

Due to the termination of the statewide COVID-19 State of Emergency by the Governor of California, effective March 1, 2023, all meetings of the Oakland Police & Fire Retirement System Board and its Committees will be conducted in person.

Meetings are held in wheelchair accessible facilities.

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.

For additional information, contact the Retirement Unit by calling (510) 238-7295. or send an email to mvisaya@oaklandca.gov



**CITY OF
OAKLAND**

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

AGENDA

AUDIT COMMITTEE MEMBERS

John C. Speakman
Chairperson

R. Steven 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 Audit Committee does not reach quorum, this meeting is noticed as an informational meeting between staff and the Chair of the Audit Committee.*

**MEETING of the AUDIT & OPERATIONS COMMITTEE
of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”)**

WEDNESDAY, JUNE 26, 2024

10:00 AM

**ONE FRANK H. OGAWA PLAZA, HEARING ROOM 2
OAKLAND, CA 94612**

OBSERVE

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

PUBLIC COMMENTS

There are two ways to submit public comments:

- **Speaker Card:** All persons wishing to address the Board must complete a speaker’s card, stating their name and the agenda item they wish to address, including “Open Forum”.
- **eComment:** To send your comment directly to staff BEFORE the meeting starts, please email to mvisaya@oaklandca.gov with “PFRS Board Meeting Public Comment” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**

If you have any questions, please email Maxine Visaya, Administrative Assistant II at mvisaya@oaklandca.gov

ORDER OF BUSINESS

1. **Subject:** OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”) AUDIT & OPERATIONS COMMITTEE MEETING MINUTES
From: Staff of the PFRS Board

Recommendation: **APPROVE** the May 29, 2024 Audit & Operations Committee Meeting Minutes

2. **Subject:** ADMINISTRATIVE EXPENSES REPORT
From: Staff of the PFRS Board

Recommendation: **ACCEPT** informational report regarding PFRS administrative expenses as of April 30, 2024

3. REVIEW OF PENDING AUDIT COMMITTEE MEETING AGENDA ITEMS
4. OPEN FORUM
5. FUTURE SCHEDULING
6. ADJOURNMENT

A MEETING OF THE AUDIT & OPERATIONS COMMITTEE of the Oakland Police and Fire Retirement System (“PFRS”) was scheduled to occur Wednesday, May 29, 2024, at One Frank Ogawa Plaza, Hearing Room 2, Oakland, California; however, due to technical issues, the meeting occurred in Hearing Room 1.

- | | | |
|----------------------|-----------------------|---|
| Committee Members | ▪ John C. Speakman | Chairperson |
| | ▪ Martin J. Melia | Member |
| | ▪ R. Steven Wilkinson | Member |
| Additional Attendees | ▪ David Jones | PFRS Secretary & Plan Administrator (EXCUSED) |
| | ▪ Téir Jenkins | PFRS Investment & Operations Manager |
| | ▪ Maxine Visaya | PFRS Staff Member |
| | ▪ Selia Warren | PFRS Legal Counsel |

The meeting was called to order at 10:47 a.m. Pacific

1. PFRS AUDIT & OPERATIONS COMMITTEE MEETING MINUTES

Member Melia made a motion to approve the April 24, 2024, Audit & Operations Committee Meeting minutes, second by Chairperson Wilkinson. Motion passed.

[SPEAKMAN – Y / MELIA – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

2. ADMINISTRATIVE EXPENSES REPORT

PFRS Investment & Operations Manager Jenkins presented an informational report regarding PFRS’ administrative expenditures as of March 31, 2024. PFRS has an approved annual budget of approximately \$3.8 million and expensed approximately \$1.8 million to date for fiscal year 2023/2024 and noted projected expenditures for Actuary services will exceed the budgeted amount by approximately \$10,000 due to costs associated with the Asset Liability Study and the 2026 Actuarial Funding Date. Membership consisted of 631 retired members and beneficiaries, which included 392 Police Members and 239 Fire Members.

MOTION: Member Wilkinson made a motion to accept the administrative expenses report as of March 31, 2024, and forward to the Board, second by member Melia. Motion passed.

[SPEAKMAN – Y / MELIA – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

3. RESOLUTION NO. 8105

CONTRACT RENEWAL: CHEIRON, INC

PFRS Investment & Operations Manager Jenkins presented Resolution No. 8105 to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2026 with annual retainer fees not to exceed \$51,500 for FY2024-2025 and \$52,750 for FY2025-2026.

MOTION: Member Melia made a motion to recommend Board approval of Resolution No. 8105 and forward to the Board, second by Member Wilkinson. Motion passed.

[SPEAKMAN – Y / MELIA – Y / EXCUSED / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

4. REVIEW PFRS RULES & REGULATIONS

PFRS Investment & Operations Manager Jenkins presented an informational report regarding the review of PFRS Rules & Regulations and requested direction. The Committee discussed if frequency and manner of meetings can be addressed with an update to the Rules & Regulations. Legal Counsel Warren advised the Charter mandates the frequency and State Law mandates the manner; however, if the Board wanted to convert the meetings to a hybrid model to allow virtual public participation it could be addressed via an update to PFRS Rules & Regulations. No changes were recommended.

MOTION: Member Wilkinson made a motion to accept the informational report, maintain the current Rules & Regulations, and forward to the Full Board for approval, second by Member Melia. Motion passed.

[SPEAKMAN – Y / MELIA – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

5. REVIEW PFRS TRAVEL POLICY

Chairperson Speakman noted Member Wilkinson previously expressed an interest to discuss the travel budget and recommended the matter be moved to the Board.

MOTION: Member Melia made a motion to forward to the Full Board for discussion, second by Member Wilkinson. Motion passed.

[SPEAKMAN – Y / MELIA – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

6. REVIEW OF PENDING AUDIT COMMITTEE MEETING AGENDA ITEMS

PFRS Investment & Operations Manager Jenkins reported on the two (2) items on the Audit and Operations Committee Agenda pending list. Item 1) Status Report of the Ad Hoc Committee regarding the Actuarial Funding Date of July 1, 2026: The Ad Hoc Committee did not meet as scheduled on May 23, 2024 and will reschedule. Item 2) Monitor & Update PFRS Board of Upcoming City Council Agendas Regarding Discussion of the 2026 Actuarial Funding Date: There is no update at this time.

7. OPEN FORUM – No Report

8. FUTURE SCHEDULING

The next PFRS Audit & Operations Committee Meeting will be held in-person and is tentatively scheduled to occur June 26, 2024 at One Frank Ogawa Plaza, Hearing Room 2, Oakland, CA.

9. ADJOURNMENT – Member Melia made a motion to adjourn, second by Member Wilkinson. Motion passed.

[SPEAKMAN – Y / MELIA – Y / WILKINSON – Y]
(AYES: 3 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 0)

The meeting adjourned at 11:03 a.m. Pacific

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of April 30, 2024

	Approved Budget		April 2024		FYTD		Remaining		Percent Remaining	
Internal Administrative Costs										
PFRS Staff Salaries	\$	1,459,000	\$	-	\$	922,225	\$	536,775		36.8%
Board Travel Expenditures		52,500		5,137		4,708		47,792		91.0%
Staff Training		20,000		-		3,265		16,735		83.7%
Staff Training - Tuition Reimbursement		7,500		-		-		7,500		100.0%
Board Hospitality		3,600		524		3,712		(112)		-3.1%
Payroll Processing Fees		40,000		-		-		40,000		100.0%
Miscellaneous Expenditures		45,000		1,035		26,957		18,043		40.1%
Internal Service Fees (ISF)		88,000		-		62,712		25,288		28.7%
Contract Services Contingency		50,000		250		1,125		48,875		97.8%
Internal Administrative Costs Subtotal :	\$	1,765,600	\$	6,946	\$	1,024,703	\$	740,897		42.0%
Actuary and Accounting Services										
Audit	\$	52,800	\$	-	\$	18,941	\$	33,859		64.1%
Actuary		49,400		-		34,383		15,017		30.4%
Actuary and Accounting Subtotal:	\$	102,200	\$	-	\$	53,325	\$	48,875		47.8%
Legal Services										
City Attorney Salaries	\$	212,100	\$	-	\$	-	\$	212,100		100.0%
Legal Contingency		150,000		-		-		150,000		100.0%
Legal Services Subtotal:	\$	362,100	\$	-	\$	-	\$	362,100		100.0%
Investment Services										
Money Manager Fees	\$	1,313,000	\$	-	\$	766,135	\$	546,865		41.7%
Custodial Fee		124,500		-		62,250		62,250		50.0%
Investment Consultant		100,000		-		75,000		25,000		25.0%
Asset Liability Study		40,000		-		40,000		-		0.0%
Investment Subtotal:	\$	1,577,500	\$	-	\$	943,385	\$	634,115		40.2%
Total Operating Budget	\$	3,807,400	\$	6,946	\$	2,021,413	\$	1,785,987		46.91%

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of April 30, 2024

	April 2024
Beginning Cash as of 4/1/2024	\$ 10,386,557
Additions:	
City Pension Contribution - March	3,441,297
Investment Draw	1,000,000
Misc. Receipts	800
Total Additions:	\$ 4,442,097
Deductions:	
Pension Payment (March Pension Paid on 4/1/2024)	(4,141,959)
Expenditures Paid	(231,003)
Total Deductions	\$ (4,372,961)
 Ending Cash Balance as of 4/30/2024*	 \$ 10,455,692

* On 05/01/2024, April pension payment of approx. \$4,142,000 will be made leaving a cash balance of \$6,313,692.

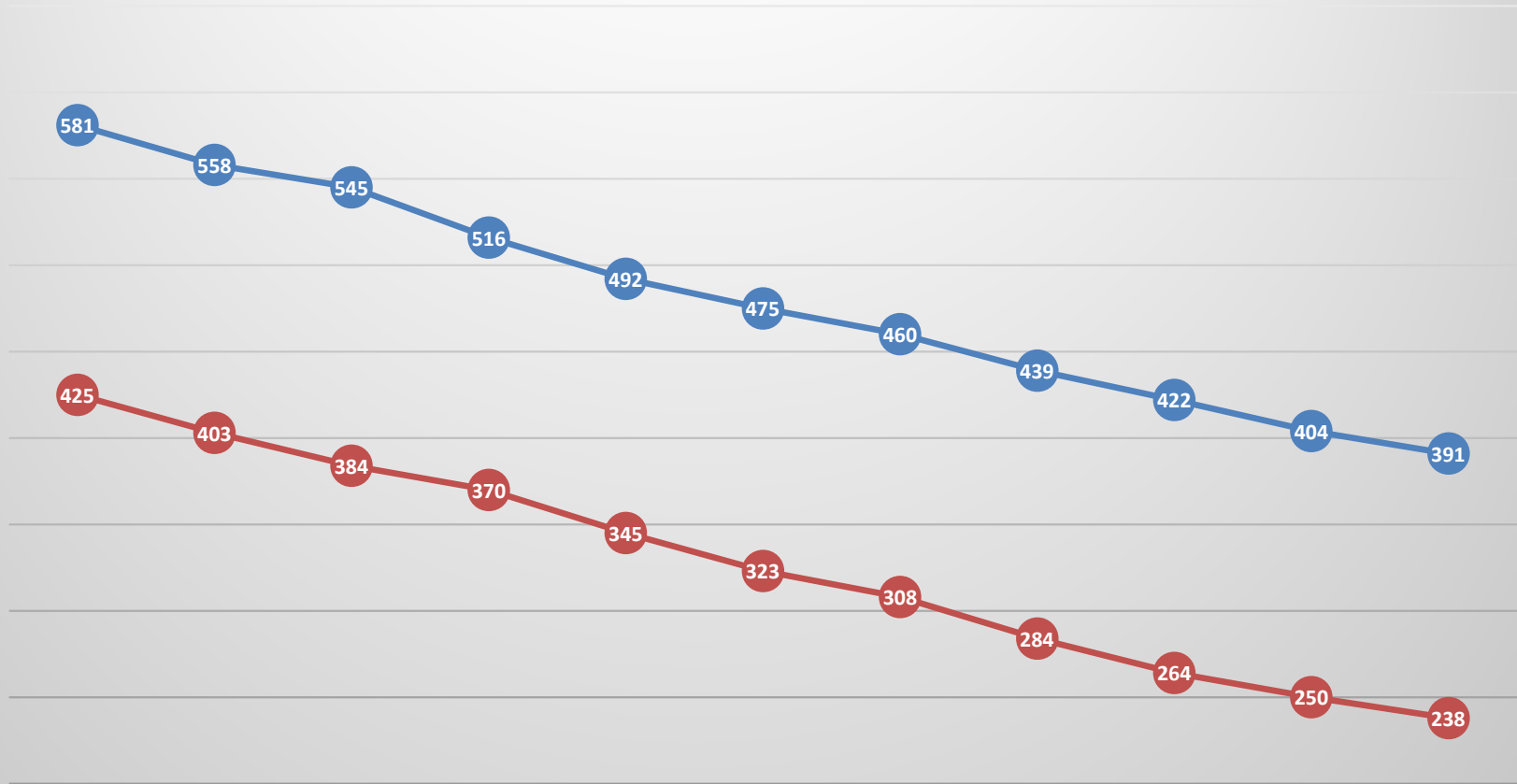
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of April 30, 2024

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	264	149	413
Beneficiary	127	89	216
<i>Total Retired Members</i>	391	238	629
<i>Total Membership:</i>	391	238	629

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	263	111	374
Disability Retirement	120	116	236
Death Allowance	8	11	19
<i>Total Retired Members:</i>	391	238	629
<i>Total Membership as of April 30, 2024:</i>	391	238	629
<i>Total Membership as of June 30, 2023:</i>	404	250	654
<i>Annual Difference:</i>	-13	-12	-25

Oakland Police and Fire Retirement System Pension Plan Membership Count As of April 30, 2024 (FY 2014 - FY 2024)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 FYTD
Police	581	558	545	516	492	475	460	439	422	404	391
Fire	425	403	384	370	345	323	308	284	264	250	238
Total	1006	961	929	886	837	798	768	723	686	654	629



AGENDA REPORT

TO: Oakland Police and Fire Retirement System (PFRS) Audit & Operations Committee
FROM: David F. Jones
PFRS Plan Administrator & Secretary
SUBJECT: Audit & Operations Committee Agenda Pending List
DATE: June 26, 2024

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Status Report of the Ad Hoc Committee regarding Actuarial Funding date of July 1, 2026	06/24/2024	Ongoing
2	Monitor & Update PFRS Board of Upcoming City Council Agendas Regarding Discussion of the July 1, 2026 Actuarial Funding Date	Ongoing	Ongoing

Respectfully submitted,

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

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

AGENDA

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey
Chairperson

R. Steven Wilkinson
Member

Robert W. Nichelini
Member

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

WEDNESDAY, JUNE 26, 2024

10:30 AM

ONE FRANK H. OGAWA PLAZA, HEARING ROOM 2
OAKLAND, CA 94612

OBSERVE

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ORDER OF BUSINESS

1. **Subject:** POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”) INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING MINUTES

From: Staff of the PFRS Board

Recommendation: **APPROVE** the May 29, 2024 Investment and Financial Matters Committee Meeting Minutes

2. **Subject:** ECONOMIC AND INVESTMENT MARKET OVERVIEW AS OF MAY 31, 2024

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding the Global Investment Markets as of May 31, 2024

3. **Subject:** PRELIMINARY INVESTMENT FUND PERFORMANCE UPDATE AS OF MAY 31, 2024

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding the Preliminary PFRS Investment Fund Performance Update as of May 31, 2024

4. **Subject:** \$13.2 MILLION DRAWDOWN FOR PFRS MEMBER RETIREMENT ALLOWANCES FROM JULY 1, 2024 THROUGH SEPTEMBER 30, 2024

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report and **RECOMMEND BOARD APPROVAL** of Meketa Investment Group’s proposed drawdown of \$13.2 million, which includes a \$8.7 Million contribution from the City of Oakland and a \$4.5 Million contribution from the PFRS Investment Fund, to be used to pay PFRS Member Retirement Allowances from July 1, 2024 through September 30, 2024 for Fiscal Year 2024/2025

5. **Subject:** ASSET CLASS REVIEW: INTERNATIONAL EQUITY

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report providing additional information requested by the Investment Committee regarding the asset class review of PFRS’ International Equity allocation. **DISCUSS & RECOMMEND BOARD APPROVAL** of Meketa’s proposed changes to the International Equity fund type

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
INVESTMENT & FINANCIAL MATTERS COMMITTEE MEETING
JUNE 26, 2024

6. Subject: ASSET CLASS REVIEW:
FIXED INCOME

From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding an asset class review of PFRS' Fixed Income allocation. **DISCUSS & RECOMMEND BOARD APPROVAL** of Meketa's proposed changes to the Fixed Income asset class allocations of the PFRS' Investment Portfolio

7. SCHEDULE OF PENDING INVESTMENT COMMITTEE MEETING AGENDA ITEMS
8. NEW BUSINESS
9. OPEN FORUM
10. FUTURE SCHEDULING
11. ADJOURNMENT

A MEETING OF THE INVESTMENT AND FINANCIAL MATTERS COMMITTEE of the Oakland Police and Fire Retirement System (“PFRS”) was scheduled to occur Wednesday, May 29, 2024, at One Frank Ogawa Plaza, Hearing Room 2, Oakland, California; however, due to technical issues, the meeting occurred in Hearing Room 1.

Committee Members	▪ Jaime T. Godfrey	Chairperson (EXCUSED)
	▪ Robert W. Nichelini	Member
	▪ R. Steven Wilkinson	Member & Acting Chairperson
Additional Attendees	▪ David F. Jones	PFRS Secretary & Plan Administrator (EXCUSED)
	▪ Téir Jenkins	PFRS Investment & Operations Manager
	▪ Maxine Visaya	PFRS Staff Member
	▪ Selia Warren	PFRS Legal Counsel
	▪ David Sancewich	Meketa Investment Group

The meeting was called to order at 11:07 a.m. Pacific

1. APPROVAL OF INVESTMENT & FINANCIAL MATTERS COMMITTEE MEETING MINUTES

Member Nichelini made a motion to approve the April 24, 2024 Investment & Financial Matters Committee Meeting Minutes as submitted, second by Member Wilkinson. Motion Passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

2. ECONOMIC AND INVESTMENT MARKET OVERVIEW AS OF APRIL 30, 2024

David Sancewich of Meketa Investment Group (Meketa) presented an informational report regarding the economic and investment market overview as of April 30, 2024 and highlighted Index Returns; Domestic Equity Returns; Russell 3000 Sector Returns; U.S. Consumer Under Stress; and Foreign Equity Returns.

MOTION: Member Nichelini made a motion to accept Meketa’s informational report and forward to the Board, second by Acting Chairperson Wilkinson. Motion passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

3. PRELIMINARY INVESTMENT PERFORMANCE UPDATE AS OF APRIL 30, 2024

David Sancewich of Meketa presented an informational report regarding a preliminary investment performance update of the PFRS Fund as of April 30, 2024 and highlighted the Asset Class Performance Summary.

MOTION: Member Nichelini made a motion to accept Meketa’s informational report and forward to the Board, second by Acting Chairperson Wilkinson. Motion passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

4. PFRS INVESTMENT FUND QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2024

David Sancewich of Meketa presented an informational report regarding PFRS Investment Fund Quarterly Performance as of March 31, 2024 and noted this will be presented to City Council Finance & Management Committee on June 11, 2024. D. Sancewich highlighted the Total Portfolio Review and Portfolio Relative Performance Results.

MOTION: Member Nichelini made a motion to accept Meketa's informational report and forward to the Board, second by Acting Chairperson Wilkinson. Motion passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

5. ASSET CLASS REVIEW: DOMESTIC EQUITY & INTERNATIONAL EQUITY

David Sancewich of Meketa presented an informational report regarding an asset class review of PFRS' Domestic and International Equity allocation and noted Meketa refers to this as Global Equity for the purposes of this report because they are discussing both Domestic and International Equity. Meketa proposed PFRS adopt a new manager allocation to reduce the current amount of seven managers down to five managers through the elimination of Wellington, SGA and Vanguard and approve a new structure with one Passive Manager in the International Equity space in an effort to lower fees and simplify the portfolio.

Member Wilkinson made inquiries to further the discussion regarding performance and returns with the current Active International Manager vs. moving to a Passive Manager. Meketa advised they will collaborate with Staff to analyze and compare overall costs and benefits of both Active and Passive International Equity Managers; report findings back to the Committee; and make further recommendations via an RFP discussion regarding who and what type of manager to move forward with in the International Equity space.

MOTION: Member Nichelini made a motion accept the informational report and recommend the Board approve Meketa's proposed changes to the structure of the new manager allocation of five managers overall and for Meketa to provide additional information and recommendations regarding the type of International Equity Manager to consider for selection, second by Acting Chairperson Wilkinson. Motion passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

6. SCHEDULE OF PENDING INVESTMENT COMMITTEE MEETING AGENDA ITEMS

David Sancewich of Meketa presented the Strategic Planning Agenda for the remainder of the calendar year and noted they will be bringing the Fixed Income Asset Class Review forward next month.

7. NEW BUSINESS – None

8. OPEN FORUM – None

9. FUTURE SCHEDULING

The next PFRS Investment Committee Meeting will be held in-person and is tentatively scheduled to occur June 26, 2024 at One Frank Ogawa Plaza, Hearing Room 2, Oakland, CA.

10. ADJOURNMENT

Member Nichelini made a motion to adjourn, second by Acting Chairperson Wilkinson. Motion passed.

[GODFREY – EXCUSED / NICHELINI – Y / WILKINSON – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 0 / ABSENT: 0 / EXCUSED: 1)

The meeting adjourned at 11:39 a.m. Pacific

R. STEVEN WILKINSON
ACTING COMMITTEE CHAIRPERSON

DATE

DRAFT

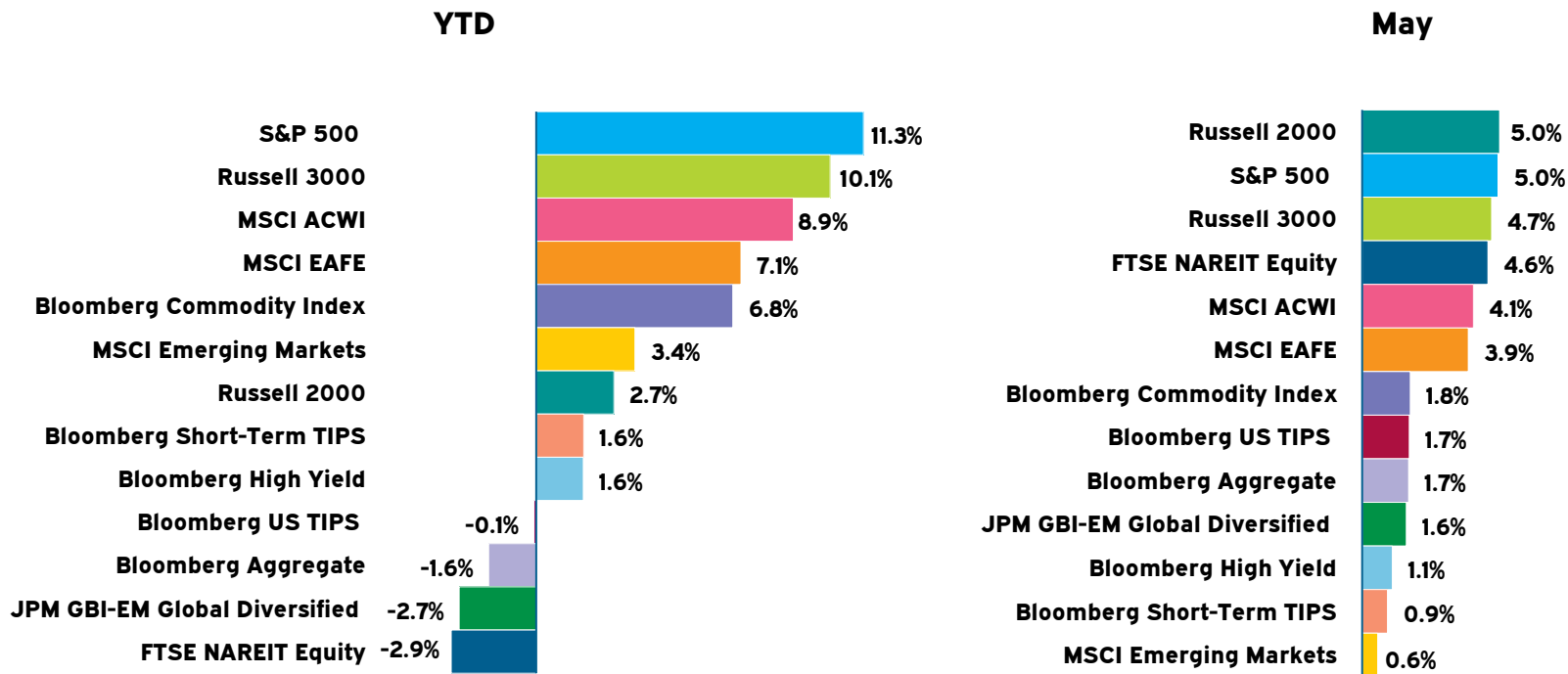
Economic and Market Update

May 2024 Report

Commentary

- Global markets rallied in May with softening economic data increasing hopes that the Fed may still be able to cut interest rates this year.
- In May, Chair Powell signaled that the Fed would not increase interest rates and while they remain data dependent, improvements in inflation may clear the way for rate cuts in the future.
 - Inflation pressures have eased in most countries from their pandemic peaks, but some uncertainty remains and levels are still above most central bank targets. Headline and core inflation measures in the US both fell in May and came in below expectations.
 - After rising 10% in the first quarter the US equity markets (Russell 3000 index) rose 4.7% in May, recovering more than the April losses. Technology and utility stocks outperformed in May driven by AI demand and investment.
 - Non-US developed equity markets rose for the month (3.9%) but by less than US equities.
 - Emerging market equities increased in May (0.6%) as coordinated buying of Chinese exchange traded funds (ETFs) by state-backed financial services companies helped boost Chinese stocks up 2.4%.
 - Falling interest rates helped bonds, with the broad US bond market rising 1.7% in May.
- Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, and the many looming elections will be key factors.

Index Returns¹



→ After a difficult April for both equities and bonds markets rallied in May as falling inflation and weaker than expected labor market data increased hopes of an interest rate cut later this year.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Domestic Equity Returns¹

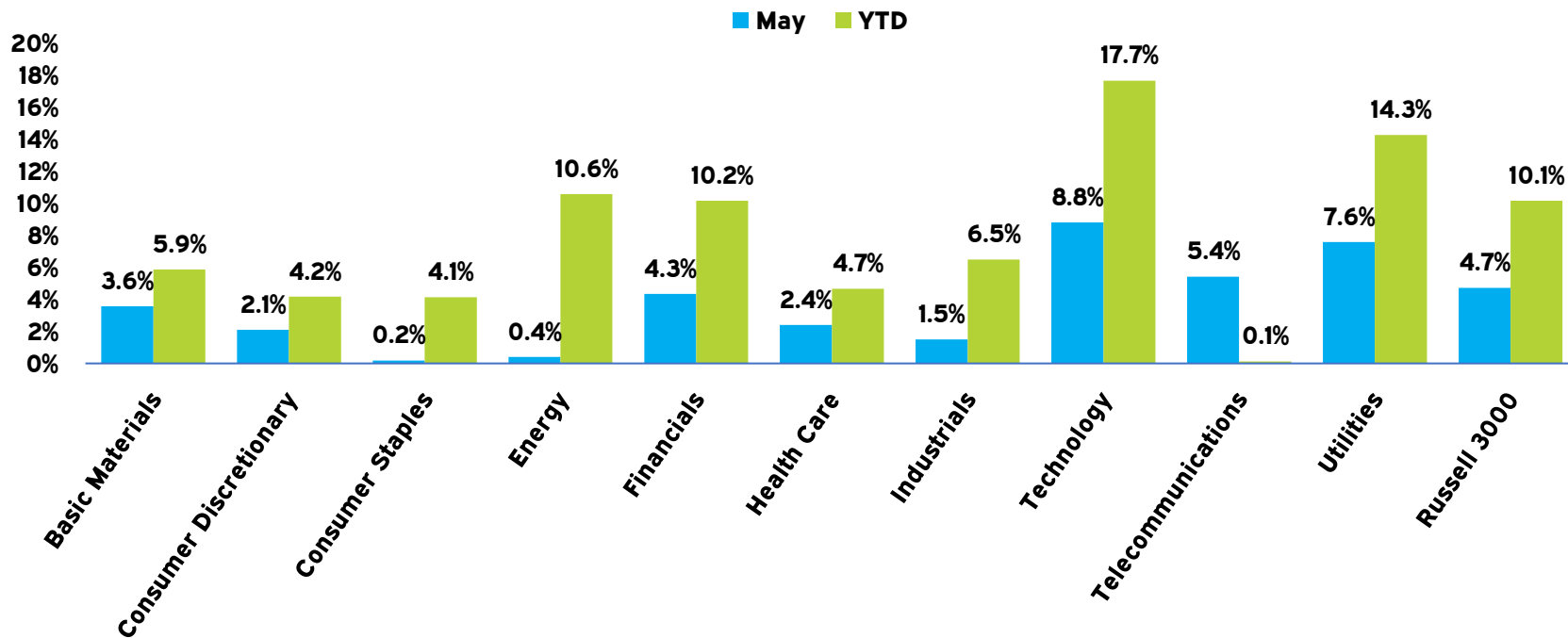
Domestic Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	5.0	10.6	11.3	28.2	9.5	15.8	12.7
Russell 3000	4.7	10.0	10.1	27.6	7.8	15.0	12.1
Russell 1000	4.7	10.3	10.6	28.0	8.4	15.4	12.4
Russell 1000 Growth	6.0	11.4	13.1	33.6	11.1	19.3	15.8
Russell 1000 Value	3.2	9.0	7.6	21.7	5.4	10.7	8.6
Russell MidCap	2.9	8.6	5.7	23.1	3.1	11.1	9.5
Russell MidCap Growth	1.1	9.5	4.2	21.9	1.6	11.0	10.7
Russell MidCap Value	3.6	8.2	6.2	23.7	3.8	10.3	8.1
Russell 2000	5.0	5.2	2.7	20.1	-1.6	8.6	7.7
Russell 2000 Growth	5.4	7.6	4.6	18.4	-3.3	7.8	8.0
Russell 2000 Value	4.7	2.9	0.8	21.8	-0.2	8.8	6.9

US Equities: The Russell 3000 rose 4.7% in May recouping the April decline of 4.4%.

- US stocks increased in May driven by strong corporate earnings and hopes that the slowdown in hiring, and inflation would lead to the FOMC lowering interest rates later this year.
- Technology and communication services stocks drove the index gains for the month, driven by AI optimism, with beneficiaries such as NVIDIA.
- Small cap stocks outpaced large cap stocks during May but remained well behind them in the year-to-date period. Financials, and specifically the relative underperformance of small cap banks, has been the largest contributor to this dynamic in 2024.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Russell 3000 Sector Returns¹



→ All sectors saw positive returns for the month with technology (+8.8%) leading the way. Notably, traditionally defensive utilities rallied (+7.6%) on the prospect that AI energy demands will rise.

→ All sectors have positive returns for the year-to-date period. Technology stocks (+17.7%) continues to lead the broader market followed by utilities (14.3%).

¹ Source: Bloomberg. Data is as of May 31, 2024.

Foreign Equity Returns¹

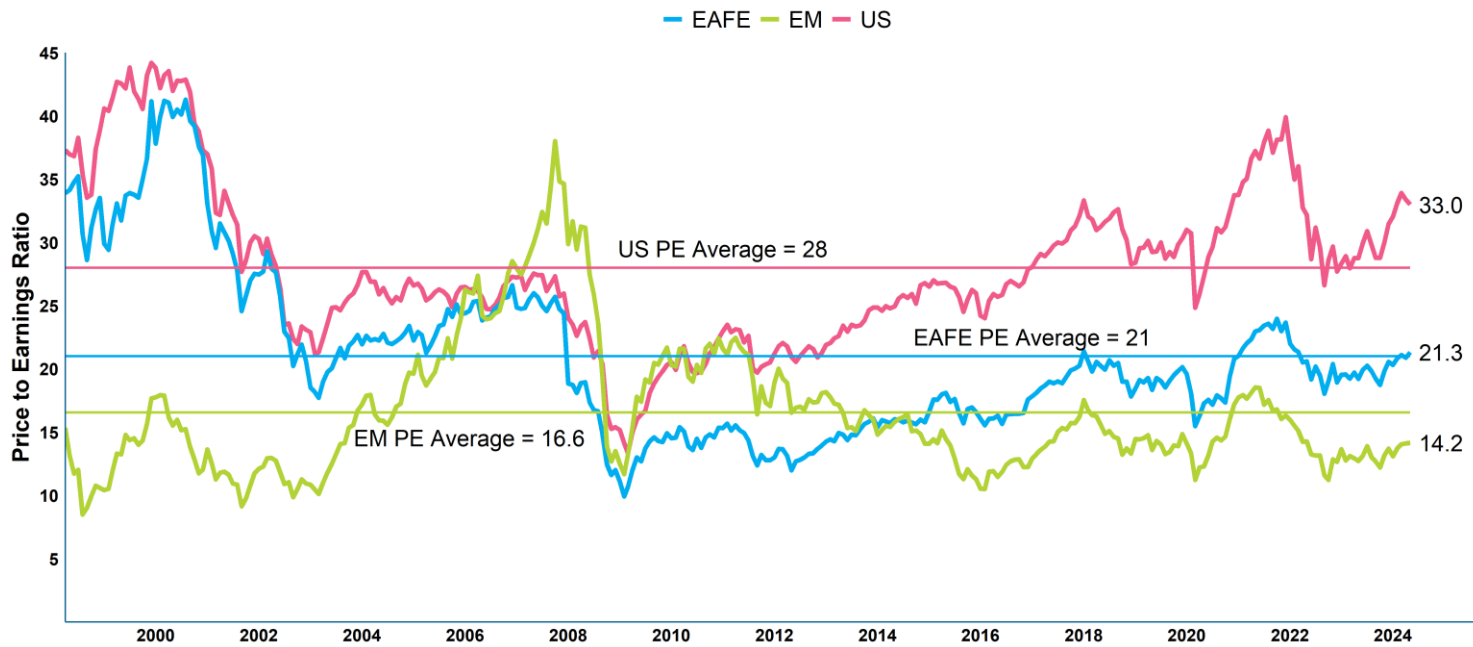
Foreign Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	2.9	4.7	5.8	16.7	0.3	6.8	4.0
MSCI EAFE	3.9	5.8	7.1	18.5	3.1	8.0	4.6
MSCI EAFE (Local Currency)	2.5	10.0	11.7	19.9	8.8	10.0	7.5
MSCI EAFE Small Cap	4.3	2.4	3.7	14.4	-2.9	5.7	4.8
MSCI Emerging Markets	0.6	2.4	3.4	12.4	-6.2	3.5	2.7
MSCI Emerging Markets (Local Currency)	0.5	4.5	6.5	14.6	-2.7	5.7	5.6
MSCI EM ex. China	-0.1	4.0	2.2	15.8	-0.5	6.5	3.6
MSCI China	2.4	-2.2	6.8	4.3	-17.1	-2.4	1.9

Foreign Equity: Developed international equities (MSCI EAFE) rose 3.9% in May while emerging market equities (MSCI Emerging Markets) gained 0.6%.

- In May, developed market equities also recouped April’s losses, benefitting from widespread optimism and a decline in the US dollar. Eurozone equities had strong performance in anticipation of a rate cut from the European Central Bank (ECB). The UK also saw gains but trailed its European peers as stronger than expected inflation data pushed out expectations for the first rate cut. Japan saw some of the lowest (positive) returns for the month, with inflation falling only slightly and persistent weakness in the yen starting to weigh on consumers.
- Emerging market equities trailed developed markets, rising only slightly for the month. The weakening US dollar had a small benefit for US investors but less than in developed markets. Electoral risks hurt Mexican and South African stocks in May while China’s stocks rallied (2.4%), benefitting from optimism around recent housing reform. This led to the broad emerging market index outpacing the ex. China index for the month.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



→ The US equity price-to-earnings ratio remained elevated and above its 21st century average.

→ International equity market valuations remain well below the US. Although emerging market equities have gained this year, their valuations remain well below the long-term average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of May 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

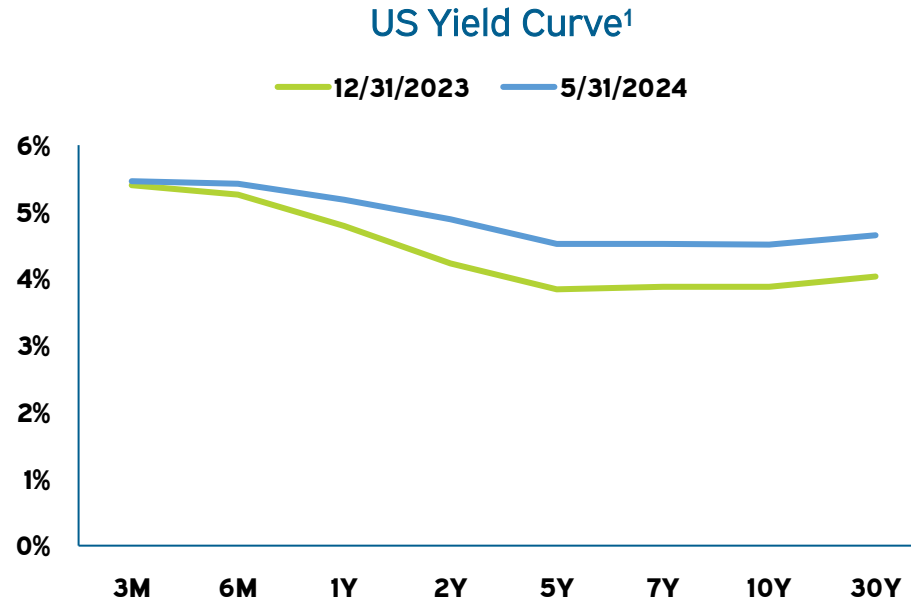
Fixed Income Returns¹

Fixed Income	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.7	-0.5	-1.2	2.4	-2.7	0.2	1.6	5.4	6.0
Bloomberg Aggregate	1.7	-0.8	-1.6	1.3	-3.1	-0.2	1.3	5.1	6.2
Bloomberg US TIPS	1.7	-0.1	-0.1	1.6	-1.4	2.1	1.9	4.9	6.7
Bloomberg Short-term TIPS	0.9	0.8	1.6	4.5	1.9	3.2	2.0	5.1	2.4
Bloomberg High Yield	1.1	1.5	1.6	11.2	1.8	4.2	4.3	8.0	3.7
JPM GBI-EM Global Diversified (USD)	1.6	-2.1	-2.7	5.1	-3.3	0.0	-0.7	6.6	5.0

Fixed Income: The Bloomberg Universal index rose 1.7% in May recovering about half of the 3.3% decline in April.

- Bonds performed well in May as weakening economic data drove expectations for policy rate cuts in the coming quarters.
- The broad US bond market (Bloomberg Aggregate) rose 1.7% with the broad TIPS market rising the same amount. The less interest rate sensitive short-term TIPS index increased 0.9% for the month.
- High yield bonds (1.1%) also rose, but by less than the broad market with spreads remaining relatively tight to Treasuries.

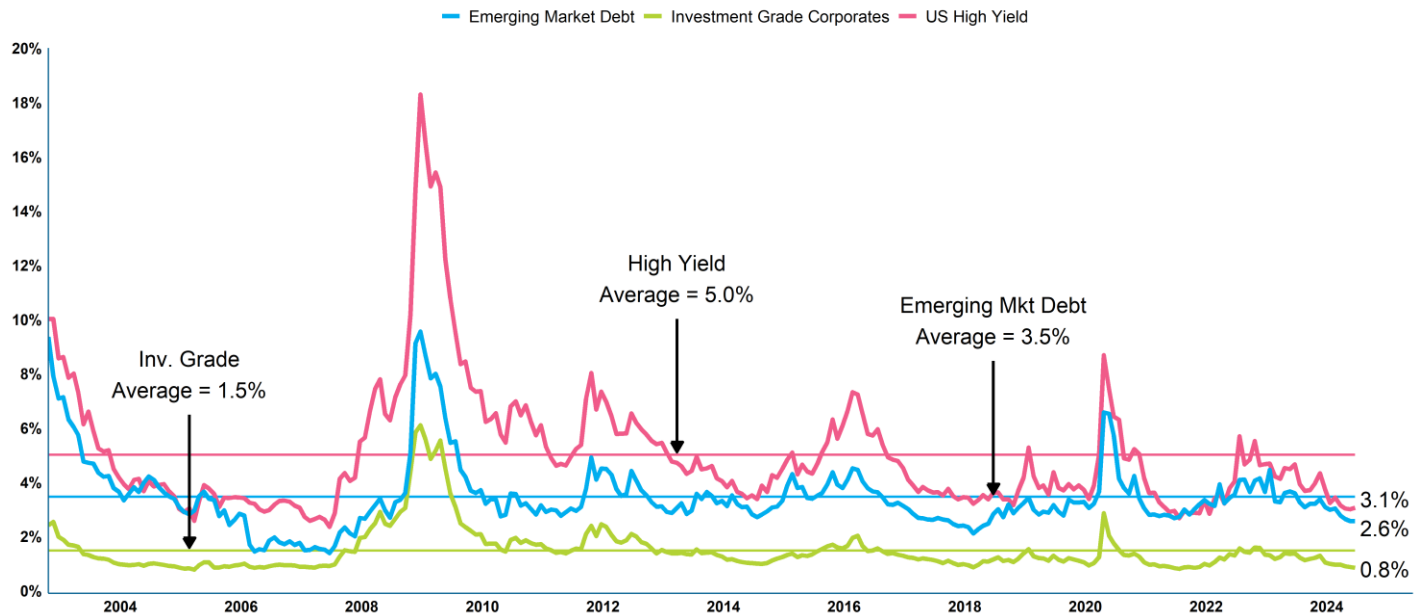
¹ Source: Bloomberg. JPM GBI-EM data is from J.P. Morgan. Data is as of May 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.



- While the yield curve is higher than at the end of 2023, medium and longer dated rates declined in May as Chair Powell signaled that the Fed would not raise rates again this year and economic data generally weakened and came in below expectations.
- The more policy sensitive two-year Treasury yield fell from just over 5.0% to 4.9% while the ten-year Treasury yield declined from 4.7% to 4.5%.
- The yield curve remained inverted at month-end, with the spread between the two-year and ten-year Treasury at roughly -40 basis points.

¹ Source: Bloomberg. Data is as of May 31, 2024.

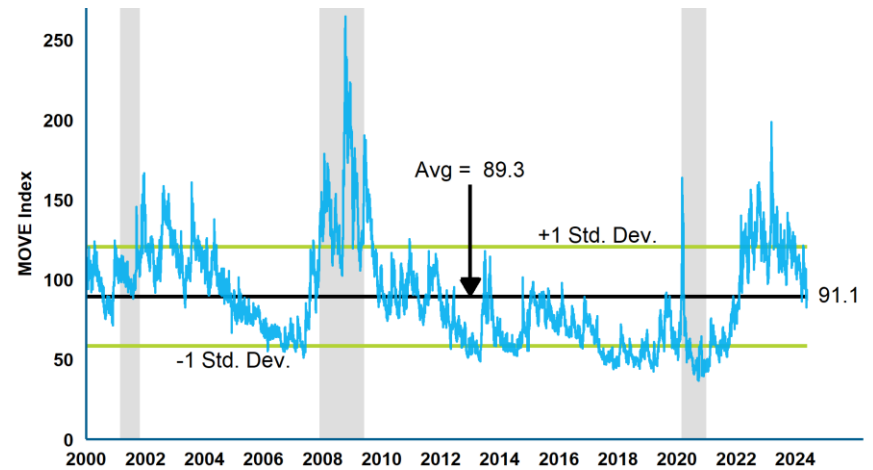
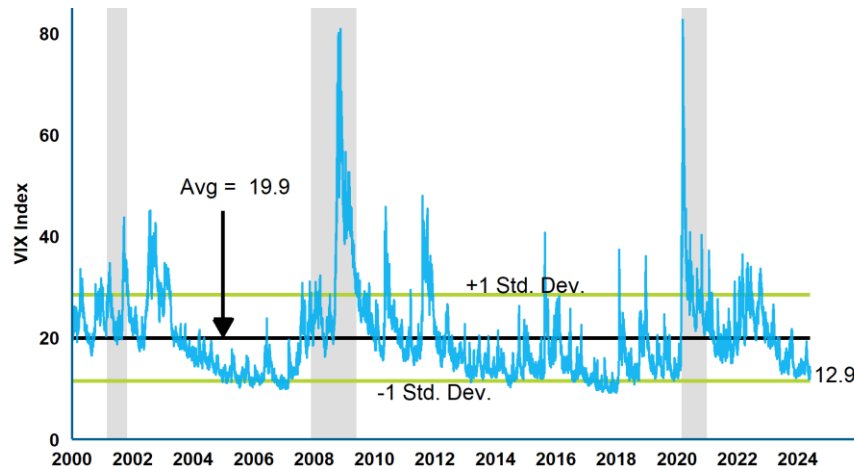
Credit Spreads vs. US Treasury Bonds¹



- A positive economic outlook along with expectations of slightly lower interest rates by year-end has led to an increased risk appetite. This has benefited credit, with spreads (the added yield above a comparable maturity Treasury) narrowing.
- In May credit spreads were steady near post-pandemic lows, with all spreads remaining below their respective long-run averages, particularly high yield.
- Despite spreads being relatively tight, yields remain at above average levels compared to the last two decades, particularly for short-term issues.

¹ Source: Bloomberg. Data is as of May 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

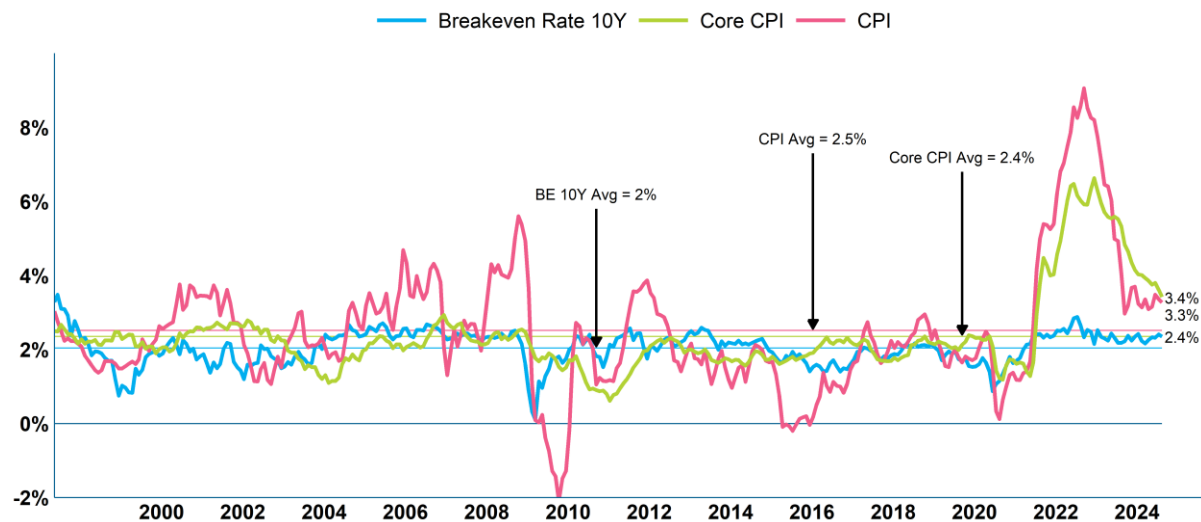
Equity and Fixed Income Volatility¹



- In the environment of weakening economic data, and particularly slower inflation, volatility in both the stock and bond markets fell in May.
- Volatility in equities (VIX) ended May well below its long-run average while volatility in bonds (MOVE) fell to close to its long-run average.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of May 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and May 2024.

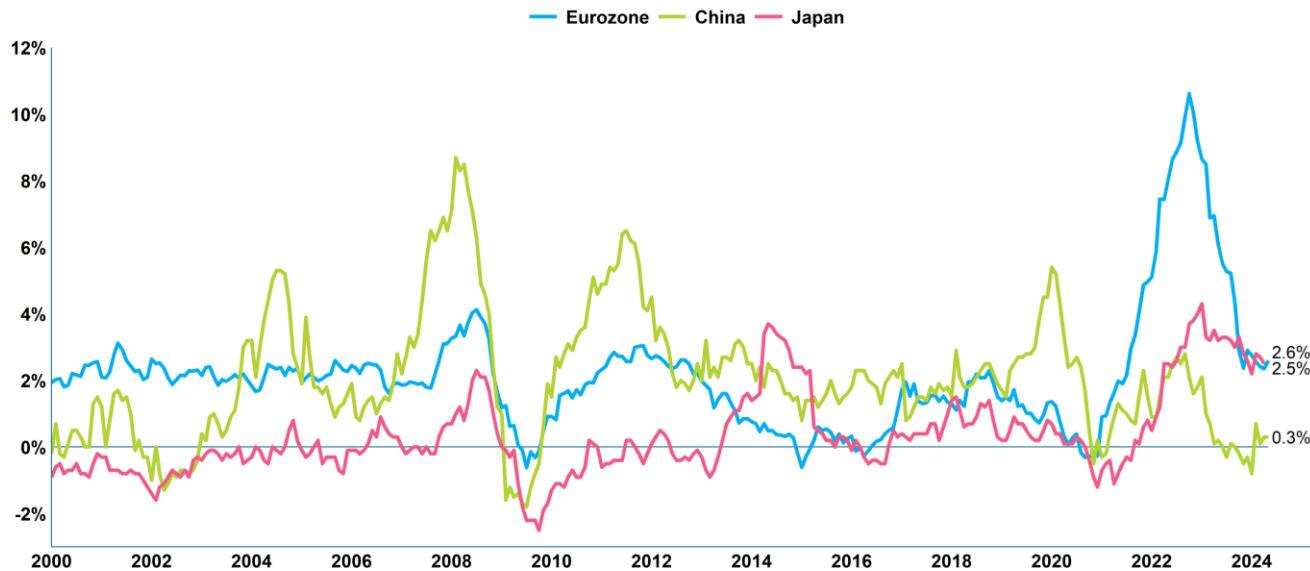
US Ten-Year Breakeven Inflation and CPI¹



- Year-over-year headline inflation fell in May (3.4% to 3.3%) and came in slightly below expectations.
- Month-over-month inflation was notably flat compared to the 0.3% increase in April, as a decline in energy prices (-2%) balanced gains in core services.
- Core inflation (excluding food and energy) also fell in May (3.6% to 3.4%) and came in below expectations. Transportation-related prices (particularly new and used vehicle sales) were key contributors to the weakness. For the fourth consecutive month shelter prices continued to grow at 0.4%.
- Inflation expectations (breakevens) remain relatively stable despite the significant volatility in inflation.

¹ Source: FRED. Data is as May 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

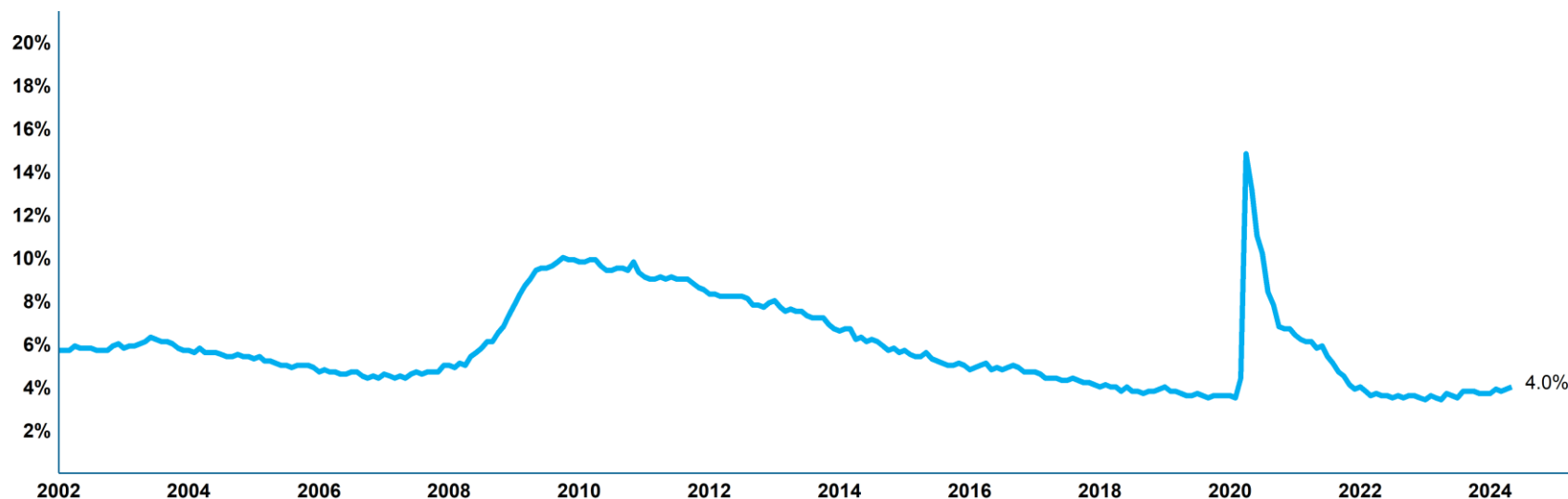
Global Inflation (CPI Trailing Twelve Months)¹



- Outside the US, inflation is also easing across major economies from the recent peaks.
- In the eurozone, inflation experienced a dramatic decline last year but remains above the central bank’s 2% target. In May, inflation ticked up slightly to 2.5%, a level below the 3.3% year-over-year reading in the US.
- Inflation in Japan has slowly declined from the early 2023 peak of 4.3%, but it remains near levels not seen in a decade. In the most recent reading, inflation fell slightly from 2.7% to 2.6% as food prices continued to decline.
- In China, inflation levels remain well below other major economies due to slowing economic growth. Annual inflation levels stayed steady in May at 0.3% representing the fourth consecutive month of consumer inflation and signaling an improvement in domestic demand from weakness last year.

¹ Source: Bloomberg. Data is May 31, 2024, except Japan which is as of April 30, 2024.

US Unemployment¹

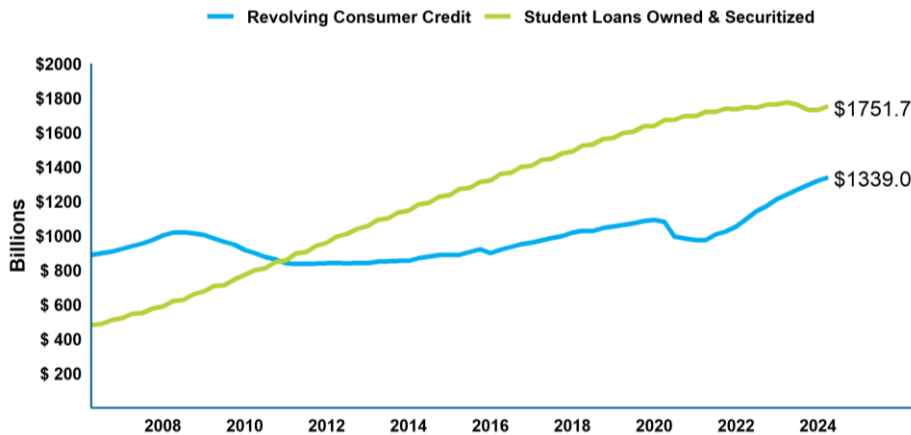


- Overall, the US labor market remains healthy, despite some recent softening, with the unemployment rate low (4.0%), wage growth around 4.1% annually, and initial claims for unemployment staying subdued.
- In May the economy added 272,000 jobs, beating expectations (180,000). The healthcare sector added the most jobs (68,000), followed by the government sector (43,000).
- The unemployment rate increased slightly from 3.9% to 4.0% and wage growth rose from 3.9% to 4.1% compared to a year prior.
- Quit rates have declined, and layoffs are stable, with 1.2 job openings per unemployed worker.

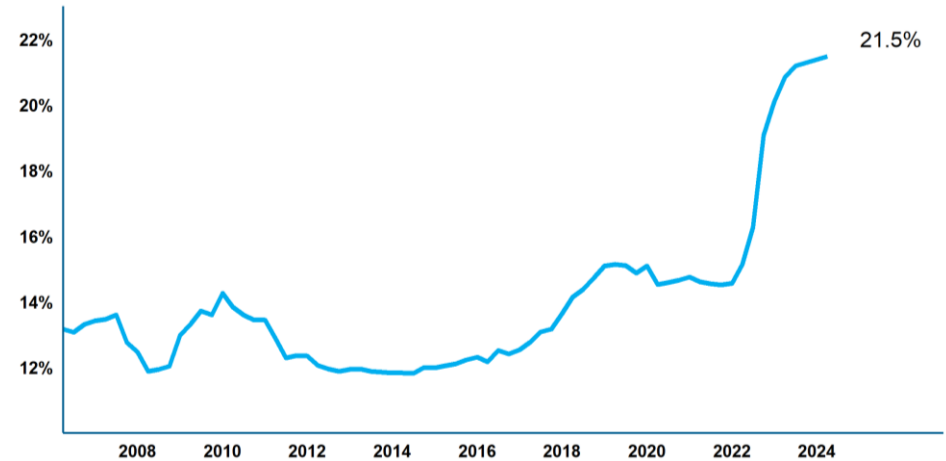
¹ Source: FRED. Data is as May 31, 2024.

US Consumer Under Stress?¹

Revolving Consumer Credit & Student Loans (\$B)



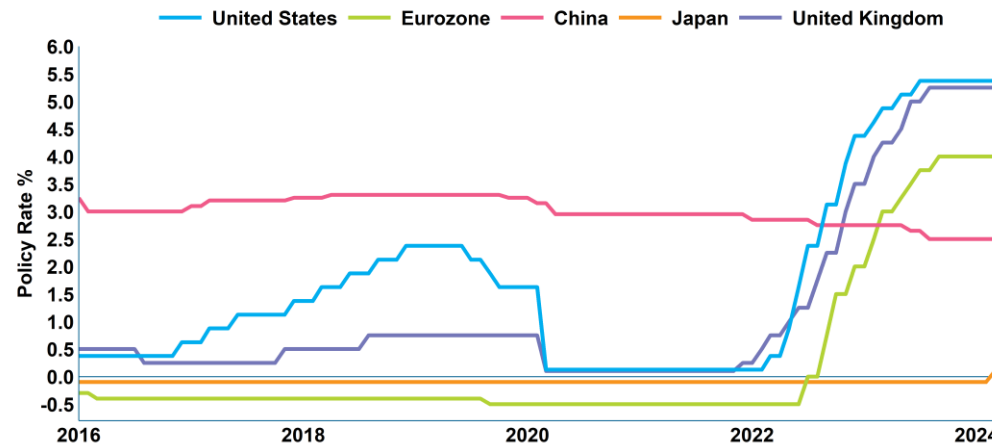
Consumer Credit Card Interest Rates (%)



- Despite the strong labor market and higher wages, pressures have started to build on the US consumer. This is an important consideration as consumer spending has been a key driver of economic growth.
- Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently, we have also seen payment delinquencies on credit cards and auto loans start to increase, particularly for younger people.
- The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs.
- It is worth noting though that many people locked in low-rate fixed mortgages before rates increased and many corporations issued debt at extremely low levels, reducing the sensitivity to higher rates.

¹ Source: FRED. Data is as of March 31, 2024. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

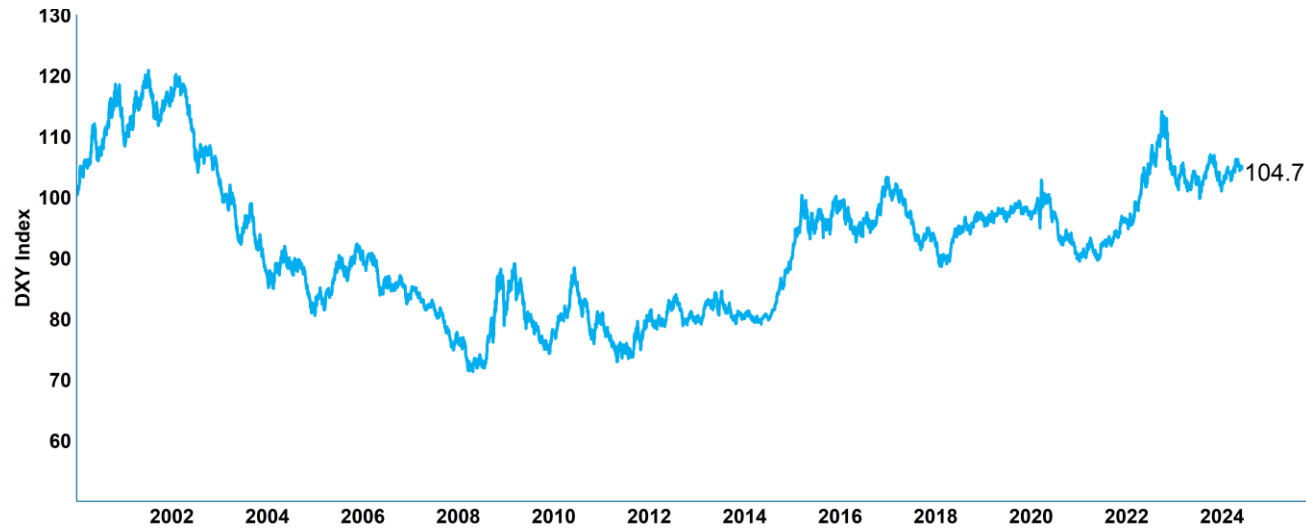
Policy Rates¹



- The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. The most recent dot plot (the Fed's expectation on the path of rates) showed a median expectation of one rate cut this year. Markets are now pricing in two rate cuts this year given the improving inflation data.
- While the European Central Bank (ECB) cut its policy rate by 25 basis points at the beginning of June as expected, the path of interest rates from here remains uncertain, given recent strong inflation data.
- After ending the final negative interest rate policy given higher inflation the Bank of Japan (BOJ) has since kept rates at slightly above 0%. In their recent meeting they announced they would also start reducing their bond purchases.
- The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker-than-expected economic data appears to indicate a widespread slowdown.

¹ Source: Bloomberg. Data is as of May 31, 2024.

US Dollar vs. Broad Currencies¹



- The dollar depreciated slightly in May versus a basket of currencies of major trading partners.
- Weak economic data in the US increased the probability of policy rate cuts this year, contributing to the selling pressure.

¹ Source: Bloomberg. Data as of May 31, 2024.

Summary

Key Trends:

- According to the International Monetary Fund (IMF), global growth this year is expected to match the 2023 estimate at around 3.1% with most major economies predicted to avoid a recession. Continued strong economic growth does run the risk of inflation and interest rates staying higher for longer.
- Key economic data in the US has largely weakened and come in below expectations overall for May, causing markets to expect closer to two rate cuts this year. Uncertainty remains though regarding the timing and pace of interest rate cuts in the coming year.
- We have started to see some divergences in monetary policy with other central banks, such as the European Central Bank (ECB), starting to cut interest rates while the Fed remains on hold. This disparity will likely influence investment flows and currencies.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and ongoing weakness in the real estate sector which could spill over into key trading partners' economies. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

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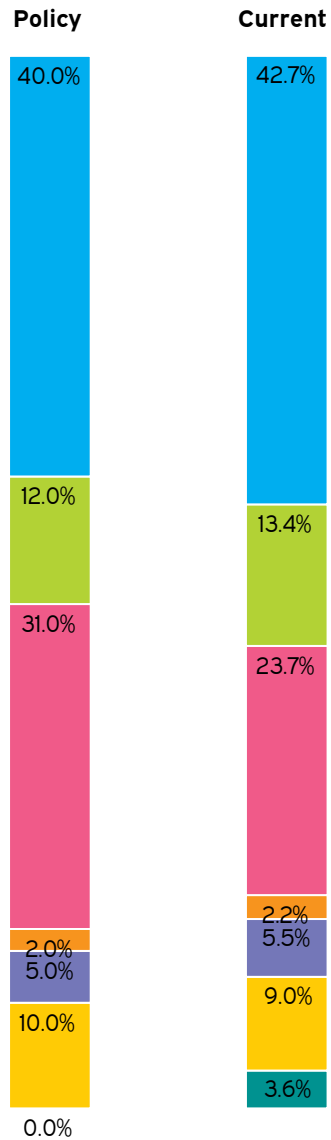
PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Oakland Police and Fire Retirement System

June 26, 2024

May Flash Report

As of May 31, 2024



Allocation vs. Targets and Policy						
	Current Balance (\$)	Current (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	192,308,387	42.7	40.0	2.7	30.0 - 50.0	Yes
International Equity	60,589,951	13.4	12.0	1.4	8.0 - 14.0	Yes
Fixed Income	106,643,153	23.7	31.0	-7.3	25.0 - 40.0	No
Credit	10,037,007	2.2	2.0	0.2	1.0 - 3.0	Yes
Covered Calls	24,646,078	5.5	5.0	0.5	5.0 - 10.0	Yes
Crisis Risk Offset	40,362,148	9.0	10.0	-1.0	5.0 - 15.0	Yes
Cash	16,226,577	3.6	0.0	3.6	0.0 - 5.0	Yes
Total	450,813,301	100.0	100.0	0.0		

Asset Class Performance Summary | As of May 31, 2024

Asset Class Performance Summary												
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
OPFRS Total Plan	450,813,301	100.0	2.7	-0.5	4.4	9.8	13.9	2.5	7.1	6.6	6.7	Dec-88
<i>OPFRS Policy Benchmark</i>			<i>2.9</i>	<i>-0.1</i>	<i>5.1</i>	<i>10.8</i>	<i>14.7</i>	<i>3.2</i>	<i>7.5</i>	<i>6.9</i>	<i>8.0</i>	
Excess Return			-0.2	-0.4	-0.7	-1.0	-0.8	-0.7	-0.4	-0.3	-1.3	
Domestic Equity	192,308,387	42.7	3.8	-1.0	7.1	15.4	23.4	5.7	12.8	11.0	9.1	Jun-97
<i>Russell 3000 (Blend)</i>			<i>4.7</i>	<i>0.1</i>	<i>10.1</i>	<i>19.4</i>	<i>27.6</i>	<i>7.8</i>	<i>15.0</i>	<i>12.1</i>	<i>9.5</i>	
Excess Return			-0.9	-1.1	-3.0	-4.0	-4.2	-2.1	-2.2	-1.1	-0.4	
International Equity	60,589,951	13.4	3.3	0.9	7.4	14.8	20.8	2.6	8.1	5.4	5.6	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			<i>2.9</i>	<i>1.1</i>	<i>5.8</i>	<i>11.7</i>	<i>16.7</i>	<i>0.3</i>	<i>6.8</i>	<i>4.0</i>	<i>5.3</i>	
Excess Return			0.4	-0.2	1.6	3.1	4.1	2.3	1.3	1.4	0.3	
Fixed Income	106,643,153	23.7	1.8	-0.9	-1.3	1.9	1.7	-2.7	0.2	1.7	4.4	Jan-94
<i>Bloomberg Universal (Blend)</i>			<i>1.7</i>	<i>-0.7</i>	<i>-1.2</i>	<i>2.5</i>	<i>2.4</i>	<i>-2.7</i>	<i>0.2</i>	<i>1.6</i>	<i>4.5</i>	
Excess Return			0.1	-0.2	-0.1	-0.6	-0.7	0.0	0.0	0.1	-0.1	
Credit	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>Blmbg. U.S. Corp: High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.2</i>	<i>4.3</i>	<i>4.8</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.5	--	0.3	
Covered Calls	24,646,078	5.5	3.5	1.6	7.9	13.7	18.3	8.3	12.3	9.3	9.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.4	1.9	2.2	6.7	9.0	3.2	6.1	3.7	3.7	
Crisis Risk Offset	40,362,148	9.0	-0.4	-0.7	2.7	1.6	3.0	-1.7	-6.2	--	-6.7	Aug-18
<i>Crisis Risk Offset Benchmark</i>			<i>0.3</i>	<i>-0.9</i>	<i>4.4</i>	<i>4.1</i>	<i>5.7</i>	<i>4.3</i>	<i>0.9</i>	<i>--</i>	<i>0.8</i>	
Excess Return			-0.7	0.2	-1.7	-2.5	-2.7	-6.0	-7.1	--	-7.5	

Performance shown is net of fees, except for Total Plan, Domestic Equity, and International Equity composites which have a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investment's initial funding. Fiscal year begins on July 1. Please see Benchmark History section for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
OPFRS Total Plan	450,813,301	100.0	2.7	-0.5	4.4	9.8	13.9	2.5	7.1	6.6	6.7	Dec-88
<i>OPFRS Policy Benchmark</i>			2.9	-0.1	5.1	10.8	14.7	3.2	7.5	6.9	8.0	
Excess Return			-0.2	-0.4	-0.7	-1.0	-0.8	-0.7	-0.4	-0.3	-1.3	
Domestic Equity	192,308,387	42.7	3.8	-1.0	7.1	15.4	23.4	5.7	12.8	11.0	9.1	Jun-97
<i>Russell 3000 (Blend)</i>			4.7	0.1	10.1	19.4	27.6	7.8	15.0	12.1	9.5	
Excess Return			-0.9	-1.1	-3.0	-4.0	-4.2	-2.1	-2.2	-1.1	-0.4	
Northern Trust Russell 1000	97,574,721	21.6	4.7	0.3	10.6	19.9	28.0	8.3	15.3	12.3	13.8	Jun-10
<i>Russell 1000 Index</i>			4.7	0.3	10.6	19.9	28.0	8.5	15.4	12.4	13.9	
Excess Return			0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.1	-0.1	
EARNEST Partners	39,650,954	8.8	1.5	-4.6	2.9	10.8	19.1	3.4	12.1	11.1	9.4	Apr-06
<i>Russell Midcap Index</i>			2.9	-2.7	5.7	13.6	23.1	3.1	11.1	9.5	8.9	
Excess Return			-1.4	-1.9	-2.8	-2.8	-4.0	0.3	1.0	1.6	0.5	
Wellington Select Quality Equity	25,560,835	5.7	2.9	-0.6	4.5	9.4	15.8	--	--	--	7.4	May-22
<i>Russell 1000 Index</i>			4.7	0.3	10.6	19.9	28.0	8.5	15.4	12.4	13.8	
Excess Return			-1.8	-0.9	-6.1	-10.5	-12.2	--	--	--	-6.4	
Brown Fundamental Small Cap Value	13,501,119	3.0	4.9	0.1	5.2	19.7	30.0	5.8	--	--	7.5	Apr-21
<i>Russell 2000 Value Index</i>			4.7	-2.0	0.8	12.8	21.8	-0.2	8.8	6.9	1.5	
Excess Return			0.2	2.1	4.4	6.9	8.2	6.0	--	--	6.0	
Rice Hall James	16,020,757	3.6	4.9	-1.2	4.1	8.2	15.7	-2.5	7.2	--	6.9	Aug-17
<i>Russell 2000 Growth Index</i>			5.4	-2.8	4.6	9.3	18.4	-3.3	7.8	8.1	7.4	
Excess Return			-0.5	1.6	-0.5	-1.1	-2.7	0.8	-0.6	--	-0.5	

Performance shown is net of fees, except for Total Plan and Domestic Equity which have a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
International Equity	60,589,951	13.4	3.3	0.9	7.4	14.8	20.8	2.6	8.1	5.4	5.6	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			2.9	1.1	5.8	11.7	16.7	0.3	6.8	4.0	5.3	
Excess Return			0.4	-0.2	1.6	3.1	4.1	2.3	1.3	1.4	0.3	
Vanguard Developed Markets ETF	16,984,353	3.8	4.7	1.1	6.5	12.7	17.7	2.1	8.2	4.8	8.2	Sep-19
<i>FTSE Developed All Cap ex-U.S. Index</i>			3.6	0.8	6.0	13.0	18.0	2.3	8.4	5.0	8.4	
Excess Return			1.1	0.3	0.5	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	
SGA ACWI ex-U.S. Equity	43,605,599	9.7	2.8	0.8	7.8	15.7	22.4	2.9	--	--	5.8	Dec-19
<i>MSCI AC World ex USA (Net)</i>			2.9	1.1	5.8	11.7	16.7	0.3	6.8	4.0	5.6	
Excess Return			-0.1	-0.3	2.0	4.0	5.7	2.6	--	--	0.2	
Fixed Income	106,643,153	23.7	1.8	-0.9	-1.3	1.9	1.7	-2.7	0.2	1.7	4.4	Jan-94
<i>Bloomberg Universal (Blend)</i>			1.7	-0.7	-1.2	2.5	2.4	-2.7	0.2	1.6	4.5	
Excess Return			0.1	-0.2	-0.1	-0.6	-0.7	0.0	0.0	0.1	-0.1	
Ramirez	72,299,354	16.0	1.7	-0.9	-1.4	1.8	1.6	-2.9	0.0	--	1.4	Jan-17
<i>Blmbg. U.S. Aggregate Index</i>			1.7	-0.9	-1.6	1.7	1.3	-3.1	-0.2	1.3	1.0	
Excess Return			0.0	0.0	0.2	0.1	0.3	0.2	0.2	--	0.4	
Wellington Core Bond	6,939,217	1.5	1.9	-0.6	-0.8	3.2	3.0	-2.9	--	--	-2.4	Apr-21
<i>Blmbg. U.S. Aggregate Index</i>			1.7	-0.9	-1.6	1.7	1.3	-3.1	-0.2	1.3	-2.6	
Excess Return			0.2	0.3	0.8	1.5	1.7	0.2	--	--	0.2	
Reams	27,404,582	6.1	1.9	-0.8	-1.3	1.9	1.7	-2.3	2.4	2.7	4.8	Feb-98
<i>Bloomberg Universal (Blend)</i>			1.7	-0.7	-1.2	2.5	2.4	-2.7	0.2	1.6	4.1	
Excess Return			0.2	-0.1	-0.1	-0.6	-0.7	0.4	2.2	1.1	0.7	

Performance shown is net of fees, except for International Equity composite which has a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Credit	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>Blmbg. U.S. Corp: High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.2</i>	<i>4.3</i>	<i>4.8</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.5	--	0.3	
Polen Capital	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>ICE BofA U.S. High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.0</i>	<i>4.2</i>	<i>4.7</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.7	--	0.4	
Covered Calls	24,646,078	5.5	3.5	1.6	7.9	13.7	18.3	8.3	12.3	9.3	9.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.4	1.9	2.2	6.7	9.0	3.2	6.1	3.7	3.7	
Parametric BXM	11,999,784	2.7	3.0	1.4	7.2	11.5	14.4	7.0	9.4	7.4	7.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			1.9	1.7	1.5	4.5	5.1	1.9	3.2	1.8	1.7	
Parametric DeltaShift	12,646,294	2.8	4.0	1.7	8.5	15.9	22.4	9.4	15.0	11.4	11.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.9	2.0	2.8	8.9	13.1	4.3	8.8	5.8	5.7	

Performance shown is net of fees. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Crisis Risk Offset	40,362,148	9.0	-0.4	-0.7	2.7	1.6	3.0	-1.7	-6.2	--	-6.7	Aug-18
<i>Crisis Risk Offset Benchmark</i>			<i>0.3</i>	<i>-0.9</i>	<i>4.4</i>	<i>4.1</i>	<i>5.7</i>	<i>4.3</i>	<i>0.9</i>	<i>--</i>	<i>0.8</i>	
Excess Return			<i>-0.7</i>	<i>0.2</i>	<i>-1.7</i>	<i>-2.5</i>	<i>-2.7</i>	<i>-6.0</i>	<i>-7.1</i>	<i>--</i>	<i>-7.5</i>	
Kepos Alternative Risk Premia	12,355,995	2.7	0.2	2.3	13.5	17.9	20.4	--	--	--	9.5	Feb-22
<i>SG Multi Alternative Risk Premia Index</i>			<i>0.3</i>	<i>0.9</i>	<i>8.3</i>	<i>11.4</i>	<i>14.6</i>	<i>7.0</i>	<i>2.4</i>	<i>--</i>	<i>8.1</i>	
Excess Return			<i>-0.1</i>	<i>1.4</i>	<i>5.2</i>	<i>6.5</i>	<i>5.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>1.4</i>	
Versor Trend Following	15,340,589	3.4	-3.3	-0.8	3.0	-1.4	0.8	--	--	--	1.0	Apr-22
<i>SG Trend Index</i>			<i>-2.3</i>	<i>-0.5</i>	<i>11.7</i>	<i>6.9</i>	<i>9.1</i>	<i>10.6</i>	<i>10.5</i>	<i>6.4</i>	<i>7.0</i>	
Excess Return			<i>-1.0</i>	<i>-0.3</i>	<i>-8.7</i>	<i>-8.3</i>	<i>-8.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-6.0</i>	
Vanguard Long-Term Treasury ETF	12,665,563	2.8	2.8	-3.2	-6.3	-7.3	-7.2	-9.8	-4.4	0.4	-4.7	Jul-19
<i>Blmbg. U.S. Gov Long Index</i>			<i>2.9</i>	<i>-3.4</i>	<i>-6.5</i>	<i>-7.1</i>	<i>-7.1</i>	<i>-9.9</i>	<i>-4.3</i>	<i>0.4</i>	<i>-4.6</i>	
Excess Return			<i>-0.1</i>	<i>0.2</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.1</i>	<i>0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>-0.1</i>	
Cash	16,226,577	3.6	0.2	0.2	0.2	0.2	0.2	0.1	0.6	0.7	0.5	Mar-11

Performance shown is net of fees. Since inception date and performance begin in the month following an investment's initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

**Cash Flow Summary
Month to Date**

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Northern Trust Russell 1000	93,190,631	-	4,384,091	97,574,721
EARNEST Partners	39,040,870	-	610,084	39,650,954
Wellington Select Quality Equity	24,837,784	-	723,050	25,560,835
Brown Fundamental Small Cap Value	12,871,867	-	629,252	13,501,119
Rice Hall James	15,257,754	-	763,003	16,020,757
Vanguard Developed Markets ETF	16,227,558	-	756,795	16,984,353
SGA ACWI ex-U.S. Equity	42,400,968	-	1,204,630	43,605,599
Ramirez	71,056,295	-	1,243,059	72,299,354
Wellington Core Bond	6,811,122	-	128,095	6,939,217
Reams	26,893,477	-	511,105	27,404,582
Polen Capital	9,946,240	-	90,768	10,037,007
Parametric BXM	12,144,889	-500,000	354,895	11,999,784
Parametric DeltaShift	12,652,512	-500,000	493,782	12,646,294
Kepos Alternative Risk Premia	12,330,057	-	25,938	12,355,995
Versor Trend Following	15,863,198	-	-522,609	15,340,589
Vanguard Long-Term Treasury ETF	12,358,600	-	306,963	12,665,563
Cash - Money Market	5,462,041	164,286	35,249	5,661,577
Cash - Treasury	10,436,000	129,000	-	10,565,000
Securities Lending Northern Trust	-	-9,604	9,604	-
OPFRS Total Plan	439,781,863	-716,318	11,747,756	450,813,301

Benchmark History		
From Date	To Date	Benchmark
OPFRS Total Plan		
06/01/2022	Present	40.0% Russell 3000 Index, 12.0% MSCI AC World ex USA (Net), 31.0% Blmbg. U.S. Universal Index, 2.0% Blmbg. U.S. Corp: High Yield Index, 5.0% Cboe S&P 500 Buy Write Index, 10.0% Crisis Risk Offset Benchmark
01/01/2019	06/01/2022	40.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 31.0% Blmbg. U.S. Universal Index, 5.0% Cboe S&P 500 Buy Write Index, 2.0% Blmbg. U.S. Treasury: Long, 10.0% Crisis Risk Offset Benchmark
05/01/2016	01/01/2019	48.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 20.0% CBOE BXM
10/01/2015	05/01/2016	43.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 15.0% CBOE BXM, 10.0% CPI - All Urban Consumers (unadjusted) +3%
01/01/2014	10/01/2015	48.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 10.0% CBOE BXM, 10.0% CPI - All Urban Consumers (unadjusted) +3%
03/01/2013	01/01/2014	40.0% Russell 3000 Index, 10.0% MSCI AC World ex USA index, 17.0% Blmbg. U.S. Universal Index, 33.0% ICE BofA 3 Month U.S. T-Bill
08/01/2012	03/01/2013	20.0% Russell 3000 Index, 7.0% MSCI AC World ex USA index, 18.0% Blmbg. U.S. Universal Index, 55.0% ICE BofA 3 Month U.S. T-Bill
10/01/2007	08/01/2012	53.0% Russell 3000 Index, 17.0% MSCI AC World ex USA index, 30.0% Blmbg. U.S. Universal Index
04/01/2006	10/01/2007	35.0% Russell 3000 Index, 15.0% MSCI AC World ex USA index, 50.0% Blmbg. U.S. Universal Index
01/01/2005	04/01/2006	35.0% Russell 3000 Index, 50.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI AC World ex USA index
04/01/1998	01/01/2005	20.0% Russell 1000 Value Index, 10.0% Russell 1000 Index, 5.0% Russell Midcap Index, 50.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI EAFE (Net)
09/01/1988	04/01/1998	40.0% S&P 500 Index, 55.0% Blmbg. U.S. Aggregate Index, 5.0% FTSE 3 Month T-Bill

Benchmark History

From Date	To Date	Benchmark
Domestic Equity		
01/01/2005	Present	100.0% Russell 3000 Index
04/01/1998	01/01/2005	57.1% Russell 1000 Value Index, 28.6% Russell 1000 Index, 14.3% Russell Midcap Index
09/01/1988	04/01/1998	100.0% S&P 500 Index
International Equity		
01/01/2005	Present	100.0% MSCI AC World ex USA (Net)
01/01/1998	01/01/2005	100.0% MSCI EAFE Index
Fixed Income		
04/01/2006	Present	100.0% Blmbg. U.S. Universal Index
01/01/1976	04/01/2006	100.0% Blmbg. U.S. Aggregate Index
Covered Calls		
04/01/2014	Present	Cboe S&P 500 Buy Write Index
Crisis Risk Offset		
01/01/2023	Present	33.3% SG Trend Index, 33.3% SG Multi Alternative Risk Premia Index, 33.3% Blmbg. U.S. Government: Long Term Bond Index
08/01/2018	01/01/2023	100.0% SG Multi Alternative Risk Premia Index
Cash		
03/01/2011	Present	FTSE 3 Month T-Bill

Additional Information

Performance Return Types: Performance shown is net of fees, except for OPFRS Total Plan, Domestic Equity, and International Equity Composites, which have a mix of gross and net of fees performance. Performance shown for OPFRS Total Plan and International Equity composite is gross of fees prior to January 2016. Performance shown for Domestic Equity composite is gross of fees prior to January 2017.

Inception Date: Since inception date and performance begin in the month following an investments initial funding.

Fiscal Year: Fiscal year begins on July 1.

Fair Value Pricing Methodology: Though Vanguard Developed Markets ETF is a passive strategy, short-term performance may appear to diverge from the index it tracks more than would be expected. This is due to Fair Value Pricing (FVP) adjustments that address the pricing discrepancies that may arise from time-zone differences among global securities markets. The resulting temporary divergence is expected to correct itself when the foreign markets reopen.

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.

Oakland Police and Fire Retirement System

June 26, 2024

Recommendation for
Jul to Sep 2024 Cash Flows

Asset Class / Manager Liquidity

Asset Class	Fund	Liquidity Tier
US Equity	Northern Trust Russell 1000	1
US Equity	EARNEST Partners	3
US Equity	Wellington Select Quality Equity	3
US Equity	Rice Hall James	3
US Equity	Brown Small Cap Value	3
International Equity	SGA MSCI ACWI ex US	3
International Equity	Vanguard Developed Market	1
Fixed Income	Ramirez	2
Fixed Income	Reams	2
Fixed Income	Wellington Core Bond	3
Credit	Polen Capital High Yield	2
Covered Calls	Parametric	2
Crisis Risk Offset	Vanguard Long Treasury	1
Crisis Risk Offset	Versor Trend Following	3
Crisis Risk Offset	Kepos Alternative Risk Premia	3
Cash	Cash	1

Description of Liquidity Tiers

Tier	Description	Market Value (\$M)	In Months ¹
1	Public, Scheduled Withdrawal Allowances	143.5	23.9
2	Public, Accommodating of Withdrawals	134.4	22.4
3	Public, Must Plan Withdrawals	173.0	28.8
4	Closely Held	0.0	---
Total		450.8	

¹ Illustrates Liquidity in Months assuming a net outflow of \$6 million per month; that is, the illustrated figure demonstrates the number of months it would take to withdraw \$6 million per month from each liquidity tier.

Oakland PFRS Asset Allocation as of May 31, 2024¹

	Current Market Value		Interim Target ²	Variance		Actual Cash Flows for Current Quarter Payments		Suggested Cash Flows for Next Quarter Payments	
	(\$M)	(%)	(%)	(\$M)	(%)	Inflow (\$M)	Outflow (\$M)	Inflow (\$M)	Outflow (\$M)
Northern Trust Russell 1000	97.6	21.6%	--	--	--	--	--	--	--
EARNEST Partners	39.7	8.8%	--	--	--	--	--	--	--
Wellington Select Quality Equity	25.6	5.7%	--	--	--	--	--	--	--
Rice Hall James	16.0	3.6%	--	--	--	--	--	--	--
Brown Small Cap Value	13.5	3.0%	--	--	--	--	--	--	--
US Equity	192.3	42.7%	39.0%	16.5	3.7%	--	--	--	--
SGA MSCI ACWI ex US	43.6	9.7%	--	43.6	9.7%	--	--	--	--
Vanguard Developed Markets	17.0	3.8%	--	17.0	3.8%	--	--	--	--
International Equity	60.6	13.4%	10.0%	15.5	3.4%	--	--	--	--
Total Equity (US & International)	252.9	56.1%	49.0%	32.0	7.1%	--	--	--	--
Parametric	24.6	5.5%	0.0%	24.6	5.5%	--	(3.0)	--	(4.5)
Covered Calls	24.6	5.5%	0.0%	24.6	5.5%	--	(3.0)	--	(4.5)
Vanguard Long Treasury	12.7	2.8%	3.0%	(0.9)	(0.2%)	--	--	--	--
Versor Trend Following	15.3	3.4%	3.0%	1.8	0.4%	--	--	--	--
Kepos Alternative Risk Premia	12.4	2.7%	3.0%	(1.2)	(0.3%)	--	--	--	--
Crisis Risk Offset	40.4	9.0%	9.0%	(0.2)	(0.0%)	--	--	--	--
Ramirez	72.3	16.0%	--	--	--	--	--	--	--
Reams	27.4	6.1%	--	--	--	--	--	--	--
Wellington Core Bond	6.9	1.5%	--	--	--	--	--	--	--
Polen Capital High Yield	10.0	2.2%	--	--	--	--	--	--	--
Fixed Income (IG & Credit)	116.6	25.9%	42.0%	(72.7)	(16.1%)	--	--	--	--
Cash	16.2	3.6%	0.0%	16.2	3.6%	10.2	(10.2)	8.7	(8.7)
Fixed Income & Cash	132.9	29.5%	42.0%	(56.4)	(12.5%)	10.2	(10.2)	8.7	(8.7)
Total Portfolio	450.8	100.0%	100.0%	--	--	10.2	(13.2)	8.7	(13.2)

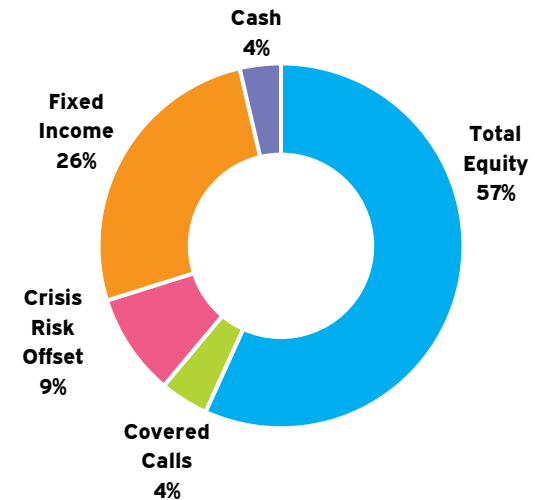
¹ Throughout this report, benefit payments and expenses are estimated at \$13.2 million quarterly for FYE2024 and FYE2025 per OPFRS. The report reflects estimated quarterly contributions from the City of \$10.2 million for FYE2024 and \$8.7 million for FYE2025, estimated based on prior fiscal year's actuarial valuations. Benefits are payable on first of each month.

² The interim targets reflect the targets for the 2nd half of 2024 transitioning towards upon the long-term targets adopted in 2024 Q1. Some manager/product targets and variances are omitted due to ongoing asset class reviews and transition planning.

Market Value by Portfolio Segment Before Cash Flows

Portfolio Segment	Market Value (\$M)
US Equity	192.3
International Equity	60.6
Covered Calls	24.6
Crisis Risk Offset	40.4
Fixed Income (IG & Credit)	116.7
Cash	16.2
Total Portfolio	450.8

Projected Allocations After Cash Flows



Suggested Cash Withdrawals

Portfolio Segment	Market Value (\$M)
Cash in Treasury	8.7
Parametric	4.5
Total Withdrawal	13.2

Projected OPFRS Asset Allocation as of September 30, 2024¹

	Estimated Market Value		Interim Target (%)	Projected Variance from Target	
	(\$M)	(%)		(\$M)	(%)
Northern Trust Russell 1000	97.6	21.9%	--	--	--
EARNEST Partners	39.7	8.9%	--	--	--
Wellington Select Quality Equity	25.6	5.7%	--	--	--
Rice Hall James	16.0	3.6%	--	--	--
Brown Small Cap Value	13.5	3.0%	--	--	--
US Equity	192.3	43.2%	39.0%	18.6	4.2%
SGA MSCI ACWI ex US	43.6	9.8%	--	--	--
Vanguard Developed Markets	17.0	3.8%	--	--	--
International Equity	60.6	13.6%	10.0%	16.1	3.6%
Total Equity (US & International)	252.9	56.8%	49.0%	34.7	7.8%
Parametric	19.1	4.3%	0.0%	19.1	4.3%
Covered Calls	19.1	4.3%	0.0%	19.1	4.3%
Vanguard Long Treasury	12.7	2.8%	3.0%	(0.7)	(0.2%)
Versor Trend Following	15.3	3.4%	3.0%	2.0	0.4%
Kepos Alternative Risk Premia	12.4	2.8%	3.0%	(1.0)	(0.2%)
Crisis Risk Offset	40.4	9.1%	9.0%	0.3	0.1%
Ramirez	72.3	16.2%	--	--	--
Reams	27.4	6.2%	--	--	--
Wellington Core Bond	6.9	1.6%	--	--	--
Polen Capital High Yield	10.0	2.3%	--	--	--
Fixed Income (IG & Credit)	116.7	26.2%	42.0%	(70.4)	(15.8%)
Cash	16.2	3.6%	0.0%	16.2	3.6%
Fixed Income & Cash	132.9	29.8%	42.0%	(54.1)	(12.2%)
Total Portfolio	445.3	100.0%	100.0%	---	---

¹ Estimated ending market value accounts for the remaining one-month of benefit payments for the current quarter and expected cash flows for the following quarter. The interim targets reflect the targets for the 2nd half of 2024 transitioning towards upon the long-term targets adopted in 2024 Q1. Some manager/product targets and variances are omitted due to ongoing asset class reviews and transition planning.

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Oakland Police and Fire Retirement System

June 26, 2024

International Equity:
Active vs. Passive

Summary

- In the majority of market segments, active management has not added consistent value
- Difficult to identify persistent long-term outperforming managers before the fact
- Active management can add value in certain market segments
 - Research shows outperformance in certain segments is persistent (e.g. Non-US Equity and Core/Core Plus Fixed Income)
- Successful manager selection requires multi-tiered analysis
 - e.g., factoring macroeconomic trends
 - examining trends in fundamental characteristics
 - portfolio holding analysis
 - not based solely on (or over-emphasize) past performance

Pros and Cons

	Advantages	Disadvantages
Active	<ul style="list-style-type: none"> → Potential to beat the index → Potential for down market protection 	<ul style="list-style-type: none"> → Higher costs and fees → Risk and unpredictability → People/organization risk
Passive	<ul style="list-style-type: none"> → Reduced active management risk – no underperformance surprise risk → Close correlation to the policy benchmark → Low fees and low monitoring costs 	<ul style="list-style-type: none"> → No possibility for positive alpha → Possibility of underperforming the index due to implementation/fees → No downside protection
Hybrid-Passive	<ul style="list-style-type: none"> → Low-cost relative to active management → Potential for alpha → Increased transparency 	<ul style="list-style-type: none"> → Potential to underperform → Modest organizational risk

Attributes of a Good Benchmark

Representative

Benchmark is appropriate and relevant to the portfolio's investment strategy

Investable

Should be able to invest in all of the securities included in the benchmark

Transparent

Names and weights of securities comprising the benchmark are available and understandable

Measurable

Benchmark is readily calculable on a frequent basis

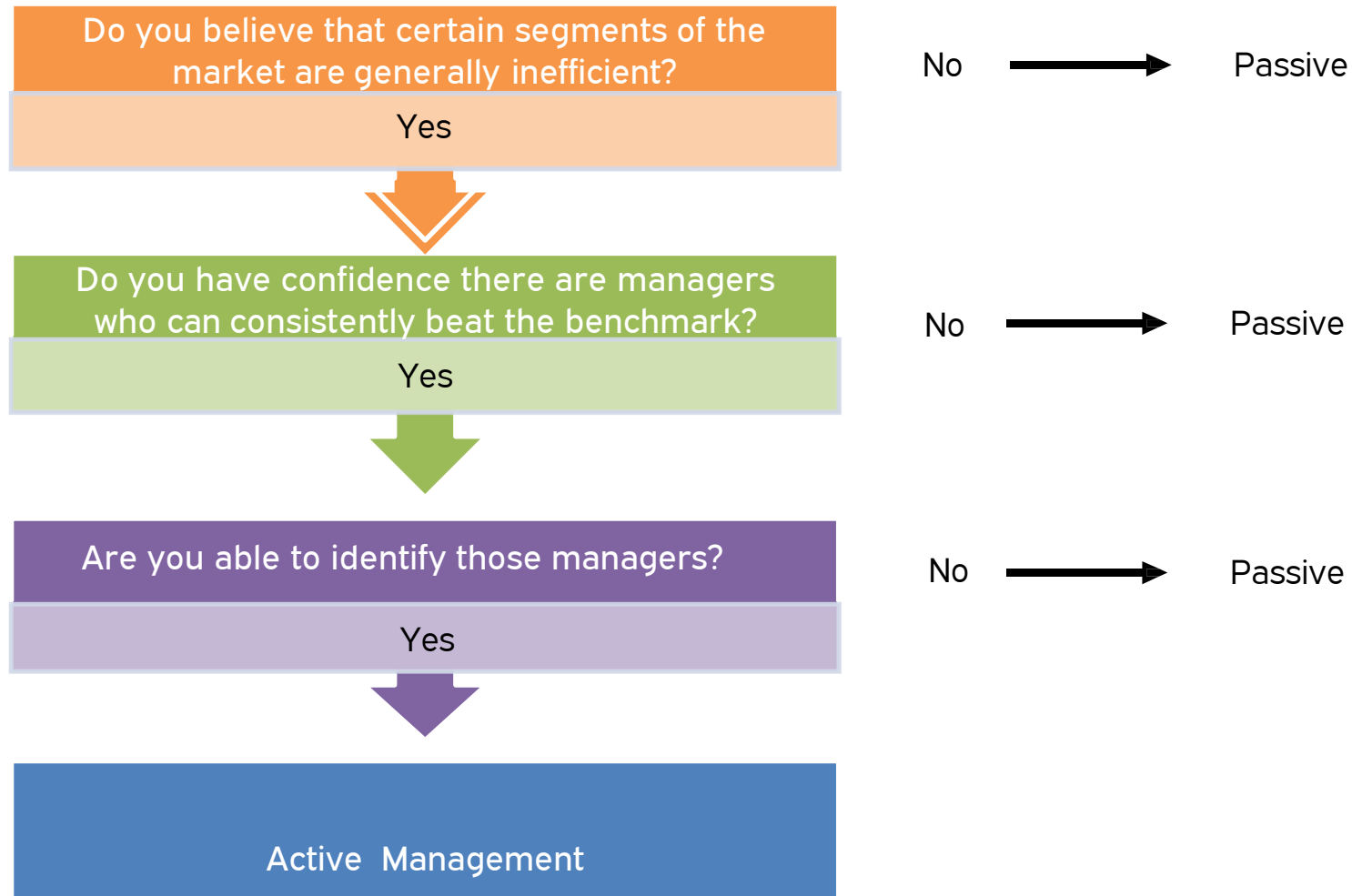
Independent

Calculated by an independent third party to ensure a fair comparison

Key Considerations

- Added value by active management can vary depending on market segment
- In the public investment markets, outperformance occurring more than 60% of the time is rare
- Empirical public-market evidence shows past winners have difficulty repeating success
 - Ability for active managers to outperform benchmarks is often cyclical
 - On average, it has been extremely difficult to capture persistent outperformance

Decision Making



→ Selecting active managers that will consistently outperform is extremely difficult

Other Considerations

Data

- Universe data has survivorship bias
- Universe returns are typically overstated
- Lack of transparency among managers
- Monitoring managers is costly

Benchmarking

- Some market segment benchmarks do not exhibit good benchmark attributes
- Benchmark replication is not realistic

Risk Tolerance

- Underperformance surprise risk
- People/organizational risks
- Potential for strategy drift

Conviction

- Confidence that active managers can provide consistent outperformance net of fees

Active Value Trends

Manager “Alpha” Since Inception, Gross of Fees¹

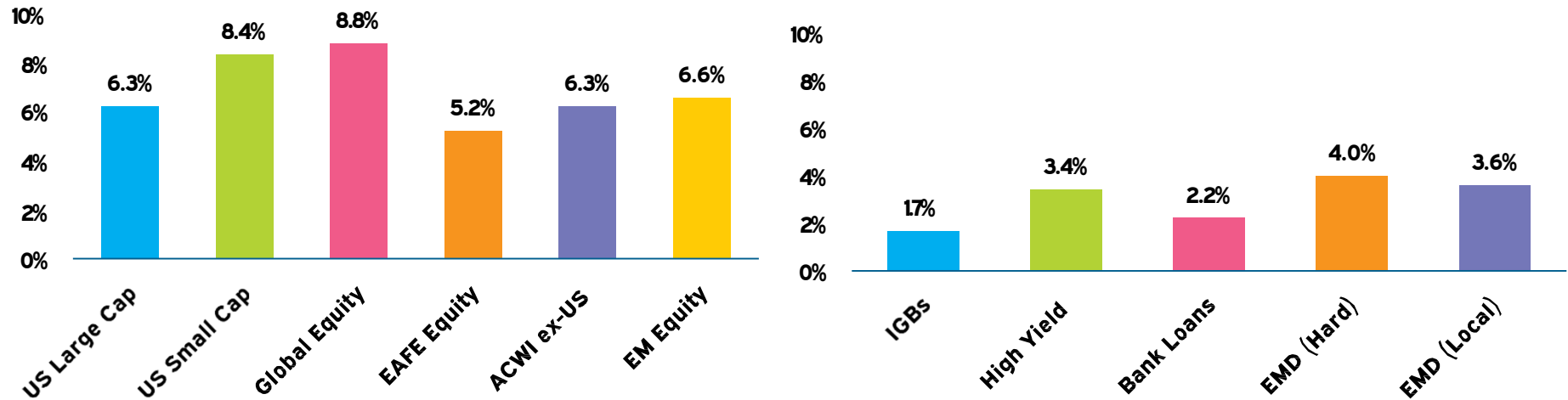
Asset Class	Median Excess Annualized Return (bp)	Average Number of Funds
Large Cap US Equity	-23	217
Small Cap US Equity	138	108
Global Equity	88	78
EAFE Equity	102	61
ACWI ex-US Equity	56	81
Emerging Market Equity	124	105

Asset Class	Median Excess Annualized Return (bp)	Average Number of Funds
Investment Grade Bonds	22	94
High Yield Bonds	15	121
Bank Loans	16	34
Emerging Market Debt (Hard)	114	36
Emerging Market Debt (Local)	63	24

- In most public market asset classes, the median manager’s “alpha” is positive, before fees
- The asset classes with the highest median outperformance were US small cap equity, EAFE equity, emerging market equity, and emerging market debt (hard currency)
 - The highest outperforming asset classes are those considered to be less efficient, though they often tend to be associated with higher fees

¹ Source: Morningstar This table represents manager returns over one year minus the benchmark return for the period where data is available. Inception date starts when there are at least 10 funds to evaluate.

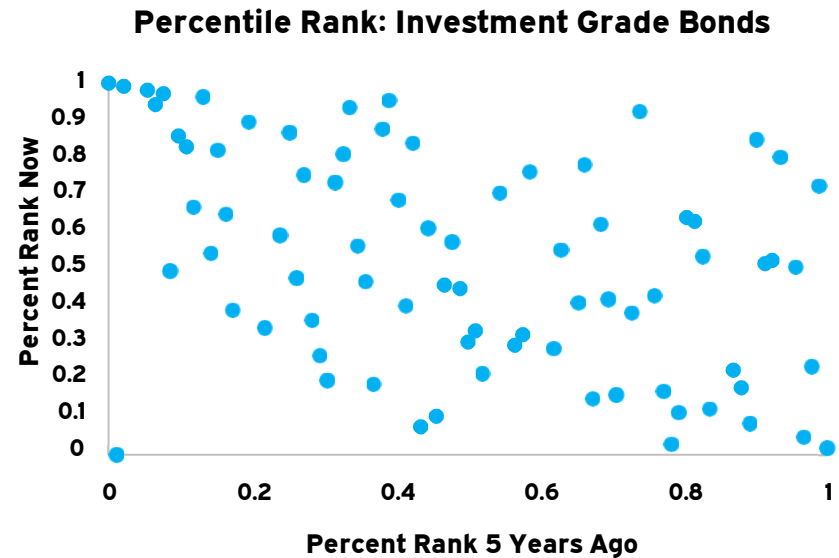
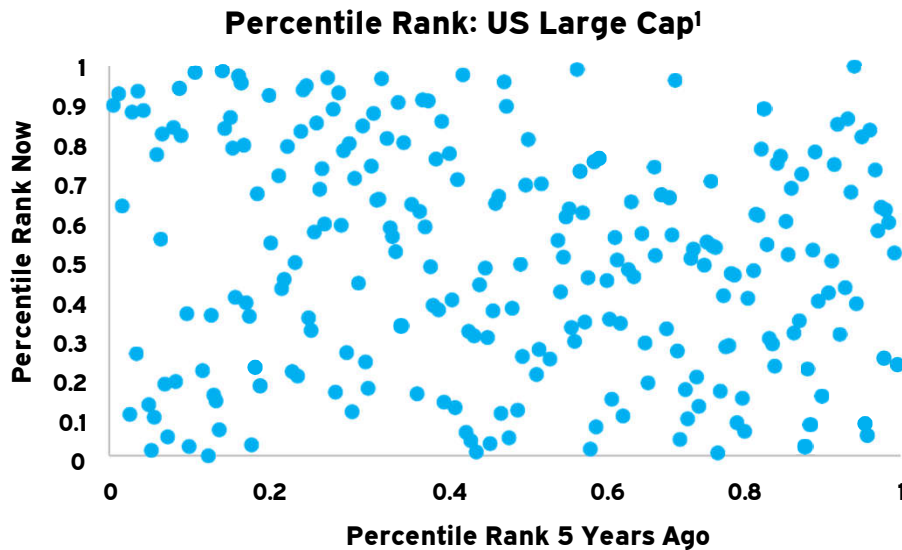
Average Interquartile Spread Since Inception, Gross of Fees¹



- Return dispersion is an important aspect in evaluating the potential for outperformance in an asset class
- Dispersion can be measured via the interquartile spread, which is the gap between the 25th and 75th percentile managers' performance
 - It illustrates both the potential for adding value through good manager selection and the potential for value to be detracted by sub-par managers
- Equity managers tend to have higher dispersion, partly due to the higher volatility of the asset class

¹ Source: Morningstar data as of December 31, 2022. Inception date starts when there are at least 10 funds to evaluate.

Persistence in Active Management



- Persistence shows how likely it is that a top performing (i.e., highly ranked) manager will stay at that level
 - The analysis above shows how a manager ranks relative to their peers at two different points in time
 - It compares the ranking of managers five years ago to their percentile ranking now
- In the many iterations we have done of this analysis, there is no apparent trend
 - This implies that past performance should not be counted on to predict future returns for a manager

¹ Source: Morningstar as of December 2022. Comparison derived from the 12-month excess return compared between December 2022 and five years prior. Note that, unlike the manager alpha analysis, this analysis requires that managers have been in existence for the entire period being measured.

Active Management Spectrum

- Active vs. Passive management is not binary; it should be viewed on a continuum
 - As such, portfolio construction should not be entirely active or entirely passive
- Sometimes active management is the only reasonable/prudent solution
- Many view basic tilts (rules based investment strategy used to deviate from a given index in order to provide excess returns) away from traditional benchmarks as active management; that should not be the default position
- DO NOT over-diversify with and overpay for active management

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Oakland Police and Fire Retirement System

June 26, 2024

Fixed Income Review

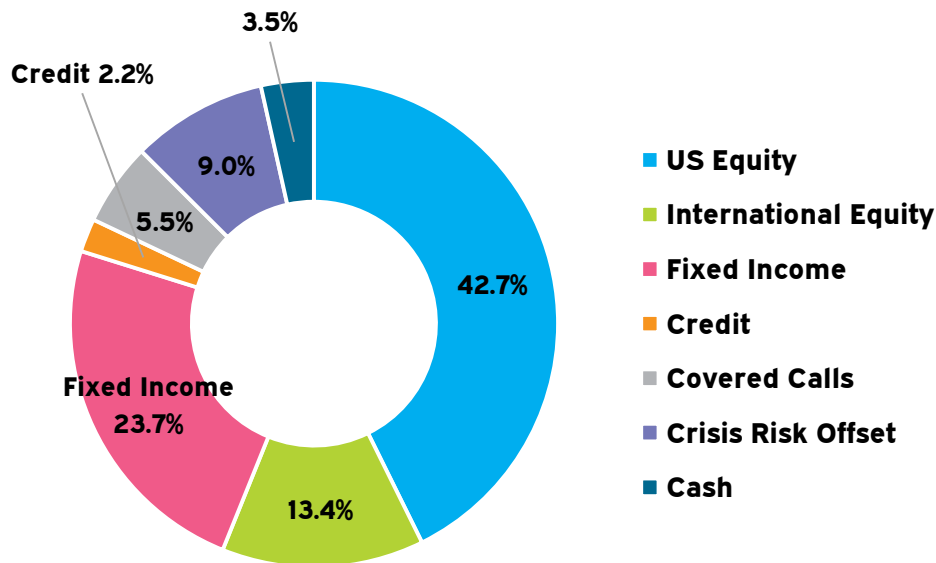
Agenda

1. Role of the Fixed Income: Investment Grade & Credit
2. Current Fixed Income Allocation
3. PFRS Manager Allocations
4. Recommendations and Next Steps

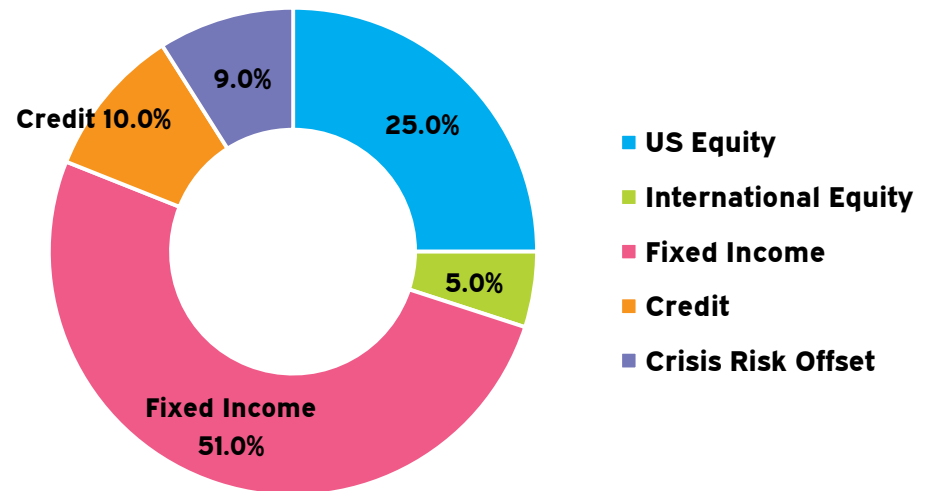
Background

- During 2024 Q1, the Board adopted a new long-term asset allocation policy as the result of the latest asset liability study.
- Fixed Income and Credit currently represents 26% of OPFRS allocation as of May 31, 2024. The new target allocation increases the exposure these two asset classes to 61%.

Actual Allocation as of May 31, 2024



Long-Term Target Allocation



Role of Fixed Income & Credit Allocation

Role of Fixed Income & Credit

- A diversifier
 - Exposure to fixed income reduces overall volatility
 - Non-equity factors drive fixed income performance
 - Lower returns than equities
- Protector of principal
 - However, real returns are modest for pure Fixed Income.
 - Credit component serves as the return-seeking element.
- Provides cash flow
 - Stable coupon payments

Fixed Income & Credit: Characteristics

- Fixed income securities are utilized within portfolios for numerous reasons:
 - Diversification benefits due to minimal correlations with equities
 - Principal protection, as demonstrated by less volatility compared to equities
 - Consistent income due to pre-determined coupon payments
 - Subtle capital appreciation when interest rates fall
- With interest rates rising, several of these benefits have deteriorated:
 - Upside scenarios for sustained capital appreciation (i.e., lower rates) are minimal
- Additionally, global risk markets have become increasingly correlated
 - Diversification benefits from fixed income securities have weakened
- Many investors seek additional yield through exposure to economic growth risk
 - Moving lower in corporate capital structures; investing in riskier companies
 - Result: Increased portfolio volatility and correlations to equities/growth risk
- Fixed income portfolios are now often more exposed to economic growth risk

Fixed Income & Credit: Risk/Return Characteristics

- Changes in interest rates drive fixed income and credit returns
 - Exposure to interest rates measured by “duration”
- Managers allocate assets along the yield curve versus the benchmark
 - Yield curve structures (bullet, ladder, barbell) can have significant impact on returns
- Credit risk is another factor that impacts returns
 - Managers typically pursue higher yields associated with higher credit risk
 - Higher yields do not necessarily translate into higher total returns
- Fixed income markets are undergoing dramatic change
 - No clear consensus of investment portfolio structural implications

Fixed Income & Credit Landscape

→ Credit Crisis of 2007-2009

- The recent credit crisis, characterized as a complete credit freeze, saw the worst credit market conditions since the Great Depression
- Fixed income across the spectrum reacted differently
- Safe bonds (e.g., U.S. Treasuries) provided principal protection
- Risky bonds (e.g., U.S. Corporates) suffered large losses
 - Moved in tandem with equity market

→ Lessons Learned

- Credit rating is not necessarily a good indication for relative safety
- Many managers had more risky assets (i.e. subprime) than intended
- Many managers were increasing their yields with low quality securities
- More focus on principal protection by active managers
- Risky asset performance was driven by equity factors
 - Loss of diversification benefit

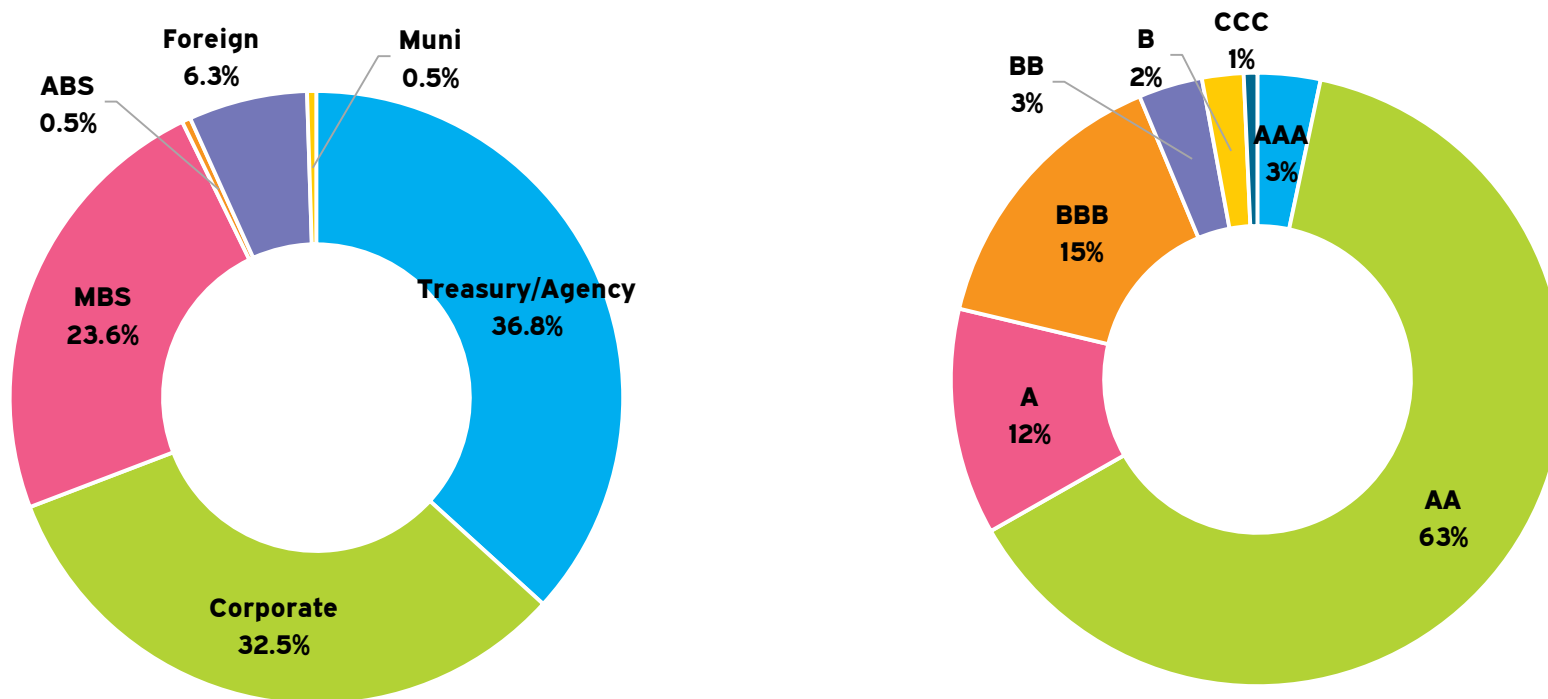
Fixed Income & Credit within OPFRS Portfolio

- Intent of the Fixed Income & Credit asset classes: “Liability Protection” or “Funded Status Protection” within overall portfolio
 - Source of liquidity for benefits and/or rebalancing
 - De minimis drawdowns
 - Maintain purchasing power over time
 - Modest absolute return
- Similar to an extended duration money market fund

Fixed Income Universe & Current Allocations

Bloomberg US Universal Index

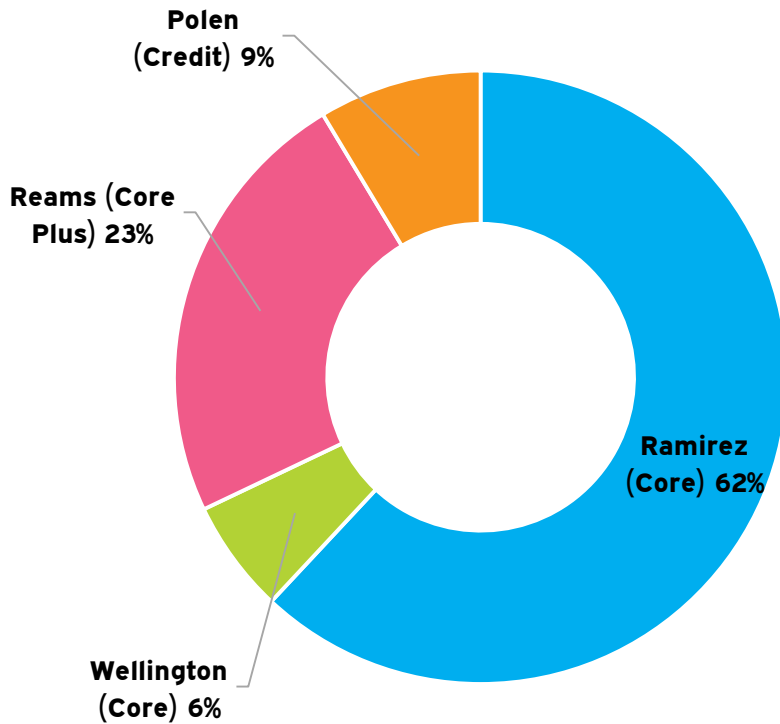
→ OPFRS's Fixed Income (ex Credit) portfolio has used Bloomberg US Universal Index as its composite benchmark.



Bloomberg US Universal Index	
Yield To Maturity (%)	5.1
Average Duration	6.0
Avg. Quality	AA

The sector and credit quality allocation and characteristics data is as of March 31, 2024.

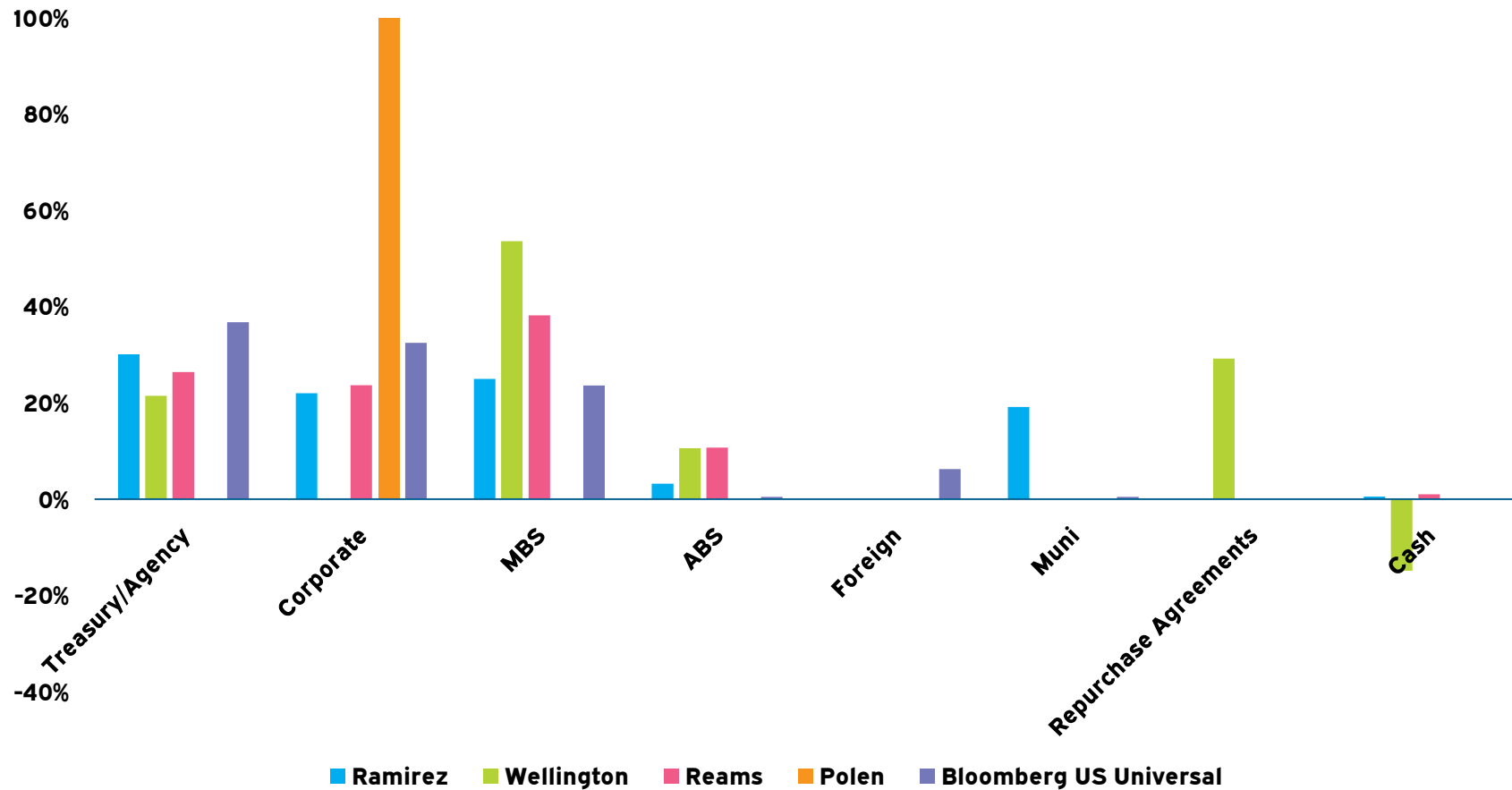
Current Fixed Income & Credit Managers



Characteristics	Portfolio	Bbg US Universal
Yield To Maturity (%)	5.5	5.1
Average Duration	5.9	6.0
Avg. Quality	A-AA	AA

The portfolio allocation data is as of May 31, 2024 and the portfolio characteristics data is as of March 31, 2024.

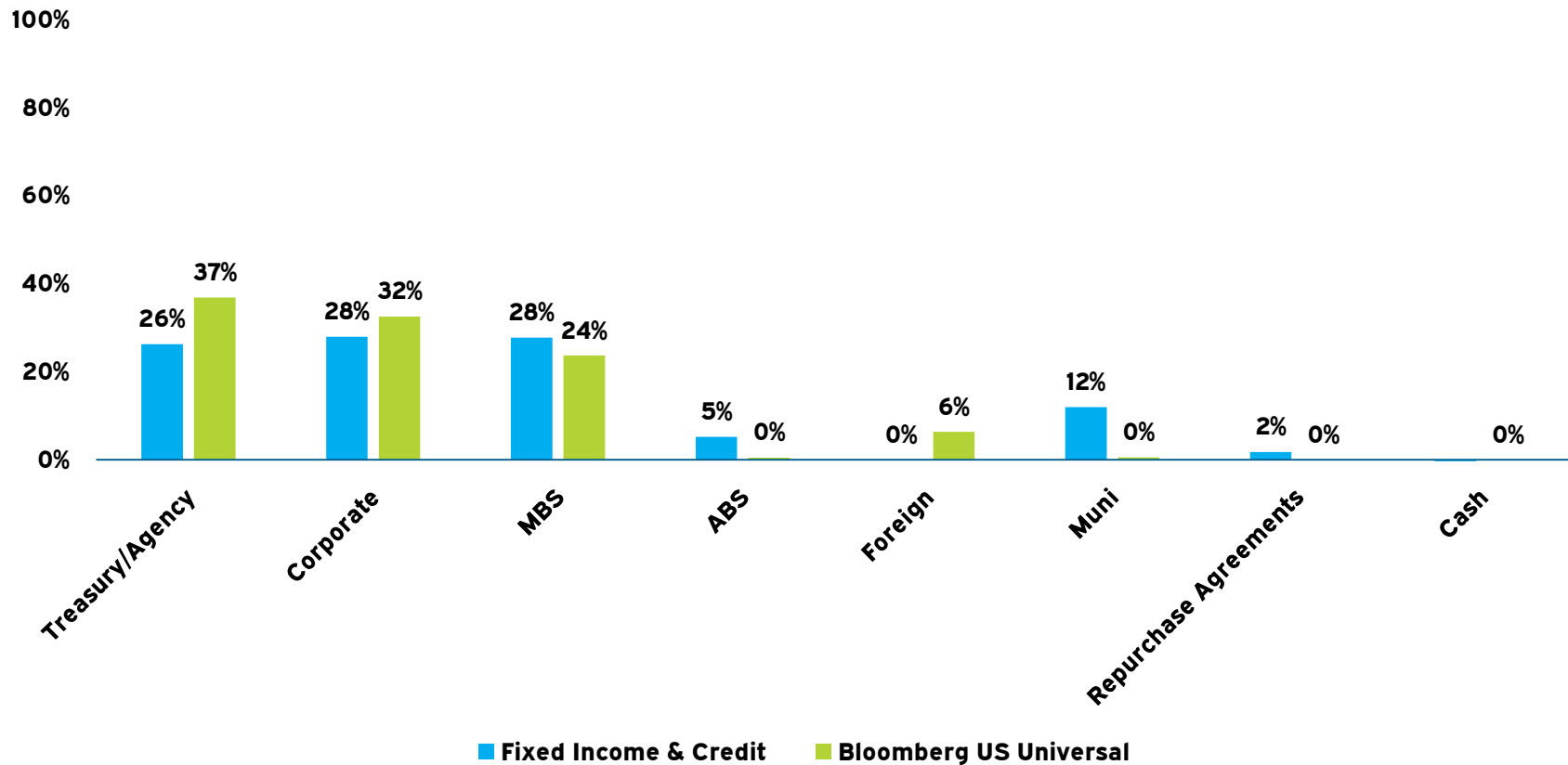
Manager Sector Exposures



→ OPFRS’s fixed income and credit managers vary greatly in their sector allocations.

The sector allocation data is as of March 31, 2024.

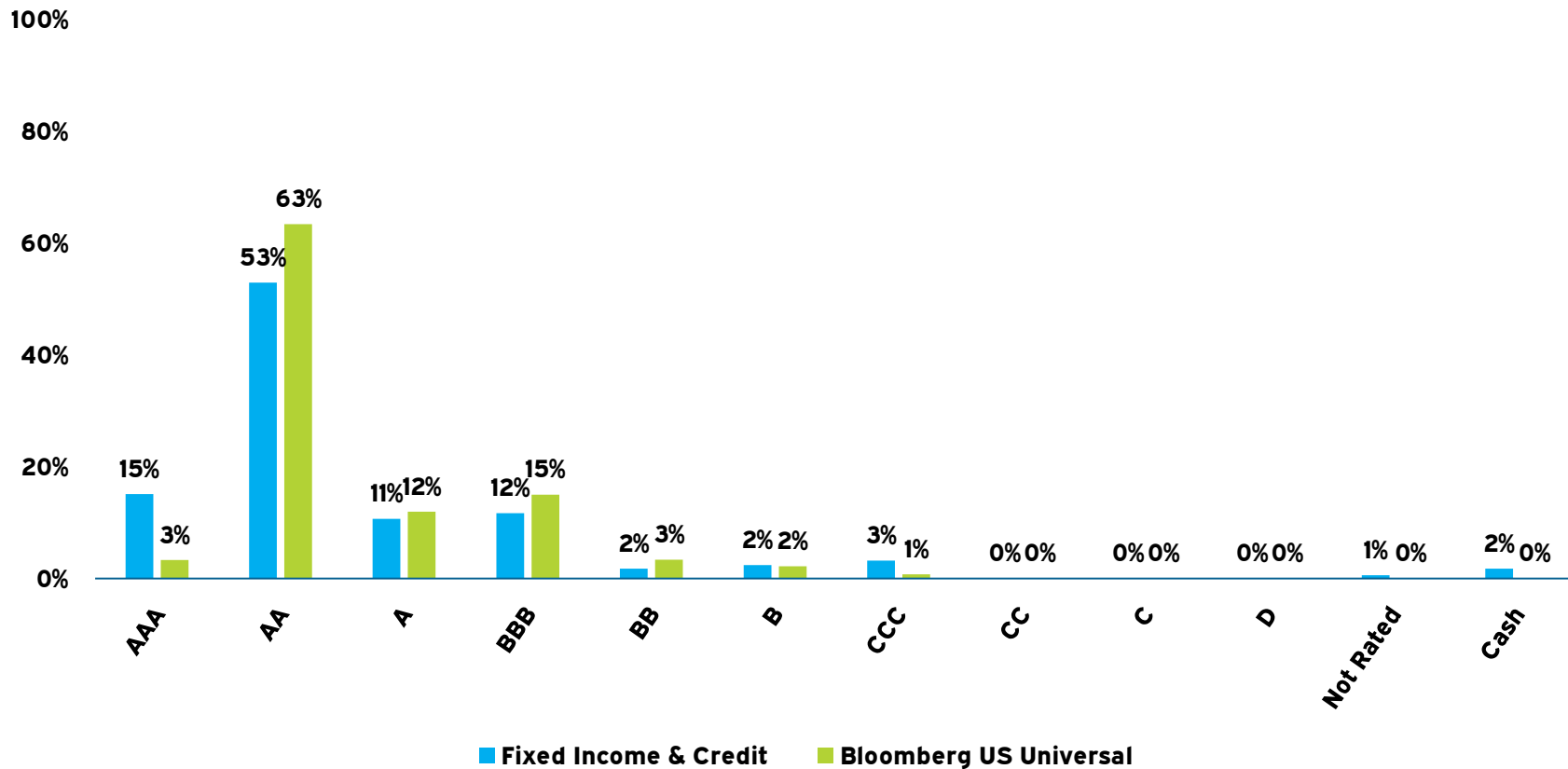
Sector Exposures: Fixed Income & Credit



→ The fixed income and credit managers as a whole is moderately overweight in Munis, slightly overweight in MBS and ABS sectors, and underweight to Treasury/Agency and Corporate sectors. in comparison to the Bloomberg US Universal Index

The sector allocation data is as of March 31, 2024.

Credit Quality Exposures: Fixed Income & Credit



The quality allocation data is as of March 31, 2024.4

Annualized Performance – Net of Fees
(as of May 31, 2024)

	1-Yr	3-Yr	5-Yr
Fixed Income	1.7	-2.7	0.2
<i>Bloomberg Universal (Blend)</i>	2.4	-2.7	0.2
Excess Return	-0.7	0.0	0.0
Ramirez	1.6	-2.9	0.0
<i>Bloomberg US Aggregate</i>	1.3	-3.1	-0.2
Excess Return	0.3	0.2	0.2
Wellington Core	3.0	-2.9	--
<i>Bloomberg US Aggregate</i>	1.3	-3.1	-0.2
Excess Return	1.7	0.2	--
Reams	1.7	-2.3	2.4
<i>Bloomberg Universal (Blend)</i>	2.4	-2.7	0.2
Excess Return	-0.7	0.4	2.2
Credit	11.2	3.6	4.7
<i>Bloomberg US Corp High Yield</i>	11.2	1.8	4.2
Excess Return	0.0	1.8	0.5
Polen Credit	11.2	3.6	4.7
<i>ICE BofA US High Yield</i>	11.2	1.8	4.0
Excess Return	0.0	1.8	0.7

Bloomberg Universal (Blend) is Bloomberg US Aggregate Index through 04/01/2006, and Bloomberg US Universal Index thereafter.

Structural Options

Structure Options

Meketa analyzed different options when looking at OPFRS's fixed income and credit allocation:

- Current Allocation – four total managers (2 core fixed income, 1 core plus fixed income, 1 credit)
- Recommended Option – four managers (2 core fixed income, 2 core plus fixed income)

The recommended option analyzed involves adding a credit-oriented mandate to an existing core fixed income manager. This would combine Fixed Income and Credit components, which are currently separately invested.

Recommendations

Fixed Income & Credit Structure Recommendations

- Conduct an RFP for Core and Core Plus mandates, including the current OPFRS managers
- Adopt recommended option which streamlines Fixed Income and Credit asset class allocations into a bundled component utilizing Core and Core Plus fixed income mandates
- Update investment policy language to incorporate new manager line-up
- Implement manager structuring recommendations
- Staff and Meketa will review existing manager mandates and guidelines and make adjustments where appropriate, in-line with above recommendations

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MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: Meketa Investment Group (Meketa)
DATE: June 26, 2024
RE: 2024 Ongoing Strategic Investment Agenda

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

2024 Preliminary Investment Project Agenda

Month	Task
July 2024	Flash Performance (2024 Jun) Educational Item: TBD
August 2024	Flash Performance (2024 Jul) Quarterly Performance Report (2023 Q2) Asset Class Review: Crisis Risk Offset
September 2024	Flash Performance (2024 Aug) Cash Flow Report (2024 Q4) Manager Presentation: TBD
October 2024	Flash Performance (2024 Sep) Thermal Coal List Update: 2024 Manager Update: Ramirez Contract Renewal: Ramirez
November 2024	Flash Performance (2024 Oct) Manager Presentation: TBD
December 2024	Flash Performance (2024 Nov) Quarterly Performance Report (2024 Q3) Cash Flow Report (2025 Q1) Manager Presentation: TBD

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.

DS/PN/JLC/mn

Due to the termination of the statewide COVID-19 State of Emergency by the Governor of California, effective March 1, 2023, all meetings of the Oakland Police & Fire Retirement System Board and its Committees will be conducted in person.

Meetings are held in wheelchair accessible facilities.

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.

For additional information, contact the Retirement Unit by calling (510) 238-7295. or send an email to mvisaya@oaklandca.gov



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

AGENDA

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President

Jaime T. Godfrey
Vice President

Martin J. Melia
Member

Robert W. Nichelini
Member

John C. Speakman
Member

R. Steven Wilkinson
Member

Erin Roseman
Member

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

WEDNESDAY, JUNE 26, 2024

11:30 AM

ONE FRANK H. OGAWA PLAZA, HEARING ROOM 2
OAKLAND, CA 94612

OBSERVE

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

PUBLIC COMMENTS

There are two ways to submit public comments.

- **Speaker Card:** All persons wishing to address the Board must complete a speaker’s card, stating their name and the agenda item they wish to address, including “Open Forum”.
- **eComment:** To send your comment directly to staff BEFORE the meeting starts, please email to mvisaya@oaklandca.gov with “PFRS Board Meeting Public Comment” in the subject line for the corresponding meeting. Please note that eComment submission **closes two (2) hours before posted meeting time.**

If you have any questions, please email Maxine Visaya, Administrative Assistant II at mvisaya@oaklandca.gov

ORDER OF BUSINESS

- A. **Subject:** POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”) BOARD OF ADMINISTRATION MEETING MINUTES
From: Staff of the PFRS Board
Recommendation: APPROVE the May 29, 2024 PFRS Board of Administration Meeting Minutes
- B. **AUDIT & OPERATIONS COMMITTEE AGENDA – JUNE 26, 2024**
- B1. **Subject:** ADMINISTRATIVE EXPENSES REPORT
From: Staff of the PFRS Board
Recommendation: ACCEPT informational report regarding PFRS administrative expenses as of April 30, 2024
- C. **INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – JUNE 26, 2024**
- C1. **Subject:** ECONOMIC AND INVESTMENT MARKET OVERVIEW AS OF MAY 31, 2024
From: Meketa Investment Group
Recommendation: ACCEPT informational report regarding the Global Investment Markets as of May 31, 2024
- C2. **Subject:** PRELIMINARY INVESTMENT FUND PERFORMANCE UPDATE AS OF MAY 31, 2024
From: Meketa Investment Group
Recommendation: ACCEPT informational report regarding the Preliminary PFRS Investment Fund Performance Update as of May 31, 2024
- C3. **Subject:** \$13.2 MILLION DRAWDOWN FOR PFRS MEMBER RETIREMENT ALLOWANCES FROM JULY 1, 2024 THROUGH SEPTEMBER 30, 2024
From: Meketa Investment Group
Recommendation: ACCEPT informational report and APPROVE Meketa Investment Group’s proposed drawdown of \$13.2 million, which includes a \$8.7 Million contribution from the City of Oakland and a \$4.5 Million contribution from the PFRS Investment Fund, to be used to pay PFRS Member Retirement Allowances from July 1, 2024 through September 30, 2024 for Fiscal Year 2024/2025

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
 BOARD OF ADMINISTRATION MEETING
 JUNE 26, 2024

- C4. **Subject:** ASSET CLASS REVIEW:
 INTERNATIONAL EQUITY
From: Meketa Investment Group

Recommendation: **ACCEPT** informational report providing additional information requested by the Investment Committee regarding the asset class review of PFRS' International Equity allocation. **APPROVE** Meketa's proposed changes to the International Equity fund type
- C5. **Subject:** ASSET CLASS REVIEW:
 FIXED INCOME
From: Meketa Investment Group

Recommendation: **ACCEPT** informational report regarding an asset class review of PFRS' Fixed Income allocation. **APPROVE** Meketa's proposed changes to the Fixed Income asset class allocations of the PFRS' Investment Portfolio
- D. **Subject:** MEMBER RESOLUTION NOS. 8108 – 8109
From: Staff of the PFRS Board

Recommendation: **APPROVE** Member Resolution Nos. 8108 – 8109
- D1. **RESOLUTION NO. 8108** | Resolution fixing the monthly allowance of the surviving spouses of the following retired members of the Oakland Police and Fire Retirement System in the amounts indicated:
- | <u>Deceased Member</u> | <u>Surviving Spouse</u> | <u>Monthly Allowance</u> |
|------------------------|-------------------------|--------------------------|
| ▪ James B. Colussi | Judy Colussi | \$6,081.71 |
| ▪ James M. Weldon | Judith E. Weldon | \$4,945.43 |
-
- D2. **RESOLUTION NO. 8109** | Resolution approving death benefit payment and directing a warrant thereunder in the total sum of \$1,000.00 payable to the beneficiary of the following deceased members of the Oakland Police and Fire Retirement System:
- Franklin J. Elam

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF ADMINISTRATION MEETING
JUNE 26, 2024**

E. Subject: MEMBER RESOLUTION NOS. 8110

From: Staff of the PFRS Board

Recommendation: **APPROVE** Resolution No. 8110 authorizing the Board President to execute agreement extending the two existing settlement agreements between the City, the Oakland Police And Fire Retirement System and the Retired Oakland Police Officers' Association that (1) incorporate the calculation of hours for the Juneteenth Holiday and (2) extend the term of the settlement agreements to June 30, 2026 to align with the terms of the current memoranda of understanding between the City and the Oakland Police Officers Association (OPOA) and Oakland Police Management ASSOCIATION (OPMA)

F. PENDING ITEMS

G. NEW BUSINESS

H. OPEN FORUM

I. FUTURE SCHEDULING

J. ADJOURNMENT

A MEETING OF THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM (“PFRS”) BOARD OF ADMINISTRATION was scheduled to occur Wednesday, May 29, 2024, at One Frank Ogawa Plaza, Hearing Room 2, Oakland, California; however, due to technical issues, the meeting occurred in Hearing Room 1.

Board Members:

- Walter L. Johnson President
- Jaime T. Godfrey Vice President (EXCUSED)
- Martin J. Melia Member
- Robert W. Nichelini Member
- Erin Roseman Member
- John C. Speakman Member
- R. Steven Wilkinson Member

Additional Attendees:

- David F. Jones PFRS Secretary & Plan Administrator (EXCUSED)
- Téir Jenkins PFRS Investment & Operations Manager
- Maxine Visaya PFRS Staff Member
- Selia Warren PFRS Legal Counsel
- David Sancewich Meketa Investment Group

The meeting was called to order at 11:40 a.m. Pacific

A. APPROVAL OF THE PFRS BOARD OF ADMINISTRATION MEETING MINUTES

Member Nichelini made a motion to approve the April 24, 2024 PFRS Board of Administration Meeting Minutes, second by Member Speakman. Motion passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

B. AUDIT AND OPERATIONS COMMITTEE AGENDA – MAY 29, 2024

B1. ADMINISTRATIVE EXPENSES REPORT

PFRS Investment & Operations Manager Jenkins presented an informational report on PFRS' administrative expenditures as of March 31, 2024. PFRS has an approved annual budget of approximately \$3.8 million and expensed approximately \$1.8 million to date for fiscal year 2023/2024. Membership consisted of 631 retired members and beneficiaries, which included 392 Police Members and 239 Fire Members.

MOTION: Member Speakman made a motion to accept the informational report regarding PFRS' Administrative Expenses Report, second by Member Nichelini. Motion passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

B2. RESOLUTION NO. 8105**CONTRACT RENEWAL: CHEIRON, INC**

PFRS Investment & Operations Manager Jenkins presented Resolution No. 8105 to approve a two-year extension of the professional service agreement for the provision of Actuarial Services between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2026 with annual retainer fees not to exceed \$51,500 for FY2024-2025 and \$52,750 for FY2025-2026.

MOTION: Member Nichelini made a motion to approve Resolution No. 8105, second by Member Melia.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

B3. REVIEW PFRS RULES & REGULATIONS

Member Speakman presented an informational report regarding the review of PFRS Rules & Regulations. No discussion was held, and the Board made no recommendations for change to PFRS current Rules & Regulations.

MOTION: Member Speakman made a motion to maintain PFRS current Rules & Regulations, second by Member Nichelini. Motion Passed

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

B4. REVIEW PFRS TRAVEL POLICY

Member Speakman presented an informational report regarding a review of PFRS Travel Policy. No discussion was held, and the Board made no recommendations for change to PFRS current Travel Policy.

MOTION: Member Nichelini made a motion to maintain PFRS current Travel Policy, second by Member Melia. Motion passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: N]
(AYES: 5 / NOES: 1 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

C. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – MAY 29, 2024**c1. ECONOMIC AND INVESTMENT MARKET OVERVIEW AS OF APRIL 30, 2024**

David Sancewich of Meketa Investment Group (Meketa) presented an informational report regarding the economic and investment market overview as of April 30, 2024 and highlighted Fixed Income Returns.

MOTION: Member Nichelini made a motion to accept the informational report provided by Meketa regarding the Economic and Investment Market Overview as of April 30, 2024, second by Member Speakman. Motion passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

c2. PRELIMINARY INVESTMENT FUND PERFORMANCE UPDATE AS OF APRIL 30, 2024

David Sancewich of Meketa presented an informational report regarding a preliminary investment performance update of the PFRS Fund as of April 30, 2024 and highlighted the Asset Class Performance Summary.

MOTION: Member Wilkinson made a motion to accept the informational report provided by Meketa regarding the Preliminary Investment Fund Performance Update as of April 30, 2024, second by Member Melia. Motion Passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

c3. PFRS INVESTMENT FUND QUARTERLY PERFORMANCE UPDATE AS OF MARCH 31, 2024

David Sancewich of Meketa presented an informational report regarding PFRS Investment Fund Quarterly Performance as of March 31, 2024, highlighted the Total Portfolio Review, and noted this report will be presented to City Council Finance & Management Committee on June 11, 2024.

MOTION: Member Wilkinson made a motion to accept Meketa's informational report regarding PFRS Investment Fund Quarterly Performance as of March 31, 2024, second by Member Speakman. Motion Passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

c4. ASSET CLASS REVIEW: DOMESTIC EQUITY & INTERNATIONAL EQUITY

David Sancewich of Meketa presented an informational report regarding an asset class review of PFRS' Domestic and International Equity allocation. Meketa proposed PFRS approve the structure of the new Manager Allocation, which is reduced to five managers by eliminating Wellington from the Domestic Equity space and structured to have only one manager to oversee the International Equity allocation. President Johnson requested any recommendation brought forward to the Board on the matter be a result of a full Investment Committee discussion on the item. Meketa advised, per the discussion at the Investment Committee Meeting, the structure of the allocations was not deliberated, rather the type of manager to select for the International Equity allocation. They will review both the Active and Passive International Equity manager spaces, discuss the type of manager to consider for the International Equity allocation, and provide further recommendations regarding the path moving forward.

MOTION: Member Wilkinson made a motion to accept Meketa's proposed changes to the structure of the new Manager Allocation and for Meketa to provide additional information and further recommendations regarding the type of manager to consider for the International Equity allocation, second by Member Nichelini. Motion Passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

D. MEMBER RESOLUTIONS NOS. 8106 -8107**D1. RESOLUTION NO. 8106**

Resolution fixing the monthly allowance of surviving spouse of the following retired member of the Oakland Police and Fire Retirement System in the amount indicated:

<u>Deceased Member</u>	<u>Surviving Spouse</u>	<u>Monthly Allowance</u>
▪ Dennes M. Nakano	Donna J. Nakano	\$ 3,610.11
▪ Kent C. Settles	Judith Settles	\$ 4,474.53

MOTION: Member Nichelini made a motion to approve Resolution No. 8106, second by Member Speakman. Motion Passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

D2. RESOLUTION NO. 8107

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

- Ronald D. Flashberger

MOTION: Member Nichelini made a motion to approve Resolution No. 8107, second by Member Speakman. Motion Passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

E. PENDING ITEMS – PFRS Investment & Operations Manager Jenkins advised the Ad Hoc Committee was unable to meet May 23, 2024 and are looking to schedule a meeting for next month.

F. NEW BUSINESS –None

G. OPEN FORUM – PFRS Investment & Operations Manager Jenkins Board Members advised PFRS Actuary Valuation Report and Investment Fund Quarterly Performance Report are scheduled to be presented to City Council Finance & Management Committee on June 11, 2024 at 9:30 a.m.

H. FUTURE SCHEDULING

The next Regular Board Meeting will be held in-person and is tentatively scheduled to occur June 26, 2024 at One Frank Ogawa Plaza, Hearing Room 2, Oakland, CA.

I. ADJOURNMENT

Member Speakman made a motion to adjourn, second by Member Nichelini. Motion passed.

[JOHNSON: Y / GODFREY: EXCUSED / MELIA: Y / NICHELINI: Y / ROSEMAN: Y / SPEAKMAN: Y / WILKINSON: Y]
(AYES: 6 / NOES: 0 / ABSENT: 0 / ABSTAIN: 0 / EXCUSED: 1)

The meeting adjourned at 11:58 a.m.

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of April 30, 2024

	Approved Budget		April 2024		FYTD		Remaining		Percent Remaining	
Internal Administrative Costs										
PFRS Staff Salaries	\$	1,459,000	\$	-	\$	922,225	\$	536,775		36.8%
Board Travel Expenditures		52,500		5,137		4,708		47,792		91.0%
Staff Training		20,000		-		3,265		16,735		83.7%
Staff Training - Tuition Reimbursement		7,500		-		-		7,500		100.0%
Board Hospitality		3,600		524		3,712		(112)		-3.1%
Payroll Processing Fees		40,000		-		-		40,000		100.0%
Miscellaneous Expenditures		45,000		1,035		26,957		18,043		40.1%
Internal Service Fees (ISF)		88,000		-		62,712		25,288		28.7%
Contract Services Contingency		50,000		250		1,125		48,875		97.8%
Internal Administrative Costs Subtotal :	\$	1,765,600	\$	6,946	\$	1,024,703	\$	740,897		42.0%
Actuary and Accounting Services										
Audit	\$	52,800	\$	-	\$	18,941	\$	33,859		64.1%
Actuary		49,400		-		34,383		15,017		30.4%
Actuary and Accounting Subtotal:	\$	102,200	\$	-	\$	53,325	\$	48,875		47.8%
Legal Services										
City Attorney Salaries	\$	212,100	\$	-	\$	-	\$	212,100		100.0%
Legal Contingency		150,000		-		-		150,000		100.0%
Legal Services Subtotal:	\$	362,100	\$	-	\$	-	\$	362,100		100.0%
Investment Services										
Money Manager Fees	\$	1,313,000	\$	-	\$	766,135	\$	546,865		41.7%
Custodial Fee		124,500		-		62,250		62,250		50.0%
Investment Consultant		100,000		-		75,000		25,000		25.0%
Asset Liability Study		40,000		-		40,000		-		0.0%
Investment Subtotal:	\$	1,577,500	\$	-	\$	943,385	\$	634,115		40.2%
Total Operating Budget	\$	3,807,400	\$	6,946	\$	2,021,413	\$	1,785,987		46.91%

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of April 30, 2024

	April 2024
Beginning Cash as of 4/1/2024	\$ 10,386,557
Additions:	
City Pension Contribution - March	3,441,297
Investment Draw	1,000,000
Misc. Receipts	800
Total Additions:	\$ 4,442,097
Deductions:	
Pension Payment (March Pension Paid on 4/1/2024)	(4,141,959)
Expenditures Paid	(231,003)
Total Deductions	\$ (4,372,961)
 Ending Cash Balance as of 4/30/2024*	 \$ 10,455,692

* On 4/1/2024, March pension payment of appx \$4,142,000 will be made leaving a cash balance of \$6,245,000.

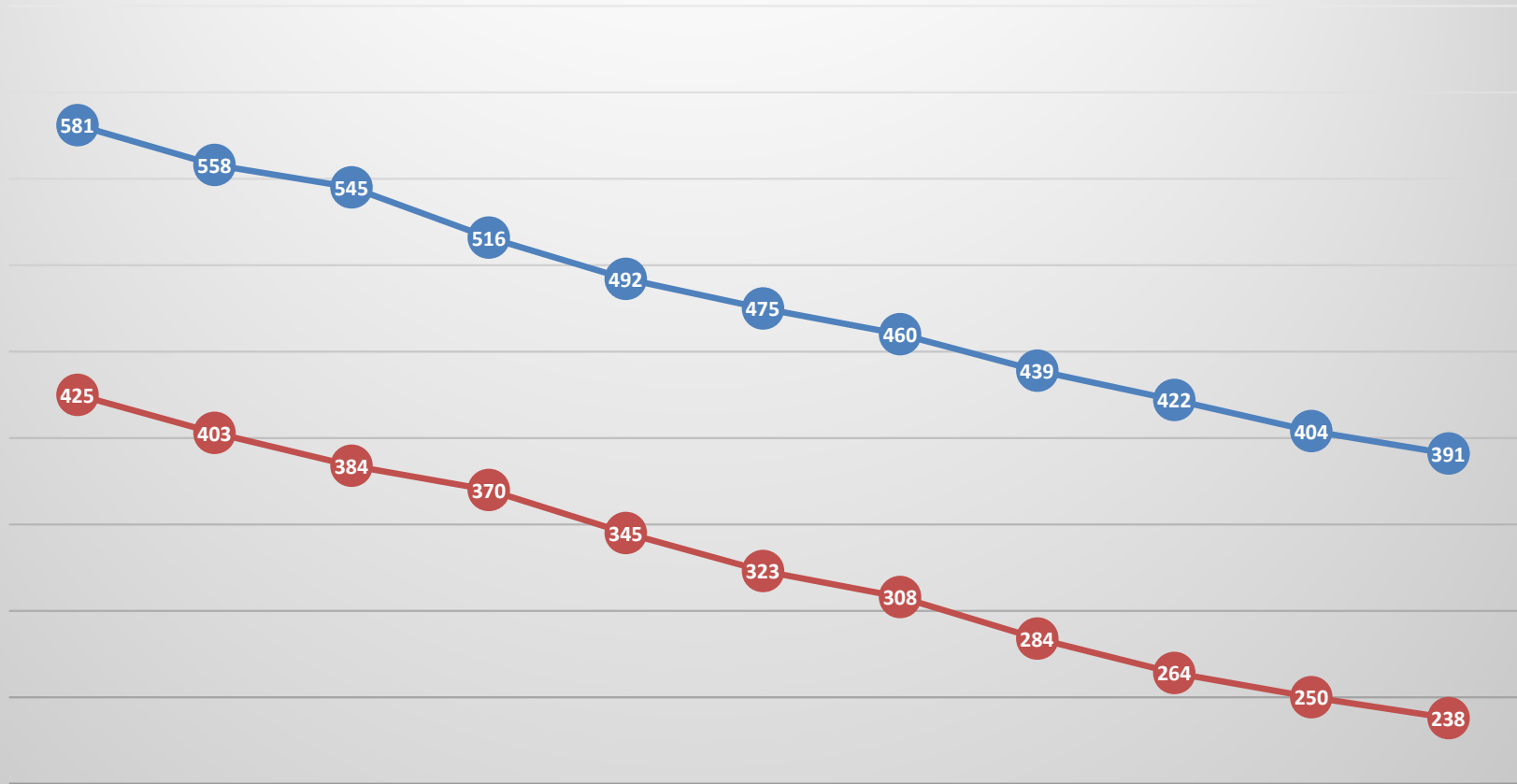
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of April 30, 2024

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	264	149	413
Beneficiary	127	89	216
<i>Total Retired Members</i>	391	238	629
<i>Total Membership:</i>	391	238	629

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	263	111	374
Disability Retirement	120	116	236
Death Allowance	8	11	19
<i>Total Retired Members:</i>	391	238	629
<i>Total Membership as of April 30, 2024:</i>	391	238	629
<i>Total Membership as of June 30, 2023:</i>	404	250	654
<i>Annual Difference:</i>	-13	-12	-25

Oakland Police and Fire Retirement System Pension Plan Membership Count As of April 30, 2024 (FY 2014 - FY 2024)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 FYTD
Police	581	558	545	516	492	475	460	439	422	404	391
Fire	425	403	384	370	345	323	308	284	264	250	238
Total	1006	961	929	886	837	798	768	723	686	654	629

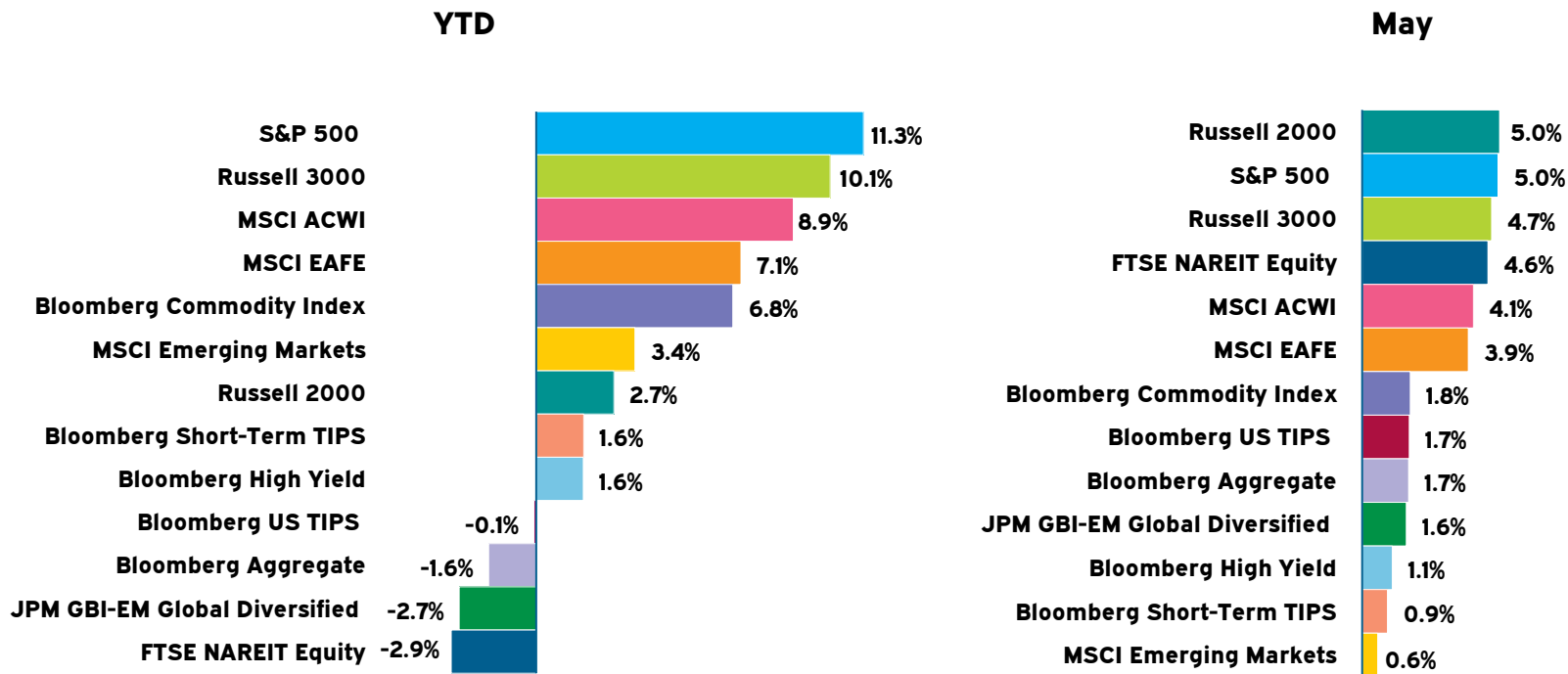
Economic and Market Update

May 2024 Report

Commentary

- Global markets rallied in May with softening economic data increasing hopes that the Fed may still be able to cut interest rates this year.
- In May, Chair Powell signaled that the Fed would not increase interest rates and while they remain data dependent, improvements in inflation may clear the way for rate cuts in the future.
 - Inflation pressures have eased in most countries from their pandemic peaks, but some uncertainty remains and levels are still above most central bank targets. Headline and core inflation measures in the US both fell in May and came in below expectations.
 - After rising 10% in the first quarter the US equity markets (Russell 3000 index) rose 4.7% in May, recovering more than the April losses. Technology and utility stocks outperformed in May driven by AI demand and investment.
 - Non-US developed equity markets rose for the month (3.9%) but by less than US equities.
 - Emerging market equities increased in May (0.6%) as coordinated buying of Chinese exchange traded funds (ETFs) by state-backed financial services companies helped boost Chinese stocks up 2.4%.
 - Falling interest rates helped bonds, with the broad US bond market rising 1.7% in May.
- Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, and the many looming elections will be key factors.

Index Returns¹



→ After a difficult April for both equities and bonds markets rallied in May as falling inflation and weaker than expected labor market data increased hopes of an interest rate cut later this year.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Domestic Equity Returns¹

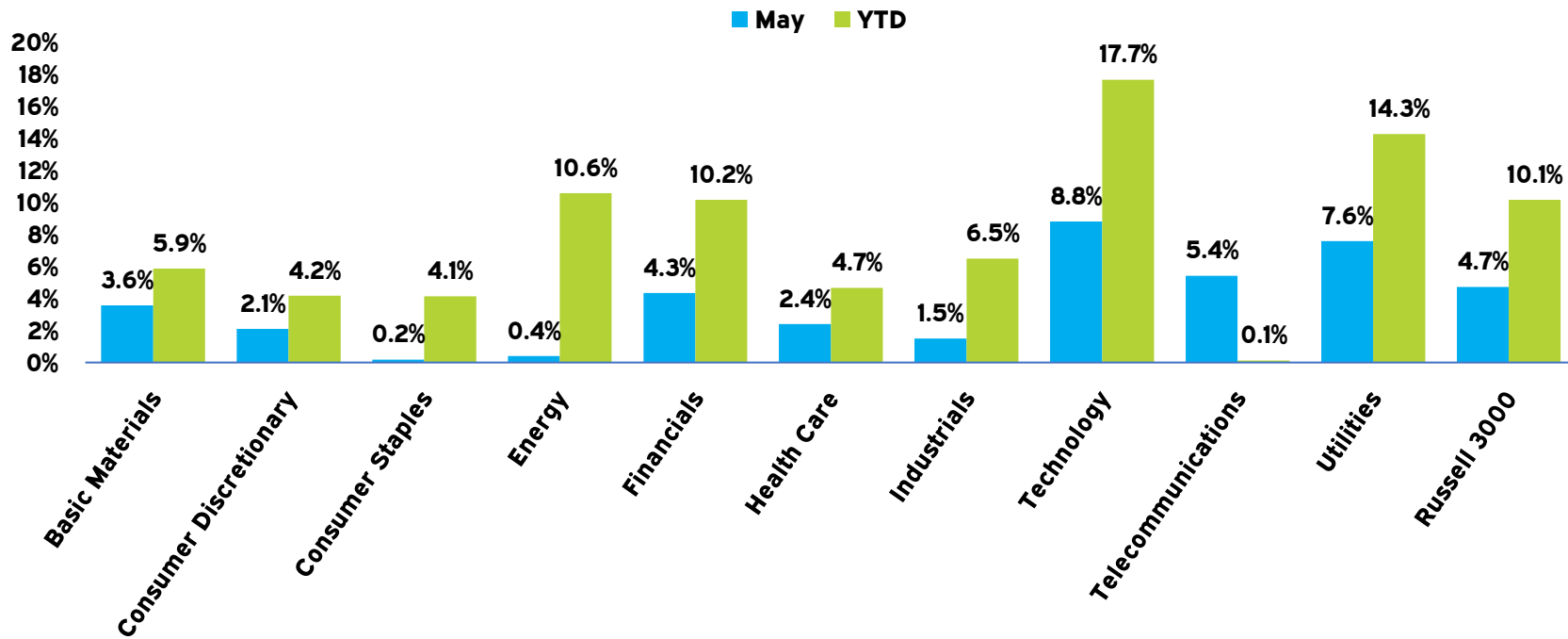
Domestic Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	5.0	10.6	11.3	28.2	9.5	15.8	12.7
Russell 3000	4.7	10.0	10.1	27.6	7.8	15.0	12.1
Russell 1000	4.7	10.3	10.6	28.0	8.4	15.4	12.4
Russell 1000 Growth	6.0	11.4	13.1	33.6	11.1	19.3	15.8
Russell 1000 Value	3.2	9.0	7.6	21.7	5.4	10.7	8.6
Russell MidCap	2.9	8.6	5.7	23.1	3.1	11.1	9.5
Russell MidCap Growth	1.1	9.5	4.2	21.9	1.6	11.0	10.7
Russell MidCap Value	3.6	8.2	6.2	23.7	3.8	10.3	8.1
Russell 2000	5.0	5.2	2.7	20.1	-1.6	8.6	7.7
Russell 2000 Growth	5.4	7.6	4.6	18.4	-3.3	7.8	8.0
Russell 2000 Value	4.7	2.9	0.8	21.8	-0.2	8.8	6.9

US Equities: The Russell 3000 rose 4.7% in May recouping the April decline of 4.4%.

- US stocks increased in May driven by strong corporate earnings and hopes that the slowdown in hiring, and inflation would lead to the FOMC lowering interest rates later this year.
- Technology and communication services stocks drove the index gains for the month, driven by AI optimism, with beneficiaries such as NVIDIA.
- Small cap stocks outpaced large cap stocks during May but remained well behind them in the year-to-date period. Financials, and specifically the relative underperformance of small cap banks, has been the largest contributor to this dynamic in 2024.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Russell 3000 Sector Returns¹



- All sectors saw positive returns for the month with technology (+8.8%) leading the way. Notably, traditionally defensive utilities rallied (+7.6%) on the prospect that AI energy demands will rise.
- All sectors have positive returns for the year-to-date period. Technology stocks (+17.7%) continues to lead the broader market followed by utilities (14.3%).

¹ Source: Bloomberg. Data is as of May 31, 2024.

Foreign Equity Returns¹

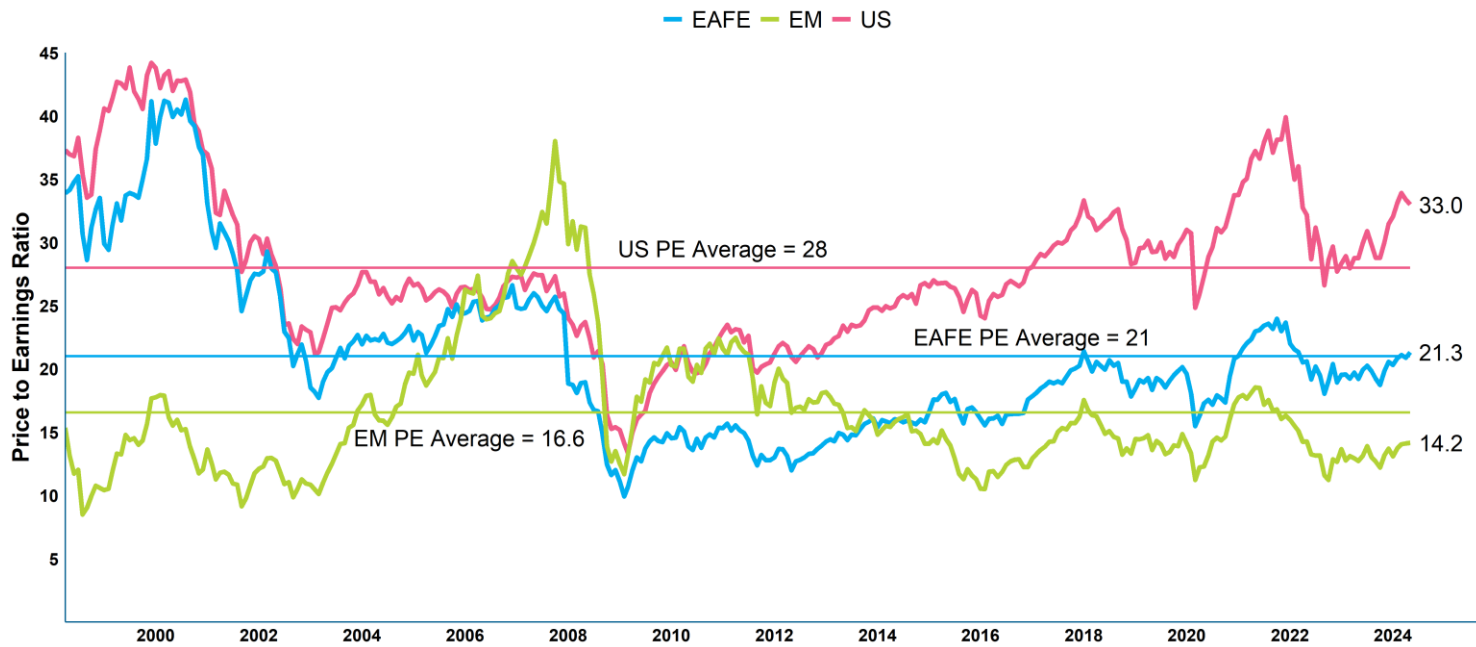
Foreign Equity	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	2.9	4.7	5.8	16.7	0.3	6.8	4.0
MSCI EAFE	3.9	5.8	7.1	18.5	3.1	8.0	4.6
MSCI EAFE (Local Currency)	2.5	10.0	11.7	19.9	8.8	10.0	7.5
MSCI EAFE Small Cap	4.3	2.4	3.7	14.4	-2.9	5.7	4.8
MSCI Emerging Markets	0.6	2.4	3.4	12.4	-6.2	3.5	2.7
MSCI Emerging Markets (Local Currency)	0.5	4.5	6.5	14.6	-2.7	5.7	5.6
MSCI EM ex. China	-0.1	4.0	2.2	15.8	-0.5	6.5	3.6
MSCI China	2.4	-2.2	6.8	4.3	-17.1	-2.4	1.9

Foreign Equity: Developed international equities (MSCI EAFE) rose 3.9% in May while emerging market equities (MSCI Emerging Markets) gained 0.6%.

- In May, developed market equities also recouped April’s losses, benefitting from widespread optimism and a decline in the US dollar. Eurozone equities had strong performance in anticipation of a rate cut from the European Central Bank (ECB). The UK also saw gains but trailed its European peers as stronger than expected inflation data pushed out expectations for the first rate cut. Japan saw some of the lowest (positive) returns for the month, with inflation falling only slightly and persistent weakness in the yen starting to weigh on consumers.
- Emerging market equities trailed developed markets, rising only slightly for the month. The weakening US dollar had a small benefit for US investors but less than in developed markets. Electoral risks hurt Mexican and South African stocks in May while China’s stocks rallied (2.4%), benefitting from optimism around recent housing reform. This led to the broad emerging market index outpacing the ex. China index for the month.

¹ Source: Bloomberg. Data is as of May 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



→ The US equity price-to-earnings ratio remained elevated and above its 21st century average.

→ International equity market valuations remain well below the US. Although emerging market equities have gained this year, their valuations remain well below the long-term average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of May 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

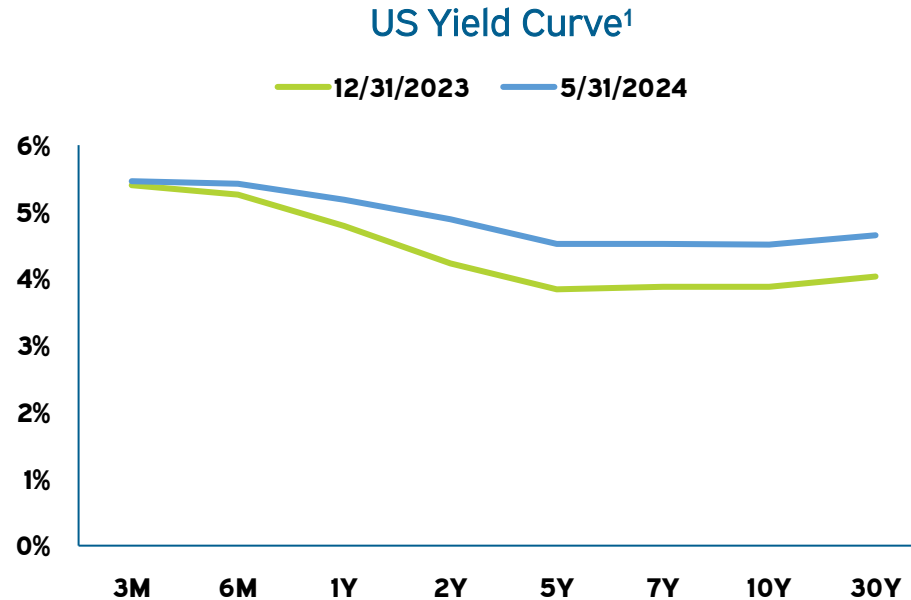
Fixed Income Returns¹

Fixed Income	May (%)	Q1 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.7	-0.5	-1.2	2.4	-2.7	0.2	1.6	5.4	6.0
Bloomberg Aggregate	1.7	-0.8	-1.6	1.3	-3.1	-0.2	1.3	5.1	6.2
Bloomberg US TIPS	1.7	-0.1	-0.1	1.6	-1.4	2.1	1.9	4.9	6.7
Bloomberg Short-term TIPS	0.9	0.8	1.6	4.5	1.9	3.2	2.0	5.1	2.4
Bloomberg High Yield	1.1	1.5	1.6	11.2	1.8	4.2	4.3	8.0	3.7
JPM GBI-EM Global Diversified (USD)	1.6	-2.1	-2.7	5.1	-3.3	0.0	-0.7	6.6	5.0

Fixed Income: The Bloomberg Universal index rose 1.7% in May recovering about half of the 3.3% decline in April.

- Bonds performed well in May as weakening economic data drove expectations for policy rate cuts in the coming quarters.
- The broad US bond market (Bloomberg Aggregate) rose 1.7% with the broad TIPS market rising the same amount. The less interest rate sensitive short-term TIPS index increased 0.9% for the month.
- High yield bonds (1.1%) also rose, but by less than the broad market with spreads remaining relatively tight to Treasuries.

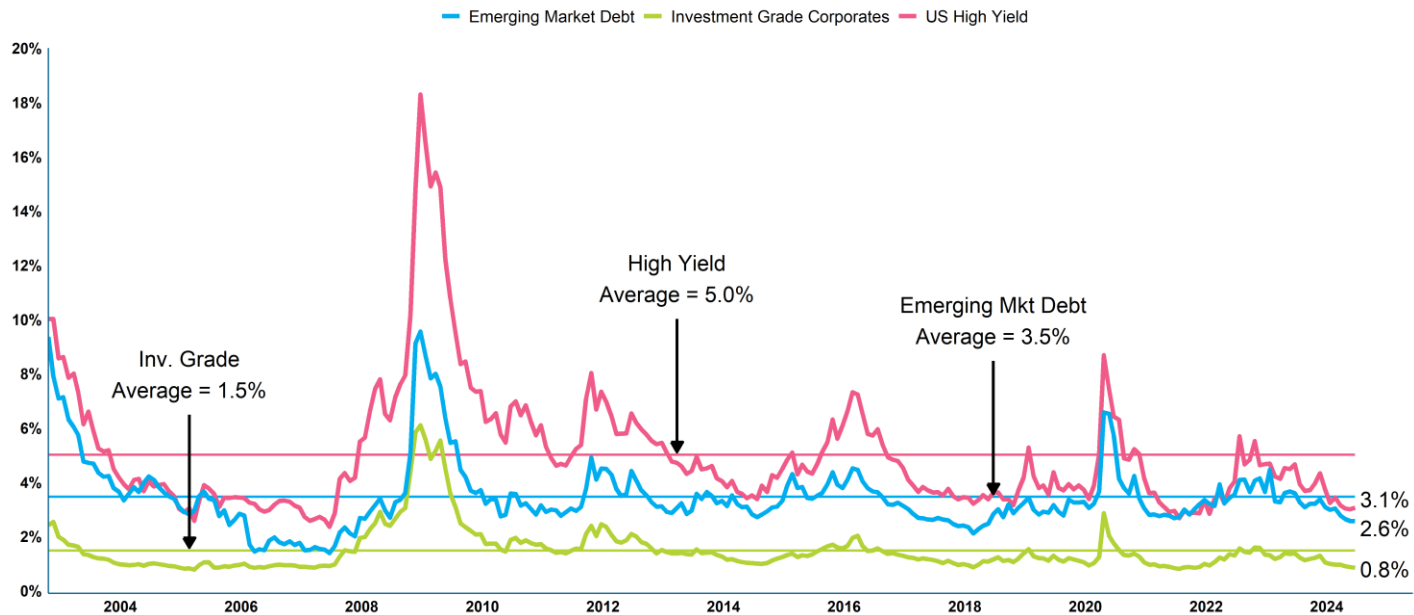
¹ Source: Bloomberg. JPM GBI-EM data is from J.P. Morgan. Data is as of May 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.



- While the yield curve is higher than at the end of 2023, medium and longer dated rates declined in May as Chair Powell signaled that the Fed would not raise rates again this year and economic data generally weakened and came in below expectations.
- The more policy sensitive two-year Treasury yield fell from just over 5.0% to 4.9% while the ten-year Treasury yield declined from 4.7% to 4.5%.
- The yield curve remained inverted at month-end, with the spread between the two-year and ten-year Treasury at roughly -40 basis points.

¹ Source: Bloomberg. Data is as of May 31, 2024.

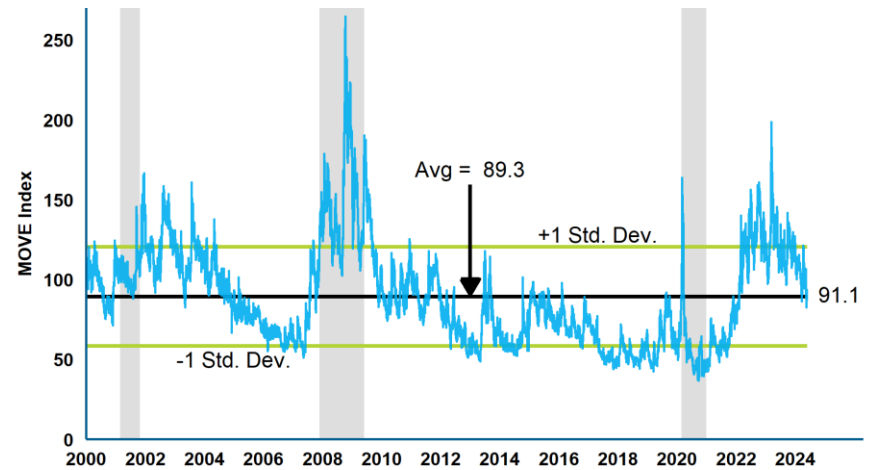
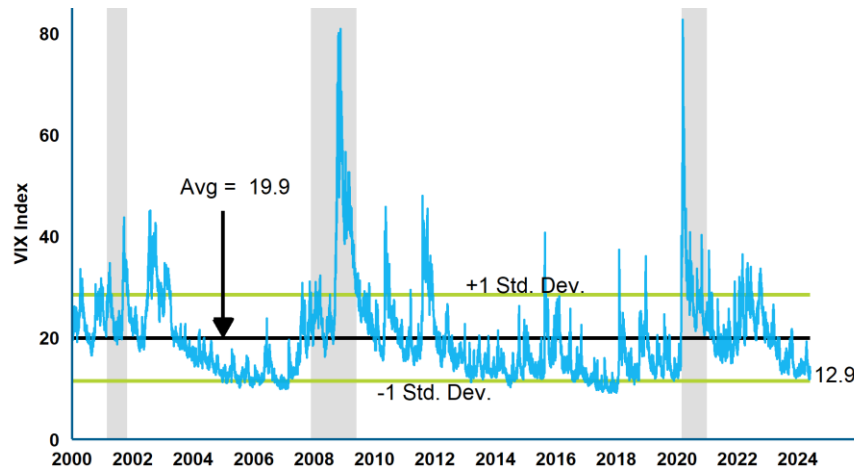
Credit Spreads vs. US Treasury Bonds¹



- A positive economic outlook along with expectations of slightly lower interest rates by year-end has led to an increased risk appetite. This has benefited credit, with spreads (the added yield above a comparable maturity Treasury) narrowing.
- In May credit spreads were steady near post-pandemic lows, with all spreads remaining below their respective long-run averages, particularly high yield.
- Despite spreads being relatively tight, yields remain at above average levels compared to the last two decades, particularly for short-term issues.

¹ Source: Bloomberg. Data is as of May 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

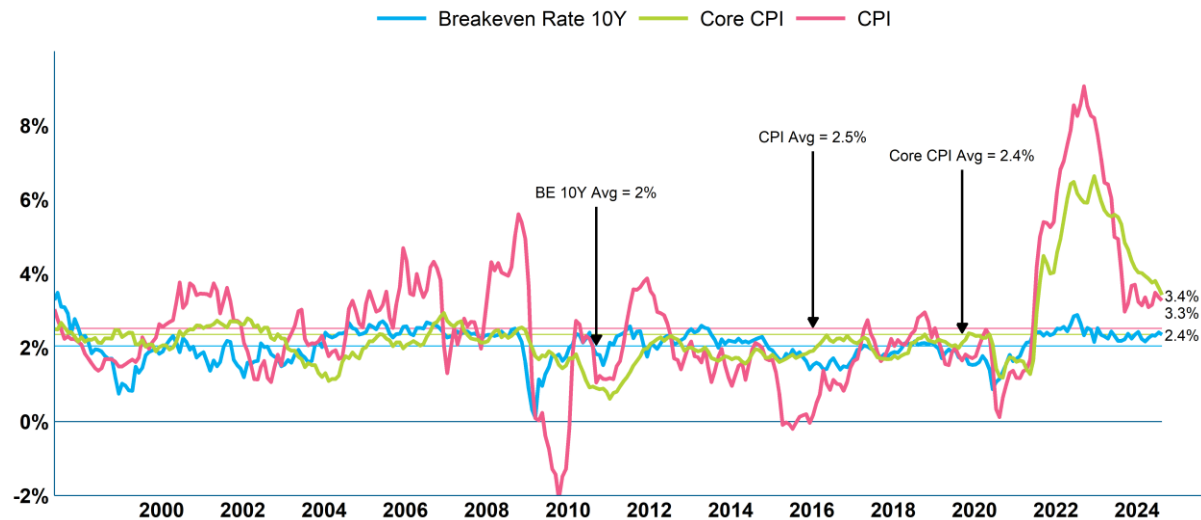
Equity and Fixed Income Volatility¹



- In the environment of weakening economic data, and particularly slower inflation, volatility in both the stock and bond markets fell in May.
- Volatility in equities (VIX) ended May well below its long-run average while volatility in bonds (MOVE) fell to close to its long-run average.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of May 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and May 2024.

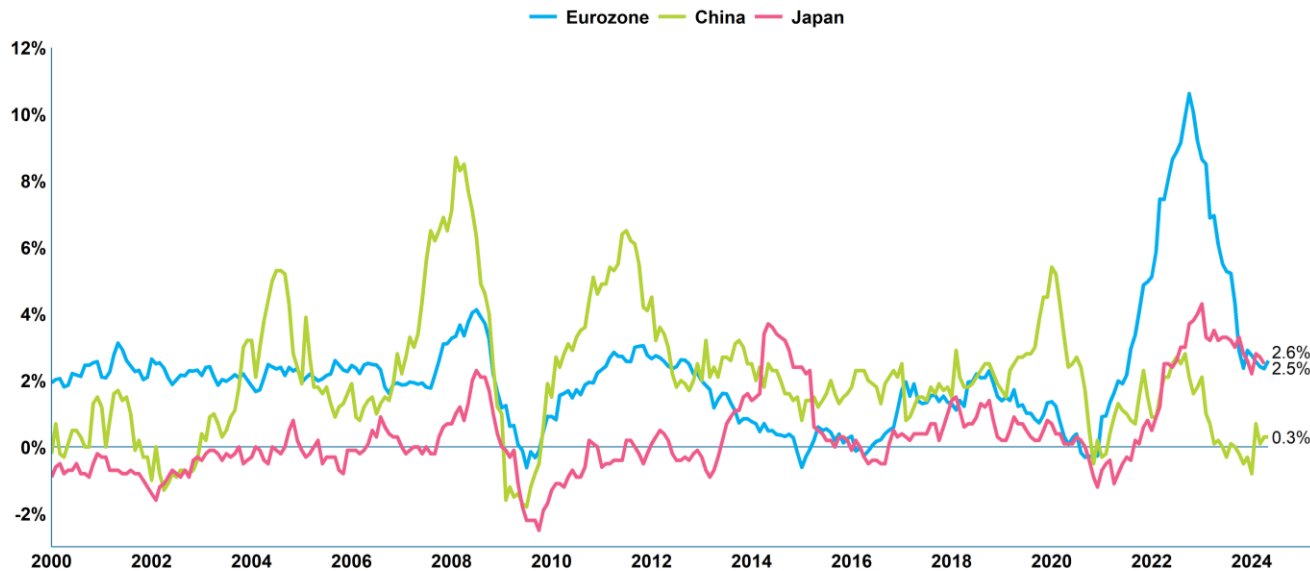
US Ten-Year Breakeven Inflation and CPI¹



- Year-over-year headline inflation fell in May (3.4% to 3.3%) and came in slightly below expectations.
- Month-over-month inflation was notably flat compared to the 0.3% increase in April, as a decline in energy prices (-2%) balanced gains in core services.
- Core inflation (excluding food and energy) also fell in May (3.6% to 3.4%) and came in below expectations. Transportation-related prices (particularly new and used vehicle sales) were key contributors to the weakness. For the fourth consecutive month shelter prices continued to grow at 0.4%.
- Inflation expectations (breakevens) remain relatively stable despite the significant volatility in inflation.

¹ Source: FRED. Data is as May 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

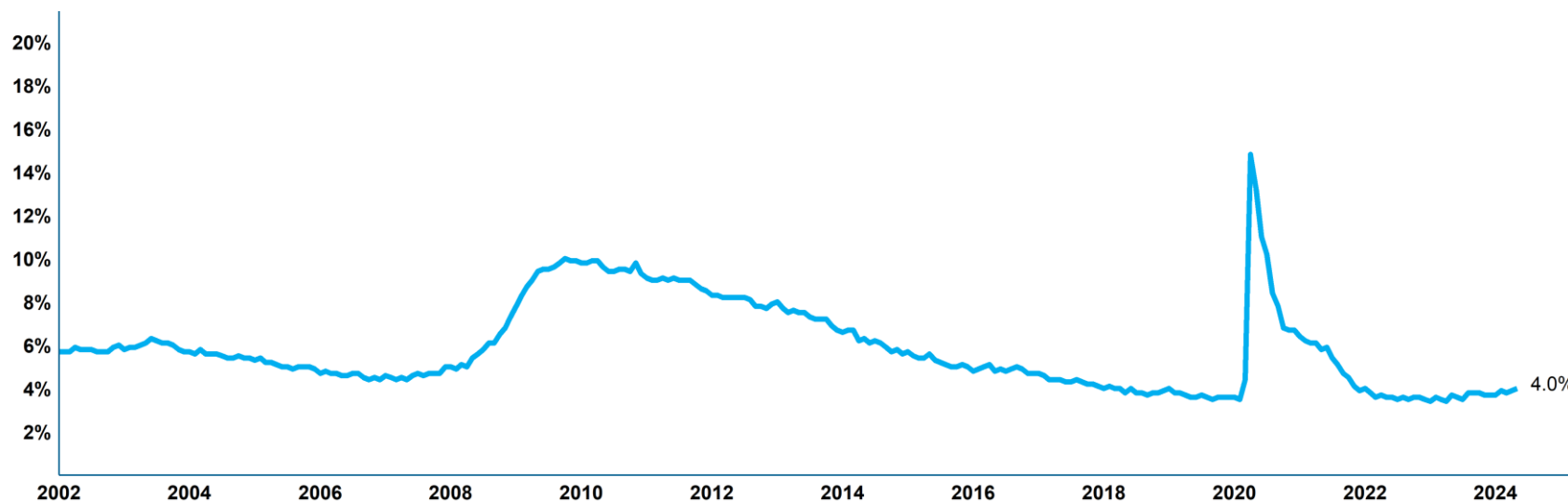
Global Inflation (CPI Trailing Twelve Months)¹



- Outside the US, inflation is also easing across major economies from the recent peaks.
- In the eurozone, inflation experienced a dramatic decline last year but remains above the central bank’s 2% target. In May, inflation ticked up slightly to 2.5%, a level below the 3.3% year-over-year reading in the US.
- Inflation in Japan has slowly declined from the early 2023 peak of 4.3%, but it remains near levels not seen in a decade. In the most recent reading, inflation fell slightly from 2.7% to 2.6% as food prices continued to decline.
- In China, inflation levels remain well below other major economies due to slowing economic growth. Annual inflation levels stayed steady in May at 0.3% representing the fourth consecutive month of consumer inflation and signaling an improvement in domestic demand from weakness last year.

¹ Source: Bloomberg. Data is May 31, 2024, except Japan which is as of April 30, 2024.

US Unemployment¹

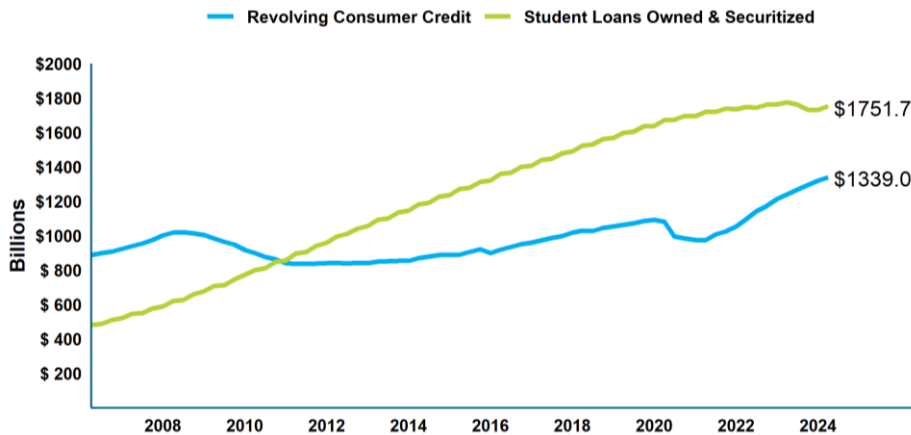


- Overall, the US labor market remains healthy, despite some recent softening, with the unemployment rate low (4.0%), wage growth around 4.1% annually, and initial claims for unemployment staying subdued.
- In May the economy added 272,000 jobs, beating expectations (180,000). The healthcare sector added the most jobs (68,000), followed by the government sector (43,000).
- The unemployment rate increased slightly from 3.9% to 4.0% and wage growth rose from 3.9% to 4.1% compared to a year prior.
- Quit rates have declined, and layoffs are stable, with 1.2 job openings per unemployed worker.

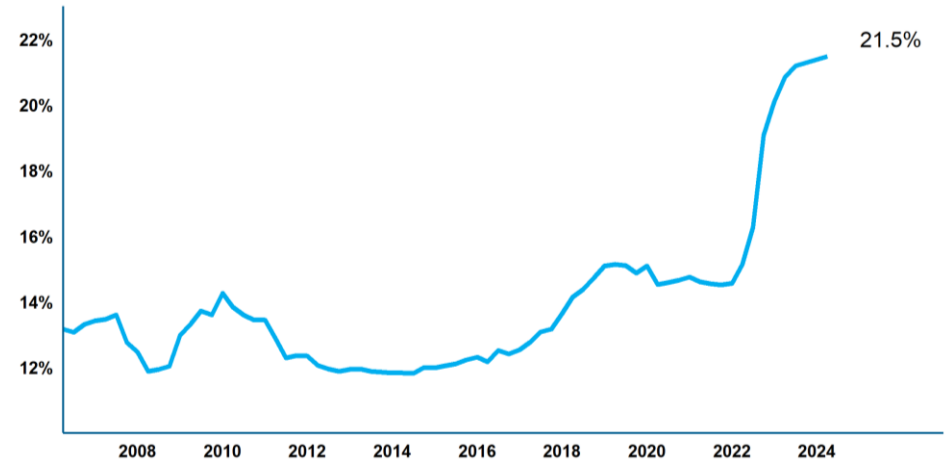
¹ Source: FRED. Data is as May 31, 2024.

US Consumer Under Stress?¹

Revolving Consumer Credit & Student Loans (\$B)



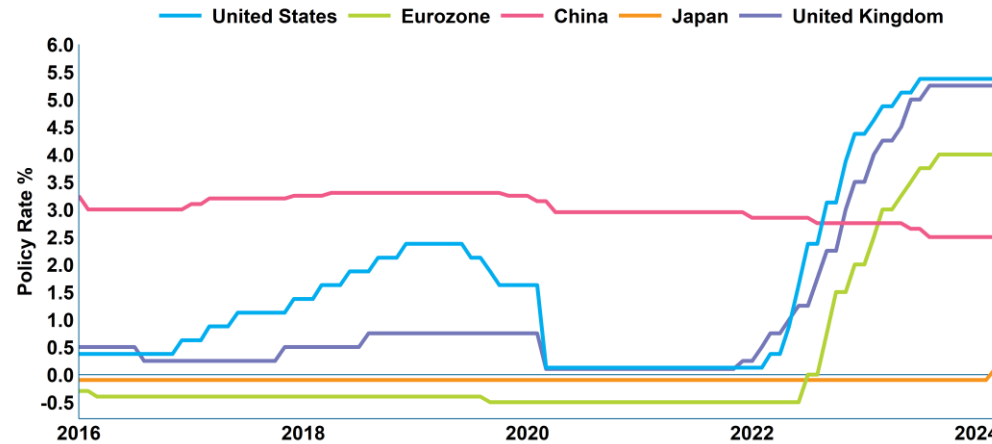
Consumer Credit Card Interest Rates (%)



- Despite the strong labor market and higher wages, pressures have started to build on the US consumer. This is an important consideration as consumer spending has been a key driver of economic growth.
- Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently, we have also seen payment delinquencies on credit cards and auto loans start to increase, particularly for younger people.
- The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs.
- It is worth noting though that many people locked in low-rate fixed mortgages before rates increased and many corporations issued debt at extremely low levels, reducing the sensitivity to higher rates.

¹ Source: FRED. Data is as of March 31, 2024. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

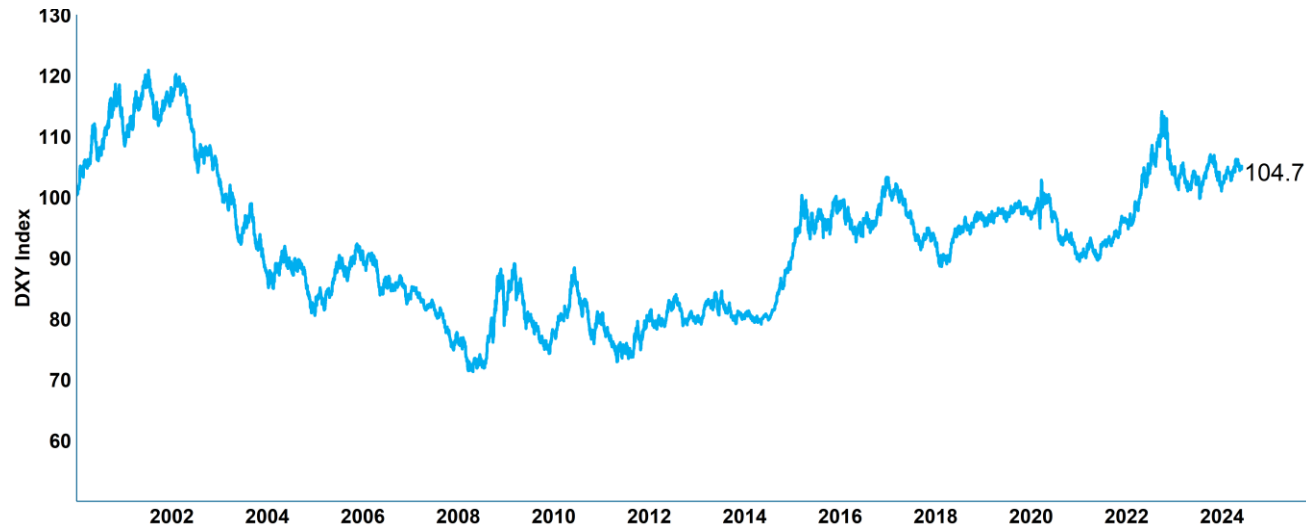
Policy Rates¹



- The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. The most recent dot plot (the Fed's expectation on the path of rates) showed a median expectation of one rate cut this year. Markets are now pricing in two rate cuts this year given the improving inflation data.
- While the European Central Bank (ECB) cut its policy rate by 25 basis points at the beginning of June as expected, the path of interest rates from here remains uncertain, given recent strong inflation data.
- After ending the final negative interest rate policy given higher inflation the Bank of Japan (BOJ) has since kept rates at slightly above 0%. In their recent meeting they announced they would also start reducing their bond purchases.
- The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker-than-expected economic data appears to indicate a widespread slowdown.

¹ Source: Bloomberg. Data is as of May 31, 2024.

US Dollar vs. Broad Currencies¹



- The dollar depreciated slightly in May versus a basket of currencies of major trading partners.
- Weak economic data in the US increased the probability of policy rate cuts this year, contributing to the selling pressure.

¹ Source: Bloomberg. Data as of May 31, 2024.

Summary

Key Trends:

- According to the International Monetary Fund (IMF), global growth this year is expected to match the 2023 estimate at around 3.1% with most major economies predicted to avoid a recession. Continued strong economic growth does run the risk of inflation and interest rates staying higher for longer.
- Key economic data in the US has largely weakened and come in below expectations overall for May, causing markets to expect closer to two rate cuts this year. Uncertainty remains though regarding the timing and pace of interest rate cuts in the coming year.
- We have started to see some divergences in monetary policy with other central banks, such as the European Central Bank (ECB), starting to cut interest rates while the Fed remains on hold. This disparity will likely influence investment flows and currencies.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and ongoing weakness in the real estate sector which could spill over into key trading partners' economies. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

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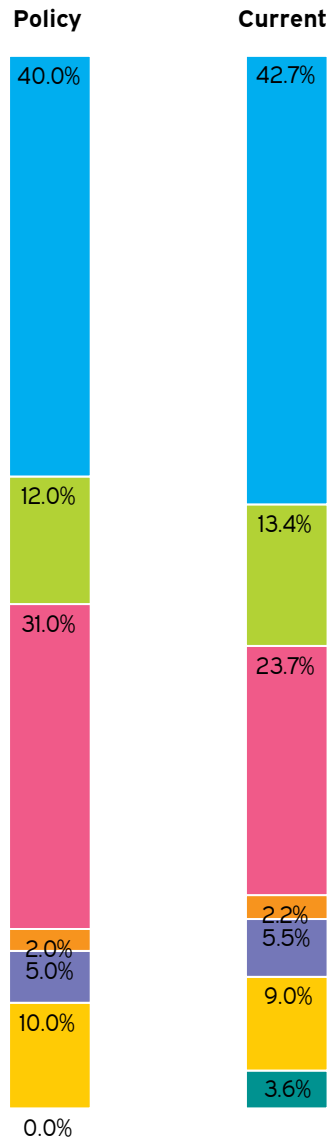
PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Oakland Police and Fire Retirement System

June 26, 2024

May Flash Report

As of May 31, 2024



Allocation vs. Targets and Policy						
	Current Balance (\$)	Current (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	192,308,387	42.7	40.0	2.7	30.0 - 50.0	Yes
International Equity	60,589,951	13.4	12.0	1.4	8.0 - 14.0	Yes
Fixed Income	106,643,153	23.7	31.0	-7.3	25.0 - 40.0	No
Credit	10,037,007	2.2	2.0	0.2	1.0 - 3.0	Yes
Covered Calls	24,646,078	5.5	5.0	0.5	5.0 - 10.0	Yes
Crisis Risk Offset	40,362,148	9.0	10.0	-1.0	5.0 - 15.0	Yes
Cash	16,226,577	3.6	0.0	3.6	0.0 - 5.0	Yes
Total	450,813,301	100.0	100.0	0.0		

Asset Class Performance Summary | As of May 31, 2024

Asset Class Performance Summary												
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
OPFRS Total Plan	450,813,301	100.0	2.7	-0.5	4.4	9.8	13.9	2.5	7.1	6.6	6.7	Dec-88
<i>OPFRS Policy Benchmark</i>			<i>2.9</i>	<i>-0.1</i>	<i>5.1</i>	<i>10.8</i>	<i>14.7</i>	<i>3.2</i>	<i>7.5</i>	<i>6.9</i>	<i>8.0</i>	
Excess Return			-0.2	-0.4	-0.7	-1.0	-0.8	-0.7	-0.4	-0.3	-1.3	
Domestic Equity	192,308,387	42.7	3.8	-1.0	7.1	15.4	23.4	5.7	12.8	11.0	9.1	Jun-97
<i>Russell 3000 (Blend)</i>			<i>4.7</i>	<i>0.1</i>	<i>10.1</i>	<i>19.4</i>	<i>27.6</i>	<i>7.8</i>	<i>15.0</i>	<i>12.1</i>	<i>9.5</i>	
Excess Return			-0.9	-1.1	-3.0	-4.0	-4.2	-2.1	-2.2	-1.1	-0.4	
International Equity	60,589,951	13.4	3.3	0.9	7.4	14.8	20.8	2.6	8.1	5.4	5.6	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			<i>2.9</i>	<i>1.1</i>	<i>5.8</i>	<i>11.7</i>	<i>16.7</i>	<i>0.3</i>	<i>6.8</i>	<i>4.0</i>	<i>5.3</i>	
Excess Return			0.4	-0.2	1.6	3.1	4.1	2.3	1.3	1.4	0.3	
Fixed Income	106,643,153	23.7	1.8	-0.9	-1.3	1.9	1.7	-2.7	0.2	1.7	4.4	Jan-94
<i>Bloomberg Universal (Blend)</i>			<i>1.7</i>	<i>-0.7</i>	<i>-1.2</i>	<i>2.5</i>	<i>2.4</i>	<i>-2.7</i>	<i>0.2</i>	<i>1.6</i>	<i>4.5</i>	
Excess Return			0.1	-0.2	-0.1	-0.6	-0.7	0.0	0.0	0.1	-0.1	
Credit	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>Blmbg. U.S. Corp: High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.2</i>	<i>4.3</i>	<i>4.8</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.5	--	0.3	
Covered Calls	24,646,078	5.5	3.5	1.6	7.9	13.7	18.3	8.3	12.3	9.3	9.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.4	1.9	2.2	6.7	9.0	3.2	6.1	3.7	3.7	
Crisis Risk Offset	40,362,148	9.0	-0.4	-0.7	2.7	1.6	3.0	-1.7	-6.2	--	-6.7	Aug-18
<i>Crisis Risk Offset Benchmark</i>			<i>0.3</i>	<i>-0.9</i>	<i>4.4</i>	<i>4.1</i>	<i>5.7</i>	<i>4.3</i>	<i>0.9</i>	<i>--</i>	<i>0.8</i>	
Excess Return			-0.7	0.2	-1.7	-2.5	-2.7	-6.0	-7.1	--	-7.5	

Performance shown is net of fees, except for Total Plan, Domestic Equity, and International Equity composites which have a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investment's initial funding. Fiscal year begins on July 1. Please see Benchmark History section for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
OPFRS Total Plan	450,813,301	100.0	2.7	-0.5	4.4	9.8	13.9	2.5	7.1	6.6	6.7	Dec-88
<i>OPFRS Policy Benchmark</i>			2.9	-0.1	5.1	10.8	14.7	3.2	7.5	6.9	8.0	
Excess Return			-0.2	-0.4	-0.7	-1.0	-0.8	-0.7	-0.4	-0.3	-1.3	
Domestic Equity	192,308,387	42.7	3.8	-1.0	7.1	15.4	23.4	5.7	12.8	11.0	9.1	Jun-97
<i>Russell 3000 (Blend)</i>			4.7	0.1	10.1	19.4	27.6	7.8	15.0	12.1	9.5	
Excess Return			-0.9	-1.1	-3.0	-4.0	-4.2	-2.1	-2.2	-1.1	-0.4	
Northern Trust Russell 1000	97,574,721	21.6	4.7	0.3	10.6	19.9	28.0	8.3	15.3	12.3	13.8	Jun-10
<i>Russell 1000 Index</i>			4.7	0.3	10.6	19.9	28.0	8.5	15.4	12.4	13.9	
Excess Return			0.0	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.1	-0.1	
EARNEST Partners	39,650,954	8.8	1.5	-4.6	2.9	10.8	19.1	3.4	12.1	11.1	9.4	Apr-06
<i>Russell Midcap Index</i>			2.9	-2.7	5.7	13.6	23.1	3.1	11.1	9.5	8.9	
Excess Return			-1.4	-1.9	-2.8	-2.8	-4.0	0.3	1.0	1.6	0.5	
Wellington Select Quality Equity	25,560,835	5.7	2.9	-0.6	4.5	9.4	15.8	--	--	--	7.4	May-22
<i>Russell 1000 Index</i>			4.7	0.3	10.6	19.9	28.0	8.5	15.4	12.4	13.8	
Excess Return			-1.8	-0.9	-6.1	-10.5	-12.2	--	--	--	-6.4	
Brown Fundamental Small Cap Value	13,501,119	3.0	4.9	0.1	5.2	19.7	30.0	5.8	--	--	7.5	Apr-21
<i>Russell 2000 Value Index</i>			4.7	-2.0	0.8	12.8	21.8	-0.2	8.8	6.9	1.5	
Excess Return			0.2	2.1	4.4	6.9	8.2	6.0	--	--	6.0	
Rice Hall James	16,020,757	3.6	4.9	-1.2	4.1	8.2	15.7	-2.5	7.2	--	6.9	Aug-17
<i>Russell 2000 Growth Index</i>			5.4	-2.8	4.6	9.3	18.4	-3.3	7.8	8.1	7.4	
Excess Return			-0.5	1.6	-0.5	-1.1	-2.7	0.8	-0.6	--	-0.5	

Performance shown is net of fees, except for Total Plan and Domestic Equity which have a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
International Equity	60,589,951	13.4	3.3	0.9	7.4	14.8	20.8	2.6	8.1	5.4	5.6	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			2.9	1.1	5.8	11.7	16.7	0.3	6.8	4.0	5.3	
Excess Return			0.4	-0.2	1.6	3.1	4.1	2.3	1.3	1.4	0.3	
Vanguard Developed Markets ETF	16,984,353	3.8	4.7	1.1	6.5	12.7	17.7	2.1	8.2	4.8	8.2	Sep-19
<i>FTSE Developed All Cap ex-U.S. Index</i>			3.6	0.8	6.0	13.0	18.0	2.3	8.4	5.0	8.4	
Excess Return			1.1	0.3	0.5	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	
SGA ACWI ex-U.S. Equity	43,605,599	9.7	2.8	0.8	7.8	15.7	22.4	2.9	--	--	5.8	Dec-19
<i>MSCI AC World ex USA (Net)</i>			2.9	1.1	5.8	11.7	16.7	0.3	6.8	4.0	5.6	
Excess Return			-0.1	-0.3	2.0	4.0	5.7	2.6	--	--	0.2	
Fixed Income	106,643,153	23.7	1.8	-0.9	-1.3	1.9	1.7	-2.7	0.2	1.7	4.4	Jan-94
<i>Bloomberg Universal (Blend)</i>			1.7	-0.7	-1.2	2.5	2.4	-2.7	0.2	1.6	4.5	
Excess Return			0.1	-0.2	-0.1	-0.6	-0.7	0.0	0.0	0.1	-0.1	
Ramirez	72,299,354	16.0	1.7	-0.9	-1.4	1.8	1.6	-2.9	0.0	--	1.4	Jan-17
<i>Blmbg. U.S. Aggregate Index</i>			1.7	-0.9	-1.6	1.7	1.3	-3.1	-0.2	1.3	1.0	
Excess Return			0.0	0.0	0.2	0.1	0.3	0.2	0.2	--	0.4	
Wellington Core Bond	6,939,217	1.5	1.9	-0.6	-0.8	3.2	3.0	-2.9	--	--	-2.4	Apr-21
<i>Blmbg. U.S. Aggregate Index</i>			1.7	-0.9	-1.6	1.7	1.3	-3.1	-0.2	1.3	-2.6	
Excess Return			0.2	0.3	0.8	1.5	1.7	0.2	--	--	0.2	
Reams	27,404,582	6.1	1.9	-0.8	-1.3	1.9	1.7	-2.3	2.4	2.7	4.8	Feb-98
<i>Bloomberg Universal (Blend)</i>			1.7	-0.7	-1.2	2.5	2.4	-2.7	0.2	1.6	4.1	
Excess Return			0.2	-0.1	-0.1	-0.6	-0.7	0.4	2.2	1.1	0.7	

Performance shown is net of fees, except for International Equity composite which has a mix of gross and net of fees performance. Please see the Addendum for more details. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Credit	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>Blmbg. U.S. Corp: High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.2</i>	<i>4.3</i>	<i>4.8</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.5	--	0.3	
Polen Capital	10,037,007	2.2	0.9	0.5	3.5	9.1	11.2	3.6	4.7	--	5.1	Feb-15
<i>ICE BofA U.S. High Yield Index</i>			<i>1.1</i>	<i>0.1</i>	<i>1.6</i>	<i>9.4</i>	<i>11.2</i>	<i>1.8</i>	<i>4.0</i>	<i>4.2</i>	<i>4.7</i>	
Excess Return			-0.2	0.4	1.9	-0.3	0.0	1.8	0.7	--	0.4	
Covered Calls	24,646,078	5.5	3.5	1.6	7.9	13.7	18.3	8.3	12.3	9.3	9.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.4	1.9	2.2	6.7	9.0	3.2	6.1	3.7	3.7	
Parametric BXM	11,999,784	2.7	3.0	1.4	7.2	11.5	14.4	7.0	9.4	7.4	7.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			1.9	1.7	1.5	4.5	5.1	1.9	3.2	1.8	1.7	
Parametric DeltaShift	12,646,294	2.8	4.0	1.7	8.5	15.9	22.4	9.4	15.0	11.4	11.5	Apr-14
<i>Cboe S&P 500 Buy Write Index</i>			<i>1.1</i>	<i>-0.3</i>	<i>5.7</i>	<i>7.0</i>	<i>9.3</i>	<i>5.1</i>	<i>6.2</i>	<i>5.6</i>	<i>5.8</i>	
Excess Return			2.9	2.0	2.8	8.9	13.1	4.3	8.8	5.8	5.7	

Performance shown is net of fees. Since inception date and performance begin in the month following an investments initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

Asset Class & Manager Performance | As of May 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Crisis Risk Offset	40,362,148	9.0	-0.4	-0.7	2.7	1.6	3.0	-1.7	-6.2	--	-6.7	Aug-18
<i>Crisis Risk Offset Benchmark</i>			<i>0.3</i>	<i>-0.9</i>	<i>4.4</i>	<i>4.1</i>	<i>5.7</i>	<i>4.3</i>	<i>0.9</i>	<i>--</i>	<i>0.8</i>	
Excess Return			<i>-0.7</i>	<i>0.2</i>	<i>-1.7</i>	<i>-2.5</i>	<i>-2.7</i>	<i>-6.0</i>	<i>-7.1</i>	<i>--</i>	<i>-7.5</i>	
Kepos Alternative Risk Premia	12,355,995	2.7	0.2	2.3	13.5	17.9	20.4	--	--	--	9.5	Feb-22
<i>SG Multi Alternative Risk Premia Index</i>			<i>0.3</i>	<i>0.9</i>	<i>8.3</i>	<i>11.4</i>	<i>14.6</i>	<i>7.0</i>	<i>2.4</i>	<i>--</i>	<i>8.1</i>	
Excess Return			<i>-0.1</i>	<i>1.4</i>	<i>5.2</i>	<i>6.5</i>	<i>5.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>1.4</i>	
Versor Trend Following	15,340,589	3.4	-3.3	-0.8	3.0	-1.4	0.8	--	--	--	1.0	Apr-22
<i>SG Trend Index</i>			<i>-2.3</i>	<i>-0.5</i>	<i>11.7</i>	<i>6.9</i>	<i>9.1</i>	<i>10.6</i>	<i>10.5</i>	<i>6.4</i>	<i>7.0</i>	
Excess Return			<i>-1.0</i>	<i>-0.3</i>	<i>-8.7</i>	<i>-8.3</i>	<i>-8.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-6.0</i>	
Vanguard Long-Term Treasury ETF	12,665,563	2.8	2.8	-3.2	-6.3	-7.3	-7.2	-9.8	-4.4	0.4	-4.7	Jul-19
<i>Blmbg. U.S. Gov Long Index</i>			<i>2.9</i>	<i>-3.4</i>	<i>-6.5</i>	<i>-7.1</i>	<i>-7.1</i>	<i>-9.9</i>	<i>-4.3</i>	<i>0.4</i>	<i>-4.6</i>	
Excess Return			<i>-0.1</i>	<i>0.2</i>	<i>0.2</i>	<i>-0.2</i>	<i>-0.1</i>	<i>0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>-0.1</i>	
Cash	16,226,577	3.6	0.2	0.2	0.2	0.2	0.2	0.1	0.6	0.7	0.5	Mar-11

Performance shown is net of fees. Since inception date and performance begin in the month following an investment's initial funding. Fiscal year begins on July 1. Please see the Benchmark History for custom benchmark compositions.

**Cash Flow Summary
Month to Date**

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Northern Trust Russell 1000	93,190,631	-	4,384,091	97,574,721
EARNEST Partners	39,040,870	-	610,084	39,650,954
Wellington Select Quality Equity	24,837,784	-	723,050	25,560,835
Brown Fundamental Small Cap Value	12,871,867	-	629,252	13,501,119
Rice Hall James	15,257,754	-	763,003	16,020,757
Vanguard Developed Markets ETF	16,227,558	-	756,795	16,984,353
SGA ACWI ex-U.S. Equity	42,400,968	-	1,204,630	43,605,599
Ramirez	71,056,295	-	1,243,059	72,299,354
Wellington Core Bond	6,811,122	-	128,095	6,939,217
Reams	26,893,477	-	511,105	27,404,582
Polen Capital	9,946,240	-	90,768	10,037,007
Parametric BXM	12,144,889	-500,000	354,895	11,999,784
Parametric DeltaShift	12,652,512	-500,000	493,782	12,646,294
Kepos Alternative Risk Premia	12,330,057	-	25,938	12,355,995
Versor Trend Following	15,863,198	-	-522,609	15,340,589
Vanguard Long-Term Treasury ETF	12,358,600	-	306,963	12,665,563
Cash - Money Market	5,462,041	164,286	35,249	5,661,577
Cash - Treasury	10,436,000	129,000	-	10,565,000
Securities Lending Northern Trust	-	-9,604	9,604	-
OPFRS Total Plan	439,781,863	-716,318	11,747,756	450,813,301

Benchmark History		
From Date	To Date	Benchmark
OPFRS Total Plan		
06/01/2022	Present	40.0% Russell 3000 Index, 12.0% MSCI AC World ex USA (Net), 31.0% Blmbg. U.S. Universal Index, 2.0% Blmbg. U.S. Corp: High Yield Index, 5.0% Cboe S&P 500 Buy Write Index, 10.0% Crisis Risk Offset Benchmark
01/01/2019	06/01/2022	40.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 31.0% Blmbg. U.S. Universal Index, 5.0% Cboe S&P 500 Buy Write Index, 2.0% Blmbg. U.S. Treasury: Long, 10.0% Crisis Risk Offset Benchmark
05/01/2016	01/01/2019	48.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 20.0% CBOE BXM
10/01/2015	05/01/2016	43.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 15.0% CBOE BXM, 10.0% CPI - All Urban Consumers (unadjusted) +3%
01/01/2014	10/01/2015	48.0% Russell 3000 Index, 12.0% MSCI AC World ex USA index, 20.0% Blmbg. U.S. Universal Index, 10.0% CBOE BXM, 10.0% CPI - All Urban Consumers (unadjusted) +3%
03/01/2013	01/01/2014	40.0% Russell 3000 Index, 10.0% MSCI AC World ex USA index, 17.0% Blmbg. U.S. Universal Index, 33.0% ICE BofA 3 Month U.S. T-Bill
08/01/2012	03/01/2013	20.0% Russell 3000 Index, 7.0% MSCI AC World ex USA index, 18.0% Blmbg. U.S. Universal Index, 55.0% ICE BofA 3 Month U.S. T-Bill
10/01/2007	08/01/2012	53.0% Russell 3000 Index, 17.0% MSCI AC World ex USA index, 30.0% Blmbg. U.S. Universal Index
04/01/2006	10/01/2007	35.0% Russell 3000 Index, 15.0% MSCI AC World ex USA index, 50.0% Blmbg. U.S. Universal Index
01/01/2005	04/01/2006	35.0% Russell 3000 Index, 50.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI AC World ex USA index
04/01/1998	01/01/2005	20.0% Russell 1000 Value Index, 10.0% Russell 1000 Index, 5.0% Russell Midcap Index, 50.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI EAFE (Net)
09/01/1988	04/01/1998	40.0% S&P 500 Index, 55.0% Blmbg. U.S. Aggregate Index, 5.0% FTSE 3 Month T-Bill

Benchmark History

From Date	To Date	Benchmark
Domestic Equity		
01/01/2005	Present	100.0% Russell 3000 Index
04/01/1998	01/01/2005	57.1% Russell 1000 Value Index, 28.6% Russell 1000 Index, 14.3% Russell Midcap Index
09/01/1988	04/01/1998	100.0% S&P 500 Index
International Equity		
01/01/2005	Present	100.0% MSCI AC World ex USA (Net)
01/01/1998	01/01/2005	100.0% MSCI EAFE Index
Fixed Income		
04/01/2006	Present	100.0% Blmbg. U.S. Universal Index
01/01/1976	04/01/2006	100.0% Blmbg. U.S. Aggregate Index
Covered Calls		
04/01/2014	Present	Cboe S&P 500 Buy Write Index
Crisis Risk Offset		
01/01/2023	Present	33.3% SG Trend Index, 33.3% SG Multi Alternative Risk Premia Index, 33.3% Blmbg. U.S. Government: Long Term Bond Index
08/01/2018	01/01/2023	100.0% SG Multi Alternative Risk Premia Index
Cash		
03/01/2011	Present	FTSE 3 Month T-Bill

Additional Information

Performance Return Types: Performance shown is net of fees, except for OPFRS Total Plan, Domestic Equity, and International Equity Composites, which have a mix of gross and net of fees performance. Performance shown for OPFRS Total Plan and International Equity composite is gross of fees prior to January 2016. Performance shown for Domestic Equity composite is gross of fees prior to January 2017.

Inception Date: Since inception date and performance begin in the month following an investments initial funding.

Fiscal Year: Fiscal year begins on July 1.

Fair Value Pricing Methodology: Though Vanguard Developed Markets ETF is a passive strategy, short-term performance may appear to diverge from the index it tracks more than would be expected. This is due to Fair Value Pricing (FVP) adjustments that address the pricing discrepancies that may arise from time-zone differences among global securities markets. The resulting temporary divergence is expected to correct itself when the foreign markets reopen.

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.

Oakland Police and Fire Retirement System

June 26, 2024

Recommendation for
Jul to Sep 2024 Cash Flows

Asset Class / Manager Liquidity

Asset Class	Fund	Liquidity Tier
US Equity	Northern Trust Russell 1000	1
US Equity	EARNEST Partners	3
US Equity	Wellington Select Quality Equity	3
US Equity	Rice Hall James	3
US Equity	Brown Small Cap Value	3
International Equity	SGA MSCI ACWI ex US	3
International Equity	Vanguard Developed Market	1
Fixed Income	Ramirez	2
Fixed Income	Reams	2
Fixed Income	Wellington Core Bond	3
Credit	Polen Capital High Yield	2
Covered Calls	Parametric	2
Crisis Risk Offset	Vanguard Long Treasury	1
Crisis Risk Offset	Versor Trend Following	3
Crisis Risk Offset	Kepos Alternative Risk Premia	3
Cash	Cash	1

Description of Liquidity Tiers

Tier	Description	Market Value (\$M)	In Months ¹
1	Public, Scheduled Withdrawal Allowances	143.5	23.9
2	Public, Accommodating of Withdrawals	134.4	22.4
3	Public, Must Plan Withdrawals	173.0	28.8
4	Closely Held	0.0	---
Total		450.8	

¹ Illustrates Liquidity in Months assuming a net outflow of \$6 million per month; that is, the illustrated figure demonstrates the number of months it would take to withdraw \$6 million per month from each liquidity tier.

Oakland PFRS Asset Allocation as of May 31, 2024¹

	Current Market Value		Interim Target ²	Variance		Actual Cash Flows for Current Quarter Payments		Suggested Cash Flows for Next Quarter Payments	
	(\$M)	(%)	(%)	(\$M)	(%)	Inflow (\$M)	Outflow (\$M)	Inflow (\$M)	Outflow (\$M)
Northern Trust Russell 1000	97.6	21.6%	--	--	--	--	--	--	--
EARNEST Partners	39.7	8.8%	--	--	--	--	--	--	--
Wellington Select Quality Equity	25.6	5.7%	--	--	--	--	--	--	--
Rice Hall James	16.0	3.6%	--	--	--	--	--	--	--
Brown Small Cap Value	13.5	3.0%	--	--	--	--	--	--	--
US Equity	192.3	42.7%	39.0%	16.5	3.7%	--	--	--	--
SGA MSCI ACWI ex US	43.6	9.7%	--	43.6	9.7%	--	--	--	--
Vanguard Developed Markets	17.0	3.8%	--	17.0	3.8%	--	--	--	--
International Equity	60.6	13.4%	10.0%	15.5	3.4%	--	--	--	--
Total Equity (US & International)	252.9	56.1%	49.0%	32.0	7.1%	--	--	--	--
Parametric	24.6	5.5%	0.0%	24.6	5.5%	--	(3.0)	--	(4.5)
Covered Calls	24.6	5.5%	0.0%	24.6	5.5%	--	(3.0)	--	(4.5)
Vanguard Long Treasury	12.7	2.8%	3.0%	(0.9)	(0.2%)	--	--	--	--
Versor Trend Following	15.3	3.4%	3.0%	1.8	0.4%	--	--	--	--
Kepos Alternative Risk Premia	12.4	2.7%	3.0%	(1.2)	(0.3%)	--	--	--	--
Crisis Risk Offset	40.4	9.0%	9.0%	(0.2)	(0.0%)	--	--	--	--
Ramirez	72.3	16.0%	--	--	--	--	--	--	--
Reams	27.4	6.1%	--	--	--	--	--	--	--
Wellington Core Bond	6.9	1.5%	--	--	--	--	--	--	--
Polen Capital High Yield	10.0	2.2%	--	--	--	--	--	--	--
Fixed Income (IG & Credit)	116.6	25.9%	42.0%	(72.7)	(16.1%)	--	--	--	--
Cash	16.2	3.6%	0.0%	16.2	3.6%	10.2	(10.2)	8.7	(8.7)
Fixed Income & Cash	132.9	29.5%	42.0%	(56.4)	(12.5%)	10.2	(10.2)	8.7	(8.7)
Total Portfolio	450.8	100.0%	100.0%	--	--	10.2	(13.2)	8.7	(13.2)

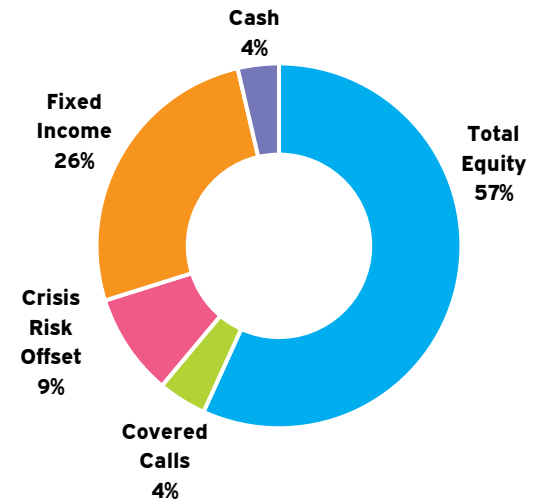
¹ Throughout this report, benefit payments and expenses are estimated at \$13.2 million quarterly for FYE2024 and FYE2025 per OPFRS. The report reflects estimated quarterly contributions from the City of \$10.2 million for FYE2024 and \$8.7 million for FYE2025, estimated based on prior fiscal year's actuarial valuations. Benefits are payable on first of each month.

² The interim targets reflect the targets for the 2nd half of 2024 transitioning towards upon the long-term targets adopted in 2024 Q1. Some manager/product targets and variances are omitted due to ongoing asset class reviews and transition planning.

Market Value by Portfolio Segment Before Cash Flows

Portfolio Segment	Market Value (\$M)
US Equity	192.3
International Equity	60.6
Covered Calls	24.6
Crisis Risk Offset	40.4
Fixed Income (IG & Credit)	116.7
Cash	16.2
Total Portfolio	450.8

Projected Allocations After Cash Flows



Suggested Cash Withdrawals

Portfolio Segment	Market Value (\$M)
Cash in Treasury	8.7
Parametric	4.5
Total Withdrawal	13.2

Projected OPFRS Asset Allocation as of September 30, 2024¹

	Estimated Market Value		Interim Target (%)	Projected Variance from Target	
	(\$M)	(%)		(\$M)	(%)
Northern Trust Russell 1000	97.6	21.9%	--	--	--
EARNEST Partners	39.7	8.9%	--	--	--
Wellington Select Quality Equity	25.6	5.7%	--	--	--
Rice Hall James	16.0	3.6%	--	--	--
Brown Small Cap Value	13.5	3.0%	--	--	--
US Equity	192.3	43.2%	39.0%	18.6	4.2%
SGA MSCI ACWI ex US	43.6	9.8%	--	--	--
Vanguard Developed Markets	17.0	3.8%	--	--	--
International Equity	60.6	13.6%	10.0%	16.1	3.6%
Total Equity (US & International)	252.9	56.8%	49.0%	34.7	7.8%
Parametric	19.1	4.3%	0.0%	19.1	4.3%
Covered Calls	19.1	4.3%	0.0%	19.1	4.3%
Vanguard Long Treasury	12.7	2.8%	3.0%	(0.7)	(0.2%)
Versor Trend Following	15.3	3.4%	3.0%	2.0	0.4%
Kepos Alternative Risk Premia	12.4	2.8%	3.0%	(1.0)	(0.2%)
Crisis Risk Offset	40.4	9.1%	9.0%	0.3	0.1%
Ramirez	72.3	16.2%	--	--	--
Reams	27.4	6.2%	--	--	--
Wellington Core Bond	6.9	1.6%	--	--	--
Polen Capital High Yield	10.0	2.3%	--	--	--
Fixed Income (IG & Credit)	116.7	26.2%	42.0%	(70.4)	(15.8%)
Cash	16.2	3.6%	0.0%	16.2	3.6%
Fixed Income & Cash	132.9	29.8%	42.0%	(54.1)	(12.2%)
Total Portfolio	445.3	100.0%	100.0%	---	---

¹ Estimated ending market value accounts for the remaining one-month of benefit payments for the current quarter and expected cash flows for the following quarter. The interim targets reflect the targets for the 2nd half of 2024 transitioning towards upon the long-term targets adopted in 2024 Q1. Some manager/product targets and variances are omitted due to ongoing asset class reviews and transition planning.

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Oakland Police and Fire Retirement System

June 26, 2024

International Equity:
Active vs. Passive

Summary

- In the majority of market segments, active management has not added consistent value
- Difficult to identify persistent long-term outperforming managers before the fact
- Active management can add value in certain market segments
 - Research shows outperformance in certain segments is persistent (e.g. Non-US Equity and Core/Core Plus Fixed Income)
- Successful manager selection requires multi-tiered analysis
 - e.g., factoring macroeconomic trends
 - examining trends in fundamental characteristics
 - portfolio holding analysis
 - not based solely on (or over-emphasize) past performance

Pros and Cons

	Advantages	Disadvantages
Active	<ul style="list-style-type: none"> → Potential to beat the index → Potential for down market protection 	<ul style="list-style-type: none"> → Higher costs and fees → Risk and unpredictability → People/organization risk
Passive	<ul style="list-style-type: none"> → Reduced active management risk – no underperformance surprise risk → Close correlation to the policy benchmark → Low fees and low monitoring costs 	<ul style="list-style-type: none"> → No possibility for positive alpha → Possibility of underperforming the index due to implementation/fees → No downside protection
Hybrid-Passive	<ul style="list-style-type: none"> → Low-cost relative to active management → Potential for alpha → Increased transparency 	<ul style="list-style-type: none"> → Potential to underperform → Modest organizational risk

Attributes of a Good Benchmark

Representative

Benchmark is appropriate and relevant to the portfolio's investment strategy

Investable

Should be able to invest in all of the securities included in the benchmark

Transparent

Names and weights of securities comprising the benchmark are available and understandable

Measurable

Benchmark is readily calculable on a frequent basis

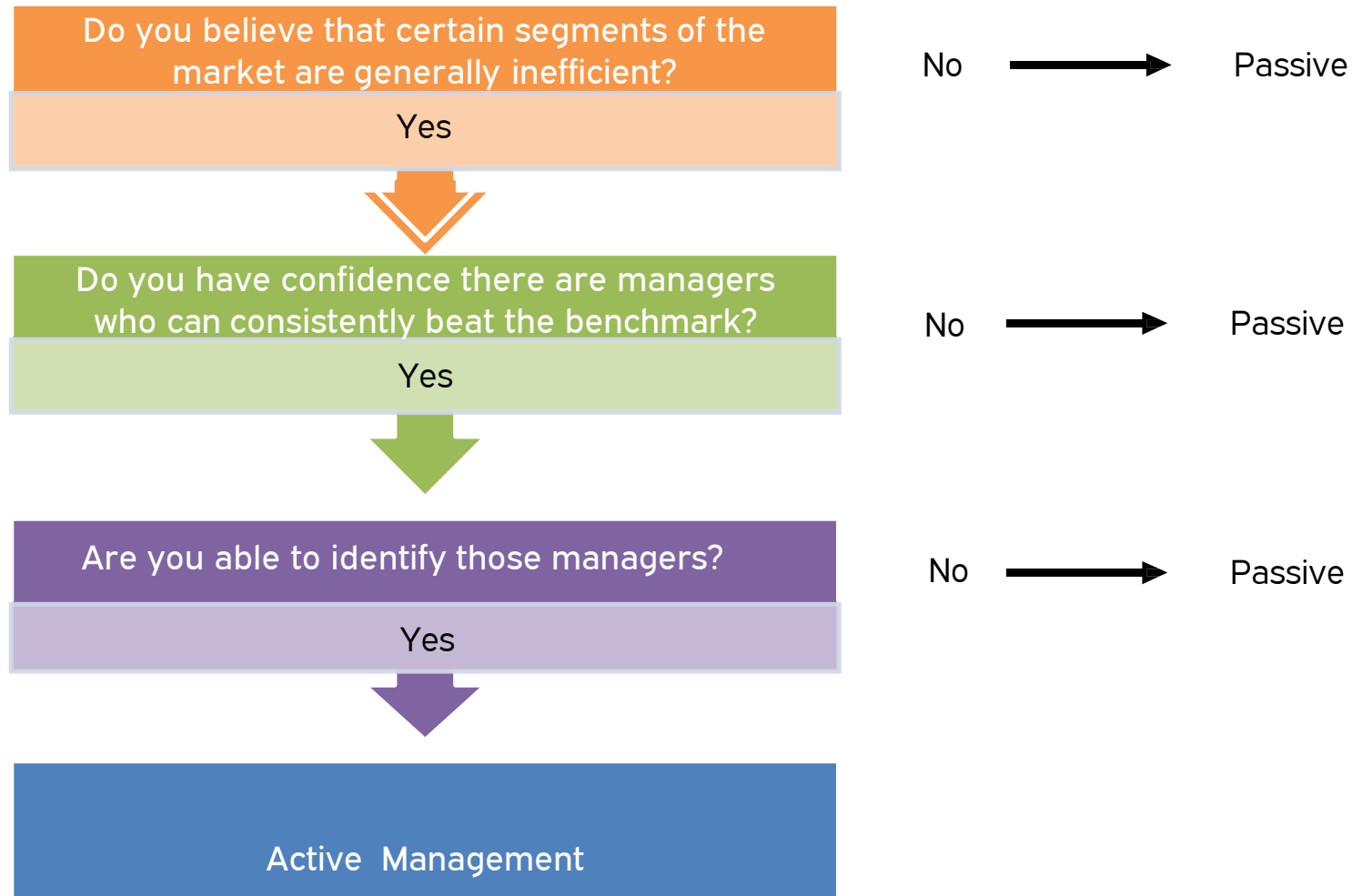
Independent

Calculated by an independent third party to ensure a fair comparison

Key Considerations

- Added value by active management can vary depending on market segment
- In the public investment markets, outperformance occurring more than 60% of the time is rare
- Empirical public-market evidence shows past winners have difficulty repeating success
 - Ability for active managers to outperform benchmarks is often cyclical
 - On average, it has been extremely difficult to capture persistent outperformance

Decision Making



→ Selecting active managers that will consistently outperform is extremely difficult

Other Considerations

Data

- Universe data has survivorship bias
- Universe returns are typically overstated
- Lack of transparency among managers
- Monitoring managers is costly

Benchmarking

- Some market segment benchmarks do not exhibit good benchmark attributes
- Benchmark replication is not realistic

Risk Tolerance

- Underperformance surprise risk
- People/organizational risks
- Potential for strategy drift

Conviction

- Confidence that active managers can provide consistent outperformance net of fees

Active Value Trends

Manager “Alpha” Since Inception, Gross of Fees¹

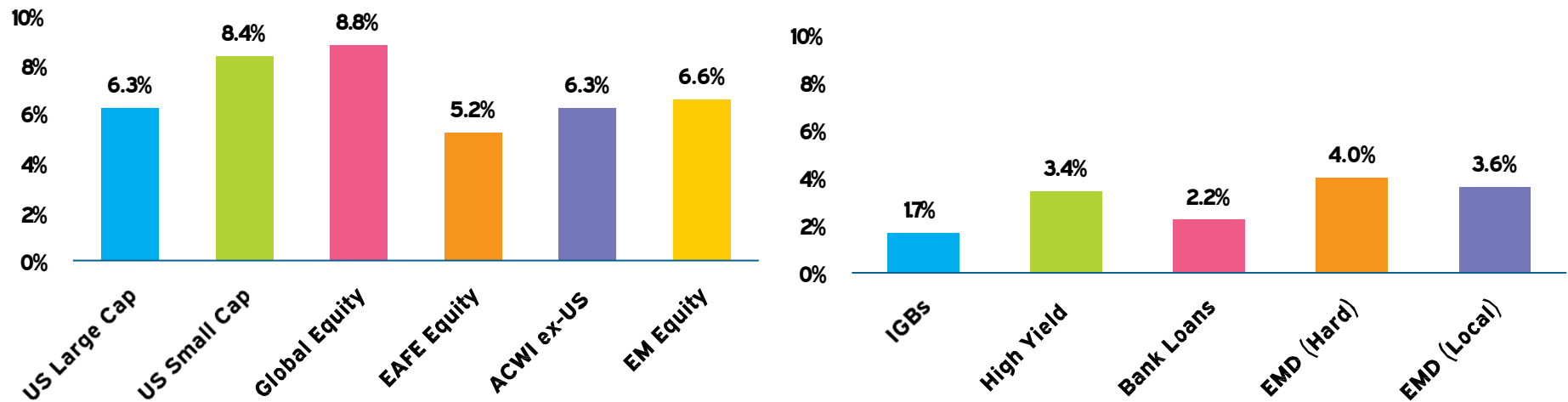
Asset Class	Median Excess Annualized Return (bp)	Average Number of Funds
Large Cap US Equity	-23	217
Small Cap US Equity	138	108
Global Equity	88	78
EAFE Equity	102	61
ACWI ex-US Equity	56	81
Emerging Market Equity	124	105

Asset Class	Median Excess Annualized Return (bp)	Average Number of Funds
Investment Grade Bonds	22	94
High Yield Bonds	15	121
Bank Loans	16	34
Emerging Market Debt (Hard)	114	36
Emerging Market Debt (Local)	63	24

- In most public market asset classes, the median manager’s “alpha” is positive, before fees
- The asset classes with the highest median outperformance were US small cap equity, EAFE equity, emerging market equity, and emerging market debt (hard currency)
 - The highest outperforming asset classes are those considered to be less efficient, though they often tend to be associated with higher fees

¹ Source: Morningstar This table represents manager returns over one year minus the benchmark return for the period where data is available. Inception date starts when there are at least 10 funds to evaluate.

Average Interquartile Spread Since Inception, Gross of Fees¹



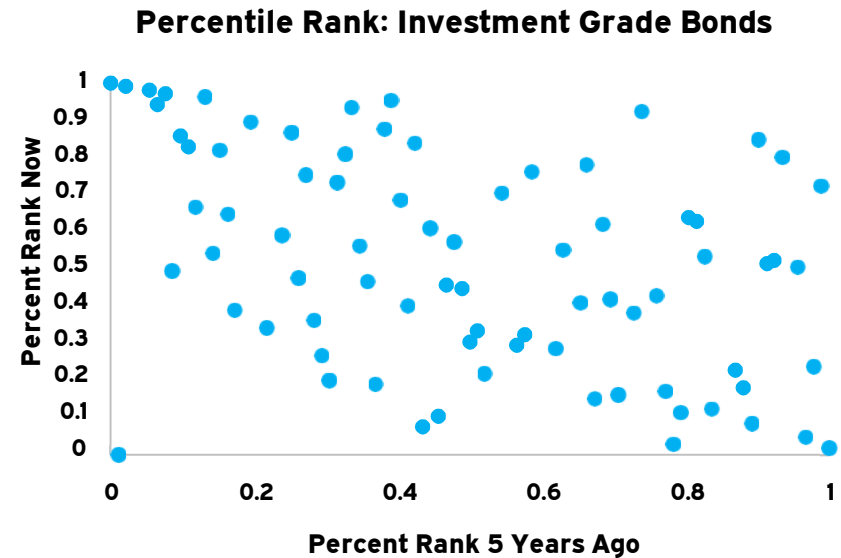
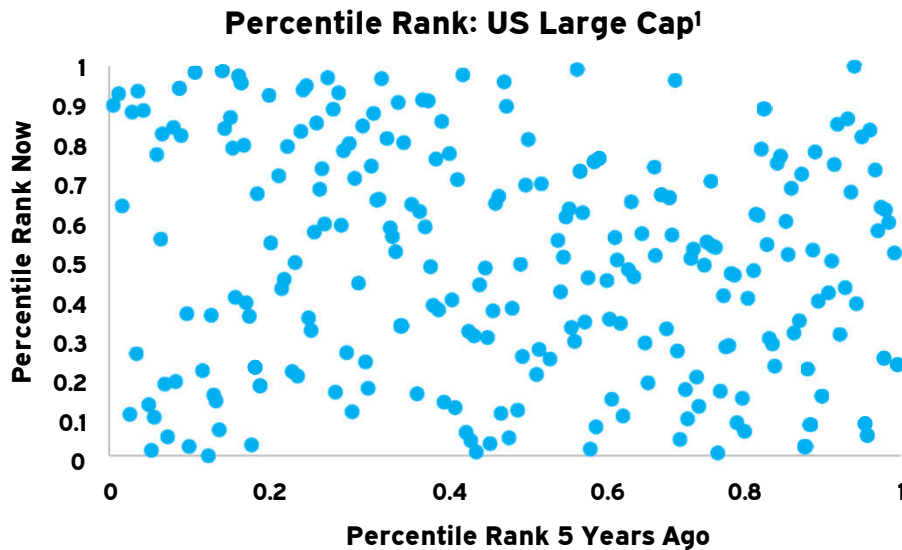
→ Return dispersion is an important aspect in evaluating the potential for outperformance in an asset class

- Dispersion can be measured via the interquartile spread, which is the gap between the 25th and 75th percentile managers' performance
- It illustrates both the potential for adding value through good manager selection and the potential for value to be detracted by sub-par managers

→ Equity managers tend to have higher dispersion, partly due to the higher volatility of the asset class

¹ Source: Morningstar data as of December 31, 2022. Inception date starts when there are at least 10 funds to evaluate.

Persistence in Active Management



- Persistence shows how likely it is that a top performing (i.e., highly ranked) manager will stay at that level
 - The analysis above shows how a manager ranks relative to their peers at two different points in time
 - It compares the ranking of managers five years ago to their percentile ranking now
- In the many iterations we have done of this analysis, there is no apparent trend
 - This implies that past performance should not be counted on to predict future returns for a manager

¹ Source: Morningstar as of December 2022. Comparison derived from the 12-month excess return compared between December 2022 and five years prior. Note that, unlike the manager alpha analysis, this analysis requires that managers have been in existence for the entire period being measured.

Active Management Spectrum

- Active vs. Passive management is not binary; it should be viewed on a continuum
 - As such, portfolio construction should not be entirely active or entirely passive
- Sometimes active management is the only reasonable/prudent solution
- Many view basic tilts (rules based investment strategy used to deviate from a given index in order to provide excess returns) away from traditional benchmarks as active management; that should not be the default position
- DO NOT over-diversify with and overpay for active management

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Oakland Police and Fire Retirement System

June 26, 2024

Fixed Income Review

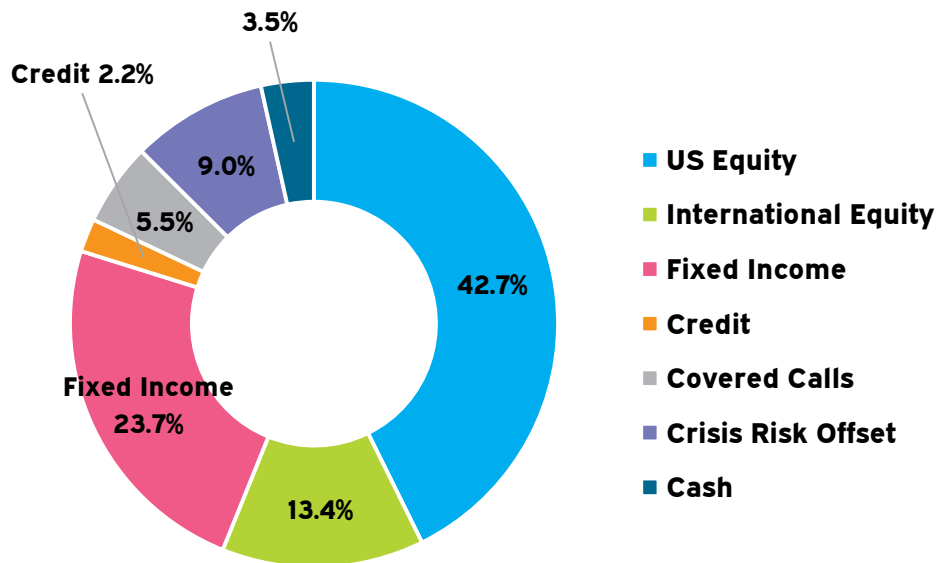
Agenda

1. Role of the Fixed Income: Investment Grade & Credit
2. Current Fixed Income Allocation
3. PFRS Manager Allocations
4. Recommendations and Next Steps

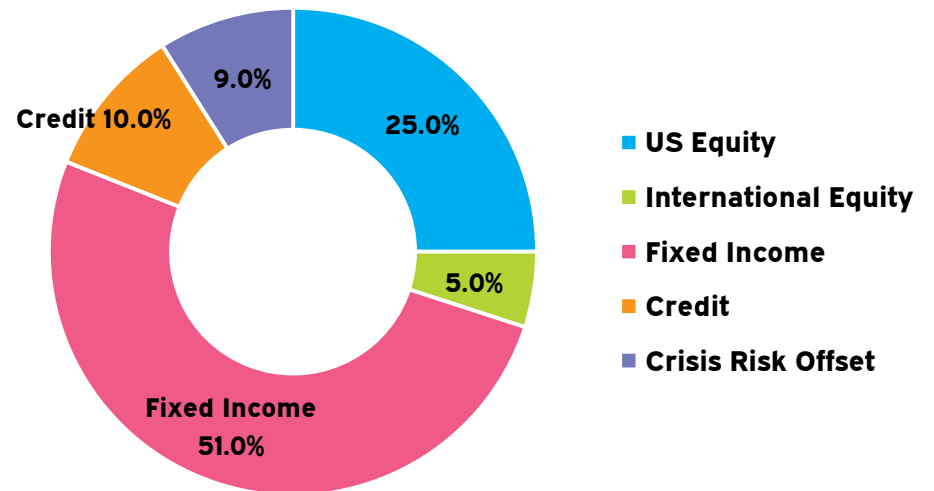
Background

- During 2024 Q1, the Board adopted a new long-term asset allocation policy as the result of the latest asset liability study.
- Fixed Income and Credit currently represents 26% of OPFRS allocation as of May 31, 2024. The new target allocation increases the exposure these two asset classes to 61%.

Actual Allocation as of May 31, 2024



Long-Term Target Allocation



Role of Fixed Income & Credit Allocation

Role of Fixed Income & Credit

- A diversifier
 - Exposure to fixed income reduces overall volatility
 - Non-equity factors drive fixed income performance
 - Lower returns than equities
- Protector of principal
 - However, real returns are modest for pure Fixed Income.
 - Credit component serves as the return-seeking element.
- Provides cash flow
 - Stable coupon payments

Fixed Income & Credit: Characteristics

- Fixed income securities are utilized within portfolios for numerous reasons:
 - Diversification benefits due to minimal correlations with equities
 - Principal protection, as demonstrated by less volatility compared to equities
 - Consistent income due to pre-determined coupon payments
 - Subtle capital appreciation when interest rates fall
- With interest rates rising, several of these benefits have deteriorated:
 - Upside scenarios for sustained capital appreciation (i.e., lower rates) are minimal
- Additionally, global risk markets have become increasingly correlated
 - Diversification benefits from fixed income securities have weakened
- Many investors seek additional yield through exposure to economic growth risk
 - Moving lower in corporate capital structures; investing in riskier companies
 - Result: Increased portfolio volatility and correlations to equities/growth risk
- Fixed income portfolios are now often more exposed to economic growth risk

Fixed Income & Credit: Risk/Return Characteristics

- Changes in interest rates drive fixed income and credit returns
 - Exposure to interest rates measured by “duration”
- Managers allocate assets along the yield curve versus the benchmark
 - Yield curve structures (bullet, ladder, barbell) can have significant impact on returns
- Credit risk is another factor that impacts returns
 - Managers typically pursue higher yields associated with higher credit risk
 - Higher yields do not necessarily translate into higher total returns
- Fixed income markets are undergoing dramatic change
 - No clear consensus of investment portfolio structural implications

Fixed Income & Credit Landscape

→ Credit Crisis of 2007-2009

- The recent credit crisis, characterized as a complete credit freeze, saw the worst credit market conditions since the Great Depression
- Fixed income across the spectrum reacted differently
- Safe bonds (e.g., U.S. Treasuries) provided principal protection
- Risky bonds (e.g., U.S. Corporates) suffered large losses
 - Moved in tandem with equity market

→ Lessons Learned

- Credit rating is not necessarily a good indication for relative safety
- Many managers had more risky assets (i.e. subprime) than intended
- Many managers were increasing their yields with low quality securities
- More focus on principal protection by active managers
- Risky asset performance was driven by equity factors
 - Loss of diversification benefit

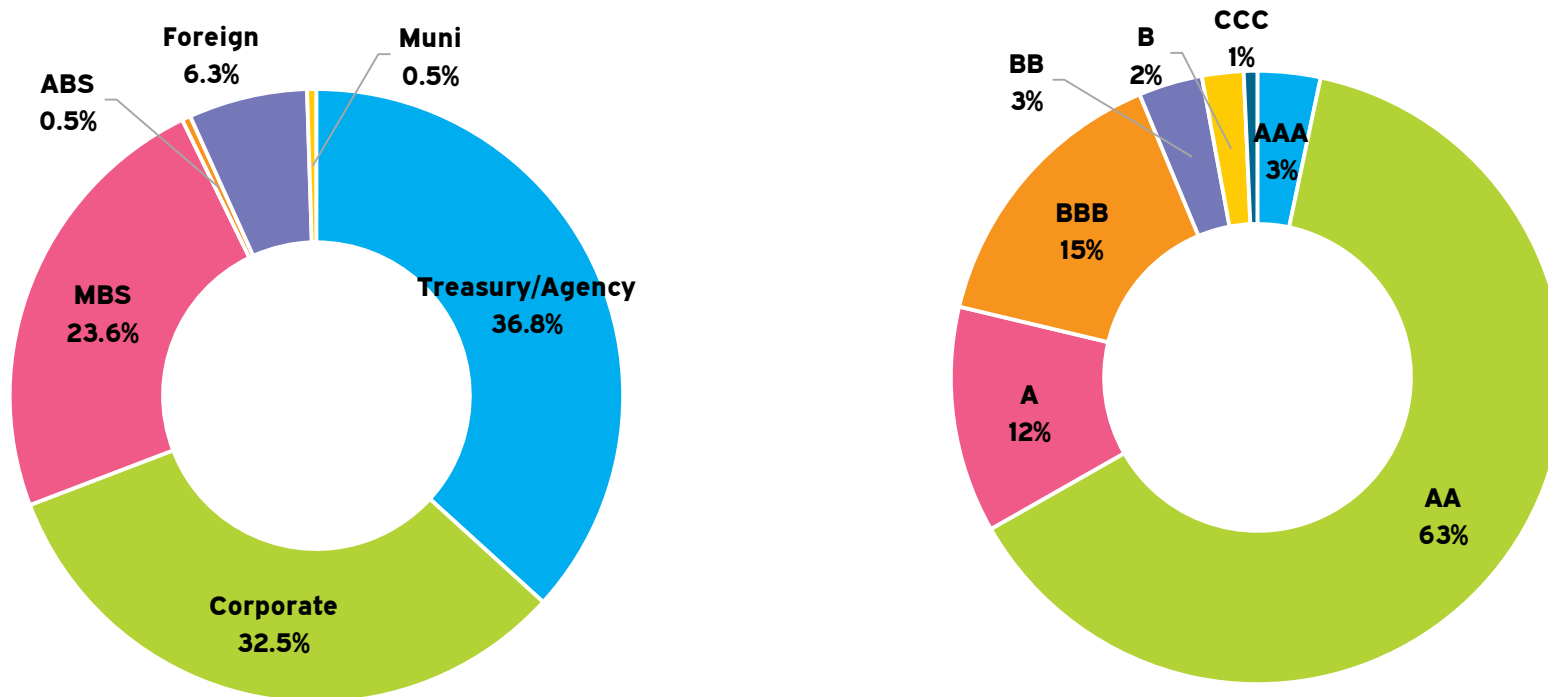
Fixed Income & Credit within OPFRS Portfolio

- Intent of the Fixed Income & Credit asset classes: “Liability Protection” or “Funded Status Protection” within overall portfolio
 - Source of liquidity for benefits and/or rebalancing
 - De minimis drawdowns
 - Maintain purchasing power over time
 - Modest absolute return
- Similar to an extended duration money market fund

Fixed Income Universe & Current Allocations

Bloomberg US Universal Index

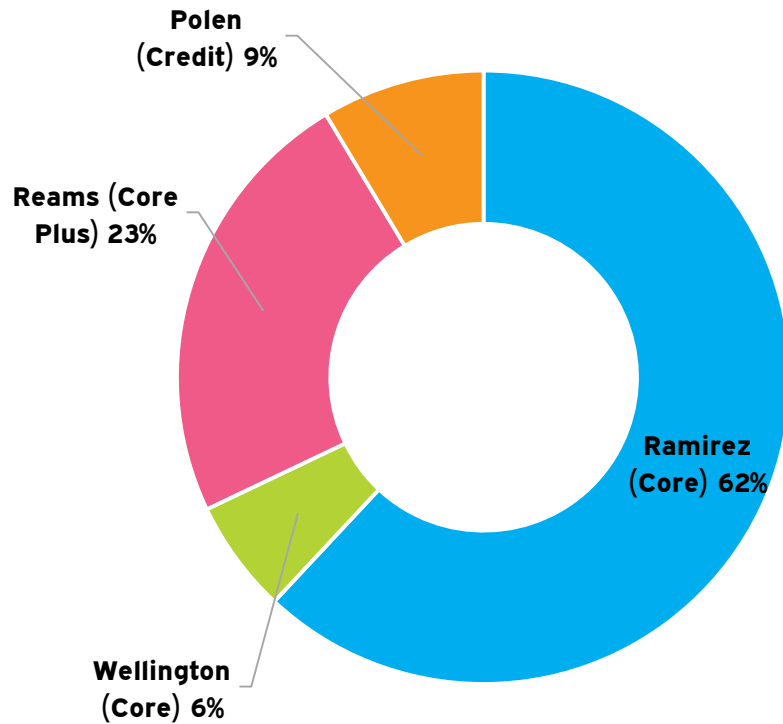
→ OPFRS's Fixed Income (ex Credit) portfolio has used Bloomberg US Universal Index as its composite benchmark.



Bloomberg US Universal Index	
Yield To Maturity (%)	5.1
Average Duration	6.0
Avg. Quality	AA

The sector and credit quality allocation and characteristics data is as of March 31, 2024.

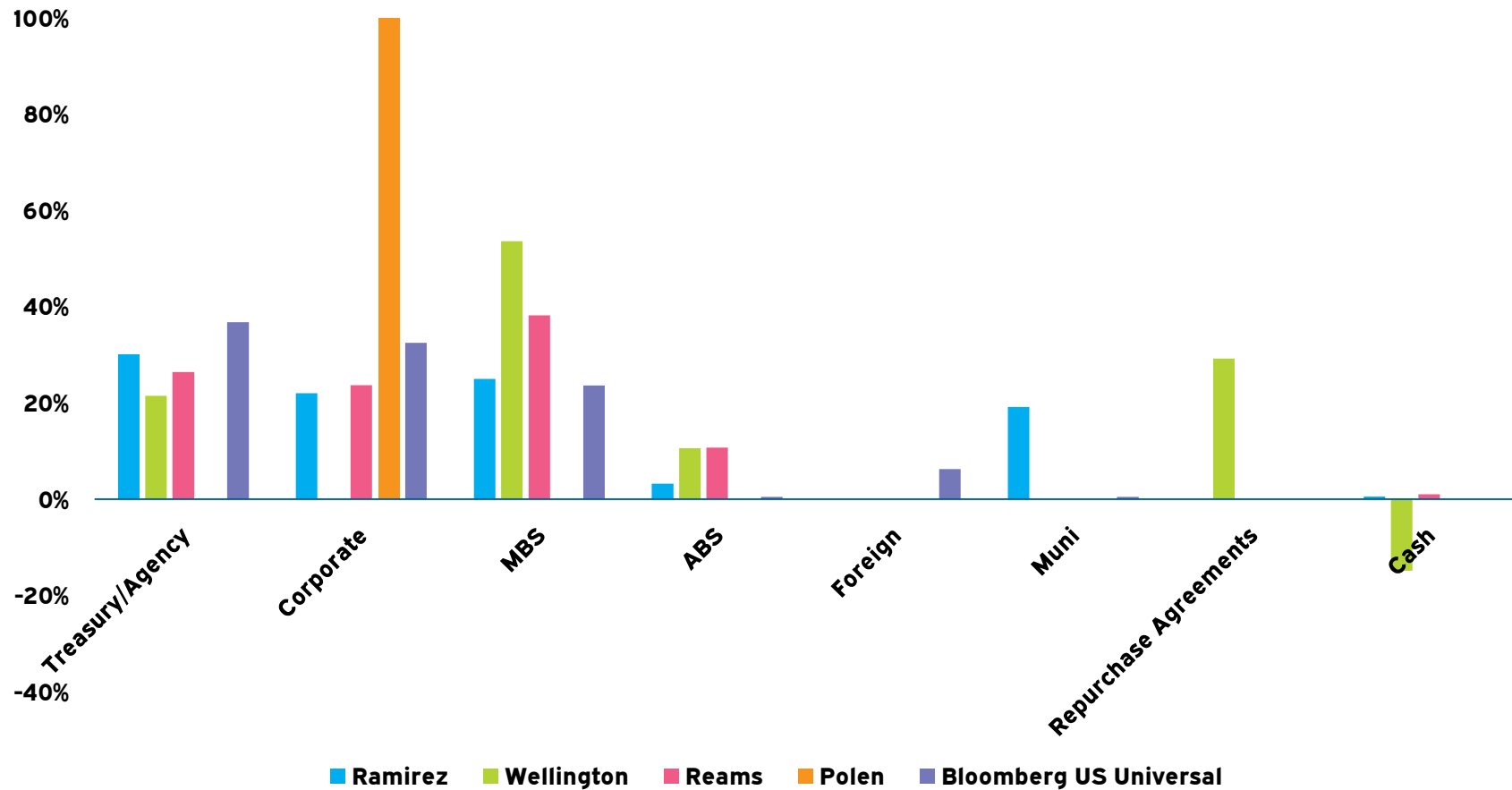
Current Fixed Income & Credit Managers



Characteristics	Portfolio	Bbg US Universal
Yield To Maturity (%)	5.5	5.1
Average Duration	5.9	6.0
Avg. Quality	A-AA	AA

The portfolio allocation data is as of May 31, 2024 and the portfolio characteristics data is as of March 31, 2024.

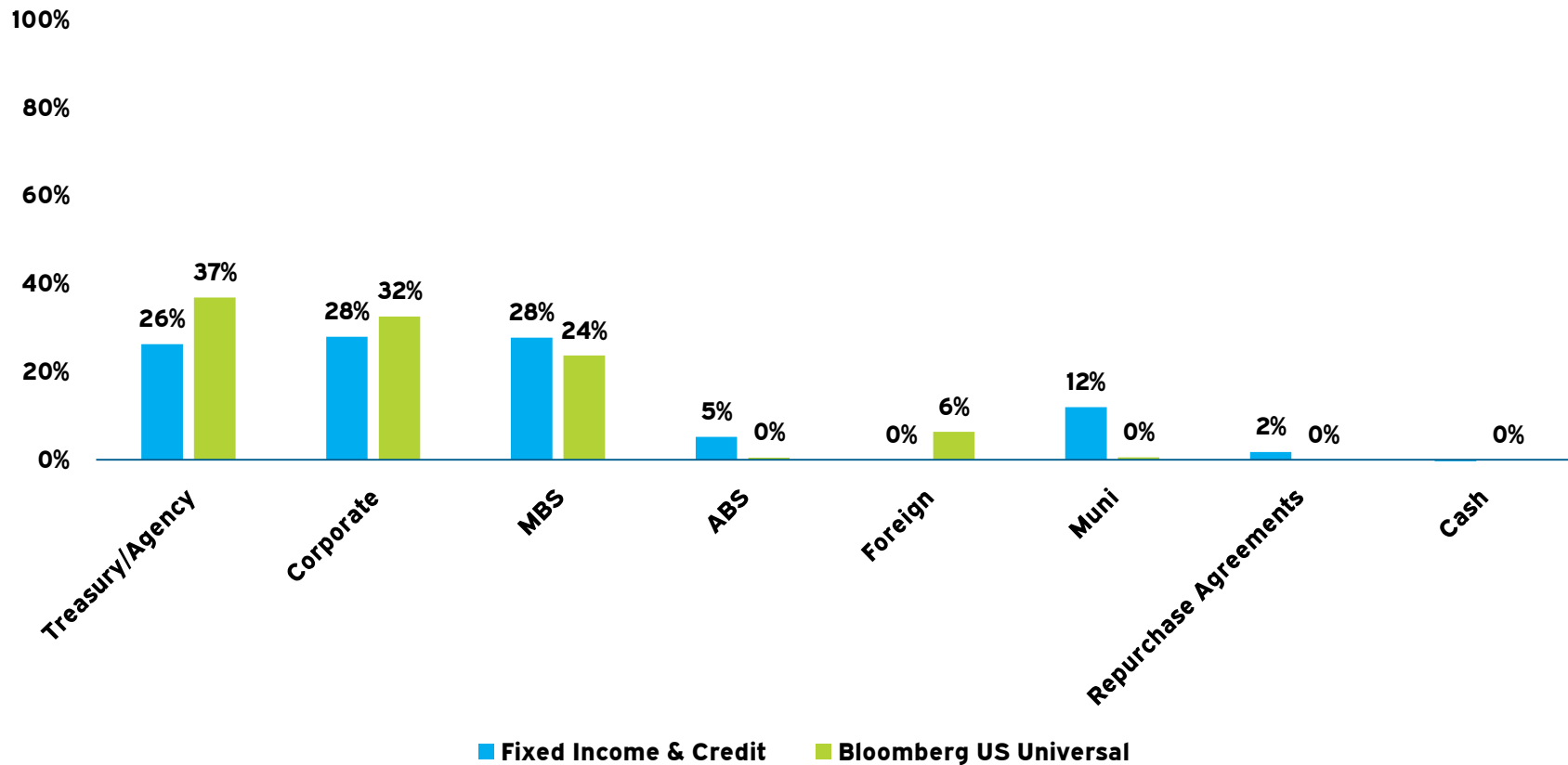
Manager Sector Exposures



→ OPFRS’s fixed income and credit managers vary greatly in their sector allocations.

The sector allocation data is as of March 31, 2024.

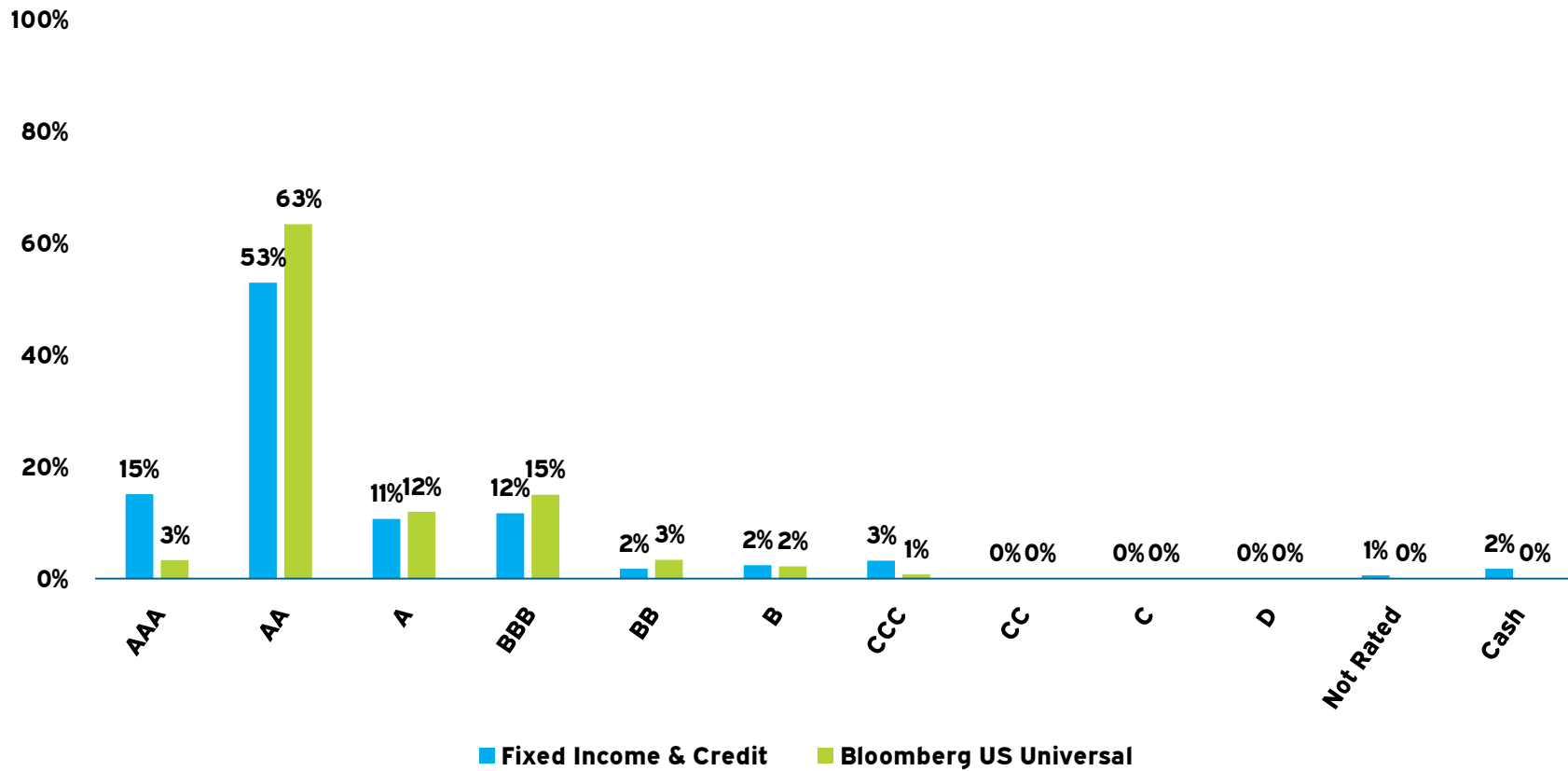
Sector Exposures: Fixed Income & Credit



→ The fixed income and credit managers as a whole is moderately overweight in Munis, slightly overweight in MBS and ABS sectors, and underweight to Treasury/Agency and Corporate sectors. in comparison to the Bloomberg US Universal Index

The sector allocation data is as of March 31, 2024.

Credit Quality Exposures: Fixed Income & Credit



The quality allocation data is as of March 31, 2024.4

Annualized Performance – Net of Fees
(as of May 31, 2024)

	1-Yr	3-Yr	5-Yr
Fixed Income	1.7	-2.7	0.2
<i>Bloomberg Universal (Blend)</i>	2.4	-2.7	0.2
Excess Return	-0.7	0.0	0.0
Ramirez	1.6	-2.9	0.0
<i>Bloomberg US Aggregate</i>	1.3	-3.1	-0.2
Excess Return	0.3	0.2	0.2
Wellington Core	3.0	-2.9	--
<i>Bloomberg US Aggregate</i>	1.3	-3.1	-0.2
Excess Return	1.7	0.2	--
Reams	1.7	-2.3	2.4
<i>Bloomberg Universal (Blend)</i>	2.4	-2.7	0.2
Excess Return	-0.7	0.4	2.2
Credit	11.2	3.6	4.7
<i>Bloomberg US Corp High Yield</i>	11.2	1.8	4.2
Excess Return	0.0	1.8	0.5
Polen Credit	11.2	3.6	4.7
<i>ICE BofA US High Yield</i>	11.2	1.8	4.0
Excess Return	0.0	1.8	0.7

Bloomberg Universal (Blend) is Bloomberg US Aggregate Index through 04/01/2006, and Bloomberg US Universal Index thereafter.

Structural Options

Structure Options

Meketa analyzed different options when looking at OPFRS's fixed income and credit allocation:

- Current Allocation – four total managers (2 core fixed income, 1 core plus fixed income, 1 credit)
- Recommended Option – four managers (2 core fixed income, 2 core plus fixed income)

The recommended option analyzed involves adding a credit-oriented mandate to an existing core fixed income manager. This would combine Fixed Income and Credit components, which are currently separately invested.

Recommendations

Fixed Income & Credit Structure Recommendations

- Conduct an RFP for Core and Core Plus mandates, including the current OPFRS managers
- Adopt recommended option which streamlines Fixed Income and Credit asset class allocations into a bundled component utilizing Core and Core Plus fixed income mandates
- Update investment policy language to incorporate new manager line-up
- Implement manager structuring recommendations
- Staff and Meketa will review existing manager mandates and guidelines and make adjustments where appropriate, in-line with above recommendations

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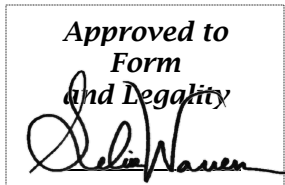
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OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 8108



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION FIXING THE MONTHLY ALLOWANCE OF JUDY COLUSSI, SURVIVING SPOUSE OF JAMES B. COLUSSI AND JUDITH E. WELDON, SURVIVING SPOUSE OF JAMES M. WELDON; RETIRED MEMBERS OF THE CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

WHEREAS, the retired members of the Police and Fire Retirement System, whose names appears in Column (1) below, died on the dates shown in Column (2) below; and

WHEREAS, the surviving spouses, whose names appears in Column (3) below, do not claim that their spouse's death was by reason of an injury received in, or illness caused by, or arising out of the performance of duty; and

WHEREAS, there is now presented to this Board, the monthly allowances shown in Column (7) below and as calculated by the Actuary in accordance with Article XXVI of the Charter of the City of Oakland; now, therefore, be it

RESOLVED: That the Police and Fire Retirement Board does hereby fix the amount shown in Column (7) as the monthly allowance that said surviving spouses shall receive beginning on the date shown in Column (4):

Table with 7 columns: (1) Name of Deceased Member, (2) Date of Death, (3) Name of Surviving Spouse, (4) Effective Date of Allowance, (5) Form of Retirement, (6) % of Compensation Attached to Avg. Rank Held, (7) Monthly Allowance. Rows include James B. Colussi and James M. Weldon.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____ JUNE 26, 2024

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, MELIA, NICHELINI, ROSEMAN, SPEAKMAN, WILKINSON, & PRESIDENT JOHNSON

NOES:

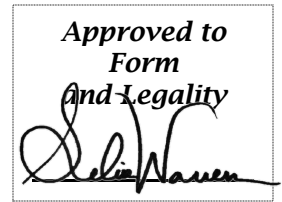
ABSTAIN:

EXCUSED:

ATTEST: _____ PRESIDENT

ATTEST: _____ SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA
RESOLUTION No. 8109



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION APPROVING THE DEATH BENEFIT PAYMENT AND DIRECTING A WARRANT THEREUNDER IN THE AMOUNT OF \$1,000.00 PAYABLE TO THE BENEFICIARY OF DECEASED CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM MEMBER FRANKLIN J. ELAM.

WHEREAS, due proof having been received in accordance with Article XXVI of the Charter of the City of Oakland of the death of the retired member of the Oakland Police or Fire Department identified in Column (1) below; and

WHEREAS, the beneficiary to whom the death benefit provided in Charter Section 2612 is payable, is the person whose name is stated in Column (2) opposite the name of the deceased retired member; and

WHEREAS, the amount of said death benefit is stated in Column (3) opposite the name of the beneficiary; now, therefore, be it

RESOLVED: That the Police and Fire Retirement System Board does hereby approve the Death Benefit payment to the person named in Column (2); and be it

FURTHER RESOLVED: That the Director of Finance, be and is hereby directed to draw and sign a warrant for the amount in Column (3) payable to the person whose names appears in Column (2):

(1) Name of Deceased Member	(2) Name of Beneficiary	(3) Death Benefit Amount
Franklin J. Elam	Estate of Franklin J. Elam	\$1,000.00

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____ JUNE 26, 2024

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, MELIA, NICHELINI, ROSEMAN, SPEAKMAN, WILKINSON, & PRESIDENT JOHNSON

NOES:

ABSTAIN:

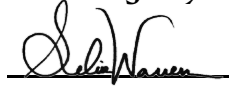
ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA
RESOLUTION No. 8110

Approved to
Form
and Legality



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION AUTHORIZING THE BOARD PRESIDENT TO EXECUTE AGREEMENT EXTENDING THE TWO EXISTING SETTLEMENT AGREEMENTS BETWEEN THE CITY, THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM AND THE RETIRED OAKLAND POLICE OFFICERS' ASSOCIATION THAT (1) INCORPORATE THE CALCULATION OF HOURS FOR THE JUNETEENTH HOLIDAY AND (2) EXTEND THE TERM OF THE SETTLEMENT AGREEMENTS TO JUNE 30, 2026 TO ALIGN WITH THE TERMS OF THE CURRENT MEMORANDA OF UNDERSTANDING BETWEEN THE CITY AND THE OAKLAND POLICE OFFICERS ASSOCIATION (OPOA) AND OAKLAND POLICE MANAGEMENT ASSOCIATION (OPMA)

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

WHEREAS, “compensation attached to [...] rank” includes, among other compensation, holiday pay; and

WHEREAS, on November 8, 2016, the Retired Oakland Police Officers' Association (ROPOA) filed a lawsuit entitled *Retired Oakland Police Officers Association, et al. v. Oakland Police and Fire Retirement System, et al.*, Alameda County Superior Court Case No. RG16838274, against PFRS, the PFRS Board and the City of Oakland alleging that PFRS had been miscalculating the holiday pay retirement benefit received by PFRS retirees and beneficiaries of retirees who held the rank of police officer, sergeant, inspector or lieutenant; and

WHEREAS, on or about May 7, 2019, the Oakland City Council authorized settlement of the lawsuit, which resulted in a settlement agreement with the ROPOA with respect to PFRS retirees who held the rank of police officer, sergeant, inspector or lieutenant during the 36-month period preceding retirement (Resolution No. 87666 C.M.S.); and

WHEREAS, on May 21, 2019, counsel for the ROPOA issued a letter to the PFRS Board challenging the new calculation method and reduction in holiday pay being credited to police retirees and beneficiaries of police retirees who held ranks of captain or deputy chief and invited PFRS and the City to attempt to resolve the dispute in lieu of litigation; and

WHEREAS, on or about December 10, 2019, the Oakland City Council authorized settlement under threat of litigation with the ROPOA on behalf of PFRS retirees who held rank of captain or deputy chief during the 36-month period preceding retirement. (Reso. 87972 C.M.S.); and

WHEREAS, both settlement agreements are currently set to expire June 30, 2024; and

WHEREAS, in July 2022, the City agreed to extend the term of the Memoranda of Understanding (MOUs) for the Oakland Police Officers' Association and the Oakland Police Management Association by two years to June 30, 2026 and, among other things, add Juneteenth as a paid holiday; and

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

RESOLUTION NO. 8110

WHEREAS, the ROPOA seeks to extend the existing settlement agreements by two years to June 30, 2026, to align with the expiration of the MOUs for the OPOA and OPMA and to incorporate the Juneteenth holiday pay hours into their holiday pay calculations for police retirees and beneficiaries of police retirees who held the rank of 1) police officer, sergeant, inspector or lieutenant and 2) captain or deputy chief pursuant to the terms set forth in the Extension to Settlement Agreements attached hereto as **Attachment A**; and

WHEREAS, on April 18, 2024, the Oakland City Council authorized extension of the settlement agreements on these terms in Closed Session; and

WHEREAS, on April 24, 2024, the PFRS Board authorized extension of the settlement agreements on these terms in Closed Session; now, therefore, be it

RESOLVED: That the Board President is authorized to enter into an agreement between the City, the ROPOA and PFRS/PFRS Board that extends the settlement agreements by two years to June 30, 2026 and to incorporate the Juneteenth holiday in the holiday pay calculations for police retirees and beneficiaries of police retirees who held the rank of 1) police officer, sergeant, inspector or lieutenant and 2) captain or deputy chief, during the 36-month period preceding retirement, pursuant to the terms set forth in the Extension to Settlement Agreements attached hereto as **Attachment A**.

IN BOARD MEETING, CITY HALL, OAKLAND, CA

JUNE 26, 2024

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, MELIA, NICHELINI, ROSEMAN, SPEAKMAN, WILKINSON, & PRESIDENT JOHNSON

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

ATTACHMENT A

EXTENSION TO SETTLEMENT AGREEMENTS

This Agreement is entered into by and between the Oakland Police & Fire Retirement System and Oakland Police & Fire Retirement System Board (collectively, “PFRS”), the City of Oakland (“City”) and the Retired Oakland Police Officers Association (“ROPOA”) as of the latest date indicated on the signature blocks below, effective through June 30, 2026.

WHEREAS, the City, PFRS, and ROPOA entered into a Settlement Agreement regarding the calculation of Holiday Pay for PFRS Retirees Holding the Rank of Captain & Deputy Chief on or about January 29, 2020 (“Captain & DC Settlement Agreement”) (Exhibit 1 hereto), and entered into a Settlement Agreement regarding the calculation of Holiday Pay for PFRS Retirees Holding the Rank of Police Officer, Sergeant, Inspector, and Lieutenant on or about May 22, 2019 (“Rank & File Settlement Agreement”) (Exhibit 2 hereto) (Exhibit 1 and 2 are the “Settlement Agreements”);

WHEREAS, the Captain & DC Settlement Agreement provided for 104 hours of holiday pay per year through June 30, 2024;

WHEREAS, the Rank & File Settlement Agreement provided for 144 hours of holiday pay per year through June 30, 2024 (the equivalent of 12 holidays at 12 hours per day);

WHEREAS, the Memorandum of Understanding between the City of Oakland and the Oakland Police Officers Association and Oakland Police Management Association was extended through June 30, 2026 (“MOU”), effective July 1, 2022 (Exhibit 3 hereto), and the new MOU confirmed the existing holidays for police officers, reinstating Admission’s Day and removing Lincoln’s Day, and adding Juneteenth as an additional paid holiday;

WHEREAS, the Parties wish to extend the Settlement Agreements in light of the MOU extension effective July 1, 2022, through June 30, 2026 and to expressly incorporate the Juneteenth holiday and exclude the floating holiday in holiday pay calculations, for the benefit of all Parties providing certainty and resolution of the issues set forth in the Settlement Agreements without litigation;

THEREFORE, the Parties agree as follows:

The Rank & File Settlement Agreement is incorporated by reference as if set forth at length herein, except that the following changes shall apply: For the purpose of calculating retirement allowances and benefits for PFRS members who are retirees and beneficiaries of retirees who held the rank of Police Officer, Sergeant, Inspector, and Lieutenant, PFRS shall credit Covered Retirees and Beneficiaries with 156 hours of holiday pay per year (13 hours per month with Juneteenth included) beginning July 1, 2022, through June 30, 2026.

The Captain & DC Settlement Agreement is incorporated by reference as if set forth at length herein, except that the following changes shall apply: For the purpose of calculating retirement allowances and benefits for PFRS members who are retirees and beneficiaries of retirees who held the rank of Captain and Deputy Chief, PFRS shall credit Covered Retirees and Beneficiaries with 104 hours of holiday pay per year (8.67 hours per month, with Juneteenth included and the floating holiday excluded) beginning July 1, 2022, through June 30, 2026.

All other terms remain the same.

IT IS SO AGREED.

FOR THE RETIRED OAKLAND POLICE OFFICERS ASSOCIATION:

Dated: _____ By: _____
Kevin Traylor

FOR THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM AND
PFR OAKLAND POLICE AND FIRE RETIREMENT SYSTEM BOARD:

Dated: _____ By: _____
Walter Johnson, Board President

FOR THE CITY OF OAKLAND:

Dated: _____

By: _____
Jestin Johnson, City Administrator

APPROVED AS TO FORM:

Sarah Grossman-Swenson
McCracken, Stemerman & Holsberry LLP
Counsel for the Retired Oakland Police Officers' Association

Angela Cabral
Sloan Sakai Yeung & Wong LLP
Counsel for the Police & Fire Retirement System

Barbara J. Parker
City Attorney
Office of the City Attorney for the City of Oakland

EXHIBIT 1

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. Parties

This Agreement is entered into as of January 29, 2020, by and among the following Parties:

Potential Plaintiff: Retired Oakland Police Officers Association (“Plaintiff”);

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

II. Recitals

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

Whereas, until December 1, 2018, for purposes of calculating “compensation attached to the average rank held”, PFRS credited retirees and beneficiaries of retirees who held the rank of captain or deputy chief for some or all of the 36-month period immediately preceding their retirement (hereinafter collectively “Covered Retirees and Beneficiaries”) with 144 hours of holiday pay per year¹ (12 hours per month); and

Whereas, on November 28, 2018, the PFRS Board passed Resolution No. 7030, which changed the method for calculating the amount of holiday pay to be credited Covered Retirees and Beneficiaries effective January 1, 2019; and

Whereas, under the new calculation method set forth in PFRS Resolution No. 7030, the amount of holiday pay Covered Retirees and Beneficiaries were to be credited for fiscal year 2018-2019 decreased from 144 hours to 17.67 hours; and

Whereas, because PFRS staff determined that as of January 1, 2019, Covered Retirees and Beneficiaries had already been paid more than 17.67 hours of holiday pay for fiscal year 2018-2019, PFRS did not pay any holiday pay benefits to Covered Retirees and Beneficiaries for the remainder of the 2018-2019 fiscal year; and

Whereas, on July 1, 2019, PFRS began crediting retired captains and their beneficiaries with 26.8 hours of holiday pay per year (and began paying 2.23 hours per month); and

Whereas, on July 1, 2019, PFRS began crediting retired deputy chiefs and their beneficiaries with 24 hours of holiday pay per year (and began paying 2.0 hours per month); and

¹ PFRS operates on a fiscal year which runs from July 1 through June 30.

Whereas, Plaintiff claims that Covered Retirees and Beneficiaries are entitled to be credited with 152 hours of holiday pay, including “floating holiday pay”, per year; and

Whereas, Plaintiff also claims that Covered Retirees and Beneficiaries are entitled to POST pay in accordance with the POST pay provided to actives in the MOU between the Oakland Police Management Association and the City of Oakland;

Whereas, Defendants dispute Plaintiff’s claims, and assert that Covered Retirees and Beneficiaries are not entitled to POST pay, are not entitled to “floating holiday pay”, were only entitled to 17.67 hours of holiday pay for fiscal year 2018-2019, and that captains and deputy chief are only entitled to 26.8 hours and 24 hours of holiday pay, respectively, for fiscal year 2019-2020;

Whereas, the Parties wish to enter into this Agreement to compromise, resolve and settle potential claims involving the proper calculation of holiday pay, including “floating holiday pay”, and POST pay for retired captains and deputy chiefs;

Therefore, the Parties agree to settle on the terms stated below.

III. Settlement Terms

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 rank of captain or deputy chief, PFRS shall credit Covered Retirees and Beneficiaries with 104 hours of holiday pay per year (8.67 hours per month) beginning November 1, 2019 and shall continue to credit Covered Retirees and Beneficiaries with 104 hours of holiday pay per year during the Term (as defined below) of this Agreement.

PFRS shall not credit Covered Retirees and Beneficiaries with POST pay.

PFRS shall not adjust the amount of holiday pay paid to Covered Retirees and Beneficiaries for the time period from January 1, 2019 to November 1, 2019, or otherwise compensate Covered Retirees and Beneficiaries for any alleged underpayment of holiday pay during said period, nor shall PFRS or the City recover any alleged overpayments from Covered Retirees and Beneficiaries for the time period prior to January 1, 2019.

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.

B. Scope of Agreement.

This Agreement does not settle or resolve any claims of members who are retirees or beneficiaries of retirees who held the ranks of police officer, sergeant, inspector, or lieutenant of police at retirement, *provided, however*, that this Agreement *does* apply to the portion, if any, of the 36-month period immediately preceding retirement that such retirees held the rank of captain or deputy chief.

C. Term of Agreement.

The term of this Agreement (“Term”) shall run from the date hereof until the earlier of: (a) June 30, 2024; or (b) the effective date of any MOU amendment adopted hereafter that results in a material change in the provision of the MOU governing POST pay or holidays, including the floating holiday, for active sworn police holding the rank of captain or deputy chief. The Party seeking to terminate the Agreement based on a material change to the above-noted MOU provisions has the burden of proof of a material change.

D. Terms and Conditions for Active Sworn Officers.

This settlement does not prevent the City of Oakland and the Oakland Police Management Association from re-negotiating the way POST or holiday pay is calculated for active sworn police in any rank, or from negotiating any other term or condition of employment for said active sworn police.

E. Waiver and Release.

Plaintiff hereby waives and releases any and all claims against Defendants that: (1) at any time prior to November 1, 2019, Covered Retirees and Beneficiaries were entitled to be credited with POST pay, “floating holiday pay”, or a different number of hours of holiday pay than the number of holiday pay hours actually credited to them by PFRS; and (2) at any time commencing on or after November 1, 2019 through the Term of this Agreement, Covered Retirees and Beneficiaries are entitled to be credited with POST pay, “floating holiday pay” or more than 104 hours of holiday pay per year.

Defendants hereby waive and release any and all claims that during the Term of the Agreement, Covered Retirees and Beneficiaries should be credited with fewer than 104 hours per year for holiday pay, and hereby waive and release any and all claims that PFRS should be entitled to recoup any alleged overpayments for holiday pay for the period prior to January 1, 2019.

Defendants further agree that in the event a MOU amendment is adopted hereafter that results in a material change to the holiday pay or POST provisions as described in Section C above, PFRS will only adjust retirement allowances and benefits for Covered Retirees and Beneficiaries from the effective date of such change and will not assert any claim for overpayments on account of payments made pursuant to this Agreement before such date. This limit on PFRS’ ability to adjust retirement allowances and benefits from the effective date of a MOU amendment resulting in a material change to the above-described provisions shall survive any termination of this Agreement in accordance with Section C above.

F. Covenant Not to Sue.

Plaintiff hereby agrees that during the Term of this Agreement it will not file the same or similar claims on behalf of itself or Covered Retirees and Beneficiaries, nor provide financial or other support for litigating such claims. Plaintiff further agrees that it will not, after the Term of this Agreement, file the same or similar claims on behalf of itself or Covered Retirees and

Beneficiaries seeking relief for any period of time covered by this Agreement except to enforce the terms of this Agreement.

G. Non-Party Claims

Notwithstanding the preceding Waiver and Release and Covenant Not to Sue provisions, this Agreement does not bar claims or lawsuits by an individual retiree or beneficiary that is not a party to this Agreement. ROPOA shall use its best efforts to encourage Covered Retirees and Beneficiaries to agree to the terms of this Agreement, which agreement shall be reflected by the individual retiree or beneficiary signing a copy of this Agreement.

Pursuant to the terms of this Agreement, PFRS will credit Covered Retirees and Beneficiaries with 104 hours per year for holiday pay starting November 1, 2019 regardless of their status as a party or non-party to this agreement, *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, “floating holiday pay”, or POST pay for any of the time periods covered by this Agreement, including time periods prior to the Term hereof.

H. Costs and Fees. Each side will bear their own costs and fees.

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

J. Warranty of Authority; Successors and Assigns. Each person 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.

K. 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.

L. 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.

M. 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.

N. 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.

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

P. 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: January 29, 2020

Retired Oakland Police Officers Association

By: 
Peter Peterson, President

FOR DEFENDANTS AND RESPONDENTS:

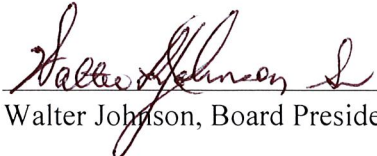
Dated: ~~January~~ Feb 03, 2020

City of Oakland

By: 
Sabrina Landreth, City Administrator


Dated: January 29, 2020

Oakland Police and Fire Retirement System

By: 
Walter Johnson, Board President

Dated: January 29, 2020

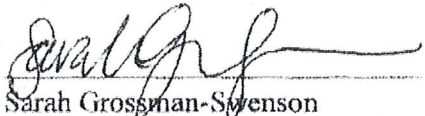
Oakland Police and Fire Retirement System Board

By: 
Walter Johnson, Board President

APPROVED AS TO FORM:

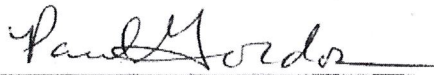
Dated: ~~January~~ ^{Feb.} 4, 2020

McCracken, Stemerma & Holsberry, LLP

By: 
Sarah Grossman-Svenson
Counsel for Retired Oakland Police Officers
Association

Dated: ~~January~~ ^{Feb.} 4, 2020

Gordon & Polland, LLP

By: 
Paul Gordon
Counsel for Oakland Police and Fire
Retirement System and its Board

Dated: January 17, 2020

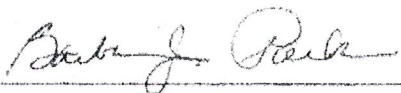
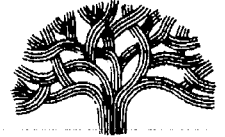
By: 
Barbara Parker
City Attorney, City of Oakland
2872920v1

EXHIBIT 2

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 APR 25 PM 5:41

CITY OF OAKLAND



ONE FRANK H. OGAWA PLAZA • 6TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Attorney
Barbara Parker
City Attorney

(510) 238-3601
FAX: (510) 238-6500
TDD: (510) 839-6451

May 7, 2019

HONORABLE CITY COUNCIL
Oakland, California

**Subject: Retired Oakland Police Officers Association et. al. v. Oakland
Police and Fire Retirement System, et. al.**
Case No. RG16838274
City Attorney File No. X04324

President Kaplan and Members of the City Council:

Pursuant to Section 401 of the Charter, the City Attorney has prepared and requests your approval of a resolution authorizing compromise and settlement of the above-entitled action pursuant to the terms set forth in the Settlement Agreement attached hereto as Exhibit A.

This action arises out of a claim that Police and Fire Retirement System has been miscalculating holiday pay retirement benefits for its members who held the rank of police officer, sergeant, inspector or lieutenant for some or all of the 36-month period immediately preceding their retirement.

The Council authorized settlement of this case pursuant to the terms set forth in the Settlement Agreement attached hereto as Exhibit A in Closed Session on Tuesday, January 22, 2019 (moved by Vice Mayor Larry Reid and seconded by Councilmember Noel Gallo - 8 Ayes, 0 Noes).

Respectfully submitted,


BARBARA J. PARKER
City Attorney

Assigned Attorney:
Maria Bee, Assistant City Attorney
Jennifer Logue, Supervising City Attorney
Adam Hoffman, Outside Counsel
2741075

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.

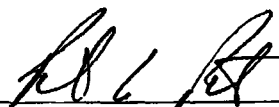
M. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

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 25, 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

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FOR PLAINTIFFS:

Dated: March _____, 2019

Retired Oakland Police Officers Association

By: _____
Peter Peterson, President

Dated: March 23, 2019

Robert Aven

By: 
Robert Aven

Dated: March _____, 2019

Nita Balousek

By: _____
Nita Balousek

Dated: March _____, 2019

Ronald Gunar

By: _____
Ronald Gunar

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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

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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 B. Gunar*
Ronald Gunar

Dated: March 23, 2019

Raymond Miller

By: Raymond Miller
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

Raymond Miller

By: _____
Raymond Miller

Dated: March 15, 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

Raymond Miller

By: _____
Raymond Miller

Dated: March _____, 2019

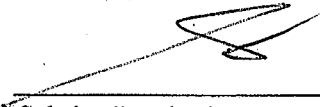
Ned Ubben

By: _____
Ned Ubben

FOR DEFENDANTS AND RESPONDENTS:

Dated: May 21, 2019

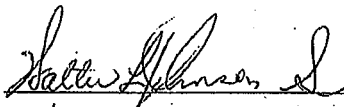
City of Oakland

By: 

Sabrina Landreth
City Administrator

Dated: May 23, 2019

Oakland Police and Fire Retirement System

By: 

WALTER L. JOHNSON, SR.

Dated: March _____, 2019

Oakland Police and Fire Retirement System
Board

By: _____

APPROVED AS TO FORM:

Dated: March 28, 2019

McCracken, Stemerman & 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

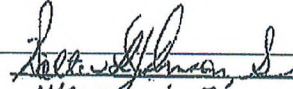
By: _____

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

Dated: May 13, 2019

Oakland Police and Fire Retirement System
Board

By:



Warren L. Johnson, Jr.

APPROVED AS TO FORM:

Dated: March _____, 2019

McCracken, Stemerma & Holsberry, LLP


By:


Sarah Grossman-Swenson
Counsel for Plaintiffs and Petitioners

Dated: ^{May} March 22, 2019

Hanson Bridget, LLP

By:


Adam Hofmann
Counsel for Defendant and
Respondent City of Oakland

Dated: ^{May} March 22, 2019

Gordon & Pollard, LLP

By:

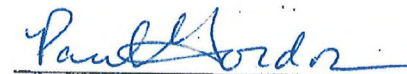

Paul Gordon
Counsel for Defendants and
Respondents Oakland Police and
Fire Retirement System and PFRS
Board

EXHIBIT 3

City of Oakland and OPOA and OPMA
Tentative Agreement MOU Extension

Purpose: The parties acknowledge the significant investment in hiring, training and retaining highly qualified police officers. The purpose of this tentative agreement is to protect that investment by providing incentives and stability for members of the OPOA and OPMA to have fulfilling careers serving Oakland residents.

1. Term (OPOA & OPMA)

Current MOU expires June 30, 2024
Proposed: Expires June 30, 2026

2. Wage increases (OPOA & OPMA)

Under the current MOU, three and a half percent wage increases are scheduled for the first full pay period of July 2022 and the first full pay period of July 2023. These increases are accounted for in the City's budget. The tentative agreement extends the MOU two additional years with three percent wage increases effective the first full pay periods of July 2024 and July 2025 respectively.

3. Longevity (OPOA & OPMA)

Article III. H. 5. Longevity Premium Pay

At the beginning of each fiscal year during the term of this Memorandum, eligible represented employees shall receive longevity premium pay in accordance with the rates enumerated below:

	PERS	P&F
a. 4 through 6 years of service	<u>\$2,550</u>	
b. 7 through 9 years of service	\$2,550 <u>\$5,200</u>	
c. 10 through 14 years of service	\$2,950 <u>\$5,600</u>	
d. 15 through 19 years of service	\$3,350 <u>\$6,000</u>	
e. 20 or more years of service	\$3,750 <u>\$6,400</u>	\$1,168.30

Payment shall be in a lump sum, included and paid at the same time as the uniform allowance, and added to the second payroll in July each year. Payments to be reported to CalPERS when earned to conform to CalPERS Regulations. Eligibility for receipt of special premium pay under this provision shall be determined as of the beginning of each fiscal year.

4. Recruitment Incentives (OPOA & OPMA)

A serving member that completes the Oakland Police Department "Mentorship Training" and successfully recruits a new Police Officer Trainee and mentors them may apply and is eligible to receive, a five thousand dollar (\$5,000) one-time incentive. Such incentive shall be paid in two installments: (1) two thousand five hundred dollars (\$2,500) upon the recruit successfully completing the Oakland Police Academy, and (2) two thousand five hundred dollars (\$2,500) upon the recruit successfully completing the Field Training Program.

This incentive is subject to verification by the Training Commander (Lieutenant of Police), which includes the referring Officer's serial number on the initial job application and evidence of a mentor relationship as determined by the Chief of Police or his/her/their designee.

Excluded from this incentive are members assigned to Recruitment, Training and Background Units.

5. Crisis Intervention Team Incentive (C.I.T. Incentive)

H. Premium Pay

4. Other Premium Assignment Pay

7. Crisis Intervention Behavioral Health Training (CIT)/Hazard Duty Pay Incentive (new section)

To be eligible for this premium, members must possess an official certificate for Crisis Intervention and Behavioral Health Training from an agreed upon course of instruction and be in the rank of Police Officer, Sergeant, or Lieutenant of Police.

Upon authorization of the Chief of Police or his/her designee, qualified unit members shall receive the following:

- a. Starting the first full pay period of January 2023, a two percent (2%) premium.
- b. Starting the first full pay period of July 2023, an additional two percent (2%) premium, totaling four percent (4%).
- c. Starting the first full pay period of January 2024, an additional one percent premium, totaling five percent (5%).

6. Holidays (OPOA & OPMA)

- Add Juneteenth (June 19th) as paid holiday
- Reinstate Admission's Day and remove Lincoln's Day

7. NOID

Discipline and notice of disciplinary action shall be served on members in person by a member holding the rank of Captain or higher. That Captain should be able to personally meet with and explain to the member the details of why the discipline is being imposed on him/her/them.

8. OPMA leave benefit

One-time non-precedential five (5) days of Extra Vacation Leave will be awarded on two occasions: July 2022 and July 2023.

9. Re-employment After Resignation (OPOA & OPMA)

Civil Service Rule 5.11 stated in the MOU:

Any member who has resigned from service in good standing shall, upon written request, be considered for re-employment to a position in the same or similar class in the competitive civil service, within two (2) years of the date of such separations (Civil Service Rule 5.11).

10. Length of Service Repayments due (OPOA) (Appendix B)

Police Officer Trainee Training Costs. The parties recognize that in the past a substantial number of persons have accepted the benefit of training at the Oakland Police Academy and then have voluntarily separated from service to join other safety agencies or have decided for personal reasons that police work is not their preference. The purpose of this provision is to ensure that the recruit either accepts a commitment of service to the City or is responsible for costs associated with Academy training.

Thus the parties agree that any member who, prior to completing five years of service, voluntarily separates from service with the department shall be responsible for reimbursing the City, on a full or prorata basis, for up to ~~\$20,000~~ ~~\$11,000~~ of the cost of his/her training at the Police Academy. To the extent this amount exceeds the maximum that may be legally, recovered, the City shall be entitled to recover only the maximum allowable under the law. A schedule of the members' reimbursement responsibility is set forth as follows:

Length of Service - Percentage of Repayment Due:

Separation prior to 1 year: 100% repayment of the ~~\$11,000~~ \$20,000 or maximum permitted by law, whichever is higher;

Separation after 1 year, but before completing the second year: 80% repayment of the ~~\$11,000~~ \$20,000 or maximum permitted by law, whichever is higher;

Separation after 2 years, but before completing the third year: 60% repayment of the ~~\$11,000~~ \$20,000 or maximum permitted by law, whichever is higher;

Separation after 3 years, but before completing the fourth year: 40% repayment of the ~~\$11,000~~ \$20,000 or maximum permitted by law, whichever is higher;

Separation after 4 years, but before completing the fifth year: 20% repayment of the ~~\$11,000~~ \$20,000 or maximum permitted by law, whichever is higher.

Separation after 5 years: 0% repayment.

Repayment shall be due and payable at the time of separation and the City shall deduct any amounts owed under this provision from the employee's final paycheck. If said deduction does not fully reimburse the City for outstanding costs, the balance shall thereupon be due and owing.

A member shall not be deemed to have voluntarily separated under this provision if the member can demonstrate that at the time of separation a personal emergency or other extreme facts requiring an absence from service which could not be reasonably accommodated by either a leave of absence or a request for re-employment upon cessation of the emergency or extreme facts. A demonstrated health problem of a member or of a person in the member's immediate family is an example of such an emergency.

11. Constructive Receipt (OPOA & OPMA)

Article IV – Leaves and Holidays

Section A. 4. Buy-back

Employees may sell back to the City up to one hundred twenty (120) hours of accrued vacation leave each calendar year provided that:

- d. The employee has taken at least forty (40) hours of vacation leave during the preceding calendar year;
- e. The employee's remaining balance, after buy-back has occurred, is at least one (1) year's accrual at the accrual rate applicable at the time of buy-back.
- f. Unit members who wish to sell back vacation must file an irrevocable election identifying the number of Vacation Leave hours they will sell back in December of the tax year preceding the sell back. The election will apply only to Vacation Leave hours accrued in the following tax year.
- g. Employees who do not pre-designate a buy-back amount by the annual deadline will be deemed to have waived the right to sell back any Vacation Leave in the following tax year and will not be eligible to sell back Vacation Leave in that year.
- h. In the event of financial hardship, an employee may, at any time, sell back unused Vacation Leave, even if they have not filed a timely irrevocable election. Financial hardship will be determined in accordance with nondiscriminatory and objective standards and is defined as a situation where (1) the sellback is needed to address an immediate and heavy financial need, and (2) the sellback is limited to the amount necessary to satisfy that financial need. Financial hardship includes, but is not limited to: medical or other expenses related to the illness, injury or death of the employee or the employee's immediate family; loss of the employee's property due to casualty, or repair expenses for damage to the employee's principal residence; or payments necessary to prevent eviction of the employee from the employee's principal residence or foreclosure of the mortgage of that residence. The sell-back shall be limited to the amount necessary to meet the financial hardship, including any amounts necessary to pay federal, state, or local income taxes reasonably anticipated to result from the sell-back. However, the total amount of Vacation Leave sold back (including both pre-election and hardship withdrawal) shall not exceed one-hundred and twenty (120) hours per year.

To sell back unused Vacation Leave in the event of financial hardship, the employee must provide a signed affidavit describing the type of hardship and the amount of the requested sell-back. The employee shall not be required to produce financial or other private information to support the affidavit. The City shall develop a form which shall be used and which will contain the following statement: "I declare under penalty of perjury of the laws of the state of California that the foregoing is true and correct and that the amount of Vacation Leave I am requesting to sell-back is limited to the amount necessary to meet the financial hardship, including any amounts necessary to pay federal, state, or local income taxes reasonably anticipated to result from the sell-back. By signing below, I accept full liability for all tax or other financial consequences in the event that a taxing authority later finds any of the information provided in this affidavit to be inaccurate."

12. Eligible lists (OPOA)

Attachment 3, Section 9: Extend from 12 months to 18 months.

9. Duration of Eligibility Lists. Eligibility lists established by promotional examinations shall be in effect for a period of eighteen (18) months. The list may be extended as defined in Section B. 1.

13. Ratification (OPOA & OPMA)

This agreement is subject to ratification of the OPOA and OPMA membership and the City Council in open session. Upon approval by both Parties, an amended MOU will be prepared incorporating the terms set forth herein.

14. Exclusive Application /Non-Waiver.

The Parties acknowledge that there was no formal reopener of the existing MOU in arriving at this Agreement, however, informal dialogue occurred over shared concerns relating to the current staffing crisis facing the Department. Unless specifically referenced and/or modified herein, the provisions of the current MOU will remain in effect for the duration of the modified MOU.

FOR THE CITY OF OAKLAND:



Edward D. Reiskin, City Administrator



Ian Appleyard, Human Resources Director

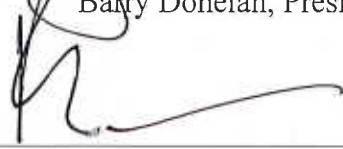


Date

FOR THE OAKLAND POLICE OFFICERS'
ASSOCIATION



Barry Donelan, President



Rockne Lucia, Chief Negotiator



Date



AGENDA REPORT

TO: Oakland Police and Fire Retirement System (PFRS) Board of Administration
FROM: David F. Jones
PFRS Plan Administrator & Secretary
SUBJECT: PFRS Board of Administration Agenda Pending List
DATE: June 26, 2024

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Status Report of the Ad Hoc Committee regarding Actuarial Funding date of July 1, 2026	06/24/2024	Ongoing

Respectfully submitted,

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