

All persons wishing to address the Board must complete a speaker's card, stating their name and the agenda item (including "Open Forum") they wish to address. The Committee may take action on items not on the agenda only if findings pursuant to the Sunshine Ordinance and Brown Act are made that the matter is urgent or an emergency.

Oakland Police and Fire Retirement Board and committee meetings are held in wheelchair accessible facilities. Contact the Retirement Unit, 150 Frank Ogawa Plaza, Suite 3349 or call (510) 238-7295 for additional information.



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

AGENDA

AUDIT COMMITTEE MEMBERS

John C. Speakman
Chairman

Katano Kasaine
Member

Robert J. Muszar
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 24, 2019 – 9:00 am
One Frank H. Ogawa Plaza, Hearing Room 1
Oakland, California 94612

- - - ORDER OF BUSINESS - - -

- 1. Subject: PFRS Audit Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 27, 2019 Audit Committee meeting minutes.
- 2. Subject: Administrative Expenses Report**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding PFRS administrative expenses from July 1, 2018 through February 28, 2019.
- 3. Subject: Policy Governing the Overpayment or Underpayment of Member Benefits**
From: Staff of the PFRS Board

Recommendation: DISCUSSION of the development of Policy Governing the Overpayment or Underpayment of Member Benefits.
- 4. Subject: 2006 Management Audit of the PFRS System**
From: Staff of the PFRS Board

Recommendation: DISCUSSION of the 2006 Management Audit of the PFRS System.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR AUDIT COMMITTEE MEETING
APRIL 24, 2019**

ORDER OF BUSINESS, continued

5. **Subject:** **Annual Report for the Fiscal Year ending June 30, 2019**
From: **Member Robert Muszar**

- Recommendation:** **DISCUSSION** regarding the production of the PFRS Annual Report for the fiscal year ending June 30, 2019.
6. **Subject:** **Resolution No. 7056 – Travel authorization for PFRS board member Jaime Godfrey to travel and attend the 2019 IMN Global Indexing and ETF Conference (“2019 IMN Conference”) from June 19, 2019 to June 21, 2019 in Dana Point, CA with an estimated budget of One Thousand Eight Hundred Sixty Dollars (\$1,860.00)**
From: **Staff of the PFRS Board**

- Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 7056 - Travel authorization for PFRS board member Jaime Godfrey to travel and attend the 2019 IMN Global Indexing and ETF Conference (“2019 IMN Conference”) from June 19, 2019 to June 21, 2019 in Dana Point, CA with an estimated budget of One Thousand Eight Hundred Sixty Dollars (\$1,860.00).
7. **Subject:** **Resolution No. 7057 - Travel authorization for PFRS board member R. Steven Wilkinson to travel and attend the 2019 National Association of Securities Professionals Pension and Finance Conference (“2019 NASP Conference”) from June 24, 2019 to June 26, 2019 in Baltimore, MD with an estimated budget of Two Thousand One Hundred Dollars (\$2,100.00)**
From: **Staff of the PFRS Board**

- Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 7057 - Travel authorization for PFRS board member R. Steven Wilkinson to travel and attend the 2019 National Association of Securities Professionals Pension and Finance Conference (“2019 NASP Conference”) from June 24, 2019 to June 26, 2019 in Baltimore, MD with an estimated budget of Two Thousand One Hundred Dollars (\$2,100.00).

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR AUDIT COMMITTEE MEETING
APRIL 24, 2019**

ORDER OF BUSINESS, continued

8. **Subject:** **Resolution No. 7058 - Travel Authorization for PFRS Staff Member David Low to travel and attend the 2019 California Association of Public Retirement Systems Administrative Assistant Roundtable Conference (“2019 CALAPRS Admin Roundtable Conference”) on April 26, 2019 in San Jose, CA with an estimated budget of One Hundred Eighty-Nine Dollars (\$189.00)**

From: Staff of the PFRS Board

Recommendation: **RECOMMEND BOARD APPROVAL** of Resolution No. 7058 - Travel Authorization for PFRS Staff Member David Low to travel and attend the 2019 California Association of Public Retirement Systems Administrative Assistant Roundtable Conference (“2019 CALAPRS Admin Roundtable Conference”) on April 26, 2019 in San Jose, CA with an estimated budget of One Hundred Eighty-Nine Dollars (\$189.00).

9. **Subject:** **Resolution No. 7059 - Travel Authorization for PFRS Plan Administrator David Jones to travel and attend the 2019 California Association of Public Retirement Systems Administrators' Roundtable Conference (“2019 CALAPRS Administrators' Roundtable Conference”) on June 21, 2019 in San Jose, CA with an estimated budget of One Hundred Ninety-Four Dollars (\$194.00)**

From: Staff of the PFRS Board

Recommendation: **RECOMMEND BOARD APPROVAL** of Resolution No. 7059 - Travel Authorization for PFRS Plan Administrator David Jones to travel and attend the 2019 California Association of Public Retirement Systems Administrators' Roundtable Conference (“2019 CALAPRS Administrators' Roundtable Conference”) on June 21, 2019 in San Jose, CA with an estimated budget of One Hundred Ninety-Four Dollars (\$194.00).

10. REVIEW OF PENDING AUDIT AGENDA ITEMS

11. Future Scheduling

12. Open Forum

13. Adjournment of Meeting

AN AUDIT/OPERATIONS COMMITTEE MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on Wednesday, March 27, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present: • John C. Speakman, Chairman
• Katano Kasaine, Member
• Robert J. Muszar, Member

Additional Attendees: • David Jones, Plan Administrator
• Teir Jenkins & David Low, Staff Member
• Jennifer Logue, PFRS Legal Counsel

The meeting was called to order at 9:35 am. Member Kasaine was absent at the start of the committee meeting; Chairman Speakman started the meeting addressing agenda item #2. Member Kasaine arrived at 9:38 am.

2. **Administrative Expenses Report** – Teir Jenkins presented the status of the administrative expenditures of the PFRS plan through January 31, 2019. Following his review and some committee and staff discussion, Member Muszar made a motion to accept the informational report from staff, second by Chairman Speakman. Motion passed.

[SPEAKMAN – Y / MUSZAR – Y / KASAINE – ABSENT]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

1. **PFRS Audit Committee Meeting Minutes** – Member Kasaine made a motion to approve the February 27, 2019 Audit Committee meeting minutes, second by Chairman Speakman. Motion passed.

[SPEAKMAN – Y / MUSZAR – ABSTAIN / KASAINE – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 1)

3. **Report on closed session hearings concerning change of retirement classification or cause of death** – Plan Administrator David Jones presented an agenda report which addressed the concerns that were made by Member Muszar about privacy of personal medical records presented at hearings before the board. Mr. Jones cited no clear authority regarding this matter for closed session and staff recommended the use of a hearing officer to conduct the evidentiary review of the member’s sensitive medical records, with the Plan Administrator appointed as the hearing officer. The hearing officer would follow established procedures and issue its decision directly to the member or widow. If the member or widow disagreed with the decision, then the member or widow could appeal the decision to the Board under section 2603 of the Charter. Mr. Jones said that the decision to present sensitive material at the 2603 hearing would then be the member or widow’s choice.

The Committee discussed their ideas to maintain confidentiality and establish a procedure to address public hearing considerations which may involve the disclosure of private and sensitive personal information in a public meeting setting. Member Kasaine relayed her experiences on the City of Oakland’s CalPERS Safety Disability Retirement Committee, which have many similarities to the procedures presented at the PFRS meeting.

Member Muszar said the agenda report presented today only addresses the hearings and sensitive material and did not include his request to the PFRS Legal Counsel to present a draft policy and procedures addressing this matter. He said he was not comfortable with any delegation of the decision making in these matters. Member Muszar suggested an independent hearing officer review the member request findings to the Board, who will then render a decision. If the member disagrees with these findings, a 2603 hearing can follow between the Board and the member, with the board ruling on the matter. Member Kasaine said she did not think it was advisable for the Board to act as the decision makers in both the first hearing and the 2603 hearing.

PFRS Legal Counsel Jennifer Logue added her comments to Mr. Jones's report by noting that determinations made at the Superior Court level would require evidence presented at the 2603 hearing, which indicates the importance of evidence being presented at the public 2603 hearing.

Following additional discussion, Member Muszar made a motion to direct PFRS Legal Counsel to submit two draft proposals for the May 2019 Audit Committee review addressing: (1) a Board review process, and (2) a Hearing Officer review process, as discussed at today's meeting, second by Chairman Speakman. Motion passed.

[SPEAKMAN – Y / MUSZAR – Y / KASAINE –Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0)

4. **Pending Audit Agenda List** – Plan Administrator David Jones reported the status of agenda items on the current pending audit agenda list.
5. **Future Scheduling** – The next Audit Committee meeting was scheduled for April 24, 2019. Member Muszar requested that an agenda item be added to the April 2019 Committee Agenda to discuss production of the next annual report.
6. **Open Forum** – No Report.
7. **Meeting Adjournment** – Meeting adjourned at 10:07 am.

JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of February 28, 2019

	Approved Budget		February 2019		FYTD		Remaining		Percent Remaining	
Internal Administrative Costs										
PFRS Staff Salaries	\$	1,084,000	\$	64,344	\$	609,071	\$	474,929		43.8%
Board Travel Expenditures		52,500		751		6,132		46,368		88.3%
Staff Training		20,000		378		709		19,291		96.5%
Staff Training - Tuition Reimbursement		7,500		-		1,640		5,860		78.1%
Annual Report & Duplicating Services		4,000		-		-		4,000		100.0%
Board Hospitality		3,600		516		1,710		1,890		52.5%
Payroll Processing Fees		35,000		-		-		35,000		100.0%
Miscellaneous Expenditures		46,700		2,418		22,131		24,569		52.6%
Internal Service Fees (ISF)		65,400		720		44,860		20,540		31.4%
Contract Services Contingency		50,000		-		1,200		48,800		97.6%
Office Construction Costs*		75,227		15,051		65,775		9,452		12.6%
Internal Administrative Costs Subtotal :	\$	1,443,927	\$	84,178	\$	753,228	\$	690,699		47.8%
Actuary and Accounting Services										
Audit	\$	45,000	\$	-	\$	44,300	\$	700		1.6%
Actuary		45,000		8,265		22,525		22,475		49.9%
Actuary and Accounting Subtotal:	\$	90,000	\$	8,265	\$	66,825	\$	23,175		25.8%
Legal Services										
City Attorney Salaries	\$	188,000	\$	10,274	\$	100,593	\$	87,407		46.5%
Legal Contingency		150,000		-		7,445		142,555		95.0%
Legal Services Subtotal:	\$	338,000	\$	10,274	\$	108,038	\$	229,962		68.0%
Investment Services										
Money Manager Fees	\$	1,301,900	\$	108,391	\$	558,150	\$	743,750		57.1%
Custodial Fee		124,000		29,125		58,250		65,750		53.0%
Investment Consultant (PCA)		100,000		-		50,000		50,000		50.0%
Investment Subtotal:	\$	1,525,900	\$	137,516	\$	666,400	\$	859,500		56.3%
Total Operating Budget	\$	3,397,827	\$	240,234	\$	1,594,491	\$	1,803,336		53.07%

*Carry Forward from FY 2017-2018

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of February 28, 2019

	February 2019
Beginning Cash as of 1/31/2019	\$ 7,519,958
Additions:	
City Pension Contribution - February	\$ 3,735,083
Investment Draw (Incoming Wire) - 2/1/2019	1,000,000
Misc. Receipts	2,613
Total Additions:	\$ 4,737,696
Deductions:	
Pension Payment (January Pension Paid on 2/1/2019)	(4,483,357)
Expenditures Paid	(278,885)
Total Deductions	\$ (4,762,241)
 Ending Cash Balance as of 2/28/2019*	 \$ 7,495,412

* On 3/1/2019, February pension payment of appx \$4,535,000 will be made leaving a cash balance of \$2,960,000

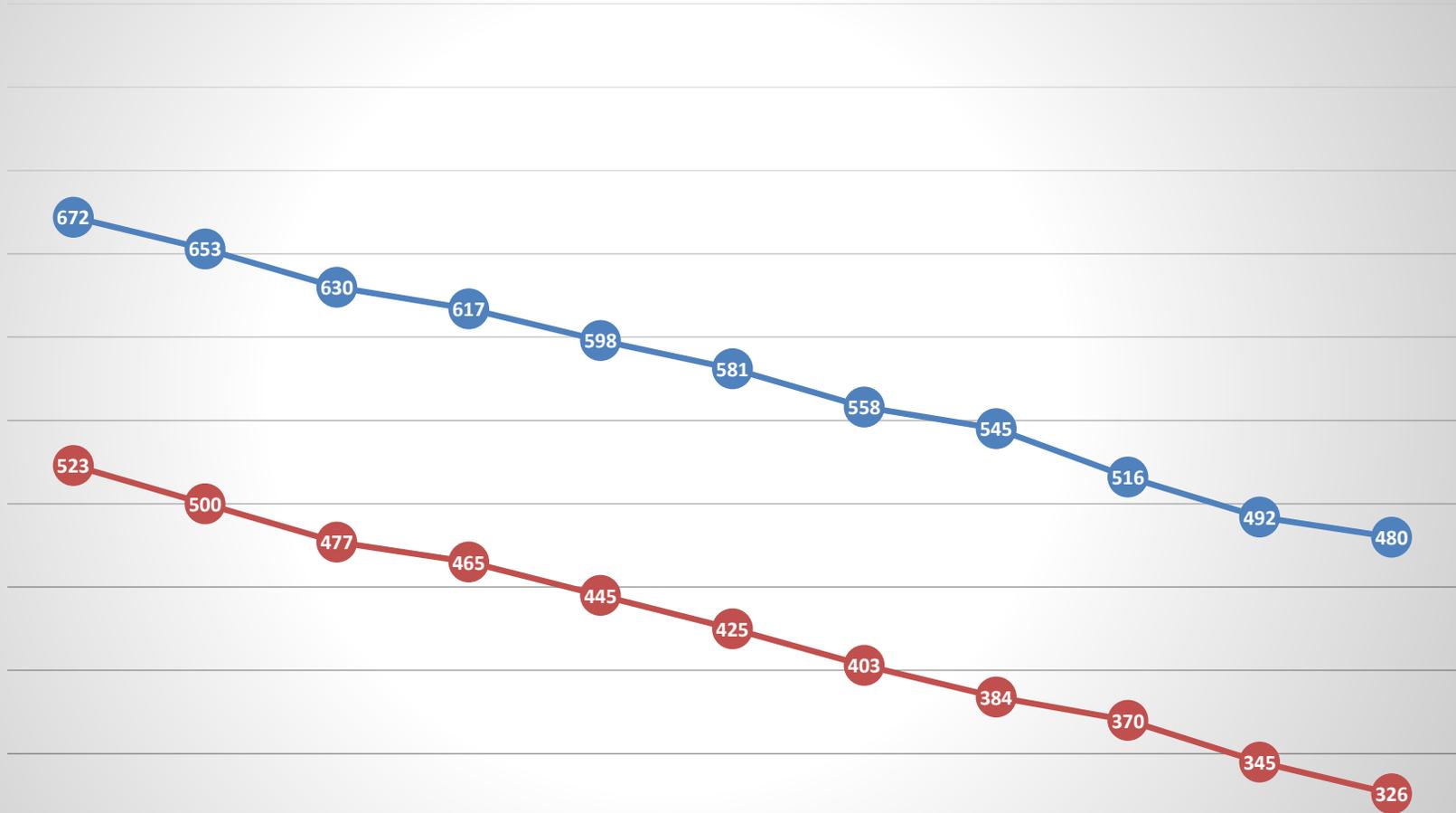
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of February 28, 2019

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	351	200	551
Beneficiary	129	126	255
<i>Total Retired Members</i>	480	326	806
<i>Total Membership:</i>	480	326	806

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	318	169	487
Disability Retirement	148	143	291
Death Allowance	14	14	28
<i>Total Retired Members:</i>	480	326	806
<i>Total Membership as of February 28, 2019:</i>	480	326	806
<i>Total Membership as of June 30, 2018:</i>	492	345	837
<i>Annual Difference:</i>	-12	-19	-31

Oakland Police and Fire Retirement System Pension Plan Membership Count As of February 28, 2019 (FY 2009 - FY 2019)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 FYTD
● Police	672	653	630	617	598	581	558	545	516	492	480
● Fire	523	500	477	465	445	425	403	384	370	345	326
● Total	1195	1153	1107	1082	1043	1006	961	929	886	837	806



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: David Jones
Plan Administrator

SUBJECT: Draft policy governing the overpayment
and underpayment of PFRS member
benefits

DATE: April 15, 2019

SUMMARY

Oakland Police and Fire Retirement System ("PFRS") staff request that the PFRS Board of Administration ("PFRS Board") review and provide comments to a draft policy governing the overpayment and underpayment of member retirement allowances (the "Policy").

BACKGROUND

To develop this Policy, staff researched and reviewed the bylaws, rules and regulations, and operational policies of several public pension systems including: the San Diego City Employees' Retirement System, San Joaquin County Employees' Retirement Association, San Mateo County Employees' Retirement Association, San Jose Federated Employees' Retirement System, City of Fresno Retirement System, Fresno County Employees' Retirement Association, Sacramento Regional Transit District, and Contra Costa County Employees' Retirement Association. Staff used this research, to draft a Policy to specifically address the needs and concerns of PFRS. The Policy will guide staff in the effective and efficient resolution of overpayment and underpayment of retirement allowances to members.

At the April 25, 2018 Audit Committee meeting, staff submitted for Audit Committee review the Agenda Report addressing the Draft Policy Governing Overpayment and Underpayment of Member Retirement Allowances. Following Audit Committee discussion, a motion made by Member Muszar was passed (1) to hold this matter over until the June 2018 Audit Committee meeting for further discussion and (2) to have Committee Members submit to staff written comments by June 15, 2018 in order for them to be published with the June 2018 agenda.

On April 30, 2018, staff delivered by email the DRAFT Policy Governing Overpayment and Underpayment of Member Retirement Allowances to each Board member requesting comments be returned to staff by June 13, 2018.

At the June 27, 2018 Audit Committee meeting, the Audit Committee decided that continued work on this matter would be carried over to the August 29, 2018 Audit Committee meeting for continued discussion and editing.

PFRS Board Meeting
April 24, 2019

Board of Administration, Oakland Police and Fire Retirement System

Subject: Draft Policy Governing the Overpayment and Underpayment of PFRS Member Benefits

Date: April 15, 2019

Page 2

At the August 29, 2018 Audit Committee meeting, the Audit Committee decided that continued work on this matter would be carried over to the next scheduled Audit Committee meeting for continued discussion and editing. However, the September 26, 2018 Audit Committee was canceled and the work on this matter was carried over to the October 31, 2018 Audit Committee meeting for continued discussion and editing.

At the October 31, 2018 Audit Committee meeting, The Audit committee decided that continued work on this matter would be carried over to the next meeting when the Audit Committee will have all three committee members available to discuss this matter, which was expected to be the November 28, 2018 Audit Committee meeting.

At the November 28, 2018 Audit committee meeting, following Audit Committee discussion, Member Muszar suggested he work with staff prior to future committee discussion of the overpayment and underpayment policy to refine his suggested edits detailed in attachment 2. Upon completing these refinements, the Audit Committee would re-commence discussion on the Draft Policy Governing Overpayment and Underpayment of PFRS Member Benefits.

At the January 31, 2019 Audit Committee meeting, the committee continued to refine the policy. Following committee discussion, Member Muszar agreed to continue to discuss further refinements to this policy with staff. The Audit Committee continued this matter to the April 2019 Audit Committee meeting for continued discussion.

RECOMMENDATION

Staff recommends the PFRS Board review and provide comments to the draft Policy included as Attachment 1.

Respectfully submitted,



David Jones, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (2):

1. *Policy Governing the Overpayment and Underpayment of PFRS Member Retirement Allowances - Committee Working Copy as of 03/6/2019.*
2. *Policy Governing the Overpayment and Underpayment of PFRS Member Retirement Allowances - RMuszar Working Copy as of 03/6/2019*

PFRS Board Meeting
April 24, 2019

ATTACHMENT 1

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

I. PURPOSE

The purpose of this Policy Governing the Overpayment or Underpayment of Member ~~Benefits-Retirement Allowances~~ (“Policy”) is to set forth procedures for handling the overpayment and under-payment of Retirement Allowance payments to members and beneficiaries (~~“Members”~~) of the Oakland Police and Fire Retirement System (“PFRS”).

~~This Policy is designed for use when a benefit overpayment/underpayment affecting an individual or small groups of Members. The PFRS Board may implement a different correction process that it determines is appropriate under special large scale adjustments; such as court orders, charter interpretation, changes to a Memoranda of Understanding (“MOU”).~~ In the event of any inconsistency between applicable law and this Policy, the law shall take precedence.

II. INTRODUCTION

The Oakland Police and Fire Retirement Board (“PFRS Board”) has a fiduciary obligation to the retirement fund to conserve fund assets and protect the integrity of the fund for the benefit of all ~~members and beneficiaries (“Members”) of the Oakland Police and Fire Retirement System~~ PFRS Members. ~~This duty includes maintaining the tax-qualified status of the Plan. Therefore, the PFRS Board, acting through its delegated administrative staff (“Staff”), has a duty to investigate any retirement allowance overpayments or underpayments promptly and diligently, and to recover overpayments and pay out underpayments of retirement plan benefits, unless circumstances exist that make it unreasonable to do so.~~

Members have a right to accurate and timely pension payments. Except as determined by a court of law or the PFRS Board pursuant to the Policy, no Member may receive or retain ~~benefit-retirement allowance~~ payments over the amounts to which the Member is entitled, and no Member may be deprived of ~~benefit-retirement allowance~~ payments to which the Member is entitled ~~to receive. Subject to all applicable laws, it shall be PFRS' policy to remit to a Member the amount of any underpayment of benefits, and to make every reasonable effort to recover from a Member the amount of any overpayment of benefits consistent with the Policy and the procedures established herein by the PFRS Board.~~

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

III. POLICY

It is the policy of the PFRS Board, acting through its delegated administrative staff (“Staff”), to investigate any alleged retirement allowance overpayments or underpayments promptly and diligently, and make every reasonable effort to recover overpayments and pay out underpayments of Retirement Allowances, unless the PFRS Board determines, pursuant to the terms of this Policy, that circumstances dictate otherwise.

After the discovery of an overpayment or underpayment of ~~benefits~~retirement allowances, and after the required written notification to the affected Member, PFRS will adjust future benefit payments to the Member to reflect the correct total amount to which the Member is entitled (as indicated below). PFRS will also pay or assess the Member as appropriate for the underpayment or overpayment in a lump sum, installments, adjustments to future monthly benefit payments, or a combination of these methods to which the Members are entitled in accordance with this policy and applicable law.

Overpayment of Retirement Allowance to PFRS’ Members and Beneficiaries

1. PFRS Staff will correct the Member’s recurring monthly overpayment to the correct amount going forward at the earliest practical time after discovering any overpayments.
2. PFRS will take all reasonable steps to recover the full amount of all overpayments subject to the provisions of the Policy and applicable law.
3. PFRS will recover overpayments by (a) a lump sum payment from the Member, (b) periodic installment payments from the Member, or (c) offsetting the amount to be recovered against monthly benefit payments over a period of time not to exceed three years; unless the PFRS Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.
4. The PFRS Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpayments only where the cumulative total amount overpaid to the Member is \$20 or more. Accordingly, the Retirement Plan Administrator (the “Plan Administrator”) is authorized to not seek recovery of any overpayments where the total amount overpaid to the Member is less than \$20.
5. The Plan Administrator shall have authority to negotiate the terms of recovering overpayments through installments, lump sums, or as offsets against monthly benefit payments for amounts below five thousand dollars (\$5,000.00). The PFRS Board must approve installment overpayment recovery agreements when the total amount of overpayment is five thousand dollars (\$5,000.00) or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and documented financial hardship of the Member or Member’s estate will be considered by the Plan Administrator and/or the PFRS Board when agreeing to

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

installment recovery terms. Any forgiveness of debt above One Hundred Dollars (\$100.00) must be approved by the PFRS Board.

6. PFRS may pursue all legal remedies to collect overpayments, including making a claims against an estate or trust.
7. Upon the death of the Member before full repayment of an overpayment has been made, PFRS shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.
8. If a Member dies while making repayments to PFRS, the entire balance of the amount owed shall become due upon the Member's death and deducted from the final remittance check. Any remaining unpaid balance shall be pursued in accordance with this Policy. Overpayments due shall not be deducted from a Member's \$1,000 death benefit payment unless there is no designated qualified beneficiary. If the deceased Member has a surviving spouse who is entitled to a reduced continuation of the Member's monthly benefit, the Plan Administrator has the authority to collect a reduced monthly amount from the surviving spouse without changing the total amount owed by the deceased Member.
9. Before collecting an overpayment from the monthly retirement allowance of a Member without consent, PFRS will give at least 30-day's notice.
10. The PFRS Board adopts the following procedures for accomplishing the recovery of overpaid ~~benefits~~retirement allowances:
 - A. **Notification of Overpayment.** Upon discovery of an overpayment, PFRS shall send a **Notice of Overpayment of Member Retirement Allowance** by certified mail, return receipt requested, or by express delivery service, to the Member advising the Member as follows:
 - i. The notice will identify the facts and circumstances of the overpayment and details showing the total amount of the overpayment.
 - ii. The notice will request payment to PFRS of the amount overpaid, subject to the provisions of the Policy.
 - iii. The notice will provide three options of repayment, one of which may be selected by the Member:
 - (1) Option 1 — lump sum payment to PFRS for the full amount overpaid. Lump sum payment must be made within 30 days of the notice.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

- (2) Option 2 — reduction from monthly benefit payments in the amount equal to ten percent (10%) of the total overpayment, until paid back in full.
- (3) Option 3 — repayment in equal installments over the same length of time that the overpayments occurred or three years, whichever is longer. Unless a financial hardship is approved by the PFRS Board, the installment period shall not exceed 3 years.
- iv. The notice and agreement to repay excess ~~benefits~~retirement allowances will provide that Option 2 (10%) will go into effect by default if the Member fails to choose an alternative option within 30 days following the date of the notice.
- v. The notice shall state that dispute of overpayment must be submitted in writing to the Retirement office within 30 days following the date the notice was sent. This dispute should include supporting documentation, if applicable.

Underpayment of Retirement Allowance to Members and Beneficiaries

- 1. When PFRS has underpaid Retirement Allowances, the Member shall be entitled to a prospective adjustment to his or her Retirement Allowance necessary to correct the underpayment, as well as a lump sum payment for all past underpayments. The corrective payment shall be made as soon as is reasonably practicable following PFRS's discovery of the underpayment.
- 2. If a Member who was underpaid Retirement Allowances has died prior to payment of the lump sum amount due, the following procedures will be followed:
 - A. **Deceased Member with a Qualifying Widow/Widower for Survivor's Continuance**
 - i. If a deceased Member has a qualifying widow/ widower, the payment will be made directly to that person.
 - B. **Deceased Member without a Qualifying Widow/Widower for Survivor's Continuance**
 - i. If there is an open probate (i.e., no order for final distribution has been made), payment will be made to the estate through the personal representative or other legal process provided for in the Member's state of residence.
 - ii. If final distribution of the estate has been made, PFRS will review the order for final distribution to determine how assets that were unknown at

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.

- iii. If the Member's estate passed into an intervivos trust, the underpayment may be made to the Trustee after satisfactory inspection of trust documents.
 - iv. If probate was not established, distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property pursuant to California Probate Code Section 13101 or other legal process provided for in the Member's state of residence.
 - v. PFRS staff shall make reasonable efforts to locate the beneficiary entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such beneficiary, or by other means of similar intended effect.
 - vi. If, after taking the above steps, PFRS staff has not been able locate a beneficiary entitled to payment, PFRS shall hold the funds on behalf of that beneficiary for five years. If the funds are not claimed within five years, the funds may be transferred into the PFRS reserve fund. If a beneficiary later appears to claim the funds, the PFRS Board will consider such claims on a case-by-case basis.
3. Underpayments of \$20 or less will only be paid at the request of the Member.

IV. Periodic Review

- 1. Review of this Policy will be conducted by the Audit and Operations Committee not less than every three years.
-

The Policy Governing the Overpayment or Underpayment of Member ~~benefits~~ Retirement Allowances of the Oakland Police and Fire Retirement System is hereby approved by vote of the Retirement Board, effective <DATE>.

WALTER L. JOHNSON, SR.
PRESIDENT
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

~~KATANO KASAIN~~ DAVID JONES
SECRETARY
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

ATTACHMENT 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT OF MEMBER RETIREMENT ALLOWANCES

I. PURPOSE

The purpose of this Policy Governing the Overpayment or Underpayment of Member ~~Benefits Retirement Allowances~~ ("Policy") is to set forth procedures for handling the overpayment and ~~under payment~~ underpayment of Retirement Allowance payments to members and beneficiaries ("~~Members~~") of the Oakland Police and Fire Retirement System ("PFRS").

~~This Policy is designed for use when a benefit Retirement Allowance overpayment/underpayment affecting affects an individual or a small groups of Members. The PFRS Board may implement a different correction process that it determines is appropriate under special whenever large scale adjustments, such as court orders, charter interpretation, changes to a Memoranda of Understanding ("MOU") are necessitated by this Policy. For the purposes of this Policy, a large scale adjustment is an adjustment affecting twenty (20) or more Members.~~

In the event of any inconsistency between applicable law, ~~including any applicable statutes of limitations~~, and this Policy, the law shall take precedence.

II. INTRODUCTION

The Oakland Police and Fire Retirement Board ("PFRS Board") has a fiduciary obligation to the retirement fund to conserve fund assets and protect the integrity of the fund for the benefit of all ~~PFRS members and beneficiaries ("Members") of the Oakland Police and Fire Retirement System. This duty includes maintaining the tax qualified status of the Plan. Therefore, the PFRS Board, acting through its delegated administrative staff ("Staff"), has a duty to investigate any retirement allowance overpayments or underpayments promptly and diligently, and to recover overpayments and pay out underpayments of retirement plan benefits, unless circumstances exist that make it unreasonable to do so.~~

Members have a right to accurate and timely pension payments. Except as determined by a court of law or the PFRS Board pursuant to the Policy, no Member may receive or retain ~~benefit Retirement Allowance~~ payments over the amounts to which the Member is entitled, and no Member may be deprived of ~~benefit Retirement Allowance~~ payments to which the Member is entitled ~~to receive~~.

~~Subject to all applicable laws, it shall be PFRS' policy to remit to a Member the amount of any underpayment of benefits, and to make every reasonable effort to recover from a Member the amount of any overpayment of benefits consistent with the Policy and the procedures established herein by the PFRS Board.~~

III. POLICY

Commented [b1]: Changed to be consistent with the title of the Policy.

Commented [b2]: Simply making the abbreviated reference the first time the reference is made.

Commented [b3]: Hopefully changed throughout the document for consistency.

Commented [b4]: Thought it might be a good idea to define "large scale".

Commented [b5]: I believe in most cases that would be 3 years, which I believe is reasonably consistent with past practices.

Commented [b6]: Perhaps we should consider placing the Introduction before Purpose.

Commented [b7]: Reference to tax status seemed out of place and unnecessary.

Commented [b8]: Relocated and joined with other language to draft a revised stand-alone Policy statement.

Commented [b9]: Addressed in revised Policy Statement.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

~~Therefore, It is the policy of the PFRS Board, acting through its delegated administrative staff ("Staff"), has a duty to investigate any alleged retirement allowance overpayments or underpayments promptly and diligently, and, consistent with any applicable statutes of limitations, to make every reasonable effort to recover overpayments and pay out underpayments of Retirement plan benefits Allowances, unless the PFRS Board determines, pursuant to the terms of this Policy, that circumstances exist that make it unreasonable to do so dictate otherwise.~~

Commented [b10]: The purpose here is to create a Policy statement that stands alone and is not mixed in with other drafting.

IV. PROCEDURES

Commented [b11]: Most of what was in the Policy Section actually amounted to procedures.

A. Underpayments

When PFRS has underpaid Retirement Allowances, the Member shall be entitled to a prospective adjustment to his or her Retirement Allowance necessary to correct the underpayment, as well as a lump sum payment for all past underpayments. The corrective payment shall be made as soon as is reasonably practicable following PFRS's discovery of the underpayment and Notice to the Member(s).

1. Notice

Upon discovery of an underpayment, PFRS shall send a Notice of Underpayment of Member Retirement Allowance ("Notice" or "Notification") by certified mail, return receipt requested, or by express delivery service, to each affected Member. The Notice of Underpayment of Member Retirement Allowance will advise the Member as follows:

- a. The facts and circumstances of the underpayment including details showing the total amount of the underpayment and how those amounts were determined.
- b. If applicable, a detailed description of any prospective corrections to be made and the effective date of such corrections.
- c. The amount, method of payment and timing of any back-payment due to the Member.
- d. The Member's right to appeal and the procedures for filing an appeal provided that the Member shall be given a minimum of thirty (30) days to file. The Notice will inform the Member that an appeal will not stay prospective corrections and that it may delay the payment of back-pay awards.

Commented [b12]: I thought it might be good to address the question of stays in the Policy.

- a.e. The Notice required by Section IV.A.1. of this Policy will be forwarded to the executor of the estate or probate referee, whichever is appropriate.

2. Prospective Correction of Underpayments

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

After the discovery and verification of an overpayment ~~benefits~~Retirement Allowances, and after the required ~~written notification~~Notification to the affected Member(s), PFRS will adjust future benefit payments to the Member to reflect the correct total amount to which the Member is entitled ~~(as indicated below)~~. Prospective corrections will be implemented at the earliest possible time but no earlier than fifteen (15) days following the date of Notice.

Commented [b13]: This provides time to make whatever banking adjustments that might be required if the Retirement Allowance is reduced prospectively.

- 3. Lump Sum Payment of Past Underpayments**~~PFRS will also pay or assess the Member as appropriate for the underpayment or overpayment in a lump sum, installments, adjustments to future monthly benefit payments, or a combination of these methods to which the Members are entitled in accordance with this policy and applicable law~~

In the absence of a timely appeal filed by the affected Member pursuant to Section ___ below, the full amount of any past underpayment owed to the Member will be paid to the Member or his/her estate no later than sixty (60) calendar days following date of the Notice of Underpayment. Total past Underpayments underpayments of \$20 fifty dollars (\$50.00) or less will only be paid at the request of the Member.

Commented [b14]: I would be comfortable going as high a \$100.

4. Effect of Timely Appeal

Upon receipt of a timely appeal filed by the affected Member pursuant to Section ___ below, both prospective correction pursuant to Section IV.A.1. and the payment of past underpayments pursuant to Section IV.A.2. may, at the discretion of the Plan Administrator, be held in abeyance pending final resolution of the appeal. If held in abeyance both prospective correction and any past payments due will be accomplished no later than sixty (60) calendar days following final resolution of the appeal.

5. Processing of Underpayments to Members Now Deceased

- a. Deceased Member with a Qualifying ~~Widow/Widower~~Spouse for Survivor's Continuation.**

If a deceased Member has a qualifying ~~widow/widowers~~spouse, the Notice required by Section IV.A.1. of this Policy will be provided to the qualifying spouse. Future Retirement Allowance payments will be appropriately adjusted and the lump-sum payment of past underpayments will be made directly to that person/the qualified spouse.

- 2. Deceased Member without a Qualifying ~~Widow/Widower~~Spouse for Survivor's Continuation.**

- (1) If the deceased Member does not have a qualifying spouse and there is an open probate (i.e., no order for final distribution has been made), payment

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

will be made to the estate through the personal representative or other legal process provided for in the Member's state of residence. ~~The Notice required by Section IV.A.1. of this Policy will be forwarded to the executor of the estate or probate referee, whichever is appropriate.~~

Commented [LD15]: This sentence moved to IV(A)(1)(e) – Underpayment Notices after discussion with Member Muszar.

- (2) If final distribution of the estate has been made, PFRS will review the order for final distribution to determine how assets that were unknown at the time of final distribution are to be distributed under the order. Notice and Payment will then be made in compliance with the order for final distribution, if possible.
- (3) If the Member's estate passed into an inter vivos inter-vivos trust (living trust), Notice and the underpayment may be made to the Trustee after satisfactory inspection of trust documents.
- (4) If probate was not established, Notice and distribution will be made in accordance with any applicable and valid Affidavit for Payment of Personal Property pursuant to California Probate Code Section 13101 or other legal process provided for in the Member's state of residence.
- (5) PFRS staff shall make reasonable efforts to locate the beneficiary entitled to payment by sending a letter by certified mail, return receipt requested, to the last known address of each such beneficiary, or by other means of similar intended effect.
- (6) If, after taking the above steps, PFRS staff has not been able locate a beneficiary entitled to payment, PFRS shall hold the funds on behalf of that beneficiary for five years. If the funds are not claimed within five years, the funds may be transferred into the PFRS reserve fund. If a beneficiary later appears to claim the funds, the PFRS Board will consider such claims on a case-by-case basis.

Commented [b16]: What if there is no estate, as can be the case for property held jointly with right of survivorship? Should we have a paragraph to address circumstances where there is no estate?.

Commented [b17]: Does this cover my question at b23?

Commented [b18]: This almost reads like an escrow account of some sort. Is that really necessary? Is there an easier way to account for the funds?

B. Overpayments

Except as provided below, PFRS will take all reasonable steps to recover the full amount of all overpayments ~~subject to the provisions of the Policy and applicable law~~. PFRS may pursue all legal remedies to collect overpayments, including making ~~a~~ claims against ~~an~~ the Member's estate or trust.

1. Notice

The Notice of Overpayment of Member Retirement Allowance will advise the Member as follows:

Commented [LD19]: Part IV(A)(2) was moved AND edited by Member Muszar.

- a. The facts and circumstances of the overpayment including details showing the total amount of the overpayment and how those amounts were determined.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

- b. If applicable, a detailed description of any prospective corrections to be made and the effective date of such corrections.
- c. That the full amount of the overpayment must be repaid to PFRS through selection of one of the following options:
 - (1) Option 1. Lump sum payment to PFRS for the full amount overpaid. Lump sum payment must be made within 30 days of the Notice.
 - (2) Option 2. Reduction from monthly benefit payments in the amount equal to ten percent (10%) of the total overpayment, not to exceed ten percent (10%) of the Member's monthly Retirement Allowance, until paid back in full.
 - (3) Option 3. Repayment in equal installments over the same length of time that the overpayments occurred or three years, whichever is longer.
- d. That Option 2 (10%) will go into effect by default if the Member fails to choose an alternative option within 30 days following the date of the Notice.
- e. The procedures by which the Member may claim and apply for a financial hardship and/or negotiate an alternative repayment plan pursuant to the terms of the Policy.
- f. The Member's right to appeal and the procedures for filing an appeal provided that the Member shall be given a minimum of thirty (30) days to file. The Notice will inform the Member that an appeal will not stay prospective corrections and that collection of amounts owed will be stayed for a maximum of ninety (90) days pending the processing of the appeal.

2. Prospective Correction of Overpayments

After the discovery and verification of an overpayment of benefits Retirement Allowances, and after the required written notification Notification to the affected Member(s), PFRS will adjust future benefit payments to the Member to reflect the correct total amount to which the Member is entitled (as indicated below). Prospective corrections will be implemented at the earliest possible time but no earlier than thirty (30) days following the date of Notice.

3. Recovery of Overpayments

and Beneficiaries PFRS Staff will correct the Member's recurring monthly overpayment to the correct amount going forward at the earliest practical time after discovering any overpayments.

- a. Unless the PFRS Board, in its discretion and because of legal or practical considerations, determines otherwise, PFRS will recover overpayments by one

Commented [b20]: I was concerned that 10% of the total amount owed could exceed 10% of the Retirement Allowance. I think a 10% reduction is probably the most we should require people to absorb.

Commented [b21]: The Policy authorizes the Plan Administrator to negotiate. Members should be noticed that this is available to them.

Commented [b22]: This provides time to make whatever banking adjustments that might be required if the Retirement Allowance is reduced prospectively.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

of the following methods: (a) a lump sum payment from the Member; (b) ~~periodic installment payments from the Member~~ deduction from the monthly Retirement Allowance in the amount equal to ten percent (10%) of the total overpayment, not to exceed ten percent (10%) of the Member's monthly Retirement Allowance, until paid back in full; or (c) offsetting the amount to be recovered against monthly benefit payments over a period of time not to exceed three years.

Commented [b23]: The original language was not very distinguishable from Option C. This spells it out.

b. ~~unless the PFRS Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.~~ The PFRS Board ~~believes has determined~~ that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpayments only where the cumulative total amount overpaid to the Member is \$20 fifty dollars (\$50.00) or more. Accordingly, the Retirement Plan Administrator (the "Plan Administrator") is authorized to ~~not seek recovery of any write-off~~ overpayments where the total amount overpaid to the Member is less than \$20 fifty dollars (\$50).

Commented [b24]: I think \$20 was too low. I would be comfortable going to \$100.

4. Plan Administrator's Authority to Negotiate Collections and Settle Overpayments

a. In addition to the options identified in Section IV A. 2. and IV B 2 of this Policy, ~~The Plan Administrator shall have authority to negotiate and/or renegotiate and approve the alternative terms of recovering for the recovery of overpayments through installments, lump sums, or as offsets against monthly benefit payments for amounts when the amount of the overpayment is below five thousand dollars (\$5,000.00).~~

Commented [b25]: This probably needs to be developed a little further but I am attempting to give the Plan Administrator the authority to renegotiate terms of payment when a justifiable change in circumstances occurs. For example, a financial hardship could occur after a payment plan is in place.

b. ~~The Subject to PFRS Board approval, the Plan Administrator may negotiate and/or renegotiate alternative terms for the recovery of overpayments must approve installment overpayment recovery agreements~~ when the total amount of overpayment is five thousand dollars (\$5,000.00) or more.

Also, maybe we should state somewhere that a Member can always pay off what is owed at any time.

c. When negotiating alternative recovery terms, the Plan Administrator and/or the PFRS Board will consider, among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and documented financial hardship of the Member or Member's estate.

d. ~~installment~~ The Plan Administrator shall have the authority to forgive up to one hundred dollars (\$100.00) of any amount owed. Any forgiveness of ~~debt~~ amounts owed above ~~One-one Hundred Dollars-dollars~~ (\$100.00) must be approved by the PFRS Board.

5. Processing of Overpayments Made to Members Now Deceased

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

- a. If the deceased Member has a surviving spouse who is entitled to a ~~reduced~~ full continuation of the Member's monthly ~~benefit~~ Retirement Allowance, the balance owed at the time of the Member's death will be collected from future Retirement Allowance payments at the same rate and on the same schedule as was in place at the time of the Member's death.
- b. If the deceased Member has a surviving spouse who is entitled to a reduced Retirement Allowance, the Plan Administrator has the authority to collect a reduced monthly amount from the surviving spouse without changing the total amount owed by the deceased Member; provided that the amount collected shall be reduced by at least the same percentage that the monthly Retirement Allowance was reduced.
- c. If a Member dies while making repayments to PFRS, and there is no surviving spouse who is eligible for a continuing Retirement Allowance, the entire balance of the amount owed shall become due upon the Member's death and will be deducted from the final remittance check if the check has not already been issued and deposited into the deceased Member's account. Any remaining unpaid balance shall be pursued in accordance with this Policy as a claim against the deceased Member's estate.
- d. Overpayments due shall not be deducted from a Member's \$1,000 death benefit payment unless there is no designated qualified beneficiary.

Commented [b26]: I am opposed to the practice of backing money out of accounts once it has been deposited.

V. Processing of Appeals

Appeals filed pursuant to this Policy which cannot be resolved informally, will be processed in accordance with Section 2603 of the City Charter and any procedures adopted by the PFRS Board for the conduct of such hearings.

Commented [b27]: I think 2603 applies here as the action would amount to an individual "claim".

~~V.~~ VI. Periodic Review

Review of this Policy will be conducted by the Audit and Operations Committee not less than every three years.

The Policy Governing the Overpayment or Underpayment of Member Retirement Allowances of the Oakland Police and Fire Retirement System is hereby approved by vote of the Retirement Board, effective <DATE>.

Commented [b28]: General Comments: I would like to see us adopt a standardized formatting and numbering system for Board Policies. If not already there, I believe that Board Policies should be posted to the PFRS web page.

I would like to thank Staff for the work they put into this – it represents a very solid effort with a complicated and sensitive topic.

I also would like to thank Staff and the members of the Audit Committee for providing this opportunity for written comment.

bob muszar

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICY GOVERNING THE OVERPAYMENT OR UNDERPAYMENT
OF MEMBER RETIREMENT ALLOWANCES**

WALTER L. JOHNSON, SR.
PRESIDENT
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

DAVID JONES
SECRETARY
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

DRAFT



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: David Jones

SUBJECT: Discussion of 2006 Management Audit of
the PFRS administration

DATE: April 15, 2019

BACKGROUND

At the August 30, 2017 PFRS Audit Committee meeting, staff was directed to review the agenda package document related to the task completion reports to verify task completion related to Investment Committee recommendations.

- Staff has confirmed that the Audit Committee-related tasks were reported as completed by the PFRS Audit Committee and staff to the PFRS board at the May 26, 2010 meeting.
- Staff has also confirmed that the Investment Committee-related tasks were reported as completed by the PFRS Investment Committee and staff to the PFRS board at the May 18, 2011 meeting.

At the September and October 2017 PFRS Audit Committee meeting tabled discussion of the Management Audit item to a later meeting.

At the June 27, 2018 Audit Committee meeting, the Audit Committee decided that continued discussion on this matter would be carried over to the August 2018 Audit Committee meeting.

Following discussion at the August 29, 2018 Audit Committee meeting, the Audit Committee recommended the PFRS Board act to authorize the audit committee to develop a management audit limited in scope to examining the operational issues covered in the 2006 management audit. At the Board meeting, the Board discussed the merits and logistics of conducting a new management audit. It then decided to postpone further discussion of a management audit until Spring 2019.

Respectfully submitted,

David Jones, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (2):

1. *Completion Reports of Administrative Audit Task Matrix Submitted to the PFRS Board by the Audit Committee on May 26, 2010.*
2. *Completion Reports of Administrative Audit Task Matrix Submitted to the Investment Committee on May 18, 2011.*

PFRS Board Meeting
April 24, 2019

ATTACHMENT 1

The following table summarizes the recommendations by Independent Fiduciary Services, Inc (IFS) to Oakland PFRS originally presented May 22, 2006. The comments provided reflect the staff review of these recommendations as of May 26, 2010.

Number	Recommendation(s)	Page
A. Identification and Assignment of Responsibilities		
1	<p><i>The Board should seek amendments to the Charter to delete the “legal list” restrictions on its authority to invest the System’s assets and to grant to PFRS authority to select the custodian of the System’s assets.</i></p> <p>Staff Comment: <u>Implemented</u>. In November 2006, City voters passed Measure M granting the Board significantly more flexibility when investing the System’s assets. Specifically, the Measure amended the City Charter to allow the System’s Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard as defined by the California Constitution.</p>	16
2	<p><i>The Board should continue to consider and approve the System’s administrative budget, and staff should provide to the Board all the data necessary for the Board to make prudent budget decisions.</i></p> <p>Staff Comment: <u>Implemented</u>. Staff now provides monthly Administrative report. The report provides a monthly update on the System’s expenditures, Cash held in Treasury, Retiree census and Investment Fund Balances.</p>	16
3	<p><i>The Board should participate in the process by which the staff assigned to PFRS are selected, evaluated and compensated, and should obtain a commitment from OPRM and FMA that no staff assigned to PFRS shall be employed without input from the Board.</i></p> <p>Staff Comment: <u>Partially Implemented</u>. The PFRS Board currently participates in the interview process and selection of staff. The Board also approves a Budget that includes the allocation of staff and the appropriate salaries.</p>	17
4	<p><i>The Board should seek the assignment to PFRS of staff with investment expertise to assist the Board in setting investment policy and monitoring the performance of the System’s investment managers and consultant.</i></p> <p>Staff Comment: Not implemented. This recommendation has been raised with the Audit Committee for consideration. The Investment Consultant (PCA) monitors performance and recommends investment policy. In addition, the Retirement System Accountant works internally on investment related items.</p>	17 (Weight = 9)
5	<p><i>Pensioner records filing should be made a priority project. All pensioners’ filing information</i></p>	19

Number	Recommendation(s)	Page
	<p><i>received in the future should be filed in a timely manner – i.e., within one week of receipt.</i></p> <p>Staff Comment: Implemented. All backlogged filing has been completed and a system established for ongoing filing to avoid future backlogs. Filing is done on a regular basis.</p>	
6	<p><i>Pensioner record file drawers should be locked at all times when unattended by the Benefits Representative.</i></p> <p>Staff Comment: Partially Implemented. New file cabinets with locks have been ordered and files are in the process of being transferred.</p>	19
7	<p><i>Use of a scanner for document storage is also recommended. Certain paper documents could then be shredded for security purposes.</i></p> <p>Staff Comment: Partially Implemented. Steps have been taken to begin implementation of this recommendation. All of the money manager contracts have been scanned and are stored. No timeframe has been established at this point for scanning and storing other types of documents.</p>	19
8	<p><i>It should be required that all address changes are to be made in writing and signed by the pensioner only.</i></p> <p>Staff Comment: Implemented. All Address changes are now required to be made in writing and signed by the pensioner.</p>	20
9	<p><i>It should be required that a notary's stamp and signature appear on all beneficiary forms verifying the signature is that of the pensioner.</i></p> <p>Staff Comment: Implemented. PFRS Retirees currently have beneficiary forms on file. The form was originally completed when the employee retired and were updated based on this recommendation. All significant changes requested by the Retiree require a notary when the Retiree is not able to come to the office.</p> <p>In August 2008, Staff sent out information to all Retirees to update their existing Beneficiary information. All changes to Beneficiary information require a notary.</p>	20
10	<p><i>OPRM should develop a written record retention policy that incorporates City requirements but addresses the special needs of a retirement system. While this will aid in preventing the untimely destruction of plan materials, with the limited availability of storage space, it may allow for the disposition of unnecessary materials.</i></p>	23 (Weight = 1)

Number	Recommendation(s)	Page
	<p>Staff Comment: <u>Not Implemented.</u> The City of Oakland already has a record retention policy. It includes the requirement to retain active retirement payment records for seven years.</p>	
11	<p><i>The Board meeting cassettes should be located for the past four years so that the System is in compliance with the Brown and Sunshine requirements to maintain meeting minutes for a minimum period of four years.¹</i></p> <p>Staff Comment: Implemented. The Board meeting cassettes are available for the past four years.</p>	23
12	<p><i>Should the practice of recording meetings be maintained, new technology, such as a CD recorder, should be utilized to avoid loss due to deterioration of cassettes over time.</i></p> <p>Staff Comment: Implemented. Board meetings are now recorded using a digital recorder.</p>	23
13	<p><i>Written minutes should provide more detail, especially in areas where the Board provides direction. For example, if the Board approves transfer of assets from one investment manager to another, or makes a policy decision, the minutes should reflect the effective date of the transfer or policy. It is also recommended that the meeting minutes reflect the signature of the President of the Board to attest to the approval of the minutes as drafted.</i></p> <p>Staff Comment: Implemented. Written minutes are now being prepared with more detail as recommended and the Board president and Committee Chairs are now required to sign them.</p>	23
14	<p><i>Use of a scanner for document storage is also recommended. Scanning of meeting materials would reduce the need for use of the limited storage space. It would also protect against the loss of older records due to natural disaster.</i></p> <p>Staff Comment: <u>Partially implemented.</u> All of the money manager contracts and additional historical information has been scanned and stored. No timeframe has been established at this point for scanning and storing Retiree files.</p>	23
15	<p><i>Establish a written procedure, for inclusion in the Standard Operations Manual (SOM), for expense payments.</i></p> <p>Staff Comment: Implemented. The expense payments process described in the Audit Report is now documented in a desk operations manual. Each staff person has a desk operations manual specific to the tasks performed. Manuals were completed in July 2006. Copies of the manuals</p>	24

¹ Staff reports that this recommendation has been completed.
ATTACHMENT 1

Number	Recommendation(s)	Page
	<p>are on the respective staff desk, on the shared drive accessible by appropriate staff and maintained on 3.5 floppy disks.</p>	
16	<p><i>The Board seat of Insurance Representative should be filled as soon as possible.</i></p> <p>Staff Comment: Implemented. The Board seat of Insurance Representative was filled.</p>	25
17	<p><i>The pension payment spreadsheet should be password protected by Accountant 1. Any proposed changes to the file by the Benefits Representative should be provided to and entered by Accountant 1, prior to submission to the accounting department for final payment.</i></p> <p>Staff Comment: Implemented. Passwords have been assigned to pension payments files. It was recently discovered that all Pension Payments are considered public information and are not required to be password protected. SSN information is not included in the files. The process has been modified as recommended to require calculations to a member file be made by the Retirement Systems Accountant and verified by the Accountant.</p>	26
18	<p><i>All changes to the banking information for direct deposits should be verified and confirmed for accuracy. Changes to bank routing information should be approved by a second staff member.</i></p> <p>Staff Comment: Implemented. All Banking information is verified monthly by the City of Oakland. Bank and staff are notified when there is incorrect information. All members who make Bank changes are required to submit a voided check with the member's name and banking information.</p>	26
19	<p><i>An administrative management report providing the following information should be provided to the Board on a monthly or quarterly basis: (1) the number of pensioners receiving benefits, (2) benefit payment totals, (3) the number of active participants and their contributions, (4) beginning and ending investment and cash balances, (5) death benefit payments and (6) operating expenses.</i></p> <p>Staff Comment: Implemented. Staff now presents a Monthly Administrative report that includes the information requested.</p>	27
20	<p><i>The administrative budget reports should continue to be shared with the Board.</i></p> <p>Staff Comment: Implemented. Administrative budget reports continue to be shared with the Board.</p>	27
21	<p><i>It is recommended that the completion of an Annual Report (AR) for the Plan Year 2005 be made a priority. The completed AR could be put online to reduce staff time and costs related to photocopying the report. An internet site could also be established for the PFRS and all pertinent information</i></p>	27

Number	Recommendation(s)	Page
	<p><i>could be maintained there including the AR.</i></p> <p>Staff Comment: Implemented. An annual report was prepared and continues to be prepared annually.</p>	
B. Governing Body		
22	<p><i>The Board should retain independent fiduciary legal counsel.</i></p> <p>Staff Comment: Implemented. On April 28, 2010, the PFRS Board reached an agreement with the City Attorney's office regarding Legal Council and approved a corresponding Resolution. The Board has interviewed and selected Legal Council. Completion of contract for Legal Council is in progress.</p>	32
23	<p><i>The Board should utilize independent fiduciary legal counsel to assist it in objectively harmonizing the provisions of Proposition 162 and the City Charter and then to update its rules and regulations to specifically delineate the extent of the Board's authority and control regarding the administration of the pension fund, including PFRS' authority to (a) establish its budget; (b) select outside counsel; (c) select and evaluate the PFRS Secretary and additional staff; (d) select and evaluate the actuary; and (e) select and evaluate the custodial bank.</i></p> <p>Staff Comment: Board input required</p>	32 (Weight = ?)
24	<p><i>The Board should develop a memorandum of understanding with the City which would facilitate the Board's ability to exercise the authority granted to it by Proposition 162 and the City Charter by agreeing how the two documents will be harmonized and make plain the authority of the Board to set forth and establish, at a minimum, the authority of the Board to select and evaluate a Secretary to the board, additional staff (e.g., a staff member with investment experience), to retain outside legal counsel, to retain the actuary, and to establish its budget.</i></p> <p>Staff Comment: Board input required</p>	32 (Weight = ?)
25	<p><i>The Board should explore the cost/benefit of once again becoming a distinct entity within the Oakland City Government rather than being a part of the Office of Personnel.</i></p> <p>Staff Comment: Board input required</p>	32 (Weight = ?)
26	<p><i>The Board should become more cognizant of the full extent of its fiduciary responsibility, authority and control regarding the pension fund by periodically holding compulsory educational sessions (for current and new trustees) for the purpose of becoming more knowledgeable about the governing documents applicable to the administration of the pension fund and the investment of pension fund</i></p>	32 (Weight = ?)

Number	Recommendation(s)	Page
	<p><i>assets, including but not limited to the provisions of Proposition 162, the City Charter, as amended, the Board's Rules and Regulations, the Brown Act, the Board's Investment Policy Statement, and any reporting and disclosure requirement applicable to the Board (e.g., Form 700).</i></p> <p>Staff Comment: Board input required</p>	
27	<p><i>In consultation with the investment consultant and the equity investment managers, the Board should develop and implement a process for considering and acting upon proposed investments in equity securities which have not satisfied the five year dividend history set forth in the Charter.</i></p> <p>Staff Comment: Implemented. City voters passed Measure M which amended the City Charter to allow the System's Board to invest in non-dividend paying stocks.</p>	36
C. Accountability		
28	<p><i>We recommend that the Board seek a legal opinion regarding whether or not it has the legal authority, through rulemaking, to remove a trustee. If it is determined that the Board has such authority, then we recommend that the Board amend its rules and regulations to require that a member who misses more than four meetings in a 12 month period must either resign from the Board or obtain the approval of the Board, evidenced by a majority vote, to continue on the Board.</i></p> <p>Staff Comment: Board input required</p>	39 (Weight = ?)
29	<p><i>We recommend that the Board's Rules and Regulations be updated.</i></p> <p>Staff Comment: Not Implemented</p>	40 (Weight = 7)
30	<p><i>In addition to the meeting agenda, the Board should also publish the minutes of each meeting on its website.</i></p> <p>Staff Comment: Implemented. Board meeting material is now available on the City of Oakland website.</p>	42
31	<p><i>The Board should issue a current annual report as soon as possible.</i></p> <p>Staff Comment: Implemented.</p>	42
32	<p><i>The Board should amend its Rules and Regulations to require that the notice of election, petition, election criteria, etc., be posted on the PFRS website.</i></p> <p>Staff Comment: Not Implemented Board input required.</p>	44 (Weight = 7)
33	<p><i>The Board should go on record and request the City Council to fill the current vacancy on the Board.</i></p>	44

Number	Recommendation(s)	Page
	<p><i>If it is determined that the vacancy can not be filled then we recommend that the City Charter be amended to change the experience requirement from an individual with life insurance experience to one that has experience in benefits administration or investment management experience.</i></p> <p>Staff Comment: The vacancy has been filled.</p>	
34	<p><i>The Board should develop a succession plan and implementation protocol.</i></p> <p>Staff Comment: Not Implemented</p>	46 (Weight = 6)
35	<p><i>The Board should develop a governance statement which sets forth the roles and responsibilities of the key parties involved in the management of the PFRS.</i></p> <p>Staff Comment: Not Implemented</p>	46 (Weight = 8)
36	<p><i>The Board should instruct staff to develop a standard operating procedures manual made up of a compilation of existing policies, procedures, and operative practices of PFRS staff, including functional position descriptions for every PFRS position.</i></p> <p>Staff Comment: Partially Implemented. Each staff person has a desk operations manual specific to the tasks performed. Manuals were completed in July 2006. Copies of the manuals are on the respective staff desk, on the shared drive accessible by appropriate staff and maintained on 3.5 floppy disks.</p>	46
D. Expert Advice		
37	<p><i>If the Audit Committee persists in the view that the attorney identified by the Board to serve as outside legal counsel should serve as the Board's outside counsel, the Audit Committee and the City Attorney should agree to submit the issue of eligibility to a mutually acceptable, qualified attorney to issue a definitive opinion on the point. If that attorney determines that the attorney identified by the Board to serve as outside legal counsel should not be selected, the Audit Committee should promptly select another candidate from the panel, and the City Attorney should not unreasonably withhold his consent to that selection.</i></p> <p>Staff Comment: Implemented. The PFRS Board has selected an Attorney.</p>	49
38	<p><i>The Board should continue to employ an investment consultant to provide a comprehensive range of consulting services.</i></p> <p>PCA Comment: PCA is willing to discuss adjusting our services where appropriate. IFS apparently did not have a complete record of services provided by PCA. For example, PCA</p>	56

Number	Recommendation(s)	Page
	(through its affiliate LDZ) calculates investment rates of return for the total fund and numerous composites, reconciles return calculations with external managers, and monitors organizational and business issues at PFRS's external managers.	
39	<p><i>PFRS Board should consider expansion of PCA's contract to include advice on other collateral and secondary services about which the current agreement is silent. (Refer to report Table D1.)</i></p> <p>PCA Comment: Specific areas qualifying for current consideration include securities lending and custody. PCA has provided PFRS a preliminary review of its securities lending program. PCA expects to work with Staff to review its custody relationship in the near future.</p>	<p>56</p> <p>(Weight = ?)</p>
40	<p><i>Should PFRS elect to retain third party vendors to provide additional investment related services, PCA should provide PFRS with a periodic review of the work of these vendors.</i></p> <p>PCA Comment: Upon retention of third party vendors, PCA would work with Staff to provide PFRS with a periodic review of the work of these vendors.</p>	56
41	<p><i>While we have no reason to question the validity of the actuarial work performed currently, PFRS should consider obtaining a periodic 'second opinion' on the work of its actuary. Some funds do this every five years. Short of going to bid for the actuarial services, the Board's monitoring process of its actuary could consist of hiring another reputable actuary to perform a one-time review.</i></p> <p>Staff Comment: The PFRS Board selected a new Actuary in 2007.</p>	57
42	<p><i>PFRS should seek competitive proposals for a new custody arrangement. The Board's legal counsel should be closely involved in negotiating the custody agreement.</i></p> <p>PCA Comment: PCA expects to work with Staff to review its custody relationship in the near future.</p>	60
43	<p><i>Simultaneously, PFRS should seek competitive bids on its securities lending program. (See next section and recommendation.)</i></p> <p>PCA Comment: PCA has provided PFRS a preliminary review of its securities lending program. PCA expects to work with Staff to review its securities lending relationship in the near future.</p>	60
44	<p><i>The Board (and staff) should refrain from approval of borrowers. Staff or the investment consultant should periodically review the list of borrowers approved by MetWest and only bring to the Board's attention any that may be questionable.</i></p>	62

Number	Recommendation(s)	Page
	Staff Comment: Not Implemented	
45	<p><i>PFRS should request and obtain contractual assurances from MetWest that its securities are loaned equitably. MetWest should also provide a description and explanation of the queuing mechanism that allocates loans among lenders..</i></p> <p>Staff Comment: Not Implemented</p>	62
46	<p><i>Since the agreement for Securities Lending Services has been assigned at least three times, we suggest that it be renegotiated to incorporate certain key provisions of the Securities Lending Agreement such as requirement for maintenance of collateral, and to reflect the current agency and more favorable terms concerning, e.g.:</i></p> <ul style="list-style-type: none"> • <i>Indemnification against borrower default;</i> • <i>Liability on the part of agent for failing to act in accordance with PFRS instructions; and</i> • <i>Restrictions on borrowing activities of parent/affiliate of agent.</i> <p>Staff Comment: The PFRS Board selected and signed a new SecLending contract in 2007.</p>	62
47	<p><i>PFRS should seek to restrict the terms and conditions under which MetWest can lend PFRS securities to its parent and affiliates, i.e., Wachovia.</i></p> <p>Staff Comment: No Longer Applicable</p>	63
48	<p><i>MetWest should provide explanations in their report when loan transactions fall outside general loan program guidelines.</i></p> <p>Staff Comment: Not Implemented</p>	63
49	<p><i>The footnote on securities lending should be corrected as appropriate.</i></p> <p>Staff Comment: No Longer Applicable</p>	63
E. Suitability		
50	<p><i>We recommend that the Board amend its travel policy to (a) clarify that travel must be approved in advance, (b) require that all international travel be approved by the full board in advance of such travel, (c) expand the policy to cover staff assigned to PFRS, (d) include a list of approved conferences, (e) limit the total number of trips that may be taken in any one year, and (f) require that members and staff that attend an educational conference provide a written overview of the conference to the board and make the conference materials available to others upon request.</i></p> <p>Staff Comment: The travel policy has been updated and adopted by the Board to include some,</p>	66

Number	Recommendation(s)	Page
but not all, of the recommendations made by the auditing consultant.		
F. Internal Controls		
51	<p><i>While it is only possible to revise the method of distribution for annual pay increases through the collective bargaining process, providing clear, well-defined, and obtainable staff objectives for acceptable job performance and future career growth at each annual evaluation may increase employee performance and productivity.</i></p> <p>Staff Comment: Not Implemented</p>	71
52	<p><i>In addition to the SOM, an Administrative Manual should be completed that describes each position and the related job responsibilities. The Manual should also describe the primary and secondary responsibilities for each job title so that a clear back-up is designated in the absence of the primary personnel.</i></p> <p>Staff Comment: An administrative manual has not yet been developed, however, staff have been cross trained to fill in for colleagues in their absence to the extent possible. The operating procedures developed for each desk are on the shared drive and accessible by all members of the Retirement Section staff.</p>	71
53	<p><i>The percentages used for allocation purposes should be changed as follows:</i></p> <ul style="list-style-type: none"> ▪ <i>Reduce the percentage for the Executive Assistant to the Director of Personnel from 15% to 8%;</i> ▪ <i>Reduce the percentage for Human Resources Technician from 80 to 65%;</i> ▪ <i>Increase the percentage for Retirement Systems Accountant and Accountant 1 from 70% to 80%; and</i> ▪ <i>All other reviewed percentages appear appropriate.</i> <p><i>(Note: The revised recommended percentages are based solely on our judgment based on the interviews conducted.)</i></p> <p>Staff Comment: The PFRS Retirement System no longer pays for the salaries of the Director of Human Resource Management or the Executive Assistant. Other allocations have not been changed.</p>	72
54	<p><i>The Board should develop contractual language for inclusion in each service provider's agreement requiring extensive, prompt, written disclosure from the investment consultant (including filing of Form 700 if required) and each service provider regarding the amounts of all revenues the investment consultant receives from any incumbent or proposed service provider.</i></p>	74

Number	Recommendation(s)	Page
55	<p>Staff Comment: Not Implemented</p> <p><i>The Board should designate a specific individual (e.g., legal counsel), in addition to the City Clerk, to review and monitor conflicts of interest, actual and potential, including Form 700 reports as allowed by law.</i></p>	74
56	<p>Staff Comment: Not Implemented</p> <p><i>A HIPAA compliance study should be performed, and steps should be taken to remedy any deficiencies in PFRS' HIPAA compliance.</i></p>	74
57	<p>Staff Comment: Not Implemented</p> <p><i>PFRS should continue the annual external audit of benefit calculations.</i></p>	75
58	<p>Staff Comment: Implemented. PFRS continues to go through annual external Audits</p> <p><i>PFRS should hire an external actuarial firm to review the work of its current actuary.</i></p> <p>Staff Comment: Partially Implemented: PFRS hired a new Actuary in 2007, who reviewed the work of the previous Actuary. If Bartel is retained for a long period of time then a third-party review may be appropriate.</p>	75
59	<p><i>PFRS should discuss a program of regular internal auditing of PFRS' activities with the City Auditor. The internal auditing activity should be performed in accordance with generally accepted standards for the practice of internal auditing and should include compliance auditing. We suggest that PFRS' external auditor be consulted on the design of such a program before it is implemented.</i></p> <p>Staff Comment: Not Implemented</p>	76
60	<p><i>Observations and recommendations from this Operational Review should be tracked and monitored by staff and the Board should be updated regularly on the progress of recommendations that it chooses to implement.</i></p> <p>Staff Comment: Implemented. Board members have been asked to identify their priorities relative to the recommendations made so that staff resources can be steered toward meeting their priorities.</p>	76
61	<p><i>The Board should undertake a periodic management audit such as the one performed to develop this report.</i></p> <p>Staff Comment: Under Consideration</p>	76

Number	Recommendation(s)	Page
62	<p><i>Staff's performance measurement criteria should identify goals and objectives specifically related to the management and administration of PFRS. The criteria should be designed to align the interest of the board and staff and facilitate PFRS' ability to accomplish its mission and strategic objectives.</i></p> <p>Staff Comment: Not Implemented</p>	77
63	<p><i>Board members should provide input in the establishment of the performance measurement criteria for the staff assigned to carry out PFRS' day to day administration, as well as the input in such staffs' annual performance review.</i></p> <p>Staff Comment: Not Implemented</p>	77
G. Reporting		
64	<p><i>Should the current method of communicating governing body decisions effecting retirees and beneficiaries, via the local union channels, remain in place, a formal process of communicating these decisions should be developed.</i> Staff Comment: Not Implemented</p>	79
65	<p><i>Establishment and maintenance of a PFRS webpage within the City's portal would allow another means of communicating Board decisions.</i> Staff Comment: Not Implemented</p>	79
66	<p><i>PFRS should resume the practice of publishing its own annual report on a timely basis. Reports for 2004 and 2005 should be prepared.</i></p> <p>Staff Comment: This recommendation has been implemented.</p>	81
H. Disclosure		
67	<p><i>All actions taken by the governing body at the monthly meeting should be recorded in detail in the meeting minutes.</i></p> <p>Staff Comment: Currently being done.</p>	82
68	<p><i>Draft meeting minutes should be produced within five days of the meeting and circulated to the appropriate parties for review and action. The minutes should be reviewed prior to the next meeting to assure all actions requiring follow-up are complete.</i></p> <p>Staff Comment: Minutes are completed 10 business days following the Board meeting. The minutes are reviewed prior to the next meeting to assure all actions requiring follow-up are addressed.</p>	82
69	<p><i>Establishment and maintenance of a PFRS webpage within the City's portal would allow another means of communicating Board decisions. (PFRS should bear the direct cost of creating and maintaining the web pages.)</i></p>	82

Number	Recommendation(s)	Page
	Staff Comment: Not Implemented	
70	<i>Same recommendation as G. 64.</i>	82
71	<i>Same as H. 69</i>	82
I. Investment Analysis		
72	<p><i>The Board should revise the performance objectives section of the IPS to include additional investment objectives and benchmarks for the total Pension Fund (including a Total Fund Policy Index and Total Fund Asset Allocation Index) and each asset class or composite.</i></p> <p>PCA Comment: PCA will modify the IPS over time to meet this recommendation. Currently, investment objectives and benchmarks for the total Pension Fund and each asset class (or composite) are included in the quarterly statement of performance.</p>	88
73	<p><i>The IPS should include a distinct section on roles and responsibilities that covers all of the major investment related tasks.</i></p> <p>PCA Comment: The current IPS includes a section on roles and responsibilities of the Board, Investment Consultant, Investment Manager, and Investment Counsel. If not already covered in this section, PCA will modify the IPS over time to meet this recommendation.</p>	90
74	<p><i>The IPS should specify the frequency with which the asset allocation and/or asset liability studies should be conducted, e.g., at least every three to five years and by whom it should be done.</i></p> <p>PCA Comment: PCA and EFI Actuaries conducted an asset-liability review for PFRS in 2005. PCA suggests that PFRS conduct a review every three to five years. PCA will work with Staff to document a schedule in the IPS.</p>	91
75	<p><i>We recommend that the rebalancing ranges be tightened and modified</i></p> <p>PCA Comment: In November 2006, revisions to current asset allocation restrictions are to be voted on as part of amendment to the City Charter. If the maximum of 50% equity (at cost) restriction is amended, the rebalancing ranges will be modified as appropriate.</p>	93
76	<p><i>We recommend that the IPS be expanded to include a more detailed discussion on the manager selection process or, alternatively, reference a separate manager search policy document.</i></p> <p>PCA Comment: The manager selection process is detailed in memorandums specific to each search. If further detail is required, PCA will work with Staff to include language in the IPS that provides an overview of the search process.</p>	94

Number	Recommendation(s)	Page
77	<p><i>We recommend that the Board include only broad asset class level guidelines in the IPS.</i></p> <p>PCA Comment: The current investment policy includes broad asset class level guidelines. PCA suggests that current PFRS asset class level guideline policies are appropriate and are within generally accepted standards.</p>	96
78	<p><i>The Board should consider revising and expanding the policy on securities lending as described in our report.</i></p> <p>PCA Comment: Policy on securities lending is included in the manager guidelines section of the IPS. If further detail is required, PCA will work with Staff to revise and expand the policy on security lending.</p>	98
79	<p><i>Add policy on brokerage practices to the total fund section of the IPS, which acknowledges that commissions are a plan asset and, as such, the Board will monitor commission and other trading expenses.</i></p> <p>PCA Comment: PCA will work with Staff to add policy on brokerage practices.</p>	99
80	<p><i>The Board should work with the Investment Consultant, custodian bank and investment managers to develop monthly reports that contain sufficient data to determine whether the individual portfolios and Total Fund are in compliance with the City Charter.</i></p> <p>PCA Comment: For an additional charge, PFRS could receive monthly information from its custodian.</p>	104
J. Performance Benchmarks		
81	<p><i>In order to evaluate the International Equity portion of the portfolio more consistently, PFRS should consider measuring its international equity segment against the MSCI EAFE Index. If the Board concludes that the MSCI ACWI ex US Index is an appropriate benchmark, it should consider measuring its international equity managers against the MSCI ACWI ex US Index.</i></p> <p>PCA Comment: Resolved. PCA has recommended and the Board adopted the MSCI ACWI ex US Index as its asset class benchmark. In addition, PCA recommended that two PFRS international equity managers be measured against the MSCI ACWI ex US index.</p>	110
82	<p><i>PFRS should consider measuring the fixed income portfolio against the Lehman Brothers Universal Index.</i></p> <p>PCA Comment: Resolved. PCA has recommended and the Board adopted the Lehman</p>	111

Number	Recommendation(s)	Page
Universal Index as its asset class benchmark and its fixed income managers' benchmark.		
L. Investment Reporting and Monitoring		
83	<p><i>PFRS should measure the performance of the Total Fund against an Asset Allocation index to allow the Board to determine how much of return was generated due to the investment managers' skill, as opposed to tactical asset allocation decisions chosen by the Board.</i></p> <p>PCA Comment: Resolved. The PFRS performance report does measure the Total Fund against an Asset Allocation (Policy) Index. In the Portfolio Performance Overview section, PCA discusses sources of return including investment managers' skill (e.g., stock selection) and asset allocation decisions.</p>	125
84	<p><i>The PFRS Board should request an exhibit that displays the performance for each asset class and investment manager, along with their respective benchmarks on a consecutive time period.</i></p> <p>PCA Comment: Resolved. The PFRS performance report contains tables that provide asset class performance and those of each asset class's investment manager performance, along with their respective benchmarks for the latest quarter, one year, three year, and five year periods.</p>	126
85	<p><i>PFRS should request from their consultant universe comparisons for the Total Fund, each Asset Class Composite, and underlying investment managers on a cumulative and consecutive time period.</i></p> <p>PCA Comment: The PFRS performance reports currently provide universe comparisons for the Total Fund. PCA will work with Staff to develop appropriate documentation for the PFRS performance reports.</p>	127
86	<p><i>PFRS should request that its consultant provide holdings and/or returns based style analysis for its domestic equity portfolio.</i></p> <p>PCA Comment: PCA will work with Staff to develop appropriate documentation for the PFRS performance reports.</p>	127
87	<p><i>PFRS should discuss with its consultant what equity characteristics it would like to see on a quarterly basis.</i></p> <p>PCA Comment: PCA will work with Staff to develop appropriate documentation for the PFRS performance reports. Equity characteristics could be provided by PFRS' custodian at an extra cost.</p>	128
88	<p><i>PFRS should discuss with its consultant what fixed income characteristics it would like to see on a quarterly basis.</i></p>	128

Number	Recommendation(s)	Page
	<p>PCA Comment: PCA will work with Staff to develop appropriate documentation for the PFRS performance reports. Fixed income characteristics could be provided by PFRS' custodian at an extra cost.</p>	
89	<p><i>PFRS should request that its consultant provide risk/return exhibits for the Total Fund and each Asset Class.</i></p> <p>PCA Comment: The PFRS performance report currently provides a risk/return exhibit for the Total Fund. PCA will work with Staff to develop appropriate documentation for each asset class.</p>	129
90	<p><i>We recommend that the individual manager guidelines be expanded to include the specific guideline elements that are included in the other sections of the IPS (including those specific to the City Charter requirements), tailored to their strategy, as well as additional investment risk elements, as appropriate for the manager.</i></p> <p>PCA Comment: PCA will work with Staff to modify individual manager guidelines.</p>	133
91	<p><i>Staff should work with its investment consultant to develop a monthly manager report format, which includes all the necessary elements that would allow staff to monitor compliance more effectively.</i></p> <p>PCA Comment: PCA currently provides PFRS with a quarterly statement of performance. Monthly performance could be obtained from PFRS' custodian at an extra cost.</p>	136
92	<p><i>The Board should either ask its investment consultant for assistance with monitoring its investment managers' compliance with their investment guidelines or work with staff and the custodian to enroll in an automated guideline compliance system. In any case, monitoring procedures should be documented in writing.</i></p> <p>PCA Comment: PCA will work with Staff to determine appropriate compliance monitoring procedures. Likely, an automated guideline compliance system could be obtained from PFRS custodian at an extra cost.</p>	136

ATTACHMENT 2

The following table summarizes the recommendations by Independent Fiduciary Services, Inc (IFS) to Oakland PFRS originally presented May 22, 2006. The comments provided reflect the staff review of these recommendations as of May 26, 2010.

Investment Related Recommendations as of 05-18-2011

Number	Recommendation(s)	Page
A. Identification and Assignment of Responsibilities		
1	<p><i>The Board should seek amendments to the Charter to delete the “legal list” restrictions on its authority to invest the System’s assets and to grant to PFRS authority to select the custodian of the System’s assets.</i></p> <p>Staff Comment: <u>Implemented</u>. In November 2006, City voters passed Measure M. Measure M amended the City Charter to allow the System’s Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard as defined by the California Constitution.</p>	16
4	<p><i>The Board should seek the assignment to PFRS of staff with investment expertise to assist the Board in setting investment policy and monitoring the performance of the System’s investment managers and consultant.</i></p> <p>Staff Comment: The Investment Consultant (PCA) monitors performance and recommends investment policy. In addition, the Retirement System Accountant works internally on all investment related items. Given current funded status, the PFRS Board has elected not to hire additional full-time investment staff.</p>	17
D. Expert Advice		
38	<p><i>The Board should continue to employ an investment consultant to provide a comprehensive range of consulting services.</i></p> <p>Comment: Implemented. PFRS currently has and will continue to retain an external investment consultant.</p>	56

39	<p><i>PFRS Board should consider expansion of PCA's contract to include advice on other collateral and secondary services about which the current agreement is silent. (Refer to report Table D1.)</i></p>	56
	<p>PCA Comment: PCA currently has a full retainer relationship with OPFRS. Part of this relationship is the review and advice on collateral and secondary services as they are needed. PCA provides reviews of both securities lending and OPFRS custody relationship every three to five years or as market conditions warrant.</p>	
40	<p><i>Should PFRS elect to retain third party vendors to provide additional investment related services, PCA should provide PFRS with a periodic review of the work of these vendors.</i></p>	56
	<p>Implemented: PCA provides periodic review of Third Party Vendors when applicable. PCA provides reviews of both securities lending and OPFRS custody relationship every three to five years or as market conditions warrant.</p>	
42	<p><i>PFRS should seek competitive proposals for a new custody arrangement. The Board's legal counsel should be closely involved in negotiating the custody agreement.</i></p>	60
	<p>Implemented: PFRS Board seeks competitive bids at minimum upon contract renewal or as more frequently as needed to ensure best custody arrangements possible.</p>	
43	<p><i>Simultaneously, PFRS should seek competitive bids on its securities lending program. (See next section and recommendation.)</i></p>	60
	<p>Implemented: PFRS SecLending program is currently managed by the Custodian. PFRS Board will review Security Lending program every three to five years or at the same time of the Custodial Review or as market conditions warrant.</p>	
44	<p><i>The Board (and staff) should refrain from approval of borrowers. Staff or the investment consultant should periodically review the list of borrowers approved by MetWest and only bring to the Board's attention any that may be questionable.</i></p>	62
	<p>Implemented: PCA will annually review list of Borrowers and inform Board as needed.</p>	
45	<p><i>PFRS should request and obtain contractual assurances from MetWest that its securities are loaned equitably. MetWest should also provide a description and explanation of the queuing mechanism that allocates loans among lenders..</i></p>	62
	<p>Implemented: Security Lending Loans are periodically reviewed by Staff and reported annually to the Board as part of the Annual Financial Audit.</p>	

46	<p><i>Since the agreement for Securities Lending Services has been assigned at least three times, we suggest that it be renegotiated to incorporate certain key provisions of the Securities Lending Agreement such as requirement for maintenance of collateral, and to reflect the current agency and more favorable terms concerning, e.g.:</i></p> <ul style="list-style-type: none"> • <i>Indemnification against borrower default;</i> • <i>Liability on the part of agent for failing to act in accordance with PFRS instructions; and</i> • <i>Restrictions on borrowing activities of parent/affiliate of agent.</i> <p>Implemented: The PFRS Board selected a new vendor and signed a new SecLending contract in 2007.</p>	62
47	<p><i>PFRS should seek to restrict the terms and conditions under which MetWest can lend PFRS securities to its parent and affiliates, i.e., Wachovia.</i></p> <p>Implemented: PCA and Staff review annually, however more frequent oversight is conducted on an ongoing basis .</p>	63
48	<p><i>MetWest should provide explanations in their report when loan transactions fall outside general loan program guidelines.</i></p> <p>Implemented: SecLending Loans are periodically reviewed by Staff and as part of the PFRS Annual Financial Audit.</p>	63
49	<p><i>The footnote on securities lending should be corrected as appropriate.</i></p> <p>Staff Comment: No Longer Applicable. The PFRS Board selected a new Security Lending Manager in 2007</p>	63
I. Investment Analysis		
72	<p><i>The Board should revise the performance objectives section of the IPS to include additional investment objectives and benchmarks for the total Pension Fund (including a Total Fund Policy Index and Total Fund Asset Allocation Index) and each asset class or composite.</i></p> <p>Implemented: Currently, investment objectives and benchmarks for the total Pension Fund and each asset class (or composite) are included in the quarterly statement of performance. These items are reviewed continually and or at a minimum during annual IPS reviews.</p>	88

73	<p><i>The IPS should include a distinct section on roles and responsibilities that covers all of the major investment related tasks.</i></p> <p>Comment: The current IPS includes a section on roles and responsibilities of the Board, Investment Consultant, Investment Manager, and Investment Counsel. Language regarding the role of PFRS staff will be added and updated to the IPS as warranted</p>	90
74	<p><i>The IPS should specify the frequency with which the asset allocation and/or asset liability studies should be conducted, e.g., at least every three to five years and by whom it should be done.</i></p> <p>Implemented: The Investment Policy currently states the targeted dates of the asset/ liability study. These dates and reviewed and updated as needed.</p>	91
75	<p><i>We recommend that the rebalancing ranges be tightened and modified</i></p> <p>Implemented: The Investment Policy currently specifies a smaller range for asset rebalancing. However, these ranges are reviewed at minimum monthly through the use of the cash flow report. or as needed</p>	93
76	<p><i>We recommend that the IPS be expanded to include a more detailed discussion on the manager selection process or, alternatively, reference a separate manager search policy document.</i></p> <p>Comment: The manager selection process is detailed in Board memorandums specific to each search are presented to the PFRS Board. The IPS is reviewed on a continual basis but at a minimum annual review are conducted by staff and consultant to help ensure best practices</p>	94
77	<p><i>We recommend that the Board include only broad asset class level guidelines in the IPS.</i></p> <p>Implemented: The PFRS Investment Policy has been updated accordingly.</p>	96
78	<p><i>The Board should consider revising and expanding the policy on securities lending as described in our report.</i></p> <p>Implemented: The PFRS Investment Policy has been updated to expand on the security lending program.</p>	98
79	<p><i>Add policy on brokerage practices to the total fund section of the IPS, which acknowledges that commissions are a plan asset and, as such, the Board will monitor commission and other trading expenses.</i></p> <p>Implemented and currently in the PFRS Investment Policy</p>	99

80	<p><i>The Board should work with the Investment Consultant, custodian bank and investment managers to develop monthly reports that contain sufficient data to determine whether the individual portfolios and Total Fund are in compliance with the City Charter.</i></p> <p>Implemented: Staff and PCA currently receive a monthly report that details Managers compliance with the Investment Policy.</p>	104
J. Performance Benchmarks		
81	<p><i>In order to evaluate the International Equity portion of the portfolio more consistently, PFRS should consider measuring its international equity segment against the MSCI EAFE Index. If the Board concludes that the MSCI ACWI ex US Index is an appropriate benchmark, it should consider measuring its international equity managers against the MSCI ACWI ex US Index.</i></p> <p>Implemented: The PFRS International Equity Benchmark was changed to the MSCI ACWI ex US Index.</p>	110
82	<p><i>PFRS should consider measuring the fixed income portfolio against the Lehman Brothers Universal Index.</i></p> <p>Implemented: The PFRS Fixed Income Benchmark was changed to the Lehman Brothers Universal Index.</p>	111
L. Investment Reporting and Monitoring		
83	<p><i>PFRS should measure the performance of the Total Fund against an Asset Allocation index to allow the Board to determine how much of return was generated due to the investment managers' skill, as opposed to tactical asset allocation decisions chosen by the Board.</i></p> <p>Implemented PCA provides this information quarterly or as project specific requests warrant</p>	125
84	<p><i>The PFRS Board should request an exhibit that displays the performance for each asset class and investment manager, along with their respective benchmarks on a consecutive time period.</i></p> <p>Implemented PCA provides this information quarterly or as project specific requests warrant</p>	126
85	<p><i>PFRS should request from their consultant universe comparisons for the Total Fund, each Asset Class Composite, and underlying investment managers on a cumulative and consecutive time period.</i></p> <p>Implemented PCA provides this information quarterly or as project specific requests warrant</p>	127

86	<p><i>PFRS should request that its consultant provide holdings and/or returns based style analysis for its domestic equity portfolio.</i></p> <p>Implemented PCA provides this information quarterly or as market conditions warrant</p>	127
87	<p><i>PFRS should discuss with its consultant what equity characteristics it would like to see on a quarterly basis.</i></p> <p>Comment: Ongoing. PCA and Staff are continually reviewing this asset class to better meet the boards needs PCA and Staff will discuss with PFRS Board and seek Board direction. Staff hopes to have this issue resolved by 3rd Quarter 2011.</p>	128
88	<p><i>PFRS should discuss with its consultant what fixed income characteristics it would like to see on a quarterly basis.</i></p> <p>Comment: Ongoing. PCA and Staff are continually reviewing this asset class to better meet the boards needs PCA and Staff will discuss with PFRS Board and seek Board direction. Staff hopes to have this issue resolved by 3rd Quarter 2011.</p>	128
89	<p><i>PFRS should request that its consultant provide risk/return exhibits for the Total Fund and each Asset Class.</i></p> <p>Implemented PCA provides risk/return exhibits quarterly and during each asset class structure review on an ongoing basis</p>	129
90	<p><i>We recommend that the individual manager guidelines be expanded to include the specific guideline elements that are included in the other sections of the IPS (including those specific to the City Charter requirements), tailored to their strategy, as well as additional investment risk elements, as appropriate for the manager.</i></p> <p>No Longer Applicable: PFRS no longer utilizes Individual Manager Guidelines. All Investment Managers receive a copy of the overall Investment Policy to ensure consistency and accuracy.</p>	133
91	<p><i>Staff should work with its investment consultant to develop a monthly manager report format, which includes all the necessary elements that would allow staff to monitor compliance more effectively.</i></p> <p>Implemented: Custodian currently provides a monthly compliance report.</p>	136
92	<p><i>The Board should either ask its investment consultant for assistance with monitoring its investment</i></p>	136

managers' compliance with their investment guidelines or work with staff and the custodian to enroll in an automated guideline compliance system. In any case, monitoring procedures should be documented in writing.

Implemented: PCA and Staff currently works together to monitor the investment managers' compliance with the investment guidelines based on a monthly report provided by the Custodian.



MEMORANDUM

TO: Oakland Police & Fire
Retirement Board

FROM: David Jones

SUBJECT: Authorization and
Reimbursement of Board/Staff
Travel/Education Expenses

DATE: April 15, 2019

Jaime Godfrey, 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: 2019 IMN Global Indexing and ETF Conference

Event Location: Monarch Beach Resort, Dana Point, CA

Event Date: June 19, 2019 - June 21, 2019

Estimated Event Expense*: \$ 1,860.00 (estimated)

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 traveling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

David Jones, Plan Administrator
Oakland Police and Fire Retirement System

For questions please contact David Low, Administrative Assistant, at 510-238-7295.

Attachments (if any):

Resolution #7056

2019 IMN Global Indexing and ETF Conference Agenda



DESCRIPTION

The industry's longest-running indexing and ETF event, Global Indexing and ETFs 2019, returns to the Monarch Beach Resort in Dana Point, CA, on June 19-21. Not only will this year's event feature the first-ever track dedicated to ESG-focused content, but it will also highlight the accelerating shift toward purposeful capitalism.

After a thought-provoking 2018 program—which featured speakers including Joe Davis (Vanguard), Ken Fisher (Fisher Investments), Gerard O'Reilly (Dimensional Fund Advisors), Joanna Gallegos (J.P. Morgan Asset Management), and Jerome Schneider (PIMCO)—this year's conference will once again serve a cross-section of industry practitioners and offer a fresh take on the most pressing issues facing the asset management space. The 2019 program will feature comprehensive coverage on topics including fixed-income ETFs, systemic risk considerations of ETFs, volatility's role in portfolio construction, China's impact on global investment opportunities, Brexit's uncertain future, rising interest rates, new technologies and tactics for financial advisors, and much more.

New to Global Indexing & ETFs 2019 is the addition of a track focused solely on ESG indexing and ETFs. Growth in this space has taken off in the past year. Each of the top 20 ETF issuers launched ESG-focused products in 2018, triggering a 35% rise in asset inflows and suggesting that demand is only likely to continue as 2019 unfolds. At the same time, the number of ESG-aware indexes grew by 60% year-over-year through June. All of this momentum has caught the attention of institutional investors worldwide. [View more details here.](#)

We look forward to hosting the industry's longest-running indexing and ETF event once again in California this June.

WHO SHOULD ATTEND

- Index Providers
- ETF Issuers
- Asset Managers
- Public & Corporate Pension Plans
- Retail Investment Advisors
- Endowments
- Foundations
- Sovereign Funds
- Family Offices
- High Net Worth Individuals
- Hedge Fund Managers
- Regulators
- Traders
- Investment Consultants
- Investment Analysts
- Financial Advisors
- Planners
- Brokers
- Technology Solutions Providers
- Insurance Companies
- Private Banks
- Venture Capitalists
- Liquidity Providers
- Academics

Wednesday, June 19th, 2019

3:00 PM

Registration Opens

4:00 PM

Back to the Future: What's Next for Smart Beta?

The term "smart beta" has been applied to so many strategies that the term is essentially meaningless. What does this suggest for the future evolution of quantitative strategies?

- What strategies qualify for that definition, and what strategies don't?
- Is smart beta a free lunch, or compensation for taking on more risk? Does it even work?
- Is too much capital chasing factor investing? Does factor investing even work?
- The line between active and passive strategies is becoming increasingly blurred. How will this play out?
- Where do active smart-beta strategies fit in to portfolio construction?
- Now that the price war in ETFs and passive investing has delivered zero fees, where to from here?
- What are the most interesting lines of research, these days, and how will they show up in future funds?

-
- Robert Arnott, Chairman & Chief Executive Officer, RESEARCH AFFILIATES, LLC (Moderator)

4:45 PM

The Advisor of the Future

Join Riskalyze for an engaging session on how the advisor of the future sets better expectations with clients and makes investment decisions through the lens of a risk-first approach.

-
- Aaron Klein, CEO, RISKALYZE (Moderator)

5:10 PM

From Investment Managers to Financial Fiduciaries

Women in financial advisor leadership roles detail their approaches to guiding clients' investment decisions, as well as the paths that companies should take to strike a gender balance among financial advisors.

- More financial advisors are embracing the fiduciary role. What opportunities does this create for women seeking leadership roles in the financial advice field?
- Amid a historically large global wealth transfer, how will the views of younger investors impact demand for female financial advisors?
- How are mergers within the financial advice industry impacting employment prospects for women?

-
- Courtney Ranstrom, Co-Founder & Financial Life Planner, TRAILHEAD PLANNERS, LLC

6:00 PM

Networking Reception

7:00 PM

Day One Concludes

Thursday, June 20th, 2019

7:15 AM

Registration & Breakfast for All Conference Attendees

7:30 AM

Closed-Door Breakfast: Women in ETFs

The pioneering women's group for the ETF industry furthers the career goals of its more than 4,400 members globally through education, networking and philanthropy.

- Deborah Fuhr, Managing Partner and Co-founder, ETFGI (Moderator)

7:30 AM

Closed-Door Breakfast: International Equity Outlook

Join Borealis Global Advisory for an engaging presentation on how advisors, using a simple back-of-the-envelope computation, can set return expectations from individual countries for buy-and-hold clients and make investment decisions through an unconventional application of a market valuation measurement.

- Sailesh Radha, Principal & CIO, BOREALIS GLOBAL ADVISORY LLC (Moderator)

8:30 AM

Keynote Address: Capitalism with a Cause

An increasingly chaotic geopolitical and economic system has called into question the nature of capitalism. Today, corporations worldwide are being held at an ever-higher standard by their stakeholders. The call for companies to be environmental stewards, deliver social value, and demonstrate ethical and transparent governance has never been more resonant, and a new generation of investors and employees is demanding that corporations act with purpose. Earlier this year, Larry Fink, CEO of the world's largest asset manager BlackRock, urged fellow chief executives to take a long-term approach to growth and profitability. This keynote address will explain how business leaders can embrace an unprecedented opportunity: the potential to be a force for good.

9:00 AM

The Future of Asset Management

- With investors flocking from active funds to cheap passive vehicles, are closures and consolidation on the horizon?
 - What impact will fee pressure and rising costs have on revenues for actively managed funds over the next 5-10 years?
 - With some of the largest asset managers issuing low-price passive funds, how much longer will the price war wage on, and what opportunities could that create for active managers?
-

- John Van Moyland, Co-Head of Financial Products, S&P KENSHO INDICES

9:40 AM

The Way Forward in Indexing & ETFs

- What trends are driving investor demand for indexes & ETFs?
 - What are the latest innovations in indexing and where are the opportunities?
 - Who are and where are new groups of investors impacting the global indexing space?
 - Where do you see ESG evolving?
 - How or will machine learning accelerate the evolution of indexing?
 - Are factors/multi factor indexes shaping the way investors think about risk?
 - Has indexing become too big and does it cause volatility?
 - Where do you see the risks and opportunities in indexing & ETFs in the next 5-10 years?
 - What are the ramifications of the new communications services sector?
 - How are indices being used to measure related risk in companies?
 - Market vs. reverse-cap weighting: Is cap weighting still optimal? How does the reverse-cap method work beyond a momentum cycle?
-

- Jack Vogel, CIO, ALPHA ARCHITECT (Moderator)
- Rick Redding, CEO, INDEX INDUSTRY ASSOCIATION (IIA)
- Phil Bak, CEO, EXPONENTIAL ETFS

- Fran Rodilosso, Portfolio Manager, Fixed Income ETFs, VAN ECK GLOBAL

10:20 AM

How Active Strategies Are Changing the ETF Landscape

Market volatility is putting a damper on asset growth, moving more managers to focus on active strategies.

- How are they using active strategies to create successful portfolios? What types of allocation models are most effective?
- How resilient are risk-based strategies in a market downturn?
- How will equity market performance impact strategic beta ETFs?
- Will actively managed ETFs, despite their higher fees, encroach on passive ETFs' market share if volatility continues?
- What should advisors consider when constructing tactical portfolios?

-
- Cathie Wood, CEO, ARK INVESTMENTS
 - Ricardo Cortez, Co-CEO, BROADMARK ASSET MANAGEMENT, LLC
 - Craig Lazzara, Managing Director, S&P DOW JONES INDICES

11:00 AM

Networking Break

11:30 AM

To Market, To Market: New ETF Launches

- Do no-fee ETFs have the potential to unseat index fund giants?
- The industry is moving toward packaged solutions for a wide range of investors. How do these products work when partnering with other firms, such as pension firms or consultants?
- As a provider, how do you think about partnering with firms that have expertise in asset classes that you'd like to harness and offer? Or is that something that you try to do in-house?
- What are the trademarks of successful new ETFs in an increasingly competitive market?
- How are new funds being marketed, and to which segments of investors?
- How are ETF investor sentiments changing?
- Which ETF strategies are experiencing the most growth?
- What are the latest trends among no-fee ETFs?
- Which niche ETFs have become more popular among investors?
- Have your 2019 predictions come true?
- Is growth likely to keep up in a prolonged bull market? How are ETFs expected to perform in a downcycle?

-
- Joe Anthony, President, Financial Services, GREGORY FCA COMMUNICATIONS
 - Mike Castino, Senior Vice President, U.S. BANK GLOBAL FUND SERVICES, LLC
 - Ben Philips, CIO, EVENTSHARES

12:15 PM

What Institutional Asset Owners & Fund Managers Want

- How are institutional asset owners approaching global investment decisions?
- What products are institutional investors gravitating toward?
- What benefits do small funds offer institutional investors?
- How are active managers building portfolios to suit the preferences of institutional investors?
- What is driving the increase in fund flows by institutional investors? Is this momentum likely to keep up?
- How do institutional investors use indexing and ETFs?
- What are the top considerations of pension CIOs?
- What are endowment managers' market expectations for the rest of the year and 2020?
- What types of alternative investments are helping diversify endowment portfolios?
- What allocation restrictions do portfolio managers face?
- Which ETFs should smaller foundations consider?

-
- Nir Kaissar, Columnist, BLOOMBERG OPINION (Moderator)
 - Brian Rice, Portfolio Manager, CALSTRS

- Paul RT Johnson, Board Member-former, STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS
- Kushal Gupta, Senior Quantitative Analyst / Portfolio Manager, TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

1:00 PM **Lunch**

Track A

Socially responsible ETFs have been on a tear this year, spurred on by product launches by leading issuers and strong capital inflows from institutional investors. It is against this backdrop that Global Indexing & ETFs introduces its first-ever track devoted to ESG ETFs and indices, exploring what's driving this trend and its implications on the global investment landscape.

2:00 PM **TRACK A** **Global Trends in ESG ETFs**

- How does implementation vary in different countries?
 - How does ESG adoption differ around the world?
 - What's driving investment decisions across global markets?
 - How have we arrived at this point in the evolution of ESG? What's next for ESG?
 - ESG in a downturn: will the movement be resilient?
-

2:40 PM **TRACK A** **Reaping Rewards of ESG Adoption**

- What is the return potential of ESG products?
 - How does ESG criteria impact investment performance?
 - What are top considerations when incorporating ESG factors into client portfolios, especially related to cost control and time management?
 - How should advisors educating clients about ESG products, and how can asset managers can help?
 - Millennials are leading a shift toward more purpose-driven investing. What opportunities are they targeting, and what does that mean for advisors?
 - What are best practices for aligning the goals of asset managers and their distribution partners, such as RIAs, broker-dealers, and home offices?
 - What are success stories of ESG-aware advisors?
 - Striking agreement on definition of ESG
 - Finding the right index construction methodology
 - Understanding exposure to active risk
-

- Peter Lazaroff, Chief Investment Officer, PLANCORP, LLC
- Mona Naqvi, Senior Director, ESG Indices, S&P DOW JONES INDICES
- Sam Adams, CEO & Co-Founder, VERT ASSET MANAGEMENT

3:20 PM **TRACK A** **Sustainable Investing: The Role of ESG Indexing and ETFs**

- How do ESG indices affect long-term portfolio performance?
 - Evolution of ESG ratings: how do methodologies differ?
 - Balancing financial and sustainable goals: how do ESG indices compare to their parent indices?
 - Overcoming challenges with structure and standardization, constituent selection and weighting
 - Targeting the right investor segments to market impact investing
-

- Anton Gorodniuk, Sector Analyst, Financials, SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

4:00 PM TRACK A Networking Break

4:20 PM TRACK A Thematic ETFs: What Makes Them Work?

- How are broad- and narrow-themed ETFs performing?
- What does the consolidation of the cybersecurity industry mean for ETFs targeting the sector?
- Are thematic ETFs a passing fad, or do they have the capacity to endure a downshift?
- Which new launches are drawing strong investor demand?
- Who is investing in thematic ETFs? Which segments of the investor market are targeting which themes?
- Which companies have seen material benefits from implementing ESG policies?
- What is the outlook for disruptive tech-focused ETFs, such as those focused on robotics & AI?
- What are the risks and rewards of cannabis legalization ETFs?
- Which trends are driving demand for clean energy, low carbon and natural gas ETFs?
- What are some examples of successful implementations of thematic ETFs?

-
- Vinny Catalano, Chief Investment Officer, REDMOUNT CAPITAL PARTNERS (Moderator)
 - Himanshu Surti, COO/PM, CAMBRIA INVESTMENT MANAGEMENT
 - Jane Edmondson, Founder & Chief Executive Officer, EQM CAPITAL AND INDEXES LLC
 - Prakash Dheeriyaa, Professor of Finance, CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS

Track B

2:00 PM TRACK B Off the Beaten Path: Alternative ETFs, Blockchain and Cryptocurrency

- How do investors view the relative safety of alternative ETFs? What about dividend ETFs? Is their stability and growth likely to continue in 2019, and beyond?
- How are advisors familiarizing themselves and their clients with blockchain ETFs? What risks do clients find the most concerning?
- What approaches are clients most interested in when it comes to investing in alternative ETFs?
- Directing investing vs. ETFs: what's the best route for investing in blockchain companies?
- Which alternative sectors are delivering the strongest returns?
- When can we expect to see a bitcoin ETF launch? How do global investors view the sector's long-term performance? How is the SEC likely to impact the growth of bitcoin ETFs?

-
- James Seyffart, Analyst, BLOOMBERG INTELLIGENCE (Moderator)
 - Ophelia Snyder, Chief Product Officer, AMUN

2:40 PM TRACK B The Rise of Fixed-Income Indices and ETFs

Fixed-income indices and ETFs are getting more attention as passive investing grows more prevalent and market volatility intensifies.

- What's driving more investors toward fixed-income ETFs, and how should advisors answer those needs?
- What are the methodologies used to create fixed-income indices and ETFs?
- How are some advisors using bond ETFs to build bond ladders?
- How is liquidity in the bond market being affected?
- How is the composition of these markets changing?
- What's the outlook for actively managed fixed-income ETFs?
- With the Fed pausing rate hikes, what's the outlook for credit investing?

- David Hultstrom, President, FINANCIAL ARCHITECTS, LLC
- Michael Beck, Managing Director, Portfolio Manager,, WEALTHSTREET INVESTMENT ADVISORS, LLC

3:20 PM TRACK B **The Fee Pressure Is On**

Advisors are grappling with fee compression amid competition from less costly robo-advisors and active-passive hybrids.

- How are advisors expanding their services in an increasingly competitive environment?
- What additional services should they offer, and at what cost?
- What should advisors do to protect their practices from fee pressure?
- Which tech-enabled solutions are advisors using to engage new customers?
- Which alternative fee methods are advisors adopting, such as subscription-based, hourly, flat-fee and retainer models?

-
- Jeff Haneline, Partner, COHEN & COMPANY
 - Robert Seawright, Chief Investment & Information Officer, MADISON AVENUE SECURITIES
 - Cullen Roche, Founder, ORCAM FINANCIAL GROUP
 - Allan Roth, Founder, WEALTH LOGIC, LLC

4:00 PM TRACK A **Networking Break**

4:20 PM TRACK B **Reaching Young Investors**

A new crop of investors is coming of age, and their preferences and values will have a major impacting on the global investment landscape.

- What do advisors need to do to better understand and attract a younger investor base?
- How can advisors take advantage of the largest wealth transfer in history cater to the 25- to 40-year old cohort?
- What channels are financial advisors using to market products to younger investors?
- Which investment strategies resonate most with the values of Millennials and Generation Z?
- Do inclusion and diversity ETFs offer an opportunity to engage younger investors? How are those funds performing?

-
- Emlen Miles-Mattingly, Founder & CEO, GEN NEXT WEALTH
 - Tyrone Ross, Managing Partner-NBWP, NOBLEBRIDGE WEALTH MANAGEMENT
 - Justin Castelli, Founder & Financial Advisor, RLS WEALTH MANAGEMENT
 - Jorge Padilla, Planning & Investment Associate, THE LUBITZ FINANCIAL GROUP
 - Dasarte Yarnway, Founder & Financial Advisor, BERKNELL FINANCIAL GROUP

5:00 PM **Networking Reception**

6:00 PM **Day Two Concludes**

Friday, June 21st, 2019

8:00 AM **Registration & Breakfast for all Conference Attendees**

9:00 AM **Global ETF Expansion: Is the ETF Industry Getting Too Big To Fail?**

- What is the contagion risk of the trade war with China to the entire emerging market economy?
- What will the inclusion of A-shares into indices mean for emerging markets?
- Will further tariffs and ongoing trade tensions between the U.S. and China create opportunities in other emerging markets?
- Will lower fees for Chinese ETFs drum up demand?
- Amid robust growth, is the ETF sector positioned to weather a downshift?
- Where are ETF investors taking risks to get higher yields on a global scale?
- What trends underlie the future growth of the ETF industry? Where are flows headed, and where might they pull back?
- What headwinds are on the horizon?

-
- Christopher Gething, Founder and Managing Member, ATHEREAN WEALTH MANAGEMENT, LLC
 - Perth Tolle, Founder, LIFE + LIBERTY INDEXES
 - Will Geisdorf, Senior Research Analyst, NED DAVIS RESEARCH, INC

9:45 AM **ETF Capital Markets Outlook**

- What impact do ETF capital market trends have on ETF issuers?
- What is required to bring a liquid, investable product to market?
- How are market-makers positioning themselves to continue participating in the ETF ecosystem?
- What's changing around providing liquidity for existing ETFs and developing new ETFs?
- How are regulatory shifts impacting exchange rules and operating models for market-makers?

-
- Matt Lewis, Head of Capital Markets, AMERICAN CENTURY

10:15 AM **Networking Break**

10:30 AM **Countering Volatility with Commodities ETFs**

- What is the added value of allocating commodities to a portfolio?
- How are commodity sectors such as metals, energy and grains expected to perform over the next several quarters?
- What can commodities markets tell us about the global economy?
- What strategies are advisors using for commodity exposure?
- What major shifts have occurred in the commodity markets in the past few years?
- Contango vs. backwardation of a commodity futures curve—how does this impact commodity ETFs?
- As many commodities are quoted in U.S. dollars, how are foreign exchange markets impacting commodities?
- How do trade wars impact the commodity markets in both the short and long term?

11:15 AM **Building Smarter Portfolios with Machine Learning**

- How are managers using machine learning in portfolio construction?
- What are some of the more unconventional data sources for identifying companies' thematic exposure?
- What are the latest innovations in data aggregation?
- What are the challenges, lessons learned, and outlook for newly launched machine learning ETFs?
- What is the role of natural language processing in portfolio and index construction?
- What are the pros and cons of sector tilting vs. concentration investing in portfolio construction?

-
- Chris Natividad, CIO, EQUBOT

12:00 PM **The 24th Annual Global Indexing & ETFs Conference Concludes**

EVENT CONTACTSEVENT CONTACTS

Managing Director Andy Melvin (212) 901-0542 amelvin@imn.org	Program Manager Sanyu Kyeyune 212-224-3516 sanyu.kyeyune@imn.org	Vice President, Sales Gareth Tapper 44 20 7779 8230 gareth.tapper@imn.org
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Registrations & Customer Service Marva Massiah (212) 901-0506 mmassiah@imn.org		

VENUE

MONARCH BEACH RESORT

Phone: (949) 234-3200

Website: <http://www.monarchbeachresort.com>

1 Monarch Beach Resort
Dana Point, CA, 92629
USA

Please use the link above to make a reservation in our group room block, pending availability, until our cutoff date of **Wednesday, May 15th**.

A one (1) night room and tax deposit is required at time of booking. Cancellation is 30 days prior to arrival and any cancellation within 30 days will forfeit the aforementioned deposit and is non-refundable.

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KNOWLEDGE PARTNER



LEAD ASSOCIATION SUPPORTER



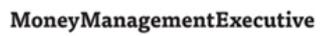
EVENT SUPPORTER



LEAD MEDIA PARTNER



MEDIA PARTNERS





MEMORANDUM

TO: Oakland Police & Fire
Retirement Board

FROM: David Jones

SUBJECT: Authorization and
Reimbursement of Board/Staff
Travel/Education Expenses

DATE: April 15, 2019

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: 2019 NASP Pension and Financial Svc Conf

Event Location: Baltimore Marriott Waterfront Hotel, Baltimore, MD

Event Date: June 23, 2019 - June 26, 2019

Estimated Event Expense*: \$ 2,100.00

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 traveling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

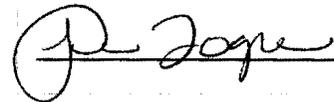
David Jones, Plan Administrator
Oakland Police and Fire Retirement System

For questions please contact David Low, Administrative Assistant, at 510-238-7295.

Attachments (if any):
Resolution # 7057
agenda

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved as to
Form and Legality



RESOLUTION No. 7057

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

TRAVEL AUTHORIZATION FOR PFRS BOARD MEMBER R. STEVEN WILKINSON TO TRAVEL AND ATTEND THE 2019 NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS PENSION AND FINANCE CONFERENCE ("2019 NASP CONFERENCE") FROM JUNE 24, 2019 TO JUNE 26, 2019 IN BALTIMORE, MD WITH AN ESTIMATED BUDGET OF TWO THOUSAND ONE HUNDRED DOLLARS (\$2,100.00)

WHEREAS, PFRS Board Member R. Steven Wilkinson wishes to attend the 2019 NASP Conference in Baltimore, MD from June 24, 2019 to June 26, 2019; and

WHEREAS, PFRS Board Member Wilkinson is expected to seek reimbursement of expenses from the Board; and

WHEREAS, the Board Education and Travel Policy requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Education and Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2019 NASP Conference in the amount of approximately \$2,100.00; and

WHEREAS, PFRS Board Member Wilkinson seeks Board approval of the aforementioned mentioned estimated costs to travel to Baltimore, MD to attend the 2019 NASP Conference from June 24, 2019 to June 26, 2019; now, therefore, be it

RESOLVED: PFRS Board Member R. Steven Wilkinson's travel request and estimated budget of \$2,100.00 to attend the 2019 NASP Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____ **APRIL 24, 2019**

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, KASAIN, MELIA, MUSZAR, SPEAKMAN,
AND PRESIDENT JOHNSON

NOES:

ABSTAIN: WILKINSON

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY



NASP 30th Anniversary Pension & Financial Services Conference

June 24, 2019–June 26,
2019
7:00 AM-5:00 PM

Marriott Baltimore
Waterfront
700 Aliceanna Street
Baltimore, MD 21202

Program Agenda

Africa & Emerging Markets Summit - Day 1 (All Attendees Are Welcome)

> Keynote Remarks

6/24/19

9:00 AM-10:00 AM

> Bridging the Gap Between US and Local Asset Allocators

6/24/19

10:10 AM-11:00 AM

Program Break

6/24/19

11:00 AM-11:10 AM

> Real Risk vs. Perceived Risk

6/24/19

11:10 AM-11:40 AM

> Adventures in Infrastructure Investing

6/24/19

11:50 AM-12:45 PM

> Luncheon Panel - The Build Act

6/24/19

1:00 PM-2:15 PM

> Rethinking Business Opportunities in Africa

6/24/19

2:30 PM-3:15 PM

> Opportunity Showcase & Speed Networking

6/24/19

3:25 PM-4:15 PM

Closing Remarks and Networking Break

6/24/19

4:15 PM-5:00 PM

NASP 30th Anniversary Welcome Reception

6/24/19

5:30 PM-7:30 PM

Late Night Dessert Reception

6/24/19

9:30 PM-11:59 PM

Professional Development Series - Day 2 (All Attendees Are Welcome)

> NASP Morning Plenary

6/25/19

8:00 AM-8:30 AM

Professional Development Series - Opening Remarks

6/25/19

8:45 AM-8:55 AM

> The Growth of Artificial Intelligence and Influence of Big Data

6/25/19

9:00 AM-10:00 AM

> Pathways to Entrepreneurship: When Is It The Right Time?
6/25/19
10:10 AM-11:10 AM

> The Case for Diversity on Corporate Boards and the Social and Economic Impact
6/25/19
11:20 AM-12:20 PM

Joyce Johnson Award Luncheon
6/25/19
12:30 PM-2:00 PM

> State of the African American & Latino Investment Industry
6/25/19
2:15 PM-3:15 PM

> Municipal: Divided Congress - What Can Muni's Expect?
6/25/19
3:25 PM-4:25 PM

> Managing Your Career
6/25/19
3:25 PM-4:25 PM

One on One Career Coaching + Corporate Sponsors Corner

6/25/19

3:30 PM-5:30 PM

Cocktail Reception

6/25/19

6:30 PM-7:30 PM

> NASP Black Tie Awards Gala & Entertainment

6/25/19

7:30 PM-11:30 PM

The NASP Institute - Day 2 (TRUSTEE/ALLOCATORS ONLY)

The NASP Institute - Opening Remarks

6/25/19

8:45 AM-8:55 AM

> 1A. Decoding Investment & Finance Jargon

6/25/19

9:00 AM-10:00 AM

> 1B. Understanding Capital Markets Assumptions

6/25/19

9:00 AM-10:00 AM

> 2A. Understanding Risk and Volatility

6/25/19

10:10 AM-11:10 AM

> 2B. Advanced Course: Benchmarking Non-Traditional Investments

6/25/19

10:10 AM-11:10 AM

> 3A. Introduction to ESG Investing

6/25/19

11:20 AM-12:20 PM

> 3B. Fundamentals of Securitization

6/25/19

11:20 AM-12:20 PM

> Negotiating Fees with Consultants & Investment Managers

6/25/19

3:25 PM-4:25 PM

Defined Contribution, Institutional Asset Mgmt,
Municipal Finance-Day 3 (All Attendees Are Welcome)

NASP Morning Plenary

6/26/19

8:30 AM-10:00 AM

> Design Your Plan To Address Today's Top Challenges

6/26/19

10:10 AM-11:10 AM

> Active AND Passive Investing: Portfolio Construction in the Era of an Aging Bull Market

6/26/19

10:10 AM-11:10 AM

> Leading for the Future - Newly Elected/Appointed Treasurers and CFO's

6/26/19

10:10 AM-11:10 AM

> Risk Mitigation Strategies in Different Market Environments

6/26/19

11:20 AM-12:20 PM

> Managing and Financing Emerging Needs in the Water Sector

6/26/19

11:20 AM-12:20 PM

Luncheon

6/26/19

12:30 PM-2:00 PM

> The Evolving Role of Credit

6/26/19

2:15 PM-3:15 PM

> Capital Markets Outlook on the Economy, Resurgence of Muni High Yield and Unique Deal Structures

6/26/19

2:15 PM-3:15 PM

> “CIO” Plenary Session

6/26/19

3:25 PM-4:25 PM

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CITY OF OAKLAND

MEMORANDUM

TO: Oakland Police & Fire
Retirement Board

FROM: David Jones

SUBJECT: Authorization and
Reimbursement of Board/Staff
Travel/Education Expenses

DATE: April 15, 2019

David Low, Staff 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 Staff member to be reimbursed.

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

Travel / Education Event: 2019 CALAPRS Administrative Assistant Roundtable

Event Location: San Jose Doubletree, San Jose, CA

Event Date: April 26, 2019

Estimated Event Expense*: \$ 189.00

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 traveling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

David Jones, Plan Administrator
Oakland Police and Fire Retirement System

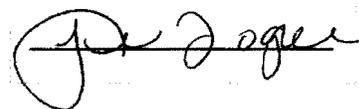
For questions please contact David Low, Administrative Assistant, at 510-238-7295.

Attachments (if any):
Resolution #7058
Agenda

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved as to
Form and Legality

RESOLUTION No. 7058



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

TRAVEL AUTHORIZATION FOR PFRS STAFF MEMBER DAVID LOW TO TRAVEL AND ATTEND THE 2019 CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS ADMINISTRATIVE ASSISTANT ROUNDTABLE CONFERENCE ("2019 CALAPRS ADMIN ROUNDTABLE CONFERENCE") ON APRIL 26, 2019 IN SAN JOSE, CA WITH AN ESTIMATED BUDGET OF ONE HUNDRED EIGHTY-NINE DOLLARS (\$189.00)

WHEREAS, PFRS Staff Member David Low wishes to attend the 2019 CALAPRS Admin Roundtable Conference in San Jose, CA on April 26, 2019; and

WHEREAS, PFRS Staff Member Low is expected to seek reimbursement of expenses from the Board; and

WHEREAS, the Board Education and Travel Policy requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Education and Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2019 CALAPRS Admin Roundtable Conference in the amount of approximately \$189.00; and

WHEREAS, PFRS Staff Member Low seeks Board approval of the fore mentioned estimated costs to travel to San Jose, CA to attend the 2019 CALAPRS Admin Roundtable Conference on April 26, 2019; now, therefore, be it

RESOLVED: PFRS Staff Member David Low's travel request and estimated budget of \$189.00 to attend the 2019 CALAPRS Admin Roundtable Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 24, 2019

PASSED BY THE FOLLOWING VOTE:

AYES: KASAINÉ, GODFREY, MELIA, MUSZAR, SPEAKMAN, WILKINSON
AND PRESIDENT JOHNSON

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY



ADMINISTRATIVE ASSISTANTS' ROUNDTABLE

Friday, April 26, 2019 • 8:30 a.m. – 3:30 p.m.
Doubletree by Hilton San Jose
2050 Gateway Place, San Jose, CA

AGENDA

- 8:30 a.m. Registration & Continental Breakfast
- 9:00 a.m. Welcome & Introductions
- 9:15 a.m. Dealing with difficult Trustees and resolution.
- 10:30 a.m. Morning Break
- 10:45 a.m. Presentation on The Brown Act - Neelam
- 12:00 p.m. Lunch Buffet
- 1:00 p.m. Presentation on The Public Records Act and more! - Anh
- 1:45 p.m. Presentation on Granicus
- 2:30 p.m. Afternoon Break
- 2:45 p.m. Discussion on transforming yourself from a nervous speaker to a skilled presenter.
- 3:25 p.m. Select a chair (or co-chairs) for next Roundtable on 10/25
- 3:30 p.m. Adjourn

The next Administrative Assistants' Roundtable will be coming up Friday, October 25, 2019, 8:30 a.m. – 3:30 p.m. at the Hilton Oakland Airport, 1 Hegenberger Road, Oakland, CA 94621. Details will be posted to the CALAPRS website and emailed to you as soon as they become available.



MEMORANDUM

TO: Oakland Police & Fire
Retirement Board

FROM: Teir Jenkins

SUBJECT: Authorization and
Reimbursement of Board/Staff
Travel/Education Expenses

DATE: April 15, 2019

David Jones, Staff 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 Staff member to be reimbursed.

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

Travel / Education Event: 2019 CALAPRS Administrator's Roundtable

Event Location: San Jose Doubletree, San Jose, CA

Event Date: June 21, 2019

Estimated Event Expense*: \$ 194.00

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 traveling party. Cancellation of event attendance requires return of all reimbursed funds paid to attendee to the fund.

Respectfully submitted,

Teir Jenkins, Investment Officer
Oakland Police and Fire Retirement System

For questions please contact David Low, Administrative Assistant, at 510-238-7295.

Attachments (if any):
Resolution #7059

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved as to
Form and Legality



RESOLUTION No. 7059

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

TRAVEL AUTHORIZATION FOR PFRS PLAN ADMINISTRATOR DAVID JONES TO TRAVEL AND ATTEND THE 2019 CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS ADMINISTRATORS' ROUNDTABLE CONFERENCE ("2019 CALAPRS ADMINISTRATORS' ROUNDTABLE CONFERENCE") ON JUNE 21, 2019 IN SAN JOSE, CA WITH AN ESTIMATED BUDGET OF ONE HUNDRED NINETY-FOUR DOLLARS (\$194.00)

WHEREAS, PFRS Plan Administrator David Jones wishes to attend the 2019 CALPRS Administrators' Roundtable Conference in San Jose, CA on April 26, 2019; and

WHEREAS, PFRS Plan Administrator Jones is expected to seek reimbursement of expenses from the Board; and

WHEREAS, the Board Education and Travel Policy requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Education and Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2019 CALPRS Administrators' Roundtable Conference in the amount of approximately \$194.00; and

WHEREAS, PFRS Plan Administrator Jones seeks Board approval of the fore mentioned estimated costs to travel to San Jose, CA to attend the 2019 CALPRS Administrators' Roundtable Conference on June 21, 2019; now, therefore, be it

RESOLVED: PFRS Plan Administrator David Low's travel request and estimated budget of \$194.00 to attend the 2019 CALPRS Administrators' Roundtable Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 24, 2019

PASSED BY THE FOLLOWING VOTE:

AYES: KASAINÉ, GODFREY, MELIA, MUSZAR, SPEAKMAN, WILKINSON
AND PRESIDENT JOHNSON

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: David Jones
Plan Administrator

SUBJECT: Audit Committee Agenda Pending List

DATE: April 15, 2019

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Report on member hearings concerning change of retirement classification or cause of death <i>(PFRS Legal Counsel directed to draft proposal of two possible procedural outlines on this matter).</i>	05/29/2019	
2	Status Report of the Ad Hoc Committee regarding Actuarial Funding date of July 1, 2026	TBD	

Respectfully submitted,

David Jones, Plan Administrator
Oakland Police and Fire Retirement System

All persons wishing to address the Committee must complete a speaker's card, stating their name and the agenda item (including "Open Forum") they wish to address. The Committee may take action on items not on the agenda only if findings pursuant to the Sunshine Ordinance and Brown Act are made that the matter is urgent or an emergency.

Oakland Police and Fire Retirement Committee meetings are held in wheelchair accessible facilities. Contact the Retirement Unit, 150 Frank Ogawa Plaza, Suite 3349 or call (510) 238-7295 for additional information.



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

AGENDA

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey
Chairman

R. Steve Wilkinson
Member

Martin J. Melia
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 24, 2019 – 10:00 am
One Frank H. Ogawa Plaza, Hearing Room 1
Oakland, California 94612

- - - ORDER OF BUSINESS - - -

- 1. Subject: PFRS Investment Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 27, 2019 Investment Committee meeting minutes.
- 2. Subject: Investment Manager Performance Review – DDJ Capital Management, LLC**
From: DDJ Capital Management, LLC

Recommendation: ACCEPT an Informational Report regarding review of DDJ Capital Management, LLC, a PFRS High Yield and Bank Loan Fixed Income Investment Manager.
- 3. Subject: Investment Manager Overview – DDJ Capital Management, LLC**
From: Meketa Investment Group

Recommendation: RECOMMEND BOARD APPROVAL of evaluation, review and possible watch status placement of DDJ Capital Management, LLC, a PFRS High Yield and Bank Loan Fixed Income Investment Manager.
- 4. Subject: Investment Market Overview**
From: Meketa Investment Group

Recommendation: ACCEPT an informational report on the global investment markets through April 2019.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
APRIL 24, 2019

ORDER OF BUSINESS, continued

5. **Subject:** **Informational Report on Preliminary Investment Fund Performance for the Quarter Ending March 31, 2018**
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** informational report on the Preliminary Investment Fund Performance for the Quarter Ending March 31, 2018.
6. **Subject:** **Informational Report on the status of the Request for Information for the new PFRS Active International Equity Asset Class Investment Manager**
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** Informational Report on the status of the Request for Information for the new PFRS Active International Equity Asset Class Investment Manager.
7. **Subject:** **Informational Report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund**
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** an informational report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund.
8. **Subject:** **Resolution No. 7052 – Resolution authorizing a professional service agreement with State Street Global Advisors (SSgA), to serve as investment manager of the long duration treasury plan component of the crisis risk offset investment strategy for the Oakland Police and Fire Retirement System at a fee rate not to exceed 4 basis points (4 bp or 0.04 percent) of the portfolio’s assets value each year**
From: SSgA and Staff of the PFRS Board
-
- Recommendation:** **RECOMMEND BOARD APPROVAL of Resolution No. 7052 – Resolution authorizing a professional service agreement with State Street Global Advisors (SSgA), to serve as investment manager of the long duration treasury plan component of the crisis risk offset investment strategy for the Oakland Police and Fire Retirement System at a fee rate not to exceed 4 basis points (4 bp or 0.04 percent) of the portfolio’s assets value each year.**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
APRIL 24, 2019**

ORDER OF BUSINESS, continued

- 9. Schedule of Pending Investment Committee Meeting Agenda Items**
- 10. Future Scheduling**
- 11. Open Forum**
- 12. Adjournment of Meeting**

AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held March 27, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present: • R. Steven Wilkinson, Member
• Martin J. Melia, Member

Committee Members Absent: • Jaime T. Godfrey, Chairman

Additional Attendees: • David Jones, Plan Administrator
• Jennifer Logue, PFRS Legal Counsel
• David Low & Teir Jenkins, Staff Members
• David Sancewich, Meketa Investment Group
• Sean Copus, Meketa Investment Group

The meeting was called to order at 10:15 am. Member Wilkinson served as Chairman Pro Tem in Chairman Godfrey’s absence from today’s meeting.

1. **Approval of Investment Committee meeting minutes** – Member Melia made a motion to approve the February 27, 2019 Investment Committee meeting minutes, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

2. **Investment Manager Performance Review – State Street Global Advisors (SSgA)** – Andrew Yurkewych from SSgA presented a review of the Investment Performance of PFRS investment funds which are invested in its passive international equity account. Chairman Pro Tem Wilkinson asked Mr. Yurkewych about the diversity of the staff and the Board of SSgA. Mr. Yurkewych said he would contact his staff with the answer to Chairman Pro Tem Wilkinson’s questions and deliver it to the PFRS staff. Following additional Committee and investment manager discussion, member Melia made a motion to accept the informational report from SSgA, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

3. **Investment Manager Overview – State Street Global Advisors** – Sean Copus presented an update report on the organization of SSgA and investment performance of the PFRS funds managed by SSgA. Mr. Copus said Meketa does not have any recommendation for the Investment Committee regarding this manager. Chairman Pro Tem Wilkinson instructed Mr. Copus to research and report the diversity of the Boards of Directors for each PFRS Investment manager at a future meeting. Member Melia made a motion to approve the informational report by Meketa, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

4. **Resolution No. 7052** – Chairman Pro Tem Wilkinson said discussion and approval of resolution no. 7052 would be tabled to the April 2019 Investment Committee meeting when Meketa replied to his question about the diversity of SSgA's staff and Board of Directors.

5. **Investment Market Overview** – Sean Copus reported on the global economic factors affecting the PFRS Fund. Member Melia made a motion accept the Informational Report from PCA, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

6. **Review of 2019 10-year Capital Market Assumptions** – David Sancewich reported the PFRS portfolio long-term performance expectations to the Investment Committee. Following Mr. Sancewich's report and some additional discussion, member Melia made a motion to recommend PFRS Board approval of the 10-year capital market assumptions report, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

7. **\$14.2 million 2nd Quarter 2019 Member Benefits Drawdown** – Mr. Copus presented Meketa's recommendation on drawdowns to be made to pay for April 2019 through June 2019 member retirement benefits. Mr. Copus reported that Meketa recommended withdrawing \$3.0 million from funds managed by Parametric Portfolio Advisors (Covered Calls) and \$11.2 million from Cash from the City of Oakland. Investment Officer Teir Jenkins reported that staff is currently calculating the retroactive payments to be made to PFRS Fire members and beneficiaries as a result of a new Local 55 Memorandum of Understanding and said that the final calculation may require staff to amend the 2nd Quarter 2019 member benefits drawdown amount at a future date. Following Committee discussion, Member Melia made a motion to recommend Board Approval of a \$14.2 million drawdown, which includes an \$11.2 million contribution from the City of Oakland and a \$3.0 million contribution from the PFRS Investment Fund, to be used to pay for April 2019 through June 2019 member retirement benefits, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

8. **Status Report of the request for information for the new PFRS Active International Equity Asset Class Investment Manager** – Mr. Sancewich reported that the Request for Proposal for the new PFRS Active International Equity Asset Class Investment Manager would be posted on the Meketa website shortly. He said Meketa would report on the status of the RFP at each future Investment Committee meeting. Following committee discussion, member Melia made a motion to recommend board approval of the informational report from Meketa, second by Chairman Pro Tem Wilkinson. Motion passed.

[GODFREY – ABSENT / MELIA – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0)

9. **Investment Committee Pending Agenda Items** – The investment committee and PCA discussed the upcoming agenda items scheduled on PCA’s future meeting’s agenda.
10. **Future Scheduling** – The next Investment Committee meeting was scheduled for April 24, 2019.
11. **Open Forum** – No Report.
12. **Adjournment of Meeting** – The meeting adjourned at 10:51 am.

JAIME T. GODFREY, COMMITTEE CHAIRMAN

DATE

DRAFT



Oakland Police & Fire Retirement System

DDJ Capital Management Group Trust – High Yield Investment Fund Portfolio Review

April 24, 2019

CONFIDENTIAL INFORMATION

This presentation is not intended to be used in connection with the offering of any securities. The information set forth herein is being provided for general informational purposes only without representation or warranty. Certain of the economic and market information contained herein has been obtained from published sources and/or prepared by other parties. While such sources are believed to be reliable, neither DDJ nor its affiliates, representatives, partners, officers, employees or agents assume any responsibility for the accuracy of such information. This presentation contains information dated as of March 31, 2019 unless otherwise noted. This presentation is intended solely for use by Oakland Police & Fire Retirement System and may not be redistributed without the express written permission of DDJ.

INVESTMENT PHILOSOPHY

“The DDJ investment philosophy is based upon the belief that by performing exhaustive fundamental and legal/structural analysis of each investment opportunity, DDJ can construct a concentrated, value-oriented credit portfolio that can generate compelling risk-adjusted returns over a complete credit cycle.”

- David Breazzano

TABLE OF CONTENTS

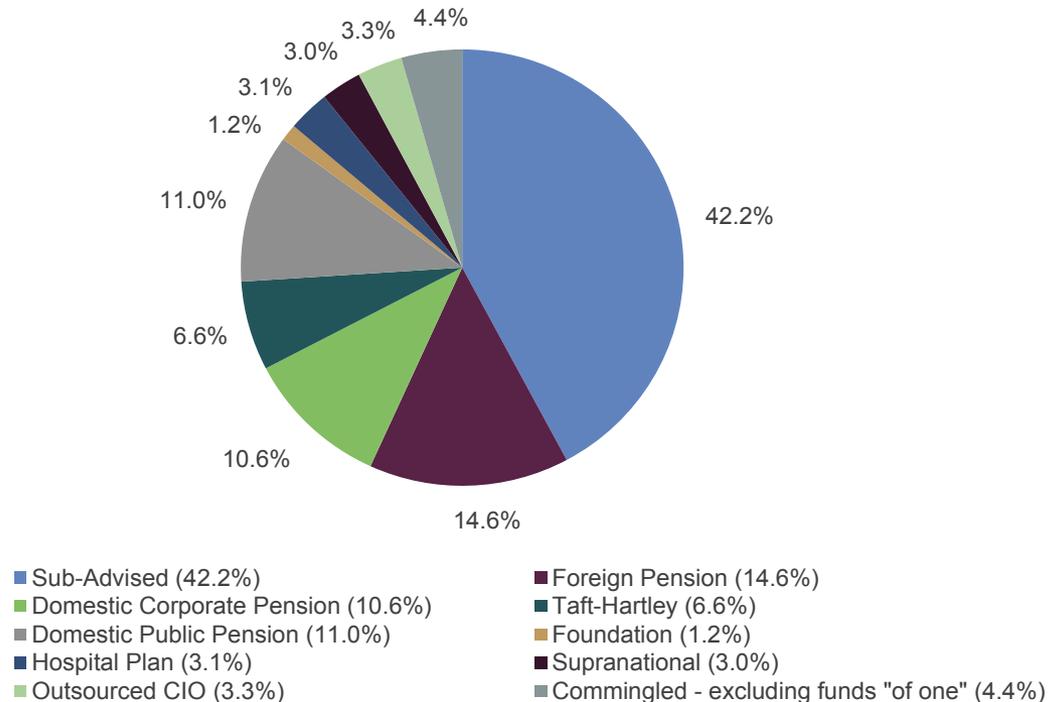
Firm Profile	4
Investment Team	5
Investment Strategies	6
Portfolio Review	9
Appendix	13

FIRM PROFILE

- Privately held
- Diverse and stable client base
- Sole focus on high yield debt market

- Founded in 1996
- \$8.40 billion in AUM; focus on non-investment grade credit strategies
- 54 employees; 18 member investment team including two attorneys
- Clients include corporate and public DB plans, DC plans, Taft-Hartley plans, sub-advisory, and foundations

Client Types (by AUM)



The above pie chart does not include assets managed in legacy accounts, which are presently in wind-down.

INVESTMENT TEAM

- Rigorous constructive debate
- Embedded legal perspective
 - Dedicated in-house transactional attorney
- Sector specialists examine opportunities across the capital structure
- Investment Review Committee
 - Average 14 years at DDJ
 - Average 19 years of industry experience

David Breazzano*
President and CIO

Co-PM of Opportunistic HY
Co-PM of Upper Tier HY
Years of Experience: 38
Years at DDJ: 23

Ben Santonelli*
Portfolio Manager

Co-PM of Opportunistic HY
PM of Total Return Credit
Years of Experience: 15
Years at DDJ: 14

John Sherman*
Portfolio Manager

Co-PM of Opportunistic HY
PM of Bank Loan
Years of Experience: 14
Years at DDJ: 12

Roman Rjanikov*
*Co-Portfolio Manager***

Co-PM of Upper Tier HY
Director of Research
Years of Experience: 15
Years at DDJ: 12

Additional Key Investment Personnel

Beth Duggan*
Associate General Counsel

Dedicated transactional attorney
Years of Experience: 17
Years at DDJ: 12

Jason Rizzo
Head Trader

Oversees all trading activities
Years of Experience: 21
Years at DDJ: 14

8 research analysts

2 in-house attorneys

2-person trading team

Collaborative 18-member team; key professionals average 19 years industry experience
Two in-house attorneys provide valuable legal perspective and analysis
Investment Review Committee provides a regular forum for evaluation and review

*These investment personnel comprise the Investment Review Committee.

**Roman Rjanikov was named co-portfolio manager of the DDJ Upper Tier U.S. High Yield Strategy effective April 1, 2019. Additional information regarding industry coverage and responsibilities for the investment team can be found in the Appendix.

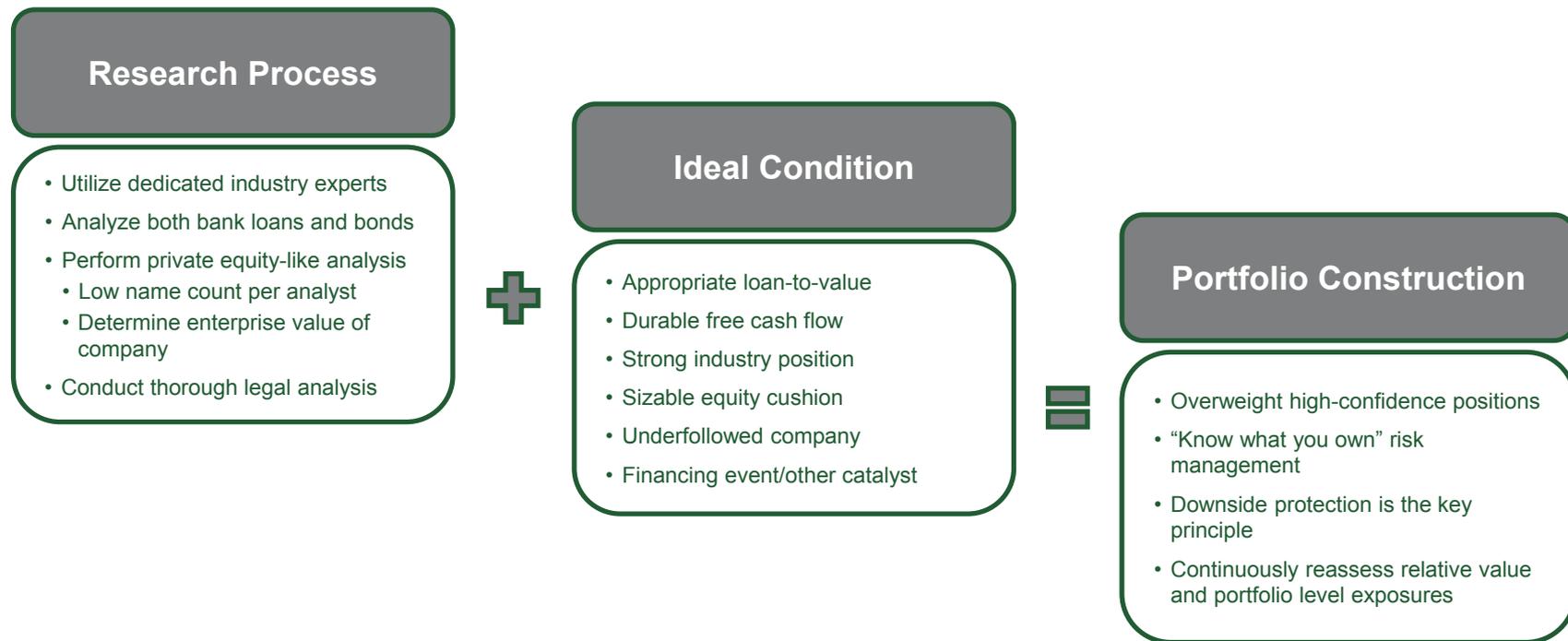
INVESTMENT STRATEGIES

U.S. Opportunistic High Yield	AUM	Upper Tier U.S. High Yield
\$6.60 billion		\$709 million
March 31, 1998	Inception Date	October 31, 2012
High current income / principal protection: out-perform broad-market high yield index over credit cycle	Investment Objective	High current income / principal protection with an ESG focus: out-perform BB/B high yield index over credit cycle
B & CCC rated bonds, syndicated loans, some direct loans; "middle market" focus ¹	Primary Investments	BB & B rated bonds
Separate Account Commingled Fund Mutual Fund	Investment Vehicles	Separate Account

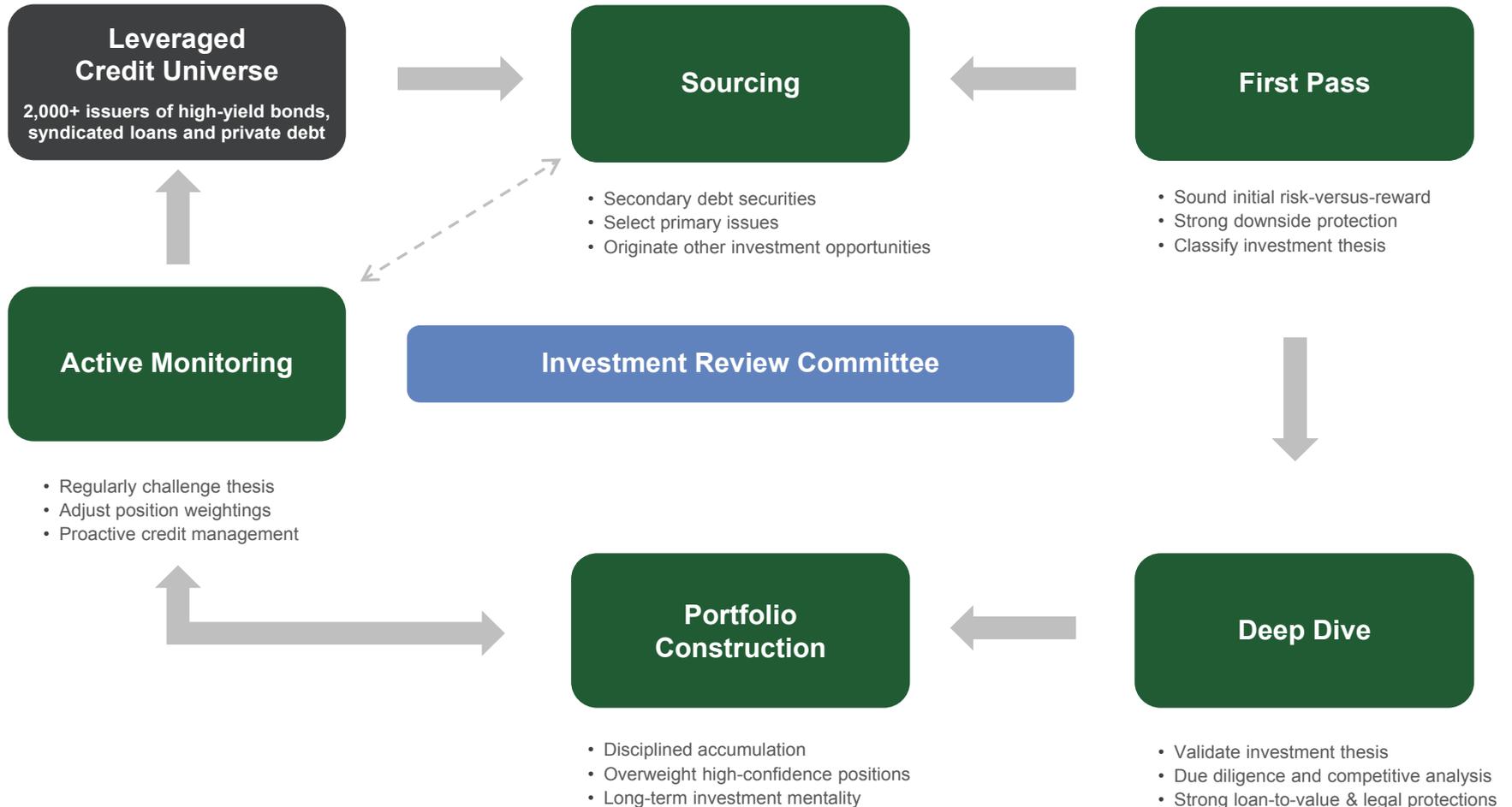
Customized Client Solutions (AUM of \$1.0 billion)
Concentrated Credit Bank Loan Liquid, Bond Focused
<u>Blended Portfolio: e.g., equally weighted in BB/B bond; CCC bond; and bank loan</u>

¹Middle market companies are defined by DDJ as companies with normalized EBITDA \$75mm–\$250mm

IMPLEMENTING OUR PHILOSOPHY



REPEATABLE INVESTMENT PROCESS





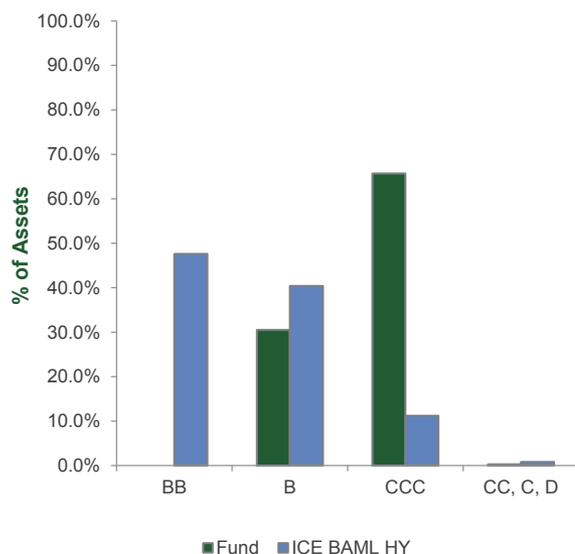
PORTFOLIO REVIEW

DDJ CAPITAL MANAGEMENT GROUP TRUST – HIGH YIELD INVESTMENT FUND

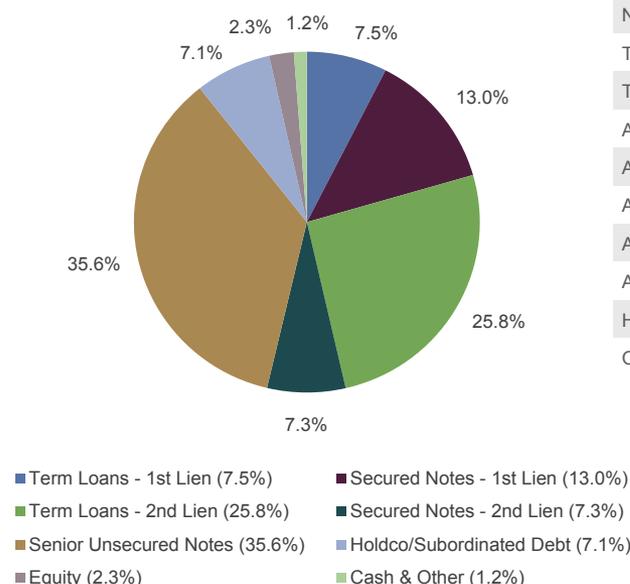
(as of 3/31/19)

Performance	YTD 2019	1 Year	3 Year (ann.)	5 Year (ann.)	7 Year (ann.)	Since Inception (ann.)
DDJ Capital Management Group Trust – High Yield Investment Fund (Gross)	4.33%	2.67%	10.97%	6.02%	7.49%	7.53%
ICE BofA Merrill Lynch U.S. High Yield Index	7.40%	5.94%	8.69%	4.70%	6.26%	6.25%

Credit Quality Allocation



Fund by Security Type



Portfolio Characteristics

Portfolio Characteristics	Fund	ICE BAML HY
Number of issuers	72	849
Top 10 issuers	29.3%	12.5%
Top 25 issuers	57.5%	22.9%
Average rating	CCC1	B1
Average coupon	8.75%	6.34%
Average blended yield	9.94%	6.47%
Average price	\$95.34	\$98.95
Adjusted effective duration	2.23	3.67
HYGT market value	\$301,640,458	-
Oakland market value	\$7,930,621	-

The DDJ Capital Management Group Trust – High Yield Investment Fund (the “Fund”) was inception on July 1, 2011. Accordingly, performance since inception set forth above is calculated as of such date. However, the date of the first investment by Oakland Police & Fire Retirement System (“Oakland”) was January 1, 2015. The full name of the index presented is the ICE BofA Merrill Lynch U.S. High Yield Index (“ICE BAML HY”). The ICE BAML HY is a broad high yield index that tracks the performance of U.S. dollar-denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates (“ICE Data”) and/or its Third Party Suppliers and has been licensed for use by DDJ. ICE Data and its Third Party Suppliers accept no liability in connection with its use. Please contact DDJ for a full copy of the disclaimer. The returns set forth for the Fund are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. Gross returns also do not reflect the deduction of the investment advisory fee charged by DDJ Capital Management; such expense, as well as other expenses the Fund may incur, will reduce the gross return set forth in the charts above. The investment advisory fees charged to each participating trust in the Fund are set forth in such trust’s subscription agreement. Net returns are available upon request. **Past performance is no guarantee of future returns.** Please also reference the endnotes on the subsequent slide for more information.

PORTFOLIO CHARACTERISTICS

(as of 3/31/19)

Top Five by Issuer (YTD)	Average Weight	Contrib to Return
Material Sciences	1.50%	0.45%
U.S. Renal Care	3.05%	0.21%
MultiPlan	2.49%	0.20%
Apex Tool	1.30%	0.19%
Baffinland Iron Mines	1.79%	0.18%
Total	10.13%	1.23%

Bottom Five by Issuer (YTD)	Average Weight	Contrib to Return
One Call Medical	3.07%	-0.28%
Dominion Diamond Mines	1.27%	-0.16%
SkillSoft	1.65%	-0.06%
Foresight Energy	2.18%	-0.04%
High Ridge Brands	0.36%	-0.02%
Total	8.53%	-0.56%

Top Ten Issuers (by size)	% NAV Weight
Asurion	4.4%
U.S. Renal Care	3.1%
MEG Energy	3.0%
Alliant Holdings	2.9%
Specialty Steel	2.8%
GTT Communications	2.8%
Uniti Group	2.7%
One Call Medical	2.7%
MultiPlan	2.6%
Aveanna Healthcare	2.3%
Total	29.3%

Industry Group	Fund	ICE BAML HY	Difference
Automotive	3.8%	1.7%	2.1%
Banking	0.0%	2.3%	-2.3%
Basic Industry	16.0%	10.9%	5.1%
Capital Goods	12.7%	6.1%	6.6%
Consumer Goods	1.7%	3.0%	-1.3%
Energy	7.2%	14.8%	-7.7%
Financial Services	0.0%	4.7%	-4.7%
Healthcare	21.3%	10.1%	11.3%
Insurance	7.3%	1.2%	6.1%
Leisure	2.3%	4.8%	-2.5%
Media	5.4%	11.4%	-6.0%
Real Estate	0.0%	1.2%	-1.2%
Retail	1.6%	4.4%	-2.8%
Services	8.4%	5.0%	3.3%
Technology & Electronics	4.7%	5.9%	-1.2%
Telecommunications	6.5%	9.4%	-2.9%
Transportation	0.0%	0.8%	-0.8%
Utility	0.0%	2.2%	-2.2%
Cash & Other	1.2%	0.0%	1.2%

The returns set forth for the Fund as set forth above are presented gross of all fees except for trading expenses, deal-related legal expenses and withholding taxes. Returns are calculated using daily time weighted rates of return and cash flows are recognized at the beginning of the day. **Past performance is no guarantee of future returns.** In order to obtain the calculation methodology with respect to the Contribution to Return set forth above, or a list showing a contribution of each holding in the Fund to the overall Fund's performance during this period, please contact investorrelations@ddjcap.com. The holdings identified above do not represent all of the securities purchased, sold or recommended for the Fund during this period.

PORTFOLIO CHARACTERISTICS

(as of 3/31/19)

Price	Fund	ICE BAML HY	Difference
< 70	0.7%	1.8%	-1.2%
70 – 85	6.9%	4.1%	2.8%
85 – 95	30.7%	10.7%	20.0%
95 – 100	40.9%	24.8%	16.1%
100 – 105	13.2%	46.4%	-33.1%
105 – 110	4.1%	10.1%	-6.0%
> 110	0.0%	2.1%	-2.1%
Equity	2.3%	0.0%	2.3%
Cash & Other	1.2%	0.0%	1.2%
Total	100.0%	100.0%	

Blended Yield	Fund	ICE BAML HY	Difference
0 – 3%	0.7%	0.6%	0.1%
3 – 6%	2.6%	61.5%	-59.0%
6 – 9%	41.3%	25.7%	15.5%
9 – 12%	39.2%	7.4%	31.7%
12 – 15%	8.8%	1.5%	7.3%
15 – 18%	1.2%	1.2%	0.0%
> 18%	2.7%	1.9%	0.8%
Equity	2.3%	0.0%	2.3%
Cash & Other	1.2%	0.0%	1.2%
Total	100.0%	100.0%	

Issue Size	Fund	ICE BAML HY	Difference
< \$200mm	10.8%	0.0%	10.8%
\$200 – \$400mm	30.7%	16.7%	14.0%
\$400 – \$600mm	24.2%	20.8%	3.4%
\$600mm – \$1bn	12.8%	28.9%	-16.1%
\$1 – \$2bn	12.6%	26.3%	-13.7%
\$2 – \$5bn	5.4%	6.8%	-1.5%
> \$5bn	0.0%	0.4%	-0.4%
Equity	2.3%	0.0%	2.3%
Cash & Other	1.2%	0.0%	1.2%
Total	100.0%	100.0%	

Adjusted Effective Duration	Fund	ICE BAML HY	Difference
0 – 1 yr	44.2%	10.2%	34.0%
1 – 2 yrs	2.0%	12.2%	-10.2%
2 – 3 yrs	10.4%	14.9%	-4.5%
3 – 4 yrs	5.5%	19.0%	-13.5%
4 – 5 yrs	33.4%	23.5%	9.9%
5 – 6 yrs	0.0%	11.0%	-11.0%
> 6 yrs	1.1%	9.3%	-8.2%
Equity	2.3%	0.0%	2.3%
Cash & Other	1.2%	0.0%	1.2%
Total	100.0%	100.0%	

The full index name presented is the ICE BofA Merrill Lynch U.S. High Yield Index and is used for comparative purposes only. The average rating characteristic is not a S&P credit rating or a rating issued from a ratings agency, and is not a credit opinion. With respect to the Fund, blended yield is a blend of (i) for securities trading at or above par, yield to worst for bonds, and yield to three year take out for loans, and (ii) for bonds and loans trading at a discount, yield to maturity. With respect to the benchmark, yield is shown as yield to worst. With respect to the Fund, the adjusted effective duration statistic provided is calculated by taking a weighted average of (i) modified duration to next reset date for all floating rate instruments, and (ii) effective duration for all fixed coupon instruments. With respect to the benchmark, duration is shown as effective duration.



APPENDIX

INVESTMENT TEAM

(as of 4/1/19)

Name	Industry Coverage/Responsibilities	Prior Investment Experience	Education
David Breazzano President	Chief Investment Officer; Oversees Strategies firm-wide; Co-PM on Opportunistic HY Strategy; Co-PM on Upper Tier U.S. HY Strategy	Fidelity Investments T. Rowe Price	Cornell University, MBA Union College, BA
Benjamin Santonelli Portfolio Manager	Co-PM on Opportunistic HY Strategy; PM on Total Return Credit Strategy; Assistant PM on Bank Loan Strategy		Amherst College, BA
John Sherman Portfolio Manager	Co-PM on Opportunistic HY Strategy; PM on Bank Loan Strategy; Assistant PM on Total Return Credit Strategy	Thoma Cressey Equity Partners Citigroup Investment Banking Division	University of Notre Dame, BBA
Roman Rjanikov Co-Portfolio Manager	Co-PM on Upper Tier U.S. HY Strategy; Director of Research	MFS Investment Management Fidelity International	Harvard Business School, MBA Plekhanov Russian University of Economics, MSc
Michael Weissenburger Managing Director	Head of Origination	Wells Fargo Capital Finance Sonos Networks, Inc.	Northeastern University, MBA University of Connecticut, BA
Sameer Bhalla Senior Research Analyst	Energy, Chemicals, Industrials	Liberty Mutual Group Investor's Bank and Trust	Boston College, MSF Boston University Questrom School of Business, BS
Ashley Conti Smith Senior Research Analyst	Generalist, Upper Tier U.S. HY Strategy	Moelis & Co. Jefferies & Co.	Dartmouth College, MBA Bowdoin College, AB
Michael Graham, CFA Senior Research Analyst	Healthcare	Macquarie Capital	Middlebury College, BA Chartered Financial Analyst Designation
Eric Hoff, CFA Senior Research Analyst	Metals & Mining, Autos, Aerospace & Defense	Newstar Capital (f/k/a Feingold O'Keefe Capital)	Boston University Questrom School of Business, BS Chartered Financial Analyst Designation
Ned Hole, CFA Senior Research Analyst	Telecommunications, Cable, Satellite	Putnam Investments BlackRock Financial	Williams College, BA Chartered Financial Analyst Designation
Mark Wegner Senior Research Analyst	Building Materials, Paper & Packaging, Services	Silver Point Capital, L.P. Rothschild Inc.	The Johns Hopkins University, BA
Douglas Wooden Senior Research Analyst	Media, Utilities, Gaming & Leisure	Fort Warren Capital Putnam Investments	University of Pennsylvania, BA
Victoria Moore Research Analyst	Support on various industries	Cambridge Associates	Yale University, BA

INVESTMENT TEAM (CONT.)

(as of 4/1/19)

Name	Industry Coverage/Responsibilities	Prior Investment Experience	Education
Jason Rizzo Head Trader	High yield bonds, bank loans, and equity	Grantham, Mayo, Van Oterloo & Co. LLC Colonial Management Associates	State University of New York, BS
Chris Kaminski, CFA Trader	High yield bonds, bank loans, and equity	Bank of New York Mellon	Boston University, BA Chartered Financial Analyst Designation
Timothy Dillon Portfolio Analyst	Portfolio Analytics	Brown Brothers Harriman & Co.	Middlebury College, BA Bentley University, MBA
Joshua McCarthy General Counsel & Chief Compliance Officer	Product structuring, compliance and general transactional	Testa, Hurwitz & Thibault, LLP	Duke University School of Law, JD Duke University, AB
Beth Duggan Associate General Counsel	Loans, reorganizations, and general transactional	Goodwin Procter, LLP Pillsbury Winthrop, LLP	Northwestern University School of Law, JD Cornell University, BA

BIOGRAPHIES

David J. Breazzano – President, Chief Investment Officer, Co-Portfolio Manager

Mr. Breazzano is a co-founder of DDJ and has more than 38 years of experience in high yield, distressed, and special situations investing. At DDJ, he oversees all aspects of the firm and chairs the Management Operating, Remuneration, and Investment Review Committees. In addition, Mr. Breazzano serves as co-portfolio manager of DDJ's Upper Tier U.S. High Yield strategy. Prior to forming DDJ, from 1990 to 1996, he was a vice president and portfolio manager in the High-Income Group at Fidelity Investments, where he had investment management responsibility for over \$4 billion in high yield and distressed assets. Specifically, he was a portfolio manager of the Fidelity Capital & Income Fund, which was one of the largest high yield funds in existence at that time. In addition, Mr. Breazzano co-managed the distressed investing operation at Fidelity. Prior to joining Fidelity in 1990, Mr. Breazzano was a vice president and portfolio manager at T. Rowe Price Associates. Before joining T. Rowe Price in 1985, he was a high yield analyst and vice president at First Investors Asset Management, which had over \$1 billion in high yield assets under management. Mr. Breazzano began his professional career at New York Life as an investment analyst. Mr. Breazzano is the author of the chapter entitled "Distressed Investing" in *Leveraged Financial Markets: A Comprehensive Guide to High-Yield Bonds, Loans, and Other Instruments* and co-author of the chapter entitled "Trading in the Distressed Market" in *Investing in Bankruptcies and Turnarounds*. Mr. Breazzano serves as a member of the board of directors for the Children's Trust Fund following his appointment by Massachusetts Governor Charlie Baker in 2016. He received his MBA from the Johnson School at Cornell University where he currently is a member of the university's board of trustees. Mr. Breazzano graduated *cum laude* with a BA from Union College, where he also currently sits on its board of trustees.

Benjamin J. Santonelli – Portfolio Manager

Mr. Santonelli joined DDJ in 2004 and has more than 15 years of experience in sourcing, analyzing, and managing investments across a variety of industries. Mr. Santonelli serves as co-portfolio manager of DDJ's U.S. Opportunistic High Yield strategy, portfolio manager of DDJ's Total Return Credit strategy, and assistant portfolio manager of DDJ's Bank Loan strategy. He is also a member of the Investment Review Committee. Mr. Santonelli serves as a member of the board of directors of two portfolio companies. Mr. Santonelli received his BA from Amherst College.

John W. Sherman – Portfolio Manager

Mr. Sherman joined DDJ in 2007 and has more than 14 years of experience in sourcing, analyzing, and managing investments across a variety of industries. Mr. Sherman serves as co-portfolio manager of DDJ's U.S. Opportunistic High Yield strategy, portfolio manager of DDJ's Bank Loan strategy, and assistant portfolio manager of DDJ's Total Return Credit strategy. He is also a member of the Investment Review Committee. Mr. Sherman serves as a member of the board of directors of a portfolio company. Prior to joining DDJ, Mr. Sherman was an associate in the Healthcare Group at Thoma Cressey Equity Partners, focusing on private equity investments in middle-market companies. While at Thoma Cressey Equity Partners, Mr. Sherman participated in the due diligence of new standalone investments and tack-on acquisitions for existing portfolio companies. Prior to joining Thoma Cressey Equity Partners, Mr. Sherman was in the Investment Banking Division of Citigroup where he was an analyst in the Global Healthcare Group. While at Citigroup, he participated in the execution of initial public offerings, private placements, mergers and acquisitions, recapitalizations, and other corporate finance transactions. Mr. Sherman graduated *magna cum laude* with a BBA from the University of Notre Dame.

Roman Rjanikov – Co-Portfolio Manager, Director of Research

Mr. Rjanikov joined DDJ in 2007 and has more than 15 years of experience in sourcing, analyzing, and managing investments across a variety of industries. Mr. Rjanikov serves as the co-portfolio manager of DDJ's Upper Tier U.S. High Yield strategy as well as the Director of Research. He is also a member of the Investment Review Committee. Prior to joining DDJ, Mr. Rjanikov was an Equity Research Analyst at MFS Investment Management since 2003. While at MFS, Mr. Rjanikov covered a variety of industries with a focus on equities of public US companies. From 1995 to 2001, Mr. Rjanikov was a Senior Financial Analyst at Hewlett-Packard Company in the US, Switzerland and Russia. Mr. Rjanikov earned his MBA (with Distinction) from Harvard Business School and M. Sc. from Plekhanov Russian University of Economics.

BIOGRAPHIES

Michael S. Weissenburger – Head of Origination, Managing Director

Mr. Weissenburger joined DDJ in 2015 and has more than 29 years of industry experience, including 14 years of experience in sourcing, analyzing, and direct lending across a variety of industries. As the Head of Origination, Mr. Weissenburger is primarily responsible for building relationships across several financing channels, including investment banks, commercial lenders, private equity firms, Business Development Companies (BDCs), restructuring advisors/consultants and other non-traditional lenders. Prior to joining DDJ, Mr. Weissenburger served for 10 years as Director of Direct Loan Origination at Wells Fargo Capital Finance, where he originated new transactions by effectively sourcing, reviewing, and establishing relationships from Maine to Pennsylvania as well as in Eastern Canada. Prior to his experience at Wells Fargo, he held financial positions at Sonus Networks, Inc., Cognos, Inc. (since acquired by IBM Corporation) and Converge, Inc. Mr. Weissenburger received his MBA from Northeastern University and his BA at the University of Connecticut.

Jason R. Rizzo – Head Trader

Mr. Rizzo joined DDJ in 2004 and has more than 21 years of industry experience. Mr. Rizzo is responsible for the execution of trades in all securities in which DDJ invests including high yield bonds, bank debt, distressed bonds, convertible bonds, and equities as well as general oversight of the trading function. Prior to joining DDJ, Mr. Rizzo served in a trading support role at Grantham, Mayo, Van Otterloo & Co. LLC from 2000 to 2004. From 1999 to 2000, Mr. Rizzo was a pricing analyst with Colonial Management Associates and from 1997 to 1999 he worked at State Street Bank and Trust in the mutual fund accounting area. Mr. Rizzo received his BS from the State University of New York.

Joshua L. McCarthy – General Counsel & Chief Compliance Officer

Mr. McCarthy joined the DDJ legal department in 2003 and has over 18 years of experience in the legal profession. As General Counsel, Mr. McCarthy is responsible for overseeing DDJ's legal affairs and providing counsel related to the firm's investment management activities. In addition, in his role as Chief Compliance Officer, Mr. McCarthy administers DDJ's compliance program, including the firm's annual compliance review conducted pursuant to the requirements of the Investment Advisers Act of 1940. He is also a member of the Management Operating, Remuneration, and Fair Value Committees. Prior to joining DDJ, Mr. McCarthy worked as an associate in the business practice group at Testa, Hurwitz & Thibault, LLP, where he represented various publicly and privately held companies as well as venture capital partnerships. Mr. McCarthy received his JD from Duke University School of Law, *magna cum laude*, and his AB from Duke University, *magna cum laude*. Mr. McCarthy is a member of the bar of the Commonwealth of Massachusetts.

Elizabeth Duggan – Associate General Counsel

Ms. Duggan joined the DDJ legal department in 2006 and has over 17 years of experience structuring and negotiating corporate and finance transactions. She focuses the majority of her work on primary issuances of loans and private placements, mergers and acquisitions, reorganizations and intercreditor issues. She is also a member of the Investment Review Committee. Prior to joining DDJ, she was a senior associate in the Leveraged Finance Group at Goodwin Procter, LLP and an associate in the Corporate, Securities, and Finance Group of Pillsbury Winthrop, LLP, in New York. Ms. Duggan has significant experience representing institutions on various domestic and cross-border financing transactions. Ms. Duggan received her JD from Northwestern University School of Law and her BA from Cornell University. She is a member of the bars of the Commonwealth of Massachusetts and the State of New York.

BIOGRAPHIES

David Levine, CFA – Director, Portfolio Specialist

Mr. Levine joined DDJ in 2008 and has more than 18 years of experience in the investment management industry. Mr. Levine works with the members of the business development and client service team to effectively communicate DDJ's investment philosophy and strategies with clients, consultants and prospects. Before joining the business development and client service team in 2013, he served as performance manager for DDJ's analytics team where he was responsible for performance measurement, portfolio analytics, attribution, and GIPS compliance for the firm. Earlier in his career, he worked at Blackrock, Inc. and State Street Corporation. Mr. Levine received his MS in Finance from Bentley University and his BS from Framingham State University. Mr. Levine is a CFA charterholder.

Andrew S. Ross, CFA – Director, Portfolio Specialist

Mr. Ross joined DDJ in 2016 and has more than 17 years of experience in the investment management industry. Mr. Ross works with members of the business development and client service team to effectively communicate DDJ's investment philosophy and strategies with clients, consultants and prospects. Prior to joining DDJ, he served as a fixed income product management analyst at Wellington Management Company, where he acted as a proxy for portfolio managers in communicating to clients, consultants, and prospects on investment strategies, positioning, and market outlook. Prior to that, Mr. Ross worked as an equity research associate at MFS Investment Management, where he built and maintained company models using bottom-up fundamental analysis to forecast various metrics. Mr. Ross graduated *cum laude* with a BS in Finance from the University of Massachusetts and is a CFA charterholder.

John J. Russell, CPA – Chief Financial Officer

Mr. Russell joined DDJ in 1997. Mr. Russell is responsible for all day-to-day financial reporting, accounting, tax-related and back office accounting functions as well as oversight of DDJ's human resource function. He is also a member of the Management Operating, Remuneration, Fair Value, and Business Process Review Committees. Prior to joining DDJ, Mr. Russell worked as an audit manager in the Investment Management Group at Ernst & Young, LLP, and prior to that, as a senior and staff auditor. Mr. Russell earned his MS (accounting) / MBA from Northeastern University and his AB from Brown University. Mr. Russell is a certified public accountant and member of the Massachusetts Society of CPAs and the Private Equity CFO Association (Boston Chapter).

John F. (Jack) O'Connor – Senior Vice President, Head of Business Development and Client Service

Mr. O'Connor joined DDJ in 2013 and has more than 24 years of industry experience. As the head of business development and client service, Mr. O'Connor provides strategic direction to the team responsible for developing and maintaining all client and consultant relationships. He is also a member of both the Management Operating and Remuneration Committees. Prior to joining DDJ, Mr. O'Connor served for three years as a managing director and head of North American distribution for Morgan Stanley Investment Management, where his team covered intermediaries, registered investment advisers, bank trusts, traditional institutional sales and consultant relations. Prior to that, he was an executive vice president at Pioneer Investments and earlier, a senior vice president at MFS Investment Management. Mr. O'Connor is a former officer in the United States Marine Corps and received his BA from Denison University and he holds his Series 7, 24 and 63 registrations.

BIOGRAPHIES

Matt Hensher – Director, Business Development & Relationship Management

Mr. Hensher joined DDJ in 2016 and has more than 30 years of experience in the investment management industry. He is a relationship manager for DDJ and also has business development responsibilities. Prior to joining DDJ, he served as a director of relationship management at MFS International (UK) Limited in London for over ten years. Mr. Hensher worked with a broad range of institutional clients in the Nordic, North American and UK regions. Prior to that, Mr. Hensher was a client service manager, also at MFS International, where he set up and managed the London Institutional Client Service team. Earlier in his career, he worked at Goldman Sachs Asset Management, Rothschild Asset Management and Coutts & Co. Private Bank. Mr. Hensher received his Investment Management Certification (IMC) at the London School of Business.

Erika L. Kennedy – Director, Relationship Management and Sales

Ms. Kennedy most recently joined DDJ in 2017 and has more than 12 years of industry experience. She is responsible for business development in various regions of the U.S. She also served as a director at DDJ from 2008-2016. Prior to re-joining DDJ in 2017, Ms. Kennedy worked as Vice President of Institutional Sales and Consultant Relations at NWQ Investment Management Company. Prior to initially joining DDJ in 2008, Ms. Kennedy was a compliance analyst at Fidelity Investments. Ms. Kennedy received her MA from the University of Miami and her BS from Syracuse University and she holds her Series 7 and 63 registrations.

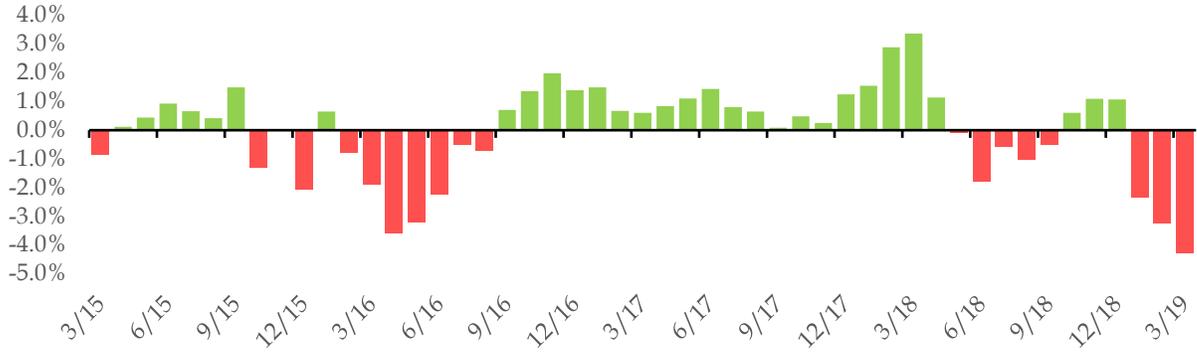
Laura A. Zink – Director, Business Development & Relationship Management

Ms. Zink joined DDJ in 2014 and has more than 17 years of experience in the investment management industry. She is a relationship manager for DDJ and also has business development responsibilities. Prior to joining DDJ, she served as a relationship manager at Standish Asset Management, where she worked with a broad range of institutional clients in the United States and Japan. Prior to that, Ms. Zink was also a relationship manager at BMO Global Asset Management, where she worked with domestic clients that included Corporate Pension and Taft-Hartley plans as well as Endowments and Foundations. Earlier in her career, she worked at Northern Trust and at Mercer Investment Consulting. Ms. Zink received both her MBA and BS from DePaul University and she holds her Series 7 and 63 registrations.



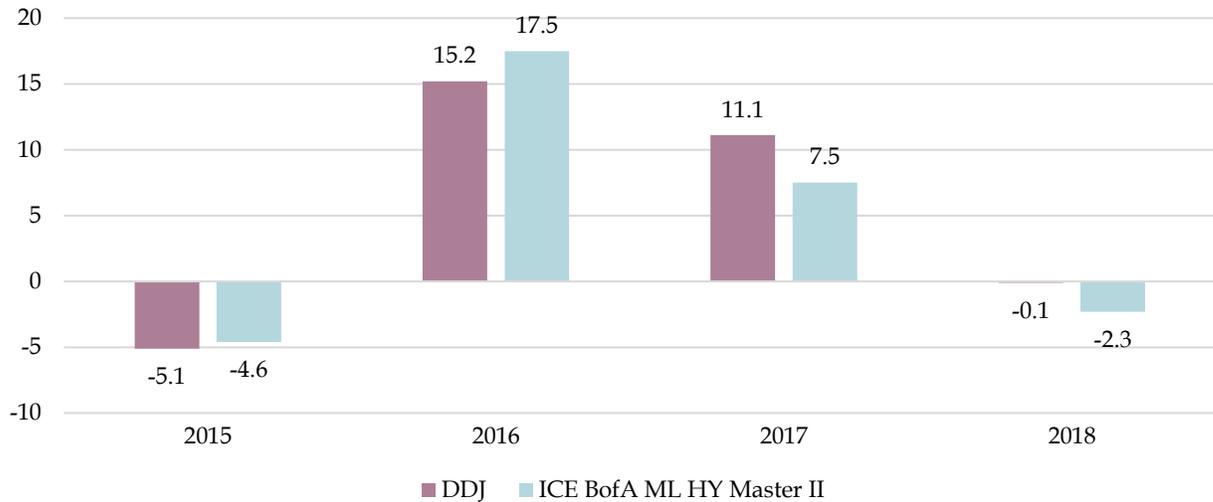
MEMORANDUM

Rolling 3-Month Excess Returns Since Inception- Net of Fees



The above chart displays quarterly excess returns on a rolling basis. Since inception, the portfolio has outperformed its benchmark approximately 63% of the time. After a stretch of strong performance across 2016/2017, DDJ has had mixed results in 2018 and negative results so far in 2019. As seen below, calendar year returns have been positive in two out of four years. Additionally, the manager has delivered meaningful outperformance over the last two years.

Calendar Year Returns - Net of Fees

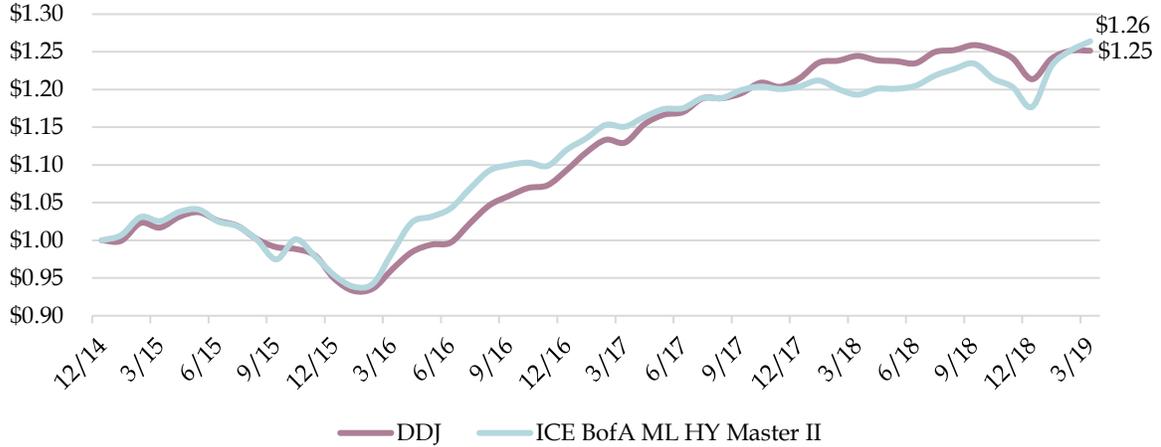


As indicated in the chart on the following page, cumulative performance has been relatively muted as \$1 invested with DDJ in January 2015 would now be worth \$1.25 versus the benchmark, which would have a value of approximately \$1.26.

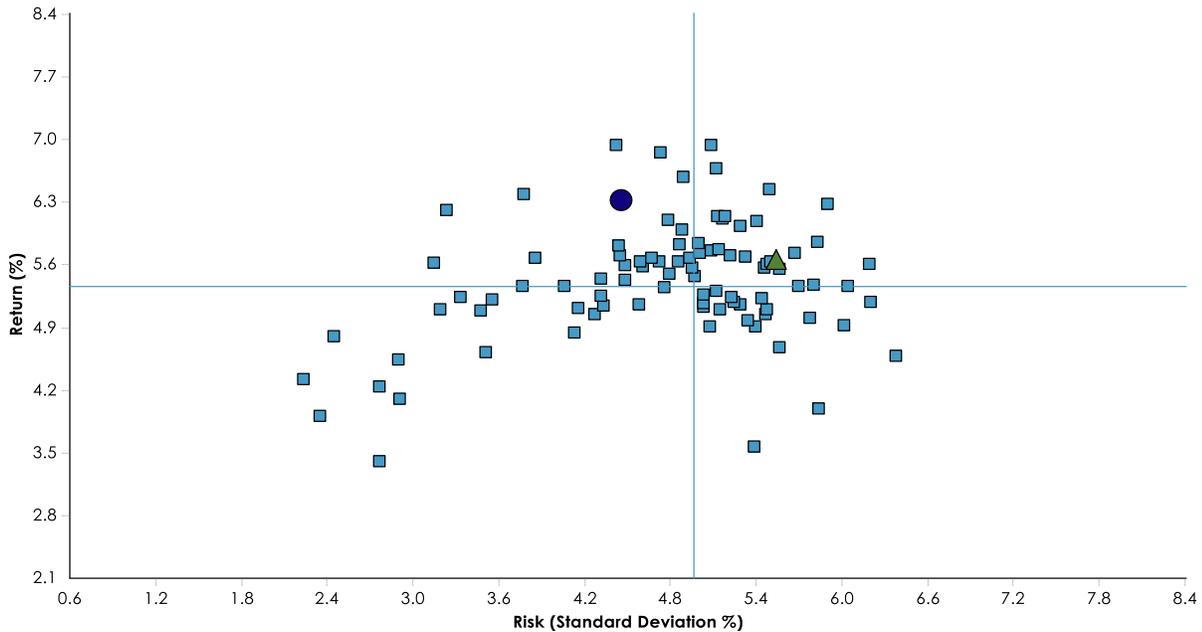


MEMORANDUM

Cumulative Growth of \$1 Since Inception - Net of Fees



Risk Return Since Inception - Gross of Fees



	Return	Standard Deviation
● DDJ Capital	6.3	4.5
▲ ICE BofAML High Yield Master II	5.7	5.5
— Median	5.4	5.0

Peer Group: Investment Metrics U.S. High Yield Bonds

The chart and the table above display that DDJ has outperformed its benchmark and Peer Group Median on a risk adjusted basis since inception, gross of fees.



MEMORANDUM

Product and Organization Review Summary

DDJ Capital		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 DDJ Capital Management and the U.S. Opportunistic High Yield Strategy revealed no significant issues or changes. Since DDJ's last manager update in 2017 there has been no turnover in the portfolio management team and there was no reported turnover among the analyst team in 2018.

Investment Philosophy & Process, per manager

The U.S. Opportunistic High Yield portfolio seeks to generate returns by actively managing a relatively concentrated portfolio of high yield bonds and leveraged loans with a bias towards small- and mid-cap issuers. DDJ Capital believes that lower-rated segments of the high yield and leveraged loan markets (rated B and below) offer the most compelling risk-adjusted investment opportunities, as these segments are often misunderstood and/or overlooked by investors. DDJ Capital attempts to derive an accurate, real time valuation of a company and targets only those fixed income investments in a company's capital structure that offer a significant margin of safety and strong return potential.

DDJ Capital uses fundamental analysis to create a comprehensive analytical overview of companies focusing on current and future business prospects. In particular, DDJ Capital's fundamental analysis focuses on issues relating to a company's cash flow, asset coverage, and legal protections for creditors. DDJ Capital generally targets issues with maturities ranging from 3 to 10 years and seeks position sizes of 1.5% to 2.5%, on average, resulting in 60 to 80 issues per portfolio. DDJ Capital typically seeks to accumulate positions by scaling over time with minimal disruption to market prices. DDJ Capital analysts conduct both top-down and bottom-up research on their respective sectors and devote approximately 95% of their time and resources to bottom-up fundamental analysis.

DISCLAIMER

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.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

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



Investment Market Risk Metrics
Monthly Report
April 2019
(as of 3/31/19)

M E K E T A I N V E S T M E N T G R O U P

BOSTON
MASSACHUSETTS

CHICAGO
ILLINOIS

MIAMI
FLORIDA

NEW YORK
NEW YORK

PORTLAND
OREGON

SAN DIEGO
CALIFORNIA

LONDON
UNITED KINGDOM

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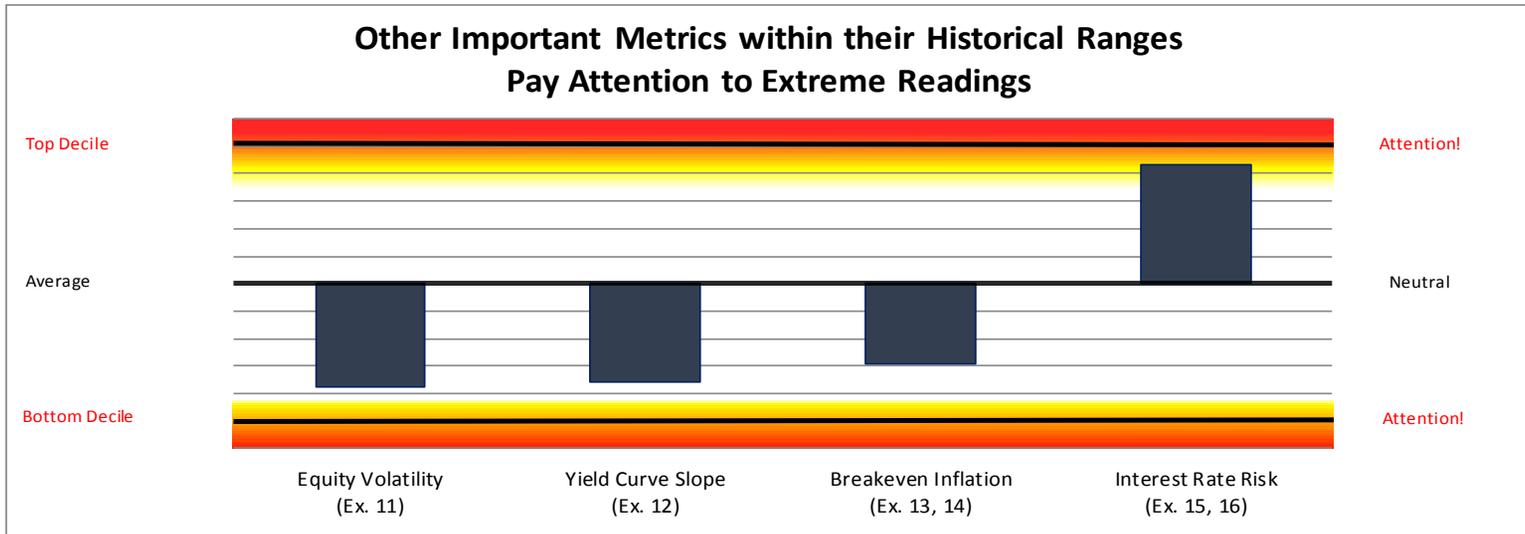
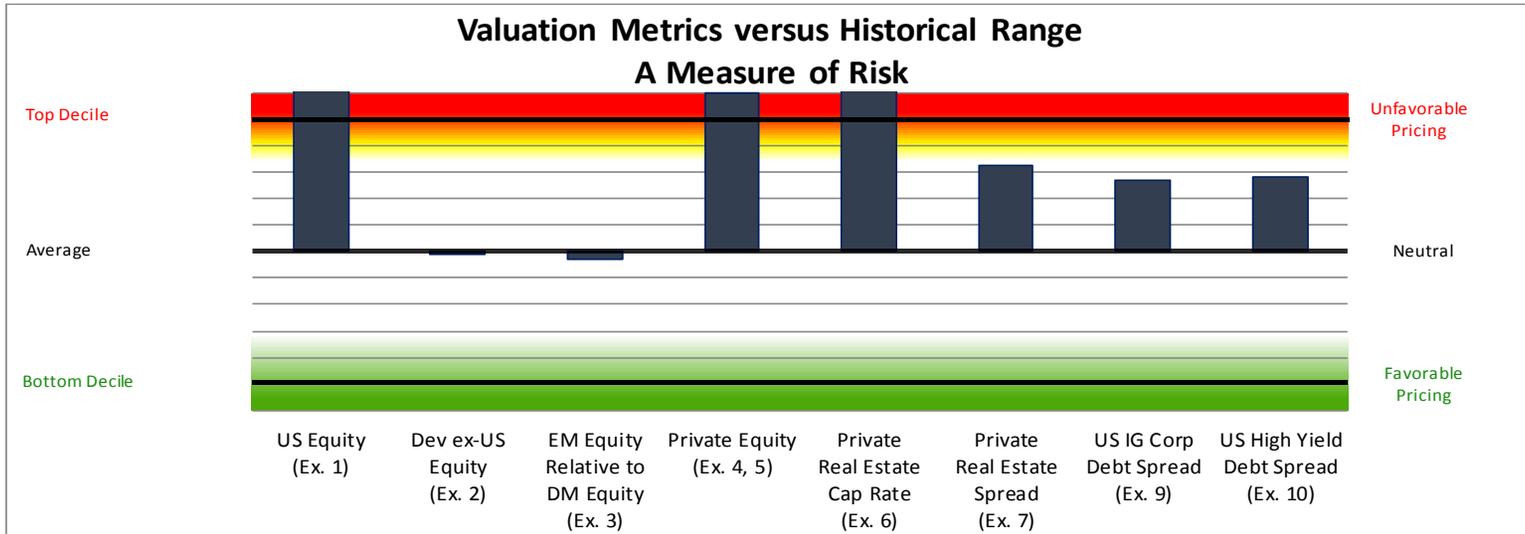
Takeaways

- Although March was a relatively muted period for most asset classes, the month capped off a historically strong quarter for most risk-based assets. Across the globe, the strong returns for broad equity markets in Q1 2019 effectively nullified the material drawdowns seen in Q4 2018. During the quarter, U.S. equity markets outperformed Non-U.S. markets, with most U.S. indices producing returns in the low-to-mid teens.
- Due to the strong rebound in public market risk-based assets to start 2019, private market assets are likely to show only a modest impact from the volatile trailing six-month period.
- U.S. equity markets remain expensive whereas Non-U.S. equity markets remain reasonably valued.
- The U.S. yield curve continued to flatten during March, with intermediate and long rates compressing by roughly 20-30 bps over the month. The yield curve is currently at its flattest point since the Great Financial Crisis.
- Implied equity market volatility decreased during March, as the VIX Index finished the month meaningfully below the long-term historical average.
- The Market Sentiment Indicator^[1] (page 3) remained neutral (gray).
- **Market uncertainty is higher than numbers might indicate.** Diverging global economic growth, nuanced monetary policies, and ongoing geopolitical turmoil has resulted in increased uncertainty in the global capital markets. Moreover, equity and credit markets are currently producing different macroeconomic signals when compared to sovereign bond markets.

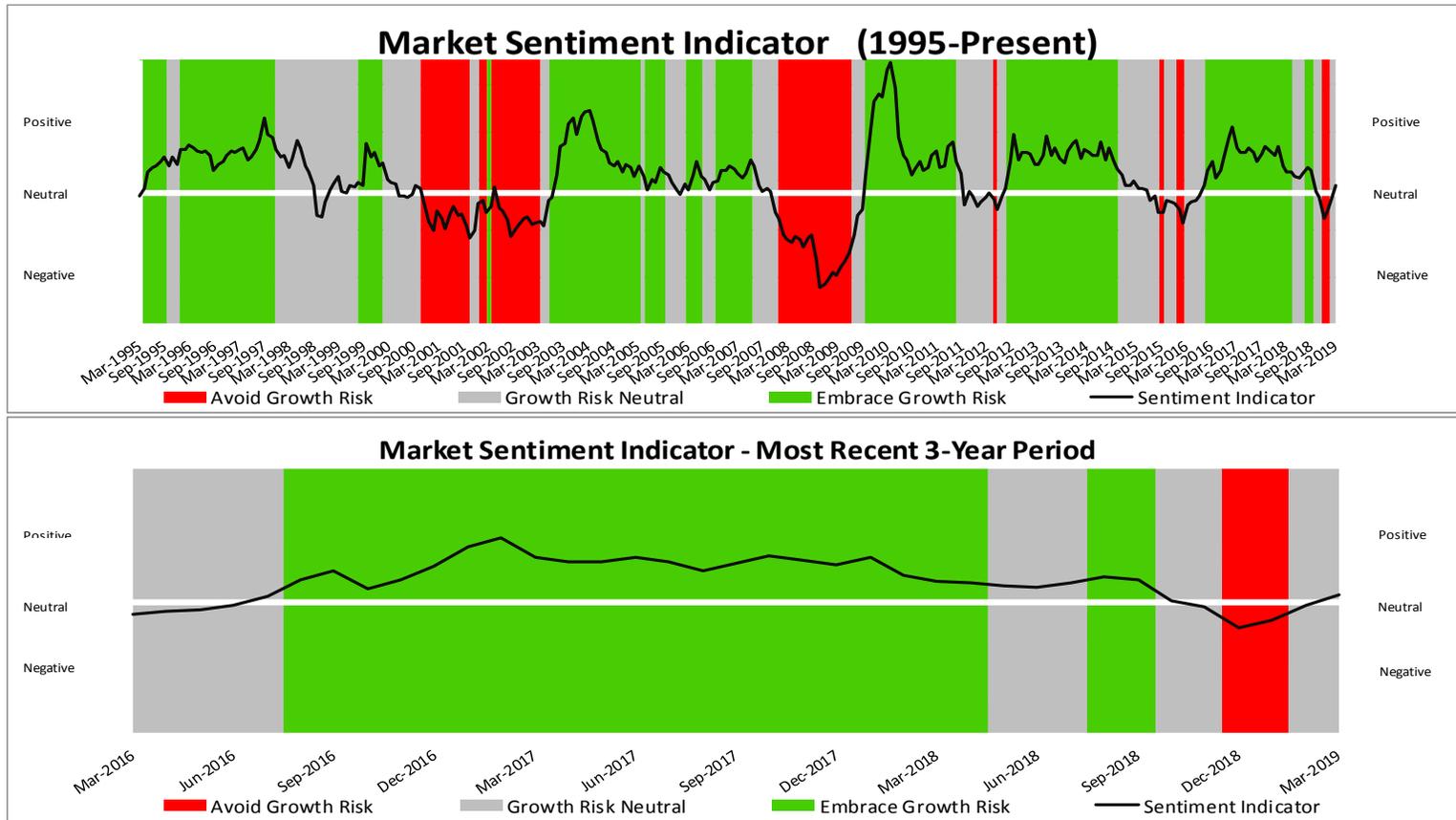
^[1] See Appendix for the rationale for selection and calculation methodology used for the risk metrics.



Risk Overview



Market Sentiment



Information Behind Current Sentiment Reading

Bond Spread Momentum Trailing-Twelve Months

Equity Return Momentum Trailing-Twelve Months

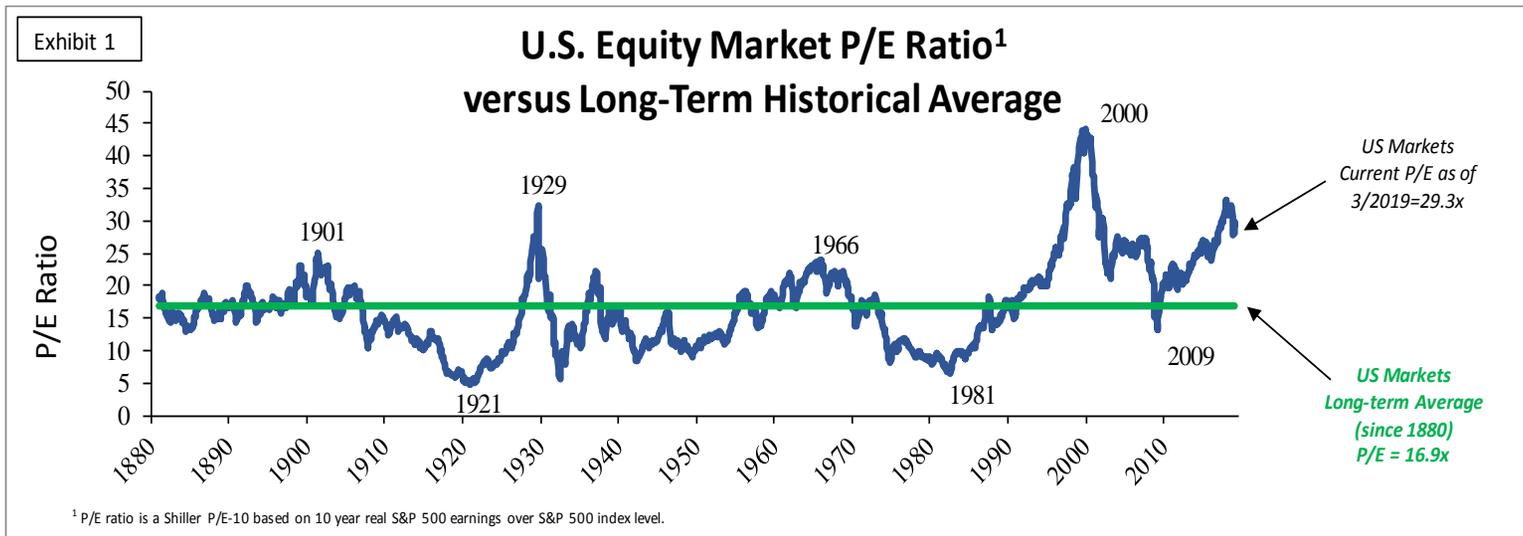
Agreement Between Bond Spread and Equity Spread Momentum Measures?

Growth Risk Visibility (Current Overall Sentiment)

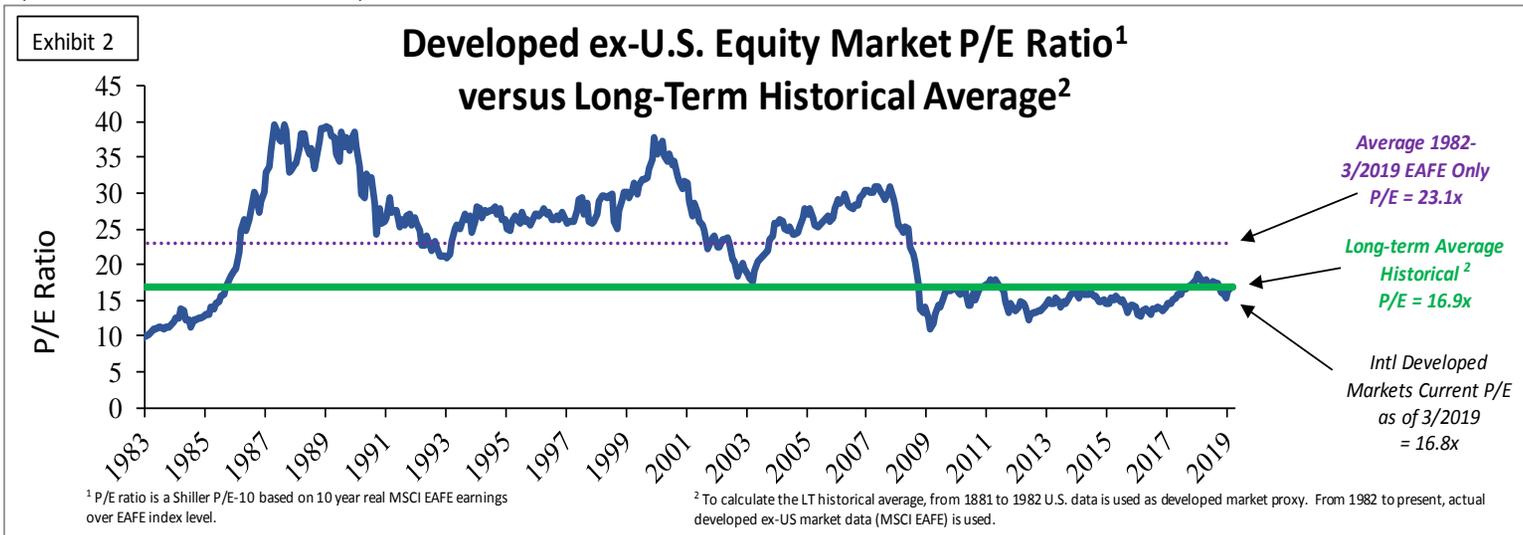
Negative	■
Positive	■
Disagree	■
Neutral	■



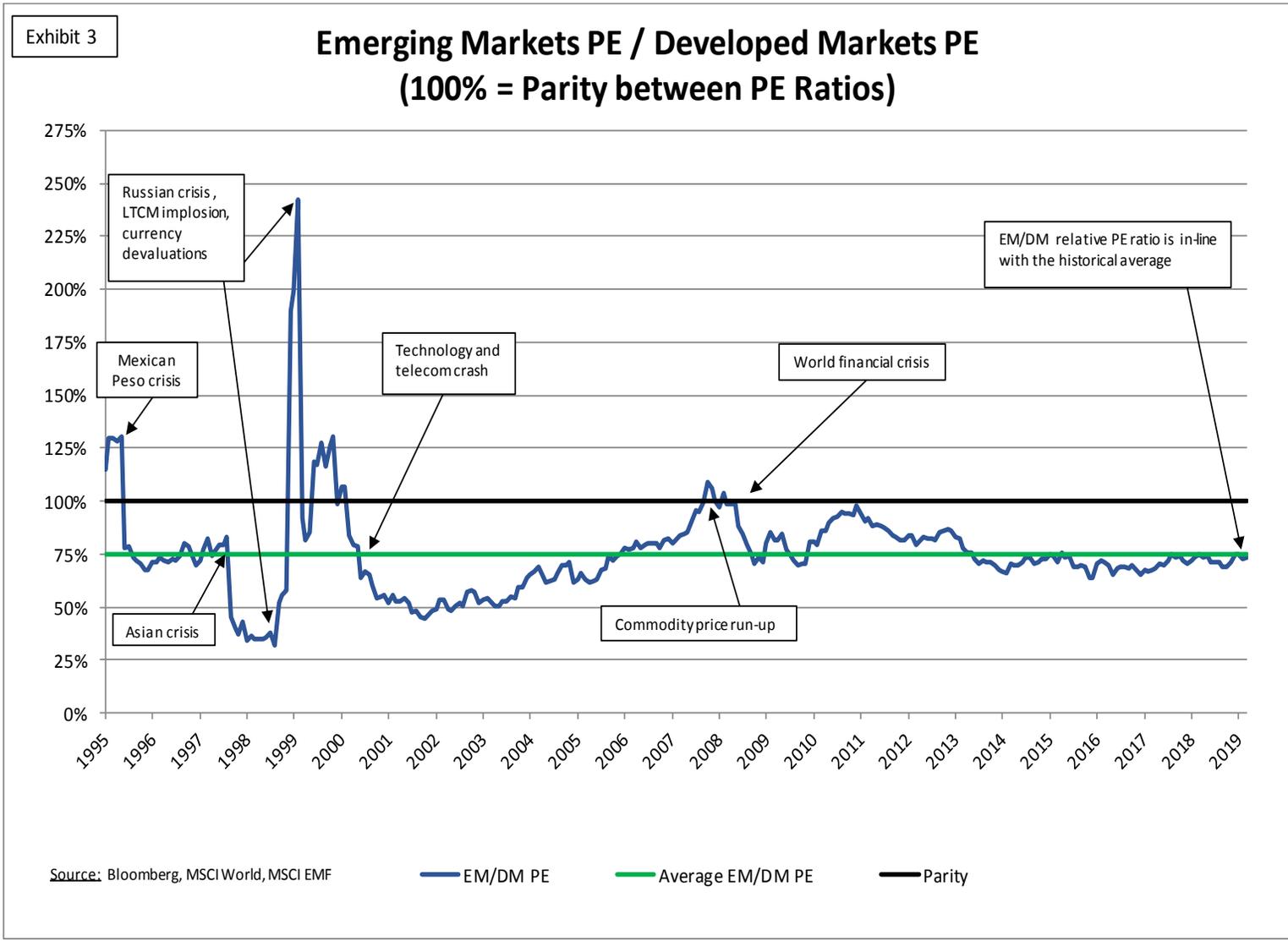
Developed Public Equity Markets



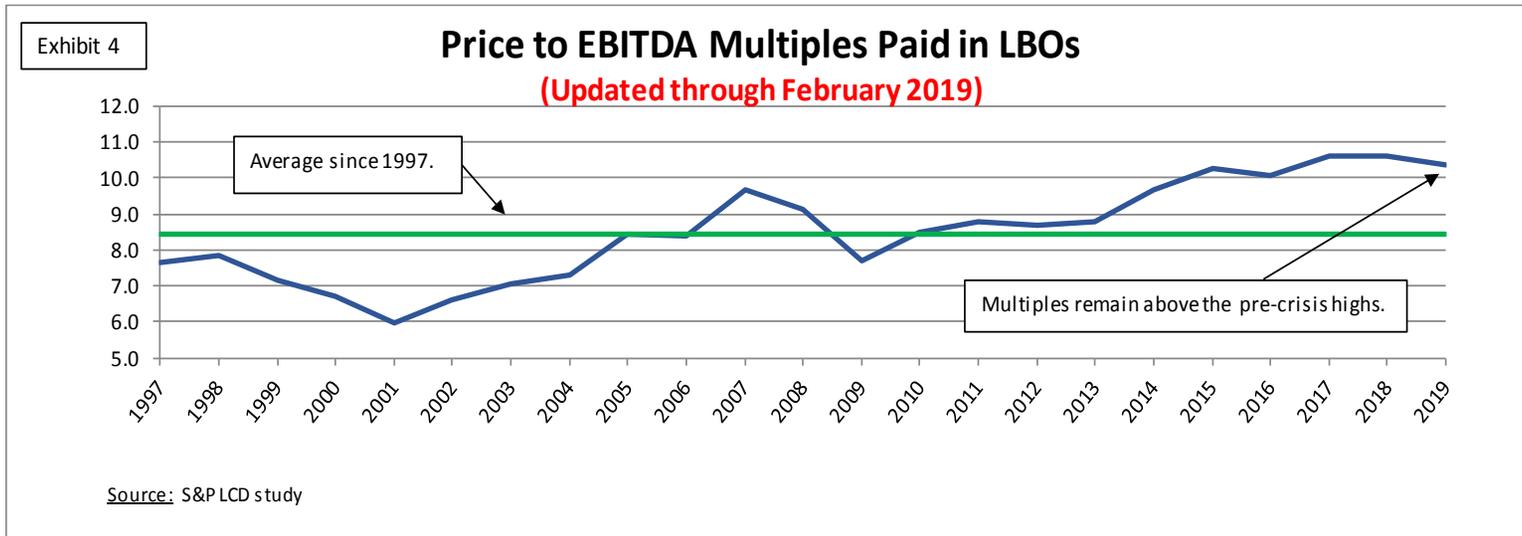
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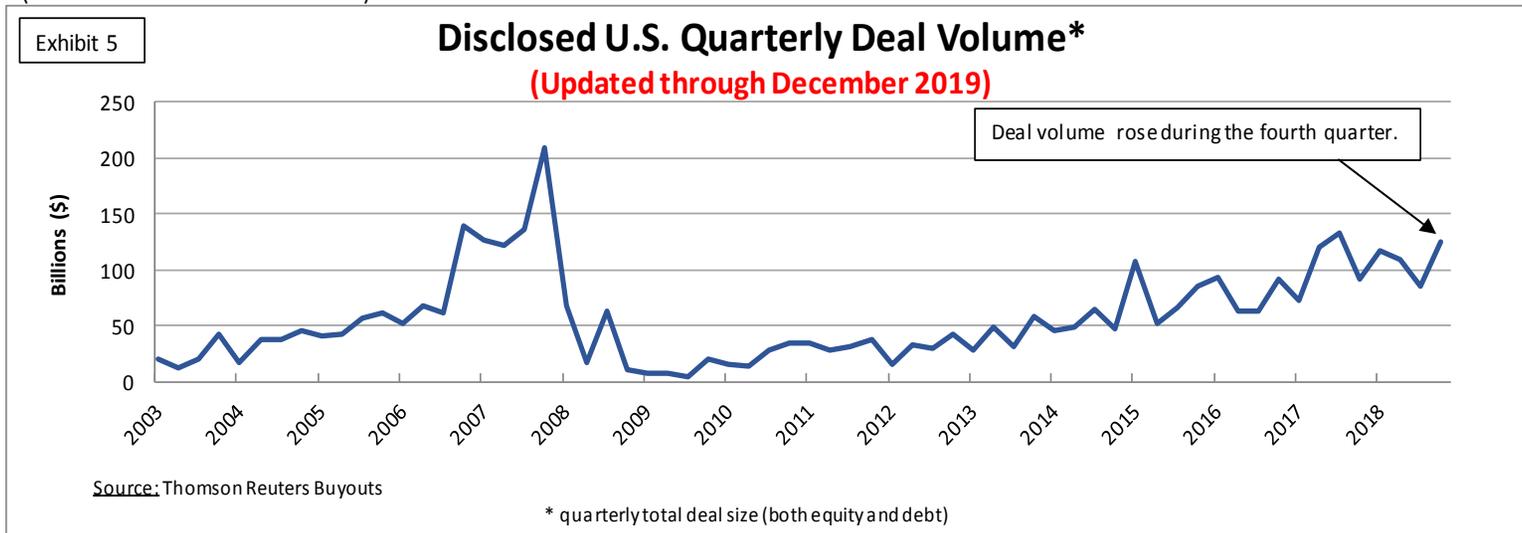
Emerging Market Public Equity Markets



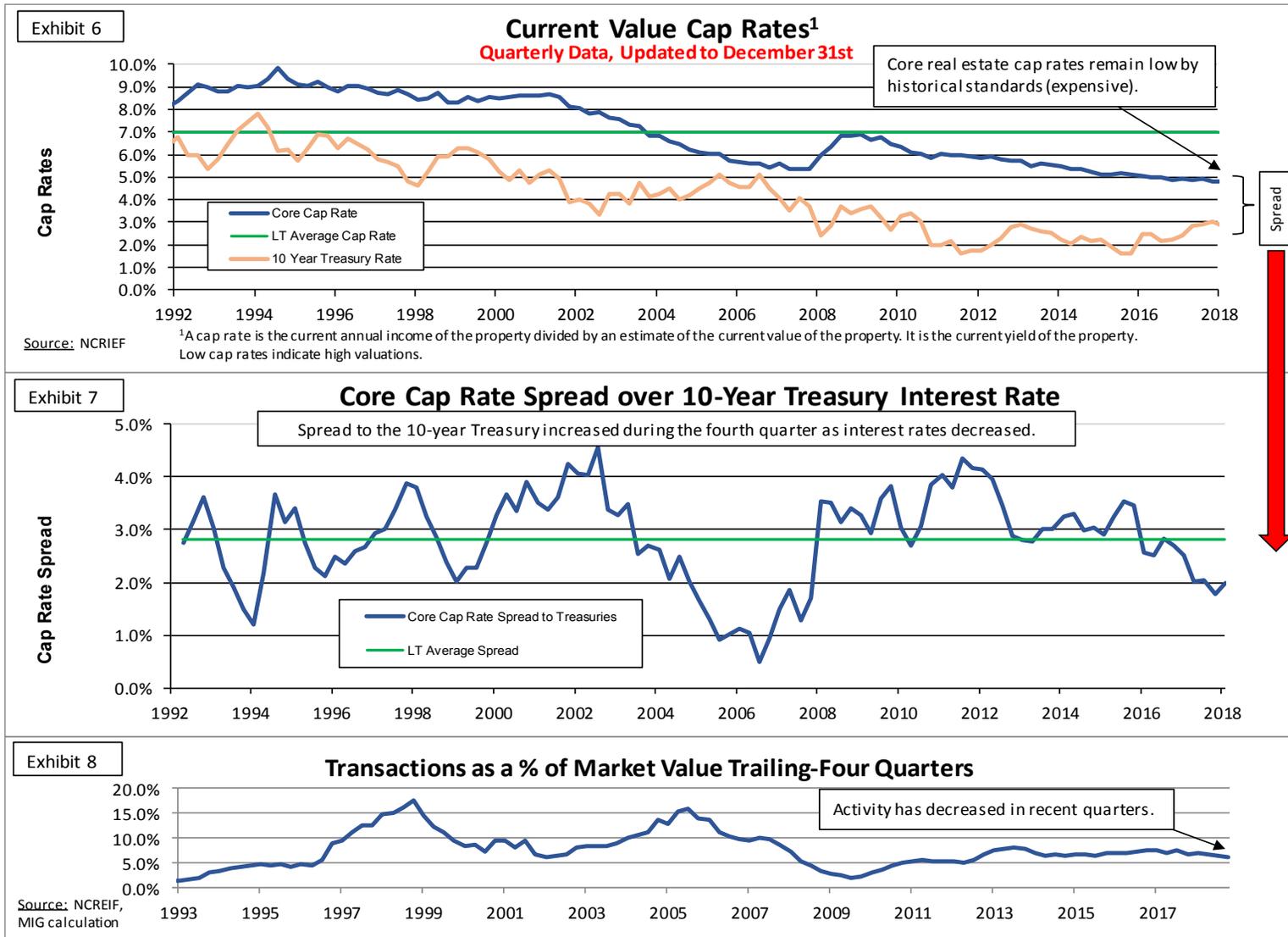
Private Equity



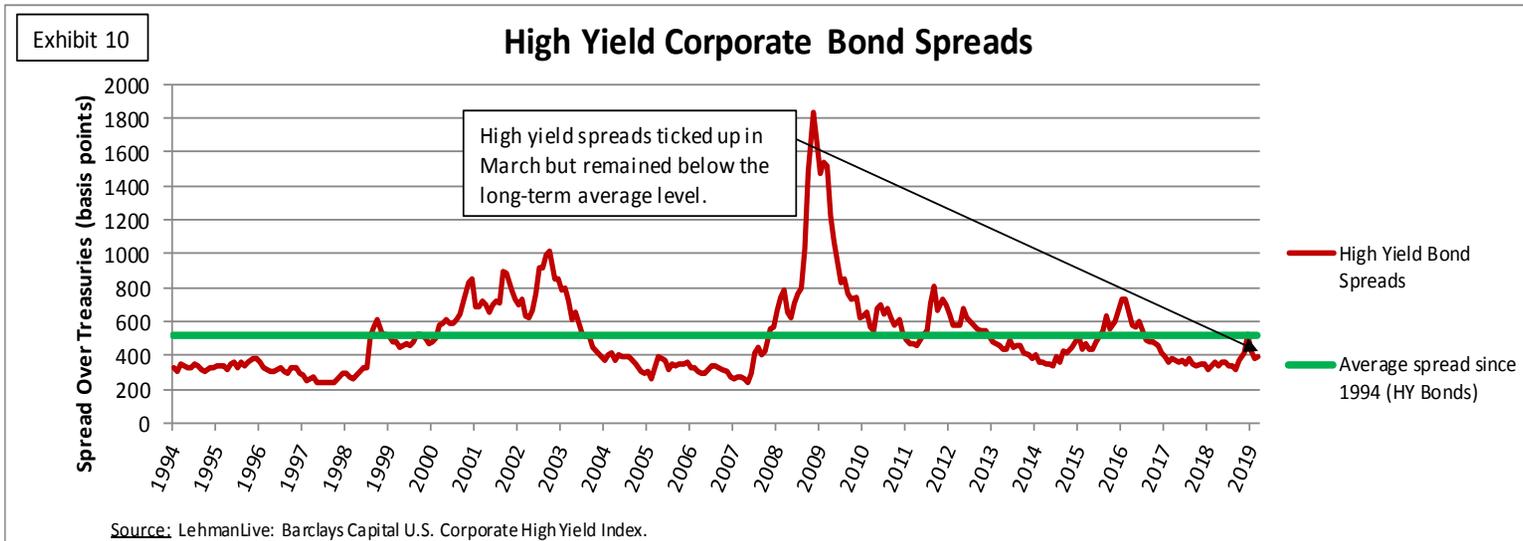
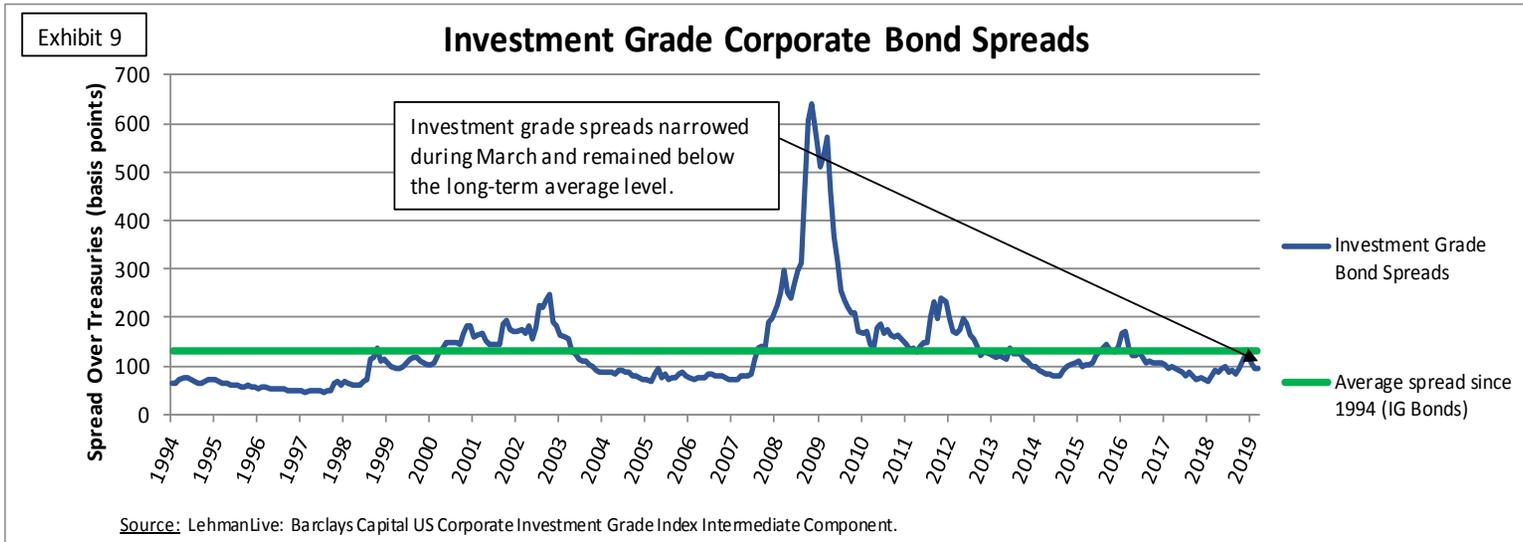
(Please note different time scales)



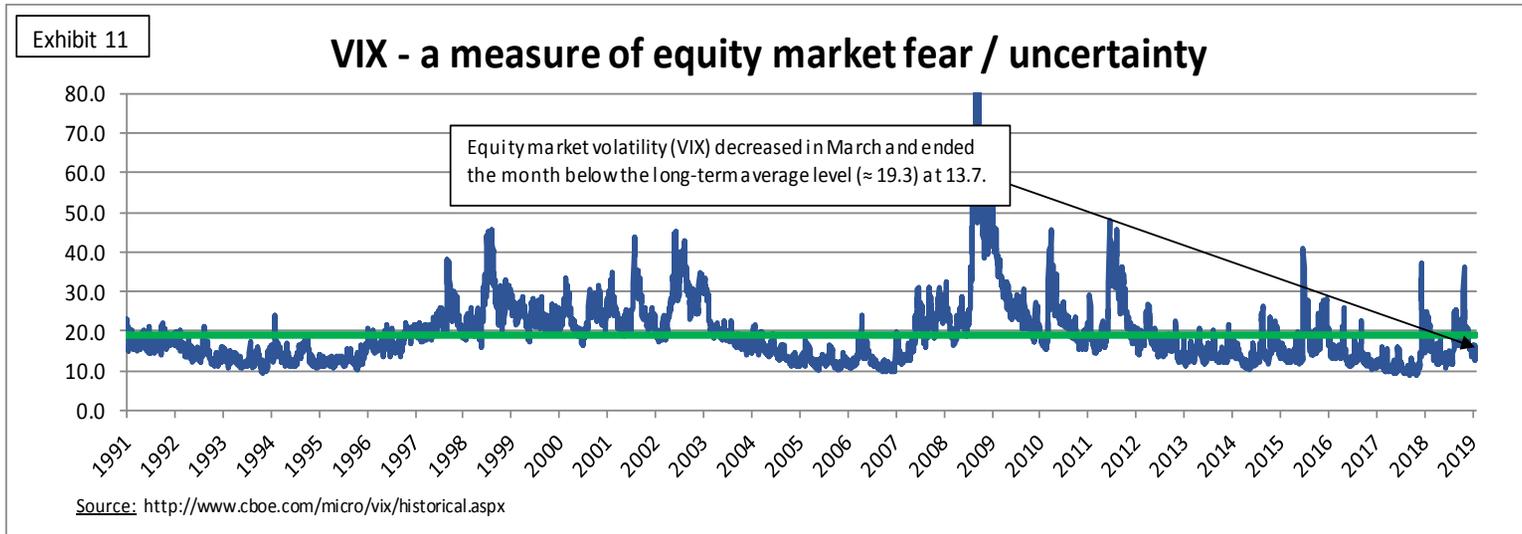
Private Real Estate



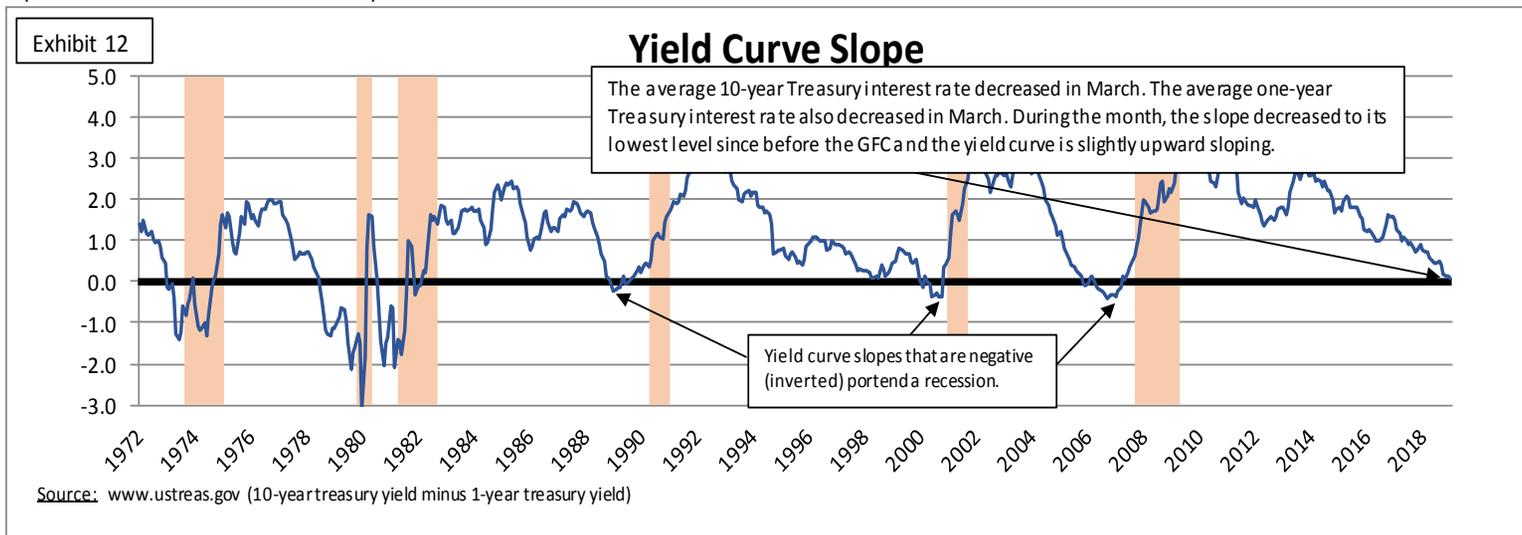
Credit Market U.S. Fixed Income



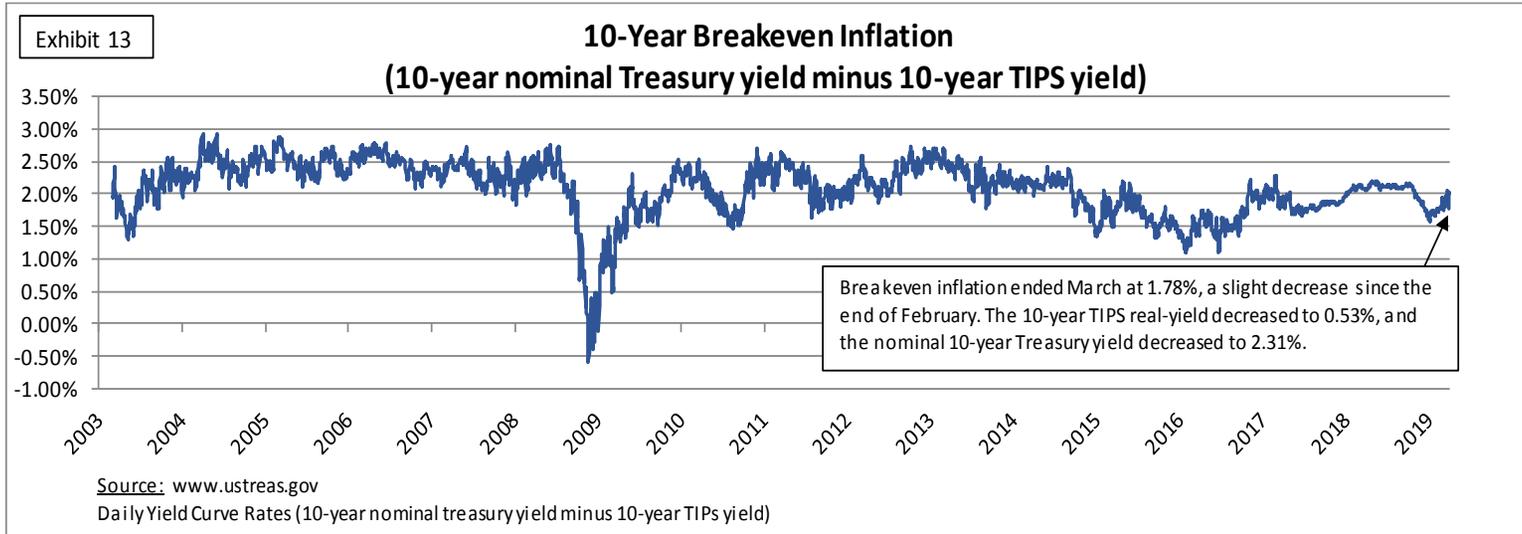
Other Market Metrics



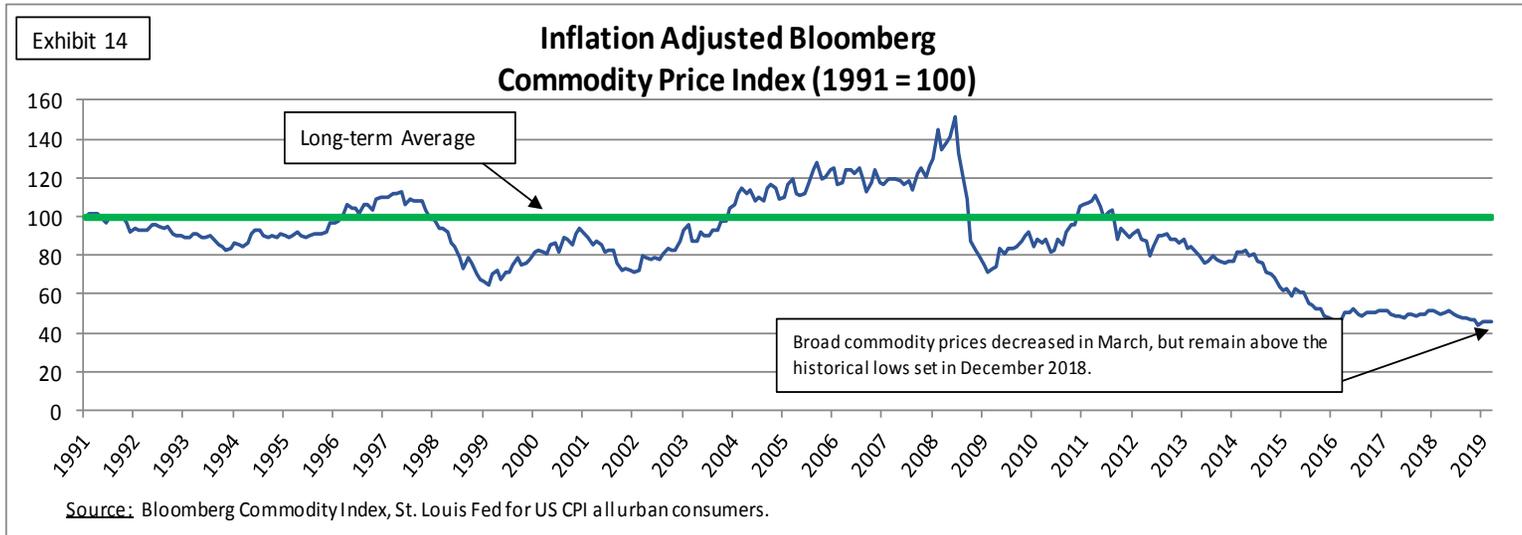
(Please note different time scales)



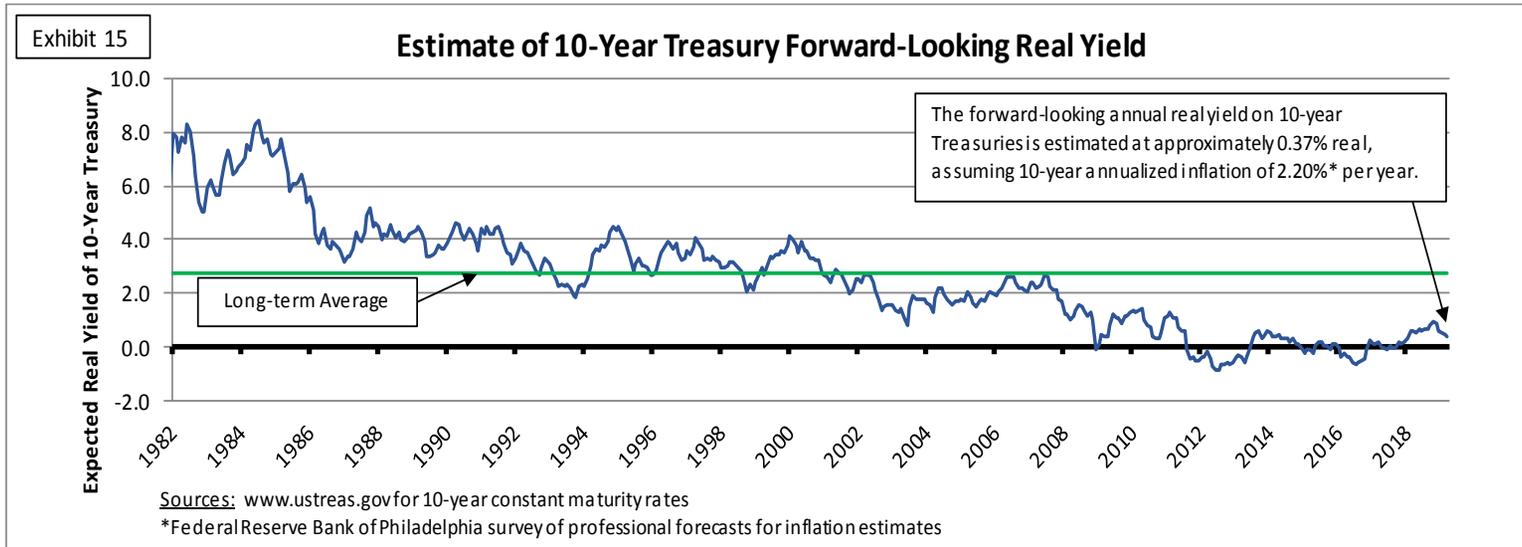
Measures of Inflation Expectations



(Please note different time scales)



Measures of U.S. Treasury Forward-Looking Real Yield



Appendix

Metric description, rationale for selection and calculation methodology

US Equity Markets:

Metric: P/E ratio = Price / “Normalized” earnings for the S&P 500 Index

To represent the price of US equity markets, we have chosen the S&P 500 index. This index has the longest published history of price, is well known, and also has reliable, long-term, published quarterly earnings. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the S&P 500 index). Equity markets are very volatile. Prices fluctuate significantly during normal times and extremely during periods of market stress or euphoria. Therefore, developing a measure of earnings power (E) which is stable is vitally important, if the measure is to provide insight. While equity prices can and do double, or get cut in half, real earnings power does not change nearly as much. Therefore, we have selected a well known measure of real, stable earnings power developed by Yale Professor Robert Shiller known as the Shiller E-10. The calculation of E-10 is simply the average real annual earnings over the past 10 years. Over 10 years, the earnings shenanigans and boom and bust levels of earnings tend to even out (and often times get restated). Therefore, this earnings statistic gives a reasonably stable, slow-to-change estimate of average real earnings power for the index. Professor Shiller’s data and calculation of the E-10 are available on his website at <http://www.econ.yale.edu/~shiller/data.htm>. We have used his data as the base for our calculations. Details of the theoretical justification behind the measure can be found in his book *Irrational Exuberance* [Princeton University Press 2000, Broadway Books 2001, 2nd ed., 2005].

Developed Equity Markets Excluding the US:

Metric: P/E ratio = Price / “Normalized” earnings for the MSCI EAFE Index

To represent the price of non-US developed equity markets, we have chosen the MSCI EAFE index. This index has the longest published history of price for non-US developed equities. The price=P of the P/E ratio is the current price of the market index (the average daily price of the most recent full month for the MSCI EAFE index). The price level of this index is available starting in December 1969. Again, for the reasons described above, we elected to use the Shiller E-10 as our measure of earnings (E). Since 12/1972, a monthly price earnings ratio is available from MSCI. Using this quoted ratio, we have backed out the implied trailing-twelve month earnings of the EAFE index for each month from 12/1972 to the present. These annualized earnings are then inflation adjusted using CPI-U to represent real earnings in US dollar terms for each time period. The Shiller E-10 for the EAFE index (10 year average real earnings) is calculated in the same manner as detailed above.

However, we do not believe that the pricing and earnings history of the EAFE markets are long enough to be a reliable representation of pricing history for developed market equities outside of the US. Therefore, in constructing the Long-Term Average Historical P/E for developed ex-US equities for comparison purposes, we have elected to use the US equity market as a developed market proxy, from 1881 to 1982. This lowers the Long-Term Average Historical P/E considerably. We believe this methodology provides a more realistic historical comparison for a market with a relatively short history.

Emerging Market Equity Markets:

Metric: Ratio of Emerging Market P/E Ratio to Developed Market P/E Ratio

To represent the Emerging Markets P/E Ratio, we have chosen the MSCI Emerging Market Free Index, which has P/E data back to January 1995 on Bloomberg. To represent the Developed Markets PE Ratio, we have chosen the MSCI World Index, which also has data back to January 1995 on Bloomberg. Although there are issues with published, single time period P/E ratios, in which the denominator effect can cause large movements, we feel that the information contained in such movements will alert investors to market activity that they will want to interpret.

US Private Equity Markets:

Metrics: S&P LCD Average EBITDA Multiples Paid in LBOs and US Quarterly Deal Volume

The Average Purchase Price to EBITDA multiples paid in LBOs is published quarterly by S&P in their LCD study. This is the total price paid (both equity and debt) over the trailing-twelve month EBITDA (earnings before interest, taxes, depreciation and amortization) as calculated by S&P LCD. This is the relevant, high-level pricing metric that private equity managers use in assessing deals. Data is published monthly.

US quarterly deal volume for private equity is the total deal volume in \$ billions (both equity and debt) reported in the quarter by Thomson Reuters Buyouts. This metric gives a measure of the level of activity in the market. Data is published quarterly.

U.S Private Real Estate Markets:

Metrics: US Cap Rates, Cap Rate Spreads, and Transactions as a % of Market Value

Real estate cap rates are a measure of the price paid in the market to acquire properties versus their annualized income generation before financing costs (NOI=net operating income). The data, published by NCREIF, describes completed and leased properties (core) on an unleveraged basis. We chose to use current value cap rates. These are capitalization rates from properties that were revalued during the quarter. This data relies on estimates of value and therefore tends to be lagging (estimated prices are slower to rise and slower to fall than transaction prices). The data is published quarterly.

Spreads between the cap rate (described above) and the 10-year nominal Treasury yield, indicate a measure of the cost of properties versus a current measure of the cost of financing.

Transactions as a % of Market Value Trailing-Four Quarters is a measure of property turnover activity in the NCREIF Universe. This quarterly metric is a measure of activity in the market.

Credit Markets US Fixed Income:

Metric: Spreads

The absolute level of spreads over treasuries and spread trends (widening / narrowing) are good indicators of credit risk in the fixed income markets. Spreads incorporate estimates of future default, but can also be driven by technical dislocations in the fixed income markets. Abnormally narrow spreads (relative to historical levels) indicate higher levels of valuation risk, wide spreads indicate lower levels of valuation risk and / or elevated default fears. Investment grade bond spreads are represented by the Barclays Capital US Corporate Investment Grade Index Intermediate Component. The high yield corporate bond spreads are represented by the Barclays Capital US Corporate High Yield Index.

Measure of Equity Market Fear / Uncertainty

Metric: VIX – Measure of implied option volatility for U.S. equity markets

The VIX is a key measure of near-term volatility conveyed by implied volatility of S&P 500 index option prices. VIX increases with uncertainty and fear. Stocks and the VIX are negatively correlated. Volatility tends to spike when equity markets fall.

Measure of Monetary Policy

Metric: Yield Curve Slope

We calculate the yield curve slope as the 10 year treasury yield minus the 1 year treasury yield. When the yield curve slope is zero or negative, this is a signal to pay attention. A negative yield curve slope signals lower rates in the future, caused by a contraction in economic activity. Recessions are typically preceded by an inverted (negatively sloped) yield curve. A very steep yield curve (2 or greater) indicates a large difference between shorter-term interest rates (the 1 year rate) and longer-term rates (the 10 year rate). This can signal expansion in economic activity in the future, or merely higher future interest rates.

Measures of US Inflation Expectations

Metrics: Breakeven Inflation and Inflation Adjusted Commodity Prices

Inflation is a very important indicator impacting all assets and financial instruments. Breakeven inflation is calculated as the 10 year nominal treasury yield minus the 10 year real yield on US TIPS (treasury inflation protected securities). Abnormally low long-term inflation expectations are indicative of deflationary fears. A rapid rise in breakeven inflation indicates an acceleration in inflationary expectations as market participants sell nominal treasuries and buy TIPS. If breakeven inflation continues to rise quarter over quarter, this is a signal of inflationary worries rising, which may cause Fed action and / or dollar decline.

Commodity price movement (above the rate of inflation) is an indication of anticipated inflation caused by real global economic activity putting pressure on resource prices. We calculate this metric by adjusted in the Dow Jones UBS Commodity Index (formerly Dow Jones AIG Commodity Index) by US CPI-U. While rising commodity prices will not necessarily translate to higher US inflation, higher US inflation will likely show up in higher commodity prices, particularly if world economic activity is robust.

These two measures of anticipated inflation can, and often are, conflicting.

Measures of US Treasury Bond Interest Rate Risk

Metrics: 10-Year Treasury Forward-Looking Real Yield and 10-Year Treasury Duration

The expected annualized real yield of the 10 year U.S. Treasury Bond is a measure of valuation risk for U.S. Treasuries. A low real yield means investors will accept a low rate of expected return for the certainty of receiving their nominal cash flows. MIG estimates the expected annualized real yield by subtracting an estimate of expected 10 year inflation (produced by the Survey of Professional Forecasters as collected by the Federal Reserve Bank of Philadelphia), from the 10 year Treasury constant maturity interest rate.

Duration for the 10-Year Treasury Bond is calculated based on the current yield and a price of 100. This is a measure of expected percentage movements in the price of the bond based on small movements in percentage yield. We make no attempt to account for convexity.

Definition of “extreme” metric readings

A metric reading is defined as “extreme” if the metric reading is in the top or bottom decile of its historical readings. These “extreme” reading should cause the reader to pay attention. These metrics have reverted toward their mean values in the past.



Meketa Market Sentiment Indicator

Explanation, Construction and Q&A

Meketa has created the Market Sentiment Indicator (MSI) to complement our valuation-focused Meketa Investment Market Risk Metrics. This measure of sentiment is meant to capture significant and persistent shifts in long-lived market trends of economic growth risk, either towards a risk-seeking trend or a risk-aversion trend.

This paper explores:

- What is the Market Sentiment Indicator (MSI)?
- How do I read the indicator graph?
- How is the Market Sentiment Indicator (MSI) constructed?
- What do changes in the indicator mean?

Meketa has created a market sentiment indicator for monthly publication (the MSI – see below) to complement Meketa’s Investment Market Risk Metrics.

Meketa’s Investment Market Risk Metrics, which rely significantly on standard market measures of relative valuation, often provide valid early signals of increasing long-term risk levels in the global investment markets. However, as is the case with numerous valuation measures, the Risk Metrics may convey such risk concerns long before a market corrections take place. The MSI helps to address this early-warning bias by measuring whether the markets are beginning to acknowledge key Risk Metrics trends, and / or indicating non-valuation based concerns. Once the MSI indicates that the market sentiment has shifted, it is our belief that investors should consider significant action, particularly if confirmed by the Risk Metrics. Importantly, Meketa believes the Risk Metrics and MSI should always be used in conjunction with one another and never in isolation. The questions and answers below highlight and discuss the basic underpinnings of the Meketa MSI:

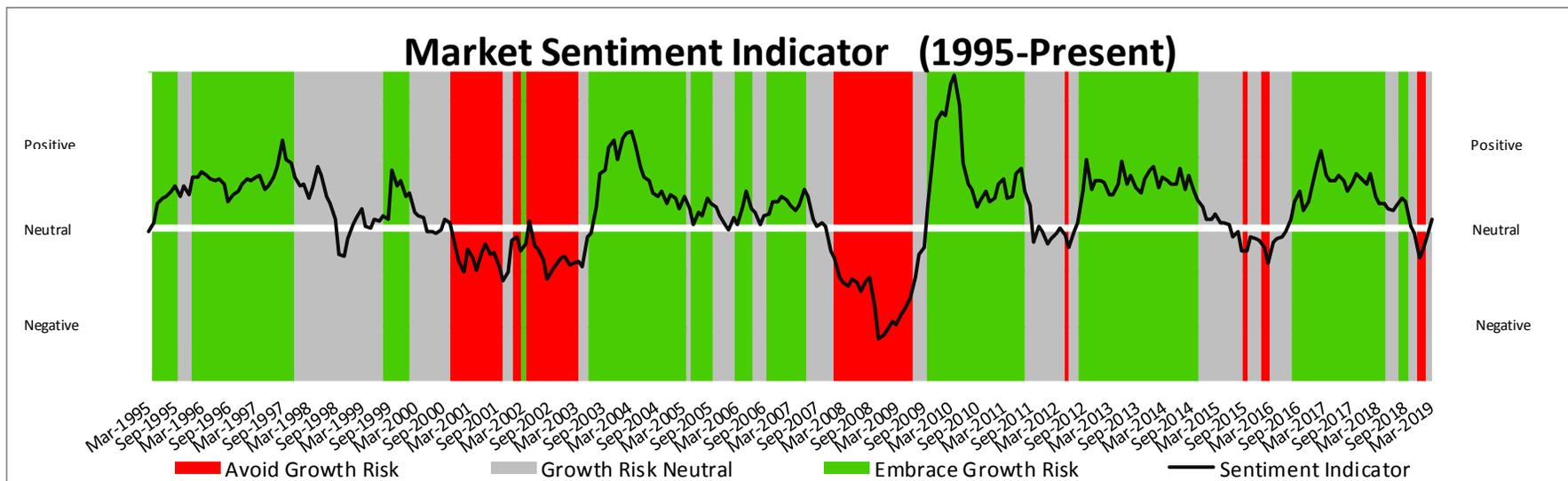
What is the Market Sentiment Indicator (MSI)?

The MSI is a measure meant to gauge the market’s sentiment regarding economic growth risk. Growth risk cuts across most financial assets, and is the largest risk exposure that most portfolios bear. The MSI takes into account the momentum (trend over time, positive or negative) of the economic growth risk exposure of publicly traded stocks and bonds, as a signal of the future direction of growth risk returns; either positive (risk seeking market sentiment), or negative (risk averse market sentiment).

How do I read the Market Sentiment Indicator (MSI) graph?

Simply put, the MSI is a color coded indicator that signals the market's sentiment regarding economic growth risk. It is read left to right chronologically. A green indicator on the MSI indicates that the market's sentiment towards growth risk is positive. A gray indicator indicates that the market's sentiment towards growth risk is neutral or inconclusive. A red indicator indicates that the market's sentiment towards growth risk is negative. The black line on the graph is the level of the MSI. The degree of the signal above or below the neutral reading is an indication the signal's current strength.

Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.



How is the Market Sentiment Indicator (MSI) Constructed?

The MSI is constructed from two sub-elements representing investor sentiment in stocks and bonds:

- Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
- Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration U.S. Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight). The scale of this measure is adjusted to match that of the stock return momentum measure.

The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure¹. The color reading on the graph is determined as follows:

- If both stock return momentum and bond spread momentum are positive = GREEN (positive)
- If one of the momentum indicators is positive, and the other negative = GRAY (inconclusive)
- If both stock return momentum and bond spread momentum are negative = RED (negative)

¹Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.

²"Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010

<http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>



What does the Market Sentiment Indicator (MSI) mean? Why might it be useful?

There is strong evidence that time series momentum is significant and persistent. In particular, across an extensive array of asset classes, the sign of the trailing 12-month return (positive or negative) is indicative of future returns (positive or negative) over the next 12 month period. The MSI is constructed to measure this momentum in stocks and corporate bond spreads. A reading of green or red is agreement of both the equity and bond measures, indicating that it is likely that this trend (positive or negative) will continue over the next 12 months. When the measures disagree, the indicator turns gray. A gray reading does not necessarily mean a new trend is occurring, as the indicator may move back to green, or into the red from there. The level of the reading (black line) and the number of months at the red or green reading, gives the user additional information on which to form an opinion, and potentially take action.

City of Oakland Police and Fire Retirement System
Preliminary 1Q 2019 Performance
As of 3/31/2019, gross of fees

Segment Manager	Benchmark	Style	1Q 2019	1-year	3-year	5-year	Since Inception ⁸	Inception Date ⁹
Total Plan (Gross of Fees)			9.6	4.8	10.4	7.1	---	---
Total Plan (Net of Fees)¹⁰			9.5	4.4	10.0	6.8	---	---
Policy Benchmark¹			8.6	4.2	9.1	6.9	---	---
Public Equity			14.0	4.0	12.7	8.8	---	---
Public Equity Benchmark⁴			13.2	5.7	12.4	8.8	---	---
Domestic Equity			14.8	6.9	13.8	10.2	---	---
Russell 3000 (blend)⁵			14.0	8.8	13.5	10.4	---	---
Large Cap			14.0	9.4	13.7	10.7	---	---
Northern Trust		Large Cap Core	14.0	9.3	13.5	10.6	13.7	5/2010
Russell 1000		Large Cap Core	14.0	9.3	13.5	10.4	13.7	---
SSgA Russell 1000 Value		Large Cap Value	12.0	5.7	10.5	---	7.2	10/2014
Russell 1000 Value		Large Cap Value	11.9	5.7	10.5	---	7.1	---
SSgA Russell 1000 Growth		Large Cap Growth	16.1	12.7	16.5	---	13.1	10/2014
Russell 1000 Growth		Large Cap Growth	16.1	12.8	16.5	---	13.1	---
Midcap			20.1	8.3	16.4	11.4	---	---
Earnest Partners		Mid Cap Core	20.1	8.3	16.4	11.4	9.6	3/2006
Russell Mid Cap		Mid Cap Core	16.5	6.5	11.8	8.8	8.4	---
Small Cap			11.2	-4.9	11.4	5.7	---	---
NWQ		Small Cap Value	12.7	-6.5	8.1	5.9	6.9	1/2006
Russell 2000 Value		Small Cap Value	11.9	0.2	10.9	5.6	6.2	---
Rice Hall James		Small Cap Growth	10.1	-3.7	---	---	10.1	7/2017
Russell 2000 Growth		Small Cap Growth	17.1	3.9	---	---	9.9	---
International Equity			11.6	-4.8	9.2	4.0	---	---
MSCI ACWI Ex US (blend)⁶			10.4	-3.7	8.6	3.1	---	---
Hansberger		International	11.5	-7.4	10.8	5.0	4.4	1/2006
MSCI ACWI Ex US		ACWI ex US	10.4	-3.7	8.6	3.1	4.0	---
Fisher		International	12.9	-3.6	8.9	4.0	4.4	3/2011
MSCI ACWI Ex US		ACWI ex US	10.4	-3.7	8.6	3.1	3.6	---
State Street Global		International	10.1	-3.4	7.7	2.7	7.0	7/2002
MSCI EAFE		Developed Markets	10.1	-3.2	7.8	2.8	7.1	---
Fixed Income			3.5	4.7	3.6	3.5	---	---
BC Universal (blend)⁷			3.3	4.5	2.7	3.0	---	---
Reams		Core Plus	2.8	5.4	2.7	3.1	5.5	1/1998
Bbg BC Universal (blend) ⁷		Core Plus	3.3	4.5	2.7	3.0	4.9	---
Ramirez		Core	3.6	4.8	---	---	3.9	1/2017
Bbg BC Aggregate		Core	2.9	4.5	---	---	2.9	---
DDJ		High Yield/Bank Loans	4.1	2.1	10.2	---	6.5	1/2015
ICE BofAML US High Yield		High Yield/Bank Loans	7.4	5.9	8.7	---	5.6	---
Crisis Risk Offset			5.9	---	---	---	-4.7	---
Parametric		Risk Premia/Trend Following	5.9	---	---	---	-4.7	9/2018
SG Multi Alt Risk Premia		Risk Premia/Trend Following	3.2	---	---	---	1.6	---
Covered Calls			9.6	7.2	9.9	7.9	7.9	3/2014
CBOE BXM			6.8	3.3	7.4	5.9	6.0	---
Parametric BXM		Passive Covered Calls	7.5	6.6	8.5	6.8	6.8	3/2014
Parametric DeltaShift		Active Covered Calls	11.8	7.8	11.2	9.5	9.5	---

Source of Blended Benchmarks: Meketa Performance Group

1. Starting on 1/1/2019, Policy Benchmark = 40% Russell 3000, 12% MSCI ACWI ex U.S., 33% BbgBC Universal, 5% CBOE BXM, 6.7% SG Multi-Asset Risk Premia, 3.3% BbgBC US Long Treasury

4. Public Equity Benchmark consists of 76% Russell 3000 and 24% MSCI ACWI ex U.S.

5. Domestic Equity Benchmark consists of S&P 500 thru 3/31/98, 10% R1000, 20% R1000V, 5% RMC from 4/1/98 - 12/31/04, and Russell 3000 from 1/1/05 to the present.

6. International Equity Benchmark consists of MSCI EAFE thru 12/31/04, and MSCI ACWI ex US thereafter.

7. Fixed Income Benchmark consists of BbgBC Aggregate prior to 4/1/06, and BbgBC Universal thereafter.

8. Performance is calculated based on the first full month of performance since funding.

9. Inception date reflects the month when portfolio received initial funding.

10. Annual 3- & 5-year investment manager fees estimated at 34 basis points

City of Oakland Police and Fire Retirement System
Preliminary Market Value Summary
As of 3/31/2019

Manager	Style	Market Value \$(000)	Target	Actual ¹	Difference
Total Plan		\$380,735	100.0%	100.0%	0.0%
Public Equity		\$198,382	52.0%	52.1%	0.1%
Domestic Equity		\$153,270	40.0%	40.3%	0.3%
Large Cap Equity					
Northern Trust	Large Cap Core	83,179	23.2%	21.8%	-1.4%
SSgA Russell 1000 Value	Large Cap Value	8,159	0.0%	2.1%	2.1%
SSgA Russell 1000 Growth	Large Cap Growth	9,679	0.0%	2.5%	2.5%
Mid Cap Equity					
Earnest Partners	Mid Cap Core	30,831	6.8%	8.1%	1.3%
Small Cap Equity					
NWQ	Small Cap Value	9,244	2.5%	2.4%	-0.1%
Rice Hall James	Small Cap Growth	12,178	2.5%	3.2%	0.7%
International Equity		\$45,112	12.0%	11.8%	-0.2%
SSgA	International	13,175	3.6%	3.5%	-0.1%
Hansberger	International	15,780	4.2%	4.1%	-0.1%
Fisher	International	16,157	4.2%	4.2%	0.0%
Fixed Income		\$94,632	31.0%	24.9%	-6.1%
Reams	Core Plus	23,647	12.0%	6.2%	-5.8%
Ramirez	Core	70,985	19.0%	18.6%	-0.4%
Credit		\$7,931	2.0%	2.1%	0.1%
DDJ	High Yield/Bank Loans	7,931	---	2.1%	---
Covered Calls		\$47,390	5.0%	12.4%	7.4%
Parametric (Eaton Vance)	Active/Replication	47,390	---	12.4%	---
Crisis Risk Offset		\$24,521	10.0%	6.4%	-3.6%
New/Current Manager	Long Duration	0	3.3%	0.0%	-3.3%
Parametric	Trend/Risk Premia	24,521	6.7%	6.4%	-0.2%
Total Cash²		\$7,879	0.0%	2.1%	2.1%

1. In aggregate, asset class allocations equal to 100% of total investment portfolio.

2. Preliminary estimated balance Includes cash balance with City Treasury and Custodian Cash account as of 3/31/2019.



MEMORANDUM

To: Oakland Police and Fire Retirement System (OPFRS)
From: Meketa Investment Group
Date: April 24, 2019
Re: Diversity Representation Survey of Managers

The purpose of this memo is to provide the System with data collected by surveying asset managers regarding their diversity representation as of March 31, 2019. The System requested that Meketa Investment Group (formerly Pension Consulting Alliance) collect this information at the March 27 Board Meeting following a discussion of minority representation at a specific manager.

Breakdowns for 11 asset managers and Meketa are displayed on the tables on the following page.



MEMORANDUM

Percentage (%) of Board of Directors / Managing Members												
Race and Ethnicity ^A	DDJ Capital Management	Earnest Partners	Fisher	Hansberger Growth Investors	Meketa Investment Group	Northern Trust	NWQ Investment Management	Parametric Portfolio Assoc.	Ramirez Asset Management	Reams Asset Management	Rice Hall James & Assoc.	State Street Global Advisors
African American/Black	--	22%		--	4%	21%	--	--	--	--	--	
Asian/Hawaiian/Pacific Islander	--	11%		50%	9%	7%	--	8%	--	--	9%	
Latino/Hispanic	--	--		--	2%	7%	--	--	75%	--	--	
White	100%	67%	Declined to provide	50%	82%	64%	100%	85%	25%	100%	91%	
American Indian/Alaska Native	--	--		--	--	--	--	--	--	--	--	Declined to provide
Other	--	--		--	2%	--	--	8%	--	--	--	
Gender												
Male	80%	89%		100%	69%	21%	83%	85%	100%	100%	82%	
Female	20%	11%		--	31%	79%	17%	15%	--	--	18%	
Non-Identified/Other	--	--		--	--	--	--	--	--	--	--	

Percentage (%) of Firm (Entire Staff)												
Race and Ethnicity ^A	DDJ Capital Management	Earnest Partners	Fisher	Hansberger Growth Investors	Meketa Investment Group	Northern Trust	NWQ Investment Management	Parametric Portfolio Assoc.	Ramirez Asset Management	Reams Asset Management	Rice Hall James & Assoc.	State Street Global Advisors
African American/Black	--	17%		--	7%	11%	5%	1%	5%	--	3%	2%
Asian/Hawaiian/Pacific Islander	4%	12%		40%	9%	10%	14%	16%	16%	3%	6%	17%
Latino/Hispanic	--	2%		--	7%	11%	8%	2%	21%	3%	3%	4%
White	93%	69%	Declined to provide	60%	76%	65%	73%	76%	58%	94%	88%	74%
American Indian/Alaska Native	--	--		--	--	--	--	1%	--	--	--	0%
Other	4%	--		--	--	1%	2%	--	4%	--	0%	0%
Gender												
Male	57%	69%		40%	57%	53%	70%	69%	84%	54%	64%	62%
Female	43%	31%		60%	43%	47%	30%	31%	16%	46%	36%	37%
Non-Identified/Other	--	--		--	--	--	--	--	--	--	--	1%

^A Racial/ethnic categories appear as defined by EEOC guidance

^B Contains 2% of staff where ethnicity data is unavailable.



MEMORANDUM

To: Oakland Police and Fire Retirement System (OPFRS)
From: Meketa Investment Group (MIG)
Date: March 27, 2019
Re: Crisis Risk Offset (CRO) Implementation – Long Duration

Summary and Recommendation:

At the January 2019 OPFRS meeting, the Board approved a recommendation from MIG to research and utilize one of the plan's current investment managers for its Long Duration component of CRO. At the February 2019 OPFRS meeting, MIG recommended and the board approved that OPFRS utilize State Street Global Advisors (SSgA) and its passively managed strategy to the U.S. Long Treasury index.

Discussion:

As part of a recent OPFRS asset-liability study, the Board approved a new long-term strategic allocation policy. A key feature of the new strategic allocation policy is its allocation to a CRO strategic class. When fully structured and funded, the CRO class will be comprised of three equally weighted components: Long Duration, Systematic Trend Following, and Alternative Risk Premia. The CRO class is expected to (i) have a high probability of producing material appreciation during equity-crisis periods, and (ii) maintain its long-term purchasing power in the intervening market cycles.

As MIG has discussed at prior meetings, one segment of this new class is Long Duration. Long Duration portfolios are those that generally consist of long-dated (maturities in excess of 10 years) high-quality bonds (such as Treasuries and Government-backed high-quality agencies).

Long term Asset Allocation, Period ending 12/31/2018

Asset Class	12/31/2018 Actual	Long- Term Targets
Cash	2	0
Fixed Income	26	21
Credit	2	2
Covered Calls	13	5
Domestic Equity	38	40
International Equity	12	12
CRO	7	20



MEMORANDUM

Unlike the two other components of CRO (Trend Following and Alternative Risk Premia), the Long Duration segment of the asset class can be managed by most reputable fixed income investment firms and is relatively inexpensive to manage. Rather than conduct a full Long Duration manager search, MIG recommends OPFRS utilize one of its current investment managers to run this portion of the asset class.

MIG recommends that OPFRS engage SSgA for this mandate. Specifically, the passively managed U.S. Long Treasury Index. The reasons for this recommendation are 1) the simplicity of the mandate (there is no credit exposure), 2) the low cost of providing the allocation, 4bps for the commingled fund, and 3) SSgA is a current OPFRS manager that already runs mandates for the system.



DISCLAIMER

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.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

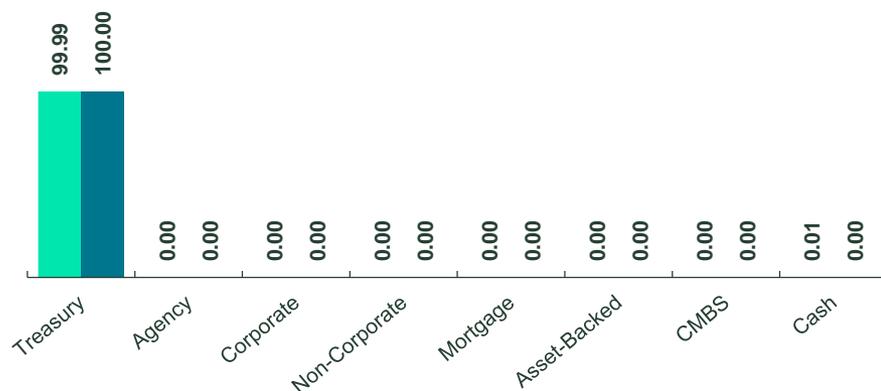
PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Long US Treasury Index Composite Characteristics and Performance

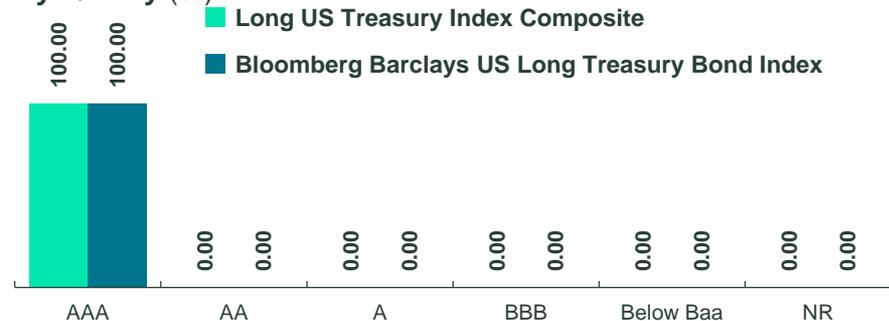
Long US Treasury Index Composite — Characteristics

	Long US Treasury Index Composite	Bloomberg Barclays US Long Treasury Bond Index
Number of Issues	50	49
Average Quality	AAA	AAA
Average Maturity	25.06	25.07
Yield to Worst (%)	2.99	2.99
Average Convexity	3.94	3.94
Modified Adjusted Duration	17.38	17.38
Composite AUM (\$M)*	5,048.26	N/A

Breakdown by Market Value: By Sector (%)



By Quality (%)

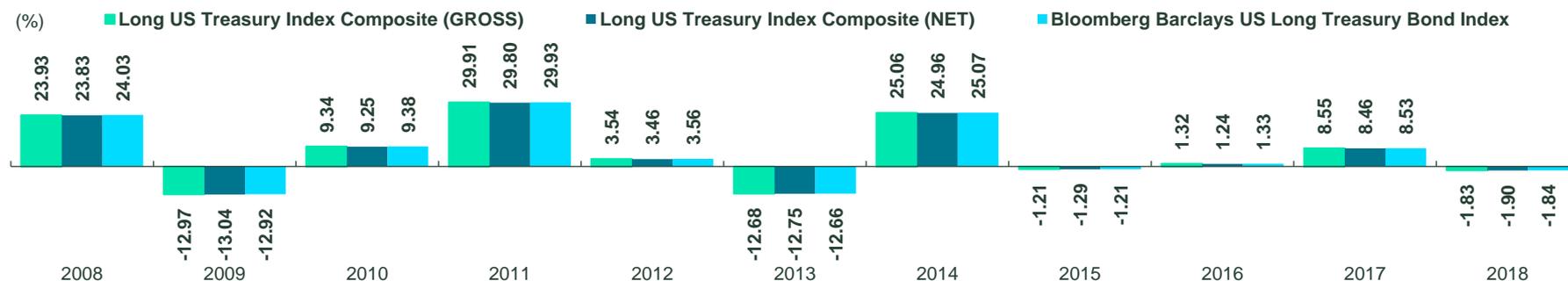


As of December 31, 2018. Sources: Market data, prices, and estimates for characteristics calculations provided by Barclays POINT. All other portfolio data provided by State Street Global Advisors. The Supplemental Information above (except for Composite AUM (shown in USD) is that of a single representative account within the Composite, which is subject to change. The representative account was chosen because it has no material restrictions and fairly represents the investment style of the Strategy. The Supplemental Information should not be deemed to be reflective of (and could differ from) the overall Composite or any other single account within the Composite. Characteristics, sectors, and weights are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether they will be profitable in the future. Characteristics and weights presented are calculated using the month end market value of holdings. Average Credit Quality reflects market value weight of all the rated securities held by the portfolio (excludes unrated securities) using the middle rating provided by either S&P, Moody and Fitch or the lower if only two agency ratings are available.

Long US Treasury Index Composite Performance

Annualized returns for the period ending December 31, 2018 (USD)

	QTR (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)	Since Inception* (%)
Long US Treasury Index Composite (Gross) ^{1,2}	4.20	-1.83	-1.83	2.59	5.93	4.07	5.66
Bloomberg Barclays US Long Treasury Bond Index ⁴	4.19	-1.84	-1.84	2.58	5.93	4.09	5.69
Value Added	0.00	0.01	0.01	0.00	0.00	-0.01	-0.03
Long US Treasury Index Composite (Net) ^{1,3}	4.18	-1.90	-1.90	2.51	5.85	3.99	N/A
Bloomberg Barclays US Long Treasury Bond Index ⁴	4.19	-1.84	-1.84	2.58	5.93	4.09	N/A
Value Added	-0.01	-0.06	-0.06	-0.07	-0.08	-0.09	N/A



* Inception Date: May 2003. Source: State Street Global Advisors. ¹ Returns greater than one year are annualized. Returns represent past performance and are not a guarantee of future results. Current performance may differ from the performance shown. Returns shown are asset — weighted using Composite member market values, where the Composite member's return calculations are time-weighted and reflect the reinvestment of dividends and other income. ² These performance figures are provided gross of fees and expenses other than actual trading fees and expenses, and reflect all items of income, gain, and loss. ³ These performance figures (i) are provided net of actual trading, audit, custody, administrative and legal fees and expenses; (ii) beginning on 9/30/2014, adjusted quarterly to reflect the highest investment management fee on the actual fee schedule, inclusive of incentive fee, if any, of any account within the Composite ("Management Fee") at the relevant time; prior to 9/30/2014, adjusted for an assumed investment management fee, which is equal to or higher than the Management Fee (except in each case certain small accounts-subject to a minimum investment management fee-may have incurred an actual investment management fee higher than that fee assumed in calculating the performance shown above); and (iii) reflect all items of income, gain and loss. ⁴ Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income and the reinvestment of dividends (net of withholding tax rates) and other income and are calculated in US dollars.

It is not possible to invest directly in an index. Performance returns are calculated in US dollars. Calculation for value added returns may show rounding differences.

The above information is considered supplemental to the GIPS presentation for this Composite, which can be found in the Appendix or was previously presented.

A GIPS presentation is also available upon request. gUSTL

GIPS[®] Presentations

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GIPS® Report: Long US Treasury Index Composite (As of December 31, 2017)

Gross Returns

Period	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception May 2003
Long U.S. Treasury Index Composite	2.37	8.55	8.55	2.80	3.48	6.53	N/A
Bloomberg Barclays U.S. Long Treasury Bond Index	2.37	8.53	8.53	2.80	3.48	6.55	N/A

Year	Long U.S. Treasury Index Composite	Bloomberg Barclays U.S. Long Treasury Bond Index
2017		8.55
2016		1.32
2015		-1.21
2014		25.06
2013		-12.68
2012		3.54
2011		29.91
2010		9.34
2009		-12.97
2008		23.93
		8.53
		1.33
		-1.21
		25.07
		-12.66
		3.56
		29.93
		9.38
		-12.92
		24.03

Year	No. of Portfolios at Period End	Composite Dispersion	3 Yr Annualized Standard Deviation — Composite	3 Yr Annualized Standard Deviation — Benchmark	Total Assets at End of Period (USD)	% of Firm's Assets	Total Firm Assets (USD mil)
2017	*	N/A	10.42	10.42	4,538,832,357	0.17	2,714,705
2016	*	N/A	11.10	11.11	3,189,445,960	0.14	2,291,833
2015	*	N/A	10.41	10.42	2,993,575,870	0.14	2,188,091
2014	*	N/A	9.88	9.88	2,900,440,966	0.12	2,383,493
2013	*	N/A	12.26	12.26	2,856,135,726	0.13	2,279,237
2012	*	N/A	12.28	12.28	3,636,320,052	0.18	2,023,842
2011	*	N/A	13.48	13.48	3,731,299,055	0.21	1,768,142
2010	*	N/A	13.80	13.82	2,764,779,980	0.18	1,518,977
2009	*	N/A	12.75	12.77	2,282,186,012	0.17	1,360,125
2008	*	N/A	10.45	10.47	4,561,619,030	0.48	949,988

gUSTL

* 5 portfolios or less.

** Less than 3 years.

Quarterly and YTD returns are not annualized.

Investment Objective: The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term.

Investment Strategy: The Strategy is managed using a "passive" or "indexing" investment approach, by which SSGA attempts to replicate, before expenses, the performance of the Index. The Strategy will not necessarily own all of the securities included in the Index. The Strategy may attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. However, due to the diverse composition of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the Strategy to purchase some of the securities comprising the Index. In such a case, SSGA will select securities for the Strategy comprising a portfolio that SSGA expects will provide a return comparable to that of the Index. SSGA expects that it will typically seek to replicate index returns for the Portfolio through investments in the "cash" markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where SSGA believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets). The Strategy's return may not match the return of the Index.

Footnotes

Firm Definition: For the purpose of complying with the Global Investment Performance Standards (GIPS®), the firm ("SSGA-Global") is defined as all portfolios managed across the global offices of State Street Global Advisors (SSGA) and SSGA Funds Management, Inc., with the exception of Charitable Asset Management which is held out to the marketplace as a distinct business entity. Prior to January 2011, SSGA-Global excluded its wrap fee business and assets accounted for on a book value basis (global cash and stable value assets). Prior to July 2017, SSGA-Global excluded Fiduciary Advisory Solutions. In January 2011, SSGA acquired the Bank of Ireland Asset Management Limited (now known as SSGA Ireland Limited), a GIPS Compliant firm. On January 01, 2012 SSGA Ireland Limited assets were merged into SSGA-Global. In July 2016, SSGA acquired the asset management and advisory services business conducted by GE Asset Management Inc. formerly part GE Asset Management Limited ("GEAM") a GIPS Compliant firm. On July 01, 2017 GEAM assets were merged into SSGA-Global.

Composite Description: The Composite seeks to achieve the Investment Objective described below using the Investment Strategy described below.

Compliance Statement: SSGA-Global claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS. SSGA-Global claims compliance with the GIPS standards from January 01, 2000. The period prior to January 01, 2000 (where shown) is not in compliance, as not all actual fee-paying portfolios are in a composite. SSGA-Global has been independently verified for the periods January 01, 2000 through December 31, 2016. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. In January 2015, the GIPS Firm name changed from "SSgA-Global" to "SSGA-Global".

List Available: A complete list of the firm's composites and their descriptions is available upon request.

Creation Date: The composite was created on January 01, 2009.

Benchmark Description: The benchmark for the composite is the Bloomberg Barclays U.S. Long Treasury Bond Index.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses but include all items of income, gain, and loss. On October 01, 2016, the benchmark name changed from Barclays U.S. Long Treasury Bond Index to Bloomberg Barclays U.S. Long Treasury Bond Index.

Currency: Performance is presented in USD.

Use of Subadvisors: None.

Fees: Returns are expressed gross of management fees. The results do not reflect the deduction of investment management fees. Some members of this composite may accrue administration fees. The client's return will be reduced by the management fee. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting total return would be reduced from 61% to 54%.

Fee Schedule: Management fees are 0.040% of the first \$50,000,000; 0.030% of the next \$50,000,000; and 0.025% thereafter. The initial minimum investment for commingled funds is \$5M. The minimum annual management fee for separately managed accounts is \$175,000. Management fees may be adjusted based upon specific client requirements.

Derivatives Use: SSGA may use futures and other derivatives from time to time in the management of the Strategy generally as a temporary substitute for cash investments or for hedging purposes and not with the purpose of creating investment leverage.

Calculation Methodology: Additional information is available upon request regarding the firm's policies and procedures for calculating and reporting performance results as well as valuation procedures.

Annualized Returns: All returns for periods greater than one year have been annualized.

Withholding Taxes Differences: None.

Exchange Rates Differences Between Composite & Benchmark: None.

Minimum Asset Level for Inclusion: 0

Dispersion: Asset-Weighted standard deviation is calculated using the annual returns of the accounts that were included in the composite for all periods of the year.

Significant Events: In November 2007, on the departure of the North America CIO Sean Flannery, Global asset class CIOs were appointed (Alistair Lowe, Asset Allocation and Currency CIO; Mark Marinella, Fixed Income CIO; Steve Meier, Cash CIO and Arlene Rockefeller, Equities CIO). In October 2010, Kevin Anderson, Ph.D. was appointed CIO of Fixed Income and Currency replacing Mark Marinella. In June 2013, Steve Meier, CIO of Cash, replaced Kevin Anderson, Ph.D. as the CIO of Fixed Income, Currency and Cash. Kevin Anderson, Ph.D. previously CIO and Head of Fixed income, assumed the role of Head of Investments for the Asia Pacific. In July 2014, on the departure of Maria Dwyer, Matt Steinaway was named interim Chief Risk Officer. Matt replaced Maria Dwyer, who was appointed to the leadership team of the Office of Regulatory Initiatives Oversight. In November 2014, David Saulnier was appointed as Chief Risk Officer for SSGA, replacing Matt Steinaway. Matt Steinaway resumed his position as Head of Global Cash Management. In March 2015, Timothy Corbett was appointed Head of Global Investment Risk replacing Fred Gjerstad who has since left the firm. In March 2015, Ronald O' Hanley was appointed CEO and President of State Street Global Advisors replacing Scott Powers who retired. In June 2015, Greg Ehret was named President continuing to report to Ron O' Hanley, chief executive officer of SSGA. In August 2015, Matt Steinaway was appointed as Chief Risk Officer for SSGA, replacing David Saulnier who has since left the firm. In September 2015, John Philpot, Head of Portfolio Management EMEA Fixed Income Beta team, left the firm. In December 2015, Ronald O' Hanley, Chief Executive Officer of SSGA, re-assumed the role of President of the company upon the departure of Greg Ehret. Steven Lipiner was appointed Chief Financial Officer replacing Keith Crawford who was appointed head of global mergers and acquisitions. On March 30, 2016, SSGA agreed to acquire GE Asset Management (GEAM). The transaction was finalized on July 01, 2016. In July 2016, Ralph Layman became Vice Chairman of SSGA. In December 2016, Venky Venkataramani was appointed SSGA's Global Head of Fixed Income Beta Solutions replacing Brian Kinney. In November 2017, Jay Hooley announced his retirement as CEO by the end of 2018, to be succeeded by Ron O' Hanley who was also appointed President and COO. Cyrus Taraporevala will become President and CEO of State Street Global Advisors.

Past and Future Performance: Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially.

Important Disclosures

Important Specific Information

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Past performance is not an indicator of future results. Diversification does not ensure a profit or guarantee against loss.

Passively managed strategies seek to replicate the performance of a specified index. The strategy is passively managed and may underperform its benchmarks. An investment in the strategy is not appropriate for all investors and is not intended to be a complete investment program. Investing in the strategy involves risks, including the risk that investors may receive little or no return on the investment or that investors may lose part or even all of the investment.

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Web: www.ssga.com

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Tracking Code: 2466431.1.3.AM.INST

Expiration Date: May 31, 2019



MEMORANDUM

To: Oakland Police and Fire Retirement System (OPFRS)
From: Meketa Investment Group
Date: April 24, 2019
Re: 2019 Preliminary Strategic Investment Agenda

Approximately once a year, Meketa develops a list of projects that we expect to work closely with OPFRS to complete over the next twelve-plus months (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.

2019 Preliminary Investment Project Agenda

Expected Completion Date	Task
May 2019	<ul style="list-style-type: none">• Quarterly Performance Report (1Q 2019)• International Equity Search: Finalist selection• TBD: Educational topic• Manager Update: Rice Hall James
June 2019	<ul style="list-style-type: none">• Asset Allocation Review and Update• International Equity Search Interviews and selection• Cash Flow Report (3Q 2019)
July 2019	<ul style="list-style-type: none">• Flash Performance Report (2Q2019)• Asset Class Review: Fixed Income• TBD: Educational Topic
August 2019	<ul style="list-style-type: none">• PCA Performance Report (2Q 2019)• Manager Update: Reams
September 2019	<ul style="list-style-type: none">• TBD: Educational Topic• Cash Flow Report (4Q2019)• Thermal Coal List Report - Update



MEMORANDUM

Expected Completion Date	Task
October 2019	<ul style="list-style-type: none">Flash Performance Report (3Q 2019)Manager Update: ParametricService Contract Extension - Parametric
November 2019	<ul style="list-style-type: none">PCA Performance report (3Q2019)Manager Update: Ramirez
December 2019	<ul style="list-style-type: none">TBD: Depends on meeting scheduleCash Flow Report (1Q2020)

Bold are priority strategic items.

This agenda continues forward with the implementation of a new potential asset allocation as a result of the asset liability modeling in 2017.

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.

All persons wishing to address the Board must complete a speaker's card, stating their name and the agenda item (including "Open Forum") they wish to address. The Board may take action on items not on the agenda only if findings pursuant to the Sunshine Ordinance and Brown Act are made that the matter is urgent or an emergency.

Oakland Police and Fire Retirement Board meetings are held in wheelchair accessible facilities. Contact the Retirement Unit, 150 Frank Ogawa Plaza, Suite 3349 or call (510) 238-7295 for additional information.



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

AGENDA

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President

Jaime T. Godfrey
Vice President

Katano Kasaine
Member

Martin J. Melia
Member

Robert J. Muszar
Member

John C. Speakman
Member

Steven Wilkinson
Member

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

Wednesday, April 24, 2019 – 11:30 am
One Frank H. Ogawa Plaza, Hearing Room 1
Oakland, California 94612

- - - ORDER OF BUSINESS - - -

- A. Subject: PFRS Board Meeting Minutes**
From: Staff of the PFRS Board
-
- Recommendation: APPROVE** March 27, 2019 PFRS Board meeting minutes.
- B. Subject: Resolution No. 7054 – Resolution authorizing settlement of the case of *Retired Oakland Police Officers Association et. al. v. Oakland Police and Fire Retirement System et. al.*, Alameda County Superior Court Case No. RG16838274, regarding holiday pay calculations for police retirees classified below the rank of captain**
- From: Staff of the PFRS Board**
-
- Recommendation: APPROVE** Resolution No. 7054 - Resolution authorizing settlement of the case of Retired Oakland Police Officers Association et. al. v. Oakland Police and Fire Retirement System et. al., Alameda County Superior Court Case No. RG16838274, regarding holiday pay calculations for police retirees classified below the rank of captain.

ORDER OF BUSINESS, continued

C. **Subject:** Resolution No. 7055 – Resolution authorizing the assignment of Pension Consulting Alliance, LLC’s rights and obligations under the agreement between the City Of Oakland Police and Fire Retirement Board and Pension Consulting Alliance, LLC to Meketa Investment Group in accordance with Section XVII of the agreement

From: Staff of the PFRS Board

Recommendation: **APPROVE** Resolution No. 7055 – Resolution authorizing the assignment of Pension Consulting Alliance, LLC’s rights and obligations under the agreement between the City Of Oakland Police and Fire Retirement Board and Pension Consulting Alliance, LLC to Meketa Investment Group in accordance with Section XVII of the agreement.

D. **Subject:** Verbal Report on status of *Retired Oakland Police Officers Association; et. al. v. Oakland Police and Fire Retirement System; et. al. (Alameda County Superior Court Case No. RG14753080 and California First Appellate District Case No. A148987)*

From: Staff of the PFRS Board

Recommendation: **ACCEPT** a verbal report on status of Retired Oakland Police Officers Association; et. al. v. Oakland Police and Fire Retirement System; et. al. (Alameda County Superior Court Case No. RG14753080 and California First Appellate District Case No. A148987).

E. **AUDIT AND OPERATIONS COMMITTEE AGENDA – APRIL 24, 2019**

E1. **Subject:** Administrative Expenses Report

From: Staff of the PFRS Board

Recommendation: **ACCEPT** an informational report regarding PFRS administrative expenses from July 1, 2018 through February 28, 2019.

E2. **Subject:** Policy Governing the Overpayment or Underpayment of Member Benefits

From: Staff of the PFRS Board

Recommendation: **DISCUSSION** of the development of Policy Governing the Overpayment or Underpayment of Member Benefits.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
APRIL 24, 2019

ORDER OF BUSINESS, continued

- E3. Subject:** 2006 Management Audit of the PFRS System
From: Staff of the PFRS Board
-
- Recommendation:** **DISCUSSION** of the 2006 Management Audit of the PFRS System.
- E4. Subject:** Annual Report for the Fiscal Year ending June 30, 2019
From: Member Robert Muszar
-
- Recommendation:** **DISCUSSION** regarding the production of the PFRS Annual Report for the fiscal year ending June 30, 2019.
- E5. Subject:** Resolution No. 7056 - Travel authorization for PFRS board member Jaime Godfrey to travel and attend the 2019 IMN Global Indexing and ETF Conference (“2019 IMN Conference”) from June 19, 2019 to June 21, 2019 in Dana Point, CA with an estimated budget of One Thousand Eight Hundred Sixty Dollars (\$1,860.00)
From: Staff of the PFRS Board
-
- Recommendation:** **APPROVE** Resolution No. 7056 - Travel authorization for PFRS board member Jaime Godfrey to travel and attend the 2019 IMN Global Indexing and ETF Conference (“2019 IMN Conference”) from June 19, 2019 to June 21, 2019 in Dana Point, CA with an estimated budget of One Thousand Eight Hundred Sixty Dollars (\$1,860.00).
- E6. Subject:** Resolution No. 7057 - Travel authorization for PFRS board member R. Steven Wilkinson to travel and attend the 2019 National Association of Securities Professionals Pension and Finance Conference (“2019 NASP Conference”) from June 24, 2019 to June 26, 2019 in Baltimore, MD with an estimated budget of Two Thousand One Hundred Dollars (\$2,100.00)
From: Staff of the PFRS Board
-
- Recommendation:** **APPROVE** Resolution No. 7057 - Travel authorization for PFRS board member R. Steven Wilkinson to travel and attend the 2019 National Association of Securities Professionals Pension and Finance Conference (“2019 NASP Conference”) from June 24, 2019 to June 26, 2019 in Baltimore, MD with an estimated budget of Two Thousand One Hundred Dollars (\$2,100.00).

ORDER OF BUSINESS, continued

E7. Subject: Resolution No. 7058 - Travel Authorization for PFRS Staff Member David Low to travel and attend the 2019 California Association of Public Retirement Systems Administrative Assistant Roundtable Conference (“2019 CALAPRS Admin Roundtable Conference”) on April 26, 2019 in San Jose, CA with an estimated budget of One Hundred Eighty-Nine Dollars (\$189.00)

From: Staff of the PFRS Board

Recommendation: **APPROVE** Resolution No. 7058 - Travel Authorization for PFRS Staff Member David Low to travel and attend the 2019 California Association of Public Retirement Systems Administrative Assistant Roundtable Conference (“2019 CALAPRS Admin Roundtable Conference”) on April 26, 2019 in San Jose, CA with an estimated budget of One Hundred Eighty-Nine Dollars (\$189.00).

E8. Subject: Resolution No. 7059 - Travel Authorization for PFRS Plan Administrator David Jones to travel and attend the 2019 California Association of Public Retirement Systems Administrators' Roundtable Conference (“2019 CALAPRS Administrators' Roundtable Conference”) on June 21, 2019 in San Jose, CA with an estimated budget of One Hundred Ninety-Four Dollars (\$194.00)

From: Staff of the PFRS Board

Recommendation: **APPROVE** Resolution No. 7059 - Travel Authorization for PFRS Plan Administrator David Jones to travel and attend the 2019 California Association of Public Retirement Systems Administrators' Roundtable Conference (“2019 CALAPRS Administrators' Roundtable Conference”) on June 21, 2019 in San Jose, CA with an estimated budget of One Hundred Ninety-Four Dollars (\$194.00).

**F. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA –
APRIL 24, 2019**

F1. Subject: Investment Manager Performance Review – DDJ Capital Management, LLC

From: DDJ Capital Management, LLC

Recommendation: **ACCEPT** an Informational Report regarding review of DDJ Capital Management, LLC, a PFRS High Yield and Bank Loan Fixed Income Investment Manager.

ORDER OF BUSINESS, continued

- F2. Subject:** Investment Manager Overview – DDJ Capital Management, LLC
From: Meketa Investment Group
-
- Recommendation:** **APPROVE** evaluation, review and possible watch status placement of DDJ Capital Management, LLC, a PFRS High Yield and Bank Loan Fixed Income Investment Manager.
- F3. Subject:** Investment Market Overview
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** an informational report on the global investment markets through April 2019.
- F4. Subject:** Informational Report on Preliminary Investment Fund Performance for the Quarter Ending March 31, 2018
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** informational report on the Preliminary Investment Fund Performance for the Quarter Ending March 31, 2018.
- F5. Subject:** Informational Report on the status of the Request for Information for the new PFRS Active International Equity Asset Class Investment Manager
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** Informational Report on the status of the Request for Information for the new PFRS Active International Equity Asset Class Investment Manager.
- F6. Subject:** Informational Report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund
From: Meketa Investment Group
-
- Recommendation:** **ACCEPT** an informational report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
APRIL 24, 2019

ORDER OF BUSINESS, continued

F7. Subject: Resolution No. 7052 – Resolution authorizing a professional service agreement with State Street Global Advisors (SSgA), to serve as investment manager of the long duration treasury plan component of the crisis risk offset investment strategy for the Oakland Police and Fire Retirement System at a fee rate not to exceed 4 basis points (4 bp or 0.04 percent) of the portfolio’s assets value each year

From: SSgA and Staff of the PFRS Board

Recommendation: **APPROVE Resolution No. 7052** – Resolution authorizing a professional service agreement with State Street Global Advisors (SSgA), to serve as investment manager of the long duration treasury plan component of the crisis risk offset investment strategy for the Oakland Police and Fire Retirement System at a fee rate not to exceed 4 basis points (4 bp or 0.04 percent) of the portfolio’s assets value each year.

G. NEW BUSINESS

H. OPEN FORUM

I. FUTURE SCHEDULING

A BOARD MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on March 27, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

Board Members Present:

- Walter L. Johnson, President
- Katano Kasaine, Member
- R. Steven Wilkinson, Member
- John C. Speakman, Member
- Robert J. Muszar, Member
- Martin J. Melia, Member

Board Members Absent:

- Jaime T. Godfrey, Vice President

Additional Attendees:

- David Jones, PFRS Plan Administrator
- Jennifer Logue, PFRS Legal Counsel
- David Low & Teir Jenkins, Staff Member
- David Sancewich, Meketa Investment Group
- Sean Copus, Meketa Investment Group

The meeting was called to order at 11:30 am.

A. Closed Session – President Johnson convened the closed session meeting at 11:31 am.

B. Report of Board Actions from Closed Session – The PFRS Board meeting reconvened at 12:19 pm following the conclusion of Closed Session. President Johnson instructed staff to present a resolution at the next Board meeting for board action addressing the legal matter addressed in litigation from today’s closed session agenda.

C. Approval of PFRS Board Meeting Minutes – Member Speakman made a motion to approve the February 27, 2019 PFRS Board meeting minutes, second by Member Kasaine. Motion Passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAIN – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

D. Approval of Consent to Merger between Pension Consulting Alliance and Meketa Investment Group – PFRS Legal Counsel Jennifer Logue reported that the PFRS Board may act to approve the consent letter authorizing the merger between Meketa and PCA by Board motion if they wish. Member Kasaine said the new company would need to provide updated contractual paperwork as necessary. Member Muszar made a motion to approve the consent to merger PCA and Meketa, second by member Wilkinson. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAIN – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

E. PFRS AUDIT COMMITTEE MEETING – MARCH 27, 2019

E1. Administrative Expenses Report – Teir Jenkins presented the current status of the administrative expenditures of the PFRS plan through January 31, 2019. Member Muszar made a motion to accept the informational report from staff, second by Speakman. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – ABSENT / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 5 / NOES: 0 / ABSTAIN: 0)

E2. Report on hearings concerning change of retirement classification or cause of death – Member Muszar said the committee directed staff to draft two comparative procedures for the committee's consideration on this matter for discussion at the May 2019 Audit Committee meeting. He said the two procedures displayed different methods to address this matter and that having written versions presented for committee discussion would help the discussion. No Board action was taken at this time.

F. PFRS INVESTMENT COMMITTEE MEETING – MARCH 27, 2019

F1. Investment Manager Performance Review – State Street Global Advisors – Sean Copus reported that State Street Global Advisors presented its financial performance overview of PFRS assets managed by their firm. Member Melia made a motion to accept the informational report, second by member Speakman. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

F2. Investment Manager Overview of State Street Global Advisors by Meketa – Sean Copus reported the administrative and corporate review of State Street Global Advisors in its management of the PFRS investment funds and had no recommendation of any action for the Board. Member Wilkinson reported that the Investment Committee directed SSgA to provide them with a report on the diversity of the Company as well as the diversity of the Board of Directors of SSgA. Member Melia made a motion to approve the report from Meketa, second by member Wilkinson. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

F3. Resolution No. 7052 – Member Wilkinson reported that approval of resolution no. 7052 was postponed until the April 2019 Board meeting following delivery of additional information from State Street Global Advisors.

F4. Investment Market Overview – Sean Copus reported on the global economic factors affecting the PFRS Fund. Member Melia made a motion accept the Informational Report from PCA, second by member Wilkinson. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

F5. Review of 2019 10-year Capital Market Assumptions – Mr. Sancewich presented a detailed explanation of the 10-year capital market assumption applied to the PFRS Investment Fund. The Board discussed how the 10-year market assumptions influences the PFRS portfolio as the Plan approaches its funding date of 2026. Following Board discussion, Member Melia made a motion to approve the 10-year Capital Market Assumption report from Meketa, second by member Wilkinson. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

F6. \$14.2 million 2nd Quarter 2019 Member Benefits Drawdown – Mr. Jenkins reported that the recent Fire MOU may affect the amount of benefits needed for the 2nd Quarter 2019 and staff may return to the Board to request additional funds to pay for these benefits. Mr. Copus presented Meketa's recommendation on drawdowns to be made to pay for April 2019 through June 2019 member retirement benefits. Mr. Copus reported that Meketa recommended withdrawing \$3.0 million from the funds managed by Parametric Portfolio Advisors (Covered Calls) and \$11.2 million from Cash from the City of Oakland. Following Committee discussion, Member Melia made a motion to recommend Board Approval of a \$14.2 million drawdown, which includes an \$11.2 million contribution from the City of Oakland and a \$3.0 million contribution from the PFRS Investment Fund, to be used to pay for April 2019 through June 2019 member retirement benefits, second by Member Wilkinson. Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

F7. Status Report of the request for proposals for the new PFRS Active International Equity Asset Class Investment Manager – Mr. Sancewich reported that the Request for Proposals for the new PFRS Active International Equity Asset Class Investment Manager would be made available on the Meketa website in the next few weeks. Following some Board discussion, Member Melia made a motion to approve the report from Meketa, second by Member Wilkinson. Motion passed.

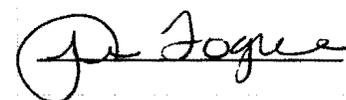
[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

I. Member Resolutions – Member Speakman made a motion to approve Resolution No. 7053 – a Resolution approving death benefit payments and directing warrants thereunder in the total sum of \$1,000.00 payable to the beneficiaries of deceased members as follows: June L. Porter, Jess V. Bowers & John S. Bowers, Maria M. Martinez-Crissien, and Leigh Evans & Dale Drew, second by member Godfrey, Motion passed.

[GODFREY – ABSENT / JOHNSON – Y / KASAINÉ – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 0)

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved as to Form
and Legality



RESOLUTION No. 7054

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION AUTHORIZING SETTLEMENT OF RETIRED OAKLAND POLICE OFFICERS ASSOCIATION ET. AL. v. OAKLAND POLICE AND FIRE RETIREMENT SYSTEM ET. AL., ALAMEDA COUNTY SUPERIOR COURT CASE NO. RG16838274, REGARDING HOLIDAY PAY CALCUATIONS FOR POLICE RETIREES CLASSIFIED BELOW THE RANK OF CAPTAIN

WHEREAS, pursuant to Article XXVI of City of Oakland Charter, retirees of the Oakland Police Department who are members of the Oakland Police and Fire Retirement System ("Covered Retirees") are entitled to receive a retirement allowance (payment) that is based on "compensation attached to the average rank held" during the three years immediately preceding retirement; and

WHEREAS, compensation attached to rank for Covered Retirees currently includes, but is not limited to, holiday pay; and

WHEREAS, the Oakland Police and Fire Retirement System currently credits Covered Retirees who held the rank of police officer, sergeant, inspector or lieutenant during the three years immediately preceding retirement with 144 hours of holiday pay per year; and

WHEREAS, on November 8, 2016, the Retired Oakland Police Officers Association, Ronald Gunar, Ned Ubben, Raymond Miller, Robert Aven, and Nita Balousek (collectively "Plaintiffs") filed a lawsuit, Alameda County Superior Court Case No. RG16838274, against the Oakland Police and Fire Retirement System ("PFRS"), the Oakland Police and Fire Retirement System Board ("PFRS Board"), and the City of Oakland alleging that PFRS has been miscalculating the holiday pay retirement benefit received by Covered Retirees and that Covered Retirees who held the rank of police officer, sergeant, inspector or lieutenant are entitled to more than 144 hours of holiday pay per year ("Lawsuit"); and

WHEREAS, all parties to the Lawsuit wish to compromise, resolve and settle Plaintiffs' claims in the Lawsuit pursuant to the terms set forth in the Settlement Agreement attached hereto as **Exhibit A**; now, therefore, be it

Settlement Agreement

In consideration of the mutual agreements and promises set forth below, the Parties to this Settlement Agreement (“Agreement”) hereby agree as follows:

I. Purpose and Scope of Agreement

This Agreement is entered into as of March __, 2019, by and among the following Parties:

Plaintiffs and Petitioners: Retired Oakland Police Officers Association; Robert Aven; Nita Balousek; Ronald Gunar; Raymond Miller; Ned Ubben (“Plaintiffs”);

Defendants and Respondents: City of Oakland; Oakland Police and Fire Retirement System (“PFRS”); Oakland Police and Fire Retirement System Board (“Defendants”).

The Parties are entering into this Agreement to compromise, resolve and settle Plaintiffs’ claims in the action entitled *Retired Oakland Police Officers Association et al. v. Oakland Police and Fire Retirement System et al.*, Alameda Superior Court Case No. RG16838274 (“Lawsuit”).

For purposes of calculating compensation attached to the average rank held under Article XXVI of the Oakland City Charter, PFRS currently credits members who are retirees and beneficiaries of retirees who held the rank of police officer, sergeant, inspector or lieutenant for some or all of the 36-month period immediately preceding their retirement (“Covered Retirees and Beneficiaries”) with 144 hours per annum for holiday pay in calculating their retirement allowance or benefit. Plaintiffs claim that Covered Retirees and Beneficiaries are entitled to be credited with a higher number of hours for holiday pay, including “floating holiday” pay. Defendants dispute Plaintiffs’ claims. The purpose of this Agreement is to settle this dispute for the period covered by the Lawsuit through June 30, 2024, when the 2019-2024 Memorandum of Understanding between the City of Oakland and the Oakland Police Officers Association (“the new MOU”) is scheduled to expire. This is a resolution of disputed claims and is not an admission of liability by any Party or the absence of liability on the part of any other Party, nor does it constitute an admission that averages may be used to determine compensation attached to the rank.

This Agreement does not settle or resolve any claims of members who are retirees or beneficiaries of retirees who held the ranks of captain and deputy chief of police at retirement, *provided however*, this Agreement does apply to the portion, if any, of the 36-month period immediately preceding retirement that such retirees held the rank of police officer, sergeant, inspector or lieutenant. The Parties specifically reserve for separate resolution the calculation of holiday pay benefits for retirees and beneficiaries of retirees who held the rank of captain or deputy chief.

This Agreement does not bar claims by any individual retiree or beneficiary not named herein. Pursuant to the terms of this Agreement, for purposes of calculating retirement allowances and benefits PFRS will credit Covered Retirees and Beneficiaries with 144 hours per annum for holiday pay, *provided however*, Defendants expressly reserve all rights, claims and

defenses with respect to any non-party retiree or beneficiary who hereafter asserts a claim demanding to be credited with a different number of holiday pay hours for any of the period covered by this Agreement.

II. Settlement

A. Credit for Holiday Pay for Covered Retirees and Beneficiaries.

For the purpose of calculating retirement allowances and benefits for PFRS members who are retirees and beneficiaries of retirees who held the ranks of police officer, sergeant, inspector, and lieutenant, and subject to the terms and conditions stated in Section I above, PFRS shall credit Covered Retirees and Beneficiaries with 144 hours for holiday pay per annum during the term of this Agreement.

This holiday pay benefits methodology shall continue from the date hereof until the earlier of: (a) July 1, 2024; or (b) the effective date of any MOU amendment adopted hereafter that results in a material change in the average number of hours of holiday pay received by active sworn police below the rank of captain. (The use of the phrase “average number of hours of holiday pay received by active sworn police below the rank of captain” in this Agreement is used solely for purposes of determining whether an MOU amendment terminates this Agreement. The Parties agree that by using this terminology, Petitioners in no way concede that use of averages is proper in the calculation of holiday pay; Respondents agree that Petitioners have made no such concession.) The Party seeking to terminate the Agreement is responsible for providing evidence of a material change.

B. Term of Agreement. The term of this Agreement (“Term”) is from the date hereof until the earlier of: (a) July 1, 2024; or (b) the effective date of any MOU amendment adopted hereafter that results in a material change in the average number of hours of holiday pay received by active sworn police below the rank of captain.

C. Terms and Conditions for Active Sworn Officers. This settlement does not prevent the City of Oakland and the Oakland Police Officers Association from re-negotiating the way holiday pay is calculated for active sworn police, or from negotiating any other term or condition of employment for said active sworn officers.

D. Waiver and Release. Plaintiffs hereby waive and release any and all claims against Defendants that, at any time during the period commencing three years before the filing of the Lawsuit through the Term of this Agreement (the “Settlement Period”), Plaintiffs are entitled to be credited with more than 144 hours per annum for holiday pay (including, without limitation, “floating holiday” pay). Defendants hereby waive and release any and all claims that during the Settlement Period Plaintiffs should be credited with fewer than 144 hours per annum for holiday pay. Defendants further agree that in the event an MOU amendment is adopted hereafter that results in a material change in the average number of hours of holiday pay received by active sworn police below the rank of captain, PFRS will only adjust retirement allowances and benefits from the effective date of such changes and will not assert any claim for overpayments on account of payments made pursuant to this Agreement before such date.

E. Dismissal and Covenant Not to Sue. Promptly after execution of this Agreement by all Parties, Plaintiffs will dismiss the Lawsuit without prejudice. Plaintiffs hereby agree that during the Term of this Agreement they will not re-file the same or similar claims on behalf of themselves or Covered Retirees and Beneficiaries, or provide financial or other support for litigating such a claim. Plaintiffs further agree that they will not, after the Term of this Agreement, file the same or similar claims on behalf of themselves or Covered Retirees and Beneficiaries seeking relief for any portion of the Settlement Period except to enforce the terms of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall prevent Plaintiffs from filing claims pertaining to the same or similar claims on behalf of, and based upon a member's status as, a retiree or beneficiary of a retiree who held the rank of captain or deputy chief.

F. Costs and Fees. Each side will bear their own costs and fees, including expert fees and attorneys' fees.

G. Admissibility of Settlement Agreement. This Settlement Agreement shall not be admissible in a court of law or other proceeding except to secure its enforcement.

H. Warranty of Authority; Successors and Assigns. Each Party who executes this Agreement warrants that he or she has the authority to bind the person or entity on whose behalf he or she signs and that he or she is authorized to sign on behalf of the principal. This Agreement shall inure to the benefit of, and is binding upon, each Party's heirs, successors and assigns.

I. Right to Consult Attorney. Each Party acknowledges that each of them has read this Agreement and has had the opportunity to consult with attorneys as to the meaning and legal effect of the Agreement.

J. Voluntary Execution of Agreement. The Parties acknowledge, agree and understand that each of them executes this Agreement voluntarily and without any duress or undue influence on the part of, or on behalf of, any person or entity; and that no promise, inducement or agreement not expressed herein has been made by any Party to any other Party.

K. Acts in Furtherance of this Agreement. The Parties agree to execute, deliver and, where appropriate, file any and all documents required to carry out this Agreement.

L. Mutual Drafting. This Agreement is the product of negotiations and preparation by and among the Parties and their respective counsel. The Parties agree that this Agreement shall not be deemed prepared or drafted by one Party or another, or by one Party's or another's attorneys. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against any of the Parties. The Parties expressly waive the provisions of Cal. Civ. Code § 1654. The Parties agree that prior drafts of this Agreement were made pursuant to settlement privilege and shall not be admissible to show the meaning of the Agreement.

M. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

N. Execution in Counterparts; Facsimile Signatures. This Agreement may be executed in one or more duplicate counterparts, all of which taken together shall constitute the complete Agreement. A faxed signature shall have the same force and effect as an original signature.

FOR PLAINTIFFS:

Dated: March _____, 2019

Retired Oakland Police Officers Association

By: _____
Peter Peterson, President

Dated: March _____, 2019

Robert Aven

By: _____
Robert Aven

Dated: March _____, 2019

Nita Balousek

By: _____
Nita Balousek

Dated: March _____, 2019

Ronald Gunar

By: _____
Ronald Gunar

Dated: March _____, 2019

Raymond Miller

By: _____
Raymond Miller

Dated: March _____, 2019

Ned Ubben

By: _____
Ned Ubben

FOR DEFENDANTS AND RESPONDENTS:

Dated: March _____, 2019

City of Oakland

By: _____

Dated: March _____, 2019

Oakland Police and Fire Retirement System

By: _____

Dated: March _____, 2019

Oakland Police and Fire Retirement System
Board

By: _____

APPROVED AS TO FORM:

Dated: March _____, 2019

McCracken, Stemerma & Holsberry, LLP

By: _____
Sarah Grossman-Swenson
Counsel for Plaintiffs and Petitioners

Dated: March _____, 2019

Hanson Bridget, LLP

By: _____
Adam Hofmann
Counsel for Defendant and
Respondent City of Oakland

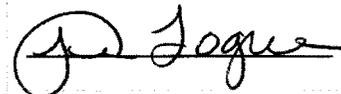
Dated: March _____, 2019

Gordon & Polland, LLP

By: _____
Paul Gordon
Counsel for Defendants and
Respondents Oakland Police and
Fire Retirement System and PFRS
Board

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved as to Form
and Legality



RESOLUTION No. 7055

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION AUTHORIZING THE ASSIGNMENT OF PENSION CONSULTING ALLIANCE, LLC'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT BETWEEN THE CITY OF OAKLAND POLICE AND FIRE RETIREMENT BOARD AND PENSION CONSULTING ALLIANCE, LLC TO MEKETA INVESTMENT GROUP IN ACCORDANCE WITH SECTION XVII OF THE AGREEMENT

WHEREAS, the Board manages and administers the Police and Fire Retirement System ("PFRS"), pursuant to Article XXVI of the Oakland City Charter ("City Charter"); and

WHEREAS, Article XVI §17 of the California Constitution, commonly referred to as the Pension Protection Act or Proposition 162, and Article XXVI of the City Charter vest the Board with exclusive control of the administration and investment of the assets of the Police and Fire Retirement Fund (the "Fund"); and

WHEREAS, Article XXVI of the City Charter expressly authorizes the Board to secure competent investment counsel to provide advice and counsel regarding the investment of the Fund and further provides that discretionary powers granted to such investment counsel will be at the option of the Board; and

WHEREAS, on July 1, 2004, the City of Oakland Police and Fire Retirement System Board entered into an agreement with Pension Consulting Alliance, Inc. ("the Agreement") whereby Pension Consulting Alliance, Inc. ("PCA, Inc.") would provide advice and counsel to the PFRS Board regarding investments of the assets of the Police and Fire Retirement Fund; and

WHEREAS, on June 24, 2015, the Agreement was amended to reflect that Pension Consulting Alliance, LLC (PCA, LLC) was assuming all rights, responsibilities and liabilities of PCA, Inc. under the Agreement (PFRS Board Resolution No. 6855); and

WHEREAS, on January 30, 2019, PCA, LLC announced its planned merger with Meketa Investment Group ("Meketa") at the regular meeting of the PFRS Board; and

WHEREAS, on March 27, 2019, the PFRS Board consented to the merger of PCA, LLC and Meketa and the assignment of PCA, LLC's rights and obligations under the Agreement to Meketa in light of the merger; now, therefore, be it

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

RESOLVED: That the Board authorizes that assignment of Pension Consulting Alliance, LLC's rights and obligations under the Agreement to Meketa Investment Group in light of the merger of PCA, LLC and Meketa.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____ **APRIL 24, 2019** _____

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, KASAIN, MELIA, MUSZAR, SPEAKMAN, WILKINSON
AND PRESIDENT JOHNSON

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY