER RESOLVED:** That the Director of Finance, be and is hereby directed to draw and sign a warrant for the amount in Column (3) payable to the person whose name appears in Column (2):

(1)	(2)	(3)
Name of Deceased Member	Name of Beneficiary	Death Benefit Amount
John E. Fahey	Estate of John E. Fahey	\$1,000.00

IN BOARD MEETING, VIA ZOOM CONFERENCE \_\_\_\_\_ APRIL 27, 2022

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD  
CITY OF OAKLAND, CALIFORNIA  
RESOLUTION No. 8051

*Approved to  
Form  
and Legality*



ON MOTION OF MEMBER \_\_\_\_\_ SECONDED BY MEMBER \_\_\_\_\_

**RESOLUTION ELECTING TO CONTINUE TO CONDUCT  
POLICE AND FIRE RETIREMENT SYSTEM BOARD AND  
COMMITTEE MEETINGS USING TELECONFERENCING  
IN ACCORDANCE WITH CALIFORNIA GOVERNMENT  
CODE SECTION 54953(E).**

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency related to COVID-19, pursuant to California Government Code Section 8625, and said declaration has not been lifted or rescinded, see <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.4.20-Coronavirus-SOE-Proclamation.pdf>; and

WHEREAS, on March 9, 2020, the City Administrator, as the Director of the Emergency Operations Center (EOC), issued a proclamation of local emergency due to the spread of COVID-19 in Oakland, and on March 12, 2020, the City Council passed Resolution No. 88075 C.M.S. ratifying the proclamation of local emergency pursuant to Oakland Municipal Code (O.M.C.) section 8.50.050(C); and

WHEREAS, City Council Resolution No. 88075 remains in full force and effect to date; and

WHEREAS, the Centers for Disease Control (CDC) recommends physical distancing of at least six (6) feet whenever possible, avoiding crowds, and avoiding spaces that do not offer fresh air from the outdoors, particularly for people who are not fully vaccinated or who are at high risk of getting very sick from COVID-19, see <https://www.cdc.gov/coronavirus/2019-ncov/preventgetting-sick/prevention.html> ; and

WHEREAS, the CDC recommends that people who live with unvaccinated people avoid activities that make physical distancing difficult, see <https://www.cdc.gov/coronavirus/2019-ncov/your-health/about-covid-19/caring-for-children/families.html> ; and

WHEREAS, the CDC recommends that older adults limit in-person interactions as much as possible, particularly when indoors, see <https://www.cdc.gov/aging/covid19/covid19-older-adults.html> ; and



**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

CITY OF OAKLAND, CALIFORNIA

**RESOLUTION No. 8051**

**WHEREAS**, the CDC, the California Department of Public Health, and the Alameda County Public Health Department all recommend that people experiencing COVID-19 symptoms stay home, see <https://www.cdc.gov/coronavirus/2019-ncov/if-you-are-sick/steps-when-sick.html> ; and

**WHEREAS**, people without symptoms may be able to spread the COVID-19 virus, see <https://www.cdc.gov/coronavirus/2019-ncov/prevent-gettingsick/prevention.html> ; and

**WHEREAS**, fully vaccinated people who become infected with the COVID-19 Delta variant can spread the virus to others, see <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated.html> ; and

**WHEREAS**, as of April 27, 2022, the Omicron variant BA.2 has been detected in most states and territories and is rapidly increasing the proportion of COVID-19 cases it is causing, see <https://www.cdc.gov/coronavirus/2019-ncov/variants/omicron-variant.html>; and

**WHEREAS**, the CDC does not yet know how easily the Omicron BA.2 variant spreads, the severity of illness it causes, or how well available vaccines and medications work against it, see <https://www.cdc.gov/coronavirus/2019-ncov/variants/omicron-variant.html>; and

**WHEREAS**, the City's public-meeting facilities are indoor facilities that are not designed to provide circulation of fresh/outdoor air, particularly during periods of cold or rainy weather; and

**WHEREAS**, the City's public-meeting facilities are not designed to ensure that attendees can remain six (6) feet apart; and

**WHEREAS**, most of the members of the Police and Fire Retirement System are at higher risk of becoming very sick from COVID-19 due to their age; and

**WHEREAS**, holding in-person meetings will bring people from different households together in an indoor facility against CDC guidance; and

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

CITY OF OAKLAND, CALIFORNIA

**RESOLUTION No. 8051**

**WHEREAS**, some attendees may use public transportation to travel to an in-person meeting, which will expose them to additional people outside of their household and put them at further risk of contracting COVID-19; and

**WHEREAS**, in light of the above, on January 26, 2022, the Police and Fire Retirement System Board (“PFRS Board”) determined that conducting in-person meetings of the PFRS Board and its committees would present imminent risk to health or safety of attendees and elected to continue to conduct PFRS Board and committee meetings using teleconferencing in accordance with California Government Code section 54953(e) (Resolution No. 8037); and

**WHEREAS**, pursuant to California Government Code section 54953(e)(3), the PFRS Board has reconsidered the circumstances of the state of emergency and determines that the state of emergency continues to directly impact the ability of the members of the PFRS Board to meet safely in person and that state and local officials continue to recommend measures to promote social distancing; now, therefore, be it:

**RESOLVED:** that the Police and Fire Retirement System Board (“PFRS Board”) finds and determines that the foregoing recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

**FURTHER RESOLVED:** that, based on these findings, the PFRS Board determines that conducting in-person board and committee meetings continues to pose imminent risks to the health of attendees; and be it

**FURTHER RESOLVED:** that the PFRS Board firmly believes that the community’s health and safety and the community’s right to participate in local government are critically and equally important, and is committed to balancing the two by continuing to use teleconferencing to conduct public meetings, in accordance with California Government Code Section 54953(e); and be it

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

CITY OF OAKLAND, CALIFORNIA

**RESOLUTION No. 8051**

**FURTHER RESOLVED:** That the PFRS Board will reconsider the state of emergency and determine whether the state of emergency continues to directly impact the ability of members to meet safely in person at least every thirty (30) days in accordance with California Government Code section 54953(e) until the state of emergency related to COVID-19 has been lifted, or the PFRS Board finds that in-person meetings no longer pose imminent risks to the health of attendees, whichever occurs first.

IN BOARD MEETING, VIA ZOOM CONFERENCE \_\_\_\_\_ APRIL 27, 2022 \_\_\_\_\_

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_  
PRESIDENT

ATTEST: \_\_\_\_\_  
SECRETARY